OFFICE OF INSURANCE AND SAFETY FIRE COMMISSIONER
COMMISSIONER OF INSURANCE • INDUSTRIAL LOAN COMMISSIONER • SAFETY FIRE COMMISSIONER • COMPTROLLER GENERAL
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REGULATORY SERVICES
GID-259-RS FEB11

SYNOPSIS OF REQUIREMENTS TO FORM A WORKERS' COMPENSATION GROUP SELF-INSURANCE FUND

For details see:

O.C.G.A. 34-9-150 thru 181

Rules -and Regulations *120-2-34-.01* through *.24*

1. No person shall organize or attempt to organize a Fund, or advise or counsel a group as to the formation of a Fund, or solicit membership in a Fund, unless that person holds a current Georgia property and casualty agent's *or* counselor's license under Chapter 33-23 of the Georgia Insurance Code. This rule shall not apply to members of a group eligible to form a Fund, employees of such member or ·group, members in good standing of the State Bar of Georgia, or such other persons as the Commissioner, upon application, may approve. *(120-2-34-.22)*

2. Thoroughly review above Statute, Rules and regulations and this synopsis. Make appointment with appropriate person in Regulatory Services Section to discuss plans for a Group Fund.

3. Must be group of municipalities, counties, school boards, hospital authorities, trade association members, professional association members.

4. Must have ten (10) or more initial members to form a Fund.

5. Those ten (10) or more members must have no fewer than 1,000 employees in the aggregate.

6. Must be licensed by the Insurance Department.

7. Fund principle office must be maintained in Georgia. *(34-9-152(2) (c))*

8. Must enter into an intrastate agreement for the purpose of extending workers compensation benefits to employees or its members and may then make application to the Insurance Commissioner for a Certificate of Authority to *create* a Fund.

9. Must have and maintain gross annual premium$ of $300,000.00 <u>or such higher amounts as the Commissioner may require</u> *(34-9-152(f)).*

10. Surplus required-minimum of $150,000 plus $150,000 minimum expendable surplus <u>or such higher amounts as the Commissioner may require</u>.

11. Application for Certificate of Authority (Form GID-261-RS same as GSF-1)

12. By-laws of a Fund are subject to review and approval by the Commissioner.

13. Each Fund shall be operated by a Board of Trustees.

14. Fund must maintain with the Commissioner a $200,000 security deposit consisting of securities eligible for deposit by domestic insurance companies. *(34-9-161 and 120-2-34-.15)*

15. Fund must secure specific and aggregate excess insurance. Specific Excess Insurance with coverage limits not less than $2,000,000 and Aggregate Excess Insurance with coverage limits not less than $1,000,000 (<u>or such higher amounts as may be required by the Commissioner</u>). (1.) An attachment point for the Specific Excess Insurance of no greater than $350,000 per occurrence. The aggregate retention shall be no greater than the normal annual premium collected in the policy year less all expenses. *(Rules 120-2-34-.16)*

16. Administrator of Fund must complete Form GID-266-RS same as GSF-6 (Application to serve as Administrator).

17. Administrator shall maintain an office in the State for the payment processing and adjustment of the claims of the fund or funds which it represents. *(O.C.G.A. 34-9-167(C))*

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18. Administrator must have fidelity bond in the amount of $100,000 written by an insurer authorized to transact insurance in Georgia (Form GID-268-RS same as GSF-8). (Rules 120-2-34-.17(1))

19. Administrator must maintain errors and omissions coverage or other appropriate liability coverage, written by an insurer authorized to transact insurance in this State, in an amount of at least $100,000. (Rules 120-2-34-.17(2))

20. Administrator must enclose copy of most recently audited financial statement with Form GID-266-RS same as GSF-6.

21. All service agreements are subject to review and approval by the Commissioner *(O.C.G.A.* 34-9-165 and Rules 120-2-34-.10)

22. Fund must file Form GID-263-RS same as GSF-3 (member application) for each proposed charter member. These must be filed with the Certificate of Authority application package.

23. Furnish listing of charter members, number of employees and annual premium for each member. Also, show totals for all members.

24. Complete Form GID-265-RS same as GSF-5 for each proposed officer, director or trustee.

25. Furnish statement of the powers of the officers and directors and the term of office of each. *(O.C.G.A. 34-9-152(8))*

26. Furnish statement of the financial condition (balance sheet) of the proposed Fund as of the last preceding month prior to the date of application. *(O.C.G.A. 34-9-152(16))*

27. Furnish copy of each contract, endorsement, application form, the proposed fund intends to use. *(O.C.G.A. 34-9-152(17))*

28. Enclose $300.00 filing fee.

29. Make rate filing with Insurance Department, Property & Casualty Section.

30. Recap of Forms to be completed:

GID-261-RS same as GSF-1 Application for Certificate of Authority
GID-263-RS same as GSF-3 Application of Each Proposed Charter Member
GID-265-RS same as GSF-5 Application of Officer, Director or Trustee
GID-266-RS same as GSF-6 Application of Administrator of Fund
GID-267-RS same as GSF-7 Surety Bond
GID-268-RS same as GSF-8 Administrator's Fidelity Bond

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