

STAND. COM. REP. NO. 622

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 970

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 970 entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose of this bill is to enhance the transparency and accountability of the reporting system for workers' compensation insurers by requiring insurers to provide an annual report to the insurance commissioner that reports the costs of its policies including the costs of:

- (1) Independent Medical Examinations;
- (2) Legal services; and
- (3) Administration.

The Hawaii State AFL-CIO and ILWU Local 142 testified in support of this bill. The Hawaii Insurers Council testified in opposition to this measure. The Department of Labor and Industrial Relations and Department of Commerce and Consumer Affairs submitted comments.

Cost and services of Hawaii's workers' compensation industry have always been a concern for both employers and employees. The transparency provided by this bill will assist both employers and employees in assessing the efficiency with which insurers are

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spending workers' compensation funds and the benefits derived from these expenditures. However, your Committee notes that since DLIR currently is responsible for workers' compensations laws in Hawaii, it may be more appropriate for the information to be reported to the Director of Labor and Industrial Relations (Director) rather than the Insurance Commissioner.

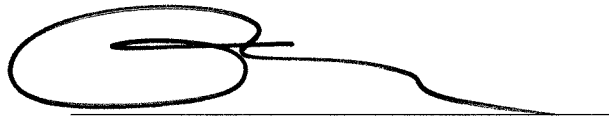
Accordingly, your Committee has amended this measure by requiring that:

- (1) The reports made by insurers be submitted to the Director; and
- (2) The Director designate and approve a standard form to be used for the annual reports.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 970, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 970, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair



