

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 amendments)**

4 Remove line(s) 557-576 and insert:

5 Section 2. (1) Notwithstanding the provisions of ss.  
6 440.50 and 440.51, Florida Statutes, for the 2004-2005 fiscal  
7 year the sum of \$10 million is appropriated from the Workers'  
8 Compensation Administration Trust Fund in the Department of  
9 Financial Services for transfer to the workers' compensation  
10 joint underwriting plan provided in s. 627.311(5), Florida  
11 Statutes, as a capital contribution to fund any deficit in the  
12 plan. The Chief Financial Officer shall transfer such funds to  
13 the plan no later than July 31, 2004.

14 (2) Notwithstanding the provisions of ss. 440.50 and  
15 440.51, Florida Statutes, subject to the following procedures  
16 and approval, the Department of Financial Services may request

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

21 (a) The department shall establish a contingency reserve  
22 within the Workers' Compensation Administration Trust Fund, from  
23 which the department is authorized to expend funds as provided  
24 in the subsection, in an amount not to exceed \$10 million to be  
25 released only upon the approval of a budget amendment presented  
26 to the Legislative Budget Commission. For actuarial deficits  
27 projected for policyholders, based on actuarial best estimates,  
28 covered in subplan "D" prior to July 1, 2004, and upon  
29 verification by the Office of Insurance Regulation, the plan is  
30 authorized to request and the department is authorized to submit  
31 a budget amendment in an amount not to exceed \$10 million for  
32 the purpose of funding deficits in subplan "D".

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

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

63 (c) This section expires July 1, 2007.

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

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

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

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

78  
79 The Auditor General shall submit a report to the Governor, the  
80 President of the Senate, and the Speaker of the House of  
81 Representatives no later than December 31, 2004.

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

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

96  
97 ===== T I T L E A M E N D M E N T =====

98 Remove line(s) 21-40 and insert:

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

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HOUSE AMENDMENT

Bill No. HB 1251

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

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