

PART ONE - WORKERS COMPENSATION INSURANCE

I. How This Coverage Certificate Applies

This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

- a. Bodily injury by accident must occur during the Certificate period.
- b. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Certificate period.

II. We Will Pay

We will pay promptly, when due, the benefits required of you by the workers compensation law. The term "workers compensation law" means the workers compensation law and occupational disease law of the State of Maine. It includes any amendments to those laws which are in effect during the period of this Certificate. It does not include any federal workers or workmen's compensation law, any federal occupational disease law, or the provisions of any law that provides non-occupational disability benefits.

III. We Will Defend

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this Certificate. 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 Certificate.

IV. We Will Also Pay

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

- a. reasonable expenses incurred at our request, but not loss of earnings;
- b. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance. We have no obligation to apply for or to furnish such bonds;
- c. litigation costs taxed against you;
- d. interest on a judgment as required by law until we offer the amount due under this insurance; and
- e. expenses we incur.

V. Other Insurance

We will not pay more than our share of benefits and costs covered by this Certificate and other insurance or self-insurance. Subject to any limits of liability that may 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 will be equal until the loss is paid.

VI. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

VII. Recovery From Others

We have your rights, and the rights of persons entitled to the benefits of this Certificate, 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.

VIII. Statutory Provisions

These statements apply where they are required by law.

1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against you and us.
4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law,

- subject to the provisions of this Certificate that are not in conflict with that law.
5. This Certificate conforms to the parts of the workers compensation law that apply to:
 - a. benefits payable by this Certificate;
 - b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
 6. Terms of this Certificate that conflict with the workers compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this Certificate.

PART TWO - EMPLOYERS LIABILITY INSURANCE

I. How This Coverage Certificate Applies

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

- a. The bodily injury must arise out of and in the course of the injured employee's employment by you.
- b. The injured employee's employment must be necessary or incidental to your activities or operations as a Maine public employer.
- c. Bodily injury by accident must occur during the Certificate period.
- d. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Certificate period.
- e. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

II. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

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

- a. 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;
- b. for care and loss of services; and
- c. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and
- d. 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.

Damages do not include, and we will not pay, any awards of (1) restitutionary, injunctive, or any other form of equitable relief; (2) punitive or exemplary damages, or any damages that are a multiple of compensatory damages; (3) attorneys' fees and costs other than litigation costs taxed against you; (4) fines; and (5) penalties.

III. Exclusions

This insurance does not cover:

- 1. liability assumed under a contract.
- 2. fines or penalties or punitive, exemplary or multiple damages because of bodily injury to an employee employed in violation of law.
- 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 or officials.
- 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.
- 6. bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries.
- 7. damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation,

discrimination against or termination of any employees, or any personnel or employment-related practices, policies, acts or omissions.

8. bodily injury to any person in work subject to the Longshore and Harbor Workers Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (43 USC Section 1331-1356), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901- 945), any other federal workers or workmens compensation law or other federal occupational disease law, any regulations issued under any of those laws, or any amendments to those laws and regulations. This exclusion does not apply to bodily injury to an employee who, at the time of the injury, qualifies as a seaman under the Jones Act.
9. bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51-60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, any regulations issued under any of those laws, or any amendments to those laws and regulations.
10. fines or penalties imposed for violation of federal or state law.
11. damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws and regulations.
12. bodily injury, or any claims or suits seeking damages because of bodily injury, arising directly or indirectly out of or from any actual or alleged participation in any act of sexual misconduct, sexual molestation or sexual abuse, physical or mental, of any person by you, by any of your officials or officers, by any of your employees, or by any of your volunteer workers.
13. with respect to bodily injury to a master or member of the crew of any vessel, any actual or alleged obligation or duty to provide, any actual or alleged damages for, or any awards or orders to pay, transportation, wages, maintenance or cure.
14. bodily injury to any pilot or member of the flying crew of any aircraft.

IV. 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 insurance. We have the right to investigate and settle those claims, proceedings and suits.

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

V. **We Will Also Pay**

We will also pay these costs, in addition to other amounts payable under this Certificate, 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 the limit of our liability under this insurance. We have no obligation to apply for or furnish such bonds;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

VI. **Other Insurance**

We will not pay more than our share of damages and costs covered by this Certificate and 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.

Notwithstanding the foregoing paragraph, we will make no payment for or on account of bodily injury covered by a Protection and Indemnity Policy or similar policy issued to you or for your benefit. We will make no payment even if the Protection and Indemnity policy or other similar policy does not apply because of an other insurance clause, deductible, limitation of liability clause, exclusion, or any other similar clause or provision.

VII. **Limits of Liability**

Regardless of the number of (1) insureds under this Certificate, (2) employee or employees who sustain bodily injury, (3) persons who allege damages because of bodily injury sustained by an employee or employees, or (4) claims made or proceedings or suits brought on account of bodily injury to an employee or employees, our liability to pay for damages is limited. Our limits of liability are shown in the Declaration Page of this Certificate. They apply as explained below.

1. **Bodily Injury by Accident.** The limit shown for each accident is the most we will pay for all damages covered by this Certificate because of bodily

injury to one or more employees in any one accident, including damages sustained by other persons because of bodily injury to an employee. Damages sustained by other persons because of bodily injury to an employee include, but are not limited to, damages for loss of consortium, loss of services, wrongful death and emotional distress.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. **Bodily Injury by Disease.** The limit shown for disease is the most we will pay for all damages covered by this Certificate and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease, including damages sustained by other persons because or arising out of bodily injury by disease sustained by an employee or employees. Damages sustained by other persons because or arising out of bodily injury by disease sustained by an employee or employees include, but are not limited to, damages for loss of consortium, loss of services, wrongful death and emotional distress.
3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this Certificate.

VIII. Recovery From Others

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

IX. Actions Against Us

There will be no right of action against us under this Certificate unless:

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

This Certificate does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE – OTHER STATES COVERAGE

1. If, subsequent to the commencement of the period of this Certificate, you temporarily undertake operations in or if, at your request or direction, an employee travels to or is temporarily assigned to, any State other than Maine, this Certificate applies to such operations, travel or temporary assignment and will provide coverage to you for liability imposed upon you by the Workers Compensation or Employers Liability Laws of such State. In order for this coverage to be provided, you must give notice to us before or within a reasonable time after the commencement of such operations, but, in no event, later than thirty (30) days after the commencement of such operations. Additionally, in order for this coverage to be provided, you must take whatever action is necessary to come within the Workers Compensation and occupational disease laws of such State.
2. If, at the commencement of the period of this Certificate, you are temporarily conducting operations or work in a State other than Maine, or if, at your request or direction, an employee has traveled to or is temporarily assigned to a State other than Maine, no coverage will be provided under this Certificate unless you inform us within thirty (30) days of the commencement of this Certificate. Additionally, in order for this coverage to be provided, you must have taken whatever action is necessary to come within the Workers Compensation and occupational disease laws of such State.
3. We will reimburse for the benefits required by the Workers Compensation Law of the other State if we are not permitted to pay the benefits directly to persons entitled to them.
4. The coverage provided under this Part shall be subject to all the terms, conditions, limitations and exclusions of this Certificate.
5. The coverage provided by this Part does not provide coverage for fines or penalties imposed on you for failure to comply with the requirements of any Workers' Compensation Law in any State.
6. Contributions for the coverage provided under this Part will be determined as set forth in Part Four.

PART FOUR – CONTRIBUTIONS

I. Contribution Calculation

Contribution for each work classification is determined by multiplying a rate times a contribution basis. Remuneration is the most common contribution basis. This

contribution basis includes payroll and all other remuneration paid or payable during the Certificate period for the services of:

- a. all your officers, officials and employees engaged in work covered by this Certificate, and
- b. all other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) or, if applicable, Part Three of this Certificate. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the contribution basis. This paragraph b will not apply if you give us proof that the actual employers of these persons lawfully secured their workers compensation obligations.

II. Contribution Payments

You will pay contributions when due.

III. Final Contribution

The contribution shown on the contribution sheets, schedules, and endorsements is an estimate. The final contribution will be determined after this policy ends by using the actual, not the estimated, contribution basis and the proper classifications and rates that lawfully apply to the business and work covered by this Certificate. If the final contribution is more than the contribution you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final contribution will not be less than the highest minimum contribution for the classifications covered by this policy.

IV. Records

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

V. Audit

You will let us examine and audit all your records that relate to this policy. 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 contribution.

PART FIVE - CONDITIONS

I. Inspection

- a. We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the contributions to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or 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. Insurance rate service organizations have the same rights we have under this provision.
- b. Maine Inspection Immunity Statement (Title 14 Maine Revised Statutes Annotated Section 167)

The following limits our liability:

We, our agents, employees, or service contractors, are not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish insurance inspection services related to, in connection with or incidental to the issuance or renewal of this insurance.

This exemption from liability does not apply:

- A. If the injury, loss or death occurred during the actual performance of inspection services and was proximately caused by our negligence or by the negligence of our agents, employees or service contractors;
- B. To any inspection services required to be performed under the provisions of a written service contract or defined loss prevention program;
- C. In any action against us, our agents, employees, or service contractors for damages proximately caused by our acts or omissions, or by the acts or omissions of our agents, employees or service contractors, if such acts or omissions are determined in said action to constitute a crime, actual malice or gross negligence; or
- D. If we fail to provide this written notice to you whenever a Certificate is issued or when new Certificate forms are issued upon renewal.

II. Final Contribution

We are required by Maine regulation to complete our final contribution audit not later than 120 days after the policy period ends.

If we are unable to examine and audit your records because of your failure to cooperate, we will mail advance written notice to you stating the reasons for our inability to establish the final contribution. Your final contribution will be established no later than 120 days from the time we are able to complete the examination and audit of your records.

If we have not established the final contribution within the 120-day time limitation, we may not bill or collect any additional contribution that exceeds the latest billed annual contribution.

III. Cancellation

1. You may cancel or withdraw this coverage as of the anniversary date of the Certificate's issuance by giving sixty (60) days advance written notice to us.
2. We may cancel this coverage as of any anniversary date upon giving you at least sixty (60) days advance written notice.
3. This coverage may be cancelled by us, at any time, with thirty (30) days advance written notice for failure to pay contribution in accordance with the terms of the Maine Municipal Association Workers Compensation Fund Indemnity Agreement and Declaration of Trust.
4. Notice of cancellation shall be considered duly given on the date on which it is mailed, postage paid to you at the mailing address shown in the Member Coverage Certificate.
5. The Certificate period will end on the day and hour stated in the cancellation notice.
6. Cancellation does not relieve you of any of your duties or obligations under this Certificate, as regards any claims or potential claims covered by us.
7. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this Certificate, or the terms of the Maine Municipal Association Workers Compensation Fund Indemnity Agreement and Declaration of Trust, is changed by this statement to comply with the law and said indemnity and trust agreements.

IV. Transfer of Your Rights and Duties

Your rights or duties under this Certificate may not be transferred without our written consent.

V. Liberalization

If we adopt a change in the form of this Certificate that would broaden the coverage of this Certificate without extra charge, the broader coverage will apply to this Certificate when the change becomes effective in Maine.

PART SIX - YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this Certificate. 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 agent 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.