



# OHIO SELF-INSURERS ASSOCIATION

January 20, 2010

Dear OSIA Member,

Ohio's Self-insuring employers are responsible for the administration and costs associated with their workers' compensation claims. When a self-insuring employer cannot meet its obligations, the responsibility for the cost and administration of the claims is assumed by The Ohio Bureau of Workers' Compensation. The costs of the claims are assessed against all self-insured employers through the Self-Insuring Employers Guaranty Fund (SIEGF). Claims predating 1987 are assessed against self-insured employers through the Surplus Fund.

The SIEGF was established in 1986 to pay the costs of the claims of those self-insuring employers that had defaulted on their obligations. Such costs are then assessed against the remaining self-insured employers. For many years the funds held in the SIEGF were sufficient to cover the costs associated with defaulted claims; however, some significant bankruptcies have created increased liability for, and changes in the business climate have exposed weaknesses in the SIEGF resulting in increased risks to, self-insuring employers in Ohio.

The Ohio Self Insurers Association, Ohio Manufacturers Association and the Ohio Chamber of Commerce have been working with the Ohio Bureau of Workers' Compensation to address the solvency, funding mechanism, and administration of with the SIEGF. This effort has resulted in the development of a risk assessment model, primarily based on two factors: the outstanding liabilities and the financial stability of a self-insured company. This model would provide a more accurate assessment of the risk that each self-insuring employer presents to the fund. In addition, the risk would be recognized earlier resulting in gradual increases or decreases in the amount of security required as the stability of the company and risk to the SIEGF changes. In that way, the initial requests for security from companies in financial trouble would not occur when they would be least capable of providing it.

Recently, self-insuring employers have received requests from the Ohio Bureau of Workers' Compensation for reserve information. The requests are related to the efforts outlined above to change the securitization of the SIEGF. The OSIA supports the initiative involving the SIEGF but recognizes that these requests have created some confusion within the self-insured community. The BWC is working on an additional communication which would help to clarify its intentions and the reasons for the requests for information. The OSIA is working with the Ohio Bureau of Workers' Compensation on these issues and the creation of a risk assessment model. We will keep you advised of all developments in this important issue.

Respectfully,

***Chris Royer***

Chris Royer  
President, Ohio Self Insurers Association