

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; amending s. 627.914, F.S.;  
10          revising the requirements for reports of  
11          information by workers' compensation insurers;  
12          requiring a report by the Division of Workers'  
13          Compensation; providing applicability; creating  
14          the Workers' Compensation Rating Law Study  
15          Commission; providing for appointment of  
16          members; requiring the commission to make a  
17          study and recommendations; authorizing the  
18          commission to contract with independent parties  
19          for certain information; entitling commission  
20          members to reimbursement for travel and  
21          expenses; providing an appropriation; providing  
22          an effective date.

23  
24 Be It Enacted by the Legislature of the State of Florida:

25  
26           Section 1. Subsection (40) is added to section 440.02,  
27 Florida Statutes, 1998 Supplement, to read:

28           440.02 Definitions.--When used in this chapter, unless  
29 the context clearly requires otherwise, the following terms  
30 shall have the following meanings:

31

1           (40) "Net direct written premiums" means premiums  
2 arising from workers' compensation policies issued by an  
3 insurer in Florida as the primary insurance carrier, adjusted  
4 for any return or additional premiums arising from  
5 endorsements, cancellations, audits, retrospective rating  
6 plans, and dividends paid or credited to policyholders, but  
7 without deduction for ceded reinsurance premiums transferred  
8 to another insurance company for reinsurance purchased. When  
9 reporting deductible policy premium for the purposes of ss.  
10 440.49 and 440.51, full policy premium value must be reported  
11 prior to application of deductible discounts or credits.

12           Section 2. Paragraph (b) of subsection (9) of section  
13 440.49, Florida Statutes, 1998 Supplement, is amended to read:

14           440.49 Limitation of liability for subsequent injury  
15 through Special Disability Trust Fund.--

16           (9) SPECIAL DISABILITY TRUST FUND.--

17           (b)1. The Special Disability Trust Fund shall be  
18 maintained by annual assessments upon the insurance companies  
19 writing compensation insurance in the state, the commercial  
20 self-insurers under ss. 624.462 and 624.4621, the assessable  
21 mutuals under s. 628.601, and the self-insurers under this  
22 chapter, which assessments shall become due and be paid  
23 quarterly at the same time and in addition to the assessments  
24 provided in s. 440.51. The division shall estimate annually in  
25 advance the amount necessary for the administration of this  
26 subsection and the maintenance of this fund and shall make  
27 such assessment in the manner hereinafter provided.

28           2. The annual assessment shall be calculated to  
29 produce during the ensuing fiscal year an amount which, when  
30 combined with that part of the balance in the fund on June 30  
31

1 of the current fiscal year which is in excess of \$100,000, is  
2 equal to the average of:

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

5 b. Two times the disbursements of the most recent  
6 calendar year.

7  
8 Such amount shall be prorated among the insurance companies  
9 writing compensation insurance in the state and the  
10 self-insurers.

11 3. ~~The Net direct written premiums written by carriers~~  
12 ~~and the amount of premiums calculated by the division for~~  
13 ~~self-insured employers the companies for workers' compensation~~  
14 ~~in this state and the net premium written applicable to the~~  
15 ~~self-insurers in this state, in accordance with the National~~  
16 ~~Council on Compensation Insurance Basic Manual for Workers'~~  
17 ~~Compensation and Employers Liability Insurance for~~  
18 ~~self-insurers (1999 edition), are the basis for computing the~~  
19 amount to be assessed as a percentage of net premiums. Such  
20 payments shall be made by each carrier ~~insurance company~~ and  
21 self-insurer to the division for the Special Disability Trust  
22 Fund in accordance with such regulations as the division  
23 prescribes.

24 4. The Treasurer is authorized to receive and credit  
25 to such Special Disability Trust Fund any sum or sums that may  
26 at any time be contributed to the state by the United States  
27 under any Act of Congress, or otherwise, to which the state  
28 may be or become entitled by reason of any payments made out  
29 of such fund.

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

1           440.51 Expenses of administration.--

2           (1) The division shall estimate annually in advance  
3 the amounts necessary for the administration of this chapter,  
4 in the following manner.

5           (a) The division shall, before November 15 ~~as soon as~~  
6 ~~practicable after July 1~~ in each year, determine the  
7 anticipated expenses of administration for the next calendar  
8 ~~expense of administration of this chapter for the preceding~~  
9 ~~fiscal~~ year. The expense of administration for such calendar  
10 ~~preceding fiscal~~ year shall be used as the basis for  
11 determining the amount to be assessed against each carrier in  
12 order to provide for the expenses of the administration of  
13 this chapter for the next calendar ~~current fiscal~~ year. The  
14 determined assessment rate shall be announced by the division  
15 as soon as practicable after such determination and becomes  
16 effective January 1. However, for fiscal year 2000-2001, the  
17 division shall impose an interim rate to facilitate  
18 transition.

