

March 16, 2005

H 656. WORKERS' COMP/SELF-INSURED GUARANTY ASSOC. TO IMPROVE THE FUNCTIONING OF THE WORKERS' COMPENSATION SELF-INSURED GUARANTY ASSOCIATION AND THE ENFORCEMENT AUTHORITY WITH RESPECT TO WORKERS' COMPENSATION SELF-INSURERS. Adds GS 97-177 to give Comm'r of Insurance the discretion to issue a license to an employer or its guarantor to be a self-insurer for its workers' compensation benefits if (1) the applicant or guarantor executes a guaranty agreement for the payment of workers' compensation liabilities and submits a resolution from the board of governors of a corporate applicant or guarantor authorizing the guaranty of the liabilities of any covered subsidiary companies; (2) the applicant or guarantor files a statement with the Comm'r that lists the percentage ownership of voting securities or proxies representing voting securities owned or held by the applicant or guarantor for each subsidiary; (3) the applicant or guarantor satisfies the requirements under GS 97-170 for a license application; and (4) all other requirements for a license are met. Prohibits self-insurer from including or deleting a subsidiary from its license without the prior approval of the Comm'r. Provides that if a controlling relationship or guaranty agreement terminates, the self-insurer retains all liabilities that were incurred during the period of self-insurance and that the termination of a guaranty agreement does not affect the guarantor's liability for payment of liabilities arising before the termination. Makes changes to reports to be filed and debt rating, to provide that if license was issued with a guaranty agreement, the guarantor is to make the report and the self-insurer may utilize the debt rating of its guarantor. Repeals GS 97-195, revocation of license, and replaces it with new GS 97-196 which allows the Industrial Commission, after notice and hearing, to revoke or suspend the license of a self-insurer for specified reasons, and allows the self-insurer to request a hearing by the Comm'r to review an order by the Comm'n. Adds new GS 97-197 to allow Comm'r in case of a violation, to impose monetary penalty of not less than \$100 nor more than \$1,000 in addition to or instead of suspending or revoking the license or to petition superior court in Wake County to enter an order directing the payment of restitution to make whole any person harmed by the violation. The court may also award restitution to a State agency for extraordinary administrative expenses incurred in the investigation and hearing of the violation. Effective October 1, 2005.

Intro. by Holliman.

Ref. to Insurance

GS 97