

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2381

1 AN ACT TO AMEND SECTION 71-3-159, MISSISSIPPI CODE OF 1972,  
2 TO CREATE TWO NONPROFIT UNINCORPORATED LEGAL ENTITIES TO BE KNOWN  
3 AS THE "MISSISSIPPI WORKERS' COMPENSATION INDIVIDUAL SELF-INSURER  
4 GUARANTY ASSOCIATION" AND THE "MISSISSIPPI WORKERS' COMPENSATION  
5 GROUP SELF-INSURER GUARANTY ASSOCIATION"; TO AMEND SECTION  
6 71-3-157, MISSISSIPPI CODE OF 1972, TO REVISE DEFINITIONS; TO  
7 AMEND SECTION 71-3-161, MISSISSIPPI CODE OF 1972, TO PROVIDE FOR  
8 BOARDS OF DIRECTORS OF THE INDIVIDUAL ASSOCIATION AND THE GROUP  
9 ASSOCIATION; TO AMEND SECTION 71-3-163, MISSISSIPPI CODE OF 1972,  
10 TO PROVIDE THAT ALL FUNDS IN THE MISSISSIPPI WORKERS' COMPENSATION  
11 SELF-INSURER GUARANTY ASSOCIATION SHALL BECOME AND REMAIN ASSETS  
12 OF THE MISSISSIPPI WORKERS' COMPENSATION INDIVIDUAL SELF-INSURER  
13 GUARANTY ASSOCIATION; TO PROVIDE FOR CERTAIN ASSESSMENTS TO EACH  
14 INDIVIDUAL SELF-INSURER AND TO EACH GROUP SELF-INSURER; TO AMEND  
15 SECTION 71-3-165, MISSISSIPPI CODE OF 1972, TO REQUIRE THAT EACH  
16 ASSOCIATION SHALL SUBMIT A PLAN OF OPERATION TO THE COMMISSION; TO  
17 AMEND SECTION 71-3-169, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT  
18 CERTAIN EXPENSES, INTEREST AND PENALTIES SHALL BE ADDED TO ANY  
19 RECOVERY BY AN ASSOCIATION FROM A SELF-INSURER IN DEFAULT; TO  
20 AMEND SECTION 71-3-173, MISSISSIPPI CODE OF 1972, TO PROVIDE FOR  
21 CERTAIN EXAMINATIONS OF THE FINANCIAL CONDITION OF MEMBER  
22 SELF-INSURERS AND GROUP SELF-INSURERS; TO CREATE NEW CODE SECTION  
23 71-3-174, MISSISSIPPI CODE OF 1972, TO PROVIDE FOR SPECIAL  
24 ASSESSMENT PLANS IF AN ASSOCIATION ASSUMES OBLIGATIONS OF AN  
25 INDIVIDUAL SELF-INSURER OR GROUP SELF-INSURER WHICH EXCEED THE  
26 ASSETS OF SUCH ASSOCIATION; TO AMEND SECTIONS 71-3-153, 71-3-167,  
27 71-3-175, 71-3-177, 71-3-179 AND 71-3-181, MISSISSIPPI CODE OF  
28 1972, IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

30 **SECTION 1.** Section 71-3-153, Mississippi Code of 1972, is  
31 amended as follows:

32 71-3-153. The purpose of Sections 71-3-151 through 71-3-181  
33 is to provide a mechanism for the payment of the covered claims  
34 under the Workers' Compensation Law, to avoid excessive delay in  
35 payment and to avoid financial loss to claimants because of the  
36 insolvency of a self-insurer, to assist in the detection and  
37 prevention of self-insurer insolvencies, and to provide \* \* \*  
38 associations to assess the cost of such protection among  
39 self-insurers.

40 Sections 71-3-151 through 71-3-181 shall apply to all  
41 employers who are self-insurers under the provisions of Section  
42 71-3-75, Mississippi Code of 1972.

43 **SECTION 2.** Section 71-3-157, Mississippi Code of 1972, is  
44 amended as follows:

45 71-3-157. For the purposes of Sections 71-3-151 through  
46 71-3-181, the following words shall have the meanings ascribed  
47 herein unless the context shall otherwise require:

48 (a) "Individual association" means the Mississippi  
49 Workers' Compensation Individual Self-insurer Guaranty Association  
50 created under Section 71-3-159.

