



# PROPOSED RULE MAKING

## CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Labor and Industries

- Preproposal Statement of Inquiry was filed as WSR 07-15-071 ; or
- Expedited Rule Making--Proposed notice was filed as WSR; or
- Proposal is exempt under RCW 34.05.310(4).

- Original Notice
- Supplemental Notice to WSR 07-19-015
- Continuance of WSR

**Title of rule and other identifying information:** 2008 Industrial Insurance Premium Rates  
 Chapter 296-17 WAC General Reporting Rules, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance  
 This supplemental proposal revises WAC 296-17-885, Table III, WAC 296-17-895 and WAC 296-17-90492, Table I as they appear in the proposal filed September 7, 2007 in WSR 07-19-015. These originally published rate tables contained some minor errors that have been corrected. While the overall average 3.2 percentage did not change, some composite base rates did change slightly. A new WAC 296-17-89505 is being added to outline the process that the department intends to use to issue dividends associated with the 2007 "Rate Holiday".  
 This supplemental filing also proposes adding a location at Vancouver, Washington for the 2008 rate hearings.

### Hearing location(s):

See Attachment A for hearing locations, dates and times.

Date: \_\_\_\_\_ Time: \_\_\_\_\_

### Submit written comments to:

Name: Ronald Moore, Program Mgr, Employer Services  
 Address: P O Box 44140 Olympia, WA 98504-4140  
 e-mail mooa235@lni.wa.gov  
 fax (360)902-4748 by Nov. 6, 2007, 5 p.m.

### Assistance for persons with disabilities: Contact

Office of Information and Assistance by Oct 10, 2007  
 TTY (360) 902-5797

**Date of intended adoption:** November 20, 2007  
 (Note: This is NOT the effective date)

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

This rule proposal will amend the tables of classification base premium rates, experience rating plan rates calculations and factors, and retrospective rating plan size groupings for the workers compensation insurance program for calendar year 2008. New classification base rates were calculated based on updated loss and payroll experience resulting in a proposed overall average 3.2 percent increase in the premium rates. The increase is a result of medical cost inflation and increases in the average state wages. Changes to the experience rating calculations that were deferred for employers that had lower rates under the plan prior to 2007 have now been fully implemented.

This proposal specifically amends sections WAC 296-17-855, WAC 296-17-87305, WAC 296-17-875, WAC 296-17-880, WAC 296-17-885, WAC 296-17-890, WAC 296-17-895, WAC 296-17-89502, WAC 296-17-89504, WAC 296-17-90492, and WAC 296-17-920. WAC 296-17-891 and WAC 296-17-86505 are repealed. See Attachment B.

**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 2007 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.

**Statutory authority for adoption:** RCW 51.16.035 (Base Rates), RCW 51.32.073 (Supplemental Pension), RCW 51.08.010 (Retrospective Rating) and RCW 51.04.020(1) (General Authority)

**Statute being implemented:** RCW 51.16.035, RCW 51.32.073, RCW 51.18.010 and RCW 51.04.020(1)

### Is rule necessary because of a:

- Federal Law?  Yes  No
  - Federal Court Decision?  Yes  No
  - State Court Decision?  Yes  No
- If yes, CITATION: \_\_\_\_\_

**DATE**  
September 19, 2007

**NAME**  
Judy Schurke

**SIGNATURE**

**TITLE**  
Director

### CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: September 19, 2007**

**TIME: 11:45 AM**

**WSR 07-19-133**

(COMPLETE REVERSE SIDE)

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

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

Table with 3 columns: Name, Office Location, Phone. Rows include Drafting (Bill Moomau), Implementation (Ronald Moore), and Enforcement (Robert Malooly).

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.

In this rulemaking the agency is exempt from preparing a SBEIS when the proposed rules set or adjust fees or rates pursuant to legislative standards. This exemption is described in 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: In this rulemaking, the agency is exempt from conducting a CBA since the proposed rules set or adjust fees or rates pursuant to legislative standards described in RCW 34.05.328(5)(b)(vi).

## **Attachment A Hearing Locations**

### **CR 102 Rulemaking Order (RCW 34.05.320)**

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

#### **Hearing Locations**

#### **October 25, 2007, 10:00 a.m.**

WestCoast Ridpath Hotel  
515 West Sprague Avenue  
Spokane, WA 99201

#### **October 26, 2007, 10:00 a.m.**

Red Lion Hotel at the Quay  
100 Columbia Street  
Vancouver, WA 98660

#### **October 31, 2007, 9 a.m.**

Best Western CottonTree Inn  
2300 Market Street  
Mt Vernon, WA 98273

#### **October 31, 2007, 2 p.m.**

Dept. of Labor and Industries  
12806 Gateway Drive  
Tukwila, WA 98168-3311

#### **November 1, 2007, 9 a.m.**

GuestHouse Inn  
1600 – 74<sup>th</sup> Ave SW  
Tumwater, WA 98501

#### **November 2, 2007, 1:30 p.m.**

Yakima Service Office  
Department of Labor & Industries  
15 W Yakima Avenue  
Yakima, WA 98902



## **Attachment B Summary**

### **CR 102 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**

##### **Amended Sections:**

Proposal establishes premium rates for workers' compensation insurance classifications for calendar year 2008 and modifications to the related experience rating and retrospective rating plans:

WAC 296-17-855	Experience Modification
WAC 296-17-87305	Initial Recalculation of Experience Factor
WAC 296-17-875	Table I Primary Losses for Selected Claim Values
WAC 296-17-880	Table II Primary and Excess Credibility Values
WAC 296-17-885	Table III Expected Loss Rates and Primary 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 296-17-89504	Horse Racing Industry Industrial Insurance, Medical Aid and Supplemental Pension by class
WAC 296-17-90492	Table I Retrospective Rating Plans A, A1, A2, A3 and B, Standard Premium Size Ranges
WAC 296-17-920	Assessment for Supplemental Pension Fund

##### **Repealed Section:**

WAC 296-17-891	Table IV-A
WAC 296-17-86505	2007 Alternative Claim Free Experience Modification Calculation

##### **New Section:**

WAC 296-17-89505	2007 Rate Holiday Dividend
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