MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

Call to Order: By Senator Richard Manning, on February 19, 1991, at 3:25 p.m.

ROLL CALL

Members Present:

Richard Manning, Chairman (D)
Thomas Towe, Vice Chairman (D)
Gary Aklestad (R)
Chet Blaylock (D)
Gerry Devlin (R)
Thomas Keating (R)
J.D. Lynch (D)
Dennis Nathe (R)
Bob Pipinich (D)

Members Excused: NONE.

Staff Present: Tom Gomez (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: NONE.

HEARING ON SENATE BILL 343

Presentation and Opening Statement by Sponsor:

Senator David Rye told the Committee Senate Bill 343 is at the request of the Department of Labor and Industry. This bill would allow the department more flexibility in dealing with the uninsured employers fund.

Proponents' Testimony:

Mike Micone, Commissioner of the Department of Labor and Industry explained the present law states the department shall require a penalty; double the premium amount the employer failed to pay for workers' compensation insurance or \$200 whichever is greater. He explained a number of instances in which the level of penalty is contested by the employer. This requires a contested case hearing, causes delay, and may involve the department in a court case. He explained the more flexibility the department has in working with the employers, the greater opportunity in resolving the cases. An example he cited involved

an employer who purchased a business and thought there was workers' compensation coverage. Thirty days after he took over operation of the business he discovered he was not covered. He immediately applied for coverage. The application triggered the department to conduct an audit which determined a period of approximately 60 days of non-coverage. In this instance the premium was \$21.00. According to present law a \$200 penalty was imposed. He explained the department wishes to have the flexibility to negotiate penalties and avoid contested case hearings.

Don Judge, Executive Secretary of the Montana State AFL-CIO spoke in support of Senate Bill 343. He explained the onus on the department to apply penalties in appropriate places, otherwise the burden of paying payroll tax falls on good employers paying the tax.

Opponents' Testimony:

NONE.

Questions From Committee Members:

NONE.

Closing by Sponsor:

Senator Rye closed on Senate Bill 343.

EXECUTIVE ACTION ON SENATE BILL 343

Motion:

Senator Towe moved Senate Bill 343 DO PASS.

Discussion:

NONE.

Amendments, Discussion, and Votes:

NONE.

Recommendation and Vote:

Motion to DO PASS CARRIED UNANIMOUS.

HEARING ON SENATE BILL 365

Presentation and Opening Statement by Sponsor:

Senator Tom Keating explained the purpose of Senate Bill 365

is to address a serious problem before the legislature perennially; to amend the Workers' Compensation Act. presented an analogy. About ten years ago Poland was controlled entirely by the state. Everyone was told where they would work, how long they would work, what they would get paid; then where they would spend their money, etc. The government of Poland recognized the country was running out of food, and even though there were laws directing the agriculture communes to deliver certain quantities of food. In spite of the laws and the weight of government, the people and the government were unable to deliver that food. An idea coming outside was tried. government decreed every farmer who wanted to, could set aside 10 acres of land. The farmer could grow anything of his choice on the 10 acre tract, in addition to the work being done for the government. The government left the choice of product up to the The farmer was allowed to sell the surplus. A free enterprise, profit-motivated situation was created. Within a short while there was food in the marketplace. Statistics revealed the 10 acre plots amounted to 4% of the agricultural land on which crops and food are grown; and yet, the 4% was producing 60% of the food stuffs in the marketplace. The plan was a success because individuals were making choices for themselves. What was good for individuals in the freedom of choice was good for the whole of society.

Senator Keating commented with all the government control in the workers' compensation law, trying to do what is best for everyone, "we have satisfied no one". He pointed out an unfunded liability exists, premiums are too high, general fund money is being spent to keep the system going, and taxes are being imposed on people not using the system. He submitted the failure is due to the state dictating to individuals what is best for them. He stated a single law cannot meet all the individual needs of all the people in the workplace, nor does it address the unique situations of each employer or employee. He told the Committee there are 27,000 employers in the plan. There are 400 different categories with premiums too high for some and too low for others. As a consequence there is political manipulations of premiums in an attempt to satisfy one group or another.

Senator Keating told the Committee the personnel with the state plan are industrious, hard-working, honest individuals. They apply the law correctly. The law does not work. His proposal is to "let people take care of themselves, let each of them do for themselves what they think is best in their situation; instead of the state trying to control thousands of daily decisions with a single law".

Senator Keating stated the best way to correct the situation is to let the participants correct it themselves.