51 (b) "Group association" means the Mississippi Workers'  
52 Compensation Group Self-insurer Guaranty Association created under  
53 Section 71-3-159.

54 (c) "Commission" means the Mississippi Workers'  
55 Compensation Commission.

56 (d) "Compensation" means amounts payable to claimants  
57 under the Mississippi Workers' Compensation Law as defined in  
58 Section 71-3-3(j), Mississippi Code of 1972.

59 (e) "Covered claim" means an unpaid claim upon which  
60 compensation or medical is payable by an individual self-insurer  
61 or a group self-insurer under the Workers' Compensation Law.

62 (f) "Self-insurer in default" means an individual  
63 self-insurer or a group self-insurer as defined by this chapter  
64 that has defaulted or failed for any reason to satisfy any of its  
65 obligations under the Workers' Compensation Law, including,  
66 without limitation, all obligations for payment of indemnity  
67 compensation, disability, expenses of medical, hospital, surgical,  
68 rehabilitation and other services, death benefits and funeral  
69 expenses, whether such default or failure is the result of  
70 insolvency or bankruptcy or receivership or otherwise.

71 (g) "Member self-insurer" means a self-insurer as  
72 defined by this chapter who is a member of the Mississippi

73 Workers' Compensation Individual Self-insurer Guaranty Association  
74 or the Mississippi Workers' Compensation Group Self-insurer  
75 Guaranty Association.

76 (h) "Individual self-insurer" is an employer who has  
77 been authorized under Section 71-3-75(2), Mississippi Code of  
78 1972, to insure under the Workers' Compensation Law.

79 (i) "Group self-insurer" is a group of employers who  
80 have been authorized under Section 71-3-75(3), Mississippi Code of  
81 1972, to insure under the Workers' Compensation Law.

82 (j) "Person" means any individual, corporation,  
83 partnership, association or voluntary organization.

84 **SECTION 3.** Section 71-3-159, Mississippi Code of 1972, is  
85 amended as follows:

86 71-3-159. There are created \* \* \* nonprofit unincorporated  
87 legal entities to be known as the "Mississippi Workers'  
88 Compensation Individual Self-insurer Guaranty Association" and the  
89 "Mississippi Workers' Compensation Group Self-insurer Guaranty  
90 Association." All individual self-insurers shall be and remain  
91 members of the individual association and all group self-insurers  
92 shall be and remain members of the group association as a  
93 condition of their authority under Section 71-3-75, Mississippi  
94 Code of 1972. These associations shall perform their functions  
95 under \* \* \* plans of operation established and approved under  
96 Section 71-3-165 and shall exercise their powers through \* \* \*  
97 boards of directors established under Section 71-3-161.

98 **SECTION 4.** Section 71-3-161, Mississippi Code of 1972, is  
99 amended as follows:

100 71-3-161. (1) The boards of directors of the individual  
101 association and the group association shall each consist of not  
102 less than five (5) nor more than nine (9) persons, serving terms  
103 as established in their plans of operation. The members of each  
104 of the boards shall be selected by their respective member  
105 self-insurers, subject to the approval of the commission.

106 Vacancies of the boards shall be filled for the remaining period  
107 of the term in the same manner as initial appointments.

108 (2) In approving selections to the boards, the commission  
109 shall consider, among other things, whether all member  
110 self-insurers of their respective association are fairly  
111 represented.

112 (3) Subject to board approval, members of the boards may be  
113 reimbursed from the assets of their respective associations for  
114 expenses, including, but not limited to, attorney fees, incurred  
115 by them as members of the boards of directors.

116 **SECTION 5.** Section 71-3-163, Mississippi Code of 1972, is  
117 amended as follows:

118 71-3-163. (1) Each association shall:

119 (a) Be obligated to the extent of its covered claims  
120 existing prior to the date of default and arising within thirty  
121 (30) days after the date of default. In no event shall an  
122 association be obligated to a claimant in an amount in excess of  
123 the obligation of the defaulting member self-insurer of such  
124 association.

125 (b) Be deemed the self-insurer to the extent of  
126 obligations on its \* \* \* covered claims and to such extent shall  
127 have all rights, duties and obligations of the individual  
128 self-insurer in default or insolvent group self-insurer in default  
129 as if such self-insurer were not in default.

