



Senate Committee on Commerce
Verbal Testimony in Opposition of Senate Bill 339
Presented by Eric Stafford, Vice President of Government Affairs

Thursday, February 8, 2018

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber of Commerce appreciates the opportunity to offer testimony in opposition to Senate Bill 339 which makes changes to the workers compensation system relative to death benefits for dependents.

The bill's stated purpose is to increase initial payments (but not the overall payment amount) for workers' compensation death benefits to dependents, significantly increase payments to legal heirs, increase expenses for burials and conservators, and make payments to partial dependents.

While the Chamber recognizes the importance of insuring families and dependents receive benefits when a workplace death occurs because of injury, SB 339 does not increase the overall amount of direct compensation to the dependents. Rather it increases payments to third parties which could result in unintended consequences.

Currently, the statute requires employers to pay up to \$5,000 for burial expenses and \$1,000 for a Conservator. SB 339 would increase that amount to \$15,000 and \$5,000 respectively. The current, average funeral with burial costs \$8,200 while the cost of a conservator ranges from \$1,500 to \$4,000. In both cases, third parties other than dependents stand to benefit the most from the increase in payments.

If there is not a legal spouse or wholly dependent child or children to receive death compensation benefits, SB 339 specifies that other dependents or partial dependents can claim partial benefits, but the bill provides no clear definition of who might qualify as a partial dependent or what qualifies them as a dependent or partial dependent. This could result in any number of people claiming whole or partial dependency without any clear direction on the validity of their claim.

In the instance of no dependents, SB 339 increases the payment from \$25,000 to \$100,000 to legal heirs of the employee, essentially turning the work comp system into a life insurance system. In addition to this increase, this bill strikes a provision where the \$25,000 (proposed increase to \$100,000) payment will be required if the employer has provided a life insurance policy, provided that the coverage is not less than \$18,500. This change may disincentivize smaller employers from providing life insurance as a benefit since the insurance policy would then be built into the work comp system.

In closing, workers compensation death benefits were intended to provide support and compensation to spouses and dependents when they lose their loved one in a workplace accident. SB 339 creates the opportunity for confusion and litigation for individuals who have never had a claim to benefits in the past while also increasing payouts to third parties. Thank you for the opportunity to testify in opposition to Senate Bill 339 and I'm happy to answer questions at the appropriate time.