He told the Committee Senate Bill 365 would repeal the entire workers' compensation and occupational disease act, except, the requirement every employer provide workers'

compensation and occupational disease insurance coverage for each The law will define employers and employees and independent contractors. It will define the duties of the Department of Labor and Industry which will receive certificates of insurance from all employers, as well as unemployment payroll statements. There would be an assigned risk pool. Any private carrier operating in the state would take a fair share of the high-risk uninsurable employers. In order to address the unfunded liability, the insurance commissioner would be allowed to adjust and settle benefits and claims by contracting with private adjusters. A provision would allow the state auditor to borrow money from the economic development fund at 7.5% interest, using the existing .28% payroll tax as collateral, and buy down the unfunded liability. He requested Senate Bill 365 be amended to reinstate the self-insured (which had been deleted) except, with the benefits currently in law. The self-insurers would file a schedule of benefits with the insurance commissioner or the DOLI.

Proponents' Testimony:

Susan Witty, Chief Legal Counsel for State Auditor and Commissioner of Insurance, Andrea Bennett, told the Committee she was neither a proponent nor an opponent. She explained Senate Bill 365 would cause staffing problems for the Department of Insurance in the assigned risk plan and in the contracting with private insurers. She commented it would require at least additional staff. (Ms. Witty did not sign the Visitor's Register but her comments are entered here.)

Jack Traxler representing the Montana School Transportation Association Private Contractors spoke in support of Senate Bill 365 from prepared testimony. (Exhibit 1(a) and 1(b))

Riley Johnson representing the National Federation of Independent Businesses presented written testimony provided by an NFIB member, Roger Koopman. Mr. Koopman is the manager/owner of Career Concepts in Bozeman. (Exhibit #2)

Mr. Johnson told the Committee NFIB could not take a position on legislation unless it has a specific ballot position. He explained NFIB does not have a ballot position on "selling the fund". He explained NFIB does have a position in privatization which is greatly favored; their members are displeased with the present program; and displeased with the taxation and surtaxes put on small employers to solve the problem. He commented Senate Bill 365 is a step toward solving the problem.

Opponents' Testimony:

Mike Sherwood, lobbyist for the Montana Trial Lawyers Association told the Committee if Senate Bill 365 were a bill to abolish workers' compensation in Montana he would support it. He explained the bill is not. In 1987 a compromise was struck in good faith by injured workers and the counsel representing them with the business interest in Montana. He commented labor and the individuals he represented lived up to the compromise. There have been no class action suits to label Senate Bill 315 as an inadequate remedy. An attempt has been made to make SB 315 work. Senate Bill 365 further restricts rights and remedies of injured workers drastically reduced in SB 315. He explained it does not allow a job preference, there is no lump sum except by agreement, and there is no guarantee of workers' compensation. There are no minimum benefits required. It requires a private employer to have a workers' compensation plan, but there are no requirements as to remedies or benefits allowed. He commented SB 315 is working. The actuaries say it is sound.

Don Judge, Executive Secretary of the Montana State AFL-CIO spoke in opposition to Senate Bill 365. He explained they share the same concerns about the workers' compensation system and benefit levels; the "so-called compromise" in 1985; and the further compromise in 1987. He commented this was not necessarily a compromise. The Montana State AFL-CIO was opposing some of those bills and some of the provisions of those bills. He told the Committee "workers have been the ones to take the heat on that". He cited an example of the repetitive injury, carpal tunnel syndrome, which is not covered as a workers' disease. He explained with the more frequent use of computers people are using repetitive motion. He told the Committee they (labor) are not satisfied with the workers' compensation system as it is, and appreciate any effort to correct the problems. Senate Bill 365 does not straighten out that system. be no quarantee of return to work and no quarantees for a safe workplace, both of which have been stricken. He commented there is a positive effect of the bill, it appears to eliminate the exclusive remedy provisions of the Montana law. An employee can sue an employer in the event of a workplace injury. He told the Committee it appears to be the "most progressive thing in the bill". Mr. Judge commented in about 1985 and again in 1987, independent contractors in the construction industry were arguing they wanted out of the system. It was an unfair system and a burden on them. Those same independent contractors have demanded this session they be placed back into the workers' compensation system. They are finding problems in their industry, particularly with sub-contractors, because they will not obtain insurance to cover their workers. Under the current law the general contractor becomes responsible when a sub-contractor does not provide those benefits. He told the Committee nothing in Senate Bill 365 covers those workers. Mr. Judge commented the social costs and costs to workers as result of eliminating the state compensation system far out-weight any advantages in eliminating it.

Bob Heiser of the United Food and Commercial Workers International Union urged DO NOT PASS on Senate Bill 365.

