
SENATE BILL 5331

State of Washington

64th Legislature

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By Senators Braun, Rivers, Becker, Angel, Schoesler, Warnick, Dansel, Honeyford, Dammeier, Parlette, and Hewitt

Read first time 01/19/15. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to workers' compensation group self-insurance
2 plans; and adding new sections to chapter 51.14 RCW.

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

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

6 (1) Any group of employers who are substantially similar,
7 considering the services or activities performed by the employees of
8 those employers, may adopt a plan for self-insurance, as a group, for
9 the payment of all compensation due under this title. Under a group
10 self-insurance plan, the group must assume the liability of all the
11 member employers within the group and pay all benefits and all
12 assessments for which the member employers are liable under this
13 title. Each member employer of the group is responsible, jointly and
14 severally, for all liabilities of the group self-insurer under this
15 title incurred during its respective period of membership. A self-
16 insurance group is an employer for the purposes of this chapter, and
17 may qualify as a self-insurer if it meets all the other requirements
18 of this chapter.

19 (2) A member employer's participation in a group self-insurer
20 program does not relieve it of its liability for compensation

1 prescribed by this title except by the payment thereof by the group
2 self-insurer or by itself.

3 (3) Notice or knowledge of an industrial injury on the part of a
4 member is notice or knowledge on the part of the group self-insurer.
5 The group self-insurer is in all things bound by and subject to the
6 orders, findings, decisions, or awards rendered against the
7 participating member for the payment of compensation under this
8 title.

9 (4) A group self-insurer must form a group insolvency trust or
10 other mechanism to be used as the exclusive mechanism to provide for
11 payment of benefits to injured workers of employers participating in
12 the group in case of insolvency of one or more members of the group.

13 (5) A group self-insurer may secure the services of a group
14 administrator to be responsible for assisting the group self-insurer
15 in complying with this title.

16 (6) For the purposes of this section, "substantially similar"
17 means private employers who are affiliated with the same industry,
18 line of work, or trade, or public employers who are of the same type
19 of government entity. A group may not include both private and public
20 employers.

21 NEW SECTION. **Sec. 2.** A new section is added to chapter 51.14
22 RCW to read as follows:

23 (1) A group of employers seeking to qualify as a group self-
24 insurer must apply for certification as such to the director pursuant
25 to RCW 51.14.020.

26 (2) Each member of the group self-insurer must also file a copy
27 of a properly executed participation indemnity agreement that must
28 jointly and severally bind the group and every member employer to
29 meet the workers' compensation obligations of each member. The
30 indemnity agreement must be in the form prescribed by the director
31 and must include minimum uniform substantive provisions as prescribed
32 by the director. Subject to the director's approval, a group may add
33 other provisions necessary because of that group's particular
34 circumstances.

35 (3) The director may require copies of any and all agreements,
36 contracts, and other pertinent documents relating to the organization
37 of the members in the group self-insurer as a condition of
38 certification.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 51.14
2 RCW to read as follows:

3 The director may issue a certification of group self-insurance if
4 the group meets all the requirements of this chapter and has
5 submitted all the reports, records, and other information required by
6 the self-insured application process.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 51.14
8 RCW to read as follows:

9 (1) The membership of an individual member of a group is subject
10 to cancellation by the group as provided by the bylaws of the group.
11 An individual member may also elect to terminate participation in the
12 group. Termination of a participating member is not effective until
13 at least ten days after notice of such termination has been filed
14 with the department and with the member subject to termination. The
15 group must maintain coverage of each canceled or terminated member
16 until the 30th day after the date of the notice, at the terminating
17 member's expense, unless before that date the director notifies the
18 group that the canceled or terminated member has obtained workers'
19 compensation insurance coverage through the state fund, has become a
20 certified self-insurer, or has become a member of another group.

21 (2) A member who elects to terminate membership or whose
22 membership is canceled by the group remains jointly and severally
23 liable for the workers' compensation obligations of the group and its
24 members incurred during the canceled or terminated member's period of
25 membership.

26 (3) The insolvency, bankruptcy, or termination of a participating
27 member of a group self-insurer does not relieve the group self-
28 insurer from the payment of compensation for injuries or death
29 sustained by an employee during the time the member was a participant
30 in the group self-insurer.

31 (4) Any member terminating membership in a group self-insurer
32 after less than four years in such group self-insurer, and any member
33 in a group self-insurer that has defaulted, may not obtain
34 prospective coverage from any group self-insurer for a period of at
35 least three years from the effective date of termination.

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

1 The provisions of this chapter relating to self-insurers are
2 applicable to group self-insurers. The department must adopt rules to
3 carry out the purposes of this section and sections 1 through 4 of
4 this act, including rules to:

5 (1) Govern the formation of self-insurance groups for the
6 purposes of this chapter;

7 (2) Govern the organization and operation of the groups to assure
8 their compliance with the requirements of this chapter;

9 (3) Require adequate monetary reserves, determined under accepted
10 actuarial practices, to be maintained by each group to assure
11 financial solvency of the group;

12 (4) Require establishment of an insolvency trust or similar
13 mechanism to be used as the exclusive mechanism to provide for
14 payment of benefits to injured workers of employers participating in
15 the group in case of insolvency of one or more members of the group;
16 and

17 (5) Require each group to carry adequate reinsurance.

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