

By Senator Thomas

3-1308A-99

1 A bill to be entitled
2 An act relating to workers' compensation;
3 amending s. 440.02, F.S.; defining the term
4 "net direct written premium"; amending s.
5 440.49, F.S.; revising the method of
6 calculating payments to the Special Disability
7 Trust Fund; amending s. 440.51, F.S.; revising
8 the method of determining expenses of
9 administration; providing an effective date.

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11 Be It Enacted by the Legislature of the State of Florida:

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13 Section 1. Subsection (40) is added to section 440.02,
14 Florida Statutes, 1998 Supplement, to read:15 440.02 Definitions.--When used in this chapter, unless
16 the context clearly requires otherwise, the following terms
17 shall have the following meanings:18 (40) "Net direct written premiums" means premiums
19 arising from workers' compensation policies issued by an
20 insurer in Florida as the primary insurance carrier, adjusted
21 for any return or additional premiums arising from
22 endorsements, cancellations, audits, retrospective rating
23 plans, and dividends paid or credited to policyholders, but
24 without deduction for ceded reinsurance premiums transferred
25 to another insurance company for reinsurance purchased. When
26 reporting deductible policy premium for the purposes of ss.
27 440.49 and 440.51, full policy premium value must be reported
28 prior to application of deductible discounts or credits.29 Section 2. Paragraph (b) of subsection (9) of section
30 440.49, Florida Statutes, 1998 Supplement, is amended to read:

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1 440.49 Limitation of liability for subsequent injury
2 through Special Disability Trust Fund.--

3 (9) SPECIAL DISABILITY TRUST FUND.--

4 (b)1. The Special Disability Trust Fund shall be
5 maintained by annual assessments upon the insurance companies
6 writing compensation insurance in the state, the commercial
7 self-insurers under ss. 624.462 and 624.4621, the assessable
8 mutuals under s. 628.601, and the self-insurers under this
9 chapter, which assessments shall become due and be paid
10 quarterly at the same time and in addition to the assessments
11 provided in s. 440.51. The division shall estimate annually in
12 advance the amount necessary for the administration of this
13 subsection and the maintenance of this fund and shall make
14 such assessment in the manner hereinafter provided.

15 2. The annual assessment shall be calculated to
16 produce during the ensuing fiscal year an amount which, when
17 combined with that part of the balance in the fund on June 30
18 of the current fiscal year which is in excess of \$100,000, is
19 equal to the average of:

20 a. The sum of disbursements from the fund during the
21 immediate past 3 calendar years, and

22 b. Two times the disbursements of the most recent
23 calendar year.

24
25 Such amount shall be prorated among the insurance companies
26 writing compensation insurance in the state and the
27 self-insurers.

28 3. ~~The Net direct written premiums written by carriers~~
29 ~~and the amount of premiums calculated by the division for~~
30 ~~self-insured employers the companies for workers' compensation~~
31 ~~in this state and the net premium written applicable to the~~

1 ~~self-insurers~~ in this state, in accordance with the National
2 Council on Compensation Insurance Basic Manual for Workers'
3 Compensation and Employers Liability Insurance for
4 self-insurers (1999 edition), are the basis for computing the
5 amount to be assessed as a percentage of net premiums. Such
6 payments shall be made by each carrier ~~insurance company~~ and
7 self-insurer to the division for the Special Disability Trust
8 Fund in accordance with such regulations as the division
9 prescribes.

10 4. The Treasurer is authorized to receive and credit
11 to such Special Disability Trust Fund any sum or sums that may
12 at any time be contributed to the state by the United States
13 under any Act of Congress, or otherwise, to which the state
14 may be or become entitled by reason of any payments made out
15 of such fund.

16 Section 3. Subsection (1) of section 440.51, Florida
17 Statutes, is amended to read:

18 440.51 Expenses of administration.--

19 (1) The division shall estimate annually in advance
20 the amounts necessary for the administration of this chapter,
21 in the following manner.

22 (a) The division shall, before November 15 ~~as soon as~~
23 ~~practicable after July 1~~ in each year, determine the
24 anticipated expenses of administration for the next calendar
25 ~~expense of administration of this chapter for the preceding~~
26 ~~fiscal~~ year. The expense of administration for such calendar
27 ~~preceding fiscal~~ year shall be used as the basis for
28 determining the amount to be assessed against each carrier in
29 order to provide for the expenses of the administration of
30 this chapter for the next calendar ~~current fiscal~~ year. The
31 determined assessment rate shall be announced by the division

1 as soon as practicable after such determination and becomes
2 effective January 1. However, for fiscal year 1999-2000, the
3 division shall impose an interim rate to facilitate
4 transition.

5 (b) The total expenses of administration shall be
6 prorated among carriers ~~the insurance companies~~ writing
7 compensation insurance in the state and self-insurers. The
8 net direct written premiums ~~collected~~ by carriers ~~the~~
9 ~~companies~~ and the amount of premiums calculated by the
10 division for self-insured employers ~~a self-insurer would have~~
11 ~~to pay if insured~~ are the basis for computing the amount to be
12 assessed. This amount may be assessed as a specific amount or
13 as a percentage of net direct written premiums payable as the
14 division may direct, provided such amount so assessed shall
15 not exceed 4 percent of such net direct written premiums. The
16 carriers ~~insurance companies~~ may elect to make the payments
17 required under s. 440.15(1)(f) ~~s. 440.15(1)(e)~~ rather than
18 having these payments made by the division. In that event,
19 such payments will be credited to the carriers ~~insurance~~
20 ~~companies~~, and the amount due by the carrier ~~insurance company~~
21 under this section will be reduced accordingly.

22 Section 4. This act shall take effect upon becoming a
23 law.

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26 SENATE SUMMARY

27 Changes the method of calculating net premiums against
28 which assessments are made for the Special Disability
29 Workers' Compensation must determine the expenses of
30 administering ch. 440, F.S., and provides that the
31 determination be made on a calendar-year basis.