

SENATE BILL REPORT

SB 5744

As of February 21, 2013

Title: An act relating to creating an industrial insurance high risk premium subsidy program.

Brief Description: Creating an industrial insurance high risk premium subsidy program.

Sponsors: Senators Hargrove, Hatfield and Conway.

Brief History:

Committee Activity: Commerce & Labor: 2/22/13.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Mac Nicholson (786-7445)

Background: Under the state's industrial insurance laws, workers who, in the course of employment, are injured or disabled from an occupational disease are entitled to benefits. Depending on the disability, workers are entitled to medical, temporary time-loss, and vocational rehabilitation benefits, as well as benefits for permanent disabilities.

Employers in the state must either purchase industrial insurance through the state fund or self-insure. The Department of Labor and Industries (L&I) administers the state fund. To calculate premium rates, L&I makes a number of actuarial calculations that take into consideration the risk of a worker getting hurt, and the severity of the injury. Premiums are calculated for each risk classification, and an employer can be assigned to one or more classification. The basic premium rate is a composite of three separate rates, the accident fund rate, the medical aid fund rate, and the supplemental pension fund rate. The accident and medical aid fund base premiums are experience rated.

The current base accident fund premium for non-mechanized logging is \$14.28 per hour, with a combined base rate of \$19.61 per hour. The average base accident fund premium across all risk classifications is \$0.34 per hour.

Summary of Bill: L&I must establish a state fund high risk premium subsidy program. The purpose of the program is to pay a portion of the industrial insurance premium due for hours worked in the high-risk logging classification.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The subsidy is available to state fund employers who participate in a logger safety program, as developed by forest product industry stakeholders, and applies only to risk classifications in the forest product industry with an accident fund base premium that is at least 35 times the average standard accident fund premium rate for all risk classifications.

Starting September 1, 2013, the subsidy will be applied to qualified employers on a per-hour basis. The amount of the subsidy is 15 times the average base accident fund premium – \$5.10 per hour.

An employer receiving a subsidy will continue to receive the subsidy as long as the employer continues to participate in the logger safety program.

L&I may adjust accident fund premium rates across all industries as appropriate to mitigate impacts of the subsidy program on the accident fund.

Appropriation: None.

Fiscal Note: Requested on February 14, 2013.

Committee/Commission/Task Force Created: No.

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