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**Financial Institutions &  
Insurance Committee**

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**ESB 6158**

**Brief Description:** Creating the longshore and harbor workers' compensation act insurance guarantee committee.

**Sponsors:** Senators Prentice, Benton and Winsley.

**Brief Summary of Engrossed Bill**

- Requires the Insurance Commissioner to create a committee to determine the best method to protect Longshore and Harbor Workers' Compensation Act insurance policy holders and employers from the insolvency of their insurers.

**Hearing Date:** 2/25/04

**Staff:** Carrie Tellefson (786-7127).

**Background:**

Longshore and Harbor Workers' Compensation:

Under the United States Longshore and Harbor Workers' (USL&H) Compensation Act, businesses whose employees are employed in maritime employment on or near the navigable waters of the United States are required to purchase longshore and harbor workers' compensation insurance. This includes businesses that provide services on docks, such as electricians and other contractors. This insurance is available from private insurers licensed to write "workers compensation" coverage in the state of Washington.

In the event an employer cannot obtain this insurance coverage through the private market, the employer can purchase coverage from the longshore and harbor workers' assigned risk plan, created in Washington law. The plan's members include all authorized insurers writing longshore and harbor workers' compensation insurance in this state and the Washington State Industrial Insurance Fund. Any underwriting losses or surpluses incurred by the plan are to be shared by plan participants in accordance with the following ratios: the state industrial insurance fund will pay 50 percent; and authorized insurers writing primary or excess United States longshore and harbor workers' compensation insurance will pay 50 percent.

Under federal law, employers who purchase longshore and harbor workers' compensation insurance from private insurers remain responsible for costs associated with an employee's on the job injury or death even if the insurer becomes insolvent.

Private insurers who sell longshore and harbor workers' compensation insurance do not participate in the Washington Insurance Guaranty Association.

**Summary of Bill:**

The Insurance Commissioner (Commissioner) must create a committee to determine the best method to protect USL&H Compensation Act insurance policy holders and employers from the insolvency of their insurers.

The committee, known as the USL&H Workers' Compensation Act insurance guarantee committee, must be chaired by the Commissioner, who will appoint the following members: Labor, the USL&H Compensation Act assigned risk plan, a marine employer, a solvent USL&H insurer, a director of the Washington Insurance Guaranty Association, an agent or broker who actively sells USL&H policies, and the Department of Labor and Industries, as an ex officio member.

The Commissioner will staff the committee. The committee will make written recommendations to the Legislature before December 1, 2004.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.