19           (b) The total expenses of administration shall be  
20 prorated among carriers ~~the insurance companies~~ writing  
21 compensation insurance in the state and self-insurers. The  
22 net direct written premiums ~~collected~~ by carriers ~~the~~  
23 ~~companies~~ and the amount of premiums calculated by the  
24 division for self-insured employers ~~a self-insurer would have~~  
25 ~~to pay if insured~~ are the basis for computing the amount to be  
26 assessed. This amount may be assessed as a specific amount or  
27 as a percentage of net direct written premiums payable as the  
28 division may direct, provided such amount so assessed shall  
29 not exceed 4 percent of such net direct written premiums. The  
30 carriers ~~insurance companies~~ may elect to make the payments  
31 required under s. 440.15(1)(f) ~~s. 440.15(1)(e)~~ rather than

1 having these payments made by the division. In that event,  
2 such payments will be credited to the carriers insurance  
3 ~~companies~~, and the amount due by the carrier insurance ~~company~~  
4 under this section will be reduced accordingly.

5 Section 4. Effective July 1, 1999, section 627.914,  
6 Florida Statutes, is amended to read:

7 627.914 Reports of information by workers'  
8 compensation insurers required.--

9 (1) The department shall promulgate rules and  
10 statistical plans which shall thereafter be used by each  
11 insurer and self-insurance fund as defined in s. 624.461 in  
12 the recording and reporting of loss, expense, and claims  
13 experience, in order that the experience of all insurers and  
14 self-insurance funds ~~self-insurers~~ may be made available at  
15 least annually in such form and detail as may be necessary to  
16 aid the department in determining whether Florida experience  
17 for workers' compensation insurance is sufficient for  
18 establishing rates.

19 ~~(2) Any insurer authorized to write a policy of~~  
20 ~~workers' compensation insurance shall transmit the following~~  
21 ~~information to the department each year with its annual~~  
22 ~~report, and such information shall be reported on a net basis~~  
23 ~~with respect to reinsurance for nationwide experience and on a~~  
24 ~~direct basis for Florida experience:~~

25 ~~(a) Premiums written;~~

26 ~~(b) Premiums earned;~~

27 ~~(c) Dividends paid or credited to policyholders;~~

28 ~~(d) Losses paid;~~

29 ~~(e) Allocated loss adjustment expenses;~~

30 ~~(f) The ratio of allocated loss adjustment expenses to~~  
31 ~~losses paid;~~

- 1           ~~(g) Unallocated loss adjustment expenses;~~  
2           ~~(h) The ratio of unallocated loss adjustment expenses~~  
3 ~~to losses paid;~~  
4           ~~(i) The total of losses paid and unallocated and~~  
5 ~~allocated loss adjustment expenses;~~  
6           ~~(j) The ratio of losses paid and unallocated and~~  
7 ~~allocated loss adjustment expenses to premiums earned;~~  
8           ~~(k) The number of claims outstanding as of December 31~~  
9 ~~of each year;~~  
10           ~~(l) The total amount of losses unpaid as of December~~  
11 ~~31 of each year;~~  
12           ~~(m) The total amount of allocated and unallocated loss~~  
13 ~~adjustment expenses unpaid as of December 31 of each year; and~~  
14           ~~(n) The total of losses paid and allocated loss~~  
15 ~~adjustment expenses and unallocated loss adjustment expenses,~~  
16 ~~plus the total of losses unpaid as of December 31 of each year~~  
17 ~~and loss adjustment expenses unpaid as of December 31 of each~~  
18 ~~year.~~  
19           ~~(3) A report of the information required in subsection~~  
20 ~~(2) shall be filed no later than April 1 of each year and~~  
21 ~~shall include the information for the preceding year ending~~  
22 ~~December 31. All reports shall be on a calendar-accident year~~  
23 ~~basis, and each calendar-accident year shall be reported at~~  
24 ~~eight stages of development.~~  
25           (2)(4) Each insurer and self-insurance fund authorized  
26 to write a policy of workers' compensation insurance shall  
27 transmit the information for paragraphs (a) through (e)(a),  
28 ~~(b)~~, ~~(d)~~, and ~~(e)~~ annually on both Florida experience and  
29 nationwide experience separately:  
30           (a) Payrolls by classification.  
31           (b) Manual premiums by classification.

- 1 (c) Standard premiums by classification.  
2 (d) Losses by classification and injury type.  
3 (e) Expenses.  
4

5 A report of this information shall be filed no later than July  
6 ~~1 April 1~~ of each year. All reports shall be filed in  
7 accordance with standard reporting procedures for insurers,  
8 which procedures have received approval by the department, and  
9 shall contain data for the most recent policy period  
10 available. A statistical or rating organization may be used  
11 by insurers and self-insurance funds to report the data  
12 required by this section. The statistical or rating  
13 organization shall report each data element in the aggregate  
14 only for insurers and self-insurance funds required to report  
15 under this section who elect to have the ~~rating~~ organization  
16 report on their behalf. Such insurers and self-insurance funds  
17 shall be named in the report.

