

TAYLOR-PALMER AGENCY, Inc.
INSURANCE



Bradford, Vermont 05033

January 30, 1980

Town of Fairlee
Fairlee, Vermont 05045

ATTENTION: Paul Sargeant
Selectman

RE: American Fidelity Company
POP 78-35-73
HCRS Proposal

Dear Paul:

Following our phone conversation recently about Worker's Compensation coverage for volunteers who would be maintaining trails in the property which would be purchased under the H.C.R.S. program, I have corresponded with your carrier and have been advised as follows: If we attempt to protect these volunteers under the town's Worker's Compensation policy by the attachment of the voluntary Compensation endorsement. We will be subjecting our standard Worker's Compensation policy to termination by the Company at its next anniversary date. They are unwilling to assume the logging and lumbering exposure to volunteers. I would suggest that a committee be formed to handle the H.C.R.S. projects and designate it something like park management committee. We would then include the park management committee as an additional insured under the Town of Fairlee Fire Department and Town of Fairlee Fast Squad Worker's Compensation policy, attach the voluntary compensation endorsement, and provide Worker's Comp. protection for people who would be working at clearing trails, etc.

As the town of Fairlee Fire Department and Town of Fairlee Fast Squad's Worker's Comp. policy is already placed through the assigned risk pool, the inclusion of the park management and the voluntary compensation endorsement should be possible.

Under the above policy, the Town is being provided with liability protection for these properties. If the volunteers were injured working on the property and attempted to sue the town under the liability contract, coverage would be provided. However, the "assumption of risk doctrine" would be a valid company defense for the Town, and quite possibly, any liability claim would end up being denied. Therefore, the Worker's Compensation approach noted in the first paragraph above would tend to eliminate problems if someone should be injured.

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The senior underwriter at the American Fidelity Company has advised that the Company has rethought how they should classify this track of land and feels that the parks and playgrounds classification is more applicable. Based upon the area involved, they have revised their premium quotation to a \$331 annual figure. Because of the revision of the classification, they would also drop the snow mobilizing restriction which they had earlier outlined.

You inquired as to whether the charging of an admission would increase the liability to the town. The Company feels that it would increase the liability exposure as there would be an implied warranty as to the safety of the premises. However, an admission charge would not increase the liability premium quoted above.

Should you have any further questions relative to this matter, please feel free to contact me.

Very truly yours,

TAYLOR-PALMER AGENCY, INC.


Horace A. Palmer, III

HAP/jam