

HOUSE BILL REPORT

HB 1938

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to administration of the responsibilities of self-insurers.

Brief Description: Modifying the administration of the responsibilities of self-insurers.

Sponsors: Representatives L. Thomas, Mielke, Horn and Reams.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/27/95, 3/1/95 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Grant, Assistant Ranking Minority Member; Benton; Campbell; Costa; Dellwo; Dyer; Huff; Mielke; Ogden and Pelesky.

Minority Report: Without recommendation. Signed by 2 members: Representatives Wolfe, Ranking Minority Member; and Kessler.

Staff: Charlie Gavigan (786-7340).

Background: Employers covered by industrial insurance law must insure their responsibilities under the law by self-insuring or by purchasing insurance from the Department of Labor and Industries. Employers that self-insure must meet statutory requirements

An employer who self-insures may reinsure up to 80 percent of its liabilities with any company authorized to transact reinsurance in Washington. The reinsurer may not participate in the administration of the employer's self-insurance program.

Summary of Substitute Bill: A subsidiary, holding company, or affiliated legal entity of a reinsurer of a self-insurer's liability under industrial insurance law may participate in the administration of the self-insurance program if the subsidiary, holding company, or affiliated legal entity does not provide reinsurance.

Substitute Bill Compared to Original Bill: A provision that changed current law and allowed a reinsurer that provides reinsurance for a self-insurer to participate in some administration of the self-insurance program is removed.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill will increase competition by increasing the number of organizations that will be able to provide reinsurance. Currently, some companies are precluded by the limitations on reinsurers who are affiliated with administrators.

Testimony Against: None.

Testified: Melanie Stewart, Washington Self Insurers Association (pro); Lincoln Ferris, Services Group of America (pro); and Bill Baldwin, Insurance Brokers (pro).