



WORKERS' COMPENSATION COMPLIANCE GUIDE FOR INDIVIDUAL SELF-INSURERS

This guide is intended to provide your company with information on the filing requirements for individual self-insurers for workers' compensation pursuant to Section 440.38, Florida Statutes, which can be found on the internet at www.leg.state.fl.us/statutes, and Rule 69L-5, Florida Administrative Code, which can be found on the internet at www.flrules.org. The items required to remain in compliance with the statutes and rules are listed below along with their respective due dates. Items filed after the stated due dates, except security deposits, are subject to civil penalties by the Department of Financial Services and can be grounds for revocation. Failure to file security deposits timely is grounds for revocation of your company's self-insurance authorization and/or the calling of the security deposit.

REPORT

DUE DATE

Annual Financial Statement or
SEC Form 10K

Within four (4) months after the end of your company's
fiscal year

Actuarial Report

If required, as stated in the request

* Annual Payroll Report (Form DFS-F2-SI-5)

Within two (2) months after your company's anniversary
rating date

* Unit Statistical Report (Form DFS-F2-SI-17)

Within eight (8) months after your company's anniversary
rating date

* Outstanding Workers' Compensation
Liabilities Report (Form DFS-F2-SI-20)

Within four (4) months after the end of your company's
fiscal year

Servicing Certification (Form DFS-F2-SI-19)

Within thirty (30) days after your company's service
contract expires or is canceled or whenever there is a
change in your company's servicing arrangements

Specific Excess Policy

Certificate of insurance (or binder for ninety (90) days) is
due within thirty (30) days and a copy of the policy within
ninety (90) days after your company's current policy
expires

Specific Excess Policy Endorsements

Within thirty (30) days after being issued

Security Deposit

If canceled, within ten (10) days of our receipt of the
cancellation notice

Changes in Covered Entities and Contacts

Within thirty (30) days of any changes

* These reports will be sent to you for completion prior to their due dates

Please refer to subsequent pages of the guide or to the appropriate rule for details on the above listed filings. If you have any questions, please contact the Association at (850) 222-1882.

ANNUAL FINANCIAL STATEMENTS

Annual financial statements submitted to the Association should, as a minimum, include the following:

- Balance Sheet
- Statement of Income
- Statement of Cash Flows
- Notes to financial statements

Financial statements should be presented in accordance with Generally Accepted Accounting Principles. If your company's self-insurance authorization was effective on or after January 1, 1997, the financial statements must also be audited in accordance with Generally Accepted Auditing Standards.

ACTUARIAL REPORTS

If requested by the Association, an actuarial report should reflect the certified opinion of an independent actuary, who is a member of the American Academy of Actuaries, as to the actuarial present value of your company's determined and estimated future compensation payments based on cash reserves, using a 4-percent discount rate.

PAYROLL REPORT (Form DFS-F2-SI-5)

The Payroll Report should include payroll for your company and all covered subsidiaries and/or affiliates for the most recently ended policy period. A policy period cannot be for more than one full year, but can be for shorter periods, if your company has had a recent anniversary rating date change.

Total remuneration for all employees should be reported in accordance with the rules section of the National Council on Compensation Insurance "Basic Manual for Workers' Compensation and Employers' Liability Insurance". This would include the segregating of payroll into classification codes and the assignment of governing code(s). Also, payroll should be reported in whole dollars with overtime reported at straight time rates and officers' remuneration capped at the maximum weekly amount. A copy of this manual and its update service may be obtained from the National Council on Compensation Insurance, 750 Park of Commerce Drive, Boca Raton, Florida 33487 or through their website at www.ncci.com. Approved Florida rates are included in this manual.

A blank payroll report will be sent to you for completion at the end of each policy period. If you do not receive this report, please notify the Association. A blank copy of the report and detailed instructions for completing it are available on our website at www.fsga.org.

