



Workers Compensation Security Fund Annual Report 2019-2020



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EXECUTIVE SUMMARY

The Pennsylvania Workers' Compensation Security Fund (Security Fund) is part of the Bureau of Special Funds (Bureau) in the Pennsylvania Insurance Department. The Security Fund provides claim payments to individuals entitled to benefits under the Pennsylvania Workers' Compensation Act when the insurance companies that were originally providing benefits are insolvent and in liquidation. To date, claims have originated from 8 Pennsylvania domestic and 42 foreign liquidated insurers.

The goal of the Security Fund is to administer all eligible claims consistent with the Pennsylvania Workers' Compensation Act, the Security Fund Act, and insurance industry's best claim practices while operating in a cost effective, efficient and responsible manner. The Bureau works together with a third-party administrator, TRISTAR Insurance Group, to provide quality claims management services in pursuit of this goal.

As of June 30, 2020, the Security Fund had a fund balance of \$1,015,824,970. It is to be noted that this amount includes a \$165,000,000 transfer to the Dept. of Human Services in June 2017 that is slated to be repaid in July 2024. Benefits paid during 2019-2020 were \$19,856,579. Also, as of June 30, 2020, there were 768 pending claims with reserves totaling \$258,478,555. The ongoing review of each claim to address appropriate reserving is of primary importance to ensure the appropriate funding necessary to meet the Security Fund's fiduciary responsibility.

Periodically, the Security Fund subjects the claims data to analysis by an independent outside actuary to determine ultimate liability. Aon Global Risk Consulting was retained to assist the Security Fund by performing an actuarial analysis of the WCSF liabilities to assist in financial planning and determining strategy for the Fund. The most recent independent analysis issued June 20, 2019, was completed by Aon Risk Solutions. Aon determined that based on data valued as of December 31, 2018, ultimate liabilities were \$378,712,629.

Since April 1, 2019, TRISTAR Risk Enterprise Management (TRISTAR) has provided the Bureau of Special Funds with claims administration and managed care services for the Security Fund program. TRISTAR is a wholly owned subsidiary of Tristar Insurance Group a national property and casualty claims administrator headquartered in Long Beach, CA with Pennsylvania based offices in Harrisburg and Philadelphia, PA. TRISTAR is a full service provider of workers' compensation, property, casualty, and disability third party administrative (TPA) services, including medical bill review services and medical case management. TRISTAR currently employs over 400 workers' compensation professionals, including the seven (7) claim professionals and one (1) Nurse Case Manager dedicated to the Security Fund at its location in Harrisburg, Pennsylvania.

As third-party administrator, TRISTAR provides the following to fulfill the Security Fund's requirements of obtaining quality claims administration:

- A team of seven claim professionals experienced in Pennsylvania and Black Lung workers' compensation exposures
- A medical network which provides savings through in-house repricing capabilities
- Information systems that integrate all claim service processes, including record storage, into one internet accessible interface.

The services provided by or coordinated through TRISTAR include:

- All customary workers' compensation claims administration services
- Coordination of claim related services, such as vocational rehabilitation, repricing and prescription drug management programs
- The processing of electronic data transfer of medical, indemnity and expense related payments to the Commonwealth for payment by the Department of Treasury
- The provision of necessary reports for the Security Fund to evaluate and monitor claims activity and program operations
- Regular electronic reporting to Centers for Medicare & Medicaid Services (CMS) including all required claim reporting services and data collection
- Reporting of monthly and quarterly claims and administrative expenses to all Liquidators in NAIC UDS format.

The Security Fund or TRISTAR Insurance Group may be contacted through the addresses below:

PA Workers' Compensation Security Fund
901 North Seventh Street
Harrisburg, PA 17102
717-783-8093
www.insurance.pa.gov

TRISTAR Insurance Group
River Chase Office Center
4431 North Front Street, Suite 103
Harrisburg, PA 17011
1-717-941-1061
www.tristargroup.net

SECURITY FUND BACKGROUND

The Pennsylvania Workers' Compensation Security Fund (Security Fund) was created by an Act of the Pennsylvania legislature on July 11, 1937, known as Act 470 (the Act). The purpose of the Act at that time was to "establish funds to provide security for the payment of benefits in the event of the insolvency of an insurance carrier authorized to write workers' compensation insurance in this Commonwealth; and to provide for the administration thereof." The Act was amended on April 13, 1988; becoming Act 48; to include certain "insurers under the Federal Longshore and Harbor Workers' Compensation Act."

The Security Fund serves as a guaranty fund which provides claims payments to individuals entitled to benefits under the Pennsylvania Workers' Compensation law (statutory benefits). These benefits would have been paid by insurance companies licensed in Pennsylvania except that such companies have been placed in liquidation by a court in their state of domicile. The responsibility of the Security Fund is limited to those benefits payable in accordance with the requirements of the Security Fund Act, the Pennsylvania Workers' Compensation Act (WC Act) or Longshore and Harbor Workers' Compensation Act, as applicable.

The Security Fund generates income from its investments and receives distributions from the estates of liquidated insurers. In addition, funds are generated from an assessment on workers' compensation written premiums of insurance companies currently providing workers' compensation coverage in the state of Pennsylvania. If, due to the payment of liabilities, the Security Fund balance is reduced below \$500 million as of December 31st of any year, an assessment is issued. The most recent assessment was issued in 2009 based on the December 31, 2008 fund balance.

A contracted third-party administrator, TRISTAR Insurance Group, provides claims administration services to the Security Fund including managed care services, auditing provider invoices and coordination with Security Fund outside counsel on matters of litigation.

The Security Fund is required to meet the mandatory reporting requirements as set forth under Section 111 of CMS. Since the inception of the Medicare Program in 1965, Medicare has been the secondary payer of workers compensation benefits. TRISTAR electronically exchanges health insurance benefits entitlement information, on a quarterly basis, with CMS and submits the Section 111 reporting for the Security Fund.

LIQUIDATION PROCESS

The Security Fund was created for the purpose of assuring that payment of valid workers' compensation benefits is made to those entitled individuals as provided by the Pennsylvania Act. These individuals were insured by an insurance carrier previously authorized to write workers' compensation insurance in Pennsylvania that was deemed insolvent and placed into liquidation.

The Security Fund has effectively managed the liquidation of 50 estates and currently has 768 open claims. The reserves on these claims, including indemnity, medical, rehabilitation and claim expense, total approximately \$258,478,555. When liquidations occur, it is important for the Security Fund to be prepared. This preparation includes specific liquidation procedures and a commitment from Security Fund staff and the contracted claims administrator to provide timely reviews of all open claim files to assure all eligible claimants and providers are paid on a timely and accurate basis. The Security Fund's objective is to have all eligible claimants continue to receive their indemnity benefits immediately and without interruption. Pertinent legal issues also need to be addressed promptly on open claims. Many times, the Security Fund will place a request with the Department of Labor and Industry for a "stay" of all legal proceedings involving the liquidated company. The stay is usually included in the liquidation order and is typically in effect for 90 days from the date of the order. This provides the Security Fund time to properly identify and address the legal issues on the claim files.

There were no new liquidations for the Security Fund in the fiscal year 2019-2020

The following list of open and closed claims, broken down by liquidator, provides an overview of claims status. Other claim information is provided to the Security Fund through ad-hoc reports developed on TRISTAR's online tools: *iCAST*

Liquidator	Date of Liquidation	Domiciled State	Total Claims	Open Count	Closed Count	% Closed	Paid to Date	Outstanding	Incurred
American Mutual Ins. Co. of Boston	3/9/1989	MA	421	14	407	97%	\$24,977,656.19	\$1,922,809.10	\$26,900,465.29
American Mutual Liability Ins. Co.	3/9/1989	MA	734	15	719	98%	\$44,739,820.51	\$2,812,525.24	\$47,552,345.75
American Universal Ins. Co.	1/8/1991	RI	24	1	23	96%	\$1,914,288.67	\$936,604.04	\$2,850,892.71
Atlantic Mutual Insurance Company	4/27/2011	NY	38	10	28	74%	\$2,660,120.50	\$1,274,056.92	\$3,934,177.42
California Comp Ins. Co.	9/26/200	CA	1	0	1	100%	\$0.00	\$0.00	\$0.00
Carriers Ins. Co.	1/16/1986	IA	82	1	81	99%	\$9,975,527.31	\$68,701.36	\$10,044,228.67

Castlepoint National Insurance Company	4/1/2017	CA	36	9	27	75%	\$1,286,456.38	\$4,930,464.76	\$6,216,921.14
Casualty Reciprocal Exchange	8/18/2004	MO	218	17	201	92%	\$22,501,727.10	\$5,991,514.69	\$28,493,241.79
Centennial Insurance Company	4/27/2011	NY	23	8	15	65%	\$2,514,850.14	\$1,254,584.26	\$3,769,434.40
Commercial Compensation Casualty Co.	6/26/200	CA	533	3	530	99%	\$10,880,416.27	\$466,533.07	\$11,346,949.34
Consolidated Mutual Ins. Co.	5/31/1979	NY	5	0	5	100%	\$284,671.37	-\$16,819.96	\$267,851.41
Credit General Ins. Co.	1/5/2001	OH	470	7	463	99%	\$16,309,986.76	\$2,333,592.78	\$18,643,579.54
Employers Casualty Ins. Co.	2/11/1994	TX	70	1	69	99%	\$7,487,196.39	\$297,606.51	\$7,784,802.90
Employers National Ins. Co.	2/11/1994	TX	3	0	3	100%	\$377,694.41	\$0.00	\$377,694.41
Enterprise Ins. Co.	2/24/1987	CA	1	0	1	100%	\$232.00	\$0.00	\$232.00
Freestone Insurance Company	8/15/2014	DE	354	4	350	99%	\$13,067,998.04	\$3,046,870.57	\$16,114,868.61
Fremont Compensation Ins	7/2/2003	CA	37	2	35	95%	\$5,684,164.89	\$2,987,381.19	\$8,671,546.08
Frontier Insurance Company	11/16/2012	NY	12	4	8	67%	\$2,219,657.73	\$4,048,662.29	\$6,268,320.02
Guarantee Insurance Company	11/27/2017	CA	563	105	458	81%	\$23,849,763.50	\$63,686,721.21	\$87,536,484.71
Ideal Mutual Ins. Co.	2/7/1985	NY	489	4	485	99%	\$12,207,780.09	\$371,389.82	\$12,579,169.91
Imperial Casualty and Indemnity Company	5/12/2010	OK	56	1	55	98%	\$2,833,055.20	\$116,690.60	\$2,949,745.80
Integrity Ins. Co.	3/25/1987	NJ	58	0	58	100%	\$446,376.48	\$0.00	\$446,376.48
Intercontinent al Ins. Co.	1/12/1990	IL	4	0	4	100%	\$8,129.56	\$0.00	\$8,129.56

Legion Ins. Co.	7/28/2003	PA	740	33	707	96%	\$69,177,591.39	\$7,015,621.70	\$76,193,213.09
Lincoln General Insurance Company	11/5/2015	PA	3	1	2	67%	\$172,417.24	\$813,913.60	\$986,330.84
LMI Insurance Co.	5/22/2020	OH	21	2	19	90%	\$2,137,329.40	\$198,666.67	\$2,335,996.07
Lumbermen's Mutual Casualty Co	5/10/2013	IL	191	85	106	55%	\$16,502,201.00	\$25,278,240.14	\$41,780,441.14
Lumbermen's Underwriting Alliance (LUA)	5/23/2016	MO	41	7	34	83%	\$954,340.81	\$1,177,223.85	\$2,131,564.66
MasterCare Ins. Co.	7/14/2003	NJ	12	0	12	100%	\$779,329.22	\$0.00	\$779,329.22
Midland Ins. Co.	4/3/1986	NY	176	0	176	100%	\$11,655,292.56	\$0.00	\$11,655,292.56
Mission Ins. Co.	2/24/1987	CA	175	8	167	95%	\$11,243,841.29	\$2,858,319.93	\$14,102,161.22
Mission National Ins. Co.	2/24/1987	CA	75	1	74	99%	\$4,458,940.36	\$56,050.80	\$4,514,991.16
Northeastern Fire Ins Co.	6/1/1984	PA	1	0	1	100%	\$20,995.80	\$0.00	\$20,995.80
Northwestern National Insurance Co Milwaukee	5/2/2019	WI	0	0	0	0%	\$0.00	\$0.00	\$0.00
Park Avenue Property & Casualty	11/20/2009	OK	1	0	1	100%	\$35,199.09	\$0.00	\$35,199.09
PHICO Ins. Co.	2/1/2002	PA	1,832	85	1,747	95%	\$95,228,356.95	\$29,210,475.17	\$124,438,832.12
Reliance Ins. Co.	10/3/2001	PA	3,045	92	2,953	97%	\$198,441,343.58	\$38,793,858.87	\$237,235,202.45
Rockwood Ins. Co.	8/26/1991	PA	1,922	89	1,833	95%	\$145,945,846.04	\$17,785,093.03	\$163,730,939.07
Shelby Casualty Insurance Company	8/1/2006	TX	7	2	5	71%	\$367,486.33	\$28,588.82	\$396,075.15

Shelby Insurance Company	8/1/2006	TX	8	1	7	88%	\$369,821.04	\$47,905.83	\$417,726.87
State Auto Ins. Co.	12/22/1992	IN	15	0	15	100%	\$52,873.73	\$0.00	\$52,873.73
State Capital Ins. Co.	6/21/2004	NC	4	0	4	100%	\$343,732.02	\$0.00	\$343,732.02
The HOME Ins. Co.	6/13/2003	NH	623	101	522	84%	\$56,831,736.51	\$23,772,265.76	\$80,604,002.27
Transit Casualty Ins. Co.	12/3/1985	MO	60	0	60	100%	\$1,324,870.28	\$0.00	\$1,324,870.28
Ullico Casualty Company	5/30/2013	DE	156	4	152	97%	\$9,740,093.80	\$4,076,549.03	\$13,816,642.83
United Community Ins. Co.	7/7/1994	NY	191	2	189	99%	\$12,563,053.79	\$214,180.29	\$12,777,234.08
Villanova Ins. Co.	7/28/2003	PA	291	7	284	98%	\$25,178,051.91	\$2,210,034.64	\$27,388,086.55
Warwick Ins. Co.	6/22/1993	NJ	5	0	5	100%	\$170,141.26	\$0.00	\$170,141.26
Western Employers Ins. Co.	4/19/1991	CA	40	1	39	98%	\$1,758,316.55	\$4,857.77	\$1,763,174.32
Westmoreland Casualty Co.	9/27/1988	PA	3,833	41	3,792	99%	\$191,168,629.84	\$8,406,820.38	\$199,575,450.22
Grand Total			17,700	768	16,932	96%	\$1,062,849,401.28	\$258,478,554.73	\$1,321,327,956.01

