

# HOUSE BILL REPORT

## SB 6264

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### As Passed House:

March 3, 2006

**Title:** An act relating to allowing an injured worker to change total permanent disability pension options under certain circumstances.

**Brief Description:** Allowing an injured worker to change total permanent disability pension options under certain circumstances.

**Sponsors:** By Senators Kohl-Welles, Parlette, Honeyford, Keiser, Prentice, Kline, McAuliffe and Roach; by request of Department of Labor & Industries.

### Brief History:

#### Committee Activity:

Commerce & Labor: 2/15/06, 2/20/06 [DP].

#### Floor Activity:

Passed House: 3/3/06, 98-0.

### Brief Summary of Bill

- Allows an injured worker entitled to an industrial insurance permanent total disability pension to change his or her pension option if the worker's designated beneficiary dies or the worker becomes divorced from the designated beneficiary.

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 9 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse, Holmquist, Hudgins, Kenney and McCoy.

**Staff:** Sarah Dylag (786-7109).

### Background:

Industrial insurance is a no-fault state workers' compensation program that provides benefits to covered workers who are injured on the job or who develop an occupational disease. Under the industrial insurance program, an injured worker who is totally and permanently disabled as a result of a workplace injury may be entitled to permanent total disability compensation.

There are three pension options available for receiving permanent total disability compensation. The options determine how much a designated beneficiary will continue to receive if the injured worker dies from a cause unrelated to the injury. One option allows the

injured worker to receive a full monthly benefit each month with no benefits being paid to the worker's designated beneficiary if the worker dies from a cause unrelated to the injury. Two other options allow the injured worker to receive a reduced monthly benefit each month in exchange for a designated beneficiary continuing to collect benefits if the worker dies from a cause unrelated to the injury.

The injured worker must choose one of the three options and cannot change the option after making a choice.

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**Summary of Bill:**

If an injured worker's designated beneficiary dies or the injured worker becomes divorced from his or her designated beneficiary, the injured worker may apply to receive a full monthly benefit instead of the reduced monthly benefit. The injured worker must apply within one year of the death or dissolution of marriage and must submit documentation of the death or dissolution of marriage.

This is a one-time adjustment permanent for the life of the worker.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** (In support) The reduction that is made for an injured worker's designated beneficiary is done so in an actuarially equivalent manner so there is really no change in costs. This is a fundamental fairness issue when the spouse is no longer available to benefit from the reserved payment. The injured worker should not have to continue to pay for a benefit that no one will receive.

(With concerns) The bill allows a claimant to return to the full payment option in certain circumstances. Intuitively, if the Department does not have to pay the second pension, there must be some benefit to the fund. In addition, there is no real reason to pass this bill.

**Testimony Against:** None.

**Persons Testifying:** (In support) Robert Malooly, Department of Labor and Industries.

(With concerns) Larry Stevens, National Electrical Contractors Association and Mechanical Contractors Association.

**Persons Signed In To Testify But Not Testifying:** None.