18 ~~(3)(5) Individual self-insurers authorized to transact~~  
19 ~~workers' compensation insurance as provided in s.~~  
20 ~~440.02(21)(a)s. 440.02~~ shall report only Florida data as  
21 prescribed in paragraphs (a) through (e) of subsection ~~(2)(4)~~  
22 to the Division of Workers' Compensation of the Department of  
23 Labor and Employment Security.

24 (a) The Division of Workers' Compensation shall  
25 publish the dates and forms necessary to enable individual  
26 self-insurers to comply with this section.

27 ~~(b) The Division of Workers' Compensation shall report~~  
28 ~~the information collected under this section to the Department~~  
29 ~~of Insurance in a manner prescribed by the department.~~

30 ~~(b)(c)~~ A statistical or rating organization may be  
31 used by individual self-insurers for the purposes of reporting

1 the data required by this section and calculating experience  
2 ratings.

3 ~~(6) The department shall analyze the information~~  
4 ~~reported for the years 1982-1985 and shall report to the~~  
5 ~~Legislature prior to August 1, 1986, on the sufficiency, by~~  
6 ~~classification, of Florida experience for use in rating~~  
7 ~~workers' compensation insurance.~~

8 ~~(4)(7)~~ The department shall provide a summary of  
9 information provided pursuant to subsection ~~subsections~~ (2)  
10 ~~and (4)~~ in its annual report.

11 Section 5. On or before January 1, 2000, the Division  
12 of Workers' Compensation shall report to the President of the  
13 Senate and the Speaker of the House of Representatives an  
14 estimate of the amount of the reduction in the assessment rate  
15 needed to fund the anticipated expenses of administration for  
16 the division which result from the amendment of section  
17 440.51(1), Florida Statutes, by this act.

18 Section 6. To the extent that this act substantively  
19 changes the calculation of the premiums subject to assessment,  
20 it shall apply only to policies issued or renewed on or after  
21 its effective date.

22 Section 7. Workers' Compensation Rating Law Study  
23 Commission.--

24 (1) There is created the Workers' Compensation Rating  
25 Law Study Commission consisting of the following nine members:

26 (a) Four members appointed by the President of the  
27 Senate, including:

28 1. Two members of the Senate;

29 2. A member of an association representing employers;

30 and

31

1           3. A member of a domestic workers' compensation  
2 insurer.

3           (b) Four members appointed by the Speaker of the House  
4 of Representatives, including;

5           1. Two members of the House of Representatives;

6           2. A member of an association representing employers;

7 and

8           3. A member of a national workers' compensation  
9 insurer.

10          (c) The Insurance Commissioner or his or her  
11 designated representative within the Department of Insurance.

12          (2) Each member may receive per diem and expenses for  
13 travel, as provided in section 112.061, Florida Statutes,  
14 while carrying out official business of the commission.

15          (3) Appointments must be made by June 1, 1999, and the  
16 commission's first meeting must be held by August 15, 1999.  
17 The commission shall continue to exist until December 1, 1999.  
18 The chairman shall be designated from the membership.

19          Section 8. Duties and responsibilities.--The Workers'  
20 Compensation Rating Law Commission shall:

21          (1) Hold a minimum of three public hearings, including  
22 at least one in Tallahassee, to receive public comment and  
23 input relative to Florida's workers' compensation rating law.

24          (2) Perform a study of Florida's workers' compensation  
25 rating law and other state workers' compensation rating law  
26 alternatives. The study shall include an analysis of prior  
27 approval full-rate, loss-costs, and open-competition rating  
28 laws and their impact on rates and premiums. The study shall  
29 be limited in scope to workers' compensation rating laws. The  
30 commission shall not study other aspects of the workers'  
31 compensation system under chapter 440, Florida Statutes.

1           (3) Make recommendations concerning the most  
2 appropriate method for establishing rates and premiums for  
3 workers' comprehensive in Florida.

4           (4) The study commission may contract with independent  
5 parties to provide such information to the commission as it  
6 determines is necessary to complete its study and  
7 recommendations.

8           (5) The study commission shall report its findings and  
9 recommendations to the President of the Senate and the Speaker  
10 of the House of Representatives by December 15, 1999.

11           Section 9. There is appropriated \$100,000 from the  
12 Insurance Commissioner's Regulatory Trust Fund for  
13 implementing the provisions of this act.

14           Section 10. Except for this section and sections 7, 8,  
15 and 9, which shall take effect upon becoming a law, and except  
16 as otherwise provided in this act, this act shall take effect  
17 July 1, 2000.