George Wood, Executive Secretary of the Montana Self Insurers Association told the Committee Senate Bill 365 would do away with a system with many faults, but the system provides benefits for both employer and employee and has provided a service to the state. He stated his appreciation for returning self-insurers to the bill but the insurance commissioner will find there may be 44 separate plans filed. Employers who would be in competition with the self-insurers may have different plans with benefits from unreasonable to reasonable. The employer would make the decision. The exclusive remedy would cause problems as a "give away, not an equal position for both sides". He told the Committee he sees "nothing but chaos" if a system is administered to provide benefits to injured workers without a benefit schedule or administrative procedures or in which disputes will be decided at district court.

Gene Fenderson of the Montana State Building and Construction Trades asked to go on record in opposition to Senate Bill 365.

Dan Edwards representing the Oil, Chemical and Atomic Workers International Union spoke in opposition to Senate Bill 365.

Questions From Committee Members:

Senator Towe asked Senator Keating if it were true he wishes to repeal all minimum benefits. Senator Keating explained if the benefits are put in the law, a minimum is established, the temptation to use the minimum would work against the employee. If the benefits are set high, the premiums are high. The employers will say they cannot afford the premium. The state would be an intermediary. The concept is to get the state out of the business. If the benefits are put into law they are subject "to tampering by every legislature". He commented the responsibility of insurance coverage should be in the private sector and into the hands of those it affects.

Senator Towe asked if Senator Keating intended to repeal the exclusivity; with employers being subject to suit by their employees. Senator Keating pointed to Exhibit #3 (a copy of the Constitution Article II Section 16) in which it states "no person shall be deprived of this full legal redress for injury incurred in employment for which another person may be liable, except as to fellow employees and his immediate employer who hired him, if such immediate employer provides coverage under the workers' compensation laws of the state.". He explained the exclusive remedy is written into the constitution. If the employer provides workers' compensation as required by the act he is not subject to liability.

Senator Towe asked if the worker were provided with \$1 damage if it would authorize full immunity to employers from suit. Senator Keating explained this would be an extreme

SENATE LABOR & EMPLOYMENT RELATIONS COMMITTEE
February 19, 1991
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workers could not sue the employer if they were injured. Senator Keating explained that was correct. The workers could sue if the benefits are not adequate. If the workers feels the benefits are not adequate they can sue on that basis; they cannot sue "just because they are injured".

Senator Devlin asked an new unfunded liability is being started, after the other unfunded bad debt is set aside. Senator Keating referred the question to Patrick Sweeney. Mr. Sweeney told the Committee the actuarial numbers indicate the new fund is solvent.

Senator Devlin asked Mr. Sweeney the date the last independent audit was performed. Mr. Sweeney explained the fund is currently undergoing actuarial review. There is preliminary information. He told the Committee it is an ongoing review. The actuary, to date, has found nothing in the review to bring to the attention of the state fund.

Senator Devlin asked Mr. Sweeney if there were a sign of a surplus. Mr. Sweeney told the Committee he "thinks they might make a dollar this year".

Closing by Sponsor:

Senator Keating closed on Senate Bill 365. He told the Committee there has been attempts to repair the system for quite some time. He explained it has not been done in the past, and will not be done in the future. He commented the state must make the decision, whether to be in the business or out of it. He stated "the state of Montana will not and cannot straighten the system just because government cannot inherently cannot solve all of the problems in the world." He explained the only way we can "straighten out this plan" is to get out of it.

ADJOURNMENT

Adjournment At: 4:15 p.m.

RICHARD E. MANNING, Chairman

LINDA CASEY, Secretary

ROLL CALL

ENATE LABOR AND EMPLOYMENT RELATIONS COMMITTEE

DATE 2/19/91

	LEGISLATIVE SI	ESSION	
NAME	PRESENT	ABSENT	EXCUSED
SENATOR AKLESTAD	P		
SENATOR BLAYLOCK	P		·
SENATOR DEVLIN	P		
SENATOR KEATING	P		
SENATOR LYNCH	P		
SENATOR MANNING	P		
SENATOR NATHE	P		·
SENATOR PIPINICH	P		
SENATOR TOWE	P		
			·

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1 February 19, 1991

HR. PRESIDENT:

We, your committee on Labor and Employment Relations having had under consideration Senate Bill No. 343 (first reading copy -white), respectfully report that Senate Bill No. 343 do pass.

