

HOUSE BILL REPORT

SB 5668

As Passed House:

April 4, 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: Senators Hale, Wood, Fraser, Pelz, Prince, Newhouse, A. Anderson, Palmer, Franklin, Hargrove, Bauer, Deccio, C. Anderson, Prentice and Winsley.

Brief History:

Committee Activity:

Commerce & Labor: 3/27/95 [DP].

Floor Activity:

Passed House: 4/4/95, 97-0.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 11 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith and Horn.

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 and assessments by the self-insurer. A provision is added that if the self-insurer defaults, the employer loses all right, title, and interest in, or right to control, the surety.

Appropriation: None.

Fiscal Note: Requested on March 21, 1995.

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

Testimony For: The purpose of the bill is to ensure that self-insurer's obligations are met. The rules adopted by the Department of Labor and Industries that allow return of the remaining security after all obligations are met will still apply. This bill is not intended to overturn that department rule. However, because it may take many years for the final payments on a claim to be made, it may be many years before the remaining security can be returned.

Testimony Against: None.

Testified: (In favor) Jody Moran, Department of Labor and Industries. (With concerns) Steve Wehrly, Insurance Brokers and Agents.