# FINAL BILL REPORT
# SSB 5665

**C 314 L 09**
Synopsis as Enacted

**Brief Description**: Authorizing a joint self-insurance program for two or more affordable housing entities.

**Sponsors**: Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Berkey, Benton, Franklin, Parlette, Hobbs and Shin).

**Senate Committee on Financial Institutions, Housing & Insurance**
**House Committee on Financial Institutions & Insurance**

**Background**: Local government entities, including local housing authorities, have the authority to individually or jointly self-insure against risks, jointly purchase insurance or reinsurance, and contract for risk management, claims, and administrative services.

Local government joint self-insurance risk pools are authorized to create and delegate powers to a separate legal or administrative entity, and to obligate the pool's participants to pledge revenues or contribute money to secure the obligations or pay the expenses of the pool, including the establishment of a reserve or fund for coverage. Risk pools are authorized to sell revenue bonds and short-term obligations and establish lines of credit. Subject to specified conditions, local government entities may enter into joint self-insurance pools with similar entities from other states (multistate risk pools). The Risk Management Division within the Office of Financial Management (OFM) is responsible for the regulation of these pools. These pools are excluded from the definition of "insurer" under the insurance code.

Nonprofit organizations may form or join self-insurance risk pools with other nonprofit corporations and local government entities, but have no authorization to join risk pools that include entities in other states.

**Summary**: "Affordable housing entities" are defined as nonprofits that are necessary to the completion of affordable housing development because sufficient funds are unavailable to a housing authority. "Affordable housing" is defined as a unit that can be purchased or rented by households with incomes of 80 percent of county median income.

Affordable housing entities may create or join multistate risk pools. These risk pools are similar to existing local government and nonprofit entity risk pools, but are governed by a new parallel chapter rather than the existing statute. The primary differences are that

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affordable housing multistate risk pools are not subject to review by the State Auditor, are not required to submit reports or lists of proposed investments to the auditor, and are unable to sell bonds or obligations or establish lines of credit. They are not advised by the Property and Liability or Health and Welfare Advisory Boards. They must submit legal determinations of state and federal tax liabilities to the risk manager when applying to form a risk pool.

The risk manager must adopt rules governing affordable housing entity joint self-insurance programs by January 1, 2010. Such rules must include definitions of "affordable housing" and "affordable housing entities" and the conditions under which nonprofits may participate in risk pools.

**Votes on Final Passage:**

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| Senate | 42 | 3 | |
| House | 97 | 1 | (House amended) |
| Senate | 44 | 4 | (Senate concurred) |

**Effective**: January 1, 2010