



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Enterprise Services

<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 13-14-065; or	<input checked="" type="checkbox"/> Original Notice
<input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____; or	<input type="checkbox"/> Supplemental Notice to WSR _____
<input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4).	<input type="checkbox"/> Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject) **Chapter 200-100 WAC, Self-Insurance requirements governing local government and nonprofit self-insurance.**

Hearing location(s):

Department of Enterprise Services
 1500 Jefferson Street Room 1213
 Olympia, WA 98504
 September 30, 2013 9:00 a.m.

Central Washington University
 Student Union Building Room 137B
 400 East University Way
 Ellensburg, WA 98926
 October 2, 2013 12:00 p.m.

Submit written comments to:

Online: <https://www.surveymonkey.com/s/RiskPoolRulemaking>
 Email: rules@des.wa.gov

By mail to:

Devin Proctor, Rules and Policy Coordinator
 Department of Enterprise Services
 Contracts and Legal Services Division
 PO Box 41410
 Olympia, WA 98504-1410

By fax: 360-586-2426 (Comments submitted by fax must be 10 pages or less.)

Comments will be accepted through October 11, 2013.

Assistance for persons with disabilities: Contact

Amy Julsrud by phone at 360-407-9317 or by email at amy.julsrud@des.wa.gov

Date of intended adoption: 12/4/2013

(Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

See attachment 1 for changes.

Reasons supporting proposal: The department took input from a wide-ranging group of stakeholders and these are highlights of the changes that came out of that exchange:

- Increases the combined asset requirements for risk pools from the current 70% to the 80% confidence level.
- Clarifies when a pool has met the Primary Asset Test.
- Establishes criteria for and clearly identifies a second solvency test as the Total Asset Test.
- 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.
- Clarifies the specific work to be done by an independent actuary on behalf of the state risk manager.

Statutory authority for adoption: RCW 48.62.061

Statute being implemented: Chapter 48.62 RCW

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, CITATION:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

DATE August 21, 2013

NAME Jack Zeigler

SIGNATURE

TITLE Policy and Rules Manager

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
 STATE OF WASHINGTON
 FILED

DATE: August 21, 2013

TIME: 9:55 AM

WSR 13-17-106

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

To obtain a copy of the rules, or to submit written comments on the rules, please contact:

Devin Proctor, Rules and Policy Coordinator
Phone: 360-407-8269 Email: devin.proctor@des.wa.gov
Written comments:
Online: <https://www.surveymonkey.com/s/RiskPoolRulemaking>
Email: rules@des.wa.gov

Name of proponent: (person or organization) Department of Enterprise Services

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Jack Zeigler	1500 Jefferson Ave, Olympia, WA 98504	(360) 407-9209
Implementation.....Ro Marcus	1500 Jefferson Ave, Olympia, WA 98504	(360) 407-8569
Enforcement..... Lucy Isaki	1500 Jefferson Ave, Olympia, WA 98504	(360) 407-8143

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

No small business economic impact statement has been prepared under [chapter 19.85 RCW](#). The implementation of these rules have no or minimal cost to small business.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Department of Enterprise Services (DES) is not an agency listed in RCW 34.05.328(5)(a)(i).

Further DES does not voluntarily make section 201 applicable to this rule adoption nor to date, has Joint Administrative Rules Review Committee made section 201 applicable to this rule adoption.

CR-102 RULE-MAKING ORDER (RCW 34.05.320)

Department of Enterprise Services
Contracts and Legal Services Division
CR-102 Filing Date: August 21, 2013
Hearing Dates: September 30 and October 2, 2013

Attachment (1)

Purpose Statement for
Self-Insurance
Risk Pools

NEW SECTIONS:

None

AMENDED SECTIONS:

The following amendments were made:

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