

PARTICIPATION AGREEMENT

This Participation Agreement (the "Agreement") is entered into by and between **THE SHEFFIELD FUND** (the "Fund") and _____ (the "Employer") on the terms and conditions hereinafter set forth.

1. **Definitions**

- A. Board – The Board of Trustees of the Fund.
- B. Fund Year – 12:01 a.m., January 1 to Midnight, December 31, each year.
- C. Service Company – The Company handling Fund claims.
- D. Bylaws – A document approved by the Board which governs the operation of the Fund.
- E. Claim – A report of injury or illness which may give rise to payment of workers' compensation benefits.
- F. Initial Enrollment Period – June 1, 1993 through October 31, 1993.
- G. Director – Director of the State of Alabama Department of Industrial Relations.
- H. Sponsoring Association – Sheffield Association of Federated Employers (SAFE), a non-profit corporation.
- I. Law – The laws of the State of Alabama pertaining to the operation of the Fund.

2. **Term of Agreement**

This Agreement will commence at 12:01 a.m. on _____ (providing the Fund accepts coverage) and coverage will continue unless and until non-renewed by the Fund for failure of the employer to pay the expense constant for the renewal period or until coverage is terminated by the Fund or the employer in accordance with applicable law and rules of the fund.

3. **Appointment of Agency**

Employer agrees to appoint the trustees of the Fund or their authorized designee (s) to act as employer's agent (s)-in-fact in all matters relating to the Workers' Compensation Act.

4. **Premiums and Dues**

Employer agrees to pay to the Fund an annual premium as established by the Board and approved by the Department of Industrial Relations of the State of Alabama and Sponsoring Association dies approved by the Board which sum (s) shall be in addition to any deposit or constants paid to the Fund.

5. **Premium Payment**

Except for deposit or premium payments as provided for in section 6 hereof, Employer agrees that the annual premium and annual Sponsoring Association dues are to be paid ____ Monthly or ____ Annually and agrees that failure to make such premium payments or dues payments at the time or times and in the manner described will result in cancellation of coverage.

6. **Member Deposit**

Unless Employer pays annually, for the first year in which Employer participates in the Fund, Employer agrees to make an initial payment equal to twenty-five percent (25%) of the estimated annual premium which sum shall be referred to as the Member Deposit. Four-fifths of this Member Deposit is a true deposit and is fully-refundable so long as the member is current with his account upon termination and so long as such true deposit has not been used by the Trustees to pay assessments or other charges as is authorized by paragraph 7 herof. Otherwise, the Fund may use all or a portion of this true deposit as a credit against any sums due, whether for premium, association dues, expense constants, late charges or otherwise. The remaining one-fifth of this Member Deposit is a non-refundable Reserve Constant and becomes the property of the Fund immediately upon payment by the Employer. Employers paying annually will be assessed a reserve constant equal to five percent (5%) of their annual premium at final audit.

7. **Additional Premiums or Assessments**

Employer agrees that in addition to the payment of the annual premium, it will pay any additional premium assessments, fees or dues which may from time to time be required by the Board in order to insure that the Fund has sufficient money to satisfy the liabilities of the Fund and/or Sponsoring Association and for purposes of paying such assessments or fees, the Trustees may retain a portion or all of the Member deposit, including the true deposit portion, without other or further notice to or authorization from the employer.

8. **Joint and Several Liability**

Employer agrees that it and other participating employers and the Fund are jointly and severally liable to assume and discharge, by payment, any claim due to be paid, any settlement approved by the Fund and any judgment under the Alabama Workers' Compensation Act against the Fund or any Fund member.

9. **Law, Bylaws, Rule and Regulations**

Employer agrees to comply with the Law, Bylaws of the Fund and all rules and regulations of the Director governing self-insurance funds as well as all actions of the Board.

10. **Reporting of Claims**

Employer agrees to report to the Service Company all accidents or illness which may give rise to a Workers' Compensation claim within the time prescribed by law and in such manner and on such forms as may be prescribed by the Fund or the Service Company.

11. **Settlement of Claims by Employer**

Employer agrees that it will not settle, commute, pay or in any way dispose of a Workers' Compensation claim incurred while it participates in the Fund and that any such settlement, commutation or payment may relieve the Fund of any liability with regard to such claim.

