

CONNECTICUT WORKERS' COMPENSATION COMMISSION INFORMATION ON SELF-INSURANCE

Attached is an application for self-insurance of workers' compensation liability. This application form is also used as an annual renewal application (see page 2).

If you have any questions, you may call Elaine L. Silver, Paralegal Specialist (860) 493-1558.

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I. EXPLANATION OF FILING REQUIREMENTS

A. APPLICATION Application for Certificate of Self-Insurance (attached).
See also Regulation § 31-284-2.

B. RENEWALS

Certificates are renewed annually. Self-insurers must complete an updated application form sixty days prior to the expiration date of the current certificate. **Please note:** It is incumbent upon each self-insurer to provide this Commission with an updated application form each year. Accordingly, you should keep blank copies of the application form on hand, to be updated annually. See Regulation § 31-284-15.

C. REPORTING

Any changes regarding information in the Application for Certificate of Self-Insurance should be reported to this office immediately, including any bankruptcy filing by a self-insured or its subsidiaries. See also the section regarding Assessments, for other reporting requirements. See Regulation § 31-284-11, 31-284-12 and 31-284-14.

D. SECURITY

See Regulation § 31-284-8.

E. SUBSIDIARIES

Subsidiaries may be covered under the Certificate of Self-Insurance issued to a parent corporation. See the Self-Insurance Guarantee Agreement attached to the application form; See also § 31-284-9.

F. EXCESS INSURANCE COVERAGE

See Regulation § 31-284-10.

G. SAFETY AND HEALTH COMMITTEE

Each applicant must provide a description of the safety organization established by the employer to prevent accidents, and a modified work program to enable injured employees to return to work. Section 31-40v-1 (attached).

H. AVERAGE TIME FOR APPLICANT APPROVAL

Each application is reviewed on an individual basis, and thus the time required for approval may vary. On average, a minimum of three (3) months is required for approval, provided that all filings are complete. **Please Note: It is the responsibility of each applicant to ensure that its workers' compensation insurance coverage does not lapse during the application process.**

I. GROUP OR MUTUAL SELF-INSURANCE

A group of employers in a similar trade or business may request to form a group or mutual association to insure their workers' compensation liability. The application must be submitted to the Insurance Commissioner of Connecticut pursuant to § 31-328 through

31-339. For further information regarding an application for group self-insurance, you may contact:

State of Connecticut
Insurance Department, Examination Division
153 Market Street
Hartford, CT 06103 phone (860) 297-3800

J. SPECIAL ASSESSMENTS

The assessments made by the State Treasurer for the expenses of operations of the Workers' Compensation Commission and the Second Injury Fund must be paid in full. Delinquent assessments may be grounds for revoking a Certificate of Self-Insurance.

Reporting Requirement: On or before **April 1st** of each year, self-insured employers must report to the State Treasurer the amount of its paid losses for the previous calendar year.

1. Section 31-345(a) provides that each self-insured must file "with the insurance commissioner a receipt from the state treasurer or the comptroller on or before the first day of October, that the employer has paid his pro-rata cost of administration required by this section...." The assessment may be up to four percent of the total compensation and medical payments made by the self-insured for workers' compensation during the prior fiscal year. **See Section 31-345(2) for an explanation of the assessment.** If the self-insured employer has not, prior to July first of any year, provided compensation and benefits under this chapter, then the assessment for that employer is "one-quarter of one percent of the self-insured employer's payroll for the twelve months immediately preceding such July first." § 31-345(a).

2. Section 31-354 provides for an assessment on employers by the State Treasurer in order to operate the Second Injury Fund. The assessment may be up to five percent of the total amount of workers' compensation costs paid by the employer during the preceding calendar year, and the Treasurer may make further assessments as needed during the year. Each employer must pay the assessment to the Treasurer within thirty days after receiving notice of such assessment. (See Section 31-354).

For more information regarding assessments, you may contact:

Office of the State Treasurer
55 Elm Street, Hartford, CT 06106 [phone:(860) 702-3173]

II. CONNECTICUT GENERAL STATUTES

31-284. Basic rights and liabilities. Civil action to enjoin noncomplying employer from entering into employment contracts. Notice of availability of compensation.

(a) An employer shall not be liable to any action for damages on account of personal injury sustained by an employee arising out of and in the course of his employment or on account of death resulting from personal injury so sustained, but an employer shall secure compensation for his employees as provided under this chapter, except that compensation shall not be paid when the personal injury has been caused by the wilful and serious misconduct of the injured employee or by his intoxication. All rights and claims between employer and employees, or any representatives or dependents of such employees, arising out of personal injury or death sustained in the course of employment are abolished other than rights and claims given by this chapter, provided nothing in this section shall prohibit any employee from securing, by agreement with his employer, additional compensation from his employer for the injury or from enforcing any agreement for additional compensation.

(b) Each employer who does not furnish to the chairman of the Workers' Compensation Commission satisfactory proof of his solvency and financial ability to pay directly to injured employees or other beneficiaries compensation provided by this chapter shall insure his full liability under this chapter, other than his liability for assessments pursuant to sections 31-345 and 31-354 in one of the following ways: (1) By filing with the insurance commissioner in form acceptable to him security guaranteeing the performance of the obligations of this chapter by the employer; or (2) by insuring his full liability under this part, exclusive of any liability resulting from the terms of section 31-284b, in any stock or mutual companies or associations that are or may be authorized to take such risks in this state; or (3) by any combination of the methods provided in subdivisions (1) and (2) of this subsection as he may choose, subject to the approval of the insurance commissioner. If the employer wilfully fails to conform to any provision of this subsection, he shall be fined not more than one thousand dollars for each failure. In case of an alleged noncompliance with the provisions of this subsection, a certificate of noncompliance under oath, by the chairman of the Workers' Compensation Commission, shall constitute prima facie evidence of noncompliance.

(c) Each employer who does not furnish to the chairman of the Workers' Compensation Commission satisfactory proof of his solvency and financial ability to pay directly to the state treasurer the assessments required in sections 31-345 and 31-354 shall insure his full liability for the assessments in one of the following ways: (1) By filing with the insurance commissioner in form acceptable to him security guaranteeing the payment of the assessments by the employer; (2) by insuring his full liability for the assessments in any stock or mutual companies or associations that are or may be authorized to take such risks in this state; or (3) by any combination of the methods provided in subdivisions (1) and

(2) of this subsection as he may choose, subject to the approval of the insurance commissioner. The payment of the assessments required under sections 31-345 and 31-354 is a condition of doing business in this state and failure to pay the assessments, when due, shall result in the denial of the privilege of doing business in this state or to self-insure under subsections (b) and (c) of this section. If the liability for the assessments is insured, the insurance shall be by endorsement to a policy meeting all of the requirements of the insurance commissioner, or by a separate policy insuring the liability for the assessments, and otherwise meeting all of the requirements of the insurance commissioner. In the case of any employer who files acceptable security guaranteeing the liability for the assessments, failure to pay the assessments, when due, shall result in the denial of the privilege to self-insure under subsections (b) and (c) of this section.

(d) Any employer to whom a certificate of self-insurance has been issued pursuant to this section who fails or is unable to pay any compensation mandated by the provisions of this chapter, thereby requiring payment from the Second Injury Fund pursuant to section 31-355, shall be prohibited from self-insuring his liability under this chapter for a period of ten years from the date of the payment. The employer shall be required during the ten-year period to insure his full liability under this part, exclusive of any liability resulting from the terms of section 31-284b, in any stock or mutual companies or associations that are or may be authorized to take such risks in this state. Failure to so insure his liability shall result in the denial of the privilege of doing business in this state.

(e) Whenever an employer fails to comply with the requirements of subsection (b) of this section, the attorney general may bring a civil action in the superior court for the judicial district of Hartford to enjoin the employer, until such time as he fully complies with such requirements, from entering into any contracts of employment as a result of which he will employ additional employees.

(f) Each employer subject to the provisions of this chapter shall post, in a conspicuous place, a notice of the availability of compensation, in type of not less than ten-point boldface. The notice shall contain, at a minimum, the information required by regulations adopted pursuant to section 31-279.

31-290. Obligations not to be evaded.

No contract, expressed or implied, no rule, regulation or other device shall in any manner relieve any employer, in whole or in part, of any obligation created by this chapter, except as herein set forth.

31-326. Proceedings against delinquent insurance companies or employers.

Whenever the chairman of the Workers' Compensation Commission finds that any insurance company or association insuring the liability of an employer under the provisions of this chapter is conducting such business improperly or is dilatory in investigating and adjusting claims or making payments, or fails to comply with the

provisions of this chapter or the rules, methods or procedure and forms adopted by the chairman, the chairman shall notify the insurance commissioner, in writing, setting forth the facts, and thereupon the insurance commissioner shall fix a time and place for a hearing thereon, giving reasonable notice to the chairman and to such company or association of such hearing, and, if he finds the allegations to be true, he shall either suspend for a time or revoke the license of such company or association to transact such business in this state. Whenever a compensation commissioner has reason to believe that any employer who has furnished proof of his financial ability or filed with the insurance commissioner security for the performance of the obligations of this chapter in accordance with section 31-284 is dilatory in investigating or adjusting claims or in making payments, or fails to comply with the provisions of this chapter or the rules, methods of procedure and forms adopted by the chairman, he may notify the insurance commissioner, in writing, setting forth the facts, and thereupon the insurance commissioner shall fix the time and place for a hearing thereon, giving reasonable notice to the commissioner and to such employer, and, if he finds the allegations to be true, then, after ten days from the notice of such findings to such employer, the compliance of such employer with the terms of section 31-284 shall be, as to any future injuries, null and void.

31-345. Insurance commissioner to approve form of policy.

Assessments against employers for administrative costs.

(a) No insurer or employer to whom a certificate of self-insurance pursuant to subsection (b) of section 31-284 has been issued, shall issue any policy of insurance purporting to cover the liability of an employer under the provisions of this chapter until a copy of the form of such policy has been filed with and approved by the insurance commissioner. No insurer or employer who is self-insured in whole or in part shall engage in writing insurance under this chapter or providing the compensation and benefits directly to employees unless he files with the insurance commissioner a receipt from the state treasurer or the comptroller on or before the first day of October, that the employer has paid his pro rata cost of administration required by this section or if the self-insured employer has not, prior to July first of any year, provided compensation and benefits under this chapter, the self-insured employer shall file such receipt on or before October first, annually that he has paid an amount equal to one-quarter of one per cent of the self-insured employer's payroll for the twelve months immediately preceding such July first.

(b) (1) When, after the close of a fiscal year ending prior to July 1, 1990, the chairman of the Workers' Compensation Commission and the comptroller have determined the total amount of expenses of the Workers' Compensation Commission in accordance with the provisions of subsection (d) of section 31-280, the treasurer shall thereupon assess upon and collect from each employer, other than the state and any municipality participating for purposes of its liability under this chapter as a member in an interlocal risk management agency pursuant to chapter 113a, the proportion of such expenses that the total compensation and payment for hospital, medical and nursing care made by such

self-insured employer or private insurance carrier acting on behalf of any such employer bore to the total compensation and payments for hospital, medical and nursing care made by all such insurance carriers and self-insurers. The amount so secured shall be used to reimburse the treasurer for appropriations theretofore made by the state for the payment in the first instance of the expenses of administering this chapter. On and after July 1, 1986, the treasurer shall, as soon as possible after the close of a fiscal year ending prior to July 1, 1990, estimate the pro rata cost to each employer based upon the costs assessed to such employer in the immediately preceding fiscal year and shall assess upon and collect from each such employer such estimated costs annually which shall be payable as provided in subsection (a) of this section except each annual assessment shall include an amount which represents the difference between the payments collected and the actual costs assessed to such employer for the immediately preceding fiscal year. The treasurer is authorized to make credits or rebates for overpayments made under this subsection by any employer for any fiscal year.

