

HB 3003 A STAFF MEASURE SUMMARY

Carrier: Rep. Barreto

House Committee On Business and Labor

Action Date: 03/27/19

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 10-0-1-0

Yeas: 10 - Barker, Barreto, Boles, Bonham, Boshart Davis, Bynum, Doherty, Evans, Fahey, Holvey

Exc: 1 - Clem

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 3/27

WHAT THE MEASURE DOES:

Allows Director of Department of Consumer and Business Services to accept paid-up workers' compensation insurance policy in lieu of surety bond or other security on deposit from former self-insured employer.

ISSUES DISCUSSED:

- Barrier to switching from self-insured to purchasing in the competitive insurance market

EFFECT OF AMENDMENT:

Clarifies that Department Director must approve policy of paid-up insurance in lieu of surety bond.

BACKGROUND:

Current law allows employers to self-insure to meet workers' compensation insurance requirements. These self-insured employers must deposit security with the Director of the Department of Consumer and Business Services (DCBS) that can be accessed to ensure mandatory payments are made. The amount of the security must be sufficient to secure any remaining liability from the period that the employer was self-insured. The security must remain on deposit for five years after the employer ceases to be self-insured. At the end of the five-year period, DCBS may accept a paid-up policy covering this liability in lieu of any remaining security.

House Bill 3003-A allows DCBS to accept a paid-up insurance policy in lieu of a surety bond or other security from a former self-insured employer in the five-year period after the employer is no longer self-insured.