

EXAMINATION REPORT
of
UNITED CONTRACTORS OF VIRGINIA
GROUP SELF-INSURANCE ASSOCIATION
RICHMOND, VIRGINIA
as of
DECEMBER 31, 2010

COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



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I, Jacqueline K. Cunningham, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of United Contractors of Virginia Group Self-Insurance Association as of December 31, 2010, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed to the original the seal of the Bureau at the City
of Richmond, Virginia this 2nd day of February, 2012

Jacqueline K. Cunningham
Commissioner of Insurance

(SEAL)

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Richmond, Virginia
December 12, 2011

Honorable Jacqueline K. Cunningham
Commissioner of Insurance
Richmond, Virginia

Dear Madam:

Pursuant to your instructions and by authority of Section 38.2-1317 of the Code of Virginia, an examination of the records and affairs of

**UNITED CONTRACTORS OF VIRGINIA
GROUP SELF-INSURANCE ASSOCIATION**

Richmond, Virginia

hereinafter referred to as the Association, has been completed. The report is hereby submitted for your consideration.

DESCRIPTION

The Association is a group self-insurance association licensed to provide workers' compensation coverage and employers' liability coverage to its members pursuant to Section 65.2-802 of the Code of Virginia and 14 VAC 5-370-10 et seq. (Rules Governing Group Self-Insurers of Liability Under the Virginia Workers' Compensation Act) promulgated by the State Corporation Commission (the "Commission").

The Association was last examined by representatives of the Commission's Bureau of Insurance ("the Bureau") as of December 31, 2007. This examination covers the period from the January 1, 2008 through December 31, 2010.

HISTORY

The Association was licensed by the Bureau effective August 1, 1981. On July 1, 1990, the Bureau revised the Association's license to authorize employers' liability coverage. According to its indemnity agreement, the Association was formed to allow members to self-insure and to pool their separate liabilities arising pursuant to the terms of the Virginia Workers' Compensation Act and for certain other types of employers' liabilities.

MANAGEMENT AND CONTROL

Control of the Association is vested in a Members' Supervisory Board (the "Board") elected by the members of the Association. The by-laws provide for no less than three nor more than nine board members, three-fourths of whom shall be members in good standing of the Association. Board members serve until their successors are elected.

The Board and officers were as follows at December 31, 2010:

<u>Representative</u>	<u>Member</u>
David W. Brooks	Brooks & Co. General Contractors, Inc. Richmond, Virginia
Frederick M. Dabney	Slurry Pavers, Inc. Glen Allen, Virginia
F. Thomas Evans	Southwood Builders, Inc. Ashland, Virginia
Dudley H. Marks	Consumers/Dornin-Adams, Inc. Lynchburg, Virginia
Stuart K. Morgan, Sr.	Century Construction Co. Richmond, Virginia
Edmond S. Pittman	Thalhimer, Inc. Richmond, Virginia

Officers

Frederick M. Dabney	Chairman
Stuart K. Morgan, Sr.	Vice Chairman
F. Thomas Evans	Secretary
David W. Brooks	Treasurer

TERRITORY AND PLAN OF OPERATION

The operation of the Association is confined to Virginia where it is licensed to transact the business of workers' compensation and employers' liability group self-insurance. Membership in the Association is available to employers engaged in a similar type of business, upon the approval of the Board and the Commission.

All members are required to enter into an indemnity agreement in which each member jointly and severally agrees to assume and discharge members' employers' liabilities and any members' liabilities under the Virginia Workers' Compensation Act. No formal insurance policy is issued to the members.

An administrator is responsible for assisting the board in managing the affairs of the Association. Claims are processed and paid by a service agent under a contractual agreement with the Association. The Association's operations are conducted on a calendar year basis.

ADMINISTRATIVE AGREEMENT

Effective January 1, 1996, the Association entered into an administrative agreement with Self Insurance Services, LLC, ("SIS"). The original term of this agreement was for a period of eight months and the agreement continued thereafter subject to termination by either party by 90 days advance written notice.

According to the agreement, SIS shall administer the financial affairs of the Association as established and adopted by the Board, maintain necessary records of accounts, advise the Board on policy matters, contract for claims handling and with advisors and consultants, pay all items of expense to the extent funds are available, direct the solicitation and enrollment of new members, file necessary reports, and conduct other managerial duties.

