

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
MEMORANDUM OF COVERAGE
WORKERS' COMPENSATION &
EMPLOYER'S LIABILITY

INTRODUCTION

In return for the payment of the premium and subject to all terms and conditions of this Memorandum of Coverage, Redwood Empire Municipal Insurance Fund (REMIF) agrees with you (the Member agency named in the Declarations) as follows:

GENERAL SECTION

A. The Agreement

This Memorandum of Coverage includes the Declarations and all endorsements and schedules attached to it. It is a coverage agreement between you and us. The only agreements relating to this coverage are stated in this Memorandum of Coverage.

The terms of this Memorandum of Coverage may not be changed or waived except by endorsement issued by us to be part of this Memorandum of Coverage. You are responsible for telling us at once when the information contained in this Memorandum of Coverage is no longer accurate for your operations.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled self-insurance. This Memorandum is a negotiated agreement among the members of REMIF and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles that require interpretation of ambiguous language against the drafter of such agreement. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the members of the Authority, acting through the Board of Directors in adopting this Memorandum.

B. Who is Covered

The Member agency named in the Declarations is covered for liability to its employees, subject to the provisions of this Memorandum of Coverage.

The Member agency represents that it is a duly qualified self-insured under the Workers' Compensation Law of the State of California, with a current and valid certificate of self-insurance, and will continue to maintain such qualification during the term this Memorandum is in effect. If the Member agency should fail to qualify or fail to maintain such qualification, the coverage provided under this Memorandum may be terminated pursuant to the Bylaws.

However, if the Member agency is subject to the Workers' Compensation law when not a duly qualified self-insurer for a Loss that would otherwise be covered by this Memorandum, REMIF

will reimburse the Member agency for such Loss not exceeding the amount which would have been paid had the Member agency been a duly qualified self-insurer.

“Member agency” shall mean for Members of REMIF participating in the Workers Compensation program, all entities named Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board) or similar entities coming under the entity’s direction or control, or for which the entity’s board members sit as the governing body, provided that the payroll for such entity has been included in the deposit premium calculations.

C. Workers' Compensation Law

Workers' Compensation law means the Workers' Compensation Laws of the State of California (which include injury by both accident and disease). It includes any amendments to that law which are in effect during the coverage period. It does not include the provisions of any law that provide non-occupational disability benefits.

D. Locations

This Memorandum of Coverage covers all of your workplaces in California and in other states if listed unless you have other insurance or are self-insured for such workplaces.

E. Who Is Eligible for Benefits

Your employees (or in the event of their death, their dependents) are eligible for benefits under this Memorandum of Coverage, except that employees who are excluded under the Workers' Compensation law are not eligible for benefits under this Memorandum of Coverage unless they have been included on the Declarations or by endorsement.

PART ONE - WORKERS' COMPENSATION COVERAGE

A. How This Coverage Applies

This Workers' Compensation coverage applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. Bodily injury by accident must occur during the coverage period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. Your employee's exposure to those conditions causing or aggravating such bodily injury by disease must occur during the coverage period.

B. We Will Pay

We will pay promptly when due the benefits required of you by the Workers' Compensation law subject to the limit specified in the Declarations.

C. We Will Defend

We have the right and duty to defend, subject to the limit specified in the Declarations, any claim, proceeding or suit against you for benefits payable by this coverage. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this Memorandum of Coverage.

We may, at your request, defend you against charges of serious and willful misconduct.

D. We Will Also Pay

We will also pay these costs, subject to the limit specified in the Declarations, in addition to other amounts payable under this coverage as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the amount payable under this coverage;
3. litigation costs taxed against you;
4. interest on an award or judgment as required by law; and
5. expenses we incur
6. temporary disability, permanent disability and death benefits at the statutory rates defined in the California Labor Code. If you pay the Employee for periods of temporary disability per a salary continuation plan under a collective bargaining agreement, memorandum of understanding or other employment agreement, the loss will be calculated at the statutory benefit rate for those periods paid by you.
7. If the Employee is eligible to receive salary continuation in lieu of temporary disability under Labor Code §4850 et seq., the loss will be calculated at the statutory rate for benefits and paid by you.

E. Other Insurance

We will not pay more than our share of benefits and costs covered by this Memorandum of Coverage and other insurance or self-insurance. All shares will be equal until the loss is paid.

F. Limit of Liability

Our liability to pay for damages is limited. Our limit of liability is shown in the Declarations. It is the most we will pay for all damages covered by this coverage because of bodily injury to one or more employees in any one accident or occurrence, or series of accidents or occurrences, arising out of any one event.

We will not pay any claims for damages after we have paid the limit of our liability under this coverage as explained above.

G. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the Workers' Compensation law including, but not limited to, those required because:

1. of punitive or exemplary damages, fines, or penalties assessed against or imposed upon you including penalties or fines imposed for violation of Labor Code §132a or Labor Code §4553 (Serious & Willful Misconduct); penalties or imposed benefit increases for violations of Labor Code §§ 4650 or 5814; injury or disease intentionally caused by or aggravated by or at your direction;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation;
4. you discharge, coerce or otherwise discriminate against any employee in violation of the law; or
5. of injury to an employee under the minimum age specified in the Workers' Compensation law and illegally employed at the time of injury.

H. Recovery from Others

We may enforce your rights, and the rights of persons entitled to the benefits of this coverage, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

PART TWO - EMPLOYER'S LIABILITY COVERAGE

A. How This Coverage Applies

This Employer's Liability coverage applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in the State of California.
3. Bodily injury by accident must occur during the coverage period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of exposure to the conditions causing or aggravating such bodily injury by disease must occur during the coverage period.
5. If you are sued, the suit and any related legal actions for damages for bodily injury by accident or by disease must be brought under the laws of the State of California.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees eligible for benefits under this Memorandum of Coverage, provided the bodily injury is covered by this employer's liability coverage, and subject to the limit specified in the Declarations.

