



INDEPENDENT CITIES  
RISK MANAGEMENT  
AUTHORITY

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# Workers' Compensation Program 2018/19 Memorandum of Coverage



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**INDEPENDENT CITIES RISK MANAGEMENT AUTHORITY  
(ICRMA)**

**WORKERS' COMPENSATION PROGRAM**

**MEMORANDUM NO. ICRMA 2018-1WC**

**Declarations**

1. COVERED MEMBERS: Members of the ICRMA workers' compensation program, per Schedule A
2. MEMORANDUM PERIOD: From 07/01/18 to 07/01/19  
12:01 a.m. Pacific Standard Time
3. LIMITS OF LIABILITY: Workers' Compensation Coverage  
\$2,000,000 any one loss  
Employer's Liability Coverage  
\$2,000,000 any one loss
- DOCUMENTS ATTACHED AT ISSUANCE: Schedule A

ON BEHALF OF THE INDEPENDENT CITIES RISK MANAGEMENT AUTHORITY

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Authorized Signature

**INDEPENDENT CITIES RISK MANAGEMENT AUTHORITY  
WORKERS' COMPENSATION COVERAGE**

**Schedule A**

Schedule of Members and Retained Limits

<b>Member</b>	<b>Retained Limit</b>
<b>Baldwin Park</b>	\$750,000
<b>El Segundo</b>	\$500,000
<b>Glendora</b>	\$500,000
<b>Hermosa Beach</b>	\$500,000
<b>Huntington Park</b>	\$500,000
<b>Inglewood</b>	\$1,000,000
<b>Lynwood</b>	\$500,000
<b>Monterey Park</b>	\$500,000
<b>San Fernando</b>	\$500,000

# INDEPENDENT CITIES RISK MANAGEMENT AUTHORITY

## MEMORANDUM OF COVERAGE FOR SELF-INSURANCE OF WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

The Independent Cities Risk Management Authority (“Authority”) in consideration for the payment of the contribution and subject to all terms of this Memorandum of Coverage (“Memorandum”), does hereby agree to provide coverage to the Covered Members named in Schedule A subject to the terms and conditions set forth in this Memorandum.

### **The Memorandum**

This Memorandum includes at its effective date the Declaration Page and all documents listed on the Declaration Page. This Memorandum is the coverage document between the Covered Member and the Authority. As provided in Section 990.8 of the Government Code, pooling of losses in this Workers' Compensation Program (Program) is not insurance. The sole duty of the Authority is to administer the Program adopted by the Covered Members. The Authority will not pay on behalf of a Covered Member, but will only reimburse the Covered Member for claims or losses which are pooled under the terms of this Memorandum and the Joint Powers Agreement. The provisions of the Program are subject to and subordinated to the Joint Powers Agreement or an action taken by the Governing Board in connection with the Program. This Program has been adopted pursuant to action taken by the Governing Board, and is subject to any amendment, modification, or extension by the Governing Board at a regular meeting or at a special meeting called for that purpose.

### **Who is Covered**

The Covered Members are named in Schedule A and are Members of the Authority. If a Covered Member loses its status as an active Member of the Authority, the coverage under this Memorandum shall terminate immediately upon such change in status.

This Memorandum shall apply to workers' compensation benefits for covered injuries sustained by volunteer workers performing duties for or on behalf of the Covered Member while acting within the scope of their duties on behalf of the Covered Member providing that the Covered Member's City Council has first adopted a resolution as provided in Section 3363.5 of the California Labor Code declaring such volunteer workers to be employees of the Covered Member for purposes of workers' compensation law.

### **Workers' Compensation Law**

Workers' Compensation Law means the workers' or workmen's compensation law and occupational disease law of the State of California or similar State law and such other state laws as may be applicable. It includes any amendments to that law that are in effect during the term of this Memorandum. It does not include any federal workers' or workmen's compensation law,

any federal occupational disease law, or the provisions of any law that provide non-occupational disability benefits. Employees on temporary assignment or traveling for Member business outside the State of California who sustain an injury or occupational disease are covered for benefits under this program. Members will be reimbursed up to the amount payable under the workers' compensation laws of the State of California, regardless of the jurisdiction selected by the employee.

