

# HOUSE BILL REPORT

## E2SHB 1451

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### As Passed House:

February 8, 1996

**Title:** An act relating to expansion of employer workers' compensation group self-insurance.

**Brief Description:** Expanding employer workers' compensation group self-insurance.

**Sponsors:** By House Committee on Commerce & Labor (originally sponsored by Representatives Mielke, Lisk, McMorris, Sheldon, Mastin, Horn, Thompson, Hargrove, Sherstad and Basich).

### Brief History:

#### Committee Activity:

Commerce & Labor: 1/25/96, 1/29/96 [DP2S].

#### Floor Activity:

Passed House: 2/8/96, 63-34.

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 7 members: Representatives McMorris, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Cairnes; Goldsmith; Horn and Lisk.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cody and Cole.

**Staff:** Chris Cordes (786-7117).

**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 and 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 ensure financial solvency of the group.

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 of Bill:**

**Certification of a self-insurance group**

A nonprofit group of five or more employers who are engaged in the same or similar type of business may submit an application to the director of the Department of Labor and Industries for approval as a workers' compensation self-insurance group. Application may also be made by local government entities that exist as a jointly self-insured group under other statutes. A group approved by the director is obligated to pay all industrial insurance benefits for which its members become liable during the period of membership. The group is subject to all requirements for self-insurers, except those requirements governing approval and operation of the group, procedures on default, and participation in the insolvency trust fund.

Nonpublic hospitals may choose to group self-insure under these new provisions or under the existing group self-insurance authority.

To obtain and maintain a certificate of approval as a self-insurance group, the group must have the following: