



Colorado Legislative Council Staff Fiscal Note
STATUTORY PUBLIC ENTITY
FISCAL IMPACT

Drafting Number: LLS 10-0207
Prime Sponsor(s): Rep. Miklosi
 Sen. Hodge

Date: January 13, 2010
Bill Status: House Business Affairs and Labor
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING THE BOARD OF DIRECTORS OF PINNACOL ASSURANCE.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: July 1, 2010.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill, recommended by the Interim Committee to Study Issues Related to Pinnacol Assurance, increases the number of members of the Pinnacol Assurance board of directors from 9 to 11 and requires that at least 2 of the employee members be nonmanagement-level employees. The new members include the Executive Director of the Department of Labor and Employment or his representative and a previously injured worker. Compensation for all members except the executive director, who is not compensated by Pinnacol Assurance, is increased from \$140 per diem to \$250 per diem for up to 30 days in any calendar year, paid when the board is transacting official business. Further, the bill requires public notice at least 7 days prior to a meeting and a reasonable time for public comment at each board meeting.

Background

Pinnacol Assurance is a political subdivision of the state that operates as a domestic mutual insurance company and provides workers' compensation insurance to over half of Colorado employers. As the insurer-of-last-resort, Pinnacol Assurance is prohibited by law in most cases from refusing to insure any Colorado employer. The State of Colorado self-insures for workers' compensation insurance and uses Pinnacol Assurance to administrator its program. The members of the Pinnacol Assurance board of directors are appointed by the Governor and the board appoints the chief executive officer. Pinnacol Assurance is funded by policyholder premiums and investment income and receives no state funding.

Statutory Public Entity Impact

Although no state fiscal impact is anticipated, HB10-1009 is expected to increase expenditures for Pinnacol Assurance. The exact amount of the increase will depend on the number of board meetings held and the amount of travel expenses required by the new board member. By increasing the per diem by \$110 and the number of members compensated by 1, the cost of each meeting is expected to increase by \$1,240, if all members are in attendance. The board can hold up to 30 meetings per year and if all are held, an annual increase of \$37,200 is expected plus any additional travel expenses.

Departments Contacted

Labor and Employment

Pinnacol Assurance