



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 440

PRINTERS NO. 2084

PRIME SPONSOR: Mustio

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0
State Workers Insurance Fund	\$0	\$0
Workmen's Compensation Administration Fund	\$4,000,000	\$0
Uninsured Employers Guaranty Fund	(\$4,000,000)	\$0

SUMMARY: Allows workers' compensation insurers to provide sole proprietors, partners in partnerships, and members of LLCs with workers' compensation coverage. The amendment of Section 1607 would take immediately and the rest of the legislation will take effect in 60 days.

ANALYSIS: This legislation would amend the Workers' Compensation Act of 1915 to add a new section which would authorize insurers to voluntarily provide workers' compensation coverage to sole proprietors, partners in partnerships, and members of LLCs. The coverage will have to be equivalent to normal workers' compensation coverage.

The legislation states that for the purposes of premium charges, the wages of the aforementioned shall be at least equal to the minimum payroll of a corporate officer, and no more than the maximum payroll of a corporate officer, pursuant to underwriting rules approved by the Insurance Department. It is a rebuttable presumption that the wages of a sole proprietor/etc. are at least equal to the minimum payroll of a corporate officer for the purposes of calculating compensation.

This legislation also repeals Section 1526 of the act, which allowed insurers to provide coverage to loggers who are sole proprietors.

This legislation would amend Section 1607 (Assessments and Transfers) by transferring \$4 million from the Workmen's Compensation Administration Fund to the Uninsured Employers Guaranty Fund for the purposes of further maintaining the fund.

FISCAL IMPACT: This legislation will have no adverse impact on Commonwealth funds. The transfer from the Workmen's Compensation Administration Fund to the Uninsured Employers Guaranty Fund would net \$0 with each fund being maintained by assessments on insurers and self-insurers. The \$4 million from the Workmen's Compensation Administration Fund is an available appropriation from FY 2010-11 since the contract for a computer modernization project has not been executed.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: June 23, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.