
SUBSTITUTE HOUSE BILL 2041

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Commerce & Labor (originally sponsored by Representatives Honeyford, Thompson, Sherstad, Mielke and Koster)

Read first time 03/05/97.

1 AN ACT Relating to employers failure to pay industrial insurance
2 premiums; adding a new section to chapter 51.32 RCW; adding a new
3 section to chapter 51.04 RCW; creating a new section; and making an
4 appropriation.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that there is a
7 continuing problem of employers illegally failing to insure their
8 workers for industrial insurance. When an employee of an employer who
9 has failed to insure his or her workers files a claim for benefits, the
10 department of labor and industries is forced to pass on the cost of the
11 benefits provided to legally insured employers in the same risk
12 classification. It is the intent of the legislature to place the
13 financial burden of paying for the industrial insurance benefits
14 provided to the injured employee on the illegally uninsured employer.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 51.32 RCW
16 to read as follows:

17 (1) If a worker is employed by an employer who has not secured the
18 payment of compensation as required by this title, the worker is

1 entitled only to medical benefits under chapter 51.36 RCW. However,
2 compensation in addition to medical benefits shall be paid if the
3 worker who is otherwise entitled provides payroll records, canceled
4 checks, pay stubs, or other documentation acceptable to the supervisor
5 of industrial insurance indicating that the worker had reason to
6 believe that premiums were paid for insuring the worker under this
7 title.

8 (2) All costs related to the benefits paid on behalf of a worker
9 whose employer did not secure coverage as required by this title are
10 the obligation of the employer and may not be charged by the department
11 to any other employer. If an employer fails to secure the payment of
12 compensation for his or her workers covered under this title and
13 benefits are paid as authorized under subsection (1) of this section,
14 the department may demand payment from the employer of the actual or
15 estimated cost, whichever is greater, of the benefits provided to the
16 worker. If the employer does not make payment within ten days from the
17 mailing of such demand by the department, the department may have and
18 recover judgment, warrant, or file liens as provided under this title
19 for such estimated costs or the actual costs, whichever is greater.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 51.04 RCW
21 to read as follows:

22 The director shall report biennially to the appropriate committees
23 of the legislature concerning the amount of money paid out by the
24 department, and not recovered under section 2(2) of this act, for
25 benefits provided under this title to employees of employers who failed
26 to secure the payment of compensation as required by this title.

27 NEW SECTION. **Sec. 4.** The sum of six hundred thousand dollars, or
28 so much thereof as may be necessary, is appropriated in equal amounts
29 from the accident fund and the medical aid fund to the department of
30 labor and industries for the biennium ending June 30, 1999, for the
31 purposes of enhancing employer compliance enforcement activities in the
32 industrial insurance program.

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