

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 5 - 0 - 0

Yeas: Avakian, Beyer, Gordly, Monroe, Prozanski

Nays: 0

Exc.: 0

Prepared By: Anna Braun, Administrator

Meeting Dates: 5/30

WHAT THE MEASURE DOES: Requires a workers' compensation insurer to provide notice of termination of coverage 45 days prior to the effective date of termination. Establishes if termination is due to nonpayment, the termination is effective no sooner than 10 days after the date the notice is mailed to the employer.

ISSUES DISCUSSED:

- Support of the Management Labor Advisory Committee
- Consistency with other states

EFFECT OF COMMITTEE AMENDMENT: Resolves conflicts with SB 559A.

BACKGROUND: When a workers' compensation insurer that has issued a guaranty contract or a surety bond to an employer cancels coverage, current statute requires the insurer to give the employer and the Director of the Department of Consumer and Business Services notice of termination in accordance with adopted administrative rules. If the termination of a guaranty contract is based on the insurer's decision not to offer insurance to employers within a specific premium category, it is effective no sooner than 90 days after the date the notice is mailed to the employer. If the termination is based on other reasons, it is effective at 12 midnight no less than 30 days after the date the notice is mailed to the employer.

HB 2783 B extends the 30-day timeframe to 45 days, and adds a provision which establishes a ten day timeframe for termination due to nonpayment.