(2) Effective July 1, 1990, the chairman of the Workers' Compensation Commission shall annually, on or after July first of each fiscal year, determine an amount sufficient in his judgment to meet the expenses of the Workers' Compensation Commission. Effective July 1, 1991, such expenses shall include the costs of the rehabilitation division and the programs established by its director and the costs of the division of worker education and the programs established by its director. The treasurer shall thereupon assess upon and collect from each employer, other than the state and any municipality participating for purposes of its liability under this chapter as a member in an interlocal risk management agency pursuant to chapter 113a, the proportion of such expenses, based on the immediately preceding fiscal year, that the total compensation and payment for hospital, medical and nursing care made by such self-insured employer or private insurance carrier acting on behalf of any such employer bore to the total compensation and payments for the immediately preceding fiscal year for hospital, medical and nursing care made by such insurance carriers and self-insurers, provided, effective July 1, 1991, such assessments for any fiscal year shall not exceed four per cent of such total compensation and payments made by such insurance carriers and self-insurers. Such assessments and expenses shall not exceed the budget estimates submitted in accordance with subsection (c) of section 31-280. Effective July 1, 1991, such assessments shall be made in one annual assessment upon receipt of the chairman's expense determination by the treasurer. All assessments shall be paid not later than sixty days following the date of the assessment by the treasurer. Any employer who fails to pay such assessment to the treasurer within the time prescribed by this subdivision shall pay interest to the treasurer on the assessment at the rate of eight per cent per annum from the date the assessment is due until the date of payment. On and after July 1, 1991, all assessments received by the treasurer pursuant to this subdivision shall be deposited in the Workers' Compensation Administration Fund established under section 31-344a. The treasurer is hereby authorized to make credits or rebates for overpayments made under this subsection by any employer for any fiscal year.

31-354. Second Injury Fund contributions. Duties and powers of state treasurer.

There shall be a fund to be known as the Second Injury Fund. Each employer, other than the state, shall, within thirty days after notice given by the treasurer, pay to the state treasurer for the use of the state a sum not to exceed five per cent of the total amount of money expended by the employer, by a private insurance carrier on his behalf, by an interlocal risk management agency on his behalf or by the fund pursuant to section 31-355 in payment of his liability under this chapter for the preceding calendar year. Any employer who fails to pay the sum to the treasurer within the time prescribed by this section shall pay interest to the treasurer on the sum at the rate of fifteen per cent per annum from the date the sum should have been paid until the date of payment. The treasurer shall notify each employer of the penalty provision with the notice of assessment. The assessment shall be levied by the state treasurer at any time the balance remaining in the fund is so reduced that he deems it necessary to request further assessments to cover expenditures and to maintain a reserve of one million dollars but not to exceed five percent per assessment. Effective July 1, 1993, whenever the assessment is levied, the treasurer shall pay to the fund, on behalf of the state, a sum not to exceed the total amount of money expended by the fund on behalf of state employees during the period following the last assessment. The sums received shall be kept separate and apart from all other state moneys and the faith and credit of the state of Connecticut is pledged for their safekeeping. The treasurer shall be the custodian of the fund and all disbursements from the fund shall be made by him or his deputies. The moneys of the fund shall be invested by him in accordance with applicable law. Interest, income and dividends from the investments shall be credited to the fund. Each employer, each private insurance carrier acting on behalf of any employer and each interlocal risk management agency acting on behalf of any employer shall annually, on or before April first, report to the treasurer, in the form prescribed by the treasurer, the amount of money expended by or on behalf of the employer in payments for the preceding calendar year. The fund shall be used to provide the benefits set forth in section 31-306 for adjustments in the compensation rate and payment of certain death benefits, in section 31-307b for adjustments where there are relapses after a return to work, in section 31-307c for totally disabled persons injured prior to October 1, 1953, in section 31-349 for disabled or handicapped employees and in section 31-355 for the payment of benefits due injured employees whose employers or insurance carriers have failed to pay the compensation, and medical expenses required by this chapter, or any other compensation payable from the fund as may be required by any provision contained in this chapter or any other statute and to reimburse employers or insurance carriers for payments made under subsection (b) of section 31-307a. The assessment required by this section is a condition of doing business in this state and failure to pay the assessment, when due, shall result in the denial of the privilege of doing business in this state or to self-insure under section 31-284. Any administrative or other costs or expenses incurred by the treasurer in connection with carrying out the provisions of this part, including the hiring of necessary employees, shall be paid from the fund. The treasurer may adopt regulations, in accordance with the provisions of chapter 54, prescribing the practices, policies and procedures to be followed in the administration of the Second Injury Fund.

Safety and Health Committees.

31-40v-1. Purpose and scope

Section 31-40v of the general statutes "Establishment of safety and health committees by certain employers" requires that every covered employer administer a safety and health committee to promote health and safety in places of employment in this state. The purpose of this regulation is to specify rules for establishing and administering committees which will bring employers and employees together in a non-adversarial, cooperative, and effective effort to promote safety and health at each work site.

31-40v-2. Definitions

For the purpose of sections 31-40v-1 through 31-40v-11, inclusive:

(a) "Average incidence rate" means the average incidence rate of work-related injury and illness for all industries in this state as determined by the Department of Labor.

(b) "Chairman" means the chairman of the Connecticut Workers' Compensation Commission or his designated agent.

(c) "Employee" means a person engaged in service to an employer in a business of his employer.

(d) "Employer" means a person engaged in business who has employees, including the State of Connecticut and any political subdivision thereof.

(e) "Managerial member" means any individual who has the authority to use his judgment in the interest of the employer to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward or discipline other employees, or responsibility to direct them, or to adjust their grievances or effectively to recommend such actions.

31-40v-3. Establishment of committees

(a) Except as provided in subsection (e) of section 31-40v-4 and section 31-40v-10 of these regulations, each employer who has twenty-five or more employees at any single work site in this state, as well as each employer who has twenty-four or less employees in this state whose rate of work-related injury and illness exceeds the average incidence rate, shall establish and administer a safety and health committee for that work site.

(b) In determining employment levels under sections 31-40v-1 to 31-40v-11, inclusive, of these regulations, the employer shall count all regular employees excluding temporary and seasonal workers under the employer's direction and control.

31-40v-4. Committee membership and composition.

