

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2720

52nd Legislature
1992 Regular Session

Passed by the House March 12, 1992
Yeas 95 Nays 2

**Speaker of the
House of Representatives**

Passed by the Senate March 12, 1992
Yeas 42 Nays 3

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 2720 as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2720

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 1992 Regular Session

State of Washington 52nd Legislature 1992 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives R. Meyers, Paris, Anderson, Hargrove, Miller, H. Sommers, Winsley, Jones, Basich, J. Kohl, Belcher and Orr)

Read first time 02/07/92.

1 AN ACT Relating to longshore and harbor workers' compensation act
2 insurance; adding new sections to chapter 48.22 RCW; adding a new
3 section to chapter 48.15 RCW; creating a new section; providing an
4 expiration date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds and declares that
7 the continued existence of a strong and healthy maritime industry in
8 this state is threatened by the unavailability and excessive cost of
9 workers' compensation coverage required by the United States
10 longshoreman's and harbor worker's compensation act. The legislature,
11 therefore, acting under its authority to protect industry and
12 employment in this state hereby establishes a commission to devise and
13 implement both a near and long-term solution to this problem, for the

1 purpose of maintaining employment for Washington workers and a vigorous
2 maritime industry.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.22 RCW
4 to read as follows:

5 (1) Before July 1, 1992, the commissioner shall adopt rules
6 establishing a reasonable plan to insure that workers' compensation
7 coverage as required by the United States longshoreman's and harbor
8 worker's compensation act, 33 U.S.C. Secs. 901 through 950, and
9 maritime employer's liability coverage incidental to the workers'
10 compensation coverage is available to those unable to purchase it
11 through the normal insurance market. This plan shall require the
12 participation of all authorized insurers writing primary and excess
13 workers' compensation insurance or reinsurance and the Washington state
14 industrial insurance fund as defined in RCW 51.08.175 which is
15 authorized to participate in the plan and to make payments in support
16 of the plan in accordance with this section. Any underwriting losses
17 incurred by the plan shall be shared by plan participants in accordance
18 with the following ratios: The state industrial insurance fund, fifty
19 percent; authorized insurers writing United States longshoreman's and
20 harbor workers' compensation insurance, forty-eight percent; and
21 authorized insurers writing excess workers' compensation insurance or
22 reinsurance, two percent.

23 (2) The Washington state industrial insurance fund shall obtain or
24 provide coverage for the plan created under subsection (1) of this
25 section on an excess of loss basis that would cover plan losses
26 exceeding the net earned and retained premiums written including
27 investment income of the plan as negotiated between the state fund and
28 the plan. If such coverage is not provided by July 1, 1992, or if the
29 commissioner determines that the premium to be charged for such

1 coverage would result in unaffordable rates for coverage provided by
2 the plan, the industrial insurance fund shall be relieved of
3 responsibility for obtaining or providing excess of loss coverage. In
4 considering whether excess of loss coverage premiums would result in
5 unaffordable rates for workers' compensation coverage provided by the
6 plan, the commissioner shall compare the resulting plan rates to those
7 provided under any similar pool or plan of other states in existence
8 prior to July 1, 1992.

9 (3) An applicant for plan insurance, a person insured under the
10 plan, or an insurer, affected by a ruling or decision of the manager or
11 committee designated to operate the plan may appeal to the commissioner
12 for resolution of a dispute. In adopting rules under this section, the
13 commissioner shall require that the plan use generally accepted
14 actuarial principles for rate making.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.22 RCW
16 to read as follows:

17 Before April 15, 1992, the commissioner shall appoint a committee
18 to provide assistance in drafting the rules required by section 2 of
19 this act. After July 1, 1992, the committee shall assist the
20 commissioner in overseeing the operation of the plan. The committee
21 shall consist of at least eight members. The commissioner and the
22 director of the department of labor and industries shall be members.
23 The remaining members shall be selected to insure equal representation
24 of authorized insurers writing primary or excess workers' compensation
25 insurance, insurance producers, organized labor, and maritime
26 employers.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.22 RCW
28 to read as follows:

1 The committee appointed pursuant to section 3 of this act shall
2 submit a report to the legislature no later than January 1, 1993, that
3 examines all aspects of the United States longshoreman's and harbor
4 worker's act, 22 U.S.C. Secs. 901 through 950, coverage, and incidental
5 maritime liability coverage, as it applies to Washington workers and
6 employers. This study shall include but not be limited to the ability
7 of private insurers to provide affordable coverage to eligible
8 employers; whether the Washington state industrial insurance fund
9 should participate in the plan adopted pursuant to section 2 of this
10 act; whether there are methods that will satisfy the intent of chapter
11 ..., Laws of 1992 (this act) that will not involve the Washington state
12 industrial insurance fund; and the feasibility of requiring that this
13 coverage be made directly available through the Washington state
14 industrial insurance fund.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 48.15 RCW
16 to read as follows:

17 An unauthorized insurer shall not solicit or provide federally
18 required longshore and harbor workers' insurance on subjects located,
19 resident, or to be performed within the state.

20 NEW SECTION. **Sec. 6.** This act shall expire on July 1, 1993.

21 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
22 preservation of the public peace, health, or safety, or support of the
23 state government and its existing public institutions, and shall take
24 effect immediately.