

EMPLOYERS' REINSURANCE FUND SPECIAL ASSESSMENT

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: Gerry A. Adair

This act modifies the Revenue and Tax Code to reinstate the Employers' Reinsurance Fund Special Assessment beginning in the 2002 calendar year. This act has a repeal date for the special assessment of January 1, 2005.

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

AMENDS:

63-55b-159, as renumbered and amended by Chapter 21, Laws of Utah 1999

ENACTS:

59-9-101.3, Utah Code Annotated 1953

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

Section 1. Section **59-9-101.3** is enacted to read:

59-9-101.3. Employers' Reinsurance Fund special assessment.

(1) For purposes of this section:

(a) "Calendar year" means a time period beginning January 1 and ending December 31 during which an assessment is imposed.

(b) "Total workers' compensation premium income" has the same meaning as under Subsection 59-9-101(2).

(2) (a) For calendar years beginning on January 1, 2002, through December 31, 2004, the following shall pay to the commission, on or before March 31 of each year, an assessment imposed by the Labor Commission under Subsection (3):

(i) an admitted insurer writing workers' compensation insurance in this state, including the Workers' Compensation Fund created under Title 31A, Chapter 33, Workers' Compensation Fund; and

(ii) an employer authorized under Section 34A-2-201 to pay workers' compensation direct.

(b) The assessment imposed under Subsection (3) shall be in addition to:

(i) the premium assessment imposed under Subsection 59-9-101(2); and

(ii) the assessment imposed under Section 34A-2-202.

(3) (a) If the conditions described in Subsection (3)(b) are met, the Labor Commission may impose an assessment in accordance with Subsections (3)(c) and (d) of up to 2% of:

(i) the total workers' compensation premium income received by the insurer from workers' compensation insurance in this state during the preceding calendar year; or

(ii) if authorized under Section 34A-2-201 to pay workers' compensation direct, the amount calculated under Section 34A-2-202 for a self-insured employer that is equivalent to the total workers' compensation premium income.

(b) The Labor Commission may impose the assessment described in Subsection (3)(a) if:

(i) the Labor Commission determines that:

(A) all admitted insurers writing workers' compensation insurance in this state shall pay the maximum 7.25% of the premium income under Subsection 59-9-101(2)(c)(i); and

(B) all employers authorized to pay compensation direct shall pay the maximum 7.25% assessment under Section 34A-2-202; and

(ii) the maximum 7.25% of the premium income is insufficient to:

(A) provide payment of benefits and expenses from the Employers' Reinsurance Fund to project a funded condition of the Employers' Reinsurance Fund with assets greater than liabilities by no later than June 30, 2025; or

(B) maintain the minimum approximate assets required in Subsection 59-9-101(2)(d)(iv).

(c) On or before each October 15 of the preceding year and following a public hearing, the Labor Commission shall determine:

(i) whether an assessment will be imposed under this section for a calendar year; and

(ii) if the assessment will be imposed, the percentage of the assessment applicable for the calendar year.

(d) The Labor Commission shall:

(i) base its determination on the recommendations of the qualified actuary required in Subsection 59-9-101(2)(d)(i); and

(ii) take into consideration the recommended premium assessment rate recommended by the

actuary under Subsection 59-9-101(2)(d)(ii).

(4) An employer shall aggregate all assessments imposed under this section and Section 34A-2-202 or 59-9-101 to determine whether the total assessment obligation shall be paid in quarterly installments in accordance with Sections 34A-2-202 and 59-9-104.

(5) The commission shall promptly remit the assessment collected under Subsection (2) to the state treasurer for credit to the Employers' Reinsurance Fund created under Section 34A-2-702.

Section 2. Section **63-55b-159** is amended to read:

63-55b-159. Repeal dates -- Title 59.

(1) Section 59-7-604 is repealed January 1, 2002.

(2) Section 59-7-611 and Sections 59-10-601 through 59-10-604 are repealed January 1, 2001.

(3) Section [~~59-9-101.1~~] 59-9-101.3 is repealed January 1, [~~2001~~] 2005, and the [~~department~~] Labor Commission may not impose an assessment under Section [~~59-9-101.1~~] 59-9-101.3 after December 31, [~~2000~~] 2004.