

WORKERS' COMPENSATION RATE FILINGS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd E. Kiser

Senate Sponsor: John L. Valentine

LONG TITLE

Committee Note:

The Business and Labor Interim Committee recommended this bill.

General Description:

This bill modifies the Insurance Code to address workers' compensation rate filings.

Highlighted Provisions:

This bill:

- ▶ establishes procedures for workers' compensation insurance tiered rate filings.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

31A-19a-408, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-19a-408** is enacted to read:

31A-19a-408. Procedures for workers' compensation tiered rate filings.

(1) Notwithstanding Section 31A-19a-214 and subject to the other provisions of this section, a workers' compensation insurer may file with the commissioner a rate filing for



28 workers' compensation insurance that provides for a plan with more than one rate tier for a
29 single insurer or an insurer group with common ownership if the filing shows that:

30 (a) each tier is established on underwriting rules that are based on criteria that would
31 lead to a logical distinguishing of potential risk; and

32 (b) supporting actuarial analysis or other information that shows a clear distinction
33 between the following for each tier:

34 (i) expected losses and expenses; and

35 (ii) actual losses and expenses.

36 (2) A workers' compensation insurer shall file with the commissioner an update of the
37 actuarial analysis or other information required under Subsection (1)(b) at least every three
38 years.

39 (3) A workers' compensation insurer may apply underwriting expertise and judgment in
40 the tier placement process, except that underwriting expertise and judgment shall:

41 (a) be applied in a prudent manner; and

42 (b) when applied, be fair, reasonable, and fully documented.

Legislative Review Note
as of 11-18-10 10:40 AM

Office of Legislative Research and General Counsel

FISCAL NOTE

H.B. 27, 2011 General Session

SHORT TITLE: **Workers' Compensation Rate Filings**

SPONSOR: **Kiser, T.**

STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.