

Reprinted

FEB 11 1992

HOUSE FILE 2214
BY GILL

LABOR & INDUSTRIAL RELATIONS
Amended (5157) - H. Res. 2/27

Passed House, Date 3/9/92 (y. 185) Passed Senate, Date _____
Vote: Ayes 92 Nays 0 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to assessments to be paid by employers related to
2 workers' compensation insurance or self-insurance.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2214

Bill introduced

1 Section 1. NEW SECTION. 87.28 EMPLOYER ASSESSMENTS.

2 1. Notwithstanding any other provision of this chapter, an
3 employer relieved from the requirement of obtaining insurance
4 pursuant to section 87.11, a group self-insured association or
5 plan authorized by section 87.4, or an insured employer who
6 maintains a workers' compensation insurance plan with a
7 deductible, to the extent of the deductible, is subject to
8 assessments as determined by rule of the insurance
9 commissioner such that the burden of social obligations of the
10 workers' compensation system between self-insured and insured
11 workers' compensation providers is equalized. In determining
12 the amount of the assessment, the commissioner shall consider
13 all of the following:

- 14 a. The cost of the residual market.
 - 15 b. The cost of regulation and administration.
 - 16 c. The cost of special assessments for the second injury
17 fund.
 - 18 d. Other costs as deemed necessary by the commissioner.
- 19 2. An employer relieved from the requirement of obtaining
20 insurance pursuant to section 87.11 or a group self-insured
21 association or plan authorized by section 87.4 which fails to
22 pay an assessment made pursuant to this section shall result
23 in the revocation of the employer's, association's, or plan's
24 certificate of relief from the requirement of insurance. The
25 commissioner shall review any employer, association, or plan,
26 at the expense of the employer, association, or plan
27 concerning the appropriateness of any assessment.

28 3. An employer subject to an assessment pursuant to this
29 section shall pay the assessment as directed by the
30 commissioner.

31 EXPLANATION

32 This bill provides that an employer, association, or plan,
33 which is self-insured for purposes of workers' compensation,
34 and employers who maintain workers' compensation insurance
35 plans with deductibles are subject to assessments as

1 determined appropriate by the insurance commissioner, and
2 which will equalize the burden of social obligation of the
3 workers' compensation system between self-insured and insured
4 employers. Failure by a self-insured employer, association,
5 or plan to pay an assessment shall result in the revocation of
6 the employer's, association's, or plan's certificate of relief
7 from the requirement of insurance.

8 The bill may establish a state mandate under chapter 25B.

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HOUSE FILE 2214

H-5157

1 Amend House File 2214 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. The commissioner of insurance shall
5 study, in consultation with all affected groups, the
6 issue and ramifications of purported differentials in
7 the legal burdens imposed in this state on employers
8 purchasing workers' compensation insurance versus
9 those legal burdens imposed on individual and group
10 self-insured employers. Issues to be studied include,
11 but are not limited to, the following:

12 1. The existence or nonexistence of a
13 differential, and a measure of the relative size or
14 burden of any net differential.

15 2. Any effect on the volume of writings in the
16 voluntary market for workers' compensation and the
17 impact on the high risk pool or involuntary market.

18 3. Current trends in workers' compensation
19 resulting from employers' funding mechanisms.

20 4. All other subsumed and appropriate issues.

21 The commissioner of insurance shall report to the
22 house of representatives committee on commerce and the
23 senate committee on commerce all findings and
24 recommendations. If as a result of this the
25 commissioner recommends corrective legislation, a
26 draft of that legislation shall be provided to the
27 committees no later than December 1, 1992."

28 2. Title page, by striking lines 1 and 2 and
29 inserting the following: "An Act relating to an
30 insurance division study regarding legal burdens
31 imposed on employers related to workers'
32 compensation."

