

AMENDATORY SECTION (Amending WSR 06-06-066, filed 2/28/06, effective 4/1/06)

WAC 296-15-001 Definitions. (1) "Self-insurance electronic data reporting system (SIEDRS)": SIEDRS is a computer system that collects claim data electronically from self-insurers. Effective July 1, 2008, all self-insurers must send timely and accurate claim data to SIEDRS in the required format.

(2) "Substantially similar":

(a) The text of the department's document has not been altered or deleted; and

(b) The self-insurer's document has the text:

(i) In approximately the same font size;

(ii) With the same emphasis (bolding, italics, underlining, etc.); and

(iii) In approximately the same location on the page as the department's document.

~~((+2))~~ (3) "Third-party administrator": An entity which contracts to administer workers' compensation claims for a self-insured employer.

~~((+3))~~ (4) "Claims management entity": All individuals designated by the self-insured employer to administer workers' compensation claims, including self-administered organizations and third-party administrators.

AMENDATORY SECTION (Amending WSR 06-06-066, filed 2/28/06, effective 4/1/06)

WAC 296-15-021 Self-insurance certification requirements and application process. (1) **What requirements must an employer meet to apply for self-insurance certification?** An employer must meet all the following minimum criteria:

(a) Be in business for three years prior to applying for self-insurance.

(b) Have a written accident prevention program in place in Washington state for at least six months prior to making application.

(c) Have total assets worth at least twenty-five million dollars as verified by audited financial statements prepared by independent certified accountants.

(d) Demonstrate positive earnings in the current year and two out of the last three years. The overall earnings for the last three years must also be positive.

(e) Have a current liquidity ratio of at least 1.3 to 1, and a debt to net worth ratio of not greater than 4 to 1.

(2) **When are applications processed?** The department processes applications for certification the quarter after the application is accepted. Self-insurance certification for approved applicants will be effective the quarter following processing.

(3) **What documentation must be submitted with an application?** The following documentation must be submitted with each self-insurance application:

(a) A completed application form (Form F207-001-000) with a nonrefundable application fee. The application fee is reviewed annually by the department and is based on the administrative costs incurred in processing an application, but in no instance will it be less than two hundred fifty dollars.

(b) Three years of audited financial statements prepared by independent certified accountants. The audited financial statements must be in the name of the applicant.

(c) A list of all of the applicant's physical locations and addresses in Washington state, including all subsidiary operations.

(d) A copy of the written accident prevention program for each of the applicant's operations in Washington. If the applicant or any of its subsidiaries has multiple locations, more than one copy of the accident prevention program may be required.

(e) A completed Self-Insurance Certification Questionnaire (Form 207-176-000).

(f) A completed self-insurance electronic data reporting system (SIEDRS) enrollment form (Form F207-193-000).

(4) **What happens during the application review process?** The department:

(a) Assesses the accident prevention program at department-selected sites.

(b) Analyzes the financial information supplied by the applicant. The department may also consider relevant information obtained from other sources to assess the applicant's financial strength.

(c) Reviews the completed Claims Administration Questionnaire and attachments. Additional information may be requested.

The department determines whether the application is denied or tentatively approved. The department notifies each applicant of its decision. If the department denies an application, it will state the reasons for the denial in its notification.

(5) **If the application is denied, when may the applicant submit a new application?** If an application is denied for deficiencies in its accident prevention program, the applicant may submit a new application for certification after the corrections to the program are made and have been in place for six months.

If the application is denied for financial reasons, the applicant may submit a new application for certification after the next annual audited financial statement is available.

If the application is denied because the claims administration organization is deficient, the applicant may submit a new application for certification after corrections to the program are

made.

(6) **What if the application is tentatively approved?** The applicant must submit the following:

(a) Surety in the amount determined by the department and issued on the department form.

(b) A signed copy of the service agreement with a third-party administrator, if applicable.

(i) The contract copy may delete clauses(s) relating to payment of services.

(ii) However, if payment for services is based on the number of claims filed by the self-insurer's workers, this must be explained in detail.

(c) A copy of any excess insurance (reinsurance) policy including Washington state endorsements, if obtained.

(d) A signed copy of the Acknowledgement of Self-Insurance Responsibilities form.

(e) Payment of any outstanding premium of the applicant's state industrial insurance account.

(f) Payment of the applicant's estimated portion of the deficit, if a deficit condition in the state industrial insurance fund exists at the time of application.

