



State of Rhode Island and Providence Plantations
Department of Labor and Training
Workers' Compensation Self-Insurance Unit
P.O. Box 20190
Cranston, RI 02920-0942
Telephone: (401) 462-8100
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Self-Insurance Rules & Regulations

RIWC Section 28-29-22
RIWC Section 28-29-26
RIWC Section 28-36-1

Any certified self-insurer (or any entity such as the State Employees Division, State of RI, or the cities and towns, regional school districts, the City of Providence, as an example, who is mandated to have RI Workers' Compensation or who have exercised their option under law to accept the Act and who have insured, or will pay out of their funds, claims and/or who have used e.g. RILOCAT) is bound by the RI Workers' Compensation Act.

To that end, the certification process for self-insurance by the Director is outlined in the procedure for application. It is based on careful investigation to include a hearing before the Director. Such investigation can include but is not limited to the items enumerated in the profile for application and re-certification such as feasibility studies, site inspections, bond and individual financial obligation requirements, parent guarantor; corporate resolutions, bonding and payment facilities, bidding on claims and rehabilitation services; licensing requirements, education requirements, and similar requests. Entire process is approximately 60 days.

Also, any self-insurer must abide by the data processing rules and regulations; workers' compensation procedures; Workers' Compensation Court rules and regulations and rules of procedure of any appellate body that may hear a workers' compensation proceeding.

All these rules and regulations embodied in forms enumerated RISI-1 to 17b inclusive is affirmed April 1, 2012 by Charles J. Fogarty, Director.

If you have any questions on procedures and requirements please contact:

Matthew P. Carey, III
Assistant Director
(401) 462-8127
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or

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Fiscal Management Officer
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Updated 3/1/12

SELF-INSURANCE (RI SI-3)

Effective 1/1/88 and as amended

APPLICATION FEES: Initial fee with application. Costs for services necessary to prepare application or for subsequent requests for data are borne by applicant. Fees for Department services may be assessed during course of application. The applicant during the course of examination must pay for any actuarial study required by the Department. See initial fee schedule RI SI-4b.

ASSESSMENTS: Each self-insured is required to pay assessments annually to the RI Workers' Compensation Fund. The assessment is based on a percentage of the premium that would have been paid by the employer if he were insured based on manual rates. The rate is set prior to 7/15 of year following assessment period (Section 28-37-13) by the Director. The use, at no charge, for the Donley Center rehabilitation services and evaluation programs, and error reimbursements from the Workers' Compensation Administrative Fund are part of the benefits from this assessment.

Assessments for this fund are made, by requiring payrolls of prior year, 1/1 to 12/31, to be given to us by the 15th of March of each year or part of the year in our program (Section 28-37-16). We may extend time for receipt.

An additional assessment is charged to all self-insurers for services performed by the Self-Insurance Unit. This assessment is based on the percentage of individual surety in proportion to all surety we have in the program for the assessment year.

TAXES: None.

FEES: Filing and/or exam fees for applications. Subsequent to initial application, the Department may charge for costs of examination of account – files – reserves, any studies that may be required upon review.

EXCESS COVERAGE: (a) Every applicant for initial approval of workers' compensation self insurance and every applicant for renewal of its certified employer status shall purchase and maintain a specific excess insurance policy with:

(1) an upper minimum coverage limit of at least \$10,000,000 or higher per occurrence in excess of the self insured retention level of the policy; and

(2) a self insured retention level specifically approved by the director.

(b) New applicants for self insurance and certified employers during their first five years of self insurance may also be required to carry aggregate (stop loss) insurance with a carrier and limits acceptable to the director.

(c) All excess policies issued to certified employers or applicants to become certified employers after April 1, 2012, shall:

(1) include in the policy declarations, the name of the self insurer (principal); self insured retention limits; policy coverage limits; policy period; policy number; and name of issuing carrier;

(2) state that the policy covers and will reimburse all workers compensation liability benefits and services paid above the retention level of the policy including all administrative, legal, claims handling, expenses related to a covered claim;

(3) include an insolvency clause that requires the carrier to reimburse up to the policy limits regardless of the financial condition of the policy holder, and that in the event of an insolvency or default of the policy holder, to reimburse any surety carrier or the director that

subsequently becomes responsible for to run off the claims of the policy holder by order of the director of the Rhode Island Department of Labor and Training;

(4) not contain an exclusion clause for acts of terrorism, domestic or foreign;

(5) require at least 30 days advance written notice to the director before excess policy cancellation for any reason or any other amendment issued by the carrier to the excess policy;

(6) contain a clause stating that notwithstanding any other provisions of the policy or representations made by the parties, the excess policy will conform to the laws and regulations of Rhode Island;

(7) require the excess carrier to bear its responsibility for the policy obligations unless claims nonconformance by the certified employer is substantial and severely prejudices the ability of the excess carrier to mitigate its losses; and

DEPOSIT OF SECURITY: (a) Failure by a certified employer to post and maintain the required amount of security and in an acceptable type as determined by the director shall be good cause for terminating or non-renewal of the employer's self insurance certificate.

(b) New applicants for self insurance shall submit along with the Application For Approval of Workers' Compensation Self-Insurance Form RI SI-2, a summary of annual incurred losses experienced by their Rhode Island operations for the previous three full calendar years with the loss experience being current to within 120 days prior to the application filing date prepared by their carrier or insurance broker. Initial security deposit after March 1, 2012, shall be calculated as the higher of the following:

(1) the minimum security deposit required by the director, currently \$500,000;

(2) two times the average incurred liability of the applicant's Rhode Island operations over the previous three years plus any adjustment for self insured retention level of the proposed specific excess insurance policy the applicant intends to purchase; or

(3) the amount of initial security required by the director in his or her discretion.

(c) Renewing certified employers during their first three years in self insurance shall submit along with the Renewal Application for Approval of Workers' Compensation Self-Insurance Form RI SI-2a, their loss experience in self insurance from the inception date of the self insurance program. Security deposit after April 1, 2012, shall be calculated as the higher of the following:

(1) the minimum security deposit required by the director, currently \$500,000; or

(2) two times the average incurred liability of the applicant's Rhode Island operations over the most recent three years (insured and self insured periods) times the quantity (1 + the number of years they have been self insured). In addition the security should be adjusted for the self insured retention level of the proposed specific excess insurance policy the applicant has to purchased;

(3) Two times the expected unpaid liabilities of all open claims from the inception date of self insurance plus any adjustment for self insured retention level of the proposed specific excess insurance policy the applicant intends to purchase; or

(4) the amount of security required by the director in his or her discretion.

(d) Renewing certified employers after their first three full years in self insurance shall submit along with the Renewal Application for Approval of Workers' Compensation Self-Insurance Form RI SI-2a, their loss experience in self insurance from the inception date of the self insurance program. Security deposit after April 1, 2012, shall be calculated as the higher of the following:

(1) the minimum security deposit required by the director, currently \$500,000; or

(2) Two times the expected unpaid liabilities of all open claims from the inception date of self insurance plus any adjustment for self insured retention level of the proposed specific excess insurance policy the applicant intends to purchase; or

(3) the amount of security required by the director in his or her discretion.

(e) For good cause and after providing at least ten days advanced written notice to the certified employer or formerly certified employer, the director may audit or review or cause to be audited

and reviewed any claim or claims reported in the renewal application, or the claims detail reported on any claim or claims, as well as, the case reserves posted on any claim or claims by a certified employer, or to evaluate any actuarial report provided on the liabilities of any certified employer or formerly certified employer to determine the adequacy of the security posted with the director to secure the liabilities of the employer. Should the results of the audit or review determine the security is not adequate in the sole determination of the director; the director may adjust the amount of required security posted. Any cost to the director to conduct such an audit or review or to cause such an audit or review to be conducted shall be reimbursed by the certified employer or formerly certified employer.

(f) Effective April 1, 2012, the director shall require an additional security adjustment from certified employers based on the self insured retention level of the employer's specific excess insurance policy during the initial or renewal period of self insurance as follows:

Security Adjustment Based on Self Insured Retention (SIR) Level of Specific Excess Policy

<u>SIR Range</u>	<u>Additional Security Required</u>
Less than \$500,000	None
\$500,000 - \$749,999	2 times (SIR - \$350,000)
\$750,000 - \$1,000,000.00	3 times (SIR - \$350,000)
\$1,000,000.00 or more	4 times (SIR - \$350,000)

(g) The director may call in whole or part any security posted by a certified employer to secure the employer's self insured workers' compensation liabilities and services under Chapter 33 and 34 of Title 28 by providing a signed statement by the director on departmental letterhead to certify that the named certified employer has failed in whole or part on its self insured workers' compensation obligations under Chapter 33 and 34 of Title 28.

(h) The director shall not reduce the amount of security posted by a formerly certified employer during the first ten years after the date of termination of the employer's workers' compensation self insurance program. After the tenth year, the director may agree to a reduction in the required amount of security to not less than 200% of the remaining unpaid liabilities plus the minimum deposit amount of \$500,000 or to any higher amount the director in his or her sole discretion shall determine appropriate to secure the known and unknown liabilities of the employer. The adjusted deposit amount shall remain in place for an additional ten years at which time the former certified employer may petition the director for a reduction in security. Accompanying such petition shall be a report prepared by an actuary acceptable to the director addressing the potential of any occupational health claims being filed that have long latency periods to develop before being diagnosed, such as from asbestos, silica, chemical, or similar hazardous occupational exposures to the employees of the formerly certified employer during the period of workers' compensation self insurance in Rhode Island. The director shall make a decision on the petition and grant or deny an adjustment in the security required. The director may hold security for a period of up to 50 years from the date of program termination to secure occupational health exposures to the employees of the former certified employer.

(i) Any certified employer or formerly certified employer may petition the director for a reduction in the amount of security required to be posted to secure the employers's workers' compensation self insurance program. The director in his or her sole discretion may grant such a request provided that the new security amount that would be required of the employer fully meets all the requirements of Section 28-36-1 and these rules and regulations on the amount of security required to be posted.

(j) A certified employer or a formerly certified employer may sell off all or any part of the employer's remaining claim liabilities to an insurance carrier duly licensed to write primary workers' compensation insurance in Rhode Island via a workers' compensation loss portfolio transfer policy. Such loss portfolio transfer policy shall assume all liability of each claim that is being transferred, including any liability that may be subject to reimbursement from an excess carrier. If the policy proposes to wrap up all remaining compensation liabilities for an employer to release the posted

security deposit, then the loss portfolio transfer policy must clearly indicate in its declarations that the policy covers all remaining past, present or future unpaid liabilities, whether known and unknown, including any future occupational health claims for the period of self insurance that may yet be filed against the certified employer incurred during the self insured period in Rhode Island. Any loss portfolio transfer policy shall meet the requirements to be an assumed claims transaction covered by the Rhode Island Property & Casualty Insurers' Guaranty Association under Article 27-34 of the General Laws of the State of Rhode Island.

BONDS AND/OR SECURITIES: (a) A surety bond posted as security by a certified employer to secure self insured workers' compensation liabilities with the director shall be on a bond form approved by the director. Any extension agreements, increase riders, decrease riders, name change riders, or release of surety shall also be on forms approved by the director. [See Attached bond form RI SI 5b and bond extension form RI SI 5a.]

(b) Effective, April 1, 2012, any new surety bond provided as security for a certified employer's workers' compensation self insurance liabilities to the director, or any extension rider, increase rider, decrease rider, or name change rider on an existing or new surety bond provided as such security, shall pay up to the full amount of the penal sum for the payment of workers compensation liabilities of the certified employer without deducting any of the surety's costs for legal, administrative, or claims handling expenses related to the certified employer's workers' compensation claims. Such costs or expenses shall be in addition to the compensation benefits and services paid from the penal sum of the bond as set forth in this section. [See attached new surety bond for RI SI 5b- March 1, 2012 and new bond extension form RI SI 5a- March 1, 2012].

