

**WORKERS' COMPENSATION FUND SUBSIDIARY**

**AMENDMENTS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: J. Stuart Adams**

House Sponsor: Todd E. Kiser

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**LONG TITLE**

**General Description:**

This bill amends the Insurance Code to address the authority of a subsidiary of the Workers' Compensation Fund.

**Highlighted Provisions:**

This bill:

- ▶ permits a subsidiary of the Workers' Compensation Fund to become licensed to write and to write property or casualty insurance on a risk located in Utah; and
- ▶ makes technical and conforming amendments.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**31A-33-103.5**, as last amended by Laws of Utah 2001, Chapters 33 and 116

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **31A-33-103.5** is amended to read:

**31A-33-103.5. Powers of fund -- Limitations.**



- 28 (1) The fund may form or acquire subsidiaries or enter into a joint enterprise:
- 29 (a) in accordance with Section 31A-33-107; and
- 30 (b) except as limited by this section and applicable insurance rules and statutes.
- 31 (2) Subject to applicable insurance rules and statutes, the fund may only offer:
- 32 (a) workers' compensation insurance in Utah;
- 33 (b) workers' compensation insurance in a state other than Utah to the extent necessary
- 34 to:
- 35 (i) accomplish its purpose under Subsection 31A-33-102(1)(b); and
- 36 (ii) provide workers' compensation or occupational disease insurance coverage to Utah
- 37 employers and their employees engaged in interstate commerce; and
- 38 (c) workers' compensation products and services in Utah or other states.
- 39 (3) Subject to applicable insurance rules and statutes, a subsidiary of the fund may:
- 40 (a) offer workers' compensation insurance coverage only:
- 41 (i) in a state other than Utah; and
- 42 (ii) (A) to insure the following against liability for compensation based on job-related
- 43 accidental injuries and occupational diseases:
- 44 (I) an employer, as defined in Section 34A-2-103, that has a majority of its employees,
- 45 as defined in Section 34A-2-104, hired or regularly employed in Utah;
- 46 (II) an employer, as defined in Section 34A-2-103, whose principal administrative
- 47 office is located in Utah;
- 48 (III) a subsidiary or affiliate of an employer described in Subsection (3)(a)(ii)(A)(I) or
- 49 (II); or
- 50 (IV) an employer, as defined in Section 34A-2-103, whose purchase of insurance arises
- 51 solely out of the purchase of workers' compensation products and services from the fund or a
- 52 fund subsidiary; or
- 53 (B) for a state fund organization that is not an admitted insurer in the other state:
- 54 (I) on a fee for service basis; and
- 55 (II) without bearing any insurance risk; ~~and~~
- 56 (b) offer workers' compensation products and services in Utah and other states[-]; and
- 57 (c) subject to Subsection (6), for a risk located in Utah:
- 58 (i) become licensed under this title to write:

59           (A) property insurance; or  
60           (B) casualty insurance, including a surety or other bond; and  
61           (ii) once licensed under this title, to write:  
62           (A) property insurance; or  
63           (B) casualty insurance, including a surety or other bond.  
64           (4) The fund shall write workers' compensation insurance in accordance with Section  
65 31A-22-1001.

66           (5) (a) The fund may enter into a joint enterprise that offers workers' compensation  
67 insurance and other coverage only in the state, provided:

68           (i) the joint enterprise offers only property or liability insurance in addition to workers'  
69 compensation insurance;

70           (ii) the fund may not bear any insurance risk associated with the insurance coverage  
71 other than risk associated with workers' compensation insurance; and

72           (iii) the offer of other insurance shall be part of an insurance program that includes  
73 workers' compensation insurance coverage that is provided by the fund.

74           (b) The fund or a subsidiary of the fund may not offer, or enter into a joint enterprise  
75 that offers, or otherwise participate in the offering of accident and health insurance.

76           (6) The fund shall operate a subsidiary of the fund that writes property or casualty  
77 insurance under Subsection (3)(c):

78           (a) as a separate for-profit entity that is taxable to the extent otherwise provided by law;  
79 and

80           (b) in manner compatible with the fund's:

81           (i) federal tax exempt status under Section 501(c)(27)(B), Internal Revenue Code; and

82           (ii) obligation to comply with Section 31A-22-1001.

**Legislative Review Note**  
as of 2-2-11 11:44 AM

**Office of Legislative Research and General Counsel**

# FISCAL NOTE

S.B. 64

SHORT TITLE: **Workers' Compensation Fund Subsidiary Amendments**

SPONSOR: **Adams, J. S.**

2011 GENERAL SESSION, STATE OF UTAH

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.