

# FINAL BILL REPORT

## HB 1356

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Synopsis as Enacted

**Brief Description:** Expanding local government insurance options.

**Sponsors:** By Representatives Pettigrew, Holmquist and Ormsby.

**House Committee on Housing**

**Senate Committee on Financial Institutions, Housing & Consumer Protection**

### **Background:**

Local government entities, including local housing authorities, have the authority to individually or jointly self-insure against risks, jointly purchase insurance or reinsurance, and contract for risk management, claims, and administrative services. Subject to specified conditions, local government entities may enter into joint self-insurance pools with similar entities from other states. The Risk Management Division within the Office of Financial Management (OFM) is responsible for the regulation of these pools.

There are 16 property/liability risk pools approved and regulated by the OFM, including the Housing Authorities Risk Retention Pool (HARRP). The HARRP is an intergovernmental joint risk pool formed by housing authorities in Washington, Oregon, California, and Nevada.

Joint risk pools may self-insure, purchase insurance or reinsurance, or both self-insure to a certain dollar amount and purchase reinsurance to cover the excess. The cost of insurance and reinsurance is rising and some insurers and reinsurers have left the market, causing the HARRP to contemplate increasing the extent to which it is self-insured. This would require a bigger reserve fund.

Individual local government entities in Washington, including housing authorities, are authorized to issue bonds and short-term obligations. Joint self-insurance risk pools are not specifically authorized to issue bonds and short term obligations.

### **Summary:**

Local government joint self-insurance risk pools are authorized to create and delegate powers to a separate legal or administrative entity, and to obligate the pool's participants to pledge revenues or contribute money to secure the obligations or pay the expenses of the pool, including the establishment of a reserve or fund for coverage.

To carry out its program, these joint self-insurance pools may:

- contract indebtedness and issue revenue bonds or establish lines of credit in the manner provided for local governments;

- contract indebtedness and issue short-term obligations in the manner provided for municipal corporations; and
- contract indebtedness and issue refunding bonds in the manner provided for public bodies.

Joint self-insurance pools may also make loans of the proceeds of the revenue bonds to a joint self-insurance pool or a local government entity that has joined or formed a joint self-insurance pool and accept loans of the proceeds of revenue bonds.

**Votes on Final Passage:**

House	97	0
Senate	44	0

**Effective:** July 24, 2005