(c) Each cancelled surety bond remains responsible to pay the unpaid workers' compensation liabilities of the certified employer for claims with dates of injury that occurred during the period of coverage of the surety bond up to the cancellation date. Cancellation eliminates liability accruing after the date of cancellation, but the bond remains in full force and effect to cover liability accrued from and including the date of issuance of the bond up to the date of cancellation.

(d) Any bond may be released of its liability only if it is replaced by another acceptable security in the full amount that may be required by the director at that time and the director executes a signed, written release document for the surety bond which will accompany the original bond that will be returned to the surety company.

Call Order of Security Posted.

(a) Effective April 1, 2012, if a certified employer has more than one type of security posted with the director to secure different periods of the employer's self insured workers' compensation liabilities, the security in effect on the date of injury is liable for claims related to the injury.

(b) Should there be more than one security posted for the same period of the employer's self insured workers' compensation liabilities, each security posted is jointly and severally liable for the entire liability for claims related to the injury. The director may in his or her discretion require payment from the security posted.

SUBSIDIARY: There may be division of self-insurance and insurance within a company. All subject to review by the Director, by law, on a case-by-case basis initially and during the term of any period of self-insurance.

PARENT COMPANY: A guarantor may be required as a condition of self-insurance by the Department. Liabilities such as Workers' Compensation claims will be expressly absorbed and paid by any surviving company or take over company.

REQUIRED REPORTS:

1. RI State Tax reports – most recent filing.

2. Form 10K, if applicable.
3. Historical Claims Report - previous five (5) years to include open, litigation, other legal and claims expense, controverted and reserved claims; narrative on all claims \$10,000 reserve minimum. Other reports per type of business pursuit, at request of administrator as necessary. Upon renewal, only loss information as a self-insured is required.
4. Interim reports as desired with specific answer time and date may be required at any time during any certification.

DIVISION: (See “Parent Company”) Each company may have a separate minimum initial bond, subject to Director decision, based on review and consolidation approval. Other surety can be accepted as per Director.

ATTORNEY FOR SERVICE OF PROCESS: Address in Rhode Island needed.

TERM: A self-insured who wishes to continue as such, must file an application and surety annually, a minimum of 60 days prior to the expiration date of its’ current certificate, using same basic format. **A filing less than 60 days prior to renewal date is at the peril of the self-insured. Renewal is not automatic. Provision for insurance coverage would be needed if renewal sent in late.**

ADJUSTMENT: Internal names and addresses; external names and addresses, telephone, license numbers; must be Rhode Island licensed if an adjuster; and certified by our test, by our Department as up-to-date in RI Workers’ Compensation procedure. We will allow insured employer to adjust subject to classroom attendance and our approval. We will allow out of state adjusters for a RI Self-Insured to function if certified by our Department. See RI SI-14.

EDUCATIONAL CLASSES: Mandated for self-insurance prior to certification and review mandated by Administrator as needed. Basically for employees preparing forms and wage data; also for adjusters and company adjusters in RI or who wish to do self-insured RI WC claims.

CONTACT: Workers’ Compensation Self-Insurance Unit, Department of Labor & Training, 1511 Pontiac Avenue, PO Box 20190, Cranston, RI 02920-0942, (401) 462-8100, fax (401) 462-8095.

DOCUMENTS: Application Form RI SI-2, copy of current financial report; name and address of person or firms handling claims processing; claims history; payment record for past claims; reserves and reserving process for current claims; any other items as individual application may warrant by order of Director’s designee or as required by Director’s review.

TIME FOR APPLICATION: ALLOW 60 DAYS.

GROUP SELF-INSURANCE: Contact the Insurance Division, Department of Business Regulation, 1511 Pontiac Ave, Bldg 69, Cranston, RI 02920, (401) 462-9500.

CANCELLATION/LAPSATION/EXPIRATION: Notice of Cancellation will be given to the self-insured office that is listed on the application. Such notice will be transmitted by certified mail/return receipt requested and other additional means such as e-mail, fax, telephone and letterforms. Cancellation may be put in place for failure to make WC payments, or payments of assessments when due by liquidation and/or close of business in Rhode Island, and filing of any forms of bankruptcy and reorganization. Renewal is not automatic. Failure to provide required items, such as but not limited to excess coverage, general liability policy, surety coverage’s and other required items, are

grounds for cancellation. Required items that are allowed to lapse or expire by a self-insured are grounds for cancellation of self-insurance privileges.

SELF-INSURANCE (RI SI -3a)

FINANCING:

- 1) **Basic Surety Bond:** Prefer AA rating, if necessary A. Rating A- (minus) lowest accepted but usually only with other surety forms.
 - a) Our forms, as by law (WC Act) that we, Department of Labor & Training – Workers’ Compensation, require in substance. Form is not filed with any other state agency but is the form devised and designed by the Department for it’s’ use. The only direction is from the Department – it is not a state fund form nor is it a statutory form issued by the Insurance Division of Business Regulation, etc., but is a form that can be managed and tailored to a specific self-insurance situation under RI Workers’ Compensation Act sections that apply (since 1912, 28-29-22, and 28-36-1; 28-36-2).
 - b) The bond can be for more than one year in duration although certificates of self-insurance by law are a maximum of one year. Bonds can be continuous. Bond would be canceled effective date to coincide with bond date – certificate date or before if applicable. Our bonds are not to be considered as stacking. Bonds may be retired with Department approval.
 - c) **Bond is continuous form, meaning that for certain period of time it is for claims arising out of that period of time so designated. It continues in force but only for claims arising out of stated initial penal period if employer cannot meet WC obligations caused by these claims incurred in that covered period or found to be caused in that covered period.**
 - d) **A continuation certificate to an existing bond can extend the bond money into a second year or period of time therefore diluting original bond money, e.g. \$500,000 bond 1/1/91 to 12/31/91 can be continued to 12/31/92. Same money can be used for any claims in that two-year period, or more.**
 - e) **A canceled bond still is viable for claims within scope of bond.**
 - f) **A retired bond does not have any penal liability and ceases to be a surety.**
- 2) A C.D., FDIC backed, is acceptable in approved banking institution. A L/C acceptable, on approved bank. Cash in banks (FDIC) combinations acceptable. Municipal bond funds and other escrows or trusts, T-Bills, restricted accounts or endowments acceptable. Other instrument can be acceptable as used for last resort payments after asset depletion and employer not able to pay claims or a given period.
- 3) Cash accounts, imprest accounts, payroll accounts and other types of payment accounts may be required.
- 4) Excess coverage shall be required with stop loss provisions, retention and aggregate provisions as per each applicant and renewal amount to be determined in each case.
- 5) Captive insurance company policy allowable. A carrier does not have to be licensed in RI to furnish bond or other coverage if we wish to accept such coverage. We prefer licensed in RI. Captive may not write business other than that of parent company.
- 6) Complete financial disclosure of the company, its’ officers, owners interests, companion companies, parent subsidiaries and similar connected entities are needed. Tax records needed.

Loan arrangements and obligations, pending lawsuits, EPA violations, are examples of financial consideration.

- 7) It is preferred that claims be paid on RI banks and/or RI institutions by check. We do allow other arrangements but if outside, RI institution is used, employer must agree to cash such instruments for employee to prevent a delay in delivery of benefits (especially weekly check).
- 8) We prefer they not use a payroll account for such WC payments. We may limit or prohibit intermingle of such funds.
- 9) Director and Officer coverage will be needed.
- 10) General liability policy will be required. On any certificate required, the amount of deductible must be available and cannot be changed without Department approval.
- 11) ***No change on any source of coverage may be made nor any adjustment of any coverage may be made without consult and express approval of the Director or Designee of Director of the Department.***

ADDENDUM TO SELF-INSURANCE NOTES (RI SI-4)

1. Costs of preparing data, application, etc., on any preliminary or informal or formal presentations for certification for self-insurance are all borne by the applicant. Whereas, we as a Department makes a specific request for data, feasibility study, etc., all costs are directly the responsibility of the applicant. We will discuss the format of any data on the further clarification of any questions we may have.
2. Applications are not public knowledge per se. The data in our self-insurance files will not be divulged to the general public and consultation with the applicant, current self-insured or former self-insured will be undertaken by the Department if any information is requested prior to any release of such data. The fact that a particular company is certified for RI WC Self-Insurance is public and the applicable dates of coverage would be public information. The material upon which any discussion for or against RI WC Self-Insurance may be made by our department is not public knowledge per se in the opinion of the Department. Our files may be subject to proper subpoena, etc., and may be made available to proper authorities by proper legal requests.
3. Upon renewal, re-certification process, etc., the same rules apply. In addition, any transcripts, dictation costs, etc., during any hearing of any type by the Department at its' offices or any other location as required by the Department or any lawful authority must be borne directly by the application for re-certification. Such original documentation will be the property of the Department and the Department will provide the self-insurer at no charge certified true copies.
4. In the event of a cessation of certification during the course of a certification period, all costs of transcripts or data collection and/or other expenses at any hearings at the office of the Director of the Department or any other location as required and/or designated by any lawful authority (as prescribed in RI WC Law) will be directly paid for upon receipt of billing by the applicant self-insured. Certified true copies will be provided to the self-insured by the Department at no charge. The original data will be the property of the Department of Labor & Training.

E.g. Costs of depositions, surveys, financial reviews, on-site inspections by Administrator or Department personnel or other service personnel commissioned or contracted for by the Department of Labor & Training Workers' Compensation Unit will be borne by the applicant or self-insured employer.

RHODE ISLAND SELF-INSURANCE OUTLINE SCENARIO (RI SI-4a) **MODULE FOR RI**

STAGE 1:

Basic data, application and any bond or surety forms supplied to parties to inquiry. Initial fee schedule, first time application only; no renewal fee. \$300 to \$500 (see schedule).

Specialized forms e.g. –Guarantor; Secretary of Corporate entity forms supplied. All costs of surveys, etc., required on any individual application to be borne by the applicant with prior notice of same to applicant from our Department before charges incurred.

STAGE 2:

Preliminary questions – variety – explanations such as:

1. Length of certification
2. Renewal; options?
3. Bond requirements –suggested limits
4. Excess coverage's – mandatory requirements
5. Combinations of coverage's, L/C potential
6. Substitution of instrumentalities; types of instruments acceptable
7. Licensing requirements re: coverage supplied; claims services
8. In-house personnel
9. Address to be used
10. Bonding of personnel
11. Bank facilities – plans for financing
12. Reserves and general claims questions
General Liability and/or deductibles
Officer and Director coverage's
13. Actuarial surveys
14. Assessments after certification; service and WC Fund
15. Current application fees, + requirements
16. Reserve data on past and pending claims
17. Past data as per application. On renewal only claims data while a self-insured required for our review
18. Type of business – number of employees. Wholly owned; movement of employee's etc.
19. EPA or other lawsuits, abatements
20. General questions on inspections, etc.
21. Review of Department bulletin – procedures – RI Workers' Compensation Law

STAGE 3:

In addition to extensive telephone work-up due to distance of brokers; CEO, financial and/or claims facilities or in-charge personnel, from outside Rhode Island preliminary meetings in Department of Labor & Training scheduled with Broker – CEO's etc.

