

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number SB520

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Mims

3. Committee Passed Both Houses

4. Title Worker's compensation; third party claims.

5. Summary/Purpose: Provides that when an employer has a subrogation interest in an employee's worker's compensation claim against a third party and the employer fails to consent to a settlement offer acceptable to the employee, the employee may petition the court (stating the compromise) where the action is pending for approval of the settlement. If no action is pending or the action is pending outside the Commonwealth, the petition may be filed in any circuit court in which venue lies as to the employee. The court may then approve the settlement, and after all appeals have been exhausted, such approval is deemed consent to the settlement by the employer because the employer's subrogation interest has not been compromised.

6. No Fiscal Impact.

7. Budget amendment necessary: No.

8. Fiscal implications: This measure could increase an employer's cost for worker's compensation claims if that employer were to appeal a settlement approved pursuant to this legislation and that appeal was denied or decided adversely to the employer. In such circumstances, the legislation states the employer will pay interest at the "judgment rate" on the full settlement amount. This judgment rate is currently set by statute at an annual rate of nine percent. However, given that many workers' compensation insurers attempt to delay these settlements in the hopes of forcing injured employees to settle their workers' compensation claims, the Department of Human Resources' Worker's Compensation Program staff report this legislation protects those injured employees' right to pursue such workers' compensation claims to their conclusion.

9. Specific agency or political subdivisions affected: This legislation could affect the Virginia Workers' Compensation Commission.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 03/21/02/PXV

Document: G:\2002 Legislation\Senate bills\SB520 ER.DOC

cc: Secretary of Administration