

Chapter 296-15 WAC

WORKERS' COMPENSATION SELF-INSURANCE RULES AND REGULATIONS

WAC			
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- 22), § 296-15-02603, filed 12/1/83, effective 1/1/84. Statutory Authority: RCW 51.14.150 and 51.14.160. 83-01-076 (Order 82-43), § 296-15-02603, filed 12/17/82.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-02604 Group self-insurance funds—Surplus distribution—Deficit. [Statutory Authority: RCW 51.14.150 and 51.14.160. 83-01-076 (Order 82-43), § 296-15-02604, filed 12/17/82.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-02605 Reserves. [Statutory Authority: RCW 51.14.150 and 51.14.160. 83-01-076 (Order 82-43), § 296-15-02605, filed 12/17/82.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-02606 Self-insured employee rights. [Statutory Authority: RCW 51.04.020. 94-05-042, § 296-15-02606, filed 2/9/94, effective 3/14/94.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-030 Surety requirement. [Statutory Authority: RCW 51.04.020. 94-05-042, § 296-15-030, filed 2/9/94, effective 3/14/94; 93-11-064, § 296-15-030, filed 5/14/93, effective 6/14/93; 90-24-039, § 296-15-030, filed 11/30/90, effective 12/31/90; 88-12-096 (Order 88-07), § 296-15-030, filed 6/1/88; 87-05-008 (Order 87-02), § 296-15-030, filed 2/9/87; 86-14-079 (Order 86-25), § 296-15-030, filed 7/1/86; 85-06-031 (Order 85-6), § 296-15-030, filed 3/1/85; Order 77-19, § 296-15-030, filed 9/26/77; Order 72-4, § 296-15-030, filed 4/25/72; Order 71-15, § 296-15-030, filed 12/1/71.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-031 Employee stock ownership plan self insurance application. [Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-031, filed 11/17/99, effective 12/27/99.] Repealed by 06-06-066, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095.
- 296-15-040 Payment of deficit. [Order 77-19, § 296-15-040, filed 9/26/77; Order 73-24, § 296-15-040, filed 11/23/73; Order 71-15, § 296-15-040, filed 12/1/71.] Repealed by 81-10-052 (Order 81-8), filed 5/1/81. Statutory Authority: RCW 51.04.020(1) and 51.14.020(4).
- 296-15-041 Joint venture self insurance application. [Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-041, filed 11/17/99, effective 12/27/99.] Repealed by 06-06-066, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095.
- 296-15-044 Payment of deficit. [Statutory Authority: RCW 51.04.020(1) and 51.14.020(4). 81-10-052 (Order 81-8), § 296-15-044, filed 5/1/81, effective 6/1/81.] Repealed by 83-07-075 (Order 83-9), filed 3/23/83. Statutory Authority: RCW 51.14.020(1).
- 296-15-045 Payment of deficit. [Statutory Authority: RCW 51.14.020(1). 83-07-075 (Order 83-9), § 296-15-045, filed 3/23/83.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-050 Reinsurance. [Statutory Authority: RCW 51.04.020. 85-06-031 (Order 85-6), § 296-15-050, filed 3/1/85; Order 77-19, § 296-15-050, filed 9/26/77; Order 71-15, § 296-15-050, filed 12/1/71.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-051 Public entity self insurance application. [Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-051, filed 11/17/99, effective 12/27/99.] Repealed by 06-06-066, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095.
- 296-15-060 Administrative cost assessment. [Statutory Authority: RCW 51.04.020. 94-17-069, § 296-15-060, filed 8/15/94, effective 9/15/94; 93-11-064, § 296-15-060, filed 5/14/93, effective 6/14/93; 86-14-079 (Order 86-25), § 296-15-060, filed 7/1/86; Order 77-19, § 296-15-060, filed 9/26/77; Order 75-28, § 296-15-060, filed 8/29/75, effective 1/1/76; Order 74-38, § 296-15-060, filed 11/18/74, effective 1/1/75; Order 73-24, § 296-15-060, filed 11/23/73; Order 71-15, § 296-15-060, filed 12/1/71.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-061 Employer group self insurance application. [Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-061, filed 11/17/99, effective 12/27/99.] Repealed by 06-06-066, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095.
- 296-15-065 Self-insurers' insolvency trust. [Statutory Authority: RCW 51.04.020. 93-11-064, § 296-15-065, filed 5/14/93, effective 6/14/93; 88-12-096 (Order 88-07), § 296-15-065, filed 6/1/88; 86-24-014 (Order 86-40), § 296-15-065, filed 11/24/86.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-070 Accident reports and claims procedures. [Statutory Authority: RCW 51.32.190 and 51.14.090. 96-21-145, § 296-15-070, filed 10/23/96, effective 11/25/96. Statutory Authority: RCW 51.04.020. 94-17-069, § 296-15-070, filed 8/15/94, effective 9/15/94; 90-14-009, § 296-15-070, filed 6/25/90, effective 8/1/90; 88-12-096 (Order 88-07), § 296-15-070, filed 6/1/88; 86-18-037 (Order 86-35), § 296-15-070, filed 8/28/86. Statutory Authority: RCW 51.04.020(1). 83-24-027 (Order 83-22), § 296-15-070, filed 12/1/83, effective 1/1/84. Statutory Authority: RCW 51.04.020 and Title 51 RCW. 82-12-035 (Order 82-23), § 296-15-070, filed 5/27/82, effective 7/1/82; 81-24-040 (Order 81-29), § 296-15-070, filed 11/30/81; Order 77-19, § 296-15-070, filed 9/26/77; Order 72-15, § 296-15-070, filed 8/4/72; Order 71-15, § 296-15-070, filed 12/1/71.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-072 Employer claim closures. [Statutory Authority: RCW 51.04.020. 94-17-069, § 296-15-072, filed 8/15/94, effective 9/15/94; 86-18-037 (Order 86-35), § 296-15-072, filed 8/28/86.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-080 Statement of financial condition. [Statutory Authority: RCW 51.04.020. 86-14-079 (Order 86-25), § 296-15-080, filed 7/1/86. Statutory Authority: RCW 51.04.020(1). 83-24-027 (Order 83-22), § 296-15-080, filed 12/1/83, effective 1/1/84; Order 77-19, § 296-15-080, filed 9/26/77; Order 74-38, § 296-15-080, filed 11/18/74, effective 1/1/75; Order 74-29, § 296-15-080, filed 5/29/74, effective 7/1/74.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-090 Application of supplemental moneys in payment of compensation. [Statutory Authority: RCW 51.04.020. 86-14-079 (Order 86-25), § 296-15-090, filed 7/1/86; Order 77-19, § 296-15-090, filed 9/26/77; Order 74-38, § 296-15-090, filed 11/18/74, effective 1/1/75.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-100 Permanent partial disability awards. [Statutory Authority: RCW 51.04.020. 86-14-079 (Order 86-25), § 296-15-100, filed 7/1/86; Order 77-19, § 296-15-100, filed 9/26/77; Order 74-38, § 296-15-100, filed 11/18/74, effective 1/1/75.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-110 Contract with a service organization. [Statutory Authority: RCW 51.04.020. 86-14-079 (Order 86-25), § 296-15-110, filed 7/1/86; Order 74-38, § 296-15-110, filed 11/18/74, effective 1/1/75.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority:

- RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14-160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-120 Log of occupational injuries and illnesses. [Statutory Authority: RCW 51.04.020, 86-14-079 (Order 86-25), § 296-15-120, filed 7/1/86; Order 74-38, § 296-15-120, filed 11/18/74, effective 1/1/75.] Repealed by 06-06-066, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095.
- 296-15-130 Administration of self-insurance. [Order 74-38, § 296-15-130, filed 11/18/74, effective 1/1/75.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-135 Contact person. [Statutory Authority: RCW 51.04.020, 86-14-079 (Order 86-25), § 296-15-135, filed 7/1/86.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14-120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44-070 and 51.44.150.
- 296-15-145 Expense of withdrawn certificate audit. [Order 74-38, § 296-15-145, filed 11/18/74, effective 1/1/75.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14-150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44-150.
- 296-15-150 Accident prevention program. [Statutory Authority: RCW 51.04.020, 86-14-079 (Order 86-25), § 296-15-150, filed 7/1/86; Order 74-38, § 296-15-150, filed 11/18/74, effective 1/1/75.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-160 Order on self-insured claims. [Statutory Authority: RCW 51.04.020, 94-17-069, § 296-15-160, filed 8/15/94, effective 9/15/94; 86-14-079 (Order 86-25), § 296-15-160, filed 7/1/86; Order 77-19, § 296-15-160, filed 9/26/77; Order 75-28, § 296-15-160, filed 8/29/75, effective 1/1/76.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-170 Cessation of business—Change of status. [Statutory Authority: RCW 51.04.020, 94-05-042, § 296-15-170, filed 2/9/94, effective 3/14/94; 88-12-096 (Order 88-07), § 296-15-170, filed 6/1/88; Order 75-28, § 296-15-170, filed 8/29/75, effective 1/1/76.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-180 Examinations for rating disability. [Statutory Authority: RCW 51.04.020, 86-14-079 (Order 86-25), § 296-15-180, filed 7/1/86; Order 75-28, § 296-15-180, filed 8/29/75, effective 1/1/76.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-190 Notification of rights and obligations. [Statutory Authority: RCW 51.32.190 and 51.14.090, 96-21-145, § 296-15-190, filed 10/23/96, effective 11/25/96. Statutory Authority: RCW 51.04.020, 88-12-096 (Order 88-07), § 296-15-190, filed 6/1/88; Order 75-28, § 296-15-190, filed 8/29/75, effective 1/1/76.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-210 Supplementation of temporary total disability compensation by self-insured employers. [Order 77-19, § 296-15-210, filed 9/26/77; Order 75-36, § 296-15-210, filed 10/28/75.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14-077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-21001 Form—SIF #3—Self-insured employer's notice of acceptance of claim. [Order 71-15, Form SIF #3 (codified as WAC 296-15-21001), filed 12/1/71.] Repealed by 84-06-031 (Order 83-38), filed 3/1/84, effective 4/1/84. Statutory Authority: RCW 51.04.020(1).
- 296-15-21002 Form—SIF #4—Self-insured employer's notice of denial of claim. [Statutory Authority: RCW 51.04.020, 86-14-079 (Order 86-25), § 296-15-21002, filed 7/1/86; Order 71-15, Form SIF #4 (codified as WAC 296-15-21002), filed 12/1/71.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-21003 Form—SIF #5—Supplemental or final report on occupational injury or disease. [Order 71-15, Form SIF #5 (codified as WAC 296-15-21003), filed 12/1/71.] Repealed by 86-18-037 (Order 86-35), filed 8/28/86. Statutory Authority: RCW 51.04.020.
- 296-15-215 Cash, bond or assignment of account alternative for death or permanent total disability. [Statutory Authority: RCW 51.04.020, 88-12-096 (Order 88-07), § 296-15-215, filed 6/1/88; 85-06-031 (Order 85-6), § 296-15-215, filed 3/1/85. Statutory Authority: RCW 51.04-020(1), 83-24-027 (Order 83-22), § 296-15-215, filed 12/1/83, effective 1/1/84. Statutory Authority: RCW 51.04.020 and Title 51 RCW. 81-23-047 (Order 81-27), § 296-15-215, filed 11/18/81.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-220 Second injury fund. [Order 77-19, § 296-15-220, filed 9/26/77.] Repealed by 99-23-107, filed 11/17/99, effective 12/27/99. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150.
- 296-15-230 Third party actions. [Statutory Authority: RCW 51.04.020, 85-06-031 (Order 85-6), § 296-15-230, filed 3/1/85. Statutory Authority: RCW 51.04.020(1), 83-24-027 (Order 83-22), § 296-15-230, filed 12/1/83, effective 1/1/84; Order 77-19, § 296-15-230, filed 9/26/77.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-240 Procedure in cases appealed to the superior court. [Statutory Authority: RCW 51.04.020, 86-14-079 (Order 86-25), § 296-15-240, filed 7/1/86; Order 77-19, § 296-15-240, filed 9/26/77.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-250 Representation in self-insured appeals. [Statutory Authority: RCW 51.04.020, 88-12-096 (Order 88-07), § 296-15-250, filed 6/1/88. Statutory Authority: RCW 51.14.020(1), 83-18-038 (Order 83-28), § 296-15-250, filed 9/1/83.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-265 Penalties. [Statutory Authority: RCW 51.04.020(1), 83-24-027 (Order 83-22), § 296-15-265, filed 12/1/83, effective 1/1/84.] Repealed by 98-24-121, filed 12/2/98, effective 1/2/99. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a).
- 296-15-430 Vocational services. [Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14-095, 06-06-066, § 296-15-430, filed 2/28/06, effective 4/1/06.] Repealed by 08-06-058, filed 2/29/08, effective 3/31/08. Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72).
- 296-15-500 What vocational rehabilitation reports are required for self-insured employers? [Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.36.100, 51.36.110, 00-18-078, § 296-15-500, filed 9/1/00, effective 12/1/00.] Repealed by 06-06-066, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095.
- 296-15-510 What is the process used for vocational rehabilitation with regard to self-insured employers? [Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.36.100, 51.36.110, 00-18-078, § 296-15-510, filed 9/1/00, effective 12/1/00.] Repealed by 06-06-066, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14-095.