130 (c) Assess its respective individual self-insurers or  
131 group self-insurers amounts necessary to pay the obligations of  
132 the association under subsection (2) of this section, the expenses  
133 of handling covered claims and other expenses authorized by  
134 Sections 71-3-151 through 71-3-181. The assessments of each  
135 individual self-insurer and each group self-insurer shall be two  
136 percent (2%) of the gross paid compensation and medical supplies  
137 and services of said member self-insurer during each period of six  
138 (6) months. Said two percent (2%) assessment shall be collected

139 by the commission at the same time as and pursuant to the  
140 procedures adopted by the commission pursuant to Section 71-3-99,  
141 Mississippi Code of 1972. All funds in the Mississippi Workers'  
142 Compensation Self-insurer Guaranty Association on July 1, 2004,  
143 shall become and remain assets of the Mississippi Workers'  
144 Compensation Individual Self-insurer Guaranty Association, but  
145 shall be used only for purposes of satisfying obligations arising  
146 from covered claims filed with the Mississippi Workers'  
147 Compensation Self-insurer Guaranty Association on or before July  
148 1, 2004. All obligations arising from covered claims filed with  
149 the Mississippi Workers' Compensation Self-insurer Guaranty  
150 Association on or before July 1, 2004, shall remain obligations of  
151 all employers who were approved self-insureds as of the dates such  
152 covered claims were filed. All obligations arising from covered  
153 claims filed after July 1, 2004, shall become the sole obligation  
154 of the association to which the insolvent individual self-insurer  
155 or group self-insurer belongs. The two percent (2%) assessment to  
156 each individual self-insurer and to each group self-insurer is to  
157 be collected by the commission until the sum of Two Million  
158 Dollars (\$2,000,000.00) is accumulated by each association. At  
159 that time the assessments shall be suspended. However, any  
160 employer that becomes authorized under Section 71-3-75 to be a  
161 member self-insurer after July 1, 1996, is not entitled to have  
162 the two percent (2%) assessment suspended until such member  
163 self-insurer has contributed to the guaranty fund to which it  
164 belongs for the first four (4) years such employer is a member  
165 self-insurer \* \* \* regardless of the amount in the guaranty fund  
166 of the association to which it belongs. The two percent (2%)  
167 assessment shall be reinstated for all member self-insurers of  
168 the individual association or group association at any time that  
169 the guaranty fund balance of the association to which they belong  
170 reaches One Million Five Hundred Thousand Dollars (\$1,500,000.00)  
171 and such assessment shall continue until such time as the balance

172 in the guaranty fund of their association is Two Million Dollars  
173 (\$2,000,000.00). If the maximum assessment, together with the  
174 other assets of an association, does not provide in any one (1)  
175 year an amount sufficient to make all necessary payments, the  
176 funds available in such association shall be paid as directed by  
177 the commission and any unpaid portion shall be paid as soon  
178 thereafter as funds in such association become available. When  
179 the guaranty fund balance of the group association reaches One  
180 Million Dollars (\$1,000,000.00), the commission may waive the need  
181 for bonding requirements for self-funded pools.

182 (d) Investigate claims brought against the association;  
183 adjust, compromise, settle and pay covered claims to the extent of  
184 the association's obligations; deny all other claims; and may  
185 review settlements, releases and judgments to which the member  
186 self-insurer in default were parties to determine the extent to  
187 which such settlements, releases and judgments may be properly  
188 contested.

189 (e) Notify such persons as the commission directs under  
190 Section 71-3-167(2)(a).

191 (f) Handle claims through its employees or through one  
192 or more other persons designated as servicing facilities.  
193 Designation of a servicing facility is subject to the approval of  
194 the commission.

195 (g) Reimburse each servicing facility for obligations  
196 of the association paid by the facility and for expenses incurred  
197 by the facility while handling claims on behalf of the  
198 association, and shall pay the other expenses of the association  
199 authorized by Sections 71-3-151 through 71-3-181.

200 (2) Each association may:

201 (a) Employ or retain such persons as are necessary to  
202 handle claims and perform other duties of the association.

203 (b) Sue or be sued.

204 (c) Negotiate and become a party to such contracts as  
205 are necessary to carry out the purposes of Sections 71-3-151  
206 through 71-3-181.

207 (d) Perform such other acts as are necessary or proper  
208 to effectuate the purposes of Sections 71-3-151 through 71-3-181.

