

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1025

Short Title: Self-Insureds Financial Responsibility.

(Public)

Sponsors: Senator Kincaid.

Referred to: Pensions and Retirement/Insurance/State Personnel

May 4, 1995

A BILL TO BE ENTITLED

**AN ACT TO ENHANCE THE FINANCIAL RESPONSIBILITY REQUIREMENTS
FOR SELF-INSURED GROUP WORKERS' COMPENSATION FUNDS.**

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-2-165 reads as rewritten:

"§ 58-2-165. Annual, semiannual, monthly, or quarterly statements to be filed with Commissioner.

(a) Every insurance company shall file in the Commissioner's office, on or before March 1 of each year, a statement showing the business standing and financial condition of the company, association, or order on the preceding December 31, signed and sworn to by the chief managing agent or officer thereof, before the Commissioner or some officer authorized by law to administer oaths. Provided, the Commissioner may, for good and sufficient cause shown by an applicant company, extend the filing date of the company's annual statement, for a reasonable period of time, not to exceed 30 days. In addition, the Commissioner may require any insurance company, association, or order to file its statement semiannually, quarterly, or monthly.

(b) The Commissioner may require statements under this section, G.S. 58-2-170, and G.S. 58-2-190 to be filed in a format that can be read by electronic data processing equipment.

1 (c) All statements filed under this section must be prepared in accordance with the
2 appropriate NAIC Annual Statement Instructions Handbook and pursuant to the NAIC
3 Accounting Practices and Procedures Manual and on the NAIC Model Financial
4 Statement Blank, unless further modified by the Commissioner as the Commissioner
5 considers to be appropriate.

(d) Each annual statement filed by a self-insured employer group under G.S. 97-93(a)(2) shall be an unqualified financial statement audited by a certified public accountant certified under Chapter 93 of the General Statutes.

(e) A workers' compensation pool organized pursuant to G.S. 97-7, Article 20 of Chapter 160A of the General Statutes, or Article 23 of this Chapter is subject to the provisions of this section."

Sec. 2. Chapter 58 of the General Statutes is amended by adding the following new section:

"§ 58-2-146. Self-insured workers' compensation groups; deficiency.

If a statement filed under G.S. 58-2-165 by a self-insured workers' compensation group under G.S. 97-93(a)(2) indicates that the group's reserves are insufficient to pay outstanding obligations or future liabilities, the Commissioner shall order the group to take appropriate action and may specify the action to be taken to eliminate the deficiency. If the group fails to eliminate the deficiency to the satisfaction of the Commissioner within 180 days of the Commissioner's initial order, the Commissioner shall revoke the group's certification under G.S. 97-93(a)(2).

This section also applies to workers' compensation pools organized pursuant to G.S. 97-7, Article 20 of Chapter 160A of the General Statutes, or Article 23 of this Chapter."

Sec. 3. There is appropriated from the Department of Insurance Fund established in G.S. 58-6-25 the sum of three hundred thousand dollars (\$300,000) for fiscal year 1995-96 and the sum of three hundred thousand dollars (\$300,000) for fiscal year 1996-97 for the expenses of administering the Department's self-insured workers' compensation program.

Sec. 4. This act becomes effective July 1, 1995.