

SENATE BILL REPORT

SB 5119

As Reported by Senate Committee On:
Financial Institutions & Insurance, January 28, 2015

Title: An act relating to nonprofit risk pools.

Brief Description: Providing authority for two or more nonprofit corporations to participate in a joint self-insurance program covering property or liability risks.

Sponsors: Senators Angel and Mullet.

Brief History:

Committee Activity: Financial Institutions & Insurance: 1/21/15, 1/28/15 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators Benton, Chair; Angel, Vice Chair; Mullet, Ranking Minority Member; Darneille, Fain, Hobbs, Litzow and Pedersen.

Staff: Shani Bauer (786-7468)

Background: Local government entities have the authority to individually or jointly self-insure against risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. In addition, subject to specified conditions, local government entities may enter into joint self-insurance programs with similar entities from other states.

In 2004 the Legislature authorized nonprofit corporations to form self-insurance risk pools with other nonprofit corporations or local government entities for property or liability risks. Nonprofit corporations that form self-insurance risk pools are subject to the same restrictions and regulations as are local government entities that form self-insurance risk pools, except that nonprofit corporations are not authorized to enter into joint self-insurance programs with nonprofit corporations from other states.

The Risk Manager within the Department of Enterprise Services is responsible for the regulation of these self-insurance activities and may adopt rules governing their operations.

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.

Summary of Bill: The authority for nonprofit corporations to join a self-insurance program with other nonprofit corporations is removed from chapter 48.62 RCW and placed in its own chapter to clarify that nonprofit corporations and local governments are separate and cannot commingle for the purposes of creating insurance risk pools.

Nonprofit corporations are authorized to enter into joint self-insurance programs with similar entities from other states, subject to specified conditions.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill is modeled after the affordable housing bill with similar ideas for affordable housing entities. The goal is to offer products and services to entities outside the state in order to further share the risk. There are over 600 nonprofit members in the insurance pool and they would love the ability to offer membership to entities in other states.

Persons Testifying: PRO: Darlene Riley, Paratransit Services; Eric Homer, Canfield.