

SENATE BILL REPORT

SHB 2513

As Reported By Senate Committee On:
Labor, Commerce & Trade, February 20, 1996

Title: An act relating to employers' failure to pay industrial insurance premiums.

Brief Description: Concerning industrial insurance benefits.

Sponsors: House Committee on Commerce & Labor (originally sponsored by Representatives Lisk, Hargrove and McMorris).

Brief History:

Committee Activity: Labor, Commerce & Trade: 2/19/96, 2/20/96 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

Majority Report: Do pass.

Signed by Senators Pelz, Chair; Heavey, Vice Chair; Deccio, Franklin, Fraser, Newhouse and Wojahn.

Staff: Jack Brummel (786-7428)

Background: The industrial insurance law provides medical benefits, compensation for lost wages, and vocational services, as appropriate, to any worker in a covered occupation who is injured in the course of his or her employment or who incurs an occupational disease.

Covered employers must either be insured with the state fund administered by the Department of Labor and Industries or be self-insured. Employers who do not insure their workers are subject to a maximum penalty of \$500 or double the amount of premiums that were incurred before coverage was obtained. If the employer willfully fails to obtain coverage, the employer is guilty of a misdemeanor, with a fine of \$25 to \$100 for each day of violation. An employer is also liable for a penalty of 50 percent to 100 percent of the cost of benefits paid to a worker who is injured before coverage is obtained.

When a worker is injured on the job, and his or her employer has not obtained industrial insurance, the worker receives benefits, and the department attempts to secure premiums and penalties against the employer. Any costs not recovered become a cost to all employers in the risk classification of the injured worker.

Summary of Bill: The Legislature finds a continuing problem with employers who illegally fail to pay industrial insurance premiums, thus passing the cost of benefits provided for injured workers to insured employers in the same risk classification. A legislative joint task force is created to find a method to place this financial burden on the illegally uninsured employer.

The task force is also to examine the extent of the problem of nonpayment of premiums and other taxes, the resultant cost to other employers and the state, and methods for improving compliance. The task force is comprised of eight members, one legislator from each caucus of the Senate Labor, Commerce and Trade Committee, one legislator from each caucus of the House Commerce and Labor Committee, two representatives of business, and two representatives of labor. The Department of Labor and Industries is directed to cooperate with the task force and maintain a liaison.

The task force must report its findings and recommendations to the appropriate legislative committees by December 1, 1996. The task force expires June 1, 1997.

Appropriation: None.

Fiscal Note: Available on original bill.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Honest employers and employees pick up the costs when dishonest employers do not pay premiums. This task force is a positive step to address the problems.

Testimony Against: None.

Testified: Bob Dilger, WA State Building & Construction Trades Council (pro); Brian Minnich, Building Industries Assn. of WA (pro); Dedi Hitchens, National Federation of Independent Business (pro); Otto Herman, Rebound Program (pro).