

# HOUSE BILL REPORT

## HB 2098

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### As Reported By House Committee On:

Financial Institutions & Insurance

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

**Brief Description:** Making longshore and harbor workers' compensation insurance available.

**Sponsors:** Representative L. Thomas.

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 2/27/97, 3/3/97 [DP].

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## HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 11 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt; Keiser; Sullivan and Wensman.

**Staff:** Charlie Gavigan (786-7340).

**Background:** Federal law requires that employers of longshore and harbor workers obtain workers' compensation coverage for their employees. Longshore and harbor workers currently are not eligible for coverage under the Washington State Workers' Compensation Insurance Program.

The Legislature adopted a temporary insurance plan in 1992 to provide needed insurance for those employers unable to obtain coverage in the private market for their longshore and harbor workers. This state plan, called the United States Longshore and Harbor Workers Assigned Risk Plan, was extended for two years in 1993 and 1995. Under the plan, all insurers writing longshore and harbor workers' compensation insurance and the state Department of Labor and Industries' workers' compensation fund participate in underwriting the losses for this coverage. Liability for plan losses is split equally between private insurers writing longshore and harbor workers' compensation insurance and the state workers' compensation fund. Premiums are not paid to the state workers' compensation fund for this potential

liability. The state workers' compensation fund is authorized to reinsure the longshore and harbor workers' plan.

The program is scheduled to expire July 1, 1997.

**Summary of Bill:** The expiration of the United States Longshore and Harbor Workers Assigned Risk Plan is repealed. The program is continued indefinitely.

The governing committee of the plan determines underwriting losses and surpluses, which are shared by the plan's participants (half to private insurers involved in the plan and half to the state workers' compensation fund).

**Appropriation:** None.

**Fiscal Note:** Requested on February 20, 1997.

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

**Testimony For:** This program is working well and should be continued. The bill allows surpluses to be distributed if they get too high; there are possible income tax consequences if large surpluses are not distributed.

**Testimony Against:** None.

**Testified:** Steve Wehrle, Western Association of Insurance Brokers.