

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: 2/26, 4/04

WHAT THE MEASURE DOES: Eliminates references to guaranty contracts and substitutes “workers’ compensation insurance policy” as a method of proving workers’ compensation coverage. Requires insurers to notify employers about non-renewed workers’ compensation insurance policies. Clarifies that the director of the Department of Consumer and Business Services (DCBS) may require electronic transmission of data for proof of coverage information.

ISSUES DISCUSSED:

- Electronic reporting requirements
- Support of the Management Labor Advisory Committee
- Redundancy in current requirements

EFFECT OF COMMITTEE AMENDMENT: Requires insurers to notify employers about non-renewed workers’ compensation insurance policies. Clarifies that the DCBS director may require electronic transmission of data for proof of coverage information. Restores references to surety bonds.

BACKGROUND: In 1965, the 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 DCBS that they have met the requirement for workers’ compensation coverage. SB 559-A eliminates guaranty contracts as a method of proving that insurance.