Signed: Richard E. Manning, Chairman

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VIEWED IT WOULD, IT MUCH BETTER FOR
THE STATE, FUR THE EMPloyees AND
IN The LONG TERM THE CONTROLTERS.
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CONSIDERATION FOR RYES VOTE OF THIS

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	R & EMPLOYMENT
EXHIBIT NO.	1 (a)
DATE	2/19/91
PH L NO	58365

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.
Dated this $\frac{19}{2}$ day of $\frac{fch}{2}$, 1991.
Dated this 19 day of fch , 1991. Name: Nack F, TAUXLER
Address: 4403 Churritt Av. M13504LD, Mt. 59803
Telephone Number: 1-251-2763
Representing whom? Montana School Thoms pratation \$356cintion Appearing on which proposal?
Appearing on which proposal? Sente 15, 1/3.6 Do you: Support? Les Amend? Oppose?
Do you: Support? Amend? Oppose?
Comments:
SENATE LABOR & EMPLOYMENT EXHIBIT NO. 1 (b) DATE 2/19/91 BILL NO. 5B 365

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY



2304 West Main St. Bozeman, Montana 59715 586-0231 586-0235



MEMORANDUM

February 19, 1991

TO: Sen. Richard Manning, Chm., Senate Laker Comm.

FROM: Roger Koopman, Mgr./Owner

RE: SB 365

Although previous commitments made it impossible for me to testify before your committee today, nevertheless, I wanted to sumbit this brief testimony as an enthusiastic endorsement of SB 365.

As you know, Mr. Chairman, the Legislature has been struggling with the Worker's Compensation State Fund for at least ten gears, and seems no closer row than ever to genuine solutions. The Fund continues to run an enormous deficit, and is least by inequity and inefficiency at every turn. Every effort at improving things has been band-aid surgery at best, and no long term cure of the patient is in sight.

Senator Keating's bill is most encouraging to me because it both identifies the fundamental problem and at the same time, points to the only legislate long term solution. It addresses a basic truth that we have all teem missing -- i.e., that there are many functions in our society that are best handled by government, and many more that are best handled by private enterprise. If there is engthing that the State Fund has proven to us beyond the shadow of a doubt, it is that government does a lousy job of trying to be an insurance company.

This is no reflection on the integrity or sincerity of state workers, most of whom have doubtlessly worked long and hard at trying to make the current arrangement work. But I would respectfully suggest that the current system will never work, because the problems it faces are problems that are inherent in any state rund. The almost scandelous inefficiencies that are deeply rooted into our current system simply would not exist, to any major degree, if Worker's Compensation insurance was provided exclusively by the private sector.

This is a classic example of where the profit motive and related dynamics of private business would force a level of efficiency that governmental institutions are not similarly motivated to require. Competing companies would provide excellent, cost-effective coverages because, to do otherwise, they would lose business. Unlike the State Fund, which knows it can get bailed out by the regislature, private insurance companies would have to stand on their own, with operations finely tuned by the rigors of the marketplace. Such a system inevitably serves everyone's best interests.

last year I had 216 employees on my payroll; this year I anticipate at least a 50% increase from that. Worker's Compensation has been a major concern to me for the 11 years I have been in business. SB 365 is the first bright light I have seen on the horizon in all this time, and to be, it represents a very bold and progressive step forward for employers and employees alike, and it is certainly in keeping with the national trend toward privatization and away from state funds. Please pass this excellent, forward-looking legislation. Thank you.

SENATE LABOR & EMPLOYMENT

EXHIBIT	NO	- 6	<u>) </u>	
DATE	2	19/	91	
BILL NO.		56	33	65

DECLARATION OF RIGHTS

CONSTITUTION OF MONTANA

persons, papers, homes and effects from unreasonable searches and seizures. No warrant to search any place, or seize any person or thing shall issue to writing. seized, or without probable cause, supported by oath or affirmation reduced without describing the place to be searched or the person or thing to be Searches and seizures. The people shall be secure in their

Convention Notes

Identical to 1889 constitution [Art. III,

Cross-Beferences

Motion to suppress ovidence illegally seized, sec. 95-1806.
Search and seizure, procedural requirements, sec. 95-701 et seq.

question, but nothing herein contained shall be held to permit the carrying the civil power when thereto legally summoned, shall not be called in bear arms in defense of his own home, person, and property, or in aid of concealed weapons. Section 12. Right to bear arms. The right of any person to keep e 9

Convention Notes

sec. 13]. Identical to 1889 constitution [Art. III

and no power, civil or military, shall at any time interfere to prevent free exercise of the right of suffrage. Section 13.

Convention Notes

ec. 5]. Identical to 1889 constitution [Art. III,

adult for all purposes. Section 14. Adult rights. A person 18 years of age

Compiler's Notes

Section 3 of the Transition Schodule provides that "rights, procedural or aubstantive, created for the first time by Article II shall be prospective and not retroactive."

