

EXAMINATION REPORT
of
PRINCE WILLIAM SELF-INSURANCE GROUP
WORKERS' COMPENSATION ASSOCIATION
PRINCE WILLIAM, VIRGINIA
as of
DECEMBER 31, 2020

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

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I, Scott A. White, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of Prince William Self-Insurance Group Workers Compensation Association as of December 31, 2020, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed to the original the seal of the Bureau at the City
of Richmond, Virginia this 24th day of March 2022

Scott A. White
Commissioner of Insurance



TABLE OF CONTENTS

SCOPE OF THE EXAMINATION 1

HISTORY 1

MANAGEMENT AND CONTROL 2

TERRITORY AND PLAN OF OPERATION..... 3

ADMINISTRATIVE AGREEMENT 3

CLAIMS MANAGEMENT AGREEMENT 4

ACTUARIAL AGREEMENT 4

ACCOUNTING SERVICES AGREEMENT 5

INSURANCE BROKER/AGENT SERVICES AGREEMENT 5

DIVIDENDS TO MEMBERS 6

SPECIAL RESERVES AND DEPOSITS 6

EXCESS INSURANCE COVERAGE 7

FINANCIAL STATEMENTS 8

RECOMMENDATIONS FOR CORRECTIVE ACTION 15

ACKNOWLEDGMENT 18

Richmond, Virginia
February 11, 2022

Honorable Scott A. White
Commissioner of Insurance
Richmond, Virginia

Dear Sir:

Pursuant to your instructions and by authority of Section 38.2-1317 of the Code of Virginia, an examination of the records and affairs of:

**PRINCE WILLIAM SELF-INSURANCE GROUP
WORKERS' COMPENSATION ASSOCIATION**

Prince William, Virginia

hereinafter referred to as the Association, has been completed. The report is hereby submitted for your consideration.

SCOPE OF THE EXAMINATION

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. The last examination of the Association was made by representatives of the State Corporation Commission's Bureau of Insurance (the Bureau) as of December 31, 2015. This examination covers the period from January 1, 2016 through December 31, 2020.

The Bureau planned and performed the examination to evaluate the Association's financial condition and operational activities. All accounts and activities of the Association were considered generally in accordance with the risk-focused examination process contained in the NAIC Financial Condition Examiners Handbook.

The examination report includes findings of fact and general information about the Association and its financial condition.

HISTORY

The Association was licensed by the Bureau, effective July 1, 1989, to provide workers' compensation coverage to its members pursuant to Section 65.2-802 of the Code of Virginia and 14 VAC 5-370-10 et seq. On July 1, 1990, the Bureau revised the Association's license to authorize employers' liability coverage. According to the

member's indemnity agreement, the Association was formed to allow members to join together to provide for joint and cooperative action to self-insure and to pool their separate liabilities arising pursuant to the terms of the Virginia Workers' Compensation Act.

MANAGEMENT AND CONTROL

Control of the Association is vested in a Members' Supervisory Board (the Board) elected by the members of the Association. The bylaws provide for no less than five nor more than eleven board members, three-fourths of whom shall be elected or appointed officials of political subdivisions that are members of the Association. Board members serve three year terms or until their successors are elected. The terms are staggered to provide that one-third of the Board is elected each year.

The Board and officers were as follows at December 31, 2020:

<u>Representative</u>	<u>Member</u>
Michelle L. Attreed	Director of Finance Prince William County Prince William, Virginia
Lori J. Gray	Risk Management Division Chief Prince William County Prince William, Virginia
Dawn M. Harman	Assistant Police Chief Prince William County Police Department Prince William, Virginia
Tim L. Keen	Deputy Fire Chief Prince William County Prince William, Virginia
Lillie Jo Krest	Financial Analyst Manager Prince William County Prince William, Virginia
Carol A. Moye-Vienna	Finance Director Prince William Manassas Regional Adult Detention Center Prince William, Virginia

Ronda E. Wiggins

Business Operations Manager
 Prince William Manassas Regional Adult
 Detention Center
 Prince William, Virginia

Officers

Lori J. Gray
 Lillie Jo Krest

Chairman
 Secretary

TERRITORY AND PLAN OF OPERATION

The operation of the Association is confined to Virginia where it is licensed to transact the business of workers' compensation and employers' liability group self-insurance. Membership in the Association is available to political subdivisions of the Commonwealth of Virginia or agencies thereof, upon the approval of the Board and the Bureau.

