

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 893

Short Title: Workers' Comp Self-Insurance Security Ass'n. (Public)

Sponsors: Senator Hartsell.

Referred to: Commerce.

March 26, 2009

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE NORTH CAROLINA SELF-INSURANCE SECURITY ASSOCIATION TO COLLECT GROUP SELF-INSURER ASSESSMENTS; TO EXCLUDE FROM PARTICIPATION IN THE ASSOCIATION AGGREGATE SECURITY SYSTEM INDIVIDUAL SELF-INSURERS THAT FAIL TO SUBMIT CERTAIN FINANCIAL INFORMATION; AND TO ADJUST DEPOSIT REQUIREMENTS FOR ALL INDIVIDUAL SELF-INSURERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 97-133(a)(3a) is amended by adding a new sub-subdivision to read:

"f. Group assessments. – The Association may annually assess each member group self-insurer in an amount not to exceed two percent (2%) of the group self-insurer's annual gross premiums for the preceding calendar year, as determined under G.S. 105-228.5(b), (b1), and (c)."

SECTION 2. G.S. 97-185(a1)(3) reads as rewritten:

"(3) Individual self-insurers that have defaulted on the payment of its their self-insured workers' compensation liabilities, ~~liabilities from participation in the Association Aggregate Security System.~~"

SECTION 3. G.S. 97-185(a1) is amended by adding a new subdivision to read:

"(4) Individual self-insurers that fail to submit sufficient financial information to enable the Association to determine their total outstanding workers' compensation liabilities, or their creditworthiness, or both."

SECTION 4. G.S. 97-185(b3) reads as rewritten:

~~"(b3) During any period of time that no Association Aggregate Security System is in effect, individual self insurers with a debt rating of BBB or better from Standard & Poor's Rating Service, a division of McGraw Hill, Inc., or an equivalent rating from another national rating agency shall deposit with the Commissioner an amount not less than twenty five percent (25%) of the individual self insurer's total undiscounted outstanding claims liability per the most recent report from a qualified actuary as required by G.S. 97-180(b), but not less than five hundred thousand dollars (\$500,000). An individual self insurer licensed pursuant to G.S. 97-177 may utilize the debt rating of its guarantor for the purpose of establishing the application of this subsection. The Commissioner shall consider and may, in the Commissioner's discretion, increase or reduce the deposit to a greater or lesser percentage of the individual self insurer's claims liability based on the financial strength of the individual self insurer and other financial information submitted by the individual self insurer. All other~~
During any period of time that no Association Aggregate Security System is in effect, all



1 individual self-insurers shall deposit with the Commissioner an amount not less than ~~one~~
2 ~~hundred percent (100%)~~ fifty percent (50%) of the individual self-insurer's total undiscounted
3 outstanding claims liability per the most recent report from a qualified actuary as required by
4 G.S. 97-180(b), but not less than five hundred thousand dollars (\$500,000), or such greater
5 amount as the Commissioner prescribes based on, but not limited to, the financial condition of
6 the individual self-insurer and the risk retained by the individual self-insurer."

7 **SECTION 5.** This act becomes effective July 1, 2009.