

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: **New Mexico**

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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 type="checkbox"/> Greater Than \$100,000,000     |

**Comment:** not known

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                              |

**Comment:** NA

- 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                             |

- 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.)

Combination of state agency and private fund. Self-insurance is regulated by the state agency that also provides administrative support to the private guarantee fund.

- 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  |
|---|
| <input checked="" type="checkbox"/> \$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:** 250,000 is the standard requirement. Exceptions are allowed.

- 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?

|  |
|--|
| Generally security is increased dollar for dollar for retention over 250K. |
|--|

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

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

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

|  |
|--|
| <b>Answer</b>  |
| 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?

|   |
|---|
| <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?

|  |
|--|
|  |
|--|

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   |

**Comment:** UK

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?

|   |
|---|
| Utilize posted security first, access guarantee fund secondly. Any recoveries go to guarantee fund. |
|---|

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?

access the guarantee fund

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?

UK

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

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?**

Assessments made during 1st 3 years of self-insurance. Assessments calculated as a percentage of historical wc losses.

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

Any surplus available, security, and through the joint and several liability provision of the law.

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   |
|--|
| <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.?)

|   |
|---|
| 2.5 million net worth and financial health as determined by evaluation. |
|---|

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

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

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 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)

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

**Comment:** Technically called pools.

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  |

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

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

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

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

|  |
|--|
| <b>Answer</b>                          |
| 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?

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

39 What forms of collateral or security are allowed?

|                     |
|---------------------|
| <b>Answer</b>       |
| ✔ Surety Bonds      |
| ✔ Letters of Credit |
| Cash                |
| Securities          |
| Real Property       |
| Other               |

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

formula Based on case reserves

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:** 2x per year

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?

Periodic audits to ensure reserving is accurate. Security set as a multiple of case reserves sufficient to cover reserves, IBNR, and loss adjustment expense. Financially risky companies will post greater security.