

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

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1 Representative Berfield offered the following:

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3 **Amendment (with title amendment)**

4 Remove lines 557-576 and insert:

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6 Section 2. Notwithstanding the provisions of sections  
7 440.50 and 440.51, Florida Statutes, for the 2004-2005 fiscal  
8 year the sum of \$10 million is appropriated from the Workers'  
9 Compensation Administration Trust Fund in the Department of  
10 Financial Services for transfer to the workers' compensation  
11 joint underwriting plan provided in section 627.311(5), Florida  
12 Statutes, as a capital contribution to fund any deficit in the  
13 plan. The Chief Financial Officer shall transfer such funds to  
14 the plan no later than July 31, 2004.

15 Notwithstanding the provisions of ss. 440.50 and 440.51,  
16 Florida Statutes, subject to the following procedures and

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17 approval, the Department of Financial Services may request  
18 transfer funds from the Workers' Compensation Administration  
19 Trust Fund within the Department of Financial Services to the  
20 workers' compensation joint underwriting plan provided in s.  
21 627.311(5), Florida Statutes.

22 (1) The department shall establish a contingency reserve  
23 within the Workers' Compensation Administration Trust Fund, from  
24 which the department is authorized to expend funds as provided  
25 in the subsection, in an amount not to exceed \$15 million to be  
26 released only upon the approval of a budget amendment presented  
27 to the Legislative Budget Commission. For actuarial deficits  
28 projected for policyholders, based on actuarial best estimates,  
29 covered in subplan "D" prior to July 1, 2004, and upon  
30 verification by the Office of Insurance Regulation, the plan is  
31 authorized to request and the department is authorized to submit  
32 a budget amendment in an amount not to exceed \$15 million for  
33 the purpose of funding deficits in subplan "D".

34 (2) After the contingency reserve is established, whenever  
35 the board determines subplan "D" does not have a sufficient cash  
36 basis to meet 3 months of projected cash needs due to any  
37 deficit in subplan "D," the board is authorized to request the  
38 department to transfer funds from the contingency reserve fund  
39 within the Workers' Compensation Administration Trust Fund to  
40 the plan in an amount sufficient to fund the difference between  
41 the amount available and the amount needed to meet subplan "D"'s  
42 projected cash need for the subsequent 3-month period. The board  
43 and the office must first certify to the Department of Financial  
44 Services that there is not sufficient cash within subplan "D" to

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45 meet the projected cash needs in subplan "D" within the  
46 subsequent 3 months. The amount requested for transfer to  
47 subplan "D" may not exceed the difference between the amount  
48 available within subplan "D" and the amount needed to meet  
49 subplan "D"'s projected cash need for the subsequent 3-month  
50 period, as jointly certified by the board and the Office of  
51 Insurance Regulation to the Department of Financial Services,  
52 attributable to the former subplan "D" policyholders. The  
53 Department of Financial Services may submit a budget amendment  
54 to request release of funds from the Workers' Compensation  
55 Administration Trust Fund, subject to the approval of the  
56 Legislative Budget Commission. The board will provide, for  
57 review of the Legislative Budget Commission, information on the  
58 reasonableness of the plan's administration, including, but not  
59 limited to, the plan of operations and costs, claims costs,  
60 claims administration costs, overhead costs, claims reserves,  
61 and the latest report submitted on administration cost reduction  
62 alternatives as required in s. 627.311(5)(c)17., Florida  
63 Statutes.

64 (3) This section expires July 1, 2007.

65 Section 3. The Auditor General shall perform an  
66 operational audit, as defined in s. 11.45(1), Florida Statutes,  
67 of the Workers' Compensation Joint Underwriting Association  
68 created under s. 627.311(5), Florida Statutes. The scope of the  
69 audit shall also include:

70 (1) An analysis of the adequacy and appropriateness of the  
71 rates and reserves of the association. The Auditor General shall  
72 engage an independent consulting actuary who is a member of the

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73 American Academy of Actuaries or the Casualty Actuarial Society  
74 to evaluate the rates and the reserves of the association.

75 (2) An evaluation of costs associated with the  
76 administration and servicing of the policies issued by the  
77 association to determine alternatives by which costs can be  
78 reduced.

79  
80 The Auditor General shall submit a report to the Governor, the  
81 President of the Senate, and the Speaker of the House of  
82 Representatives no later than December 31, 2004.

83 Section 4. The Workers' Compensation Joint Underwriting  
84 Association is subject to the Florida Single Audit Act, as  
85 provided in s. 215.97, Florida Statutes, if the association  
86 expends a total amount of state financial assistance equal to or  
87 in excess of \$300,000 in any fiscal year. Such audit reports  
88 shall be submitted to the President of the Senate, the Speaker  
89 of the House of Representatives, and the Governor pursuant to s.  
90 215.97, Florida Statutes.

91 Section 5. The sum of \$50,000 in nonrecurring funds is  
92 appropriated from the Worker's Compensation Administration Trust  
93 Fund to the Office of the Auditor General for the purpose of  
94 engaging an actuary to evaluate the rates and reserves of the  
95 Florida Workers' compensation Joint Underwriting Association as  
96 required in section 3.

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99 ===== T I T L E A M E N D M E N T =====

100 Remove lines 21-40 and insert:

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101  
102 funding of the plan through deficit funding; providing for  
103 transferring an appropriation in an amount not to exceed  
104 \$10 million from the Workers' Compensation Administration  
105 Trust Fund to the workers' compensation joint underwriting  
106 plan for certain purposes; providing procedures and  
107 requirements; providing for establishing a contingency  
108 reserve for certain purposes; providing for transfers of  
109 funds from the contingency reserve in an amount not to  
110 exceed \$10 million to the plan for purposes of funding  
111 certain deficits; providing limitations; providing for  
112 review of the reasonableness of the plan's administration;  
113 providing a sunset date for deficit funding; providing a  
114 mechanism for collecting deficit assessments; providing  
115 duties of the office; providing requirements, procedures,  
116 and limitations for collecting and enforcing deficit  
117 assessments; providing for transfers of funds from the  
118 Workers' Compensation Administration Trust Fund to the  
119 plan under certain circumstances; providing an exclusion  
120 for deficit assessments from certain taxes; specifying  
121 that deficit assessments are plan funds when collected;  
122 providing notice requirements for certain policies;  
123 providing for liability of certain insureds for certain  
124 additional deficit assessments; specifying venue for  
125 proceedings to enforce or collect assessments; expanding a  
126 prohibition against providing certain persons with  
127 workers' compensation and employers' liability insurance;  
128 providing an exclusion for the plan from certain taxes and

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HOUSE AMENDMENT

Bill No. HB 1251

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129 assessments; requiring the Auditor General to conduct an  
130 operational audit of the association; providing audit  
131 requirements; requiring the association to comply with the  
132 Florida Single Audit Act, if certain conditions are met;  
133 requiring a report; providing appropriations; providing an  
134 effective date.