

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 directory and title amendments)**

4 Remove line(s) 561-580 and insert:

5 Section 2. Notwithstanding the provisions of ss. 440.50  
6 and 440.51, Florida Statutes, subject to the following  
7 procedures and approval, the Department of Financial Services  
8 may request transfer funds from the Workers' Compensation  
9 Administration Trust Fund within the Department of Financial  
10 Services to the workers' compensation joint underwriting plan  
11 provided in s. 627.311(5), Florida Statutes.

12 (1) For actuarial deficits projected for policyholders,  
13 based on actuarial best estimates, covered in subplan "D" prior  
14 to July 1, 2004, and upon verification by the Office of  
15 Insurance Regulation, the plan is authorized to request the  
16 department to submit a budget amendment in an amount not to

HOUSE AMENDMENT

Bill No. HB 1251 CS

Amendment No. (for drafter's use only)

17 exceed \$10 million for the purpose of funding deficits in  
18 subplan "D." The department shall submit a budget amendment in  
19 an amount not to exceed \$10 million to provide for transfer  
20 authority from the Workers' Compensation Administration Trust  
21 Fund subject to the approval of the Legislative Budget  
22 Commission. An amount not to exceed \$10 million shall be held in  
23 reserve and released upon approval by the Legislative Budget  
24 Commission pursuant to chapter 216, Florida Statutes. The  
25 department shall establish a contingency reserve within the  
26 Workers' Compensation Administration Trust Fund in an amount not  
27 to exceed \$10 million.

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

603141

Amendment No. (for drafter's use only)

45 Insurance Regulation to the Department of Financial Services,  
46 attributable to the former subplan "D" policyholders. The  
47 Department of Financial Services may submit a budget amendment  
48 to request release of funds from the Workers' Compensation  
49 Administration Trust Fund, subject to the approval of the  
50 Legislative Budget Commission. The board will provide, for  
51 review of the Legislative Budget Commission, information on the  
52 reasonableness of the plan's administration, including, but not  
53 limited to, the plan of operations and costs, claims costs,  
54 claims administration costs, overhead costs, claims reserves,  
55 and the latest report submitted on administration cost reduction  
56 alternatives as required in s. 627.311(5)(c)17., Florida  
57 Statutes.

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

59 Section 3. The Auditor General shall perform an  
60 operational audit, as defined in s. 11.45(1), Florida Statutes,  
61 of the Workers' Compensation Joint Underwriting Association  
62 created under s. 627.311(5), Florida Statutes. The scope of the  
63 audit shall also include:

64 (1) An analysis of the adequacy and appropriateness of the  
65 rates and reserves of the association. The Auditor General shall  
66 engage an independent consulting actuary who is a member of the  
67 American Academy of Actuaries or the Casualty Actuarial Society  
68 to evaluate the rates and the reserves of the association.

69 (2) An evaluation of costs associated with the  
70 administration and servicing of the policies issued by the  
71 association to determine alternatives by which costs can be  
72 reduced.

603141

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

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

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

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

Remove line(s) 25-44 and insert:  
funding of the plan through deficit funding; providing for transferring an appropriation in an amount not to exceed \$10 million from the Workers' Compensation Administration Trust Fund to the workers' compensation joint underwriting plan for certain purposes; providing procedures and requirements; providing for establishing a contingency reserve for certain purposes; providing for transfers of

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101 funds from the contingency reserve in an amount not to  
102 exceed \$10 million to the plan for purposes of funding  
103 certain deficits; providing limitations; providing for  
104 review of the reasonableness of the plan's administration;  
105 providing a sunset date for deficit funding; providing a  
106 mechanism for collecting deficit assessments; providing  
107 duties of the office; providing requirements, procedures,  
108 and limitations for collecting and enforcing deficit  
109 assessments; providing for transfers of funds from the  
110 Workers' Compensation Administration Trust Fund to the  
111 plan under certain circumstances; providing an exclusion  
112 for deficit assessments from certain taxes; specifying  
113 that deficit assessments are plan funds when collected;  
114 providing notice requirements for certain policies;  
115 providing for liability of certain insureds for certain  
116 additional deficit assessments; specifying venue for  
117 proceedings to enforce or collect assessments; expanding a  
118 prohibition against providing certain persons with  
119 workers' compensation and employers' liability insurance;  
120 providing an exclusion for the plan from certain taxes and  
121 assessments; requiring the Auditor General to conduct an  
122 operational audit of the association; providing audit  
123 requirements; requiring the association to comply with the  
124 Florida Single Audit Act, if certain conditions are met;  
125 requiring a report; providing appropriations; providing an  
126 effective date.