All members are required to enter into an indemnity agreement in which each member jointly and severally agrees to assume and discharge members' employers' liabilities and any and all members' liabilities covered under the Virginia Workers' Compensation Act. No formal insurance policy is issued to the members.

The Association has a contractual agreement with an administrator who shall administer and manage the affairs of the Association in accordance with the policies adopted and established by the Board. Claims are processed and paid by a service agent under a contractual agreement with the Association. Additionally, the Association utilizes the services of Prince William County personnel for certain administrative and personnel support services. As compensation for these services, Prince William County shall receive \$172,500 annually. The Association's operations are conducted on a fiscal year basis ending June 30.

ADMINISTRATIVE AGREEMENT

Effective November 14, 2019, the Association entered into an administrative agreement with Self-Insurance Services, LLC (SIS). The term of this agreement is for a three-year period, with the Association having the option to extend the agreement for five additional one-year periods. Either party may terminate this agreement upon written notice.

According to the agreement, SIS shall provide administrator services to the Association. These services include coordinating the activities of all service providers; reviewing and authorizing all regulatory filings with the Bureau and coordinating all Bureau examinations; coordinating and reviewing the compilation of all data for actuarial studies, contribution calculations, and insurance policy renewals; preparing, coordinating and distributing all forms required for administrative activities; maintaining member records; and preparing and presenting an annual management report for the Association.

As compensation for its services, SIS shall receive \$25,000 annually.

CLAIMS MANAGEMENT AGREEMENT

Effective May 31, 2019, the Association entered into a claims management agreement with PMA Management Corporation (PMA). The initial term of this agreement is for three years and the Association has the option to extend the agreement for five additional one-year periods. Either party may terminate this agreement upon written notice.

Under the terms of the agreement, PMA shall provide full claims handling and adjusting for all claims incurred during the period of the agreement until their conclusion; provide computerized claim loss/experience reports on a quarterly basis and at other reporting intervals as requested; assist the Association in establishing and maintaining a variety of safety and loss prevention programs; and provide notice to excess insurers of all qualified claims which may exceed the Association's retention.

As compensation for its services, PMA shall receive \$89,800 annually.

ACTUARIAL AGREEMENT

Effective May 5, 2019, the Association entered into an actuarial agreement with Aon Risk Services, Inc. (AON). The initial term of this agreement is for three years and the Association has the option to extend the agreement for five additional one-year periods. Either party may terminate this agreement upon written notice.

According to this agreement, AON shall provide actuarial services to the Association, including performing annual actuarial valuations to determine the appropriate level of loss reserves and conducting annual actuarial studies to determine the appropriate level of member contributions.

As compensation for its services, AON shall receive \$31,000 annually.

ACCOUNTING SERVICES AGREEMENT

Effective May 6, 2019, the Association entered into an accounting services agreement with Adams, Jenkins, & Cheatham, PC (AJC). The initial term of this agreement is for three years and the Association has the option to extend the agreement for five additional one-year periods. Either party may terminate this agreement upon written notice.

According to this agreement, AJC shall provide accounting services to the Association, including establishing and maintaining a general ledger financial and accounting system; recording all cash receipts and cash disbursements; preparing all checks for signature; performing monthly account reconciliations; preparing annual budgets; and preparing quarterly financial statements to the Board and annual statements for statutory filing with the Bureau.

The Association incurred \$45,068 in fees relating to this agreement in calendar year 2020.

INSURANCE BROKER/AGENT SERVICES AGREEMENT

Effective May 22, 2014, the Association entered into an agreement with AON to serve as its insurance broker. The initial term of this agreement is for three years, and the Association has the option to extend the contract for five additional one-year periods. Either party may terminate this agreement upon written notice.

AON's responsibilities shall include, but not be limited to, the following: review of the Association's exposures to accidental loss and recommend enhancements to existing and proposed insurance coverages; solicit bids based on insurance specifications from qualified insurance companies; prepare a working summary of each policy including key terms, conditions and endorsements; assist in the negotiation for other insurance coverages, as requested; submit an annual report to the Association to include detailed losses for each policy, the status of major losses incurred during the year, assessment of current conditions in insurance markets and recommendations regarding risk controls.

As compensation for its services, AON shall receive \$50,000 annually.

