SAMARITAN RISK RETENTION GROUP, INC.

MEMBER AGREEMENT

This Member Agreement is made and entered into this ___ day of ________________ by and between Samaritan Risk Retention Group, Inc. (“Samaritan”) and _________________________ (“Member”).

I. Irrevocable Proxy. As a member of Samaritan and in consideration of a subordinated surplus note executed by Samaritan in favor of Baptist Health South Florida, Inc. (“Baptist Health”), pursuant to a Subordinated Surplus Loan Agreement by and between Samaritan and Baptist Health, Member agrees to sign the attached Irrevocable Proxy. The Irrevocable Proxy appoints Baptist Health as Member’s proxy to represent Member at members’ meetings of Samaritan to vote any and all of Member’s interests for the limited purpose of electing Class I Directors, until full satisfaction of the subordinated surplus note executed by Samaritan in favor of Baptist Health pursuant to the Subordinated Surplus Loan Agreement.

II. Claims Administration and Joint Defense. Member understands and acknowledges that a third party claims administrator selected by Samaritan (“Claims Administrator”) will service all claims that may arise under the policy issued to Member by Samaritan (the “Policy”). The claims services to be provided by the Claims Administrator include, but are not limited to: administration, investigation, adjustment, defense, settlement, and payment of all claims and claim expenses (as the Claims Administrator deems necessary) that are reported under the Policy, and reporting of payments made on behalf of individual physicians to the National Practitioner Data Bank and to any applicable state regulatory agencies that require medical malpractice claim reporting.

The Claims Administrator will assign defense counsel. When more than one covered person or a covered person and an entity are co-defendants, and provided there are no conflicts of interest, the Claims Administrator will assign defense of all covered parties to the same counsel. When there is a conflict of interest based on applicable law or the ethical considerations of defense counsel, then each co-defendant will be defended by separate counsel assigned by the Claims Administrator. When feasible, the defense firms will cooperate, for example, in the selection of damages experts or in conducting mock trials.

Member agrees to provide prompt notice of all claims and suits to cooperate with the Claims Administrator in the defense of said matters. To the extent permissible and prudent under applicable law and the ethical considerations of defense counsel, Member agrees to work together in good faith with any co-defendant(s) to resolve claims and suits amicably and to both parties’ common best interests and to avoid instituting any action, cross-claim, third-party action or complaint for indemnification or contribution to the detriment of the co-defendant(s).

III. Arbitration. As a condition precedent to any right of action under either this Agreement or the Policy, any dispute arising out of the interpretation, performance or breach of this Agreement or the Policy, including the formation or validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration will be in writing and sent registered mail.

Such dispute shall be submitted to three arbitrators, one to be chosen by each party and the third by the two so chosen. If either party refuses or neglects to appoint an arbitrator within 30 calendar days after the receipt of written notice from the other party requesting it to do so, the requesting party may appoint two arbitrators. If the two arbitrators fail to agree in the selection of a third arbitrator within 30 calendar days of their appointment, each of them shall name two,
of whom the other shall decline one and the decision shall be made by drawing lots. All arbitrators shall be impartial, disinterested active or former executive officers of insurance or reinsurance companies.

Within thirty (30) calendar days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of law, procedure and evidence. Arbitration shall take place in North Charleston, South Carolina unless some other place is mutually agreed upon by the parties to this Agreement. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate. The panel shall make its decision considering the custom and practice of the applicable insurance business as promptly as possible following the termination of the hearings. Judgment upon the award may be entered in any federal district court having jurisdiction thereof.

Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorney fees, to the extent permitted by law. The panel is prohibited from awarding punitive, exemplary or multiplied damages, of whatever nature, in connection with any arbitration proceeding concerning this Agreement or the Policy.

The parties intend this Section to be enforceable in accordance with the Federal Arbitration Act (9 U.S.C. Section 1, et seq.), including any amendments to that Act which are subsequently adopted, notwithstanding any other choice of law provision set forth in this Agreement. In the event that either party refuses to submit to arbitration as required herein, the other party may request a United States Federal District Court to compel arbitration in accordance with the Federal Arbitration Act. Both parties consent to the jurisdiction of such court to enforce this Section and to confirm and enforce the performance of any award of the arbitrators.

This Section shall survive the termination of this Agreement and the Policy.

IV. Disclosure. Member acknowledges that Member has been provided with, has reviewed and has been given an opportunity to ask questions regarding the Samaritan Risk Retention Group, Inc. Disclosure Document (“Disclosure”), which provides information regarding the insurance provided by Samaritan. The Disclosure is attached hereto and is incorporated herein.

