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2014

1 A bill to be entitled 2 An act relating to workers' compensation; amending s. 3 440.107, F.S.; revising powers of the Department of Financial Services relating to compliance with and 4 5 enforcement of workers' compensation coverage 6 requirements; providing for stop-work order 7 information to be available on the Division of 8 Workers' Compensation's website; revising requirements 9 for the release of stop-work orders; revising 10 penalties; amending ss. 440.15 and 440.16, F.S.; 11 revising rate formulas related to the determination of 12 compensation for disability and death; amending s. 440.49, F.S.; revising provisions relating to the 1.3 assessment rate of the Special Disability Trust Fund; 14 15 reducing the assessment rate limitation; providing an 16 effective date. 17 Be It Enacted by the Legislature of the State of Florida: 18 19 20 Section 1. Paragraphs (a), (d), and (e) of subsection (7) of section 440.107, Florida Statutes, are amended to read: 21 22 440.107 Department powers to enforce employer compliance 23 with coverage requirements.-2.4 (7)(a) Whenever the department determines that an employer 25 who is required to secure the payment to his or her employees of

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the compensation provided for by this chapter has failed to secure the payment of workers' compensation required by this chapter or to produce the required business records under subsection (5) within 10 $\frac{5}{2}$ business days after receipt of the written request of the department, such failure shall be deemed an immediate serious danger to public health, safety, or welfare sufficient to justify service by the department of a stop-work order on the employer, requiring the cessation of all business operations. If the department makes such a determination, the department shall issue a stop-work order within 72 hours. The order shall take effect when served upon the employer or, for a particular employer worksite, when served at that worksite. In addition to serving a stop-work order at a particular worksite which shall be effective immediately, the department shall immediately proceed with service upon the employer which shall be effective upon all employer worksites in the state for which the employer is not in compliance. A stop-work order may be served with regard to an employer's worksite by posting a copy of the stop-work order in a conspicuous location at the worksite. Information related to an employer's stop-work order shall be made available on the division's website, be updated daily, and remain on the website for at least 5 years. The order shall remain in effect until the department issues an order releasing the stop-work order upon a finding that the employer has come into compliance with the coverage requirements of this

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chapter and has paid any penalty assessed under this section. The department may issue an order of conditional release from a stop-work order to an employer upon a finding that the employer has complied with the coverage requirements of this chapter, paid a penalty of \$1,000 as a down payment, and has agreed to remit periodic payments of the remaining penalty amount pursuant to a payment agreement schedule with the department or pay the remaining penalty amount in full. If an order of conditional release is issued, failure by the employer to pay the penalty in full or enter into a payment agreement with the department within 28 days after service of the stop-work order upon the employer, or to meet any term or condition of such penalty payment agreement, shall result in the immediate reinstatement of the stop-work order and the entire unpaid balance of the penalty shall become immediately due. The department may require an employer who is found to have failed to comply with coverage requirements of s. 440.38 to file with the department, as a condition of release from a stop-work order, periodic reports for a probationary period that shall not exceed 2 years that demonstrate the employer's continued compliance with this chapter. The department shall by rule specify the reports required and the time for filing under this subsection. In addition to any penalty, stop-work order, or injunction, the department shall assess against any employer who

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has failed to secure the payment of compensation as required by



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this chapter a penalty equal to 2 1.5 times the amount the employer would have paid in premium when applying approved manual rates to the employer's payroll during periods for which it failed to secure the payment of workers' compensation required by this chapter within the preceding 2-year 3-year period or \$1,000, whichever is greater. For employers who have not been previously issued a stop-work order, the department must allow the employer to receive a credit for the initial payment of the estimated annual workers' compensation policy premium, as determined by the carrier, to be applied to the penalty. Before applying the credit to the penalty, the employer must provide the department with documentation reflecting that the employer has secured the payment of compensation pursuant to s. 440.38 and proof of payment to the carrier. In order for the department to apply a credit for an employer that has secured workers' compensation for leased employees by entering into an employee leasing contract with a licensed employee leasing company, the employer must provide the department with a written confirmation, by a representative from the employee leasing company, of the dollar or percentage amount attributable to the initial estimated workers' compensation expense for leased employees, and proof of payment to the employee leasing company. The \$1,000 penalty shall be assessed against the employer even if the calculated penalty after the credit has been applied is less than \$1,000.

