

HOUSE BILL ANALYSIS

HB 1258

Brief Description: Expanding employer workers' compensation group self-insurance.

Sponsors: Representatives McMorris, Honeyford, Dyer, Boldt, Sheldon, Clements and Thompson.

Hearing: January 30, 1997

BACKGROUND:

Employers covered by the industrial insurance law must insure their responsibilities under the law by self-insuring or by purchasing insurance from the Department of Labor and Industries. Although a single employer with sufficient financial ability is permitted to self-insure, a group of employers is not permitted to self-insure as a group unless the employers are school districts and educational service districts, or hospitals. Hospital group self-insurance is limited to one group for public hospitals and one group for other hospitals.

Group self-insurers operate under rules adopted by the department that address requirements for formation of and membership in the group, responsibilities of the group's trust fund trustees, and the amount of reserves that must be maintained to ensure financial solvency of the group.

The certification of a self-insurer is subject to withdrawal on a number of grounds, including that the self-insurer fails to meet the financial and other requirements of the law, intentionally or repeatedly induces employees to fail to report injuries or to report injuries as off-the-job injuries, persuades claimants to accept less than the benefits due, or unreasonably makes it necessary for claimants to resort to proceedings to obtain compensation.

SUMMARY OF BILL:

The industrial insurance laws are amended to create additional authority for certain groups of employers to self-insure their industrial insurance obligations.

Who may be certified as a self-insurance group

In addition to the self-insurance groups permitted for school districts and hospitals, a workers' compensation self-insurance group may be certified that consists of five or more

employers engaged in the same or similar type of business. Local government entities that exist as a jointly self-insured group under other statutes may also apply to become a workers' compensation self-insurance group.

Nonpublic hospitals may choose to group self-insure under these new provisions or under the existing group self-insurance authority.

A workers' compensation self-insurance group approved by the director of the Department of Labor and Industries is obligated to pay all industrial insurance benefits for which its members become liable during the period of membership. The group is subject to all existing requirements for self-insurers, except those requirements governing approval and operation of the group, procedures on default, and participation in the insolvency trust fund.

To obtain and maintain a certificate of approval as a self-insurance group, the group must have the following: