



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do **NOT** use for expedited rule making

Agency: Department of Labor and Industries

Subject of possible rule making: Chapter 296-14 WAC Industrial Insurance

Statutes authorizing the agency to adopt rules on this subject: RCW 51.04.020, RCW 51.44.070(1), RCW 51.44.080

Reasons why rules on this subject may be needed and what they might accomplish: The current mortality tables used to determine the funding needs for injured workers who are totally permanently disabled and for survivors of fatally injured workers are over 30 years old. The department conducted a study of pensioned injured workers and their spouses in our system from 2001 to 2012 together with 2000 US Census data. The study revealed that the pension tables no longer reflect the current experience of pension beneficiaries funded by the pension reserve fund. These tables need to be updated for life expectancy and gender.

The pension discount rate is the interest rate used to account for the time value of money when evaluating the present value of future pension payments. The current Pension Discount Rate of 6.5 percent is too high given market rates of long-term Treasury bonds, which are considered by the actuaries for establishing discount rates. The department has worked with the Workers' Compensation Advisory Committee (WCAC) to develop a plan that would reduce the pension discount rate from the current 6.5 percent to 6.4 percent and continue to adjust annually, through 2022, until it reaches 4.5 percent.

The department plans to update the mortality tables and reduce the pension discount rate.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:
None

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

Parties interested in these rules may contact the individual listed below. The public may also participate by commenting after amendments are proposed by providing written comments and/or testimony during the public hearing and comment process. Public hearings will be held after the proposal is filed.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

(List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

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DATE
9/16/14

NAME (TYPE OR PRINT)
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SIGNATURE

TITLE
Director

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STATE OF WASHINGTON
FILED

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