

MAR 13 2008

SENATE CONCURRENT RESOLUTION

REQUESTING A STUDY RELATING TO PROFESSIONAL EMPLOYER
ORGANIZATIONS.

1 WHEREAS, thousands of small businesses and millions of
2 American workers across the country rely on and benefit from the
3 human resource services and administrative services provided by
4 professional employer organizations; and
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6 WHEREAS, professional employer organizations have been
7 increasingly identified by state legislatures as providing
8 valuable assistance to small businesses and their workers by
9 assuming certain employer responsibilities and providing small
10 businesses with significant expertise in compliance, access to
11 benefits, and workers' compensation expertise in the areas of
12 workplace safety, risk management, rehabilitation, and return to
13 work; and
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15 WHEREAS, professional employer organizations and insurance
16 carriers providing coverage of workers in professional employer
17 organization arrangements have increased the availability of
18 coverage in the voluntary market and provided greater market
19 options in the underserved small employer market; and
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21 WHEREAS, a worker fully protected by workers' compensation
22 coverage in a professional employer organization arrangement
23 should be subject to the single exclusive remedy provided by law
24 with regard to both the professional employer organization and
25 the client; and
26

27 WHEREAS, the development and application of workers'
28 compensation coverage in professional employer organization
29 arrangements involve significant policy issues that should be
30 addressed through the legislative process, preferably in
31 conjunction with comprehensive professional employer
32 organization legislation; now, therefore,
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1 BE IT RESOLVED by the Senate of the Twenty-fourth
2 Legislature of the State of Hawaii, Regular Session of 2008, the
3 House of Representatives concurring, that the Chairperson of the
4 Senate Committee on Commerce, Consumer Protection and Affordable
5 Housing is requested to chair a working group to study the
6 possible creation of a statutory and regulatory framework for
7 professional employer organizations operating in Hawaii. The
8 work group is requested to consider the following principles:
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- 10 (1) The creation of a comprehensive statutory framework
11 for professional employer organizations based on, as
12 appropriate, the statutory and regulatory
13 requirements, including registration of professional
14 employer organizations, of other states;
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16 (2) The preservation of ensuring the integrity of the
17 workers' compensation system;
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19 (3) Recognition that workers' compensation coverage in
20 professional employer organization arrangements should
21 be subject to exclusive remedy protection for both the
22 client and the professional employer organization; and
23
24 (4) Recognition that workers' compensation coverage in
25 professional employer organization arrangements should
26 be addressed by state law that ensures maximum
27 flexibility in the voluntary market as to the types of
28 coverage permitted; and
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30 BE IT FURTHER RESOLVED that the Chairperson of the
31 Commerce, Consumer Protection and Affordable Housing Committee
32 of the Senate is requested to form the working group to include
33 a minimum of nine members, besides the Chairperson, as follows:
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- 35 (1) One representative from Department of Commerce and
36 Consumer Affairs, Insurance Division;
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38 (2) One representative from the Hawaii workers'
39 compensation insurance community;
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41 (3) Two representatives from the Hawaii professional
42 employer organization community with at least ten
43 years of individual operating history;
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- 2 (4) One representative from a national trade association
- 3 representing the professional employer organization
- 4 industry; and
- 5
- 6 (5) Four members of the Legislature; and
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8 BE IT FURTHER RESOLVED that this working group is requested
9 to submit a report to the Legislature no later than December 31,
10 2008 on its findings, conclusions, and recommendations,
11 including any proposed legislation; and
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13 BE IT FURTHER RESOLVED that certified copies of this
14 Concurrent Resolution be transmitted to the Chairperson of the
15 Senate Committee on Commerce, Consumer Protection and Affordable
16 Housing, the Director of Commerce and Consumer Affairs, the
17 Director of Labor and Industrial Relations, the President of the
18 Senate, and the Speaker of the House of Representatives.
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20 OFFERED BY: Russell Kohrt B/R
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