



Colorado Legislative Council Staff Fiscal Note
REVISED NO FISCAL IMPACT

(replaces fiscal note dated February 1, 2010)

Drafting Number: LLS 10-0280

Date: February 15, 2010

Prime Sponsor(s): Sen. Kopp

Bill Status: Senate Finance

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TITLE: CONCERNING RATE SETTING FOR WORKERS' COMPENSATION INSURANCE.

Summary of Legislation

This bill, as amended by the Senate Judiciary Committee, changes 2 areas of workers' compensation law that affect the premiums paid by employers. First, it specifies that for the purposes of experience modifiers, medical only claims shall be calculated in the same manner as claims with indemnity payments. Second, it requires the Commissioner of Insurance to make public aggregate loss and payroll data used in workers' compensation ratemaking and specifies that such data not be used for any commercial purpose.

Background

Workers' compensation experience rating is a calculation that uses the past experience of an individual employer, for the immediate preceding three years, to help determine the premium for the current year of insurance coverage. The result of the calculation is referred to as the experience modifier.

On or before August of each year, the National Council on Compensation Insurance (NCCI) files loss costs with the commissioner. Loss costs are the average cost of lost wages and medical payments of workers injured during the course of their employment. The Division of Insurance holds a rate hearing in September and the commissioner determines what, if any, changes to the loss costs will be. The revised loss costs are effective the following January 1.

All insurers in Colorado use the loss costs approved by the commissioner as a base. Each insurer's own expenses are added to the loss costs to arrive at the rates charged to employers.

Assessment

This bill is assessed at no fiscal impact. The actions required of the commissioner are within the normal course of business for her and the division and will not require additional resources to accomplish.

Departments Contacted

Regulatory Agencies

Labor and Employment