

## **INSTRUCTIONS FOR QUALIFYING AS A SELF-INSURED EMPLOYER IN ALASKA**

### **REQUIREMENTS**

8 AAC 46.010(a) provides that an employer may self-insure its workers' compensation liability in Alaska if it has:

- (1) been in business within Alaska for at least five years immediately preceding the filing of the application;
- (2) a safety/loss control program;
- (3) in combination with its parent company or subsidiary companies of the employer, a minimum of 100 employees either in Alaska or in another state or states; and
- (4) a tangible net worth of at least \$10,000,000.

In addition to these requirements, 8 AAC 46.010(b) provides an employer must also have:

- (1) the financial ability to meet the self-insured's financial obligations in Alaska;
- (2) available claims facilities through its own staffed adjusting facilities located within the state or through independent, licensed, resident adjusters with power to effect settlement within the state. For purposes of this paragraph, insurance companies with a certificate of authority from the Department of Commerce and Economic Development's Division of Insurance, and with staff adjusters in this state, are considered independent, licensed, resident adjusters; and
- (3) agreed to post any security deposit required.

The Alaska Workers' Compensation Board will, in its discretion, waive the requirement in 8 AAC 46.010(a)(1) if:

- (1) the employer has self-insured its workers' compensation obligations in another jurisdiction for a period of at least five years immediately preceding the filing of the application; or
- (2) the employer is a wholly-owned subsidiary and its parent company has been in business for at least five years immediately preceding filing and guarantees the subsidiary's obligations under the Act.

Under 8 AAC 46.010(d), an employer that is a majority or wholly-owned subsidiary must have the employer's obligations under the Act guaranteed by its parent company.

### **FILING REQUIREMENTS**

An application for a Certificate of Self-Insurance must be made on Form 07-6129.

An applicant that has multiple subsidiaries must list each subsidiary to be covered under the certificate of self-insurance, including the legal name, mailing address, federal identification number, and ownership information for each subsidiary.

When the applicant is a wholly owned subsidiary of another company, a Parent Company Guarantee must be included with the Application for Certificate of Self-Insurance.

If the applicant is a joint venture, the partner with the majority interest in the venture must be self-insured in Alaska, or qualified to be self-insured in this state. The joint venture application must include financial information for each partner in the venture, and the application must be accompanied by a copy of the joint venture's operating agreement.

The application must be accompanied by the applicant's audited financial statements for the three fiscal or calendar years immediately preceding the filing of the application. The applicant may submit consolidated financial statements of its parent company if the applicant does not have its own audited financial statements and the employer is a majority or wholly-owned subsidiary. A public entity must submit audited comprehensive annual financial reports, including detailed schedules.

The applicant shall provide a summary of the employer's or the employer's parent company payroll and loss runs for the three fiscal years or calendar years preceding the filing of the application. The

summary must be categorized by year, and include the number of employees, amount of payroll, number of medical-only claims, number of indemnity claims, number of fatalities, the dollar amount of total incurred losses, the dollar amount of paid losses, the dollar amount of reserves for incurred but unpaid losses, the dollar amount of losses within the retention limit, the dollar amount of losses subject to reinsurance or excess recovery, and the dollar amount of losses subject to subrogation recovery.

The applicant shall submit a description (binder) of its proposed excess insurance coverage, including effective dates, type of coverage, conditions and exclusions, with specific and aggregate retentions and policy limits. Excess coverage must be written by a casualty insurance company or reinsurance company authorized to transact business in Alaska, and must be rated A- or higher with a stable outlook by a nationally recognized rating organization. If approved, the applicant shall provide excess policy insurance coverage to the Division.

The application for self-insurance must be accompanied by a security deposit in the form of an irrevocable letter of credit from a financial institution authorized to conduct business in Alaska under AS 06.01.010-06.40.190, with the State of Alaska, Department of Labor and Workforce Development listed as the beneficiary. The amount of the security deposit must be in the amount of \$600,000 or 125% of the total outstanding accrued self-insured workers' compensation liabilities for the year immediately preceding the application, whichever amount is greater.

The applicant shall submit with the application a detailed outline of its safety/loss control program.

The above material shall be mailed to the Division of Workers' Compensation at least 90 days prior to the desired effective date of self-insurance.

**STATE OF ALASKA  
DIVISION OF WORKERS' COMPENSATION  
P.O. Box 115512  
Juneau, AK 99811-5512**

**APPLICATION FOR CERTIFICATE OF SELF-INSURANCE**

All questions must be answered, and requested material submitted. If not applicable, use symbol N/A. Workers compensation insurance must be maintained until self-insurance authorization is effective.

1. Legal name of the Alaskan employer \_\_\_\_\_
  
2. Mailing address of the Alaskan employer \_\_\_\_\_  
\_\_\_\_\_
  
3. Name and address of the individual responsible for the employer's self-insured program  
Name \_\_\_\_\_ Title \_\_\_\_\_  
Mailing address \_\_\_\_\_  
Telephone number \_\_\_\_\_ Fax number \_\_\_\_\_  
Email address \_\_\_\_\_
  
4. Type of business structure of the Alaskan employer (Check One)  
 Corporation       Partnership       Joint Venture       Limited Partnership  
 Limited Liability Company       Limited Liability Partnership  
 Municipality or Public Authority       Other (explain below)  
\_\_\_\_\_
  
5. If the Alaskan employer is a wholly owned or majority owned subsidiary, provide the legal name, mailing address, and percent of ownership of the parent or controlling company.  
\_\_\_\_\_  
\_\_\_\_\_
  
6. If the Alaskan employer is a joint venture, provide the legal names, mailing address, and ownership percentage of each person having an ownership interest in the venture (attach additional pages if necessary).  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
7. Provide the North American Industry Classification System (NAICS) code number that the Alaskan employer conducts its affairs under and a brief description of its business activities  
NAICS Code \_\_\_\_\_  
Description of business Activities in Alaska \_\_\_\_\_
  
8. Alaska employer's federal employer identification number \_\_\_\_\_
  
9. Provide the Alaska employer's Alaska State Business License number and, if applicable, the Alaska Department of Commerce ID number.  
Business License Number \_\_\_\_\_ Commerce ID Number \_\_\_\_\_
  
10. Date the Alaskan employer started business in Alaska \_\_\_\_\_

11. List past three years compensation experience in Alaska

Reporting year			
Number of Alaskan Employees			
Total Alaskan Payroll			
Number of incident only & medical claims			
Number of time-loss claims			
Number of fatalities			
Total amount of incurred losses in year			
Total amount of paid losses in year			
Total outstanding loss reserves at year end			
Total amount within retention limit			
Total amount subject to excess coverage			
Total amount subject to subrogation recovery			
Annual Alaskan workers' compensation premium			

12. Description of proposed excess insurance

Name of proposed excess insurance carrier \_\_\_\_\_  
 Proposed Self-Insurance Retention Specific: \_\_\_\_\_ Aggregate: \_\_\_\_\_  
 Proposed policy limits Specific: \_\_\_\_\_ Aggregate: \_\_\_\_\_

13. Effective dates when self-insurance is desired: From \_\_\_\_\_ To \_\_\_\_\_

14. Name and mailing address of the Alaska claims adjuster to be located in the State of Alaska

\_\_\_\_\_

\_\_\_\_\_

15. Applicant must provide the following documents with this application for Certificate of Self-Insurance

- Audited Financial Statements for the three fiscal years immediately preceding the filing of the application. If the employer is a joint venture, financial statements must be submitted for each partner in the venture.
- If a wholly owned subsidiary or a joint venture, a written parent company's guarantee of the subsidiaries liabilities under the Alaska Workers Compensation Act.
- A written detailed summary of the company's loss prevention program.
- A list of subsidiaries to be covered under this application, including the legal names, mailing addresses, federal identification number, and ownership interest for each subsidiary.

16. In consideration of the approval of this application, the applicant expressly agrees:

- To comply with the excess insurance coverage retentions and limits required by the Alaska Workers Compensation Board;
- To comply with the security deposits required by the Board;
- That this privilege may be revoked at any time for cause at the discretion of the Alaska Workers Compensation Board;
- That the applicant will promptly provide benefits within the time limits specified by the Alaska Workers Compensation Act;
- That the applicant will discharge liability for compensation to injured employees or their dependents in accordance with the requirements of the Alaska Workers Compensation Act;
- That the applicant or its adjuster will provide annual reports no later than March 1<sup>st</sup> of each calendar year, and pay applicable Second Injury Fund and Workers' Safety and Compensation Administration Account assessments due thereon;
- That a request for renewal of the Employers Certificate of Self-Insurance will be made annually on a form prescribed by the Alaska Workers Compensation Board; and

- That the applicant will notify the board within 30 days of any change in conditions which would affect the applicant's ability to administer its self-insurance program, including sale, merger, or other organic changes in ownership interest.

\_\_\_\_\_  
(Signature of Authorized Person)

\_\_\_\_\_  
(Title of Authorized Person)

State of \_\_\_\_\_  
County of \_\_\_\_\_

\_\_\_\_\_, being first duly sworn, appeared personally and declared that the facts set forth in the foregoing application are true to the best of his/her knowledge, information and belief.

Sworn to and affirmed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Notary Public)

(Notary seal)

My commission expires on \_\_\_\_\_

**PARENT COMPANY GUARANTEE**

\_\_\_\_\_ (Parent), a corporation duly incorporated under the laws of the State of \_\_\_\_\_, for and in consideration of the Alaska Workers' Compensation Board (Board) authorizing \_\_\_\_\_ (Subsidiary), a corporation, to operate as a self-insurer under the provisions of the Alaska Workers Compensation Act (Act), hereby guarantees the payment by the Subsidiary of any and all valid claims for compensation and other benefits made against it under the Act. If the Subsidiary does not pay or cause to be paid directly to claimants the benefits due or that may become due under the Act, then the Parent covenants and agrees it will pay to the claimants all the benefits due. These benefits include reasonable attorney's fees incurred by claimants in any action brought on this guarantee. The Parent enters this agreement with the express knowledge and understanding that the execution and acceptance of this guarantee is for the benefit of unknown and unnamed employees and former employees of the Subsidiary; the Parent hereby recognizes this as a direct financial guarantee to these employees or former employees.

The Parent has the right to cancel and terminate this guarantee upon giving the Board at least 60 days written notice of its intent to do so.

A cancellation does not affect the liability of the Parent for any benefits payable for injuries occurring before the date of cancellation specified in the notice of cancellation.

This guarantee is effective as of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Signature of Authorized Person)

\_\_\_\_\_  
(Title of Authorized Person)

State of \_\_\_\_\_  
County of \_\_\_\_\_

\_\_\_\_\_, being first duly sworn, appeared personally and declared that the facts set forth in the foregoing application are true to the best of his/her knowledge, information and belief.

Sworn to and affirmed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Notary Public)

(Notary seal)

My commission expires on \_\_\_\_\_