TOWNSHIP OFFICIALS OF ILLINOIS
RISK MANAGEMENT ASSOCIATION

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY FORM

TOIRMA (herein called the Association) agrees with the Member, named in the Declarations page made a part hereof, in consideration of the payment of the Member contributions and in reliance upon the statements in the Declarations and subject to the limits of liability, exclusions, conditions and other terms of this Agreement, as follows:

AGREEMENTS

A. COVERAGES

COVERAGE A - WORKERS' COMPENSATION. To pay promptly when due all compensation and other benefits required of the Member by the workers' compensation law.

COVERAGE B - EMPLOYERS' LIABILITY. To pay on behalf of the Member all sums which the Member shall become legally obligated to pay as damages because of bodily injury by accident or disease, including death at any time resulting therefrom.

1. Sustained in the United States of America, its territories or possessions, or Canada by any employee of the Member arising out of and in the course of his employment by the Member either in operations in the State of Illinois or in operations necessary or incidental thereto, or;

2. Sustained while temporarily outside the United States of America, its territories or possessions, or Canada by any employee of the Member who is a citizen or resident of the United States or Canada arising out of and in the course of his employment by the Member in connection with operations in the State of Illinois, but this coverage does not apply to any suit brought in or any judgment rendered by any court outside the United States of America, its territories or possessions, or Canada or to an action on such judgment wherever brought.

B. DEFENSE, SETTLEMENT, SUPPLEMENTARY PAYMENTS

As respects the coverage afforded by the other terms of this Agreement this Association shall:

1. defend any proceeding against the Member seeking such benefits and any suit against the Member alleging such injury and seeking damages on account thereof; even if such proceeding or suit is groundless, false or fraudulent; but the Association may make such investigation, negotiation and settlement of any claim or suit as it
deems expedient;

2. pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy, all premiums on appeal bonds required in any such defended proceeding or suit, but without any obligation to apply for or furnish any such bonds;

3. pay all expenses incurred by the Association, all costs taxes against the Member in any such proceeding or suit and all interest accruing after entry of judgment until the Association has paid or tendered or deposited in court such part of such judgment as does not exceed the limit of the Association's liability thereon;

4. reimburse the Member for all reasonable expenses, other than loss of earnings, incurred at the Association's request.

The amounts incurred under this coverage agreement, except settlements of claims and suits, are payable by the Association in addition to the amounts payable under Coverage A or the applicable limit of liability under Coverage B.

C. DEFINITIONS

1. Workers' Compensation Law. The unqualified term "workers' compensation law" means the workers' compensation law and any occupational disease law of the State of Illinois, but does not include those provisions of any such law which provide non-occupational disability benefits.

2. State. The word "state" means any State or Territory of the United States of America and the District of Columbia.

3. Bodily Injury by Accident. Bodily Injury by Disease. The contraction of disease is not an accident within the meaning of the word "accident" in the term "bodily injury by accident" and only such disease as results directly from a bodily injury by accident is included within the term "bodily injury by accident". The term "bodily injury by disease" includes only such disease as is not included within the term "bodily injury by accident".

4. Assault and Battery. Under Coverage B, assault and battery shall be deemed an accident unless committed by or at the direction of the Member.
D. APPLICATION OF AGREEMENT

This Agreement applies only to injury (1) by accident occurring during the period, or (2) by disease caused or aggravated by exposure of which the last day of the last exposure, in the employment of the Member, to conditions causing the disease occurs during the policy period.

E. EXCLUSIONS

This Agreement does not apply:

1. under Coverage A and B, if the Member has, under the workers' compensation law, other insurance for such operations;

2. under Coverage B, to liability assumed by the Member under any contract or agreement, but this exclusion does not apply to a warranty that work performed by or on behalf of the Member will be done in a workmanlike manner;

3. under Coverage B, (1) to punitive or exemplary damages on account of bodily injury to or death of any employee employed in violation of law, or (2) with respect to any employee employed in violation of law with the knowledge or acquiescence of the Member or any officer thereof;

4. under Coverage B, to bodily injury by disease unless prior to twelve months after the end of the period written claim is made or suit is brought against the Member for damages because of such injury or death resulting therefrom or a longer period of time if required by statute;

5. under Coverage B, to any obligation for which the Member or any carrier as insurer may be held liable under the workers' compensation or occupational disease law of the State of Illinois, any other workers' compensation or occupational disease law, any unemployment compensation or disability benefits law, or under any similar law.

F. CONDITIONS

1. Inspection and Audit: The Association and any person or firm designated by it shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this Agreement. Neither the right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Member or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation.
The Association and person or firm designated by it shall each be permitted to examine and audit the payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the period and any extension thereof and within three years after termination of this Agreement, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this Agreement.

2. Notice of Injury. When an injury occurs written notice shall be given by or on behalf of the Member to the Association or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the Member and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses.

