

## HOUSE BILL No. 2251

By Committee on Business, Commerce and Labor

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AN ACT regarding workers compensation; concerning optional deductibles; amending K.S.A. 44-559a and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 44-559a is hereby amended to read as follows: 44-559a. (a) Each insurer issuing a policy to assure the payment of compensation under the workers compensation act may offer, as a part of the policy or as an optional endorsement to the policy, deductibles optional to the policyholder for benefits, which may include allocated loss adjustment expenses, payable under the workers compensation act.

(b) The insurer shall pay all or part of the deductible amount, whichever is applicable to a compensable claim, to the person or medical provider entitled to the benefits conferred by the workers compensation act and seek reimbursement from the insured employer for the applicable deductible amount. The payment or nonpayment of deductible amounts by the insured employer to the insurer shall be treated under the policy insuring the liability for workers compensation in the same manner as payment or nonpayment of premiums. The insurer may require adequate security to provide for reimbursement of the paid deductible from the insured. An employer's failure to reimburse deductible amounts to the insurer shall not cause the deductible amount to be paid from the workers compensation fund under K.S.A. 44-532a and amendments thereto or any other statute. The insurer shall have the right to offset unpaid deductible amounts against unearned premium, if any, in the event of cancellation.

(c) Such deductible shall provide premium credits as approved by the commissioner of insurance, and losses paid by the employer under the deductible shall not apply in calculating the employer's experience modification. *If the employer reduces or eliminates the policy deductible, the employer's experience modification shall be recalculated using the new, lower or no deductible.*

(d) The commissioner of insurance shall not approve any policy form that permits, directly or indirectly, any part of the deductible to be charged to or be passed on to the worker.

(e) The deductible amounts paid by an employer shall be subject to

1 reimbursement as provided for under K.S.A. 44-567 and amendments  
2 thereto when applicable. All compensation benefits paid by the insurer  
3 including the deductible amounts shall be subject to assessments under  
4 K.S.A. 44-566a and 74-713 and amendments thereto. The Kansas workers  
5 compensation plan under K.S.A. 40-2109 and amendments thereto shall  
6 not require deductibles under policies issued by the plan.

7 (f) Group-funded worker compensation pools as defined in K.S.A.  
8 44-581, and amendments thereto, and municipal group-funded pools as  
9 defined in K.S.A. 12-2616, and amendments thereto, may offer deduc-  
10 tibles as defined herein using deductible rules and premium credits as  
11 promulgated by the national council on compensation insurance and ap-  
12 proved by the commissioner.

13 Sec. 2. K.S.A. 44-559a is hereby repealed.

14 Sec. 3. This act shall take effect and be in force from and after its  
15 publication in the statute book.

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