(a) The committee shall be composed of at least as many employee members as employer members. The number of employee members on the committee may be greater than the number of employer members.

(b) The employer's non-managerial employees shall select employee safety and health members.

(c) Each committee shall have a chairperson elected by the committee members. Employer and employee members may have rotating responsibilities for chairing committee meetings.

(d) Reasonable efforts shall be made to ensure that committee members are representative of the major work activities at the work site.

(e) An employer need not provide a safety and health committee where the employees do not primarily report to or work at a fixed location and at work sites where less than 25 employees are employed. In such situations, a single centralized committee may represent the safety and health concerns of covered employees.

31-40v-5. Frequency of meetings

The committee shall meet at least once every three months, but may meet more often should they so choose.

31-40v-6. Record keeping

(a) The employer shall keep a roster containing the names and departments of all committee members. The names of current committee members shall be posted to ensure that all employees can readily contact committee members.

(b) The employer shall keep a record of attendance and minutes of meetings.

(c) All records regarding safety and health committees shall be provided to the chairman or his designee.

(d) The retention time for such records is three (3) years, after which said records may be purged.

31-40v-7. Compensation

Any employee who participates in committee activities in his/her role as a committee member, including, but not limited to, attending meetings, training activities, and inspections, shall be paid at his/her regular rate of pay for all time spent on such activities.

31-40v-8. Duties and functions

The committee's duties and responsibilities shall include, but not be limited to, establishing procedures for sharing ideas with the employer concerning:

(a) Safety inspections;

(b) Investigating safety incidents, accidents, illnesses and deaths;

(c) Evaluating accident and illness prevention programs;

(d) Establishing training programs for the identification and reduction of hazards in the workplace which damage the reproductive system of employees; and

(e) Establishing training programs to assist committee members in understanding and identifying the effects of employee substance abuse on workplace accidents and safety.

31-40v-9. Training

All members of the committee shall be trained as committee members at no cost to the employees.

31-40v-10. Pre-existing committees

Any employer who can establish that, prior to July 1, 1993, it had an existing safety and health program or other program determined by the chairman to be effective in the promotion of health and safety in the workplace may not be required to establish a safety and health committee pursuant to section 31-40v-3 of these regulations if such existing safety and health committee or program is in substantial compliance with the provisions of sections 31-40v-1 to 31-40v-11, inclusive, of these regulations.

31-40v-11. Construction

A safety and health committee established under and operating in conformity with the provisions of sections 31-40v-1 to 31-40v-11, inclusive, of these regulations is intended to respect all rights of all employees, including those rights arising under the National Labor Relations Act and the Railway Labor Act, and a committee operating pursuant to the provisions of sections 31-40v-1 to 31-40v-11, inclusive, shall not be construed to constitute a labor organization within the meaning of section 2(5) of the National Labor Relations Act or a representative within the meaning of section 1, sixth, of the Railway Labor Act.

**STATE OF CONNECTICUT
WORKERS' COMPENSATION COMMISSION
21 Oak Street, Hartford, CT 06106
APPLICATION FOR CERTIFICATE OF SELF-INSURANCE
(APPLICATION MUST BE COMPLETED IN FULL BY APPLICANT)**

1. A. Name of employer: _____
 B. Form of business entity: _____
 C. Location of principal office: _____
 D. Contact person/Title: _____ (phone no.) _____
 E. Number of years in business: _____ FEIN# _____
2. Locations of Connecticut operations-**INDICATE IF SUBSIDIARY OR DIVISION& INCLUDE FEIN# FOR EACH ENTITY.** (Attach additional sheet if necessary.)
 A. _____ (S/D)
 B. _____ (S/D)
3. Will the above subsidiary(s)/division(s) be covered under this Certificate? Yes No
4. Current number of employees in Connecticut _____ All locations _____
5. **(NEW APPLICANTS ONLY)** Name of current workers' compensation insurance carrier and policy expiration date _____
6. Please provide the following information:
 A. Surety underwriter _____
 B. Security amount \$ _____ Bond/LOC No. _____
 C. Self-insured retention amount \$ _____ per occurrence
 D. Excess insurance limit per occurrence\$ _____
 E. Excess insurance carrier (**Connecticut licensed only**) _____
 Policy No. _____ Policy Term: _____
7. Most recent audited financial statements (Renewal Applications) or the last three years (New Applications) (**please attach**). FY _____ FY _____ FY _____
8. Requested effective date of Certificate of Self-Insurance _____
(Not earlier than 90 days from date of application for new applicants. Renewals MUST be submitted at least 60 days prior to expiration of current certificate).

THE PRIVILEGE OF SELF-INSURANCE IS GRANTED TO THOSE EMPLOYERS WHO DEMONSTRATE THE CAPABILITY OF FINANCIAL STRENGTH AND STABILITY TO MAKE PAYMENT OF ALL WORKERS' COMPENSATION LIABILITIES. FAILURE TO MAINTAIN FINANCIAL STABILITY, e.g., BANKRUPTCY, SHALL RESULT IN IMMEDIATE REVOCATION PROCEEDINGS.

I, _____, hereby swear that the information provided with this Application for Self-Insurance is true and accurate. I make this statement subject to the penalties for perjury.

Signature _____
MUST BE SIGNED BY CORPORATE OFFICER, PARTNER OR PROPRIETOR

Title _____

Subscribed and sworn to before me this _____ day of _____, 20 _____.

