

By the Committee on Banking and Insurance; and Senator Latvala

311-1898-02

1                                   A bill to be entitled  
2           An act relating to self-insurers; amending s.  
3           440.38, F.S.; transferring operation of  
4           provisions requiring the securing of payment of  
5           compensation by employers from the Division of  
6           Workers' Compensation of the Department of  
7           Labor and Employment Security to the Florida  
8           Self-Insurer's Guaranty Association,  
9           Incorporated, and the Department of Insurance;  
10          revising and clarifying requirements and  
11          procedures; providing powers and duties of the  
12          association and the departments; providing for  
13          allocation or payment of state funds to the  
14          association for certain purposes; providing  
15          rulemaking authority; amending s. 440.385,  
16          F.S.; revising and clarifying provisions  
17          relating to the association's creation, board  
18          of directors, powers and duties, insolvency  
19          fund, and plan of operation; providing  
20          additional powers of the association;  
21          transferring the powers and duties of the  
22          Department of Labor and Employment Security  
23          relating to the association to the Department  
24          of Insurance and revising such powers and  
25          duties; providing additional powers and duties  
26          of the Department of Insurance; providing for  
27          oversight of the association by the department;  
28          deleting certain provisions relating to  
29          detection and prevention of employer  
30          insolvencies; amending s. 440.386, F.S.;  
31          providing parity for the association with the

1 Department of Insurance relating to proceedings  
2 for delinquency, liquidation, and conservation  
3 of assets; amending s. 440.24, F.S.; providing  
4 for the sale of securities on deposit to  
5 satisfy a compensation order; amending s.  
6 440.51, F.S.; eliminating provisions  
7 authorizing the Department of Insurance to  
8 require that self-insurers make certain  
9 reports; eliminating provisions authorizing  
10 certain audits; transferring the powers,  
11 duties, functions, rules, records, and property  
12 relating to the regulation of individual,  
13 self-insured employers by the Department of  
14 Labor and Employment Security to the Department  
15 of Insurance; providing an appropriation;  
16 eliminating specified positions; providing an  
17 effective date.

18  
19 Be It Enacted by the Legislature of the State of Florida:

20  
21 Section 1. Subsections (1), (2), and (3) of section  
22 440.38, Florida Statutes, are amended to read:

23 440.38 Security for compensation; insurance carriers  
24 and self-insurers.--

25 (1) Every employer shall secure the payment of  
26 compensation under this chapter:

27 (a) By insuring and keeping insured the payment of  
28 such compensation with any stock company or mutual company or  
29 association or exchange, authorized to do business in the  
30 state;

31

1           (b) By furnishing satisfactory proof to the Florida  
2 Self-Insurers Guaranty Association, Incorporated, created in  
3 s. 440.385, that it has the financial strength necessary to  
4 assure timely payment of all current and future claims  
5 ~~division of its financial ability to pay such compensation~~  
6 individually and on behalf of its subsidiary and affiliated  
7 companies with employees in this state and receiving an  
8 authorization from the Department of Insurance ~~division~~ to pay  
9 such compensation directly. The association shall review the  
10 financial strength of applicants for membership, current  
11 members, and former members and make recommendations to the  
12 Department of Insurance regarding their qualifications to  
13 self-insure in accordance with this section and ss. 440.385  
14 and 440.386. The department shall act in accordance with the  
15 recommendations unless it finds by clear and convincing  
16 evidence that the recommendations are erroneous.~~the following~~  
17 ~~provisions:~~

18           1. As a condition of authorization under paragraph  
19 ~~(a), the association~~ division may recommend that the  
20 Department of Insurance require an employer to deposit with  
21 the ~~association~~ division a qualifying security deposit. The  
22 ~~association~~ division shall recommend ~~determine~~ the type and  
23 amount of the qualifying security deposit and shall prescribe  
24 conditions for the qualifying security deposit, which shall  
25 include authorization for the ~~association~~ division to call the  
26 qualifying security deposit in the case of default to pay  
27 compensation awards and related expenses of the association.  
28 ~~In addition, the division shall require,~~As a condition to  
29 authorization to self-insure, the employer shall provide proof  
30 that the employer has provided for competent personnel with  
31 whom to deliver benefits and to provide a safe working

1 environment. ~~Further,~~The employer division shall also provide  
2 evidence of ~~require such employer to carry~~ reinsurance at  
3 levels that will ensure the financial strength and actuarial  
4 soundness of such employer in accordance with rules adopted  
5 ~~promulgated~~ by the Department of Insurance division. The  
6 Department of Insurance division may by rule require that, in  
7 the event of an individual self-insurer's insolvency, such  
8 qualifying security deposits and reinsurance policies are  
9 payable to the association ~~Florida Self-Insurers Guaranty~~  
10 ~~Association, Incorporated, created pursuant to s. 440.385~~. Any  
11 employer securing compensation in accordance with the  
12 provisions of this paragraph shall be known as a self-insurer  
13 and shall be classed as a carrier of her or his own insurance.  
14 The employer shall, if requested, provide the association an  
15 actuarial report signed by a member of the American Academy of  
16 Actuaries providing an opinion of the appropriate present  
17 value of the reserves, using a 4-percent discount rate, for  
18 current and future compensation claims. If any member or  
19 former member of the association refuses to timely provide  
20 such a report, the association may obtain an order from a  
21 circuit court requiring the member to produce such a report  
22 and ordering any other relief that the court determines is  
23 appropriate. The association may recover all reasonable costs  
24 and attorney's fees in such proceedings.

25           2. If the employer fails to maintain the foregoing  
26 requirements, the association division shall recommend to the  
27 Department of Insurance that it revoke the employer's  
28 authority to self-insure, unless the employer provides to the  
29 association division the certified opinion of an independent  
30 actuary who is a member of the American Academy Society of  
31 Actuaries as to the actuarial present value of the employer's

1 determined and estimated future compensation payments based on  
2 cash reserves, using a 4-percent discount rate, and a  
3 qualifying security deposit equal to 1.5 times the value so  
4 certified. The employer shall thereafter annually provide such  
5 a certified opinion until such time as the employer meets the  
6 requirements of subparagraph 1. The qualifying security  
7 deposit shall be adjusted at the time of each such annual  
8 report. Upon the failure of the employer to timely provide  
9 such opinion or to timely provide a security deposit in an  
10 amount equal to 1.5 times the value certified in the latest  
11 opinion, the association shall provide that information to the  
12 Department of Insurance along with a recommendation, and the  
13 Department of Insurance ~~division~~ shall then revoke such  
14 employer's authorization to self-insure., ~~and such Failure to~~  
15 comply with this subparagraph constitutes ~~shall be deemed to~~  
16 ~~constitute~~ an immediate serious danger to the public health,  
17 safety, or welfare sufficient to justify the summary  
18 suspension of the employer's authorization to self-insure  
19 pursuant to s. 120.68.

