
SENATE BILL 6216

State of Washington 57th Legislature 2001 Third Special Session

By Senators Honeyford, McCaslin, Hochstatter, Deccio, Hewitt, Long, Rossi, Benton, Horn, Parlette, Swecker, Hale, Sheahan, Oke, Stevens, Johnson, Finkbeiner, Zarelli, Morton and McDonald

Read first time 07/20/2001. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to industrial insurance funds; amending RCW
2 51.16.035; and declaring an emergency.

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 premium
8 rates (~~(of premium which shall be the lowest necessary to maintain~~
9 ~~actuarial solvency of the accident and medical aid funds in accordance~~
10 ~~with recognized insurance principles)~~) as required in subsection (2) of
11 this section. The department shall formulate and adopt rules (~~(and~~
12 ~~regulations)~~) governing the method of premium calculation and
13 collection and providing for a rating system consistent with recognized
14 principles of workers' compensation insurance which shall be designed
15 to stimulate and encourage accident prevention and to facilitate
16 collection. The department may annually, or at such other times as it
17 deems necessary to (~~(maintain solvency of the funds)~~) comply with
18 subsection (2) of this section, readjust rates in accordance with the

1 rating system to become effective on such dates as the department may
2 designate.

3 (2) The department must fix basic premium rates that are the lowest
4 necessary to maintain actuarial solvency of the accident and medical
5 aid funds in accordance with recognized insurance principles, subject
6 to the following:

7 (a) If on June 30th of any year, the balance in the accident fund
8 attributable to contingency reserve exceeds ten percent of the sum of
9 actuarial loss estimates and other financial statement liabilities as
10 of that June 30th, the department shall implement by September 1st of
11 that year refunds to employers in a total amount that approximates the
12 excess amount in the fund.

13 (b) If on June 30th of any year, the balance in the medical aid
14 fund attributable to contingency reserve exceeds ten percent of the sum
15 of actuarial loss estimates and other financial statement liabilities
16 as of that June 30th, the department shall fix basic medical aid fund
17 premium rates for the following calendar year at a level that will
18 reduce revenue to the medical aid fund in an amount that approximates
19 the excess amount in the fund.

20 (3) In providing a retrospective rating plan under RCW 51.18.010,
21 the department may consider each individual retrospective rating group
22 as a single employing entity for purposes of dividends or premium
23 discounts.

24 NEW SECTION. Sec. 2. This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 immediately.

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