

HOUSE BILL REPORT

HB 2751

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to incentives for securing industrial insurance coverage.

Brief Description: Providing incentives for providing information about industrial insurance coverage.

Sponsors: Representatives Dyer, McMorris and Cooke.

Brief History:

Committee Activity:

Commerce & Labor: 1/30/96, 2/1/96 [DPS].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives McMorris, Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Horn and Lisk.

Minority Report: Do not pass. Signed by 3 members: Representatives Hargrove, Vice Chairman; Fuhrman and Goldsmith.

Staff: Chris Cordes (786-7117).

Background: All employers covered by the industrial insurance act must either be self-insured for their workers' industrial injuries and occupational diseases, or must insure their workers with the state fund administered by the Department of Labor and Industries. Employers who do not insure their workers are subject to a maximum penalty of \$500 or double the amount of premiums that were incurred before coverage was obtained, whichever is greater. If the employer willfully fails to obtain coverage, the employer is guilty of a misdemeanor, with a fine of \$25 to \$100 for each day of violation. An employer is also liable for a penalty of 50 percent to 100 percent of the cost of benefits paid to a worker who is injured before coverage is obtained.

Employers insured with the state fund make quarterly reports and pay quarterly industrial insurance premiums.

Summary of Substitute Bill: An employer required to pay industrial insurance premiums to the Department of Labor and Industries is entitled to a premium credit of up to \$500 if the employer provides information to the department that leads to a final determination that another employer has failed to obtain required industrial insurance coverage. The premium credit must be taken in the next quarter following the quarter in which the employer is notified by the department that a violation of coverage has been found, but any unused excess credit may be carried forward to the next quarter's report.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that to obtain the premium credit, the determination that an employer failed to obtain industrial insurance must be a final determination. The substitute bill also provides that the premium credit is an amount up to \$500, and any credit not used in the first reporting period may be carried forward one quarter to the next reporting period.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: When employers fail to cover their employees for industrial insurance, both employers and employees pay for it through increased premiums. This is the idea of a constituent who believed that employers who are following the rules should be encouraged to spend time reporting those who are not.

Testimony Against: None.

Testified: Representative Phil Dyer, prime sponsor.