20 3. Upon the suspension or revocation of the employer's  
21 authorization to self-insure, the employer shall provide to  
22 the association ~~division and to the Florida Self-Insurers~~  
23 ~~Guaranty Association, Incorporated, created pursuant to s.~~  
24 ~~440.385~~ the certified opinion of an independent actuary who is  
25 a member of the American Academy ~~Society~~ of Actuaries of the  
26 actuarial present value of the determined and estimated future  
27 compensation payments of the employer for claims incurred  
28 while the member exercised the privilege of self-insurance,  
29 using a discount rate of 4 percent. The employer shall provide  
30 such an opinion at 6-month intervals thereafter until such  
31 time as the latest opinion shows no remaining value of claims.

1 With each such opinion, the employer shall deposit with the  
2 association ~~division~~ a qualifying security deposit in an  
3 amount equal to the value certified by the actuary. The  
4 association has a cause of action against an employer, and  
5 against any successor of the employer, who fails to timely  
6 provide such opinion or who fails to timely maintain the  
7 required security deposit with the association ~~division~~. The  
8 association shall recover a judgment in the amount of the  
9 actuarial present value of the determined and estimated future  
10 compensation payments of the employer for claims incurred  
11 while the employer exercised the privilege of self-insurance,  
12 together with attorney's fees. For purposes of this section,  
13 the successor of an employer means any person, business  
14 entity, or group of persons or business entities, which holds  
15 or acquires legal or beneficial title to the majority of the  
16 assets or the majority of the shares of the employer.

17 4. A qualifying security deposit shall consist, at the  
18 option of the employer, of:

19 a. Surety bonds, in a form and containing such terms  
20 as prescribed by the association ~~division~~, issued by a  
21 corporation surety authorized to transact surety business by  
22 the Department of Insurance, and whose policyholders' and  
23 financial ratings, as reported in A.M. Best's Insurance  
24 Reports, Property-Liability, are not less than "A" and "V",  
25 respectively.

26 b. Irrevocable letters of credit in favor of the  
27 association ~~division~~ issued by financial institutions located  
28 within this state, the deposits of which are insured through  
29 the Federal Deposit Insurance Corporation.

30 5. The qualifying security deposit shall be held by  
31 the association ~~division~~ exclusively for the benefit of

1 workers' compensation claimants. The security shall not be  
2 subject to assignment, execution, attachment, or any legal  
3 process whatsoever, except as necessary to guarantee the  
4 payment of compensation under this chapter. No surety bond may  
5 be terminated, and no letter of credit may be allowed to  
6 expire, without 90 days' prior written notice to the  
7 association ~~division~~ and the deposit by the self-insuring  
8 employer of some other qualifying security deposit of equal  
9 value within 10 business days after such notice. Failure to  
10 provide such written notice or failure to timely provide  
11 qualifying replacement security after such notice shall  
12 constitute grounds for the association ~~division~~ to call or sue  
13 upon the surety bond or to exercise its rights under a letter  
14 of credit. Current self-insured employers must comply with  
15 this section on or before December 31, 2001, or upon the  
16 maturity of existing security deposits, whichever occurs  
17 later. The Department of Insurance ~~division~~ may specify by  
18 rule the amount of the qualifying security deposit required  
19 prior to authorizing an employer to self-insure and the amount  
20 of net worth required for an employer to qualify for  
21 authorization to self-insure;

22 (c) By entering into a contract with a public utility  
23 under an approved utility-provided self-insurance program as  
24 set forth in s. 624.46225 in effect as of July 1, 1983. The  
25 division shall adopt rules to implement this paragraph;

26 (d) By entering into an interlocal agreement with  
27 other local governmental entities to create a local government  
28 pool pursuant to s. 624.4622;

29 (e) In accordance with s. 440.135, an employer, other  
30 than a local government unit, may elect coverage under the  
31 Workers' Compensation Law and retain the benefit of the

1 exclusiveness of liability provided in s. 440.11 by obtaining  
2 a 24-hour health insurance policy from an authorized property  
3 and casualty insurance carrier or an authorized life and  
4 health insurance carrier, or by participating in a fully or  
5 partially self-insured 24-hour health plan that is established  
6 or maintained by or for two or more employers, so long as the  
7 law of this state is not preempted by the Employee Retirement  
8 Income Security Act of 1974, Pub. L. No. 93-406, or any  
9 amendment to that law, which policy or plan must provide, for  
10 at least occupational injuries and illnesses, medical benefits  
11 that are comparable to those required by this chapter. A local  
12 government unit, as a single employer, in accordance with s.  
13 440.135, may participate in the 24-hour health insurance  
14 coverage plan referenced in this paragraph. Disputes and  
15 remedies arising under policies issued under this section are  
16 governed by the terms and conditions of the policies and under  
17 the applicable provisions of the Florida Insurance Code and  
18 rules adopted under the insurance code and other applicable  
19 laws of this state. The 24-hour health insurance policy may  
20 provide for health care by a health maintenance organization  
21 or a preferred provider organization. The premium for such  
22 24-hour health insurance policy shall be paid entirely by the  
23 employer. The 24-hour health insurance policy may use  
24 deductibles and coinsurance provisions that require the  
25 employee to pay a portion of the actual medical care received  
26 by the employee. If an employer obtains a 24-hour health  
27 insurance policy or self-insured plan to secure payment of  
28 compensation as to medical benefits, the employer must also  
29 obtain an insurance policy or policies that provide indemnity  
30 benefits as follows:

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1           1. If indemnity benefits are provided only for  
2 occupational-related disability, such benefits must be  
3 comparable to those required by this chapter.

4           2. If indemnity benefits are provided for both  
5 occupational-related and nonoccupational-related disability,  
6 such benefits must be comparable to those required by this  
7 chapter, except that they must be based on 60 percent of the  
8 average weekly wages.

9           3. The employer shall provide for each of its  
10 employees life insurance with a death benefit of \$100,000.