1. Bidding suggested on various phases – especially claims handling.
2. A mandated educational session prior to a start up date for self-insurance is stressed.
3. Site inspection.
4. Review of financial data; financial reports; in-depth claims (past & present) reports and consults with present carriers and adjusters; also home office and local employer personnel.
5. Safety program review. Presentation materials – manuals, contests –promotions etc.

6. Rehabilitation program review or start-up discussion: Use of State facilities. Philosophy of claims and employer attitude to encourage alternative employment.

STAGE 4:

1. Mandated update on previous data if not furnished or not sufficient for review. Review of commitments for basis of self-insurance e.g. Bonds, excess, claims, financial plan, reserves, cash flow; indebtedness, subsidiary companies; other locations; acquisitions, et al.
2. Stress no change in any coverage provided unless our Department and Department of Business Regulation notified as may be required by law and subject to our approval

STAGE 5:

1. Suggestions for dates for formal presentation and Director review at the Department of Labor & Training.

STAGE 6: Presentation

1. Director's compliance requests; amendments, additions, deletions, claims organization; utilization review, points of emphasis et al; qualification review, assessment data for ensuing year and classification data – payroll, etc., mandated by Department Director or designee.

STAGE 7:

1. Presuming all items completed to satisfaction of Department Director and any legal questions confirmed by Department Legal Council to satisfaction of Director, conditional approval prior to, Administrator may issue certificate for one year, subject to application minimum 60 days prior to renewal date and review of Department for renewal year.

STAGE 8:

1. Complete educational sessions in Department by the Department's Supervising Trainer prior to effective date of certification to include certification of adjusters.

STAGE 9:

1. Reviews (60 or 90 days or as deemed needed) by Self-Insurance Unit regarding claims, reserves and any other matter required by the Department; interim reports at unannounced time.

STAGE 10:

1. Renewal period. Complete new application and process; no fee.

RE: ASSESSMENTS

1. WC Administrative Fund Assessment: Classification and payroll due March 15th (may be extended) and assessments due 60 days after billing.

Based on percentage of what a standard discounted premium would have been had self-insured been in the standard market. This is pro-rated for portion of year prior to assessment that self-insured was in program.

2. Self-Insurance Service Fee Assessment – Based on percentage of individual surety to whole surety of program; same percentage applied to costs of unit of self-insurance to get charge due. **NO PRO-RATA.** Any initial application fee is deducted from the service charge. See fee schedule RI SI-4b for initial application.



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 Department of Labor & Training
 Workers' Compensation Self-Insurance Unit
 P.O. Box 20190
 Cranston, RI 02920-0942
 Telephone: (401) 462-8100
 Fax: (401) 462-8095

**AMENDMENT TO SELF-INSURANCE APPLICATION
 (RI SI-4b)
 EFFECTIVE JULY 1, 1991**

Pursuant to Rhode Island General Laws Section 28-36-1 (5)(B)(1), all employers who apply for approval to self-insurance for all or part of their liability pursuant to subsection (A)(2) and (A)(3) of Section 28-36-1, shall pay an application fee based on the number of employees located at the employer's place(s) of business in Rhode Island. The fees for new applications shall be set in accordance with the following schedule:

<u>NUMBER OF EMPLOYEES</u>	<u>FEE</u>
1-249	\$300
249-499	\$350
500-749	\$400
750-999	\$450
1000 OR MORE	\$500

The application fee must be paid by a check drawn on a Rhode Island bank or, for out of state businesses, by a certified check or money order. The check or money order must be made payable to the "State of Rhode Island". The application fee may be paid by a third party administrator, advisor, broker or similar firm on behalf of its' client in accordance with the foregoing conditions.

The fee must accompany the initial application form and is not refundable. An application received without the proper fee will be returned without any review or consideration. No fee is required for a renewal application.

Please call the Self-Insurance Unit directly if there are any questions regarding the Rhode Island Workers' Compensation Self-Insurance program.

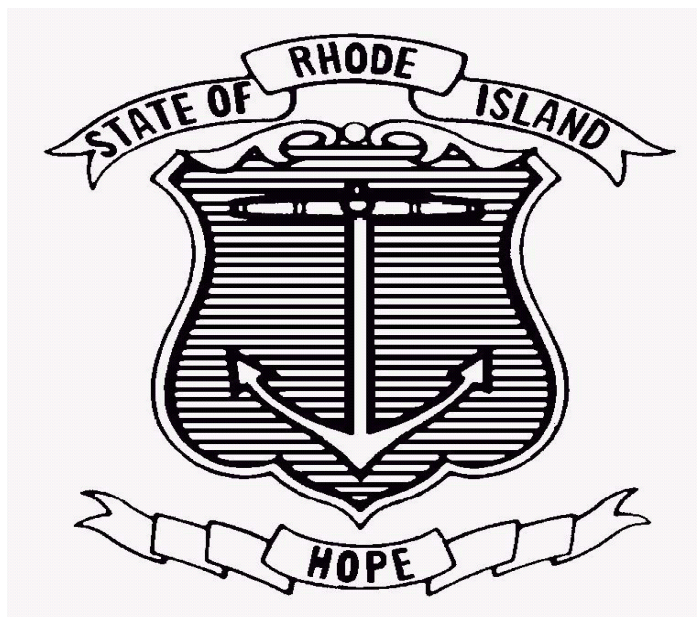
SELF-INSURANCE FORMS LIST

***RI SI-2 Application for Approval of Workers' Compensation
 Self-Insurance Program***

***RI SI- 2a Renewal Application for Approval of Workers' Compensation
 Self-Insurance Program (amended)***

- RI SI-5 Bond of Employer*
- RI SI-5a Surety Bond Extension Agreement (amended)*
- RI SI-5b Former Self-Insured Bond of Employer (amended)
(Replacement instrument to cover a former self-insured's entire self-insured period)*
- RI SI-5c Back dated Bond of Employer
(Replacement instrument to cover an active self-insured from date of Self-insured inception)*
- RI SI-6 Standby Letter of Credit format*
- RI SI-7 Escrow Agreement*
- RI SI-7a Trust Agreement*
- RI SI-7b Certificate of Deposit Agreement*
- RI SI-7c Self-Insurance Surety Agreement Extension/Amendment*
- RI SI-9 Certificate – Resolution for Subsidiary to Seek Application for Workers' Compensation Self-Insurance*
- RI SI-9a Certificate – Resolution – Parent Co. will guarantee payment of all WC liabilities of Subsidiary made by all board members*
- RI SI-10 Indemnity Agreement by the Parent Corporation for Wholly Owned Subsidiary*
- RI SI-14a Claims Loss Summary Report (amended)*
- RI SI-14b Required Data Fields Claim Listing*
- RI SI -15 Calculated Security Requirement*
- RI SI-17 Self-Insurance Agreement*
- RI SI-17b Self-Insurance Agreement Extension*

RENEWAL APPLICATION
FOR APPROVAL OF
WORKERS' COMPENSATION
SELF-INSURANCE PROGRAM



STATE OF RHODE ISLAND
DEPARTMENT OF LABOR & TRAINING
RI WORKERS' COMPENSATION SELF-INSURANCE
PO BOX 20190
CRANSTON, RI 02920-0942
TELEPHONE (401) 462-8100
FAX (401) 462-8095
TDD (401) 462-8084

RI SI-2a (March 2012)

SECTION II

1. The most recent corporate year-end financial statement; the annual report of stockholders; and a copy of the Rhode Island Business Tax Return.
2. Loss experience from **inception date** of self-insurance to include:
 - A listing of claims experience to include: number of claims by medical only and lost work-day cases; expenditures to date; and reserves for all outstanding and **anticipated claims**. The losses are to be at a valuation date no later than one (1) month prior to application.
APPLICANT MUST BE DAY TO DAY ON RESERVES FOR CLAIMS.
 - A narrative of any loss paid or outstanding greater than \$10,000. Such narrative to include date of injury, cause of loss, medical diagnosis, prognosis for return to work, details of any litigation pending, and if the claim has been reported to the excess carrier.
 - **FEASIBILITY STUDY OR STUDIES FROM SOURCES SUCH AS ADVISORS, AGENTS, BROKERS OR ACTUARIAL SERVICE MAY BE CALLED FOR AT EXPENSE OF APPLICANT.**
3. Method of Administration:
 - A. Are you contemplating a change in claims handling service?
 - NO CHANGE can be made on claims handling services without the Department's permission. The company must be approved, and their personnel must be certified by the Department before the expiration of current expiration.
 - Claims processing and payments may be allowed by the Department's Self-Insurance Unit for non-licensed individuals and internally by the individual self-insured company personnel (and/or Parent personnel) IF SUCH PERSONNEL HAS BEEN APPROVED AND CERTIFIED BY THE SELF-INSURANCE UNIT. Such personnel must meet requirements of the Department to include but not limited to minimum once a year update refresher claims class work and testing by the Department. ONLY CERTIFIED PERSONNEL CAN PROCESS RI CLAIMS FOR A SELF-INSURED.
 - B. Who provides legal services for WC Court in RI?
 - C. Are you contemplating any change in management, or a reduction or expansion of business activities in RI?
 - Proposed Acquisition: Any additional liability for workers' compensation contemplated must be approved by the Director or designee prior to implementation and inception into the self-insurance program. The Department will need new acquisition's loss information, payrolls, and financial information before approval can be given.
 - D. You must report recent or current EPA allegations, lawsuits, violations and abatements.
4. The following information must be submitted on or before the expiration date of current self-Insured certification:
 - A. Proof of surety renewal.
 - B. Proof of excess policy renewal.
 - C. Proof of general liability policy renewal.

RI SI-2a (March 2012)

CERTIFICATION

This certification must be executed and the application must be sworn to before a person authorized to administer oaths.

I, the undersigned, Treasurer (or other duly authorized officer) of the corporation or company for which this application is made, hereby certify that I have personal knowledge of the statements and other information constituting this application, that the same are true, correct, and complete to the best of my knowledge and belief, and that this application is made under the penalty of perjury.

Date: _____

Signature of Treasurer or other duly authorized officer
(title)

Subscribed and sworn to before me this _____ day of _____, _____

NOTARY PUBLIC



State of Rhode Island and Providence Plantations
 Department of Labor & Training
 Workers' Compensation Self-Insurance Unit
 P.O. Box 20190
 Cranston, RI 02920-0942
 Telephone: (401) 462-8100
 Fax: (401) 462-8095

SURETY BOND EXTENSION AGREEMENT

Know All Men By These Presents: That _____ residing (or having its' principal office) at _____ as Principal, and _____ Insurance Company, a corporation of the State of _____, and duly authorized to do business in the State of _____, as Surety, in a certain Workers' Compensation Self-Insurers Bond numbered and identified as _____ dated the _____ day of _____. _____, in the penalty sum of _____ dollars (\$) _____) in favor of the State of Rhode Island (Department of Workers' Compensation or Department of Labor or Department of Labor & Training as successor in law) by the execution hereof, do hereby extend the obligation of said bond for an additional term of _____ months or _____ year (s) from the _____ day of _____, _____, **Provided**, however, that said bond, as hereby extended, shall be subject to all of it's' terms and Conditions, except as herein modified, and the liability of said _____ Insurance Company under said bond and any and all extensions thereof shall in no event exceed in the aggregate the above named penalty for the payment of the Principal's compensation benefits and services under Chapter 33 and 34 of Title 28.

Signed, and sealed and dated this _____ day of _____, _____.

