

SELF-INSURANCE WORKSHEET



Self-Insurance Worksheet (Cover Sheet)

Name of Company or Corporation: _____

Amount of self-insurance to be demonstrated: _____

Date of Reference Audited Financial Statements: _____

Please indicate which test you wish to apply: _____

Test I

Test II

Submittal Date: _____

TEST I

Please complete the following if you indicated "Test I" or skip to Test II if you answered "Test II" to the preceding question.

STEP A.

Calculation 1

Ratio of Total Liabilities to Net Worth - enter the following from current audited financial statements: (Please indicate in the financial statements where these figures are located, either by highlighting or placing a check mark.)

Total Liabilities = _____ = Net Worth _____

Is the above ratio less than 1.5? Yes No

If the above answer is "yes", skip to **Step B**. If the answer above is "no", please complete Calculation 2.

Calculation 2

Ratio of cash flows to total liabilities - is the ratio of cash flow (1) Minus \$20 million to total liabilities greater than 0.1?

Yes No

Please enter the following from current audited financial statements:

Cash flow¹ - \$20,000,000 = _____ = _____ Total Liabilities

If you answered "no" to both of the above questions, stop here and proceed to Test II. Your company or corporation does not pass Test I.

¹ Cash flow is defined as net income, after taking into consideration the effect of any extraordinary items, plus depreciation, depletion, and amortization. In the space below or on a separate page please show how you arrived at the amount used in the above calculation.

TEST I Continued

STEP B.

Is the tangible net worth of the corporation (worldwide owners equity minus intangible assets) equal to at least \$20 million plus two times the amount of self-insurance to be demonstrated?

Yes No

If the answer to the above question is no, stop here. Your corporation does not qualify for self-insurance.

Please show the calculation in the space below:

(Please indicate in the financial statements where these figures are located, either by highlighting or placing a check mark directly on the statement.)

Worldwide owner's equity: _____

Subtract intangible assets: (-) _____

Equals Tangible net worth: = _____

2 x (amount of self-insurance) + \$20,000,000 = _____

2 x (_____) + \$20,000,000 = _____

STEP C.

Are assets in the United States equal to at least 90 percent of total assets or 2 times the amount of self-insurance being demonstrated?

Yes No

Amount of total assets² located in the United States: \$ _____

² Please submit a separate auditor's statement to support this number if consolidated financial statements have been used as evidence of the ability to self-insure.

TEST II

STEP A.

Current Bond Rating: *Please attach a copy of the/your most recent rating letter*

The applicant must have a current rating of the applicant's most recent bond issuance of AAA, AA, A, or BBB-stable or better, as issued by Standard and Poors, or Aaa, Aa, A, or Baa as issued by Moody's, or commercial paper rating of A1, A2, or the equivalent.

STEP B.

Is the tangible net worth of the corporation (worldwide owners equity minus intangible assets) equal to at least \$20 million plus two times the amount of self-insurance to be demonstrated?

Yes

No

If the answer to the above question is no, stop here. Your corporation does not qualify for self-insurance. If you answer yes, continue with the calculations below.

Show the calculation in the space below:

(Please indicate in the financial statements where these figures are located, either by highlighting or placing a check mark directly on the statement.)

Worldwide owner's equity: _____

Subtract intangible assets: (-) _____

Equals Tangible net worth: = _____

2 x (amount of self-insurance) + \$20,000,000 = _____

2 x (_____) + \$20,000,000 = _____

STEP C.

Are assets in the United States equal to at least 90 percent of total assets or 2 times the amount of self-insurance being demonstrated?

Yes

No

Amount of total assets³ located in the United States: \$ _____

³ Please submit a separate auditor's statement to support this number if consolidated financial statements have been used as evidence of the ability to self-insure.

Sample of language for acceptable financial officer's letter supporting the demonstration of self-insurance.

LETTERHEAD

Administrator
Department of Fish and Wildlife
Office of Spill Prevention and Response
1700 "K" Street, Suite 250
Sacramento, California 95811

Dear Administrator:

I am the _____ of _____
(Title) (Name of Corporation)

The purpose of this letter is to support the corporation's use of self-insurance as a means for demonstrating financial responsibility in the amount and manner stated by the enclosed schedule pursuant to Title 14, California Code of Regulations, Section 795 (b). Moreover, the corporation is the owner or operator of the marine facility or facilities described in the applicable application(s) for Certificate(s) of financial responsibility submitted to the Department of Fish and Wildlife's Office of Spill Prevention and Response by or on behalf of the corporation or its subsidiary or subsidiaries.

The corporation agrees to notify the Administrator for Spill Response by certified mail within five business days if, at any time, the corporation fails to meet the self-insurance test criteria.

Signature block

Instructions for completion of Form DFW 1933

1. Complete either Test I or Test II by filling in the information in Steps A – C.
2. Once completed, fill out the Self Insurance Cover Sheet (located on page 1)
3. Assemble the Self Insurance Cover Sheet, completed Test I or II as appropriate, and financial documentation with notations for figures provided highlighted).
4. Prepare a letter for the Financial Officer (see sample provided on page 4)
5. Remit entire package to:

Financial Responsibility Unit
Department of Fish and Wildlife
Office of Spill Prevention and Response
1700 "K" Street, Suite 250
Sacramento, California 95811