House Engrossed Senate Bill

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
Senate
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 268

SENATE BILL 1045

AN ACT

REPEALING SECTION 41-3010.01, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3012.19; RELATING TO THE STATE COMPENSATION FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Repeal

Section 41-3010.01, Arizona Revised Statutes, is repealed.

Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3012.19, to read:

41-3012.19. State compensation fund; termination July 1, 2012

A. THE STATE COMPENSATION FUND BOARD OF DIRECTORS TERMINATES ON JULY 1, 2012.

B. TITLE 23, CHAPTER 6, ARTICLE 5 IS REPEALED ON JANUARY 1, 2013.

Sec. 3. Purpose

Pursuant to section 41-2955, subsection B, Arizona Revised Statutes, the legislature temporarily continues the state compensation fund to help employers in this state obtain mandatory workers' compensation insurance for their employees and to provide for a transition period to allow the state compensation fund board of directors to establish a successor mutual insurer corporation to the state compensation fund.

Sec. 4. State compensation fund; successor mutual insurer corporation; transfer of assets and liabilities by operation of law

A. On or before January 1, 2013, the state compensation fund board of directors, which terminates on July 1, 2012 pursuant to section 41-3012.19, Arizona Revised Statutes, shall perform all acts necessary to establish a successor mutual insurer corporation. The successor mutual insurer corporation shall operate to the same extent as any mutual casualty insurer that is licensed and authorized to write insurance in this state, subject to the authority and regulation by the department of insurance pursuant to title 20, chapter 4, article 1, Arizona Revised Statutes, and with all the powers and subject to all the laws, rules and requirements of a mutual insurer corporation that is organized under the laws of this state.

B. On or before January 1, 2011, the state compensation fund board of directors shall provide a report to the governor, the president of the senate and the speaker of the house of representatives that calculates the value, if any, of state equity or other state financial interests in the state compensation fund and provide a copy of the report to the secretary of state.

C. The state compensation fund board of directors shall perform all necessary acts to file articles of incorporation of the successor mutual insurer corporation and shall take all necessary actions to qualify for a certificate of authority as provided in section 20-706, Arizona Revised Statutes.

D. Beginning January 1, 2013, the successor mutual insurer corporation shall become the successor in interest to all the assets and liabilities of the state compensation fund without any conveyance or transfer and without any further act or deed and shall be vested by operation of law with title to all property of the state compensation fund. The successor mutual insurer

corporation is responsible for the obligations of the state compensation fund to the same extent as though incurred originally by the mutual insurer corporation, including obligations assumed by intergovernmental agreements with the industrial commission of Arizona regarding the processing of claims pursuant to section 23-966, Arizona Revised Statutes. The successor mutual insurer corporation is not an agency of this state or a public entity of this state. The successor mutual insurer corporation shall not use the term "state compensation fund" or "SCF" in its new name or logo from and after June 30, 2014.

Sec. 5. State compensation fund; transitional board of directors

A. Notwithstanding section 23-981.01, Arizona Revised Statutes, the state compensation fund board of directors consists of seven members, with the two additional board members appointed by the governor to join the board of directors currently serving pursuant to section 23-981.01, Arizona Revised Statutes. The two additional board members are not required to be policyholders or employees of policyholders of the state compensation fund, but shall not have any interest as a stockholder, employee, attorney, agent, broker or contractor of any other insurance entity who writes workers' compensation insurance in this state or whose affiliates write workers' compensation insurance in this state. The two additional board members shall have experience in the following areas:

1. One member shall have at least ten years of substantial property and casualty insurance expertise.

2. One member shall have at least ten years of substantial business or financial management expertise.

B. The term of office of the two additional board members begins on the effective date of this act and continues until the state compensation fund board of directors terminates on July 1, 2012.

Sec. 6. Industrial commission rule making

On or before January 1, 2013, the industrial commission of Arizona shall adopt rules as necessary to conform to the termination of the state compensation fund and state compensation fund board of directors.

Sec. 7. Conforming legislation

The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the termination of the state compensation fund and the state compensation fund board of directors for consideration in the fiftieth legislature, first regular session.

Sec. 8. Retroactivity

Sections 1, 2 and 4 of this act are effective retroactively to July 1, 2010.

APPROVED BY THE GOVERNOR MAY 7, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 7, 2010.

Passed the House April 29, 20 10,

by the following vote: 37 Ayes,

19 Nays, 4 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate March 8, 20 10,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR
This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20_____,

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

S.B. 1045

SENATE CONCURS IN HOUSE
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 29, 20 10

by the following vote: 26 Ayes,

1 Nays, 3 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

3 day of May, 20 10

at 8:50 o'clock A. M.

Secretary to the Governor

Approved this 7 day of

May, 2010

at 11:05 o'clock A. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 7th day of May, 20 10

at 4:30 o'clock P. M.

Secretary of State

S.B. 1045