VI. ALTERNATIVES FOR THE GUARANTEED AVAILABLE MARKET

A. ALTERNATIVES IDENTIFIED

The privatization options for the guaranteed available market are discussed in this chapter, Chapter VI, while Chapter VII discusses the organizational alternatives for the State Fund. These separate discussions are intended to distinguish between the alternative methods of serving the residual market, and the organizational options available to the Fund. Various combinations of the residual market options and the State Fund organizational models are possible; for example, the State Fund could be spun off as a non-profit mutual insurance company with or without a role as the guaranteed available market.

The following alternative approaches to this problem can be identified:

1. ASSUME THE COMPETITIVE MARKET WILL TAKE CARE OF ALL EMPLOYERS

   Decide that guaranteed insurance availability is no longer a public policy objective of state government.

2. ESTABLISH A TYPICAL RESIDUAL MARKET MECHANISM

   Earlier, we described the typical workers compensation residual market mechanism, which is administered by the National Council on Compensation Insurance. In this model, all carriers in the state participate in a reinsurance pool, which covers the exposure of employers who are unable to obtain insurance coverage in the voluntary market. Under such an arrangement the responsibility for guaranteed availability is effectively transferred to the private carriers, although the state continues to supervise the residual market mechanism through the Insurance Commissioner.

   This option would also require a runoff plan for existing State Fund liabilities. This could be accomplished through a bulk transfer of liability via financial reinsurance or a vestigial organization could continue until all existing liabilities of the State Fund were discharged. This would reduce the size of civil service by up to 6,100 employees.

3. ALLOW THE DEPARTMENT OF INSURANCE TO LICENSE A RESIDUAL MARKET CARRIER(S)

   Give the Department of Insurance authority to contract for a guaranteed available market with the now private State Fund or with any other carrier. At least initially it can be assumed that the privatized State Fund would be willing to enter into such a contract. Under this option, the State retains fundamental responsibility for the guaranteed available market, there is no delegation of a governmental purpose to a private entity, and no imposition of a requirement on a private entity (the privatized State Fund). The Department of Insurance can contract with another insurer if it is unsatisfied with the prices or service of the privatized State Fund. The directors of the privatized State Fund also have the option not to renew the contract if it is not in the best interests of the new entity to do so. As a fail safe mechanism, the legal architecture of a traditional residual market mechanism should be put in place; to be used only in the event no single carrier is willing to enter into a contract to provide for the residual market.

This alternative would reduce civil service employees by 6,100, but leaves the overall level of competition intact. In Missouri, where there is both a state fund and an assigned risk plan, the Department of Insurance requested carrier proposals for administering the assigned risk plan. A private carrier won the assignment, and since 7/1/95 a private carrier has served as the market of last resort.

4. LIMIT THE STATE FUND TO WRITING ACCOUNTS WHICH HAVE BEEN REJECTED BY TWO OR MORE PRIVATE CARRIERS

This would make the State Fund exclusively a residual market carrier and would reduce the size of the State Fund by an undetermined amount.

5. CONVERT THE STATE FUND TO A PRIVATE ENTITY AND REQUIRE IT TO PROVIDE A GUARANTEED AVAILABLE MARKET

Transfer the assets, liabilities, and surplus of the State Fund to the entity. The new corporation would be subject to the same laws and regulations as any other insurance company with the additional requirement that the new entity be obliged to provide coverage for all applicants.

Employees could be terminated from the State Fund (i.e. state service) through the action of law as of a certain date and coincidentally be offered employment in the new private corporation as of the same date. This would reduce civil service employees by 6,100, but leave the overall level of competition intact.

Organizational aspects of converting to a new entity are discussed in Chapter VII.

6. MAINTAIN THE STATUS QUO

While technically not a privatization option, it may be that the State Fund, as currently structured, is already a desirable model for servicing the residual market.

There are several privatization options for the State Fund. In the next section, evaluation criteria and issues to consider are discussed before evaluating each option in the following section.

B. CRITERIA TO EVALUATE ALTERNATIVES FOR THE GUARANTEED AVAILABLE MARKET

The identified alternatives for providing guaranteed insurance availability will be evaluated with respect to the following seven evaluation criteria. Consideration of alternative organizational models for the State Fund as a private entity will be covered in Section VII, below.

1. DEGREE TO WHICH GOVERNMENT'S ROLE WOULD BE REDUCED

The general intent of the privatization effort is to minimize the size and role of state government. The extent to which an alternative accomplishes this objective will be the first evaluation criterion.

2. ENCOURAGEMENT OF AN EFFICIENT, COMPETITIVE MARKET

A competitive market is one where many suppliers offer coverage at independently determined prices. In a completely competitive market the price of insurance will equal the marginal cost of the coverage.

3. ENCOURAGEMENT OF GENERAL MARKET AVAILABILITY AND RATE STABILITY

It is in the interest of California employers to have a relatively stable marketplace for insurance and relatively stable prices. Stability is achieved by insurers' willingness to continue to offer insurance in the workers compensation marketplace, at prices freely derived in the marketplace. The encouragement of programs to reduce loss costs to employers will contribute to rate stability as well.

The presence of a financially sound assured market for those employers who cannot find coverage in the competitive marketplace is a key factor in maintaining market stability.

Historically, cyclicality has been a normal part of the insurance marketplace. It must also be recognized that exogenous developments can cause serious temporary instability in normally stable competitive markets, e.g. an earthquake, or a general economic downturn.

4. ENCOURAGEMENT OF GUARANTEED MARKET AVAILABILITY AND RATE STABILITY

The concept of a "Residual Market" or of an "Assigned Risk Plan", is unknown in California workers compensation insurance. However, such mechanisms have caused significant problems in other states. Each alternative will be analyzed as to its impact on insurance availability and price stability, specifically for small and high risk employers.

5. LEGAL ISSUES

   Each alternative will be evaluated with respect to the Constitutional and legal precedents as discussed previously.

6. STATE CONTROL OVER THE GUARANTEED AVAILABLE MARKET

   Each alternative will be evaluated with respect to the ability of the state to exercise control over the guaranteed available market.

7. QUALITY OF SERVICE FOR EMPLOYERS NEEDING COVERAGE IN THE RESIDUAL MARKET

   Different alternatives will have different impacts on employers having difficulty finding insurance. Under some alternatives it will be harder to obtain coverage and there will be lower quality service.

The above criteria guide the analysis of alternatives for treating the guaranteed available market; that is to say these are the standards against which the various alternatives will be tested. It is unlikely that any one alternative will be optimal in all categories or indeed that there will be general agreement on what constitutes an optimal result for a given category. Each policymaker must bring his/her own value system; and, when there are conflicting indications among the alternatives, determine the relative weight which should be given to the various criteria. It is beyond the scope of this report to assign such weights.

C. EVALUATION OF THE GUARANTEED AVAILABLE MARKET ALTERNATIVES

In this section the alternatives are evaluated against the seven evaluation criteria which all pertain to the residual market issues. Other criteria which are more pertinent to the type of entity the State Fund might become after privatization are discussed in Section VII.

1. ASSUME THE COMPETITIVE MARKET WILL TAKE CARE OF ALL EMPLOYERS

(a). DEGREE TO WHICH GOVERNMENT'S ROLE WOULD BE REDUCED

This alternative would result in the most dramatic reduction in government's role. Government would play no role in the market. The State Fund as an entity would be divested. Provision would have to be made for State Fund's existing portfolio of claims, either by continuing an entity to liquidate the inventory or arranging for a bulk transfer of the claims to a private adjusting entity.

(b). ENCOURAGEMENT OF AN EFFICIENT, COMPETITIVE MARKET

Given State Fund's share of the "small" account market, historically there was some subsidization of the "small" account market. Since premiums differ materially by classification, a "small" legal office might represent a $500 account, while a "small" construction firm might represent a $25,000 account. Removal of the State Fund could result in price increases for some small employers, to levels which more closely approximate their expected cost of coverage. To the extent that this occurs, there should be an increase in economic efficiency but at the expense of some "small" employers. At the same time, the increase in prices could induce more carriers to write "small" accounts. The absence of the State Fund may bring greater price increases to small accounts than would be the case with the continuance of the State Fund or adoption of some other guaranteed available market alternative.

(c). ENCOURAGEMENT OF GENERAL MARKET AVAILABILITY AND RATE STABILITY

For employers who can find coverage in the voluntary market there are no significant negative implications to this model. The absence of residual market loads should make for a generally healthy private market. The elimination of the only non-profit insurer may cause rates for some employers to increase, however.

(d). ENCOURAGEMENT OF GUARANTEED MARKET AVAILABILITY AND RATE STABILITY

This model is seriously deficient for those employers who cannot (readily) find coverage in the voluntary market. Workers compensation coverage is mandatory in order to legally operate a business.

(e). LEGAL ISSUES

Depending on whether the Constitution requires the existence of the State Fund, this model might require a Constitutional amendment to remove reference to State Fund from the Constitution. Once that issue is resolved, as long as existing contracts are fulfilled and existing liabilities are discharged, there appears to be no other legal reason that the state cannot divest the State Fund to the status of an independent private entity. The extent of any problems created by the "contracting out" provisions of the Constitution will have to be determined after the Supreme Court issues its decision in the pending Caltrans case. The status of the mandatory workers compensation law could be unclear, however, unless the State took other steps to assure the availability of required workers compensation insurance for all employers.

(f). STATE CONTROL OVER THE GUARANTEED AVAILABLE MARKET

The State would lose all control over the residual market. In the event of a market failure, the state would have to pass new legislation to organize a solution to the problem. A prudent course would be to legislate stand-by authority for the Insurance Commissioner to implement a typical residual market mechanism.

(g). QUALITY OF SERVICE FOR EMPLOYERS NEEDING COVERAGE IN THE RESIDUAL MARKET

If the competitive market fails, these employers would be without coverage and it is illegal for them to operate without such coverage. The State may have an obligation to see that workers compensation insurance is available to them.

2. ESTABLISH A TYPICAL RESIDUAL MARKET MECHANISM

(a). DEGREE TO WHICH GOVERNMENT'S ROLE WOULD BE REDUCED

This alternative would also result in a dramatic reduction in government's role. The Insurance Commissioner would oversee operation of the residual market mechanism, including making rates. The State Fund could be spun off as an independent private entity, providing that reasonable accommodations for the runoff of existing Fund claims were made.

(b). ENCOURAGEMENT OF AN EFFICIENT, COMPETITIVE MARKET

Residual market mechanisms may be inefficient if prices are set by an administrative decision of the Insurance Commissioner rather than by competitive market forces. These administratively set rates may be inadequate and in this case prices in the residual market are set below marginal costs. This would result in an implicit subsidy of the residual market which is by definition a market inefficiency.

Much of the concern regarding the use of assigned risk plans as the assured market has to do with the method by which they fund losses. In the typical assigned risk plan, a pool comprised of all insurers in the state provides reinsurance for all losses sustained by the servicing carrier on assigned risk business, and insurance companies are then assessed for the residual market's operating losses based on the volume of voluntary premium each insurer writes in the particular state. As a result, the servicing carrier does not have a financial stake in the outcome of the assigned risk operating results, other than a proportionate assessment against its own voluntary business written in that state. This is in contrast to the state funds, which do have a direct financial stake in the outcome of their operations.

As long as residual market plans remained small, employers, insurance companies, and agents, have been willing to tolerate them as a necessary part of the system. However, as residual market plans increase in size, certain inherent deficiencies began to emerge, ultimately leading to a growing dissatisfaction with their operations and their results. This has occurred in the past several years in a number of states. The problems that have been identified are:

- Large market share serviced by assigned risk plans,
- Unfavorable high loss ratios and poor financial results,
- High assessments to private insurance companies to cover the costs of poor financial results,
- Withdrawal from the market by private insurance companies to avoid high assessments,

- Restructuring of insurance contracts to minimize premium written to lower assessment burden, e.g. deductible policies,

- Employers' unfavorable reaction to residual market loads due to high assessments,

- Perceived inadequacy of services provided by servicing carriers, and

- A general belief that fraud and abuse were not addressed properly.

Some evidence relating to the unfavorable assigned risk results is shown in the following table:

Table 3

Countrywide Residual Market (33 States)
Underwriting Results
Calendar Years 1985 - 1994
(Assigned Risk Plans)

Calendar Year	Underwriting Gain/(Loss)
1985	(542,791,000)
1986	(1,070,206,000)
1987	(1,623,290,000)
1988	(1,985,136,000)
1989	(2,478,301,000)
1990	(4,771,368,000)
1991	(3,104,583,028)
1992	(1,880,940,558)
1993	(764,909,101)
1994	323,816,801
Total	(17,897,707,886)

Source: Residual Markets Workers Compensation 1994 Experience, Alliance of American Insurers, 1996.

