

# SENATE BILL REPORT

## SB 5979

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As of March 3, 2003

**Title:** An act relating to creating a competitive industrial insurance system.

**Brief Description:** Creating a competitive industrial insurance system.

**Sponsors:** Senators Honeyford, Mulliken, Hale, Hewitt and T. Sheldon.

**Brief History:**

**Committee Activity:** Commerce & Trade: 3/5/03.

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### SENATE COMMITTEE ON COMMERCE & TRADE

**Staff:** Jennifer Ziegler (786-7316)

**Background:** The industrial insurance program provides partial wage replacement benefits and medical and vocational rehabilitation benefits to workers who are injured on the job or who develop an occupational disease.

Most employers in Washington must contribute to the state workers' compensation funds. Employers who meet statutory requirements may choose to self-insure, rather than pay into the state program. Washington law does not permit employers to purchase private industrial insurance.

**Summary of Bill:** Beginning July 1, 2006, every employer must obtain industrial insurance with an authorized insurance carrier, the state fund, or by qualifying as a self-insurer.

The Joint Select Committee on Industrial Insurance Competition is established. The committee consists of four members from the Senate and four members from the House of Representatives. The committee is chaired by a judge or retired judge.

The committee must develop legislation to modernize the industrial insurance system, provide benefits to injured workers in a fair and balanced manner, establish requirements for administrative processes and practices that are efficient and cost-effective for both employers and workers, authorize insurance carriers to conduct industrial insurance business in Washington, provide for rate-setting methods that promote stable premium rates, provide for the maintenance of adequate reserves and provide sufficient resources to support effective worker industrial safety and health programs. The committee must report its recommendations to the Legislature by December 1, 2004.

On July 1, 2006, the current industrial insurance laws are repealed.

**Appropriation:** None.

**Fiscal Note:** Requested on March 3, 2003.

**Effective Date:** Ninety days after adjournment of session in which bill is passed. Section 4 takes effect July 1, 2006.