



**Workers'
Compensation
Board**

ANDREW M. CUOMO
Governor

CLARISSA M. RODRIGUEZ
Chair

June 30, 2020

The Honorable Andrew M. Cuomo
Governor of New York
State Capitol
Albany, New York 12224

The Honorable Andrea Stewart-Cousins
Senate Majority Leader
LOB, Room 907
Albany, New York 12247

The Honorable Carl E. Heastie
Speaker
New York State Assembly
LOB, Room 932
Albany, New York 12248

Dear Governor Cuomo and Legislative Leaders:

Legislation passed in 2011 required the NYS Workers' Compensation Board (Board) to prepare a semi-annual report to the Governor and the Legislature regarding the status of the various insolvent group self-insured trusts.

In response, the Board has produced semi-annual reports since June 30, 2011. These reports provided a summary update on the status of group defaults, actions taken by the Board to collect from employers of defaulted trusts, and the current funding status of all other self-insurers. Additionally, the financial status of the remaining active self-insurers, both groups and individuals, are fully in compliance with the financial security requirements.

Should you require any additional information or reports on this topic the Board would be pleased to provide same.

Sincerely,

Clarissa M. Rodriguez
Chair

Enclosure

NYS Workers' Compensation Board's Semi-Annual Report on Group Self Insured Trusts for June 2020

In accordance with Chapter 57 of the Laws of 2011, the Workers' Compensation Board is hereby reporting on the current status of all insolvent group trusts and the funding positions of currently active self-insured employers.

A. Insolvent Non-Municipal Group Self-Insured Employers

As of June 30, 2020, ALPs have been executed for all insolvent non municipal GSITs. As a result, the outstanding claims for all defaulted trusts administered by the Board, valued at \$924 million in 2011 has been transferred to the private sector.

B. Qualified Non-Municipal Self-Insurer Groups

Pursuant to Chapter 57 of Laws of 2011, only certain group trusts were allowed to provide coverage effective January 1, 2012. As a result, each self-insured group must post an annual security deposit as calculated by the Board. The following trusts have posted the requisite security for the period beginning November 1, 2019:

Trust Name
Electrical Employers Self-Insurance Safety Plan
New York College & University Risk Management Group
New York Lumbermen's Insurance Trust Fund

C. Current NYS Workers Compensation Board Efforts to Extinguish Outstanding Liabilities

One of the primary objectives of the Board's Litigation Division is to facilitate the extinguishment of the liabilities of insolvent GSITs. The Litigation Division employs a variety of methods to accomplish this goal, including: 1) collection of funds from the former employer members of the insolvent GSIT; and 2) recoupment of damages from the former management of the insolvent GSIT.

Collections from Members: The Board has issued final settlement offers in all twenty-six GSITs its administers and has entered into settlements with approximately three thousand three hundred members. To date, the approximate cash and contracted recoveries from members of the insolvent GSITs is over \$621 million.

Where the members of the insolvent GSITs did not voluntarily enter into settlement agreements with the Board the Board has commenced collection actions against those members of insolvent GSITs who have refused the Board's settlement offers. The Board commenced 38 collection actions and there remain only 22 open actions.

Third Party Actions: Significant court approved recoveries have been obtained in 13 third party actions. There remain only three open actions involving 17 defendants and two of those actions are currently scheduled for mediation.

D. Status of Individual Self-Insured Employers Requisite Security Deposit Posted

Currently the NYS Workers' Compensation Board has 881 active individual (large corporate) self-insured employers who have met the Board's posting requirements. This number consists of 106 parent companies (accounts) and 775 subsidiary companies which are self-insured on a consolidated basis.