

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: New York

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

Comment: The Board uses Individual Self Insurer's case reserves and our own actuarial model to predict the expected ultimate actuarial value for each self insurer.

- 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

Comment: Claims information is submitted annually.

- 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.)

NYS requires both individual and group self insurers to report annually. Individual self insurers must post with the Board an amount equal to its outstanding claims obligations as determined by the Board. Groups must fund 100 percent of their total obligations in a dedicated trust fund. In the event of a default, the Board uses the self insurer's assets to pay the claims. In the event the assets are insufficient, the Board has a provision under Section 50-5 of the Workers' Compensation Law which provides for an assessment to the remaining self insurers for the interm cash flow needs.

The Board utilizes Third Party Administrators to handle the claims of any defaulted self insurer. These costs are ultimately charged back to the self insurer if there are remaining assets. Otherwise they are paid by the remainder of the self insurers.

- 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 type="checkbox"/> \$250,000 or Less
<input type="checkbox"/> \$250,001 to \$500,000
<input type="checkbox"/> \$500,001 to \$1,000,000
<input type="checkbox"/> \$1,000,001 to \$2,500,000
<input checked="" type="checkbox"/> \$2,500,001 to \$5,000,000
<input type="checkbox"/> More Than \$5,000,000
<input type="checkbox"/> Other

Comment: There is no predefined maximum limit. It varies depending on the size of the individual self insurer. The largest retention is \$5 million and the smallest is only \$250,000. The average is about \$800,000.

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

The security deposit must be the actual claims reserve estimate or 150 percent of the self insured retention (SIR). Therefore, the SIR typically impacts the smaller self insured the most. Employers whose security deposit calculation is less than 150 percent of the SIR will be required to post the 150 percent amount. The SIR will also help all self insurers in that the individual claims reserves being used to calculate the full actuarial estimate will be capped at the SIR levels, thus limiting the required security deposit.

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

Answer
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> 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)
<input checked="" type="checkbox"/> 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

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

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

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

The State will add a financial stress factor or surcharge to the security deposit requirement if there are concerns over the self insurer's financial well being. This surcharge ranges between 15 and 35 percent of the required security deposit depending on the level of financial distress.
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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

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?**

Once the security deposit or assets of the defaulted self insurer or excess carrier are exhausted, claims are paid by an assessment levied against the rest of the self insurers in the state. These assessments are authorized pursuant to Section 50-5 of the Workers' Compensation Law.

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?**

Once the security deposit or assets of the defaulted self insurer and/or surety company carrier are exhausted, claims are paid by an assessment levied against the rest of the self insurers in the state. These assessments are authorized pursuant to Section 50-5 of the Workers' Compensation Law.

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?**

No priority status exists. We are considered a general creditor.

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

Comment: n/a

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

Comment: n/a

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

WCB assessments for self insurers are levied as a percentage of indemnity.

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

Same as for an individual default. Short term cash needs are met by the remainder of the self insurance community while the Board continues to pursue joint and several from the former members of the trust.

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
<input checked="" type="checkbox"/> 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.?)**

Overall, employer must have at least \$10 million in tangible net worth, 3 years of audited and unqualified financial statements, and have sufficient credit scores from an established rating agency.

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?

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

32 How many group funds are operating in your state?

Answer
None
1-5
6-10
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)

Answer
<input checked="" type="checkbox"/> Yes
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
<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
<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

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

The Board has an actuarial model that takes each self insurer's claims reserves, compares them to their industry and all other self insurers to determine the full actuarial estimate of the self insurer's claims obligations. The overall result is a weighted blending of loss development and pure premium methods.

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
Periodically As Needed, Changes May Occur During A Year
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?**

The self insurers must post 100 percent of the amount determined by the actuarial model. If this total amount, including any financial stress surcharge is not sufficient to cover the total claims, the Board can assess the other self insurers while it continues to pursue employers under joint and several.