

# SENATE BILL REPORT

## SHB 1938

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As Reported By Senate Committee On:  
Labor, Commerce & Trade, March 31, 1995

**Title:** An act relating to administration of the responsibilities of self-insurers.

**Brief Description:** Modifying the administration of the responsibilities of self-insurers.

**Sponsors:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Mielke, Horn and Reams).

**Brief History:**

**Committee Activity:** Labor, Commerce & Trade: 3/30/95, 3/31/95 [DPA, DNPA].

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### SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

**Majority Report:** Do pass as amended.

Signed by Senators Pelz, Chair; Deccio, Franklin, Fraser, Hale, Newhouse and Palmer.

**Minority Report:** Do not pass as amended.

Signed by Senator Heavey, Vice Chair.

**Staff:** Jack Brummel (786-7428)

**Background:** Employers covered by industrial insurance law must insure their responsibilities under the law by self-insuring or by purchasing insurance from the Department of Labor and Industries. Employers that self-insure must meet statutory requirements

An employer who self-insures may reinsure up to 80 percent of its liabilities with any company authorized to transact reinsurance in Washington. The reinsurer may not participate in the administration of the employer's self-insurance program.

**Summary of Amended Bill:** Any affiliated legal entity, including a subsidiary or a holding company, of a reinsurer of a self-insurer's liability under industrial insurance law may participate in the administration of the self-insurance program if the entity does not provide reinsurance. The department must establish rules regarding the relationship between third party administrators and reinsurers.

The department must also study outcomes and practices of self-insurers with affiliated reinsurers and administrators compared to other employers and report to the Legislature by January 1, 1999.

The act terminates July 1, 1999.

**Amended Bill Compared to Substitute Bill:** The amended bill adds a study and a termination date.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The bill can save self-insurers money.

**Testimony Against:** None.

**Testified:** Representative Les Thomas, original prime sponsor; Melanie Stewart, WA Self-Insurers Association; Lincoln Ferris, Services Group of America.