

AMENDATORY SECTION (Amending WSR 07-17-140, filed 8/21/07, effective 10/1/07)

**WAC 296-17-90445 Valuation of coverage period. Our responsibility:**

- Nine months after the coverage period has ended, we will do an initial valuation of the losses for each employer and group participating in retrospective rating.

**Note:** Effective with the October 1, 2000, coverage period and all subsequent coverage periods thereafter, each retrospective rating plan has three mandatory valuations and no optional valuations. The first valuation takes place roughly nine months from the last day of the coverage period. Each subsequent valuation will occur at twelve-month intervals from the initial evaluation date.

**Example:** Assume that your coverage period began July 1, 2001, and ended June 30, 2002 (twelve calendar months). Our first valuation date would occur the end of March 2003. This is roughly nine months from the last day of the coverage period.

- On the valuation date, all claims with injury dates that fall within the coverage period are valued and the incurred losses that have been established for these claims are "captured" or "frozen."

**Note:** Our valuation is limited to the open or closed status of a claim on the evaluation date. We do not consider adjudicative decisions (i.e., claim allowance, case reserve, wage determination and dependent status) surrounding a claim in our valuation.

For occupational disease claims that arise from exposure to the disease hazard by two or more employers, the claim costs are prorated and assigned to each period of employment involving the exposure. Each employer responsible for at least ten percent of the claimant's exposure to the hazard is charged (see WAC 296-17-870(6)).

To compute the performance adjustment factors, assigned occupational disease losses are considered "retro losses" if on the date of the last injurious exposure with an employer, the employer was enrolled in retro. Occupational disease losses are considered "nonretro losses" if on the date of the last injurious exposure with an employer, the employer was insured with the state fund, but not enrolled in the retro program. Occupational disease losses that cannot be assigned as either retro or nonretro losses will not be considered in computing performance adjustment factors.

- During the adjustment process we convert the captured incurred loss of each claim into developed losses using the appropriate loss development and performance adjustment factors. Retrospective premium is then calculated using the applicable formulas and tables in the retrospective rating manual.

- Prior to the application of the performance adjustment factor, we will cap the pure developed loss value for any one claim or group of claims arising from a single accident that has collective pure developed losses in excess of five hundred thousand

dollars at a maximum of five hundred thousand dollars.

- Since the standard premium used in the retro calculation is based on premiums reported but not necessarily paid, we will deduct from the standard premium calculation any unpaid member premiums.

**Note:** A sponsoring organization and L&I can enter into an agreement for an alternate debt recovery method.

- Approximately twenty days after the valuation date, if entitled, we will send you your premium refund.

**Note:** If you participate in an individual plan or retro group, we will not issue a refund check if it is less than ten dollars. If a refund is less than ten dollars, we will credit the amount to your industrial insurance account and you can deduct the amount from your next premium payment. All retro group refunds are paid directly to the sponsoring organization. It is the responsibility of the sponsoring organization to distribute any refund to the group members. L&I does not regulate how refunds are distributed to group members. Employers that participate in retro are not required to share any of their retro refund with employees nor can they charge employees in the event of an additional assessment.

- We will send you a bill if you owe us additional premium.

**Note:** If you owe additional premium, it is due thirty days after we communicate the decision to you. We will charge penalties on any additional premium not paid when it is due (RCW 51.48.210). If you (employer in an individual plan or sponsoring organization of a retro group) are entitled to a refund for one coverage period and owe additional premiums for another coverage period, we will deduct the additional premiums due L&I from the refund. We will refund the difference to you. In the event that this adjustment still leaves a premium balance due, we will send you a bill for the balance. If an organization sponsors multiple retro groups and one group earns a refund and the other owes additional premium from a retro adjustment, we will deduct the additional premium from the refund due and issue a net refund to the organization for the difference or bill them for the remaining additional premium as applicable.