

SENATE BILL REPORT

HB 1330

As Reported By Senate Committee On:
Commerce & Labor, April 3, 1997

Title: An act relating to administration of the responsibilities of self-insurers.

Brief Description: Modifying the administration of the responsibilities of self-insurers.

Sponsors: Representatives L. Thomas, Grant, Zellinsky, Sheldon and Mielke.

Brief History:

Committee Activity: Commerce & Labor: 3/24/97, 4/3/97 [DPA, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson, Heavey and Newhouse.

Minority Report: Do not pass.

Signed by Senators Franklin and Fraser.

Staff: Jack Brummel (786-7428)

Background: Employers covered by industrial insurance law must insure their responsibilities under the law by self-insuring or by purchasing insurance from the Department of Labor and Industries. Employers that self-insure must meet statutory requirements.

An employer who self-insures may reinsure up to 80 percent of its liabilities with any company authorized to transact reinsurance in Washington. The reinsurer may not participate in the administration of the employer's self-insurance program.

Summary of Amended Bill: Until July 1, 2001, a subsidiary, holding company, or affiliated legal entity of a reinsurer of a self-insurer's liability under industrial insurance law may participate in the administration of the self-insurance program if the subsidiary, holding company, or affiliated legal entity does not provide reinsurance.

The Department of Labor and Industries is required to conduct a study of the effects of the bill and report to the Legislature by January 1, 2000.

Amended Bill Compared to Original Bill: The amendment added the July 1, 2001 termination date and the study.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The current prohibition on a connection between third party administrators and reinsurers has been an obstacle to reinsurance companies operating in the state. The bill will bring in more reinsurance companies.

Testimony Against: This bill would turn the current prohibition on its head and ignore the compromise that was made in 1971. There are no complaints that employers can't find reinsurers.

Testified: PRO: Representative L. Thomas, prime sponsor; Lincoln Ferris, Service Group of America; Mel Sorensen, Liberty Northwest; Basil Badley, American Insurance Agency; CON: Robby Stern, Washington State Labor Council; Harold Abby, Association of Western Pulp and Paper Workers.