11           4. Policies providing coverage under this subsection  
12 must use prescribed and acceptable underwriting standards,  
13 forms, and policies approved by the Department of Insurance.  
14 If any insurance policy that provides coverage under this  
15 section is canceled, terminated, or nonrenewed for any reason,  
16 the cancellation, termination, or nonrenewal is ineffective  
17 until the self-insured employer or insurance carrier or  
18 carriers notify the division and the Department of Insurance  
19 of the cancellation, termination, or nonrenewal, and until the  
20 division has actually received the notification. The division  
21 must be notified of replacement coverage under a workers'  
22 compensation and employer's liability insurance policy or plan  
23 by the employer prior to the effective date of the  
24 cancellation, termination, or nonrenewal; or

25           (f) By entering into a contract with an individual  
26 self-insurer under an approved individual  
27 self-insurer-provided self-insurance program as set forth in  
28 s. 624.46225. The division may adopt rules to administer this  
29 subsection.

30           (2)(a) The Department of Insurance ~~division~~ shall  
31 adopt rules by which businesses may become qualified to

1 provide underwriting claims-adjusting, loss control, and  
2 safety engineering services to self-insurers.

3 (b) The Department of Insurance ~~division~~ shall adopt  
4 rules requiring self-insurers to file any reports necessary to  
5 fulfill the requirements of this chapter. Any self-insurer who  
6 fails to file any report as prescribed by the rules adopted by  
7 the Department of Insurance ~~division~~ shall be subject to a  
8 civil penalty ~~not to exceed \$100 for each such failure~~.

9 (3)(a) The license of any stock company or mutual  
10 company or association or exchange authorized to do insurance  
11 business in the state shall for good cause, upon  
12 recommendation of the division, be suspended or revoked by the  
13 Department of Insurance. No suspension or revocation shall  
14 affect the liability of any carrier already incurred.

15 (b) The Department of Insurance ~~division~~ shall suspend  
16 or revoke any authorization to a self-insurer for failure to  
17 comply with this section or for good cause, as defined by rule  
18 of the department ~~division~~. No suspension or revocation shall  
19 affect the liability of any self-insurer already incurred.

20 (c) Violation of s. 440.381 by a self-insurance fund  
21 shall result in the imposition of a fine not to exceed \$1,000  
22 per audit if the self-insurance fund fails to act on said  
23 audits by correcting errors in employee classification or  
24 accepted applications for coverage where it knew employee  
25 classifications were incorrect. Such fines shall be levied by  
26 the division and deposited into the Workers' Compensation  
27 Administration Trust Fund.

28 Section 2. Section 440.385, Florida Statutes, is  
29 amended to read:

30 440.385 Florida Self-Insurers Guaranty Association,  
31 Incorporated.--

1           (1) CREATION OF ASSOCIATION.--

2           (a) There is created a nonprofit corporation to be  
3 known as the "Florida Self-Insurers Guaranty Association,  
4 Incorporated," hereinafter referred to as "the association."  
5 Upon incorporation of the association, all individual  
6 self-insurers as defined in ss. 440.02(23)(a) and  
7 440.38(1)(b), other than individual self-insurers which are  
8 public utilities or governmental entities, shall be members of  
9 the association as a condition of their authority to  
10 individually self-insure in this state. The association  
11 ~~corporation~~ shall perform its functions under a plan of  
12 operation as established and approved under subsection (5) and  
13 shall exercise its powers and duties through a board of  
14 directors as established under subsection (2). The association  
15 ~~corporation~~ shall have those powers granted or permitted  
16 associations ~~corporations~~ not for profit, as provided in  
17 chapter 617. The activities of the association shall be  
18 subject to review by the Department of Insurance. The  
19 Department of Insurance shall have oversight responsibility as  
20 set forth in this section. The association is specifically  
21 authorized to enter into agreements with the State of Florida  
22 to perform specified services.

23           (b) A member may voluntarily withdraw from the  
24 association when the member voluntarily terminates the  
25 self-insurance privilege and pays all assessments due to the  
26 date of such termination. However, the withdrawing member  
27 shall continue to be bound by the provisions of this section  
28 relating to the period of his or her membership and any claims  
29 charged pursuant thereto. The withdrawing member who is a  
30 member on or after January 1, 1991, shall also be required to  
31 provide to the association ~~division~~ upon withdrawal, and at

1 12-month intervals thereafter, satisfactory proof, including,  
2 if requested by the association, a report of known and  
3 potential claims certified by a member of the American Academy  
4 of Actuaries,that it continues to meet the standards of s.  
5 440.38(1)(b)1. in relation to claims incurred while the  
6 withdrawing member exercised the privilege of self-insurance.  
7 Such reporting shall continue until the withdrawing member  
8 demonstrates to ~~satisfies~~ the association ~~division~~ that there  
9 is no remaining value to claims incurred while the withdrawing  
10 member was self-insured. If a withdrawing member fails or  
11 refuses to timely provide an actuarial report to the  
12 association, the association may obtain an order from a  
13 circuit court requiring the member to produce such a report  
14 and ordering any other relief that the court determines  
15 appropriate. The association is entitled to recover all  
16 reasonable costs and attorney's fees expended in such  
17 proceedings.If during this reporting period the withdrawing  
18 member fails to meet the standards of s. 440.38(1)(b)1., the  
19 withdrawing member who is a member on or after January 1,  
20 1991, shall thereupon, and at 6-month intervals thereafter,  
21 provide to the ~~division and the~~ association the certified  
22 opinion of an independent actuary who is a member of the  
23 American Academy ~~Society~~ of Actuaries of the actuarial present  
24 value of the determined and estimated future compensation  
25 payments of the member for claims incurred while the member  
26 was a self-insurer, using a discount rate of 4 percent. With  
27 each such opinion, the withdrawing member shall deposit with  
28 the association ~~division~~ security in an amount equal to the  
29 value certified by the actuary and of a type that is  
30 acceptable for qualifying security deposits under s.  
31 440.38(1)(b). The withdrawing member shall continue to

1 provide such opinions and to provide such security until such  
2 time as the latest opinion shows no remaining value of claims.  
3 The association has a cause of action against a withdrawing  
4 member, and against any successor of a withdrawing member, who  
5 fails to timely provide the required opinion or who fails to  
6 maintain the required deposit with the association ~~division~~.  
7 The association shall be entitled to recover a judgment in the  
8 amount of the actuarial present value of the determined and  
9 estimated future compensation payments of the withdrawing  
10 member for claims incurred during the time that the  
11 withdrawing member exercised the privilege of self-insurance,  
12 together with reasonable attorney's fees. The association is  
13 also entitled to recover reasonable attorney's fees in any  
14 action to compel production of any actuarial report required  
15 by this statute. For purposes of this section, the successor  
16 of a withdrawing member means any person, business entity, or  
17 group of persons or business entities, which holds or acquires  
18 legal or beneficial title to the majority of the assets or the  
19 majority of the shares of the withdrawing member.

20 (2) BOARD OF DIRECTORS.--The board of directors of the  
21 association shall consist of nine persons and shall be  
22 organized as established in the plan of operation. All board  
23 members shall be experienced in self-insurance in this state.  
24 ~~With respect to initial appointments, the Secretary of Labor~~  
25 ~~and Employment Security shall, by July 15, 1982, approve and~~  
26 ~~appoint to the board persons who are experienced with~~  
27 ~~self-insurance in this state and who are recommended by the~~  
28 ~~individual self-insurers in this state required to become~~  
29 ~~members of the association pursuant to the provisions of~~  
30 ~~paragraph (1)(a). In the event the secretary finds that any~~  
31 ~~person so recommended does not have the necessary~~

1 ~~qualifications for service on the board and a majority of the~~  
2 ~~board has been appointed, the secretary shall request the~~  
3 ~~directors thus far approved and appointed to recommend another~~  
4 ~~person for appointment to the board.~~ Each director shall serve  
5 for a 4-year term and may be reappointed. Appointments after  
6 January 1, 2002, ~~other than initial appointments~~ shall be made  
7 by the Department of Insurance ~~Secretary of Labor and~~  
8 ~~Employment Security~~ upon recommendation of members of the  
9 association. Any vacancy on the board shall be filled for the  
10 remaining period of the term in the same manner as  
11 appointments other than initial appointments are made. Each  
12 director shall be reimbursed for expenses incurred in carrying  
13 out the duties of the board on behalf of the association.

14 (3) POWERS AND DUTIES.--

15 (a) Upon creation of the Insolvency Fund pursuant to  
16 the provisions of subsection (4), the association is obligated  
17 for payment of compensation under this chapter to insolvent  
18 members' employees resulting from incidents and injuries  
19 existing prior to the member becoming an insolvent member and  
20 from incidents and injuries occurring within 30 days after the  
21 member has become an insolvent member, provided the incidents  
22 giving rise to claims for compensation under this chapter  
23 occur during the year in which such insolvent member is a  
24 member of the guaranty fund and was assessable pursuant to the  
25 plan of operation, and provided the employee makes timely  
26 claim for such payments according to procedures set forth by a  
27 court of competent jurisdiction over the delinquency or  
28 bankruptcy proceedings of the insolvent member. Such  
29 obligation includes only that amount due the injured worker or  
30 workers of the insolvent member under this chapter. In no  
31 event is the association obligated to a claimant in an amount

1 in excess of the obligation of the insolvent member. The  
2 association shall be deemed the insolvent employer for  
3 purposes of this chapter to the extent of its obligation on  
4 the covered claims and, to such extent, shall have all rights,  
5 duties, and obligations of the insolvent employer as if the  
6 employer had not become insolvent. However, in no event shall  
7 the association be liable for any penalties or interest.

8 (b) The association may:

9 1. Employ or retain such persons as are necessary to  
10 handle claims and perform other duties of the association.

11 2. Borrow funds necessary to effect the purposes of  
12 this section in accord with the plan of operation.

13 3. Sue or be sued.

14 4. Negotiate and become a party to such contracts as  
15 are necessary to carry out the purposes of this section.

16 5. Purchase such reinsurance as is determined  
17 necessary pursuant to the plan of operation.

18 6. Review all applicants for membership in the  
19 association to determine whether the applicant is qualified  
20 for membership under the law. The association shall recommend  
21 to the Department of Insurance that the application be  
22 accepted or rejected based on the criteria set forth in s.  
23 440.38(1)(b). The Department of Insurance shall approve or  
24 disapprove the application as provided in paragraph (6)(a).  
25 ~~Prior to a final determination by the Division of Workers'~~  
26 ~~Compensation as to whether or not to approve any applicant for~~  
27 ~~membership in the association, the association may issue~~  
28 ~~opinions to the division concerning any applicant, which~~  
29 ~~opinions shall be considered by the division prior to any~~  
30 ~~final determination.~~

31

1           7. Collect and review financial information from  
2 employers and make recommendations to the Department of  
3 Insurance regarding the appropriate security deposit and  
4 reinsurance amounts necessary for an employer to demonstrate  
5 that it has the financial strength necessary to assure the  
6 timely payment of all current and future claims. The  
7 association may audit and examine an employer to verify the  
8 financial strength of its current and former members. If the  
9 association determines that a current or former self-insured  
10 employer does not have the financial strength necessary to  
11 assure the timely payment of all current and estimated future  
12 claims, the association may recommend to the Department of  
13 Insurance that the department:  
14           a. Revoke the employer's self-insurance privilege.  
15           b. Require the employer to provide a certified opinion  
16 of an independent actuary who is a member of the American  
17 Academy of Actuaries as to the actuarial present value of the  
18 employer's estimated current and future compensation payments,  
19 using a 4-percent discount rate.  
20           c. Require an increase in the employer's security  
21 deposit in an amount determined by the association to be  
22 necessary to assure payment of compensation claims. The  
23 Department of Insurance shall act on such recommendations as  
24 provided in paragraph (6)(a). The association has a cause of  
25 action against an employer, and against any successor of an  
26 employer, who fails to provide an additional security deposit  
27 required by the Department of Insurance. The association  
28 shall recover a judgment in the amount of the requested  
29 additional security deposit together with reasonable  
30 attorney's fees. For the purposes of this section, the  
31 successor of an employer is any person, business entity, or



1 group of persons or business entities which holds or acquires  
2 legal or beneficial title to the majority of the assets or the  
3 majority of the shares of the employer.

4 ~~8.7.~~ Charge fees to any member of the association to  
5 cover the actual costs of examining the financial and safety  
6 conditions of that member.

7 ~~9.8.~~ Charge an applicant for membership in the  
8 association a fee sufficient to cover the actual costs of  
9 examining the financial condition of the applicant.

10 10. Implement any procedures necessary to ensure  
11 compliance with regulatory actions taken by the Department of  
12 Insurance.

