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SECRETARY OF STATE

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1991

ENROLLED

PASSED March 9, 1991
In Effect Passage

ENROLLED Senate Bill No. 187

(By Senator Chafin)

[Passed March 9, 1991; in effect from passage.]

AN ACT to amend and reenact sections one, one-a, one-b, two, five, nine and thirteen, article two, chapter twenty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended; to amend and reenact section three, article five of said chapter; and to further amend said article by adding thereto a new section, designated section one-j, relating to providing workers' compensation coverage for certain corporate or associational officers, partners, and owners of sole proprietorships as employees; eliminating the restriction to only corporate employers who wish to temporarilv come into the state but who choose to subscribe to the workers' compensation fund; elections to forgo such coverages; exemptions to such elections for certain officers engaged in dual capacities for the employer; notices to be given to the commissioner of such elections; providing elective workers' compensation coverage for elected officials; methods of calculation of premiums for executive officers, partners, and sole owners both for for-profit entities and for not-for-profit entities; methods of calculation of premiums for elected officials; definitions; furnishing of confidential information to the division of workers' compensation by the state tax commissioner and by the division of unemployment compensation; specifying the types of information that may be so furnished; authorizing the commissioner to encourage employers to engage in loss prevention programs, programs for maintaining a safe workplace, and wellness programs; changing the types of penalties that may be imposed upon defaulted or terminated employers; forbidding the waiver of penalties and interest on delinquent premiums and premium deposits; establishing a system and method for penalty premium rate of one hundred ten percent of base or modified premiums, whichever is higher, under certain circumstances of default and termination; providing for reinstatement agreements and conditions thereon; providing for requirements on employers entering into reinstatement agreements to abide by the conditions thereof and to maintain their accounts in good standing; clarifying that the commissioner may file a lien against an employer despite the filing of an application for reinstatement or the entering into of a reinstatement agreement: providing for requirements that employers filing applications for reinstatement keep their accounts in good standing and the consequences for failures to do so; providing for the method of determining the premium rates for subscribers to the second injury fund and the factors to be used in doing so; clarifying that the commissioner may require a premium deposit from self-insured employers: allowing the commissioner to limit the modifications of such second injury fund premiums based upon the employer's experience in using the second injury fund; making clear the intention of the Legislature regarding the respective responsibilities of the employer and the second injury fund for the payment of charges related to the last injury leading to a second injury life award; relating to the application of a rate of interest of eighteen percent upon past due premium and premium deposit; compounding of such rate of interest except for interest to be charged under a reinstatement agreement; relating to procedures before the office of chief administrative law judge with regard to certain requests for permanent total disability awards or for second injury life awards including remands to the commissioner for initial decisions, staying the protests then under

consideration, continuing in effect the decision protested during the remand proceedings, and for resumption of action by the office of chief administrative law judge following the commissioner's decision on remand; removing the requirement that the appeal board make findings of fact and conclusions of law in certain cases; and making other reconciling changes.

Be it enacted by the Legislature of West Virginia:

That sections one, one-a, one-b, two, five, nine and thirteen, article two, chapter twenty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; that section three, article five of said chapter be amended and reenacted; and that said article be further amended by adding thereto a new section, designated section one-j, all to read as follows:

ARTICLE 2. EMPLOYERS AND EMPLOYEES SUBJECT TO CHAPTER; EXTRATERRITORIAL COVERAGE.

§23-2-1. Employers subject to chapter; elections not to provide certain coverages; notices; filing of business registration certificates.

(a) The state of West Virginia and all governmental 1 agencies or departments created by it, including county boards of education, political subdivisions of the state, any volunteer fire department or company and other emergency service organizations as defined by article five, chapter fifteen of this Code, and all 7 persons, firms, associations and corporations regularly employing another person or persons for the purpose of carrying on any form of industry, service or 9 business in this state, are employers within the 10 11 meaning of this chapter and are hereby required to subscribe to and pay premiums into the workers' 12 compensation fund for the protection of their 13 employees and shall be subject to all requirements of 14 15 this chapter and all rules and regulations prescribed by the commissioner with reference to rate, classifica-16 tion and premium payment: Provided, That such rates 17 will be adjusted by the commissioner to reflect the 18 19 demand on the compensation fund by the covered 20 employer.

- 21 (b) The following employers are not required to 22 subscribe to the fund, but may elect to do so:
- 23 (1) Employers of employees in domestic services; or
- 24 (2) Employers of five or fewer full-time employees 25 in agricultural service; or
- 26 (3) Employers of employees while said employees 27 are employed without the state except in cases of 28 temporary employment without the state; or
- 29 (4) Casual employers. An employer is deemed to be 30 a casual employer when the number of his employees 31 does not exceed three and the period of employment 32 is temporary, intermittent and sporadic in nature and 33 does not exceed ten calendar days in any calendar 34 quarter; or
- 35 (5) Churches; or
- 36 (6) Employers engaged in organized professional
 37 sports activities, including employers of trainers and
 38 jockeys engaged in thoroughbred horse racing.
- 39 (c) Notwithstanding any other provision of this 40 chapter to the contrary, whenever there are churches in a circuit which employ one individual clergyman 41 42 and the payments to such clergyman from such 43 churches constitute his full salary, such circuit or 44 group of churches may elect to be considered a single employer for the purpose of premium payment into 45 the workers' compensation fund. 46
- 47 (d) Employers who are not required to subscribe to 48 the workers' compensation fund may voluntarily 49 choose to subscribe to and pay premiums into the fund 50 for the protection of their employees and in such case 51 shall be subject to all requirements of this chapter and all rules and regulations prescribed by the commis-5253 sioner with reference to rates, classifications and 54 premium payments and shall afford to them the protection of this chapter, including section six of this 55 56 article, but the failure of such employers to choose to subscribe to and to pay premiums into the fund shall 58 not impose any liability upon them other than such