By COMMITTEE ON LABOR AND
INDUSTRIAL RELATIONS
RENAUD of Polk, Chairperson

H-5157 FILED FEBRUARY 27, 1992

(Adopted 3/9/92 (p. 482))

HOUSE FILE 2214
FISCAL NOTE

A fiscal note for House File 2214 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2214 requires all employers, associations or plans, which are self-insured for purposes of worker's compensation and insureds with large deductibles (an intermediate ground between self-insurance and full insurance) to pay a proportionate share of the high risk or residual market. Additional assessments could be made for regulation and administration and the cost of special assessments for the Second Injury Fund.

Assumptions:

1. Assessments (of approximately \$5.0 million) collected from workers compensation insurance companies would be forwarded to the National Council on Compensation Insurance (NCCI) for administration.
2. Additional regulation costs of \$73,250 incurred by the Insurance Division of the Department of Commerce would be recouped through insurance company assessments.
3. The State of Iowa, as a self-insured workers compensation carrier, would be subject to an assessment of \$480,000 (\$8.0 million X 6.0%).

Fiscal Impact:

The net effect of this bill would be an increase in General Fund expenditures of \$480,000 for FY 1993.

Local government expenditures would increase by an undetermined amount due to assessments if a self-insured workers compensation plan is in effect.

Sources: Department of Commerce - Insurance Division
Department of Employment Services

(LSB 5615hh, MAS)

FILED MARCH 3, 1992

BY DENNIS PROUTY, FISCAL DIRECTOR

Sen. Bureau, Re. Bill 3/18/92 (p. 255)

HOUSE FILE 2214
BY GILL

(As Amended and Passed by the House March 9, 1992)

Passed House, Date 3/9/92 (p. 483) Passed Senate, Date 4/7/92 (p. 1267)
Vote: Ayes 93 Nays 0 Vote: Ayes 46 Nays 0
Approved April 27, 1992 (p. 1824)

A BILL FOR

1 An Act relating to an insurance division study regarding legal
2 burdens imposed on employers related to workers' compensation.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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All New Language by the House

1 Section 1. The commissioner of insurance shall study, in
2 consultation with all affected groups, the issue and
3 ramifications of purported differentials in the legal burdens
4 imposed in this state on employers purchasing workers'
5 compensation insurance versus those legal burdens imposed on
6 individual and group self-insured employers. Issues to be
7 studied include, but are not limited to, the following:

8 1. The existence or nonexistence of a differential, and a
9 measure of the relative size or burden of any net
10 differential.

11 2. Any effect on the volume of writings in the voluntary
12 market for workers' compensation and the impact on the high
13 risk pool or involuntary market.

14 3. Current trends in workers' compensation resulting from
15 employers' funding mechanisms.

16 4. All other subsumed and appropriate issues.

17 The commissioner of insurance shall report to the house of
18 representatives committee on commerce and the senate committee
19 on commerce all findings and recommendations. If as a result
20 of this the commissioner recommends corrective legislation, a
21 draft of that legislation shall be provided to the committees
22 no later than December 1, 1992.

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draft of that legislation shall be provided to the committees no later than December 1, 1992.

HOUSE FILE 2214

AN ACT
RELATING TO AN INSURANCE DIVISION STUDY REGARDING LEGAL
BURDENS IMPOSED ON EMPLOYERS RELATED TO WORKERS'
COMPENSATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA

Section 1. The commissioner of insurance shall study, in consultation with all affected groups, the issue and ramifications of purported differentials in the legal burdens imposed in this state on employers purchasing workers' compensation insurance versus those legal burdens imposed on individual and group self-insured employers. Issues to be studied include, but are not limited to, the following:

1. The existence or nonexistence of a differential, and a measure of the relative size or burden of any net differential.
2. Any effect on the volume of writings in the voluntary market for workers' compensation and the impact on the high risk pool or involuntary market.
3. Current trends in workers' compensation resulting from employers' funding mechanisms.
4. All other subsumed and appropriate issues.

The commissioner of insurance shall report to the house of representatives committee on commerce and the senate committee on commerce all findings and recommendations. If as a result of this the commissioner recommends corrective legislation, a

ROBERT C. ARNOULD
Speaker of the House

MICHAEL E. GRONSTAL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2214, Seventy fourth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved *April 27*, 1992

TERRY E. BRANSTAD
Governor