

**79A(1)**  
**CHECKLIST FOR APPLICATION FOR INDIVIDUAL AND GROUP  
 WORKERS' COMPENSATION SELF-INSURANCE AUTHORITY  
 AND EXTENDING AUTHORITY OF EXISTING LICENSE EXEMPTION**

A complete response to all applicable items is required. The following checklist is to be completed and submitted with the application. Please check the appropriate space(s) for each question. If explanation of a particular response or lack thereof is necessary, please attach referenced sheets. Please note that the \$4,000 application fee must be received with the application or it will not be reviewed. (There is a \$400.00 application fee for new members to existing groups.)

		<u>Response on</u>	<u>Attachment</u>	<u>Not</u>
		<u>Application</u>	<u>Attachment</u>	<u>Required</u>
1.	Legal Name	_____	_____	_____
2.	Mailing Address	_____	_____	_____
3.	Names of Owners/Officers	_____	_____	_____
4.	Company Background and Affiliations (a through d)	_____	_____	_____
5.	Guarantee of Payment Agreement (See Form "A") & Corporate Board Resolution (See Form "F")	_____	_____	_____
6.	Listing of all Locations	_____	_____	_____
7.	Descriptions of Company Business/Markets	_____	_____	_____
8.	Analysis of Operations	_____	_____	_____
9.	Summary of Operating Info.	_____	_____	_____
10.	Fiscal Year Information	_____	_____	_____
11.	Financial Data (See Item 11a) on Application)	_____	_____	_____
12.	Effective Date	_____	_____	_____

- |     |   |       |       |       |
|-----|---|-------|-------|-------|
| 13. | Self-Insurance Background   | _____ | _____ | _____ |
| 14. | W.C.R.A. Information  | _____ | _____ | _____ |
| 15. | Current Insurance Data  | _____ | _____ | _____ |
| 16. | Estimated Premium Info.   | _____ | _____ | _____ |
| 17. | Security Deposit Amount   | _____ | _____ | _____ |
| 18. | Loss Experience   | _____ | _____ | _____ |
| 19. | Minnesota Tax ID Number<br>(See Form "B")   | _____ | _____ | _____ |
| 20. | Information Relating to<br>Administration   | _____ | _____ | _____ |
| 21. | Signature of Applicant  | _____ | _____ | _____ |
| 22. | Actuarial Study/Affidavit<br>(See Forms "C-1 or C-2")                             | _____ | _____ | _____ |
| 23. | Indemnity Agreement<br>(for Group App. Only)                                      | _____ | _____ | _____ |
| 24. | Proof of Deposit  | _____ | _____ | _____ |
| 25. | For Existing Individual or<br>Group Authority Additions<br>(See Forms "D" or "E") | _____ | _____ | _____ |

**INSTRUCTIONS FOR COMPLETING INDIVIDUAL OR GROUP MEMBER**

**WORKERS' COMPENSATION SELF-INSURANCE APPLICATION**

**79A(1)**

**GENERAL INSTRUCTIONS**

These instructions should be followed in completing the attached application for self-insurance. The application will not be considered complete until the applicant has submitted the non-refundable \$4,000 application fee (make check payable to Minnesota Commerce Department) and has provided all of the information required. (There is a \$400.00 application fee for new members to existing groups.) The applicant may obtain copies of the statute and rules governing self-insurance for workers' compensation by contacting the Minnesota Bookstore at (651) 297-3000 or [www.leg.state.mn.us](http://www.leg.state.mn.us) to request Minnesota Statutes Chapter 79A and Minnesota Rules Chapter 2780.

The application shall be considered incomplete unless accompanied by the completed Checklist for Application. No application will be reviewed unless the named Third Party Administrator, if any, is properly licensed. Information included as an attachment should be numbered with the question to which it refers. No attachments should be included without reference to a specific question in the application.

Each employer desiring to self-insure individually or as a group member shall apply to the Commissioner using the attached form. The Commissioner shall grant or deny the application within 60 days after a complete application is filed. The time limit may be extended for another 30 days upon 15 days prior notice to the applicant.

**WORKERS' COMPENSATION REINSURANCE ASSOCIATION (W.C.R.A.)**

All companies granted authority to self-insure their workers' compensation liabilities are required to purchase specific reinsurance from the W.C.R.A. For information and to obtain a W.C.R.A. application form, contact:

**Dorraine Sullivan  
Workers' Compensation Reinsurance Association  
Suite 1700  
400 Robert Street North  
Saint Paul, MN 55101-2026  
Direct: (651) 229-1850  
Main: (651) 293-0999**

**DO NOT** submit the W.C.R.A. application to the Commerce Department. But please verify that the application and/or appropriate payroll information has been sent to the W.C.R.A. for premium calculation purposes.

## ITEMIZED INSTRUCTIONS

1. - 2. Self-explanatory.
3. The self-insurance privilege extended upon approval of this application will expire and terminate if the applicant is sold, merged, dissolved or otherwise changes its ownership interest to the extent that the financial condition upon which approval was extended no longer establishes the applicant's financial ability to pay compensation benefits promptly in accordance with the law. Pursuant to Minn. Stat. 79A.03, Subd. 4, and Minn. Rules Chapter 2780.1600 written notification of any change in management or ownership of the company (or its Corporate Guarantor) must be submitted to the Commerce Department within (30) days of the sale or merger.
4. Please attach an organizational chart indicating relationships between all affiliated entities, and provide the name and address of each entity.
5. Item 5a. If a parent company is guaranteeing the workers' compensation liability of the applicant pursuant to Minn. Stat. 79A.03, Subd. 5, a Guarantee of Payment form must be executed by the parent (Corporate Guarantor) and enclosed with the application. Both the applicant and the Corporate Guarantor must submit all information required by questions 7, 8, 9, and 11.

