SENATE BILL NO. 2734

AN ACT TO AMEND SECTION 71-3-75, MISSISSIPPI CODE OF 1972, TO REQUIRE WORKERS' COMPENSATION POOLS TO BE SPONSORED BY BONA FIDE TRADE OR PROFESSIONAL ASSOCIATIONS WHICH HAVE BEEN IN EXISTENCE FOR A CERTAIN PERIOD OF YEARS AND WHICH DO NOT HAVE AS THEIR PRIMARY FUNCTION THE SPONSORSHIP OF A WORKERS' COMPENSATION POOL; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 71-3-75, Mississippi Code of 1972, is amended as follows:

71-3-75. (1) Insurance of liability: An employer liable under this chapter to pay compensation shall insure payment of such compensation by a carrier authorized to insure such liability in this state unless such employer shall be exempted from doing so by the commission.

(2) Exemption from insuring: An employer desiring to be exempt from insuring his liability for compensation shall make application to the commission, showing his financial ability to pay such compensation and agreeing as a condition for the granting of the exemption to faithfully report all injuries under compensation according to law and the requirement of the commission, and to comply with the provisions of this chapter and the rules of the commission pertaining to the administration thereof; whereupon the commission by written order may make such exemption. The commission may from time to time require further statement of financial ability of such employer to pay compensation and may, upon ten (10) days' notice in writing, for financial reasons or for failure of the employer to faithfully discharge his obligations according to the agreements contained in his application for exemption, revoke its order granting such exemption.
exemption, in which case such employer shall immediately insure
his liability. As a condition for the granting of an exemption,
the commission shall have authority to require the employer to
furnish such security as it may consider sufficient to insure
payment of all claims under compensation. Where the security is
in the form of a bond or other personal guaranty, the commission
may, at any time either before or after the entry of an award upon
at least ten (10) days' notice and opportunity to be heard,
require the sureties to pay the amount of the award, the same to
be enforced in like manner as the award itself may be enforced.
Where an employer procures an exemption as herein provided and
thereafter enters into any form of agreement for insurance
coverage with an insurance company or interinsurer not licensed to
operate in this state, his conduct shall automatically operate as
a revocation of such exemption. An order exempting an employer
from insuring his liability for compensation shall be null and
void if the application contains a financial statement which is
false in any material respect. The commission shall revoke the
self-insurance permit if the employer is found to have directly or
indirectly induced an employee to forego his right to workers'
compensation benefits.

(3) **Pooling of liabilities:** The commission may, under such
rules and regulations as it prescribes, permit two (2) or more
employers engaged in a common type of business activity or
pursuit, or having other reasons to associate, to enter into
agreements to pool their liabilities under this section for the
purpose of qualifying as self-insurers, and each employer member
of such approved group shall be classified as a self-insurer.
Employers pooling liabilities under this subsection (a "workers'
compensation pool") shall be sponsored by a bona fide trade or
professional association which has been in existence for a period
of five (5) years or more and does not have as its primary
function the sponsorship, operation or management of a workers' compensation pool under this subsection.

SECTION 2. This act shall take effect and be in force from and after July 1, 2003.