

By the Committee on Banking and Insurance; and Senator Alexander

311-2309-03

1 A bill to be entitled
2 An act relating to the Florida Workers'
3 Compensation Insurance Guaranty Association,
4 Incorporated; amending s. 631.913, F.S.;
5 limiting the corporation's obligation for a
6 covered claim for return of unearned premium;
7 amending s. 631.914, F.S.; revising
8 requirements for reporting premium for
9 assessment calculations; amending s. 631.924,
10 F.S.; including insolvent insurers under
11 provisions for a stay of proceedings; providing
12 an effective date.

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

16 Section 1. Subsection (1) of section 631.913, Florida
17 Statutes, is amended to read:

18 631.913 Powers and duties of the corporation.--

19 (1) The corporation is obligated to the extent of the
20 full amount of the covered claims:

21 (a) Existing before the adjudication of insolvency and
22 arising within 30 days after the determination of insolvency;

23 (b) Existing before the policy expiration date if less
24 than 30 days after the determination of insolvency; or

25 (c) Existing before the insured replaces the policy or
26 causes its cancellation, if the insured does so within 30 days
27 after the determination of insolvency.

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29 Notwithstanding such criteria, the corporation's obligation
30 for a covered claim for the return of unearned premium shall
31 not exceed \$50,000 per policy. In addition, the corporation is

1 not obligated to a policyholder or claimant in an amount in
2 excess of the obligation of the insolvent insurer under the
3 policy from which the claim arises.

4 Section 2. Paragraph (a) of subsection (1) of section
5 631.914, Florida Statutes, is amended to read:

6 631.914 Assessments.--

7 (1)(a) To the extent necessary to secure the funds for
8 the payment of covered claims, and also to pay the reasonable
9 costs to administer the same, the department, upon
10 certification by the board, shall levy assessments on each
11 insurer in the proportion that the insurer's net direct
12 written premiums in this state bears to the total of said net
13 direct written premiums received in this state by all such
14 workers' compensation insurers for the preceding calendar
15 year. Assessments shall be remitted to and administered by
16 the board of directors in the manner specified by the approved
17 plan of operation. The board shall give each insurer so
18 assessed at least 30 days' written notice of the date the
19 assessment is due and payable. Each assessment shall be a
20 uniform percentage applicable to the net direct written
21 premiums of each insurer writing workers' compensation
22 insurance.

23 1. Beginning July 1, 1997, assessments levied against
24 insurers, other than self-insurance funds, shall not exceed in
25 any calendar year more than 2 percent of that insurer's net
26 direct written premiums in this state for workers'
27 compensation insurance during the calendar year next preceding
28 the date of such assessments.

29 2. Beginning July 1, 1997, assessments levied against
30 self-insurance funds shall not exceed in any calendar year
31 more than 1.50 percent of that self-insurance fund's net

1 direct written premiums in this state for workers'
2 compensation insurance during the calendar year next preceding
3 the date of such assessments.

4 3. Beginning July 1, 2003, assessments levied against
5 insurers and self-insurance funds pursuant to this paragraph
6 are computed and levied on the basis of the full policy
7 premium value on the net direct premiums written in the state
8 for workers' compensation insurance during the calendar year
9 next preceding the date of the assessment without taking into
10 account any applicable discount or credit for deductibles.
11 Insurers and self-insurance funds must report premiums in
12 compliance with this subparagraph.

13 Section 3. Section 631.924, Florida Statutes, is
14 amended to read:

15 631.924 Stay of proceedings; reopening of default
16 judgments.--All proceedings in which the insolvent insurer or
17 self-insurance fund is a party or is obligated to defend a
18 party in any court or before any quasi-judicial body or
19 administrative board in this state must be stayed for 6
20 months, or such additional period from the date the insolvency
21 is adjudicated, by a court of competent jurisdiction to allow
22 proper defense by the association of all pending causes of
23 action as to any covered claims. The stay may be extended for
24 a period of time greater than 6 months upon proper application
25 to a court of competent jurisdiction. The association, either
26 on its own behalf or on behalf of the insured, may apply to
27 have any judgment, order, decision, verdict, or finding based
28 on the default of the insolvent insurer or self-insurance fund
29 or its failure to defend an insured set aside by the same
30 court or administrator that made the judgment, order,
31 decision, verdict, or finding and may defend against the claim

1 on the merits. If the association so requests, the stay of
2 proceedings may be shortened or waived.

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

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6 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
7 COMMITTEE SUBSTITUTE FOR
8 Senate Bill 1766

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9 The Committee Substitute does the following:

- 10 - Expands the premium assessment base to fund the
11 obligations of the Florida Workers' Compensation
12 Insurance Guaranty Association, to include the full
13 policy premium value, without taking into account any
14 discount or credit for deductibles.
- 15 - Deletes the provision in the bill that provided that the
16 association would not cover claims of employers with a
17 net worth of \$25 million or more.

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