Item 5b. If the applicant intends to include subsidiaries within this application for self-insurance authority, a separate Guarantee of Payment form must be executed by the applicant (Corporate Guarantor) for each subsidiary listed in this section. You may include a single Corporate Board Resolution (listing all entities) included in the self-insurance authority. **These must be on the forms prescribed by the Department.** All information required by questions 7, 8, 9 and 11 must be submitted for the applicant and each subsidiary. The self-insurance privilege extended upon approval of this application applies only to the applicant and such subsidiaries which are included in this section (and have submitted Guarantee of Payment and Corporate Board Resolution forms). Other subsidiaries may be included in the future under the applicant's self-insurance privilege upon prior written notification to the Commerce Department and written approval therefrom, and after submitting a Guarantee of Payment and corresponding Corporate Board Resolution, as described above.

6. List the names and addresses of all Minnesota locations. If the applicant or any affiliated entity will be doing business under an assumed name, provide full details. If you have employees who are not working out of a company address listed in question 6, explain. You must inform the Department of any changes immediately.
7. Describe the characteristics of the industry served by the company. For smaller companies the discussion should describe major product lines, which for larger companies the discussion should be by division and major lines within each division. The end product market for products or lines of products should be stated.
8. In general, management's discussion and analysis of operations should include a discussion of the company's sales, revenues, expenses, liquidity and capital resources for the total company and each market segment. In particular, the analysis should cover operating revenues and sales, operating expenses and cost of sales, other income, interest expense, fixed charges and income taxes. In addition, the growth of property (plant, equipment and capital expenditures), competition and litigation should be included. The financial review should cover the current and preceding four years, noting areas of strength and areas of management concern. The discussion should relate the historical trends to long-term objectives.

Often questions 7 and 8 are combined into a single presentation. Typically, the annual reports or SEC Form 10K of publicly held companies will satisfy the requirements of these questions and should be used as a model for privately held applicants.

9. The accounting terms used in Items a) through h) are as defined in generally accepted accounting principles.
10. Please note that Minn. Stat. 79A.03, Subd. 9 requires every self-insurer to annually file with the Commissioner of Commerce its most recent audited financial statement and 10K report (if prepared) within four months after the end of the fiscal year.
11. Self-explanatory.

12. All orders granting authority to self-insure will be made effective at 12:01 a.m. on the date approved. The Department encourages applicants to file early. If the application is submitted with less than the time required to process, the authorized effective date may be later than the applicant's required effective date. The authority cannot be granted prior to receiving the required security deposit in a form acceptable according to Minnesota Law or Rule.
13. Self-explanatory.
14. Refer to the W.C.R.A. Retention Limit Selection Form for the current calendar year. Fill in the W.C.R.A. retention limit chosen by the applicant, applicant's estimated current annual modified premium (see question #16), and applicant's net worth, then complete the ratio calculation. Net worth must be ten times the selected retention limit. Each individual self-insurer's net worth as presented on its audited balance sheet filed with the Department of Commerce, shall equal at least ten percent of the entity's total assets and shall equal at least ten times the retention level selected with the Workers' Compensation Reinsurance Association.
15. Item 15c. For those companies which are currently authorized to self-insure, fill in actual coverage. For new applicants who intend to purchase coverage fill in intended amounts.  
  
Item 15d. The summary will include coverages, amounts, limits, effective dates, et. The additional insurance provisions may be a consideration in the determination of the authority to self-insure.
16. Self-explanatory.
17. The minimum deposit must be 110 percent of the applicant's estimate future liability. "Estimated future liability" means the applicant's total of estimated future liability as determined by a member of the Casualty Actuarial Society. Estimated future liability is determined by (1) taking the total amount of the applicant's future liability of workers' compensation claims estimated to occur during the twenty-four month period (or twelve month period for group self-insurers) commencing with the date that the applicant is to become self-insured and (2) then deducting the total amount which is estimated to be returned to the self-insurer from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits which are estimated to be reimbursed by the Special Compensation Fund.

18. The applicant's current workers' compensation carrier can assist you in obtaining the data requested in 18 a-c.
19. The Minnesota Tax Identification Number Form (Form B) is required by the Department of Revenue. **No application will be processed if this form is not included with the application and fully completed.**
20. The Commerce Department must be notified immediately of any changes in the administrator with whom the applicant has contracted for services or changes in in-house personnel administering the program who are included in this authority.

In-House or TPA Administration – These are services necessary for successful administration of a self-insurance program. Specify which services will be performed by qualified in-house personnel, and which will be performed by a licensed third party administrator. If the services are performed in-house, specify the employees responsible for each of the services, and detail qualification of each to perform those services.

Contact Person is the person within the company to whom all correspondence from the Commerce Department should be addressed, the person responsible for administration of your self-insurance program, and for compliance with the Department's rules.

