
CR 103 RULE-MAKING ORDER (RCW 34.05.360)**Attachment 1**

Department of Enterprise Services

Contracts and Legal Services Division

Hearing Dates: September 30, October 2, 2013, and January 9, 2014

CR-103 Filing Date: February 18, 2014

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NEW SECTIONS:

None

AMENDED SECTIONS:

WAC 200-100-02023 Standards for operation — Elections of the governing body.

- The proposed changes provide flexibility to the risk pools to establish the governance structure best suited to the size of their membership

WAC 200-100-03001 Standards for solvency — Actuarially determined liabilities, program funding and liquidity requirements.

- The proposed changes:
 - Clarify that estimates must be written, and standardizes current actuarial practice of providing estimates at various actuarial confidence levels as indicated in the proposed change. The proposed change allows the pool, its members and the state risk manager to clearly identify the level of funds available to pay claims.
 - Provide clarity as to when a pool has met the Primary Asset Test.
 - Increases the amount of combined assets needed from the 70% to the 80% confidence level.
 - Establish criteria for and clearly identifies a second solvency test as the Total Asset Test.
 - Establish a remedy to be taken by the state risk manager when a pool fails to respond to the state risk manager's requests for an improvement plan.
 - Identifies the procedure to be followed by the state risk manager when a pool operating under supervisory watch of the state risk manager declines to the point that monetary reserves available to pay claims fall below the 70% confidence level.
 - Clarify the specific work to be done by an independent actuary on behalf of the state risk manager.

WAC 200-100-037 Standards for management and operations — Financial plans.

- The proposed changes:
 - Reduce the time that audited financial statements are to be provided to the state risk manager from one year to eight months from a pool's fiscal year end.
 - Prevents loaning of monies needed to pay claims to any entity.

WAC 200-100-060 Standards for management and operations — State risk manager reports.

- The proposed changes reduce the time that audited financial statements are to be provided to the state risk manager from one year to eight months from a pool's fiscal year end. This change also appears in WAC 200-100-037.

REPEALED SECTIONS:

None