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**Labor & Workforce Development  
Committee**

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**SB 5278**

**Brief Description:** Addressing information contained in rate notices under the industrial insurance laws.

**Sponsors:** Senators Holmquist Newbry and King.

**Brief Summary of Bill**

- Requires industrial insurance rate notices to identify all programs and services that are funded by State Fund premiums or self-insured employer administrative assessments.

**Hearing Date:** 3/8/11

**Staff:** Joan Elgee (786-7106).

**Background:**

Under the state's industrial insurance laws, employers must either insure through the State Fund administered by the Department of Labor and Industries (Department) or, if qualified, may self-insure.

The industrial insurance funds administered by the Department include the Accident Fund, the Medical Aid Fund, and the Supplemental Pension Fund. The Accident Fund is used to pay time-loss benefits, permanent partial disability awards, and pensions. The Medical Aid Fund is used to pay medical and vocational rehabilitation benefits. The Supplemental Pension Fund is used to pay cost-of-living adjustments to workers receiving time-loss or pension payments. All state fund employers pay premiums to the Department for these three funds. State Fund employers deduct one-half of the premium for the Medical Aid Fund and the Supplemental Pension Fund from their employees' wages. (Self-insured employers and workers also pay into the Supplemental Pension Fund.)

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In addition to paying for benefits and administration of those benefits, Accident and Medical Aid funds are also used for the expenses of the Board of Industrial Insurance Appeals (Board), and the Department's Division of Occupational Safety and Health (DOSH). Other programs funded by these funds include the University of Washington's Department of Environmental and Occupational Health Sciences (DEOSH), and the Department's employment standards and apprenticeship programs, as well as certain fraud prevention activities.

In 2007, the Legislature authorized loans from the Supplemental Pension Fund to the Family Leave Insurance Account.

Self-insured employers pay assessments to the Department for various purposes. These assessments are used for, among other purposes, the Department's costs of administering the self-insurance program, the Board, DOSH, and DEOSH expenses, and the employment standards and apprenticeship programs.

The Department typically adjusts rates and send out rate notices annually.

**Summary of Bill:**

Industrial insurance rate notices must include an accounting that clearly identifies all programs and services that are financed in whole or in part by state fund premiums or self-insurers' administrative assessments.

**Appropriation:** None.

**Fiscal Note:** Available.

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