CLAIM HIGHLIGHTS 2019-2020

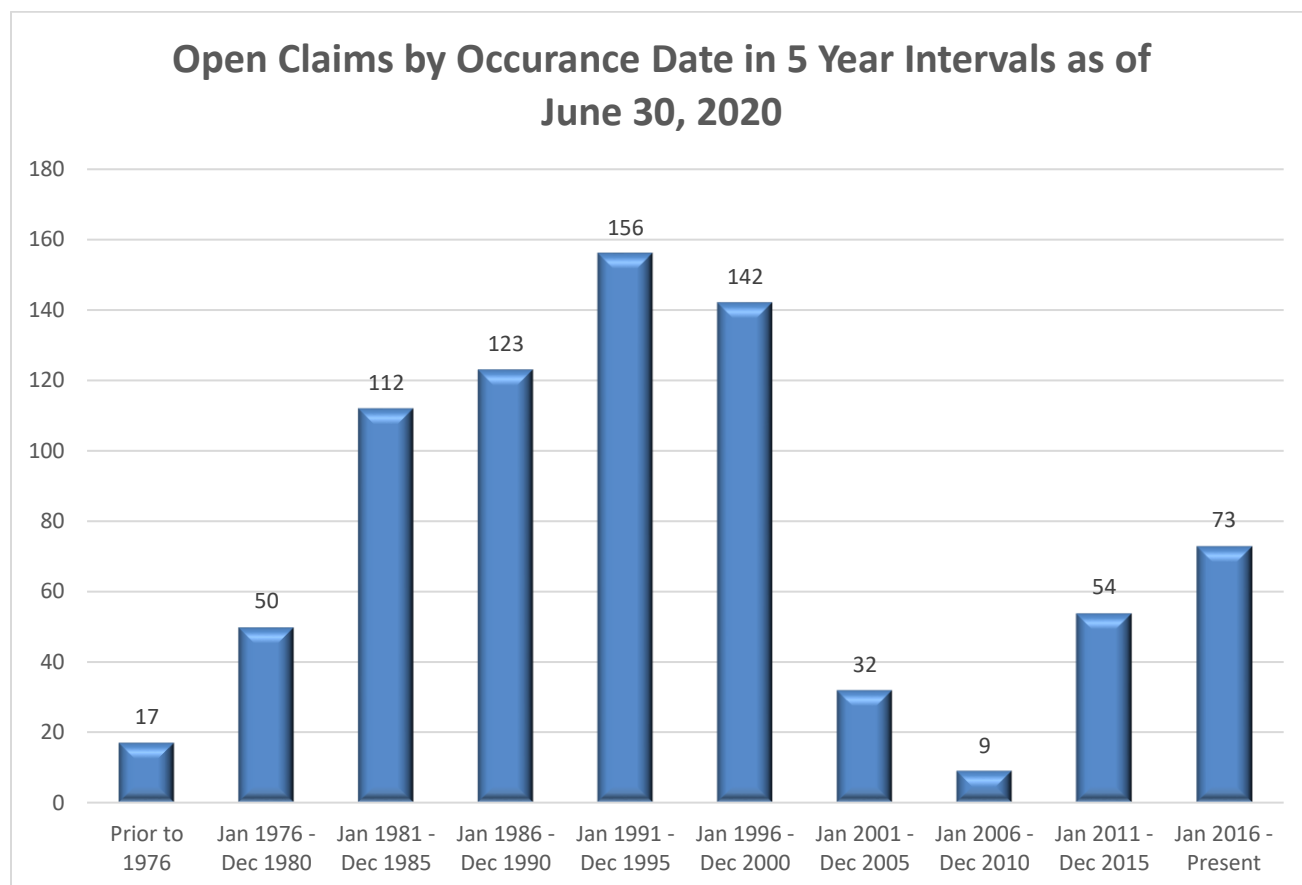
The Security Fund utilizes reports from TRISTAR to monitor the number of claims closed in any given fiscal year, and also the type of claims involved in the closing process, such as medical-only, legal, indemnity-only, rehabilitation-only or expense/record only. The Security Fund had a total of 768 claims (313 indemnity claims and 455 medical claims) open as of June 30, 2020.

On June 21, 2017, the Pennsylvania Supreme Court issued its decision in *Protz v. WCAB (Derry Area School District)*, Nos 6 WAP 2016, 7 WAP 2017, holding that Section 306(a.2) of the Workers' Compensation Act (77 P.S. § 511.2) is an unconstitutional delegation of legislative authority. The Court determined the IRE process constitutes a delegation of legislative authority to a private entity (the American Medical Association) without sufficient guidance or restraint on the authority delegated and therefore violated the Pennsylvania Constitution; however, the ruling did not specify whether it will be applied retroactively, or only prospectively. The *Protz* ruling removed a very important tool to control indemnity exposure and position ongoing claims for settlement. Some claims previously postured to close ongoing indemnity benefits, due to an IRE decision, may be reinstated to full exposure. The PA WCSF will continue to pursue settlement negotiations for injury cases at current pricing levels, using existing, valid exposure reduction tools and strategies. Following the *Protz* ruling, the Pennsylvania General Assembly responded with new legislation. On October 24, 2018 Governor Wolf signed into law House Bill 1840 (now Act 111); thereby restoring the impairment-rating mechanism perceived to be the critical constitutional deficiency identified in the 2017 *Protz* decision. The new law incorporated, by express reference, the Sixth Edition of the Guides.

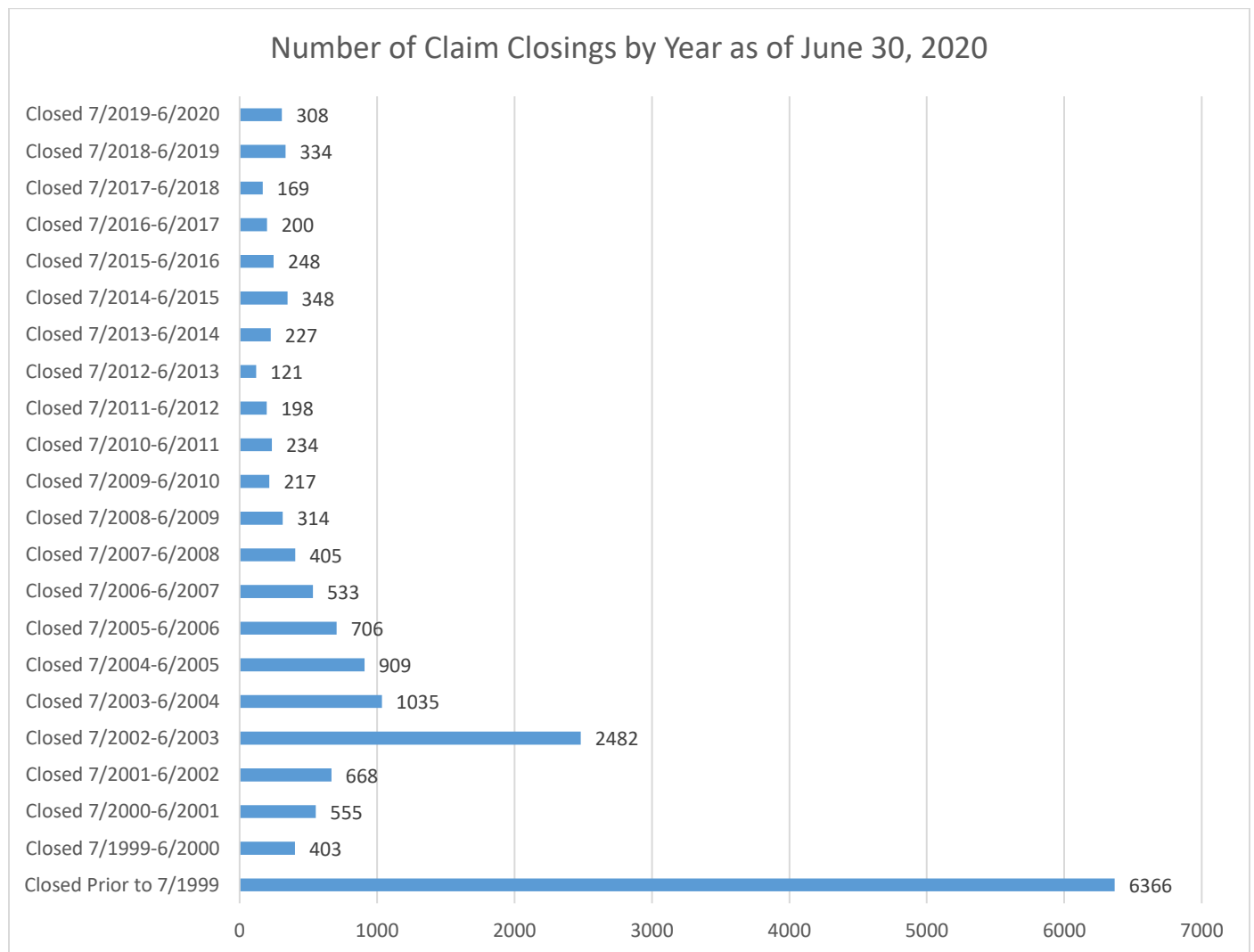
TRISTAR also conducts periodic claim reviews with the staff from the Security Fund. Cases are evaluated for potential compromise and release settlements as well as for overall claim strategy, reserving and action plans.

