

Council Substitute for
Committee Substitute for House Bill No. 845

An act relating to self-insurance funds; amending s. 624.4621, F.S.; requiring an application for workers' compensation coverage issued by a group self-insurance fund to notify applicants that policyholders must make additional contributions to the fund if the fund is unable to pay its obligations; creating s. 624.4626, F.S.; authorizing certain electric cooperatives to operate a self-insurance fund for certain purposes; providing requirements; subjecting such funds to certain assessments; exempting such funds from certain group self-insurance fund requirements under certain circumstances; amending s. 626.89, F.S.; requiring certain administrators to submit fiscal year statements within a specific time; amending s. 631.904, F.S.; revising the definition of "self-insurance fund" under the Florida Workers' Compensation Insurance Guaranty Association Act to exclude certain types of self-insurance funds; providing an effective date.

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

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

624.4621 Group self-insurance funds.—

(11)(a) Notwithstanding any other provision of law, each application for workers' compensation coverage issued by a group self-insurance fund established under this section must contain, in boldface and in not less than 10-point type, the following statement:

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

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

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

624.4626 Electric cooperative self-insurance fund.—

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

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

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

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

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

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

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

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

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

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

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

(1) Each authorized administrator shall file with the office a full and true statement of its financial condition, transactions, and affairs. The statement shall be filed annually on or before March 1 or within such extension of time therefor as the office for good cause may have granted and shall be for the preceding calendar year. The statement shall be in such form and contain such matters as the commission prescribes and shall be verified by at least two officers of such administrator. An administrator whose sole stockholder is an association representing health care providers which is not an affiliate of an insurer, an administrator of a pooled governmental self-insurance program, or an administrator that is a university may submit the preceding fiscal year's statement within 2 months after its fiscal year end.

(2) Each authorized administrator shall also file an audited financial statement performed by an independent certified public accountant. The audited financial statement shall be filed with the office on or before June 1 for the preceding calendar year ending December 31. An administrator with an established fiscal year of July 1 through June 30 whose sole stockholder is an association representing health care providers which is not an affiliate of an insurer, an administrator of a pooled governmental self-insurance program, or an administrator that is a university may submit the

preceding fiscal year's audited financial statement within 5 months after the end of its fiscal year ~~on or before December 31~~. An audited financial statement prepared on a consolidated basis must include a columnar consolidating or combining worksheet that must be filed with the statement and must comply with the following:

- (a) Amounts shown on the consolidated audited financial statement must be shown on the worksheet;
- (b) Amounts for each entity must be stated separately; and
- (c) Explanations of consolidating and eliminating entries must be included.

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

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

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

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

Approved by the Governor June 2, 2009.

Filed in Office Secretary of State June 2, 2009.