

Regular Session, 2010

SENATE BILL NO. 226

BY SENATOR LAFLEUR

INSURANCE DEPARTMENT. Provides for the examination of a workers compensation self-insurance fund by the Department of Insurance in accordance with department procedures. (8/15/10)

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AN ACT

To amend and reenact R.S. 23:1197(C), relative to workers compensation self-insurance funds; to provide for examination of a fund by the commissioner of insurance; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 23:1197(C) is hereby amended and reenacted to read as follows:

§1197. Authority of Department of Insurance

\* \* \*

C. The department shall have the authority to examine the affairs, books, transactions, workpapers, files, accounts, records, assets, and liabilities of a fund to determine compliance with this Subpart and with any rules and regulations promulgated by the department or orders and directives issued by the commissioner. In addition, to the extent necessary and material to the examination of a fund, the department shall have the authority to examine the affairs, books, transactions, workpapers, files, accounts, and records of any fund's administrator, service company, certified public accountant, and actuary generated in the course of transacting business on behalf of the group self-insured fund being examined. ~~Such~~

1 ~~examination work shall be conducted by employees of the department, or~~  
2 ~~independent certified public accounting firms in business for a minimum of five~~  
3 ~~years and contracted with the department for this purpose.~~ **All examinations shall**  
4 **be conducted in accordance with the provisions of R.S. 22:1981, et seq.** The  
5 reasonable expenses of the examinations shall be paid by the fund being examined.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Linda Nugent.

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#### DIGEST

Present law, relative to group self-insurance funds for workers' compensation, authorizes the department of insurance to examine the affairs, books, transactions, work papers, files, accounts, records, assets, and liabilities of a fund to determine compliance with the law governing such funds and with any rules, regulations, and directives by the department. Further authorizes the department to conduct an examination of any fund's administrator, service company, certified public accountant and actuary. Requires that the examination work be conducted by department employees or independent certified public accounting firms in business for at least five years that are contracted with the department for this purpose. Provides that reasonable expenses shall be paid by the fund being examined.

Proposed law requires self-insurance funds for workers' compensation to be subject to the same examination procedures as are other insurance companies. Such provisions include, among others, frequency of examinations, who would conduct an examination, confidentiality issues, hearings, contested expenses, failure to pay expenses and penalty, scope of examinations, time issues, production of books and records, and power to examine under oath and subpoena witnesses.

Effective August 15, 2010.

(Amends R.S. 23:1197(C))