

# **Workers' Compensation Risk Retention Program of the Montana Municipal Insurance Authority**

## **Workers' Compensation and Occupational Disease Insurance Policy**

The Montana Municipal Insurance Authority, (the "Authority") as the sponsor of the Workers' Compensation Risk Retention Program (the "Program") entered into by and between the members of the Authority which are the participants in the Program, in consideration of the total initial deposit stated in the Coverage Declarations of this policy and of premiums paid upon the total remuneration of employees during each reporting period, does hereby agree with the insured as follows:

### **Section A: Insuring Agreements**

The Workers' Compensation Risk Retention Program of the Authority hereby agrees:

1. To assume the entire liability of the insured to its employees under the Workers' Compensation Act of Montana, as amended, and as may be amended, and including the Occupational Disease Act, as amended, and as may be amended. (See exceptions under "Exclusions.")
2. To defend, on the behalf of the insured, such claims and actions which may at any time be instituted against it under the Workers' Compensation Act or Occupational Disease Act of Montana for injuries or diseases originating during such period as this policy may be in effect; with the express reservation that the Workers' Compensation Risk Retention Program of the Authority may make such investigation, negotiation and settlement as it deems expedient. The Authority through the Workers' Compensation Risk Retention Program of the Authority does not defend any suits or actions for which it does not provide benefits under the Workers' Compensation or Compensation or Occupational Disease Acts, including but not limited to tort or contract actions against the insured.

### **Section B: Exclusions**

This policy DOES NOT apply to the following unless these employments are specifically described in the Coverage Declarations of this policy or in a written endorsement to this policy:

1. Persons performing services in return for aid or sustenance only;
2. Volunteer workers (except air search and rescue volunteers employed by the Montana Department of Commerce (Section 67-2-105, MCA)), volunteer or auxiliary officers providing services to a local law enforcement agency (Section 7-32-203, MCA) and volunteer fire fighters providing service to the insured;
3. Elected board, commission or council members.

### **Section C: Conditions**

**The Contract.** All of the provisions of the workers' compensation and occupational disease laws and regulations of Montana, as amended, or as may be amended, shall be a part of this policy as fully and completely as if written herein.

This policy, including the Coverage Declarations, Classification and Code Schedules and endorsements, and the application are part of the contract of insurance. By acceptance of this policy, the insured agrees that the statements in the Coverage Declarations and endorsements are his agreements and representations. Any material misrepresentations by the insured in the application or appearing on the Coverage Declarations or endorsements may render the contract void.

**Changes.** No provision of this policy shall be waived or altered without written endorsement signed by a duly authorized representative of the Workers' Compensation Risk Retention Program of the Authority, EXCEPT; (1) those changes specifically authorized in the Premium subsection, below; and (2) changes in this policy necessitated by any change in the laws of Montana, in which case thirty (30) days notice shall be given the insured of such a change.

**Deposit.** The insured may be required to pay an initial deposit on the inception of its policy, which may be retained by the Workers' Compensation Risk Retention Program of the Authority to be applied to any final billing upon termination of this policy. The Authority in the operation of the Workers' Compensation Risk Retention Program may, from time to time, adjust the amount of deposit required as deemed necessary to cover premiums. Additional deposits with the Workers' Compensation Risk Retention Program become due upon billing and the insured is subject to cancellation of this policy after default in the event of non-payment.

**Payroll Information.** The insured shall keep complete and accurate records of the remuneration earned by all officials and employees, classified according to the assigned codes described in the Classification and Code Schedules issued as a part of the insurance policy. At the request of the Authority, the insured shall furnish records of all

earnings of every kind of all employees and officials during any period in which this policy is in effect. Forms for the reporting of payroll will be supplied by the Workers' Compensation Risk Retention Program of the Authority at the close of each period specified as "report basis" in the Coverage Declarations. All remuneration of employees shall be included for computation of premium.

**Premium.** This policy is accepted by the insured subject to the classifications found in the manuals in use by the State Compensation Insurance Fund. Classifications described in the Classification and Code Schedules attached to the original policy are based on information supplied to the Workers' Compensation Risk Retention Program of the Authority by the insured. A new set of schedules will be issued, upon addition or deletion of classification codes, to replace all previously issued schedules. If any employees at any time commence doing work properly falling within another classification, or if at any time the Workers' Compensation Risk Retention Program of the Authority discovers that any employee is or has been doing work other than that reported, the proper classification shall become effective on the date the said work commenced. Otherwise, changes in the rates and classifications shall become binding on the insured after thirty (30) days notice.

**Audit and Adjustment of Premium.** Any authorized representative of the Workers' Compensation Risk Retention Program of the Authority shall have the right and opportunity during the effective dates of this policy and at reasonable times thereafter to examine and audit the insureds records so far as they relate to remuneration earned by employees. If it shall be ascertained by the Workers' Compensation Risk Retention Program of the Authority at any time that the total premium paid by the insured is less than is properly chargeable to the insured under the terms of this policy, the insured shall promptly pay to the Workers' Compensation Risk Retention Program of the Authority the difference between the total premium paid and the ascertained premium. If the total premium paid by the insured is in excess of the ascertained premium, the Workers' Compensation Risk Retention program of the Authority shall, at the option of the insured, immediately credit the account of, or pay the amount of such excess premium to the insured.

**Subcontractors.** If the insured shall contract or subcontract any work to contractors or subcontractors, the Workers' Compensation Risk Retention Program of the Authority may, at its option, require remuneration of all employees of any such contractor or subcontractor to be included in the remuneration on which premium is paid by the insured, provided such contractor or subcontractor has not secured compensation insurance for its employees as required by the workers' compensation law.

**Cooperation of the Insured.** The insured shall cooperate with the Authority by: (1) permitting the Authority or the Authority's representative to inspect at any reasonable time the workplace and operations covered by this policy; (2) permitting the Authority to examine and audit payroll records, general ledger, disbursements, vouchers, contracts,

tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period, and within a reasonable time thereafter, as far as said documents relate to the subject matters of this insurance, (3) give the Authority or its authorized representative written notice within six (6) days of discovery of any injury, including reasonable description of the particulars of said injury; (4) forward to the Authority or its authorized representative any legal process received by the insured relating to any injury; and (5) attend hearings and trials and assist in securing and giving evidence at the Authority's request. The insured shall not voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are necessary, or make any services at the time of injury as are necessary, or make any negotiation or settlement, except with the express consent of the Workers' Compensation Risk Retention Program of the authority.

**Effective Date.** This policy becomes effective upon the date shown in the Coverage Declarations and remains in effect until cancellation by the insured or the Authority as provided in Article IV of the Workers' Compensation Risk Retention Program Agreement executed by the insured and the Workers' Compensation Risk Retention Program of the Authority.

**Subrogation.** In the case of any payment for compensation or medical services under this policy or assumption therefore, the Workers' Compensation Risk Retention Program of the Authority shall be subrogated to all rights of the insured against any person to the fullest amount of such payment or liability as provided by the workers' compensation laws of Montana.

**Dividends.** The named insured shall be entitled to participate in the distribution of dividends to the extent and upon conditions fixed by and stated in the Workers' Compensation Risk Retention Program Agreement of the Authority.

**Extraterritorial Coverage.** The insured agrees to notify the Workers' Compensation Risk Retention Program of the Authority in advance of any Montana employees it intends to employ temporarily outside of the state of Montana.

Written approval must be obtained from the Division of Workers' Compensation for waiver of Montana jurisdiction for out-of-state workers employed temporarily in Montana.