21. This must be the signature of a person authorized to act on behalf of the applicant.

#### SUBMISSION INSTRUCTIONS

Be certain the signature page is completed, and forward the application to:

**Eva Crawford  
Self-Insurance Coordinator  
Minnesota Dept. of Commerce  
85 Seventh Place East/Suite 500  
St. Paul, MN 55101-2198**

If there are questions regarding the application, please contact Eva Crawford at (651) 539-1741 or Marie Douglas, Administrative Assistant at (651) 539-1743. Fax: (651) 539-1550



22. Actuarial Study (See attached format. Refer to Number 17.)  
(Form C-1 or C-2)
23. Group Applications only (See Indemnity Agreement)
24. Proof of Deposit (Group Applications only)
25. Existing Individual or Group Authority Additions (See Forms "D or "E)
26. Should the authority be granted pursuant to Minn. Statute 79A each self-insurer shall perform the following activities:
  - (1) Establish a plan for merit rating which shall be consistently applied to all insureds, provided that members of a data service organization may use merit rating plans developed by that data service organization.
  - (2) Provide an annual report to the commissioner containing the information and prepared in the form required by the commissioner; and
  - (3) Keep a record of the losses paid by the self-insurers and premiums for the group self-insurers.

**APPLICATION FOR INDIVIDUAL OR GROUP MEMBER**

**WORKERS' COMPENSATION SELF-INSURANCE AUTHORITY**

**79A(1)**

The undersigned (hereinafter the "applicant"), an employer subject to the provisions of Minnesota Statutes Chapters 176, 79A.01-.18 and Minnesota Rules Chapter 2780 (hereinafter "the law"), hereby applies for self-insurance authority in order to pay directly all benefits or obligations required by the Law. The applicant makes the following declarations for the purpose of enabling the Commerce Department to determine compliance with the requirements of the Law.

**NAMES, ADDRESS, ORGANIZATION**

1. Legal name of applicant:

Group Name: \_\_\_\_\_

(Only if applicant is applying for membership  
in self-insured group)

2. Mailing address of applicant:

3. Names, addresses and titles of all senior corporate officers, all partners, and all principal owners (specify):

4. Company Background:

a) Date established:

b) If corporation, under laws of what state?

c) Did firm succeed another firm? \_\_\_\_\_ If yes, state which firm and the succession date:

d) If applicant has parent, subsidiaries, or other affiliate(s), list names and address of all affiliates, and attach an organizational chart showing relationships.

5. a) If the applicant's parent or an affiliated company has agreed to guarantee the workers' compensation liabilities of the applicant, a Guarantee of Payment form executed by the parent or affiliate, must be submitted with this application. The parent or affiliate must also attach a Resolution of the Board of Directors authorizing the execution of the guarantee.
- b) If the applicant intends to include subsidiaries within this authority, list all entities to be included and state the percentage of ownership by the applicant. Further, a Guarantee of Payment form, executed by the applicant for each subsidiary to be included within this authority must be submitted with this application.
6. On a separate sheet, list by name and address all assumed names, branch offices and/or locations in Minnesota. Specify which are subsidiaries and which are divisions of the applicant. (Divisions are automatically included under the authority. Subsidiaries will be specifically named on Attachment "A".)

FINANCIAL INTEGRITY

7. Describe the nature of the company's business and the industry it serves (see instructions):
8. Provide a thorough Management's Discussion and Analysis and a Summary of Operations (see instructions):
9. Summarize applicant's operating information for the most recent fiscal year:

20\_\_

- |                        |       |
|------------------------|-------|
| a) Total Assets        | _____ |
| b) Total Liabilities   | _____ |
| c) Current Assets      | _____ |
| d) Current Liabilities | _____ |
| e) Net Worth           | _____ |

- f) Long-Term Debt \_\_\_\_\_
  - g) Operating Revenues \_\_\_\_\_
  - h) Net Income \_\_\_\_\_
  - i) Applicant's Total W.C. Liabilities Outstanding \_\_\_\_\_
  - j) Applicant's Minnesota W.C. Liabilities Outstanding \_\_\_\_\_
  - k) Applicant's Total Company Payroll \_\_\_\_\_
  - l) Applicant's Minnesota Payroll \_\_\_\_\_
  - m) Total Company Employees \_\_\_\_\_
  - n) Average Number of Employees in Minnesota \_\_\_\_\_
10. Applicant's Fiscal Year: \_\_\_\_\_ to \_\_\_\_\_  
(Month/Day) (Month/Day)
11. Financial Data - Provide the following:
- a) SEC Form 10K and annual report (or if 10K reports have not been prepared, audited financial statements) for the five most recent years. Financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit, signed by a company officer and notarized, stating that there has been no material lessening of the net worth or other adverse changes in its financial condition since the end of the period. In addition, the affidavit shall state there have been no existing or new contingent liabilities which would now require disclosure in an audit of the financial statements.
  - b) SEC Form 10Q (or if 10Q reports have not been prepared, unaudited quarterly financial statements) from the end of the last fiscal year to date of application.

c) SEC Form 8Q if any have been issued after most recent 10K.

INSURANCE, PAYROLL AND LOSS DATA

12. Requested effective date for authority to self-insure.

\_\_\_\_\_, 20\_\_\_\_, 12:01 AM.

13. a) Has applicant ever been self-insured in Minnesota?