Fiscal year 2019-2020 included the continuation of a medical cost containment program as well as the continued use of the TPA's pharmacy management program. This program positioned the Security Fund for measurable savings in the areas of generic utilization, mail order and other targeted savings actions.

There are currently 136 open claims being handled by TRISTAR Insurance Group that occurred in the period from January 2006 to present. The largest number of open claims from any period represents the occurrence range from January 1991 – December 1995. There are 17 remaining open claims with an occurrence date prior to 1976. The chart below gives a stratification of all open claims by occurrence date.

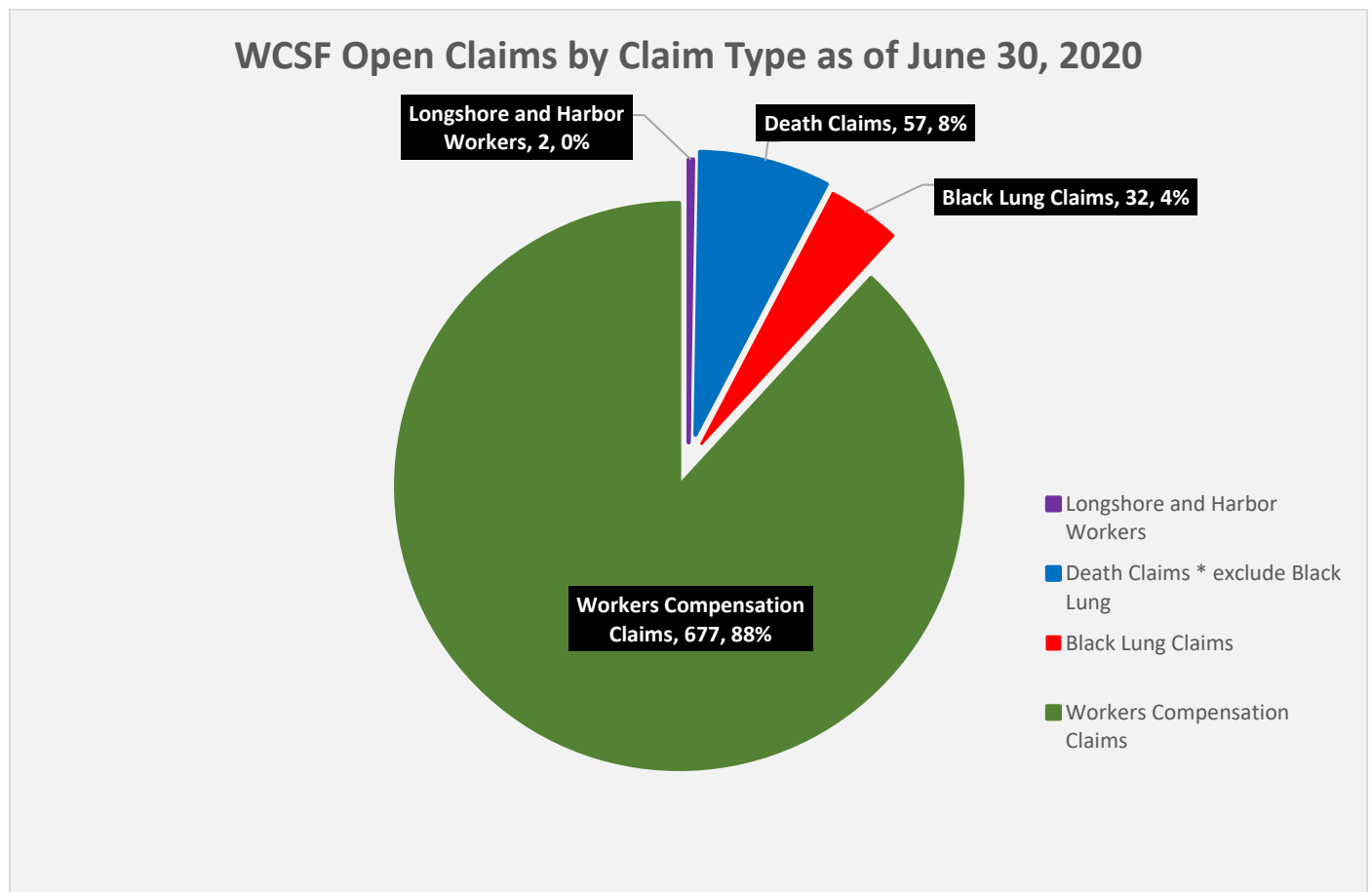


In fiscal year 2019-2020, a total of 308 claims were closed. In fiscal year 2018-2019, 334 claims were closed which was an increase from the preceding fiscal year in which 169 claims were closed.