Acknowledged and agreed to:

Member

Samaritan Risk Retention Group, Inc.

Printed Name

Printed Name

Signature

Signature

Date

Date

MILW_1902839.1
SAMARITAN RISK RETENTION GROUP, INC.

IRREVOCABLE PROXY

I, the undersigned member, do hereby irrevocably designate and appoint Baptist Health South Florida, Inc. (“Baptist Health”) my proxy to represent me at the annual members’ meeting of Samaritan Risk Retention Group, Inc. (the “Company”), to be held at the __________________________ in May 2010, and at all adjourned sessions and subsequent sessions of members’ meetings, and I authorize and empower my said proxy to vote any and all interests owned by me or standing in my name, and to do any and all things which I myself might do if personally present and acting, all for the limited purpose of electing Class I Directors. This irrevocable proxy shall automatically terminate upon the full satisfaction of the subordinated surplus note executed by the Company in favor of Baptist Health pursuant to that certain Subordinated Surplus Loan Agreement, dated as of ____________, 2009, by and between Baptist Health and the Company.

______________________________
Signature

______________________________
Printed Name

______________________________
Date

______________________________
Street Address

______________________________
City, State & Zip Code
Samaritan Risk Retention Group, Inc. (the “Company”) is distributing this Disclosure Document (“Disclosure”) to eligible physicians who have privileges to treat patients at Baptist Health South Florida, Inc. (“BHSF”) facilities (referred to herein individually as a “Physician” and collectively as “Physicians”) with the intent of soliciting applications from Physicians to obtain professional liability insurance issued by the Company, thereby becoming members of the Company.

INTRODUCTION

This Disclosure is being distributed for the purpose of offering to eligible Physicians professional liability insurance by the Company as described herein. The contents of this Disclosure have been supplied by, and are the responsibility of, the Company and Aon Insurance Managers (USA) Inc. (the “Manager”). No person except for the officers and directors of the Company and the Manager has been authorized to give any information or to make any representations other than as contained in or incorporated by reference into this Disclosure. Potential applicants should read completely and carefully this Disclosure and other materials supplied herewith, and are urged to call or write to the Company at: One Poston Road, Ste 155, Charleston, SC 29407, telephone number (843) 614-3135, to ask questions or to obtain any additional information that is requested to supplement or verify the accuracy of the information set forth herein. To the extent the Company possesses such information or can acquire it without unreasonable effort or expense, the Company will provide such information. The summary information contained in this Disclosure is set forth as of January, 2006 and is qualified in its entirety by the terms and provisions of any accompanying documents and other documents referenced herein.
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OVERVIEW

This overview is qualified in its entirety by, and must be read in conjunction with, this entire Disclosure.

The Company has been organized as a captive mutual insurance company under the laws of the State of South Carolina and operates under the federal Liability Risk Retention Act of 1986, as amended (the “Act”). The Company’s home and administrative offices are located at One Poston Road, Ste 155, Charleston, SC 29407. Its telephone number is (843) 614-3135.

The Company was organized for the purpose of offering professional liability insurance to the Physicians. Eligible Physicians must meet the Company’s underwriting requirements for the issuance of insurance by the Company and shall only be practicing physicians duly licensed to practice in the State of Florida who have privileges to treat patients at BHSF facilities.

The ultimate supervision and control of the Company rests with its Board of Directors (the “Board”); however, the day to day management of the Company’s operations and affairs will be handled by the Manager pursuant to a Captive Services Agreement entered into between the Company and the Manager (the “Management Agreement”). The Manager is a corporation organized under the laws of the State of South Carolina, with its principal office at One Poston Road, Ste 155, Charleston, SC 29407.

The South Carolina Director of Insurance (the “Director”) has issued a certificate of authority to the Company to provide liability insurance as a captive mutual insurance company. In order to satisfy minimum funding levels required by South Carolina statutes, the Company has entered into a Subordinated Surplus Loan Agreement with and issued a Surplus Note (the “Surplus Note”) to BHSF. See “SURPLUS NOTE OBLIGATIONS.”

Operating expenses of the Company along with any claims incurred by the Company’s policyholders shall be paid from a pool of funds which will include policy premiums and surplus contributed by BHSF pursuant to the Surplus Note, together with any earnings from the investment of such funds.

The bylaws of the Company are available for review by approved applicants during regular business hours at the office of Aon Insurance Managers at One Poston Road, Ste 155, Charleston, SC 29407.