As compensation for its services, SIS shall receive 7½% of all members' contributions calculated under the provisions of 14 VAC 5-370-110, without reduction as a result of premium discounts, experience ratings, deviations, or other adjustments. In addition, SIS retains 100% of the commission received for placement of excess insurance coverage. The Association incurred \$461,406 in fees relating to this agreement in calendar year 2010.

CLAIMS CONSULTING SERVICE AGREEMENT

Effective January 1, 1994, the Association entered into a claims consulting service agreement with SIS. The agreement is subject to termination by either party upon 60 days advance written notice. According to the agreement, SIS shall provide claims consulting services including the review of monthly loss reports, approval of all medical and compensation payments over \$2,000, monthly review of all open claim files, evaluation of members' claim experience and assistance to the service agent in settlement of claims.

As compensation, the Association shall pay SIS $\frac{1}{2}$ of 1% of all members' contributions calculated under the provisions of 14 VAC 5-370-110, without reduction as a result of premium discounts, experience ratings, deviations, or other adjustments. The Association incurred \$30,760 in fees relating to this agreement in calendar year 2010.

CLAIMS SERVICE AGREEMENT

Effective January 1, 1998, the Association entered into a claims service agreement with Trigon Administrators Inc., currently known as Sedgwick CMS ("Sedgwick"). The original term of this agreement was for a period of 12 months and the agreement continued thereafter, subject to termination by either party by written notice 60 days in advance of the effective date of termination.

Under the terms of the agreement, the services provided by Sedgwick include: full claims handling and adjusting for all claims incurred during the period of the agreement until their conclusion, unless otherwise transferred; claims counseling; loss control consulting; furnishing monthly reports; preparation for all scheduled hearings before regulatory bodies and other claims-related duties.

As compensation for its services, Sedgwick shall receive an amount equal to 5.6% of all members' contributions calculated under the provisions of 14 VAC 5-370-110, without reduction as a result of premium discounts, experience ratings, deviations, or other adjustments. Additionally, Sedgwick will be compensated 25% of the savings generated by inpatient bills, the inpatient utilization review process and any reductions from the application of any fee schedules and negotiations generated from the cost containment program. The Association incurred \$344,517 in fees relating to this agreement in calendar year 2010.

DIVIDENDS TO MEMBERS

Any surplus assets accumulated within a plan year may be declared refundable by the Board. Payment of this surplus in the form of dividends, however, may not be made until the Association has received approval from the Bureau. During the examination period, the Bureau approved the following dividends:

Approval Dates

<u>Fiscal Year</u>	<u>October 9, 2008</u>	<u>October 15, 2009</u>	<u>October 15, 2010</u>
1981/1982			\$ 48,898
1991		\$ 29,762	17,588
1993			50,000
1995	\$ 25,000		
1996	25,000		
1997	45,502	4,411	2,751
1998	25,000	23,448	
1999	25,000		
2000	200,000	75,000	115,994
2001	200,000	100,000	21,609
2002	150,000	150,000	50,000
2003	200,000	300,000	300,000
2004	200,000	200,000	500,000
2006			99,598
2007		300,000	600,000
2008			500,000
2009			389,424
	_____	_____	_____
Totals	<u>\$ 1,095,502</u>	<u>\$ 1,182,621</u>	<u>\$ 2,695,862</u>

FIDELITY BOND COVERAGE

At December 31, 2010, the Association was listed as a named insured on a fidelity bond with a \$250,000 limit of liability, subject to a \$2,500 deductible, to insure against losses arising from dishonest acts of its administrator and employees.

SPECIAL RESERVES AND DEPOSITS

At December 31, 2010, the Association had a United States Treasury Note with a par value of \$250,000 on deposit with the Treasurer of Virginia as required by 14 VAC 5-370-60 A.

EXCESS INSURANCE COVERAGE

The Association had both specific excess and aggregate excess insurance agreements in force at December 31, 2010, with the following limits:

	<u>Association's Retention</u>	<u>Excess Insurer's Limits</u>
Specific Excess	\$1,000,000 for each accident and each employee for disease	Workers' Compensation Statutory Employers' Liability \$1,000,000
Aggregate Excess	119.0 % of normal premium subject to a minimum retention of \$6,866,070	\$5,000,000

SCOPE

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. The examination covers the period from January 1, 2008 through December 31, 2010. Assets were verified and liabilities were established at December 31, 2010. A review of income and disbursements for the period was made to the extent deemed necessary.