- 59 liability as would exist notwithstanding the provisions 60 of this chapter.
- 61 (e) Any foreign corporation employer whose 62 employment in this state is to be for a definite or 63 limited period which could not be considered "regu-64 larly employing" within the meaning of this section 65 may choose to pay into the workers' compensation 66 fund the premiums herein provided for, and at the time of making application to the commissioner, such 67 68 employer shall furnish a statement under oath show-69 ing the probable length of time the employment will 70 continue in this state, the character of the work, an 71 estimate of the monthly payroll and any other infor-72 mation which may be required by the commissioner. 73 At the time of making application such employer shall 74 deposit with the state compensation commissioner to 75 the credit of the workers' compensation fund the 76 amount required by section five of this article, which amount shall be returned to the employer if his application be rejected by the commissioner. Upon 78 notice to such employer of the acceptance of his 79 application by the commissioner, he shall be an 80 81 employer within the meaning of this chapter and subject to all of its provisions. 82
- 83 (f) Any foreign corporation employer choosing to 84 comply with the provisions of this chapter and to 85 receive the benefits hereunder shall, at the time of 86 making application to the commissioner, in addition to other requirements of this chapter, furnish such 87 commissioner with a certificate from the secretary of state, where such certificate is necessary, showing that 89 it has complied with all the requirements necessary to 90 enable it legally to do business in this state and no 91 application of such foreign corporation employer shall 92be accepted by the commissioner until such certificate 94 is filed.
- 95 (g) The following employers may elect not to provide 96 coverage to certain of their employees under the 97 provisions of this chapter:

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(1) Employers of employees who are officers of and

99 stockholders in a corporation qualifying for special tax 100 treatment under subchapter S of the Internal Revenue 101 Code of the United States may elect not to provide 102 coverage to such employees; or

103 (2) If an employer is a partnership, sole proprietor-104 ship, association, or corporation, such employer may elect not to include as an "employee" within this 105 106 chapter, any member of such partnership, the owner 107 of the sole proprietorship, or any corporate officer or 108 member of the board of directors of the association or corporation. The officers of a corporation or an 109 110 association shall consist of a president, a vice-111 president, a secretary, and a treasurer, each of whom 112shall be elected by the board of directors at such time and in such manner as may be prescribed by the 113 114 bylaws. Such other officers and assistant officer as 115 may be deemed necessary may be elected or appointed 116 by the board of directors or chosen in such other 117 manner as may be prescribed by the bylaws and, if so 118 elected, appointed, or chosen, such employer may elect not to include any such officer or assistant officer as 119 120 an "employee" within the meaning of this chapter: 121 Provided, That except for those persons who are 122 members of the board of directors or who are the 123 corporation's or association's president, vice-president, 124 secretary, and treasurer and who may be excluded by 125 reason of their aforementioned positions from the 126 benefits of this chapter even though their duties, 127responsibilities, activities, or actions may have a dual 128 capacity of work which is ordinarily performed by an 129 officer and also of work which is ordinarily performed 130 by a worker, an administrator, or an employee who is 131 not an officer, no such other officer or assistant officer 132 who is elected or appointed shall be excluded by 133 election from coverage or be denied the benefits of 134 this chapter merely because he or she is such an 135 officer or assistant officer if, as a matter of fact:

136 (A) He or she is engaged in a dual capacity of having 137 the duties and responsibilities for work ordinarily 138 performed by an officer and also having duties and 139 work ordinarily performed by a worker, administra-

- 140 tor, or employee who is not an officer;
- (B) He or she is engaged ordinarily in performing 141
- 142 the duties of a worker, an administrator, or an
- employee who is not an officer and receives pay 143
- 144 therefore in the capacity of an employee; or
- (C) If he or she is engaged in an employment 145
- 146 palpably separate and distinct from his or her official
- 147 duties as an officer of the association or corporation.
- (h) In the event of election under subsection (g) of 148
- this section, the employer shall serve upon the com-149
- 150 missioner written notice naming the positions not to
- 151 be covered and shall not include such "employee's"
- remuneration for premium purposes in all future 152
- payroll reports, and such partner, proprietor or 153
- corporate or executive officer shall not be deemed an 154
- 155 employee within the meaning of this chapter after
- 156 such notice has been served.

§23-2-1a. Employees subject to chapter.

- (a) Employees subject to this chapter are all persons
- 2 in the service of employers and employed by them for
- 3 the purpose of carrying on the industry, business,
- 4 service or work in which they are engaged, including,
- 5 but not limited to:
- 6 (1) Persons regularly employed in the state whose
 - duties necessitate employment of a temporary or
- transitory nature by the same employer without the
- 9 state:
- (2) Every person in the service of the state or of any 10 political subdivision or agency thereof, under any 11
- contract of hire, express or implied, and every 12
- appointed official or officer thereof while performing
- his or her official duties:
- (3) Checkweighmen employed according to law; 15
- (4) All members of rescue teams assisting in mine 16
- 17 accidents with the consent of the owner who, in such
- case, shall be deemed the employer, or at the direction
- of the director of the department of mines; and

- 20 (5) All forest fire fighters who, under the supervi-21 sion of the director of the department of natural 22 resources or his or her designated representative, 23 assist in the prevention, confinement and suppression 24 of any forest fire.
- 25 (b) The right to receive compensation under this 26 chapter shall not be affected by the fact that a minor 27 is employed or is permitted to be employed in viola-28 tion of the laws of this state relating to the employ-29 ment of minors, or that he or she obtained his or her 30 employment by misrepresenting his or her age.

§23-2-1b. Special provisions as to premiums.