The damages we will pay, where recovery is permitted by law, include damages:

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. for care and loss of services; and
3. because of bodily injury to your employee that arises out of and in the course of employment claimed against you in a capacity other than as employer.

C. Exclusions

This Memorandum of Coverage does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages where coverage for such liability is prohibited by law or contrary to public policy;
3. bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by a Workers' Compensation, occupational disease, unemployment compensation or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you; or
6. damages arising out of the discharge of, coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against, or termination of any employee, or any personnel practices, policies, acts or omissions.

D. We Will Defend

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this coverage. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this coverage. We have no duty to defend or continue defending after we have paid our limit of liability under this coverage.

E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this coverage, as part of any claim, proceeding or suit we defend;

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the limit of our liability under this coverage;
3. litigation costs taxed against you;

4. interest on a judgement as required by law; and
5. expenses we incur.

F. Other Insurance

We will not pay more than our share of damages and costs covered by this coverage and any other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. Limit of Liability

Our liability to pay for damages is limited. Our limit of liability is shown in the Declarations. It is the most we will pay for all damages covered by this coverage because of bodily injury to one or more employees in any one accident or occurrence, or series of accidents or occurrences, arising out of any one event.

We will not pay any claims for damages after we have paid the limit of our liability under this coverage as explained above.

H. Recovery From Others

We may enforce your rights to recover our payment from anyone liable for an injury covered by this coverage. You will do everything necessary to protect those rights for us and to help us enforce them.

I. Actions Against Us

There will be no right of action against us under this coverage unless;

1. you have complied with all the terms of this agreement; and
2. the amount you owe has been determined with our consent or by actual trial and final judgment.

This coverage does not give anyone the right to add us as a defendant in an action against you to determine your liability.

PART THREE - COVERAGE OUTSIDE OF CALIFORNIA

This coverage is identical to Part One (Workers' Compensation Coverage) of this Memorandum of Coverage. It applies to your employees who are hired in California and are eligible for benefits under this Memorandum of Coverage while they are working anywhere outside of California.

PART FOUR - YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this Memorandum of Coverage. Your other duties are listed here:

1. Provide for immediate medical and other services required by the Workers' Compensation law.

2. Give us or our representative the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE - PREMIUM

A. Premium

1. All premiums for this Memorandum of Coverage will be determined by the Redwood Empire Municipal Insurance Fund.
2. Remuneration is the premium basis. This premium basis includes payroll and all other remuneration paid or payable during the coverage period for the services of:
 - a. all your employees eligible for benefits under this agreement while engaged in work covered by this agreement; and
 - b. all other persons engaged in work that could make us liable under Part One (Worker's Compensation Coverage) of this agreement. If you do not have the payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph will not apply if you give us proof that the employers of these persons lawfully secured their Workers' Compensation obligations.

B. Premium Payments - You will pay all premiums when due.

C. Final Premium

The premium shown on the Declarations and on the schedules and endorsements, if any, is an estimate. The final premium will be determined after this agreement ends by using the actual, not the estimated, premium basis. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the minimum premium established by the Redwood Empire Municipal Insurance Fund.

D. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

E. Audit

You will let us examine and audit all your records that relate to this Memorandum of Coverage. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data. We may conduct the audits during regular business hours during the coverage period and within three years after the coverage period ends. Information developed by audit will be used to determine final premium.

F. Rate Changes

This Memorandum of Coverage is issued by us and accepted by you with the agreement that you will accept any increase in premium or in the rates of premium which may be promulgated under any rating plan approved by the Redwood Empire Municipal Insurance Fund, and that the effective date of any such increase shall be the effective date thereof fixed in accordance with the provisions of any such rating plan approved by the Redwood Empire Municipal Insurance Fund. Also the rates used to determine the premium are subject to increase during the term of the Memorandum of Coverage if an increase in rates applicable to agreements in force is approved by the Redwood Empire Municipal Insurance Fund, and that the effective date of any such increase shall be the date fixed by the Redwood Empire Municipal Insurance Fund.

PART SIX - CONDITIONS

A. Inspection

We have the right, but are not obliged, to inspect your workplaces at any reasonable time. Our inspections relate to the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help to reduce losses, we do not undertake to perform the duty of any person to provide for the health and safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws regulations, codes or standards.

B. Long-Term Policy

If this policy is written for a period longer than one year, all the provisions of this Memorandum of Coverage shall apply separately to each consecutive twelve month period, or if the first or last period is less than twelve months, in the same manner as if a separate Memorandum of Coverage had been written for each consecutive period. Until your policy terminates, your deposit premium will be transferred to each consecutive coverage period to act as a deposit in the same manner as if a separate Memorandum of Coverage had been written.

C. Transfer of Your Rights and Duties

Your rights or duties under this Memorandum of Coverage may not be transferred without our written consent.

D. Our Notice to You

Mailing documents that relate to this Memorandum of Coverage to you at the mailing address shown in the Declarations will be sufficient to prove notice to you of that document.

E. Cancellation and Withdrawal

You may withdraw as a party to this Memorandum of Coverage and as a participant in the coverage provided you meet the requirements, as specified in the Joint Exercise of Power Agreement, Bylaws and Participation Agreement, and applicable policies and procedures of the Redwood Empire Municipal Insurance Fund.

If cancellation by the Redwood Empire Municipal Insurance Fund or you is effective before the end of the coverage year, the Redwood Empire Municipal Insurance Fund will return to you the amount of any unearned premium payment from you for the coverage year. Such amount will be computed on a pro-rata basis from the effective date of cancellation.