

SENATE BILL REPORT

HB 1349

As Reported By Senate Committee On:
Commerce & Labor, April 1, 1997

Title: An act relating to extending existing employer workers' compensation group self-insurance to the logging industry.

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

Sponsors: Representatives McMorris, Kessler, Hatfield, Linville, Costa, Sheldon and Doumit.

Brief History:

Committee Activity: Commerce & Labor: 3/31/97, 4/1/97 [DP, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

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

Minority Report: Do not pass.

Signed by Senators Franklin, Fraser and Heavey.

Staff: Jack Brummel (786-7428)

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 assure 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: Two or more employers in the logging industry may form self-insurance groups to cover their industrial insurance responsibilities if:

(1) the employers are members of an organization that has been in existence for at least five years, was formed for a purpose other than that of obtaining workers' compensation coverage under group self-insurance, and has employers with substantially similar occupations within the logging industry; and

(2) the formation of the group self-insurance program will improve accident prevention and claim management for the employers.

A group self-insurers' insolvency trust account is created to provide for the unsecured benefits paid to injured workers of defaulting group self-insurers. The trust is funded by post-insolvency assessments against all group self-insurers, except school districts and hospitals, in proportion to their claim costs after the defaulting group's security deposit has been exhausted.

A logging industry self-insurance group must organize and operate under the rules adopted by the director of the Department of Labor and Industries for group self-insurance. The department must adopt rules to carry out the group self-insurers' insolvency trust account, including rules regarding the manner of imposing and collecting assessments and governing the formation of the insolvency trust account.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This will benefit employers and employees by reducing costs. Loggers' claims could be handled more quickly by a group self-insurer.

Testimony Against: Private group self-insurance can result in increased risk to injured workers' ability to get compensation and benefits. This will raise rates for those employers left in the state pool.

Testified: PRO: George Edmond, Talmo, Inc.; Ann Anderson, Anderson Resources, Inc.; Bill Pickell, Washington Contract Loggers Association; CON: Robby Stern, Washington State Labor Council; Michael Temple, Washington State Trial Lawyers Association.