WAC 296-15-001 Definitions. (1) "Self-insurance electronic data reporting system (SIEDRS)": SIEDRS is a computer system that collects claim data electronically from self-insurers. Effective July 1, 2008, all self-insurers must send timely and accurate claim data to SIEDRS in the required format.

(2) "Substantially similar":

(a) The text of the department's document has not been altered or deleted; and

(b) The self-insurer's document has the text:

- (i) In approximately the same font size;
- (ii) With the same emphasis (bolding, italics, underlining, etc.); and
- (iii) In approximately the same location on the page as the department's document.

(3) "Third-party administrator": An entity which contracts to administer workers' compensation claims for a self-insured employer.

(4) "Claims management entity": All individuals designated by the self-insured employer to administer workers' compensation claims, including self-administered organizations and third-party administrators.

[Statutory Authority: RCW 51.14.110, 09-01-177, § 296-15-001, filed 12/23/08, effective 1/23/09. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095, 06-06-066, § 296-15-001, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a), 98-24-121, § 296-15-001, filed 12/2/98, effective 1/2/99.]

WAC 296-15-021 Self-insurance certification requirements and application process. (1) **What requirements must an employer meet to apply for self-insurance certification?** An employer must meet all the following minimum criteria:

(a) Be in business for three years prior to applying for self-insurance.

(b) Have a written accident prevention program in place in Washington state for at least six months prior to making application.

(c) Have total assets worth at least twenty-five million dollars as verified by audited financial statements prepared by independent certified accountants.

(d) Demonstrate positive earnings in the current year and two out of the last three years. The overall earnings for the last three years must also be positive.

(e) Have a current liquidity ratio of at least 1.3 to 1, and a debt to net worth ratio of not greater than 4 to 1.

(2) **When are applications processed?** The department processes applications for certification the quarter after the application is accepted. Self-insurance certification for approved applicants will be effective the quarter following processing.

(3) **What documentation must be submitted with an application?** The following documentation must be submitted with each self-insurance application:

(a) A completed application form (Form F207-001-000) with a nonrefundable application fee. The application fee is reviewed annually by the department and is based on the administrative costs incurred in processing an application, but in no instance will it be less than two hundred fifty dollars.

(b) Three years of audited financial statements prepared by independent certified accountants. The audited financial statements must be in the name of the applicant.

(c) A list of all of the applicant's physical locations and addresses in Washington state, including all subsidiary operations.

(d) A copy of the written accident prevention program for each of the applicant's operations in Washington. If the applicant or any of its subsidiaries has multiple locations,

more than one copy of the accident prevention program may be required.

(e) A completed Self-Insurance Certification Questionnaire (Form 207-176-000).

(f) A completed self-insurance electronic data reporting system (SIEDRS) enrollment form (Form F207-193-000).

(4) **What happens during the application review process?** The department:

(a) Assesses the accident prevention program at department-selected sites.

(b) Analyzes the financial information supplied by the applicant. The department may also consider relevant information obtained from other sources to assess the applicant's financial strength.

(c) Reviews the completed Claims Administration Questionnaire and attachments. Additional information may be requested.

The department determines whether the application is denied or tentatively approved. The department notifies each applicant of its decision. If the department denies an application, it will state the reasons for the denial in its notification.

(5) **If the application is denied, when may the applicant submit a new application?** If an application is denied for deficiencies in its accident prevention program, the applicant may submit a new application for certification after the corrections to the program are made and have been in place for six months.

If the application is denied for financial reasons, the applicant may submit a new application for certification after the next annual audited financial statement is available.

If the application is denied because the claims administration organization is deficient, the applicant may submit a new application for certification after corrections to the program are made.

(6) **What if the application is tentatively approved?** The applicant must submit the following:

(a) Surety in the amount determined by the department and issued on the department form.

(b) A signed copy of the service agreement with a third-party administrator, if applicable.

(i) The contract copy may delete clauses(s) relating to payment of services.

(ii) However, if payment for services is based on the number of claims filed by the self-insurer's workers, this must be explained in detail.

(c) A copy of any excess insurance (reinsurance) policy including Washington state endorsements, if obtained.

(d) A signed copy of the Acknowledgement of Self-Insurance Responsibilities form.

(e) Payment of any outstanding premium of the applicant's state industrial insurance account.

(f) Payment of the applicant's estimated portion of the deficit, if a deficit condition in the state industrial insurance fund exists at the time of application.

(g) Adequate electronic test data to SIEDRS, to demonstrate the ability to submit claim data electronically in the required format. Requirements are defined in the SIEDRS enrollment package (Publication F207-194-000). The department may waive the testing requirement if the applicant has a service agreement with a third-party administrator that already submits data to SIEDRS.

If the required items are not received prior to the end of the quarter, the application may be denied. If the application is denied, the applicant must reapply in order to be considered for self-insurance.

(7) How is the initial surety requirement established?

The initial surety requirement is established at the highest of the following:

- (a) The annual premiums the applicant pays (or would pay) into the state industrial insurance fund; or
- (b) The annual average of the last five years of developed incurred costs to the state industrial insurance fund; or
- (c) The minimum surety requirement as established annually by the department. The minimum surety requirement is equal to the average total cost of one permanent total disability award.

The applicant has the option of submitting an independent actuarial analysis of its projected liability. The department reserves the right to accept or reject this analysis. In no event will the surety requirement be established at less than the minimum surety in force at that time.

[Statutory Authority: RCW 51.14.110, 09-01-177, § 296-15-021, filed 12/23/08, effective 1/23/09. Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095, 06-06-066, § 296-15-021, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150, 99-23-107, § 296-15-021, filed 11/17/99, effective 12/27/99.]

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 pay-

(10/5/10)

ment 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, 06-06-066, § 296-15-024, filed 2/28/06, effective 4/1/06.]

WAC 296-15-027 Additional requirements for subsidiaries and acquisitions. (1) What if an individual firm is a subsidiary of a corporation?

(a) If an individual self-insured firm has a parent (owner of fifty percent and/or having controlling financial interest), the parent must provide the department with its written guarantee, L&I form F207-040-000, to assume responsibility for all workers' compensation liabilities of the subsidiary if the subsidiary defaults on its liabilities.

(b) If a parent fails to provide a guarantee, the department will require the subsidiary to provide surety at one hun-

dred twenty-five percent of its actual requirement. The subsidiary must continue to provide surety at the higher level as long as it has no parental guarantee.

(c) Certification of an individual self-insurer will include all of its subsidiaries (fifty percent owned and/or financial interest controlled by) or divisions doing business in Washington, as well as new acquisitions after certification becomes final. One certificate will be issued to an approved self-insurer. The subsidiaries or divisions will be considered one self-insurer for all industrial insurance purposes.

(2) What if a certified self-insurer is acquired by another entity?

(a) If it is an asset only acquisition, the certified self-insurer must surrender its certification and would retain the self-insurance liabilities and must continue to provide benefits. The new owner would be required to obtain industrial insurance coverage through the state fund. If the new owner wishes to become self-insured, it must meet the department's minimum requirements and submit an application according to the normal certification process.

(b) If the acquisition is a stock acquisition, the new owner must either provide a parental guarantee in accordance with WAC 296-15-024(4), or if it wishes to have the self-insurance certification transferred to the new parent organization, it must:

- (i) Provide proof of financial capabilities by furnishing three years of audited financial statements; and
- (ii) Furnish evidence of an acceptable claim administration program to oversee a self-insurance program; and
- (iii) Demonstrate the existence of an acceptable accident prevention program covering all of its operations in Washington.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-027, filed 2/28/06, effective 4/1/06.]

WAC 296-15-121 Surety for a self insurance program. (1) **What is surety?** Surety is the legal financial guarantee each self insurer must provide to the department for its self insured workers' compensation program. Failure to provide surety in the amount required by the department will result in the withdrawal of the self insurer's certification. If a self insurer defaults on (stops payment of) benefits and assessments, the department will use its surety to cover these costs.

(a) Surety must be provided on the department's form. The original will be kept by the department. Surety must cover all past, present and future self insurance liabilities.

(b) Surety may not be used by a self insurer to:

- (i) Pay its workers' compensation benefits; or
- (ii) Serve as collateral for any other banking transactions.

(c) Surety is not an asset of the self insurer and will not be released by the department if the self insurer files a petition for dissolution or relief under bankruptcy laws.

(d) The department will determine the amount of surety each self insurer must provide. The surety level may be increased or decreased to maintain its adequacy when necessary.

(2) **What types of self insurance surety will the department accept?** The department will accept the following types of surety:

(a) Cash, corporate or governmental securities deposited with a department approved escrow agent and administered by a written agreement L&I form F207-039-000 between the department, self insurer and escrow agent. Use L&I form F207-137-000 for any rider/amendment to the escrow account.

An escrow account may not be used by the self insurer to satisfy any other obligation to the bank which maintains the escrow account.

(b) A bond on L&I form F207-068-000 written by a company approved to transact surety business in Washington. Use L&I form F207-134-000 for any rider/amendment to the bond.

(c) An irrevocable standby letter of credit (LOC) on L&I form F207-112-000 if the self insurer has a net worth of at least 500 million dollars. Use L&I form F207-111-000 for any rider/amendment. LOCs are subject to acceptance by the department. Acceptance includes, but is not limited to, approval of the financial condition of the issuing or confirming bank.

(i) The issuing or confirming bank must have a location in Washington. The bank must provide the department with an audited financial statement or call report made to the banking regulatory agencies for the most recent fiscal year. An audited statement/call report is due at LOC issuance and annually while the LOC is in effect.

(ii) The self insurer must provide the department a memorandum of understanding on L&I form F207-113-000 showing the self insurer's agreement with the following conditions:

(A) The department will automatically extend an LOC for an additional year unless notified otherwise by registered mail at least sixty days prior to expiration.

(B) If the department is notified an LOC will not be replaced, and the self insurer fails to provide acceptable replacement surety within thirty days of notice:

(I) The department will draw the full value of the LOC. All proceeds of the LOC will be deposited with the department;

(II) Accrued interest in excess of the surety requirement will be returned semiannually to the self insurer; and

(III) If acceptable replacement surety is later provided, the proceeds of the LOC and accrued interest will be returned to the self insurer.

(C) If the self insurer defaults on the payment of workers' compensation benefits and has failed to provide acceptable replacement surety for an expired LOC:

(I) The title to the proceeds will be transferred to the department; and

(II) The proceeds and accrued interest will be used to pay the self insurer's workers' compensation benefits.

(D) If the self insurer defaults on the payment of workers' compensation benefits and has an LOC in force:

(I) The department will draw the full value of the LOC. All proceeds of the LOC will be deposited with the department; and

(II) The proceeds and accrued interest will be used to pay the self insurer's workers' compensation benefits.

(iii) If the self insurer provides another acceptable type of surety in the amount required by the department, the department's interest in the LOC will be released.

(iv) All legal proceedings regarding a self insurer's LOC will be subject to Washington laws and courts.

(3) How often is each self insurer's surety requirement reviewed? Each self insurer's surety requirement is reviewed annually based on the self insurer's annual report.

(4) When could a self insurer's surety level change?

(a) Surety will be maintained at the current level unless the department's estimate or an independent qualified actuary's estimate of the self insurer's outstanding claim liabilities changes by more than twenty-five thousand dollars.

(b) Surety changes are due by July 1 of each year.

(5) How does the department determine the required surety level? The department analyzes each self insurer's loss history using incurred development, paid development or other department approved actuarial methods of loss development. The following factors also may influence the surety determination:

(a) Pension claims.

(b) Reinsurance.

(c) Inconsistency in reserving practices.

(d) Independent qualified actuarial estimate.

(e) Surety cap.

(6) What is considered reinsurance? For the purposes of Title 51 RCW, excess insurance and reinsurance mean the same thing.

(7) May a self insurer reinsure part of its liability?

(a) A self insurer may reinsure up to eighty percent of its liability under Title 51 RCW.

(b) The reinsuring company and its personnel are prohibited from participating in the administration of the responsibilities of the self insurer.

(c) Reinsurance policies issued after July 1, 1975, must include endorsements which state (a) and (b) of this subsection.

(d) The self insurer must:

(i) Notify the department of the name of the insurance carrier, the extent and coverage period of the policy; and

(ii) Submit copies of all reinsurance policies in force including all modifications and renewal provisions.

(e) The department may accept a certificate of insurance on L&I form F207-095-000 in place of the policy if the certificate certifies all coverage conditions and exceptions and that the reinsurance company and its personnel do not participate in the administration of the responsibilities of the self insurer under Title 51 RCW.

(8) What if a self insurer ends its self insured workers' compensation program? If a self insurer voluntarily surrenders certification or has its certificate involuntarily withdrawn by the department, the former self insurer must continue to do all of the following:

(a) Pay benefits on claims incurred during its period of self insurance. Claim reopenings and new claims filed for occupational diseases incurred during the period of self insurance remain the obligation of the former self insurer.

(b) File quarterly and annual reports as long as quarterly reporting is required. A former self insurer may ask the department to release it from quarterly reporting after it has had no claim activity with the exception of pension or death benefits for a full year.

(c) Provide surety at the department required level. The department may require an increase in surety based on annual

reports as they continue to be filed. Surety will not be reduced from the last required level (while self insured) until three full calendar years after the certificate was terminated. A bond may be cancelled for future obligations, but it continues to provide surety for claims occurring prior to its cancellation.

(d) Pay insolvency trust assessments for three years after surrender or withdrawal of certificate.

(e) Pay all expenses for a final audit of its self insurance program.

(9) When could the department consider releasing surety to a former self insurer or its successor?

(a) The department may consider releasing surety to a former self insurer or its successor when all of the following have occurred:

(i) All claims against the self insurer are closed; and

(ii) The self insurer has been released from quarterly reporting for at least ten years.

(b) If the department releases surety, the former self insurer remains responsible for claim reopenings and new claims filed for occupational disease incurred during the period of self insurance.

[Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-121, filed 11/17/99, effective 12/27/99.]

WAC 296-15-123 Financial watch. (1) What is financial watch? Financial watch occurs when the department has concerns regarding a self-insured employer's ability to promptly provide benefits to its injured workers based on an analysis of the audited financial statements provided by that employer.

The purpose of financial watch is two-fold:

(a) It serves to alert the employer that the department is concerned with its ability to provide benefits to its injured workers; and

(b) It enforces the due diligence that the department must exercise in preserving the financial integrity of each self-insurer.

(2) What factors can lead to a firm being placed on financial watch? Contributing factors that can lead to a firm being placed on financial watch are negative changes in the following ratios and trends:

(a) Net losses;

(b) Ratio of debt to equity;

(c) Liquidity ratios;

(d) Ratios of debt and equity to total assets;

(e) Ratio of net income to revenue;

(f) Trends in earnings;

(g) Trends in liquidity;

(h) Trends in levels of debt;

(i) Ratio of tangible net worth to levels of debt.

To assess an employer's ability to promptly provide any and all required benefits to its injured workers, the department will utilize these and other analytical ratios. The department may also utilize industry standards and other relevant information in its analysis.

(3) What are the consequences of being placed on financial watch? At the department's discretion, the surety requirement for a firm being placed on financial watch may be increased by up to twenty-five percent. No reduction in

surety will be allowed while an employer is on financial watch.

(4) How long can a firm remain on financial watch? The status of a firm on financial watch will be re-evaluated annually upon receipt of its audited financial statements. The department may request interim financial information in addition to the annual audited financial statement.

If significant improvement is not demonstrated to the department's satisfaction after three years of being placed on financial watch, the department may undertake action to withdraw the self-insurance certification of that employer.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-07-141, § 296-15-123, filed 3/21/06, effective 5/1/06.]

WAC 296-15-125 Default by a self-insurer. (1) What is a default? A default occurs when a self-insured employer no longer provides benefits to its injured workers in accordance with Title 51 of the Revised Code of Washington. A default can be a voluntary action of the self-insured employer, or an action brought on by the employer's inability to pay the obligation.

(2) What happens when the department first learns a self-insured employer has defaulted on its obligation? The department first corresponds with the self-insured employer to determine if the self-insurer will resume the provision of benefits. If the self-insurer does not respond to the department and resume the provision of benefits within ten days, the self-insured employer is determined to have defaulted.

(3) What happens when the department confirms that a self-insurer has defaulted on its obligation? There are two actions that the department takes when a default by a self-insured employer is confirmed:

(a) First, the department assumes jurisdiction of the claims of the defaulting self-insurer and begins to provide benefits to those injured workers.

(b) Second, the department makes demand upon the surety provided by that self-insurer for the full amount of the surety. The proceeds of the surety are deposited with the department and accrue interest, which will be used to supplement the surety in providing benefits to those injured workers.

(4) What happens to a self-insured employer's certification when it defaults? The employer surrenders its self-insurance certification when it defaults. Any remaining employment in the state would need industrial insurance coverage through the state fund effective with the default by the employer.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-07-141, § 296-15-125, filed 3/21/06, effective 5/1/06.]

WAC 296-15-140 Expense of out-of-state audit. (1) **When is a self-insurer charged for audit expenses?** The self-insurer must reimburse the department for all travel, per diem and documented expenses as related to the audit when the department representative travels outside the state of Washington.

(2) **How much will the self-insurer be charged?** The self-insured employer is billed the actual costs that the department incurred.

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[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-140, filed 2/28/06, effective 4/1/06; Order 74-38, § 296-15-140, filed 11/18/74, effective 1/1/75.]

WAC 296-15-151 Surety for a public entity's self insurance program. (1) **How does the department determine the required surety level for a public entity?** The required surety level for a public entity will be its estimated claim costs for all claims during the upcoming fiscal year. The minimum surety amount will be determined annually by the department.

(2) **How does a public entity provide surety?** By July 1 of each year, each public entity must submit its public entity surety certification. A public entity's surety certification must demonstrate that it has sufficient revenues in its next budget to meet its estimated claim costs for the next fiscal year by documenting:

(a) The estimated claim liabilities;

(b) Source of revenues, detailing accounts identified for self insurance obligations; and

(c) How the cumulative reserve (twenty-five percent of the required surety) is funded. Show the account balance.

(3) **What type of surety may a public entity use for its cumulative reserve?** A public entity may provide surety for its cumulative reserve using any of the surety types listed in WAC 296-15-221.

[Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-151, filed 11/17/99, effective 12/27/99.]

WAC 296-15-161 Surety for a group self insurance program. (1) **How does the department determine the required surety level for a group self insurer?** After the initial five years of certification, the department will annually calculate the surety requirement for a group self insurer by comparing its original liability estimate to its reserve fund. If the difference is:

(a) Less than fifteen percent, the department will accept the stated reserves of the group as the required surety level.

(b) Greater than fifteen percent, the department will establish the group's required surety level.

(2) **What type of surety is acceptable for a group self insurer's reserve fund?** A group self insurer's reserve fund must be cash.

(3) **May a group self insurer pay expenses from its reserve fund?** A group self insurer may pay only the following items from its cash reserve fund:

(a) Administrative expenses for operating the group self insurance program, including claims handling expenses, legal, investigative or administrative costs and department administrative assessments.

(b) Claim expenditures. Supplemental pension fund (SPRF) benefits may also be paid from the reserve fund if the group redeposits SPRF reimbursements into the reserve account. Interest earned by the reserve account must remain in the account while this method is in effect.

(c) Reinsurance premiums. All recoveries from these policies must be redeposited into the reserve fund. Within eighteen months of premium payment, the group must return the amount paid for premiums if reinsurance recoveries were not sufficient to return the account to its original amount.

(4) **How can a group self insurer assess its members for reserve fund costs?** A group self insurer may determine how it will assess members for required reserve fund costs. The group's bylaws must describe the procedures it will use to collect these costs.

(5) **Must a group self insurer purchase reinsurance?** A group self insurer must obtain reinsurance for each year of operation to ensure adequate protection against catastrophic or unexpected loss.

(6) **What if a group self insurer collects excess premiums during a fund year and has a surplus?** A group self insurer may refund surplus money from a fund year if it retains sufficient money to fulfill all of its workers' compensation obligations. This includes maintaining the required reserve fund.

(7) **What if a group self insurer collects insufficient premiums during a fund year and has a deficit?** A group self insurer may cover a deficit by:

- (a) After receiving department approval, using:
 - (i) Unencumbered surplus from a different fund year;
 - (ii) An alternative method; or
- (b) Assessing the membership. The department may require the group to use this method.

[Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-161, filed 11/17/99, effective 12/27/99.]

WAC 296-15-171 Surety for a self insured pension or fatality claim. (1) **When must a self insurer provide funding for a permanent total disability (pension) or fatality claim?** Within sixty days of receipt of the department's order, the self insurer must fund the pension or fatality claim.

