



**STATE OF HAWAII**  
**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**  
830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813  
<http://labor.hawaii.gov>

January 29, 2014

To: The Honorable Mark Nakashima, Chair,  
The Honorable Kyle T. Yamashita, Vice Chair, and  
Members of the House Committee on Labor & Public Employment

Date: Friday, January 31, 2014  
Time: 9:00 a.m.  
Place: Conference Room 309, State Capitol

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

**Re: H.B. No. 2579 Relating to Labor**

**I. OVERVIEW OF PROPOSED LEGISLATION**

HB 2579 proposes to amend Section 386-78, Hawaii Revised Statutes, by allowing compromises that are a result of a third-party liability claim will not require the approval of the Director. This measure will be repealed on June 30, 2016 and section 386-78(a), HRS, shall be reenacted to the form in which it existed on June 30, 2014.

**II. CURRENT LAW**

The Director reviews and approves all compromises concerning a claim for compensation.

**III. COMMENTS ON THE HOUSE BILL**

The department supports this measure as it will reduce the number of third party generated compromises that normally would be reviewed and approved by the Director and may expedite the entire process of review and approval of compromises.

NEIL ABERCROMBIE  
GOVERNOR



BARBARA A. KRIEG  
DIRECTOR

LEILA A. KAGAWA  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

January 29, 2014

TESTIMONY TO THE  
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

For Hearing on Friday, January 31, 2014  
9:00 a.m., Conference Room 309

BY

BARBARA A. KRIEG  
DIRECTOR

**House Bill No. 2579**  
**Relating to Labor**

TO CHAIRPERSON MARK NAKASHIMA AND MEMBERS OF THE COMMITTEE:

The purpose of H.B. 2579 is to provide that compromises for workers' compensation claims reached as a result of a third-party liability claim or action do not require the approval of the Director of Labor and Industrial Relations.

The Department of Human Resources Development (DHRD) has a fiduciary duty to administer the State's self-insured workers' compensation program and its expenditure of public funds. **In that capacity DHRD submits the following comments on this bill.**

First, we believe this bill may help to expedite resolution of Section 386-8, HRS, third party actions brought by an injured employee and/or employer against a third party who causes damages that require payment of workers' compensation benefits.

Second, it is our understanding from the language of the bill that it is not intended to remove the Director's Section 386-73, HRS, original jurisdiction over all controversies and disputes that may arise out of such third party settlements—particularly recognition and enforcement of the employer's credit against future workers' compensation benefits

when the employee receives net proceeds from a settlement. Provided that the legislative intent is consistent with our understanding, we respectfully request that the committee report reflect such intent.

Finally, the two-year repeal date of June 30, 2016 provides an important safeguard should this bill result in any unforeseen negative consequences.

Thank you for the opportunity to provide comments on this measure.