

FINAL BILL REPORT

HB 1349

FULL VETO

Brief Description: Extending existing employer workers' compensation group self-insurance.

Sponsors: Representatives McMorris, Kessler, Hatfield, Linville, Costa, Sheldon and Doumit.

House Committee on Commerce & Labor
Senate Committee on Commerce & Labor

Background: Employers covered by the industrial insurance law must insure their responsibilities under the law by self-insuring or by purchasing insurance from the Department of Labor and Industries. Although a single employer with sufficient financial ability is permitted to self-insure, a group of employers is not permitted to self-insure as a group unless the employers are school districts, educational service districts, or hospitals. Hospital group self-insurance is limited to one group for public hospitals and one group for other hospitals.

Group self-insurers operate under rules adopted by the department that address requirements for formation of and membership in the group, responsibilities of the group's trust fund trustees, and the amount of reserves that must be maintained to assure financial solvency of the group. Self-insurers, except school districts, cities, and counties, participate in a self-insurance insolvency trust fund.

The certification of a self-insurer is subject to withdrawal on a number of grounds, including that the self-insurer fails to meet the financial and other requirements of the law, intentionally or repeatedly induces employees to fail to report injuries or to report injuries as off-the-job injuries, persuades claimants to accept less than the benefits due, or unreasonably makes it necessary for claimants to resort to proceedings to obtain compensation.

Summary: Employers in the logging industry are permitted to form industrial insurance self-insurance groups.

Who may group self-insure. Two or more employers in the logging industry may form self-insurance groups to cover their industrial insurance responsibilities if: (1) the employers are members of a qualified organization; and (2) the formation of the group self-insurance program will improve accident prevention and claim management for the employers. A qualified organization is one that has been in existence for at

least five years, was formed for a purpose other than that of obtaining workers' compensation coverage under group self-insurance, and has, as members, employers with substantially similar occupations within the logging industry.

Group self-insurance insolvency trust. A group self-insurers' insolvency trust account is created to provide for the unsecured benefits paid to injured workers of defaulting group self-insurers. The trust will be funded by post-insolvency assessments against all group self-insurers, except school districts and hospitals, in proportion to their claim costs after the defaulting group's security deposit has been exhausted.

Rules adoption. A logging industry self-insurance group must organize and operate under the rules adopted by the director of the Department of Labor and Industries for group self-insurance.

The department must also adopt rules to carry out the group self-insurers' insolvency trust account, including rules regarding the manner of imposing and collecting assessments and governing the formation of the insolvency trust account.

Votes on Final Passage:

House 62 36

Senate 28 20