

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Senator Scott**

A Bill

SENATE BILL

For An Act To Be Entitled

8 "AN ACT TO PROVIDE THAT EACH EMPLOYER IN CLASS CODE 2702
9 OR 2719 SHALL HAVE THE OPTION TO HAVE WORKERS_
10 COMPENSATION PREMIUMS BASED ON ACTUAL PAYROLL OR ON
11 PAYROLL ESTIMATED BY APPLYING UPSET FACTORS TO PRODUCTION
12 VOLUME; TO PRESCRIBE APPROPRIATE UPSET FACTORS TO BE
13 APPLIED; TO PROVIDE FOR FUTURE REVISION OF THE UPSET
14 FACTORS BY ADMINISTRATIVE ACTION; AND FOR OTHER PURPOSES."

Subtitle

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17 "TO PROVIDE THAT EMPLOYERS IN CERTAIN CLASS CODES SHALL
18 HAVE OPTION TO HAVE WORKERS_ COMPENSATION PREMIUMS BASED
19 ON EITHER ACTUAL OR UPSET PAYROLL."

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21 WHEREAS, in the past, most payroll reporting for Class Codes 2702 and
22 2719 Workers_ Compensation insurance coverage for the logging industry in
23 Arkansas was based on estimated payroll determined by applying upset factors
24 to production volume; and

25 WHEREAS, the logging industry is unique in that in the case of some
26 employers the use of actual payroll in establishing worker compensation
27 premiums is practical while in the case of other such employers compensation
28 methods make actual payroll costs difficult if not impossible to compute, and
29 the only practical method of arriving at fair, equitable and uniform payroll
30 figures for such employers is the application of appropriate upset factors to
31 production and therefore it is desirable that each such employer be permitted
32 to elect the method most appropriate; and

33 WHEREAS, the upset factors in current use in Arkansas are out of date
34 and are not adequate for estimating payroll; and

35 WHEREAS, it is necessary that more accurate upset factors be established

1 and that the Commissioner of Insurance be given authority to administratively
2 change the upset factors in the future in order that those factors can be
3 easily altered to reflect accurate payroll information,

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5 NOW THEREFORE,

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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8 SECTION 1. Each employer in Class Code 2702 or 2719 shall have the
9 option to have workers_ compensation insurance premiums based on either actual
10 payroll or on payroll estimated by applying upset factors to production.

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12 SECTION 2. In determining the workers_ compensation insurance premiums
13 for those employers in Class Code 2702 or 2719 who elect to have the premiums
14 computed on payroll estimated by applying upset factors to production, the
15 upset factors to be applied to production to determine the upset payroll shall
16 be as follow:

17 (1) Shortwood (all wood eight (8) feet and shorter) ...\$3.50 per
18 ton.

19 (2) Longwood (all wood longer than eight (8) feet)\$2.25 per
20 ton.

21 In the event it is necessary to convert volume produced from cords or
22 board feet to tons, the following conversion factors shall be used:

23 (1) 2.675 tons equal one cord

24 (2) 8.00 tons equal one thousand board feet.

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26 SECTION 3. The upset factors established in this act may be revised by
27 order of the Arkansas Insurance Commissioner at any time after the expiration
28 of three (3) years from the effective date of this act.

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30 SECTION 4. The provisions of this act shall be applicable with respect
31 to all workers_ compensation policies written, issued or renewed for Class
32 Code 2702 on or after March 1, 1993.

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34 SECTION 5. All provisions of this act of a general and permanent nature
35 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code

1 Revision Commission shall incorporate the same in the Code.

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3 SECTION 6. If any provision of this act or the application thereof to
4 any person or circumstance is held invalid, such invalidity shall not affect
5 other provisions or applications of the act which can be given effect without
6 the invalid provision or application, and to this end the provisions of this
7 act are declared to be severable.

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9 SECTION 7. All laws and parts of laws in conflict with this act are
10 hereby repealed.

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12 SECTION 8. EMERGENCY. It is hereby found and determined by the General
13 Assembly that in the past a large percentage of payroll reporting for workers_
14 compensation insurance Class Codes 2702 and 2719 was estimated on the basis of
15 upset factors; that the current upset factors are out of date and are not
16 accurate estimators for determining payroll; that the logging industry is
17 unique in that in some instances its compensation methods make actual payroll
18 costs difficult if not impossible to compute; that it is desirable that
19 employers in Class Codes 2702 and 2719 be given a choice as to the method of
20 determining payroll for purposes of calculating workers_ compensation
21 insurance premiums; that the upset factor is an appropriate method of
22 establishing payroll for employers in Class Codes 2702 and 2719; that it is
23 the purpose of this act to establish appropriate upset factors to be used in
24 estimating the payroll of loggers who elect this method of computing premiums
25 and that it should be given effect immediately. Therefore, an emergency is
26 hereby declared to exist and this act being necessary for the preservation of
27 the public peace, health and safety shall be in full force and effect from and
28 after its passage and approval.

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