INSURANCE AND REGULATORY MATTERS

1. Insurance Industry Risks.

The business of insurance involves the inherent risk that the Company will not have enough reserves and surplus to pay all claims which may arise under the policies it has issued. This risk becomes more significant for companies, such as the Company, that underwrite
medical professional liability insurance. In recent years, medical professional liability insurers have experienced a great deal of fluctuation in claims incurred, making the predictability of frequency and cost of future malpractice claims uncertain. The uncertainty related to future claims with this type of insurance increases the difficulty of determining the appropriate premium charges for the Company’s policies. The financial strength of the Company will not be rated by A.M. Best or Standard & Poor’s.

2. No Operating History or Experience

The Company has been recently formed and therefore, has no financial or business history. The members of the Board and management of the Company have little or no experience in forming and operating a professional liability insurance company. The Company’s competition will likely include well-established insurance companies under the guidance of experienced management. The lack of experience of the Board and management of the Company could have a material adverse effect on the business of the Company.

3. Market Conditions

Under its current business plan, the Company will offer medical professional liability coverage in the amounts provided. Currently, there is limited competition from the traditional insurance marketplace for such insurance business. These market conditions may change at any time. The Company makes no representations or warranties that it will be able to continue to offer this coverage in these amounts or on terms that are competitive with other insurers. Increased competition in the marketplace may make it infeasible for the Company to continue operation.


As described in the Overview, the Company operates under the Act. The Act provides that organizations or persons who practice in similar or related professions with respect to their liability exposure may organize a corporation or other limited exposure association (a “Risk Retention Group”) to underwrite liability insurance for members of such group. An insurance company organized as a Risk Retention Group under the Act must be owned by its members, who must be policyholders, or by an organization whose membership is comprised of policyholders.

A Risk Retention Group must be chartered or licensed and authorized to do business as an insurance company under the laws of any one state. Because the Act provides an exemption from most state insurance regulations, except for those of the licensing state, a Risk Retention Group may offer insurance coverage in a state other than its licensing state without separate licensing in such state. Thus, no state other than the licensing state can specify capitalization requirements or regulate policy form or premium rates. The Act gives states the right to require a Risk Retention Group to comply with its unfair claim settlement practices, to pay its non-discriminatory premium and other taxes, and to participate in its assigned risk group programs. The Act also provides that a Risk Retention Group must comply with an injunction issued by a court of competent jurisdiction, upon a petition by any state insurance commissioner alleging that such group, based on its present or reasonably anticipated financial condition, is
unlikely to meet obligations to policyholders with respect to known claims and reasonably anticipated claims, or to pay other obligations in the normal course of business, or is financially impaired.

Notwithstanding the general preemption provisions of the Act, a Risk Retention Group must file, in advance with the state insurance commissioner of each state in which it intends to do business, a copy of the plan of operation or feasibility study furnished to its licensing state, which includes its coverages, deductibles, limits, rates and rating classification. A Risk Retention Group must also furnish to each state insurance commissioner a copy of the annual certified financial statements submitted to the insurance commissioner of its licensing state, to which must be appended an opinion on loss and loss adjustment expense reserves by a member of the American Academy of Actuaries or a qualified loss reserves specialist.

The Company is chartered and licensed in South Carolina, and will provide coverage to physicians practicing in Florida. Accordingly, the Company will be subject to insurance regulation by South Carolina, and will be exempt from most Florida insurance regulation, as described above.


In September 2005, the U.S. Government Accountability Office released a report, GAO-05-536, entitled “Risk Retention Groups: Common Regulatory Standards and Greater Member Protections Are Needed” (the “GAO Report”). The GAO Report is the first comprehensive analysis of the Act by a federal agency in fifteen years. A copy of the GAO report is available on the GAO website, www.gao.gov. The report includes recommendations to both the U.S. Congress to amend the Act and to the states to enact uniform legislation in areas including: ownership and governance of a risk retention group by persons insured by the risk retention group; uniform state standards for financial reporting; and enhanced disclosure regarding the inability of a risk retention group and its insureds to participate in state insurance guaranty funds.

The Company may be required to change its organization and operations without prior notice depending on: (i) any future amendments the Act and (ii) any changes to state law pursuant to future recommendations of the National Association of Insurance Commissioners.


A Risk Retention Group operating under the Act does not participate in insurance guaranty funds or similar funds that, in most states, provide coverage for claims made against policies issued by insurance companies that have subsequently become insolvent and are not able to pay their obligations. Because the Company operates under the provisions of the Act, it is not able to participate in state insurance insolvency funds. There can be no assurance that the Company could pay all of its insured losses if the Company became insolvent. In that circumstance, each policyholder may be liable for all or any portion of a claim that is brought against it.
7. Regulation Under South Carolina Law.

