

HOUSE BILL REPORT

HB 1543

As Reported By House Committee On:
Financial Institutions & Insurance
Appropriations

Title: An act relating to longshore and harbor workers' compensation act insurance.

Brief Description: Insuring longshore and harbor workers.

Sponsors: Representatives Zellinsky, Mielke, Tate, Dellwo, Scott, Sommers, G. Cole, R. Johnson, Dyer, R. Meyers, Jones and Basich.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, February 8, 1993, DP;
Appropriations, March 2, 1993, DPS.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 15 members:
Representatives Zellinsky, Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Dorn; Grant; R. Johnson; Kessler; Kremen; Lemmon; R. Meyers; Reams; Schmidt; and Tate.

Staff: John Conniff (786-7119).

Background: Federal law requires the employers of longshore and harbor workers to obtain workers' compensation coverage for their employees and maritime employers' liability coverage. Longshore and harbor employees currently are not eligible for coverage under the Washington state workers' compensation insurance program.

In Washington, some employers and employees subject to the federal requirement are unable to obtain insurance through private insurance companies or are unable to self-insure. As a result, the Legislature adopted an insurance plan to provide needed insurance for those employers unable to obtain coverage in the private market. Under the plan, all insurers writing primary and excess workers' compensation insurance and the state Department of Labor and Industries' workers' compensation fund participate in underwriting the

losses for such coverage in proportion to each entity's share of the workers' compensation market.

The program is scheduled to expire July, 1, 1993.

Summary of Bill: Operation of the state longshore and harbor workers' insurance plan is extended until July 1, 1996.

The plan is amended to exclude the participation of state's excess workers' compensation insurers. Liability for plan losses is split equally between private insurers writing longshore and harbor workers' compensation insurance and the state workers' compensation fund. The state workers' compensation fund is authorized to provide reinsurance of the longshore and harbor workers' plan.

Fiscal Note: Requested February 8, 1993.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The state longshore and harbor workers' compensation plan has been successful in providing needed liability insurance. We recommend continuing the program while continuing to explore alternative solutions.

Testimony Against: None.

Witnesses: Ruth Nelson, United Marine Shipbuilding, Inc. (Pro); Bob Dilger, Building Trades (Pro); Ginnie Clark, Clark Maritime (Pro); and Gordon Baxter, Puget Sound Metal Trades Council (Pro).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Leonard; Linville; Morton; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Wayne Kawakami (786-7384).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Financial Institutions & Insurance: The bill changes the duration of

the study of the advisory committee and the risk pool plan from three years to two years.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: An extension of the plan and risk pool is needed due to the difficulty experienced in the start-up of the operation of the risk pool. Additional time is needed to explore the pool data needed to comply with legislative mandates. Past risk pool experience and the \$125,000 reinsurance limit on individual incidents should significantly reduce the state's risk exposure.

Testimony Against: The worker's compensation fund should not be used for purposes that are not related to industrial insurance. There is concern that using the funds for non-industrial insurance purposes will set a precedent. The state's risk exposure limitation only applies to individual incidents. The worker's compensation fund will still have liability exposure with the total risk pool.

Witnesses: Dale Newell, Western Association of Insurance Brokers; Ruth Nelson, U.S.L.H. Governing Commission; Gordon Baxter, Puget Sound Metal Trades Council; Robert Dilger, Washington State Building Trades Council; T.K. Bentler, I.B.U. and Longshore Workers; Gary Smith, Industrial Business Association (all in favor); and Douglas Connell, Department of Labor and Industries (opposed).