

**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 ~~§~~→ **commercial** ←~~§~~ 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.**

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- 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) ~~§~~→ **commercial** ←~~§~~ property insurance; or
- 60 (B) ~~§~~→ **commercial** ←~~§~~ casualty insurance, including a surety or other bond; and
- 61 (ii) once licensed under this title, to write:
- 62 (A) ~~§~~→ **commercial** ←~~§~~ property insurance; or
- 63 (B) ~~§~~→ **commercial** ←~~§~~ 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 ~~§~~→ **commercial** ←~~§~~ property
- 76a 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.