

FILING MEMORANDUM

ITEM 06-FL-2004—FLORIDA DRUG-FREE WORKPLACE PREMIUM CREDIT PROGRAM

(To be effective 12:01 a.m. on July 1, 2004, applicable to new and renewal business only.)

PURPOSE

The purpose of this item is to:

- Add a Notice To Employer to the Application for Drug-Free Workplace Premium Credit Program (Form 09-1) for use in Florida with new and renewal workers compensation and employers liability insurance quotations, and
- Correct the numbering and updating the Drug-Free Workplace Premium Credit Program rules located in the Florida Miscellaneous Rules of the *Basic Manual for Workers Compensation and Employers Liability Insurance*

BACKGROUND

Florida SB 2588 was recently passed and, if signed by the governor, will make a change to Section 627.0915(2), Florida Statutes. This statute is amended to read that an insurer offering a rate plan approved under this section must notify the employer at the time of the initial quote for the policy and, at the time of each renewal of the policy, of the availability of the premium discount where a drug-free workplace plan is used by the employer.

PROPOSAL

It is proposed that effective 12:01 a.m. on July 1, 2004, the Notice To Employer will be included in the Application for Drug-Free Workplace Premium Credit Program (Form 09-1) for use in Florida.

Additionally, the Drug-Free Workplace Premium Credit Program in the Florida Miscellaneous Rules of the *Basic Manual* be revised to correct the numbering of the rule.

IMPACT

The premium impact for an individual employer that receives this credit is 5%.

IMPLEMENTATION

In order to implement this item, the attached exhibits propose the necessary changes.

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EXHIBIT 1**BASIC MANUAL****FLORIDA MISCELLANEOUS RULES****DRUG-FREE WORKPLACE PREMIUM CREDIT PROGRAM**

1. The premium for a risk ~~may~~**must** be reduced by 5% for an employer who has certified that it has established a drug-free workplace in accordance with rules as established by the Agency for Health Care Administration.
2. The premium credit must be applied to the insured's policy pro rata as of the date of receipt of certification by the carrier, ~~subject to an anniversary rate date of January 1, 1992 or after.~~ Self-certification by the employer ~~may be~~**is** accomplished by completing Florida Form 09-1 and is subject to physical verification by the insurer.
3. The premium credit must be applied to a risk in a multiplicative manner, after increased limits factors and deductible credits, if applicable, but before application of the experience modification, and before application of any other premium surcharges (including Joint Underwriting Association surcharges), factors, the Florida Contracting Classification Adjustment Program (FCCPAP) and expense constants.
- 4.5 Standard earned premium figures reported to the National Council on Compensation Insurance, Inc. on the aggregate calls for experience (e.g., policy year, calendar year, etc.) must be net of the effects of the credits (i.e., be after). The net standard premium will then be the basis of any premium adjustment (i.e., guaranteed cost or retro).

The drug-free workplace premium credits must be reported under Statistical Code 9841 on unit statistical reports submitted to the National Council on Compensation Insurance, Inc.
56. All drug-free workplace premium credits must be based on evidence contained in the file of the carrier at the time that the credit is allowed.
67. Certification is required for each year in which a premium credit is permitted under this program.
78. The insured's policy is subject to additional premium, for reimbursement of premium credit, and cancellation provisions of the policy if it is determined that the insured misrepresented its compliance with the drug-free workplace rules as promulgated by the Agency for Health Care Administration.
89. The expected losses used in the calculation of the insured's experience modification factor will be decreased by the policy credit percentage.

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EXHIBIT 2

NOTICE TO EMPLOYER: If you have a Drug-Free Workplace Program established and maintained in accordance with Florida law, and you would like to apply for the 5% premium credit that is available, please complete this form and forward it to your insurer. Re-certification is required annually.

APPLICATION FOR DRUG-FREE WORKPLACE PREMIUM CREDIT PROGRAM

Name of Employer: _____

Date Program Implemented: _____

Testing:

Procedures for drug testing have been established and/or drug testing has been conducted in the following areas:

- Job applicant
- Reasonable suspicion
- Routine fitness for duty
- Follow-up testing to Employee Assistance Program

Notice of Employer's Drug Testing Policy:

- Copy to all employees prior to testing
- Posted on employer's premises
- Copy to job applicants prior to testing
- General notice given 60 days prior to testing
- Show notice of drug testing on vacancy announcements
- Copies available in personnel office or other suitable locations
- No notice required because the employer had a drug testing program in place prior to July 1, 1990

Education:

- Resource file on providers
- Employee Assistance Program
- Education

Name of Medical Review Officer: _____

A. Name of approved Agency for Health Care Administration Lab or United States Department of Health and Human Services Certified Laboratory:

B. Phone No.: () _____

C. Address: _____

Your certification is subject to physical verification by the insurer. Your policy is subject to additional premium for reimbursement of premium credit, and cancellation provisions of the policy if it is determined that you misrepresented your compliance with Florida law. Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Employer Name	Date	Officer/Owner Signature*
		Title

* Application must be signed by an officer or owner.

THE ABOVE SIGNED CERTIFIES THAT THIS INFORMATION IS A TRUE AND FACTUAL DEPICTION OF THEIR CURRENT PROGRAM.

Notary Public's Signature	Date	Expiration of Commission
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(NC3010)
Form 09-1