

By the Policy and Steering Committee on Ways and Means; the Committees on Higher Education; and Communications, Energy, and Public Utilities; and Senator Gaetz

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1 A bill to be entitled
2 An act relating to self-insurance funds; amending s.
3 624.4621, F.S.; requiring an application for workers'
4 compensation coverage issued by a group self-insurance
5 fund to notify applicants that policyholders must make
6 additional contributions to the fund if the fund is
7 unable to pay its obligations; creating s. 624.4626,
8 F.S.; authorizing any two or more electric
9 cooperatives to operate a self-insurance fund for
10 certain purposes; providing for membership in the
11 fund; requiring that the fund fulfill certain
12 criteria; providing for the applicability of certain
13 assessments and certain provisions of state law to
14 such a fund; amending s. 626.89, F.S.; requiring
15 certain administrators to submit certain statements
16 within a specified period after the end of the
17 administrator's fiscal year; amending s. 631.904,
18 F.S.; exempting certain self-insurance funds from
19 specified provisions of state law; providing an
20 effective date.

21
22 Be It Enacted by the Legislature of the State of Florida:

23
24 Section 1. Subsection (11) is added to section 624.4621,
25 Florida Statutes, to read:

26 624.4621 Group self-insurance funds.—

27 (11) Notwithstanding any other provision of law, each
28 application for workers' compensation coverage issued by a group
29 self-insurance fund established under this section must contain

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30 in boldface and in not less than 10-point type, the following
31 statement: "This is a fully assessable policy. If the fund is
32 unable to pay its obligations, policyholders must contribute, on
33 a pro rata earned premium basis, the money necessary to meet any
34 unfilled obligations." If the application is signed by the
35 applicant, the applicant is deemed to have made an informed,
36 knowing acceptance of the assessment liability that exists as a
37 result of participation in the fund.

38 Section 2. Section 624.4626, Florida Statutes, is created
39 to read:

40 624.4626 Electric cooperative self-insurance funds.-

41 (1) Notwithstanding any other provision of law, any two or
42 more electric cooperatives organized pursuant to chapter 425 may
43 operate a self-insurance fund for the purpose of pooling and
44 spreading liabilities of group members in securing the payment
45 of benefits under chapter 440. A self-insurance fund established
46 under this section must:

47 (a) Require that every member of the fund be jointly and
48 severally liable for the obligations of the fund;

49 (b) Maintain a continuing program of excess insurance
50 coverage and reserve evaluation to protect the financial
51 stability of the fund in an amount and manner determined by a
52 qualified and independent actuary;

53 (c) Subscribe to, or be a member of, a rating organization
54 as prescribed in s. 627.231;

55 (d) Employ an independent certified public accountant to
56 complete an audit of its fiscal year-end financial statement
57 within 6 months after the end of the fiscal year;

58 (e) Have a governing body comprised of a representative

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59 from each member of the fund;

60 (f) Limit membership in the fund to electric cooperatives
61 operating in this state, their subsidiaries, and the current
62 members of the Florida Rural Electric Self-Insurer's Fund; and

63 (g) Provide members of the fund, at renewal, a disclosure
64 statement notifying the members that the fund is not regulated
65 by the Office of Insurance Regulation.

66 (2) A self-insurance fund meeting the requirements of this
67 section is subject to the assessments set forth in s.
68 624.4621(7) and is subject to the assessments set forth in
69 ss.440.49(9) and 440.51(1), but is not subject to any other
70 provision of s. 624.4621 and is not required to file any report
71 with the department under s. 440.38(2)(b) which is uniquely
72 required of group self-insurer funds qualified under s.
73 624.4621.

74 Section 3. Subsections (1) and (2) of section 626.89,
75 Florida Statutes, are amended to read:

76 626.89 Annual financial statement and filing fee; notice of
77 change of ownership.—

78 (1) Each authorized administrator shall file with the
79 office a full and true statement of its financial condition,
80 transactions, and affairs. The statement shall be filed annually
81 on or before March 1 or within such extension of time therefor
82 as the office for good cause may have granted and shall be for
83 the preceding calendar year. The statement shall be in such form
84 and contain such matters as the commission prescribes and shall
85 be verified by at least two officers of such administrator. An
86 administrator whose sole stockholder is an association
87 representing health care providers which is not an affiliate of

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88 an insurer, an administrator of a pooled governmental self-
89 insurance program, or an administrator that is a university may
90 submit the preceding fiscal year's statement within 2 months
91 after the end of its fiscal year.

92 (2) Each authorized administrator shall also file an
93 audited financial statement performed by an independent
94 certified public accountant. The audited financial statement
95 shall be filed with the office on or before June 1 for the
96 preceding calendar year ending December 31. An administrator
97 ~~with an established fiscal year of July 1 through June 30~~ whose
98 sole stockholder is an association representing health care
99 providers which is not an affiliate of an insurer, an
100 administrator of a pooled governmental self-insurance program,
101 or an administrator that is a university may submit the
102 preceding fiscal year's audited financial statement within 5
103 months after the end of its fiscal year ~~on or before December~~
104 ~~31~~. An audited financial statement prepared on a consolidated
105 basis must include a columnar consolidating or combining
106 worksheet that must be filed with the statement and must comply
107 with the following:

108 (a) Amounts shown on the consolidated audited financial
109 statement must be shown on the worksheet;

110 (b) Amounts for each entity must be stated separately; and

111 (c) Explanations of consolidating and eliminating entries
112 must be included.

113 Section 4. Subsection (6) of section 631.904, Florida
114 Statutes, is amended to read:

115 631.904 Definitions.—As used in this part, the term:

116 (6) "Self-insurance fund" means a group self-insurance fund

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117 authorized under s. 624.4621, a commercial self-insurance fund
118 writing workers' compensation insurance authorized under s.
119 624.462, or an assessable mutual insurer authorized under s.
120 628.6011. For purposes of this act, "self-insurance fund" does
121 not include a qualified local government self-insurance fund, as
122 defined in s. 624.4622, an independent educational institution
123 self-insurance fund as defined in s. 624.4623, an electric
124 cooperative self-insurance fund as defined in s. 624.4626, or an
125 individual self-insurer as defined in s. 440.385.

126 Section 5. This act shall take effect July 1, 2009.