This table summarizes residual market (assigned risk plans) underwriting results for the years 1985 - 1994 for 33 states, and shows that over this time period the residual markets generated $17.9 billion in underwriting losses. The result of this very adverse experience was the movement in eight states (Hawaii, Kentucky, Louisiana, Maine, Missouri, New Mexico, Rhode Island and Texas) to establish new not-for-profit mutual type state funds as the assured market, and in six of these states (all but Missouri and New Mexico) to dissolve the existing assigned risk plans.

Although there is evidence of improvement in assigned risk results in the latest two years, this has occurred in part because of the general improvement in workers compensation experience nationally, and in part because of the oftentimes significant surcharges imposed on assigned risk policyholders. As far as the general improvement in workers compensation results is concerned, this has been the result of a number of factors, including increased overall rates, significant benefit reductions, the establishment of self-funding residual market mechanisms, increasing use of managed care, and an overall reduction in loss trends. In terms of residual market surcharges, many states have adopted a variety of programs which have led to an increase in assigned risk rates relative to the voluntary market. The average impact of these programs in 1996 is estimated to be approximately 30% of premium. However in some states surcharges can be more than 100%.

(c). ENCOURAGEMENT OF GENERAL MARKET AVAILABILITY AND RATE STABILITY

As long as rate levels are adequate in the market generally (and are not suppressed in the residual market) this can be a successful market model. However, recent experience in many states has been less than satisfactory as discussed above and there has been a significant move to supplant (or supplement) residual market mechanisms with state funds.

(d). ENCOURAGEMENT OF GUARANTEED MARKET AVAILABILITY AND RATE STABILITY

This model would support universal availability of coverage, and the Insurance Commissioner's control over rate levels in the residual market can lead to rate stability in the short term. However, in some instances in the past, political pressure against rate increases has led to inadequate rates over the long term in the residual market, which in turn has created the need for periodic catchups in rate level.

The stability of the market for small employers may be jeopardized as they seek coverage in the residual market at uncertain new price levels.

(e). LEGAL ISSUES

Depending on whether the Constitution requires creation of the State Fund, this model could require a Constitutional amendment to remove reference to State Fund from the Constitution. But as long as that issue is resolved, existing contracts are fulfilled and existing liabilities are discharged, there is no other legal reason that the state cannot spin off the State Fund as a private entity. The extent of any problems created by the "contracting out" provisions of the Constitution will have to be determined after the Supreme Court issues its decision in the pending Caltrans case.

(f). STATE CONTROL OVER THE GUARANTEED AVAILABLE MARKET

The state would control the operation of the residual market mechanism through the Insurance Commissioner's approval of the plan of operation for the residual market and through approval of the rates charged in the residual market.

(g). QUALITY OF SERVICE FOR EMPLOYERS NEEDING COVERAGE IN THE RESIDUAL MARKET

Employers would have to document rejection by two or more carriers before given access to the residual market mechanism. At the very least this would subject them to a certain level of delay and bureaucracy and some have argued that it would stigmatize them as an undesirable risk.

In assigned risk plans, service is typically provided by servicing carriers who write policies for the employers and provide other day-to-day services for the policyholder. Historically the quality of service provided by such servicing carriers has come under criticism as discussed previously.

3. ALLOW THE DEPARTMENT OF INSURANCE TO LICENSE A RESIDUAL MARKET CARRIER(S).

(a). DEGREE TO WHICH GOVERNMENT'S ROLE WOULD BE REDUCED

The Insurance Commissioner would have the responsibility of annually licensing and supervising private carriers to contract for insuring residual market employers.

(b). ENCOURAGEMENT OF AN EFFICIENT, COMPETITIVE MARKET

There should be little change from current market conditions if the State Fund (or its successor entity) retains the residual market. If the residual market goes to another private carrier, there may be changes in the competitive market, especially if financial problems develop with that business and the Insurance Commissioner has difficulty contracting with a private insurer.

(c). ENCOURAGEMENT OF GENERAL MARKET AVAILABILITY AND RATE STABILITY

The private workers compensation market remains free of a residual market load. Since the private market is also operating under the open rating laws, there should be an adequate supply of insurance, and prices should move rationally with underlying changes in costs.

