

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: **Alabama**

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2 **What is the total future value of claims currently covered by self-insurance, including case reserves and IBNR if known?**

<b>Answer</b>
<input type="radio"/> Less Than \$10 million dollars
<input type="radio"/> \$10,000,000 to \$25,000,000
<input type="radio"/> \$25,000,001 to \$50,000,000
<input type="radio"/> \$50,000,001 to \$100,000,000
<input checked="" type="checkbox"/> Greater Than \$100,000,000

3 **Are self-insured employers/funds required to actuarially calculate their WC liabilities and report that figure to the state?**

<b>Answer</b>
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> No

**Comment:** There is no Guaranty Fund for SIGs

4 **If self-insured employers/funds are required to actuarially calculate their WC liabilities and report that figure to the state... How often are they required to report?**

<b>Answer</b>
<input type="radio"/> At Least Annually
<input type="radio"/> Every 2 Years
<input type="radio"/> Less Frequently Than Every 2 Years
<input type="radio"/> Other

- 5 How many individually self-insured employers defaulted on their claims obligations since Jan 1, 2009?

Answer
None
1
2
3
4
<input checked="" type="checkbox"/> 5 or more

- 6 Describe the structure of how your state regulates self-insurance and covers the administration of claims of defaulting employers (e.g. a single state entity that does both, combination of state agency and private fund, etc.)

Self Insured Companies are required to have excess insurance. If a company is declared insolvent by DIR the Alabama Workers' Compensation Self Insured Guaranty Association then administers the claims thru a TPA that they choose. The Guaranty will pay claims up to 1.5 times the security amount that has been set for that company.

- 7 Are individually self-insured employers required to carry specific excess insurance?

Answer
<input checked="" type="checkbox"/> Yes
No

- 8 If individually self-insured employers are required to carry specific excess insurance, what is the maximum amount of loss permitted to be retained by the self-insured employer before the specific excess insurance carrier begins paying?

Answer
\$250,000 or Less
\$250,001 to \$500,000
\$500,001 to \$1,000,000
\$1,000,001 to \$2,500,000
\$2,500,001 to \$5,000,000
More Than \$5,000,000
Other

9 If specific excess insurance is required, is it required to provide full statutory coverage once the self-insured retention point has been breached?

<b>Answer</b>
Specific Excess Insurance Is Not Required
<input checked="" type="checkbox"/> Specific Excess Is Required To Pay Full Statutory Coverage
Specific Excess Is Not Required To Pay Full Statutory Coverage
Other

10 How does the amount of loss permitted to be carried by the self-insured employer, through either a high or low self-insured retention, impact the amount of required security?

see no 8. above
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11 Are the carriers who provide the excess insurance required to be an admitted carrier?

<b>Answer</b>
<input checked="" type="checkbox"/> Yes
No

**Comment:** Department of Insurance

12 Are carriers who provide excess insurance required to possess a minimum AM Best rating?

<b>Answer</b>
No
Yes, At Least A+ (Superior)
Yes, At Least A- (Excellent)
Yes, At Least B+ (Good)
Yes, B, B- (Fair)
Other

13 Does the state have access to financial statements of the individual self-insured employer?

<b>Answer</b>
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> No

14 Does the state monitor the credit strength of individual self-insured employers?

<b>Answer</b>
<input type="checkbox"/> Yes
<input checked="" type="checkbox"/> No

15 If the state monitors the credit strength of the individual self-insured employer, for what purpose?

N/A
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16 Is full statutory coverage provided by your state insurance guaranty association/fund in the event that the voluntary market excess carrier becomes insolvent? If not statutory, what is the maximum required payment?

<b>Answer</b>
No, Payment is Limited To Less Than Full Statutory Coverage
Yes, Full Statutory Coverage Is Provided
Other

17 In the event that the self-insured employer and the excess carrier both default on their payment obligations, what process is in place to guarantee payment of claims?

Self Insured employer must belong to the W/C Guaranty Association who pays for the insolvent employer up to 1.5 times the security amount. The Department of Insurance W/C Guaranty Association pay for the insolvent carrier.
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18 In the event that the self-insured employer and the surety bond carrier both default on their payment obligations, what process is in place to guarantee payment of claims?

W/C Guaranty Association pay for the self insured employer.

19 If a domestic surety bond carrier defaults and is placed into rehabilitation / liquidation by your state insurance department, which creditor class will workers' comp surety bonds be considered?

Department of Insurance rules?

20 Does your state have a separate guaranty fund for individual self-insured employers?

Answer

Yes

No

21 Does your state have a separate guaranty fund for group self-insured funds?

Answer

Yes

No

Comment: No guaranty for Group Funds

22 If a self-insured employer guaranty fund exists in your state is it a governmental, quasi-governmental, or private entity?

