

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB914

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

2. Patron Phillips

3. Committee Commerce and Labor

4. Title Insurance; workers' compensation rates; cap for coal mining classifications.

5. Summary/Purpose:

Caps at the levels existing on July 1, 2004, workers' compensation insurance rates and loss costs for the surface and underground coal classifications for the voluntary markets until such time as the General Assembly shall authorize a rate increase. The bill also caps at the July 1, 2004, level the coal-classifications rates for the assigned risk market. The bill provides that the State Corporation Commission shall retain its authority to decrease such rates and loss costs.

6. Fiscal Impact Estimates are: Unknown

7. Budget amendment necessary: No

8. Fiscal implications: Workers' Compensation Commission (WCC) Impact:

This bill will have minimal fiscal impact on the Commission, as its administration will be accomplished with existing staff and resources, and because WCC insurance underwriting matters are administered by the State Corporation Commission/Bureau of Insurance.

System Impact: State Corporation Commission (SCC) comments follow: If insurers perceive the need for an increase in coal rates but are unable to get approval for such an increase because of this legislation, it may have the effect of insurers refusing to provide workers' compensation coverage to coalmine operators in the voluntary market. If fewer and fewer insurers provide this coverage in the voluntary market, more coal mine operators may be forced to seek coverage in the assigned risk plan. The rates for the assigned risk plan are considerably higher than they are in the voluntary market. Consequently, coal mine operators may ultimately pay more in spite of the rate cap proposed in this legislation. Additionally, depending on the experience of the coal mine operators in the assigned risk plan, any rate inadequacy for the coal mine rates (caused by the cap proposed in this legislation) may be recouped from the other classes in the assigned risk plan resulting in the possibility of increased rates for these other classes. In other words, this legislation may have a ripple effect on the market and adversely impact the market in the long run.

9. Specific agency or political subdivisions affected: State Corporation Commission and the Workers' Compensation Commission

10. Technical amendment necessary: No

11. Other comments: None

Date: 1/27/04 mtb

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cc: Secretary of Administration