Cross-References

Minors and adults defined, sec. . P Senate

EXHIBIT NO. BILL NO.

rights of this Article unless specifically precluded by laws which enhance 18 years of age shall include, but not be limited to, all the fundamental the protection of such persons. Section 15. Rights of persons not adults. The rights of persons under

Compiler's Notes

Section 3 of the Transition Schedule provides that "rights, procedural or substantive, created for the first time by Article II shall be prospective and not retreastive."

Convention Notes

New provision giving children all of the rights that adults have unless a law meant to protect children prohibits their enjoyment of the right.

open to every person, and speedy remedy afforded for every injury of person, property, or character. No person shall be deprived of this full legal redress for injury incurred in employment for which another person The administration of justice. Courts of justice shall be

> who hired him if such immediate employer provides coverage under the may be liable except as to fellow employees and his immediate employer Workmen's Compensation Laws of this state. Right and justice shall be

Compiler's Notes

administered without sale, denial, or delay.

provides that "rights, procedural or substantive, created for the first time by Article II shall be prespective and not retroactive." Section 3 of the Transition Schedule

Convention Notes

Adds to 1889 constitution [Art. III, sec. 6] by specifically granting to a person injured in employment the right to sue a

third party causing the injury, except his employer or fellow employee when his employer provides coverage under workmen's compensation laws.

Cross-References

action against third party causing injury, sec. 92-904. Workmen's compensation, election of em-ployer and employee to come under act,

liberty, or property without due process of law. Section 17. Due process of law. No person shall be deprived of life,

Convention Notes

aec. 27]. Identical to 1889 constitution [Art. III,

causes of action arising after July 1, 1973. and all other local governmental entities shall have no immunity from suit for injury to a person or property. This provision shall apply only to Section 18. State subject to suit. The state, counties, cities, towns,

provides that "rights, procedural or substantive, created for the first time by strictle, II shall be prospective and not rotroactive." Section 3 of the Transition Schedule Compiler's Notes

Convention Notes

Now provision abolishing the doctrine of sovereign immunity ("the King can do

no wrong") and allowing any person to sue the state and local governments for injuries caused by officials and employees thereof.

Cross-References

Sovereign immunity defense prohibited when limbility of political subdivision insured, sec. 40-4402.

shall never be suspended. Section 19. Habeas corpus. The privilege of the writ of habeas corpus

Compiler's Notes

provides that "rights, procedural or substantive, erented for the first time by Article II shall be prospective and not Section 3 of the Transition Schedule

Convention Notes

Revises 1889 constitution [Art. III, sec. 21] which allowed the writ of habens corpus to be suspended in case of rebellion

or invasion. Revision provides that the writ (the right to test the lawfulness of a person's heing detained) may never be Population of

Cross-References

Supreme court jurisdiction, Const. Art. VII, sec. 2. Habeas corpus, scope and procedure, sec. 95-2701 et seq.

uppeal, shall be prosecuted either by information, after examination and cuted by complaint. All criminal actions in district court, except those on the jurisdiction of any court inferior to the district court shall be prose-Initiation of proceedings. (1) Criminal offenses within

sentative of any deceased employer or the receiver or trustee thereof, and or contract of hire, expressed or implied, oral or written, and the legal repreindependent contractor who has any person in service under any appointment vate corporation, including any public service corporation and including an person, every prime contractor, and every firm, voluntary association, and pri

History: En. 92-410.1 by Sec. 1, Ch. 154, L. 1973; R.C.M. 1947, 92-410.1(part); amd. Sec. 1, Ch. 480, L. 1985; amd. Sec. 64, Ch. 613, L. 1989. vidual employers to operate as self-insured under plan No. 1 of this chapter. meets the requirements set by the department by rule for a group of indiany association, corporation, or organization that seeks permission and

Compiler's Comments

Name Change — Code Commissioner Instruction: Section 64, Ch. 613, L. 1989, provided that in the provisions of the Montana Code Annotated, the terms "division of workers" Code Commissioner

pensation division" are changed to "department of labor and industry" or "department", mean-ing the "department of labor and industry". compensation", "division", and "workers' com-

defined in this chapter.

