

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7741

BILL NUMBER: HB 1532

DATE PREPARED: Feb 16, 1999

BILL AMENDED: Feb 15, 1999

SUBJECT: Computation of worker's compensation premiums.

FISCAL ANALYST: Brian Tabor

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Department of Insurance to approve a system of schedule rating based on hours worked for premium rates for worker's compensation insurance.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) This proposal would modify the computation of worker's compensation insurance premiums. Premiums are currently computed by the Indiana Compensation Rating Bureau based on total payroll. Under this bill, the building and construction trades industry in Indiana would be required to use a system of schedule rating based on the number of hours worked. Using a system of schedule rating based on payroll, a construction company may be subject to higher worker's compensation insurance premiums than an identical business that pays lower wages, even if the companies' employees work the same number of hours. The Department of Insurance should be able to absorb any additional costs associated with this proposal.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: Keith Kendall, Policy Analyst, Department of Insurance, (371) 232-2495; Katrina Clingerman, Policy Analyst, Worker's Compensation Board, (317) 233-3382.