NC DEPARTMENT of INSURANCE

SPECIAL ENTITIES DIVISION

SURETY BOND FOR PROFESSIONAL EMPLOYER ORGANIZATION

Bond No.: _____
Bond Amount: _____
Effective Date: _____

This surety bond is executed by _____ ("Principal"), and _____ ("Surety"), an insurer authorized by the North Carolina Commissioner of Insurance ("Commissioner") to write surety business in this State.

This surety bond is for the benefit of the Commissioner and made in consideration for the issuance of a license to the Principal to operate and function as a Professional Employer Organization pursuant to N.C. Gen. Stat. § 58-89A-50. The Principal and Surety, for themselves, their heirs, assigns, and successors, are jointly and severally liable to the Commissioner for the bond amount stated above, for the use and benefit of the Commissioner in the Commissioner's capacity as regulator of Professional Employer Organizations under Article 89A of Chapter 58 of the North Carolina General Statutes ("Article 89A").

This surety bond must be maintained in full force while the Principal's license to operate under Article 89A remains in effect or any obligations or liabilities of the Principal remain outstanding. Surety shall be liable to the Commissioner for all or any portion of the bond amount that the Commissioner determines necessary to satisfy obligations or liabilities of the Principal under Article 89A.

Upon written demand of the Commissioner, Surety shall remit payment to the Commissioner within thirty (30) days. No proof of default, litigation, investigation, or adjudication is required as a condition to payment. The Commissioner's written demand is final, binding, and conclusive upon Surety. Surety waives all defenses against the Commissioner and may not contest the Commissioner's determination of the amount required or the amount satisfied through this surety bond.

The Principal has no right to demand, draw on, or enforce this surety bond. No person or entity other than the Commissioner may bring any action, claim, or proceeding under this surety bond. If any case is commenced by or against the Principal under Title 11 of the United States Code (bankruptcy), the proceeds of this surety bond, and all enforcement rights of the Commissioner, are not property of the Principal's bankruptcy estate. No trustee, debtor-in-possession, receiver, or other fiduciary in any bankruptcy case shall have any right, title, interest, or claim to this surety bond or its proceeds.

Surety may cancel this surety bond by giving the Commissioner forty-five (45) days' prior written notice by registered or certified mail to both the Commissioner and the Principal. Surety shall remain liable for all obligations and liabilities of the Principal that arose under Article 89A before the effective date of cancellation. This surety

bond may be cancelled by Surety with respect to future obligations or liabilities with proper notice pursuant to N.C. Gen. Stat. § 58-89A-50 and without regard to approval or acceptance of the Commissioner.

This surety bond may be exchanged or replaced with another surety bond. The replacement surety bond must meet the following requirements: (a) apply to obligations and liabilities that arose during the term of this surety bond; (b) meet the requirements of N.C. Gen. Stat. § 58-89A-50; and (c) written notice is provided to the Commissioner ninety (90) days in advance. Surety will remain liable under the terms of this surety bond until the Commissioner issues a written release to Surety.

The Principal or Surety shall notify the Commissioner in writing within ten (10) days of any change in the legal entity ownership or name of the Principal or Surety. The written notification to the Commissioner shall be made by registered or certified mail. In the event of such change, the Principal and Surety agree to execute an endorsement to this surety bond to reflect said change. This surety bond remains in full force and effect at all times.

If the Principal's license to operate under Article 89A should be suspended or revoked, all past, present, and existing obligations and liabilities of the Principal shall remain in effect until satisfied and shall be covered by this surety bond.

This surety bond shall be governed by the laws of the State of North Carolina. Any suits, actions, or other legal proceedings concerning the validity, terms, or enforceability of this surety bond shall be brought exclusively in the Superior Court of Wake County, North Carolina. If any part or condition of this surety bond is declared unenforceable or held to be invalid by a court of proper jurisdiction, such determination will not affect the validity or enforceability of other parts or conditions of this surety bond.

The Principal and Surety acknowledge and agree that this surety bond cannot be altered, changed, or amended without written approval by the Commissioner.

IN WITNESS WHEREOF, the **Principal** intending to be bound hereby has caused this surety bond to be executed, under seal, and attested by its duly authorized officer or managing member.

PRINCIPAL:

By: _____
Signature of Officer or Managing Member

_____
Type or Print Name

_____
Type or Print Title

STATE OF _____
COUNTY OF _____

On this ____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the foregoing instrument, and who acknowledged that he/she executed the same on behalf of and with the authority of _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

(SEAL)

My Commission Expires: _____

IN WITNESS WHEREOF, the **Surety** intending to be bound hereby has caused this surety bond to be executed, under seal, and attested by its duly authorized officer.

SURETY:

By: _____
Attorney-In-Fact

_____
Type or Print Name

_____
Type or Print Title

STATE OF _____
COUNTY OF _____

On this ____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the foregoing instrument, and who acknowledged that he/she executed the same on behalf of and with the authority of _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

(SEAL)

My Commission Expires: _____