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## DIGEST

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HB 280 Original

2016 Regular Session

Broadwater

**Abstract:** Provides for the authority of the commissioner of insurance to establish and institute plans relative to certain workers' compensation group self-insurance funds.

Present law provides for the establishment and necessary requirements to form a workers' compensation group self-insurance fund.

Present law requires a minimum net-worth and asset-to-liability ratio at all times to maintain a solvent fund.

Present law provides for admissible investment opportunities.

Proposed law defines "hazardous financial condition" to mean that although a fund is not yet insolvent, it is unable to meet obligations in the normal course of business or for existing or reasonably anticipated claims.

Present law provides that although workers' compensation group self-insurance funds are not insurance and not subject to the La. Insurance Code, that the Dept. of Insurance has the authority to examine the affairs, books, transactions, work papers, files, accounts, records, assets, and liabilities to confirm compliance with present law.

Present law further gives the dept. the authority to issue cease and desist orders or suspend or revoke the certificate of authority of any fund not in compliance. Proposed law retains present law and also allows the cease and desist order to include a prohibition on the fund from writing or incurring any new business or renewing prior business.

Proposed law retains present law and further allows the dept. to levy a fine of up to \$4,000 for issues for which a fine was previously levied.

Present law provides that the procedure for noncompliance will be addressed in accordance with the Administrative Procedure Act.

Proposed law retains present law and further gives the dept. the authority to place a group self-insurance fund on a corrective action plan to deal with any compliance or financial issues.

Proposed law allows the commissioner of the dept. to establish protocol for the corrective action plan and provides that he may include mandatory training, monitoring and supervision, submission of

written progress reports, or require measures to generate funding for the fund.

Proposed law allows the commissioner to impose fines, penalties, or revocation of certification for noncompliance with the corrective action plan.

Present law provides for procedures in the instance of the insolvency of a fund.

Proposed law provides procedures for delinquency proceedings in instances in which a fund is insolvent, operating in a hazardous financial condition, or is in violation of present law.

Proposed law further provides for penalties for noncompliance and insolvency including supervision, conservation, rehabilitation, or liquidation.

Proposed law provides for the procedure and requirements for dissolution of a fund. In order to dissolve, a fund must apply for the authority to do so and have no outstanding liabilities or be covered by an irrevocable commitment from a licensed insurer that will provide payment of outstanding liabilities.

Proposed law provides that after the dissolution of the fund and the payment of any liability and indebtedness, the assets shall be distributed to the participants.

(Amends R.S. 23:1197(D) and (E); Adds R.S. 23:1191(3), 1197(H), 1200.5(D), and 1200.18)