RULE-MAKING ORDER

CR-103P (May 2009)
(Implements RCW 34.05.360)

Agency: Labor and Industries

Permanent Rule Only

Effective date of rule:
Permanent Rules
☒ 31 days after filing.
☐ Other (specify) _____ **(If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)**

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?
☐ Yes ☒ No If Yes, explain:

Purpose: This rule amends the tables of classification base premium rates, experience rating plan parameters, experience modification factor calculation limitations and retrospective rating plan size groupings for the workers' compensation insurance program for calendar year 2015. Classification base rates were amended for updated loss and payroll experience. The department is adopting a 0.8 percent overall average premium rate increase.

This rule also repeals:

- WAC 296-17-89506 Farm Internship Program rates which are being incorporated into WAC 296-17-895.
- WAC 296-17-89505 2007 Rate holiday dividend which is now obsolete.

In a separate rulemaking, the Department is moving tree care and pruning services not otherwise classified out of classification 0101-36 and into a new classification 0106. These rules calculate and set rates for classifications 0101 and 0106.

For the purpose of partially funding the Logger Safety Initiative and to comply with the requirements of Laws 2013, 2nd spec. sess. Ch. 4 sec 217(6), the Supplemental Pension Fund is being increased by 2.0 mils ($0.0020) to 46.8 mils ($0.0468) per hour for each employer and worker for work reported in the forest products industry risk classifications: 1002, 1003, 1004, 1005, 2401, 2903, 2904, 2905, 2907, 2909, 5001, 5002, 5003, 5004, 5005, 5006, and 6902. Each of these risk classifications is defined in the chapter WAC 296-17A.

The department's decision to increase overall rates is intended to ensure adequate premiums to cover expected losses for 2015 claims and to continue rebuilding the trust funds' contingency reserves to adequate levels. Washington law provides that rates should be adjusted annually to reflect the hazards of each industry and in accordance with recognized workers' compensation insurance principles.

Citation of existing rules affected by this order:
Repealed: **See Attachment A**
Amended: **See Attachment A**
Suspended: **n/a**

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)

Other authority :

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 14-19-100 on September 16, 2014 (date).

Describe any changes other than editing from proposed to adopted version: The department originally proposed an overall average premium rate increase of 1.8 percent. However, as a result of public comments and review of the most recent financial statements the department will adopt a 0.8 percent overall average premium rate increase. Calculation errors were corrected in WAC 296-17-895 base rates and WAC 296-17-885 Table III Expected loss rates and primary ratios for classification 6901 and classification 0106. A correction was made in WAC 296-17-920 to include classification 2905 in the list of wood products classifications, as it was inadvertently left out of the proposed language.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: phone ( ) _____
Address: fax ( ) _____
e-mail

Date adopted: December 1, 2014

NAME (TYPE OR PRINT)
Joel Sacks

SIGNATURE
Joel Sacks

TITLE
Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: December 01, 2014
TIME: 10:55 AM

WSR 14-24-084

(COMPLETE REVERSE SIDE)

Note: If any category is left blank, it will be calculated as zero. No descriptive text.

Count by whole WAC sections only, from the WAC number through the history note. A section may be counted in more than one category.

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____

The number of sections adopted in the agency's own initiative:

New	_____	Amended	12	Repealed	2

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	_____	Repealed	_____

The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	12	Repealed	2

Attachment A: 2015 Workers' Compensation Premium Rates

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

Chapter 296-17B WAC, Retrospective Rating for Workers' Compensation Insurance

Repeal:

WAC 296-17-89505	2007 Rate holiday dividend
WAC 296-17-89506	Farm internship program industrial insurance, accident fund, stay at work fund, medical aid fund, and supplemental pension by class.

Amend:

WAC 296-17-855	Experience modification
WAC 296-17-875	Table I
WAC 296-17-880	Table II
WAC 296-17-885	Table III
WAC 296-17-890	Table IV
WAC 296-17-895	Industrial insurance accident fund base rates, stay at work and medical aid base rates by class of industry
WAC 296-17-89502	Industrial insurance accident fund, stay at work, medical aid and supplemental pension rates by class of industry for nonhourly rated classifications
WAC 296-17-89507	Horse racing rates
WAC 296-17-901	Risk classification hazard group table
WAC 296-17-920	Assessment for supplemental pension fund
WAC 296-17B-540	Determining loss incurred for each claim
WAC 296-17B-900	Retrospective rating plans standard premium size ranges