



*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

RI SI-17

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 RI SI-17

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



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 (15<sup>th</sup>) day of each month beginning \_\_\_\_\_, a report or 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. Execss 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 RI SI-17

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 \_\_\_\_\_

RI SI-17

DLT is an equal opportunity employer/program - auxiliary aids and services available upon request. TTY Via RI Relay: 711