

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: **Maryland**

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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 type="checkbox"/> \$25,000,001 to \$50,000,000
<input type="checkbox"/> \$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
<input 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 checked="" type="checkbox"/> Other: Every 3 Years

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

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

Comment: This was a terminated self-insured employer.

- 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.)

Two agencies are involved. MD WCC regulates self-insured employers and the Uninsured Employers Fund covers the administration of claims for any defaulting employers.

- 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

Comment: limited by regulation to not more than 5% of net worth. Highest we currently have is \$5M.

- 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
Specific Excess Is Required To Pay Full Statutory Coverage
<input checked="" type="checkbox"/> 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?

May possibly be added to security but usually has no effect.
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- 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
<input checked="" type="checkbox"/> 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: Must submit annual report every year. Privately-held companies are required to file quarterly reports as well.

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
<input checked="" type="checkbox"/> No, Payment is Limited To Less Than Full Statutory Coverage
Yes, Full Statutory Coverage Is Provided
Other

Comment: \$1,000,000 limit

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?

Uninsured Employers Fund and the Property & Casualty Insurance Guaranty Fund
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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?

Uninsured Employers Fund and the Property & Casualty Insurance Guaranty Fund
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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

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

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

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
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?

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

The Groups are regulated by the MD Insurance Administration. Not sure of process but would presume the UEF would be brought in.

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

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

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.?)**

net worth of at least \$10M, positive cash flow from operations for 3 of last 5 years, acceptable financial ratios (debt/equity, quick, current, interest coverage)

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

Comment: Permitted but we don't have any

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

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

Comment: Regulated by Maryland Insurance Administration, not sure.

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

Answer
Yes
No
Other

Comment: Regulated by Maryland Insurance Administration, not sure.

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
No
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 checked="" type="checkbox"/> Cash
<input checked="" type="checkbox"/> Securities
Real Property
Other

Comment: government bonds (state or federal) are only security accepted

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

Formula based on reserves, incurred losses, or actuarially developed exposure. Based on financial condition of employer. Predominate method is incurred losses.

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

Answer

- Yearly, Once Calculated The Amount Remains Unchanged For A Year
- Periodically As Needed, Changes May Occur During A Year
- Other

Comment: If information is received requiring adjustment, we can make it. Very rare though.

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?**

We audit the reported information that is used to calculate the security.