

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: **Connecticut**

1

Name: **Elaine Silver**
Job Title: Paralegal 2
Company Name: Workers' Compensation Commission
Work Phone: 860-493-1558
Email Address: elaine.silver@ct.gov
Address: 21 Oak Street
Hartford, CT 06106

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

Answer
Less Than \$10 million dollars
\$10,000,000 to \$25,000,000
\$25,000,001 to \$50,000,000
\$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?**

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

Comment: Each employer must resubmit an application every year with audited financials and loss runs.

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

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

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

Comment: None that I am aware of.

- 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.)

Applications along with audited financials and claim losses from past 3 years are reviewed. If the State does not have sufficient security to cover the reserves, we increase the amount prior to approval.

- 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: varying amounts

Comment: Minimum retention is \$250,000 but most companies have higher amount.

- 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?

It does not impact the required security
--

- 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)
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: It is required to be sent along with the application

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

Answer

Yes

No

Comment: Either through yearly review or national news.

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

To make sure we have sufficient security in the event the company files for bankruptcy.

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

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?

We call in the security amount.

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?

This has never occurred. All security has to be with a bank that has a permit to do business in the state. If a bank is in trouble, we can ask that the company use another surety.

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?

?

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

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

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

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

Comment: This is under the Insurance Dept.

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

Answer
<input checked="" type="checkbox"/> Governmental
<input type="checkbox"/> Quasi-Governmental
<input type="checkbox"/> Private
<input type="checkbox"/> No State Self-Insured Guaranty Fund Exists
<input type="checkbox"/> Other

Comment: It is there when there is an insolvent insurer under statute 38a-839, It is created a nonprofit unincorporated legal entity.

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?

It is divided among employers based on previous calendar year's paid losses. If assessments aren't paid, Chairman has authority to revoke privilege to Self-Insure. (This has not occurred)

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

Groups are through the Insurance Dept.

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
<input checked="" type="checkbox"/> From 76 to 125
From 126 to 175
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
Public Entities
Governmental Agencies
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.?)**

good financial standing- using only audited financials.

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 checked="" type="checkbox"/> 1-5
<input type="checkbox"/> 6-10
<input 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
Yes
<input checked="" type="checkbox"/> No
Other

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

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

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
<input checked="" type="checkbox"/> From 2,501 to 5,000
From 5,001 to 10,000
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
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
<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 type="checkbox"/> Other

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

Based on the reserves (open claims); by percentage of the open claims

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

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

Usually our first indication of a problem is at the district level where the claims are being adjudicated.
--