



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-175: ADJUST EXPERIENCE MOD FACTOR IN WORKERS' COMP

Prime Sponsors:

Sen. Snyder; Catlin
Rep. Mauro; Richardson

Fiscal Analyst:

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Published for: Senate Business, Labor, & Tech.

Drafting number: LLS 26-1004

Version: Initial Fiscal Note

Date: April 27, 2026

Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires workers’ compensation insurance carriers and rating bureaus to take certain actions upon notification of updated claim information by an employer or their insurance producer.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Local Government
- School District
- Statutory Public Entity

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Bill Summary

When a workers' compensation claim closes at a lower amount than what was reported to the rating bureau while open, an employer or licensed producer (agent) may notify the insurance carrier to request a corrected experience modification factor (e-mod). This applies only when the correction would reduce the e-mod by at least .05, or bring it from above 1.0 to 1.0 or below.

The employer or producer must provide notice to the carrier between the time the claim is reported to the rating bureau and 31 days after the employer's rating effective date. Upon receiving notice, the carrier must notify the rating organization, which is then required to adjust the e-mod within 30 days. The carrier must credit the employer for any resulting premium change within the policy period.

Background

The e-mod is one part of the formula that a workers' compensation insurance company uses to calculate an employer's premium. It is based on an employer's actual losses compared to expected losses over three years of experience. An e-mod of 1.0 is average and has no effect on an employer's premium. An e-mod above 1.0 increases the premium charged, while an e-mod below 1.0 reduces the premium charged. One rating organization collects workers' compensation insurance data for Colorado employers and calculates their e-mods. If an open claim is reported to the rating organization, it will include the expected losses and reserves set aside to pay the claim. The actual losses will be reported on a subsequent report after the claim is closed and the lower claim cost will be included in the next e-mod.

The State of Colorado uses a self-insured pool to provide workers' compensation coverage for state employees, administered by the State Office of Risk Management in the Department of Personnel and Administration. The state does not use experience modification.

Local Government – School District – Statutory Public Entity

Governmental entities, including local governments, school districts, and statutory public entities, that utilize experience modification in their workers' compensation coverage, will be able to report claims that close with significantly lower costs and have their premiums reduced. This will result in savings on workers' compensation premiums for those entities. This amount has not been estimated.

Effective Date

The bill takes effect January 1, 2027, assuming no referendum petition is filed, and applies to claims closed on or after this date.

State and Local Government Contacts

Labor

Regulatory Agencies

Personnel

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).