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**Labor & Workplace Standards  
Committee**

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**HB 1755**

**Brief Description:** Requiring notice to state fund employers for certain workers' compensation third-party settlements.

**Sponsors:** Representative Manweller.

**Brief Summary of Bill**

- Requires the Department of Labor and Industries to provide notice of any third party recovery compromise or settlement negotiations to State Fund employers.

**Hearing Date:** 2/7/17

**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. State Fund employers pay a basic premium rate for their risk classification, which is adjusted by an experience factor for each employer. The "experience period" is the oldest three of the four fiscal years before the rate goes into effect each year.

In return for the no-fault nature of industrial insurance, injured workers may not sue their employers or a co-worker. However, in cases where a third party may be liable for the injury the injured worker or their beneficiary may sue the third party for damages. The injured worker may also assign the cause of action to the Department or self-insured employer. State law specifies the distribution of any recovery against the third party. The Department and the self-insurer are entitled to be reimbursed for the benefits paid and estimated to be paid in the future. Any compromise or settlement of the third party cause of action by the injured worker which results

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in less than the entitlement is void unless the Department or self-insurer approves of the compromise or settlement in writing.

**Summary of Bill:**

The Department must provide reasonable ongoing notice to a State Fund employer of the status of any third party recovery compromise or settlement negotiations between the injured worker or beneficiary and the Department. Notice is not required if the claim costs are no longer included in determining the employer's experience factor, or if the employer cannot be located, is no longer in business, fails to respond, or declines to participate after the Department provides the employer with notice of the settlement process.

**Appropriation:** None.

**Fiscal Note:** Available.

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