

Retro Advisory Committee Quarterly Meeting

February 10th, 2022

Jessica Nau, Program Manager
for Retrospective Rating



Washington State Department of
Labor & Industries

RAC 'virtual meeting' guidelines and expectations

- List your full name in participant details.
- To minimize bandwidth issues, we recommend using **audio only** by turning off your camera once Zoom has started.
- Keep your **microphone muted** unless speaking.
- Please *hold questions* until the Q&A period for each topic/speaker (questions can also be submitted through the chat feature).
- Use the '*raise hand*' feature when you have a question or comment, and *wait for a moderator* to recognize you before speaking.
- Unmute, lower your hand, **state your name**, and speak slowly. Using a headset produces the best audio quality.

We ask for your patience and understanding as we work through any technical issues that might occur. Thank you.

Welcome and Introductions

Jessica Nau, Program Manager
for Retrospective Rating



RAC Committee members

- **Lauren Gubbe**, Associated General Contractors
- **Teran Haase**, Washington Hospitality Association
- **Tim Lundin**, Archbright
- **Maria McClain**, Association of Washington Business
- **Luis Sanchez**, Grant County Public Utility District No. 2
- **Tom Walrath, Jr**, T. E. Walrath Trucking, Inc.
- **Jessica Nau**, Department of Labor & Industries (*Chair*)

Agenda

Topics and presenters for the day:

<input type="checkbox"/> Welcome & Introductions	Jessica Nau
<input type="checkbox"/> Safety Topic	Leslie Qunell
<input type="checkbox"/> Legislative Updates	Mike Ratko
<input type="checkbox"/> Application Programming Interface Update	Matthew Carrithers
<input type="checkbox"/> Industry Trends Affecting Retro	Joshua Ligosky
<input type="checkbox"/> Break	
<input type="checkbox"/> RAC Committee Updates	Jessica Nau
<input type="checkbox"/> RAC Workgroup Updates	Tim Lundin, Victoria Montrose, Maria McClain
<input type="checkbox"/> Operational Updates	Jessica Nau

