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HOUSE BILL 1420

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State of Washington                      59th Legislature                      2005 Regular Session

By Representatives Ericksen, Serben, Kretz and Holmquist

Read first time 01/24/2005. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to a competitive industrial insurance system; and  
2            creating a new section.

3            BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            NEW SECTION.    **Sec. 1.**    (1) The legislature finds that most states  
5            use competition to maximize efficiency in their workers' compensation  
6            programs.        Private sector competition in providing workers'  
7            compensation insurance has been effective in reducing premium costs,  
8            maximizing program efficiency, and creating innovative safety programs  
9            to protect all workers.    Therefore, the purposes of this act are to:

10            (a) Create an efficient and cost-effective industrial insurance  
11            system for the benefit of both employers and workers by introducing  
12            competition into the system through a choice of insurance carriers from  
13            whom employers may purchase industrial insurance;

14            (b) Provide workers the benefits of safety systems developed by  
15            both private enterprise and by government;

16            (c) Improve the state's economic climate by providing the private  
17            sector with the opportunity to engage in the industrial insurance  
18            business under government regulation;

1 (d) Eliminate a government monopoly with respect to choices for  
2 small employers; and

3 (e) Eliminate Washington's state-run industrial insurance fund.

4 (2) By December 1, 2005, the insurance commissioner must prepare,  
5 and report to the appropriate committees of the legislature, a plan for  
6 the sale of the industrial insurance state fund to a private sector,  
7 for-profit or nonprofit entity by July 1, 2007. The plan must include  
8 at least the following elements:

9 (a) Conditions for the sale:

10 (i) An investment banking firm must find that the sale price is  
11 fair;

12 (ii) An actuarial firm must find that the assets sold are adequate  
13 to cover the liabilities assumed by the buyer;

14 (iii) The state investment board must find that the sale price is  
15 among the highest and is from a qualified bidder;

16 (iv) The buyer must agree to hold the state harmless from the state  
17 fund's liabilities;

18 (v) The buyer must agree to provide insurance to all employers that  
19 request insurance; and

20 (vi) The buyer must agree to operate, for at least five years, at  
21 no more than its direct cost plus a reasonable overhead.

22 (b) Use of sale proceeds:

23 (i) The sale proceeds must be deposited into a trust fund for the  
24 benefit of Washington parks; and

25 (ii) The Washington parks trust fund must be managed by the  
26 legislature for investment in state park infrastructure and physical  
27 restoration.

28 (c) Recommendations for the appointment by the governor of a  
29 competitive industrial insurance commission to prepare legislation  
30 necessary to implement a private sector competitive industrial  
31 insurance system by July 1, 2007. This legislation must be reported to  
32 the appropriate committees of the legislature by December 1, 2006.

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