- 1 (a) Except as provided for in subsection (b) of this 2 section, every executive officer of an association or of 3 a corporation, any member of a partnership or owner of a sole proprietorship which has not elected to forgo coverage under this chapter for such officer, member 5 or owner shall pay premiums based upon the actual salary paid to such employee up to an amount sufficient to qualify such employee to receive the maximum level of benefits, but in no event shall the basis 10 for premium be less than the salary necessary to provide such employee with the minimum level of 11 12 benefits.
- 13 (b) Every executive officer of a not-for-profit associ-14 ation or of a not-for-profit corporation which has not 15 elected to forgo coverage under this chapter for such 16 officer, member or owner shall pay premiums based 17 upon the actual salary paid to such employee up to an 18 amount sufficient to qualify such employee to receive 19 the maximum level of benefits, but in no event shall 20 the basis for premium be less than one hundred 21 dollars.
- 22 (c) Every elected official or officer, whether full 23 time or part time and including members of the 24 Legislature, whose governmental entity elects cover-25 age under this chapter for such elected official or 26 officer, shall pay or have paid for him or her premi-27 ums based upon the actual salary paid to such elected 28 official or officer up to an amount sufficient to qualify

- such elected official or officer to receive the maximum level of benefits, but in no event shall the basis for premium be less than the salary necessary to provide such elected official or officer with the minimum level of benefits. For the purposes of this subsection, an elected official or officer shall include a person appointed to an elected position to complete a term for that elected position.
- 37 (d) The premium and actual expenses in connection 38 with governmental agencies and departments of the 39 state of West Virginia shall be paid out of the state 40 treasury from appropriations made for such agencies 41 and departments, in the same manner as other disbur-42 sements are made by such agencies and departments.
- 43 (e) County commissions, municipalities, other political subdivisions of the state, county boards of educa-44 tion, emergency service organizations organized as 45 46 aforesaid and volunteer fire departments or companies 47 shall provide for the funds to pay their prescribed premiums into the fund and such premiums and 48 premiums of state agencies and departments, includ-49 50 ing county boards of education, shall be paid into the fund in the same manner as herein provided for other 51 52 employers subject to this chapter.
- (f) County commissions and municipalities are hereby authorized to pay all or any part of the premiums prescribed for such emergency service organizations organized as aforesaid and such duly incorporated volunteer fire departments or companies as may provide services within the county or municipality.
- §23-2-2. Commissioner to be furnished information by employers, state tax commissioner and division of unemployment compensation; secrecy of information; examination of employers, etc.; violation a misdemeanor.
 - 1 (a) Every employer shall furnish the commissioner, 2 upon request, all information required by him or her 3 to carry out the purposes of this chapter. The commis-4 sioner, or any person employed by the commissioner

- 5 for that purpose, shall have the right to examine 6 under oath any employer or officer, agent or employee 7 of any employer.
- 8 (b) Notwithstanding the provisions of any other 9 statute, specifically, but not exclusively, section five 10 and five-b, article ten, chapter eleven of this code, and 11 section eleven, article ten, chapter twenty-one-a of this 12 code the commissioner of the bureau of employment 13 programs may receive the following information:
- (1) Upon written request to the state tax commis-14 15 sioner: The names, addresses, places of business and 16 other identifying information of all businesses receiv-17 ing a business franchise registration certificate and the 18 dates thereof; and, the names and social security 19 numbers or other tax identification numbers of the 20 businesses and of the businesses' workers and employees, if otherwise collected, and the quarterly 2122and annual gross wages or other compensation paid to 23 the workers and employees of such businesses 24reported pursuant to the requirement of withholding 25 of tax on income.
- 26(2) Upon written application to the division of 27 unemployment compensation: In addition to the 28 information that may be released to the division of 29 workers' compensation for the purposes of this chapter 30 under the provisions of chapter twenty-one-a of this 31 code, the names, addresses and other identifying 32 information of all employing units filing reports and 33 information pursuant to section eleven, article ten, 34 chapter twenty-one-a of this code as well as informa-35 tion contained in those reports regarding the number and names, addresses, and social security numbers of 36employees employed and the gross quarterly wages 3738 paid by each employing unit to each identified 39employee.
- 40 (c) All information acquired by the division of 41 workers' compensation pursuant to subsection (b) of 42 this section shall be used only for auditing premium 43 payments and registering businesses under the single 44 point of registration program as defined in section two,

45 article one, chapter eleven of this code. The division of workers' compensation, upon receiving the business 47franchise registration certificate information made available pursuant to subsection (b) of this section, 48 shall contact all businesses receiving a business 49 50 franchise registration certificate and provide all 51 necessary forms to register the business under the 52provisions of this article. Any officer or employee of this state who uses the aforementioned information in 53 54 any manner other than the one stated herein or elsewhere authorized in this code, or who divulges or 55 makes known in any manner any of the aforementi-56 57 oned information shall be guilty of a misdemeanor, 58 and, upon conviction thereof, shall be fined not more than one thousand dollars or imprisoned in the county 60 jail for not more than one year, or both, together with 61 cost of prosecution.

- (d) Reasonable costs of compilation and production
 of any information made available pursuant to subsection (b) of this section shall be charged to the division
 of workers' compensation.
- 66 (e) Information acquired by the commissioner 67 pursuant to subsection (b) of this section shall not be 68 subject to disclosure under the provisions of chapter 69 twenty-nine-b of this code.

§23-2-5. Application; payment of premiums; payroll report; premiums; deposits; delinquency; default; reinstatement; payment of benefits; notice to employees; criminal provisions; penalties.

1 (a) For the purpose of creating a workers' compen2 sation fund each employer who is required to sub3 scribe to the fund or who elects to subscribe to the
4 fund, shall pay premiums calculated as a percentage of
5 the employer's payroll at the rate determined by the
6 commissioner and then in effect. At the time each
7 employer subscribes to the fund, the application
8 required by the commissioner shall be filed and a
9 premium deposit equal to the first quarter's estimated
10 premium payment shall be remitted. The minimum
11 quarterly premium to be paid by any employers shall

12 be ten dollars.

