

1 **AMENDMENTS RELATED TO THE WORKERS'**

2 **COMPENSATION**

3 1998 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Gerry A. Adair**

6 AN ACT RELATING TO INSURANCE; AMENDING PROVISIONS RELATED TO THE
7 LEGAL NATURE AND POWERS OF THE WORKERS' COMPENSATION FUND OF
8 UTAH; ADDRESSING PARTICIPATION BY THE FUND AND SUBSIDIARIES; AND
9 MAKING TECHNICAL CORRECTIONS.

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 AMENDS:

12 **31A-33-102**, as last amended by Chapter 375, Laws of Utah 1997

13 **31A-33-103.5**, as enacted by Chapters 204 and 375, Laws of Utah 1997

14 **31A-33-105**, as renumbered and amended by Chapter 240, Laws of Utah 1996

15 **31A-33-118**, as enacted by Chapter 240, Laws of Utah 1996

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

17 Section 1. Section **31A-33-102** is amended to read:

18 **31A-33-102. Establishment of the Workers' Compensation Fund and the Injury**
19 **Fund.**

20 (1) (a) There is created a nonprofit, quasi-public corporation to be known as the Workers'
21 Compensation Fund of Utah.

22 (b) The [~~purpose~~] purposes of the fund [~~is~~] are to:

23 (i) insure Utah employers against liability for compensation based on job-related
24 accidental injuries and occupational diseases; [~~and~~]

25 (ii) assure payment of this compensation to Utah employees who are entitled to it under
26 Title 34A, Chapters 2, Workers' Compensation Act, and 3, Utah Occupational Disease Act; and

27 (iii) write workers' compensation insurance pursuant to Section 31A-22-1001.

1 (2) (a) There is created an Injury Fund~~[, which]~~ that shall be maintained by the Workers'
2 Compensation Fund.

3 (b) The Injury Fund shall consist of all assets acquired from premiums and penalties paid
4 into the Injury Fund and interest and dividends earned on those assets.

5 (c) The Injury Fund is the sole source of monies to:

6 (i) pay losses sustained on account of the insurance provided; and

7 (ii) pay salaries and other expenses of the Workers' Compensation Fund in accordance
8 with this chapter.

9 Section 2. Section **31A-33-103.5** is amended to read:

10 **31A-33-103.5. Powers of Fund -- Limitations.**

11 (1) The fund may form or acquire ~~[subsidiaries]~~ a subsidiary:

12 (a) in accordance with Section 31A-33-107; and

13 (b) except as limited by [Subsections (2) and (3)] this section and applicable insurance
14 rules and statutes.

15 (2) ~~[(a)]~~ Subject to applicable insurance rules and statutes, the ~~[Workers' Compensation~~
16 ~~Fund of Utah, or its subsidiaries,]~~ fund may ~~[offer]~~ only offer workers' compensation insurance
17 or workers' compensation products and services in Utah and other states ~~[until the Legislature~~
18 ~~enacts legislation addressing the recommendations of a legislatively authorized study of the fund's~~
19 ~~authority, if any, to offer insurance products or services other than workers' compensation~~
20 ~~insurance products or services either directly, through a subsidiary, or through a joint venture]~~ to
21 the extent necessary to:

22 (a) insure Utah employers against liability for compensation based on job-related
23 accidental injuries and occupational diseases; or

24 (b) assure payment of compensation based on job-related accidental injuries and
25 occupational disease for Utah employees who are entitled to it under Title 34A, Chapters 2 and

26 3.

27 ~~[(b)]~~ (3) A subsidiary of the ~~[Workers' Compensation Fund of Utah]~~ fund may offer
28 workers' compensation insurance coverage;

29 (a) only in a state other than Utah; and

30 (b) subject to the limitations on the fund under Subsection (2).

31 ~~[(3) There is a moratorium until July 1, 2000, on the Workers' Compensation Fund of~~

1 Utah's authority, if any, to offer health insurance services including medical, surgical, hospital, and
2 other ancillary medical expenses, by any means including directly, through a subsidiary, or
3 through a joint venture.]

4 Section 3. Section 31A-33-105 is amended to read:

5 **31A-33-105. Price of insurance -- Liability of state.**

6 (1) The Workers' Compensation Fund shall provide workers' compensation insurance at
7 an actuarially sound price, which the board shall determine.

8 (2) The state:

9 (a) is not liable for the expenses, liabilities, or debts of:

10 (i) the Workers' Compensation Fund[;]; or

11 (ii) a subsidiary of the fund; and

12 (b) may not use any assets of the Injury Fund for any purpose.

13 Section 4. Section 31A-33-118 is amended to read:

14 **31A-33-118. Scope of chapter.**

15 The placement of this chapter in this title may not be construed to[:(+)] change the
16 Workers' Compensation Fund's legal nature or purpose as set forth in this chapter[;or].

17 [(2) change the Workers' Compensation Fund's obligation to write workers' compensation
18 insurance pursuant to Section 31A-22-1001.]

Legislative Review Note

as of 2-9-98 9:54 AM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel