

# HOUSE BILL REPORT

## HB 1415

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**As Passed House:**  
February 22, 1995

**Title:** An act relating to sureties for industrial insurance self-insurers.

**Brief Description:** Revising provisions relating to sureties for industrial insurance self-insurers.

**Sponsors:** Representatives Hargrove, Lisk, Chandler, Cole, Fuhrman, Goldsmith, Romero, Conway, Horn, Ogden and Thompson.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/30/95, 2/9/95 [DP].

**Floor Activity:**

Passed House: 2/22/95, 97-0.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 10 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman and Goldsmith.

**Staff:** Chris Cordes (786-7117).

**Background:** Employers who can establish sufficient financial ability may be permitted to self-insure their industrial insurance responsibilities. The director of the Department of Labor and Industries may direct a self-insurer to supplement financial ability by depositing money, securities, or a surety bond in an escrow account or by providing a letter of credit. These sureties are held by the director to secure the payment of compensation to the employer's injured workers and the payment of self-insurer assessments.

**Summary of Bill:** It is clarified that the money, securities, bond, or letter of credit deposited by a self-insured employer to secure responsibilities under the industrial insurance law is solely for the payment of industrial insurance compensation by the self-insurer and employer assessments. A provision is added that if the self-insured employer defaults, the employer loses all right, title, and interest in, or right to control, the surety.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The Board of Trustees of the insolvency trust fund has requested this legislation to help protect the industrial insurance state fund. Both labor and management representatives support this bill. Once money is deposited as security, it should be used to pay workers' claims. The defaulting employer should not be able to gain control of the funds, even if the employer is in bankruptcy.

**Testimony Against:** None.

**Testified:** Alan Link, Washington State Labor Council; Steve Harrington, Washington Self-Insurers Association; Clif Finch, Association of Washington Business; and Jody Moran, Department of Labor and Industries.