- 13 (1) Thereafter, premiums shall be paid quarterly on 14 or before the last day of the month following the end 15 of the quarter, and shall be the prescribed percentage 16 of the total earnings of all employees during the 17 preceding quarter.
- 18 (2) At the time each premium is paid, every sub-19 scribing employer shall make a payroll report to the 20 commissioner for the preceding quarter. The report 21 shall be on the form or forms prescribed by the 22 commissioner, and shall contain all information 23 required by the commissioner.
- (3) After subscribing to the fund, each employer 24 25 shall remit with each payroll report and premium payment, an amount calculated to be sufficient to 26 27 maintain a premium deposit equal to the previous 28quarter's premium payment: Provided, That the commissioner may reduce the amount of the premium deposit required from seasonal employers for those 31 quarters during which employment is significantly reduced. The premium deposit shall be credited to the 33 employer's account on the books of the commissioner and used to pay premiums and any other sums due the fund when an employer becomes delinquent.
- 36 (4) All premiums and premium deposits required to 37 be paid by this chapter shall be paid by the employers to the workers' compensation commissioner, who shall 38 maintain record of all sums so received. On and after the first day of October, one thousand nine hundred ninety-one, any such sum mailed to the commissioner shall be deemed to be received on the date the envelope transmitting it is postmarked by the United States postal service. All sums received by the com-45 missioner shall be deposited in the state treasury to the credit of the workers' compensation fund in the 46 manner now prescribed by law.
- 48 (5) The commissioner may encourage employer 49 efforts to create and maintain safe workplaces, to 50 encourage loss prevention programs, and to encourage 51 employer provided wellness programs, through the

- 52 normal operation of the experience rating formula, 53 seminars and other public presentations, the develop-54 ment of model safety programs and other initiatives as 55 may be determined by the commissioner.
- (b) Failure of an employer to timely pay premium, 56 to timely file a payroll report, or to maintain an 57 adequate premium deposit, shall cause the employer's 58 account to become delinquent. No employer will be 59 60 declared delinquent or be assessed any penalty therefor if the commissioner determines that such delin-61 quency has been caused by delays in the administra-62tion of the fund. The commissioner shall, in writing, 63 within sixty days of the end of each quarter notify all 64 delinquent employers of their failure to timely pay 65 premiums, to timely file a payroll report, or to 66 maintain an adequate premium deposit. The notifica-67 68 tion shall demand the filing of the delinquent payroll report and payment of delinquent premiums, and/or 69 70 payment of an amount sufficient to maintain the premium deposit, before the end of the third month 71 72following the end of the preceding quarter. The notification shall also require payment of interest on 73the delinquent premium payment and/or premium 74 deposit pursuant to section thirteen of this article. 75
- 76 (c) Whenever the commissioner notifies an employer 77 of the delinquent status of his or her account, the 78 notification shall explain the legal consequence of 79 subsequent default by employers required to subscribe 80 to the fund, and the effects of termination of any 81 electing employer's account.
- 82 (d) Failure by the employer, who is required to 83 subscribe to the fund and who fails to resolve his or her delinquency within the prescribed period, shall 84 place the account in default and shall deprive such 85 defaulting employer of the benefits and protection 86 87 afforded by this chapter including section six of this 88 article, and he or she shall be liable as provided in 89 section eight of this article. The defaulting employer's 90 liability under section eight of this article shall be 91 retroactive to twelve o'clock p.m., of the last day of the month following the end of the quarter for which the 92

93 delinquency occurs. The commissioner shall notify the 94 defaulting employer of the method by which the 95 employer may be reinstated with the fund. The 96 commissioner shall also notify the employees of such 97 employer by written notice as hereinafter provided for 98 in this section.

- 99 (e) Failure by any employer, who voluntarily elects to subscribe, to resolve his or her delinquency within 100 the prescribed period, shall automatically terminate 101 102the election of such employer to pay into the workers' 103 compensation fund and shall deprive such delinquent 104 employer of the benefits and protection afforded by 105 this chapter including section six of this article, and he 106 or she shall be liable as provided in section eight of 107 this article. The defaulting employer's liability under section eight of this article shall be retroactive to 108 109 twelve o'clock p.m., of the last day of the month 110 following the end of the quarter for which the delinquency occurs. 111
- (f) (1) Except as provided for in subdivision three of 112 113 this subsection, any employer who is required to subscribe to the fund and who is in default on the 114 115 effective date of this section or who subsequently defaults, and any employer who has elected to sub-116 scribe to the fund and whose account is terminated 117 118 prior to the effective date of this section or whose account is subsequently terminated, shall be restored 119120immediately to the benefits and protection of this 121 chapter only upon the filing of all delinquent payroll 122and other reports required by the commissioner and 123 payment into the fund of all unpaid premiums, an 124 adequate premium deposit, and accrued interest. 125Interest shall be calculated as provided for by section 126 thirteen of this article. In addition, for every defaulted 127or terminated employer whose default or termination 128 lasts longer than two quarters or who has defaulted or 129 been terminated for more than two quarters out of the 130 preceding eight consecutive quarters, then upon any 131 such employer's restoration to the benefits and protec-132 tion of this chapter, for the next eight quarters, 133 including the quarter in which such restoration

occurs, the employer shall pay premiums to the commissioner at a penalty rate. The applicable penalty premium rate shall be determined by first calculating the employer's premium under the provisions of section four of this article, but including any applicable experience modification, and then multiplying that premium by one hundred and ten percent.

The commissioner shall not have the authority to 141 142 waive either accrued interest or the imposition of the 143penalty premium rate. Any employer whose default or 144 termination does not last longer than two quarters or 145 who has not defaulted in more than two quarters out 146 of the preceding eight consecutive quarters shall not have a penalty premium rate imposed. The provisions 147 of section seventeen of this article apply to any action 148 149 or decision of the commissioner under this section. For 150 purposes of section four of this article, the extra ten percent of premium constituting the penalty shall not 151 be used in determining any entitlement to experience 152 modification of the employer's premium rate for 153 154 future years.

155 (2) The commissioner shall have the authority to 156 restore a defaulted or terminated employer under a reinstatement agreement. Such reinstatement agree-157 158 ment shall require the payment in full of all premi-159 ums, premium deposits, past accrued interest, and future interest calculated pursuant to the provisions of 160 section thirteen of this article. The reinstatement 161 162 agreement shall not permit any modification or waiver 163 of the penalty premium rate provided for in subdivi-164 sion (1) of this subsection. Notwithstanding the filing 165 of a reinstatement application or the entering into of a reinstatement agreement, the commissioner is 166 167 authorized to file a lien against the employer as 168 provided for by section five-a of this article. Applica-169 tions for reinstatement shall: (A) Be made upon forms prescribed by the commissioner; (B) include a report 170 of the gross payroll of the employer during the entire 171 172period of delinquency and default, which payroll information shall be verified by the employer or its 173174 authorized agent; and (C) include a payment equal to

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175 one half of one percent of the gross payroll during the period of delinquency and default but not to exceed 176 177 the amount of the entire liability due and owing for 178 the period of delinquency and default, or one hundred 179 dollars, whichever amount shall be greater. An 180 employer who applies for reinstatement shall be 181 entitled to the benefits and protection of this chapter 182on the day the application is received by the commis-183 sioner: Provided, That if the commissioner reinstates 184 an employer subject to the terms of a repayment agreement, the subsequent failure of the employer to 185 make scheduled payments or to pay accrued or future 187 interest in accordance with the repayment agreement 188 or to timely file current premiums or to otherwise maintain its account in good standing or, if the 189 190 repayment agreement does not require earlier restora-191 tion of the premium deposit, to restore the premium 192 deposit to the required amount by the end of the 193 repayment period shall cause the repayment agree-194 ment to be null, void and of no effect, and the 195 employer shall be denied the benefits and protection 196 of this chapter effective from the date that such 197 employer's account originally became delinquent.

