



PennPRIME

INSURANCE TRUSTS | A Service Program of The League

PENN PRIME
WORKERS' COMPENSATION TRUST
COVERAGE DOCUMENT

**PENN PRIME WORKERS' COMPENSATION TRUST
COVERAGE DOCUMENT**

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PENN PRIME WORKERS' COMPENSATION TRUST COVERAGE DOCUMENT

I. INTRODUCTION

A. *The Coverage Document*

This Coverage Document includes a full description of all the coverage provided to the Trust Members. This coverage document incorporates the provisions of the Penn PRIME Workers' Compensation Trust Amended Agreement of Trust (the "Agreement of Trust") and the Penn PRIME Workers' Compensation Trust Member Participation Agreement (the "Member Participation Agreement") with respect to the rights and obligations of the Members of the Trust. To the extent the terms of this Coverage Document conflict with any of the provisions of the Agreement of Trust, the Agreement of Trust will take precedence.

Throughout the Coverage Document, the words "you" and "your" refer to the Member shown in the Coverage Declarations. The words "we", "us" and "our" refer to the Penn PRIME Workers' Compensation Trust (hereinafter "the Trust").

B. *Covered Party*

You are a covered party under this Coverage Document for so long as you remain in good standing with us, pursuant to the terms of the Agreement of Trust.

C. *Workers' Compensation Law*

This Coverage Document provides coverage in accordance with the Workers' Compensation Act (the "Act") and regulations promulgated thereunder. It includes any amendments to that law which are in effect during the Coverage Period. The coverage provided herein is intended to comply in all respects with the requirements imposed under the Act.

D. *Coverage Territory*

This coverage applies in any state of the United States of America and the District of Columbia.

E. *Coverage Period*

Coverage Period means the period from 12:01 a.m. of the effective date to 12:01 a.m. of the expiration date shown on the Coverage Declarations.

II. GENERAL CONDITIONS

A. *Defense, Investigation and Settlement of Claims*

1. We have the right and duty to defend any claim against you seeking workers' compensation benefits or other damages which shall be payable under this Coverage Document, even if those claims are groundless, false or fraudulent. In exercising our right to control the defense of all claims against you, we reserve the right to assert any defenses which may apply to your liability.
2. We may make such investigation and settlement of any claim or suit as we deem acceptable.
3. You shall not, except at your own cost and your own account, make any payment, admit any liability, settle any claim, assume any obligation or incur any expense without our written consent.
4. Once limits of liability for an Employer's Liability claim against you have been exhausted by the payment of judgments or settlements, then our duty to further defend you shall cease.
5. We shall be permitted to defend you under a reservation of rights and/or a non-waiver agreement, whereby we agree to defend subject to:
 - (i) any exclusions which may otherwise apply under the terms of this Coverage Document; and/or
 - (ii) any defense, legal or equitable, which we may have against you which may justify exclusion of any claims against you which is defended by us under a reservation of rights.

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6. We have no duty to defend a claim, proceeding or suit that is not covered by this Coverage Document.

B. Amendments to the Coverage Document

There shall be no amendments to this Coverage Document except upon a majority vote of the entire Board of Trustees at any duly called meeting of the Board of Trustees. All amendments of this Coverage Document shall be effective as of the date of adoption unless otherwise noted.

C. Recovery from Others

We have your rights, and the rights of persons entitled to benefits of this coverage, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and help us enforce them.

D. Insolvency and Bankruptcy

Your insolvency, bankruptcy or dissolution shall not relieve us of our obligations under the provisions of this Coverage Document.

E. Inspection and Audit

We have the right, but are not obligated, to inspect your workplaces at any time. Neither our right to make inspections, the making thereof or any report thereon shall constitute an undertaking on behalf of or for the benefit of others to determine or warrant that such property or operations are safe or healthful or in compliance with any law, rule or regulation.

F. Other Coverage

Regarding Workers' Compensation Coverage, we will not pay more than our share of benefits and costs covered by this Coverage Document and other insurance or self-insurance. Regarding Employers Liability Coverage, we will not pay more than our share of damages and costs covered by this Coverage Document and other insurance or self-insurance. Subject to any limits of liability that will apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all the remaining coverage will be equal until the loss is paid.

