

WAC 296-17-87305 Initial recalculation of experience factor.

When an entity acquires the past experience of an existing firm (business) or portion thereof, the following treatment shall apply until the next date for the general calculation of all employers' experience factors. The purpose of this subsection is to produce the same premium level that would have been generated had no change in the ownership of a firm (business) occurred.

(1) Acquiring entity retains all rating experience associated with the firm (business), or portion thereof, being acquired. The selling entity shall revert to an experience factor of unity (1.0000) until such time as it may requalify for experience rating or unless another treatment is specified in these rules.

(2) If the acquiring entity already has an experience factor, it shall be assigned a weighted average of its existing experience factor and the acquired experience factor. Weights will be based on expected losses. In the event the acquiring entity does not have an existing experience factor, it shall be assigned an experience factor developed from the past experience of the firm (business) or portion thereof being acquired.

(3) If the past experience of the firm (business) cannot be segregated between the operations remaining with the selling entity and the operations being taken over by the acquiring entity, then the entire experience of the firm (business) shall remain with the selling entity. In the event that the past experience can be segregated, the following shall apply:

(a) Separate experience factors shall be calculated for each portion of the firm (business) being sold using the experience rating procedures in WAC 296-17-855 through 296-17-870.

(b) Both experience factors shall be increased or decreased in the same proportion, if necessary, so that their weighted average is the same as the selling entity's experience factor prior to the sale or change.

(c) The selling entity shall be assigned the experience factor for the experience it is retaining.

(d) The experience factor developed in (a) and (b) of this subsection shall be used in accordance with subsection (2) of this section.

[Statutory Authority: RCW 51.16.035, 51.32.073, 51.08.010, and 51.04.020(1). WSR 07-24-046, § 296-17-87305, filed 12/1/07, effective 1/1/08. Statutory Authority: RCW 51.04.020(1) and 51.16.035. WSR 90-20-092, § 296-17-87305, filed 10/1/90, effective 11/1/90; WSR 89-24-051 (Order 89-22), § 296-17-87305, filed 12/1/89, effective 1/1/90. Statutory Authority: RCW 51.16.035. WSR 83-24-017 (Order 83-36), § 296-17-87305, filed 11/30/83, effective 1/1/84. Statutory Authority: RCW 51.04.030 and 51.16.035. WSR 79-12-086 (Order 79-18), § 296-17-87305, filed 11/30/79, effective 1/1/80.]