
SENATE BILL 5335

State of Washington

59th Legislature

2005 Regular Session

By Senators Fairley and Delvin

Read first time 01/20/2005. Referred to Committee on Financial Institutions, Housing & Consumer Protection.

1 AN ACT Relating to local government insurance transactions;
2 amending RCW 48.62.031; and adding a new section to chapter 48.62 RCW.

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

4 **Sec. 1.** RCW 48.62.031 and 1991 sp.s. c 30 s 3 are each amended to
5 read as follows:

6 (1) The governing body of a local government entity may
7 individually self-insure, may join or form a self-insurance program
8 together with other entities, and may jointly purchase insurance or
9 reinsurance with other entities for property and liability risks, and
10 health and welfare benefits only as permitted under this chapter. In
11 addition, the entity or entities may contract for or hire personnel to
12 provide risk management, claims, and administrative services in
13 accordance with this chapter.

14 (2) The agreement to form a joint self-insurance program shall be
15 made under chapter 39.34 RCW and may create a separate legal or
16 administrative entity with powers delegated thereto. Such entity may
17 include or create a nonprofit corporation organized under chapter 24.03
18 or 24.06 RCW or a partnership organized under chapter 25.04 RCW.

1 (3) Every individual and joint self-insurance program is subject to
2 audit by the state auditor.

3 (4) If provided for in the agreement or contract established under
4 chapter 39.34 RCW, a joint self-insurance program may, in conformance
5 with this chapter:

6 (a) Contract or otherwise provide for risk management and loss
7 control services;

8 (b) Contract or otherwise provide legal counsel for the defense of
9 claims and other legal services;

10 (c) Consult with the state insurance commissioner and the state
11 risk manager;

12 (d) Jointly purchase insurance and reinsurance coverage in such
13 form and amount as the program's participants agree by contract;
14 (~~and~~)

15 (e) Obligate the program's participants to pledge revenues or
16 contribute money to secure the obligations or pay the expenses of the
17 program, including the establishment of a reserve or fund for coverage;
18 and

19 (f) Possess any other powers and perform all other functions
20 reasonably necessary to carry out the purposes of this chapter.

21 (5) A local government entity that has decided to assume a risk of
22 loss must have available for inspection by the state auditor a written
23 report indicating the class of risk or risks the governing body of the
24 entity has decided to assume.

25 (6) Every joint self-insurance program governed by this chapter
26 shall appoint the risk manager as its attorney to receive service of,
27 and upon whom shall be served, all legal process issued against it in
28 this state upon causes of action arising in this state.

29 (a) Service upon the risk manager as attorney shall constitute
30 service upon the program. Service upon joint insurance programs
31 subject to chapter 30, Laws of 1991 1st sp. sess. can be had only by
32 service upon the risk manager. At the time of service, the plaintiff
33 shall pay to the risk manager a fee to be set by the risk manager,
34 taxable as costs in the action.

35 (b) With the initial filing for approval with the risk manager,
36 each joint self-insurance program shall designate by name and address
37 the person to whom the risk manager shall forward legal process so

1 served upon him or her. The joint self-insurance program may change
2 such person by filing a new designation.

3 (c) The appointment of the risk manager as attorney shall be
4 irrevocable, shall bind any successor in interest or to the assets or
5 liabilities of the joint self-insurance program, and shall remain in
6 effect as long as there is in force in this state any contract made by
7 the joint self-insurance program or liabilities or duties arising
8 therefrom.

9 (d) The risk manager shall keep a record of the day and hour of
10 service upon him or her of all legal process. A copy of the process,
11 by registered mail with return receipt requested, shall be sent by the
12 risk manager, to the person designated for the purpose by the joint
13 self-insurance program in its most recent such designation filed with
14 the risk manager. No proceedings shall be had against the joint self-
15 insurance program, and the program shall not be required to appear,
16 plead, or answer, until the expiration of forty days after the date of
17 service upon the risk manager.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.62 RCW
19 to read as follows:

20 (1) For the purpose of carrying out a joint self-insurance program,
21 a joint self-insurance program and a separate legal entity created
22 under RCW 48.62.031 each may:

23 (a) Contract indebtedness and issue and sell revenue bonds
24 evidencing such indebtedness or establish lines of credit pursuant to
25 and in the manner provided for local governments in chapter 39.46 RCW
26 with the joint board under RCW 39.34.030; board of directors under RCW
27 48.62.081; or governing board of a separate legal entity formed under
28 RCW 48.62.031, performing the functions to be performed by the
29 governing body of a local government under chapter 39.46 RCW and
30 appointing a treasurer to perform the functions to be performed by the
31 treasurer under chapter 39.46 RCW;

32 (b) Contract indebtedness and issue and sell short-term obligations
33 evidencing such indebtedness pursuant to and in the manner provided for
34 municipal corporations in chapter 39.50 RCW with the joint board under
35 RCW 39.34.030; board of directors under RCW 48.62.081; or governing
36 board of a separate legal entity formed under RCW 48.62.031, performing

1 the functions to be performed by the governing body of a municipal
2 corporation under chapter 39.50 RCW; and

3 (c) Contract indebtedness and issue and sell refunding bonds
4 pursuant to and in the manner provided for public bodies in chapter
5 39.53 RCW with the joint board under RCW 39.34.030; board of directors
6 under RCW 48.62.081; or governing board of a separate legal entity
7 formed under RCW 48.62.031, performing the functions to be performed by
8 the governing body of a public body under chapter 39.53 RCW.

9 (2) For the purpose of carrying out a joint self-insurance program,
10 a joint self-insurance program and a separate legal entity formed under
11 RCW 48.62.031 each may make loans of the proceeds of revenue bonds
12 issued under this section to a joint self-insurance program or a local
13 government entity that has joined or formed a joint self-insurance
14 program.

15 (3) For the purpose of carrying out a joint self-insurance program,
16 a joint self-insurance program and each local government entity that
17 has joined or formed a joint self-insurance program may accept loans of
18 the proceeds of revenue bonds issued under this section.

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