

# HOUSE BILL REPORT

## SHB 1755

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**As Passed House:**  
March 3, 2017

**Title:** An act relating to notice to state fund employers for certain workers' compensation third-party settlements.

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

**Sponsors:** House Committee on Labor & Workplace Standards (originally sponsored by Representative Manweller).

**Brief History:**

**Committee Activity:**

Labor & Workplace Standards: 2/7/17, 2/14/17 [DPS].

**Floor Activity:**

Passed House: 3/3/17, 97-0.

**Brief Summary of Substitute Bill**

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

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### HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Sells, Chair; Gregerson, Vice Chair; Manweller, Ranking Minority Member; McCabe, Assistant Ranking Minority Member; Doglio, Frame and Pike.

**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,

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

**Summary of Substitute 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 for the employer's information. 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 requests not to receive ongoing notice.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This bill provides a simple notification to employers about third party settlements. A settlement may be less than the claim costs and affect an employer's experience rating. Having the information will help prepare employers for a rate increase. An employer should not have to go to the Board of Industrial Insurance Appeals to obtain information.

(Opposed) None.

(Other) The Department of Labor and Industries is able to do what the bill requires administratively.

**Persons Testifying:** (In support) Representative Manweller, prime sponsor; Tammie Hetrick, Washington Retail Association; and Carolyn Logue, Washington Food Industry Association.

(Other) Tammy Fellin, Department of Labor and Industries.

**Persons Signed In To Testify But Not Testifying: None.**