

# SENATE BILL REPORT

## SB 6336

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As Passed Senate, February 12, 2004

**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 to the logging industry.

**Sponsors:** Senators T. Sheldon, Hargrove, Stevens, Winsley, Rasmussen and Oke.

**Brief History:**

**Committee Activity:** Commerce & Trade: 1/23/04, 1/29/04 [DP, DNP].

Passed Senate: 2/12/04, 31-18.

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### SENATE COMMITTEE ON COMMERCE & TRADE

**Majority Report:** Do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; and Mulliken.

**Minority Report:** Do not pass.

Signed by Senators Franklin and Keiser.

**Staff:** Jennifer Strus (786-7316)

**Background:** Several public employers are currently permitted to form self-insurer groups: school districts, educational service districts, hospital districts and hospitals. There is no authority for private employers to form self-insurer groups.

**Summary of Bill:** Two or more employers in the logging industry may enter into agreements to form self-insurer groups if they meet the following requirements: 1) the employers are members of an organization that meets the following conditions: a) the organization has existed for at least five years; b) the organization was formed for reasons other than becoming a self-insurer group; c) the occupation of the employers in the organization are substantially similar and within the logging industry; and d) the organization permits any employer and any of its members assigned a risk class within the logging industry to join the organization for the purpose of self-insurance; and 2) the formation and operation of the group self-insurer will improve accident prevention and claim management for the employers.

The group self-insurers' insolvency trust account is created in the custody of the State Treasurer. Moneys in the account can be used only to provide for the unsecured benefits paid to injured workers of group self-insurers for insolvent or defaulting groups. To fund the account, the Department of Labor and Industries (L&I) must levy an insolvency assessment after the self-insurer is insolvent and after the insolvency self-insurer's assets and reinsurance have been exhausted. L&I must levy assessments on all group self-insurers except school districts, educational service districts, hospital districts and hospitals.

L&I must adopt rules governing the imposition and collection of the insolvency assessments.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Loggers workers' compensation premiums are very high in this state and this bill would allow loggers to group together for workers' compensation purposes. Grouping together would allow loggers to have more cost efficient workers' compensation. In 1997 the Governor vetoed a similar bill, in part, because it would not have allowed all loggers to join the group. This bill addresses those concerns.

**Testimony Against:** Allowing one group of employers to self-insure would not be fair to workers.

**Testified:** PRO: Senator Tim Sheldon, prime sponsor; Bill Pickell, WCLA; Gordon Pogorde NFT. CON: Robby Stern, Washington State Labor Council.