

January 30, 2018

The Honorable Jene Vickrey, Chairperson
House Committee on Insurance
Statehouse, Room 276-W
Topeka, Kansas 66612

Dear Representative Vickrey:

SUBJECT: Fiscal Note for HB 2487 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2487 is respectfully submitted to your committee.

HB 2487 would set limits on changes to experience ratings for workers compensation policies that include an injury or death of an employee from certain motor vehicle accidents. The bill would limit the loss experience that a company or rating agency could use in the computation of an experience rating if the accident was not caused, wholly or in part, by the employee or the employer and the use of a motor vehicle was not an integral part of the employer's business. The Commissioner of Insurance would be required to designate the limits on loss experience that can be used in the computation of an experience rating through rule and regulation no later than January 1, 2019. The remaining loss experience would be spread amongst the other workers compensation classifications. The bill requires insurance companies that offer workers compensation policies to disclose to all policyholders the provisions of the bill.

The Insurance Department indicates that the administrative costs associated with the provisions of HB 2487, including issuing rules and regulations, would be negligible and could be absorbed within existing resources. The bill has the potential to reduce the cost of workers compensation insurance for private businesses and local governments that are required to purchase workers compensation insurance in the state. However, the Insurance Department does not have data on workers compensation cases that involve certain motor vehicle accidents to provide an estimate of the fiscal effect on policyholders.

The Department of Labor indicates the bill would have no fiscal effect on its operations. The Department does not provide workers compensation benefits in its Workers Compensation Services Division, but rather, oversees the claims and benefits process, which takes place in the

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private insurance market. The Kansas Department of Health and Environment indicates that the bill would have no fiscal effect on the operation of the State Employees Workers Compensation Fund. Any fiscal effect associated with HB 2487 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Glenda Haverkamp, Insurance
Dawn Palmberg, Department of Labor
Dan Thimmesch, Health & Environment