- (3) Any employer who fails to maintain his or her account in good standing with regard to subsequent premiums and premium deposits prior to the final resolution of an application for reinstatement as provided for in division one of this subsection shall 203 cause the reinstatement application to be null, void and of no effect, and the employer shall be denied the benefits and protection of this chapter effective from the date that such employer's account originally became delinguent. The commissioner may then make and continue with any of the collection efforts provided for by section five-a of this article even if the employer files another reinstatement application.
- 211 (g) No employee of an employer required by this 212 chapter to subscribe to the workers' compensation 213fund shall be denied benefits provided by this chapter 214because the employer failed to subscribe or because the employer's account is either delinquent or in

216 default.

- (h) (1) The provisions of this section shall not deprive any individual of any cause of action which has accrued as a result of an injury or death which occurred during any period of delinquency not resolved in accordance with the provisions of this article, or subsequent failure to comply with the terms of the repayment agreement.
- 224 (2) Upon withdrawal from the fund or termination of election of any employer, he or she shall be 225 226 refunded the balance due him or her of his or her deposit, after deducting all amounts owed by him or 227her to the workers' compensation fund, and the 228229 commissioner shall notify the employees of such 230employer of said termination in such manner as he or 231she may deem best and sufficient.
- 232(3) Notice to employees in this section provided for 233 shall be given by posting written notice that the 234 employer is delinquent under the compensation law of 235 West Virginia, and in the case of employers required 236by this chapter to subscribe and pay premiums to the 237fund, that the delinquent employer is liable to his or 238 her employees for injury or death, both in workers' 239 compensation benefits and in damages at common law 240 or by statute; and, in the case of employers not 241required by this chapter to subscribe and pay premiums to the fund, but voluntarily electing to do so as 242 243herein provided, that neither the employer nor the 244 employees of such employer are protected by said laws as to any injury or death sustained after the date 245 246specified in said notice. Such notice shall be in the 247 form prescribed by the commissioner and shall be 248 posted in a conspicuous place at the chief works of the 249 employer, as the same appear in records of the 250commissioner. If the said chief works of the employer cannot be found or identified, then said notices shall 251252be posted at the front door of the courthouse of the 253 county in which said chief works are located, accord-254 ing to the records in the commissioner's office. Any person who shall, prior to the reinstatement of the 255said employer, as hereinbefore provided for, or prior

257 to sixty days after the posting of said notice whichever 258 shall first occur, remove, deface, or render illegible the 259 said notice, shall be guilty of a misdemeanor, and, 260 upon conviction thereof, shall be fined not to exceed five hundred dollars, and the said notice shall state 261262 this provision upon its face. The commissioner may 263 require any sheriff, deputy sheriff, constable or other official of the state of West Virginia, who may be 264 265 authorized to serve civil process, to post such notice and to make return thereof of the fact of such posting 266 to the commissioner, and any failure of such officer to 267 post any notice within ten days after he or she shall 268 269 have received the same from the commissioner, 270 without just cause or excuse, shall constitute a willful 271 failure or refusal to perform a duty required of him or 272 her by law within the meaning of section twenty-273 eight, article five, chapter sixty-one of this code. Any 274 person actually injured by reason of such failure shall have an action against said official, and upon any 275official bond he or she may have given, for such 276 277damages as such person may actually have incurred, 278but not to exceed, in the case of any surety upon said 279 bond, the amount of the penalty of said bond. Any 280 official posting said notice as herein required shall be 281entitled to the same fee as is now or may hereafter be 282 provided for the service of process in suits instituted in 283 courts of record in the state of West Virginia, which 284 fee shall be paid by the commissioner out of any funds 285at his or her disposal, but shall be charged by him or her against the account of the employer to whose 286 287 delinquency such notice relates.

§23-2-9. Election of employer to provide own system of compensation; mandatory participation in second injury reserve of surplus fund and exceptions; election to provide catastrophe coverage.

- 1 (a) (1) Notwithstanding anything contained in this 2 chapter, employers subject to this chapter who are of
- 3 sufficient financial responsibility to insure the pay-
- 4 ment of compensation to injured employees and the
- 5 dependents of fatally injured employees, whether in

6 the form of pecuniary compensation or medical attention, funeral expenses or otherwise as herein provided, of the value at least equal to the compensation provided in this chapter, or employers of such financial responsibility who maintain their own benefit 10 funds, or system of compensation to which their 11 12 employees are not required or permitted to contribute, or such employers as shall furnish bond or other 13 security to insure such payments, may, upon a finding 14 of such facts by the commissioner, elect to pay individ-15 ually and directly, or from such benefit funds, depart-16 ment or association, such compensation and expenses 17 to injured employees or fatally injured employees' 18 dependents. The commissioner shall require security 19 20 or bond from such employer, to be approved by the 21 commissioner, and of such amount as is by the com-22missioner considered adequate and sufficient to compel or secure to such employees, or their dependents, 2324 payment of the compensation and expenses herein provided for, which shall in no event be less than the 2526 compensation paid or furnished out of the state 27workers' compensation fund in similar cases to injured 28 employees or the dependents of fatally injured employees whose employers contribute to such fund. 29

