

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	6 - 0 - 1
Yeas:	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Schaufler
Nays:	0
Exc.:	Smith P.
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/2

WHAT THE MEASURE DOES: Eliminates guaranty contracts as a method of providing workers' compensation coverage and authorizes the issuance of workers' compensation insurance policies in place of guaranty contracts. Requires insurers to notify employers about non-renewed workers' compensation insurance policies. Establishes requirements for policy term based filings related to proof of coverage and termination of coverage by insurers. Allows the Director of the Department of Consumer and Business Services to adopt rules requiring electronic filing of proof of coverage information. Establishes that the measure is operative on July 1, 2009.

ISSUES DISCUSSED:

- Transitional costs due to the measure's provisions
- Participants who developed the measure's language
- What needs to occur with the Department of Consumer and Business Services to make the measure's provisions happen

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The 1965 Legislature created the guaranty contract as the means by which employers and their insurers provide proof of workers' compensation coverage to the state. It is a second contract between the insurer of workers' compensation and the state, where the insurer assumes the employers' liability for payment of compensation to injured workers.

Currently, employers are required to prove to the Director of the Department of Consumer and Business Services that they have met the requirement for workers' compensation coverage. SB 559 A eliminates guaranty contracts as a method of proving that insurance.

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This summary has not been adopted or officially endorsed by action of the committee.