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CS/CS/HB 845, Engrossed 1

2009 Legislature

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 unable
7 to pay its obligations; creating s. 624.4626, F.S.;
8 authorizing certain electric cooperatives to operate a
9 self-insurance fund for certain purposes; providing
10 requirements; subjecting such funds to certain
11 assessments; exempting such funds from certain group self-
12 insurance fund requirements under certain circumstances;
13 amending s. 626.89, F.S.; requiring certain administrators
14 to submit fiscal year statements within a specific time;
15 amending s. 631.904, F.S.; revising the definition of
16 "self-insurance fund" under the Florida Workers'
17 Compensation Insurance Guaranty Association Act to exclude
18 certain types of self-insurance funds; providing an
19 effective date.

20
21 Be It Enacted by the Legislature of the State of Florida:

22
23 Section 1. Subsection (11) is added to section 624.4621,
24 Florida Statutes, to read:

25 624.4621 Group self-insurance funds.--

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

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29 in boldface and in not less than 10-point type, the following
 30 statement:

31
 32 "This is a fully assessable policy. If the fund is unable
 33 to pay its obligations, policyholders must contribute, on
 34 a pro rata earned premium basis, the money necessary to
 35 meet any unfilled obligations."

36
 37 (b) If the application is signed by the applicant, the
 38 applicant is deemed to have made an informed, knowing acceptance
 39 of the assessment liability that exists as a result of
 40 participation in the fund.

41 Section 2. Section 624.4626, Florida Statutes, is created
 42 to read:

43 624.4626 Electric cooperative self-insurance fund.--

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

50 (a) Require that every member of the fund is jointly and
 51 severally liable for the obligations of the fund.

52 (b) Maintain a continuing program of excess insurance
 53 coverage and reserve evaluation to protect the financial
 54 stability of the fund in an amount and manner determined by a
 55 qualified and independent actuary.

56 (c) Subscribe to, or be a member of, a rating organization

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57 as prescribed in s. 627.231.

58 (d) Employ an independent certified public accountant to
 59 complete an audit of its fiscal year-end financial statement
 60 within 6 months after the end of the fiscal year.

61 (e) Have a governing body comprised of a representative
 62 from each member of the fund.

63 (f) Limit membership in the fund to electric cooperatives
 64 that operate in this state, their subsidiaries, and the current
 65 members of the Florida Rural Electric Self-Insurer's Fund.

66 (g) At renewal, provide the members of the fund with a
 67 disclosure statement that notifies the members that the fund is
 68 not regulated by the office.

69 (2) A self-insurance fund that meets the requirements of
 70 this section is subject to the assessments set forth in ss.
 71 440.49(9), 440.51(1), and 624.4621(7), but is not subject to any
 72 other provision of s. 624.4621 and is not required to file any
 73 report with the department under s. 440.38(2)(b) which is
 74 uniquely required of group self-insurer funds qualified under s.
 75 624.4621.

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

78 626.89 Annual financial statement and filing fee; notice
 79 of change of ownership.--

80 (1) Each authorized administrator shall file with the
 81 office a full and true statement of its financial condition,
 82 transactions, and affairs. The statement shall be filed annually
 83 on or before March 1 or within such extension of time therefor
 84 as the office for good cause may have granted and shall be for

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85 the preceding calendar year. The statement shall be in such form
 86 and contain such matters as the commission prescribes and shall
 87 be verified by at least two officers of such administrator. An
 88 administrator whose sole stockholder is an association
 89 representing health care providers which is not an affiliate of
 90 an insurer, an administrator of a pooled governmental self-
 91 insurance program, or an administrator that is a university may
 92 submit the preceding fiscal year's statement within 2 months
 93 after its fiscal year end.

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

110 (a) Amounts shown on the consolidated audited financial
 111 statement must be shown on the worksheet;

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

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113 (c) Explanations of consolidating and eliminating entries
 114 must be included.

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

117 631.904 Definitions.--As used in this part, the term:

118 (6) "Self-insurance fund" means a group self-insurance
 119 fund authorized under s. 624.4621, a commercial self-insurance
 120 fund writing workers' compensation insurance authorized under s.
 121 624.462, or an assessable mutual insurer authorized under s.
 122 628.6011. For purposes of this act, the term "self-insurance
 123 fund" does not include a qualified local government self-
 124 insurance fund, as defined in s. 624.4622, an independent
 125 educational institution self-insurance fund as defined in s.
 126 624.4623, an electric cooperative self-insurance fund as
 127 described in s. 624.4626, or an individual self-insurer as
 128 defined in s. 440.385.

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