WITNESS:

_____ INDIVIDUAL _____ (seal)
 principal

_____ PARTNERSHIP _____ (seal)
 Principal

By: _____
 A partner

CORPORATION: _____

ATTEST:

_____ By: _____
 (title)

_____ Insurance Company Representative

_____ Attorney – in – fact



State of Rhode Island and Providence Plantations
 Department of Labor & Training
 Workers' Compensation Self-Insurance Unit
 P.O. Box 20190
 Cranston, RI 02920-0942
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**BOND OF EMPLOYER
 AUTHORIZED TO PAY WORKERS' COMPENSATION BENEFITS
 DIRECTLY TO EMPLOYEES OR THEIR DEPENDENTS**

PENAL AMOUNT:

BOND NO:

KNOW ALL MEN BY THESE PRESENTS, that _____ having an office and principal place of business as Principal in _____ and _____, an insurance corporation organized under the laws of _____ and licensed to do business in the State of Rhode Island, as Surety, are held firmly bound unto the Department of Labor & Training of the State of Rhode Island and Providence Plantations for the use and benefit of the employees of said Principal whose employment is subject to the laws of Rhode Island in the penal sum of \$_____ for the payment of which well and truly to be made, the said corporation bind themselves, their successors and assign – jointly and severally – firmly by these presents.

WHEREAS the said Principal in accordance with and pursuant to the provisions of **General Laws of Rhode Island, 1956, 28-36-2**, has filed with the Department of Labor & Training an application for a certificate of compliance with the provisions of 28-36-1(b) to authorize the said Principal to pay compensation as per RI Workers' Compensation Act, Chapters 29 to 38, inclusive of **Title 28** and as amended directly to injured employees and/or their dependents.

NOW THEREFORE the condition of this obligation is such, that if said application shall be granted by the Department of Labor & Training and the said Principal shall well and truly pay directly to the person entitled thereto within the twelve (12) months from and after the _____ day of _____, A. D. _____, the compensation benefits and services, provided by **General Laws of Rhode Island, Chapters 33 and 34 of Title 28**, as amended, for the period of self-insurance certification from _____ up to and including _____, then this bond shall be void, otherwise to be and remain in full force and effect.

IT IS FURTHER STIPULATED AND AGREED that this bond is and shall be construed to be a direct obligation by the said Principal and the said Surety to the persons who may be entitled to such sums for the compensation benefits and services provided by the said **Chapters 33 and 34 of Title 28**, as amended, and may be sued upon or enforced in the name of such persons, or in the name of the Department of Labor & Training for the use and benefit of the employees or their Dependents.

IT IS FURTHER STIPULATED AND AGREED that the liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment of compensation benefits and services payments penal sum of the bond. The obligation of the Surety to also pay administrative, legal and claims handling expenses among other expenses to service, to pay, to pay and to defend the compensation obligations of the Principal hereunder shall be over and above the amount of said penal sum that is dedicated solely to the payment of compensation benefits and services payments.

IT IS FURTHER STIPULATED AND AGREED that this bond may be cancelled by the said Surety at any time prior to the expiration of twelve (12) months from and after the _____ day of _____, A.D. _____, upon giving thirty (30) days notice in writing to the Department of Labor & Training, in which event the liability of the said Surety shall at the expiration of the said thirty (30) days cease and determine, except as to such liability for the default of the said Principal in fully discharging all liability for the compensation benefits and services provided by said **Chapters 33 and 34 of Title 28**, as amended, which accrued during the period from and after the _____ day of _____, A.D. _____, to the date of expiration hereof. Cancellation eliminates liability accruing after the date of cancellation, but the bond remains in effect to cover liability accrued prior to cancellation. The bond may be released of liability only if it is replaced by an amount of surety approved by the Director and a signed release is executed and the original bond is returned to the bond company.

IT IS FURTHER STIPULATED AND AGREED that in the event the Principal defaults on paying the compensation benefits and services referenced herein within the twelve month period from and after the _____ day of _____, A.D. _____, the Department of Labor & Training will call on the Bond, in full, pursuant to Section 28-36-1 of the General Laws of Rhode Island.

IN WITNESS WHEREOF, the said _____
(Surety)
and the said _____ have caused their respective officers
(Principal)
thereunto duly authorized to sign and the respective corporate seals to be hereunto affixed this
_____ day of _____, A.D. _____.

(Principal) _____

ATTEST: By: _____

(Surety) _____

By: _____



State of Rhode Island and Providence Plantations
Department of Labor & Training
Workers' Compensation Self-Insurance Unit
P.O. Box 20190
Cranston, RI 02920-0942
Telephone: (401) 462-8100
Fax: (401) 462-8095

Required Data Fields Claims Listing¹

1. Claimant Name
2. Claim Number
3. Date of Injury
4. Date Reported
5. Date Closed (if applicable)
6. Claimant Year of Birth
7. Permanent Disability Rating (if applicable)
8. Weekly Compensation Rate
9. # of Weeks of Permanent Disability Paid (if applicable)
10. Has Claimant Returned to Work (Y/N)?
11. Date Claimant Returned to Work (if applicable)
12. Latent Exposure Indicator (if applicable): ("A") Asbestos, ("S") Silicosis, ("C") Chemical, ("O") Other
13. Payments to Date: Medical
14. Payments to Date: Indemnity
15. Payments to Date: Allocated Loss Adjustment Expense
16. Case Reserves: Medical
17. Case Reserves: Indemnity
18. Case Reserves: Allocated Loss Adjustment Expense
19. Excess Insurance Recoveries
20. Other Insurance Recoveries

¹ Listing of open and closed claims from all self insured years with incurred valued greater than \$10,000 or with any latent exposure cause (such as asbestos)



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 Department of Labor & Training
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Calculated Security Requirement

	Amount	Source
Security Based on Case Reserves		
(1) Case Reserves (All Self-Insured Years)	_____	RI SI-14a
(2) Case Reserve Multiplier	<u>2</u>	Regulation
(3) Security Based on Case Reserves	_____ -	(1) x (2)
Minimum Security for all Self-Insurers		
(4) Minimum Security for all Self-Insurers	<u>500,000</u>	Regulation
Minimum Security for New Self-Insurers		
(5) Number of Years Self-Insured	_____	
(6) Total Incurred Losses in Past 3 Years	_____	RI SI-14a
(7) Projected Annual Losses	_____ -	(6) x 2 / 3
(8) Minimum Security for New Self-Insurers	_____ -	[(5) +1] x (7)
Unadjusted Calculated Security		
(9) Unadjusted Calculated Security	<u>500,000</u>	Maximum of (3),(4),(8)
SIR Adjustment		
(10) Maximum SIR over past 3 years	_____	Provided by self-insurer
(11) SIR Multiplier	_____ -	Based on (10) & limit chart
Limit Chart		
SIR RANGE	Multiplier	Additional Security Required
\$ - \$ 499,999	0	None
\$ 500,000 \$ 749,999	2	times (SIR- \$350,000)
\$ 750,000 \$ 999,000	3	times (SIR- \$350,000)
\$ 1,000,000 \$ 10,000,000	4	times (SIR- \$350,000)
(12) SIR Adjustment	_____ -	[(10)-350,000] x (11)
Calculated Security Adjusted for SIR		
(13) Calculated Security Adjusted for SIR	<u>500,000</u>	(9) + (12)

RI SI-15

January 1, 2011

APPLICATION FOR APPROVAL OF WORKERS' COMPENSATION SELF-INSURANCE PROGRAM



***STATE OF RHODE ISLAND
DEPARTMENT OF LABOR & TRAINING
WORKERS' COMPENSATION SELF-INSURANCE UNIT
PO BOX 20190
CRANSTON, RI 02920-0942
TELEPHONE (401) 462- 8100
FAX (401) 462- 8095
TDD (401) 462- 8084***

SECTION I

Applicants Name Street Address

City or Town State Zip Code Telephone

Name and Address of Business in Rhode Island (if different from above):

The above business hereby requests authorization to make payments of compensation directly to injured employees in accordance with and pursuant to the provisions of the General Laws of Rhode Island, Title 28, Chapters 29-38, inclusive, as amended.

In support of this application, the said business submits the following information:

1. State of incorporation: _____

2. Principal Rhode Island business activity: _____

3. Date of qualification to do business in Rhode Island: _____

4. OFFICERS: Name Residence

President: _____

Vice-Pres.: _____

Secretary: _____

Treasurer: _____

5. Total number of persons employed or assigned to offices, agencies, or places of business within Rhode Island: _____

6. Name, Address, and Telephone Number of Agent for Service of Process in **RHODE ISLAND**:

***INITIAL APPLICATION FEE \$ _____ SEE SCHEDULE**

***MUST BE SENT WITH APPLICATION – SEE INSTRUCTION SHEET**

SECTION II

The data requested within this section is required to be presented to the Department for the purposes of reviewing an Applicant's past history as an insured, and to test the Applicant's program design and financial mechanisms as a proposed self-insurer under the rules and regulations of the State of Rhode Island, Department of Labor & Training, RI Workers' Compensation Self-Insurance.

NO APPLICATION WILL BE CONSIDERED WITHOUT THE FOLLOWING ATTACHED THERETO:

1. Initial application fee, payable to RI Self-Insurance Unit, Dept. of Labor & Training.
2. The most recent corporate year-end financial statement; the annual report to stockholder; and a copy of the Rhode Island Business Tax Return.
3. A description of the Applicant's Workers' Compensation program and its financial results for a period of five years preceding the Application to include the following:
 - A. Description of Insured Workers' Compensation Plan – i.e., guaranteed cost; loss/ratio divided plan; or retrospective rating plan (incurred loss retro, paid loss retro, combination retro and divided plan).
 - B Insurance company/corporate audits, to include:
 - ❖ Final actual payroll
 - ❖ Rates and premium for each classification
 - ❖ Experience modification
 - ❖ Audited gross premiums
 - ❖ Reductions for credits and/or premium discount
 - ❖ Voluntary placement or assigned risk
 - C. Loss experience, to include:
 - ❖ A listing, presented on insurance company and/or corporate stationary, of claims experience to include: number of claims by medical only and lost work-day cases; expenditures to date; and reserves for all outstanding and anticipated claims. The losses are to be at a valuation date no later than three (3) months prior to application. *** IF APPROVED AS A CERTIFIED SELF-INSURED, APPLICANT MUST BE DAY TO DAY ON RESERVES FOR CLAIMS.**
 - ❖ A narrative, presented on insurance company/corporate stationary, of any loss paid or outstanding greater than \$10,000. Such narrative to include cause of loss, medical diagnosis, prognosis for return to work, and details of any litigation pending.
 - ❖ For retrospective rating programs, the latest adjustment report of additional or return premiums developed for each of the past five years contract period coverage.
 - D. **FEASIBILITY STUDY OR STUDIES FROM SOURCES SUCH AS ADVISORS, AGENTS, BROKERS OR ACTUARIAL SERVICE MAY BE CALLED FOR AT EXPENSE OF APPLICANT IF NOT SUBMITTED VOLUNTARILY WITH INITIAL APPLICATION.**
4. Details of proposed method of funding for losses incurred as a self-insurer, to include reserving practices.

5. Method of administration; Basic questions to be considered. Use additional company letterhead to provide details as needed.
 - A. Will the program be administered internally or will you contract and administrator? It is permissible to control internally. Administrator, TPA or advisor, broker must be approved in writing by the Department of Labor & Training, Self-Insurance representative.
 - B. What company will provide claims handling service? Licensed in RI? If not certified by our Department, certification must be done prior to inception of self-insurance.
 - C. Name, address, telephone number and qualifications of all personnel with responsibility and authority to process and pay claims for the applicant.
 - D. What company will provide loss prevention and control activities? Address?
 - E. Can you secure specific and aggregate stop loss reinsurance? Specific only?
 - F. Who will provide legal services for WC Court in RI?
 - G. Has an actuarial report or feasibility study been conducted to determine your future expected loss levels? If so, please attach.
 - H. Do you contemplate internal funding or will you escrow funds for future claims payment with a trustee?
 - I. Are you contemplating any changes in management, or a reduction or expansion of business activities and employment?
 - J. Describe an occupational disease exposure that may effect the health of your employees.
 - K. You must report your recent or current EPA allegations, lawsuits, violations and abatements.

