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# A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Chapter 373K, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§373K- Workers' compensation insurance. (a) Before  
5 obtaining a workers' compensation insurance policy covering  
6 assigned employees of a client company, a professional  
7 employment organization shall register with the insurance  
8 commissioner as required by section 431:14- .

9 (b) A professional employment organization that maintains  
10 workers' compensation coverage for assigned employees shall:

11 (1) Maintain separate payroll records and separate records  
12 of work-related injuries and illnesses for each client  
13 company and shall report these in a timely and ongoing  
14 manner to its insurer;

15 (2) Provide the client company with payroll and loss  
16 experience records related to the workers'  
17 compensation insurance provided to assigned employees



1           under the contract within sixty days after the  
2           termination of a contract with a client company; and  
3           (3) Comply with any related rules adopted by the insurance  
4           commissioner.

5           SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
6           amended by adding a new section to article 14 to be  
7           appropriately designated and to read as follows:

8           "§431:14- Professional employment organizations;  
9           registration; workers' compensation premiums. (a) Every  
10           professional employment organization that maintains or will be  
11           maintaining workers' compensation coverage for assigned  
12           employees shall register with the commissioner. An insurer may  
13           not issue a workers' compensation insurance policy to a  
14           professional employment organization that is not registered, nor  
15           enter into an agreement with an unregistered professional  
16           employment organization to issue policies to clients of the  
17           professional employment organization.

18           (b) Workers' compensation insurance premiums with respect  
19           to any client company of a professional employment organization  
20           shall be determined based on the experience modification factor  
21           of the client; provided that the client company has sufficient  
22           workers' compensation premium volume to be experience rated.



1 The client company's experience modification factor shall be  
2 based on exposures and claims for assigned employees and any  
3 other employees of the client company. Otherwise, the premiums  
4 shall be at the rate approved by the commissioner for an  
5 employer that cannot be experience rated.

6 (c) The professional employment organization shall  
7 maintain separate payroll records and separate records of work-  
8 related injuries and illnesses for each client company and shall  
9 report these in a timely and ongoing manner to its insurer.

10 (d) For the purposes of this section, "assigned employee",  
11 "client company", "professional employment organization", and  
12 "professional organization services" have the same meaning as in  
13 section 373K-1."

14 SECTION 3. This Act does not affect rights and duties that  
15 matured, penalties that were incurred, and proceedings that were  
16 begun, before its effective date.

17 SECTION 4. New statutory material is underscored.

18 SECTION 5. This Act shall take effect on July 1, 2059.



**Report Title:**

Workers' Compensation; Professional Employment Organizations

**Description:**

Requires professional employment organizations providing workers' compensation to assigned employees to register with the insurance commission, and premiums for this insurance to be based on the experience rating of the client company. Effective 07/01/2059. (HB2407 HD1)

