
SUBSTITUTE SENATE BILL 6179

State of Washington

63rd Legislature

2014 Regular Session

By Senate Commerce & Labor (originally sponsored by Senators Braun, Benton, Becker, Sheldon, Baumgartner, Brown, Schoesler, Rivers, Honeyford, Tom, Hewitt, and Parlette)

READ FIRST TIME 02/06/14.

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 RCW
5 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 shall 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 title.
13 Each member employer of the group shall be 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 of
18 this chapter.

1 (2) A member employer's participation in a group self-insurer
2 program does not relieve it of its liability for compensation
3 prescribed by this title except by the payment thereof by the group
4 self-insurer or by itself.

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

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

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

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

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

24 (1) A group of employers seeking to qualify as a group self-insurer
25 must apply for certification as such to the director pursuant to RCW
26 51.14.020.

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

35 (3) The director may require copies of any and all agreements,
36 contracts, and other pertinent documents relating to the organization

1 of the members in the group self-insurer as a condition of
2 certification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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