13 (c)1. To the extent necessary to secure funds for the  
14 payment of covered claims and also to pay the reasonable costs  
15 to administer them, the association, subject to approval by  
16 the Department of Insurance Labor and Employment Security,  
17 ~~upon certification of the board of directors,~~ shall levy  
18 assessments based on the annual written normal premium each  
19 employer would have paid had the employer not been  
20 self-insured. Every assessment shall be made as a uniform  
21 percentage of the figure applicable to all individual  
22 self-insurers, provided that the assessment levied against any  
23 self-insurer in any one year shall not exceed 1 percent of the  
24 annual written normal premium during the calendar year  
25 preceding the date of the assessment. Assessments shall be  
26 remitted to and administered by the board of directors in the  
27 manner specified by the approved plan. Each employer so  
28 assessed shall have at least 30 days' written notice as to the  
29 date the assessment is due and payable. The association shall  
30 levy assessments against any newly admitted member of the  
31 association so that the basis of contribution of any newly

1 admitted member is the same as previously admitted members,  
2 provision for which shall be contained in the plan of  
3 operation.

4           2. If, in any one year, funds available from such  
5 assessments, together with funds previously raised, are not  
6 sufficient to make all the payments or reimbursements then  
7 owing, the funds available shall be prorated, and the unpaid  
8 portion shall be paid as soon thereafter as sufficient  
9 additional funds become available.

10           3. Funds may be allocated or paid from the Workers'  
11 Compensation Administration Trust Fund to contract with the  
12 association to perform services required by law. However, no  
13 state funds of any kind shall be allocated or paid to the  
14 association or any of its accounts for payment of covered  
15 claims or related expenses except those state funds accruing  
16 to the association by and through the assignment of rights of  
17 an insolvent employer. The Department of Insurance may not  
18 levy any assessment on the Florida Self-Insurance Guaranty  
19 Association.

20           (4) INSOLVENCY FUND.--Upon the adoption of a plan of  
21 operation or the adoption of rules by the Department of Labor  
22 and Employment Security pursuant to subsection (5), there  
23 shall be created an Insolvency Fund to be managed by the  
24 association.

25           (a) The Insolvency Fund is created for purposes of  
26 meeting the obligations of insolvent members incurred while  
27 members of the association and after the exhaustion of any  
28 security deposit bond, as required under this chapter.  
29 However, if such security deposit bond, surety, or reinsurance  
30 policy is payable to the Florida Self-Insurers Guaranty  
31 Association, the association shall commence to provide

1 benefits out of the Insolvency Fund and be reimbursed from the  
2 security deposit bond, ~~surety~~, or reinsurance policy. The  
3 method of operation of the Insolvency Fund shall be defined in  
4 the plan of operation as provided in subsection (5).

5 (b) The Department of Insurance shall have the  
6 authority to audit the financial soundness of the Insolvency  
7 Fund annually.

8 (c) The Department of Insurance may offer certain  
9 amendments to the plan of operation to the board of directors  
10 of the association for purposes of assuring the ongoing  
11 financial soundness of the Insolvency Fund and its ability to  
12 meet the obligations of this section.

13 ~~(d) The department actuary may make certain~~  
14 ~~recommendations to improve the orderly payment of claims.~~

15 (5) PLAN OF OPERATION.--The association shall operate  
16 pursuant to a plan of operation approved by the board of  
17 directors. The plan of operation in effect on January 1,  
18 2002, and approved by the Department of Labor and Employment  
19 Security shall remain in effect. However, any amendments to  
20 the plan shall not become effective until approved by the  
21 Department of Insurance.~~By September 15, 1982, the board of~~  
22 ~~directors shall submit to the Department of Labor and~~  
23 ~~Employment Security a proposed plan of operation for the~~  
24 ~~administration of the association and the Insolvency Fund.~~

25 (a) The purpose of the plan of operation shall be to  
26 provide the association and the board of directors with the  
27 authority and responsibility to establish the necessary  
28 programs and to take the necessary actions to protect against  
29 the insolvency of a member of the association. In addition,  
30 the plan shall provide that the members of the association  
31 shall be responsible for maintaining an adequate Insolvency

1 Fund to meet the obligations of insolvent members provided for  
2 under this act and shall authorize the board of directors to  
3 contract and employ those persons with the necessary expertise  
4 to carry out this stated purpose. By January 1, 2003, the  
5 board of directors shall submit to the Department of Insurance  
6 a proposed plan of operation for the administration of the  
7 association. The Department of Insurance shall approve the  
8 plan by order, consistent with this section. The Department of  
9 Insurance shall approve any amendments to the plan, consistent  
10 with this section, which are determined appropriate to carry  
11 out the duties and responsibilities of the association.

12 ~~(b) The plan of operation, and any amendments thereto,~~  
13 ~~shall take effect upon approval in writing by the department.~~  
14 ~~If the board of directors fails to submit a plan by September~~  
15 ~~15, 1982, or fails to make required amendments to the plan~~  
16 ~~within 30 days thereafter, the department shall promulgate~~  
17 ~~such rules as are necessary to effectuate the provisions of~~  
18 ~~this subsection. Such rules shall continue in force until~~  
19 ~~modified by the department or superseded by a plan submitted~~  
20 ~~by the board of directors and approved by the department.~~

21 (b)(c) All member employers shall comply with the plan  
22 of operation.

23 (c)(d) The plan of operation shall:

24 1. Establish the procedures whereby all the powers and  
25 duties of the association under subsection (3) will be  
26 performed.

27 2. Establish procedures for handling assets of the  
28 association.

29 3. Establish the amount and method of reimbursing  
30 members of the board of directors under subsection (2).

31

1           4. Establish procedures by which claims may be filed  
2 with the association and establish acceptable forms of proof  
3 of covered claims. Notice of claims to the receiver or  
4 liquidator of the insolvent employer shall be deemed notice to  
5 the association or its agent, and a list of such claims shall  
6 be submitted periodically to the association or similar  
7 organization in another state by the receiver or liquidator.

8           5. Establish regular places and times for meetings of  
9 the board of directors.

10          6. Establish procedures for records to be kept of all  
11 financial transactions of the association and its agents and  
12 the board of directors.

13          7. Provide that any member employer aggrieved by any  
14 final action or decision of the association may appeal to the  
15 Department of Insurance within 30 days after the action or  
16 decision.

17          8. Establish the procedures whereby recommendations of  
18 candidates for the board of directors shall be submitted to  
19 the Department of Insurance.

