

SENATE BILL REPORT

SB 6372

As of January 27, 2020

Title: An act relating to structured settlements.

Brief Description: Concerning structured settlements.

Sponsors: Senators King, Braun and Schoesler.

Brief History:

Committee Activity: Labor & Commerce: 1/28/20.

Brief Summary of Bill

- Removes the requirement that an injured worker must be at least 50 years old to settle workers' compensation claims through structured settlements.
- Removes the requirement that 180 days must have elapsed following a final and binding order to initiate a settlement if the agreement is to resolve a closed or disputed claim.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Susan Jones (786-7404)

Background: Age for Structured Settlements. Eligible workers, age 50 and older, have the option to settle parts of their workers' compensation claims through structured settlements. Medical benefits cannot be settled.

Time to Initiate Settlement. Parties may only initiate claim resolution structured settlements if at least 180 days have passed since the claim was received by the Department of Labor and Industries (L&I) or self-insurer and the order allowing the claim is final and binding.

Agreement Requirements. The claim resolution structured settlement agreements must:

- bind the parties with regard to all aspects of a claim except medical benefits unless revoked by one of the parties;
- provide a periodic payment schedule to the worker equal to at least 25 percent but not more than 150 percent of the state's average monthly wage, except for the initial payment which may be up to six times the state's average monthly wage;

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- not set aside or reverse an allowance order;
- not subject any employer who is not a signatory to the agreement to any responsibility or burden under any claim; and
- not subject any Industrial Insurance funds to any responsibility or burden without prior approval from the L&I director.

For state fund claims, L&I must negotiate the structured settlement agreement with the worker or the worker's representative and with the employer and their representatives. For self-insured claims, the self-insured employer must negotiate the agreement with the worker or the worker's representative. Workers of self-insured employers who are unrepresented may request that the office of the Ombuds for Self-insured Injured Workers provide assistance or be present during negotiations. Any structured settlement agreement must be in writing and signed by the parties or their representatives and must clearly state that the parties understand and agree to the terms of the agreement.

Board of Industrial Insurance Appeals Approval. An unrepresented worker seeking to settle a claim must submit the agreement to an industrial appeals judge (IAJ) for approval. The IAJ can approve the settlement only if the settlement is in the best interest of the worker. If the IAJ approves the agreement, the agreement is forwarded to the Board of Industrial Insurance Appeals (BIIA) for approval. A worker who is represented by an attorney can submit the settlement agreement directly to the BIIA for approval. The BIIA must approve the agreement unless it finds that the parties have not entered into the agreement knowingly and willingly; the agreement does not meet the requirements of a settlement; the agreement is the result of a material misrepresentation of law or fact; the agreement is the result of harassment or coercion; or the agreement is unreasonable as a matter of law.

Summary of Bill: Age Requirement Removed. There is no age requirement to settle claims through structured settlements.

Settlement of Closed or Disputed Claims. A settlement may be initiated if at least 180 days have passed since the claim was received by L&I or the self-insurer and the order allowing the claim is final and binding, unless the agreement is to resolve a closed or disputed claim.

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.