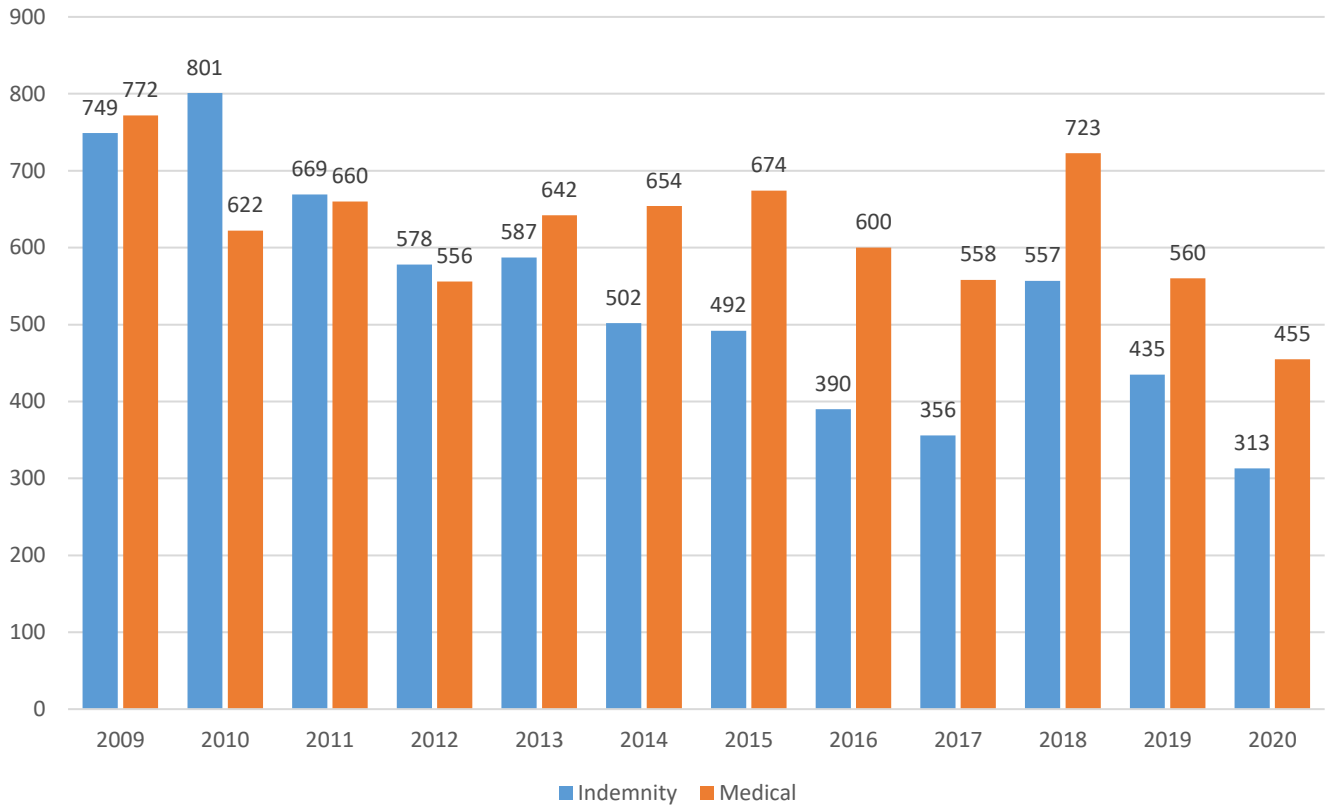


Currently, there are 768 open claims of which 677 are workers' compensation indemnity/medical claims. In addition, there are 57 open death claims with beneficiaries still receiving benefits. As of June 30, 2020, there were 32 open Federal Black Lung claims being administered by TRISTAR. As Federal Black Lung benefits cannot be settled, the closure is based solely on the death of the miner or beneficiary dependent. The Supreme Court on June 28, 2012, upheld the constitutionality of the Patient Protection and Affordable Care Act (PPACA). This PPACA includes a provision that eligible survivors of a miner who was receiving benefits, filed after January 1, 2005, and pending on or after March 23, 2010, are automatically entitled to benefits.

Additionally, there are two claimants receiving benefits provided under the Longshore and Harbor Workers Compensation Act (LHWC). Benefits are paid at the maximum Pennsylvania compensation rate for the year of injury or the Longshore Harbor Workers' Compensation Act rate, whichever is lower. If a benefit is termed permanent total disability, the benefits are increased each year by the cost of living adjustment as determined by the Department of Labor (US DOL) each December. In accordance with the WCSF Act, if the LHWC insured/employer becomes insolvent, is dissolved or declares bankruptcy, these claims will be turned over to the US DOL.



Open Claim Count by Indemnity & Medical as of June 30, 2020



A. Medical Savings

The Workers' Compensation Act includes a fee schedule which establishes maximum amounts to be paid to healthcare providers, including pharmacies. All eligible Security Fund invoices are repriced to fee schedule. In addition, there are special arrangements with a network of healthcare providers to receive payment less than the fee schedule which are applied to Security Fund invoices.

These special arrangements are a part of the overall Medical Bill Repricing (MBR) process which encompasses several strategies that assist in providing exceptional cost containment measures. Repricing is a way to reduce costs without reducing payments to injured workers or reducing their access to medical services by utilizing fee schedules and negotiated provider discounts that determine actual reimbursement rates for medical providers. The overall process reduces the total cost of medical bills through a combination of rules-based technology, clinical expertise, expert reviews, embedded treatment guidelines, negotiations, and a Preferred Provider Organization (PPO) network.

B. Prescription Drug Program

Pharmacy costs represent a significant portion of the overall medical expense for the Security Fund. In order to manage oversight of this portion of the program and continue to control costs, Tristar has formed a partnership with a nationwide Pharmacy Benefit Manager (PBM), OPTUM. The PBM engages a variety of cost control methods in order to achieve maximum savings for the Security Fund.

Generic drugs are required to have the same active ingredient, strength, and dosage form, as the brand name product when meeting rigorous standards before entering the market. OPTUM monitors the transition of prescriptions from brand to generic to ensure prescriptions are filled at a brand level only when necessary. With the standards set forth by the FDA there is no detriment to the injured worker for using the generic option available and additional cost savings are realized by the Fund. At the time of fill there are no additional steps required from the injured worker or pharmacy to receive a generic medication that is available. Brand medications accounted for 21.08% of the prescriptions filled. In addition, OPTUM also offers an option for injured workers who meet criteria to use a mail service to receive their medications monthly. This alternative provides a convenient option for prescriptions to be delivered to their home, continued access to a pharmacist, and increased savings for the Fund. Mail service remains continuous for the injured worker and requires no extra steps to participate. Almost 2.07% of prescriptions were filled through the mail service offered through OPTUM with continued efforts to make the resource available to all injured workers.

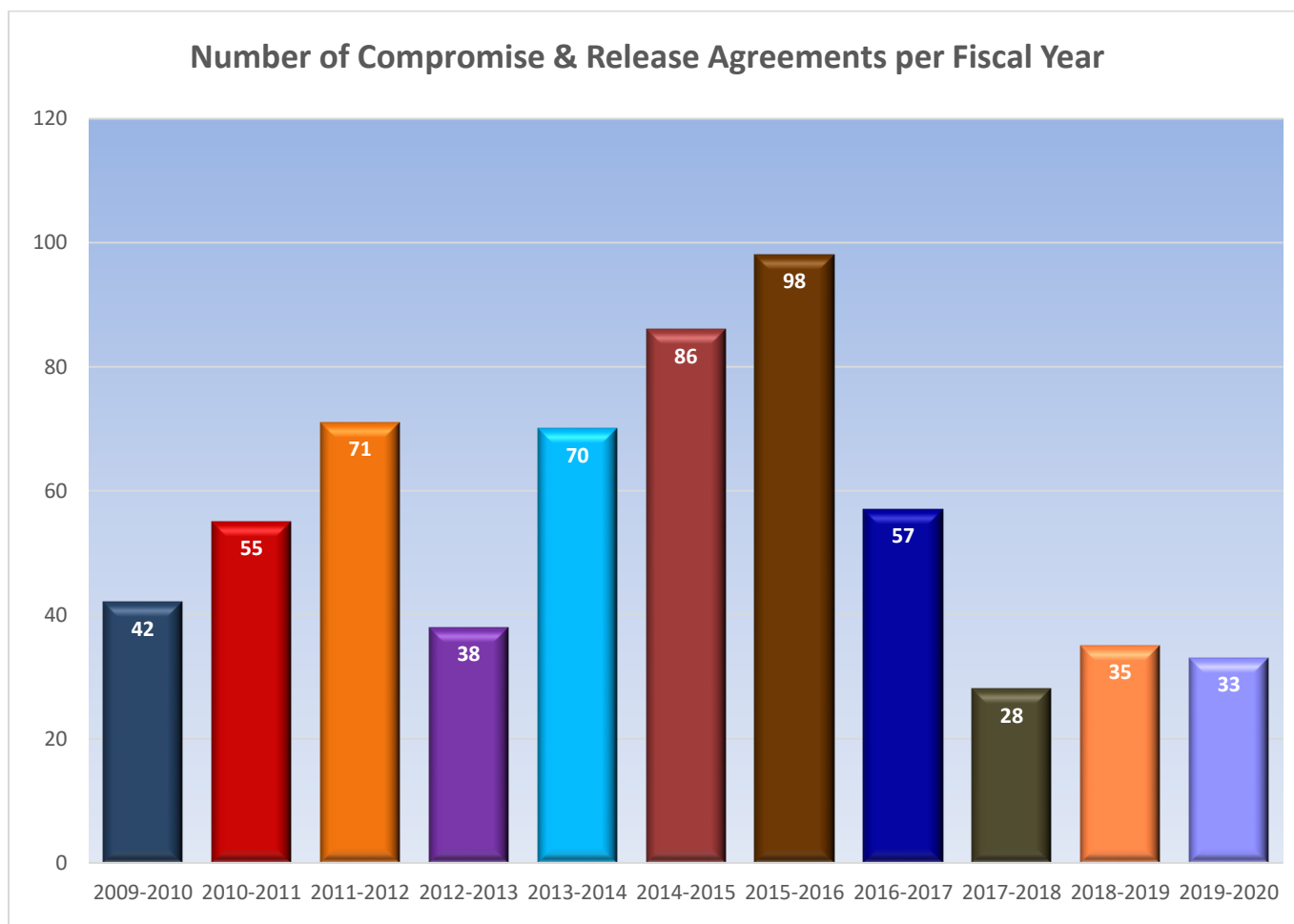
WCSF Pharmacy Subcategories			
Brand vs Generic			
PBM	# Brand	# Generic	# Total
OPTUM	1,965	7,139	9,104
Out of Network	566	2,332	2,898
Retail Vs Mail Order			
PBM	# Retail	# Mail Order	# Total
OPTUM	8,856	248	9,104
Out of Network	2,898	0	2,898

C. Compromise and Release Agreement

A Compromise and Release Agreement is typically a final settlement of either indemnity benefits, medical benefits or both. The implementation of this agreement provision to the Pennsylvania Workers' Compensation Act has had a proven impact on claims resolution and financial savings to the Security Fund to resolve claims to closure as a lump sum payment or structured settlement.