(2) **What types of funding may a self insurer use for a pension or fatality claim?** A self insurer may fund a pension or fatality claim with cash, a bond on L&I form F207-065-000, annuity on L&I form F207-129-000 or assignment of account on L&I form F207-058-000. If the pension benefit level increases, the self insurer must increase the surety level or provide additional surety to cover the deficiencies.

(3) **What is an annuity?** An annuity is a contract with an insurance company where the insurance company agrees to pay to the department a specific amount covering the lifetime of a claimant.

(4) **What is an assignment of account?** A self insurance assignment of account/certificate of deposit is a legal instrument executed by the self insurer and an approved commercial banking institution in Washington. The assignment of account must:

(a) Identify an existing account on deposit with the approved banking institution in the name of the self insurer. The existing assigned account must contain the amount determined necessary by the department to cover the pension benefits on the specific claim beyond all other assignments on that account. A separate assignment of account must be established for each pension.

(b) Bind the self insurer to maintain a balance in the assigned account at least equal to the current present cash value of the pension benefits on the claim and beyond all other assignments on the account for the life of the claim. Present cash values of the assigned account/certificate of deposit will be revised annually by the department. Quarterly

pension payments made from the assigned account must not reduce the account balance below the present cash value of the pension beyond all other assignments on the same account.

(c) Authorize the department, if the self insurer defaults, to immediately withdraw up to the entire amount assigned to the pension claim from the assigned account/certificate of deposit. The department will take this action without notifying the defaulting self insurer.

(d) If the bank holding the assignment of account/certificate of deposit fails, the self insurer is responsible for the entire amount of the pension or fatality obligation. Within thirty days, the self insurer must:

(i) Establish a new assignment of account/certificate of deposit, bond; or

(ii) Deposit cash into the reserve fund.

(e) If the self insurer ends its self insurance status, the assignment of account/certificate of deposit will be placed with the department. The department will determine the required reserve for the pension or fatality claim, and any excess will be returned to the former self insurer.

[Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-171, filed 11/17/99, effective 12/27/99.]

WAC 296-15-181 Funding the benefits of an insolvent self-insurer. (1) **What happens when a self-insurer defaults on (stops paying) workers' compensation benefits and assessments?** When a self-insurer stops paying workers' compensation benefits or assessments, and the default is not due to a claims administration decision, the department will take over its surety and claims.

(2) **If a defaulting self-insurer has multiple types of surety, who determines the order in which surety will be used?** The department has the sole authority to determine the order in which surety types will be used.

(3) **What happens if the defaulting self-insurer's surety is exhausted?** When surety is exhausted, the insolvency trust (all self-insurers except school districts, cities and counties) will be assessed quarterly to cover the claim costs paid on behalf of the defaulted self-insurer.

(4) **Who is on the insolvency trust board?** The insolvency trust board consists of the director or designee, three representatives of self-insured employers and one representative of workers. Representatives are nominated by the self-insured and labor communities and are appointed by the director for overlapping two year terms.

(5) **What does the insolvency trust board do?** The board advises the department on insolvency trust matters. The department makes all final decisions.

(6) **What annual report is provided on the insolvency trust fund?** The department provides an annual written status report on the insolvency trust fund as of the end of the previous calendar year to the workers' compensation advisory committee. The report is presented at the committee's first quarterly meeting no later than March 31.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-181, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-181, filed 11/17/99, effective 12/27/99.]

WAC 296-15-200 Claims log—Evaluation. Beginning January 1, 1976, each self-insurer shall maintain a log of all claims filed by any worker injured in its employ or any worker having contracted an occupational disease as a result of his/her employment with the self-insurer.

The claims log shall contain the following minimum information: The injured worker's name, the date of the injury or first knowledge of an occupational disease, the claim number assigned by the department, the date the claim is closed, and whether the claim is compensable or treatment only. Additional information may be recorded at the discretion of the employer.

[Statutory Authority: RCW 51.04.020, 86-14-079 (Order 86-25), § 296-15-200, filed 7/1/86; 83-07-009 (Order 83-8), § 296-15-200, filed 3/8/83; Order 77-19, § 296-15-200, filed 9/26/77; Order 75-28, § 296-15-200, filed 8/29/75, effective 1/1/76.]

WAC 296-15-221 Self-insurers' reporting requirements. (1) **What information must self-insurers report to the department?** Each self-insurer must provide the department:

(a) The name, title, address and phone number of the single contact person who is the liaison with the department in all self-insurance matters. This contact will be sent all department correspondence and is responsible for forwarding information to appropriate parties for timely action.

(b) A copy of its current policy of applying sick leave, health and welfare benefits or any other compensation in conjunction with, or as a substitute for, time loss benefits.

(2) **When must self-insurers notify the department of business status changes?** Self-insurers must notify the department in writing:

(a) Immediately, of any plans to:

(i) Cease business entirely or cease business in Washington; or

(ii) Dispose of controlling financial interest of the original self-insurer. The self-insurer must surrender its certificate for cancellation if requested by the department.

(b) Within thirty days, of any:

(i) Amendment(s) or modification(s) to the self-insurer's articles, charter or agreement of incorporation, association, copartnership or sole proprietorship which will materially change the business identity or structure originally certified.

(A) The department may require additional documentation.

(B) If the self-insurer becomes a subsidiary to another firm, the parent must provide the department with its written guarantee on L&I form F207-040-001 to assume responsibility for all workers' compensation liabilities of the subsidiary if the subsidiary defaults on its liabilities. See WAC 296-15-021 for additional information.

(ii) Separation (for example, divestiture or spinoff) of any part of the original self-insurer.

(A) The original self-insurer remains responsible for claims liability of the separated part up to the date of separation unless the department approves an alternative.

(B) If the separating part wishes to continue being self-insured, it must submit an application for self-insurance certification (L&I Form F207-001-000) to the department at least thirty days before separation.

(C) If certification cannot be granted before separation, industrial insurance coverage must be purchased from the state fund effective the date of separation.

(iii) Relocation, addition or closure of physical locations.

(3) **When must self-insurers notify the department of administrative changes?** A self-insurer must notify the department in writing within ten days, of any change to its:

(a) Single contact person who is the liaison with the department in all self-insurance matters. The self-insurer must include the contact's title, address and phone number.

(b) Contract with a service organization or third party administrator independent of the self-insurer which will participate in the self-insurer's responsibilities. The self-insurer must submit a copy of the new or updated service contract. See WAC 296-15-021 for additional information.

(c) Administrator of its workers' compensation program, if the self-insurer is self administered instead of contracting with a service organization or third party administrator.

(4) **What reports must self-insurers submit to the department?** Each self-insurer must submit:

(a) Complete and accurate quarterly reports summarizing worker hours and claim costs paid the previous quarter. Self-insurers must use a form substantially similar to the pre-printed Quarterly Report for Self-Insured Business, L&I form F207-006-000, form sent by the department. This report is the basis for determining the administrative, second injury fund, supplemental pension, asbestosis and insolvency trust assessments. Payment is due by the date specified on the pre-printed report sent by the department.

(i) Worker hours must be reported as defined in chapter 296-17 WAC General reporting rules, audit and recordkeeping, rates and rating system for Washington workers' compensation insurance.

(ii) Claim costs include, but are not limited to:

(A) Time loss compensation. Include the amount of time loss the worker would have been entitled to if kept on full salary.

(B) Permanent partial disability (PPD) awards.

(C) Medical bills.

(D) Prescriptions.

(E) Medical appliances.

(F) Independent medical examinations and/or consultations.

(G) Loss of earning power.

(H) Travel expenses for treatment or rehabilitation.

(I) Vocational rehabilitation expenses.

(J) Penalties paid to injured workers.

(K) Interest on board orders.

(b) A complete and accurate annual report of all claim costs paid for each year of liability with an estimate of future claim costs. The self-insurer must use a form substantially similar to the Annual Report for Self-Insured Businesses (SIF-7), L&I form F207-007-000. This report is due March 1 of each year. The department uses this for the annual determination of each self-insurer's surety requirement.

(c) A fully audited financial statement within six months after the end of the self-insurer's fiscal year. This report demonstrates the self-insurer's continued ability to provide benefits and pay assessments as required. The department will consider a written request for filing time extension.

(i) This statement must be prepared by a certified public accountant.

(ii) A self-insurer with a parental guarantee may submit the parent's fully audited financial statement if the parent's audited statement includes the financial condition of all subsidiaries, including the self-insurer.

(iii) A political subdivision of the state may submit a state auditor's report if it includes the self-insurer's audited financial statement. If the state auditor does not audit the self-insurer annually, the self-insurer must submit financial statements prepared internally for any year a report by the state auditor is not available.

[Statutory Authority: RCW 51.14.077, 51.14.150, 51.14.160, 51.44.040, 51.44.070, and 51.44.150. 09-13-018, § 296-15-221, filed 6/5/09, effective 7/6/09. Statutory Authority: RCW 51.14.077, 51.14.120(7), 51.14.150(4), 51.14.160, 51.44.040(3), 51.44.070 and 51.44.150. 99-23-107, § 296-15-221, filed 11/17/99, effective 12/27/99.]

WAC 296-15-223 Self-insurance administrative assessment. (1) The administrative assessment covers the department's administrative costs, including direct and indirect expenses of each department division, the University of Washington environmental research facility, and the board of industrial insurance appeals. The assessment is paid quarterly at the same time a self-insurer submits its quarterly report.

(2) The administrative assessment rate is determined annually for each fiscal year. Each self-insured employer uses one of three rates:

(a) The base administrative rate is based on the actual costs of the previous fiscal year and the anticipated costs of the upcoming fiscal year. This rate is used by any active self-insured employer certified after the fiscal year used for calculation.

(b) The adjusted administrative assessment rate includes the base rate with adjustments for over or under collections from prior periods. This rate is used by any active self-insured employer certified during or prior to the fiscal year used for calculation.

(c) Employers who have voluntarily surrendered their self-insurance certificate must pay the inactive rate until one year after all self-insurance liabilities and responsibilities are terminated. Usually, administrative assessment payments for inactive self-insurers can stop after reporting total claims costs of zero dollars for four consecutive quarters. Payments may again be due if any future costs are reported.

(3) The total administrative assessment due each quarter is calculated by multiplying the self-insurer's rate by their total claims costs during that quarter.

(4) The minimum quarterly administrative assessment for all self-insured employers is twenty-five dollars, unless the self-insurer is not required to make payment (see subsection (2)(c) of this section).

[Statutory Authority: RCW 51.14.077, 51.14.150, 51.14.160, 51.44.040, 51.44.070, and 51.44.150. 09-13-018, § 296-15-223, filed 6/5/09, effective 7/6/09.]

WAC 296-15-225 Self-insurance second injury fund assessment. (1) The second injury fund assessment is based on anticipated second injury fund costs. The fund is used to relieve employers' costs related to pensions that result from the combined effects of the industrial injury and another prior

injury, preferred worker claims, and job modifications. The second injury fund assessment is experience rated based on a self-insurer's actual usage of the second injury fund in the previous three fiscal years. See RCW 51.44.040 for more information about experience rating. The department may estimate claims cost data when actual data from an employer has yet to be provided.

The department determines a self-insurer's second injury fund assessment rate annually for each fiscal year. The assessment is paid by active and inactive self-insurers quarterly at the same time a self-insurer submits its quarterly report.

(2) Self-insurers' relief from and contributions to the second injury fund will be recorded in an account separate from the state fund account. The self-insurers' second injury fund must maintain a two hundred thousand dollar minimum balance.

(3) The department uses the following process to determine the second injury fund assessment.

