

HOUSE BILL ANALYSIS

HB 2041

Brief Description: Limiting industrial insurance benefits for employees of illegally insured employers.

Sponsors: Representatives Honeyford, Thompson, Sherstad, Mielke and Koster

Hearing: February 26, 1997

BACKGROUND:

The industrial insurance law provides medical benefits, compensation for lost wages, and vocational services, as appropriate, to all workers in covered occupations who are injured in the course of their employment or who incur an occupational disease.

Covered employers must either be insured with the state fund administered by the Department of Labor and Industries or self-insured. Employers who do not insure their workers are subject to a maximum penalty of \$500 or double the amount of premiums that were incurred before coverage was obtained. If the employer wilfully fails to obtain coverage, the employer is guilty of a misdemeanor with a fine of \$25 to \$100 for each day of violation. Employers are also liable for a penalty of 50 to 100 percent of the cost of benefits paid to a worker who is injured before coverage is obtained.

Civil penalties owing under the industrial insurance law are collected by civil action in the name of the state. Employers who default in the payment of premiums are issued a notice of assessment. A final assessment may be filed in superior court as a judgment and, after filing, the amount of the assessment is a lien against the employer's interest in real and personal property. To collect the judgment, the department may proceed as permitted by law for executing the judgment and may issue a notice to any person, business, or government agency to withhold and deliver property that belongs to the employer owing the premiums.

SUMMARY OF BILL:

Intent statement

The Legislature finds a continuing problem with employers who illegally fail to pay industrial insurance premiums. This problem results in passing the cost of benefits provided to injured workers of these uninsured employers to insured employers in the risk classification. The

Legislature intends to place this financial burden on the illegally uninsured employer.

Provision of benefits

If a worker of an illegally uninsured employer files for industrial insurance benefits, the Department of Labor and Industries may pay only for the medical benefits of the injured worker and not lost employment time, vocational services, or other nonmedical benefits. If an employee believes that industrial insurance premiums were paid on his or her behalf, the employee must provide payroll records, canceled checks, pay stubs, or other documentation.

The department must charge all expenses related to the claim to the illegally uninsured employer. If that employer is unwilling to pay the charges, the department may file a lien on the employer's assets for the estimated or actual cost, whichever is greater, of providing the benefits.

The director of the department must report biennially to the Legislature concerning the money paid for benefits to workers of illegally uninsured employers and not recovered from their employers.

RULES AUTHORITY: The bill does not contain provisions addressing the rule-making powers of an agency.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill is passed.