The items comprising the Balance Sheet had a medium or low risk assessment as determined from the principles of the risk-based examination approach contained in the NAIC Financial Condition Examiners Handbook. Analytical review procedures were applied to non-material items.

In addition, the following matters were reviewed, several of which are discussed separately under their respective captions in this report.

History
Management and Control
Territory and Plan of Operation
Administrative Agreement
Claims Consulting Service Agreement
Claims Service Agreement
Dividends to Members
Fidelity Bond Coverage
Special Reserves and Deposits
Excess Insurance Coverage
Financial Statements

FINANCIAL STATEMENTS

There follows a statement reflecting the financial condition of the Association at December 31, 2010, a statement of income for the year ended December 31, 2010, a reconciliation of members' equity for the period under review, a statement of members' account by fiscal year inception to date and a statement of Examiners' changes in members' equity.

BALANCE SHEET
DECEMBER 31, 2010

ASSETS

Bonds, long term	\$19,201,161
Other invested assets	422,380
Cash on deposit	13,780
Premiums receivable	410,081
Interest due and accrued	168,424
Amounts recoverable on paid losses	133,621
Income taxes receivable	772,871
Prepaid administrative fees	42,462
Prepaid service agent's fees	29,723
Other prepaid expenses and receivables	42,367
	<hr/>
Total assets	<u><u>\$21,236,870</u></u>

LIABILITIES AND MEMBERS' EQUITY

Losses unpaid	\$12,892,905
Loss adjustment expenses unpaid	534,211
Contingency reserve	2,319,314
Unearned premiums	1,911,646
Premium refunds payable	599,516
Taxes, licenses and fees payable	222,633
Dividends payable	3,332,240
Payroll audit fees payable	17,400
Professional fees payable	24,338
Investment fees payable	5,500
	<hr/>
Total liabilities	\$21,859,703
Restricted members' equity	262,792
Unrestricted members' equity	(885,625)
	<hr/>
Total liabilities and members' equity	<u><u>\$21,236,870</u></u>

STATEMENT OF INCOME
FOR YEAR ENDED DECEMBER 31, 2010

UNDERWRITING INCOME

Premiums earned	<u>\$3,897,118</u>
Deductions:	
Losses incurred	\$2,334,376
Loss expenses incurred	533,072
Other underwriting expenses incurred	1,008,126
Contingency reserve	<u>(107,279)</u>
Total underwriting deductions	<u>\$3,768,295</u>
Net underwriting gain	<u>\$128,823</u>

INVESTMENT INCOME

Net investment income earned	\$736,388
Net realized capital losses	<u>(6,805)</u>
Net investment gain	<u>\$729,583</u>
Net income before federal income taxes	\$858,406
Federal income taxes incurred	<u>(1,232)</u>
Net income	<u><u>\$859,638</u></u>

RECONCILIATION OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Members' equity, previous year before undistributed dividends	* \$3,079,709	\$3,137,556	\$4,140,096
Adjustment for previous examination changes	(24,330)		
Net income or (loss)	1,375,032	1,299,718	859,638
Net unrealized capital gains or (losses)	(356,821)	693,969	(100,005)
Dividends paid to members	<u>(936,034)</u>	<u>(991,147)</u>	<u>(2,190,322)</u>
Restricted and unrestricted members' equity, end of year	\$3,137,556	\$4,140,096	\$2,709,407
Less: Restricted members' equity, end of year	<u>317,694</u>	<u>307,278</u>	<u>262,792</u>
Unrestricted members' equity, end of year before undistributed dividends	\$2,819,862	\$3,832,818	\$2,446,615
Less: Dividends declared but unpaid	<u>2,635,226</u>	<u>2,826,700</u>	<u>3,332,240</u>
Unrestricted members' equity, end of year	<u>\$184,636</u>	<u>\$1,006,118</u>	<u>(\$885,625)</u>

* Adjusted members' equity from previous examination.