Answer

Governmental

Quasi-Governmental

Private

No State Self-Insured Guaranty Fund Exists

Other

23 Does your self-insured employer state guaranty fund levy assessments against individual self-insurers?

Answer
<input checked="" type="checkbox"/> Yes, Assessments Are Levied Against Individual Self-Insurers
<input type="checkbox"/> No, Assessments Are NOT Levied Against Individual Self-Insurers
<input type="checkbox"/> We Have No Individual Self-Insured Employer Guaranty Funds
<input type="checkbox"/> Other

24 If assessments are levied against individual self-insurers, how are they calculated?

At a rate of \$15 per thousand of the security amount times four years. Min Security Amt. is \$500K $\$500 \times \$15 = \$7,500 \times 4 \text{ yrs} = \$30,000$
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25 How are claim liabilities funded when a group self-insurer defaults?

Joint & Several Liability
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26 How many employers are currently individually self-insured in your state?

Answer
<input type="checkbox"/> None, Individual Self-Insurance Is Not Allowed
<input type="checkbox"/> Less Than 20 Employers Are Self-Insured
<input type="checkbox"/> From 20 to 75
<input type="checkbox"/> From 76 to 125
<input type="checkbox"/> From 126 to 175
<input checked="" type="checkbox"/> From 176 to 225
<input type="checkbox"/> Over 225
<input type="checkbox"/> Other

27 What types of employers are eligible to individually self-insure their WC liabilities in your state (e.g. private [non-state] entities only, public and private, etc?)

Answer
Privately Held Companies
Public Entities
Governmental Agencies
School Boards
Municipalities
Individual Self-Insurance Is Not Allowed
Other

28 What are the minimum financial requirements for participation in self-insurance (e.g. minimum net worth, earnings, etc.?)

see 28. above
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29 Are individually self-insured employers allowed to self-administer their claims?

Answer
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> No
Individual Self-Insurance Is Not Allowed
Other

30 If individual self-insured employers are allowed to self-administer claims, are there conditions imposed that do not exist for those employers who utilize a TPA?

Answer
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> No
Individual Self-Insurance Is Not Allowed
Other

**Comment:** self administered employees must have 8 hrs continuing ed. each year

31 Is group self-insurance permitted in your state?

<b>Answer</b>
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> No

32 How many group funds are operating in your state?

<b>Answer</b>
<input type="checkbox"/> None
<input type="checkbox"/> 1-5
<input type="checkbox"/> 6-10
<input type="checkbox"/> 10-15
<input checked="" type="checkbox"/> More Than 15

33 Is group self-insurance permitted in your state for public entities (i.e. public schools)

<b>Answer</b>
<input type="checkbox"/> Yes
<input checked="" type="checkbox"/> No
<input type="checkbox"/> Other

34 Are both heterogeneous and homogeneous group self-insurance funds permitted in your state?

<b>Answer</b>
<input type="checkbox"/> Yes, Both Heterogeneous & Homogeneous Groups Are Permitted
<input checked="" type="checkbox"/> No, Only Homogeneous Groups Are Permitted
<input type="checkbox"/> Other

**Comment:** Homogeneous is covered in rules but we do have a few who are heterogeneous which has caused many problems

35 How many employers are currently insured through self-insured group funds?

Answer
None, Group Self-Insurance Is Not Permitted
Less Than 500
From 501 to 1,000
From 1,001 to 2,500
From 2,501 to 5,000
From 5,001 to 10,000
<input checked="" type="checkbox"/> More Than 10,000

36 Are group self-insurers required to carry specific excess insurance

Answer
<input checked="" type="checkbox"/> Yes
No
Other

37 Are group self-insurers required to carry aggregate excess insurance?

Answer
Yes
<input checked="" type="checkbox"/> No
Other

38 Are individual self-insured employers required to collateralize their self-insured liabilities by posting a surety bond, letter of credit, or other security with the state governing agency?

Answer
Yes
<input checked="" type="checkbox"/> No
Other

39 What forms of collateral or security are allowed?

<b>Answer</b>
Surety Bonds
Letters of Credit
Cash
Securities
Real Property
<input checked="" type="checkbox"/> Other: none

40 How is the collateral obligation calculated? (e.g. formula based on case reserves, actuarially developed, etc?)

N/A

41 How often is the collateral or security calculated and adjusted to reflect changes with the self-insured employer?

<b>Answer</b>
Yearly, Once Calculated The Amount Remains Unchanged For A Year
Periodically As Needed, Changes May Occur During A Year
Other

Comment: N/A

42 How does the state insure that the collateral is sufficient to cover the liabilities in the event of a failure to pay benefits by the individually self-insured employer?

Actuary once every three years