

2 SSB 5342 - H COMM AMD **ADOPTED** 03/03/92

3 By Committee on Commerce & Labor

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5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 51.44.070 and 1989 c 190 s 1 are each amended to read
8 as follows:

9 (1) For every case resulting in death or permanent total disability
10 the department shall transfer on its books from the accident fund of
11 the proper class and/or appropriate account to the "reserve fund" a sum
12 of money for that case equal to the estimated present cash value of the
13 monthly payments provided for it, to be calculated upon the basis of an
14 annuity covering the payments in this title provided to be made for the
15 case. Such annuity values shall be based upon rates of mortality,
16 disability, remarriage, and interest as determined by the department,
17 taking into account the experience of the reserve fund in such
18 respects.

19 Similarly, a self-insurer in these circumstances shall pay into the
20 reserve fund a sum of money computed in the same manner, and the
21 disbursements therefrom shall be made as in other cases.

22 (2) As an alternative to payment procedures otherwise provided
23 under law, in the event of death or permanent total disability to
24 workers of self-insured employers, a self-insured employer may upon
25 establishment of such obligation file with the department a bond,
26 ((or)) an assignment of account from a federally or state chartered
27 commercial banking institution authorized to conduct business in the
28 state of Washington, or purchase an annuity, in an amount deemed by the

1 department to be reasonably sufficient to insure payment of the pension
2 benefits provided by law. Any purchase of an annuity shall be from an
3 institution meeting the following minimum requirements: (a) The
4 institution must be rated no less than "A+" by A.M. Best, and no less
5 than "AA" by Moody's and by Standard & Poor's; (b) the value of the
6 assets of the institution must not be less than ten billion dollars;
7 (c) not more than ten percent of the institution's assets may include
8 bonds that are rated less than "BBB" by Moody's and Standard & Poor's;
9 (d) not more than five percent of the assets may be held as equity in
10 real estate; and (e) not more than twenty-five percent of the assets
11 may be first mortgages, and not more than five percent may be second
12 mortgages. The department shall adopt rules governing assignments of
13 account and annuities. Such rules shall ensure that the funds are
14 available if needed, even in the case of failure of the banking
15 institution, the institution authorized to provide annuities, or ((of))
16 the employer's business.

17 The annuity value for every such case shall be determined by the
18 department based upon the department's experience as to rates of
19 mortality, disability, remarriage, and interest. The amount of the
20 required bond ((of)), assignment of account, or annuity may be reviewed
21 and adjusted periodically by the department, based upon periodic
22 redeterminations by the department as to the outstanding annuity value
23 for the case.

24 Under such alternative, the department shall ~~((make the monthly~~
25 ~~payments from the pension reserve fund for the benefits provided for by~~
26 ~~RCW 51.32.050 and 51.32.060 to the self-insured beneficiary or~~
27 ~~beneficiaries and the department shall be reimbursed for all such~~
28 ~~payments from the particular self-insured employer through periodic~~
29 ~~charges not less than quarterly in a manner to be determined by the~~
30 ~~director.~~

1 ~~Any self-insured employer electing this alternative method of~~
2 ~~providing for payment))~~ administer the payment of this obligation to
3 the beneficiary or beneficiaries. The department shall be reimbursed
4 for all such payments from the self-insured employer through periodic
5 charges not less than quarterly in a manner to be determined by the
6 director. The self-insured employer shall additionally pay to the
7 department a deposit equal to the first three months' payments
8 otherwise required under RCW 51.32.050 and 51.32.060. Such deposit
9 shall be placed in the reserve fund in accordance with RCW 51.44.140
10 and shall be returned to the respective self-insured employer when
11 monthly payments are no longer required for such particular obligation.

12 If a self-insurer delays or refuses to reimburse the department
13 beyond fifteen days after the reimbursement charges become due, there
14 shall be a penalty paid by the self-insurer upon order of the director
15 of an additional amount equal to twenty-five percent of the amount then
16 due which shall be paid into the pension reserve fund. Such an order
17 shall conform to the requirements of RCW 51.52.050."

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21 On page 1, line 1 of the title, after "employers;" strike the
22 remainder of the title and insert "and amending RCW 51.44.070."