



**April 11, 2019**  
**Testimony of David Barenberg, government relations director at SAIF**  
**Senate Committee on Workforce**  
**HB 3003A**

Chair Taylor and Members of the Committee,

Thank you for the opportunity to present and urge your support HB 3003A, which proposes changes to how self-insured employers or groups can re-enter the private insurance market. This Bill passed the House 58-0 and received the unanimous support from the House Business and Labor Committee as well as the Management Labor Advisory Committee (MLAC).

Currently, if a self-insured entity wants to re-enter the competitive market, they are required to keep funds as a security deposit with DCBS to cover the costs of injuries that have previously occurred. The goal is to ensure they aren't shifting the costs to other parts of the system, while also making sure that injured employees continue to get their benefits. We agree with both goals. However, because of this requirement, it is often cost-prohibitive for a self-insured entity to re-enter the market, because they would need to have money for this deposit to the Workers' Comp Division, as well as the premiums for workers' comp insurance from the competitive market.

This bill would provide an additional option for businesses—at the discretion of the DCBS director. It would allow a self-insured entity to buy insurance coverage from a workers' comp insurance carrier to cover both future injuries as well as the continued costs from when they were self-insured, while releasing their deposited funds. This is more cost effective for the entity and ensures greater certainty of coverage for the injured workers.

Purchasing an insurance policy creates certainty for employers and workers that self-insurance does not provide. For employers, cost is more certain. For workers, benefits are administered by an insurer rather than the employer.

The legislation protects the stakeholders from a self-insured employer selecting tail coverage from an insurer without sufficient financial background. The security deposit can only be released when the DCBS Director approves of the paid-up insurance.

SAIF urges your support of 3003A. Thank you for your consideration. I'm happy to answer any questions.