

# Self Insurance

## How to become a certified self-insurer

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# Long Term Commitment

- Self-Insurance is built for long term committed employers.
- Financial obligations.

# Minimum Criteria

## WAC 296-15-021

- Be in business for 3 years without substantial changes in ownership, structure, or operations.
- Have a written accident prevention program in Washington 6 months prior to making application.
- Have one of the following:
  - Total assets worth \$25 million; or
  - Revenue of \$50 million; or
  - Annual workers compensation premium payments or loss costs of \$1 million. (*Does not apply to cities, counties, or groups in RCW 51.14.150*)

# Minimum Criteria

## WAC 296-15-021

- Credit ratings of investment grade or higher and carries Excess / Re-Insurance.
  - Publically traded:
    - Moody's Baa3 or higher.
    - Standard and Poor's BBB- or higher.
  - Privately held:
    - Determined by self-insurance credit rating procedures. We obtain this information from audited financials.

# Minimum Criteria

## WAC 296-15-021

- Credit ratings of investment grade or higher and carries Excess / Re-Insurance.
  - Public entity, such as a city or county:
    - Determined by Self-Insurance credit rating procedures.
    - Has adequate monetary reserves as determined under accepted actuarial practices.
  - Hospital or Educational district:
    - Has adequate monetary reserves as determined under accepted actuarial practices.

# Minimum Criteria

## WAC 296-15-021

- Department must make sure that the prospective Self-insured employer can meet their financial obligations.
- For publicly traded companies, this may require providing up to one hundred twenty-five percent of the initial surety amount when credit ratings are below investment grade.
- Director's discretion.

# Items Needed with Application

- Completed Application for Self-Insurance Certification.
- Application fee of \$250.00.
- 2 years of fully audited financial statements which must be in name of applicant (privately held).
- List of locations and subsidiary operations in WA.
- Copy of accident prevention program.
- Completed Certification Questionnaire.
- Application for SIEDRS if applicable.

# Application Processes

- Process can span 3-6 months depending on safety inspections.
- During couple of weeks, we communicate the accident prevention program to DOSH; financial information is analyzed, and questionnaire reviewed.
- Webinar to go over all of the expectations of a Self-Insured Employer.
- Set the start date, surety, and gather final documents.



# How Initial Surety Determined

Established by one of the following:

- Annual premiums paid to the state fund; or
- Annual average last 5 years developed incurred costs to state fund; or
- Submitted independent actuarial review approved by department actuary; or
- Minimum surety

# Emphasis on Safety

- DOSH consultation and before application
  - Highly recommended to communicate with DOSH about consultation for joining Self-Insurance.
- Review your Accident Prevention Program before application.
- Long term commitment.

# DOSH Self-Insurance Reviews

- Self-Insurance Reviews are conducted by DOSH Regional Safety & Health Consultants.
- The Consultation Operations Specialist receives the list of sites and determines which of those will be visited by DOSH Consultant(s).
- If the employer has an inspection in progress then the consultation cannot take place until any citation becomes a final order.

# DOSH Self-Insurance Reviews

- Reviews include:
  - A full-service consultation with a comprehensive review and evaluation of the employer's written Accident Prevention Program and any other required safety and health programs,
  - A walk-through of the facility, and
  - A review of injury/illness logs, claims history and previous inspection and consultation history.

# DOSH Self-Insurance Reviews

- Employer Responsibilities: Safe Workplace
- Accident Prevention Program (APP)
- Personal Protective Equipment (PPE)
- Safety Committees & Safety Meetings
- First Aid
- Emergency Eyewash and Showers
- Chemical Hazard Communication Program
- Safety Bulletin Board, WISHA Poster
- Other Program Requirements

# Onboarding - Continuing Certification

Onboarding will include the following so that you are set up for success:

- Loss Development Analysis (Annual Surety Determination) on the SIF7 form
- Quarterly reporting and payment of assessments
- Comply with Industrial Insurance Laws (Title 51)
- Fulfill all claim benefit obligations.

# Annual Financial Analysis

- Fully audited financial statements prepared by independent accountants are required within six months of your financial year end.
- This is an ongoing requirement of all Self-Insured employers.
- Establish your credit rating for surety calculation purposes.

# Loss Development Analysis

- Based on annual SIF 7 claim data submitted
- Two models analyzed (incurred and paid)
  - Incurred analyzes the amounts paid are reserved and determines adequacy of initial reserves
  - Paid analyzes amounts paid and ability to close claims
- Based on actuarial models
- Independent Actuarial Report may be submitted by the firm for consideration
- No change in initial surety first 3 years



# Tentatively Approved Documents to be submitted

- Required surety in form of Bond, Escrow or LOC.
  - WAC 296-15-121
- Copy of service agreement with TPA.
- Signed Acknowledgement of Self-Insurance Responsibilities form.
- Parental guarantee, if applicable.
- Completed SIEDRS enrollment.
- Copy of Excess Insurance (reinsurance) policy.

# Starting the SI Journey

- Our goal is to align with your desired start date.
- First day of a new quarter.
- Re-application (as needed)
- Digital Welcome Packet
- Cert. Services support

# Questions?