

AMERICAN NATIONAL INSURANCE COMPANY
One Moody Plaza • Galveston, Texas 77550

AGGREGATE ACCOMMODATION AGREEMENT

Attached to and made a part of the Excess Loss Reinsurance Treaty between _____ (hereinafter “Employer”) and American National Insurance Company (hereinafter “Reinsurer”) effective _____.
Treaty Number: _____.

In consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties agree as follows:

**ARTICLE I
DEFINITIONS**

The parties shall refer to the Excess Loss Reinsurance Treaty Number _____ (the “Treaty”) for the definitions of the terminology used in this Agreement.

The following additional definitions shall be used in this Agreement:

- (1) **CLAIMS PAID** means the total amount of benefits which Covered Persons are paid pursuant to the Plan for all months in the Treaty Period, subject to any limitation in the Treaty. Claims Paid will be reduced by the amount of any Specific Excess Loss Reinsurance benefits which have been or will be reimbursed by Us under the Treaty.
- (2) **MONTHLY AGGREGATE RETENTION AMOUNT** means the product of the number of Covered Units for a particular month times the Monthly Aggregate Retention Amount Factor.
- (3) **ACCUMULATED AGGREGATE RETENTION AMOUNT** means the sum of the products of the Monthly Aggregate Retention Amount times the number of Covered Units in each month of the covered period from the beginning of the Treaty Period to the current date.
- (4) **ACCOMMODATION** means the amount paid to the Employer under the provisions of this Agreement.

**ARTICLE II
OPERATION**

- (1) **PREMIUM PAYMENT.** The Employer shall pay premiums according to the terms of the Treaty. The Reinsurer shall not be obligated to pay any amount of Accommodation under this Agreement if the Employer is in any manner delinquent or in arrears with respect to premium payments.
- (2) **CLAIM PAYMENT AND REPORTING.** The Employer shall pay claims and shall meet the claims reporting requirements of the Reinsurer. In the event the Employer fails to meet such claim payment and reporting requirements, the Reinsurer shall not be obligated to pay any amount of Accommodation under this Agreement.

- (3) **ACCOMMODATION PROVISION.** Accommodation shall be provided for only those claims for which reimbursement is provided under the terms of the Treaty and are not in excess of the Specific Retention Amount. The Reinsurer shall determine for each month of coverage during the Treaty Period whether the cumulative total of Claims Paid to date by the Employer exceeds the Accumulated Aggregate Retention Amount or the accumulated pro rata portion of the Minimum Aggregate Retention Amount, if greater. **If so, the Reinsurer shall pay to the Employer the difference, if more than the greater of 1.5% of the estimated Annual Aggregate Retention Amount or \$ (1,000), by which the cumulative total of Claims Paid exceeds the Accumulated Aggregate Retention Amount or the accumulated pro rata portion of the Minimum Aggregate Retention Amount, if greater.** The total amount of Accommodation made under this Agreement shall never be more than the amount by which such Claims Paid during the Treaty Period exceeds the Accumulated Aggregate Retention Amount and shall never be more than the overall aggregate limit of \$(1,000,000). Accommodations shall be repaid to the Reinsurer as provided below.
- (4) **REPAYMENT OF ACCOMMODATION.** Repayment of the Accommodation shall be made as follows. After an Accommodation has been paid, the Employer shall begin making monthly repayments of the total outstanding amount of Accommodations starting with the first month in which Claims Paid by the Employer for that month are less than (a) the Monthly Aggregate Retention Amount and the Employer's Claims Paid for that month, or (b) the total amount of Accommodations to be repaid. Monthly repayments shall continue during the Treaty Period until all outstanding Accommodations are repaid. At the end of the Treaty Period, the total amount of outstanding Accommodations is immediately due and must be repaid within 15 days of notice by the Reinsurer to the Employer of the amount to serve as final repayment under this Agreement. Failure of the Employer to repay any Accommodation as provided in this paragraph shall result in the assessment of a penalty of 2% per month computed on the total amount of Accommodation to be repaid.
- (5) **SETTLEMENT.**
- (a) At the end of the Treaty Period, the amount of any Accommodation not repaid shall be deducted from the payment of any reimbursement otherwise due the Employer under the terms of the Treaty. Payment of the remainder of any reimbursement due the Employer shall be made as provided in the Treaty.
- (b) Operation of the provisions of this Article, for purposes of calculating the amount of Accommodation, will be determined on the basis of each Treaty Period. No Accommodation amount to be repaid to the Reinsurer shall be carried over into a subsequent Treaty Year but will be settled as provided in this Article.
- (6) **TREATMENT OF ACCOMMODATION.** The Accommodation provided under this Agreement shall be an obligation of the Employer for which no interest shall be charged and shall be repaid as provided herein. The Accommodation is neither a loan nor an advance on any payments to be made pursuant to the Treaty. Any Accommodation shall at all times be considered funds of the Reinsurer for which the use by the Employer of such funds is authorized by this Agreement. The Reinsurer shall have preference over all other claimants for the return of any Accommodation made under this Agreement. The Employer shall be liable for all costs and expenses, including reasonable attorney's fees, incurred in the collection of any amount of Accommodation outstanding.
- (7) **FEE FOR AGREEMENT.** The Employer agrees to pay a fee of \$_____ per employee per month during the period this Agreement is in effect. This fee is due and payable on the first day of each Treaty Month or, if premiums are paid annually, on the first day of each Treaty Period.

**ARTICLE III
TERMINATION**

- (1) This Agreement shall be in effect for as long as the Employer remains covered under the Treaty, provided that during the term of this Agreement the Employer continues to pay premiums due pursuant to the terms of the Treaty. In the event premiums are not paid and coverage lapses, this Agreement shall terminate immediately.
- (2) Upon termination of coverage for any other reason, this Agreement shall terminate.
- (3) Upon failure to pay fees due under this Agreement, this Agreement shall terminate.
- (4) In the event of termination during a Treaty Period, the Employer shall not be entitled to retain any amount of Accommodation which may have been paid under the terms of this Agreement. Any such amount must be immediately repaid to the Reinsurer.

**ARTICLE IV
GENERAL PROVISIONS**

- (1) **OTHER CONTRACTS.** This Agreement supersedes any and all other contracts, either oral or in writing, between the parties hereto to the extent the provisions of this Agreement are inconsistent with such other contract.
- (2) **NON-WAIVER.** The failure of either party to this Agreement to exercise any right or privilege herein contained, even if known, shall not be deemed a waiver of any such right or privilege or a waiver of any rights or remedies hereunder, present or future.
- (3) **SEVERABILITY.** If any term or provision of this Agreement is held by a court to be illegal or in conflict with federal or state law, the validity of the remaining terms and provisions hereof shall not be affected.
- (4) **ASSIGNMENT.** This Agreement is not assignable or transferable by the Employer without the Reinsurer's prior written approval.

Except as expressly stated, nothing herein shall alter or affect any provision of the Treaty, including any prior amendments, endorsements or riders.

This Agreement has been signed as shown below on behalf of the Reinsurer.

AMERICAN NATIONAL INSURANCE COMPANY



SECRETARY