6.
 - A. Current in force copy of general liability policy showing limits; deductibles; exclusions and/or warranties; limitation clauses if any and/or in connection with and/or subject to umbrella or similar provisions.
 - B. Proposed Acquisition: Any additional liability for workers' compensation contemplated must be approved by the Director or designee prior to implementation and inception of self-insurance for RI employees.
 - C. Discussion and notice at pre-approval hearing with the Director or designee of pending and/or anticipated lawsuits of any kind that may have a bearing on payment for RI employee worker's compensation claims.

7. Claims processing and payments may be allowed by the Department's Self-Insurance Unit for non-licensed individuals and internally by the individual self-insured company personnel (and/or Parent personnel) IF SUCH PERSONNEL HAVE BEEN APPROVED AND CERTIFIED BY THE SELF-INSURANCE UNIT, STATE OF RHODE ISLAND, DEPARTMENT OF LABOR & TRAINING. Such personnel must meet requirements of the Department to include but not limited to minimum once a year update refresher claims class work and testing by the Department.

ONLY CERTIFIED PERSONNEL CAN PROCESS RI CLAIMS FOR SELF-INSURED.

CERTIFICATION

This certification must be executed and the application must be sworn to before a person authorized to administer oaths.

I, the undersigned, Treasurer (or other duly authorized officer) of the corporation or company for which this application is made, hereby certify that I have personal knowledge of the statements and other information constituting this application, that the same are true, correct, and complete to the best of my knowledge and belief, and that this application is made under the penalty of perjury.

Date: _____

Signature of Treasurer or other duly authorized officer
(title)

Subscribed and sworn to before me this _____ day of _____, _____

NOTARY PUBLIC



State of Rhode Island and Providence Plantations
 Department of Labor & Training
 Workers' Compensation Self-Insurance Unit
 P.O. Box 20190
 Cranston, RI 02920-0942
 Telephone: (401) 462-8100
 Fax: (401) 462-8095

**BOND OF EMPLOYER
 AUTHORIZED TO PAY WORKERS' COMPENSATION BENEFITS
 DIRECTLY TO EMPLOYEES OR THEIR DEPENDENTS**

AMOUNT:

BOND NO:

KNOW ALL MEN BY THESE PRESENTS, that _____
 having an office and principal place of business as Principal in
 _____ and _____, an
 insurance corporation organized under the laws of _____ and
 licensed to do business in the State of Rhode Island, as Surety, are held firmly bound unto
 the Department of Labor & Training of the State of Rhode Island and Providence
 Plantations for the use and benefit of the employees of said Principal whose employment is
 subject to the laws of Rhode Island in the penal sum of \$ _____ for the
 payment of which well and truly to be made, the said corporation bind themselves, their
 successors and assign – jointly and severally – firmly by these presents.

WHEREAS the said Principal in accordance with and pursuant to the provisions of
General Laws of Rhode Island, 1956, 28-36-2, has filed with the Department of Labor &
 Training an application for a certificate of compliance with the provisions of 28-36-1(b) to
 authorize the said Principal to pay compensation as per RI Workers' Compensation Act,
 Chapters 29 to 38, inclusive of **Title 28** and as amended directly to injured employees and/or
 their dependents.

NOW THEREFORE the condition of this obligation is such, that if said application shall
 be granted by the Department of Labor & Training and the said Principal shall well and truly pay
 directly to the person entitled thereto within the twelve (12) months from and after the _____
 day of _____, A. D. _____, the compensation benefits and expenses provided by
General Laws of Rhode Island, Chapters 33 and 34 of Title 28, as amended, then this bond
 shall be void, otherwise to be and remain in full force and effect.

IT IS FURTHER STIPULATED AND AGREED that this bond is and shall be construed to be a
 direct obligation by the said Principal and the said Surety to the persons who may be entitled to
 such sums for the compensation benefits and services provided by the said **Chapters 33 and 34
 of Title 28**, as amended, and may be sued upon or enforced in the name of such persons, or in
 the name of the Department of Labor & Training for the use and benefit of the employees or
 their Dependents.

IT IS FURTHER STIPULATED AND AGREED that the liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment of payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

IT IS FURTHER STIPULATED AND AGREED that this bond may be cancelled by the said Surety at any time prior to the expiration of twelve (12) months from and after the _____ day of _____, A.D. _____, upon giving thirty (30) days notice in writing to the Department of Labor & Training, in which event the liability of the said Surety shall at the expiration of the said thirty (30) days cease and determine, except as to such liability for the default of the said Principal in fully discharging all liability for the compensation benefits and expenses provided by said **Chapters 33 and 34 of Title 28**, as amended, which accrued during the period from and after the _____ day of _____, A.D. _____, to the date of expiration hereof. Cancellation eliminates liability accruing after the date of cancellation, but the bond remains in effect to cover liability accrued prior to cancellation. The bond may be released of liability only if it is replaced by an amount of surety approved by the Director and a signed release is executed and the original bond is returned to the bond company.

IT IS FURTHER STIPULATED AND AGREED that in the event the Principal defaults on paying the compensation benefits and expenses referenced herein within the twelve month period from and after the _____ day of _____, A.D. _____, the Department of Labor and Training will call on the Bond, in full, pursuant to Section 28-36-1 of the General Laws of Rhode Island.

IN WITNESS WHEREOF, the said _____
(Surety)

And the said _____ have caused their respective officers
(Principal)
thereunto duly authorized to sign and the respective corporate seals to be hereunto affixed this
_____ day of _____, A.D. _____.

(Principal) _____

ATTEST: By: _____

(Surety) _____

By: _____



State of Rhode Island and Providence Plantations
 Department of Labor & Training
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**BOND OF EMPLOYER
 AUTHORIZED TO PAY WORKERS' COMPENSATION BENEFITS
 DIRECTLY TO EMPLOYEES OR THEIR DEPENDENTS**

AMOUNT:

BOND NO:

KNOW ALL MEN BY THESE PRESENTS, that _____ having an office and principal place of business as Principal in _____ and _____, an insurance corporation organized under the laws of _____ and licensed to do business in the State of Rhode Island, as Surety, are held firmly bound unto the Department of Labor & Training of the State of Rhode Island and Providence Plantations for the use and benefit of the employees of said Principal whose employment is subject to the laws of Rhode Island in the penal sum of \$_____ for the payment of which well and truly to be made, the said corporation bind themselves, their successors and assign – jointly and severally – firmly by these presents.

WHEREAS the said Principal in accordance with and pursuant to the provisions of **General Laws of Rhode Island, 1956, 28-36-2**, has filed with the Department of Labor & Training an application for a certificate of compliance with the provisions of 28-36-1(b) to authorize the said Principal to pay compensation as per RI Workers' Compensation Act, Chapters 29 to 38, inclusive of **Title 28** and as amended directly to injured employees and/or their dependents.

NOW THEREFORE the condition of this obligation is such, that if said application shall be granted by the Department of Labor & Training and the said Principal shall well and truly pay directly to the person entitled thereto within the twelve (12) months from and after the _____ day of _____, A. D. _____, the compensation benefits and expenses provided by **General Laws of Rhode Island, Chapters 33 and 34 of Title 28**, as amended, from the inception of self-insurance certification as of the _____ day of _____, A.D. _____, then this bond shall be void, otherwise to be and remain in full force and effect.

IT IS FURTHER STIPULATED AND AGREED that this bond is and shall be construed to be a direct obligation by the said Principal and the said Surety to the persons who may be entitled to such sums for the compensation benefits and services provided by the said **Chapters 33 and 34 of Title 28**, as amended, and may be sued upon or enforced in the name of such persons, or in the name of the Department of Labor & Training for the use and benefit of the employees or their Dependents.

IT IS FURTHER STIPULATED AND AGREED that the liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment of payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

IT IS FURTHER STIPULATED AND AGREED that this bond may be cancelled by the said Surety at any time prior to the expiration of twelve (12) months from and after the _____ day of _____, A.D. _____, upon giving thirty (30) days notice in writing to the Department of Labor & Training, in which event the liability of the said Surety shall at the expiration of the said thirty (30) days cease and determine, except as to such liability for the default of the said Principal in fully discharging all liability for the compensation benefits and expenses provided by said **Chapters 33 and 34 of Title 28**, as amended, which accrued during the period from and after the _____ day of _____, A.D. _____, to the date of expiration hereof. Cancellation eliminates liability accruing after the date of cancellation, but the bond remains in effect to cover liability accrued prior to cancellation. The bond may be released of liability only if it is replaced by an amount of surety approved by the Director and a signed release is executed and the original bond is returned to the bond company.

IT IS FURTHER STIPULATED AND AGREED that in the event the Principal defaults on paying the compensation benefits and expenses referenced herein within the twelve month period from and after the _____ day of _____, A.D. _____, the Department of Labor and Training will call on the Bond, in full, pursuant to Section 28-36-1 of the General Laws of Rhode Island.

IN WITNESS WHEREOF, the said _____
(Surety)
and the said _____ have caused their respective officers
(Principal)
thereunto duly authorized to sign and the respective corporate seals to be hereunto affixed this
_____ day of _____, A.D. _____.

(Principal) _____

ATTEST: By: _____

(Surety) _____

By: _____

**FORMAT WE, (DEPT. OF LABOR & TRAINING) WANT SUBJECT TO PRIOR NEGOTIATION WITH BANK AND ACCOUNT HOLDER (SELF-INSURED); MAY BE AMENDED WITH PRIOR DISCUSSION OF DEPARTMENT AND LENDER

STANDBY LETTER OF CREDIT

DATED:

BENEFICIARY:
DIRECTOR OF RHODE ISLAND WORKERS' COMPENSATION
DEPARTMENT OF LABOR & TRAINING
1511 PONTIAC AVENUE, PO BOX 20190
CRANSTON, RI 02902-0942

DEAR SIRs:

WE HEREBY ESTABLISH OUR IRREVOCABLE CREDIT IN YOUR FAVOR FOR ACCOUNT OF:

AVAILABLE BY YOUR DRAFT(S) DRAWN AT SIGHT ON UP TO THE AGGREGATE AMOUNT OF \$
US DOLLARS).

YOUR DRAFT(S) ARE TO BE ACCOMPANIED BY THE ORIGINAL OF THIS LETTER OF CREDIT, WITH ANY AMENDMENTS THERETO; OR CERTIFIED TRUE COPIES MADE BY THE DEPARTMENT OF LABOR & TRAINING SIGNED BY THE DIRECTOR, OR ADMINISTRATOR FOR SELF-INSURANCE WILL BE AS AN ORIGINAL; PLUS A BENEFICIARY-SIGNED STATEMENT CERTIFYING: "THE AMOUNT OF THE DRAFT(S) REPRESENTS FUNDS DUE FOR WORKERS' COMPENSATION CLAIMS INCURRED AND/OR ARISING OUT OF THE PERIOD COVERED BY THE ISSUANCE OF OR THE RENEWAL OF A CERTIFICATE OF SELF-INSURANCE BEGINNING _____ AND ENDING _____ AND AS EXTENDED AS A RESULT OF A FAILURE OR INABILITY OF _____ TO PAY OR TO RESERVE SUCH CLAIMS; OR THE CANCELLTION OF THIS LETTER THUS NECESSITATING CALL OF FUNDS TO HAVE SURETY AT THE DISPOSAL OF THE DIRECTOR."

