

**STATE
FISCAL IMPACT**

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| Drafting Number: LLS 13-0209 | Date: January 24, 2013 |
| Prime Sponsor(s): Rep. Swalm Sen. Jahn | Bill Status: House Business, Labor, Economic and Workforce Development |
| | Fiscal Analyst: Clare Pramuk (303-866-2677) |

TITLE: CONCERNING AN INCREASE IN THE AMOUNT OF THE AUTHORIZED DEDUCTIBLE FOR WORKERS' COMPENSATION INSURANCE POLICIES.

| Fiscal Impact Summary | FY 2013-2014 | FY 2014-2015 |
|---|---------------------------------|---------------------|
| State Revenue | | |
| State Expenditures | See State Expenditures section. | |
| FTE Position Change | | |
| Effective Date: Upon signature of the Governor, or upon becoming law without his signature. | | |
| Appropriation Summary for FY 2013-2014: None required. | | |
| Local Government Impact: None. | | |

Summary of Legislation

Under current law, workers' compensation policies are limited to a maximum \$5,000 deductible. An employer with a \$5,000 deductible is responsible for all claims less than \$5,000, as well as the first \$5,000 of claims above \$5,000. This bill increases the maximum amount of deductible to the amount of the workers' compensation insurance rate split point approved by the Commissioner of Insurance in the Department of Regulatory Agencies. The split point is the amount of loss that an insurer may apply as the primary loss when calculating an employer's experience rating. The experience rating is used to determine the amount the employer pays for workers' compensation coverage.

Background

Other states are increasing their rate split points to \$10,000 in 2013, \$13,500 in 2014, and \$15,000 in 2015.

State Expenditures

The Commissioner of Insurance is responsible to set the insurance rate split point. The fiscal note assumes that the commissioner can set the split rate point within existing resources.

Departments Contacted

Regulatory Agencies