20          9. Contain additional provisions necessary or proper  
21 for the execution of the powers and duties of the association.

22          ~~(d)(e)~~ The plan of operation may provide that any or  
23 all of the powers and duties of the association, except those  
24 specified under subparagraphs (c)~~(d)~~ 1. and 2., be delegated to  
25 a corporation, association, or other organization which  
26 performs or will perform functions similar to those of this  
27 association or its equivalent in two or more states. Such a  
28 corporation, association, or organization shall be reimbursed  
29 as a servicing facility would be reimbursed and shall be paid  
30 for its performance of any other functions of the association.  
31 A delegation of powers or duties under this subsection shall

1 take effect only with the approval of both the board of  
2 directors and the Department of Insurance and may be made only  
3 to a corporation, association, or organization which extends  
4 protection which is not substantially less favorable and  
5 effective than the protection provided by this section.

6 (6) POWERS AND DUTIES OF DEPARTMENT OF INSURANCE ~~LABOR~~  
7 ~~AND EMPLOYMENT SECURITY~~.--

8 (a) The Department of Insurance shall:

9 (a) Review recommendations of the association  
10 concerning whether current or former self-insured employers or  
11 members of the association have the financial strength  
12 necessary to ensure the timely payment of all current and  
13 estimated future claims. If the association determines an  
14 employer does not have the financial strength necessary to  
15 ensure the timely payment of all current and future claims and  
16 recommends action pursuant to paragraph (3)(b), the Department  
17 of Insurance shall take such action as necessary to order the  
18 employer to comply with the recommendation, unless the  
19 department finds by clear and convincing evidence that the  
20 recommendation is erroneous.

21 (b) Contract with the association for services, which  
22 may include, but are not limited to:

- 23 1. Processing applications for self-insurance.
- 24 2. Collecting and reviewing financial statements and  
25 loss reserve information from individual self-insurers.
- 26 3. Collecting and maintaining files for original  
27 security deposit documents and reinsurance policies from  
28 individual self-insurers and, if necessary, perfecting  
29 security interests in security deposits.
- 30 4. Processing compliance documentation for individual  
31 self-insurers and providing the same to the department.

1           5. Collecting all data necessary to calculate annual  
2 premium for all individual self-insurers, including individual  
3 self-insurers that are public utilities or governmental  
4 entities, and providing such calculated annual premium to the  
5 division for assessment purposes.

6           6. Inspecting and auditing annually, if necessary, the  
7 payroll and other records of each individual self-insurer,  
8 including individual self-insurers that are public utilities  
9 or governmental entities, in order to determine the wages paid  
10 by each individual self-insurer, the premium such individual  
11 self-insurer would have to pay if insured, and all payments of  
12 compensation made by such individual self-insurer during each  
13 prior period with the results of such audit provided to the  
14 division. For the purposes of this section, the payroll  
15 records of each individual self-insurer shall be open to  
16 inspection and audit by the association and the Department of  
17 Insurance, or their authorized representatives, during regular  
18 business hours.

19           7. Processing applications and making recommendations  
20 with respect to the qualification of a business to be approved  
21 to provide, or to continue to provide, services to individual  
22 self-insurers in the areas of underwriting, claims adjusting,  
23 loss control, and safety engineering.

24           8. Providing legal representation to implement the  
25 administration and audit of individual self-insurers and  
26 making recommendations regarding prosecution of any  
27 administrative or legal proceedings necessitated by the  
28 regulation of the individual self-insurers by the Department  
29 of Insurance.

30           (c) Contract with an attorney or attorneys recommended  
31 by the association for representation of the Department of

1 Insurance in any administrative or legal proceedings  
2 necessitated by the recommended regulation of the individual  
3 self-insurers.

4 ~~1. Notify the association of the existence of an~~  
5 ~~insolvent employer not later than 3 days after it receives~~  
6 ~~notice of the determination of insolvency.~~

7 ~~2. Upon request of the board of directors, provide the~~  
8 ~~association with a statement of the annual normal premiums of~~  
9 ~~each member employer.~~

10 ~~(b) The department may:~~

11 (d)1. Direct the association to require from each  
12 individual self-insurer, at such time and in accordance with  
13 such regulations as the Department of Insurance prescribes,  
14 reports in respect to wages paid, the amount of premiums such  
15 individual self-insurer would have to pay if insured, and all  
16 payments of compensation made by such individual self-insurer  
17 during each prior period and determine the amounts paid by  
18 each individual self-insurer and the amounts paid by all  
19 individual self-insurers during such period. For the purposes  
20 of this section, the payroll records of each individual  
21 self-insurer shall be open to annual inspection and audit by  
22 the association and the Department of Insurance, or their  
23 authorized representative, during regular business hours, and  
24 if any audit of such records of an individual self-insurer  
25 discloses a deficiency in the amount reported to the  
26 association or in the amounts paid to the division by an  
27 individual self-insurer for its assessment for the Workers'  
28 Compensation Administration Trust Fund, the Department of  
29 Insurance or the association may assess the cost of such audit  
30 against the individual self-insurer.

31



1           (e) Require that the association notify the member  
2 employers and any other interested parties of the  
3 determination of insolvency and of their rights under this  
4 section. Such notification shall be by mail at the last known  
5 address thereof when available; but, if sufficient information  
6 for notification by mail is not available, notice by  
7 publication in a newspaper of general circulation shall be  
8 sufficient.

9           (f)~~2~~. Suspend or revoke the authority of any member  
10 employer failing to pay an assessment when due or failing to  
11 comply with the plan of operation to self-insure in this  
12 state. As an alternative, the Department of Insurance may levy  
13 a fine on any member employer failing to pay an assessment  
14 when due. Such fine shall not exceed 5 percent of the unpaid  
15 assessment per month, except that no fine shall be less than  
16 \$100 per month.

17           (g)~~3~~. Revoke the designation of any servicing facility  
18 if the Department of Insurance finds that claims are being  
19 handled unsatisfactorily.

20           (7) EFFECT OF PAID CLAIMS.--

21           (a) Any person who recovers from the association under  
22 this section shall be deemed to have assigned his or her  
23 rights to the association to the extent of such recovery.  
24 Every claimant seeking the protection of this section shall  
25 cooperate with the association to the same extent as such  
26 person would have been required to cooperate with the  
27 insolvent member. The association shall have no cause of  
28 action against the employee of the insolvent member for any  
29 sums the association has paid out, except such causes of  
30 action as the insolvent member would have had if such sums had  
31 been paid by the insolvent member. In the case of an

1 insolvent member operating on a plan with assessment  
2 liability, payments of claims by the association shall not  
3 operate to reduce the liability of the insolvent member to the  
4 receiver, liquidator, or statutory successor for unpaid  
5 assessments.

