
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 799

Session of
1987

INTRODUCED BY LAUGHLIN, COHEN, LESCOVITZ, VEON, COLAFELLA,
SALOOM AND DOMBROWSKI, MARCH 11, 1987

REFERRED TO COMMITTEE ON LABOR RELATIONS, MARCH 11, 1987

AN ACT

1 Amending the act of June 2, 1915 (P.L.736, No.338), entitled, as
2 reenacted and amended, "An act defining the liability of an
3 employer to pay damages for injuries received by an employe
4 in the course of employment; establishing an elective
5 schedule of compensation; providing procedure for the
6 determination of liability and compensation thereunder; and
7 prescribing penalties," providing that when self-insured
8 employers default in payments due employees, such payments
9 shall be made by the Commonwealth; and making appropriations.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. The act of June 2, 1915 (P.L.736, No.338), known
13 as The Pennsylvania Workmen's Compensation Act, reenacted and
14 amended June 21, 1939 (P.L.520, No.281), is amended by adding a
15 section to read:

16 Section 305.3. (a) The General Assembly finds and
17 determines that financial defaults in payment of compensation or
18 medical bills or other items payable under this act by any
19 insolvent self-insurer or by any self-insurer who becomes
20 financially unable to make such payments, or by any self-insurer
21 who becomes involved in bankruptcy or receivership or other such

1 proceedings, in circumstances where the irrevocable trust funds
2 or bonds or other security required by the department from such
3 self-insurer to secure such payments is insufficient, are the
4 proper financial responsibility and liability of the
5 Commonwealth.

6 (b) When, by reason of any of the circumstances recited in
7 subsection (a), a self-insured employer has defaulted in payment
8 of any compensation or medical bills or other liability imposed
9 under this act for at least six weeks, and it appears that such
10 default will persist for a substantial period of time, the
11 Commonwealth, through the department, shall forthwith assume all
12 such payments, including the immediate payment of all arrearages
13 and delinquencies, together with the same interest and penalties
14 as would be owing by the self-insurer itself, and shall continue
15 all such payments in the same manner as would be required of the
16 delinquent self-insurer.

17 (c) The delinquent self-insurer whose responsibility and
18 liability have been assumed by the Commonwealth under the
19 provisions of this section shall be liable to reimburse the
20 Commonwealth in full for the payments made by the Commonwealth,
21 together with such interest thereon as is allowed to the
22 Commonwealth by law. Any surety which was liable to make any of
23 the payments assumed by the Commonwealth but did not so
24 discharge its responsibility, is likewise liable to reimburse
25 the Commonwealth to the full extent of its responsibility under
26 the bond or other security provided by it, under penalty of
27 losing its certificate of authority to do business in this
28 Commonwealth. To the extent of the surety's total liability
29 under the security posted by it, the liability of the
30 Commonwealth hereunder shall be secondary to the liability of

1 the surety.

2 (d) This section shall apply to all such delinquent payments
3 currently owing and to all injuries and other occasions of
4 liability arising under this act, whether accruing or arising
5 before or after the effective date of this section: Provided,
6 however, That if any such claim for compensation or other
7 payment is barred by some other provision of this act, this
8 section shall have no effect upon such claim.

9 Section 2. The following amounts are hereby appropriated to
10 the Department of Labor and Industry to carry out the purposes
11 of this act:

12 (1) For the fiscal year July 1, 1986, to
13 June 30, 1987 \$2,000,000.

14 (2) For the fiscal year July 1, 1987, to
15 June 30, 1988 \$3,000,000.

16 (3) Thereafter the amount appropriated shall be
17 determined annually by the General Assembly and shall be
18 included in the General Appropriation Act.

19 Section 3. This act shall take effect immediately.