

**WAC 296-15-024 Additional certification requirements.** (1) **What if the employer is a joint venture?** A joint venture is defined as two or more employers that have signed a contractual agreement to operate as a single unit for a specified period of time for the completion of a specific task. The department will consider a joint venture's application for self-insurance if the joint venture is sponsored by a current self-insurer.

In addition to the standard certification requirements found in WAC 296-15-021, an application from a joint venture must include:

(a) The name of a sponsoring party. The sponsoring party must be a certified self-insurer in good standing with the department and have a majority financial interest in the assets and profits of the joint venture.

(b) A list of named participants. Each named participant must also:

(i) Demonstrate that it has at least twenty percent interest in the joint venture.

(ii) Submit three years' worth of audited financial statements prepared by certified independent accountants.

(c) A written acknowledgement from each named participant of its joint and several liability for continuing compensation if any participant of the joint venture defaults. This responsibility continues until the department grants a written release to the joint venture or the remaining participant(s) of the joint venture. A written release from the department is granted only after the contract has been completed and a final settlement of the joint venture account has been made.

(d) A written description of the obligations of each participant for the industrial insurance program of the joint venture.

(e) A written acknowledgement of the sponsoring party's responsibilities for the management of all claims and payment of all compensation incurred during the period of the joint venture's self-insurance certification and after the joint venture is dissolved. This acknowledgement must include the sponsor's continuation of benefits if the joint venture or any of the other parties of the joint venture defaults.

(2) **What if the employer is an employee stock ownership program (ESOP)?** An employee stock ownership program is defined as a firm in which the employees have purchased a majority of the financial interest.

If the employees purchase an existing self-insured company, that company would be required to return to the state industrial insurance fund for a minimum of one year before the department would consider its application for self-insurance.

(3) **What additional requirements exist if the employer is a group?** A group is defined as a group of employers authorized under chapter 51.14 RCW to form self-insurance groups.

(a) In addition to the standard certification requirements found in WAC 296-15-021, an application from a group must include:

(i) A copy of the group's bylaws.

(ii) Individual applications for each of its members along with the current audited financial information of each member.

(iii) A current audited consolidated financial statement of the group (if the group exists at the time of the application).

(iv) A listing of the estimated standard premium to be developed for each member individually and the estimated standard premium of the group as a whole.

(v) An indemnity agreement jointly and severally binding the group and each member to comply with the provisions of Title 51 RCW.

(vi) A detailed budget of all projected administrative revenues and expenses for the first year of operation.

(b) When the application for a group is tentatively approved, the applicant must submit the following:

(i) Surety, established at one hundred twenty-five percent of the standard industrial insurance premiums.

(ii) A copy of the aggregate excess insurance coverage policy.

(iii) Documentation of a contingency reserve that is the greater of:

(A) Fifteen percent of the estimated claims liability; or

(B) Twenty-five percent of the standard industrial insurance premium.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. WSR 06-06-066, § 296-15-024, filed 2/28/06, effective 4/1/06.]