Notary

9. Please attach the following:
- a. description of the light-duty programs at your Connecticut locations
 - b. explanation of procedures used to notify workers of their rights and obligations when injured on the job
 - c. procedures in effect to administer and investigate claims
10. Do you employ 25 or more employees? Yes _____ No _____
 If yes, do you have a Safety Committee established per the CT WC Regulations? Yes _____ No _____

11. Payroll History For **Connecticut** Operations:

Year _____ Total Payroll \$ _____

Year _____ Total Payroll \$ _____

Year _____ Total Payroll \$ _____

12. Loss History For Last **3** Full Years For Connecticut Operations.
(INCLUDE LOSS RUNS TO VERIFY AMOUNTS):

<u>Year</u>	<u># Claims</u>	<u>Amount Paid</u>	<u>Amount Open</u>	<u>Total Incurred Loss</u>
_____	_____	_____	_____	_____
		(medical)	(medical)	(medical)
		_____	_____	_____
		(indemnity)	(indemnity)	(indemnity)
		_____	_____	_____
		(total paid)	(total open)	(total incurred)

<u>Year</u>	<u># Claims</u>	<u>Amount Paid</u>	<u>Amount Open</u>	<u>Total Incurred Loss</u>
_____	_____	_____	_____	_____
		(medical)	(medical)	(medical)
		_____	_____	_____
		(indemnity)	(indemnity)	(indemnity)
		_____	_____	_____
		(total paid)	(total open)	(total incurred)

<u>Year</u>	<u># Claims</u>	<u>Amount Paid</u>	<u>Amount Open</u>	<u>Total Incurred Loss</u>
_____	_____	_____	_____	_____
		(medical)	(medical)	(medical)
		_____	_____	_____
		(indemnity)	(indemnity)	(indemnity)
		_____	_____	_____
		(total paid)	(total open)	(total incurred)

13. Total Reserves For Claims Incurred In All Self-Insured Years (Renewals Only): \$ _____
 Valued as of _____ **(INCLUDE LOSS RUNS TO VERIFY AMOUNT)**

**STATE OF CONNECTICUT
WORKERS' COMPENSATION COMMISSION
21 Oak Street, Hartford, CT 06106**

CERTIFICATION OF CLAIMS SERVICING FORM

NAME OF SELF-INSURER _____

NAME OF CLAIMS AGENCY _____

A. Claims Office Location:

B. Mailing Address (if different from above):

C. Name of person responsible for adjusting claims: _____
Connecticut Adjuster's License Number: _____ Expiration Date: _____
Phone: (____) _____ - _____ Ext. _____
Toll-Free number for out-of-state offices: (1-800) _____

D. Will any past claims of the self-insured be serviced under this contract? Yes No

E. Effective date of service contract _____

NOTICE: Personnel responsible for adjusting claims MUST hold valid workers' compensation adjusters licenses issued by the State of Connecticut Insurance Commissioner pursuant to §38a-792.

Dated: _____

Claims Office Manager or Self-Insured Applicant

(signature)

(print name)

STATE OF CONNECTICUT
WORKERS' COMPENSATION COMMISSION

SELF-INSURANCE GUARANTEE AGREEMENT

WHEREAS _____ (Parent),
a corporation organized under the State of _____, with its principal office
located at _____,
on account of financial interest in its subsidiary/division:

_____ (Employer),
doing business in the State of Connecticut, agrees to assume and unconditionally guarantee
to pay all the liabilities and obligations which said Employer may incur as a self-insurer
under the provisions of the Connecticut Workers' Compensation Act. It is agreed that
should there be a default in payment of any workers' compensation, medical, surgical,
financial expenses or assessments that may be awarded against the Employer, the Parent will
promptly pay such sums. The Parent agrees that this agreement is for the benefit of each
unknown and unnamed employee, or his or her beneficiaries, each of whom may maintain
direct action against this agreement for any such amounts which have not been paid by the
Employer. The Parent shall have the right to appear and defend in such proceedings, and
any award may be entered against the Parent and or the Employer. The Parent will be held
responsible for payment of all legal fees incurred by the State, or said employees, in any
actions taken to enforce this agreement.

The insolvency or bankruptcy, or termination of the Employer's status as a self-insurer shall
not relieve the Parent of liabilities for injuries sustained during the term of this agreement.

It is further agreed that payment made under this agreement shall not affect or be in lieu of
any other agreement or bond securing compensation payments executed pursuant to the rules
and regulations of the Commission.

Further, the Parent shall notify the Chairman of this Commission of any material change;
sale, acquisition, corporate restructure, affecting the Parent or the Employer, not more than
10 business days after the effective date of any change.

The Parent shall have the right to terminate this agreement at any time by giving 60 days
written notice by certified/registered mail to the Chairman and the Employer. Such
cancellation shall not affect liabilities incurred prior to effective date of such cancellation.

The self-insured status given to the named Employer, which was expressly conditioned on the continued existence of this agreement, shall terminate upon the effective date of any cancellation hereof. This agreement shall automatically cancel upon termination of self-insurer status in the State of Connecticut.

This agreement shall be binding upon the Parent, its successors, and assigns.

This agreement shall be effective as of _____.

Executed this _____ day of _____ 20_____

NAME OF PARENT COMPANY

signature

printed name title

Witness

[SEAL]

STATE OF CONNECTICUT
WORKERS' COMPENSATION COMMISSION

GUARANTEE RESOLUTION

I, _____, Secretary of

_____, a corporation organized and existing under the laws of the State of _____,

DO HEREBY CERTIFY that the following is a true and correct copy of the resolutions duly adopted on _____ by the Corporation's Board of Directors at meeting thereof duly called and held / by written consent action, in accordance with the provisions of the Bylaws of the Corporation.

RESOLVED that _____ will guarantee the payment of all workers' compensation liabilities incurred by any of its divisions, subsidiaries or their subsidiaries, as an employer approved to self-insure its workers' compensation liabilities resulting from its operations in the State of Connecticut.

AND BE IT FURTHER RESOLVED that the Corporation Chairman, President, Vice-President, Treasurer, Assistant Treasurer, Secretary or Chief Financial Officer are severally authorized to sign any forms required to be executed in connection with the aforesaid guarantee.

AND I DO FURTHER CERTIFY that these resolutions have not been amended, annulled, rescinded or revoked, and that these resolutions are in full force and effect.

SIGNED AND SEALED on behalf of the Corporation
this _____ day of _____, 20_____.

[SEAL]

Secretary- signature

Secretary- print name

STATE OF CONNECTICUT
WORKERS' COMPENSATION COMMISSION

SELF-INSURER SURETY BOND

BOND NO. _____

KNOW ALL MEN BY THESE PRESENTS:

That we _____ as principal,

and _____, a corporate surety company authorized to do business in the State of Connecticut as surety, are holden and stand firmly bound and obligated unto the State of Connecticut in the full and just sum of \$_____ to the true payment whereof we bind ourselves, our heirs, administrators, executors, successors and assigns, jointly and severally, by these presents.

