

HOUSE BILL REPORT

HB 1547

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: Representatives L. Thomas, Dellwo, Kessler, Dickerson, Basich and Costa.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/20/95, 2/22/95 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benton; Campbell; Costa; Dyer; Huff; Kessler; Mielke; 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 state plan, called the 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 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 Substitute Bill: The temporary Washington State assigned risk plan covering United States Longshore and Harbor Workers expires on July 1, 1997. The advisory committee is to report annually to the Legislature regarding the plan.

Substitute Bill Compared to Original Bill: The assigned risk plan to cover longshore and harbor workers expires July 1, 1997 instead of being extended indefinitely.

Appropriation: None.

Fiscal Note: Requested on February 20, 1995.

Effective Date of Substitute Bill: This act contains an emergency clause and is effective immediately.

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: This program is not needed; if this program expires, the private market or other alternatives can provide needed coverage. The state workers' compensation fund should not be subsidizing this program and be exposed to significant liability if a serious accident occurs.

Testified: Steve Wehrly, Insurance Brokers of the West (pro); Don Hitchcock, L&H Program (pro); Clayton Jones, Red Shield Insurance (con); Ruth Nelson, United States Longshore (pro); Ginny Clark, Clark Maritime (pro); Bob Gorman (pro); Mark Brown, Department of Labor and Industries (con); Theresa Whitmarsh, Department of Labor and Industries (con); Clif Finch, Association of Washington Business (pro if two-year sunset added); and Jes Gary, Insurance Brokers & Agents Association (pro).