Definitions:

"A" = Individual self-insurer's total second injury fund costs (usage) for the previous three fiscal years.

"B" = All self-insurer's total second injury costs (usage) for the previous three fiscal years.

"C" = Individual self-insurer's claim costs for the previous three fiscal years.

"D" = Total self-insured claim costs for the previous three fiscal years.

"E" = Individual self-insurer's experience factor.

"F" = Individual self-insurer's claim costs for the previous fiscal year.

"G" = Total self-insured claim costs for the previous fiscal year.

(a) The department calculates the **preliminary base rate** necessary to ensure collection of adequate funds. The preliminary base rate is the estimated usage of the second injury costs for the coming fiscal year divided by the total estimated claims costs. The preliminary base rate is assessed to self-insurers certified after the fiscal year used for calculation.

(b) The department calculates the **preliminary adjusted rate**, by adjusting the preliminary base rate for over or under collections from prior periods. This rate is assessed to any self-insurer certified during or prior to the fiscal year used for calculation, and to any self-insurer who has voluntarily surrendered its self-insurance certificate.

(c) The department determines an **experience factor** for each self-insurer.

(i) The department calculates the self-insurer's **second injury fund usage share** by dividing the self-insurer's total second injury fund costs (usage) for the previous three fiscal years by the total second injury fund costs (usage) for all self-insurers in the previous three fiscal years.

Second injury fund usage share = A/B

(ii) The department calculates the self-insurer's **claims cost usage share** by dividing a self-insurer's claim costs over the previous three fiscal years by the total claim costs for all self-insurers in the previous three fiscal years.

Claims cost usage share = C/D

(iii) The department calculates the self-insurer's **experience factor** by adding the second injury fund usage share to the claim cost usage share and dividing by 2, then dividing this total by the claims cost usage share.

Self-insurer's experience factor (E) = $[(A/B) + (C/D)]/2 / (C/D)$

(d) The department calculates the **weighted average factor** to determine what adjustments to the preliminary base and adjusted rates may be necessary because of prior over or under collection for the fund. The weighted average factor is the sum for all self-insurer's of each self-insurer's **experience factor** multiplied by their self-insured claim cost for the previous fiscal year, divided by the total self-insured claim costs for the previous fiscal year.

Weighted average factor = $[(E \times F) \text{ sum all self-insurers}] / G$

(e) The department determines the **final base rate** and the **final adjusted rate** for the fiscal year by dividing the preliminary base rate and the preliminary adjusted rate ((a) and (b) of this subsection) by the weighted average factor.

(f) The department determines the second injury fund assessment rate for each self-insurer by multiplying the self-insurer's experience factor by either the final base rate or the final adjusted rate.

(g) The total assessment due each quarter is calculated by multiplying the self-insurer's second injury fund assessment rate by the self-insurer's total claims costs during that quarter.

[Statutory Authority: RCW 51.44.040, 10-20-132, § 296-15-225, filed 10/5/10, effective 11/5/10. Statutory Authority: RCW 51.14.077, 51.14.150, 51.14.160, 51.44.040, 51.44.070, and 51.44.150, 09-13-018, § 296-15-225, filed 6/5/09, effective 7/6/09.]

Reviser's note: The brackets and enclosed material in the text of the above section occurred in the copy filed by the agency.

WAC 296-15-227 Self-insurance insolvency trust fund assessment. (1) The insolvency trust fund assessment is paid by all insolvency trust members to cover claim payments made by the department on behalf of insolvent self-insurers. The assessment is paid quarterly at the same time a self-insurer submits its quarterly report.

(a) Self-insured school districts, cities, and counties are exempt from and are not covered by this insolvency trust. These self-insurers are not liable for the insolvency trust fund assessment.

(b) Any interest earned on insolvency trust fund assessments paid by self-insurers will be added to the balance of the insolvency trust fund.

(c) Failure to pay an insolvency trust fund assessment is grounds for withdrawal of self-insurance certification.

(2) The insolvency trust fund assessment rate is determined annually for each fiscal year.

(3) Insolvency trust members who voluntarily surrender their self-insurance certification must continue to pay this assessment for three years after the date of surrender.

(4) The total insolvency trust fund assessment due each quarter is calculated by multiplying the insolvency trust fund assessment rate by an insolvency trust member's total claims costs during that quarter.

[Statutory Authority: RCW 51.14.077, 51.14.150, 51.14.160, 51.44.040, 51.44.070, and 51.44.150, 09-13-018, § 296-15-227, filed 6/5/09, effective 7/6/09.]

WAC 296-15-229 Self-insurance supplemental pension fund (SPF) and asbestosis fund assessments. (1) The SPF relieves employers from cost-of-living increases on benefits paid to workers. The SPF assessment is paid quarterly at the same time a self-insurer submits its quarterly report.

(a) The SPF rate is determined annually for each calendar year.

(b) The total SPF assessment due each quarter is calculated by multiplying the SPF assessment rate by a self-insurer's worker hours during that quarter.

(c) One-half of the SPF assessment may be withheld from employee wages or salaries.

(d) Self-insurers may request reimbursement from the SPF quarterly, as authorized under Title 51 RCW, or they may deduct eligible SPF reimbursement amounts directly from their quarterly SPF assessment. If requesting reimbursement from the SPF quarterly, the self-insurer must use a form substantially similar to L&I form F207-011-000 or, if there is Social Security offset, L&I form F207-011-222.

(2) The asbestosis fund provides benefits to workers who have been diagnosed with an industrially related asbestosis condition during the often lengthy process of determining the liable employer. The asbestosis fund assessment is paid quarterly at the same time a self-insurer submits its quarterly report.

(a) The asbestosis fund assessment rate is determined annually for each calendar year.

(b) The total asbestosis fund assessment due each quarter is calculated by multiplying the asbestosis fund assessment rate by a self-insurer's worker hours during that quarter.

(c) One-half of the asbestosis fund assessment may be withheld from employee wages or salaries.

[Statutory Authority: RCW 51.14.077, 51.14.150, 51.14.160, 51.44.040, 51.44.070, and 51.44.150, 09-13-018, § 296-15-229, filed 6/5/09, effective 7/6/09.]

WAC 296-15-231 Self-insurance electronic data reporting system (SIEDRS). (1) **What is SIEDRS?** SIEDRS is a computer system that collects claim data electronically from self-insurers. Effective July 1, 2008, all self-insurers must send timely and accurate claim data to SIEDRS in the required format.

(2) **How often must a self-insurer report claim data to SIEDRS?** All claims opened during a calendar month, as well as any updates made during that month to claims opened after the self-insurer's enrollment date (postenrollment claims), must be reported to SIEDRS by the tenth calendar day of the following month. Data can be submitted more often, but not more than once per day.

Newly certified self-insurers must begin submitting data by the tenth calendar day of the month following their date of certification. For example, if an employer is certified to self-insure effective January 1st, data must be submitted to SIEDRS by February 10th.

(3) **What is the required format?** Data submitted to SIEDRS must comply with all requirements outlined in the SIEDRS Enrollment Package (Publication F207-194-000).

(4) **When must a self-insurer correct errors?** Error corrections must be submitted to SIEDRS within ten calendar days of notification of the error. Notification occurs on the date SIEDRS provides the error report to the self-insurer.

(5) **What happens if a self-insurer doesn't comply with SIEDRS requirements?**

(a) The department may assess penalties for failure to comply with SIEDRS requirements. The department will consider penalties when a self-insurer:

- (i) Refuses or fails to send data files to SIEDRS.
- (ii) Repeatedly reports late.
- (iii) Repeatedly fails to correct errors on time.
- (iv) Demonstrates repeated and uncorrected inaccuracies in reporting format.

(b) Repeated failure to comply with SIEDRS requirements may result in increased sanctions, up to and including withdrawal of self-insurance certification.

(d) Penalty table:

Occurrence	Failure to Send Data Files	Late Reporting	Failure to Correct Errors on Time	Uncorrected Reporting Format Inaccuracies
1st	\$500	\$250	\$250	\$500
2nd	\$500	\$250	\$250	\$500
3rd	\$1,000	\$500	\$500	\$1,000
4th	\$2,000	\$1,000	\$1,000	\$2,000
5th	\$4,000	\$1,500	\$1,500	\$4,000
6th	\$6,000	\$2,000	\$2,000	\$6,000
7th	\$7,000	\$3,000	\$3,000	\$7,000
8th	\$8,000	\$4,000	\$4,000	\$8,000
9th	\$9,000	\$5,000	\$5,000	\$9,000
10th	\$10,000	\$6,500	\$6,500	\$10,000
11th	\$11,000	\$8,000	\$8,000	\$11,000
12th	\$12,000	\$10,000	\$10,000	\$12,000

(i) 1st and 2nd occurrences may be waived at the department's discretion for good cause.

(ii) For any waived occurrence, a notification is sent to the employer indicating noncompliance subject to penalty on repeat violation.

(iii) Any occurrence waived counts against the employer's overall SIEDRS compliance record.

(iv) If the department waives two occurrences then the 3rd occurrence results in a penalty equal in amount to the 3rd occurrence.

[Statutory Authority: RCW 51.14.110, 09-01-177, § 296-15-231, filed 12/23/08, effective 1/23/09.]

WAC 296-15-255 Hearings for corrective action or withdrawal of certification. (1) This section applies only to proceedings to withdraw certification or for corrective action instituted by the director in response to a petition filed with the department pursuant to RCW 51.14.090. This section shall not apply to actions instituted by the director to withdraw certification pursuant to RCW 51.14.080 nor to corrective action instituted by the director pursuant to RCW 51.14.095.

(2) When there is a petition for such action by any employee or union or association having a substantial number of employees in the employ of the self-insured, the director or the director's designee may, in the director's or designee's sole discretion, hold a hearing to determine whether or

(10/5/10)

(6) **How will penalties be assessed?**

(a) Penalties are assessed for any occurrences within a twelve-month period, and need not be consecutive. An occurrence is defined as a failure to comply with any part of this section, and is attributed to an individual file regardless of the number of claims it contains. For example, a failure to submit a data file (of any size) for one particular month results in one occurrence.

(b) Penalties are cumulative. For example, failure to send data files for twelve occurrences results in twelve penalties with a cumulative total of seventy-one thousand dollars.

(c) The department has the discretion to consider withdrawal of certification at any time, based on the self-insurer's compliance record.

not there are grounds for action. In reviewing such a petition, the director or the designee may require additional information from a petitioner before deciding whether to hold a hearing under this section.

(3) Any such hearing shall be conducted in accordance with the department's rules governing administrative hearings. The director will notify all parties at least twenty days prior to the date of the hearing. The notice shall include the following:

- (a) Nature of proceedings;
- (b) Legal authority for holding the hearing;
- (c) Reference to the section of statutes and rules involved;
- (d) A description of matters asserted;
- (e) The date, time, and place of the hearing.

All parties will be allowed to respond and present evidence and arguments on the issues involved.

Within thirty days of the hearing date, the department will provide written notification of the proceedings, findings, and conclusions to all hearing participants.

(4) If, following the hearing, the decision is to withdraw certification or take corrective action, such action shall comply with the provisions of RCW 51.14.090 and/or 51.14.095.

[Statutory Authority: RCW 51.32.190 and 51.14.090, 96-21-145, § 296-15-255, filed 10/23/96, effective 11/25/96. Statutory Authority: RCW 51.04.020, 86-18-037 (Order 86-35), § 296-15-255, filed 8/28/86.]

