

**WAC 200-120-020 Definitions.** "Actuary" means any person who is a fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

"Affordable housing" means housing projects in which some of the dwelling units may be purchased or rented on a basis that is affordable to households with an income of eighty percent or less of the county median family income, adjusted for family size.

"Affordable housing entity" means any of the following:

(a) A housing authority created under the laws of this state or another state and any agency or instrumentality of a housing authority including, but not limited to, a legal entity created to conduct a joint self-insurance program for housing authorities that is operating in accordance with chapter 48.62 RCW; a nonprofit corporation shall be considered an "agency" of a housing authority if the nonprofit corporation is fulfilling one or more purposes of a housing authority and is affiliated with a housing authority that:

(i) Has, or has the right to acquire a membership interest in the nonprofit corporation;

(ii) Has provided financing to the nonprofit corporation;

(iii) Has entered into a contract with a nonprofit corporation to provide staff, management services or property management services; or

(iv) Has transferred or leased affordable housing to the nonprofit corporation or is leasing affordable housing from the nonprofit corporation; a nonprofit corporation shall be considered an "instrumentality" of a housing authority if the nonprofit corporation is fulfilling one or more functions of a housing authority and whose assets, operations or management are subject to control by the housing authority by reason of contracts, affiliation, legal structure or otherwise including, but not limited to:

(A) The housing authority organizing the nonprofit corporation;

(B) Directors or employees of the housing authority serving as directors of the nonprofit corporation;

(C) The nonprofit corporation utilizing housing authority funds or assets to carry out housing functions; or

(D) The housing authority possessing the power to direct the management or policies of the nonprofit corporation or being under common control with the nonprofit corporation;

(b) A nonprofit corporation that is engaged in providing affordable housing and is necessary for the completion, management, or operation of a project because of its access to funding sources that are not available to a housing authority; or

(c) A general or limited partnership or limited liability company, whether organized under the laws of this state or another state, that is engaged in providing affordable housing; a partnership or limited liability company may only be considered an affordable housing entity if a housing authority (including any agency or instrumentality of a housing authority) or nonprofit corporation, as described above, satisfies any one of the following conditions:

(i) It has, or has the right to, acquire a financial or ownership interest in the partnership or limited liability company;

(ii) It possesses the power to direct management or policies of the partnership or limited liability company; or

(iii) It has entered into a contract to lease, manage, or operate the affordable housing owned by the partnership or limited liability company.

"Board of directors" means the individuals vested with overall management of the joint self-insurance program; management of the

joint self-insurance program shall be exercised by or under the authority of the board of directors, and the affairs of the joint self-insurance program shall be managed under the direction of the board of directors.

"Broker of record" means the insurance producer licensed in the state of Washington who, through a contractual agreement with the joint self-insurance program, procures insurance on behalf of the joint self-insurance program.

"Case reserves" means the total of all claims and claims adjustment expenses for covered events which have occurred and have been reported to the joint self-insurance programs as of the date of the financial statement. Case reserves include an estimate for each reported claim based on the undiscounted jury verdict value of said claim.

"Claim" means a demand for payment for damages or policy benefit because of the occurrence of an event that includes, but is not limited to, the destruction or damage of property or reputation, bodily injury or death and alleged civil rights violations.

"Claim adjustment expense" means expenses, other than claim payments, incurred in the course of investigating and settling claims.

"Claims auditor" means a person who has the following qualifications:

- (a) A minimum of three years of experience in auditing the same manner of claims filed against the program being audited;
- (b) Proof of professional liability insurance; and
- (c) Provides a statement that the auditor is independent from the program being audited, its vendors, insurers, brokers, and third-party administrators.

"Competitive process" means a documented procurement process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria which may include such factors as the consultant's fees or costs, ability, capacity, experience, reputation, responsiveness to time limitations, responsiveness to solicitation requirements, quality of previous performance, and compliance with statutes and rules relating to contracts or services.

"Consultant" means an independent individual or private business contracting with a joint self-insurance program to perform actuarial, claims auditing or third-party administration services, represent the program as broker of record, and rendering an opinion or recommendation according to the consultant's methods, all without being subject to the control of the program, except as to satisfaction of the contracted deliverables.

