



**STATE OF ARIZONA
THE INDUSTRIAL COMMISSION OF ARIZONA
SELF-INSURANCE WORKERS' COMPENSATION GUARANTY BOND**

Bond No. _____

Know All Persons by These Presents:

That _____,
("Principal") and _____ of _____, as
Surety, a corporation organized under the laws of _____ and
authorized and licensed to transact the business of surety insurance in the State of Arizona, are
held and firmly bound unto The Industrial Commission of Arizona, its agents, successors,
assigns, and/or designees in trust for the fulfillment by Principal of its obligations under the
Arizona Workers' Compensation Act in the penal sum of _____
dollars
(_____), lawful money of the United States, for the payment of
which, the Principal binds itself, its heirs, executors, administrators, successors, and assigns, and
the Surety binds itself, its heirs, executors, administrators, successors, and assigns, jointly and
severally by the presents:

WHEREAS, under the authority of the Arizona Workers' Compensation Act ("Act")
(Arizona Revised Statutes, Title 23, Chapter 6), the Principal has made application or been
granted permission by The Industrial Commission of Arizona to self-insure the Principal's
workers' compensation liabilities under the Act.

NOW, THEREFORE, the condition of this obligation is such that if the Principal, its
heirs, executors, administrators, successors, or assigns shall pay and furnish workers'
compensation benefits to its employees and the dependents of its fatally injured employees as
required under the Act and applicable rules, and any other liability, assessment, contribution, or
obligation imposed upon the Principal under the Act, then this obligation shall be void, otherwise
to remain in full force and effect, subject to the following terms and conditions:

1. To the extent of the penal sum of this Bond, the Surety undertakes and agrees that the obligation of this Bond shall cover and extend to all past, present, future, existing, and potential liabilities of the Principal required or imposed under the Act for industrial injuries, accidents, or diseases having a date of injury that occurred during the effective period of this Bond. The effective period of this Bond is deemed to be from _____, the date of the Principal's initial authority to self-insure to the effective date of the termination of authority to self-insure, as determined by the records of the Commission. The Surety's obligation for past, present, future, existing and potential liabilities includes liability for temporary and permanent compensation benefits, medical and hospital benefits, death benefits, and any other liability, assessment, contribution, or obligation required or imposed under the Act, including liability for reopened or rearranged claims.
2. In the event the Principal fails to meet its obligations as described in this Bond, is found by a court of competent jurisdiction to be insolvent, bankrupt, appoints a receiver, or otherwise in any way is unable to meet its liabilities or obligations under the Act, the Surety will become liable for all liabilities of the Principal as set forth in this Bond. The obligation of the Surety shall not be stayed pending any proceedings for liquidation, bankruptcy, rehabilitation, receivership, or insolvency of the Principal. Nor shall the obligation of the Surety be stayed pending receipt or delivery of other securities or bonds posted to secure liabilities of the Principal.
3. The Surety shall discharge its obligation under this Bond by payment as set forth in A.R.S. § 23-966 to the extent of the amount of the penal sum of this Bond, upon demand, and prior to the Surety's demand for the institution of suit or other action or demand, if any, against the Principal. The following information, provided to the Surety by The Industrial Commission of Arizona, its agents, successors, assigns, and/or designees, and in a format designated by the Industrial Commission of Arizona, constitutes a demand under this paragraph:
 - a. Amounts paid under A.R.S. § 23-966 (total amount paid and amount paid per claim);
 - b. Name, date of birth, and date of injury for each claimant to whom amounts are paid under A.R.S. § 23-966; and
 - c. Amounts reserved to pay obligations under A.R.S. § 23-966.

The Surety shall have forty-five (45) days after receipt by certified mail or electronic transmission of any demand by the Industrial Commission of Arizona to pay the amount

thereof without interest charge or accrual on the principal amount of the demand. Thereafter, any demand unpaid shall accrue, from the date of demand until paid, an interest charge at an annual rate of 24%. Such accrued interest shall not be charged against or reduce the penal sum of this Bond. Such interest charge shall be borne as a cost of the Surety in addition to the penal sum. Administrative and legal costs of the Surety, including attorney fees incurred by the Surety in discharging its obligation under this Bond shall not be charged against the penal sum of this Bond. The Surety's request for additional information shall not delay the Surety's obligation to pay under this Bond.