UNIT STATISTICAL REPORTS (Form DFS-F2-SI-17)

The Unit Statistical Reports should provide a summary of the cost of your company's workers' compensation claims occurring during the previous three (3) years in accordance with the National Council on Compensation Insurance "Workers' Compensation Statistical Plan" manual. The information on these reports should be evaluated six (6) months after your company's anniversary rating date. Unit Statistical Reports are used in conjunction with your company's payroll report to promulgate an experience modification for your company in accordance with the National Council on Compensation Insurance "Experience Rating Plan Manual". Copies of these manuals may be obtained from the National Council on Compensation Insurance, 750 Park of Commerce Drive, Boca Raton, Florida 33487 or through their website at www.ncci.com.

Blank reports will be sent to your company for completion at the evaluation date. If you do not receive this report, please notify the Association. A blank copy of the report and detailed instructions for completing it are available on our website at www.fsga.org.

ANNIVERSARY RATING DATE

Anniversary rating dates are set equal to the effective date of your company's self-insurance authorization at the time the authorization is approved. They must remain on that date for one full year. If your company prefers a different anniversary rating date, please notify the Association as soon as possible.

Anniversary rating date changes must be requested from the Association in writing. You will be notified of the approved effective date for that change. Do not change your anniversary rating date until you have received such notification.

EXPERIENCE MODIFICATIONS

Experience modifications are statistical factors that weigh your company's workers' compensation claims experience against that of other companies in the same business and of the same size as yours. You will receive a copy of your experience modification from the Division of Workers' Compensation when it is promulgated. If you have any questions regarding the modification, please contact Dwayne Manning in the Division's Bureau of Monitoring & Audit at (850) 413-1784.

REPORT OF OUTSTANDING WORKERS' COMPENSATION LIABILITIES (Form DFS-F2-SI-20)

The Report of Outstanding Workers' Compensation Liabilities should show your company's liability for all open workers' compensation claims incurred since the start of your company's self-insurance authorization and for all other authorizations assumed by your company. You may only deduct those amounts recoverable from third parties (i.e. excess insurance, Special Disability Trust Fund, etc.) that relate to unpaid outstanding reserves. Future recoveries related to payments already made cannot be deducted.

A blank report will be sent to your company for completion at the end of your company's fiscal year. If you do not receive this report, please notify the Association. A blank copy of the report and detailed instructions for completing it are available on our website at www.fsga.org.

CERTIFICATION OF SERVICING (Form DFS-F2-SI-19)

The Certification of Servicing is required to be provided whenever there is a change in your company's claims servicing arrangements or loss control and safety engineering services. This includes changes from one servicing entity to another and from a servicing entity to in-house servicing or back.

If the Certification of Servicing indicates in-house servicing for either claims adjusting and/or safety arrangements, the following items are also required to be provided, respectively, as stated on the form:

- Resumes or copies of licenses for claims adjusting personnel
- A copy of your company's safety program or approval letter from the Department of Financial Services

A blank copy of the report is available on our website at www.fsig.org.

SPECIFIC EXCESS POLICY AND ENDORSEMENTS

All self-insurers are required to maintain specific excess insurance. A complete copy of your company's current specific excess insurance policy is required to be provided to the Association. Copies of all endorsements are also required.

A certificate of insurance (or a binder providing for at least ninety (90) days coverage) must be provided within thirty (30) days of the policy's effective date (30 days after the expiration of the prior policy). A complete copy of the policy is then due within ninety (90) days of the policy's effective date. If your company's specific excess insurance policy is canceled or non-renewed, proof of replacement specific excess coverage must be provided no later than the cancellation/non-renewal date.

Specific excess policies 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 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. If issued without the protection of the Florida Workers' Compensation Insurance Guaranty Association Act, 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.

SECURITY DEPOSIT

A minimum initial security deposit in the amount of \$100,000, which meets the criteria below, is required to be posted with the Association. The Division of Workers' Compensation can increase your security deposit, if your company's credit rating is less than investment grade. The security deposit requirement may be satisfied using either of the following:

- A surety bond in favor of FSI GA issued by a corporation surety authorized to transact surety business by the Office of Insurance Regulation, and whose current financial strength and size ratings from A.M. Best Company are not less than “A” and “V”, respectively. Surety bonds must be executed on a Self-Insurer’s Surety Bond for FSI GA Member (Form DFS-F2-SI-4F).
- An irrevocable letter of credit in favor of FSI GA issued by a financial institution located within the state of Florida, the deposits of which are insured through the Federal Deposit Insurance Corporation. The sample Self-Insurer Irrevocable Letter of Credit (Form DFS-F2-SI-6) contains the required wording.