209 **SECTION 6.** Section 71-3-165, Mississippi Code of 1972, is  
210 amended as follows:

211 71-3-165. (1) Each association shall submit to the  
212 commission a plan of operation and any amendments thereto  
213 necessary or suitable to assure the fair, reasonable and equitable  
214 administration of the association. The plan of operation and any  
215 amendments thereto shall become effective upon approval in writing  
216 by the commission.

217 (2) If at any time an association fails to submit suitable  
218 amendments to its plan, the commission shall, after notice and  
219 hearings, adopt and promulgate such reasonable rules as are  
220 necessary or advisable to effectuate the provisions of Sections  
221 71-3-151 through 71-3-181. Such rules shall continue in force  
222 until modified by the commission or superseded by a plan submitted  
223 by the noncomplying association and approved by the commission.

224 (3) All member self-insurers shall comply with the plan of  
225 operation of the association to which they belong. The plan of  
226 operation of each association shall:

227 (a) Establish the procedures whereby all the powers and  
228 duties of the association under Section 71-3-163 will be  
229 performed.

230 (b) Establish procedures for handling assets of the  
231 association.

232 (c) Establish the amount and method of reimbursing  
233 members of the board of directors under Section 71-3-161.

234 (d) Establish procedures by which claims may be filed  
235 with the association, and establish acceptable forms of proof of  
236 covered claims.

237 (e) Establish regular places and times for meetings of  
238 the board of directors.

239 (f) Establish procedures for records to be kept of all  
240 financial transactions of the association, its agents and the  
241 board of directors.

242 (g) Provide that any individual self-insurer or group  
243 self-insurer aggrieved by any final action or decision of the  
244 association to which it belongs may appeal to the commission  
245 within thirty (30) days after the action or decision.

246 (h) Establish the procedures whereby selections for the  
247 board of directors will be submitted to the commission.

248 (i) Contain additional provisions necessary or proper  
249 for the execution of the powers and duties of the association.

250 (4) The plan of operation of each association may provide  
251 that any or all powers and duties of the association, except those  
252 under Section 71-3-163(1)(c) and Section 71-3-174, are delegated  
253 to a corporation, association or other organization which performs  
254 or will perform functions similar to those of the association.  
255 Such a corporation, association or organization shall be  
256 reimbursed as a servicing facility would be reimbursed, and shall  
257 be paid for its performance of any other functions of the  
258 association. A delegation under this subsection shall take effect  
259 only with the approval of both the board of directors of the  
260 association and the commission, and may be made only to a  
261 corporation, association or organization which extends protection  
262 not substantially less favorable and effective than that provided  
263 by Sections 71-3-151 through 71-3-181.

264 **SECTION 7.** Section 71-3-167, Mississippi Code of 1972, is  
265 amended as follows:

266 71-3-167. (1) The commission shall:

267 (a) Upon the request of an association or of any other  
268 party or without any request on its own motion, enter any  
269 appropriate order finding a member self-insurer to be in default



270 and to determine the date of such default and promptly notify the  
271 association to which such member self-insurer belongs of the  
272 existence of such default and the date of such default.

273 (b) Upon request of the board of directors of an  
274 association, provide such association with a statement of  
275 compensation payments of each member self-insurer of such  
276 association.

277 (2) The commission may:

278 (a) Require that the group association notify the  
279 member self-insurers of any group self-insurer in default and any  
280 other interested parties of the default. Such notification shall  
281 be by mail at their last known address, where available, but if  
282 sufficient information for notification by mail is not available,  
283 notice by publication in a newspaper of general circulation shall  
284 be sufficient.

285 (b) Suspend or revoke, after notice and hearing, the  
286 authority to self-insure granted under Section 71-3-75,  
287 Mississippi Code of 1972, of any member self-insurer who fails to  
288 pay an assessment when due, or fails to comply with the plan of  
289 operation of the association to which it belongs. As an  
290 alternative, the commission may levy a fine on any member  
291 self-insurer who fails to pay an assessment when due or fails to  
292 comply with the plan of operation. Such fine shall not exceed  
293 five percent (5%) of the unpaid assessment per month, except that  
294 no fine shall be less than One Hundred Dollars (\$100.00) per  
295 month.

296 (c) Revoke the designation of any servicing facility if  
297 it finds claims are being handled unsatisfactorily.