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- 2. Any subsequent violation within 5 years after the most recent violation shall, in addition to the penalties set forth in this subsection, be deemed a knowing act within the meaning of s. 440.105.
- (e) When an employer fails to provide business records sufficient to enable the department to determine the employer's payroll for the period requested for the calculation of the penalty provided in paragraph (d), for penalty calculation purposes, the imputed weekly payroll for each employee, corporate officer, sole proprietor, or partner shall be the statewide average weekly wage as defined in s. 440.12(2) multiplied by 2 1.5.
- Section 2. Paragraph (a) of subsection (1), paragraph (a) of subsection (2), and paragraph (a) of subsection (4) of section 440.15, Florida Statutes, is amended to read:
- 440.15 Compensation for disability.—Compensation for disability shall be paid to the employee, subject to the limits provided in s. 440.12(2), as follows:
 - (1) PERMANENT TOTAL DISABILITY.-
- (a) In case of total disability adjudged to be permanent, 66 2/3 or 66.67 percent of the average weekly wages shall be paid to the employee during the continuance of such total disability. No compensation shall be payable under this section if the employee is engaged in, or is physically capable of engaging in, at least sedentary employment.

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- (2) TEMPORARY TOTAL DISABILITY.-
- (a) Subject to subsection (7), in case of disability total in character but temporary in quality, 66 2/3 or 66.67 percent of the average weekly wages shall be paid to the employee during the continuance thereof, not to exceed 104 weeks except as provided in this subsection, s. 440.12(1), and s. 440.14(3). Once the employee reaches the maximum number of weeks allowed, or the employee reaches the date of maximum medical improvement, whichever occurs earlier, temporary disability benefits shall cease and the injured worker's permanent impairment shall be determined.
 - (4) TEMPORARY PARTIAL DISABILITY.-
- (a) Subject to subsection (7), in case of temporary partial disability, compensation shall be equal to 80 percent of the difference between 80 percent of the employee's average weekly wage and the salary, wages, and other remuneration the employee is able to earn postinjury, as compared weekly; however, weekly temporary partial disability benefits may not exceed an amount equal to 66 2/3 or 66.67 percent of the employee's average weekly wage at the time of accident. In order to simplify the comparison of the preinjury average weekly wage with the salary, wages, and other remuneration the employee is able to earn postinjury, the department may by rule provide for payment of the initial installment of temporary partial disability benefits to be paid as a partial week so that payment

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for remaining weeks of temporary partial disability can coincide as closely as possible with the postinjury employer's work week. The amount determined to be the salary, wages, and other remuneration the employee is able to earn shall in no case be less than the sum actually being earned by the employee, including earnings from sheltered employment. Benefits shall be payable under this subsection only if overall maximum medical improvement has not been reached and the medical conditions resulting from the accident create restrictions on the injured employee's ability to return to work.

- Section 3. Paragraph (b) of subsection (1) and subsection (3) of section 440.16, Florida Statutes, are amended to read:
 440.16 Compensation for death.—
- (1) If death results from the accident within 1 year thereafter or follows continuous disability and results from the accident within 5 years thereafter, the employer shall pay:
- (b) Compensation, in addition to the above, in the following percentages of the average weekly wages to the following persons entitled thereto on account of dependency upon the deceased, and in the following order of preference, subject to the limitation provided in subparagraph 2., but such compensation shall be subject to the limits provided in s. 440.12(2), shall not exceed \$150,000, and may be less than, but shall not exceed, for all dependents or persons entitled to compensation, 66 2/3 or 66.67 percent of the average wage:

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- 1. To the spouse, if there is no child, 50 percent of the average weekly wage, such compensation to cease upon the spouse's death.
- 2. To the spouse, if there is a child or children, the compensation payable under subparagraph 1. and, in addition, 16 2/3 percent on account of the child or children. However, when the deceased is survived by a spouse and also a child or children, whether such child or children are the product of the union existing at the time of death or of a former marriage or marriages, the judge of compensation claims may provide for the payment of compensation in such manner as may appear to the judge of compensation claims just and proper and for the best interests of the respective parties and, in so doing, may provide for the entire compensation to be paid exclusively to the child or children; and, in the case of death of such spouse, 33 1/3 percent for each child. However, upon the surviving spouse's remarriage, the spouse shall be entitled to a lump-sum payment equal to 26 weeks of compensation at the rate of 50 percent of the average weekly wage as provided in s. 440.12(2), unless the \$150,000 limit provided in this paragraph is exceeded, in which case the surviving spouse shall receive a lump-sum payment equal to the remaining available benefits in lieu of any further indemnity benefits. In no case shall a surviving spouse's acceptance of a lump-sum payment affect payment of death benefits to other dependents.