\_\_\_\_\_

b) Is applicant authorized to self-insure its workers' compensation liabilities in other states? \_\_\_\_\_. If so, on a separate sheet, list the names of states and dates (including Minnesota).

c) Has applicant ever been denied authorization to self-insure its workers' compensation liabilities or had such authority revoked or suspended in any state? \_\_\_\_\_. If so, on a separate sheet, list the names of the states and dates (including Minnesota).

d) Does the applicant have an account or any other amount past due or in dispute with Assigned Risk Plan or other workers' compensation insurer? If so, please provide detailed explanation including the (1) Delinquent or contested amount? \_\_\_\_\_ (2) Insurer? \_\_\_\_\_ (3) Eff. Dates? \_\_\_\_\_ (4) State? \_\_\_\_\_

14. a) Specific retention limit selected with Workers' Compensation Reinsurance Association:

Low: \_\_\_\_\_ High: \_\_\_\_\_ Super: \_\_\_\_\_

X 10 = \_\_\_\_\_

b) Net Worth \_\_\_\_\_

15. Current Insurance Data:

a) Name of present insurer for workers' compensation:

\_\_\_\_\_

- b) Expiration date of workers' compensation policy now in effect:  
\_\_\_\_\_
- c) Include a summary of the current workers' compensation policy or contract as it relates to Minnesota operations.
- d) List anticipated aggregate reinsurance or excess workers' compensation insurance (other than with the W.C.R.A.), insurer's name, retention limit and limit of liability (see instructions):  
\_\_\_\_\_  
\_\_\_\_\_

Retention: \_\_\_\_\_ Limit: \_\_\_\_\_

Period of coverage \_\_\_\_\_ to \_\_\_\_\_

Is a quotation pending? Yes \_\_\_\_ No \_\_\_\_

- e) Include a complete copy of any reinsurance policy which will be in effect during the period the applicant will be self-insured.

16. The Department policy for companies seeking to expand their existing authority will follow these guidelines (if applicable):

- 1. Should the new employee count impact the existing employee base by greater than 5%, the Department will request that an actuarial certification interim to the next cycle be prepared.
- 2. If the amount is less than 5% you may fill out Form D or E.

17. Security Deposit Amount \_\_\_\_\_  
(see instructions) Based on actuarial opinion/formula. (See Form "D" for existing Groups or "E" for Individuals if applicable)

18. Loss Experience – Provide the following:

- a) Declaration pages and schedules from the three (3) latest workers' compensation policies, showing experience modification factors and Minnesota codes and payrolls.
- b) Minnesota experience rating forms (or interstate rating forms) used to arrive at the modifications.

- c) Loss run for the most recent period available, showing losses subsequent to development of latest experience modification.
- d) If experience modification is 1.50 or above, you must explain the reason, and describe the company's loss control and safety program, or changes that have been made in the company's program to rectify the situation.
- e) Please list the number of workers' compensation claims reported in the past full year of policy experience.  
Total \_\_\_\_\_

19. Complete Minnesota Tax Identification Number Form (Form B) fully and submit it with this application. No application submitted without this form will be processed.

20. Self-Insurance Administration Information:

A. Contract with Licensed Third Party Administrator qualified in Minnesota

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Services Provided:

- \_\_\_\_\_ Accounting and Record Retention
- \_\_\_\_\_ Actuarial
- \_\_\_\_\_ Claims Administration
- \_\_\_\_\_ General Administration
- \_\_\_\_\_ Insurance
- \_\_\_\_\_ Legal
- \_\_\_\_\_ Loss Control/Safety
- \_\_\_\_\_ Rehabilitation
- \_\_\_\_\_ Risk Analysis/Management
- \_\_\_\_\_ Other (List)

B. In-House Administration

Name(s) of Administering Employee(s):

\_\_\_\_\_

Address \_\_\_\_\_

Contact Person \_\_\_\_\_

Telephone Number \_\_\_\_\_

Services Provided:

\_\_\_\_\_ Accounting and Record Retention

\_\_\_\_\_ Actuarial

\_\_\_\_\_ Claims Administration

\_\_\_\_\_ General Administration

\_\_\_\_\_ Insurance

\_\_\_\_\_ Legal

\_\_\_\_\_ Loss Control/Safety

\_\_\_\_\_ Rehabilitation

\_\_\_\_\_ Risk Analysis/Management

\_\_\_\_\_ Other (List)

Attach a summary of the qualifications for each person, and list the services to be performed by each. (Note: Prior approval of the Department of Commerce is required before in-house administration is allowed.)

- C. Contact Person. Give the name, address, phone, FAX numbers, and title of the contacts between the self-insured and the Minnesota Commerce Department. This will be the person to whom all correspondence relating to your self-insurance authority will be sent.

Name/Title

Address/Phone/FAX



21. SIGNATURE OF APPLICANT

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

The undersigned, \_\_\_\_\_, being first duly sworn, deposes and says:

That after due inquiry and to the best of his/her knowledge and belief, the information contained in this statement is true and documents submitted therewith are true copies of the originals thereof.