DIVIDENDS TO MEMBERS

Any surplus assets accumulated within a fiscal year may be declared refundable by the Board. Payment of this surplus in the form of dividends, however, may not be made until the Association has received approval from the Bureau. During the examination period, the Bureau approved the following dividends:

<u>Fiscal Year</u>	<u>May 4, 2016</u>	<u>June 5, 2018</u>
1996/1997	\$ 0	\$ 10,000
1997/1998	0	100,000
2000/2001	50,000	50,000
2001/2002	10,000	25,000
2002/2003	50,000	200,000
2003/2004	20,000	25,000
2004/2005	50,000	200,000
2005/2006	100,000	300,000
2006/2007	200,000	300,000
2007/2008	200,000	400,000
2008/2009	500,000	500,000
2010/2011	0	50,000
2011/2012	100,000	100,000
2012/2013	0	50,000
2013/2014	300,000	300,000
2014/2015	<u>20,000</u>	<u>0</u>
 Totals	 <u>\$ 1,600,000</u>	 <u>\$ 2,610,000</u>

SPECIAL RESERVES AND DEPOSITS

At December 31, 2020, the Association had a U.S. Government Agency Bond with a par value of \$1,000,720 on deposit with the Treasurer of Virginia. Pursuant to 14 VAC 5-370-60 A, each group self-insurance association licensed by the Bureau shall maintain a security deposit of \$250,000. The additional deposit was required in lieu of carrying aggregate excess insurance.

EXCESS INSURANCE COVERAGE

The Association had a specific excess insurance agreement in force at December 31, 2020, with the following limits:

	<u>Association's Retention</u>	<u>Excess Insurer's Limits</u>
Specific Excess	\$1,500,000 for each accident and each employee for disease	Workers' Compensation Statutory Employers' Liability \$1,000,000

The Association does not carry aggregate excess insurance because it has satisfied the requirement set forth in 14 VAC 5-370-90, which states, in part, that the Commission may release the Association from the excess insurance requirement if the contingency reserve established by the Association is in an amount determined by the Commission to be adequate.

FINANCIAL STATEMENTS

There follows a statement reflecting the financial condition of the Association at December 31, 2020, a statement of income for the year ended December 31, 2020, a reconciliation of members' equity for the period under review, a statement of members' account by fiscal year inception to date and a statement of Examiners' changes in members' equity.

BALANCE SHEET
DECEMBER 31, 2020

ASSETS

Bonds, long-term	\$ 18,227,078
Other invested assets	17,248,131
Cash on deposit	351,708
Deposit with service agent	460,221
Premiums receivable	240,948
Interest due and accrued	88,588
Amounts recoverable on paid losses	49,933
Other prepaid expenses	152,854
Prepaid excess insurance premiums	235,493
Prepaid service agent's fees	22,450
Prepaid administrative fees	3,305
	<hr/>
Total assets	<u><u>\$37,080,709</u></u>

LIABILITIES AND MEMBERS' EQUITY

Losses unpaid	\$15,535,021
Loss adjustment expenses unpaid	1,588,116
Contingency reserve	1,921,740
Unearned premiums	2,767,197
Taxes, licenses and fees payable	160,753
Dividends payable	1,881,051
Accrued audit fees	24,600
Investment fees payable	312
Other accrued expenses	43,957
	<hr/>
Total liabilities	\$23,922,747
Restricted members' equity	\$1,000,720
Unrestricted members' equity	12,157,242
	<hr/>
Total liabilities and members' equity	<u><u>\$37,080,709</u></u>

STATEMENT OF INCOME
FOR YEAR ENDED DECEMBER 31, 2020

UNDERWRITING INCOME

Premiums earned	<u>\$6,132,396</u>
Deductions:	
Losses incurred	\$4,818,159
Loss expenses incurred	442,193
Other underwriting expenses incurred	678,580
Contingency reserve	<u>190,891</u>
Total underwriting deductions	<u>\$6,129,823</u>
Net underwriting gain	<u>\$2,573</u>

INVESTMENT INCOME

Net investment income earned	\$426,773
Net realized capital gains or (losses)	<u>(43,510)</u>
Net investment gain	<u>\$383,263</u>

OTHER INCOME

Other income	<u>\$4,206</u>
Net income before federal income taxes	\$390,042
Federal income taxes incurred	<u>0</u>
Net income	<u><u>\$390,042</u></u>

