



# Senate

General Assembly

**File No. 371**

February Session, 2008

Substitute Senate Bill No. 454

*Senate, April 1, 2008*

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING WORKERS' COMPENSATION DISCLOSURES ON CONSTRUCTION SITES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) The Labor Department,  
2 in conjunction with the Workers' Compensation Commission, shall  
3 develop and implement a policy for the disclosure of workers'  
4 compensation insurance by a general contractor on construction  
5 projects. For the purposes of this section, "construction projects" means  
6 residential projects greater than three stories in height and commercial  
7 projects greater than thirty thousand square feet. The chairman of the  
8 Workers' Compensation Commission, in consultation with the Labor  
9 Commissioner, shall adopt regulations, in accordance with chapter 54  
10 of the general statutes, for purposes of such policy. The regulations  
11 shall require:

12 (1) All general contractors to have available for inspection a  
13 certificate of insurance or an insurance information page for each

14 subcontractor that shows: (A) The name of the subcontractor, (B) the  
 15 name of the insurer providing workers' compensation insurance, (C)  
 16 the workers' compensation insurance policy number, (D) the workers'  
 17 compensation dollar limits of coverage, (E) the subcontractor's limits of  
 18 liability insurance, (F) the insurance policy effective and expiration  
 19 date, (G) the workers' compensation classification code number and  
 20 description, (H) the premium basis including the total estimated  
 21 annual remuneration, and (I) the employer's liability insurance limits  
 22 of liability; and

23 (2) A general contractor to notify the Labor Department or the  
 24 Workers' Compensation Commission when a subcontractor's workers'  
 25 compensation insurance classification code number and description do  
 26 not cover the work being performed or the subcontractor has been  
 27 paid one hundred twenty-five per cent of the workers' compensation  
 28 policy estimated remuneration.

29 (b) On or before January 1, 2009, the Workers' Compensation  
 30 Commission and the Labor Department shall report, in accordance  
 31 with section 11-4a of the general statutes, to the joint standing  
 32 committee of the General Assembly having cognizance of matters  
 33 relating to labor: (1) On the policy developed pursuant to this section  
 34 and any recommendations for legislation to require insurance  
 35 companies to notify contractors holding insurance certificates pursuant  
 36 to such regulations of cancellation of workers' compensation or  
 37 liability insurance; (2) proposed changes to the independent contractor  
 38 workers' compensation regulations; and (3) a report on the advantages  
 39 and disadvantages of requiring insurance companies issuing workers'  
 40 compensation insurance certificates to contractors to audit their  
 41 records twice a year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

**LAB**      *Joint Favorable Subst.*

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The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill requires the Department of Labor (DOL), in conjunction with the Workers' Compensation Commission (WCC), to develop and implement a policy for the disclosure of general contractor workers' compensation insurance on specific types of construction projects.

It also requires WCC and DOL to report to the Labor Committee, by January 1, 2009, on this policy and any recommendations for related legislation.

The WCC and the DOL can handle these responsibilities within available resources.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sSB 454*****AN ACT CONCERNING WORKERS' COMPENSATION  
DISCLOSURES ON CONSTRUCTION SITES.*****SUMMARY:**

This bill requires the Department of Labor (DOL), in conjunction with the Workers' Compensation Commission (WCC), to develop and implement a policy for the disclosure of general contractor workers' compensation insurance on specific types of construction projects. It requires the WCC chairman to adopt regulations requiring general contractors to (1) make available for inspection proof of each subcontractor's workers' compensation insurance and (2) report to DOL or the WCC when a subcontractor's insurance classification code and description do not cover the work being performed.

It also requires WCC and DOL to report to the Labor Committee, by January 1, 2009, on this policy and any recommendations for related legislation.

EFFECTIVE DATE: Upon passage

**CONTRACTOR INSURANCE DISCLOSURE**

The bill applies to residential construction projects four or more stories high and commercial construction projects greater than 30,000 square feet.

The WCC chairman, in consultation with the labor commissioner, must adopt regulations to implement a policy of workers' compensation insurance disclosure for general contractors. The regulations must require all general contractors to have available for inspection a certificate of insurance or an insurance information page

for each subcontractor that shows the:

1. subcontractor's name,
2. name of the insurer providing workers' compensation insurance,
3. insurance policy number,
4. workers' compensation coverage dollar limits,
5. subcontractor liability insurance limits,
6. insurance policy's effective and expiration dates,
7. workers' compensation classification code number and description,
8. premium basis including the total estimated annual remuneration, and
9. employer's insurance liability limits.

The regulations must also require a general contractor to notify DOL or WCC when a subcontractor's workers' compensation insurance classification code number and description do not cover the subcontractor's work or the subcontractor has been paid 125% of the workers' compensation policy's estimated remuneration. At the start of a job a subcontractor's total job pay is estimated and used to determine the workers' compensation premium.

## **REPORT**

WCC and DOL must submit a report to the Labor Committee by January 1, 2009 on:

1. the policy developed under the bill and any recommendations for legislation requiring insurance companies to notify contractors holding insurance certificates in accordance with the regulations of workers' compensation or liability insurance cancellation;

2. proposed changes to the independent contractor workers' compensation regulations; and
3. the advantages and disadvantages of requiring insurance companies issuing workers' compensation insurance certificates to contractors to audit their records twice a year.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 9      Nay 0      (03/13/2008)