



## WORKERS' COMPENSATION SELF-INSURANCE APPLICATION INSTRUCTIONS

A workers' compensation self-insurer is an employer who is approved by the Department of Financial Services, Division of Workers' Compensation, to self-fund its workers' compensation liabilities as prescribed in Section 440.38(1)(b), Florida Statutes. Applications are filed with, and reviewed by, the Florida Self-Insurers Guaranty Association, Inc. (FSIGA). All self-insurers, with the exception of public utilities or governmental entities within the scope of Section 440.38(6), Florida Statutes, are required to be a member of the Florida Self-Insurers Guaranty Association, Inc. as a condition of self-insurance.

The Application for Self-Insurance requires four categories of information:

Section I	-	General
Section II	-	Legal
Section III	-	Financial
Section IV	-	Servicing

It is important to complete each section in the specified format without omitting any requested information.

Please provide **an original and one copy of your entire application filing**. Each set of documents should be organized in a binder that has been two-hole punched at the top. Place tabs at the bottom of the documents, e.g., Tab III-1 would contain annual financial statements.

Mail your completed application filing to:

Florida Self-Insurers Guaranty Association, Inc.  
1427 East Piedmont Drive, 2<sup>nd</sup> Floor  
Tallahassee, Florida 32308

Your company should maintain workers' compensation insurance coverage until you have received written confirmation of approval stating the effective date of your self-insurance authorization. You may then cancel your workers' compensation insurance coverage as of that date.

**APPLICATIONS SUBMITTED WITH MISSING OR INCOMPLETE DOCUMENTS CANNOT BE CONSIDERED AS A COMPLETE APPLICATION SUBMISSION.**

## **SECTION I – GENERAL**

### **Section I-1 Application Form**

Attach a fully completed Application for Self-Insurance (Form DFS-F2-SI-1) in this section. An original signature by an owner, partner, or corporate officer must appear on both copies of this form. A blank Form DFS-F2-SI-1 is included in this packet.

If you are applying as an affiliated self-insurer, the name shown in Item 1 on the Application Form must either agree with the name shown on the combined audited financial statements provided as part of this application or list all of the affiliated companies to be included under the application. Affiliated self-insurance is a single authorization for companies affiliated by common majority interest, but without a common parent company to hold the self-insurance authorization.

### **Section I-2 Application Financial Review Fee**

Pursuant to Section 440.385(3)(b)8., Florida Statutes, an application financial review fee in the amount of \$500.00 is required at the time of application and should be made payable to the Florida Self-Insurers Guaranty Association. Attach the completed invoice and your check in this section. A blank Application Financial Review Fee invoice is included in this packet.

### **Section I-3 Corporate Officer, Limited Partner or Individual Proprietor Listing**

Attach a list of all corporate officers if the applicant is a corporation, all partners if the applicant is a partnership, or the individual proprietor if the applicant is an individual proprietorship as requested in Item 17 of the Application Form. The list should include their names, the city and state of their residence, and their full business address (street address; no post office boxes).

If you are applying as an affiliated self-insurer, we must have this information for all of the affiliated companies.

### **Section I-4 Subsidiary and Location Listing**

Attach a list of all affiliates and subsidiaries to be covered under this self-insurance authorization in this section as requested in Item 4 of the Application Form. For each entity listed, include the following information:

- the legal name
- any fictitious name(s) used by that entity in Florida
- the entity's FEIN
- the percentage ownership that the applicant has in that entity
- the address of each Florida location where that entity has employees

Affiliates and subsidiaries are eligible for coverage if the applicant has a majority ownership interest as stated in Items 20(g) and (h) of the Application Form.

If you are applying as an affiliated self-insurer, include detailed ownership for all of the affiliated companies along with the above information.

**Section I-5 Experience Modification Rating(s)**

Attach a copy of the applicant's current year and two prior years' experience modification ratings in this section as requested in Item 15 of the Application Form.

If providing an interstate experience modification rating, include a copy of at least the summary pages showing the modification factor and the detail pages breaking out the Florida experience.

**SECTION II – LEGAL**

**Section II-1 Certificate of Status from State of Domicile**

Attach a Certificate of Status in this section in substantiation of the information requested in Items 10 and 18 of the Application Form.

A Certificate of Status is a document issued by the applicant's state of domicile public records custodian for corporate records, generally the Secretary of State. The certificate documents that the company is duly organized and that the company's status in the state is active. The certificate must be dated within the last six months.

If you are applying as an affiliated self-insurer, we must have this information for all of the affiliated companies.

**Section II-2 Certificate of Status from Florida Secretary of State**

If the applicant is a foreign corporation, limited partnership or limited liability company, attach the applicant's Florida Certificate of Status as required in Item 5 of the Application Form.

All foreign entities with offices or employees located in Florida must provide this documentation. An acceptable certificate must indicate that your company's filing status in Florida is active and must be dated within the last six months. Contact the Florida Secretary of State for assistance in complying with this requirement.

If you are applying as an affiliated self-insurer, we must have this information for all of the affiliated companies.

**Section II-3 Amendments to Articles of Incorporation for Successor Company(s)**

If the applicant is the successor to another company or has had a name change within the last 3 years, attach copies of the pertinent amendments to the applicant's Articles of Incorporation as filed with the applicant's state of domicile in substantiation of the information requested in Item 11 of the Application Form and the attached financial information, respectively.

If you are applying as an affiliated self-insurer, we must have this information for all of the affiliated companies.

**Section II-4 Cross-Indemnity Agreement for Affiliated Self-Insurer**

If you are applying as an affiliated self-insurer, an Indemnity Agreement (Form DFS-F2-SI-11) must be executed and included in this section. This agreement obligates each of the affiliated companies for the outstanding workers' compensation liabilities of the other companies; and therefore, must be signed by all of the affiliated companies. A blank Form DFS-F2-SI-11 is included in this packet.

**Section II-5 Parental Guaranty**

If you are a wholly-owned subsidiary and are applying for self-insurance using the financial statements of a parent company, a Parental Guaranty and Corporate Resolution for Self-Insured Subsidiary Entity (Form DFS-F2-SI-10) must be executed and included in this section.

**SECTION III – FINANCIAL**

**Section III-1 Annual Financial Statements**

**All financial information submitted in support of this application must be in the name shown in Item 1 of the Application for Self-Insurance, with the exception of an applicant applying under the parental guaranty provision of Rule 69L-5.215, Florida Administrative Code.**

Attach in this section the current fiscal year-end financial statements as well as the prior fiscal year-end statements, if the statements are prepared on a comparative basis with the prior fiscal year. If the statements are not prepared on a comparative basis with the prior fiscal year, then the three most recent fiscal year-end statements must be attached.

The most recent fiscal year-end financial statements must indicate a minimum net worth of the greater of \$10,000,000 U.S. or three (3) times standard premium. All required financial statements must be prepared in accordance with Generally Accepted Accounting Principles. The financial statements for the most recent fiscal year-end must also be audited in accordance with Generally Accepted Auditing Standards. If financial statements for the two prior fiscal years have been audited in accordance with Generally Accepted Auditing Standards, then those audited financial statements must be submitted as well.

In order to meet the financial strength requirement, an applicant must have a current credit rating of not less than “Ba3,” “BB-,” or “BB-” issued by Moody’s Investors Services, Standard & Poor’s or Fitch Ratings, respectively; or an equivalent rating determined by the Association.

If you are applying as an affiliated self-insurer, we must have either combined financial statements including all of the affiliated companies or separate financial statements for each affiliated company.

### **Section III-2 Interim Financial Statement**

If the latest audited financial statements are over six (6) months old at the time of application, attach in this section interim financial statements up to, and including, the applicant’s latest fiscal quarter. The interim financial statements must be certified by a corporate officer and evidence a continued net worth in excess of the greater of \$10,000,000 U.S. or three (3) times standard premium.