### **Qualified Self-Insurer**

The Covered Member shall provide evidence that it is a duly qualified self-insured under the Workers' Compensation Law of the State of California and will continue to maintain such qualifications during the term this Memorandum is in effect. If a Covered Member fails to qualify or fails to maintain such qualifications, the coverage provided under this Memorandum shall automatically terminate on the first date of such failure.

### **Workers' Compensation Coverage**

The Authority will provide coverage for workers' compensation losses up to the Authority's Limit of Liability stated in Item 3 of the Declaration Page. In addition, the Authority will provide coverage for salary benefits listed in Labor Code Section 4850 up to the Limit of Liability stated in item 3 of the Declaration Page. The Authority will not provide coverage for any liability imposed on the Covered Member for Labor Code Section 4856 benefits.

This coverage applies to bodily injury, including resulting death, by accident or disease, provided that:

1. Bodily injury by accident must occur during the coverage period.
2. Bodily injury by disease must be caused or aggravated by the conditions of employment by the Covered Member. The employee's employment period and exposure to the conditions causing or aggravating such bodily injury by disease must occur during the coverage period.

If the Authority, through inadvertence, mistake, or otherwise, makes any payment or issues any reimbursement in excess of the benefits due under this Memorandum, the Covered Member will promptly reimburse the Authority.

### **Employer Liability Coverage**

The Authority will provide coverage for employer's liability losses in the same manner as the excess insurance carrier.

This coverage applies to bodily injury, including resulting death, by accident or bodily injury by disease. This coverage will apply to damages awarded against the Covered Member, over the

amount of the Covered Member's retained limit and subject to the Limit of Liability set forth herein, provided those damages are the direct consequences of bodily injury that arises out of and in the course of the injured employee's employment by the Covered Member, and are claimed against the Covered Member in a capacity other than as employer and further provided that:

1. The bodily injury by accident must arise out of and in the course of the injured employee's employment by the Covered Member and occur during the coverage period.
2. Bodily injury by disease must be caused or aggravated by the conditions of employment by the Covered Member. The employee's employment period and exposure to the conditions causing or aggravating such bodily injury by disease must occur during the coverage period.

## Exclusions

This Memorandum shall not apply to:

- A. Liability imposed by the Workers' Compensation Laws because of bodily injury to prisoners or inmates, including participants in a work release program, who receive compensation from an entity, other than the Covered Member, for the work performed. This exclusion shall not apply to liability imposed by the Workers' Compensation Laws because of bodily injury to participants of a work release program or other community service program established by a county of the State of California.
- B. Employer's Liability Coverage herein does not apply to any obligation imposed by a workers' compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law.
- C. Bodily injury intentionally caused or aggravated by the Covered Member.
- D. Bodily injury to an employee while employed in violation of law with the actual knowledge of the Covered Member.
- E. Liability for additional compensation imposed on the Covered Member under Labor Code Section 4557 by reason of injury to an employee under sixteen years of age and illegally employed at the time of the injury.
- F. Any obligation to reimburse a Covered Member for payments made or benefits conferred by a Covered Member which the Covered Member was not obligated to pay or confer under Workers' Compensation Law as defined herein.
- G. Any liability for which the Covered Member is obligated to pay damages solely by reason of liability assumed in a contract or agreement.

H. The Authority is not responsible for any payments in excess of benefits regularly provided by the Workers' Compensation Law, including those based on the following conduct by the Covered Member:

1. Penalties or fines imposed for violation of the Labor Code, including but not limited to Section 4650, Section 132a, or Labor Code Section 4553 (Serious and Willful Misconduct);
2. Knowing failure to comply with a health or safety law or regulation;
3. Discharge, coercion or discrimination against any employee in violation of the Workers' Compensation Law;
4. Violation or failure to comply with any Workers' Compensation Law.

## **The Covered Member's and Authority's Limit of Liability**

### **A. The Covered Member's Retained Limit**

The Covered Member shall pay from its own account any loss up to the amount stated in Schedule A as the Covered Member's Retained Limit.

