

HOUSE BUDGET REVIEW SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC PROTECTION, TOURISM, AND ENERGY

Minutes of the 3rd Meeting of the 2023 Regular Session

February 22, 2023

Call to Order and Roll Call

The third meeting of the House Budget Review Subcommittee on Economic Development, Public Protection, Tourism, and Energy was held on February 22, 2023, at 12:00 PM in Room 171 of the Capitol Annex. Representative Chris Fugate, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Chris Fugate, Chair; Representative Russell Webber, Representative Al Gentry, and Representative Matt Lockett

Guests: Sharon Clark, Commissioner, Department of Insurance, Public Protection Cabinet; Scott Wilhoit, Commissioner, Department of Workers' Claims; Sam Flynn, Chief of Staff and General Council, Education & Labor Cabinet

LRC Staff: Joseph Holt, Kevin Newton, Sara Rome, and Jennifer Luttrell

Approval of Minutes - February 8, 2023 & February 15, 2023

The approval of the minutes was moved to the next meeting due to the unmet quorum.

2022 Regular Session House Bill 1 Language and Self-Insured Group Overview

Sharon Clark, Commissioner, Department of Insurance, Public Protection Cabinet; Scott Wilhoit, Commissioner, Department of Workers' Claims; and Sam Flynn, Chief of Staff and General Council, Education & Labor Cabinet, provided information regarding the Self-Insured Group.

In response to questions from Representative Gentry, Commissioner Wilhoit said the Associated Industries of Kentucky (AIK) is underfunded by approximately \$1.3 million to cover workers' claims until July 2024. It cannot borrow from other companies in the group. It would need to seek an appropriation from the General Assembly during the 2024 budget session because the Department of Workers' Claims does not have the authority to do so. He explained that there are three funds, the Kentucky Individual Self-Insurance Guarantee Fund, the Kentucky Gold Employer Self-Insurance Fund, and the group fund made up of different self-insured groups, including Associated General Contractors (AGC), Kentucky Employers' Safety Association (KESA), and AIK, created by the General Assembly in 1996. The AIK fund, by statute, takes on its own risk. Kentucky has never failed to pay injured workers' claims, and this is what the department is trying to avoid.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 12:29 PM.