39-71-118. Employee, worker, and workman defined. (1) The Such change was made in this section.

excluded. employments, as provided in 39-71-401(2). Household or domestic service is otherwise covered by workers' compensation and if an employer has elected employees as defined by 39-71-116 are included as employees if they are not to be bound by the provisions of the compensation law for these casual porations while rendering actual service for such corporations for pay. Casual and officers and members of boards of directors of quasi-public or private corunlawfully employed, and all of the elected and appointed paid public officers oral or written. The terms include aliens and minors, whether lawfully or 39-71-117, under any appointment or contract of hire, expressed or implied, pendent contractor, who is in the service of an employer, as defined by terms "employee", "workman", or "worker" mean: (a) each person in this state, including a contractor other than an inde-

performing work under authorization of a district court judge in a delinquency prevention or rehabilitation program; this state under the provisions of 53-3-303 through 53-3-305 and any juvenile a recipient of general relief who is performing work for a county of

a public school or community college. party. However, this subsection does not apply to students enrolled in vocaas defined in this chapter and whether or not receiving payment from a third on-the-job training under a state or federal vocational training program, tional training programs as outlined above while they are on the premises of whether or not under an appointment or contract of hire with an employer (c) a person receiving on-the-joh vocational rehabilitation training or other

nical education at designated vocational-technical centers; or <u>a</u> students enrolled and in attendance in programs of vocational-tech-

chapter any member of such partnership or the owner of the sole proprietoremployer may elect to include as an employee within the provisions of this (e) an airman or other person employed as a volunteer under 67-2-105.

(2) (a) If the employer is a partnership or sole proprietorship, such

ship devoting full time to the partnership or proprietorship business.

(b) In the event_of such election, the employer must serve upon the employer's insurer written notice naming the partners or sole proprietor to be covered and stating the level of compensation coverage desired by electing the

> chapter until such notice has been given. (2)(d). A partner or sole proprietor is not considered an employee within this amount of wages to be reported, subject to the limitations in subsection

start of the next quarter following notification. <u></u> A change in elected wages must be in writing and is effective at the

elected wages, subject to the minimum and maximum limitations of this subfor weekly compensation benefits, the electing employer may elect not less section. For premium ratemaking and for the determination of weekly wage All weekly compensation benefits must be based on the amount of

than \$900 a month and not more than 1 1/2 times the average weekly wage as

History: En. Sec. 6, Ch. 96, L. 1915; re-en. Sec. 2863, R.C.M. 1921; amd. Sec. 3, Ch. 121, L. 1925; amd. Sec. 1, Ch. 139, L. 1931; re-en. Sec. 2863, R.C.M. 1935; amd. Sec. 3, Ch. 88, L. 1945; amd. Sec. 1, Ch. 153, L. 1963; amd. Sec. 1, Ch. 208, L. 1971; amd. Sec. 1, Ch. 44, L. 1975; amd. Sec. 1, Ch. 21, L. 1981; amd. Sec. 2, Ch. 336, L. 1985; amd. Sec. 20, Ch. 670, L. 1985; amd. Sec. 20, Ch. 370, L. 1987; amd. Sec. 25, Ch. 658, L. 1987; amd. Sec. 11, Ch. 333, L. 1989.

pensation coverage desired by electing the amount of wages to be reported, subject to the limitations in subsection (2)(d)"; inserted (2)(c) requiring weekly benefits to be based on amount ing notification; in (2)(d) inserted first sentence ing and effective at start of next quarter followrequiring change in elected wages to be in writsentence, inserted "and stating the level of com-Compiler's Comments 1989 Amendment: In (2)(b), at end of first

phraseology. Amendment effective July 1, 1989 than"; and made minor changes in form and wage of such electing employee to be not less "the insurance carrier shall assume a salary or electing employer may elect not less than" for middle of second sentence substituted mum limitations of this subsection and near of elected wages, subject to minimum and maxi-

Cross-References "Independent contractor" defined, 39-71-120

Injury and accident defined. (1) "Injury" or "injured"

internal or external physical harm to the body,

glasses, contact lenses, dentures, or hearing aids; or 9 damage to prosthetic devices or appliances, except for damage to eye

<u>@</u>

An injury is caused by an accident. An accident is:

2 an unexpected traumatic incident or unusual strain;

identifiable by time and place of occurrence;

identifiable by member or part of the body affected; and

caused by a specific event on a single day or during a single work shift.

arising from: මළුලුළ "Injury" or "injured" does not mean a physical or mental condition

a emotional or mental stress; or

9 a nonphysical stimulus or activity.

an accident. £ "Injury" or "injured" does not include a disease that is not caused by

tion to other factors contributing to the physical harm. injury only if the accident is the primary cause of the physical harm in rela cerebrovascular accident, or myocardial infarction suffered by a worker is an (5) A cardiovascular, pulmonary, respiratory, or other disease,

2, Ch. 488, 1, C

1921; re-en. Sec. 2864, R.C.M. 1935; Sec. 92-412, R.C.M. 1947; R.C.M. 1947, 92-412, 92-418, 92-418.1; amd. Sec. 3, Ch. 464, L. 1987.