If you are applying as an affiliated self-insurer, we must have either combined interim financial statements including all of the affiliated companies or separate interim financial statements for each affiliated company.

### **Section III-3 Security Deposit**

A minimum initial security deposit in the amount of \$100,000 which meets the criteria in either a. or b. below is required. The security deposit requirement may be satisfied using either of the following:

- a. A surety bond in favor of FSIGA issued by a corporation surety authorized to transact surety business by the Department of Financial Services, and whose policyholders’ and financial ratings, as reported in A.M. Best’s Insurance Reports, Property-Liability, are not less than “A”, for financial strength, and “V”, for financial size, respectively. A surety bond must be executed on a Self-Insurers Surety Bond (Form DFS-F2-SI-4F), a copy of which is included in this packet.
- b. An irrevocable letter of credit in favor of FSIGA issued by a financial institution located within the state of Florida, the deposits of which are insured through the Federal Deposit Insurance Corporation. A sample Self-Insurer Irrevocable Letter of Credit (Form DFS-F2-SI-6) is included in this packet.

If you are applying as an affiliated self-insurer, the security deposit must cover the Florida workers’ compensation claims of all of the affiliated companies.

If the application is recommended favorably to the Department of Financial Services, the applicant will be contacted to provide the required security deposit. The original security deposit must be submitted to the Association no less than 30 days prior to the anticipated effective date of the self-insurance authorization.

#### **Section III-4 Specific Excess Insurance**

All self-insurers must maintain specific excess insurance. A specific excess insurance policy must have a limit of at least \$50,000,000 with a maximum retention of \$500,000 or 1% of the self-insurer's net worth, whichever is greater. The policy must also be payable to FSIGA in the event of an insolvency.

The policy must be written by a company licensed in Florida pursuant to Chapters 624, 628, or 629, Florida Statutes, and shall be subject to the protection afforded by the Florida Workers' Compensation Insurance Guaranty Association according to Chapter 631, Part V, Florida Statutes.

Or, if issued without the protection of the Florida Workers' Compensation Insurance Guaranty Association Act where the coverage described above is not available, the policy shall be issued by an insurance company who has current financial strength and size ratings from A.M. Best Company of not less than "A-" and "VII" respectively.

Please review Chapter 69L-5.219, Florida Administrative Code, for additional information regarding specific excess insurance requirements.

If you are applying as an affiliated self-insurer, the specific excess insurance policy must cover the Florida workers' compensation claims of all of the affiliated companies.

If the application is recommended favorably to the Department of Financial Services, the applicant will be contacted to provide proof of specific excess insurance coverage. That proof of coverage must be submitted to the Association no less than 30 days prior to the anticipated effective date of the self-insurance authorization.

## **SECTION IV – SERVICING**

#### **Section IV-1 Certification of Servicing for Self-Insurers**

Attach a fully completed Certification of Servicing for Self-Insurers (Form DFS-F2-SI-19) including original signatures on both copies. A blank Form DFS-F2-SI-19 is included in this packet. To obtain a complete listing of Qualified Servicing Entities approved for use by self-insurers in meeting the requirements of Chapter 69L-5.216, Florida Administrative Code, contact FSIGA at (850)222-1882 or by e-mail at [fsiga@fsiga.org](mailto:fsiga@fsiga.org).

## **Section IV-2 Self-Servicing**

If you checked in-house as the servicing method for either claims or safety in Part II of Form DFS-F2-SI-19, you must provide proof that you employ personnel competent to provide these services in compliance with Rule 69L-5.216, Florida Administrative Code. Accordingly, provide the applicable information shown in a. or b. below:

- a. **Claims and/or Safety** – Attach resumes for all in-house personnel that will manage or control claims adjusting and/or safety. This documentation will be forwarded on to the Department of Financial Services for review.
- b. **Safety** – Attach a copy of your safety program which will be forwarded on to the Department of Financial Services for review.

Upon receipt and review of the required information, the Department of Financial Services will make a determination regarding the applicant's ability to provide competent in-house servicing for the applicable portion of its self-insurance authorization with in-house personnel.