12. **Withdrawal of Employer From Fund**

Employer agrees that it may withdraw its participation in the Fund without cancellation/short-rate penalty if done so effective at the end of any Fund Year provided it has given at least 30 days' written notice to the Fund of its intent to withdraw at such time. Employer hereby recognizes its continuing joint and several liability for Fund obligations which have accrued or may accrue for the period during which Employer has participated in the Fund.

13. **Change in Member's Legal Status**

Employer agrees that coverage is provided by the Fund to the legal entity described as Employer herein and will upon change in legal status notify the Fund and complete a new Participation Application and Participation Agreement under the new legal name.

14. **Non-Payment of Premiums, Late Fees or Association Dues**

Employer agrees that in event it fails or refuses to make payment of premiums, late fees or Sponsoring Association dues, whether such amounts are due upon regular monthly invoice or upon Audit Billing, the Fund has the right to treat such non-payment as a breach of this Agreement and terminate the participation of the Employer by giving at least 10 days written notice to Employer. Employer agrees that the Fund has the right to collect all premiums and other charges that are earned preceding such termination (including late fees, rewrite fees, audit penalties and Association dues) as well as applicable short-rate cancellation penalties. Employer agrees that it will pay all costs of collection thereof, including reasonable attorney fees and the maximum rate of interest allowed by law on any past due premium, late fees and/or dues. Further, in accordance with Alabama Law, a member who is canceled for non-payment of premium is not entitled to coverage with another Fund until such payment is made in full.

15. **Annual Audits/Payroll Information**

Employer agrees to submit to an annual audit of its payroll, operations and related records and facilities. Employer will cooperate with Fund auditors and make available to the Fund all information necessary to conduct such audits. Employer also agrees to make available to the Fund all payroll information needed to establish premium rates to be used upon initial participation in the Fund. Failure to cooperate as above-required will result in penalties and fines and can be the basis for a decision by the Fund to cancel coverage, estimate the audit and/or short-rate cancellation penalty.

16. **Claims Payment**

The Fund will process, investigate and pay valid and appropriate workers' compensation claims made by Employers' covered employees during the term of this Agreement subject to the terms of the Alabama Workers' Compensation Law and applicable rules and regulations of the Department of Industrial Relations.

17. **Service Organization**

The Fund has entered into a contract with one or more approved service organizations to service its members with respect to claims adjusting and such other services which may be agreed to between such service organization and the Fund including the provision of loss control services and underwriting.

18. **Reports**

The Fund agrees, through its Service Company or otherwise, to develop and maintain reports relating to coverage, accident experience, compensation and medical payments and such other reports that may be required by the Director.

19. **Excess Insurance**

The Fund has obtained and agrees to keep in place a contract or contracts of excess insurance to cover liabilities of members and/or the Fund with such coverage and limits as may be approved by the Director.

20. **Security**

The Fund agrees to deposit with the Director such surety as he may require and provide that such shall be transferred or made payable to the Director for his/her use in the event the Fund cannot meet its liability to pay a claim or claims.

21. **Employers' Liability Coverage**

To the extent legally permissible, the Sheffield Fund shall provide coverage to its members for liability arising under the Alabama Employers' Liability Act which is codified as Section 26-6-1, Code of Alabama, 1975 as more specifically set forth in the Coverage Agreement but shall provide no common law or other "employers' liability" coverage.

22. **Agreement**

Employer agrees that by executing this Agreement it understands and agrees that the Fund is simply a legal vehicle by which each member has joined together in providing a self-funded workers' compensation program to provide workers' compensation benefits to its employees under the laws of the State of Alabama.

IN WITNESS WHERE OF, the parties have executed this Agreement on the day and dates shown below.

By: _____
For the **Fund**

By: _____
As **EMPLOYER'S** Authorized Officer/Agent

Please Print/Type Exact Name of Employer (It must be identical to that shown on front of this Agreement and must match the name in the State Unemployment Compensation files.)

Please Print/Type the Name AND Title of the Individual Signing above

Address

Telephone Number

Fax Number