WAC 296-15-260 Corrective action or withdrawal of certification. (1) Corrective action against a self-insured employer shall be by order and notice. A notice of corrective action shall include the nature and specifics of the findings and may include the following:

(a) Probationary certification status for the self-insured employer for a period not to exceed one year;

(b) Mandatory training to correct areas of program deficiency to be approved by the department.

The subject matter to be covered shall be specified in the notice of corrective action. Personnel required to attend and the time period within which the training is to be conducted will also be identified.

(c) Monitoring activities of the self-insured employer for a specified period of time to determine progress regarding correction of program deficiencies may be required. The department may require submission of complete and accurate records and/or conduct an audit to verify program compliance.

(d) If there is a contract between the self-insured employer and a service organization which has been filed with the department (WAC 296-15-110), the corrective action order may specify and require that the service organization be subject to mandatory training and monitoring of activity provisions of the order.

(e) The corrective action order shall specify a time frame for submission of progress reports to the department's self-insurance section.

(f) During the first thirty days following the corrective action order, the self-insured employer shall submit a plan for the implementation of corrective action which shall include specific completion dates. If the plan is determined to be incomplete or inadequate, the department's self-insurance administrator shall notify the self-insurer of the necessary requirements or changes needed, and shall specify the date by which an amended plan shall be submitted.

(2) If sufficient grounds for decertification exist, an order and notice will be issued. The order and notice will include the following:

(a) The grounds upon which the determination is based.

(b) The period of time within which the grounds existed or arose.

(c) The date, not less than ninety days after the self-insured employer's receipt of the order and notice, when certification will be withdrawn.

(d) Provisions as stipulated by RCW 51.14.090.

(3) Upon conclusion of the probationary certification period in the case of corrective action, the program deficiencies requiring corrective action by the self-insured employer shall be evaluated by the department and a written report sent to affected parties. Program activities may be reaudited beyond the stated time period in order to assess continuing compliance with the objectives of the corrective action directives.

(4) If, at the conclusion of the probationary period, program deficiencies continue to exist, the department shall decide whether to extend the period of probation, require additional corrective action or proceed with decertification of the self-insured employer. An order and notice stating the decision shall be issued.

[Statutory Authority: RCW 51.32.190 and 51.14.090. 96-21-145, § 296-15-260, filed 10/23/96, effective 11/25/96. Statutory Authority: RCW 51.04.020. 86-18-037 (Order 86-35), § 296-15-260, filed 8/28/86. Statutory Authority: RCW 51.04.020(1). 83-24-027 (Order 83-22), § 296-15-260, filed 12/1/83, effective 1/1/84.]

WAC 296-15-266 Penalties. What must a self-insurer do when the department issues an order assessing a penalty? The self-insurer must make payment of the penalty assessment on or before the date the order becomes final.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-266, filed 2/28/06, effective 4/1/06.]

WAC 296-15-310 Administrative organization to manage a self-insurance program. Every employer certified to self-insure is obligated to comply with the provisions of Title 51 RCW and the rules and regulations of the department, and to have the necessary administrative processes in place to manage its self-insurance program. Each self-insurer is ultimately responsible for the sure and certain delivery of Title 51 RCW benefits to its injured workers and is accountable for all aspects of its workers' compensation program.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-310, filed 2/28/06, effective 4/1/06.]

WAC 296-15-320 Reporting of injuries. What elements must a self-insurer have in place to ensure the reporting of injuries? Every self-insurer must:

(1) Establish procedures to assist injured workers in reporting and filing claims.

(2) Immediately provide a Self-Insurer Accident Report (SIF-2) form F207-002-000 to every worker who makes a request, or upon the self-insurer's first knowledge of the existence of an industrial injury or occupational disease, whichever occurs first. Only department provided SIF-2 forms may be used. Copies or reproductions are not acceptable.

(3) Establish procedures for ensuring the timely delivery of completed SIF-2s to the claims management entity.

(4) Designate individuals as resources to address employee questions. These resources must:

(a) Have sufficient knowledge to answer routine questions; and

(b) Have responsibility for seeking answers to more complex problems; and

(c) Have detailed knowledge of the self-insurer's claim filing process; and

(d) Be reasonably accessible to employees at every work location.

(5) Maintain a claims log of all workers' compensation claims filed.

(a) For each claim, the log must consist of only the following information:

(i) The complete first and last name of the injured worker (no initials or abbreviations).

(ii) The date of injury, or for an occupational disease, the date of manifestation.

(iii) The claim number found on the department's Self-Insurer Accident Report (SIF-2, form F207-002-000).

(iv) The date the claim is closed.

(v) Whether the claim is a time loss claim or medical only.

(b) The self-insurer must designate the location of the official claims log.

(i) The self-insurer may maintain the log on its premises; or

(ii) The self-insurer may elect to have its third-party administrator maintain the claims log on its behalf. If this option is selected, there must be a written agreement between the self-insurer and the third-party administrator acknowledging that the official claims log is maintained by the third-party administrator.

The self-insurer must notify the department in writing of the location of their official claims log. If the option in (b)(ii) of this subsection is selected, a copy of the written agreement between the self-insurer and the third-party administrator must be provided to the department.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-320, filed 2/28/06, effective 4/1/06.]

WAC 296-15-330 Authorization of medical care. What are the requirements for authorization of medical care? Every self-insurer must:

(1) Authorize treatment and pay bills in accordance with Title 51 RCW and the medical aid rules and fee schedules of the state of Washington.

(2) Provide a written explanation of benefits (EOB) to the provider, with a copy to the worker if requested, for each bill adjustment. A written explanation is not required if the adjustment was made solely to conform to the maximum allowable fees as set by the department.

(3) Establish procedures to ensure prompt responses to inquiries regarding authorization decisions and bill adjustments.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-330, filed 2/28/06, effective 4/1/06.]

WAC 296-15-340 Payment of compensation. What are the requirements for payment of compensation? Every self-insurer must:

(1) Pay time loss compensation in accordance with Title 51 RCW and the rules and regulations of the department.

(2) Select one method for payment of ongoing time loss compensation, either semimonthly or biweekly, and report the selected method to the department.

(3) Provide the department with a detailed written description of any practice of paying workers' regular wages in lieu of time loss compensation, or of paying workers any benefits including sick leave, health and welfare insurance benefits, or any other compensation in conjunction with time loss compensation.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-340, filed 2/28/06, effective 4/1/06.]

WAC 296-15-350 Handling of claims. What elements must a self-insurer have in place to ensure appropriate handling of claims? Every self-insurer must:

(1) Establish procedures for securing the confidentiality of claim information.

(2) Have sufficient numbers of department-approved claims administrators to ensure uninterrupted administration of claims.

(10/5/10)

(a) There must be at least one department-approved claims administrator involved in the daily management of the employer's claims.

(b) If claims are administered in more than one location, there must be at least one department-approved claims administrator in each location where claims are managed.

(3) Designate one department-approved claims administrator as the department's primary contact person for claim issues.

(4) Designate one address for the mailing of all claims-related correspondence. The self-insurer is responsible for forwarding documents to the appropriate location if an employer's claims are managed by more than one organization.

(5) Establish procedures to answer questions and address concerns raised by workers, providers, or the department.

(6) Ensure claims management personnel are informed of new developments in workers' compensation due to changes in statute, case law, rule, or department policy.

(7) Include the department's claim number in all claim-related communications with workers, providers, and the department.

(8) Legibly date stamp incoming correspondence, identifying both the date received and the location or entity that received it.

(9) Ensure a means of communicating with all injured workers.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-350, filed 2/28/06, effective 4/1/06.]

WAC 296-15-360 Qualifications of personnel. (1) How does an individual initially become a department-approved claims administrator?

In order to become a department-approved claims administrator, an individual must first have a minimum of three years of experience in the administration of time loss claims under Title 51 RCW. The experience must have occurred within the five years immediately prior to the filing of the application.

An individual must then take and pass the department's "self-insurance claims administrator" test. After passing the test, an individual is designated a department-approved claims administrator. The initial designation of department-approved claims administrator is valid for five years.

(2) **How does an applicant receive approval to take the test?** To be approved to take the "self-insurance claims administration" test, an applicant must submit a completed application form to the department (Form F207-177-000). The application must be received by the department no less than forty-five days prior to the scheduled test date.

The department will review the application and determine if the applicant meets the minimum requirements to take the test. Notification of approval to take the test will be mailed to the applicant no less than fourteen days prior to the scheduled test date.

(3) **What happens when an applicant fails the test?** When an applicant fails the test, the applicant must reapply to take the test again. An applicant will not be permitted to retake the test until six months have passed after the failed result.

The most recent test results will determine an individual's status as a claims administrator.

(4) **How does a department-approved administrator maintain their approved status beyond the initial five-year designation?** An administrator may maintain approved status by:

(a) Retaking and passing the "self-insurance claims administrator" test as outlined in subsection (1) of this section; or

(b) Providing documentation to the department that the individual has remained employed for a minimum of three of the last five years in the administration of, or the oversight of, claims under Title 51 RCW, and meeting the continuing education criteria.

To meet continuing education criteria, the administrator must submit verification to the department that a minimum of seventy-five credits have been obtained prior to lapse of the approved status. Extensions will not be granted.

Credits must be earned in the following categories:

- (i) Twenty claims process/procedure credits;
- (ii) Twenty legal credits;
- (iii) Twenty medical credits;
- (iv) Two ethics credits; and
- (v) Thirteen elective credits (e.g., industry-specific training).

The seventy-five credits must include any training designated as mandatory by the department. If an administrator fails to complete sufficient continuing education credits, he or she will be required to retake the written test.

Assignment of course credit will be determined by the department review committee.

(c) Individuals whose department-approved status expires between October 1, 2008, and September 30, 2012, and who exercise the continuing education option in lieu of retaking the test, must meet the following modified requirements. If the individual's certification expiration date falls between:

(i) 10/1/2008 - 3/31/2009: Earn a minimum of thirty credits (eight process/procedure credits, eight legal credits, eight medical credits, one ethics credit, and five elective credits);

(ii) 4/1/2009 - 9/30/2009: Earn a minimum of thirty-five credits (ten process/procedure credits, ten legal credits, ten medical credits, one ethics credit, and four elective credits);

(iii) 10/1/2009 - 3/31/2010: Earn a minimum of forty credits (eleven process/procedure credits, eleven legal credits, eleven medical credits, one ethics credit, and six elective credits);

(iv) 4/1/2010 - 9/30/2010: Earn a minimum of forty-five credits (twelve process/procedure credits, twelve legal credits, twelve medical credits, two ethics credits, and seven elective credits);

(v) 10/1/2010 - 3/31/2011: Earn a minimum of fifty credits (fourteen process/procedure credits, fourteen legal credits, thirteen medical credits, two ethics credits, and seven elective credits);

(vi) 4/1/2011 - 9/30/2011: Earn a minimum of fifty-five credits (fifteen process/procedure credits, fifteen legal credits, fifteen medical credits, two ethics credits, and eight elective credits);

(vii) 10/1/2011 - 3/31/2012: Earn a minimum of sixty credits (sixteen process/procedure credits, sixteen legal credits, sixteen medical credits, two ethics credits, and ten elective credits);

(viii) 4/1/2012 - 9/30/2012: Earn a minimum of sixty-five credits (eighteen process/procedure credits, eighteen legal credits, eighteen medical credits, two ethics credits, and nine elective credits).