Safety Topic

February is Heart Health Month

Tips to maintain a healthy heart



Exercise Regularly



Heart Health



Eat Healthy



Drink More Water



Reduce Stress

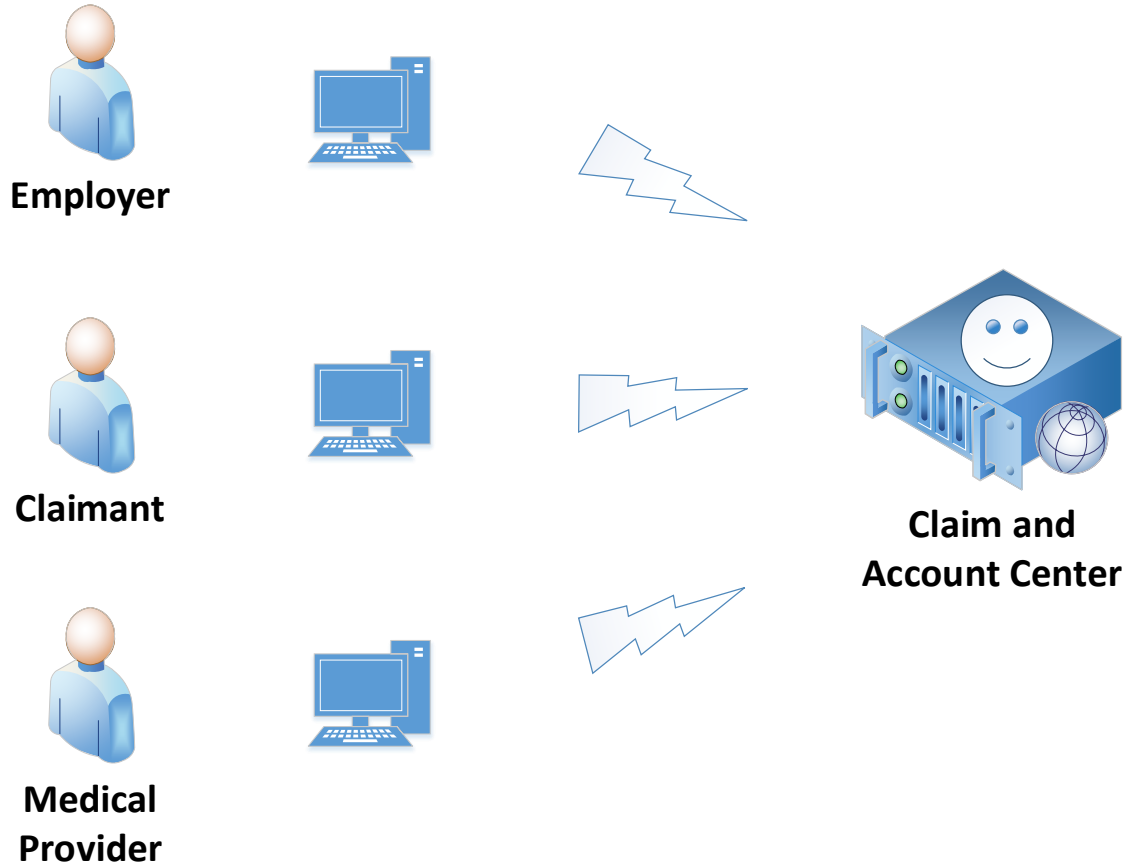
Legislative Updates

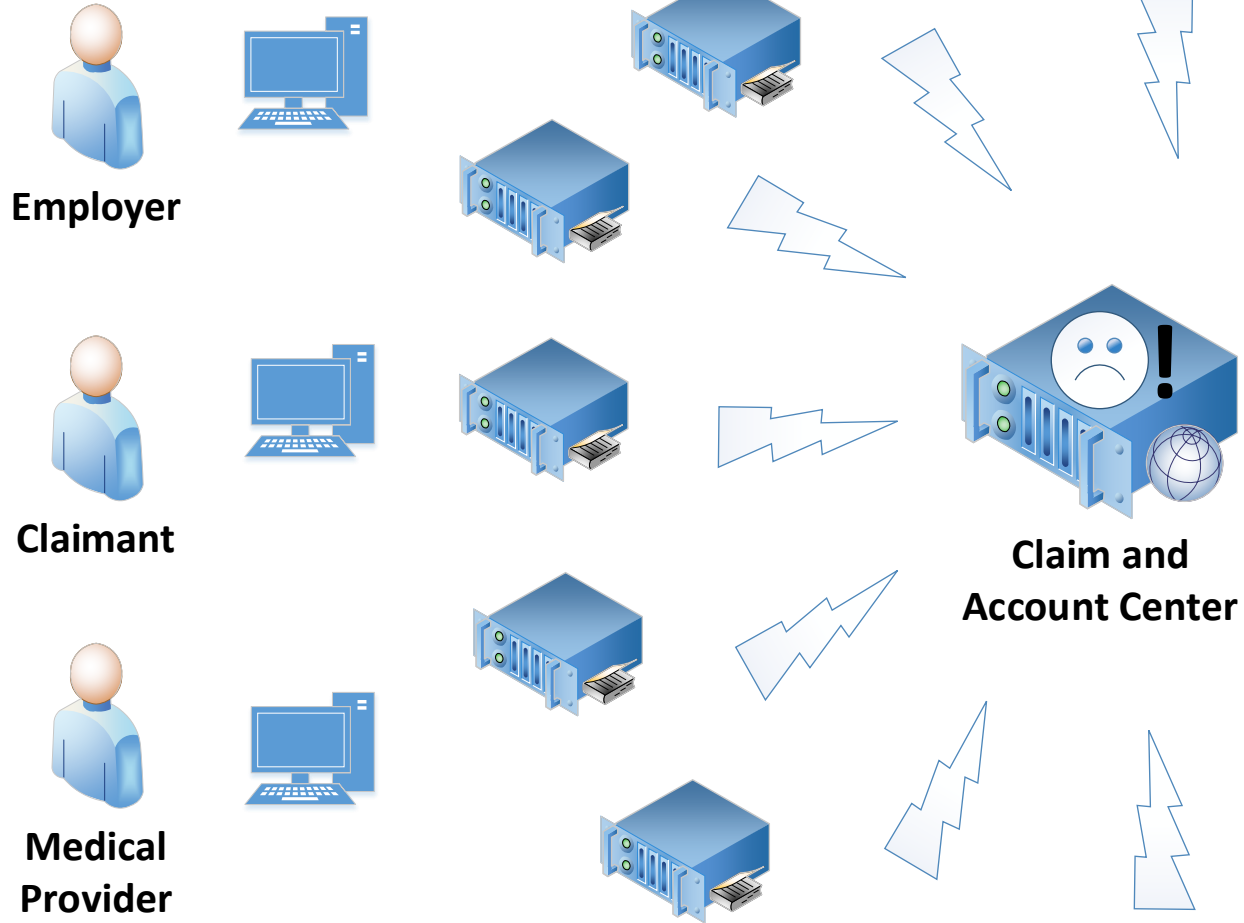
Mike Ratko

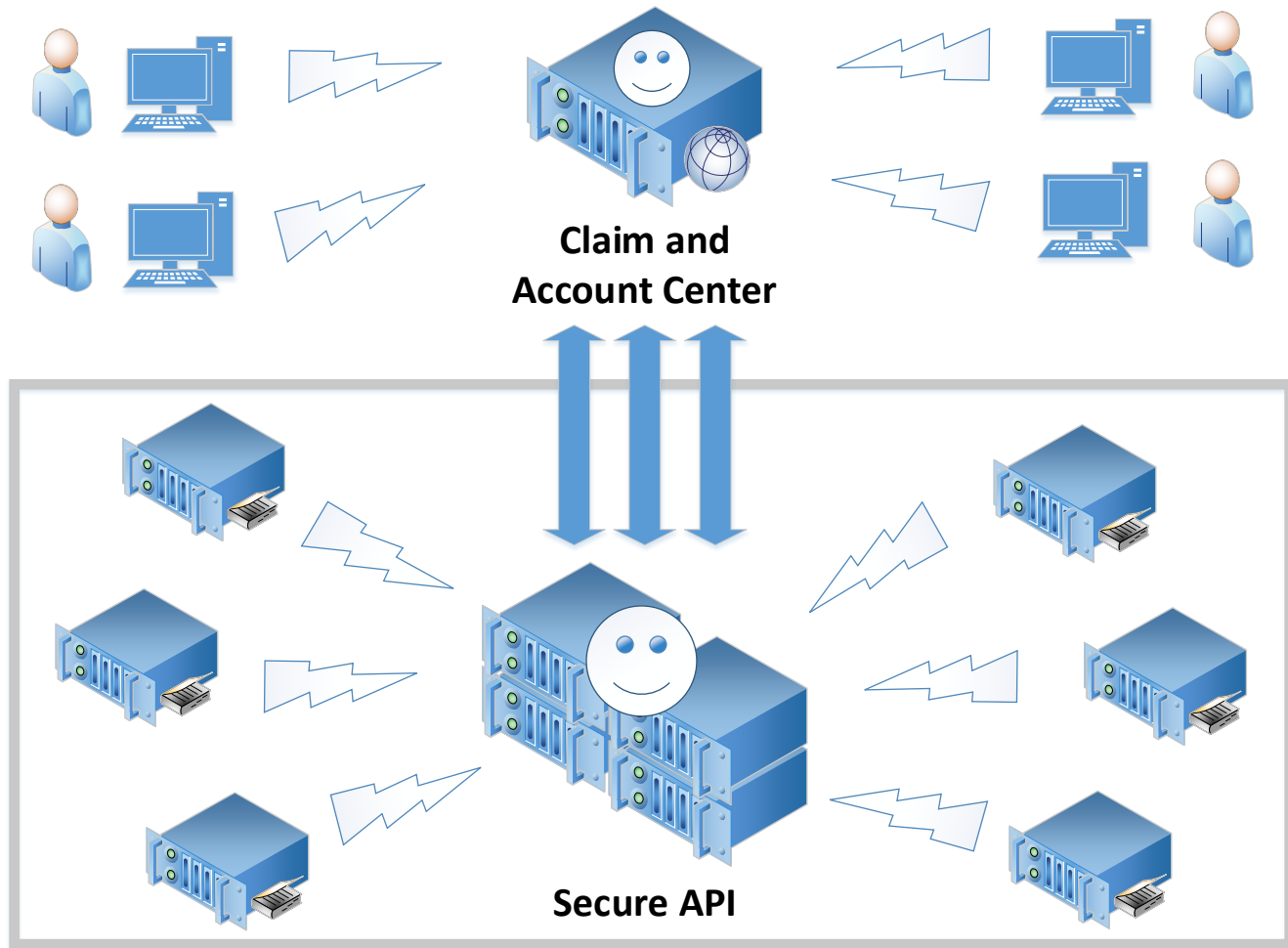
Assistant Director of
Insurance Services

Application Programming Interface (API) Update

Matthew Carrithers,
*Technology Program
Manager, Insurance
Services*







- Limited Beta release being planned.
- Stay tuned for more information!