298 (3) Any final action or order of the commission under  
299 Sections 71-3-151 through 71-3-181 shall be subject to judicial  
300 review in a court of competent jurisdiction.

301 **SECTION 8.** Section 71-3-169, Mississippi Code of 1972, is  
302 amended as follows:

303           71-3-169. (1) Any person recovering from an association  
304 under Sections 71-3-151 through 71-3-181 shall be deemed to have  
305 assigned his rights under the Workers' Compensation Law to such  
306 association to the extent of his recovery from such association.  
307 Any claimant seeking the protection of Sections 71-3-151 through  
308 71-3-181 shall cooperate with the association against which claim  
309 is made to the same extent as such person would have been required  
310 to cooperate with the member self-insurer in default. Such  
311 association shall have no cause of action under the Workers'  
312 Compensation Law against the claimant \* \* \* of the member  
313 self-insurer in default for any sums it has paid out except such  
314 causes of action as such member self-insurer in default would have  
315 had if such sums had been paid by such member self-insurer in  
316 default.

317           (2) An association may recover from the self-insurer in  
318 default and from a group self-insurer in default all amounts paid  
319 by such association on account of covered claims of employees of  
320 the member self-insurer in default and any group self-insurer in  
321 default to which such member self-insurer in default belongs, as  
322 well as all expenses incurred by such association in evaluating,  
323 adjusting, defending or settling covered claims of such  
324 employees \* \* \*. It shall be presumed that all amounts paid by  
325 such association under this section are reasonable, necessary and  
326 otherwise in compliance with this chapter. There shall be added  
327 to any recovery under this section expenses of litigation of such  
328 association in obtaining such recovery, interest at the rate of  
329 eight percent (8%) per annum commencing on the date of such  
330 default and a ten percent (10%) penalty.

331           **SECTION 9.** Section 71-3-173, Mississippi Code of 1972, is  
332 amended as follows:

333           71-3-173. To aid in the detection and prevention of  
334 individual self-insurer insolvencies and group self-insurer  
335 insolvencies:

336           (a) The board of directors of an association may, upon  
337 majority vote, request that the commission order an examination of  
338 any of its member self-insurers and group self-insurers which the  
339 board in good faith believes may be in a financial condition  
340 hazardous to the potential claimants or the public. Upon making  
341 any such request to the commission, such board of directors shall  
342 recommend for commission approval persons to perform the  
343 examination. The examination shall commence within thirty (30)  
344 days following the commission's approval of such request for  
345 examination. The commission may request a board of directors to  
346 recommend for commission approval, and a board of directors can  
347 request the commission to approve, alternative persons to complete  
348 an examination if it is believed the examination is not being  
349 performed in a timely and efficient manner. \* \* \* The cost of  
350 such examination shall be paid by the association requesting such  
351 examination, and \* \* \* examination reports shall be forwarded to  
352 the commission and treated as are other examination reports. In  
353 no event shall reports of such examination \* \* \* be released to  
354 the board of directors of such association prior to release to the  
355 public, but this shall not preclude the commission from complying  
356 with paragraph (b) of this section. The commission shall notify  
357 the board of directors of such association when the examination is  
358 completed. Each request for an examination by an association  
359 shall be kept on file by the commission, but it shall not be open  
360 to public inspection prior to the release of an examination report  
361 to the public.

362           (b) It shall be the duty of the commission to report to  
363 the board of directors of an association when it has reasonable  
364 cause to believe that any member self-insurer or group  
365 self-insurer examined or being examined at the request of the  
366 board of directors of such association may be insolvent or in a  
367 financial condition hazardous to potential claimants or the  
368 public.

369 (c) The board of directors of an association may, upon  
370 majority vote, make reports and recommendations to the commission  
371 upon any matter germane to the solvency, bankruptcy or  
372 reorganization of any of its member self-insurers and group  
373 self-insurers. Such reports and recommendations shall not be  
374 considered public documents.

375 (d) The board of directors of an association may, upon  
376 majority vote, make recommendations to the commission for the  
377 detection and prevention of member self-insurer insolvencies and  
378 group self-insurer insolvencies.

379 (e) The board of directors of an association shall, at  
380 the conclusion of any \* \* \* insolvency, bankruptcy case or \* \* \*  
381 default \* \* \* where such association was obligated to pay covered  
382 claims, prepare a report on the history and causes of such  
383 insolvency and bankruptcy, based on the information available to  
384 such association, and submit such report to the commission.