If medical benefits are settled under the terms of a Compromise and Release Agreement, TRISTAR ensures the requirements of the Centers for Medicare & Medicaid Services (CMS) are met by establishing a Medicare Set Aside account when necessary. TRISTAR also addresses any Medicare Secondary Payer Recovery Contractor (MSPRC) liens with CMS as part of the final claims closing process after a Compromise and Release has been executed.

From July 1, 2019, through June 30, 2020 a total of 33 claims were settled by way of Compromise and Release. The chart below illustrates the total number of cases settled since 2009.



D. Fraud Prevention Measures

The Act, known as Act 44, was amended in 1993. These amendments made several important changes including the implementation of specific insurance fraud provisions that are directed against all parties involved in the system including the injured worker. A perpetrator of fraud can be the subject of a fraud prosecution that could result in fines up to \$50,000 and possibly several years in prison. These amendments were expanded by the 1996 amendments, which made it a criminal offense for an employee to knowingly, with the intent to defraud, fail to make certain necessary reports on work status. These amendments, known as Act 57, likewise make it an offense to receive total disability benefits while employed or to receive partial disability benefits in excess of the amount permitted based on wages earned.

The Security Fund considers falsification of work-related information as insurance fraud and, in conjunction with TRISTAR, has utilized legislative tools to address the issue of workers' compensation fraud.

TRISTAR employs a full-time financial investigator to oversee all internal and external fraud investigations as well as SOC 1 compliance. TRISTAR has received a qualified rating from Deloitte based on SAS 70/SOC 1 audits conducted over the last 17 years. The auditor has full authority and support needed to investigate all fraudulent matters affecting TRISTAR.

TRISTAR subscribes to the Central Index Bureau to identify and deter fraud on part of the claimant. TRISTAR employs database searches throughout the jurisdictions in which it does business including Federal databases such as OFAC and the SSN National Death Index to further deter and prevent fraud.

E. Liquidations

There were no new liquidations for the fiscal year of 2019-2020.

F. Technological Enhancements

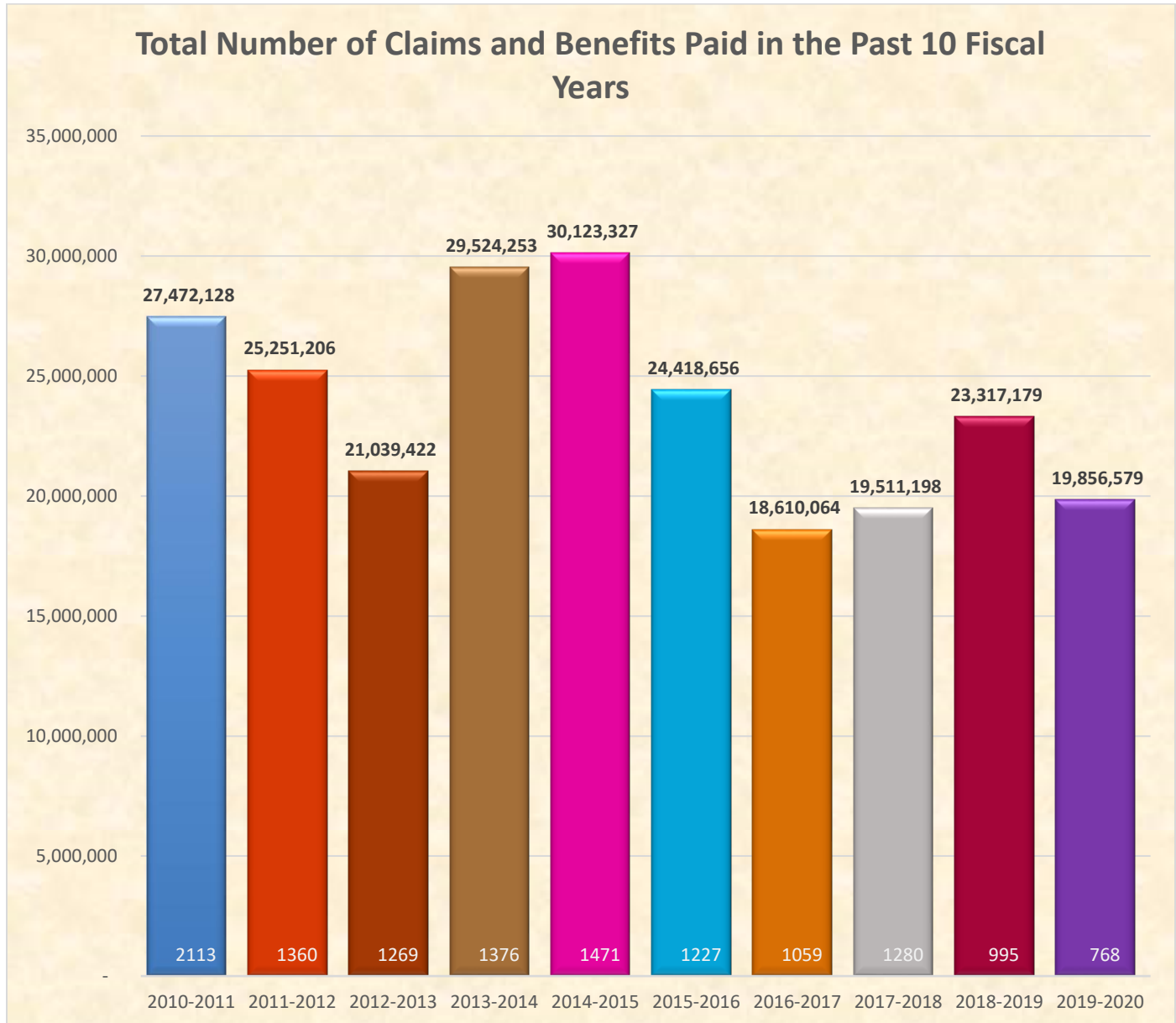
TRISTAR's computer network infrastructure is resilient and includes redundant data centers and dual carrier communications to all sites. In the event of a disaster, the backup system can be put into production within 4 hours with no loss of data.

Administratively, the paperless workflow process continues to be an efficient user tool. The Security Fund staff, as well as most of the state Liquidators, has secured viewing access directly through the internet. Viewer access provides instant access to claim payments, claim reserves, claim activity and file documents. During fiscal year 2019-2020, very little paper flowed between the Security Fund and the TPA, which continued to eliminate time consuming tasks such as paper filing and onsite paper file audits for the Security Fund, Liquidators and Reinsurers.

