
SUBSTITUTE HOUSE BILL 2705

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Commerce & Labor (originally sponsored by Representatives McMorris, Kessler, Hatfield, Doumit, Linville, Buck, Dyer and Gardner)

Read first time . Referred to Committee on .

1 AN ACT Relating to extending existing employer workers'
2 compensation group self-insurance to the logging industry; and adding
3 a new section to chapter 51.14 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 51.14 RCW
6 to read as follows:

7 (1) Any two or more employers in the logging industry may enter
8 into agreements to form self-insurance groups for the purposes of this
9 chapter if:

10 (a) The employers are members of an organization that meets the
11 following conditions:

12 (i) The organization has been in existence for at least five years;

13 (ii) The organization was formed for a purpose other than that of
14 obtaining workers' compensation coverage under this section;

15 (iii) The occupations of the employers within the organization are
16 substantially similar and within the logging industry, taking into
17 consideration the nature of the services being performed by employees
18 of the employers;

1 (iv) The organization permits any employer assigned a risk
2 classification within the logging industry, as determined by the
3 director, to join the organization for the purpose of self-insuring, if
4 the employer meets the membership requirements and follows the rules
5 established for the self-insurance group; and

6 (v) The organization permits any of its members who are employers
7 assigned a risk classification within the logging industry, as
8 determined by the director, to join the self-insurance group; and

9 (b) The formation and operation of the group self-insurance program
10 will improve accident prevention and claim management for the employers
11 in the group.

12 (2) A self-insurance group formed under this section shall organize
13 and operate under rules adopted by the director under RCW 51.14.160.

14 (3) A self-insurance group under this section is an "employer" for
15 the purposes of this chapter, except RCW 51.14.077, and may qualify as
16 a self-insurer if it meets all the other requirements of this chapter.

17 (4)(a) The group self-insurers' insolvency trust account is created
18 in the custody of the state treasurer. All receipts from the
19 insolvency assessment under (b) of this subsection shall be deposited
20 into the account. Expenditures from the account may be used only to
21 provide for the unsecured benefits paid to the injured employees of
22 group self-insured employers under this title for insolvent or
23 defaulting groups of member employers and for the department's
24 associated administrative costs, including attorneys' fees. Only the
25 director or the director's designee may authorize expenditures from the
26 account. The account is subject to allotment procedures under chapter
27 43.88 RCW, but no appropriation is required for expenditures.

28 (b) To fund the group self-insurers' insolvency trust account, the
29 department shall levy an insolvency assessment on a postinsolvency
30 basis and after the defaulting group's and individual member employers'
31 security deposit assets and reinsurance have been exhausted. The
32 department shall impose insolvency assessments on all group self-
33 insurers except school districts and hospitals. The department shall
34 adopt rules to set forth the manner of imposing and collecting
35 assessments to ensure that group self-insured employers pay into the
36 account in proportion to their claim costs. The department's rules
37 must provide that self-insurance groups or member employers who have
38 surrendered their certification are assessed for a period of a maximum

1 of three calendar years following the termination date of their
2 certification.

3 (c) The director shall adopt rules to carry out the purposes of
4 this subsection, including but not limited to: Governing the formation
5 of the group self-insurers' insolvency trust account for the purpose of
6 this chapter; governing the organization and operation of the self-
7 insurers' insolvency trust account to assure compliance with this
8 chapter; requiring adequate accountability of the collection and
9 disbursement of funds in the group self-insurers' insolvency trust
10 account; and any other provisions necessary to carry out this chapter.

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