Members' Account By Fiscal Year Inception to Date December 31, 2010

	All Other Fiscal Years Preceding 1981-2006	Third Fiscal Year Preceding 2007	Second Fiscal Year Preceding 2008	First Fiscal Year Preceding 2009	Current Calendar Year 2010	Total Inception to Date (1981-2010)
<u>Income Received</u>						
Premiums written	\$112,294,499	\$7,375,100	\$6,470,395	\$5,385,079	\$7,270,699	\$138,795,772
Less: Excess insurance	11,373,407	728,661	715,893	649,845	616,557	14,084,363
Net premiums written	\$100,921,092	\$6,646,439	\$5,754,502	\$4,735,234	\$6,654,142	\$124,711,409
Investment income	13,162,392	384,914	195,601	76,839	797,249	14,616,995
Allocation between years	329,014	106,759	88,537	165,928	(690,238)	0
Other	1,796,065	0	0	0	341,536	2,137,601
Total income collected	\$116,208,563	\$7,138,112	\$6,038,640	\$4,978,001	\$7,102,689	\$141,466,005
<u>Less: Expenses Paid</u>						
Losses paid	\$64,840,557	\$2,073,640	\$1,677,874	\$730,913	\$666,593	\$69,989,577
Allocated loss adjustment expenses paid	2,483,807	175,266	239,741	153,670	64,555	3,117,039
Administrative fees	9,966,913	698,614	609,253	518,687	534,627	12,328,094
Service agent's fees	7,451,164	489,037	426,477	363,080	374,239	9,103,997
Taxes, licenses, and fees	1,829,673	174,760	230,994	233,386	0	2,468,813
Federal income tax	801,220	302,999	388,719	104,290	772,871	2,370,099
Other expenses	1,852,588	70,181	74,936	72,553	47,963	2,118,221
Total expenses	\$89,225,922	\$3,984,497	\$3,647,994	\$2,176,579	\$2,460,848	\$101,495,840
Net cash income	\$26,982,641	\$3,153,615	\$2,390,646	\$2,801,422	\$4,641,841	\$39,970,165
<u>Add: Receivables</u>						
Premiums receivable	\$0	\$0	\$0	\$0	\$410,081	\$410,081
Interest due and accrued	69,193	22,625	18,763	35,165	22,678	168,424
Recoverable on paid losses	133,621	0	0	0	0	133,621
Other	0	0	0	0	887,423	887,423
Total	\$202,814	\$22,625	\$18,763	\$35,165	\$1,320,182	\$1,599,549
<u>Deduct: Liabilities</u>						
Losses unpaid	\$2,847,279	\$1,268,823	\$1,650,765	\$2,892,538	\$4,233,500	\$12,892,905
Loss adjustment expenses	356,492	10,615	40,793	32,245	94,066	534,211
Contingency reserve	1,587,308	221,253	194,112	161,553	155,088	2,319,314
Unearned premiums	0	0	0	0	1,911,646	1,911,646
Premium refunds payable	0	0	0	0	599,516	599,516
Taxes, licenses and fees payable	0	0	0	0	222,633	222,633
Other expenses payable	0	0	0	0	47,238	47,238
Total	\$4,791,079	\$1,500,691	\$1,885,670	\$3,086,336	\$7,263,687	\$18,527,463

Members' Account By Fiscal Year Inception to Date December 31, 2010

	All Other Fiscal Years Preceding 1981-2006	Third Fiscal Year Preceding 2007	Second Fiscal Year Preceding 2008	First Fiscal Year Preceding 2009	Current Calendar Year 2010	Total Inception to Date (1981-2010)
Restricted and Unrestricted Members' Equity to date by fiscal year before dividends	\$22,394,376	\$1,675,549	\$523,739	(\$249,749)	(\$1,301,664)	\$23,042,251
Less: Dividends paid inception to date by fiscal year	18,774,823	783,576	440,613	333,832	0	20,332,844
Less: Restricted Members' Equity by fiscal year	<u>52,558</u>	<u>52,558</u>	<u>52,558</u>	<u>52,559</u>	<u>52,559</u>	<u>262,792</u>
Unrestricted Members' Equity undistributed by fiscal year	\$3,566,995	\$839,415	\$30,568	(\$636,140)	(\$1,354,223)	\$2,446,615
Less: Dividends declared but unpaid	<u>3,100,837</u>	<u>116,424</u>	<u>59,387</u>	<u>55,592</u>	<u>0</u>	<u>3,332,240</u>
Unrestricted Members' Equity 12/31/10	<u>\$466,158</u> *	<u>\$722,991</u>	<u>(\$28,819)</u>	<u>(\$691,732)</u>	<u>(\$1,354,223)</u>	<u>(\$885,625)</u>

* Although the cumulative unrestricted members' equity for the fiscal years 1981-2006 at December 31, 2010 was \$466,158, the 1995, 1996, 1999 and 2005 fiscal years had members' equity deficits of \$136,850, \$51,966, \$22,369, and \$1,045,927.

