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Insurance Takeaways from the 2022 Washington State Legislative Session

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The 2022 legislative session addressed various business- and insurance-related issues with broad impacts across Washington state. Most issues were carryovers from the 2021 session, but we also saw some new ventures undertaken by the legislature. Changes to the long-term care tax’s collection rules and potentially expanding labor and industries (L&I) authority over the workplace will significantly impact employers and their employees. Residents across the state will also be impacted by changing personal lines rating rules.

LONG-TERM CARE TAX – [HB1732](#) AND [HB1733](#)

The WA Cares Fund was originally passed in 2019, with premium payroll deductions set to begin in 2022. There was a one-time opt-out provision for residents with coverage in place prior to October 2021. The rollout of the program faced increased opt outs and system issues, as well as confusion on collection logistics by businesses.

Lawmakers presented several options during this session, including eliminating the program entirely. However, the legislature passed HB1732, which delays the collection to July 1, 2023. HB1733 also provided new opt-out options not included in the original legislation. These include veterans with service disabilities, temporary immigrant workers and employees who work in Washington but reside outside the state.

CREDIT SCORING – [SB5623](#)

During the 2021 session, the Office of the Insurance Commissioner (OIC) introduced [SB5010](#) to eliminate the use of credit scoring as a rating factor for personal lines insurance. The OIC and proponents of the bill felt it was unfair for an insured to be charged more for bad credit. They argued that not all bad credit was under the individual’s control, so they shouldn’t be penalized on their

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insurance rates. Opponents believed that credit scoring was actuarially sound and a good risk measure for insurance companies. Changes made to the bill caused the OIC to no longer support it and instead enact an emergency rule eliminating credit scoring. The emergency rule was challenged in court, where it was ruled that the OIC exceeded its authority.

In 2022, several bills were introduced to allow credit scoring, including SB5623. This bill would allow insurance carriers to use credit scoring for rating a new personal lines insurance risk but prohibit doing so for increases at renewal. This bill was heard in the Senate, but not passed.

In response to the lawsuit and opposition in the legislature, the OIC entered into rulemaking and adopted a permanent rule to ban credit scoring for personal lines insurance. This rule was also challenged by insurers. Currently, there is a stay on implementing the OIC rule until after the court rules on the outstanding case.

People across Washington have felt the impacts of this credit scoring change on their insurance rates. It is important to work with your personal lines broker to closely review your renewals.

ERGONOMICS – [HB1837](#)

One of the more controversial bills this legislative session was a bill to overturn [Initiative 841](#) and allow Washington L&I to regulate ergonomics in the workplace. Supporters of this legislation believed that allowing L&I to regulate

ergonomics would reduce workplace injuries and benefit the employer and the state's funds. Opponents believed this would have significantly impacted costs across the state for businesses to comply with new regulations. The bill was brought to the House floor, where a 10-hour debate ensued on the merits of the bill. It narrowly passed the House 50-48. The Senate did not bring the bill to the floor.

L&I is looking to expand its authority to manage worksite ergonomics. The direct financial impact on companies across the state is immense. Some labor-intensive businesses could spend tens of thousands of dollars to comply with new rules and regulations.

Sharing your opinion and concerns during the legislative session in Olympia can seem overwhelming. One of the best resources for advocating is your industry associations. Most are very active in Olympia and act as subject matter experts as elected officials debate new laws. Being active with your association will allow you to be an advocate for and educate elected officials on your industry. The more informed the decision-making process is, the better the policy outcome.