

SHB 1521 - S AMD 393  
By Senator Keiser

ADOPTED 04/10/2023

1 On page 3, after line 19, insert the following:

2 "(6) For the purposes of this section, "municipal" means any  
3 counties, cities, towns, port districts, water-sewer districts,  
4 school districts, metropolitan park districts, fire districts, public  
5 hospital districts, regional fire protection service authorities,  
6 education service districts, or such other units of local government.

7 **Sec. 4.** RCW 51.14.080 and 1986 c 57 s 7 are each amended to read  
8 as follows:

9 (1) Certification of a self-insurer shall be withdrawn by the  
10 director upon one or more of the following grounds:

11 ~~((1))~~ (a) The employer no longer meets the requirements of a  
12 self-insurer; or

13 ~~((2))~~ (b) The self-insurer's deposit is insufficient; or

14 ~~((3))~~ (c) The self-insurer intentionally or repeatedly induces  
15 employees to fail to report injuries, induces claimants to treat  
16 injuries in the course of employment as off-the-job injuries,  
17 persuades claimants to accept less than the compensation due, or  
18 unreasonably makes it necessary for claimants to resort to  
19 proceedings against the employer to obtain compensation; or

20 ~~((4))~~ (d) The self-insurer habitually fails to comply with  
21 rules and regulations of the director regarding reports or other  
22 requirements necessary to carry out the purposes of this title; or

23 ~~((5))~~ (e) The self-insurer habitually engages in a practice of  
24 arbitrarily or unreasonably refusing employment to applicants for  
25 employment or discharging employees because of nondisabling bodily  
26 conditions; or

27 ~~((6))~~ (f) The self-insurer fails to pay an insolvency  
28 assessment under the procedures established pursuant to RCW  
29 51.14.077; or

30 (g) For a self-insured municipal employer, the self-insurer has  
31 been found to have violated the self-insurer's duty of good faith and  
32 fair dealing three times within a three-year period. For purposes of

1 determining whether there have been three violations within a three-  
2 year period, the director must use the date of the department's  
3 order. Any subsequent order of the department, board of industrial  
4 insurance appeals, or courts affirming a violation occurred relates  
5 back to the date of the department's order.

6 (2) The director may delay withdrawing the certification of the  
7 self-insured municipal employer while the employer has an enforceable  
8 contract with a licensed third-party administrator that may not be  
9 legally terminated. However, the self-insured municipal employer may  
10 not renew or extend the contract.

11 (3) For the purposes of this section, "municipal" has the same  
12 meaning as defined in section 3(6) of this act."

13 Renumber the remaining sections consecutively and correct any  
14 internal references accordingly.

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15 On page 1, line 3 of the title, after "51.48.080" strike "and  
16 51.48.017" and insert ", 51.48.017, and 51.14.080"

EFFECT: (1) Adds a definition for the term municipal.

(2) Provides as a ground for withdrawal of a certification of a self-insurer by the L&I director that for a self-insured municipal employer, the self-insurer has been found to have violated the self-insurer's duty of good faith and fair dealing three times within a three-year period.

(3) For purposes of determining whether there have been three violations within a three-year period, the director must use the date of the L&I's order and any subsequent orders of the L&I, Board of Industrial Insurance Appeals, or courts affirming a violation occurred relates back to the date of the department's order.

(4) Allows the L&I director to delay withdrawing the certification of self-insured municipal employer while the employer has an enforceable contract with a licensed third-party administrator that may not be legally terminated. However, the self-insured municipal employer may not renew or extend the contract.

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