(5) **How does an approved administrator report earned continuing education credit to the department?** Each department-approved administrator must track and report earned credits at the department's online data base. The approved administrator must obtain and retain signed verification of courses attended. Verification of earned credits must be received by the department by the date the approved administrator's certification expires. Extensions will not be granted.

The department may audit the reported credits of any approved administrator at random, or "for cause." Falsification of reported credits will result in revocation of the individual's approved administrator status, and may result in the department's refusal of future applications to take the self-insurance claims administrator test.

(6) The department-approved claims administrator must notify the department within thirty calendar days of the effective date of a change in mailing address, work location, or name.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 07-17-162, § 296-15-360, filed 8/22/07, effective 10/1/07; 06-06-066, § 296-15-360, filed 2/28/06, effective 4/1/06.]

WAC 296-15-370 Notification to the department. When must a self-insurer notify the department about changes in its administrative organization? Any changes to the self-insurer's established administrative organization must be reported to the department in writing, within ten days of the effective date of the change.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-370, filed 2/28/06, effective 4/1/06.]

WAC 296-15-400 Self-insured workers' rights and obligations. How must a self-insurer notify its workers of their rights and obligations under the industrial insurance laws?

Self-insurers must notify workers of their industrial insurance rights and obligations at the following times:

(1) Within thirty days of hire, provide a form substantially similar to the one page Workers' Compensation Filing Information L&I form F207-155-000.

(2) When a worker files a claim, provide the following information in writing:

(a) The current edition of the department's pamphlet Employees of Self-Insured Businesses Guide to Industrial Insurance Benefits L&I pamphlet P207-085-000 or this same information in substantially similar format; and

(b) The name, address, and phone number of the person or organization handling the worker's claim.

[Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a). 98-24-121, § 296-15-400, filed 12/2/98, effective 1/2/99.]

WAC 296-15-405 Filing a self-insured claim. (1) What form is used to report a self-insured worker's industrial injury or occupational illness?

The reporting form for a self-insured worker's industrial injury or occupational illness is the Self-Insurer Accident Report (SIF-2) L&I form F207-002-000. Self-insurers must obtain these forms from the department and must report their workers' industrial injuries and illnesses to the department with SIF-2s. The department tracks the claim numbers assigned to self-insurers.

When notified of injury or illness, the self-insurer must provide the worker with this prenumbered form and assistance in filing a claim. The self-insurer must provide the

worker the designated copy of the completed SIF-2 (which includes an explanation of the worker's rights and responsibilities) within five working days of completion.

(2) What form does a doctor use to report a self-insured worker's industrial accident or occupational illness?

Physicians should report a self-insured claim with a Physician's Initial Report (PIR) L&I form F207-028-000 when a self-insured worker has an industrial injury or is notified of an occupational illness. Replacements are acceptable.

[Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a). 98-24-121, § 296-15-405, filed 12/2/98, effective 1/2/99.]

WAC 296-15-420 After a self-insured claim is filed. (1) What must a self-insurer do when beginning time loss (TL) benefits on a claim?

When	Send to the worker	Send to the department	The department will
On the date of the first TL payment.	A complete and accurate SIF-5 ¹ and SIF-5A ² .		
Within 5 working days of first TL payment.		Copies of the SIF-2, SIF-5, and SIF-5A.	Allow the claim UNLESS a request for interlocutory order (see subsection (2)) or denial (see subsection (3)) has been received.
If kept on salary ³ , within 5 working days of the date the first TL payment would have been due.	A complete and accurate SIF-5 and SIF-5A.	Copies of the SIF-2, SIF-5, and SIF-5A.	Allow the claim UNLESS a request for interlocutory order (see subsection (2) of this section) or denial (see subsection (3) of this section) has been received.

¹ The SIF-5 is the Self-Insurer's Report on Occupational Injury or Disease. Use a form substantially similar to L&I form F207-005-000.

² The SIF-5A is the Time Loss Calculation Rate Notice. Use a form substantially similar to L&I form F207-156-000.

³ If the worker is kept on salary, report the amount of time loss the worker would have been entitled to on the SIF-5.

(2) How must a self-insurer request an interlocutory¹ order?

When requesting an interlocutory order from the department, a self-insurer must:

When	Send to the worker	Send to the department	The department will	And the self-insurer pays
Within 60 ² days of claim filing.	A complete and accurate SIF-5 and SIF-5A if TL was paid or if worker was kept on salary.	Copies of the SIF-2, SIF-5 (with the interlocutory order box checked), SIF-5A, AND all records excluding bills AND a reasonable explanation why an interlocutory order is needed.	If it agrees, issue an interlocutory order.	Provisional TL if the worker is eligible AND other benefits as entitled. Ongoing medical treatment and vocational services are NOT PAYABLE unless the claim is allowed.
			If it disagrees, issue an allowance order if the facts show the claim should be allowed.	TL if the worker is eligible, and other entitled benefits.

¹ An interlocutory order places a claim in provisional status while the self-insurer investigates the validity of the claim.

² When not specified, time is in calendar days.

(3) How must a self-insurer request claim denial from the department?

When requesting claim denial from the department, a self-insurer must:

When	Send to the worker	Send to the department	The department will	And the self-insurer pays
Within 60 days of claim filing.	SIF-4. ¹ Copy to the attending or treating doctor.	SIF-4 AND all records excluding bills.	If it agrees, issue a denial order. The denial order will restate the self-insurer's right to request reimbursement of provisional TL from the worker.	For all medical evaluations and diagnostic studies used to make the determination.
			If it finds insufficient information to make a decision, issue an interlocutory order AND direct the employer to obtain the necessary information.	Provisional TL if the worker is eligible and other benefits as entitled. Ongoing medical treatment and vocational services are NOT PAYABLE unless the claim is allowed.
			If it disagrees, issue an allowance order if the facts show the claim should be allowed.	TL if the worker is eligible AND other entitled benefits.

¹ The SIF-4 is the Self-Insured Employer's Notice of Denial of Claim. Use a form substantially similar to L&I form F207-163-000.

(4) What if a self-insurer does not request allowance, denial, or an interlocutory order for a claim within sixty days?

If a self-insurer does not request allowance, denial, or an interlocutory order within sixty days, the department will intervene and adjudicate the claim. The department may obtain additional medical information to make the determination. The claim remains in provisional status until the department makes the determination.

The exception to this requirement is the allowance of medical only claims. Self-insurers are not required to request allowance for medical only claims.

(5) Must a self-insurer submit an SIF-5 each time the department requests one?

Yes. A self-insurer must submit a complete and accurate SIF-5 within ten working days of receipt of a written request from the department.

(6) What must a self-insurer do when the department requests information on a claim by certified mail?

A self-insurer must submit all requested information concerning the claim within ten working days of receipt of the department's request by certified mail.

(7) How long does a self-insurer have to provide a copy of the claim file to the worker or worker's representative?

A self-insurer must provide a copy of the claim file within fifteen days of receiving a written request from the worker or worker's representative. Unless the worker or representative requests a particular portion of the file, the self-insurer must provide a copy of the entire file.

(8) When may a self-insurer charge a worker or his/her representative for a copy of the claim file?

A self-insurer must provide the first copy of a claim file free of charge. Upon receipt of a subsequent written request, the self-insurer must provide any material not previously sup-

plied free of charge. The self-insurer may charge the worker or any representative a reasonable fee for any material previously supplied.

(9) What must a self-insurer do when it terminates time loss?

No later than the date of time loss termination, a self-insurer must notify the worker in writing of the reasons for time loss termination. If termination is based on a release to work not received directly from the worker, attach a copy of the release to the notice.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-420, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a). 98-24-121, § 296-15-420, filed 12/2/98, effective 1/2/99.]

WAC 296-15-4302 What is the Self-Insurance Vocational Reporting Form? The Self-Insurance Vocational Reporting Form replaces the Employability Assessment Report (EAR) and is used as a cover sheet for all vocational reports submitted to the department by the self-insured employer.

Note: A Self-Insurance Vocational Reporting Form is not required if the worker is not eligible for vocational services because they returned or were released to work at the job at the time of injury or on the date of disease manifestation.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4302, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4304 What must the self-insurer do when an assessment report is received? (1) A self-insurer must submit a Self-Insurance Vocational Reporting Form and the assessment report to the department within ten working days after receiving the completed report. A completed report is one that, in the opinion of the department, meets the requirements in WAC 296-19A-070.

(2) When time-loss is terminated, based on the vocational rehabilitation provider's recommendations, the self-insurer must notify the worker or the worker's representative as required in WAC 296-15-420(9).

(3) The self-insurer can terminate time-loss on the date they receive the recommendation but, if the department determines the assessment report failed to demonstrate the worker is able to work, the self-insurer must request additional information from the vocational rehabilitation provider before resubmitting the report and an updated Vocational Services Reporting Form to the department.

(4) If the self-insurer terminated time-loss based on the assessment report's recommendation but the department concludes the assessment report failed to demonstrate the worker is able to work, the self-insurer must reinstate time-loss effective the day after the last date paid.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4304, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4306 When must a self-insurer submit a vocational rehabilitation plan to the department? No later than ninety calendar days after the date the department determined the worker was eligible for vocational plan development services, the employer must submit a Self-Insurance Vocational Reporting Form and a completed vocational plan for the worker.

If the plan cannot be completed and submitted to the department within that time period, the self-insurer must, prior to the ninetieth day, submit a Self-Insurance Vocational Reporting Form and the vocational rehabilitation provider's request for an extension as required in WAC 296-19A-094.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4306, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4308 What must the vocational rehabilitation plan include? The vocational rehabilitation plan must meet the requirements in WAC 296-19A-100.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4308, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4310 What must the self-insurer do when the department denies the vocational rehabilitation plan? The vocational rehabilitation plan may be denied if the plan does not meet the requirements in WAC 296-19A-100 and the department cannot make a determination based on the information provided.

If the plan does not meet the requirements or is denied as incomplete, the self-insurer must correct the plan and/or obtain the information requested by the department, and resubmit the completed plan and an updated Vocational Services Reporting Form.

If the plan cannot be corrected and/or completed and submitted to the department within ninety calendar days after the date the department determined the worker was eligible for vocational plan development services, the self-insurer must, prior to the ninetieth day, submit a Self-Insurance Vocational Reporting Form and the vocational rehabilitation

provider's request for an extension as required in WAC 296-19A-094.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4310, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4312 What must the self-insurer do when the vocational rehabilitation plan is successfully completed? The self-insurer must:

(1) Notify the worker or the worker's representative of the time-loss termination as required in WAC 296-15-420(9).

(2) Submit a Self-Insurance Vocational Reporting Form to the department within ten working days of the date time-loss benefits ended. The Self-Insurance Vocational Reporting Form must include:

(a) The total cost and time expended for the approved plan;

(b) The total time-loss compensation benefits paid during the plan implementation; and

(c) The total vocational services costs and time-loss days paid since the date the worker was found eligible for services; and

(d) A closing report with a copy to the worker or the worker's representative. The closing report must meet the requirements in WAC 296-19A-120.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4312, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4314 What must the self-insurer do if the vocational rehabilitation plan is not successfully completed? When a vocational rehabilitation plan ends before successful completion, the vocational rehabilitation provider will submit a closing report to the self-insurer.

(1) **Plan not completed due to causes outside the worker's control.** Within ten working days of receiving the vocational closing report, the self-insurer must:

(a) Continue time-loss benefits; and

(b) Submit a Self-Insurance Vocational Reporting Form to the department. The form must include:

(i) The total cost and time expended for the approved plan;

(ii) The total time-loss compensation benefits paid during the plan implementation;

(iii) The total vocational services costs and time-loss days paid since the date the worker was found eligible for services; and

(iv) A closing report with a copy to the worker or the worker's representative. The closing report must meet the requirements in WAC 296-19A-120(2).

