

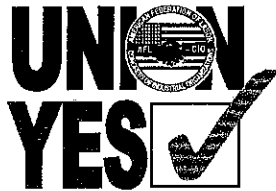
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TESTIMONY IN SUPPORT OF SB 339

KANSAS AFL-CIO

SENATE COMMERCE COMMITTEE

February 8, 2018

Thank you, Madame Chairperson.

I am John Ostrowski, an attorney who represents injured workers and a registered lobbyist for the Kansas AFL-CIO. The Kansas AFL-CIO supports the passage of SB 339.

I. NO IMPACT ON PREMIUMS

At the outset, Kansas AFL-CIO would suggest that there is no impact on premiums to employers if this bill becomes law. There are approximately 45 job-related fatalities per year in Kansas. The suggested changes have little to no effect in the vast majority of these fatalities. While the Kansas AFL-CIO is unable to run the exact computations, it is recalled that - in 2011, when death benefits were increased from \$250,000.00 - \$300,000.00 - NCCI stated the impact was "so slight" it could not be measured. This bill would have even less of an impact. Indeed, television commercials constantly advertise the "unbelievable low cost" of term life insurance policies. This is what is being discussed in this bill for these potential 45 workers and their families.

II. INCREASE INITIAL PAYMENT

On Page 2, Line 15 of SB Bill 339, it is proposed that the initial payment to the surviving spouse and children be increased to \$60,000.00. This - again - is not an increase in the overall payment for the on-the-job death.

Working families for the most part live from paycheck to paycheck. Most try to save money for retirement or a "rainy day". Workers do not anticipate going to work in the morning and not returning home to their families that evening. When that happens, the immediate financial stress is overwhelming. There is the loss of wages, potentially new daycare expenses and the ongoing monthly obligations such as mortgage, auto payments, loans, etc. The proposed upfront payment helps "bridge the gap".



Perhaps most importantly, it helps discourage a "lump sum settlement" of the death benefits at a large discount offered by insurance carriers for the family to meet their current financial needs. Benefits paid over time at a set weekly amount historically are more beneficial to a family who suddenly loses their wage earner.

III. INFLATION

In several places, the bill proposes an increase from \$18,500.00 to \$100,000.00 in certain circumstances (see SB 339, p. 2, lines 19, 30, 36 & 39). The amount of \$18,500.00 in the current statute was set over 45 years ago! At that time, the total death benefit was \$50,000.00 as opposed to the current \$300,000.00. This is a sixfold increase over the years with no corresponding change for certain recipients.

These suggested changes are really just an attempt to correct inadequacies due to inflation. Google tells us that 45 years ago, a loaf of bread was \$.28, a gallon of gas \$.39, and a brand-new moderately priced automobile was \$3,500.00. As we are all well aware, these prices have increased dramatically over time. Again, despite increases in the maximum allowed for death, the provisions in question have not been similarly adjusted over time.

IV. LIFE INSURANCE FORFEITURE

Senate Bill 339 proposes striking the life insurance forfeiture provision. (SB 339, p. 2, lines 41 - 43 & p. 3, line 1). Life insurance provided by an employer is a fringe benefit. Fringe benefits are offered as an incentive to hire or retain employees. Many times, employees accept fringe benefits in lieu of increased wages. It makes little sense that such employees should forfeit their fringe benefits after they are killed in an the on-the-job situation.

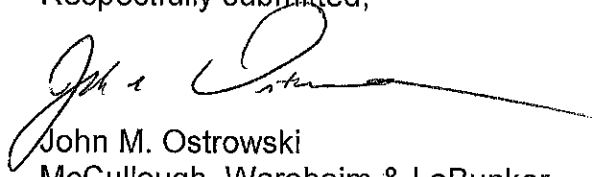
The life insurance benefits may not even go to the estate. Often, employees name charitable institutions or organizations as recipients of life insurance policies.

V. INCREASE IN FUNERAL AND ESTATE COSTS

At Page 3, Lines 10 and 11, SB 339 proposes increases in funeral expenses and estate costs. This, again, is simply a recognition of the effects of inflation over time. It is suggested that the increases are a more appropriate recognition of these actual costs.

We urge this committee to pass Senate Bill 339 favorably to the Senate floor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John M. Ostrowski", with a long horizontal flourish extending to the right.

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