\_\_\_\_\_  
(Legal Name of Applicant)

By: \_\_\_\_\_  
(Signature)

Its: \_\_\_\_\_  
(Title)

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
NOTARY PUBLIC

In and for the County of \_\_\_\_\_

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

My Commission Expires: \_\_\_\_\_

(Notarial Seal)

**GUARANTEE OF PAYMENT  
OF WORKERS' COMPENSATION LIABILITIES**

WHEREAS \_\_\_\_\_, (hereinafter "Self-Insurer"), a corporation authorized to do business in the State of Minnesota, has requested the Minnesota Commissioner of Commerce to grant the Self-Insurer an exemption from Minn. Stat. 176.181; and

WHEREAS, Minn. Stat. 79A.03, subd. 5 permits an affiliated corporation which meets the financial requirements of Minn. Stat. 79A.03, subd. 3 and subd. 4 to provide a guarantee that it will pay all workers' compensation claims incurred by the Self-Insurer \_\_\_\_\_; and  
(Name of Company to be Guaranteed)

WHEREAS, the Self-Insurer is an affiliate of \_\_\_\_\_  
(hereinafter "Corporate Guarantor"), a corporation organized and existing under the laws of the State of \_\_\_\_\_;

NOW, THEREFORE, in consideration of said exemption and other good and valuable consideration, the Corporate Guarantor agrees and guarantees that it will absolutely and unconditionally pay all workers' compensation claims incurred by the Self-Insurer pursuant to Minn. Stat. Ch. 176, and further agrees;

(1) that the obligations assumed by the Corporate Guarantor hereunder are primary and not collateral to the obligations of the Self-Insurer;

(2) that the Corporate Guarantor will not terminate this guarantee under any circumstances without first giving 30 days written notice to the Self-Insurer and to the Minnesota Commissioner of Commerce; and that if the Corporate Guarantor ceases to be an affiliate, the Corporate Guarantor shall give 30 days written notice to the Self-Insurer and to the Minnesota Commissioner of Commerce.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Corporate Guarantor)

By: \_\_\_\_\_

Its: \_\_\_\_\_

(ATTACH RESOLUTION OF BOARD OF DIRECTORS AUTHORIZING EXECUTION)

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

Acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

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

**Form A**

## NOTICE

Pursuant to Laws of Minnesota, 1984, Chapter 502, Article 8, Section 2(270.72) (Tax Clearance; Issuance of Licenses), the licensing authority is required to provide to the Minnesota Commissioner of Revenue your Minnesota business tax identification number and the social security number of each license applicant.

Under the Minnesota Government Data Practices Act and the Federal Privacy Act of 1974, we are required to advise you of the following regarding the use of this information:

1. This information may be used to deny the issuance or renewal of your license in the event you owe Minnesota sales, employer's withholding or motor vehicle excise taxes;
2. Upon receiving this information, the licensing authority will supply it only to the Minnesota Department of Revenue. However, under the Federal Exchange of Information Agreement the Department of Revenue may supply this information to the Internal Revenue Service;
3. **FAILURE TO SUPPLY THIS INFORMATION MAY JEOPARDIZE OR DELAY THE PROCESSING OF YOUR LICENSE ISSUANCE OR RENEWAL APPLICATION.**

Please supply the following information and return along with your application to the licensing authority.

<b>Applicant's Last Name</b>	<b>First Name</b>	<b>Middle Initial</b>
<b>Applicant's Address</b>	<b>City, State, Zip Code</b>	
<b>Applicant's Social Security No.</b>	<b>Position (Officer, Partner, etc.)</b>	
<b>Business Name</b>		
<b>Business Address</b>	<b>City, State, Zip Code</b>	
<b>Minnesota Tax Identification Number</b>		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Form B**

The following information must be included in every **ACTUARIAL STUDY** which is submitted pursuant to Minnesota Statutes 79A.04, subd. 2.

1. Name and address of actuary.
2. Qualification of actuary.
3. Name of self-insurer and the names of all subsidiaries or affiliates which are included in the study.
4. Estimated future liability of the self-insurer.
5. Future date to which liability has been estimated.
6. A description of the analysis and techniques used to determine estimated future liability, including the following definitions: “The expected liability for unpaid workers’ compensation losses at any point in the two years ending (date from item 5) is the current liability for unpaid workers’ compensation losses plus losses expected to be incurred between now and the future point. Estimated future liability is the highest expected liability for unpaid workers’ compensation claims at any point during the two years ending (date from item 5).

(Liability may be expressed net of specific excess insurance, aggregate excess insurance {if issued by a unrelated entity} and expected reimbursements from the Special Compensation Fund provided the analysis clearly identifies the chosen basis and supports the final result.)

7. Signature of actuary and date signed.
8. Please provide your loss development background materials.
9. Copy of Sworn Affidavit signed by an officer of the company applying for self-insurance. (The actuary should retain the original)

The following information must be included in every **ACTUARIAL STUDY** which is submitted pursuant to Minnesota Statutes 79A.04, subd. 2.

1. Name and address of actuary.
2. Qualification of actuary.
3. Name of group self-insurer and the names of all individual group members which are included in the study.
4. Estimated future liability of the self-insurer.
5. Future date to which liability has been estimated.
6. A description of the analysis and techniques used to determine estimated future liability, including the following definitions: “The expected liability for unpaid workers’ compensation losses at any point during the year ending (date from item 5) is the current liability for unpaid workers’ compensation losses plus losses expected to be incurred between now and the future point minus losses expected to be paid between now and the future point. Estimated future liability is the highest expected liability for unpaid workers’ compensation claims at any point during the year ending (date from item 5).

(Liability may be expressed net of specific excess insurance, aggregate excess insurance and expected reimbursements from the Special Compensation Fund provided the analysis clearly identifies the chosen basis and supports the final result.)

