

August 2005

Notice No. 119

NOTICE TO INSURANCE CARRIERS UNDER THE LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT AND EXTENSIONS

SUBJECT: ANNUAL REPORT OF OUTSTANDING LIABILITIES FORM LS-274
APPLICATION FOR SECURITY DEPOSIT DETERMINATION FORM LS-276

Note: This Notice reflects changes pursuant to new regulations that will be effective on August 25, 2005. These regulations govern insurance carrier security deposits under the Longshore and Harbor Workers' Compensation Act and its extensions. The new regulations contain major changes in the reporting requirements and the method of calculating carrier security deposits. Please read this Notice very carefully. The text of the regulations can be found at 70 Federal Register pages 43234-37 (July 26, 2005) (to be codified at 20 C.F.R. §§703.201-703.213) or online at www.gpoaccess.gov.

The most significant change is that the paid loss and loss reserve information required to be reported on the Form LS-274 must now be reported on a state by state basis with each state in which you write Longshore Act business listed separately on the Form LS-274 and Form LS-276.

Form LS-274

In connection with the privilege to write workers' compensation insurance under the Longshore and Harbor Workers' Compensation Act and its extensions, this Office requires authorized insurance carriers to submit an annual report of outstanding workers' compensation liabilities under the Act, as of June 30 of each year. You must file a completed LS-274 even if you apply for an exemption from the security deposit requirements (see below). The report **now due** should show the following information for each open Longshore case, **with the cases listed separately by the state in which the case arose, as of June 30, 2005:**

1) Claimant's Social Security Number (column a)

NOTE: the carrier's file number and employer number are not required);

2) OWCP case number (column b)

NOTE: Include the number for each open claim or claim on which benefits were paid during the reporting period. Include all

controverted claims and cases paid by the Special Fund where the employer/carrier continues to be liable for any medical benefits. It is the duty and responsibility of the insurance carrier to record the OWCP case numbers of all their claims and report those numbers on the LS-274 report;

- 3) **Name of injured employee (column c);**
- 4) **Date of injury (column d)**
Note: Not the date of loss;
- 5) **Nature of the injury (column e);**
- 6) **Amount of compensation and medical benefits paid through June 30, 2005 (column f)**
Note: Include all compensation and medical benefits that have been paid on the case from the date of injury to the date of the report;
- 7) **Estimate of future compensation benefit payments (column g)**
Note: This amount should be projected on a worst case basis. It should not be discounted or reduced based on expectations of a third party recovery, anticipated section 8(f) relief or anticipated lump sum settlement. Do not include attorney fees and/or other administrative costs or expenses;
- 8) **Estimate of future medical benefit payments (column h)**
Note: Use the same criteria for reporting as in item 7 above;
- 9) **Estimate of total compensation and medical payments expected to be paid in the future (column i);**
- 10) **Fatal cases are to be separately identified (column j);**
- 11) **Third party cases are to be identified (column k).**

The report of outstanding liabilities may be submitted on Form LS-274, Report of Injury Experience of Insurance Carriers (copy enclosed), or in any other similar format that provides the same information, provided that all of the required information is submitted. Form LS-274 is also available online at <http://www.dol.gov/esa/owcp/dlhwc/lsforms.htm>. **Once again, please note that the cases for each state should be segregated and the states' reports listed separately.**

Insurance carriers must also provide **separate reports for the Act and each of its extensions**, (i.e., Longshore and Harbor Workers' Compensation Act, Outer Continental Shelf Lands Act, Defense Base Act, and Nonappropriated Fund Instrumentalities Act). Also, insurance

carriers with subsidiaries that write insurance under these Acts must provide a **separate report for each subsidiary**. Please **include the applicable Department of Labor authorization number on each report** submitted.

All open claims reported are to be listed **state by state**, chronologically, by accident date, for each July 1 through June 30 period. Subtotals of the estimated future payments requested in the first paragraph above or as called for in column (g), (h), and (i) of Form LS-274 are to be provided for each period.

Finally, **each report should reflect a Grand Total for each state for all estimated future payments**. This insurance carrier's annual report of outstanding liabilities is **due no later than November 1, 2005** and must include a separate notarized statement signed by a corporate officer attesting to the completeness and accuracy of the information provided.

Certification of the Report of Outstanding Liabilities by other than corporate officers as indicated above will not be accepted. The signed statement should be on a separate letterhead. Please indicate in your correspondence the name and telephone number of the person to be contacted in the event there are any questions.

If an insurance carrier has no outstanding workers' compensation liabilities under the Acts, an annual report noting the absence of current liabilities must be filed for each company and each authorized subsidiary. **This report must also be accompanied with the same separate notarized statement from a company official as mentioned earlier in this notice.**

Form LS-276

In addition to Form LS-274, you must complete and file Form LS-276, Application for Security Deposit Determination (copy enclosed). This form is also available online at <http://www.dol.gov/esa/owcp/dlhwc/lsforms.htm>. If you are seeking an exemption from the security deposit requirements based on your financial standing, you must include documentation establishing your current rating and your rating from the immediately preceding year from each insurance rating service designated by OWCP and posted on the internet at <http://www.dol.gov/esa/owcp/dlhwc/lstable.htm>. Ratings from A.M Best Company, Weiss Insurance Reports and Standard & Poors are presently accepted. Insurance carriers with subsidiaries that write insurance under the Longshore Act or its extensions must complete a separate application for each subsidiary.

The totals of the obligations for each state listed in detail on your Form LS-274 should be shown in Number 7 on your Form LS-276. Using

the values listed on the state guaranty fund summary provided by this Office (copy enclosed), you should then apply the relevant value of either 100%, 33% or 0% for each state in order to calculate the "Estimated Deposit" for that state. For example,

a. State	b. Total Obligations	c. Percent Unsecured	d. Estimated Deposit
West Virginia	\$200,000	100%	\$200,000
Maryland	\$200,000	0%	\$ 0
Delaware	\$200,000	33%	\$66,000

The LS-276 must be signed by an appropriate officer of the carrier. If the carrier is a corporation, you must also affix the corporate seal.

Mail your completed annual report(s) and application(s) for security deposit determination to this address:

U. S. Department of Labor
 ESA/OWCP/DLHWC, Room C-4315
 200 Constitution Ave., NW
 Washington, DC 20210
 Attn: Michael Niss

Failure to submit an annual report or application for security deposit determination as outlined in this Notice may result in the termination of your authorization to write insurance under the Longshore Act and its extensions.

This insurance authorization cannot be transferred, and it cannot be assigned. Any change involving the corporate name, structure, ownership, organization, etc., may affect the insurance authority and must be brought to the attention of this Office prior to the effective date of the event.

For further information, contact Ms. Linda Myer at (202) 693-0289 or Ms. Amanda Smith at (202) 693-0968.

MICHAEL NISS
 Director, Division of
 Longshore and Harbor
 Workers' Compensation

Enclosure