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- 3. To the child or children, if there is no spouse, 33 1/3 percent for each child.
 - 4. To the parents, 25 percent to each, such compensation to be paid during the continuance of dependency.
 - 5. To the brothers, sisters, and grandchildren, 15 percent for each brother, sister, or grandchild.
 - (3) Where, because of the limitation in paragraph (1)(b), a person or class of persons cannot receive the percentage of compensation specified as payable to or on account of such person or class, there shall be available to such person or class that proportion of such percentage as, when added to the total percentage payable to all persons having priority of preference, will not exceed a total of said 66 2/3 or 66.67 percent, which proportion shall be paid:
 - (a) To such person; or
 - (b) To such class, share and share alike, unless the judge of compensation claims determines otherwise in accordance with the provisions of subsection (4).
 - Section 4. Paragraphs (b) and (c) of subsection (9) of section 440.49, Florida Statutes, are amended to read:
 - 440.49 Limitation of liability for subsequent injury through Special Disability Trust Fund.—
 - (9) SPECIAL DISABILITY TRUST FUND. -
 - (b)1. The Special Disability Trust Fund shall be maintained by annual assessments upon the insurance companies

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writing compensation insurance in the state, the commercial self-insurers under ss. 624.462 and 624.4621, the assessable mutuals as defined in s. 628.6011, and the self-insurers under this chapter, which assessments shall become due and be paid quarterly at the same time and in addition to the assessments provided in s. 440.51. Payments of assessments shall be made by each carrier, self-insurer, and self-insured employer to the department for the Special Disability Trust Fund pursuant to department rule establishing such method of payment.

- 2. The department shall estimate annually in advance the amount necessary for the administration of this subsection and the maintenance of this fund pursuant to this paragraph and shall make such assessment in the manner hereinafter provided. By July 1 of each year, the department shall calculate the assessment rate, which shall be based upon the net premiums written by carriers and self-insurers, the amount of premiums calculated by the department for self-insured employers, the sum of the anticipated disbursements and expenses of the Special Disability Trust Fund for the next calendar year, and the expected fund balance for the next calendar year. Such assessment rate shall take effect January 1 of the next calendar year. Such amount shall be prorated among the insurance companies writing workers' compensation insurance in the state, the self-insurers, and the self-insured employers.
 - 3. All reimbursement requests that are approved, but

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remain unpaid as of June 30, 2014, shall be paid by October 31,



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252 2014. 253 2. The annual assessment shall be calculated to produce 254 during the next calendar year an amount which, when combined 255 with that part of the balance anticipated to be in the fund on 256 December 31 of the current calendar year which is in excess of 257 \$100,000, is equal to the average of: 258 a. The sum of disbursements from the fund during the 259 immediate past 3 calendar years, and 260 b. Two times the disbursements of the most recent calendar 261 vear. 262 c. Such assessment rate shall first apply on a calendar 263 year basis for the period beginning January 1, 2012, and shall 264 be included in workers' compensation rate filings approved by 265 the office which become effective on or after January 1, 2012. 266 The assessment rate effective January 1, 2011, shall also apply 267 to the interim period from July 1, 2011, through December 31, 268 2011, and shall be included in workers' compensation rate 269 filings, whether regular or amended, approved by the office 270 which become effective on or after July 1, 2011. Thereafter, the

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annual assessment rate shall take effect January 1 of the next

rate filings approved by the office which become effective on or

calendar year and shall be included in workers' compensation

after January 1 of the next calendar year. Assessments shall

CODING: Words stricken are deletions; words underlined are additions.

become due and be paid quarterly.



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Such amount shall be prorated among the insurance companies writing compensation insurance in the state and the selfinsurers.

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- 3. The net premiums written by the companies for workers! compensation in this state and the net premium written applicable to the self-insurers in this state are the basis for computing the amount to be assessed as a percentage of net premiums. Such payments shall be made by each carrier and selfinsurer to the department for the Special Disability Trust Fund in accordance with such regulations as the department prescribes.
- 4. The Chief Financial Officer is authorized to receive and credit to such Special Disability Trust Fund any sum or sums that may at any time be contributed to the state by the United States under any Act of Congress, or otherwise, to which the state may be or become entitled by reason of any payments made out of such fund.
- (c) Notwithstanding the Special Disability Trust Fund assessment rate calculated pursuant to this section, the rate assessed may $\frac{\text{shal}}{\text{l}}$ not exceed 2.50 $\frac{4.52}{\text{m}}$ percent.
 - Section 5. This act shall take effect July 1, 2014.

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