

2 SHB 1938 - S AMD - 373

3 By Senator Pelz

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5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** A new section is added to chapter 51.14 RCW  
8 to read as follows:

9 Any affiliated legal entity, including a subsidiary company or a  
10 holding company, of a reinsurer authorized to reinsure a self-insurer's  
11 liabilities under this title shall be allowed to participate in the  
12 administration of the responsibilities of a self-insurer if the entity  
13 is not involved in providing reinsurance.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 51.14 RCW  
15 to read as follows:

16 (1) The department shall establish rules regarding the relationship  
17 between a reinsurance company authorized to reinsure a self-insurer's  
18 liabilities under this title and any legal entity affiliated with that  
19 reinsurance company administering any of the responsibilities of the  
20 same self-insurer served by that reinsurance company. The rules shall  
21 require at a minimum that the self-insurer, reinsurer, and  
22 administrator release to the department such records and financial  
23 statements as the department may request regarding the administration  
24 of claims under this title, any reinsurance policies issued, and the  
25 nature of the relationship between the reinsurer and the administrator.

26 (2) The department shall conduct a study of self-insurer's  
27 adjudication outcomes, claims management practices, and other  
28 appropriate outcomes and practices. The study shall compare outcomes  
29 and practices of self-insurers who use the services of reinsurers and  
30 administrators that are affiliated to those of self-insurers who use  
31 the services of unaffiliated reinsurers and administrators as well as  
32 to the outcomes and practices of the department. The department shall  
33 report the results of the study to the legislature by January 1, 1999.  
34 The department shall also, by January 1, 1999, make recommendations to  
35 the legislature, based on the results of the study, on whether

1 affiliated legal entities of reinsurers should continue to be allowed  
2 to participate in the administration of responsibilities of a self-  
3 insurer under the terms of section 1 of this act."

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7 On page 1, line 1 of the title, after "self-insurers;" strike the  
8 remainder of the title and insert "and adding new sections to chapter  
9 51.14 RCW."

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