

## **MEMBER RIGHTS AND OBLIGATIONS**

### **Section 4.01 – Member Obligations**

The obligations of the MEMBERS of IRMA shall be as follows:

- (i) To pay to IRMA when due all Annual Contributions, Supplemental Assessments and any and all other payments required under this Contract and Bylaws in such amounts as established by the Board of Directors. All such payments shall be paid by the due dates set forth in this Contract and Bylaws. Any payments which are more than fifteen (15) days late shall incur interest equal to one percent (1%) per month or portion thereof. Such interest shall accrue on a late payment commencing on the sixteenth (16th) day after the payment is due and continue until the payment is paid in full. In addition to the interest, the legal fees and other costs incurred by IRMA in bringing about the collection of the payment shall be paid by the delinquent MEMBER. The foregoing interest and collection costs shall also be assessed against a former MEMBER who is delinquent in its obligations to IRMA. If a MEMBER wishes to contest the imposition of any payment or fee assessed, it can request a hearing in accordance with Section 4.04 hereof.

Notwithstanding any other provision of this Contract and Bylaws, in the event that a delinquent MEMBER shall fail to pay its Annual Contribution or Supplemental Assessment within fifteen (15) days of the due date, IRMA may decline, in whole or in part, to provide coverage to the delinquent MEMBER for any occurrences or other coverage triggering events which take place during any period in which such amount remains unpaid. IRMA will give the MEMBER notice of delinquency within five (5) days after the due date.

- (ii) To select a delegate and alternate delegate to the Board of Directors as set forth in Section 2.01 hereof.
- (iii) To allow IRMA reasonable access to all facilities and records (including, without limitation, financial records) of the MEMBER which relate to the authority or purpose of IRMA, and allow IRMA to make copies of such records.

- (iv) To cooperate with and assist the officers, agents, attorneys, employees and independent contractors of IRMA relating to the authority or purpose of IRMA. The obligations of this paragraph (iv) shall extend to all MEMBER BENEFICIARIES.
- (v) To allow attorneys selected by IRMA to represent the MEMBER in all aspects of litigation relating to any claim or lawsuit filed against the MEMBER within the scope of coverage provided by IRMA. The obligations of this paragraph (v) shall extend to all MEMBER BENEFICIARIES.
- (vi) To cooperate with the investigation, administration, litigation or settlement of a claim or lawsuit. The obligations of this paragraph (vi) shall extend to all MEMBER BENEFICIARIES.
- (vii) To implement and maintain reasonable loss prevention/control procedures and programs established by IRMA.
- (viii) To promptly report in writing to IRMA any occurrence, claim, or lawsuit which a MEMBER could reasonably conclude is entitled to coverage from IRMA regardless of their deductible, except as otherwise provided in the Member Deductible Policy. The obligation of this paragraph (viii) shall extend to all MEMBER BENEFICIARIES.
- (ix) To provide IRMA with any other information necessary to further the authority or purpose of IRMA. MEMBERS may be charged fifty dollars (\$50.00) per day for the first thirty (30) days and one hundred dollars (\$100.00) per day thereafter for each day or portion thereof during which the required information is not furnished. Such charges shall be in addition to the interest and collection costs provided for in Section 4.01(i) hereof. However, before any charge under this Section may be imposed against a MEMBER, written notice shall be given to such MEMBER indicating that charges will be assessed if the required information is not received by a specified date.
- (x) To mitigate exposure for current and future losses stemming from claims or lawsuits arising out of any continuing conduct, activity or policy. IRMA may send a MEMBER written recommendations regarding the mitigation of exposures and indicate in writing that failure to comply may result in denial of coverage. The failure

of the MEMBER to (1) take precautionary steps, and (2) follow recommendations made by IRMA with respect to the foregoing shall allow IRMA to deny coverage for any claim, liability or expense thereafter incurred. Any such decision by IRMA may be appealed by the affected MEMBER in accordance with the procedures in Section 4.04. The obligations of this paragraph (x) shall extend to all MEMBER BENEFICIARIES.

- (xi) To comply with any other obligation of MEMBERS set forth in this Contract and Bylaws or otherwise in furtherance of the purpose or authority of IRMA and approved by the Board of Directors. The obligations of this paragraph (xii) shall extend to all MEMBER BENEFICIARIES.
- (xii) The failure of any MEMBER or MEMBER BENEFICIARY to fulfill any obligations described in paragraphs (i) to (xii) of this section may affect coverage offered by IRMA if such failure prejudices the ability of IRMA to properly process, investigate, defend, settle or resolve any matter in furtherance of the purpose or authority of IRMA. IRMA will provide to a MEMBER or MEMBER BENEFICIARY written notice of such failure within ten (10) days after IRMA's determination that such failure exists. After receipt of written notice by IRMA, a MEMBER or MEMBER BENEFICIARY shall have 10 days to cure any such failure noted by IRMA or provide IRMA a plan under which such failure will be cured. In the event, the MEMBER or MEMBER BENEFICIARY does not cure the failure under this provision, IRMA may decline in whole or in part to provide a defense to the MEMBER or MEMBER BENEFICIARY; may withdraw a defense for an on-going matter; or decline to extend the funds of IRMA for the payment of losses or damages incurred. In the event that IRMA withdraws a defense for any on-going claim or matter pursuant to the provisions of this paragraph, IRMA will require that the MEMBER or MEMBER BENEFICIARY reimburse IRMA for any expenses, fees or defense costs expended by IRMA in the matter. Any such decision made by IRMA may be appealed by the affected MEMBER or MEMBER BENEFICIARY in accordance with the procedures in Section 4.04 hereof.