RECONCILIATION OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	2016	2017	2018	2019	2020
Members' equity, previous year before undistributed dividends	\$13,758,710	\$10,261,870	\$9,857,658	\$11,476,503	\$15,032,564
Adjustment for previous examination changes	(212,239)				
Net income (loss)	(2,023,780)	420,988	3,143,566	3,732,876	390,042
Net unrealized capital gains or (losses)	(300,781)	9,693	(89,721)	477,185	266,407
Dividends paid to members	(960,040)	(834,893)	(1,435,000)	(654,000)	(650,000)
Restricted and unrestricted members' equity, end of year	\$10,261,870	\$9,857,658	\$11,476,503	\$15,032,564	\$15,039,013
Less: Restricted members' equity, end of year	1,000,330	974,000	970,370	1,000,120	1,000,720
Unrestricted members' equity, end of year before undistributed dividends	\$9,261,540	\$8,883,658	\$10,506,133	\$14,032,444	\$14,038,293
Less: Dividends declared but unpaid	2,844,944	2,010,051	3,185,051	2,531,051	1,881,051
Unrestricted members' equity, end of year	<u>\$6,416,596</u>	<u>\$6,873,607</u>	<u>\$7,321,082</u>	<u>\$11,501,393</u>	<u>\$12,157,242</u>

Members' Account By Fiscal Year Inception to Date December 31, 2020

	All Other Fiscal Years Preceding 1989-2015	Fourth Fiscal Year Preceding 2016	Third Fiscal Year Preceding 2017	Second Fiscal Year Preceding 2018	First Fiscal Year Preceding 2019	Partial Current Fiscal Year 7/1/20-12/31/20	Total Inception to Date (1989-2020)
<u>Income Received</u>							
Premiums written	\$71,559,289	\$4,699,768	\$5,622,625	\$6,174,500	\$6,228,000	\$6,016,250	\$100,300,432
Less: Excess insurance	4,278,897	420,310	415,977	438,652	450,170	473,200	6,477,206
Net premiums written	\$67,280,392	\$4,279,458	\$5,206,648	\$5,735,848	\$5,777,830	\$5,543,050	\$93,823,226
Investment income	9,435,442	125,080	148,761	118,264	46,404	414,838	10,288,789
Allocation between years	229,749	19,598	40,284	46,076	47,473	(383,180)	0
Other	4,754,689	13,004	35,317	5,428	32,609	231,092	5,072,139
Total income collected	\$81,700,272	\$4,437,140	\$5,431,010	\$5,905,616	\$5,904,316	\$5,805,800	\$109,184,154
<u>Less: Expenses Paid</u>							
Losses paid	\$36,311,609	\$1,944,399	\$1,251,708	\$1,394,054	\$2,164,914	\$383,861	\$43,450,545
Allocated loss adjustment expenses paid	3,083,431	158,244	107,939	101,576	204,062	35,133	3,690,385
Administrative fees	1,014,545	20,000	20,000	20,000	23,404	15,805	1,113,754
Service agent's fees	1,915,715	82,220	84,690	87,230	89,800	67,350	2,327,005
Taxes, licenses, and fees	1,688,737	180,550	169,260	147,804	73,118	0	2,259,469
Other expenses	5,011,116	399,926	393,366	419,763	442,002	332,752	6,998,925
Total expenses	\$49,025,153	\$2,785,339	\$2,026,963	\$2,170,427	\$2,997,300	\$834,901	\$59,840,083
Net cash income	\$32,675,119	\$1,651,801	\$3,404,047	\$3,735,189	\$2,907,016	\$4,970,899	\$49,344,071
<u>Add: Receivables</u>							
Premiums receivable	\$0	\$0	\$0	\$0	\$0	\$240,948	\$240,948
Interest due and accrued	49,063	4,185	8,603	9,839	10,138	6,760	88,588
Amounts recoverable on paid losses	49,933	0	0	0	0	0	49,933
Other	0	0	0	0	0	414,102	414,102
Total	\$98,996	\$4,185	\$8,603	\$9,839	\$10,138	\$661,810	\$793,571
<u>Deduct: Liabilities</u>							
Losses unpaid	\$6,764,665	\$732,680	\$880,415	\$1,441,076	\$3,454,655	\$2,261,530	\$15,535,021
Loss adjustment expenses	1,228,446	15,016	57,957	61,517	161,010	64,170	1,588,116
Contingency reserve	1,142,522	140,993	168,679	185,235	186,840	97,471	1,921,740
Unearned premiums	0	0	0	0	0	2,767,197	2,767,197
Taxes, licenses & fees payable	0	0	0	0	80,377	80,376	160,753
Other expenses payable	0	0	0	0	0	68,869	68,869
Total	\$9,135,633	\$888,689	\$1,107,051	\$1,687,828	\$3,882,882	\$5,339,613	\$22,041,696