However, this assumes that no financial problems develop in the carved out residual market. If financial problems do develop, general market availability and stability are likely to be affected if private insurers are required to subsidize residual market losses.

(d). ENCOURAGEMENT OF GUARANTEED MARKET AVAILABILITY AND RATE STABILITY

If the resulting structure approximates the current situation, there should be an adequate supply of insurance to the residual market and price changes should follow underlying cost trends. If a new residual market provider develops financial problems, availability and stability in the residual market may be affected.

(e). LEGAL ISSUES

Depending on whether the Constitution requires creation of the State Fund, conversion of the State Fund from a public agency to a private entity might require removal of references to the State Fund from the Constitution. The extent of any problems created by the "contracting out" provisions of the Constitution will have to be determined after the Supreme Court issues its decision in the pending Caltrans case.

(f). STATE CONTROL OVER THE GUARANTEED AVAILABLE MARKET

Under this alternative, an officer of the Executive Branch of government, the Insurance Commissioner, exercises authority over the residual market. While the State Fund is the likely entity to service the residual market, that will not necessarily be the case. For example, a private carrier services the residual market in Missouri. This model requires the striking of a deal between a willing Commissioner and a willing carrier (or multiple willing carriers); it is possible no carrier will be willing to take on both servicing and financial responsibility for the residual market and it would be appropriate to set up the legal mechanism for a classic residual market mechanism if no one carrier is willing to take on the responsibility.

(g). QUALITY OF SERVICE FOR EMPLOYERS NEEDING COVERAGE IN THE RESIDUAL MARKET

Theoretically the flexibility inherent in this "negotiated" model should result in quality overall service to the residual market in the long run. However, a change in servicing carrier, for whatever reason, would be disruptive to the continuity of the insurer-employer relationship.

4. LIMIT THE STATE FUND TO WRITING ACCOUNTS WHICH HAVE BEEN REJECTED BY TWO OR MORE PRIVATE CARRIERS

(a). DEGREE TO WHICH GOVERNMENT'S ROLE WOULD BE REDUCED

This alternative would take the State Fund out of the competitive market. With such a restriction on its business the State Fund will inevitably also become smaller.

(b). ENCOURAGEMENT OF AN EFFICIENT, COMPETITIVE MARKET

Prices in the residual market may be inadequate for the risks written, and if so this alternative would be inefficient. Over time there would be an increasing concentration of sub-standard risks in the residual market.

(c). ENCOURAGEMENT OF GENERAL MARKET AVAILABILITY AND RATE STABILITY

This alternative would have no direct impact on general market availability or rate stability. However, should the residual market fail, and/or unacceptable assessments be placed on private carriers to support the residual market, general market availability would be adversely affected in the state by withdrawal of private carriers from the market.

(d). ENCOURAGEMENT OF GUARANTEED MARKET AVAILABILITY AND RATE STABILITY

It is unlikely that an entity limited to writing residual market accounts could be economically viable over the long term. Limited to such an underwriting policy, the State Fund could be a victim of adverse selection over time. Every rating plan assumes a mix of business with a range of risk profiles. If better risks were constantly skimmed off by the private market, there would be an increasing concentration of the riskier accounts at increasing higher rate levels in the State Fund. Because, even at the higher rate levels, the less riskier accounts would be skimmed off by the private market, rates charged by the State Fund would be inadequate for the accounts who actually signed up for coverage with the State Fund, and over time the State Fund could have adverse financial results. Simply stated, in order to be viable, an insurance entity must market itself in order to generate a fair mix of business consistent with the mix contemplated in its rating plan.

(e). LEGAL ISSUES

Depending on whether the Constitution requires the creation of the State Fund, this alternative could require a Constitutional amendment to modify reference to the State Fund to make it clear that a change to a non-competitive State Fund is being made. The extent of any problems created by the "contracting out" provisions of the Constitution will have to be determined after the Supreme Court issues its decision in the pending Caltrans case.

(f). STATE CONTROL OVER THE GUARANTEED AVAILABLE MARKET

Since the State Fund would continue to serve the residual market, the State would maintain control over the residual market mechanism.

(g). QUALITY OF SERVICE FOR EMPLOYERS NEEDING COVERAGE IN THE RESIDUAL MARKET

Employers would have to document rejection by two or more carriers before given access to the residual market mechanism. At the very least this subjects the employer to a certain level of delay and bureaucracy and to some extent stigmatizes him or her as an undesirable risk.

