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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/11/2016	.	
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The Committee on Banking and Insurance (Hukill) recommended the following:

Senate Amendment

Delete lines 50 - 143
and insert:
percentage rate on new and renewal policies issued and effective during the period of 12 months beginning on January 1, April 1, July 1, or October 1, whichever is the first day of the following calendar quarter as specified in an order issued by the office directing insurers to pay an assessment to the association. The surcharge may not begin until 90 days after the



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11 board of directors certifies the assessment.

12 ~~2. Beginning July 1, 1997, assessments levied against self-~~
13 ~~insurance funds shall not exceed in any calendar year more than~~
14 ~~1.50 percent of that self insurance fund's net direct written~~
15 ~~premiums in this state for workers' compensation insurance~~
16 ~~during the calendar year next preceding the date of such~~
17 ~~assessments.~~

18 ~~3. Beginning July 1, 2003, assessments levied against~~
19 ~~insurers and self-insurance funds pursuant to this paragraph are~~
20 ~~computed and levied on the basis of the full policy premium~~
21 ~~value on the net direct premiums written in the state for~~
22 ~~workers' compensation insurance during the calendar year next~~
23 ~~preceding the date of the assessment without taking into account~~
24 ~~any applicable discount or credit for deductibles. Insurers and~~
25 ~~self-insurance funds must report premiums in compliance with~~
26 ~~this subparagraph.~~

27 ~~(b) Assessments shall be included as an appropriate factor~~
28 ~~in the making of rates.~~

29 ~~(c)1. Effective July 1, 1999, If assessments otherwise~~
30 ~~authorized in paragraph (a) are insufficient to make all~~
31 ~~payments on reimbursements then owing to claimants in a calendar~~
32 ~~year, then upon certification by the board, the office~~
33 ~~department shall levy additional assessments of up to 1.5~~
34 ~~percent of the insurer's net direct written premiums in this~~
35 ~~state during the calendar year next preceding the date of such~~
36 ~~assessments against insurers to secure the necessary funds.~~

37 (d) The association may use an installment method to
38 require the insurer to remit the assessment as premium is
39 written or may require the insurer to remit the assessment to



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40 the association before collecting the policyholder surcharge. If
41 the assessment is remitted before the surcharge is collected,
42 the assessment remitted must be based on an estimate of the
43 assessment due based on the proportion of each insurer's net
44 direct written premium in this state for the preceding calendar
45 year as described in paragraph (a) and adjusted following the
46 end of the 12-month period during which the assessment is
47 levied.

48 1. If the association elects to use the installment method,
49 the office may, in the order levying the assessment on insurers,
50 specify that the assessment is due and payable quarterly as
51 premium is written throughout the assessment year. Insurers
52 shall collect surcharges at a uniform percentage rate specified
53 by order as described in paragraph (b). Insurers are not
54 required to advance funds if the association and the office
55 elect to use the installment option. Assessments levied under
56 this subparagraph are paid after policy surcharges are
57 collected, and the recognition of assets is based on actual
58 premium written offset by the obligation to the association.

59 2. If the association elects to require insurers to remit
60 the assessment before surcharging the policyholder, the
61 following shall apply:

62 a. The levy order shall provide each insurer so assessed at
63 least 30 days written notice of the date the initial assessment
64 payment is due and payable by the insurer.

65 b. Insurers shall collect surcharges at a uniform
66 percentage rate specified by the order, as described in
67 paragraph (b).

68 c. Assessments levied under this subparagraph are paid



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69 before policy surcharges are billed and result in a receivable
70 for policy surcharges to be billed in the future. The amount of
71 billed surcharges, to the extent it is likely that it will be
72 realized, meets the definition of an admissible asset as
73 specified in the National Association of Insurance
74 Commissioners' Statement of Statutory Accounting Principles No.
75 4. The asset shall be established and recorded separately from
76 the liability. If an insurer is unable to fully recoup the
77 amount of the assessment, the amount recorded as an asset shall
78 be reduced to the amount reasonably expected to be recouped.

79 3. Insurers must submit a reconciliation report to the
80 association within 120 days after the end of the 12-month
81 assessment period and annually thereafter for a period of three
82 years. The report must indicate the amount of the initial
83 payment or installment payments made to the association and the
84 amount of written premium pursuant to paragraph (a) for the
85 assessment year. If the insurer's reconciled assessment
86 obligation is more than the amount paid to the association, the
87 insurer shall pay the excess surcharges collected to the
88 association. If the insurer's reconciled assessment obligation
89 is less than the initial amount paid to the association, the
90 association shall credit the insurer that amount against future
91 assessments.

92 (2) Assessments levied under this section are not premium
93 and are not subject to any premium tax, fees, or commissions.
94 Insurers shall treat the failure of an insured to pay
95 assessment-related surcharges as a failure to pay premium. An
96 insurer is not liable for any uncollectible assessment-related
97 surcharges.



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98 (3) Assessments levied under this section may be levied
99 only upon insurers. This section does not create a cause of
100 action by a policyholder with respect to the levying of an
101 assessment or a policyholder's duty to pay assessment-related
102 surcharges.