

# SENATE BILL REPORT

## HB 1356

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As Reported By Senate Committee On:  
Financial Institutions, Housing & Consumer Protection, March 30, 2005

**Title:** An act relating to local government insurance transactions.

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

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

**Brief History:** Passed House: 3/03/05, 97-0.

**Committee Activity:** Financial Institutions, Housing & Consumer Protection: 3/30/05 [DP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Delvin, Franklin, Keiser, Prentice, Schmidt and Spanel.

**Staff:** Joanne Conrad (786-7472)

**Background:** Public housing authorities in Washington State are part of an intergovernmental pool, with Oregon, California and Nevada, formed for the purposes of jointly self-insuring, and purchasing reinsurance for property and casualty liability exposure.

As reinsurance has become more expensive, the pool is seeking ways to increase its surplus, and has stated an interest in fully self-insuring, rather than relying upon reinsurance. The pool believes it could accomplish this if it had the ability to issue bonds or secure a line of credit, for which it does not currently have legal authority.

**Summary of Bill:** Statutory legal authority is provided for the creation of a separate legal entity (nonprofit corporation or partnership), in order to form a joint self-insurance program. Joint self-insurance programs pool together, for risk management, loss control, legal counsel, consultation with the Insurance Commissioner and State Risk Manager, and purchase of insurance.

The program's participant entities are required to pledge revenues or contribute money, to secure the obligations and pay the expenses of the program, including a reserve fund. The joint self-insurance program can contract indebtedness, issue and sell bonds, and issue and sell short-term obligations and refunding bonds, in the manner already permitted by law for public entities.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** This bill will enable housing authorities to save money on insurance costs, and use more of their funds for housing services.

**Testimony Against:** None.

**Who Testified:** PRO: Greg Pierce, WA Housing Authority, WA Financial League.