IT IS A CONDITION OF THE LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR AN ADDITIONAL YEAR FROM THE PRESENT OR FUTURE EXPIRATION DATE HEREON UNLESS 30 DAYS PRIOR TO THE EXPIRATION DATE IN ANY ONE OF THE SAID YEARS WE NOTIFY YOU THAT WE NOT ELECT TO EXTEND THE CREDIT. IN THE EVENT THIS LETTER OF CREDIT IS NOT EXTENDED, YOU MAY DRAW UNDER THE CREDIT BY YOUR DRAFT(S) AT SIGHT ACCOMPANIED BY THE FOREGOING STATEMENT.

DRAFTS MUST BE DRAWN AND PRESENTED TO US AT OUR COUNTERS ON OR BEFORE, OR ANY EXTENDED DATE.

DRAFTS DRAWN UNDER THIS CREDIT MUST BEAR ON THEIR FACE THE CLAUSE "DRAWN UNDER CREDIT NUMBER _____, DATED _____."

WE HEREBY AGREE WITH YOU THAT ALL DRAFTS DRAWN AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED UPON PRESENTATION TO THE DRAWEE.

AUTHORIZED SIGNATURE:

NOTE: A DIRECT L/C GUIDLINE – WORDING MAY BE TAILORED TO INDIVIDUAL. STANDARD CLAUSES RE FEDERAL BANKING LAW TO BE INCLUDED.

RI SI-6



State of Rhode Island and Providence Plantations

Department of Labor & Training
Workers' Compensation Self-Insurance Unit
P.O. Box 20190
Cranston, RI 02920-0942
Telephone: (401) 462-8100
Fax: (401) 462-8095

ESCROW AGREEMENT

This Escrow Agreement ("Agreement") dated as of _____, is by and among *company name*, a Rhode Island corporation, (*company name*) the Department of Labor & Training of the State of Rhode Island, acting by and through the Director thereof ("the Director"), and *bank name*, a national banking association ("Escrow Agent").

WITNESSETH

WHEREAS, *company name* is an employer subject to the provisions of Chapters 29-38, inclusive, of Title 28 of the Rhode Island General Laws, as amended ("the Act"); and

WHEREAS, *company name* desires to furnish security to the Director for any worker's compensation payable pursuant to the Act for which *company name* may become liable during the term of this Agreement; and

WHEREAS, pursuant to the provision of Section 28-36-1 of the Act, the Director is willing to accept the escrow arrangement made pursuant to this Agreement as part of the compliance with the requirements of the Act and in lieu of any insurance (basic workers' compensation policy) that may be required under the Act from _____ to a future date at the option of the Director; and

WHEREAS, prior to the execution hereof, *company name* has deposited certain sums with the Escrow Agent to be held pursuant to the terms of this Agreement Trust customer # _____.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Escrow Account: Escrow Agent hereby acknowledges that *company name* deposited with the Escrow Agent the sum of \$ _____ dollars (\$ _____) to be held in a separate account identified as Escrow Account # _____ (the Escrow Account) and to be invested and disbursed in accordance with the provisions of the Agreement. The Escrow Account and any investments made of the sums held from time to time therein shall be made in the customer name: *bank name*, as Escrow Agent under Escrow Agreement, dated f/b/o Department of Labor & Training and various employees of *company name*, taxpayer identification number, _____, shall be used in connection with the Escrow Account.

2. Investment of Escrow Account. During the term of this Agreement, the Escrow Agent may invest all sums held in the Escrow Account in certificates of deposit issued by Escrow Agent and debt obligations of the United States, in such amounts and in such maturities not exceeding one year, as directed by the Director or his designee in writing in its sole discretion. All interest or other income received in connection with any investment of sums held pursuant to the terms of this Agreement shall be added to and also held pursuant to the terms of this agreement. For tax reporting purposes, all interest earned in the Escrow Account shall be allocated to *company name*. Upon the occurrence of an Event of Default (as hereinafter defined) and the giving of notice thereof by the Director to Escrow Agent in writing, the Escrow Agent shall invest the Escrow Account in such of the foregoing investments as directed by the Director in writing or fax being signed by the Director or his designee.

3. Disbursement of Escrow Account. Until the occurrence of an Event of Default and the giving of notice thereof by the Director to Escrow Agent, only the Director or his designee shall have the right to withdraw, at such times and in accordance with such arrangements as the Director and the Escrow Agent shall agree from time to time, any and up to all sums credited to the Escrow Account for payments of assessments for workers' compensation, state fees, and claims payments for workers' compensation to *company name* employees, should the Director deem it necessary. Upon the occurrence of an Event of Default and the giving of notice thereof by the Director to Escrow Agent (the Escrow Agent may accept and rely on a signed fax) any and up to all sums held in the Escrow Account shall be paid, pursuant to the written instructions of the Director delivered from time to time to the Escrow Agent, to or for the benefit of such employees of *company name* (as defined in the Act) as may be entitled to compensation pursuant to the provisions of the Act. Upon termination of this Agreement, all sums then remaining in the Escrow Account shall be paid to *company name*. No payment shall be made from the Escrow Account except in accordance with the provisions of this Section.

4. Termination. This agreement shall terminate upon the earlier to occur of: (a) application of all sums held in the Escrow Account or (b) as determined only by the Director or his designee in writing, maintenance of the Escrow Account is no longer required to be held pursuant to the provisions of the Act.

5. Security Interest. *company name* hereby pledges the Escrow Account and grants a security interest therein to the Director and agrees that the Escrow Account shall be held and maintained during the term of this Agreement for the benefit of employees of *company name* (as defined in the Act) who may become entitled to compensation payable by *company name* pursuant to the Act on account of claims arising during the period beginning , and continuing for such a period as shall be reasonably determined by the Director.

6. Event of Default. As used herein, the term "Event of Default" shall mean the failure of *company name* to pay within fourteen (14) days of the due date thereof any amount of compensation that may become payable by it or for the benefit of its employees as defined in and in accordance with the Act. Compensation includes but is not limited to weekly indemnity, medical services, rehabilitation costs approved by the Director or the Workers' Compensation Court, fees of the Department and assessments of the Department.

7. Indemnification of Escrow Account. *company name* and the Director each hereby acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience; that Escrow Agent shall not be deemed to be the Agent of either *company name* or the Director; and that the Escrow Agent shall not be liable to either *company name* or the Director for any act or omission on its part undertaken unless taken or suffered in bad faith, in willful disregard of this Agreement or involving gross negligence. *company name* agrees to pay all costs and fees reasonably incurred or imposed by Escrow Agent in connection with the performance of its duties under this Agreement. *company name* shall indemnify and hold Escrow Agent harmless from and against all liabilities, obligations, losses, damages, judgements, suits, costs, expenses or disbursement, including reasonable attorney's fees, of any kind of nature whatever which may be imposed on, incurred by or asserted against by Escrow Agent of its duties hereunder, except with respect to liabilities, obligations, losses, damages, judgements, suits, costs, expenses or disbursements arising out of actions or missions taken or suffered by Escrow Agent in bad faith, in willful disregard of this Agreement or involving gross negligence on the part of Escrow Agent.

8. Notices. All notices pursuant to this Agreement shall be in writing and shall be effective upon receipt thereof. All notices shall be directed to the attention of all the parties hereto and to the person intended as the recipient thereof, at the respective address of such person set forth below, or at such other address or to the attention of such other person as such party shall have designated for such purpose in a notice conforming to the provisions hereof:

(a) If to *company name*, address

Attention:

- (b) If to the Director, to: Department of Labor & Training, 1511 Pontiac Avenue, PO Box 20190, Cranston, RI 02920-0942, Attention: Director; and
- (c) If to Escrow Agent, to:

or his designee in his absence.

9. Escrow Agent Fees and Expenses. The acceptance fee of the Escrow Agent is \$ _____ and the annual fee of the Escrow Agent hereunder is \$ _____, which fees shall be non-refundable and paid in advance by *company name*. Said party also agrees to pay on demand Escrow Agent's costs and expenses, including the fees and expenses of counsel to the Escrow Agent, other than costs and expenses reimbursed pursuant to paragraph 7 hereunder.

10. Escrow Agent's Duties and Responsibilities. Escrow Agent may act upon any instrument or other writing believed by it in good faith to be genuine and to have been signed or presented by the proper person and shall not be liable to any party hereto in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. Escrow Agent's duties shall be determined only with reference to this Escrow Agreement and applicable laws and Escrow Agent is not charged with knowledge of or any duties or responsibilities in connection with any other document or agreement. If in doubt as to its duties and responsibilities hereunder, Escrow Agent may consult with counsel of its choice and shall be protected in any action taken or omitted in connection with the advise of such counsel.

11. Inconsistent Claims. In the event that Escrow Agent should at any time be confronted with inconsistent claims or demands by the parties hereto, Escrow Agent shall have the right to interplead said parties in any court of competent jurisdiction and request that such court determine the respective rights of the parties with respect to this Escrow Agreement, and upon doing so, Escrow Agent automatically shall be released from any obligations or liability as a consequence of any such claims or demands.

12. Resignation. Escrow Agent shall have the right at any time to resign hereunder by giving written notice of its resignation to the other parties hereto at the address set forth herein or at such other address as the parties shall provide, at least 30 days prior to the date specified for such resignation to take effect; and upon the effective date of such resignation, all cash and other payments and all other property then held by the Escrow Agent hereunder shall be delivered by it to such a successor escrow agent or as other wised shall be designated in writing by the parties hereto. If no successor is appointed, Escrow Agent may apply to a court of competent jurisdiction for such appointment.

13. Miscellaneous Provisions.

(a) No delay in the exercise of a right of power under this Agreement shall affect the subsequent exercise thereof by any party.

(b) Each party hereto represents and warrants to the other parties hereto that this Agreement constitutes the legal, valid and binding agreement of such party, duly authorized by all requisite action, and enforceable against such party in accordance with the terms.

(c) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and permitted assigns. The rights and obligations of Escrow Agent hereunder may not be assigned without the prior written consent of *company name* and the Director or his designee, which consent shall not be unreasonably withheld. All references herein to the Director shall refer to the person from time to time holding the office of Director of the Department of Labor & Training, of the State of Rhode Island or the successor to the responsibilities of such office, however named or appointed.

(d) This Agreement is entered into pursuant to the provisions of the Act and the rights and obligations of *company name* and the Director shall be interpreted in accordance with and governed by the provisions hereof. Without limiting the generality of the foregoing, the failure of the Director to comply with any request by *company name* to terminate this Agreement, reduce the Escrow Amount, or take any other action with respect to this Agreement may be appealed by *company name* pursuant to Section 28-36-3 and the other provisions of the Act.

(e) This Agreement may be executed in one or more counterparts, and when each party hereto has at least one counterpart, this Agreement shall be deemed to be the one and the same document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first written above.

