

SENATE BILL REPORT

SHB 1755

As Reported by Senate Committee On:
Commerce, Labor & Sports, March 9, 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: Passed House: 3/03/17, 97-0.

Committee Activity: Commerce, Labor & Sports: 3/09/17 [DP].

Brief Summary of Bill

- Requires notice to a state fund employer of the status of compromise or settlement negotiations of a third-party claim.
- Notice is not required if the costs of the claim are no longer included in the employer's premium calculation or under certain conditions.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Keiser, Ranking Minority Member; Conway, Hasegawa, Saldaña and Wilson.

Staff: Susan Jones (786-7404)

Background: Workers' Compensation - General. The Industrial Insurance Program (workers' compensation) is administered by the Department of Labor and Industries (L&I) and is funded through premiums collected from employers and employees. Workers are entitled to workers' compensation benefits depending on the type of injury or disease and whether the injury or disease precludes any further gainful employment.

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.

State Fund Employer versus Self-Insured Employer (Self-Insurer). Employers must insure through the state fund administered by L&I or, if qualified, may self-insure. Self-insurance is a program in which the employer provides any and all appropriate benefits to the injured worker and manages the claims of its employees.

Third-Party Claims. A worker injured on the job receives workers' compensation benefits, even if the employer was not liable for the injury. In cases where a third party caused the injury, the injured worker, or L&I and/or the self-insurer, may sue the third party for damages. L&I and the self-insurer have a statutory right to use parts of any amount recovered in a third-party suit to reimburse the state fund and/or the self-insurer for benefits paid out to the injured worker.

Approval Required for Third-Party Claims Settlement. Any compromise or settlement of the third-party cause of action by the injured worker or beneficiary which results in less than the entitlement, which is the benefits and compensation paid and estimated by L&I to be paid in the future, is void unless made with L&I or the self-insurer's written approval. If a compromise or settlement is void because of the failure to obtain written approval, L&I or the self-insurer may petition the court for an order assigning the cause of action to L&I or self-insurer.

Summary of Bill: For a state fund claim, L&I must provide reasonable ongoing notice to the employer of the status of any third party compromise or settlement negotiations between the injured worker or beneficiary and L&I, for the employer's information. Notice is not required if:

- the costs of the claim or claims are no longer included in the calculation of the employer's experience factor used to determine premiums; or
- if the employer cannot be located, is no longer in business, or requests that the employer not receive ongoing notice after L&I provides timely notice of the settlement process to the employer.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A.

Persons Signed In To Testify But Not Testifying: N/A.