39-71-120. Independent contractor defined. (1) An "independent contractor" is one who renders service in the course of an occupation and:

(a) has been and will continue to be free from control or direction over the performance of the services, both under his contract and in fact; and(b) is engaged in an independently established trade, occupation, profes-

sion, or business.

(2) An individual performing services for remuneration is considered to be

an employee under this chapter unless the requirements of subsection (1) are met.

History: En. 92-438.1 by Sec. 1, Ch. 251, L. 1973; R.C.M. 1947, 92-438.1; and. Sec. 5, Ch. 314. I. 1987.

39-71-121. Repealed. Sec. 68, Ch. 464, L. 1987. History: En. Sec. 2, Ch. 47, L. 1981.

39-71-122. Repealed. Sec. 68, Ch. 464, L. 1987. History: En. Sec. 3, Ch. 47, L. 1981.

39-71-123. Wages defined. (1) "Wages" means the gross remuneration paid in money, or in a substitute for money, for services rendered by an employee. Wages include but are not limited to:

 (a) commissions, bonuses, and remuneration at the regular hourly rate for overtime work, holidays, vacations, and sickness periods;

(b) board, lodging, rent, or housing if it constitutes a part of the employee's remuneration and is based on its actual value; and

(c) payments made to an employee on any basis other than time worked including but not limited to piecework, an incentive plan, or profit-sharing arrangement.

(2) Wages do not include:

(a) employee travel expense reimbursements or allowances for meals, lodging, travel, and subsistence;

(b) special rewards for individual invention or discovery;

(c) tips and other gratuities received by the employee in excess of those documented to the employer for tax purposes;

(d) contributions made by the employer to a group insurance or pension plan; or

(e) vacation or sick leave benefits accrued but not paid.

(3) For compensation benefit purposes, the average actual earnings for the four pay periods immediately preceding the injury are the employee's wages, except if:

(a) the term of employment for the same employer is less than four pay periods, in which case the employee's wages are the hourly rate times the number of hours in a week for which the employee was hired to work; or the four pay periods (h) for good cause shown by the Maintant the use of the four pay periods

(b) for good cause shown by the claimant, the use of the four pay periods does not accurately reflect the claimant's employment history with the employer, in which case the insurer may use additional pay periods.
(4) (a) For the purpose of calculating compensation benefits for an

employee working concurrent employments, the average actual wages must be calculated as provided in subsection (3).

WORKMANS' COMPENSATION - NO CHANGE OR AMENDMENT

PART 1 GENERAL PROVISIONS

39-71-101	No change	Short title.
39-71-116	Amendment	Definitions.
39-71-117	Amendment	Employer defined.
39-71-118	No change	Employee, worker, and workman
		defined.
39-71-120	No change	Independent contractor defined
•		PART 2
	ADMINIST	RATIVE PROVISIONS
39-71-203	No change	Powers of department - rules.
	MISCELLA	PART 3 NEOUS PROVISIONS
39-71-304	No change	Books, records, and payrolls to be
33 /1 304	no change	open to inspection - penalty for refusal.
39-71-317	Amendment	Employer not to terminate worker
	•	for filing claim - preference -
		jurisdiction over dispute.
		PART 4
	COVERAGE, LIA	BILITY AND SUBROGATION
39-71-401	Amendment	Employments covered and employments exempted.
39-71-431	Amendment	Assigned risk plan.
		PART 21
	COMPENSATI	ON PLAN NUMBER ONE
39-71-2101.	Amended	General Requirements for Electing
39-71-2103.	Amended	Coverage Employer permitted to carry on
39-71-2103.	Amended	business and settle directly with employee - individual liability.
39-71-2104.	Amended	Renewal of application.
39-71-2105.	Amended	Additional proof of solvency -
		revocation of order.
39-71-2106.	Amended	Requiring security of employer.