7. Signature of actuary and date signed.
8. Please provide your loss development background materials.
9. Copy of Sworn Affidavit signed by officer of the company applying for self-insurance. (The actuary should retain the original)



**FORMULA FOR INDIVIDUALS**  
**ADDING NEW ENTITIES**  
**(under 5% effect on total employee count only)**

**Workers' Compensation  
Classification Codes**

(1) Number of Employees	(2) Code Number	(3) Description	(4) Payroll (\$00's)	(5) Rate ARP	(6) Standard Premium
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
SUBTOTAL				_____	_____
EXPERIENCE MODIFICATION FACTOR X _____					
TOTAL MODIFIED ANNUAL PREMIUM _____					

Calculation of Security Deposit:

Total Estimated Annual Premium x Experience Modification factor (the higher of the current or future rate if known) excluding Premium Discount = Employer's estimated Modified Premium.

1.) \$ \_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_  
Standard Annual Premium
Experience Modification Factor
Modified Annual Premium

2.) \$ \_\_\_\_\_ x .333 = \$ \_\_\_\_\_

x \$ \_\_\_\_\_ x pro-rata \$ \_\_\_\_\_  
Annual Modification Premium
percent

= \$ \_\_\_\_\_

÷ \_\_\_\_\_ 2 \_\_\_\_\_

Additional Amount of Security Deposit required = \$ \_\_\_\_\_



**SAMPLE**

**CORPORATE BOARD RESOLUTION**

I, \_\_\_\_\_, do hereby certify that I am the duly elected and qualified Secretary and the keeper of the records and corporate seal of \_\_\_\_\_, a \_\_\_\_\_ corporation, and that the following is a true and correct copy of certain resolutions duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with the law and the Bylaws of the Company on \_\_\_\_\_, and that such resolutions are now in full force and effect;

RESOLVED, that this Company shall be responsible for all Worker's Compensation and Casualty Claims of the Company and its subsidiary or affiliate \_\_\_\_\_ in accordance with Minnesota Laws Chapter 176, 79A and Minnesota Rules 2780; and

FURTHER RESOLVED, that the Chairman of the Board, the President, any Vice President, the Secretary, and Assistant Secretary, the Treasurer or any Assistant Treasurer, is authorized for and on behalf of this Company to make application to the appropriate department or commission in any State in the United States of America or any province in the Dominion of Canada for this Company to become self-insurer of Worker's Compensation and Casualty Claims of this Company or any of its subsidiaries, to execute an application to become a self-insurer, to execute an indemnity bond or guarantee in such amount as may be required by law, to consent to be sued in the Courts of any such state or province in regards to its obligations as a self-insurer, to consent to the service of process upon one or more of its business entities in such state or province as constituting service on the parent corporation, and to execute any other documents, or to do such other acts as may be necessary or proper to accomplish the purpose and intention of this resolution.

FURTHER RESOLVED, that the Board of Directors of this Company shall be deemed and conclusively presumed by these resolutions to have adopted any resolutions approved by the Secretary, a Vice President or the General Counsel not inconsistent with this resolution which may be required or requested by any department, commission or governmental agency, or any other entity or person in connection with the transactions contemplated by the foregoing resolution; and that the Secretary and each Assistant Secretary of this Company are each authorized to certify the adoption by the Board of Directors of this Company of any form of resolution not inconsistent with this resolution which may be required or requested by any department, commission or

governmental agency, or any other entity or person in connection with the transactions contemplated by the foregoing resolution providing that a copy of such resolution shall be filed with the minutes of proceedings of the Board of Directors of this Company.

IN WITNESS WHERE OF, I have affixed my name as Secretary and have caused the corporate seal of the Company to be hereunto affixed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Secretary

Subscribed and sworn to before  
me this \_\_\_\_\_ day of  
\_\_\_\_\_ 20 \_\_\_\_.

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

CORPORATE SEAL  
ALSO ACCEPTABLE

**Form F**

**CERTIFIED SWORN AFFIDAVIT**

**PLEASE PUT ON  
COMPANY LETTERHEAD**

I \_\_\_\_\_ Name \_\_\_\_\_, the \_\_\_\_\_ Title \_\_\_\_\_ and Corporate Officer of \_\_\_\_\_ Name of Applicant or a Self-Insured Employer \_\_\_\_\_ pursuant to Minnesota Statute 79A.04, subd. 2, revised do hereby attest that all data and information furnished to \_\_\_\_\_ Name of Actuary \_\_\_\_\_ who is an \_\_\_\_\_ Associate or Fellow \_\_\_\_\_ of the Casualty Actuarial Society for purposes of determining our estimated future liabilities to be true and correct with respect to payroll and paid losses, and upon information and belief, to be true and correct with respect to reserves. I understand in addition to any other remedies provided by law, the certification of false data or information pursuant to Minnesota Statute 79A.04, subd. 2 may result in denial of the application or termination of an existing authority to self-insure and/or a fine up to \$5,000.00 U.S. Dollars.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

Acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission expires \_\_\_\_\_

## INDEMNITY AGREEMENT

1. Whereas, (name of company) has agreed to be and has been accepted as a member of (name of Group Self-Insurer).

2. Whereas, (name of company) has agreed to be bound by all of the provisions of the Minnesota Workers' Compensation Act and all Rules promulgated thereunder.

3. Whereas, that (name of company) has agreed to be bound by the bylaws or plan of operation and all amendments thereto of (name of Group Self-Insurer).

