

S.B. NO. 2846

Report Title:

Workers' Compensation; Notice of Insurance

Description:

To allow the Director of Labor and Industrial Relations to accept the notice of employer's workers' compensation insurance from approved third party agencies in a manner and form approved by the director.

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JUSTIFICATION SHEET

DEPARTMENT: Labor and Industrial Relations

TITLE: A BILL FOR AN ACT RELATING TO NOTICE OF WORKERS' COMPENSATION INSURANCE.

PURPOSE: To allow the Director of Labor and Industrial Relations to accept the notice of employer's workers' compensation insurance from approved third party agencies on a form approved by the director.

MEANS: Amend section 386-122, Hawaii Revised Statutes.

JUSTIFICATION: Section 386-122 requires employers to file with the director the notice of employer's insurance on a form prescribed by the director.

Currently, all forms are submitted on paper and the information thereon is manually inputted into the department's information system. Budget cuts and staff reductions over the past two years have reduced the department's capability to input the insurance information in a timely manner, rendering the system's data and reports unreliable to management.

With no funding or staffing relief in sight, the department plans to accept and input the insurance information electronically and eliminate the labor-intensive process it currently employs.

This bill allows the director to accept the notice of employer's insurance from approved third party agencies that can provide the information electronically.

Impact to the public: The increased efficiency from electronically uploading insurance information into the department's database will improve the accuracy,

reliability, and timeliness of information the department provides to the State's procurement and enforcement systems. This improvement will facilitate the State's procurement process and allow companies that do business with the state and counties to receive approval to submit bid proposals and be compensated for their work more quickly. This improvement will also provide the investigator and audit staffs with current information necessary to ensure the employers' workers' compensation coverage is kept up to date and provides the workforce with the economic and health protection the workers' compensation law was intended to provide.

Impact on the department and other agencies:

The department will reduce its labor-intensive requirements to manually input insurance information into its system, and in turn will be able to reduce/control the backlog created by the Reduction In Force and budget reductions.

GENERAL FUND:	None.
OTHER FUNDS:	None.
PPBS PROGRAM DESIGNATION:	LBR-183.
OTHER AFFECTED AGENCIES:	None.
EFFECTIVE DATE:	Upon approval.