3. Notice of Claim or Suit. If claim is made or suit or other proceeding is brought against the Member, the Member shall immediately forward to the Association every demand, notice, summons or other process received by its representative.

4. Assistance and Cooperation of the Member. The Member shall cooperate with the Association and, upon the Association's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings. The Member shall not, except at its own costs, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the workers' compensation law.

5. Statutory Provisions - Coverage A. The Association shall be directly and primarily liable to any person entitled to the benefits of the workers' compensation law under this Agreement. The obligations of the Association may be enforced by such person, or for his benefit by any agency authorized by law, whether against the Association alone or jointly with the Member. Bankruptcy or insolvency of the Member, or any default of the Member, shall not relieve the Association of any of its obligations under Coverage A.

As between the employee and the Association, notice or knowledge of the injury on the part of the Member shall be notice or knowledge, as the case may be, on the part of the Association. The jurisdiction of the Member, for the purposes of the workers' compensation law, shall be jurisdiction of the Association and the Association shall in all things be bound by and subject to the findings, judgments, awards, decrees, orders or decisions rendered against the Member in the form and manner provided by such law and within the terms, limitations and provisions of this Agreement not inconsistent with such law.
All of the provisions of the workers' compensation law shall be and remain a part of this Agreement as fully and completely as if written therein, so far as they apply to compensation and other benefits provided by this Agreement.

The Member shall reimburse the Association for any payments required of the Association under the workers' compensation law, in excess of the benefits regularly provided by such law, solely because of injury to (a) any employee by reason of the serious and willful misconduct of the Member, or (b) any employee employed by the Member in violation of law with the knowledge or acquiescence of the Member or any executive officer thereof.

Nothing herein shall relieve the Member of the obligations imposed upon the Member by the other terms of this Agreement.

6. Limits of Liability - Coverage B. The words "damages because of bodily injury by accident or disease, including death at any time resulting therefrom", in Coverage B include damages for care and loss of services and damages for which the Member is liable by reason of suits or claims brought against the Member by others to recover the damages obtained from such others because of such bodily injury sustained by employees of the Member arising out of and in the course of their employment. The limit of liability stated in the Declarations for Coverage B is the total limit of the Association's liability for all damages because of bodily injury by accident, including death at any time resulting therefrom, sustained by one or more employees in any one accident. The limit of liability stated in the Declarations for Coverage B is the total limit of the Association's liability for all damages because of bodily injury by disease, including death at any time resulting therefrom, sustained by one or more employees of the Member in operations in the State of Illinois or in operations necessary or incidental thereto in any one Agreement period.

7. Action Against Association - Coverage B. No action shall lie against the Association unless, as a condition precedent thereto, the Member shall have fully complied with all the terms of this Agreement, nor until the amount of the Member's obligation to pay shall have been finally determined either by judgment against the Member after actual trial or by written agreement of the Member, the claimant and the Association.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Agreement to the extent of the coverage afforded by this Agreement. Nothing contained in this Agreement shall give any person or organization any right to join the Association as a co-defendant in any action against the Member to determine the Member's liability.
8. Other Insurance. If the Member has other insurance against a loss covered by this Agreement, the Association shall not be liable to the Member hereunder for a greater proportion of such loss than the amount which would have been payable under this Agreement, had no such insurance existed, bears to the sum of said amount and the amounts which would have been payable under each policy applicable to such loss, had each such policy been the only policy so applicable.

9. Subrogation. In the event of any payment under this Agreement, the Association shall be subrogated to all rights of recovery therefore of the Member and any person entitled to the benefits of this against any person or organization, and the Member shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Member shall do nothing to prejudice such rights.

10. Changes. Notice to any agent of the Association or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Agreement or estop the Association from asserting any right under the terms of this Agreement, nor shall the terms of the Agreement be waived or changed except by endorsement issued to form a part of this Agreement.

11. Terms of Agreement Conformed to Statute - Coverage A. Terms of Agreement which are in conflict with the provisions of the workers' compensation law of the State of Illinois are hereby amended to conform to such law.

12. Declarations. By acceptance of this Agreement the Member agrees that the statements in the Declaration are agreements and representations, that this Agreement is issued in reliance upon the truth of such representation and that this Agreement embodies all agreements existing between itself and the Association or any of its agents relating to this Agreement.

G. VOLUNTARY COMPENSATION EXTENSION

It is agreed that:

1. Section I of this Agreement is amended by adding thereto an additional coverage as follows:
Coverage C - Voluntary Compensation. To pay on behalf of the Member, if any employee within a group of employees hereinafter described shall sustain injury, including death resulting therefrom, while employed by the Member in operations in a state specified opposite the description of such group of employees, under circumstances which would have rendered the Member liable for compensation if the injured employee and the Member had been subject to the workers' compensation law hereinafter designated with respect to such employment, an amount equal to the compensation and other benefits which would have been payable under such law had the injured employee and the Member been subject to such law with respect to such employment.

