

2720-S

Sponsor(s): 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)

Brief Description: Studying longshore and harbor workers' insurance needs.

HB 2720-S - DIGEST

(DIGEST AS ENACTED)

Directs the insurance commissioner to adopt rules to ensure that workers' compensation coverage and maritime employer's liability coverage is available to those unable to purchase it through the normal insurance market.

Establishes ratios for the sharing of any underwriting losses incurred by the plan.

Provides for the appointment of a committee to provide assistance in drafting the rules and to report its findings and recommendations to the legislature by January 1, 1993.

VETO MESSAGE ON HB 2720-S

April 2, 1992

To the Honorable, the House
of Representatives of the
State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 5, Substitute House Bill No. 2720 entitled:

"AN ACT Relating to longshore and harbor workers' compensation act insurance."

The purpose of Substitute House Bill No. 2720 is to create a temporary insurance plan so that workers' compensation coverage, as required by the United States Longshoremen's and Harbor Worker's Compensation Act, is available in our state.

Section 5 would close the Washington market to all but certain insurers. If this section were to become law, it would further limit the availability of insurance, and it could limit the availability of reinsurance. Section 5 could also lead to reciprocal actions by other states against Washington insurers and could violate federal statutes preempting state authority in this area. Section 5 would be subject to likely court challenge and could place the temporary plan in jeopardy.

While I am supportive of the need to retain the viability of our longshore and harbor workers' insurance, I believe this legislation is a poor solution to the potential loss of United States Longshoreman's and Harbor Worker's Compensation Act coverage. The involvement of the state workers' compensation fund is inappropriately designed.

However, I must sign the remainder of the bill into law since this is the only solution now certain to provide the necessary

workers' compensation coverage to our maritime industry. During the next year, a better solution needs to be found before the temporary plan expires.

For these reasons, I have vetoed section 5 of Substitute House Bill No. 2720.

With the exception of section 5, Substitute House Bill No. 2720 is approved.

Respectfully submitted,
Booth Gardner
Governor