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**SUBSTITUTE SENATE BILL 5342**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** Senate Committee on Commerce & Labor (originally sponsored by Senators Matson, Anderson, Owen, McCaslin and Oke).

Read first time March 5, 1991.

1       AN ACT Relating to payment by annuity by self-insured employers;  
2 and amending RCW 51.44.070.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4       **Sec. 1.** RCW 51.44.070 and 1989 c 190 s 1 are each amended to read  
5 as follows:

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

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

4 (2) As an alternative to payment procedures otherwise provided  
5 under law, in the event of death or permanent total disability to  
6 workers of self-insured employers, a self-insured employer may upon  
7 establishment of such obligation file with the department a bond,  
8 ~~((or))~~ an assignment of account from a federally or state chartered  
9 commercial banking institution authorized to conduct business in the  
10 state of Washington, or purchase an annuity in an amount deemed by the  
11 department to be reasonably sufficient to insure payment of the pension  
12 benefits provided by law. The department shall adopt rules governing  
13 assignments of account and annuities. Such rules shall ensure that the  
14 funds are available if needed, even in the case of failure of the  
15 banking institution, the institution authorized to provide annuities,  
16 or ~~((or))~~ 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 ~~((or))~~, 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.