- (2) Any employer electing under this section to 30 31 insure payment of compensation to injured employees and the dependents of fatally injured employees shall 32on or before the last day of the first month of each 33 34 quarter, for the preceding quarter, file with the commissioner a sworn statement of the total earnings 35 36 of all the employer's employees subject to this chapter 37for such preceding quarter, and shall pay into the workers' compensation fund as self insurance pre-38 mium contributions: 39
- 40 (A) A sum sufficient to pay the employer's proper 41 proportion of the expenses of the administration of 42 this chapter; and
- 43 (B) A sum sufficient to pay the employer's proper 44 portion of the expenses for claims for those employers 45 who are delinquent in the payment of premiums;

- 46 (C) A sum sufficient to pay the employer's fair 47 portion of the expenses of the disabled workers' relief 48 fund, as may be determined by the commissioner.
- 49 (D) A sum sufficient to maintain as an advance 50 deposit an amount equal to the previous quarter's 51 payment of each of the foregoing three factors.
- 52 (3) The commissioner shall make and promulgate 153 legislative rules in accordance with chapter twenty-154 nine-a of this code governing the mode and manner of 155 making application, and the nature and extent of the 156 proof required to justify the finding of facts by the 157 commissioner, to consider and pass upon such election 158 by employers subject to this chapter, which rules shall 159 be general in their application.
- 60 (4) Any employer whose record upon the books of 61 the commissioner shows a liability against the 62 workers' compensation fund incurred on account of 63 injury to or death of any of the employer's employees, 64 in excess of premiums paid by such employer, shall 65 not be granted the right, individually and directly or 66 from such benefit funds, department or association, to 67 compensate the employer's injured employees and the 68 dependents of the employer's fatally injured employees until the employer has paid into the 6970 workers' compensation fund the amount of such excess of liability over premiums paid, including the 71 72 employer's proper proportion of the liability incurred 73on account of explosions, catastrophes or second injuries as defined in section one, article three of this 7475 chapter, occurring within the state and charged 76 against such fund.
- (b) (1) Subject to any limitations set forth herein, all employers who have heretofore elected, or shall hereafter elect, to pay compensation and expenses directly as provided in subsection (a) of this section, shall, unless they be permitted under the provisions of this subsection hereinafter set forth to give the second injury security or bond hereinafter provided for, pay into the second injury reserve of the surplus fund referred to in section one, article three of this chapter,

86 upon the basis set forth herein, such payments to be 87 made at the same time as provided in this section for 88 the payment of proportion of expenses of 89 administration.

90 (2) To determine the contribution for second injury 91 coverage for self-insured employers, the commissioner 92 shall first establish, based upon actuarial advice, the 93 projected funding cost for incurred losses for the 94 second injury reserve of the surplus fund for the prospective year for each industrial group or class, so 95 96 that industrial groups or classes with significantly 97 different experience in use of the second injury reserve shall pay their proper share based upon the 98 record of that industrial group or class: Provided, That 99 100 the commissioner shall establish industrial groups or 101 classes as permitted by section four of this article but 102 need not establish the same number of industrial 103 groups or classes as the number established for 104 purposes of section four of this article. The commis-105 sioner shall establish a rate for each industrial group or class based upon the total expected second injury 106 107 fund base rate premium for that industrial group or 108 class and shall further modify such rate for individual employers based upon the ratio of the individual 109 110 employer's record of actual second injury awards to 111 the average cost of second injury awards for all 112 employers in that industrial group or class. The 113 commissioner may limit such modifications. Actual 114 second injury awards shall mean awards made under this chapter on and after the first day of January, one 115 116 thousand nine hundred ninety-one, as reflected on the 117 books of the commissioner for a period not to exceed three years ending the thirty-first day of December of 118 119 the year preceding the year in which the rate is to be 120 effective: Provided, however, That any employer 121 whose record for such period cannot be obtained shall 122 be given a rate based upon the employer's record for 123 any part of such period as may be deemed just and 124 equitable by the commissioner: Provided further, That 125 for the period from the first day of January, one thousand nine hundred ninety-one through the thir-126 tieth day of June, one thousand nine hundred ninety-127

- 128 two, inclusive, the commissioner shall consider second 129 injury premium based on a percentage of the base 130 rates assigned to each industrial group or class.
- 131 (3) In case there be a second injury, as defined in 132 section one, article three of this chapter, to an employee of any employer making such second injury 133 reserve payments, the employer shall be liable to pay 134 compensation or expenses arising from or necessitated 135 by the second injury, and such compensation and 136 expenses shall be charged against such employer: 137Provided. That in addition to such compensation and 138 expenses, and after the completion of the payments 139 therefor, the employee shall be paid the remainder of 140 the compensation and expenses that would be due for 141 permanent total disability from the second injury 142 reserve of the surplus fund. Such additional compen-143 sation and expenses shall be paid from the second 144 injury reserve of the surplus fund in the same manner 145 and to the same extent as in the case of premium-146 147 paying subscribers and such additional compensation and expenses shall not be charged against such 148 149 employer.
- 150 (4) (A) Any employer who has heretofore elected to 151 pay compensation and expenses directly under the 152 provisions of subsection (a) of this section, and who:
- 153 (i) Elected prior to the first day of January, one 154 thousand nine hundred eighty-nine, not to make 155 payments into the second injury reserve of the surplus 156 fund; and
- (ii) Continuously without interruption, from the first day of January, one thousand nine hundred eightynine, to the effective date of this section, elected not to make payments into the second injury reserve of the surplus fund, may elect to continue not to make payments into the second injury reserve of the surplus fund.
- 164 (B) Any employer who has heretofore elected to pay 165 compensation and expenses directly under the provi-166 sions of subsection (a) of this section, and who:

- 167 (i) Was making payments into the second injury 168 reserve of the surplus fund on the first day of Janu-169 ary, one thousand nine hundred eighty-nine; and
- 170 (ii) Elected not to make such payments during 171 calendar year one thousand nine hundred eighty-nine; 172 and
- 173 (iii) Has not thereafter, to the effective date of this 174 section, recommenced making such payments, shall 175 elect one of the two following options:
- 176 (I) Begin payments into the second injury reserve of 177 the surplus fund as of the first day of July, one 178 thousand nine hundred ninety, in which event such 179 employer shall not thereafter be permitted to elect not 180 to make such payments; or
- (II) Elect to continue not making such payments in 181 182 which event the commissioner shall examine the employer's record with regard to the second injury 183 184 reserve of the surplus fund upon the books of the 185 commissioner and if such record shows a liability 186 against the surplus fund incurred on account of injury to any of the employer's employees, in excess of 187 premiums paid by such employer to the second injury 188 reserve of the surplus fund, then such employer shall 189 190 pay to the commissioner the present value of that 191 liability.
- 192 (C) Any employer who is permitted by paragraphs 193 (A) and (B) of this subdivision not to make payments into the second injury reserve of the surplus fund 194 195 shall, in addition to bond or security required by 196 subsection (a) of this section, furnish second injury 197 security or bond, approved by the commissioner, in 198 such amount and form as the commissioner shall consider adequate and sufficient to compel or secure 199 200payment of all compensation and expenses arising 201 from, or necessitated by, any second injury that is or 202 remains to be paid by the employer: Provided, That any second injury security or bond given by any such 203204 employer pursuant to rules promulgated by the 205commissioner and with the approval of the commis-206sioner prior to the effective date of this section shall

207 remain valid upon the effective date of this section 208 until such time thereafter as the commissioner notifies 209 such employer to the contrary.

- (D) Any employer permitted by paragraphs (A) and (B) of this subdivision not to make payments into the second injury reserve of the surplus fund who on or after the effective date of this section elects to make payments into the second injury reserve of the surplus fund shall not thereafter be permitted to elect not to make such payments.
- 217(5) Except as provided in paragraphs (A) and (B), 218 subdivision (4) of this subsection, all other employers 219who have heretofore elected or who henceforth elect 220to pay compensation and expenses directly under the 221provisions of subsection (a) of this section shall pay 222into the second injury reserve of the surplus fund 223such amounts as are determined by the commissioner 224pursuant to subdivision (2), subsection (b) of this 225section: *Provided*, That all such other employers who, 226as of the date immediately preceding the effective date 227of this section, have been permitted by the commis-228sioner not to make such payments are not required to 229commence making such payments until the first day 230of July, one thousand nine hundred ninety.
- 231(c) (1) All employers who have heretofore elected, or 232 shall hereafter elect, to pay compensation and 233expenses directly as provided in subsection (a) of this 234section shall, unless they give the catastrophe security 235or bond hereinafter provided for, pay into the catastro-236phe reserve of the surplus fund referred to in section 237one, article three of this chapter, upon the same basis 238and in the same percentages, subject to the limitations 239herein set forth, as funds are set aside for the main-240tenance of the catastrophe reserve of the surplus fund 241out of payments made by premium-paying subscribers, such payments to be made at the same time as 243 hereinbefore provided with respect to payment of 244 proportion of expenses of administration.
- 245 (2) In case there be a catastrophe, as defined in 246 section one, article three of this chapter, to the

employees of any employer making such payments, 247248 the employer shall not be liable to pay compensation 249 or expenses arising from or necessitated by the 250 catastrophe, and such compensation and expenses shall 251not be charged against such employer, but such 252 compensation and expenses shall be paid from the 253 catastrophe reserve of the surplus fund in the same 254manner and to the same extent as in the case of 255premium-paying subscribers.

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- (3) If an employer elects to make payments into the 257catastrophe reserve of the surplus fund as aforesaid, then the bond or other security required by this section shall be of such amount as the commissioner considers adequate and sufficient to compel or secure 260to the employees or their dependents payments of compensation and expenses, except any compensation and expenses that may arise from, or be necessitated by, any catastrophe as defined in section one, article three of this chapter, which last are secured by and shall be paid from the catastrophe reserve of the surplus fund as hereinbefore provided.
- (4) If any employer elects not to make payments into the catastrophe reserve of the surplus fund, as herein-269270before provided, then, in addition to bond or security 271in the amount hereinbefore set forth, such employer 272shall furnish catastrophe security or bond, approved by the commissioner, in such additional amount as the 273274commissioner shall consider adequate and sufficient to compel or secure payment of all compensation and 275276expenses arising from, or necessitated by, any catastrophe that might thereafter ensue.
 - (5) All employers hereafter making application to carry their own risk under the provisions of this subsection shall, with such application, make a written statement as to whether such employer elects to make payments as aforesaid into the catastrophe reserve of the surplus fund or not to make such payments and to give catastrophe security or bond hereinbefore in such case provided for.
 - (d) In any case under the provisions of this section

287 that shall require the payment of compensation or benefits by an employer in periodical payments, and 288 289 the nature of the case makes it possible to compute the 290 present value of all future payments, the commis-291 sioner may, in his or her discretion, at any time 292 compute and permit or require to be paid into the 293 workers' compensation fund an amount equal to the present value of all unpaid compensation for which 294 295 liability exists, in trust; and thereupon such employer shall be discharged from any further liability upon 296 297 such award, and payment of the same shall be 298 assumed by the workers' compensation fund.

299 (e) Any employer subject to this chapter who shall 300 elect to carry the employer's own risk and who has 301 complied with the requirements of this section and the 302 rules of the commissioner shall not be liable to 303 respond in damages at common law or by statute for 304 the injury or death of any employee, however occur-305 ring, after such election and during the period that the employer is allowed by the commissioner to carry the 306 307 employer's own risk.

§23-2-13. Interest on past due payments; reinstatement agreements.

Payments unpaid on the date on which due and 1 payable, as prescribed by the commissioner, shall 3 immediately begin bearing interest at the rate of 4 eighteen percent per annum. This same rate of interest shall be applicable to all reinstatement agreements entered into by the commissioner pursuant to section five of this article on and after the effective date of this section. Interest shall be compounded quarterly 9 until payment plus accrued interest is received by the 10 commissioner: Provided, That on and after the date of execution of a reinstatement agreement, for determin-12 ing future interest on any past due premium, pre-13 mium deposit, and past compounded interest thereon, any reinstatement agreement entered into by the 15 commissioner shall provide for a simple rate of interest for the future interest. Interest collected 16 17 pursuant to this section shall be paid into the workers' compensation fund: Provided, however, That in no

- 19 event shall the rate of interest charged a political
- 20 subdivision of the state or a volunteer fire department
- 21 pursuant to this section exceed ten percent per
- 22 annum.