(2) **Plan not completed due to worker's actions.** Within ten working days of receiving the vocational closing report, the self-insurer must:

(a) Submit a request for suspension of benefits with supporting documentation.

(b) Submit a Self-Insurance Vocational Reporting Form to the department. The form must include:

(i) The total cost and time expended for the approved plan;

(ii) The total time-loss compensation benefits paid during the plan implementation;

(iii) The total vocational services costs and time-loss days paid since the date the worker was found eligible for services; and

(iv) A closing report with a copy to the worker or the worker's representative. The closing report must meet the requirements in WAC 296-19A-120(2).

(3) **Worker is employable.** When the worker is employable based on an assessment of the training completed to date, the self-insurer must:

(a) Notify the worker or the worker's representative of the time-loss termination as required in WAC 296-15-420(9).

(b) Submit a Self-Insurance Vocational Reporting Form to the department within five working days of the date time-loss benefits ended.

(c) The Self-Insurance Vocational Reporting Form must include:

(i) The total cost and time expended for the approved plan;

(ii) The total time-loss compensation benefits paid during the plan implementation;

(iii) The total vocational services costs and time-loss days paid since the date the worker was found eligible for services; and

(iv) A closing report with a copy to the worker or the worker's representative. The closing report must meet the requirements in WAC 296-19A-120(2).

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4314, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4316 What must the self-insurer do when the worker declines further vocational rehabilitation services and elects option 2 benefits? When the department approves a rehabilitation plan, the worker will be notified in writing of their right to decline further vocational rehabilitation services and elect option 2 benefits within fifteen calendar days. When the worker elects option 2 benefits, the self-insurer must take the following action within five working days of receiving the worker's request:

(1) Terminate time-loss benefits with proper notification to the worker as required in WAC 296-15-420(9);

(2) Establish the total amount of the option 2 award and a payment schedule for the option 2 benefits that begins the date time-loss is terminated;

(3) Submit a Self-Insurance Vocational Reporting Form to the department. The Self-Insurance Vocational Reporting Form must include:

(a) The total vocational services costs paid since the date the worker was found eligible for services;

(b) The option 2 election form signed by the worker; and

(c) Documentation that includes the total amount of the option 2 award and payment schedule; and

(4) Commence payment of option 2 benefits to the worker according to the established payment schedule. The first payment must be made no later than fifteen days after the date time-loss is terminated. Option 2 benefits may be paid before the department issues an order.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4316, filed 2/29/08, effective 3/31/08.]

WAC 296-15-4318 What must the self-insurer do when the worker elects option 2 benefits and the claim is closed? The self-insurer must submit a quarterly report to the department on a form stipulated by the department listing the total retraining costs paid to date for each worker since the option 2 benefit was granted. These quarterly reports must document all funds expended and funds that remain available for all workers of the employer until each worker has expended the total vocational costs available to him or her, or until five years have passed since the benefit was granted.

[Statutory Authority: RCW 51.04.020, 51.04.030, 51.32.095, 51.32.099 and 51.32.0991 (2007 c 72). 08-06-058, § 296-15-4318, filed 2/29/08, effective 3/31/08.]

WAC 296-15-450 Closure of self-insured claims. (1) Who closes self-insured claims?

The department has the authority to close all self-insured claims. Self-insurers have the authority to close certain claims.

Within two years of claim closure, the department may require a self-insurer to pay additional benefits on a claim the self-insurer closed if the self-insurer:

- (a) Made an error in benefits paid; or
- (b) Violated the conditions of claim closure.

(2) **What claims may a self-insurer close?**

A self-insurer may close	If the	With time loss?	Other requirements?	With PPD?
Medical only (MO) claims	Claim was filed on or after 07/01/90 and before 08/01/97	Without	None.	Without ¹
Time loss (TL) claims	Claim was filed on or after 07/01/86 and before 08/01/97	With	1. Not if the department issued an order resolving a dispute; AND 2. Only if the worker returned to work with the employer of record at the same job or at a job with comparable wages and benefits. ²	Without ¹
All claims: Medical only (MO) claims Time loss (TL) claims Permanent partial disability (PPD) claims	Claim was filed on or after 08/01/97	With or without	1. Not if the department issued an order resolving a dispute; AND 2. Only if the worker returned to work with the employer of record at the same job or at a job with comparable wages and benefits; ² AND 3. Only if the closing medical report was sent to the attending or treating doctor and 14 ³ days allowed for response.	With or without

¹ A self-insurer may not close a claim with PPD if the injury or illness occurred before 08/01/97.

² Comparable means the wages and benefits are at least ninety-five percent of the wages and benefits received by the worker at the time of injury.

³ When not specified, time is in calendar days.

(3) When a self-insurer is closing a PPD claim, what must it do with the closing medical report?

When a self-insurer is closing a PPD claim, it must send the closing medical report to the attending or treating doctor, and the doctor must be allowed fourteen days to respond. When the attending or treating doctor responds:

Within 14 days	And the doctor AGREES with	And the doctor DISAGREES with	Then the self-insurer	
Within	Fixed and stable and PPD rating		MAY	Close the claim.
Does not respond			MAY	Close the claim
Within or before the order is issued		Fixed and stable	MUST	1. Obtain a supplemental medical opinion from (an) examiner(s) listed on the department's approved examiner's list; OR 2. Forward the claim to department for closure. The department may require additional medical examinations.
Within or before the order is issued	Fixed and stable	PPD rating	MUST	1. Obtain a supplemental medical opinion from (an) examiner(s) listed on the department's approved examiner's list; OR 2. Forward the claim to department for closure. The department may require additional medical examinations.
Not within, after the order is issued, but before the order is final		Fixed and stable and/or PPD rating	MUST	Forward the claim including the doctor's response to the department as a protest within five working days of receipt.

(4) What must a self-insurer do with a closing medical report, regardless of who is closing the claim?

A self-insurer must send the closing medical report to the attending or treating doctor. If the doctor responds that he/she does not concur with the results, the self-insurer must:

(a) Obtain a supplemental medical opinion from (an) examiner(s) listed on the department's approved examiner's list in order to do the closing action itself; OR

(b) Forward the claim to department for closure. The department may require additional medical examinations.

(5) When a self-insurer is closing a claim, what written notice must it provide to the worker and attending or treating doctor?

At claim closure, a self-insurer must send the closing order to the worker and attending or treating doctor.

(a) For a MO claim, use a Self-Insurer's Claim Closure Order and Notice substantially similar to F207-020-111.

(b) For a TL claim, use a Self-Insured Employers' Time Loss Claim Closure Order and Notice substantially similar to F207-070-000. Include a complete and accurate SIF-5 substantially similar to L&I form F207-005-000 with the worker's copy.

(c) For a PPD claim:

(i) When no TL or loss of earning power (LOEP) was paid, use a form substantially similar to L&I form F207-165-000 (MO with PPD). Include a complete and accurate SIF-5 with the worker's copy.

(ii) When TL or LOEP was paid, use a form substantially similar to L&I form F207-164-000 (TL with PPD). Include a complete and accurate SIF-5 with the worker's copy.

(6) When a self-insurer is closing a claim, what information must it submit to the department?

A self-insurer must submit to the department:

(a) MO claim closures by the end of the month following closure. These may be transferred electronically or reported by paper.

(i) Closures transferred electronically must be in the department's format.

(ii) Closures submitted in paper must include the SIF-2 L&I form F207-002-000 showing the date of closure and any vocational services provided.

(b) TL and PPD claim closures at the time of closure. Include copies of each of the following:

(i) SIF-2 if not previously submitted.

(ii) Closure order.

Note: If no one protests the self-insurer's closure order, it will become final and binding in sixty days, just like a department order.

(iii) A PPD Payment Schedule, if necessary, substantially similar to L&I form F207-162-000.

(A) A payment schedule is required when the amount of the award is more than three times the state's average monthly wage at the date of injury. At initial/down payment, send copies to the worker and the department.

(B) The first payment of the PPD award must be paid within five working days of claim closure. Continuing payments must be paid according to the established payment schedule.

(iv) A complete and accurate SIF-5 showing all requirements for closure have been met, any TL or LOEP paid, period of payment, and total amount paid.

(7) When the department is closing a claim, what must the self-insurer submit when requesting claim closure?

When a self-insurer is asking the department to close the claim, it must submit:

(a) A complete and accurate SIF-5; and

(b) All records not previously submitted to the department excluding bills.

(8) When the department has closed a PPD claim, when must the self-insurer create a payment schedule?

When the department has closed a PPD claim, the self-insurer must create a PPD Payment Schedule substantially similar to L&I form F207-162-000 when the amount of the award is more than three times the state's average monthly wage at the date of injury. At initial/down payment, send copies to the worker and the department.

(9) When the department has closed a PPD claim, when must the self-insurer make the first payment of the award?

When the department has closed a PPD claim, the self-insurer must make the first payment of the award without

delay. Continuing payments must be paid according to the established payment schedule.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-450, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a). 98-24-121, § 296-15-450, filed 12/2/98, effective 1/2/99.]

After recovery of damages	<ol style="list-style-type: none"> 1. Signed settlement agreement or court order; and 2. Total amount of attorney fees and costs; and 3. Total amount of benefits paid, including TL, PPD, and medical, excluding payments for IMEs.
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[Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a). 98-24-121, § 296-15-495, filed 12/2/98, effective 1/2/99.]

WAC 296-15-470 When a worker files for reopening. When must a self-insurer forward an application to reopen a claim to the department? A self-insurer must forward an application to reopen a claim to the department within five working days of receipt.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-470, filed 2/28/06, effective 4/1/06.]

WAC 296-15-480 When a self-insured claim is protested. When must a self-insurer submit a worker's written protest or appeal to the department?

A self-insurer must submit a written protest by a worker to the department within five working days of receipt. The date the protest is received by the self-insurer is considered the date the protest is received by the department.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-480, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a). 98-24-121, § 296-15-480, filed 12/2/98, effective 1/2/99.]

WAC 296-15-490 When a self-insured claim is on appeal. (1) When must a self-insurer submit a worker's written appeal to the department? A self-insurer must submit to the department a written appeal by a worker within five working days of receipt. The date the appeal is received by the self-insurer is considered the date the appeal is received by the department.

(2) How may department orders be defended in self-insured appeals?

The department may ask the office of the attorney general to represent the department at the board of industrial insurance appeals.

(3) What must a self-insurer send to the department when any party appeals a claim to superior or appellate court?

When any party appeals a claim to superior or appellate court, the self-insurer must promptly send to the department copies of the notice of appeal, judgment, and all other relevant information.

[Statutory Authority: RCW 51.04.020, 51.14.020, 51.32.190, 51.14.090, and 51.14.095. 06-06-066, § 296-15-490, filed 2/28/06, effective 4/1/06. Statutory Authority: RCW 51.32.190(6), 51.32.055 (8)(a) and (9)(a). 98-24-121, § 296-15-490, filed 12/2/98, effective 1/2/99.]

WAC 296-15-495 Third-party action on a self-insured claim. What must a self-insurer send to the department when there is a third-party action?

When there is a third-party action, in addition to fulfilling the statutory requirements, the self-insurer must send the department copies of:

When	What
Upon notification	Written indication of the worker's election.