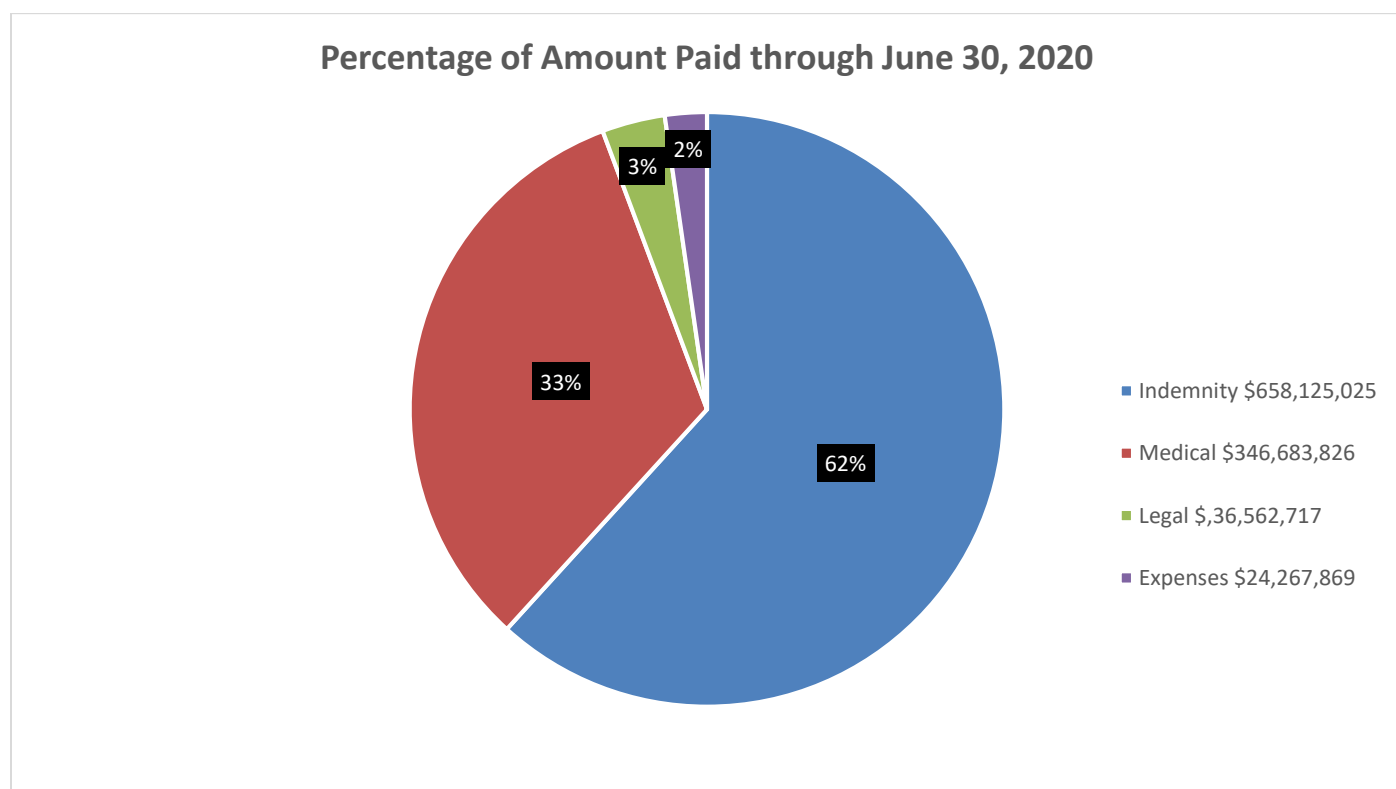
The Security Fund Web Page is located on the Insurance Department's website <http://www.insurance.pa.gov>. This web page provides valuable information to consumers who have inquiries regarding the Security Fund's background, contact information and answers to frequently asked questions.

FINANCIAL HIGHLIGHTS 2019-2020

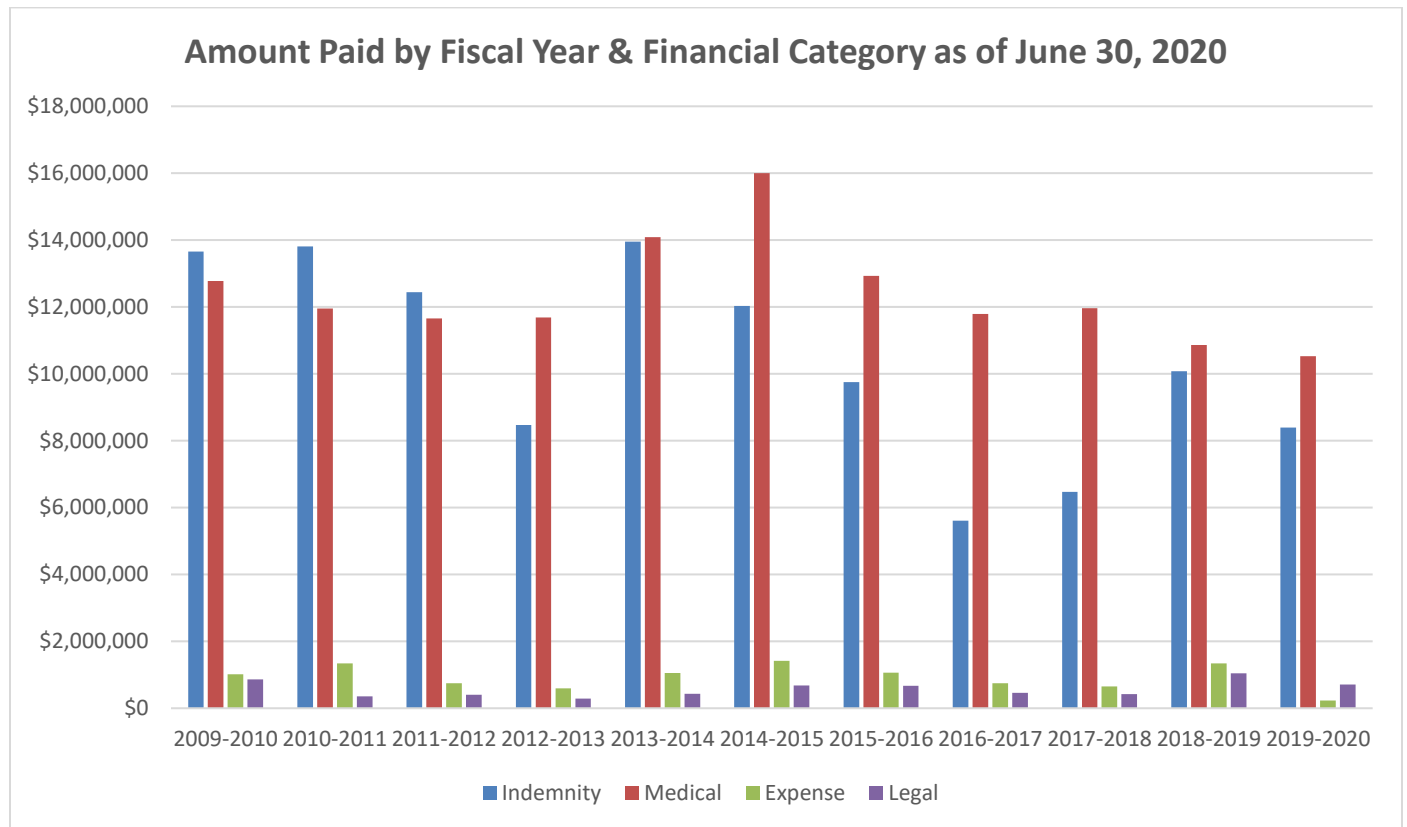
During fiscal year 2019-2020, the Security Fund paid \$19,856,579 in benefits. Due to several liquidations in 2012-13 and 2014-15, this resulted in increased benefit payments for these fiscal years. Payment types are broken down into the following categories: indemnity, medical, expense and legal. Monies paid out by the Security Fund under these categories are illustrated on the following charts.