ARTICLE 5. REVIEW.

§23-5-1j. Requests for permanent total disability awards and second injury life awards following objections to decisions by the commissioner; remands to the commissioner; development of the record.

- (a) If, following an objection to any decision of the 1 2 commissioner, any party to a claim pending before the 3 office of judges requests that a claimant be awarded a 4 permanent total disability award or a second injury 5 life award or if the administrative law judge on his or 6 her own motion believes that the record is incomplete on the issue of whether a claimant should be issued a 8 permanent total disability award or a second injury 9 life award, then the administrative law judge shall 10 enter an order remanding the claim to the commissioner. An order directing that a claim be remanded 12 shall be interlocutory in nature and shall not be 13 appealable under section three of this article to the 14 appeals board created pursuant to section two of this 15 article. Upon remand, the commissioner may exercise 16 the authority granted to him or her by this chapter to determine whether or not the claimant is entitled to a 17 18 permanent total disability award or a second injury 19 life award. The commissioner shall act upon any 20 matter remanded to him or her pursuant to this section in a speedy and timely manner and in no event 21 22 longer than one hundred twenty days. Following the 23 commissioner's decision, any party to the claim may file an objection to the decision pursuant to the other 24 25 provisions of this article.
- 26 (b) During the pendency of the remand proceedings 27 before the commissioner, the original decision from 28 which the objection was taken shall remain in effect 29 and action on the protest held in abeyance pending the 30 commissioner's action on the remand order. Upon the

entry of a decision on the issue of whether a perma-32 nent total disability award or a second injury life 33 award is to be made, the claim shall be returned to the 34 office of judges for such further proceedings as may be 35 required on that first objection. If a further objection 36 is made pursuant to subsection (a) of this section to the 37 commissioner's decision on the issue of whether a 38 permanent total disability award or a second injury life award is to be made, then such proceedings on 40 such objection shall be made part of the proceedings 41 on the first objection.

§23-5-3. Appeal to board; procedure; remand and supplemental hearing.

1 Any employer, employee, claimant or dependent, who shall feel aggrieved at any final action of the commissioner or administrative law judge taken after a hearing held in accordance with the provisions of section one or section one-h of this article, shall have the right to appeal to the board created in section two of this article for a review of such action. The commissioner shall likewise have the right to appeal to the appeal board any final action taken in a proceeding in 10 which he or she is a party. The aggrieved party shall 11 file a written notice of appeal with the compensation 12 commissioner or, after the first day of July, one 13 thousand nine hundred ninety-one, with the office of judges directed to such board, within thirty days after 14 receipt of notice of the action complained of, or in any event, regardless of notice, within sixty days after the 16 date of the action complained of, and unless the notice 17 18 of appeal is filed within the time specified, no such 19 appeal shall be allowed, such time limitation being 20 hereby declared to be a condition of the right to such appeal and hence jurisdictional; and the commissioner 2122 or the office of judges shall notify the other parties 23 immediately upon the filing of a notice of appeal. The 24commissioner or the office of judges shall forthwith make up a transcript of the proceedings before the 26commissioner or the office of judges and certify and transmit the same to the board. Such certificate shall 2728 incorporate a brief recital of the proceedings therein 29 had and recite each order entered and the date 30 thereof.

31 The board shall review the action of the commis-32sioner or administrative law judge complained of at its 33 next meeting after the filing of notice of appeal, 34 provided such notice of appeal shall have been filed 35 thirty days before such meeting of the board, unless 36 such review be postponed by agreement of parties or by the board for good cause. The board shall set a time 37 38 and place for the hearing of arguments on each claim 39 and shall notify the interested parties thereof, and 40 briefs may be filed by the interested parties in 41 accordance with the rules of procedure prescribed by 42 the board. And thereupon, after a review of the case, 43 the board shall sustain the finding of the commissioner 44 or administrative law judge, in which case it need not 45 make findings of fact or conclusions of law, or enter 46 such order or make such award as the commissioner 47 or administrative law judge should have made, stating 48 in writing its reasons therefor, and shall thereupon 49 certify the same to the commissioner, or chief administrative law judge, who shall proceed in accordance therewith. Or, instead of affirming or reversing the 51 52 commissioner or administrative law judge as aforesaid, the board may, upon motion of either party or upon its 54 own motion, for good cause shown, to be set forth in the order of the board, remand the case to the 55 commissioner or chief administrative law judge for 56 57 the taking of such new, additional or further evidence 58 as in the opinion of the board may be necessary for a 59 full and complete development of the facts of the case. 60 In the event the board shall remand the case to the 61 commissioner or chief administrative law judge for 62 the taking of further evidence therein, the commis-63 sioner or administrative law judge shall proceed to take such new, additional or further evidence in 65 accordance with any instruction given by the board, 66 and shall take the same within thirty days after receipt of the order remanding the case, giving to the 68 interested parties at least ten days' written notice of 69 such supplemental hearing, unless the taking of evidence shall be postponed by agreement of parties,

71 or by the commissioner or administrative law judge 72 for good cause. After the completion of such supple-73 mental hearing, the commissioner or administrative 74 law judge shall, within sixty days, render his or her 75 decision affirming, reversing or modifying the former action of the commissioner or administrative law 76 judge, which decision shall be appealable to, and 77 78 proceeded with by the appeal board in like manner as in the first instance. The board may remand any case 79 80 as often as in its opinion is necessary for a full development and just decision of the case. The board 81 82 may take evidence or consider ex parte statements 83 furnished in support of any motion to remand the case 84 to the commissioner or chief administrative law judge. All evidence taken by or filed with the board shall 85 86 become a part of the record. All appeals from the 87 action of the commissioner or administrative law judge shall be decided by the board at the same 88 session at which they are heard, unless good cause for 89 delay thereof be shown and entered of record. In all 91 proceedings before the board, any party may be represented by counsel. 92

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Llower Leck
Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

In effect from passage.

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