Members' Account By Fiscal Year Inception to Date December 31, 2020

	All Other Fiscal Years Preceding 1989-2015	Fourth Fiscal Year Preceding 2016	Third Fiscal Year Preceding 2017	Second Fiscal Year Preceding 2018	First Fiscal Year Preceding 2019	Partial Current Fiscal Year 7/1/20-12/31/20	Total Inception to Date (1989-2020)
Restricted and Unrestricted Members' Equity to date by fiscal year before dividends	\$23,638,482	\$767,297	\$2,305,599	\$2,057,200	(\$965,728)	\$293,096	\$28,095,946
Less: Dividends paid inception to date by fiscal year	13,056,933	0	0	0	0	0	13,056,933
Less: Restricted Members' Equity by fiscal year	<u>0</u>	<u>200,144</u>	<u>200,144</u>	<u>200,144</u>	<u>200,144</u>	<u>200,144</u>	<u>1,000,720</u>
Unrestricted Members' Equity undistributed by fiscal year	\$10,581,549	\$567,153	\$2,105,455	\$1,857,056	(\$1,165,872)	\$92,952	\$14,038,293
Less: Dividends declared but unpaid	<u>1,881,051</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,881,051</u>
Unrestricted Members' Equity	<u>\$8,700,498</u> *	<u>\$567,153</u>	<u>\$2,105,455</u>	<u>\$1,857,056</u>	<u>(\$1,165,872)</u>	<u>\$92,952</u>	<u>\$12,157,242</u>

* - Although the cumulative unrestricted members' equity for the fiscal years 1989-2015 at December 31, 2020 was \$8,700,498; the 1999/2000, 2000/2001, 2009/2010, 2014/2015 and 2015/2016 fiscal years had members' equity deficits of \$19,416, \$230,278, \$641,420, \$810,361 and \$1,162,798, respectively.

STATEMENT OF EXAMINERS' CHANGES IN MEMBERS' EQUITY
DECEMBER 31, 2020

	Amount Per <u>Association</u>	Amount Per <u>Examiner</u>	Increase (Decrease) <u>Members' Equity</u>
<u>Assets:</u>			
Premiums receivable	\$0	\$240,948	\$240,948
Other prepaid expenses	153,168	152,854	(314)
Prepaid excess insurance premiums	236,600	235,493	(1,107)
<u>Liabilities:</u>			
Losses unpaid	15,320,659	15,535,021	(214,362)
Loss adjustment expenses unpaid	1,562,485	1,588,116	(25,631)
Contingency reserve	1,914,513	1,921,740	(7,227)
Unearned premiums	3,008,125	2,767,197	240,928
Other accrued expenses	41,059	43,957	(2,898)
Examiners' changes in members' equity			<u>\$230,337</u>
Restricted and unrestricted members' equity per Association			\$12,927,625
Restricted and unrestricted members' equity per Examiners			<u>13,157,962</u>
Increase in unrestricted members' equity			<u>\$230,337</u>

RECOMMENDATIONS FOR CORRECTIVE ACTION

Management and Control

1. The results of this examination reflected members' equity deficits for the 1999/2000, 2000/2001, 2009/2010, 2014/2015, 2015/2016 and 2019/2020 fiscal years of \$19,416, \$230,278, \$641,420, \$810,361, \$1,162,798 and \$1,165,872, respectively. The Board is reminded of its responsibility to assure that the Association is financially sound and able to fulfill its obligations under the Virginia Workers' Compensation Act.

Accounts and Records

2. Losses unpaid \$15,535,021

The above liability is \$214,362 more than the amount reported by the Association in its 2020 Annual Statement. The increase in Losses unpaid by fiscal year is as follows:

<u>Fiscal Year</u>	<u>Association</u>	<u>Examiners</u>	<u>Increase</u>
1999/2000	\$ 11,174	\$ 41,544	\$ 30,370
2009/2010	579,620	656,712	77,092
2011/2012	599,830	704,827	104,997
2013/2014	0	1,903	1,903
Total change			<u>\$ 214,362</u>

The Examiner's increase results from a development of losses paid and reserve changes occurring during the period January 1, 2021 through September 30, 2021, on claims incurred December 31, 2020 and prior. The Association should review its methodologies to ensure sufficient loss reserves are established in all future filings with the Bureau.