4. Whereas, that (name of company) has agreed to be jointly and severally liable for all claims and expenses of all the members of (name of Group Self-Insurer) arising in any fund year in which (name of company) is a member of the group. Provided that if (name of company) is not a member for the full year, it shall be only liable for a pro rata share of that liability.

IN WITNESS WHEREOF, the (name of company) and (name of group self-insurer) have caused this indemnity agreement to be executed by its authorized officers:

Group Self-Insurer's Name

Company Name

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**FINANCIAL AFFIDAVIT**

Minnesota Statutes 79A.03, subd. 2

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

The undersigned, \_\_\_\_\_, being first duly sworn, deposes and says:

That there has been no material lessening of net worth nor other adverse changes in the \_\_\_\_\_ financial Corporation/Company condition since the end of the most recently submitted financial statements in accordance with Minnesota Statute Chapter 79A. In addition, there are no existing or new contingent liabilities which would now require disclosure in an audit of financial statements.

\_\_\_\_\_  
(Legal Name of Applicant)

By: \_\_\_\_\_  
(Signature)

Its: \_\_\_\_\_  
(Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
NOTARY PUBLIC

In and for the County of \_\_\_\_\_

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

My Commission Expires: \_\_\_\_\_

**Rev. 10/05**

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

SURETY BOND OF SELF-INSURER OF WORKERS' COMPENSATION

IN THE MATTER OF THE CERTIFICATE OF )  
 )  
 ) SURETY BOND  
 ) NO. ....  
 ) PREMIUM: .....  
 )  
 Employer, Certificate No: ..... )

KNOW ALL PERSONS BY THESE PRESENTS:

That .....  
 (Employer)  
 whose address is ..... as Principal, and  
 .....  
 (Surety)  
 a corporation organized under the laws of ..... and  
 authorized to transact a general surety business in the State of Minnesota, as Surety,  
 are held and firmly bound to the State of Minnesota in the penal sum of  
 .....dollars (\$.....) for which payment  
 we bind ourselves, our heirs, executors, administrators, successors, and assigns,  
 jointly and severally, firmly by these presents.

WHEREAS in accordance with Minnesota Statutes, chapter 176, the principal  
 elected to self-insure, and made application for, or received from the commissioner  
 of commerce of the state of Minnesota, a certificate to self-insure, upon furnishing of  
 proof satisfactory to the commissioner of commerce of ability to self-insure and to  
 compensate any or all employees of said principal for injury or disability, and their  
 dependents for death incurred or sustained by said employees pursuant to the  
 terms, provisions, and limitations of said statute;

NOW THEREFORE, the conditions of this bond or obligation are such that if  
 principal shall pay and furnish compensation, pursuant to the terms, provisions, and  
 limitations of said statute to its employees for injury or disability, and to the  
 dependents of its employees, then this bond or obligation shall be null and void;  
 otherwise to remain in full force and effect.

FURTHERMORE, it is understood and agreed that:

1. This bond may be amended, by agreement between the parties hereto and the commissioner of commerce as to the identity of the principal herein named; and, by agreement of the parties hereto, as to the premium or rate of premium. Such amendment must be by endorsement upon, or rider to, this bond, executed by the surety and delivered to or filed with the commissioner.

2. The surety does, by these presents, undertake and agree that the obligation of this bond shall cover and extend to all past, present, existing and potential liability of said principal, as a self-insurer, to the extent of the penal sum herein named without regard to specific injuries, date or dates of injuries, happenings or events.

3. The penal sum of this bond may be increased or decreased, by agreement between the parties hereto and the commissioner of commerce, without impairing the obligation incurred under this bond for the overall coverage of the said principal, for all past, present, existing, and potential liability, as a self-insurer, without regard to specific injuries, date or dates of injuries, happenings or events, to the extent, in the aggregate, of the penal sum as increased or decreased. Such amendment must be by endorsement.

4. The aggregate liability of the surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.

5. This bond shall be continuous in form and shall remain in full force and effect unless terminated as follows:

(a) The obligation of this bond shall terminate upon written notice of cancellation from the surety, given by registered or certified mail to the commissioner of commerce, state of Minnesota, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reports, as a self-insurer prior to effective date of termination. This termination is effective 60 days after receipt of notice of cancellation by the commissioner of commerce, state of Minnesota.

(b) This bond shall also terminate upon the revocation of the certificate to self-insure, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to effective date of termination. The principal and the surety, herein named, shall be immediately notified in writing by said commissioner, in the event of such revocation.

6. Where the principal posts with the commissioner of commerce, state of Minnesota, or the state treasurer, state of Minnesota, a replacement security deposit, in the form of a surety bond, irrevocable letter of credit, cash, securities, or any combination thereof, in the full amount as may be required by the commissioner of commerce, state of Minnesota, to secure all incurred liabilities for the payment of compensation of said principal under Minnesota Statutes, chapter 176, the surety is released from obligations under the surety bond upon the date of acceptance by the commissioner of commerce, state of Minnesota, of said replacement security deposit.

7. If the said principal shall suspend payment of workers' compensation benefits or shall become insolvent or a receiver shall be appointed for its business, or the commissioner of commerce, state of Minnesota, issues a certificate of default, the undersigned surety will become liable for the workers' compensation obligations of the principal on the date benefits are suspended. The surety shall begin payments within 14 days under paragraph 8, or 30 days under paragraph 10, after receipt of written notification by certified mail from the commissioner of commerce, state of Minnesota, to begin payments under the terms of this bond.

