

## Management/Service Agreements

All management/service agreements (include agreements which provide for the sharing of facilities, personnel, equipment etc.) are to contain the following clauses:

- a. Parties
- b. Effective date
- c. Duration and termination - to clearly specify that termination shall occur immediately upon mutual consent or by 60 days prior written notice by either party.
- d. Services being provided - to be as detailed as possible.
- e. Scope of authority
- f. The following clause is to be part of any agreement where underwriting, claims and investment services are provided the Company:

"All underwriting, claims and investment services provided the Company are to be based upon the written criteria, standards and guidelines of the Company. However, the Company shall have the ultimate and final authority over decisions and policies; to include but not be limited to the acceptance, rejection or canceling of risks, the payment or non-payment of claims and the purchase and sale of securities."

- g. The following clause is to be part of any agreement where the management of the Company is provided by another entity:

"General - Notwithstanding any other provision of this agreement, it is understood that the business and affairs of the Company shall be managed by its Board of Directors, and, to the extent delegated by such board, by its appropriately designated officers. The Board of Directors and officers of the Entity shall not have any management prerogatives with respect to the business affairs and operations of the Company."

- h. Allocation method for shared expenses (facilities, equipment, personnel, computers etc.) consistent with the provisions of Regulation 30 (11 NYCRR 105-109)
- i. Compensation to be on a cost basis, but no greater than the insurer would expend in providing such services for itself, if services are being provided by an affiliate.
- j. Reports and Remittances / Settlement of Accounts - reports are to be furnished monthly and remittances within 15 days of receipt of report. This section is to contain definitions of all items covered in the report to include but not limited to premiums, losses, loss adjustment expenses etc.
- k. Ownership of Records
- l. Right to Audit
- m. Arbitration
- n. Executory (to include date)

The above listing is not meant to be inclusive. Further modifications and changes may be required depending on the content of the agreement(s) submitted.

PLEASE INDICATE WITH MARGINAL NOTES, WHERE THE AFOREMENTIONED CLAUSES APPEAR IN YOUR MANAGEMENT/SERVICE AGREEMENTS.