3. Loss adjustment expenses unpaid \$1,588,116

The above liability is \$25,631 more than the amount reported by the Association in its 2020 Annual Statement. The increase in Loss adjustment expenses unpaid by fiscal year is as follows:

<u>Fiscal Year</u>	<u>Association</u>	<u>Examiners</u>	<u>Increase</u>
2011/2012	\$ 90,136	\$ 115,615	\$ 25,479
2013/2014	0	152	<u>152</u>
Total change			<u>\$ 25,631</u>

The Examiner's increase results from a development of loss adjustment expenses paid and reserve changes occurring during the period January 1, 2021 through September 30, 2021, on claims incurred December 31, 2020 and prior. The Association should review its methodologies to ensure sufficient loss reserves are established in all future filings with the Bureau.

4. Other accrued expenses \$43,957

The above liability is \$2,898 more than the amount reported by the Association in its 2020 Annual Statement. The Examiner's amount is based on a review of invoices paid in 2021 for expenses accrued at December 31, 2020.

Payroll Audit Changes

The adjustments in the following recommendations were determined by utilizing each member's final 2020/2021 fiscal year payrolls which were not fully completed until after the Association's 2020 Annual Statement filing to the Bureau.

5. Premiums receivable \$240,948

The above asset has been established by the Examiners. This amount is based on subsequent 2020/2021 fiscal year member payroll audits and reflect differences between audited contributions and contributions paid, prorated for the period July 1, 2020 through December 31, 2020.

6. Prepaid excess insurance premiums \$235,493

The above asset is \$1,107 less than the amount reported by the Association in its 2020 Annual Statement. The Examiner's amount is based on subsequent 2020/2021 member payroll audits and compares excess insurance premiums paid at December 31, 2020 to the excess insurance premiums owed, prorated for the period July 1, 2020 through December 31, 2020.

7. Contingency reserve \$1,921,740

The above liability is \$7,227 more than the amount reported by the Association in its 2020 Annual Statement. The Examiners' amount is a result of an increase in earned premium based on a review of member payroll audits during the period under review and subsequent 2020/2021 fiscal year member payroll audits, which is the basis for the calculation of the contingency reserve.


8. Unearned premiums \$2,767,197

The above liability is \$240,928 less than the amount reported by the Association in its 2020 Annual Statement. The Examiner's amount reflects the estimated premiums received to date at December 31, 2020, less the amount earned at December 31, 2020 based on subsequent 2020/2021 fiscal year member payroll audits.

ACKNOWLEDGMENT

Acknowledgment is hereby made of the courteous cooperation extended by the Association's administrator and service agent during the course of the examination. In addition to the undersigned, Gerald Hicks II, AFE, participated in the work of the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Benjamin B. MacKercher", written over a horizontal dashed line.

Benjamin B. MacKercher, CFE
Insurance Examiner

**PRINCE WILLIAM SELF INSURANCE GROUP WORKERS' COMPENSATION
ASSOCIATION**

Administered By
SELF INSURANCE SERVICES, LLC
COST CONTROL THROUGH SERVICE

March 18, 2022

Mr. David H. Smith, CFE, CPCU
Chief Examiner
State Corporation Commission
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

Dear Mr. Smith:

Enclosed are the responses to your recommendations for corrective action for Prince William Self Insurance Group Workers' Compensation Association during the examination period January 1, 2016 through December 31, 2020.

Please let me know if you have any questions concerning our responses.

Sincerely,



Lori Gray
Chairman
Members' Supervisory Board
Prince William Self Insurance Group
Workers' Compensation

Enclosures

Prince William Self Insurance Group Workers' Compensation Association

Responses to Recommendations for Corrective Action

Management and Control

1. The Association is aware of and will make every effort to assure that the Association is financially sound and able to fulfill its obligations under the Virginia Workers' Compensation Act.

Accounts and Records

2. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed. The IBNR number is unpredictable based on claims that change. The Association makes every effort to set reserves sufficiently.
3. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed. The IBNR number is unpredictable based on claims that change. The Association makes every effort to set reserves sufficiently.
4. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.
5. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll audit information not available at the time the financial statement was filed.
6. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll audit information not available at the time the financial statement was filed.
7. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll audit information not available at the time the financial statement was filed.
8. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll information not available at the time the financial statement was filed.