(Company)

Signed _____

By _____

Date _____

Department of Labor & Training
State of Rhode Island

By _____
Director

Date _____

AS ESCROW AGENT

(Bank Name)

Signed _____

By _____

Date _____

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State of Rhode Island and Providence Plantations
 Department of Labor & Training
 Workers' Compensation Self-Insurance Unit
 P.O. Box 20190
 Cranston, RI 02920-0942
 Telephone: (401) 462-8100
 Fax: (401) 462-8095

TRUST AGREEMENT

It is hereby agreed that a Trust Fund bearing customer # _____ and account number _____ furnished by _____, will be held by _____ until released in writing by the Director of the Rhode Island Department of Labor & Training or the Director's designee or until drawn on as needed due to the inability of _____ to pay Rhode Island Workers' Compensation claims that are outstanding and arise in the period beginning _____ and while certified for Workers' Compensation self funding. _____ agrees to pay into this account \$ _____ each month beginning in _____ and continuing. These monthly payments may be reduced or stopped only with the written permission of the Department. All interest or other income received in connection with any investment of sums held pursuant to the terms of this agreement shall be added to and held pursuant to the terms of this agreement. Upon reaching a balance of \$ _____, _____ shall purchase United States Treasury Bills bearing customer # _____ and account # _____. _____ agrees that they will bear all costs if any for depository, safekeeping, fiduciary, etc., charges that may be made by _____ while this account is in effect or being used to pay Rhode Island Workers' Compensation claims or purchased United States Treasury Bills as intended by the Director.

The status of this account is to be furnished to the Director monthly during the period of time it runs. Such instrument to be drawn on only by the Director and/or only with the Director's explicit written permission. Such instrument is to be solely for the purpose as stated and not subject to any creditor and not to be used as an asset if self-insured is unable to meet their workers' compensation obligations.

Account # _____ Customer # _____

Customer:

Evidenced by: Pending Escrow Agreement with _____
 (Company)

By: _____ Date: _____

Department of Labor & Training Escrow Agent:

By: _____ By: _____

Date: _____ Date: _____



State of Rhode Island and Providence Plantations
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Certificate of Deposit Agreement

It is hereby agreed that a Certificate of Deposit bearing customer # _____ and account number _____ furnished by _____, will be held by _____ until released in writing by the Director of the Rhode Island Department of Labor & Training or the Director's designee or until drawn on as needed due to the inability of _____ to pay Rhode Island Workers' Compensation claims that are outstanding and arise in the period beginning _____ and while certified for Workers' Compensation self funding. _____ agrees to pay into this account \$ _____. All interest received in connection with the Certificate of Deposit will be returned to _____. _____ agrees that they will bear all costs if any for depository, safekeeping, fiduciary, etc.

The status of this account is to be furnished to the Director monthly during the period of time it runs. Such instrument to be drawn on only by the Director and/or only with the Director's explicit written permission. Such instrument is to be solely for the purpose as stated and not subject to any creditor and not to be used as an asset if _____ is unable to meet their workers' compensation obligations. _____ is to be notified of any drawings against the Certificate of Deposit.

Account # _____	Customer # _____
Customer: _____	
By: _____	Date: _____
Department of Labor & Training	Bank: _____
By: _____	By: _____
Date: _____	Date: _____



State of Rhode Island and Providence Plantations

Department of Labor & Training
Workers' Compensation Self-Insurance Unit
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**SELF-INSURANCE SURETY AGREEMENT
EXTENSION and/or AMENDMENT**

The Agreement in force between _____ and the Rhode Island
Department of Labor & Training commencing on
_____ (month) _____ (day) of _____ shall be extended to _____ (month)
_____ (day) of _____.

AMENDMENT: _____

Witness:

Company Name:
By: _____
Date: _____

Witness:

Department of Labor & Training
State of Rhode Island
By: _____
Director

Witness:

Escrow Agent Name:
By: _____
Date: _____



State of Rhode Island and Providence Plantations
 Department of Labor & Training
 Workers' Compensation Self-Insurance Unit
 P.O. Box 20190
 Cranston, RI 02920-0942
 Telephone: (401) 462-8100
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CERTIFICATE

The undersigned certifies that he/she is the Secretary of _____, a corporation organized and existing under the laws of _____; that he/she has the custody and control of the corporate seal and the corporate records, including the minutes of meeting of said Corporation; that pursuant to action of the Board of Directors or other policy making body with/without a meeting, the following resolutions were adopted effective as of _____ by all of the directors of the Corporation or governing body.

RHODE ISLAND WORKERS' COMPENSATION SELF-INSURANCE

RESOLVED, that _____, organized under the laws of the State of _____, authorizes its' wholly owned subsidiary, _____, to seek application to self-insure workers' compensation liabilities in the State of Rhode Island; and

FURTHER RESOLVED, that the Chairperson of the Board, President, Vice President, and all other officers are severally authorized to execute and deliver any and all documents which may be required by the State of Rhode Island on behalf of _____ in connection with the foregoing.

The undersigned further certifies that the foregoing resolutions have not been rescinded or changed, but are now in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto signed his name and affixed the seal of said _____ this _____ day of _____, _____.

(SEAL)

SIGNED _____
 Secretary



State of Rhode Island and Providence Plantations
 Department of Labor & Training
 Workers' Compensation Self-Insurance Unit
 P.O. Box 20190
 Cranston, RI 02920-0942
 Telephone: (401) 462-8100
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CERTIFICATE

The undersigned certifies that he/she is the Secretary of _____, a corporation organized and existing under the laws of _____; that he/she has the custody and control of the corporate seal and the corporate records, including the minutes of meeting of said Corporation; that pursuant to action of the Board of Directors or other policy making body with/without a meeting, the following resolutions were adopted effective as of _____ by all of the directors of the Corporation or governing body:

RHODE ISLAND WORKER'S COMPENSATION SELF-INSURANCE

RESOLVED, that _____ will guarantee the payment of all workers' compensation liabilities incurred by _____, resulting from operation in Rhode Island as a permissibly self-insured; and

FURTHER RESOLVED, that the Chairperson of the Board, President, Vice President, and all other officers are severally authorized to execute and deliver any and all documents which may be required by the State of Rhode Island on behalf of _____ in connection with the foregoing.

The undersigned further certifies that the foregoing resolutions have not been rescinded or changed, but are now in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto signed his name and affixed the seal of said _____ this _____ day of _____, _____.

(SEAL)

SIGNED _____
 Secretary



State of Rhode Island and Providence Plantations

Department of Labor & Training

Workers' Compensation Self-Insurance Unit

P.O. Box 20190

Cranston, RI 02920-0942

Telephone: (401) 462-8100

Fax: (401) 462-8095

**INDEMNITY AGREEMENT BY THE PARENT CORPORATION
FOR WHOLLY OWNED SUBSIDIARY OR IF APPLICABLE
PARTIALLY OWNED OR CONTROLLED AFFILIATE**

KNOWN ALL MEN BY THESE PRESENT, that _____
(Parent Corporation)

a corporation, organized and existing under and by virtue of the laws of the State of _____ (or Province of _____ or other _____) for and under the Workers' Compensation Acts of the State of Rhode Island, and in the event that said _____ shall not pay or cause to be paid direct to its' employees monies due such employees under the Workers' Compensation Laws of the State of Rhode Island, then said employees are hereby empowered and authorized to maintain direct action on this agreement against the parent corporation and that the parent corporation does recognize this agreement as a direct financial guarantee to said employees or the dependents of a deceased employee; that the parent corporation shall have a right to cancel and terminate this agreement at any time upon giving the name subsidiary and the State of Rhode Island at least **SIXTY (60) DAYS** written notice of its' intent to cancel. Such cancellation shall not affect its' liability as to any compensation for injuries occurring prior to **TEN (10) DAYS** after the date of cancellation specified in such notice.

PROVIDED HOWEVER, that upon cancellation of this indemnity agreement the self-insurance status heretofore given to the named subsidiary by the State of Rhode Island approval of which was expressly conditioned on the continued existence of this indemnity agreement, shall terminate upon the effective date of any cancellation hereof.

This agreement shall be effective as of _____, _____.

Executed at _____ this _____ day of _____, _____.

FOR PARENT CORPORATION:

WITNESS:

PRINTED NAME TITLE

(SEAL)



State of Rhode Island and Providence Plantations

Department of Labor & Training
Workers' Compensation Self-Insurance Unit
P.O. Box 20190
Cranston, RI 02920-0942
Telephone: (401) 462-8100
Fax: (401) 462-8095

SELF-INSURANCE AGREEMENT

As a requirement by the Director, this Self-Insurance Agreement must be completed and returned as soon as possible.

In addition, Trust and Escrow Agreements may be required at any time at the option of the Director.

SELF-INSURANCE AGREEMENT

This Agreement (“Agreement”) dated as of _____ by and between _____ a corporation (incorporated in), and if applicable as a parent company, _____, incorporated in _____, and the Department of Labor & Training of the State of Rhode Island, or the successor, department, agency or office to the responsibilities of such Department (the “Department”).

WITNESSETH

WHEREAS, _____ is ... an employer ... subject to the provisions of Chapter 29 through 38, inclusive, of Title 28 of the Rhode Island General Laws, as amended, known as the Worker’s Compensation Act (“the Act”); and

WHEREAS, _____ desires to self-insure for all or part of its’ liability under the Act pursuant to Section 28-36-1 of the Act; and

WHEREAS, the Department is willing to allow _____ to self-insure for all or part of its’ liability under the Act, subject to the following terms and conditions.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Certificate. Provided _____ has satisfied and/or complied with all of the terms and conditions contained in this Agreement, pursuant to Section 28-36-2 or the Act, the Department shall issue to _____ a certificate of self-insurance indicating _____ compliance with Section 28-36-1 of the Act (the “Certificate”). The Certificate shall remain in force from _____, _____ at 12:01 a.m. through and including _____, _____ at 12:00 a.m., unless revoked pursuant to the provisions of the Act or pursuant to Section 9 hereof.

2. Employee Information. The Certificate is issued to: _____ with respect to its’ employees subject to the Act as of the date hereof which is agreed to include _____ and for any employees that may be hired during the term the

Certificate is in effect, as long as _____ shall not be in default of its' obligations under this agreement.

3. Loss Information. _____ shall at its' sole cost and expense, cause and occupational safety and loss prevention analysis, including recommendations, to be performed by a reputable firm or individual approved by the Department, in its' sole discretion; should the Department at any time during the course of self-insurance certification feel that such a need has arisen in the interest of protection of Rhode Island employees in the program.

4. Audit. _____ at its' sole cost and expense, shall submit to the Department an independent underwriting audit and analysis in such form as the Department may require to include a breakdown of the number of employees in each applicable classification code and the payroll for each classification code. The request for audit and analysis shall have a stated reporting date.

5. Bond or Security. (a) As additional security for the payment and performance of the obligations of _____ under the Act, contemporaneously with the execution of this Agreement, _____ shall provide the Department with a bond or security in the amount of _____ Dollars (\$ _____). Said bond (i) shall be issued by an insurance company qualified to transact business and issue such bonds in the State of Rhode Island under all applicable laws, (ii) shall have a rating of A or better by each of Standard & Poor's, Moody's and Best's and (iii) shall contain such terms and conditions as the Director shall deem necessary and appropriate in his discretion. And/or ... (b) ... shall provide

_____ pledged to the Department for benefit of the Rhode Island employees of _____. Said surety shall otherwise satisfy all requirements of the bond described in Section 5. (a) hereof.

6. Representations and Warranties. _____ represent and warrant which representations and warranties shall be continuing at all times hereunder and shall be deemed the joint and several representatives of _____ as follows:

(a) _____ (i) is a duly organized corporation, validly existing and in good standing under the laws of the State of _____ (ii) has the corporate power and authority to own its' properties and to carry on business as now being conducted and is qualified to do business in every jurisdiction where such qualification is necessary, including without limitation, the State of Rhode Island and (iii) has the corporate power to execute, deliver, and perform its' obligations under this Agreement, and any and all other Agreements, documents and instruments executed in connection herewith (collectively, "such Agreements").