The South Carolina Department of Insurance regulates the business of the Company by, among other things, periodically reviewing the adequacy of the Company’s reserves and surplus, determining the form and content of the Company’s required financial statements and approving the Company’s policy forms. While the Company believes that it is in compliance in all material respects with applicable regulatory requirements and intends to continue to operate in compliance with such requirements, no assurance can be given that at some future date such regulatory requirements will not change, making it difficult if not impossible for the Company to comply with the applicable requirements. Failure to comply with applicable regulatory requirements could result in the imposition of penalties, the revocation of the Company’s certificate of authority to transact insurance business in the State of South Carolina or authority to issue non-assessable insurance policies and therefore, the liquidation of the Company.

8. Minimum Surplus and Reserves; Increased Premiums; Assessable Policies.

The Company is required by South Carolina law to maintain a minimum amount of surplus. If at any time that surplus falls below the required amount, the Company will be forced to increase premiums or discontinue issuing non-assessable insurance policies altogether (an action which might under the circumstances be required by the Commissioner). There is no guarantee that the Company would be able to reduce its risk exposure or secure the surplus amount then required for it to continue issuing or renewing its insurance policies.


In the current professional liability coverage market, physicians attempting to obtain professional liability insurance from admitted carriers may not be able to obtain prior acts coverage for any period of time during which their professional liability insurance coverage was provided by a Risk Retention Group. However, this situation is subject to change, if and when the professional liability coverage market becomes more competitive.

MEMBERSHIP AND COVERAGE

Eligibility for Mutual Membership and Insurance Coverage

The Company is organized as a captive mutual insurer and can issue insurance policies only to its members. The bylaws of the Company provide that each holder of an insurance policy issued by the Company is a member of the Company with the rights and obligations of membership. The Company will only accept as members of the Company physicians that it believes are an acceptable professional liability insurance risk and who meet the eligibility requirements described below and in the Company’s bylaws, and membership in the Company is not transferable.

In order to be eligible for membership, physicians must meet the Company’s underwriting requirements for the issuance of insurance by the Company and must be practicing physicians duly licensed to practice in the State of Florida who have privileges to treat patients at
BHSF facilities. In addition, any partnership, association or corporation comprised of physicians who satisfy the criteria described is eligible for membership. With respect to any policy of group insurance, the employer or other person to whom or in whose name the master policy is issued or held is considered the member. Eligible persons or practice groups must provide comprehensive data as requested by the Company including an insurance application, and submit to periodic risk management review by the Company.

A complete underwriting review will be made of each Physician as early as practicable following receipt of an application for insurance. If the Company determines that an applicant has an adverse claims history or presents an above average risk profile, such applicant may be subject to restrictive policy endorsements, premium surcharges, or have coverage refused by the Company. Subject to any restrictions of the bylaws of the Company, applicants that are accepted for insurance coverage by the Company shall become members upon their payment in full of the applicable insurance premium, and any and all surplus or contribution notes, capital contributions, fees or dues, if any.

**Insurance Coverage**

The policy terms described herein are examples only and are subject to actual policy terms. Accordingly, potential insureds must read and understand the terms of the policy offered to them by the Company from time to time. In case of inconsistency between the general terms discussed herein and individual policies, the terms of the policy as amended will control.

**Liability Limits**

The liability limits of professional liability insurance coverage offered by the Company will be:

**Professional Liability:**
- $250,000 per claim subject to $750,000 policy period aggregate

**Investigation Defense:**

**Individual Policies:**
- $25,000 per claim, subject to $50,000 policy period aggregate

**Group Policies:**
- $25,000 per claim, subject to $100,000 policy period aggregate

**Form of Policy**

The Company offers medical professional liability insurance coverage under a “claims-made” policy. Under the Company’s claims-made policy, claims asserted against an insured are only covered if reported to the Company during the period of coverage. Claims may also be reported during the extended reporting period, if any, as defined in the policy.

The Company will issue an extended reporting endorsement without any separate premium charge to a policyholder when the policyholder dies or becomes totally and
permanently disabled during a coverage period for which premium has been paid, or retires following a period of coverage as described in the policy. In all other cases, groups terminating a claims-made policy will be required to pay a premium charge for an extended reporting endorsement issued to a departing physician member.

ORGANIZATION AND CAPTIVE MANAGEMENT OF THE COMPANY

The Company has been organized as a captive mutual insurance company domiciled in South Carolina, as prescribed by South Carolina law. The total number of directors of the Company will be five (5). The total number of directors will be divided into two (2) classes, Class I comprised of three (3) directors and Class II comprised of two (2) directors. Class I directors will be elected by proxy by BHSF until the Surplus Note has been satisfied, as described in the bylaws. Class II directors will be elected by the members. At least one (1) Class II director must be a resident of the State of South Carolina. Each director will hold office until the next annual meeting of members or until removed. However, if his term expires, he will continue to serve until a qualified successor is elected or until there is a decrease in the number of directors. The Company’s Board exercises supervisory power over the Manager, which is responsible for the operation of the Company. The Company has subcontracted with the Manager to provide day-to-day management and administration of the insurance business of the Company.

