

SENATE BILL REPORT

SB 5335

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, January 27, 2005

Title: An act relating to local government insurance transactions.

Brief Description: Expanding local government insurance options.

Sponsors: Senators Fairley and Delvin.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/27/05 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Benton, Brandland, Delvin, Franklin, Keiser, Prentice and Schmidt.

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 can accomplish this by 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 and issue and sell bonds, and can 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: Bill would help Housing Authorities. It is in their best interests to maintain solvency and protect their assets.

Testimony Against: None.

Who Testified: PRO: Julius Scoggins, Housing Authorities Risk Retention Pool; Renee Rooker, Assn of WA Housing Authorities.