39-71-2107.	Amended	When employer to make deposit or security to guarantee payment of compensation.
39-71-2108.	Amended	Failure of employer to pay compensation - duty of department.
39-71-2109.	Amended	When employer may be relieved from liability.
	COMPENSAT	PART 22 ION PLAN NUMBER TWO
39-71-2204.	Amendment	Insurer to submit notice of coverage within thirty days-penalty for failure.
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39-71-2501.	Amended	Definitions.
39-71-2502.	Amended	Findings and purpose.
39-71-2503.	Amended	Workers' Compensation payroll tax - penalty.
39-71-2504.	Amended	Workers' compensation tax account.
	SELF-INSU	PART 26 IRERS GUARANTY FUND
39-71-2601.	Amended	Short Title
39-71-2602.	Amended	Purpose - construction.
39-71-2603.	Amended	Definitions.
39-71-2604.	Amended	Board of directors of fund.
39-71-2609.	Amended	Establishment of fund - employer
		participation required.
39-71-2610.	Amended	Rulemaking - powers of fund.
39-71-2611.	Amended	Duties, liabilities, and rights of fund.
39-71-2615.	Amended	Initial fee - assessment.
39-71-2616.	Amended	Reimbursement for obligations paid and assumed.
39-71-2617.	Amended	Tax exemption.
39-71-2618.	Amended	Immunity.
39-71-2619.	Amended	Notification of insolvency by private self-insurer.
39-71-2620.	Amended	Audit requirement.

WORKMANS' COMPENSATION - REPEALING SECTIONS

GOVERNMENT STRUCTURE AND ADMINISTRATION

2-15-1014.	Office of workers' compensation judge - allocation - appointment - salary. PART 1 GENERAL PROVISIONS
39-71-102. 39-71-103. 39-71-105. 39-71-119. 39-71-123.	Reference to plans. Compensation provisions. Declaration of public policy. Injury and accident defined. Wages defined. PART 2 ADMINISTRATIVE PROVISIONS
39-71-201. 39-71-202. 39-71-204.	Administration fund. Office of department. Rescission, alteration, or amendment by department or its orders, decisions, or awardseffectappeal.
39-71-205. 39-71-206. 39-71-208. 39-71-209. 39-71-221. 39-71-222.	Department authorized to charge certain fees Legal advisers of department and state fund. Blank forms, minutes, and records. Publication or reports and bulletins authorized. Public records of department - right to inspect. Duties of department regarding inspection and examination of records.
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39-71-307.	<pre>expenditures. Employers and insurers to file reports of accidents - penalty.</pre>
39-71-308.	Neglect or refusal of public corporation to file payroll reports - arbitrary assessment by department.
39-71-316.	Filing true claim - obtaining benefits through deception or other fraudulent means
39-71-402.	Extraterritorial application and reciprocity.

39-71-403.	Plan three exclusive for state agencies - election of plan by other public corporations - finance of
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39-71-405.	Liability of employer who contracts work out.
39-71-406.	Deduction from wages of any part of premium a misdemeanor.
39-71-407.	Liability of insurers - limitations.
39-71-408.	Liability as first lien in case of bankruptcy or failure.
39-71-409.	Waivers by employee invalid.
39-71-411.	Provisions of chapter exclusive remedy -
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39-71-427.	Conditions for reciprocal agreements.
39-71-428.	Denial of reciprocity.
39-71-434.	Deductible option for medical benefits.
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39-71-502. 39-71-503. 39-71-504. 39-71-505.	UNINSURED EMPLOYERS Definition of uninsured employer. Creation and purpose of uninsured employers' fund. Administration of fund. Funding of fund - option for agreement between department and injured employee. Applicability of other provisions of chapter to fund.
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39-71-608.	Payments within thirty days by insurer without admission of liability or waiver of defense authorized - notice.
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39-71-723.	How compensation to be divided among beneficiaries.
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39-71-736.	Compensation - from what date paid.
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39-71-803.	Occupational deafness distinguished from traumatic loss of hearing.
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39-71-805.	Determining percent of hearing loss.
39-71-806.	Disability payments not payable for temporary
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39-71-807.	Compensation for wage loss where employee transferred due to occupational deafness.
39-71-808.	Compensation for occupational deafness.
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39-71-1024.	Wage supplement and partial rehabilitation benefits.
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39-71-1026.	Self-employment - criteria.
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39-71-1032.	Termination of benefits for noncooperation with
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39-72-609.	Report of medical panel prima facie evidence.
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39-72-611.	Hearing on determination - when.
39-72-612.	Hearing and appeal to workers' compensation judge
39-72-613.	Costs and attorney fees.
	PART 7
	COMPENSATION AND BENEFITS
39-72-701.	Compensation for total disability or death due to
	occupational disease other than pneumoconiosis.
39-72-703.	Medical and hospital expenses.
39-72-705.	Burial expenses.
39-72-706.	Aggravation.
39-72-707.	Silicosis with complications.
39-72-708.	Prohibiting supplementing of benefits.
39-72-709.	Diminution of compensation.
39-72-711.	Lump-sum and compromise settlements.
39-72-712.	Methods of deducting attorney's fee from
	compensation.
39-72-714.	Reduction or suspension of compensation for
•	unsanitary or injurious practices or refusal to
	submit to medical or surgical treatment.

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