

SOUTH DAKOTA DEPARTMENT OF LABOR AND REGULATION
DIVISION OF LABOR AND MANAGEMENT
123 W. Missouri Ave. Pierre, South Dakota 57501
Tel: 605.773.3681 Fax: 605.773.4211 dlr.sd.gov

SELF-INSURANCE AGGREGATE SURETY BOND

Surety Bond Number _____

Mailing Address:
Department of Labor and Regulation
Division of Labor & Management
123 W. Missouri Ave.
Pierre, SD 57501

Know All Men by These Presents:

That _____ hereinafter called Principal, and _____ of _____, as Surety, are held and firmly bound into the PEOPLE OF THE STATE OF SOUTH DAKOTA, for the use and benefit of each and all of the employees of Principal in the aggregate penal sum of _____ Dollars (\$ _____), for the payment of which, Principal binds itself, its heirs, executors, administrators, successors, and assigns, and Surety binds itself, its successors, and assigns, jointly and severally by these presents:

WHEREAS, in accordance with the provisions of South Dakota Workers' Compensation Law, Principal elected to self-insure, having made application for, and received from the Department of Labor and Regulation, State of South Dakota, a Certificate of Exemption.

NOW, THEREFORE, the condition of this obligation is such, that if Principal shall pay or cause to be paid direct to its employees the compensation due in accordance with all the provisions of the South Dakota Workers' Compensation Law and a Certificate of Exemption received from the Department of Labor and Regulation, State of South Dakota, then this obligation shall be void; otherwise to remain in full force and effect, subject, however, to the following provisions, terms, and conditions:

1. This bond can be amended by an amendatory rider if such a rider is approved by the SD Department of Labor and Regulation, Division of Labor and Management. Such a rider shall be in written form attached to this bond following written approval of the Division of Labor and Management.

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 Principal under the South Dakota Workers' Compensation law from the date Principal 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 requires or imposed on Principal by the South Dakota Workers' Compensation Law. The obligations of 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 Surety is released as set out in this agreement.

4. When there is release of Surety approved by the SD Department of Labor and Regulation, that Surety shall be released as follows: (a) Where Principal 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 Principal as set out in Paragraph 2 of the bond and all other sections of this bond; (b) Where Principal does not obtain a new Surety and Surety is released by the SD Department of Labor and Regulation, Surety shall be liable for all past, present, and future obligations of Principal 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 temporary and permanent compensation, medical compensation, death benefits, court costs, assessments, and any other liability or assessment imposed on Principal by the South Dakota Workers' Compensation Law in regard to accidents or occupational diseases that occur prior to the date of Surety's release.

5. The date of release of Surety shall be the date when Surety is advised in writing by the SD Department of Labor and Regulation that they are so released. When a Surety wishes to be released from this agreement, they shall make application for release to the Division of Labor and Management with a copy of that application to Principal. However, in no case shall the Division of Labor and Management require that this agreement be in effect more than 60 days following receipt of the request for a release from Surety. Such a release of Surety shall, however, be conditional on the terms set out in Paragraph 4 of this bond.

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

7. The Surety, subject to approval by the Division of Labor and Management, shall discharge their obligations under this 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 Labor and Management. The Division of Labor and Management shall be notified of Surety's plan to handle claims not later than ten (10) days following the date Principal suspends payment of worker's compensation benefits, becomes insolvent, appoints a receiver, or is otherwise financially unable to meet their obligations under the South Dakota Workers' Compensation Law. If an adjusting company other than Surety is designated to handle claims, the cost of such adjusting company shall be borne by 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 Labor and Management and such payment will be a credit against the penal sum of this bond. Administrative and legal costs, including attorney's defense costs on an individual claim, incurred by 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 Principal under the South Dakota Workers' Compensation Law will be paid in the same manner as Principal would be required to make such payments. All obligations of Principal under the South Dakota Workers' Compensation Law 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 payment of any award of judgment rendered against the undersigned Surety.

10. The purpose and function of this bond is to assure that at least the same rights, remedies, and protections to the Division of Labor and Management and to any other interested beneficiary, recipient or party are guaranteed, as if securities had been deposited by Principal, in accordance with the provisions of the South Dakota Workers' Compensation Law and were held in the name of the Division of Labor and Management 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. Surety expressly recognizes that the intended purpose of this bond is to insure that aggregate obligations of Principal are met if Principal suspends payment of workers' compensation benefits, becomes insolvent, appoints a receiver, or otherwise is financially unable to meet their obligations under the South Dakota Workers' Compensation Law 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 Principal by the South Dakota Workers' Compensation Law. This meaning and intent shall be given to the construction of the terms set out in this bond agreement.

The effective date of this bond shall be _____.

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

Signed, sealed, and delivered this ____ day of _____, 20____.

FOR PRINCIPAL: _____

SIGNATURE: _____

PRINTED NAME: _____

TITLE: _____

NOTE: Must be counter signed by _____
South Dakota Registered Agent

FOR SURETY: _____

SIGNATURE: _____

PRINTED NAME: _____

TITLE: _____

ATTEST: _____

Corporate Secretary for Surety

PRINTED NAME: _____