

CLSB281.002

4.30.09

FIRST REPORT OF FIRST CONFERENCE COMMITTEE
ON SB09-281

THIS REPORT AMENDS THE
REREVISED BILL

To the President of the Senate and the
Speaker of the House of Representatives:

Your first conference committee appointed on SB09-281, concerning Pinnacol Assurance, and, in connection therewith, clarifying the operation of Pinnacol Assurance as a political subdivision of the state, creating a legislative interim committee to study worker safety and the system of compensation for work-related injuries, and requiring performance audits of Pinnacol Assurance, has met and reports that it has agreed upon the following:

That the Senate accede to the House amendment made to the bill, as the amendment appears in the rerevised bill, with the following changes:

Amend rerevised bill, strike everything below the enacting clause and substitute the following:

"SECTION 1. 8-45-101 (2) C, Colorado Revised Statutes, is amended to read:

8-45-101. Pinnacol Assurance - creation - powers and duties.
(2) (c) The board shall have the powers, rights, and duties of the board of directors of a domestic mutual insurance company, except as SET FORTH IN THIS ARTICLE AND otherwise provided by law.

SECTION 2. 8-45-121 (2), Colorado Revised Statutes, is amended to read:

8-45-121. Visitation of fund by commissioner of insurance - annual audit - examination. (2) An annual FINANCIAL audit of SAID

~~FUND~~ PINNACOL ASSURANCE shall be made by ~~an~~ THE STATE auditor; of SUCH AUDITS SHALL INCLUDE KNOWN LOSS RESERVES AND INCURRED BUT NOT REPORTED LOSSES. IN CONDUCTING SUCH AUDITS, THE STATE AUDITOR SHALL EMPLOY A firm of auditors ~~having~~ AND ACTUARIES, OR BOTH, WITH the necessary specialized knowledge and experience. ~~retained by the state auditor with the consultation and advice of the chief executive officer and the commissioner of insurance.~~ The cost of such ANNUAL audit ~~and examination~~ shall be borne by ~~the fund~~ PAID FROM THE OPERATING FUNDS OF PINNACOL ASSURANCE.

SECTION 3. Article 45 of title 8, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

8-45-125. Worker safety and injury compensation study group - creation - members - study - report - repeal. (1) THERE IS HEREBY CREATED AN INTERIM COMMITTEE TO STUDY PINNACOL ASSURANCE. THE INTERIM COMMITTEE SHALL MEET DURING THE 2009 INTERIM AS AUTHORIZED UNDER RULE 24A OF THE JOINT RULES OF THE SENATE AND HOUSE OF REPRESENTATIVES.

(2)(a) THE MEMBERS OF THE INTERIM COMMITTEE SHALL CONSIST OF THE FOLLOWING MEMBERS:

(I) FIVE MEMBERS OF THE SENATE, THREE APPOINTED BY THE PRESIDENT OF THE SENATE AND TWO APPOINTED BY THE MINORITY LEADER OF THE SENATE;

(II) FIVE MEMBERS OF THE HOUSE OF REPRESENTATIVES, THREE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND TWO APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES;

(III) THE CHIEF EXECUTIVE OFFICER OF PINNACOL ASSURANCE, OR HIS OR HER DESIGNEE;

(IV) A MEMBER OF THE BOARD OF DIRECTORS OF PINNACOL ASSURANCE DESIGNATED BY SUCH BOARD OF DIRECTORS;

(V) THE INSURANCE COMMISSIONER OR HIS OR HER DESIGNEE;

(VI) A POLICYHOLDER INSURED BY PINNACOL ASSURANCE DESIGNATED BY THE BOARD OF DIRECTORS OF PINNACOL ASSURANCE;

(VII) A REPRESENTATIVE DESIGNATED BY THE BOARD OF DIRECTORS OF PINNACOL ASSURANCE THAT IS PART OF A GROUP OF EMPLOYERS INSURED AS AN AFFINITY PROGRAM BY PINNACOL ASSURANCE;

(VIII) A REPRESENTATIVE OF THE PROFESSIONAL INSURANCE AGENTS OF COLORADO TO BE DETERMINED BY THAT ASSOCIATION; AND

(IX) AN INJURED WORKER APPOINTED BY THE WORKERS' COMPENSATION ASSOCIATION OF COLORADO.