G. Your Duties if Injury Occurs

You are required to inform us, or our authorized representatives, immediately in writing if an injury occurs which may be covered under this Coverage Document. You are also required to:

1. Provide for immediate medical and other services required by the workers' compensation law;
2. Give us or our designee 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 relating 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 a claim, proceeding or suit;
5. Do nothing after injury occurs that would interfere with our right to recover from others; and
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

H. Actions Against Us

1. You have no right of action against us unless you are in full compliance with all provisions of this Coverage Document and the Agreement of Trust.
2. This Coverage Document does not give anyone the right to add us as a defendant in an action against you seeking to determine your liability.

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III. WORKERS' COMPENSATION COVERAGE

A. 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. We are directly and primarily liable to any person entitled to the benefits under this Coverage Document. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against us and you.
3. Jurisdiction over you is jurisdiction over us for purposes of the workers' compensation law. We are bound by decisions against you under the law subject to the provisions of this Coverage Document that are not in conflict with that law.
4. This coverage conforms to all parts of the workers' compensation law which apply to:
 - a. Benefits payable by this coverage; and
 - b. Special fees to the Pennsylvania Department of Labor and Industry, payments into security or other special funds and assessments payable by us under that law.

Terms of this Coverage Document that conflict with the workers' compensation law of Pennsylvania are changed by this statement to conform to that law.

Nothing in the above paragraphs relieves you of your duties under this Coverage Document.

B. How the Coverage Applies

This workers' compensation coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death. Bodily injury by accident must occur during the Coverage Period. 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 Coverage Period.

C. Coverage Agreement

We will pay promptly, when due, the benefits required of you by the Pennsylvania workers' compensation law.

We will also pay these costs, in addition to other amounts payable under this coverage, as part of any claim, proceeding, or suit that 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 amount payable under this Coverage Document;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law until we offer the amount due under this coverage; and
5. Expenses we incur.

D. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided under 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;

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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;
5. Of application of Act 193 P.L. 477 which provides for payment of full wages and medical attention for policemen and firemen injured in the performance of their duty.

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.

IV. EMPLOYERS LIABILITY COVERAGE

A. How This Coverage Applies

This Employers Liability Coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in the coverage territory.
3. The bodily injury by accident must occur within the Coverage Period.
4. The bodily injury by disease must be caused or aggravated by the conditions of employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Coverage Period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or disease must be brought in the United States of America, its territories or possessions or Canada.

B. Coverage Agreement

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

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

1. 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;
2. For care and loss of services;
3. For consequential bodily injury to a spouse, child, parent, brother or sister of the 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
4. 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 an employer.

C. Exclusions

This coverage does not apply to:

1. Liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. Punitive or exemplary 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 officials;

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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 of 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 employee, or any personnel 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 et seq.), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171 et seq.), the Outer Continental Shelf Lands Act (43 USC Sections 1331 et seq.), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Safety and Health Act (30 USC Sections 801 et seq. and 901-944), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws;
9. Bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51 et seq.), 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, or any amendments to those laws; and
10. Fines or penalties imposed for violation of federal or state law.

D. Additional Expenses

We will pay these costs, in addition to other amounts payable under this Employer's Liability Coverage, 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 coverage;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law until we offer the amount due under this coverage; and
5. Expenses we incur.

E. Limit of Liability

Our liability to pay for damages is limited. The Maximum Limit of Indemnity Per Occurrence is specified on the Coverage Declarations. Occurrence as used here shall mean bodily injury by accident and bodily injury by occupational disease. Bodily injury by occupational disease sustained by each employee shall be deemed to be a separate Occurrence unless such disease results directly from an accident. With respect to bodily injury caused by the Same Communicable Disease, Occurrence shall mean an accident or a series of related events having a detectable common source of causation at the workplace, that results in bodily injury to two or more employees who are infected with the Same Communicable Disease, which infection is manifested during the Coverage Period. Same Communicable Disease shall mean specifically diagnosed infectious disease caused by an infectious organism which is transmitted from one source to another, directly or indirectly, which is the same proximate cause of bodily injury to each infected employee.

We will not pay any claims for any damages after we have paid the applicable limit of our liability under this Employers Liability Coverage.