"Contribution" means the moneys paid by the participants to a joint self-insurance program.

"Governing body" means the multimember board, commission, committee, council, or other policy or rule-making body of an owner of a joint self-insurance program formed under this chapter.

"Incurred but not reported, or IBNR" means claims and claim adjustment expenses for covered events which have occurred but have not yet been reported to the joint self-insurance program as of the date of the financial statement. IBNR claims include:

- (a) Known loss events that are expected to be presented later as claims;
- (b) Unknown loss events that are expected to become claims; and
- (c) Future development on claims already reported.

"Joint self-insurance program" means any two or more affordable housing entities which have entered into a cooperative risk sharing agreement subject to regulation under chapter 48.64 RCW.

"Nonowner participant" means an affordable housing entity that:

(a) Obtains coverage in the excess or self-insured retention portion of the joint self-insurance program subject to regulation under chapter 48.64 RCW;

(b) Is an affordable housing entity authorized to participate in a joint self-insurance program authorized by chapter 48.64 RCW; and

(c) Has no ownership interest in the joint self-insurance program.

"Nonprofit corporation" means a nonprofit corporation organized under the laws of this state or the laws of any other state, of which no part of the income of the nonprofit corporation is distributable to its members, directors or officers.

"Owner" means an affordable housing entity that has the rights and obligations of ownership in the joint self-insurance program and satisfies the requirements in either (a) or (b) of this definition:

(a) The affordable housing entity acquires an ownership interest in the joint self-insurance program by making a financial contribution; and

(i) Is a signatory to a joint self-insurance program's ownership agreement;

(ii) Obtains approval to join the joint self-insurance program from the governing body of the owner, which approval shall be by resolution or ordinance of the governing body as appropriate for the entity type;

(iii) Obtains coverage in the excess or self-insured retention portion of the joint self-insurance program subject to regulation under chapter 48.64 RCW;

(iv) Is an affordable housing entity authorized to participate in a joint self-insurance program authorized by chapter 48.64 RCW; or

(b) The affordable housing entity acquires an ownership interest in the joint self-insurance program by reason of its membership or ownership of another joint self-insurance program authorized by chapter 48.62 RCW or chapter 48.64 RCW without making a financial contribution and:

(i) Obtains coverage in the excess or self-insured retention portion of the joint self-insurance program subject to regulation under chapter 48.64 RCW; and

(ii) Is an affordable housing entity authorized to participate in a joint self-insurance program authorized by chapter 48.64 RCW.

"Ownership agreement" means the written agreement that sets forth the rights and obligations of the owners in a joint self-insurance program authorized by chapter 48.64 RCW.

"Participant" means either an owner or nonowner participant or both in a joint self-insurance program authorized by chapter 48.64 RCW.

"Primary assets" means cash and investments (less any nonclaims liabilities).

"Risk sharing" means that the participant of a joint self-insurance program jointly absorbs certain or specified financial exposures to risks of loss through the creation of a formal program of advance funding of actuarially determined anticipated loss; and/or jointly purchase insurance or reinsurance through a joint self-insurance program formed under chapter 48.64 RCW.

"Secondary assets" means insurance receivables, real estate or other assets (less any nonclaims liabilities) the value of which can be independently verified by the state risk manager.

"Services" means administrative, electronic, management, loss prevention, training or other support services which do not include the participation in or purchase of coverage in the excess or self-insured retention portion of the joint self-insurance programs.

"Stop-loss insurance" means a promise by an insurance company or other insurance provider that it will cover losses of the entity it insures over and above an agreed-upon aggregated amount.

"Third-party administrator" means an independent association, agency, entity or enterprise which, through a contractual agreement, provides one or more of the following ongoing services: Pool management or administration services, claims administration services, risk management services, or services for the design, implementation, or termination of an individual or joint self-insurance program.

"Unallocated loss adjustment expense" or "ULAE" means costs that cannot be associated with specific claims but are related to the claims adjustment process, such as administrative and internal expenses related to settlement of claims at the termination of the program.

"Unpaid claims" means the obligations for future payment resulting from claims due to past events. This liability includes loss, loss adjustments expenses, incurred but not reported claims (IBNR), case reserves, and unallocated loss adjustment expenses (ULAE).

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