

# SELF-INSURANCE AGGREGATE SURETY BOND

Employer:	Surety Bond Number:
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Know All Men by These Presents that \_\_\_\_\_ of \_\_\_\_\_, as Surety, are held and firmly bond unto the PEOPLE OF THE STATE OF UTAH, for the use and benefit of each and all of the employees of the employer in the aggregate penal sum of \_\_\_\_\_ Dollars ( \_\_\_\_\_ ), for the payment of which, the employer binds itself, its heirs, executors, administrators, successors, and assigns, and the Surety binds itself, its successors, and assigns, jointly and severally by these presents:

WHEREAS, In accordance with the provisions of Utah Statutes the Employer elected to self-insure, and made application for, or received from the Division of Industrial Accidents, State of Utah, a Certificate to Self-Insure.

NOW, THEREFORE, It is understood and agreed that

1. This Bond can be amended by an amendatory rider if such a rider is approved by the Utah Division of Industrial Accidents. Such a rider shall be in written form attached to this Bond following written approval of the Utah Division of Industrial Accidents.
2. The surety undertakes and agrees that the obligation of this Bond shall cover and extend in an aggregate manner to all past, present, future, and existing and potential obligations of the Employer under the Utah Workers' Compensation Act from the date the Employer becomes self-insured, which date being \_\_\_\_\_. Such aggregate obligations for past, present, future, and existing and potential obligations shall extend to the payment for temporary and permanent compensation, medical compensation, death benefits, court costs, assessments and any other liability or assessment required or imposed on an Employer by the Utah Workers' Compensation Act. The obligations of the Surety shall be in the manner set out in this bond subject to the penal amount of this bond.
3. This Bond shall be an aggregate bond continuous in form and shall remain in full force and effect until the Surety is released as set out in this agreement.
4. Release must be approved by the Labor Commission and request for release must be submitted at least thirty (30) days prior to an expected release date. Where there is release of Surety approved by the Utah Division of Industrial Accidents, that Surety shall be released as follows: (a) Where the Employer enters into an agreement with a new Surety company, the new Surety shall assume all obligations of the previous Surety and the previous Surety shall be completely released from its obligations under this bond. The new Surety shall then be liable for all obligations of the Employer as set out in paragraph 2 of this Bond and all other sections of this Bond; (b) Where the Employer does not obtain a new Surety and the Surety is released by the Division of Industrial Accidents, the released Surety shall be liable for all past, present and future obligations of the Employer that relate to accidents or occupational diseases which occurred prior to the date of release of such Surety. Such obligations will extend to past, present and future payments of temporary and permanent compensation, medical compensation, death benefits, court costs, assessments and any other liability or assessment imposed on an Employer by the Utah Workers' Compensation Act in regard to accidents or occupational diseases that occur prior to the date of the Surety's release.
5. The date of release of Surety shall be the date when the Surety is advised in writing by the Division of Industrial Accidents that they are so released. When a Surety wishes to be released from this agreement, they shall make application for a release to the Division of Industrial Accidents with a copy of that application to the Employer. However, in no case shall the Division of Industrial Accidents require that this agreement be in effect more than 60 days following receipt of the request for a release from the Surety. Such a release of the Surety shall, however, be conditional on the terms set out in paragraph 4 of this bond.

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6. In the event the Employer shall suspend payment of workers' compensation benefits, become insolvent, appoint a receiver, apply for reorganization under bankruptcy, or otherwise in any way is financially unable to meet its obligations under the Utah Workers' Compensation Act, the Surety will become liable for all obligations of the Employer as set out in paragraph 2 of this agreement and other sections of this Bond. This obligation shall become effective on the date the Employer suspends payment of workers' compensation benefits, becomes insolvent, appoints a receiver, or is otherwise financially unable to pay his obligations under the Utah Workers' Compensation Act. The obligations of Surety shall not be stayed pending any proceedings for liquidation of said Employer.

7. The Surety, subject to approval of the Division of Industrial Accidents, shall discharge their obligations under this Surety bond by adjusting its own claims or contracting with an adjusting company, risk Management Company, insurance company or other company that has expertise and capabilities in adjusting and paying workers' compensation claims. The company designated to handle claims shall be subject to approval by the Division of Industrial Accidents. Within ten (10) days of notification of the surety by The Labor Commission that the Employer has suspended payment of workers' compensation benefits, has become insolvent, has appointed a receiver, has applied for reorganization under bankruptcy, or has otherwise become financially unable to meet their obligations under the Utah Workers' Compensation Act, the Surety shall notify The Division of Industrial Accidents of the Surety's plan to handle claims. If an adjusting company other than the Surety is designated to handle claims, the cost of such adjusting company shall be borne by the Surety and not deducted from the penal amount of this Bond.

8. The Surety can meet its obligations as set out in paragraph 2 and all other sections of this Bond without a formal award by the Division of Industrial Accidents and such payment will be a credit against the penal sum of this Bond. Administrative, adjusting, and legal costs, including attorney's defense costs on an individual claim, incurred by the Surety in discharging its obligations under this Bond, shall not be charged against the penal sum of this Bond. Payments to workers or other obligations of the Employer under the Utah Workers' Compensation Act will be paid in the same manner as the employer would be required to make such payments. All obligations of the Employer under the Utah Workers' Compensation Act will be met in a timely manner by the Surety.

9. The undersigned are held and firmly bound for the payment of all legal costs, including reasonable attorney's fees incurred in all or any actions or proceedings taken to enforce payment of this bond, or payments of any award of judgment rendered against the undersigned Surety.

10. The purpose and function of this Bond is to assure that the same rights, remedies, and protections of the Division of Industrial Accidents and any other interest beneficiary, recipient, or party are guaranteed, as if securities had been deposited by the Employer, and held in the name of the Division of Industrial Accidents as a security deposit in connection with the self-insured privilege.

11. If any part or provision of this Bond shall be declared unenforceable or invalid by a court of competent jurisdiction, such determination in no way shall affect the validity or enforceability of the other parts or provisions of this Bond.

12. The Surety expressly recognizes that the intended purpose of this Bond is to insure that aggregate obligations of the Employer are met if the Employer suspends payment of workers' compensation benefits, becomes insolvent, appoints a receiver, or otherwise is financially unable to meet their obligations under the Utah Workers' Compensation Act for any past, present, future and existing or potential obligations for temporary and permanent compensation, medical compensation, death benefits, court costs, assessments and any other liability or assessments required of or imposed on the Employer by the Utah Workers' Compensation Act. This meaning and intent shall be given to the construction of the terms set out in this Bond agreement.

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The effective date of this Bond shall be \_\_\_\_\_ and the premium or rate of premium therefor is \$ \_\_\_\_\_

IN WITNESS WHEREOF, The parties hereto have caused their names to be signed and this instrument to be sealed by the respective parties hereunto duly authorized.

Signed, sealed, and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Authorized Employer Personnel

Signature

Printed Name

Title

Authorized Surety Personnel

Signature

Printed Name

Title

ATTEST:

