

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S

1

SENATE BILL 579*

Short Title: Workers Comp. Solvency.

(Public)

Sponsors: Senators Seymour; and Smith.

Referred to: Insurance.

March 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPROVE THE FINANCIAL MONITORING AND REGULATION OF EMPLOYERS THAT SELF-INSURE THEIR WORKERS' COMPENSATION LIABILITIES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 97-93(b) reads as rewritten:

"(b) In the case of subdivision (a)(2) of this section, the Commissioner of Insurance may require the deposit of an acceptable security, indemnity, or bond to secure the payment of compensation liabilities as they are incurred. Any individual employer or group of employers who furnish proof of financial ability under subdivision (a)(2) of this section shall be governed in all respects by this Article and by such rules as may be promulgated-adopted by the Commissioner of Insurance."

Sec. 2. G.S. 97-93 is amended by adding a new subsection to read:

"(d) Groups of employers under subdivision (a)(2) of this section are subject to G.S. 58-3-80, 58-7-50, 58-7-55, 58-7-140, 58-7-160, 58-7-162, 58-7-163, 58-7-165, 58-7-167, 58-7-168, 58-7-170, 58-7-172, 58-7-173, 58-7-177, 58-7-179, 58-7-180, 58-7-183, 58-7-185, 58-7-187, 58-7-188, 58-7-190, 58-7-192, 58-7-193, 58-7-195, 58-7-197, 58-7-200, and Articles 13, 19, and 34 of this Chapter."

Sec. 3. Article 2 of Chapter 97 of the General Statutes is amended by adding a new section to read:

§ 97-93.1. Deposits; bonds; excess insurance.

(a) Each group of employers under G.S. 97-93(a)(2) shall deposit with the Commissioner, not later than the effective date of coverage, cash or acceptable securities, or post a surety bond issued by a corporate surety, in an amount equal to ten

1 percent (10%) of the group's total annual premium, but not less than six hundred
2 thousand dollars (\$600,000). For good cause shown, the Commissioner may require a
3 surety bond or security deposit in excess of six hundred thousand dollars (\$600,000).
4 Groups of employers will be given one year from July 1, 1993, to comply with the
5 deposit requirement.

6 (b) The amount of the security deposit or bond required shall be determined at
7 least annually by the Commissioner based on data submitted by the group to the
8 Commissioner.

9 (c) Each group shall maintain specific excess insurance with a limit of at least
10 five million dollars (\$5,000,000). Groups comprising businesses with high risks of
11 multiple injuries from single occurrences may be required by the Commissioner to
12 maintain higher limits. With respect to specific excess insurance, a group's retention
13 shall be the lowest retention generally available for groups with similar exposures and
14 annual premium; but the Commissioner may, in his discretion, require higher levels
15 consistent with the group's claims experience and financial condition."

16 Sec. 4. This act becomes effective July 1, 1993.