

(THIS LETTER MUST BE COPIED ON POTENTIAL MEMBER'S LETTERHEAD AND  
SIGNED AND DATED BY POTENTIAL MEMBER)

TO: Program Field Consultant  
Health Care Facilities of America, LLC ("HCF")  
P.O. Box 3697,  
Ontario, California 91761

#### LETTER OF UNDERSTANDING AND APPOINTMENT OF REPRESENTATIVE

I am a Potential Member interested in membership in the group self insured program known as 'Healthcare Industry Self Insurance Program of California, Inc.' (hereinafter "GROUP" or GROUP PROGRAM"). I hereby acknowledge that I have read and thoroughly reviewed copies of the below listed documents in connection with the GROUP PROGRAM and that I understand the following:

- the risks associated with a group self insured program,
- that group self insurance involves a long-term commitment to the concept and the GROUP, and that it is not to be viewed or undertaken on a short-term basis,
- the financial commitment required of each Potential Member and that after undergoing a rigorous selection process only those Potential Members who have demonstrated better-than-average loss experience, strong management practices, and a sound financial condition will be invited to join GROUP,
- the concept of joint and several liability among GROUP Members and the risks associated with joint and several liability,
- Department of Industrial Relations ("DIR") Form A4-3G 'Agreement of Assumption and Guarantee of Workers Compensation Liabilities for Group Members' (Filed by Group-For Review Purposes),
- DIR Form GR-1 'Group Resolution Authorizing Application To The Director Of Industrial Relations, State of California For A Certificate Of Consent To Self Insure Worker's Compensation Liabilities' (Filed by Group-For Review Purposes),
- DIR Form GR-2 'Resolution Of Agreement Of Assumption And Guarantee Of Worker's

Compensation Liabilities For A Group Self Insurer” (Filed by Group-For Review Purposes),

- DIR Form A4-3M ‘Application for an Affiliate Certificate of Consent to Self Insure as a Member of a Group Self Insurer’,
- DIR Form A4-8 ‘Indemnity Agreement and Power of Attorney’,
- Potential Member Entity’s ‘Resolution Of Joint and Several Liabilities’ (Sample), notarized
- Proposed Member Entity’s Resolution Authorizing Application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self Insure Workers’ Compensation Liabilities (executed original)
- Potential Group Member Questionnaire – Forms HCFA-PGMQ 1.4; HCFA-PGMRMQ
- the financial statement requirements of the GROUP PROGRAM and applicable DIR regulations, and the need for the inclusion as part of the application to the DIR of a ‘certified’ or ‘reviewed’ financial statement prepared by an independent Certified Public Accountant (complete with all schedules and notes) dated within 12 months of the requested effective date, *and* an interim financial statement dated and signed (original ‘wet’ signature) by the Potential Member’s CEO, President or CFO, and
- that Healthcare Facilities of America, LLC (“HCF”) can make no agreements, representations or promises regarding the advisability of group self insurance or Potential Members’ participation in GROUP and that Potential Members should seek legal advice regarding the foregoing and any questions regarding the various forms and agreements to be signed by Potential Members.

This letter also confirms the appointment of \_\_\_\_\_. (hereinafter “RFC”) as my exclusive representative in making application on my behalf in the GROUP PROGRAM. The appointment of RFC rescinds all previous appointments and shall continue until written notice of cancellation is received by HCF.

\_\_\_\_\_  
(full legal name of Potential Member)

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(name) \_\_\_\_\_  
(title) \_\_\_\_\_  
(address) \_\_\_\_\_  
\_\_\_\_\_  
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