

MEMBER ACKNOWLEDGMENT

This Member Acknowledgment (this "Acknowledgment") is made as of May 15, 2000 between GOVERNMENTAL RISK INSURANCE TRUST, an entity formed pursuant to Florida Statutes Section 440.575 ("GRIT") and BOARD OF COUNTY COMMISSIONERS ~~(the Member)~~ OF NASSAU COUNTY, FLORIDA, a political subdivision of the State of Florida, (the "Member").

RECITALS

WHEREAS, the Member is or has been a Participating Member (as defined or described in the Interlocal Agreement described below) of GRIT, and in connection therewith, the Member executed and delivered (or was deemed to have executed and delivered) the Governmental Risk Insurance Trust Interlocal Agreement (the "Interlocal Agreement"; capitalized terms used and not otherwise defined herein have the meanings assigned thereto in the Interlocal Agreement);

WHEREAS, the Member was issued one or more contracts (the "Contracts") for workers' compensation coverage issued under and in accordance with the Interlocal Agreement by GRIT;

WHEREAS, employees of the Member have made one or more workers' compensation claims under such Contracts in respect of covered losses, as to which the claims set forth on Exhibit A hereto remain in whole or in part unpaid (collectively, the "Claims");

WHEREAS, GRIT has filed a petition seeking protection under Chapter 11 of the United States Bankruptcy Code; and

WHEREAS, the Member desires that GRIT resume and continue to administer, contest, adjust, litigate, settle and pay (all or any of the foregoing referred to herein as the "Administration of Claims") such Claims under the terms of the Contracts, notwithstanding the filing of the petition in bankruptcy, with complete reimbursement to GRIT by the Member for all such costs, expenses and payments as may be paid or incurred by GRIT in connection therewith, on the terms and conditions set forth herein;

NOW THEREFORE, the parties do hereby acknowledge the following:

1. The parties represent and warrant that the foregoing recitals are true and correct.
2. The Member shall pay to GRIT, within 30 days of the date of receipt of a request for reimbursement, all of the costs, expenses, losses and payments of all kinds paid or incurred by GRIT in respect of the Administration of Claims, without setoff or other defense of any kind. Based upon the foregoing, GRIT shall resume and continue the Administration of Claims with respect to the Claims of the Member. Notwithstanding the foregoing, in the event that any

particular Claim would result in a payment of \$10,000 or more, the Member shall advance such payment amount to or at the direction of GRTT in respect of such Claim, and GRTT shall use such advance only for the payment of such Claim. GRTT shall notify the Member of the occurrence(s) of such matters as far in advance of the payment date(s) as possible. In the event that any of the Contracts are loss-sensitive or retro-rated policies, the Member shall, in addition to the foregoing but without duplication of amounts paid, comply with all of the terms and conditions of the Contracts.

3. The Member represents and warrants that: (i) the Claims arose under Contracts none of which were in effect at or after 12:01 a.m. on July 1, 1998; (ii) it has consulted with counsel of its choosing in determining to execute and deliver this Acknowledgment; and (iii) all necessary action of the Member or its governing body to authorize the execution and delivery of this Acknowledgment by the undersigned representative of the Member has been taken in accordance with all applicable laws, and the execution and delivery hereof by the Member does not and will not constitute a breach of any law, regulation, rule or contract provision to which the Member is party or by which it is bound.

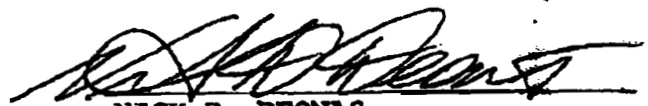
4. Subject to the terms of the Contracts, reimbursement amounts paid to GRTT hereunder may be asserted (together with all claims of other Members under similar agreements) as claims of the Member for reimbursement from GRTT from dividends or other amounts available from the year (or years) in which payments in respect of such Claims were paid by the Member, and may be deemed by the court to be subordinated to or ranking as a class below (i) all administrative claims (as such term is used in Bankruptcy proceedings) and (ii) certain other claims of general unsecured creditors, such as claimants under other workers' compensation coverage contracts issued to Members which are not assumed by such Members, claims of medical and other service providers, and other general creditors. The Member acknowledges that its claim in the Bankruptcy proceeding may not result in full recovery of the claim amount, or in any recovery at all.

5. In consideration of the Administration of Claims, GRTT shall retain any and all rights to reinsurance or other contracts of secondary or primary indemnity which may exist with respect to the Claims; provided, however, that if there is any recovery thereunder by GRTT, GRTT shall promptly remit such recovery to the Member.

6. This Acknowledgment, executed on behalf of the Member by its duly authorized representative, must be submitted for approval to GRTT together with a copy of each Contract in respect of which the Claims arose, and shall be binding upon the Member when executed thereby and delivered to GRTT.

IN WITNESS WHEREOF, the undersigned duly authorized representative(s) of the parties have executed and delivered this Acknowledgement as of the date first above written.

BOARD OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA



NICK D. DEONAS
Its: Chairman

ATTEST:

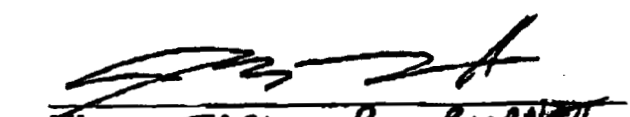


J. M. "CHIP" ORLEY, JR.
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney


MICHAEL S. MULLIN

GOVERNMENT RISK INSURANCE TRUST


BY: JASON B. BURDETT
Its: Attorney



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
P. O. Box 1010
Fernandina Beach, Florida 32035-1010

Nick Deonas
David C. Howard
Pete Cooper
Floyd L. Vanzant
Marianne Marshall

Dist. No. 1 Fernandina Beach
Dist. No. 2 Fernandina Beach
Dist. No. 3 Yulee
Dist. No. 4 Hilliard
Dist. No. 5 Callahan

May 17, 2000

JOSEPH M. "Chip" OXLEY, JR.
Ex-Officio Clerk

MICHAEL S. MULLIN
County Attorney

WALTER D. GOSSETT
County Coordinator

Mr. Jason B. Burnett
Edwards, Cohen, Jacobs & Haramis, P.A.
Post Office Box 1538
Jacksonville, FL 32202

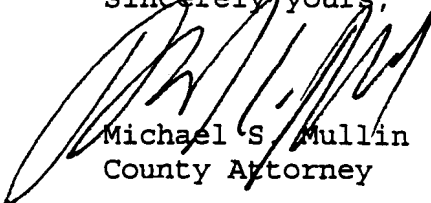
Dear Mr. Burnett:

Enclosed please find an executed copy of the Member Acknowledgement, approved by the Board of County Commissioners on May 15, 2000.

Please have this form executed by Government Risk Insurance Trust and forward a fully executed copy to my office for our files.

If I need to provide you any additional information, please contact me.

Sincerely yours,


Michael S. Mullin
County Attorney

MSM:jb

Enclosure

CC: ~~Lew~~ Eason, Risk Management Coordinator
Walter D. Gossett, County Coordinator

RECEIVED MAY 18 2000