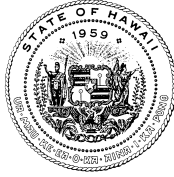


SB 2846



NEIL ABERCROMBIE
GOVERNOR

DWIGHT Y. TAKAMINE
DIRECTOR

AUDREY HIDANO
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8842 / Fax: (808) 586-9099
Email: dlir.director@hawaii.gov

February 23, 2012

To: The Honorable Clayton Hee, Chair, Maile S.L. Shimabukuro, Vice Chair, and
Members of the Senate Committee on Judiciary and Labor

Date: Thursday, February 23, 2012
Time: 10:05 a.m.
Place: Conference Room 016, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations

Re: S.B. 2846 Relating to Notice of Workers' Compensation Insurance

I. OVERVIEW OF PROPOSED LEGISLATION

S.B. 2846 amends section 386-122, HRS, by authorizing the director to accept notices of employer's insurance from approved third party agencies on a form approved by the director. The department strongly supports this measure, as it will improve the accuracy, reliability, and timeliness of workers' compensation insurance information that the department provides to the State's procurement and enforcement systems.

II. CURRENT LAW

Currently, section 386-122 requires employers to file with the director the notice of employer's insurance on a form prescribed by the director. All workers' compensation insurance coverage information is submitted on paper forms and in turn 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.

III. COMMENTS ON THE SENATE BILL

- By electronically uploading the insurance information into the department's database, this measure if enacted into law 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 will 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 will provide the workforce with the economic and health protection the workers' compensation law was intended to provide.
- This measure will aid the department by reducing its labor-intensive requirements to manually input insurance information into its system, and in turn will enable the department to reduce/control the backlog created by the Reduction-in-Force and budget reductions.

The department strongly supports this measure.

THE SENATE
THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012

COMMITTEE ON JUDICIARY AND LABOR

Sen. Clayton Hee, Chair
Sen. Maile S.L. Shimabukuro, Vice Chair

Hearing: Thursday, February 23, 2012
Time: 10:05 a.m.
Conference Room: 016 State Capitol

TESTIMONY OF ILWU LOCAL 142 RE: SB 2846
RELATING TO NOTICE OF WORKERS' COMPENSATION INSURANCE

SB 2846 allows third party agencies rather than employers to meet the requirement of Section 386-122 HRS that employers file notice of their workers' compensation insurance. In practice, this will permit electronic filing of the notice, eliminating manual recordation of the information and allowing the Department of Labor and Industrial Relations to improve its efficiency in record keeping and enforcement. These are sensible and beneficial reforms which will assist all constituents of our workers' compensation system and we therefore support this bill.