

HB 2123 - H AMD 814

By Representative Reykdal

SCOPE AND OBJECT 05/23/2011

1 On page 30, after line 34, insert the following:

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"PART 9. PREMIUMS BASED ON WAGES EARNED

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5 **Sec. 901.** RCW 51.16.035 and 2005 c 410 s 1 are each amended to
6 read as follows:

7 (1) The department shall classify all occupations or industries in
8 accordance with their degree of hazard and fix therefor basic rates of
9 premium which shall be:

10 (a) The lowest necessary to maintain actuarial solvency of the
11 accident and medical aid funds in accordance with recognized insurance
12 principles; and

13 (b) Designed to attempt to limit fluctuations in premium rates.

14 (2) The department shall formulate and adopt rules governing the
15 method of premium calculation and collection and providing for a
16 rating system consistent with recognized principles of workers'
17 compensation insurance which shall be designed to stimulate and
18 encourage accident prevention and to facilitate collection. Rates must
19 be based on wages earned. The department may annually, or at such
20 other times as it deems necessary to achieve the objectives under this
21 section, readjust rates in accordance with the rating system to become
22 effective on such dates as the department may designate.

23 (3)(a) After the first report is issued by the state auditor under
24 RCW 51.44.115, the workers' compensation advisory committee shall
25 review the report and, as the committee deems appropriate, may make
26 recommendations to the department concerning:

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1 (i) The level or levels of a contingency reserve that are
2 appropriate to maintain actuarial solvency of the accident and medical
3 aid funds, limit premium rate fluctuations, and account for economic
4 conditions; and

5 (ii) When surplus funds exist in the trust funds, the
6 circumstances under which the department should give premium
7 dividends, or similar measures, or temporarily reduce rates below the
8 rates fixed under subsection (1) of this section, including any
9 recommendations regarding notifications that should be given before
10 taking the action.

11 (b) Following subsequent reports issued by the state auditor under
12 RCW 51.44.115, the workers' compensation advisory committee may, as it
13 deems appropriate, update its recommendations to the department on the
14 matters covered under (a) of this subsection.

15 (4) In providing a retrospective rating plan under RCW 51.18.010,
16 the department may consider each individual retrospective rating group
17 as a single employing entity for purposes of dividends or premium
18 discounts.

19
20 NEW SECTION. **Sec. 902.** Section 901 of this act takes effect
21 January 1, 2013."

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23 Renumber the remaining part headings and sections consecutively
24 and correct internal references accordingly.

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26 Correct the title.

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EFFECT: Requires premium rates to be based on wages earned
rather than hours worked beginning January 1, 2013.

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