BOND FOR WORKERS' COMPENSATION SELF-INSURED EMPLOYERS

KNOW ALL PERSONS BY THESE PRESENTS, that _____,
a corporation formed under the laws of the State of _____,
and having a principal place of business at _____,
in the County of _____, and the State of _____,
as Principal, and _____,
a Corporation duly organized and existing under the laws of the State of _____,
having its principal office at _____,
in the County of _____, and the State of _____,
and authorized to transact insurance in the State of Maine, as Surety, are holden and stand firmly bound and obliged unto the TREASURER OF THE STATE OF MAINE or the treasurer's successors in office, in the full and just sum of

2. (b) In no event shall the Surety refuse to honor a legitimate and accurate claim against its Bond solely because of misrepresentations made to the Surety by a previous surety and/or by the Principal to induce the Surety to issue its Bond or because of any violation by the Principal of the Principal's obligations to Surety under this bond.

3. (a) Except for provisions of non-renewal as hereinafter set forth, this bond shall be continuous. The Surety or the Principal have the right to non-renew this Bond. Such non-renewal shall be effective on the anniversary date next occurring after the date of appropriate notice. The "anniversary date" shall be one year from the effective date of the bond and annually on the same date thereafter. "Appropriate notice" of non-renewal by the Surety occurs only if notice of non-renewal is sent by certified mail to the Superintendent of Insurance, the Principal, any guarantor approved by the Superintendent of Insurance, and the Chair of the Workers' Compensation Board not less than 60 days prior to the effective date of non-renewal. The Principal shall not non-renew this Bond without prior written authorization from the Superintendent of Insurance, and the Surety will not honor a request for non-renewal from the Principal without proof of such authorization.

3. (b) Notwithstanding the provisions of paragraph 3(a), the Surety shall have the right to non-renew this Bond in the event that the Principal fails to pay premium for same on or before the anniversary date of this Bond. In such event, non-renewal shall occur 60 days after notice is sent, certified mail, to the Principal, any guarantor approved by the Superintendent of Insurance, the Superintendent of Insurance and the Chair of the Workers' Compensation Board. Such notice shall be sent at any time on or after the anniversary date and shall be accepted as having satisfied statutory requirements for notice.

3. (c) The obligations under this Bond, in any event, shall continue for liabilities already existing and for liabilities incurred from the date of such notice to the effective date of non-renewal.

4. (a) This Bond shall cover payment of all liabilities present on the effective date of the bond which were incurred by the Principal as a self-insured employer under the Workers' Compensation Act.

4. (b) This Bond shall cover payment of all liabilities incurred by the employer from the effective date of this Bond until this bond is non-renewed, or until a plan of termination, pursuant to Title 39-A M.R.S.A. § 403(14), has been filed and approved by the Superintendent or has been issued by the Superintendent after a hearing.

5. (a) This Bond shall remain and continue in full force and effect so long as the liability of the Principal as a self-insured employer under the Act exists. If the bond is non-renewed and is not replaced with another surety bond or other form of security as approved by the Superintendent, the Surety remains liable to the full or remaining extent of the penal sum of the bond for: (1) all injuries occurring before the inception date of the bond during the period of time the Principal was an approved self-insurer; and (2) all injuries occurring during the term of the bond. An injury occurring after the effective date of non-renewal or termination of the bond does not become the obligation of the Surety, except to the extent that an arbitrator apportions liability for such injury pursuant to Title 39-A M.R.S.A. § 354.

5. (b) If the bond is non-renewed and replaced with another bond or other form of security as approved by the Superintendent, the Surety shall be released from liability for the remaining or full extent of the bond, and the Superintendent shall notify the Surety in writing of its release from its liability under this bond.

5. (c) If the Principal ceases to be an employer subject to the Act or duly insures its Maine workers' compensation liabilities with an authorized workers' compensation insurer, the liability of the Principal and of the Surety shall continue as to the payment of any and all benefits due and payable which are attributable to injuries incurred during the period in which the Principal was an approved self-insurer and the period covered by this Bond; but the liability of the Principal and of the Surety shall otherwise cease, it being understood that the Surety shall be liable to the full extent of the Penal Sum herein stipulated for the default of the Principal in fully discharging any liability on the Principal's part covered by the terms of this Bond.

6. (a) To the extent that the Surety is required to pay any claim for liabilities incurred by the Principal prior to the effective date of the Bond, if the Principal has provided previous security to the State in the form of a fully funded trust, the Surety shall be and is subrogated to the rights of those injured employees who receive payments from the Surety for injuries incurred prior to the effective date of this Bond to which such previous security may apply.

6. (b) The Principal shall give the Surety all assistance in the Principal's power, as Surety may require, to secure Surety's rights and remedies and, at Surety's request, shall execute all documents necessary to secure payment to the Surety out of any such prior security to the extent of payment made by the Surety for liabilities of the Principal incurred under the Act prior to the effective date of this Bond.

6. (c) The Principal shall indemnify and save the Surety harmless from any and all loss, cost and expense incurred by the Surety to secure payment out of any such prior security pursuant to this paragraph. Any such loss, cost and expense incurred hereof by the Surety shall not serve to reduce the aggregate Penal Sum.

6. (d) The Principal shall undertake no activity to prejudice the subrogation rights granted the Surety under the provisions of this paragraph, nor shall the Principal in any way impair any attempt by the Surety to enforce its rights of subrogation as expressed herein.

7. (a) If, after reasonable notice to the Surety that the Principal, or any guarantor approved by the Superintendent of Insurance, has failed to pay Workers' Compensation benefits pursuant to any unambiguous, specific and unappealable order of the Workers' Compensation Board awarding the payment of benefits under the Act, the Surety has failed and neglected to pay such benefits pursuant to the appropriate provisions of the Maine Workers' Compensation Act and regulations promulgated thereunder, the State may institute proceedings in the Superior Court seeking enforcement of the provisions of this Bond or declaratory relief. The liability of the Surety for attorney's fees and costs incurred by the State for legal proceedings brought under this paragraph may not reduce the penal sum of the Bond.

7. (b) If the State seeks such enforcement on behalf of only one injured employee to whom Workers' Compensation benefits are due, the Surety may be liable for all reasonable and necessary attorneys' fees and costs incurred by the State in such legal proceedings before the Superior Court or the Supreme Judicial Court to a maximum amount of $5,000.00.

7. (c) If the State seeks declaratory relief pursuant to claims that the failure and neglect of the Surety to pay Workers' Compensation benefits in accordance with the provisions of the Maine Workers' Compensation Act and regulations promulgated thereunder constitute a continuing course of conduct, and such legal action is instituted on behalf of more than one injured employee to whom Workers' Compensation benefits are due, the Surety may be liable for reasonable and necessary attorney's fees and

costs incurred by the State to a maximum amount of $40,000.00 or 5% of the Penal Sum of this Bond, whichever is greater.

7. (d) The liability of the Surety to pay such attorney's fees and costs pursuant to (b) and (c) above shall accrue only upon a final adjudication on the merits in favor of the State, and the Surety shall not be liable for such attorney's fees and costs when such legal proceedings instituted by the State pursuant to this paragraph have been settled or resolved by way of arbitration, mediation, or any form of alternative dispute resolution, except to the extent expressly provided in the settlement agreement or arbitration award.

8. Notwithstanding paragraph 7 above, the Surety shall have the right to administer and defend all claims under this Bond.

9. The effective date of this Bond is _____.

IN WITNESS WHEREOF the said Principal and Surety have caused these presents to be executed in their names and behalf and their seals to be here affixed this date of _____.

PRINCIPAL:

_____	_____
Signature	Name
_____	_____
Date	Title

SURETY:

_____	_____
Signature	Name
_____	_____
Date	Title