



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Labor and Industries

<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 05-13-149 ; 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: 2006 Workers' Compensation Premium Rates
 Chapter 296-17-WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance
 This rule proposal will amend the premium rates for the workers' compensation insurance classifications for calendar year 2006 and make modifications to the related experience rating and retrospective rating plans. An overall 3.8 percent general increase in the premium rates is proposed. The 3.8 percent general rate increase is necessary to maintain the solvency of the state fund.
 See Attachment A

<p>Hearing location(s): See Attachment B for hearing locations, dates, and times.</p> <p>Date: _____ Time: _____</p>	<p>Submit written comments to: Name: Department of Labor & Industries Kathy Kimbel Program Manager for Employer Services Address: P O Box 44140 Olympia, WA 98504-4140, or e-mail LANZ235@LNI.WA.GOV fax (360)902-4729 by October 28, 2005, 12 noon</p> <p>Assistance for persons with disabilities: Contact <u>Office of Information and Assistance by October 10, 2005</u> TTY (360) 902-5797</p>
<p>Date of intended adoption: <u>November 15, 2005</u> (Note: This is NOT the effective date)</p>	

Purpose of the proposal and its anticipated effects, including any changes in existing rules: This rule proposal will amend the risk classification premium base rates, experience rating and retrospective rating tables to reflect updated loss experience, and provide a 3.8 percent general rate increase effective January 1, 2006. This proposal specifically amends sections WAC 296-17-855, WAC 296-17-875, WAC 296-17-880, WAC 296-17-885, WAC 296-17-890, WAC 296-17-895, WAC 296-17-89502, and WAC 296-17-920.

Reasons supporting proposal: Insurance base rates and experience rating tables are being modified to reflect changes in loss data associated with the classification and rating plan from the previous 2005 rating period. Washington law provides that rates should be adjusted annually to reflect the hazards of each industry and in accordance with the rating plan. Similarly the rating plan is revised to recognize changes within the industry groups.

<p>Statutory authority for adoption: RCW 51.16.035 (Base Rates), RCW 51.32.073 (Supplemental Pension), RCW 51.18.010 (Retrospective Rating), and RCW 51.04.020(1) (General Authority)</p>	<p>Statute being implemented: RCW 51.16.035, RCW 51.32.073, RCW 51.18.010, and RCW 51.04.020(1)</p>
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<p>Is rule necessary because of a:</p> <table style="width: 100%;"> <tr> <td>Federal Law?</td> <td><input type="checkbox"/> Yes</td> <td><input checked="" type="checkbox"/> No</td> </tr> <tr> <td>Federal Court Decision?</td> <td><input type="checkbox"/> Yes</td> <td><input checked="" type="checkbox"/> No</td> </tr> <tr> <td>State Court Decision?</td> <td><input type="checkbox"/> Yes</td> <td><input checked="" type="checkbox"/> No</td> </tr> </table> <p>If yes, CITATION: _____</p>	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	<p>CODE REVISER USE ONLY</p> <p>WSR #05-18-090</p>
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								
<p>DATE September 7, 2005</p>										
<p>NAME (type or print) Gary K. Weeks</p>										
<p>SIGNATURE</p>										
<p>TITLE Director</p>										

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

The purpose of this proposal is to establish 2006 premium rates and experience rating parameters for calendar year 2006. Washington law (RCW 51.16.035, 51.32.073, 51.18.010, and 51.04.020) requires Labor and Industries to adjust rates to ensure solvency of the accident, medical aid, and supplement pension funds. RCW 51.16.035 also provides that premium rates charged to industry vary by hazard. Labor and Industries is proposing to adjust each industry risk classification to reflect more current loss experience, and is proposing an overall increase to workers' compensation insurance premium rates of 3.8 percent beginning January 1, 2006.

Name of proponent: (person or organization) Department of Labor and Industries

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Tammy Turner	Tumwater, WA	(360) 902-4777
Implementation.... Kathy Kimbel	Tumwater, WA	(360) 902-4739
Enforcement..... Robert Malooly	Tumwater, WA	(360) 902-4209

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.

The Regulatory Fairness Act (RFA), chapter 19.85 RCW, requires the agency to prepare a Small Business Economic Impact Statement (SBEIS) if the proposed rule will have disproportionate impact on the state's small businesses because of the size of those businesses. In this case the agency is exempt from conducting a SBEIS when the proposed rules set or adjust fees or rates pursuant to legislative standards RCW 34.05.310(4) (f).

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 Administrative Procedures Act (APA), chapter 34.05 RCW requires the agency to prepare a Cost/Benefit Analysis (CBA) prior to adopting a "significant legislative rule". The CBA determines whether the probable benefits of the rule are greater than its probable costs. This takes into account both the qualitative and quantitative benefits and costs and the specific directives of the statute being implemented. In this case, the agency is exempt from conducting a CBA when the proposed rules set or adjust fees or rates pursuant to legislative standards RCW 34.05.328(5)(b)(vi).

Attachment A Summary

CR102 Rule Making Order (RCW 34.05.320)

Chapter 296-17 WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance.

Proposal establishes premium rates for workers' compensation insurance classifications for calendar year 2006 and modifications to the related experience rating and retrospective rating plans:

- WAC 296-17-855 Experience Modification,
- WAC 296-17-875 Table I Primary Losses for Selected Claim Values,
- WAC 296-17-880 Table II "B" and "W" Values,
- WAC 296-17-885 Table III Expected Loss Rates and D Ratios,
- WAC 296-17-890 Table IV Maximum Experience Modifications,
- WAC 296-17-895 Base Rate Table by Class of Industry,
- WAC 296-17-89502 Industrial Insurance Rates for Nonhourly Rated Classifications,
- WAC 296-17-90492 Table I Retrospective Rating Plans A, A1, A2, A3, and B,
Standard Premium Size Ranges,
- WAC 296-17-90493 Table II Retrospective Rating Plan A,
- WAC 296-17-90494 Table III Retrospective Rating Plan A1,
- WAC 296-17-90495 Table IV Retrospective Rating Plan A2,
- WAC 296-17-90496 Table V Retrospective Rating Plan A3,
- WAC 296-17-90497 Table VI Retrospective Rating Plan B,
- WAC 296-17-920 Assessment for Supplemental Pension Fund

Attachment B Hearing Locations

CR102 RULE-MAKING ORDER (RCW 34.05.320)

Chapter 296-17 WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance

Hearing Locations

All Hearings begin at 10:00 AM

October 11, 2005

Airport Ramada Inn
8909 Airport Dr.
Spokane, WA 99219
(509) 838-5211

October 13, 2005

Red Lion Hotel Yakima Center
607 East Yakima Ave.
Upper Terrace
Yakima, WA
509-454-2451

October 18, 2005

Best Western Cottontree Inn
Mt. Baker Room
2401 Riverside Dr.
Mt Vernon, WA
(360) 428-5678

October 20, 2005

Red Lion at the Quay
100 Columbia Street
Port Side Room
Vancouver, WA
(360) 694-8341

October 25, 2005

Department of Labor & Industries
Tumwater Office – Auditorium
Tumwater, WA