### **B. Authority's Limit of Liability**

The Authority will indemnify the Covered Member for loss under Workers' Compensation Laws, but will not exceed the Limits of Liability stated in Item 3 of the Declaration Page on any one loss. Coverage will include all benefits required under Workers' Compensation Laws, including full salary benefits listed in Labor Code Section 4850, but not including Labor Code Section 4856 benefits. The Authority will pay on behalf of the Covered Member for Employer's Liability losses but will not exceed the Limits of Liability stated in Item 3 of the Declaration Page on any one loss.

### **C. Attachment and Limit of Coverage.**

The coverage provided by this Memorandum shall not apply to any claim until the amount paid by or on behalf of the Covered Member shall have equaled or exceeded the Covered Member's retained limit. The Authority shall then only be liable for the amount actually incurred that is in excess of the Covered Member's retained limit, regardless of whether the Covered Member has other insurance, has other pooled coverage, or pays the Covered Member's retained limit itself. Amounts to be reimbursed on a claim otherwise covered under this Memorandum shall not be reimbursed until such time that the Covered Member's retained limit has been paid by the Covered Member.

The Authority's Limit of Coverage stated in Item 3 of the Declaration Page applies to claims covered under the Workers' Compensation Coverage or Employer's Liability Coverage as follows:

1. to one or more employees for bodily injury or death in any one accident; and
2. to any one employee for bodily injury or death by disease.

D. Labor Code Section 4850

This coverage applies to the cost of salary benefits listed in Labor Code Section 4850; however, for any claim that exceeds the Limit of Liability stated in Item 3 of the Declaration Page, any costs not covered by any excess coverage obtained by the Authority shall be paid exclusively by the Covered Member. In no event will the Authority pay any amount in excess of the Limit of Liability stated in Item 3 of the Declaration Page.

Nothing contained herein shall operate to increase the Authority's Limit of Coverage under this Memorandum.

## Premium

A. Deposit Premium

1. At the beginning of each Program Year, the Covered Member must pay the Authority the Deposit Premium subject to the provisions in the Bylaws.
2. The Deposit Premium will be based on the payroll as defined in the Bylaws, and all other remuneration payable during the Program Year for the services of:
  - a. all the Covered Member's officers and employees engaged in work covered by this Memorandum;
  - b. all volunteers declared or otherwise required to be covered. The value of the volunteers' service shall be based upon a flat rate per volunteer; and
  - c. all other persons engaged in work that could make the Authority liable under Part One (workers' compensation insurance) of this Memorandum. If the Covered Member does not have payroll records for these persons, the contract price remuneration for their services and materials may be used as the premium basis. This paragraph will not apply if the Covered Member gives the Authority proof that the employers of these persons lawfully secured their workers' compensation obligations.

If the Authority cancels this Memorandum, the final premium will be prorated based on the period of time this Memorandum was in force.

## Conditions

### Acceptance

By acceptance of this Memorandum, the Covered Member agrees that the statements made on the Declaration Page are the Covered Member's agreements and representations, that this Memorandum is issued in reliance upon the truth of such representations, and that this Memorandum embodies all agreements existing between the Covered Member and the Authority or any of the Authority's agents relating to this coverage.

### Notice

The Covered Member shall give written notice to the Authority, within five (5) working days of the day on which it is known the criterion is met, of:

1. any claim or action commenced against the Covered Member with a total incurred amount which exceeds, or is likely to exceed, fifty percent (50%) of the Covered Member's Retained Limit, or
2. the reopening of any claim in which a further award might involve liability of the Authority under this Memorandum, or
3. any injury involving the following types of accidents:
  - a. fatality;
  - b. paraplegics and quadriplegics;
  - c. amputation of a major extremity;
  - d. any serious head injury (including skull fracture or loss of sight of either or both eyes);
  - e. any injury to the spinal cord;
  - f. any second or third degree burn of 25% or more of the body;
  - g. any claim likely to result in a permanent disability of 70% or more
  - h. any accident which causes serious injury to two or more employees; or
  - i. any disability of more than one year or when it appears reasonably likely there will be a disability of more than one year.

