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. WSR 99-23-107, § 296-15-171, filed 11/17/99, effective 12/27/99.]