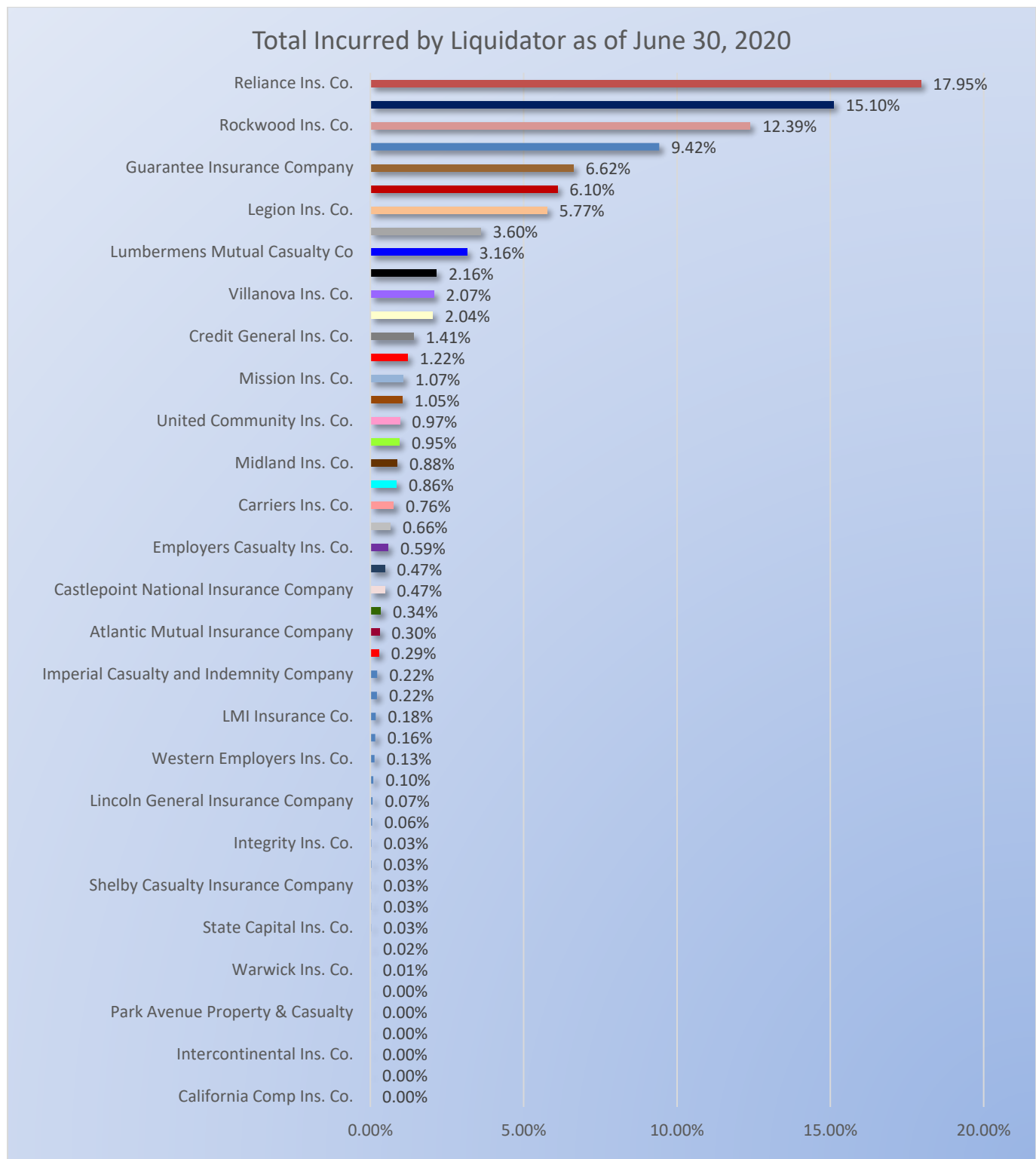
The vast majority of payments over the past ten years have been indemnity payments, which include Compromise and Release settlement payments. A total of \$658,125,025 has been paid in indemnity benefits, which represents 62% of the total payouts over the life of the Security Fund. Medical payments totaling \$346,683,826 represent 33% of the total Security Fund payments. Expense payments total \$24,267,869 representing only 2% of the total payments with the remaining 3% in payments totaling \$36,562,717 for legal expenses.



There were decreases in all categories as follows: Indemnity by \$1,685,280, Medical by \$333,992, Expenses by \$1,107,425 and Legal by \$333,123

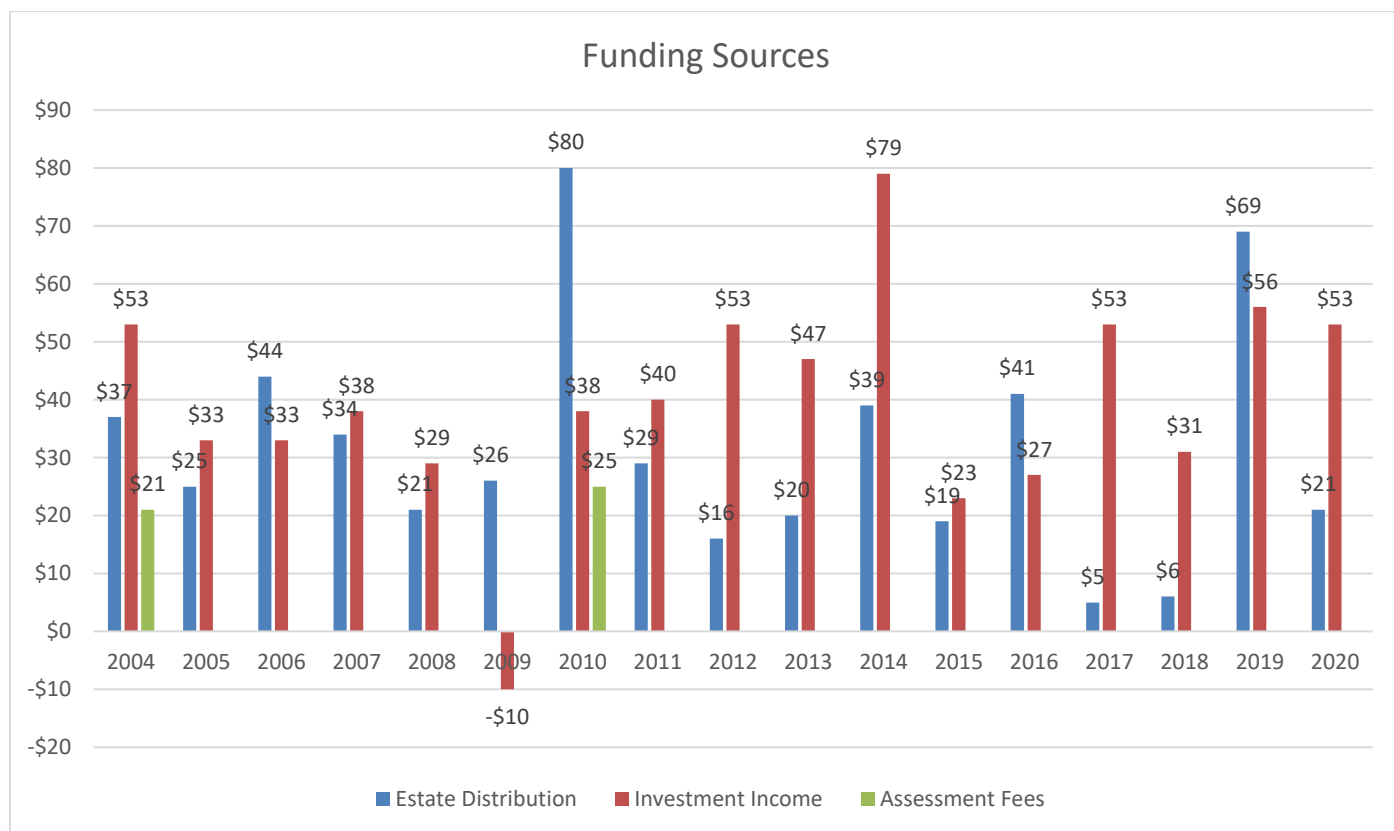


The chart below illustrates the total incurred amount from the inception of the Security Fund. The incurred is defined as the sum of the claim reserve and the amount paid by liquidations as of June 30, 2020. Reliance Insurance Company and Westmoreland Casualty Insurance were the two top liquidators by incurred values.



A. Funding

Funding for the Security Fund is derived from three sources: Assessments levied on member insurers, distributions obtained from the estates of insolvent insurers, and investment income. Estate distributions are an essential funding source for the Security Fund; when there is a high level and frequency of distributions from receiverships, there is less need for assessments on member companies.



Workers Compensation Security Funds-Bureau of Special Funds

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