

**The Missouri Property and Casualty
Insurance Guaranty Association
(MPCIGA)**

The Safety Net for the Safety Net

**Division of Workers' Compensation-
Educational Seminar
August 16, 2018**

Overview and Coverage



Overview

- **Statutorily created association**
 - Ch 375.771-.779 RSMO
 - 1971
 - Covers most property and casualty insurance including workers' compensation
- **917 Member Insurers**
- **Membership is requirement to be licensed insurer**
- **Coordination with Department of Insurance**

Overview

- **Funds to pay claims comes from insurer assessments**
- **All licensed insurers**
 - Based on market share
 - Maximum 2% of MO Premium Annually
 - **Four Accounts**
 - Auto
 - Workers Compensation
 - All Other
 - Missouri Mutual

Assessments

- **MO Workers' Compensation 2017 premium approximately \$920 million**
- **Maximum assessment \$18.4 million annually**
- **Workers compensation claims paid by MIGA in 2017-\$1.6 million**
- **Highest year 2004-\$12 million**

Current Receiverships

- **Guarantee IC**
- **Tower Group-Castlepoint**
- **Lumbermens UW Alliance**
- **Lumbermens MCC**
- **Freestone IC**
- **Reliance Ins Co**
- **Other-45 open insolvencies**



Relationship to PEOs

- **Guarantee IC**
- **LUA**
- **Freestone IC**

Covered Claim

- **Statutory Language**
- **Requirements**
 - Arises from policy coverage
 - Policy issued by member insurer
 - Claimant is Resident of MO at time of injury
 - Insured has \$25 million or less in net worth
- **Activates obligation**

Covered Claim

- **Claimant must be a Missouri resident**
- **Net worth requirement**
 - **Must provide financial statements**
 - **Many times slows activation of coverage in order to verify financial status**

Exceptions to Coverage

- **Claims filed after the bar date**
- **Claims against large insureds**
- **Claimant is a resident of another state-Other state fund may handle**
- **Claims where insured fails to provide net worth information**

Bar Date

- **Date set by Judge supervising insolvent insurer**
- **Last date to file claims**
- **Generally one year at minimum**
- **Bar date can be shorter than statute of limitations allowed under WC law**
 - **File with receiver**
 - **Employer responsible**

Insolvency-Timeline

- Receivership
- Guaranty Fund Activated
- Stay of Litigation

Insurer placed in Receivership

- **Receivership is lawsuit**
 - Rehabilitation
 - Liquidation
- **Lawsuit filed by Insurance Dept in home state of insurer**
- **Supervising Judge**
- **SDR-Special Deputy Receiver**

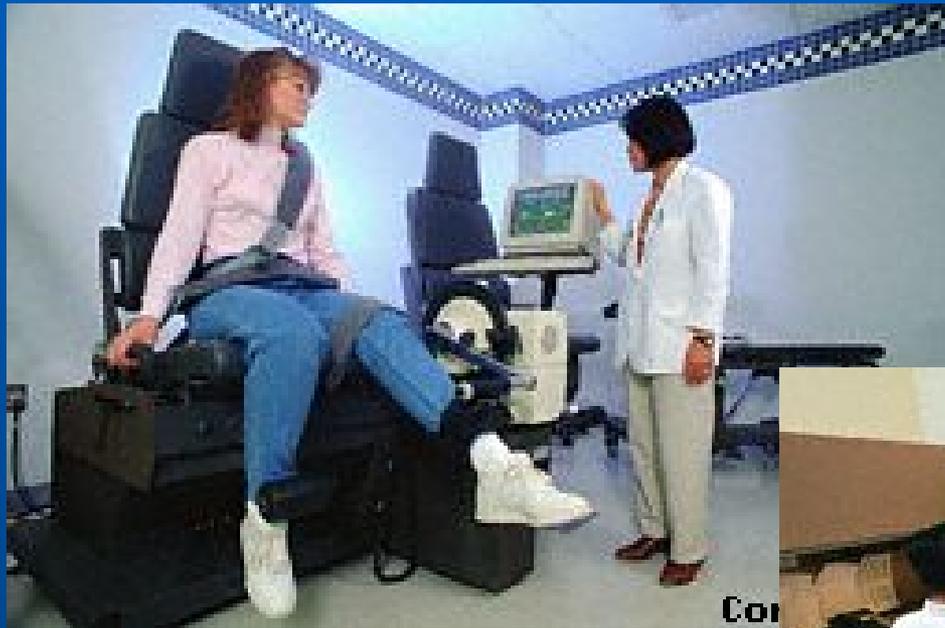
Insurer placed in Receivership

- **MPCIGA activated by final liquidation order with finding of insolvency**
- **Home state of insurer notifies National GF organization (NCIGF) and state funds**
- **All business cancelled within 30 days**
- **Rehabilitation sometimes prior to liquidation**
 - **Normally placed in rehabilitation 90 days**
 - **During rehabilitation disability payments usually continued**
 - **No GF involvement**

Stay of Litigation

- **All litigation stayed by supervising Judge**
 - Generally, 120 days or longer
 - Statutory stay
- **Stay allows receivership and GF time to gain control of claim files**

Claim Handling



Claim Handling

- **Claim File Transfer**
- **Claim Handling**
- **New Claims**
- **Other Issues**

Claim File Transfer

- Receiver Organizes claim files most of which are imaged
- Transmission to state guaranty funds
- Staff and File Triage
- Mailings
- Receipt of forms activates file
- Normal Handling

Guarantee IC-Example of Process

- **Nationwide**
 - 6400 claim files
 - TPA performing most administrative functions
 - \$220 Million in claims
- **Missouri**
 - \$8 million in WC case reserves
 - Open claims-335

Guarantee IC

- **Order of Liquidation 11/27/2017**
- **Transmission of Claim Data for MO 12/6/2017**
- **TTD-PTD paid ahead thru 1/31/2018**
- **First payments by MIGA 2/1/2018**
- **Last date to file claims 5/28/2018**

Net Worth Verification

- **Financial statements requested from insured to verify net worth**
- **2rd & 3rd request if needed**
- **Communicate with insured if needed**
- **Guaranty fund coverage is voluntary**
- **Employer is ultimately responsible**

Additional Procedures on Net Worth Verification

- **DWC notified that file is inactive due to failure to provide net worth information. This information will flow back to Judges.**
- **MIGA will send a new more strongly worded letter requesting verification of net worth and advising of default judgment and coverage issues.**

Claims Handling

- **No participation until forms are received and file activated**
- **Once forms are received and net worth is verified claim is activated and handled normally usually with same defense attorney**

New Claims

- **Claims must be filed with receiver/insurer**
- **MIGA does not accept claims directly**
- **Policy and coverage verification is done by receiver/insurer**

Other Issues

- Default Judgments
 - If less than 20 days notice
 - 60 day continuance
 - allow defense on merits
- Large Deductible/SIR Policies

Legislative Changes

- **HB 1763 Large Deductible Policies and Collateral**
- **Applies to new and open insolvencies after September 14, 2016**
- **MO domestic insolvencies or other state insolvencies which states have a similar law on collateral**
- **Allows MIGA to handle and collect on insured collateral**
- **Previously insureds were responsible for large deductible coverage**

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Questions

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