Copies of Form DFS-F2-SI-4F and Form DFS-F2-SI-6 are available on our website at <http://www.fsig.org>.

CHANGES IN COVERED ENTITIES AND CONTACTS

The following changes (including additions or deletions) for the self-insurer and all covered subsidiaries and/or affiliates are required to be reported to the Association within thirty (30) days of the effective date of the change. You should include the effective date of the change. All wholly-owned and majority-owned subsidiaries may be covered under your company’s self-insurance authorization.

- Change in the legal name
- Change of corporate address and/or any Florida location address
- Change in corporate structure
- Change in Federal Employer Identification Number (FEIN)
- Change in a fictitious name used in Florida
- Any change in ownership (including a change in the percentages of ownership)
- If the individual who handles your self-insurance matters changes or if that individual’s contact information changes (i.e. address, phone, fax, e-mail, etc)

EXTENSIONS AND PENALTIES

All filings should be made by the specified due dates. Requests for filing extensions should be made in writing to the Division of Workers’ Compensation, c/o the Florida Self-Insurers Guaranty Association, and be postmarked no later than fifteen (15) days prior to the due date. Extension requests should state the amount of additional time needed and the reason it is needed. Extensions will be granted in writing by the Division of Workers’ Compensation. Extensions will be granted only due to circumstances entirely beyond the control of your company or your service company. Qualifying circumstances are acts of God or nature, delays caused by other state or federal regulatory agencies, or destruction of the records by someone or something other than the self-insurer, its servicing entity or their employees. For financial statements, extensions of up to sixty (60) days may be granted for other circumstances entirely beyond the control of your company or servicing entity, if proof of those circumstances and draft financial statements are submitted with the extension request.

Late filings can be grounds for revocation of your company’s self-insurance authorization or the Department of Financial Services may levy civil penalties. Instructions for protesting civil penalties will be included with the penalty orders. Protests will be evaluated by the Department of Financial Services, which may waive the penalty, if the late filing was due to circumstances entirely beyond the control of your company or servicing entity.

ASSESSMENTS

All individual self-insurers are required to pay assessments to the Department of Financial Services, Division of Worker's Compensation, for the Workers' Compensation Administrative Trust Fund and the Special Disability Trust Fund. Individual self-insurers that are members of the Florida Self-Insurers Guaranty Association, Inc. are also required to pay assessments to the Association for the insolvency fund. These assessments are based on the premium your company would have paid to a commercial insurance carrier for workers' compensation coverage as calculated based on the information provided on your company's payroll report and using the experience modification promulgated by the Division of Workers' Compensation.

Contact the Department of Financial Services, Division of Workers' Compensation, Assessments Unit, at 200 East Gaines Street, Tallahassee, FL 32399-4221 or at (850) 413-1646 for additional information regarding their assessments. Contact the Association at 1427 East Piedmont Drive, 2nd Floor, Tallahassee, FL 32308 or at (850) 222-1882 regarding our assessment.

If your company is entitled to a Drug-Free Workplace Program premium credit or a Safety Program premium credit, or the Florida Construction Classification Premium Adjustment Program credit, contact the Division of Workers' Compensation as shown in the preceding paragraph.

VOLUNTARY TERMINATION

In order to voluntarily terminate your company's self-insurance authorization, you must provide a letter to the Association requesting that the self-insurance authorization be terminated and indicating the desired date of termination. That letter must be accompanied by one of the following:

- Proof of replacement coverage in the form of a Certificate of Insurance or a binder for the new policy indicating an effective date the same as the requested self-insurance termination date; or
- Proof that your company has no remaining payroll in Florida or that the Florida business has been closed. These events can be verified by providing a copy of either your company's Form UCS-3 or Form UCT-6 (whichever is appropriate) as filed with the Florida Department of Revenue.