

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: **Arkansas**

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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?**

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

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

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?**

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

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

Answer
None
1
<input checked="" type="checkbox"/> 2
3
4
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.)

If there is adequate security to pay claims, then the Commission will administer the claims. If it appears the securities are inadequate then the claims are turned over to the guarantee fund for administration.

- 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
<input checked="" type="checkbox"/> Other: see below

Comment: No maximum is set by either law or rule. It is determined on a case by case basis.

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

Answer
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?

Retention level can have a direct impact on the security requirement.

- 11 Are the carriers who provide the excess insurance required to be an admitted carrier?

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

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

Answer
No
Yes, At Least A+ (Superior)
<input checked="" type="checkbox"/> 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?

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

Comment: Each self-insurer must submit an annual audited financial statement.

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

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

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

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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?

Answer
No, Payment is Limited To Less Than Full Statutory Coverage
<input checked="" type="checkbox"/> 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?

The self-insurer's guarantee fund is set up to step in the place of the self-insurer for all wc obligations.
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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?

The claims would be submitted to the self-insurer's guarantee fund for payment.

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?

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

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

Comment: Individual self-insurer's and homogenous funds are in the same guaranty fund

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

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

Comment: We have a separate fund for non-homogenous 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
<input checked="" type="checkbox"/> 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
No, Assessments Are NOT Levied Against Individual Self-Insurers
We Have No Individual Self-Insured Employer Guaranty Funds
Other

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

By premium size

25 **How are claim liabilities funded when a group self-insurer defaults?**

The Commission will use the posted securities until such time as assessments are made.

26 **How many employers are currently individually self-insured in your state?**

Answer
None, Individual Self-Insurance Is Not Allowed
Less Than 20 Employers Are Self-Insured
From 20 to 75
From 76 to 125
From 126 to 175
<input checked="" type="checkbox"/> From 176 to 225
Over 225
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
<input checked="" type="checkbox"/> Privately Held Companies
<input checked="" type="checkbox"/> Public Entities
<input checked="" type="checkbox"/> Governmental Agencies
<input checked="" type="checkbox"/> School Boards
<input checked="" type="checkbox"/> 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.?)**

Net Worth \$250,000, but atleast 3X annual loss fund 1:1 current ratio and demonstrate to the commission they have the working capital of an amount establishing financial strength and liquidity to pay normal compensation claims

29 Are individually self-insured employers allowed to self-administer their claims?

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

31 Is group self-insurance permitted in your state?

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

32 How many group funds are operating in your state?

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

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

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

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

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

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

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

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

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

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

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

39 What forms of collateral or security are allowed?

Answer
<input checked="" type="checkbox"/> Surety Bonds
<input checked="" type="checkbox"/> Letters of Credit
<input type="checkbox"/> Cash
<input type="checkbox"/> Securities
<input type="checkbox"/> Real Property
<input checked="" type="checkbox"/> Other: CD

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

As determined by the Commission

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

Answer
<input type="checkbox"/> Yearly, Once Calculated The Amount Remains Unchanged For A Year
<input checked="" type="checkbox"/> Periodically As Needed, Changes May Occur During A Year
<input type="checkbox"/> Other

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?

Require groups to submit annual financial report and actuarial reports.