Termination of membership in the Company based upon the Member Default events described in Article 2 of the Company’s bylaws will result in cancellation of the related policy of insurance by the Company, according to the terms and conditions of such policy. Any terminating member may be reinstated by action of the Board of the Company upon such terms and conditions, including the payment of additional fees or insurance premiums, as the Board may from time to time require.

Initial Board of Directors

Ralph Lawson  
Wendy Greenleaf  
Yvonne Zawodny  
Suzzanne Thomson-Quintero

Operational Services Provided by the Manager

Subject to the general control, direction and supervision of the Board, the Manager will be responsible for the day-to-day administration of the insurance business of the Company. The major services to be provided, some of which may be provided by third-party service providers, include: administrative services, financial services, claims management, underwriting services, marketing services, and records creation and maintenance.

CAPITALIZATION

Funds in the amount of $5,000,000 have been contributed to the Company by BHSF, pursuant to a Surplus Note. The Company is subject to certain obligations, defined below, as a condition of the Surplus Note Funding.
SURPLUS NOTE OBLIGATIONS

Pursuant to the terms of the Surplus Note and the bylaws of the Company, the members and Board of Directors of the Company must comply with and may not take any action inconsistent with the Company’s obligations under the Surplus Note, including the following obligations:

(A) Corporate Existence; Obligations.

Do all things necessary to: (i) maintain its corporate existence and all rights and franchises necessary or desirable for the conduct of its business; (ii) comply with all applicable laws, rules, regulations and ordinances, and all restrictions imposed by governmental authorities; and (iii) pay, before the same become delinquent and before penalties accrue thereon, all taxes, assessments and other governmental charges against it or its property, and all of its other liabilities, except to the extent and so long as the same are being contested in good faith by appropriate proceedings in such manner as not to cause any material adverse effect upon its property, financial condition or business operations, with adequate reserves provided for such payments.

(B) Inspection.

Permit representatives of BHSF to visit and inspect any of the offices of the Company and examine, audit, review and copy any of the books and records of the Company at any reasonable time and as often as may be reasonably desired, and to discuss the affairs of the Company with any of its directors, officers, employees or agents.

(C) Financial Statements.

Maintain a standard and modern system for accounting in accordance with statutory accounting principals consistently applied throughout all accounting periods; and furnish to BHSF such information respecting the business, assets and financial condition of the Company as BHSF may reasonably request and, without request, furnish to BHSF certain information relating to the financial statements of the Company, as specified in the Surplus Note.

(D) Approvals and Consents.

Take all action that BHSF may reasonably request to obtain the approval of the Department of Insurance (and any other consents or approvals that may be necessary) to make payment of any amount under the Surplus Note to the extent permitted under applicable laws.

(E) Amendments to Articles of Incorporation and Bylaws.

Not amend its articles of incorporation or bylaws without the prior written consent of BHSF.

(F) Indebtedness.
Not create, incur, assume or have outstanding any indebtedness for borrowed money or the deferred purchase price of any asset (including obligations under capitalized leases), except the Surplus Note issued under the Subordinated Surplus Loan Agreement.

(G) Liens.

Not create or permit to be created or allow to exist any mortgage, pledge, encumbrance or other lien upon or security interest in any property or asset now owned or hereafter acquired by the Company, except Permitted Liens.

(H) Sale or Transfer of Assets.

Not sell or transfer more than 5% of its assets in any 12-month period without the prior consent of BHSF.

(I) Liquidation; Merger; Disposition of Assets.

Not liquidate or dissolve; or merge with or into or consolidate with or into any other Company or entity; or sell, lease, transfer or otherwise dispose of all or any substantial part of its property, assets or business (other than sales made in the ordinary course of business), unless (a) BHSF provides its prior written consent; and (b) any successor entity expressly assumes the obligations under the Surplus Note.

(J) Authority to Conduct Business.

Maintain all licenses, permits and registrations required under South Carolina law to transact the business of insurance and any other licenses or permits necessary to conduct its business.

(K) Conduct of Business.

Not (a) make any change to the business plan of the Company or (b) engage in any conduct which, in the sole discretion of BHSF, is deemed to be outside of the ordinary course of business of the Company as conducted on the date of the Surplus Note, in either case without the prior consent of BHSF.