

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: S.B. 839 (First Edition)

SHORT TITLE: Workers' Comp. Carriers/Third-Party Claims

SPONSOR(S): Senator Rucho

FISCAL IMPACT					
	Yes ()	No (X)	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES	N/A				
EXPENDITURES	N/A, See Assumptions and Methodology Section				
POSITIONS:	N/A				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: None					
EFFECTIVE DATE: Date of passage into law.					

BILL SUMMARY: The bill amends the “rights not affected by liability of third party” section of the Workers’ Compensation Act [G.S. 97-10.2(a)], which assures that the right to compensation and other benefits for disability, disfigurement, or death shall not be affected by the fact that the injury or death was caused under circumstances creating a liability in some person (the “third party”) other than the employer. The bill adds to this section a sentence that restricts an affected employer’s insurance carrier from charging any additional premium, changing policy coverage to the detriment of the employer, or increasing the employer’s loss modification factor when the employee’s injury or death is caused by a third party to whom liability has been established under the Workers’ Compensation Act, by settlement agreement, or in any other action.

ASSUMPTIONS AND METHODOLOGY: The bill restricts the actions of insurance carriers only in a manner that may in fact have a fiscal impact on their businesses. The state government of North Carolina, however, which self-insures for workers’ compensation, is unaffected by the provisions of the bill since self-insurance does not involve the actuarial

mechanisms (e.g., premiums, loss modification factors) utilized by the private insurance industry. Given that the bill does not affect the behavior of any component of state government, the bill thus has no fiscal impact on the state.

FISCAL RESEARCH DIVISION 733-4910

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