(g) Adequate electronic test data to SIEDRS, to demonstrate the ability to submit claim data electronically in the required format. Requirements are defined in the SIEDRS enrollment package (Publication F207-194-000). The department may waive the testing requirement if the applicant has a service agreement with a third-party administrator that already submits data to SIEDRS.

If the required items are not received prior to the end of the quarter, the application may be denied. If the application is denied, the applicant must reapply in order to be considered for self-insurance.

(7) **How is the initial surety requirement established?** The initial surety requirement is established at the highest of the following:

(a) The annual premiums the applicant pays (or would pay) into the state industrial insurance fund; or

(b) The annual average of the last five years of developed incurred costs to the state industrial insurance fund; or

(c) The minimum surety requirement as established annually by the department. The minimum surety requirement is equal to the average total cost of one permanent total disability award.

The applicant has the option of submitting an independent actuarial analysis of its projected liability. The department reserves the right to accept or reject this analysis. In no event will the surety requirement be established at less than the minimum surety in force at that time.

NEW SECTION

WAC 296-15-231 Self-insurance electronic data reporting system (SIEDRS). (1) **What is SIEDRS?** SIEDRS is a computer system that collects claim data electronically from self-insurers. Effective July 1, 2008, all self-insurers must send timely and accurate claim data to SIEDRS in the required format.

(2) **How often must a self-insurer report claim data to SIEDRS?** All claims opened during a calendar month, as well as any updates to post-enrollment claims made during that month, must be reported to SIEDRS by the tenth calendar day of the following month. Data can be submitted more often, but not more than once per day.

Newly certified self-insurers must begin submitting data by the tenth calendar day of the month following their date of certification. For example, if an employer is certified to self-insure effective January 1st, data must be submitted to SIEDRS by February 10th.

(3) **What is the required format?** Data submitted to SIEDRS must comply with all requirements outlined in the SIEDRS Enrollment Package (Publication F207-194-000).

(4) **When must a self-insurer correct errors?** Error corrections must be submitted to SIEDRS within ten calendar days of notification of the error. Notification occurs on the date SIEDRS provides the error report to the self-insurer.

(5) **What happens if a self-insurer doesn't comply with SIEDRS requirements?**

(a) The department may assess penalties for failure to comply with SIEDRS requirements. The department will consider penalties when a self-insurer:

- (i) Refuses or fails to send data files to SIEDRS.
- (ii) Repeatedly reports late.
- (iii) Repeatedly fails to correct errors on time.
- (iv) Demonstrates repeated and uncorrected inaccuracies in reporting format.

(b) Repeated failure to comply with SIEDRS requirements may result in increased sanctions, up to and including withdrawal of self-insurance certification.

IMPORTANT:

- Penalties are assessed for any occurrences within a twelve-month period, and need not be consecutive.
- Penalties are cumulative. For example, failure to send data files for twelve occurrences results in a total penalty of seventy-one thousand dollars.
- An occurrence is defined as: A failure to comply with any part of this section.
- The department has the discretion to consider withdrawal of certification at any time, based on the self-insurer's compliance record.

Penalty	Failure to Send Data Files	Late Reporting	Failure to Correct Errors on Time	Uncorrected Reporting Format Inaccuracies
1st	\$500	\$250	\$250	\$500
2nd	\$500	\$250	\$250	\$500
3rd	\$1,000	\$500	\$500	\$1,000
4th	\$2,000	\$1,000	\$1,000	\$2,000
5th	\$4,000	\$1,500	\$1,500	\$4,000
6th	\$6,000	\$2,000	\$2,000	\$6,000
7th	\$7,000	\$3,000	\$3,000	\$7,000
8th	\$8,000	\$4,000	\$4,000	\$8,000
9th	\$9,000	\$5,000	\$5,000	\$9,000
10th	\$10,000	\$6,500	\$6,500	\$10,000
11th	\$11,000	\$8,000	\$8,000	\$11,000
12th	\$12,000	\$10,000	\$10,000	\$12,000

Notes:

- 1st and 2nd occurrences may be waived at the department's discretion for good cause.
- For any waived occurrence, a notification is sent to the employer indicating noncompliance subject to penalty on repeat violation.
- Any occurrence waived counts against the employer's overall SIEDRS compliance record.
- If the department waives two occurrences then the 3rd occurrence results in a penalty equal in amount to the 3rd occurrence.