6 (b) The receiver, liquidator, or statutory successor  
7 of an insolvent member shall be bound by settlements of  
8 covered claims by the association or a similar organization in  
9 another state. The court having jurisdiction shall grant such  
10 claims priority against the assets of the insolvent member  
11 equal to that to which the claimant would have been entitled  
12 in the absence of this section. The expense of the association  
13 or similar organization in handling claims shall be accorded  
14 the same priority as the expenses of the liquidator.

15 (c) The association shall file periodically with the  
16 receiver or liquidator of the insolvent member statements of  
17 the covered claims paid by the association and estimates of  
18 anticipated claims on the association, which shall preserve  
19 the rights of the association against the assets of the  
20 insolvent member.

21 (8) NOTIFICATION ~~PREVENTION~~ OF INSOLVENCIES.--To aid  
22 in the detection and prevention of employer insolvencies+

23 ~~(a)~~ upon determination by majority vote that any  
24 member employer may be insolvent or in a financial condition  
25 hazardous to the employees thereof or to the public, it shall  
26 be the duty of the board of directors to notify the Department  
27 of Insurance ~~Labor and Employment Security~~ of any information  
28 indicating such condition.

29 ~~(b) The board of directors may, upon majority vote,~~  
30 ~~request that the department determine the condition of any~~  
31 ~~member employer which the board in good faith believes may no~~

1 ~~longer be qualified to be a member of the association. Within~~  
2 ~~30 days of the receipt of such request or, for good cause~~  
3 ~~shown, within a reasonable time thereafter, the department~~  
4 ~~shall make such determination and shall forthwith advise the~~  
5 ~~board of its findings. Each request for a determination shall~~  
6 ~~be kept on file by the department, but the request shall not~~  
7 ~~be open to public inspection prior to the release of the~~  
8 ~~determination to the public.~~

9 ~~(c) It shall also be the duty of the department to~~  
10 ~~report to the board of directors when it has reasonable cause~~  
11 ~~to believe that a member employer may be in such a financial~~  
12 ~~condition as to be no longer qualified to be a member of the~~  
13 ~~association.~~

14 ~~(d) The board of directors may, upon majority vote,~~  
15 ~~make reports and recommendations to the department upon any~~  
16 ~~matter which is germane to the solvency, liquidation,~~  
17 ~~rehabilitation, or conservation of any member employer. Such~~  
18 ~~reports and recommendations shall not be considered public~~  
19 ~~documents.~~

20 ~~(e) The board of directors may, upon majority vote,~~  
21 ~~make recommendations to the department for the detection and~~  
22 ~~prevention of employer insolvencies.~~

23 ~~(f) The board of directors shall, at the conclusion of~~  
24 ~~any member's insolvency in which the association was obligated~~  
25 ~~to pay covered claims, prepare a report on the history and~~  
26 ~~cause of such insolvency, based on the information available~~  
27 ~~to the association, and shall submit such report to the~~  
28 ~~department.~~

29 (9) EXAMINATION OF THE ASSOCIATION.--The association  
30 shall be subject to examination and regulation by the  
31 Department of Insurance ~~Labor and Employment Security~~. No

1 later than March 30 of each year, the board of directors shall  
2 submit an audited a financial statement report for the  
3 preceding calendar year in a form approved by the Department  
4 of Insurance.

5 (10) IMMUNITY.--There shall be no liability on the  
6 part of, and no cause of action of any nature shall arise  
7 against, any member employer, the association or its agents or  
8 employees, the board of directors, or the Department of  
9 Insurance ~~Labor and Employment Security~~ or its representatives  
10 for any action taken by them in the performance of their  
11 powers and duties under this section.

12 (11) STAY OF PROCEEDINGS; REOPENING OF DEFAULT  
13 JUDGMENTS.--All proceedings in which an insolvent employer is  
14 a party, or is obligated to defend a party, in any court or  
15 before any quasi-judicial body or administrative board in this  
16 state shall be stayed for up to 6 months, or for such  
17 additional period from the date the employer becomes an  
18 insolvent member, as is deemed necessary by a court of  
19 competent jurisdiction to permit proper defense by the  
20 association of all pending causes of action as to any covered  
21 claims arising from a judgment under any decision, verdict, or  
22 finding based on the default of the insolvent member. The  
23 association, either on its own behalf or on behalf of the  
24 insolvent member, may apply to have such judgment, order,  
25 decision, verdict, or finding set aside by the same court or  
26 administrator that made such judgment, order, decision,  
27 verdict, or finding and shall be permitted to defend against  
28 such claim on the merits. If requested by the association,  
29 the stay of proceedings may be shortened or waived.

30 (12) LIMITATION ON CERTAIN ACTIONS.--Notwithstanding  
31 any other provision of this chapter, a covered claim, as

1 defined herein, with respect to which settlement is not  
2 effected and pursuant to which suit is not instituted against  
3 the insured of an insolvent member or the association within 1  
4 year after the deadline for filing claims with the receiver of  
5 the insolvent member, or any extension of the deadline, shall  
6 thenceforth be barred as a claim against the association.

7 (13) CORPORATE INCOME TAX CREDIT.--Any sums acquired  
8 by a member by refund, dividend, or otherwise from the  
9 association shall be payable within 30 days of receipt to the  
10 Department of Insurance ~~Insurance~~ for deposit with the  
11 Treasurer to the credit of the General Insurance Fund. All  
12 provisions of chapter 220 relating to penalties and interest  
13 on delinquent corporate income tax payments apply to payments  
14 due under this subsection.