5. CONVERT THE STATE FUND TO A PRIVATE ENTITY AND REQUIRE IT TO PROVIDE A GUARANTEED AVAILABLE MARKET

(a). DEGREE TO WHICH GOVERNMENT'S ROLE WOULD BE REDUCED

The State Fund would no longer be a state agency and would be taken out of direct competition with private insurers. Thus, this alternative works well from the standpoint of this criterion.

(b). ENCOURAGEMENT OF AN EFFICIENT, COMPETITIVE MARKET

There should be little change from current market conditions.

(c). ENCOURAGEMENT OF GENERAL MARKET AVAILABILITY AND RATE STABILITY

The private workers compensation market would remain free of a residual market load. Assuming the private market continues to operate under open rating laws, there should be an adequate supply of insurance, and prices should move rationally with underlying changes in costs.

(d). ENCOURAGEMENT OF GUARANTEED MARKET AVAILABILITY AND RATE STABILITY

With regard to the guaranteed available market, this alternative approximates the current situation. There should be an adequate supply of insurance to the residual market and price changes should follow underlying cost trends.

(e). LEGAL ISSUES

Depending on whether the Constitution requires creation of the State Fund, conversion of the State Fund from a public agency to a private entity could require removal of references to the State Fund from the Constitution. Once that issue is resolved, as long as existing contracts are fulfilled and existing liabilities are discharged, there appears to be no other legal reason that the State cannot divest the State Fund to the status of an independent private entity. The extent of any problems created by the "contracting out" provisions of the Constitution will have to be determined after the Supreme Court issues its decision in the pending Caltrans case.

(f). STATE CONTROL OVER THE GUARANTEED AVAILABLE MARKET

Depending on the manner in which the residual market is assigned to the private entity, the State will have more or less control over the mechanism. Various states with mutual insurers or authorities have addressed this problem differently. For example, in some states gubernatorial appointment of the Board of Directors is used to retain some State control.

(g). QUALITY OF SERVICE FOR EMPLOYERS NEEDING COVERAGE IN THE RESIDUAL MARKET

Since the day-to-day operations of the State Fund would continue essentially as before, employers should receive services comparable to what they have been receiving.

6. MAINTAIN THE STATUS QUO

(a). DEGREE TO WHICH GOVERNMENT'S ROLE WOULD BE REDUCED

There would be no change in the size of the State Fund and the State Fund would continue to compete with private insurance carriers.

(b). ENCOURAGEMENT OF AN EFFICIENT, COMPETITIVE MARKET

Under the current arrangement, prices for residual market accounts are set competitively. Although the State Fund insures approximately 60% of accounts with premium under $1,000 in the market, that means that 40% of such accounts are insured by private carriers. Since employers are free to shop the market for price and service, there are three possible reasons for State Fund's market share: (1) State Fund has the best price for these accounts, (2) these accounts choose to insure with the State Fund because they like the State Fund's service, or (3) there is an inadequate supply of insurance from the private carriers for this size of account in the market.

(c). ENCOURAGEMENT OF GENERAL MARKET AVAILABILITY AND RATE STABILITY

Currently in California, the private carriers are free of any residual market burden and have the freedom to price their product with limited regulatory control. Under conditions where there is no residual market burden and where there is open competition in the marketplace, there has not been an availability problem for workers compensation insurance.

(d). ENCOURAGEMENT OF GUARANTEED MARKET AVAILABILITY AND RATE STABILITY

There has been no problem with availability of coverage throughout the 83 years of State Fund's participation in the market. Likewise there has been no period of rate instability in the residual market which was not also happening concomitantly in the market generally.

(e). LEGAL ISSUES

The status quo is consistent with existing Constitutional and decisional precedents.

(f). STATE CONTROL OVER THE GUARANTEED AVAILABLE MARKET

The State maintains effective input into the management of the residual market provider (State Fund) by appointment of the Board of Directors, and ex-officio participation of the Director of Industrial Relations on State Fund's Board of Directors, and audit oversight of the State Fund's finances and quality of service through Department of Insurance and Division of Workers Compensation regulatory oversight.

(g). QUALITY OF SERVICE FOR EMPLOYERS NEEDING COVERAGE IN THE RESIDUAL MARKET

State Fund policyholders would continue to receive the current level of all services provided by the State Fund without interruption.