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ENGROSSED HOUSE BILL 1917

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State of Washington                      59th Legislature                      2005 Regular Session

By Representatives Conway, Wood and Chase

Read first time 02/10/2005. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to improving stability in industrial insurance  
2 premium rates; amending RCW 51.16.035; and creating a new section.

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

4            **Sec. 1.** RCW 51.16.035 and 1999 c 7 s 8 are each amended to read as  
5 follows:

6            (1) The department shall classify all occupations or industries in  
7 accordance with their degree of hazard and fix therefor basic rates of  
8 premium which shall be:

9            (a) The lowest necessary to maintain actuarial solvency of the  
10 accident and medical aid funds in accordance with recognized insurance  
11 principles; and

12            (b) Designed to attempt to limit fluctuations in premium rates.

13            (2) The department shall formulate and adopt rules ((and  
14 ~~regulations~~)) governing the method of premium calculation and  
15 collection and providing for a rating system consistent with recognized  
16 principles of workers' compensation insurance which shall be designed  
17 to stimulate and encourage accident prevention and to facilitate  
18 collection. The department may annually, or at such other times as it  
19 deems necessary to ~~((maintain solvency of the funds))~~ achieve the

1 objectives under this section, readjust rates in accordance with the  
2 rating system to become effective on such dates as the department may  
3 designate.

4 ~~((+2))~~ (3)(a) After the first report is issued by the state  
5 auditor under section 1, chapter ... (Substitute House Bill No. 1856 or  
6 Substitute Senate Bill No. 5614), Laws of 2005, the workers'  
7 compensation advisory committee shall review the report and, as the  
8 committee deems appropriate, may make recommendations to the department  
9 concerning:

10 (i) The level or levels of a contingency reserve that are  
11 appropriate to maintain actuarial solvency of the accident and medical  
12 aid funds, limit premium rate fluctuations, and account for economic  
13 conditions; and

14 (ii) When surplus funds exist in the trust funds, the circumstances  
15 under which the department should give premium dividends, or similar  
16 measures, or temporarily reduce rates below the rates fixed under  
17 subsection (1) of this section, including any recommendations regarding  
18 notifications that should be given before taking the action.

19 (b) Following subsequent reports issued by the state auditor under  
20 section 1, chapter ... (Substitute House Bill No. 1856 or Substitute  
21 Senate Bill No. 5614), Laws of 2005, the workers' compensation advisory  
22 committee may, as it deems appropriate, update its recommendations to  
23 the department on the matters covered under (a) of this subsection.

24 (4) In providing a retrospective rating plan under RCW 51.18.010,  
25 the department may consider each individual retrospective rating group  
26 as a single employing entity for purposes of dividends or premium  
27 discounts.

28 NEW SECTION. Sec. 2. Section 1 of this act applies to industrial  
29 insurance rates adopted by the department of labor and industries that  
30 take effect on or after January 1, 2008.

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