

# SENATE BILL REPORT

## SB 6443

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As Reported by Senate Committee On:  
Financial Institutions & Insurance, January 25, 2018

**Title:** An act relating to joint self-insurance programs for property and liability risks.

**Brief Description:** Addressing joint self-insurance programs for property and liability risks.

**Sponsors:** Senators Fortunato, Mullet and Angel.

**Brief History:**

**Committee Activity:** Financial Institutions & Insurance: 1/23/18, 1/25/18 [DPS].

**Brief Summary of First Substitute Bill**

- Authorizes a state agency with an operating budget of less than \$5 million to participate in a local government joint self-insurance risk pool.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** That Substitute Senate Bill No. 6443 be substituted therefor, and the substitute bill do pass.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Angel, Ranking Member; Baumgartner, Hobbs and Kuderer.

**Staff:** Jarrett Sacks (786-7448)

**Background:** Local government entities, nonprofit corporations, and affordable housing entities have the authority to self-insure against risks, jointly purchase insurance or reinsurance, and contract for risk management, claims, and administrative services. Joint self-insurance risk pools are authorized to obligate the pool's participants to pledge revenues or contribute money to secure the obligations or pay the expenses of the pool, including the establishment of a reserve. Risk pools may sell revenue bonds and short-term obligations and establish lines of credit. The Office of Risk Management with the Department of Enterprise Services is responsible for the regulation of these self-insurance pools.

**Summary of Bill (First Substitute):** A qualifying state agency may participate in a local government joint self-insurance program for property and liability insurance coverage. A

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qualifying state agency is a state agency, board, commission, or other entity of the state, other than a local government, with a biennial operating budget of less than \$5 million.

**EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE (First Substitute):** Qualifying state agencies are authorized to join local government self-insurance programs for both property and liability insurance, rather than just liability insurance.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony on Original Bill:** *The committee recommended a different version of the bill than what was heard.* OTHER: The bill allows small state agencies to get more affordable coverage and gives them another insurance option. The deductible for the state self-insurance program is too high for agencies with a budget of less than \$5 million.

**Persons Testifying:** OTHER: Jaimie Bever, Board of Pilotage Commissioners.

**Persons Signed In To Testify But Not Testifying:** No one.