WHEREAS, the Principal has been granted permission by the Connecticut Workers' Compensation Commission to conduct a Self-Insurance Workers' Compensation Program, conforming to the provisions of the Connecticut Workers' Compensation Act, being Chapter 568 of the Connecticut General Statutes, as amended, provided that the Principal furnish a Workers' Compensation Surety Bond in the sum of \$_____, and in compliance with this condition, the Principal furnished the bond as stated herein.

NOW THEREFORE, the condition of this bond is such that if the Principal complies with all the requirements of a self-insurer, all terms, provisions, conditions and duties of the applicable statutory law and rules and regulations adopted by the Commission, or of any amendments thereof in effect during the life of this bond, then this obligation shall be void, otherwise to remain in full force and effect. If the Principal's self-insurance license shall be revoked, or non-renewed, or if the Principal ceases to transact business in this State, or if the Principal insures its liability with an insurer, the Principal shall upon demand, deposit with the State Treasurer an amount of securities equal to the penal sum of this bond, or a single premium non-cancelable policy issued by an authorized workers' compensation insurance company insuring him against any liability that may have arisen under Chapter 568 C.G.S., or a bond executed by a company authorized to transact the aforesaid business in this State, in an amount and form approved by the Commission, guaranteeing the payment of any liability on his part that may have arisen under Chapter 568, then this obligation shall be void; otherwise to remain in full force and effect.

The Surety acknowledges that if the Principal fails to comply with the requirements of a self-insurer of workers' compensation, then all sums payable hereunder shall be payable upon demand in writing to the Surety by the Chairman of the Connecticut Workers' Compensation Commission. The liability of the Surety shall not exceed in aggregate the penal amount of \$_____.

It is understood and agreed that the Commission may permit a substitution of a new bond or bonds for this bond.

The effective date of this bond is _____.

This bond shall continue in full force and effect until liability hereunder is released by the Connecticut Workers' Compensation Commission. This bond may be canceled at any time by the Surety upon giving thirty days written notice by certified mail to the Workers' Compensation Commission. The liability of the Surety will, after thirty days' notice, cease, except as to such liability that may have accrued prior to the effectiveness of the cancellation. It shall be understood that the Surety shall be liable, within the penal sum of this bond, for the default of the Principal in fully discharging any liability on its part accruing during the life of this obligation.

IN WITNESS WHEREOF, the Principal and the Surety have caused these presents to be executed in their names and behalf
this _____ day of _____, 20_____.

[Affix Seals]

Principal

By:

Surety

By:

STATE OF CONNECTICUT
REGULATION
of
**WORKERS' COMPENSATION
COMMISSION**
Concerning
Self-Insurance Certification

Section 31-279-1 of the Regulations of Connecticut State Agencies is amended and Section 31-284 of the Regulations of Connecticut State Agencies is amended by adding Subsections 31-284-1 through 31-284-20 as follows:

Section 31-279-1. Claims Administration

- (a) As a condition of procuring a certificate of self-insurance or a license to write workers' compensation insurance, each self-insurer or carrier shall maintain a staff of claims adjusters or attorneys of sufficient size to attend hearings in the various districts at times convenient to the injured employee and the compensation commissioner.
- (b) The employer, and his service company where applicable, shall complete a certification of servicing for self-insurers form and file it with the chairman or his designee.
- (c) The chairman or his designee shall be notified immediately of any change of third party administrator.
- (d) The claims administrator shall notify the chairman or his designee in writing within fourteen (14) days of a self-insured employer's failure to provide adequate funding for timely payment of benefits.

Section 31-284-1. Definitions

As used in Sections 31-284-1 through 31-284-20, inclusive:

- (1) "Act" means the State of Connecticut Workers' Compensation Act, Chapter 568, as amended; Sections 37-3a, 38a-470, 51-85, 52-149a, and 52-174; and Administrative Regulations 31-40v-1 through 31-40v-11, 31-279-1 through 31-279-10, and 31-280-1 through 31-280-3.
- (2) "Commission" means the State of Connecticut Workers' Compensation Commission.
- (3) "Chairman or his designee" means the governor-appointed chairperson of the State of Connecticut Workers' Compensation Commission pursuant to Section 31-276 whose powers are enumerated in Sec 31-280, or his designee.
- (4) "Liabilities" means the amount of compensation for medical and indemnity benefits and related expenses incurred.
- (5) "Outstanding Liabilities" means the estimated future costs of incurred claims.

Section 31-284-2. Application Process

- (a) **Application Filing.** An employer who seeks exemption from insuring its risk under the Workers' Compensation Act shall apply to the Chairman of the commission or his designee for the privilege of becoming an individual self-insurer. An employer who is approved to self-insure agrees to meet by cash payments, all obligations incurred by it under the Act as such become due and payable. An employer who is approved to self-insure is subject to the Commission's rules and regulations as adopted or amended and subject to the Commission's full right and authority to prescribe new and additional rules and regulations. The Commission's authority and its rules and regulations pertaining to self-insurance shall continue to apply to all employers previously self-insured until all liabilities incurred while self-insured have been fully discharged.

- (b) Application Form. Application shall be made on the Commission's prescribed form and signed by an officer of the corporation, partnership, or the proprietor. All questions shall be answered fully and all required documentation shall be attached.
- (c) Insurance. Workers' compensation insurance shall be maintained during the application process and until self-insurance authorization is effective. Applications from employers who do not have insurance as required by the Act pursuant to Section 31-284 of the general statutes shall not be considered.
- (d) Certificate of Self-Insurance. Employers approved to self-insure are granted a certificate of self-insurance for a one-year period, or the otherwise stated duration on the certificate. The certificate shall be renewed annually, except for municipal employers issued certificates that are continuous until revoked. The Commission may stagger renewal dates of certificates to facilitate its workload. A certificate of self-insurance applies only to the applicant and its affiliated businesses or subsidiaries included in the application. Other affiliates or subsidiaries may be included under a self-insurer's certificate in the future upon the approval of the Chairman or his designee.

Section 31-284-3. Partial Self-Insurance

An employer may be approved by the Chairman to self-insure the operations of one or more separately incorporated and independently managed business units and insure the remainder with an insurance carrier if it can show that there will be a clear distinction between the insured and self-insured portions of the employer's liabilities. The separation of operations and payroll shall be clear. The insured portions shall be identified by name, locations, carrier, policy number, and coverage dates. If a dispute arises as to responsibility for payment, the employer shall assume full financial responsibility to immediately render all payments to the injured employee without waiting for the dispute to be settled.

Section 31-284-4. Delayed Start-up

If an employer has not implemented its self-insurance program within the first six (6) months following the Chairman or his designee's approval, the approval shall be void, thus requiring a new application to be filed for approval.

Section 31-284-5. Decisions of the Commission

The Chairman or his designee may deny an application, or move to revoke a certificate of self-insurance if the employer does not have sufficient assets, net worth, or liquidity to meet its obligations, or any component of a proposed or existing self-insurance program does not meet the standards set by the Chairman or his designee.

Section 31-284-6. Evaluation Factors

Self-insurance is a privilege and shall only be granted to those employers capable of demonstrating the following:

- (1) Financial strength and stability sufficient to permit payment of all workers' compensation benefits and assessments required under the Act. Particular emphasis shall be placed upon:
 - A) Sufficient working capital and cash flow to meet current and future obligations;
 - B) Acceptable levels of long term debt; and
 - C) Established record of financial stability and solvency.
- (2) Accurate reporting and reserving of workers' compensation injuries and illnesses.
- (3) Acceptable levels of work hazards as determined by loss history.
- (4) Qualified personnel who shall handle the administration of claims and reserves, and deliver benefits to injured workers or their beneficiaries or dependents in a fair, efficient, and competent manner in accordance with the Act.
- (5) Protection against catastrophic occurrences by purchasing excess insurance at levels approved by the Chairman or his designee.

- (6) Years in business in present corporate form.
- (7) Reliable sources of information provided.
- (8) Satisfactory responses to all applicable questions on the application.

Section 31-284-7. Reconsideration

An employer whose initial or renewal application for self-insurance has been denied, or a self-insurer who takes exception to excess insurance or reserve requirements made upon it, may request a reconsideration by the Chairman or his designee. The request for reconsideration shall be submitted in writing and be received by the Chairman or his designee no later than 30 days after the notice of the Commission's determination.

Section 31-284-8. Security Requirements

As a condition of self-insurance, employers shall post and maintain a security deposit for the certificate period in a form and amount approved by the Chairman or his designee, unless waived by the Chairman or his designee. All self-insurers shall execute a security deposit agreement as part of the application process. If approved, an applicant shall post a security deposit in accordance with the security deposit agreement. Security shall be provided in the form of a surety bond, an irrevocable funded trust, an irrevocable letter of credit, or cash deposit.

- (1) Surety bonds shall be issued on the prescribed form. Bonds shall not be released until either a new bond is executed which fully replaces and assumes the liabilities of the previous bond or until all obligations have been fully discharged under a terminated self-insurance program.
- (2) Irrevocable funded trusts may be used as a security deposit. The fund's trustee is required to report the fund's assets, market value, and investment activity on a periodic basis. Interest or dividends shall accumulate to the trust. Trust assets may not be transferred or reverted back to the employer unless amounts in excess of sufficient funding needs are approved by the Chairman or his designee.
- (3) Irrevocable letters of credit and/or cash deposits may be accepted only at the discretion and approval of the Chairman or his designee. Letters of credit shall renew automatically, have a minimum sixty (60) day cancellation by certified mail, and not be subject to any conditions by the bank or contingent upon reimbursement. Letters shall be issued on the prescribed forms and issued by an acceptable bank with a branch office or confirming bank in Connecticut. Any outstanding liabilities under a letter shall be secured with a surety bond at least ten (10) days before any cancellation takes effect or the letter will be drawn on and the monies deposited to an account under the State's control. Cash deposits shall be made to a custodial account with the State or an approved depository institution. The account shall be assigned to the State by the employer to secure the payment of the employer's obligations under the Act.
- (4) Funds held by the State as security shall be accompanied by appropriate legal instruments which designate their use solely for payment of workers' compensation obligations, and effectively assign right, title, and interest in such funds to the State. No judgment creditors, other than claimants entitled to benefits under the Act, have a right to levy upon any of a self-insurer's security deposits made under this regulation.

Section 31-284-9. Guarantee of Liabilities

Each subsidiary or affiliate company shall provide a guarantee by the parent corporation for payment of benefits under the Act with an accompanying authorization resolution. The form and substance of such guarantee shall be approved by the Chairman or his designee. Separate legal entities may be self-insured under one certificate only if they are majority-owned subsidiaries or if the same person or group of persons owns a majority interest in such entities. An agreement jointly and severally binding each entity for the liability created under the approval shall be executed in a form acceptable to the Chairman or his designee. Execution of a Guarantee of Liabilities shall not reduce the amount of required security.

Section 31-284-10. Excess Insurance

- (a) Excess insurance shall be maintained by each self-insurer unless waived by the Chairman or his designee.

- (b) Excess insurance shall be issued by an insurance carrier permitted to write workers' compensation insurance in the State of Connecticut. The Chairman shall approve the issuing carrier, coverage language, upper limits, and retained amounts of the policy. Thirty (30) days advance notice to the Chairman or his designee is required for cancellation.
- (c) Failure to maintain said coverage will be grounds for automatic revocation of a self-insurance certificate.

Section 31-284-11. Reporting Requirements

- (a) Financial Reports. Initial applications shall be accompanied by the three (3) preceding fiscal years' independently audited financial reports. Renewal applicants shall submit the latest available fiscal year-end audited financial reports. Current self-insurers shall submit audited financial year-end reports within thirty (30) days of availability.
 - (1) If the latest audited financial statement is more than six (6) months old, the corporate treasurer, partner, or proprietor, shall file an affidavit stating that there has been no significant deterioration in the financial condition of the applicant.
 - (2) If there has been a material adverse change since the date of the audited financial report, an explanation from the company treasurer shall be attached or a new statement prepared and submitted.
- (b) Interim reports may be requested by the Chairman or his designee when the financial strength of the employer is at question as determined by the Chairman or his designee.
- (c) All applicants shall provide a description of the primary and secondary sources of funds for the payments of claims.

Section 31-284-12. Claims Reporting Requirements

Self-insurers shall maintain true and accurate loss records. All self-insurance applicants and self-insurers shall report loss information. Losses shall be reported at least annually at the time of renewal, but more frequent reports may be required.

Section 31-284-13. Reserves

All self-insurers are required to evaluate and maintain adequate records of the future liability of all claims incurred under its self-insurance program. Future liabilities shall represent the probable total cost of compensation over the life of each claim, based on all available information at the valuation date for the period of time covered by the annual report. Reserves shall be reported at least annually at the time of renewal, more frequent reports, however, may be required.

Section 31-284-14. Additional Reporting Requirements

- (a) The Chairman or his designee shall be notified within ten (10) days by certified mail of any bankruptcy filing by a current or former self-insurer.
- (b) If there is a change in the majority ownership of the self-insurer, through sale, merger, or corporate restructuring, the self-insurance certification shall automatically terminate and the employer shall reapply in order to continue self-insurance. The Chairman or his designee may extend termination of the self-insurance certification to allow for filing. In some cases, it may be possible to amend and transfer an existing certificate without a new application.

Section 31-284-15. Renewal Applications

- (a) Renewal applications are to be submitted sixty (60) days prior to the expiration of the current certificate of self-insurance. The application is to be completed in full and accompanied by:
 - (1) Self-insurer's latest audited annual financial report;

- (2) Certificate of insurance that shows continued or renewed excess insurance coverage; and
 - (3) Documented compliance with security requirements.
- (b) Municipal employers issued certificates that are continuous until revoked shall submit a completed municipality update form by each November first (November 1) until all self-insured claims are fully discharged.

Section 31-284-16. Termination of Self-Insured Status

- (a) An employer may voluntarily terminate its self-insurance privileges of any or all of its operations by writing to the Chairman or his designee and providing the reason for the termination, the date and time of the intended termination, the carrier name, policy number and effective date of the full coverage insurer assuming the risk after the self-insurance termination, and full identification of the purchaser of any self-insured operations sold, including the date and time the sale is effective.
- (b) The Chairman or his designee shall be provided with thirty (30) days advance written notice of an employer's intent to terminate its self-insurance, but no later than ten (10) days after a change in ownership in the case of a sale.
- (c) All former self-insurers are responsible for any and all workers' compensation liabilities incurred during the self-insurance period. The incurred liabilities of a subsidiary or division are not subject to transfer to another entity through a sale unless the liabilities are to be fully covered under a workers' compensation insurance policy or a qualified self-insurance program. Such transfer shall have prior written approval from the Chairman or his designee.
- (d) Whenever an employer exits the self-insurance program, the Chairman or his designee may require such employer to provide all available information regarding incurred liabilities.
- (e) An employer whose self-insurance certification has been terminated or revoked shall continue to provide competent administration of incurred claims. If it is determined by the Chairman or his designee that the claims are not being competently administered or reported, the Chairman or his designee may notify the employer of the problem and require it to be addressed within sixty (60) days. If the problem is not addressed within sixty (60) days, the Chairman or his designee may require the employer to select a new administrator. If the employer fails to enter into an agreement with a new administrator in a timely manner the Chairman or his designee may designate a new claims administrator and the costs shall be borne by the employer.
- (f) The Chairman or his designee may seek to enjoin a currently or previously self-insured employer from liquidating its assets, selling its tangible Connecticut property, or moving its operations out of Connecticut before it has received approval from the Chairman or his designee of an acceptable exit plan to provide for the continued payment of its outstanding workers' compensation liabilities.

Section 31-284-17. Assessments

The assessments made by the Connecticut State Treasurer under statutory provisions for the expenses of the operation of the Workers' Compensation Commission and the Second Injury Fund, or a subsequent guaranty fund, shall be paid in full. Delinquent assessments may be grounds for the revocation of a certificate of self-insurance. Each self-insurer shall report to the State Treasurer by April first (April 1) of each year the total amount of compensation paid in the previous calendar year on all losses incurred during any year of its self-insurance program. Administrative assessment payments are required of former self-insurers based upon any cases incurred during the entire period of self-insurance until all the cases are closed.

Section 31-284-18. New Regulation Grace Period

If the specific requirements prescribed in Sections 31-284-1 through 31-284-17 would create a hardship on an existing self-insurer, the self-insurer may apply to the Chairman or his designee for a temporary deviation waiver. The request shall be made in writing before any deadline prescribed in Section 31-284-7 and should include a detailed explanation for the request and the estimated time needed to comply. The request may also suggest alternatives for achieving

substantial compliance during such grace period. Approval of a temporary deviation waiver is discretionary upon showing of hardship. Approvals shall be in writing. Approvals will advise the self-insurer of its new deadline for regulatory compliance and may contain conditions necessary to the approval. The Chairman or his designee will not grant a temporary deviation waiver if there is reason to believe that a self-insurer is unable to comply with specific requirements because of deterioration in its financial position or if such waiver will impede the Commission's ability to obtain relevant information to monitor a self-insurer's financial condition.

Section 31-284-19. Severability

If any portion of this Section or its application is held invalid, remaining Sections or separate applications shall not be affected, to the end that the Sections of this regulation are severable.

Section 31-284-20. Grandfathered Employers

These regulations apply to any self-insurance program approved by the Chairman or his designee on or after October 1, 1996. Employers with self-insurance programs approved by the Chairman or his designee prior to October 1, 1996 will continue to be covered by the requirements set forth by the Chairman at the time they were first approved, however, if the program has been approved for two (2) or more years, then at the time of the program's last renewal.

Statement of Purpose: To govern certain qualifying individual employers to function as self-insurers of their workers' compensation liabilities, and to guarantee full and timely payment of benefits by self-insured employers to their employees, as provided for in Connecticut general statutes Section 31-284.