2. The agreement does not apply under Coverage C to injury or death which gives rise to a valid claim under any workers' compensation or occupational disease law.

3. The Agreement applies under Coverage C only to injury or death:

   (a) sustained in the United States of America, its territories or possessions, or Canada or

   (b) sustained while temporarily outside the United States of America, its territories or possessions, or Canada if the injured employee is a citizen or resident of the United States or Canada; but Coverage C does not apply to any suit brought in or any judgment rendered by any court outside the United States of America, its territories or possessions, or Canada or to an action on such judgment wherever brought.

4. The benefits payable under Coverage C on account of such injury shall be paid to such person or persons as would have been entitled thereto under the designated workers' compensation law, provided, however, that as a condition precedent to any such payment, the injured employee or in the event of his death, his legal representative or the person or persons entitled to sue therefore, shall (1) execute such full and binding release of all claims against the Member and the Association on account of such injury or death as may be required by the Association, and (2) assign to the Association all claims or judgments or the proceeds thereof which he or they may have or recover against any person who or organization which is or may be liable on account of such injury or death and execute such other documents as the Association may require to enable it to enforce such rights or collect such proceeds. The Association shall have full power to enforce such rights under any such assignment in its own name or in the name of the injured employee, or to make such negotiations and settlement as may be deemed expedient by the Association, but the Association shall not be obligated to enforce such rights. In the event of any recovery or settlement the Association shall pay the proceeds thereof, less payments hereunder and all expenses incident to such recovery or settlement, to the person
entitled thereto.

5. If any person entitled to payments under Coverage C shall refuse to accept such payment and to comply with the terms and conditions set forth above or if any person shall commence any proceedings at law, in equity or in admiralty, except for such payment, seeking damages from the Member or the Association on account of such injury, the Association's liability under Coverage C with respect to such injury is thereupon terminated.

6. With respect to injury or death to which Coverage C is applicable, or would have been applicable except for the preceding paragraph 5, the limit of the Association's liability under Coverage B shall be determined in accordance with the following provision, and Condition 6 of the Agreement is amended accordingly:

Limits of Liability - Coverage B. the words "damages because of bodily injury by accident or disease, including death at any time resulting therefrom," in Coverage B, include damages for care and loss of services and damages for which the Member is liable by reason of suits or claims brought against the Member by others to recover the damages obtained from such others because of such bodily injury sustained by employees of the Member arising out of and in the course of their employment. The limit of liability stated in the Declarations as applicable to "each employee" is the total limit of the Association's liability for all damages because of bodily injury by accident, including death resulting therefrom, sustained by one employee in any one accident; and subject to the foregoing provision respecting "each employee", the limit of liability stated in the Declarations as applicable to "each accident" is the total limit of the Association's liability for all damages because of bodily injury, including death resulting therefrom, sustained by two or more employees in any one accident.

The limit of liability stated in the Declarations as applicable to "each employee" is the total limit of the Association's liability for all damages because of bodily injury by disease, including death resulting therefrom, sustained by one employee, and, subject to the foregoing provisions respecting "each employee", the limit of liability stated in the Declarations as applicable to "coverage limit" is the total limit of the Association's liability for all damages because of bodily injury by disease, including death resulting therefrom, sustained by employees in operations in the State of Illinois.

The limits of liability stated herein are in lieu of and shall not be cumulative with any limit of liability stated elsewhere in the Agreement.
It is agreed that:

1. If the Member undertakes operations in any state other than Illinois, Coverage A applies to such operations.

2. If the Association is prevented from performing its obligations under Coverage A with respect to such operations because the Member or the Association has failed to take the necessary action to bring the insured within the workmen's compensation or occupational disease laws of such state, the Association shall reimburse the Member for all compensation and other benefits required of the Member under such workmen's compensation or occupational disease law.

3. Coverage B applies to operations of the Member covered by this extension. The limit of liability for bodily injury by disease, including death resulting at any time therefrom, applies as though each state in which such operations are conducted were designated in the Declarations.

4. The word "state" as used in this endorsement means any State of the United States of America and the District of Columbia.

5. The Member shall give notice to the Association before or within a reasonable time after the commencement of such operations, but failure to give notice shall not invalidate the coverage hereunder. The Member shall, if requested by the Association, take whatever action is necessary to come within the workmen's compensation and occupational disease laws of such state.

6. The premium bases and rates for the classifications of operations in any such state shall be those applicable under the manuals in use by the Association, and the premium shall be computed accordingly on the basis stated in the Agreement.

7. The coverage afforded by this endorsement does not cover fines or penalties imposed on the Member for failure to comply with the requirements of any workmen's compensation law.

8. All of the provisions of the Agreement, insofar as such provisions are not inconsistent herewith, are applicable to the coverage afforded by the Agreement by virtue of this extension.