

WAC 296-17B-610 How we determine the performance adjustment factor. Our actuaries compare standard premiums and losses of employers in retro with those of employers not in retro to determine a target refund amount that would result in the groups of retro and nonretro employers funding the same percentage of their claim costs. In doing this, the actuaries pool the experience of the coverage period being adjusted with the experience from the coverage periods beginning the three previous quarters, and take into account possible future changes in losses based on historical data. The actuaries then add interest to the target amount to take into consideration the time value of money.

A performance adjustment factor (rounded to four decimal places) is then selected, so that when we calculate adjustments, the sum of all adjustments will most nearly equal the target refund amount.

[Statutory Authority: RCW 51.16.035, 51.16.100, 51.04.020(1), and 51.18.010. WSR 10-21-086, § 296-17B-610, filed 10/19/10, effective 11/19/10.]