

WAC 200-110-150 Standards for management and operations—Conflict of interest.

(1) Every individual and joint self-insurance program shall require the third-party administrator and the broker of record to contract separately with the self-insurance program. Each contract between a self-insurance program and a broker or third-party administrator must include a statement that no conflict of interest exists prior to acceptance of the contract by the self-insurance program.

(2) All self-insurance programs shall meet the following standards regarding restrictions on the financial interests of the program administrators:

(a) No member of the board of directors; trustee; administrator, including a third-party administrator; or any other person having responsibility for the management or administration of a self-insurance program or the investment or other handling of the program's money shall:

(i) Receive directly or indirectly or be pecuniarily interested in any fee, commission, compensation, or emolument arising out of any transaction to which the program is or is expected to be a party except for salary or other similar compensation regularly fixed and allowed for because of services regularly rendered to the program.

(ii) Receive compensation as a consultant to the program while also acting as a member of the board of directors, trustee, third-party administrator, or as an employee.

(iii) Have any direct or indirect pecuniary interest in any loan or investment of the program.

(b) No consultant or legal counsel to the self-insurance program shall directly or indirectly receive or be pecuniarily interested in any commission or other compensation arising out of any contract or transaction between the self-insurance program and any insurer, health care service contractor, health care supply provider or consultant.

(c) Brokers of record for the self-insurance program may receive compensation for insurance transactions performed within the scope of their licenses. The terms of compensation shall be provided for by contract between the broker of record and the self-insurance program, and the amount or percentage of the compensation must be disclosed in the contract between the parties. Contracts between brokers of record and the self-insurance program shall include a provision that contingent commissions or other form of compensation not specified in the contract shall not be paid to the broker of record as a result of any self-insurance program insurance transactions.

(d) No third-party administrator shall serve as an officer or on the board of directors of a self-insurance program.

[Statutory Authority: RCW 48.62.061. WSR 17-22-048, § 200-110-150, filed 10/25/17, effective 11/25/17. Statutory Authority: 2011 c 43. WSR 11-23-093, recodified as § 200-110-150, filed 11/17/11, effective 11/17/11. Statutory Authority: RCW 48.62.061. WSR 10-14-034, § 82-65-150, filed 6/28/10, effective 10/1/10.]