
SENATE BILL 6034

State of Washington

59th Legislature

2005 Regular Session

By Senators Brown and Kohl-Welles

Read first time 02/23/2005. Referred to Committee on Labor,
Commerce, Research & Development.

1 AN ACT Relating to industrial insurance premium rates; and amending
2 RCW 51.16.035.

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

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

12 (ii) Designed to attempt to reduce volatility in premiums, by
13 establishing rates of premium based upon historical rates of investment
14 return and other recognized insurance principles.

15 (b) The department shall, in consultation with the workers'
16 compensation advisory committee, adopt rules regarding the level of
17 assets needed to maintain actuarial solvency of the accident and
18 medical aid funds in accordance with this subsection. The department
19 and the workers' compensation advisory committee shall consider the

1 level of assets customarily used by private insurers offering workers'
2 compensation insurance in other states and other states' workers'
3 compensation funds.

4 (c) When the level of assets exceeds the amount required under the
5 rules, the department may temporarily reduce rates below the rates
6 fixed under this subsection, but only if: (i) Employers are notified
7 of the fixed rate, the temporary rate, the period over which the
8 temporary rate applies, and the reason for adopting a reduced rate; and
9 (ii) the appropriate committees of the legislature are notified of any
10 such proposed action at least sixty days before taking the action. The
11 department shall not provide dividends or other similar measures that
12 give refunds, rebates, or account credits, to employers or employees of
13 premiums paid or of surplus funds.

14 (d) The department shall formulate and adopt rules ((and
15 regulations)) governing the method of premium calculation and
16 collection and providing for a rating system consistent with recognized
17 principles of workers' compensation insurance which shall be designed
18 to reduce premium volatility, to stimulate and encourage accident
19 prevention, and to facilitate collection. The department may annually,
20 or at such other times as it deems necessary to ((maintain solvency of
21 the funds)) achieve the objectives under (a) of this subsection,
22 readjust rates in accordance with the rating system to become effective
23 on such dates as the department may designate.

24 (2) 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.

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