
HOUSE BILL 1917

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)):

15 (a) Governing the method of premium calculation and collection and
16 providing for a rating system consistent with recognized principles of
17 workers' compensation insurance which shall be designed to stimulate
18 and encourage accident prevention and to facilitate collection. The
19 department may annually, or at such other times as it deems necessary

1 to (~~maintain solvency of the funds~~) achieve the objectives under this
2 section, readjust rates in accordance with the rating system to become
3 effective on such dates as the department may designate; and

4 (b) In consultation with the workers' compensation advisory
5 committee:

6 (i) Regarding the level of the contingency reserve needed to
7 maintain actuarial solvency of the accident and medical aid funds and
8 limit premium rate fluctuations. This may include more than one level,
9 with the level in effect to be determined by economic factors or other
10 conditions specified in the rules; and

11 (ii) When the level of the contingency reserve exceeds the amount
12 required under the rules:

13 (A) Prohibiting dividends or other similar measures that give
14 refunds, or account credits, to employers of premiums paid or of
15 surplus funds; and

16 (B) Establishing a process under which the department may
17 temporarily reduce rates below the rates fixed under subsection (1) of
18 this section, but only if: (I) Employers are notified of the fixed
19 rate, the temporary rate, the period over which the temporary rate
20 applies, and the reason for adopting a reduced rate; and (II) the
21 appropriate committees of the legislature are notified of any proposed
22 action under this subsection (2)(b)(ii)(B) at least sixty days before
23 taking the action.

24 ~~((+2))~~ (3) In providing a retrospective rating plan under RCW
25 51.18.010, the department may consider each individual retrospective
26 rating group as a single employing entity for purposes of dividends or
27 premium 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, 2006.

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