15 Section 3. Subsections (2), (3), and (4) of section  
16 440.386, Florida Statutes, are amended to read:

17 440.386 Individual self-insurers' insolvency;  
18 conservation; liquidation.--

19 (2) COMMENCEMENT OF DELINQUENCY PROCEEDING.--The  
20 Department of Insurance or the Florida Self-Insurers Guaranty  
21 Association, Incorporated, may commence a delinquency ~~any such~~  
22 proceeding by application to the court for an order directing  
23 the individual self-insurer to show cause why the Department  
24 of Insurance or association should not have the relief sought  
25 ~~prayed for. The Florida Self-Insurers Guaranty Association,~~  
26 ~~Incorporated, may petition the department to commence such~~  
27 ~~proceedings, and upon receipt of such petition, the department~~  
28 ~~shall commence such proceeding.~~ On the return of such order  
29 to show cause, and after a full hearing, the court shall  
30 either deny the application or grant the application, together  
31 with such other relief as the nature of the case and the

1 interests of the claimants, creditors, stockholders, members,  
2 subscribers, or public may require. The Department of  
3 Insurance and the association shall give ~~Florida Self-Insurers~~  
4 ~~Guaranty Association, Incorporated,~~ shall be given reasonable  
5 written notice to each other ~~by the department~~ of all hearings  
6 which pertain to an adjudication of insolvency of a member  
7 individual self-insurer.

8 (3) GROUNDS FOR LIQUIDATION.--The Department of  
9 Insurance or the association ~~Insurance~~ may apply to the court  
10 for an order appointing a receiver and directing the receiver  
11 to liquidate the business of a domestic individual  
12 self-insurer if such individual self-insurer is insolvent.  
13 ~~Florida Self-Insurers Guaranty Association, Incorporated,~~ may  
14 ~~petition the department to apply to the court for such order.~~  
15 ~~Upon receipt of such petition, the department shall apply to~~  
16 ~~the court for such order.~~

17 (4) GROUNDS FOR CONSERVATION; FOREIGN INDIVIDUAL  
18 SELF-INSURERS.--

19 (a) The Department of Insurance or the association may  
20 apply to the court for an order appointing a receiver or  
21 ancillary receiver, and directing the receiver to conserve the  
22 assets within this state, of a foreign individual self-insurer  
23 if such individual self-insurer is insolvent. ~~Florida~~  
24 ~~Self-Insurers Guaranty Association, Incorporated,~~ may petition  
25 ~~the department to apply for such order, and, upon receipt of~~  
26 ~~such petition, the department shall apply to the court for~~  
27 ~~such order.~~

28 (b) An order to conserve the assets of an individual  
29 self-insurer shall require the receiver forthwith to take  
30 possession of the property of the receiver within the state  
31

1 and to conserve it, subject to the further direction of the  
2 court.

3 Section 4. Subsection (3) of section 440.24, Florida  
4 Statutes, is amended to read:

5 440.24 Enforcement of compensation orders;  
6 penalties.--

7 (3) In any case where the employer is a self-insurer  
8 and fails to comply with any compensation order of a judge of  
9 compensation claims or court within 10 days after such order  
10 becomes final, the Department of Insurance ~~division~~ may  
11 suspend or revoke any authorization previously given to the  
12 employer to be ~~become~~ a self-insurer, and the Florida  
13 Self-Insurer's Guaranty Association ~~division~~ may call or sue  
14 upon the surety bond or exercise its rights under the letter  
15 of credit ~~sell such of the securities~~ deposited by the ~~such~~  
16 self-insurer with the Florida Self-Insurer's Guaranty  
17 Association as a qualifying security deposit ~~division~~ as may  
18 be necessary to satisfy the ~~such~~ order.

19 Section 5. Subsection (6) of section 440.51, Florida  
20 Statutes, is amended to read:

21 440.51 Expenses of administration.--

22 (6)~~(a)~~ The division may require from each carrier, at  
23 such time and in accordance with such regulations as the  
24 division may prescribe, reports in respect to all gross earned  
25 premiums and of all payments of compensation made by such  
26 carrier during each prior period, and may determine the  
27 amounts paid by each carrier and the amounts paid by all  
28 carriers during such period.

29 ~~(b) The Department of Insurance may require from each~~  
30 ~~self-insurer, at such time and in accordance with such~~  
31 ~~regulations as the Department of Insurance prescribes, reports~~

1 ~~in respect to wages paid, the amount of premiums such~~  
2 ~~self-insurer would have to pay if insured, and all payments of~~  
3 ~~compensation made by such self-insurer during each prior~~  
4 ~~period, and may determine the amounts paid by each~~  
5 ~~self-insurer and the amounts paid by all self-insurers during~~  
6 ~~such period. For the purposes of this section, the payroll~~  
7 ~~records of each self-insurer shall be open to annual~~  
8 ~~inspection and audit by the Department of Insurance or its~~  
9 ~~authorized representative, during regular business hours; and~~  
10 ~~if any audit of such records of a self-insurer discloses a~~  
11 ~~deficiency in the amounts reported to the Department of~~  
12 ~~Insurance or in the amounts paid to the Department of~~  
13 ~~Insurance by a self-insurer pursuant to this section, the~~  
14 ~~Department of Insurance may assess the cost of such audit~~  
15 ~~against the self-insurer.~~

16       Section 6. All powers, duties, functions, rules,  
17 records, and property of the Division of Workers' Compensation  
18 of the Department of Labor and Employment Security related to  
19 the regulation of individual, self-insured employers under  
20 chapter 440, Florida Statutes, are transferred to the  
21 Department of Insurance.

22       Section 7. The sum of \$183,750 is appropriated from  
23 the Workers' Compensation Administration Trust Fund of the  
24 Department of Labor and Employment Security to the Department  
25 of Insurance for the purpose of contracting with the Florida  
26 Self-Insured Guaranty Association to carry out the provisions  
27 of this act during the 2002-2003 fiscal year.

28       Section 8. Six full-time equivalent positions within  
29 the Division of Workers' Compensation of the Department of  
30 Labor and Employment Security responsible for the regulation  
31 and oversight of self-insured employers are eliminated.



1           Section 9. This act shall take effect October 1, 2002.

2

3                   STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
4                   COMMITTEE SUBSTITUTE FOR  
5                   Senate Bill 398

6

The Committee Substitute provides the following changes:

7

1.       Transfers powers, functions, duties, rules, records and  
8       property relating to the regulation of self-insured  
9       employers from the Department of Labor and Employment  
10       Security to the Department of Insurance, rather than the  
11       Department of Revenue;

12

2.       Eliminates six positions within the Division of Workers'  
13       Compensation responsible for the regulation and  
14       oversight of the individual self-insured employers; and

15

3.       Appropriates the sum of \$183,750 from the Workers'  
16       Compensation Administration Trust Fund to the Department  
17       of Insurance for the purpose of contracting with the  
18       association for fiscal year 2002-2003.

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