(b) The execution and delivery of, and performance by _____ of obligations under this Agreement and such Agreements have been duly authorized by all requisite corporate action on the part of _____, do not require the consent of any third party and will not violate any provisions of law, any order or any court or other agency or government, the corporate charter or by-laws of _____, or any indenture, agreement or other instrument to which _____, is a party, or by which it may be bound; or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or except as may be provided by the Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of _____ pursuant to any such indenture, agreement or instrument. The execution and delivery of this Agreement and such Agreements will constitute the valid and binding obligations of _____, enforceable in accordance with their respective terms.

(c) _____ is not a party to any agreement or instrument or subject to any charter or other corporate restriction adversely affecting its' business, properties or assets, operations or conditions, financial or otherwise. _____ has no knowledge of any default and is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party.

(d) No statement of fact made by or on behalf of _____ in this Agreement or in any application, financial statement, certificate, report or any other documentation furnished to the Department, contains any untrue statement of a material

fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact presently known to _____ which has not been disclosed to the Department in this Agreement or otherwise which materially affects adversely nor as far as _____ can foresee, will materially affect adversely its' property, business, operations or conditions (financial or otherwise).

(e) _____ has filed all federal, state and local tax returns required to be filed, and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments.

(f) To the best of its' knowledge, _____ is in compliance with and has received no notice, oral or written, of any violation or noncompliance with all applicable laws, statutes, ordinances, rules, regulations, orders, injunctions, writs or decrees of any governmental or political subdivision or agency thereof or any court or similar entity including, without limitation, the Rhode Island Department of Environmental Management and the Environmental Protection Agency or their successors.

(g) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to the knowledge of _____ threatened against or affecting _____, which, if adversely determined, would have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of _____.

7. Covenants. _____ covenants and agrees that, from the date hereof and until termination of the Agreement, _____ will:

(a) Do or cause to be done all things necessary to preserve, renew, and keep in full force and effect its' corporate existence, rights, licenses, permits and franchises.

(b) Promptly comply with all applicable laws, statutes, ordinances, rules and regulations, orders, injunctions, writs or decrees, whether now in effect to hereafter enacted or promulgated by any government, or political subdivision, authority, or agency thereof, or any

court having jurisdiction with respect to _____.

(c) Pay and discharge or cause to be paid and discharged, all taxes, assessments and governmental charges or levies imposed upon it or upon its' respective income and profits or upon an of its' property, real, personal or mixed, or upon any part thereof, before the same shall become in default.

(d) Give prompt written notice to the Department of any proceedings instituted against it by or in any federal or state court or before any commission or other regulatory body, whether federal, state or local, which seeks relief that might materially and adversely affect its' operations, financial condition, property or business.

(e) Furnish to the Department, in form and detail satisfactory to the Department, such applications, financial statements, certificates, reports and such other information required by this Agreement, the Act or any rule or regulation promulgated thereunder or such information relating to the business and affairs of _____ as may be reasonably requested by the Department from time to time.

(f) Permit agents or representatives of the Department to audit and/or inspect at reasonable hours its' books and records at such time or at such intervals as required by the Act or any rule or regulation promulgated thereunder and/or upon the request of the Department.

(g) Pay to the Department such fees, assessments, including, without limitation, application fees, examination fees, license fees as required by the Act or any rule or regulation promulgated thereunder or as set by the Department in its' sole discretion.

(h) Promptly advise the Department of any material adverse change in its' condition, financial or otherwise, or of the occurrence of any Event of Default as defined in Section 8 hereof or of the occurrence of any event which, upon notice or lapse of time or both, would constitute such an Event of Default.

(i) Maintain or cause to be maintained such insurance, including public liability

insurance and fire and extended insurance coverage on all assets owned by it, all in such form and amounts as are consistent with industry practices and furnish to the Department such evidence of insurance as the Department may require.

(j) No change in claim advisors can be accomplished unless prior approval granted by the Department.

8. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder.

(a) Failure or refusal by _____ to comply with any provision of the Act or any rule or regulation promulgated thereunder; or

(b) Failure or refusal by _____ to pay when due any compensation claim or any other amounts due and payable under the Act or under any rule or regulation promulgated thereunder; or

(c) Breach of, or the proving false or misleading in any material respect, of any representation or warranty now or hereafter made to the Department, on behalf of or for the benefit of _____ or contained in this Agreement, in _____ application for self-insurance, or in any financial statement, certificate, report or other documentation submitted to the Department; or

(d) Failure or refusal by _____ to pay, perform or observe any covenant, condition, obligation, or agreement contained in this Agreement, in any of such Agreements or any other agreement between _____ and the Department, now existing or hereafter arising; or

(e) The insolvency or inability of _____ to pay its' debts as they mature, or the appointment of a receiver, Trustee, custodian or other fiduciary, for or for any of the property of, or an assignment for the benefit of creditors by, _____; or

(f) The filing of a petition, complaint motion or other pleading seeking any relief under

receivership, insolvency, or debtor release law, or seeking any readjustment of indebtedness, reorganization, composition, extension or any similar type of relief, or the filing of a petition, complaint, or motion under any chapter of the Federal Bankruptcy Code, as the same now exists or may hereafter be amended (the “Code”), by or against; or

(g) Any change for any reason in the ownership or control of _____;
or

(h) _____ shall dissolve, liquidate, or consolidate or merge with any other corporation or entity; or

(i) If _____ shall cease all or a substantial portion of its’ business operation; or

(j) If _____ shall sell, lease or exchange all or substantially all of its’ assets; or

(k) If there is any adverse change in the financial or other condition of _____ or any act or omission of _____ or any act or omission of any officer or director of _____ which leads the Department reasonably to believe that _____ is or may become unable to perform its’ existing or future obligations under the Act, or to perform any or the covenants, agreements or conditions contained in this Agreement, such Agreements, or any other agreement to which _____ is a party, now existing or hereafter arising; or

(l) If the Director of the Department determines in his sole discretion that the security for the payment or performances of the obligations of _____ under the Act is or may become impaired or inadequate.

9. Revocation of Certificate. If _____ shall fail to perform or observe any of the covenants, agreements or obligations on the part of _____ to be performed pursuant hereto, or if a default or an Event of Default shall occur under this Agreement or under any of such Agreements, then

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in addition to any right or remedy the Department may have under this Agreement, such Agreements and the Act, the Department may revoke the Certificate in accordance with the procedures set forth in the Act.

10. Claim Fund Account. _____ shall maintain a Claim Fund Account (the "Account") in a federally insured institution approved by the Department. Any change in the location or the account must be with prior approval of the Department. The funds in the Account shall be used solely for the purpose of paying weekly workers' compensation benefits, medical expenses, payments ordered by the Worker's Compensation Court and any other benefits or payments provided for under the Act. Payments for medical expenses on claims involving no weekly benefit payments (so-called "medical only" claims) shall be paid only from this Account. The funds in the Account shall remain distinct and separate from funds for reserves, administrative expenses and other costs associated with the operation of the self-insurance program. _____ shall immediately provide to the Department the name of the financial institution holding the Account. On the first business day of each month beginning _____, and on the first business day of each month thereafter, the Account shall have a minimum balance of _____ (\$ _____). _____ shall provide the Department, on or before the fifteenth (15th) day of each month beginning _____, a report of all transactions on the Account for the prior month. _____ hereby pledges and grants to the Department a continuing security interest in and to the Account, and agrees to sign any and all documents and instruments required by law to perfect said security interest. In addition, _____ hereby constitutes and appoints the individual serving from time to time as the Director of the Department its' attorney in fact for the purpose of signing any and all documents and financing statements and the taking of any and all action that the Director may deem necessary and appropriate to perfect such security interest. The foregoing power shall be coupled with an interest and is hereby deem irrevocable.

11. Claims Account Information.

Adjusting Firm: _____
Bank of Deposit for Claims: _____
Claims Account Number: _____

12. Claims Administration. The Department shall have the right to approve any claims monitoring, claims administration or claims adjusting plan proposed by _____ to administer its' Rhode Island claims. No contract or agreement between _____ and any claims administration company shall be valid and enforceable unless approved in writing by the Department; fax method acceptable.

13. Excess Insurance. _____ shall maintain a policy of excess insurance with a maximum retention of _____dollars (\$)) and or an aggregate limit of _____ dollars (\$)) for Workers' Compensation; or statutory coverage only with an issuer qualified to transact business in the State of Rhode Island and/or approved by the Department in its' sole discretion. The policy shall require the insurer to notify the Department at least ten (10) days in advance of the cancellation of said excess insurance policy and any changes to the policy immediately upon receipt of notice thereof. Said excess insurance policy shall provide coverage for all Rhode Island employees of _____. A captive insurance company may be approved by the Director, but such captive cannot write competitive business or any other business that is not connected with the controlling company.

14. General Liability Insurance. _____ shall provide to the Department, upon the execution of this Agreement, and thereafter at all times while the Certificate is in effect, copies of each liability policy or policies issued to _____ covering claims arising on or after _____. Each such liability policy covers claims arising during the period when the Certificate is in effect and shall be specifically written to cover Rhode Island locations of _____.

15. Financial Statements. _____ shall submit to the Department such financial statements, certified by an accounting firm acceptable to the Department in its' sole discretion, at such times and in such form as the Department may require from time to time, but, as long as an Event of Default shall not have taken place, in no event shall the Department require the submission of said statements more than on a quarterly basis unless required by law.

16. Litigation. _____ shall promptly notify the Department of all lawsuits and administrative proceedings filed against it in any state and of any change in the status of any such proceedings which may adversely affect its' financial condition.

17. Agreement Authorized. _____ represents and warrants to the Department that this Agreement constitutes the legal, valid and binding agreement of _____, duly authorized by all requisite action, and enforceable against _____ in accordance with its' terms.

18. Notices. All notices, requests, demands or other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed first class mail, postage prepaid, or telegraphed or delivered to the applicable party at the address indicated below:

If to Self-Insured : _____

Attention: _____

If to the Department:

Rhode Island Department of Labor & Training
1511 Pontiac Avenue, PO Box 20190
Cranston, RI 02920-0942
Attn: Self-Insurance Unit

or, as to either party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section. All such notices and other communications shall, when mailed or telegraphed, respectively, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid.

19. Governing Law; Binding Agreement. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Rhode Island (without reference to its' conflicts of laws principles). This Agreement shall be binding upon and shall inure to

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the benefit of the parties hereto and their successors and permitted assigns. Notwithstanding the foregoing, _____ may not assign its' rights or delegate any duties hereunder without the prior written consent of the Department.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

WITNESS

By _____

TITLE _____

WITNESS

DEPT OF LABOR & TRAINING
STATE OF RHODE ISLAND

By _____

TITLE _____

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State of Rhode Island and Providence Plantations

Department of Labor & Training
Workers' Compensation Self-Insurance Unit
P. O. Box 20190
Cranston, RI 02920-0942
Telephone: (401) 462-8100
Fax: (401) 462-8095

**SELF-INSURANCE AGREEMENT
CONTINUATION, EXTENSION and/or AMENDMENT**

The Agreement in force between _____, a Rhode Island self-insured and the Rhode Island Department of Labor & Training commencing _____ (month) _____ (day) of _____ shall be (continued) (extended) (amended) or (other) _____ as follows _____ up to and including midnight, _____ (month) _____ (day) of _____.

WITNESS _____

SIGNED _____

By _____

TITLE _____

DATED _____

DEPT. OF LABOR & TRAINING of the
STATE OF RHODE ISLAND

WITNESS _____

SIGNED _____

By: Matthew P. Carey, III
TITLE: Assistant Director