385 **SECTION 10.** The following section shall be codified as  
386 Section 71-3-174, Mississippi Code of 1972:

387 71-3-174. If an association assumes any obligations of an  
388 individual self-insurer or group self-insurer under this chapter,  
389 and payments of such obligations exceed the assets of such  
390 association, such association shall within not less than sixty  
391 (60) days thereafter submit for approval by the commission a plan  
392 for special assessment of each individual self-insurer and group  
393 self-insurer who may be responsible for payment of such  
394 obligations in excess of the assets of such association. Such  
395 plan for special assessment shall also include the expenses of  
396 such association related to the processing of obligations covered  
397 by the special assessment plan. Failure to comply with a  
398 commission-approved special assessment plan of an association  
399 shall create a cause of action in favor of such association  
400 against any noncompliant member self-insurer and any noncompliant  
401 group self-insurer for recovery of payments and expenses by such

402 association for which the noncompliant member self-insurer or  
403 noncompliant group self-insurer should have been obligated. It  
404 shall be presumed that all obligations paid by an association  
405 pursuant to a commission-approved special assessment plan,  
406 including, but not limited to, expenses associated with processing  
407 such obligations, are reasonable, necessary and otherwise in  
408 compliance with the requirements of this chapter. There shall be  
409 added to any recovery under this section expenses of litigation of  
410 such association related to such cause of action, interest at the  
411 rate of eight percent (8%) per annum beginning on the date of such  
412 noncompliance and a ten percent (10%) penalty.

413 **SECTION 11.** Section 71-3-175, Mississippi Code of 1972, is  
414 amended as follows:

415 71-3-175. The individual association and group association  
416 shall be subject to examination and regulation by the commission.  
417 The board of directors of each association shall submit, not later  
418 than March 30 of each year, a financial report for the preceding  
419 calendar year in a form approved by the commission. The  
420 commission shall furnish the board of directors of an association  
421 any records of the commission which would aid in the preparation  
422 of this financial report.

423 **SECTION 12.** Section 71-3-177, Mississippi Code of 1972, is  
424 amended as follows:

425 71-3-177. The individual association and group association  
426 shall be exempt from payment of all fees and all taxes levied by  
427 this state or any of its subdivisions except taxes levied on real  
428 or personal property.

429 **SECTION 13.** Section 71-3-179, Mississippi Code of 1972, is  
430 amended as follows:

431 71-3-179. Subject to Section 71-3-174, there shall be no  
432 liability, jointly or severally, on the part of and no cause of  
433 action of any nature shall arise against any individual  
434 self-insurer, any group self-insurer, association, \* \* \* agents

435 and employees of an association, board of directors of an  
436 association, and the commission and its employees and  
437 representatives, or any of them, for any good faith, affirmative  
438 action taken by any of them in the performance of their powers and  
439 duties under Sections 71-3-151 through 71-3-181. This section  
440 does not apply to individual employers who are members of a group  
441 self-insurer. Such immunity shall not extend to any acts of gross  
442 negligence by any such individual self-insurer, group  
443 self-insurer, association, agents and employees of an association,  
444 board of directors of an association and the commission and its  
445 employees and representative committed in the performance of their  
446 duties hereunder.

447       **SECTION 14.** Section 71-3-181, Mississippi Code of 1972, is  
448 amended as follows:

449       71-3-181. All proceedings in which any individual  
450 self-insurer in default or group self-insurer in default is a  
451 party before the commission or in any court in this state, on  
452 order of the commission, may be stayed for a period not to exceed  
453 six (6) months from the date of the default to permit proper  
454 defense by such association of all covered claims. If any  
455 judgment, order, decision, verdict or finding is made or entered  
456 against such individual self-insurer in default or group  
457 self-insurer in default while the stay provided in this section is  
458 effective, the association to which such individual self-insurer  
459 or group self-insurer belongs may apply to have such judgment,  
460 order, decision, verdict or finding set aside by the same court or  
461 administrator that made such judgment, order, decision, verdict or  
462 finding. Such association shall be permitted to enter its  
463 appearance and defend against any covered claim which is pending  
464 on the date of default or which is filed thereafter.

465       **SECTION 15.** This act shall take effect and be in force from  
466 and after July 1, 2004.