



## TEXAS WORKERS' COMPENSATION SELF-INSURANCE GROUP (SIG) HAZARDOUS FINANCIAL CONDITION NOTICE

The SIG should notify the Texas Department of Insurance within ten (10) days:

- when the SIG becomes insolvent as defined in Labor Code §407A.355 (a) and (b) because:(1) of the inability of a group to pay the group's outstanding lawful obligations as they mature in the regular course of business; or (2) the group's liabilities exceed the group's assets, determined without reducing liabilities by any reserve discount; OR if
- the SIG has discovered a hazardous financial condition or any trends or developments that a reasonably skilled and experienced manager could reasonably notice that will place the SIG in a hazardous financial condition; OR if
- the SIG plans to transfer surplus funds to offset an insolvent fund year.

In the event that a notification is required, submit the following:

- (1) SIG Notification Form (FIN468);
- (2) A written business plan that adequately addresses the financial hazardous condition, the SIG's plan to rectify the hazardous financial condition, and verification of the SIG's ability to pay claims on a go forward basis;
- (3) Pro Formas that quantitatively support the SIG's written business plan (FIN478);
- (4) An affidavit, signed by the SIG Board President and the President of the Administrator attesting that:
  - a) The SIG has received payment from its member employers, or a bona fide promise to pay not less than 25 percent (25%) of that member's first year estimated modified schedule rating premium; or that the group is formed from a trust existing on September 1, 2003, and that the assets of the trust are sufficient to cover the obligations of the trust; and
  - b) That the SIG, its Administrator, and related service company(ies) are compliant with the bond/deposit requirements pursuant to Labor Code §§407A.051, 407A.053, and 407A.057 and Texas Administrative Code §§5.6403 and 5.6408.