4. With the express written consent of The Industrial Commission of Arizona, or upon demand by the Industrial Commission of Arizona, its agents, successors, assigns, and/or designees, the Surety may discharge its obligation under this Bond by paying to the extent of the amount of the penal sum, the full present value of any and all liabilities or obligations of the Principal described in this Bond. The Surety shall have six (6) months after receipt by certified mail of a demand to pay the full present value without interest charge or accrual on the principal amount of the demand. Thereafter, any demand unpaid shall accrue, from the date of demand until paid, an interest charge at an annual rate of 24%. Such accrued interest shall not be charged against or reduce the penal sum of this Bond. Such interest charge shall be borne as a cost of the Surety in addition to the penal sum. Administrative and legal costs of the Surety, including attorney fees incurred by the Surety in discharging its obligation under this Bond shall not be charged against the penal sum of this Bond. The Industrial Commission of Arizona shall approve the discount table used to calculate the present value under this paragraph.
5. This Bond shall be continuous in form and shall remain in full force and effect until cancelled or released as follows:
 - a. This Bond may be cancelled by the Surety as of, and on a date specified by the Surety (effective date of cancellation), upon giving 60 days advance written notice of the effective date of cancellation by certified mail to the Industrial Commission of Arizona and the Principal. Except as provided in paragraph 5(b) of this Bond, cancellation of this Bond shall not terminate the Surety's liability for any and all past, present, future, existing and potential liabilities or obligations of the Principal required under the Act that relate to industrial injuries, accidents, or diseases having a date of injury that occurred during the effective period of this Bond (which is deemed to be from the effective date of the Principal's initial authority to self-insure through

the effective date of cancellation). Such continuing liability includes liability for temporary and permanent compensation benefits, medical and hospital benefits, death benefits, and any other liability, assessment, contribution, or obligation required or imposed upon the Principal under the Act with regard to industrial injuries, accidents, or diseases having a date of injury that occurred during the effective period of this Bond, including liability for reopened or rearranged claims.

- b.** The continuing liability of the Surety is subject to release under this Bond only upon written notice of release from The Industrial Commission of Arizona to the Surety. The date of the release of the Surety shall be the date when the Surety is advised in writing by The Industrial Commission of Arizona that the Surety is released. If a new guaranty bond acceptable to The Industrial Commission of Arizona is accepted from or on behalf of the Principal as a substitute for this Bond, and the Surety providing the substitute guaranty bond ("new Surety") agrees to and assumes all liabilities and obligations of this and any previous bond and the new Surety agrees to be liable for all liabilities or obligations of the Principal without right of contribution from any prior surety, then The Industrial Commission of Arizona shall release this Bond.
 - c.** In no event shall the Surety refuse to honor immediately a claim against its bond solely because of misrepresentations made to the Surety by a previous surety or by the Principal, or both, to induce the Surety to issue its bond.
 - d.** The liability of the Surety under this Bond shall not terminate or be released upon The Industrial Commission of Arizona's acceptance of any new bond or security from, or on behalf, of the Principal which is in addition to this Bond. The Surety under this Bond shall continue to be obligated to the extent of its liability under this Bond prior to resort to any additional bond or security.
- 6.** The undersigned are held and firmly bound for the payment of all costs and necessary expenses, 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 or judgment rendered against the undersigned Surety. The Surety further agrees to waive any statutory limitations regarding the time to bring suit, or other action or proceeding to enforce payment of this Bond.
- 7.** If any part or provision of this Bond is 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.

- 8. The Surety expressly recognizes that the intended purpose of this Bond is to insure that the obligations of the Principal are met if the Principal fails to meet its obligations as described in this Bond, is found by a court of competent jurisdiction to be insolvent, appoints a receiver, or is otherwise unable to pay its obligations under the Act. This meaning and intent shall be given to the construction of the terms set out in this Bond.
- 9. No part or provision of this Bond shall impair the authority of the Industrial Commission of Arizona to require an annual review of the Bond to ensure that the Bond meets applicable requirements.
- 10. Any additional term, change, or amendment to any term of this Bond, shall require the written approval of the Principal, Surety, and the Industrial Commission of Arizona. The approved change shall be made by endorsement upon or rider to this Bond executed by the Surety and Principal. An increase or decrease of the penal sum of this Bond shall be for the full effective period of the Bond without impairing the obligation of this Bond for the overall coverage of the Principal for all past, present, future, existing, and potential liability of the Principal and without regard to specific injuries, date or dates of injuries, happenings, or events to the extent of the penal sum as increased or decreased.
- 11. Arizona law shall govern and apply to this Bond and all disputes or actions arising out of this Bond.

IN WITNESS WHEREOF, the parties have caused their names to be signed this _____ day of _____, _____.

Name and Title of Principal

By: _____

Printed Name of Person Signing for Principal

Attest:

Printed Name

Bond No. _____

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Surety

By: _____

Attorney-in-fact for Surety

Printed Name of Attorney-in-fact for Surety

Attest:

Printed Name

Address and Telephone Number of Surety

Please attach to this Bond a certified copy of the Surety's power of attorney authorizing execution of this Bond by Surety's attorney-in-fact.