STATEMENT OF EXAMINERS' CHANGES IN MEMBERS' EQUITY
DECEMBER 31, 2010

	Amount Per <u>Association</u>	Amount Per <u>Examiner</u>	Increase (Decrease) <u>Members' Equity</u>
<u>Assets:</u>			
Premiums receivable	\$0	\$410,081	\$410,081
Prepaid administrative fees	27,861	42,462	14,601
Prepaid service agent's fees	19,503	29,723	10,220
Other prepaid expenses and receivables	11,714	42,367	30,653
<u>Liabilities:</u>			
Losses unpaid	\$11,680,204	\$12,892,905	(\$1,212,701)
Loss adjustment expenses unpaid	\$271,139	\$534,211	(\$263,072)
Contingency reserve	2,324,436	2,319,314	\$5,122
Premium refunds payable	18,669	599,516	(580,847)
Taxes, licenses and fees payable	234,000	222,633	11,367
Professional fees payable	15,000	24,338	(9,338)
Examiners changes in members' equity			<u>(\$1,583,914)</u>
Restricted and unrestricted members' equity per Association			\$961,081
Restricted and unrestricted members' equity per Examiners			<u>(622,833)</u>
Decrease in restricted and unrestricted members' equity			<u>(\$1,583,914)</u>

RECOMMENDATIONS FOR CORRECTIVE ACTION

Management and Control

1. The results of this examination reflect an unrestricted members' equity deficit for the 1995, 1996, 1999, 2005, 2008, 2009 and 2010 fiscal years of \$136,850, \$51,966, \$22,369, \$1,045,927, \$28,819, \$691,732 and \$1,354,223, respectively.

The Board is reminded of its responsibility to assure that the Association is financially sound and able to fulfill its obligations under the Virginia Workers' Compensation Act. The Board must recognize the Association's financial condition and take necessary steps, which may include assessments, to eliminate all deficits.

Accounts and Records

- | | |
|--------------------------------|------------------|
| 2. <u>Premiums receivable</u> | <u>\$410,081</u> |
| <u>Premium refunds payable</u> | <u>\$599,516</u> |

The above amounts are \$410,081 and \$580,847 more, respectively, than the amounts reported by the Association in its 2010 Annual Statement. The Examiners' amounts are based on a review of the 2010 member payroll audits and reflect differences between audited contributions and contributions paid at December 31, 2010.

- | | |
|---------------------------------------|-----------------|
| 3. <u>Prepaid administrative fees</u> | <u>\$42,462</u> |
| <u>Prepaid service agent's fees</u> | <u>\$29,723</u> |

The above amounts are \$14,601 and \$10,220 more, respectively, than the amounts reported by the Association in its 2010 Annual Statement. The Examiners' amounts are based on the actual fees paid compared to the fees required by the agreements at December 31, 2010.

- | | |
|--|-----------------|
| 4. <u>Other prepaid expenses and receivables</u> | <u>\$42,367</u> |
|--|-----------------|

The above asset is \$30,653 more than the amount reported by the Association in its 2010 Annual Statement. The Examiners' amount reflects the receivable from the excess insurer for the overpayment of 2010 fiscal year premiums as determined from subsequent 2010 member payroll audits.

5. Losses unpaid\$12,892,905

The above liability is \$1,212,701 more than the amount reported by the Association in its 2010 Annual Statement. The increase in losses unpaid by fiscal year is as follows:

<u>Fiscal Year</u>	<u>Association</u>	<u>Examiner</u>	<u>Increase</u>
1993	\$2,047	\$5,815	\$3,768
1995	121,646	289,409	167,763
1996	37,143	201,030	163,887
2002	121,545	216,607	95,062
2003	112,923	119,209	6,286
2005	391,437	1,167,372	<u>775,935</u>
Total Change			<u>\$1,212,701</u>

The Examiners' increase results from a development of losses paid and reserves changes occurring during the period January 1, 2011 through October 31, 2011, on claims incurred December 31, 2010 and prior. The Association should review its methodologies to ensure sufficient loss reserves are established in all future filings.

