

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5342

52nd Legislature
1992 Regular Session

Passed by the Senate March 7, 1992
Yeas 46 Nays 0

President of the Senate

Passed by the House March 3, 1992
Yeas 96 Nays 0

**Speaker of the
House of Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Gordon Golob, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5342** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5342

AS AMENDED BY THE HOUSE

Passed Legislature - 1992 Regular Session

State of Washington 52nd Legislature 1991 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Matson, Anderson, Owen, McCaslin and Oke).

Read first time March 5, 1991.

1 AN ACT Relating to payment by annuity by self-insured employers;
2 and amending RCW 51.44.070.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 51.44.070 and 1989 c 190 s 1 are each amended to read
5 as follows:

6 (1) For every case resulting in death or permanent total disability
7 the department shall transfer on its books from the accident fund of
8 the proper class and/or appropriate account to the "reserve fund" a sum
9 of money for that case equal to the estimated present cash value of the
10 monthly payments provided for it, to be calculated upon the basis of an
11 annuity covering the payments in this title provided to be made for the
12 case. Such annuity values shall be based upon rates of mortality,
13 disability, remarriage, and interest as determined by the department,
14 taking into account the experience of the reserve fund in such
15 respects.

1 Similarly, a self-insurer in these circumstances shall pay into the
2 reserve fund a sum of money computed in the same manner, and the
3 disbursements therefrom shall be made as in other cases.

4 (2) As an alternative to payment procedures otherwise provided
5 under law, in the event of death or permanent total disability to
6 workers of self-insured employers, a self-insured employer may upon
7 establishment of such obligation file with the department a bond,
8 ~~((or))~~ an assignment of account from a federally or state chartered
9 commercial banking institution authorized to conduct business in the
10 state of Washington, or purchase an annuity, in an amount deemed by the
11 department to be reasonably sufficient to insure payment of the pension
12 benefits provided by law. Any purchase of an annuity shall be from an
13 institution meeting the following minimum requirements: (a) The
14 institution must be rated no less than "A+" by A.M. Best, and no less
15 than "AA" by Moody's and by Standard & Poor's; (b) the value of the
16 assets of the institution must not be less than ten billion dollars;
17 (c) not more than ten percent of the institution's assets may include
18 bonds that are rated less than "BBB" by Moody's and Standard & Poor's;
19 (d) not more than five percent of the assets may be held as equity in
20 real estate; and (e) not more than twenty-five percent of the assets
21 may be first mortgages, and not more than five percent may be second
22 mortgages. The department shall adopt rules governing assignments of
23 account and annuities. Such rules shall ensure that the funds are
24 available if needed, even in the case of failure of the banking
25 institution, the institution authorized to provide annuities, or ~~((or))~~
26 the employer's business.

27 The annuity value for every such case shall be determined by the
28 department based upon the department's experience as to rates of
29 mortality, disability, remarriage, and interest. The amount of the
30 required bond ~~((or))~~, assignment of account, or annuity may be reviewed

1 and adjusted periodically by the department, based upon periodic
2 redeterminations by the department as to the outstanding annuity value
3 for the case.

4 Under such alternative, the department shall ~~((make the monthly
5 payments from the pension reserve fund for the benefits provided for by
6 RCW 51.32.050 and 51.32.060 to the self-insured beneficiary or
7 beneficiaries and the department shall be reimbursed for all such
8 payments from the particular self-insured employer through periodic
9 charges not less than quarterly in a manner to be determined by the
10 director.~~

11 ~~Any self-insured employer electing this alternative method of
12 providing for payment))~~ administer the payment of this obligation to
13 the beneficiary or beneficiaries. The department shall be reimbursed
14 for all such payments from the self-insured employer through periodic
15 charges not less than quarterly in a manner to be determined by the
16 director. The self-insured employer shall additionally pay to the
17 department a deposit equal to the first three months' payments
18 otherwise required under RCW 51.32.050 and 51.32.060. Such deposit
19 shall be placed in the reserve fund in accordance with RCW 51.44.140
20 and shall be returned to the respective self-insured employer when
21 monthly payments are no longer required for such particular obligation.

22 If a self-insurer delays or refuses to reimburse the department
23 beyond fifteen days after the reimbursement charges become due, there
24 shall be a penalty paid by the self-insurer upon order of the director
25 of an additional amount equal to twenty-five percent of the amount then
26 due which shall be paid into the pension reserve fund. Such an order
27 shall conform to the requirements of RCW 51.52.050.