

# **HOUSE BILL REPORT**

## **SSB 5965**

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**As Reported By House Committee On:**  
Commerce & Labor

**Title:** An act relating to agency ratings for industrial insurance.

**Brief Description:** Providing for changes in agency experience ratings for industrial insurance.

**Sponsors:** Senators Schow, Horn, Anderson, Heavey and Franklin.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 3/31/97, 4/2/97 [DPA].

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### **HOUSE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

**Staff:** Chris Cordes (786-7103).

**Background:** The Department of Labor and Industries determines the premium rates that employers pay for industrial insurance with the state fund. The department's rating system must be consistent with recognized principles of workers' compensation insurance and be designed to stimulate and encourage accident prevention. The department may also readjust rates in accordance with the rating system.

The department has adopted rules providing for retrospective adjustment of an employer's premium under a retrospective rating plan. The plan is available to individual employers or groups of employers qualified under the statute.

Since 1990, state agencies and institutions of higher education that participate in the state fund retrospective rating program have deposited their retrospective rating plan refunds in the industrial insurance premium refund account. The Legislature stated, in creating the account, that a purpose of the account was to provide incentives for agencies and institutions of higher education to participate in safety and return-to-work programs by authorizing agency use of the refunds that were earned. Money

from the account may be spent only after appropriation and may be used for any program within the agency or institution of higher education, but preference is given to programs that promote employee safety and early, appropriate return to work for injured state employees. The appropriation to the agency or institution of higher education may not exceed the amount earned in refunds.

**Summary of Amended Bill:** The intent statement for the state industrial insurance premium refund account is modified. The Legislature recognizes that agency retrospective rating refunds are generated from safety and cannot be set at predictable levels by the budget process. Therefore, the incentive awards should not impact the agency's legislatively approved budget.

The industrial insurance premium refund account is moved from the state treasury to the custody of the state treasurer. The requirement for money from the account to be spent only after appropriation is deleted, but the account is made subject to allotment procedures under the Office of Financial Management rules. Only the executive head of the agency or institution of higher education, or designee, may authorize expenditures from the account.

The stated preference for spending the refunds is changed. If the agency or institution of higher education has staff dedicated to workers' compensation claims management, expenditures must be used to pay for that staff, but additional expenditures may be used for any program in the agency or institution of higher education that promotes workplace safety and health and return-to-work programs.

**Amended Bill Compared to Substitute Bill:** The amendment moves the premium refund account into the custody of the state treasurer and adds the requirement that the account is subject to allotment procedures. The requirement for agencies or institutions of higher education to submit expenditure requests to the state treasurer is deleted. Instead, the executive head of the agency or institution of higher education may authorize expenditures. Other technical and clarifying changes are made.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.