8. If the surety exercises its option to administer claims, it shall pay benefits due to the principal's injured workers within 14 days of the receipt of the notification by the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, without a formal award of a compensation judge, the commissioner of labor and industry, any intermediate appellate court, or the Minnesota supreme court and such payment will be a charge against the penal sum of the bond. Administrative and legal costs and payment of assessments incurred by the surety in discharging its obligations and payment of the principal's obligations for administration and legal expenses and payment of assessments under Minnesota Statutes, chapters 79A and 176, shall also be a charge against the penal sum of the bond.

9. If any part or provision of this bond shall be declared unenforceable or held to be invalid by a court of proper jurisdiction, such determination shall not affect the validity or enforceability of the other provisions or parts of this bond.

10. If the surety does not give notice to the (self-insurer's security fund) (commercial self-insurance group security fund) and the commissioner of commerce, state of Minnesota, within five business days of receipt of written notification from the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, to exercise its option to administer claims pursuant to paragraph 8, then the (self-insurer's security fund) (commercial self-insurance group security fund) will assume the payments of the workers' compensation obligations of the principal pursuant to Minnesota Statutes, chapter 176. Administrative, legal, actuarial, and other direct



costs attributed to the principal shall also be a charge against the penal sum of the bond. The surety shall pay, within 30 days of the receipt of the notification by the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, to the (self-insurer's security fund) (commercial self-insurance group security fund) as an initial deposit an amount equal to 50 percent of the penal sum of the bond, and shall thereafter, upon notification from the (self-insurer's security fund) (commercial self-insurance group security fund) that the balance of the initial deposit, including interest earned as provided below with respect to the segregated account, had fallen to ten percent of the penal sum of the bond, remit to the (self-insurer's security fund) (commercial self-insurance group security fund) an amount equal to an additional ten percent of the penal sum of the bond. All such payments will be a charge against the penal sum of the bond. The initial deposit and all subsequent deposits shall be deposited by the (self-insurer's security fund) (commercial self-insurance group security fund) into a segregated, interest-bearing account. These deposits, together with any interest earned thereon, shall be used to satisfy all obligations of the surety hereunder. Upon determination that there are no remaining reserves for any known claims covered under the bond, the balance of the account, including any interest earned thereon, shall be paid to the surety.

Said repayment of the funds to the surety will not discharge the bond, which shall remain in full force and effect as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to the effective date of termination of the bond.

11. Disputes concerning the posting, renewal, termination, exoneration, or return of all or any portion of the principal's security deposit or any liability arising out of the posting or failure to post security, or the adequacy of the security or the reasonableness or administrative costs, including legal costs, arising between or among a surety, the issuer of an agreement of assumption and guarantee of workers' compensation liabilities, the issuer of a letter of credit, any custodian of the security deposit, the principal, or the (self-insurer's security fund) (commercial self-insurance group security fund) shall be resolved by the commissioner of commerce pursuant to Minnesota Statutes, chapters 79A and 176.

12. Written notification to the surety required by this bond shall be sent to:

.....  
Name of Surety

.....  
To the attention of Person or  
Position

.....  
Address

.....  
City, State, Zip

Written notification to the principal required by this bond shall be sent to:

.....  
Name of Principal

.....  
To the attention of Person or  
Position

.....  
Address

.....  
City, State, Zip

13. This bond is executed by the surety to comply with Minnesota Statutes, chapter 176, and said bond shall be subject to all terms and provisions thereof.

.....  
Name of Surety

.....  
Address

.....  
City, State, Zip

THIS bond is executed under an unrevoked appointment or power of attorney.

I certify (or declare) under penalty of perjury under the laws of the state of Minnesota that the foregoing is true and correct.

.....  
Date

.....  
Signature of Attorney-In-Fact

.....  
Printed or Typed Name of  
Attorney-In-Fact

A copy of the transcript or record of the unrevoked appointment, power of attorney, bylaws, or other instrument, duly certified by the proper authority and attested by the seal of the insurer entitling or authorizing the person who executed the bond to do so for and in behalf of the insurer, must be filed in the office of the commissioner of commerce or must be included with this bond for such filing.

This section is effective for bonds posted on or after January 1, 2002.

[Minnesota Statutes 2001, Table of Chapters](#)  
[Table of contents for Chapter 79A](#)

**79A.14 Letter of credit form.**

The form for the letter of credit under this chapter shall be:

Effective Date

State of Minnesota (Beneficiary)  
(Address)

Dear Sirs:

By order of .....(Self-Insurer) we are instructed to open a clean irrevocable Letter of Credit in your favor for United States \$.....(Amount).

We undertake that drawings under this Letter of Credit will be honored upon presentation of your draft drawn on .....(issuing bank), at .....(Address) prior to expiration date.

The Letter of Credit expires on ....., but will automatically extend for an additional one year if you have not received by registered mail notification of intention not to renew 60 days prior to the original expiration date and each subsequent expiration date.

Except as expressly stated herein, this undertaking is not subject to any condition or qualification. The obligation of .....(issuing bank) under this letter of credit shall be the individual obligation of .....(issuing bank), in no way contingent upon reimbursement with respect thereto.

Very truly yours,

.....(Signature)

HIST: 1988 c 674 s 14; 1990 c 426 art 1 s 11

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