(b) THE CHAIR OF THE INTERIM COMMITTEE SHALL BE APPOINTED BY THE PRESIDENT OF THE SENATE FROM AMONG THE MEMBERS APPOINTED UNDER SUBPARAGRAPH (I) OF PARAGRAPH (a) OF THIS SUBSECTION (2). THE VICE-CHAIR OF THE INTERIM COMMITTEE SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES FROM AMONG THE MEMBERS APPOINTED UNDER SUBPARAGRAPH (II) OF PARAGRAPH (a) OF THIS SUBSECTION (2).

(3) (a) THE INTERIM COMMITTEE SHALL STUDY, MAKE RECOMMENDATIONS, AND REPORT FINDINGS ON THE PERFORMANCE OF ALL OPERATIONAL ASPECTS OF, BUT NOT LIMITED TO, PINNACOL ASSURANCE, INCLUDING EXECUTIVE COMPENSATION, SURPLUS, THE FEASIBILITY OF THE CONTINUED OPERATION AND THE PUBLIC POLICY IMPLICATIONS OF PINNACOL ASSURANCE AS A DIVISION OF STATE GOVERNMENT, THE FEASIBILITY AND PUBLIC POLICY IMPLICATIONS OF SELLING PINNACOL ASSURANCE TO A WILLING THIRD-PARTY BUYER, AND THE FEASIBILITY AND PUBLIC POLICY IMPLICATIONS OF PINNACOL OPERATING IN ITS CURRENT STRUCTURE AS A DOMESTIC MUTUAL INSURANCE COMPANY.

(b) IN CONDUCTING THE INTERIM STUDY, THE COMMITTEE MAY REQUIRE THE STATE AUDITOR TO EMPLOY A FIRM OF AUDITORS AND ACTUARIES, OR BOTH, WITH THE NECESSARY SPECIALIZED KNOWLEDGE AND EXPERIENCE TO ASSIST THE COMMITTEE.

(4) The interim committee shall work with the state auditor to develop the scope of work for a performance audit of Pinnacol Assurance

to be conducted by the state auditor under the provisions of section 2-3-103, C.R.S. The cost of such performance audit shall be paid from the operating funds of Pinnacol Assurance.

(5) IN CONDUCTING ITS STUDY, THE INTERIM COMMITTEE IS AUTHORIZED TO UTILIZE THE PROVISIONS OF SECTIONS 2-2-313 TO 2-2-315, C.R.S., AND RULE 33 OF THE JOINT RULES OF THE SENATE AND HOUSE OF REPRESENTATIVES.

(6) THE LEGISLATIVE COUNCIL STAFF AND THE OFFICE OF LEGISLATIVE LEGAL SERVICES SHALL ASSIST THE INTERIM COMMITTEE IN ITS ACTIVITIES.

(6) THE INTERIM COMMITTEE SHALL REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE LEGISLATIVE COUNCIL DURING THE 2009 INTERIM BY THE DATE SPECIFIED IN THE JOINT RULES OF THE SENATE AND HOUSE OF REPRESENTATIVES.

(7) THE INTERIM COMMITTEE CREATED BY THIS SECTION IS SUBJECT TO THE PROVISIONS OF SECTION 2-3-303.3, C.R.S., WITH RESPECT TO THE CONDUCT OF ADDITIONAL INTERIM STUDIES.

(8) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2011.

SECTION 4. Safety clause. The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety."

Page 1, strike lines 105 through 107, and substitute the following:

"THE OPERATION OF PINNACOL ASSURANCE."

