

HOUSE BILL REPORT

SSB 5591

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to longshore and harbor workers' compensation act insurance.

Brief Description: Pertaining to longshore and harbor workers' compensation.

Sponsors: Senate Committee on Financial Institutions & Housing (originally sponsored by Senators Pelz, Kohl, Sellar and Winsley).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 3/27/95, 3/30/95 [DPA].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended. Signed by 12 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Benton; Campbell; Costa; Dellwo; Dyer; Huff; Kessler; Ogden and Pelesky.

Staff: Charlie Gavigan (786-7340).

Background: Federal law requires that employers of longshore and harbor workers obtain workers' compensation coverage for their employees. Longshore and harbor employees currently are not eligible for coverage under the Washington State Workers' Compensation Insurance Program.

The Legislature adopted a temporary insurance plan in 1992 to provide needed insurance for those employers unable to obtain coverage in the private market. This plan, called the Washington State United States Longshore and Harbor Workers Assigned Risk Plan, was extended in 1993 for two years. Currently, under the plan, all insurers writing longshore and harbor workers' compensation insurance and the state Department of Labor and Industries' workers' compensation fund participate in underwriting the losses for such coverage. Liability for plan losses in excess of premiums and reserves is split equally between private insurers writing longshore and harbor workers' compensation insurance and the state workers' compensation fund. Premiums are not paid to the state workers' compensation fund for this potential liability. The state workers' compensation fund is authorized to provide reinsurance of the longshore and harbor workers' plan.

An advisory committee was established in 1992 to report annually on the plan and study alternatives to the plan.

The program is scheduled to expire July 1, 1995.

Summary of Amended Bill: The Washington State United States Longshore and Harbor Workers Assigned Risk Plan expires and is repealed on July 1, 1997. A savings clause protects any rights or obligations that arise prior to July 1, 1997. The advisory committee is to report annually to the Legislature regarding the plan.

Amended Bill Compared to Substitute Bill: The program expires on July 1, 1997, rather than being permanent.

Appropriation: None.

Fiscal Note: Requested February 20, 1995.

Effective Date of Amended Bill: Sections 1 and 2 take effect immediately; Section 3 and 4 take effect July 1, 1997.

Testimony For: This bill is necessary to continue a program that provides worker's compensation insurance to longshore and harbor workers that are not covered under the state workers' compensation fund but are required to be covered by federal law. The private market does not provide affordable, available coverage, especially for workers in small businesses. This program is necessary to keep these jobs in Washington. Instead of making the program permanent, it could be extended for two years to allow alternatives to be developed.

Testimony Against: The program should be extended for two years only, not made permanent.

Testified: Steve Wehrly, Insurance Brokers (pro); Jack Swanberg, Northwest Marine Trade Association (pro); and Janet Benke, Association of Washington Business (pro with amendment).