6. Loss adjustment expenses unpaid\$534,211

The above liability is \$263,072 more than the amount reported by the Association in its 2010 Annual Statement. The increase in loss adjustment expenses unpaid by fiscal year is as follows:

<u>Fiscal Year</u>	<u>Association</u>	<u>Examiner</u>	<u>Increase</u>
1992	\$143	\$7,954	\$7,811
1995	12,035	35,701	23,666
1996	9,627	29,374	19,747
1999	12,382	88,026	75,644
2001	2,740	41,621	38,881
2002	3,196	9,382	6,186
2003	9,155	21,491	12,336
2005	39,158	117,959	<u>78,801</u>
Total Change			<u>\$263,072</u>

The Examiners' increase results from a development of loss adjustment expenses paid and reserve changes occurring during the period January 1, 2011 through October 31, 2011, on claims incurred December 31, 2010 and prior. The Association should review its methodologies to ensure sufficient loss adjustment expense reserves are established in all future filings.

7. Contingency reserve \$2,319,314

The above liability is \$5,122 less than the amount reported by the Association in its 2010 Annual Statement. The Examiners' change is a result of a decrease in earned premium based on a review of subsequent 2010 member payroll audits, which is the basis for the calculation of the contingency reserve.

8. Taxes, licenses, and fees payable \$222,633

The above liability is \$11,367 less than the amount reported by the Association in its 2010 Annual Statement. The Examiners' amount is based on a review of invoices paid in 2011 for taxes pertaining to 2010.

9. Professional fees payable \$24,338

The above liability is \$9,338 more than the amount reported by the Association in its 2010 Annual Statement. The Examiners' amount is based on a review of invoices paid in 2011 for accounting and actuarial services pertaining to 2010.

SUBSEQUENT EVENT

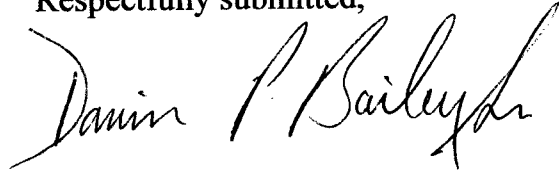
On October 31, 2011, the Bureau approved dividends for the Association totaling \$2,000,000 for fiscal years 2003, 2004 and 2006 through 2010.

CONCLUSION

The courteous cooperation extended by the Association's administrator and service agent during the course of the examination is gratefully acknowledged.

In addition to the undersigned, George E. Morgan, CFE and Milton Parker, Jr. participated in the work of the examination.

Respectfully submitted,

A handwritten signature in black ink that reads "Darrin P. Bailey, Sr." The signature is written in a cursive style with a large initial 'D' and a long horizontal stroke at the end.

Darrin P. Bailey, Sr., CFE, MHP, AIAF
Senior Insurance Examiner

**UNITED CONTRACTORS OF VIRGINIA GROUP SELF INSURANCE
ASSOCIATION**

Administered By
SELF INSURANCE SERVICES, LLC
COST CONTROL THROUGH SERVICE

STATE OF VIRGINIA
BUREAU OF INSURANCE
12 JAN 25 AM 9:07

January 20, 2012

Mr. David H. Smith, CFE, CPA, CPCU
Chief Examiner
State Corporation Commission
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

Dear Mr. Smith:

Enclosed are the responses to your recommendations for corrective action for United Contractors of Virginia Group Self Insurance Association during the examination period January 1, 2008 through December 31, 2010.

Please let me know if you have any questions concerning our responses.

Sincerely,



Fred M. Dabney
Chairman
Members' Supervisory Board
United Contractors of Virginia
Group Self Insurance Association



Peggy DeBord, MBA, CPCU, CIC
Administrator
United Contractors of Virginia
Group Self Insurance Association

Enclosures

United Contractors of Virginia Group Self Insurance Association

Responses to Recommendations for Corrective Action

Management and Control

1. The Association is aware of and will make every effort to assure that the Association is financially sound and able to fulfill its obligations under the Virginia Workers' Compensation Act.

Accounts and Records

2. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll audit information not available at the time the financial statement was filed.
3. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.
4. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll audit information not available at the time the financial statement was filed.
5. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed. The IBNR number is unpredictable based on claims that change. The Association makes every effort to set reserves sufficiently, and has reminded our service company to do so.
6. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed. The IBNR number is unpredictable based on claims that change. The Association makes every effort to set reserves sufficiently, and again has reminded our service company to do so.
7. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.

8. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.
9. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.