

**COMMONWEALTH OF VIRGINIA**  
VIRGINIA WORKERS' COMPENSATION COMMISSION  
1000 DMV DRIVE, RICHMOND VA 23220

**REQUIREMENTS FOR INDIVIDUAL SELF-INSURANCE\* UNDER  
THE VIRGINIA WORKERS' COMPENSATION ACT**

Application for self-insurance under Sections 65.2-801 and 65.2-808 of the Workers' Compensation Act must be made on the Commission's "Application for Self-Insurance" (VWC Form No. SI20). The application must be accompanied by audited financial statements for the most recent three years of operation, and by a claims run that covers open claims and all other claims that occurred within the last three policy years. A check made payable to "Treasurer of Virginia" for the non-refundable filing fee of \$200.00 must be submitted with the application. Allow 90 days for the review process.

Based on the information in the application, and any other information that may be requested, the Commission will assess the applicant's financial status, the nature and hazard of the employment, the number of employees, the amount of payroll, the employer's claims experience (frequency, severity, and cost), the employer's ability to manage claims, and such other factors as may affect the viability of the applicant as an individual self-insurer for workers' compensation in Virginia.

This assessment results in a determination of whether the privilege of self-insurance can be granted, and what security is necessary. The security may be in the form of a bond from a licensed surety company, Certificate of Deposit, United States government obligations, Letter of Credit or cash, in the minimum amount of \$750,000. Most security amounts are considerably higher than the minimum. The employer may also be required to carry excess coverage. If the applicant is a subsidiary of a larger corporation, a parental guarantee will usually be required. (Note that even if self-insurance is subsequently surrendered or revoked, the security must remain in place to cover all outstanding liability for the period of self-insurance.)

The Workers' Compensation Act provides for the annual payment of a tax up to 3.25 percent of the basic manual insurance premium calculated by applying the manual premium rates effective on January 1 of the calendar year payroll reporting period. The assessment rate may fluctuate from year to year depending on the Commission's operating costs and fund requirements. For the assessment in January 2016, the rates are 2.50 percent for the Administrative Fund, .20 percent for the Uninsured Employer's Fund, and 0 percent for the Second Injury Fund. (The respective maximum rates for the three funds are 2.5 percent, .5 percent, and .25 percent.)

If approved, the applicant is issued a Certificate of Self-Insurance which remains in full force and effect until voluntarily surrendered or revoked by the Commission. The self-insurer must pay directly all benefits to which the employee is entitled under Virginia law. The Commission also requires that the self-insurer designate a single in-state representative who can meet the requirements specified in the 1991 directive on designated representatives. Requirements regarding addresses to be used for the routine handling of claims are included in Section 4 of that same directive.

Inquiries, correspondence, and requests for program regulations should be directed to: Mrs. Mechelle Esparza-Harris, Self-Insurance Program, Virginia Workers' Compensation Commission, 1000 DMV Drive, Richmond VA 23220. Phone: (804) 205-3599.

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\* A program for group self-insurance was authorized effective July 1, 1979. By statute, the State Corporation Commission is charged with the management of that program. Direct inquiries to: Ms. Janis Bunce, Bureau of Insurance, State Corporation Commission, 1300 E. Main Street, Richmond VA 23219. Phone: (804) 371-9063.