



**North Carolina Self-Insurance Security Association
1620 South MLK Jr. Avenue, Suite 107
Salisbury, North Carolina 28144**

January 3, 2022

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Dewey R. Preslar, Jr., ARM

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TO: North Carolina Member Self-Insurers

**FROM: Dewey R. Preslar, Jr., Executive Director
North Carolina Self-Insurance Security Association (“Association”)**

**RE: 2021-2022 Association Aggregate Security System
 (“2021 AASS”)**

On behalf of the Board of Directors, thank you for your ongoing commitment to self-insurance and membership in the Association. We are encouraged by the steadfastness of all member self-insurers (“Members”) as we in partnership address issues presented by the ongoing global pandemic.

I am pleased to report the Association successfully completed the 2020 AASS on November 30, 2021. The Association maintains adequate financial resources to respond to an insolvency and default of any current or former Members. In 2019, the Association purchased primary and excess insurance policies which continues through November 30, 2022. The Association also retains a letter of credit to ensure short term liquidity and regularly updates its strategic cash management and investment policies as approved by the North Carolina State Treasurer.

In accordance with its statutory mandate, the Association continues to pay “covered claims” against former Members which have defaulted on payment of their workers’ compensation claims. There are currently open claims from the insolvencies of American Yarn Spinners Self-Insurance Fund, Burlington Industries, Dominion Yarn Corporation/Polymer Group, Inc., Doran Textiles, Fieldcrest Cannon, Inc./Pillowtex, Inc., Furniture Brands International, Hostess Brands, Inc./Interstate Brands and Sanders Brothers, Inc. All claims are carefully analyzed and investigated to determine if they are “covered claims” in accordance with the Association statutory mandate. The Association is not authorized to pay any claims which were incurred prior to its October 1, 1986, creation by the North Carolina General Assembly.

For the 2021 AASS, the Association determined that assessment rates would not increase from the 2020 AASS. Members have reported approximately \$296 million

in outstanding workers' compensation liabilities for the 2021 AASS. Those liabilities are secured by the above referenced insurance policies which protect the aggregate portfolio. All Members participated in the 2021 AASS and received an assessment invoice based on their respective risk to the aggregate portfolio. If you have any questions about your assessment, please do not hesitate to contact me. Payment of the assessment was due on or before December 31, 2021. Any delinquent payments are subject to 8% interest rate.

We are now beginning to receive financial information for the 2022-2023 AASS. As you are undoubtedly aware, every Member must submit audited financial statements and an actuarial report to the Association in accordance with North Carolina law.

Your most recent actuarial report should be submitted through the Association secure online portal using the following submission link: <https://form.jotform.com/jglewis/ncsisa-actuarial-form-2022>. **The actuarial report must address loss adjustment expense ("LAE") which includes both unallocated loss adjustment expense ("ULAE") and allocated loss adjustment expense ("ALAE").** We are mindful that each Member has a unique fiscal year and request that updated actuarial reports be submitted as they become available.

For private member self-insurers, a separate online portal has been created for submission of audited financial statements. In order to best evaluate the financial position and creditworthiness of all Members, private member self-insurers are asked to submit unaudited quarterly financials as well as annual audited financial statements. Please use the following link to submit both annual and interim financial statements to the secure online portal: <https://form.jotform.com/jglewis/2022-2023AASSAuditedFinancialStmts>.

To avoid confusion, please do not use any prior portal links which have previously been provided. In accordance with North Carolina law, the Association Board of Directors has discretion to exclude any Members from participation in the AASS if sufficient financial information is not provided to evaluate creditworthiness. Thank you for your ongoing cooperation with these reporting requirements.

As your Executive Director, I am committed to ensuring the necessary safeguards and legislative initiatives are in place to protect your interests and the viability of the alternative security program. I welcome any feedback you may have about your Association and am always happy to answer any questions. Please do not hesitate to contact me at (704) 636-8933, dpreslar@ncsisa.org or at the address above. We are excited about the future of self-insurance and wish you all the best in the new year.

Sincerely,

**NORTH CAROLINA SELF-INSURANCE
SECURITY ASSOCIATION**



Dewey R. Preslar, Jr.
Executive Director