The notice given to the Authority shall contain complete details on the injury, disease, or death. If a suit, claim, or other proceeding is commenced which appears to involve coverage by the Authority, the Covered Member shall, if requested, provide to the Authority:

All notices and legal papers related to the claim, proceeding, or suit, or copies of these notices and legal papers; and

Copies of reports on investigations made by the Covered Member on such claims, proceedings, or suits.

If written notice is not provided by the Covered Member to the Authority as required above, coverage will not be provided under this Memorandum. This requirement is a condition precedent to coverage under this Memorandum.

### **Settlement**

Claims with total incurred amounts in excess of the Covered Member's Retained Limit shall not be settled without the prior written consent of the Authority. If a claim is settled without the prior written consent of the Authority, the Authority may, but is not obligated to, approve the settlement; if the Authority elects not to do so, the Authority shall not be obligated to pay any portion of the settlement. The Authority has the right to participate with the Covered Member in the settlement, reserving, defense, or appeal of any claim, suit or proceeding that might involve a loss to the Authority. Additionally, the Authority shall have the right to assume control of the negotiation, investigation, defense, settlement or appeal of any claim which the Authority determines, in its sole discretion, to have a reasonable probability of resulting in a loss in excess of the Covered Member's Retained limit. Settlement authority above the Covered Member's Retained Limit will be as described in the Bylaws.

### **Subrogation – Recovery from Others**

The Authority has the Covered Member's rights, and the rights of persons entitled to compensation benefits from the Covered Member, to recover the Authority's loss from any third party liable for the injury. The Covered Member will do everything necessary to protect those rights for the Authority and to assist in enforcing them. Any recovery, after deducting the Authority's recovery expenses, will first be used to reduce the Authority's loss. The balance, if any, will be returned to the Covered Member.

If the Covered Member waives its rights to subrogation on a claim covered under, or that may be covered under, this Memorandum, and if the total incurred amount of the claim exceeds the Covered Member's Retained Limit (and therefore comes within the Authority's layer), then the Authority's coverage shall not apply to the claim and the Authority shall not be liable for any indemnity, reimbursement, payment, or costs on the claim exceeding the Covered Party's Retained Limit, unless the Authority's General Manager approves the waiver of subrogation in writing.

The exclusion of coverage for waiver of subrogation shall apply only to a waiver of subrogation made or approved by a Covered Party after the date of the injury or illness that resulted in the claim. This exclusion shall not apply to a waiver of subrogation contained in an agreement or contract that was approved by the Covered Party prior to the date of the injury or illness that resulted in the claim.

## **Memorandum Conforms to Law**

If any provision of this Memorandum is in conflict with any laws applicable to this Memorandum, the Authority's Agreement or the Authority's Bylaws, then this Memorandum is amended to conform to such law or document.

## **Cancellation**

The Covered Member may not withdraw from this Memorandum during the Program Year. Notice to withdraw will be as described in the Bylaws.

## **Inspection**

The Authority has the right, but is not obligated, to inspect the Covered Member's workplaces at any time. The Authority's inspections are not safety inspections, but relate to the deposit premiums to be charged. The Authority may give the Covered Member reports on the conditions the Authority finds and may recommend changes. However, the Authority does not have nor does it undertake to perform any duty of any person to provide for the health or safety of the Covered Member's employees or the public. The Authority does not warrant that the Covered Member's workplaces are safe or healthful or that they comply with law, regulations, codes, or standards.

## **Records**

The Covered Member will keep records of information needed to compute premium. The Covered Member will provide the Authority with copies of those records upon the Authority's request.

## **Transfer of the Covered Member's Rights and Duties**

The Covered Member's rights and duties under this Memorandum may not be transferred without the Authority's written consent.

## **Financial Audit**

The Covered Member agrees that the Authority may examine and audit all of the Covered Member's records that relate to this Memorandum. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and computer programs for storing and retrieving data. The Authority may conduct the audits during regular business hours during the Program Year and within three years after the Program Year ends. Information developed by audit may be used to determine final amounts owed by the Covered Member for coverage under this Memorandum.