

FINAL BILL REPORT

ESB 6158

C 164 L 04

Synopsis as Enacted

Brief Description: Studying workers' compensation policies purchased under the Washington guarantee association.

Sponsors: Senators Prentice, Benton and Winsley.

Senate Committee on Financial Services, Insurance & Housing
House Committee on Financial Institutions & Insurance

Background: Insurance guaranty associations have been created in Washington to cover life and disability insurance policies and some casualty insurance policies. Their purpose is to provide a mechanism for payment of covered claims when an insurer becomes insolvent and to assess the cost of such protection among insurers.

Under federal law, businesses whose employees work in maritime employment on or near navigable waters of the United States are required to purchase longshore and harbor workers' compensation act insurance. This insurance is available through private insurers or through an assigned risk plan created in Washington law. Insurers who provide longshore and harbor workers' compensation act insurance policies are not covered by a Washington insurance guaranty association. Consequently, if an insurer becomes insolvent, there is no mechanism for payment of covered claims by a pool to which all insurers in this type of plan contribute. Employers who purchase longshore and harbor workers' compensation insurance from private insurers remain responsible for an employee's job-related injury or death if the insurer becomes insolvent.

Summary: Currently a number of employments such as private domestic workers and jockeys are excluded from mandatory workers' compensation coverage. Any workers' compensation insurance covering these workers must be purchased on the commercial market. In addition, tribal employers purchase workers' compensation insurance on the commercial market.

The Insurance Commissioner must study the impact of covering or excluding workers' compensation policies purchased in the commercial market under the Washington Insurance Guarantee Association. The study must include longshore and harbor workers' compensation act insurance, employments that are excluded from mandatory workers' compensation coverage, and workers' compensation policies purchased by tribal employers. The commissioner must develop recommendations from the study and report these to the Legislature by December 1, 2004.

Votes on Final Passage:

Senate	48	0	
House	96	0	(House amended)

Senate 48 0 (Senate concurred)

Effective: June 10, 2004