

SENATE BILL REPORT

SB 6505

As of January 27, 2012

Title: An act relating to assisting employees of self-insured employers entering claim resolution structured settlement agreements.

Brief Description: Developing educational materials for assisting employees of self-insured employers entering claim resolution structured settlement agreements.

Sponsors: Senators Keiser and Kohl-Welles.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/30/12.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: The Office of the Ombudsman for Self-Insured Injured Workers (Ombudsman) was created in 2007 to act as an advocate for, and provide information to, injured workers of self-insured employers. Self-insured employers are those employers who self-insure for workers compensation purposes instead of purchasing insurance from the Department of Labor and Industries (L&I). In 2011, the Legislature authorized the use of claims resolution structured settlement agreements for eligible injured workers. Injured workers who are employees of self-insured employers and who are unrepresented may request that the Ombudsman provide assistance or be present during settlement agreement negotiations.

In 2008 the Legislature required the payment of industrial insurance benefits starting the date an order is issued by L&I. An appeal of an order does not stop the payment of benefits, unless the worker requests that payments cease or the Board of Industrial Insurance Appeals (BIIA) grants a stay of the order. The Legislature also created a self-insured employer overpayment reimbursement fund where self-insured employers could obtain reimbursement for unrecovered overpayments resulting from a BIIA or court decision. Money in the overpayment fund is collected via a payroll deduction from employees of self-insured employers. Self-insured employers must first attempt to recover the overpayment from the worker for 24 months before seeking reimbursement from the fund. As of September 2011 the balance of the overpayment fund was just over \$1 million and no funds have been

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withdrawn to reimburse self-insured employers. L&I did not collect an assessment from workers in 2011, and does not plan to collect one in 2012.

Summary of Bill: The Ombudsman must develop and promote an educational program and materials to assist employees of self-insured employers entering into claim resolution structured settlement agreements. During fiscal year 2013, up to \$500,000 of the overpayment fund can be used by the Ombudsman to develop and promote the program.

Appropriation: None.

Fiscal Note: Requested on January 26, 2012.

Committee/Commission/Task Force Created: No.

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