

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: Virginia

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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: No information is kept on the Totals for all self-insurance reserves

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: Not required

- 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.)

Single state entity

- 7 Are individually self-insured employers required to carry specific excess insurance?

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

Comment: Individually self-insured employers are not required by statute to carry excess insurance. As a condition for approval over 95% of the public entities have excess coverage and must request approval if the SIR is increased.

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

Comment: There are one or two accounts that have higher SIR that were approved many years ago.

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?

The amount of the SIR is based on the financial viability of the entity and the number and severity of the losses. The amount of security posted is based on the average incurred claims for 3 years x 2 and the total amount of reserves reported for all years.

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

Yes

No

Comment: Required to send annually

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

Answer

Yes

No

Comment: D&B Alert Service

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

The alert service is a red flag to changes in the financial viability of the entity

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: No payment on Excess

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 Uninsured Employer Fund is in place to pay on claims in the event of a self-insured default. The payments are at full statutory coverage. The UEF will pay with or without payment from the excess carrier. The payments from the SIR, when received, will reimburse the UEF for payments on the defaulted self-insured claims.

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 UEF as in answer 17.

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?

Secured

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

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

Comment: The UEF is unique to Virginia. This is a separate fund for Uninsured and covers the Self-Insureds also. All writers, including the self-insureds pay into this fund.

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

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

Comment: The UEF is for all self-insured in Virginia.

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: The UEF is collected and allocated by the Virginia Workers' Compensation Commission. Payments from the fund pay for uninsured loss, defaults for individual self-insureds and group self-insureds.

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

Comment: All individual and group self-insureds pay into the Uninsured Employers Fund.

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

Based on need to keep the fund at the statutory level. The assessment may be increased or decreased as the need changes from year to year.

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

Through the Uninsured Employer Fund. UEF

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

Answer
<input type="checkbox"/> None, Individual Self-Insurance Is Not Allowed
<input type="checkbox"/> Less Than 20 Employers Are Self-Insured
<input type="checkbox"/> From 20 to 75
<input type="checkbox"/> From 76 to 125
<input checked="" type="checkbox"/> From 126 to 175
<input type="checkbox"/> From 176 to 225
<input type="checkbox"/> Over 225
<input type="checkbox"/> 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.?)

Current ratio 1.00 or better Debt/Equity ratio 2.2 or less Positive tangible net worth Profit two of the last three years These ratios must be met for acceptance. 50 or more employees in Virginia or 250 employees company wide Three years under same Corporate identity

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
<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

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

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?)

Formula -
Average current 3 years incurred losses x two
Rounded to the nearest \$250,000
Minimum amount is \$750,000

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
<input checked="" type="checkbox"/> Periodically As Needed, Changes May Occure During A Year
Other

Comment: Annually, unless there is a change in the exposure
Purchase subsidiary to be added, request a prior bond to be released, change in type of security posted.

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?

Checking annually or more often, on the losses, reserves, and financial viability of the individual self-insured.