

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 1356**

Chapter 147, Laws of 2005

59th Legislature  
2005 Regular Session

LOCAL GOVERNMENTS--JOINT SELF-INSURANCE PROGRAMS

EFFECTIVE DATE: 7/24/05

Passed by the House March 3, 2005  
Yeas 97 Nays 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 7, 2005  
Yeas 44 Nays 0

BRAD OWEN

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**President of the Senate**

Approved April 22, 2005.

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1356** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

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**Chief Clerk**

FILED

April 22, 2005 - 3:45 p.m.

**Secretary of State  
State of Washington**

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HOUSE BILL 1356

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Passed Legislature - 2005 Regular Session

State of Washington                      59th Legislature                      2005 Regular Session

By Representatives Pettigrew, Holmquist and Ormsby

Read first time 01/20/2005. Referred to Committee on Housing.

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.

Passed by the House March 3, 2005.  
Passed by the Senate April 7, 2005.  
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