

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: **Wisconsin**

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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 tabulated.

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

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

Answer
<input checked="" type="checkbox"/> None
<input type="checkbox"/> 1
<input type="checkbox"/> 2
<input type="checkbox"/> 3
<input type="checkbox"/> 4
<input 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.)

WI state WC agency is the regulator of self-insurers, and is also the payer of claims of any defaulted self-insurers after any posted security is exhausted.

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

Answer
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> 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: Most self-insurers have maximum retention of \$1 million or less. Only a few of the largest, strongest employers are approved to have higher retention, but none have been approved over \$5 million.

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?

It is a factor that is considered, but of relatively low importance, compared to the weight given to the company's financial condition.

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
<input type="checkbox"/> No
<input type="checkbox"/> Yes, At Least A+ (Superior)
<input checked="" type="checkbox"/> Yes, At Least A- (Excellent)
<input type="checkbox"/> Yes, At Least B+ (Good)
<input type="checkbox"/> Yes, B, B- (Fair)
<input type="checkbox"/> Other

Comment: This is not an absolute requirement, but is a long-standing policy.

13 Does the state have access to financial statements of the individual self-insured employer?

Answer

Yes

No

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

Answer

Yes

No

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

To determine capacity to pay its claims.

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

Comment: However, there is a net worth test of the insured. Above that threshold, the fund will pay claims but then bill the insured for any such payments.

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?

WI has a Self-Insured Employers Liability Fund that is charged with making payments to claimants if the self-insurer and the excess carrier default. This Fund has recourse to the WI Insurance Security Fund for any payments that should have been made by the excess carrier.

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?

Payments to claimants will be made by the WI Self-Insured Employers Liability 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?

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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

Comment: Group self-insurance is not permitted in WI.

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
<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?**

In the first year of a default, the assessment is equal shares - the amount of money needed the first year divided by the number of self-insurers.
If second year or subsequent assessments are required, it is based on each self-insurer's payroll as a percentage of all self-insurers' payroll.

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

N/A. Groups not permitted.

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 type="checkbox"/> From 126 to 175
<input checked="" 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

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.?)

The only minimum requirement to apply for self-insurance is that the employer have five years of audited financial statements.

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

Answer

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

No

Individual Self-Insurance Is Not Allowed

Other

31 Is group self-insurance permitted in your state?

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

32 How many group funds are operating in your state?

Answer
<input checked="" type="checkbox"/> None
1-5
6-10
10-15
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
No, Only Homogeneous Groups Are Permitted
Other

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

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

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

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

No formula, based on judgment of this office considering the company's size, payroll, financial strength, bond/credit ratings, type of work performed, loss history, and any other relevant factor.

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 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?

Collateral requirements are often increased if the employer's financial condition is weakened.