Industry Trends Affecting Retro Firms

Joshua Ligosky,

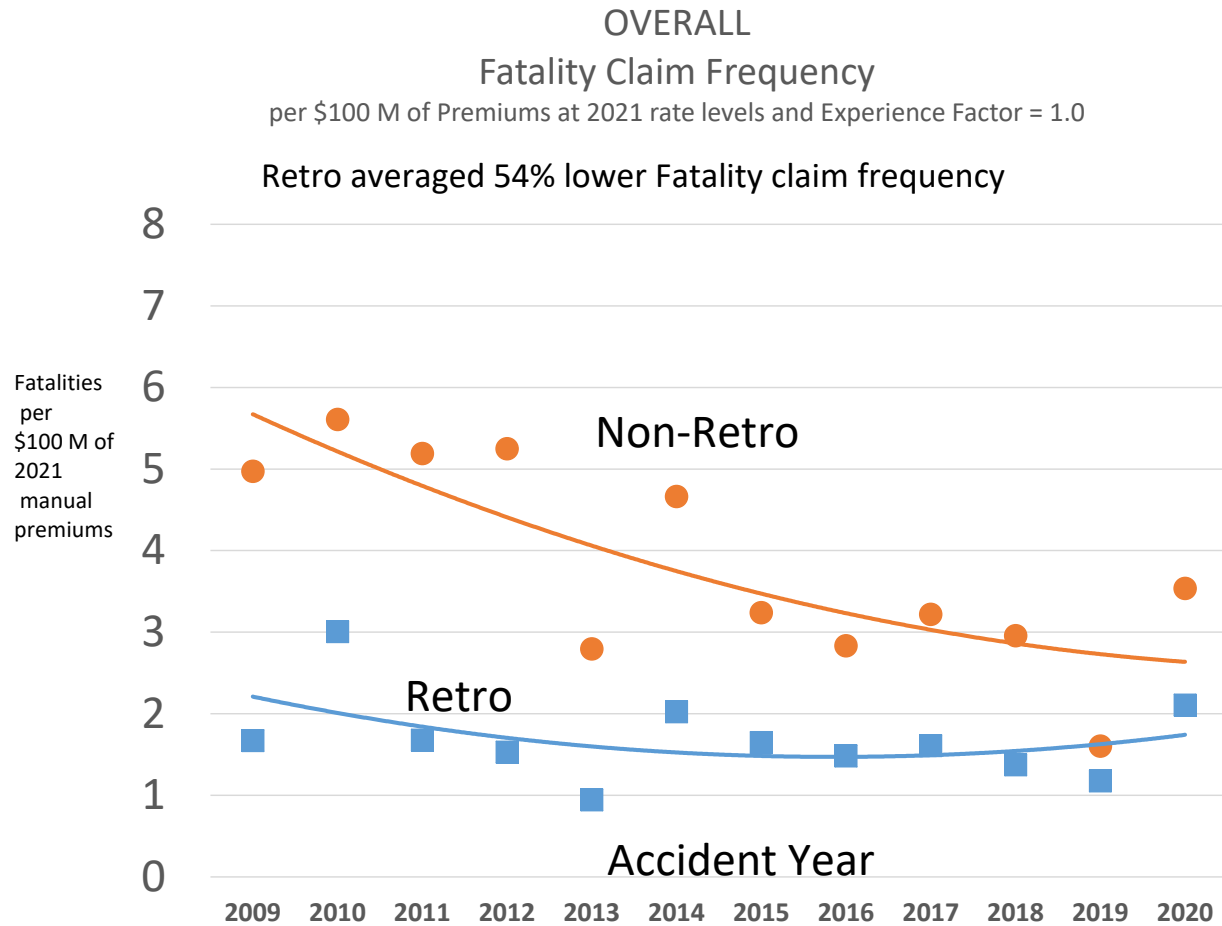
*Actuary 3, Financial
Management*

Agenda

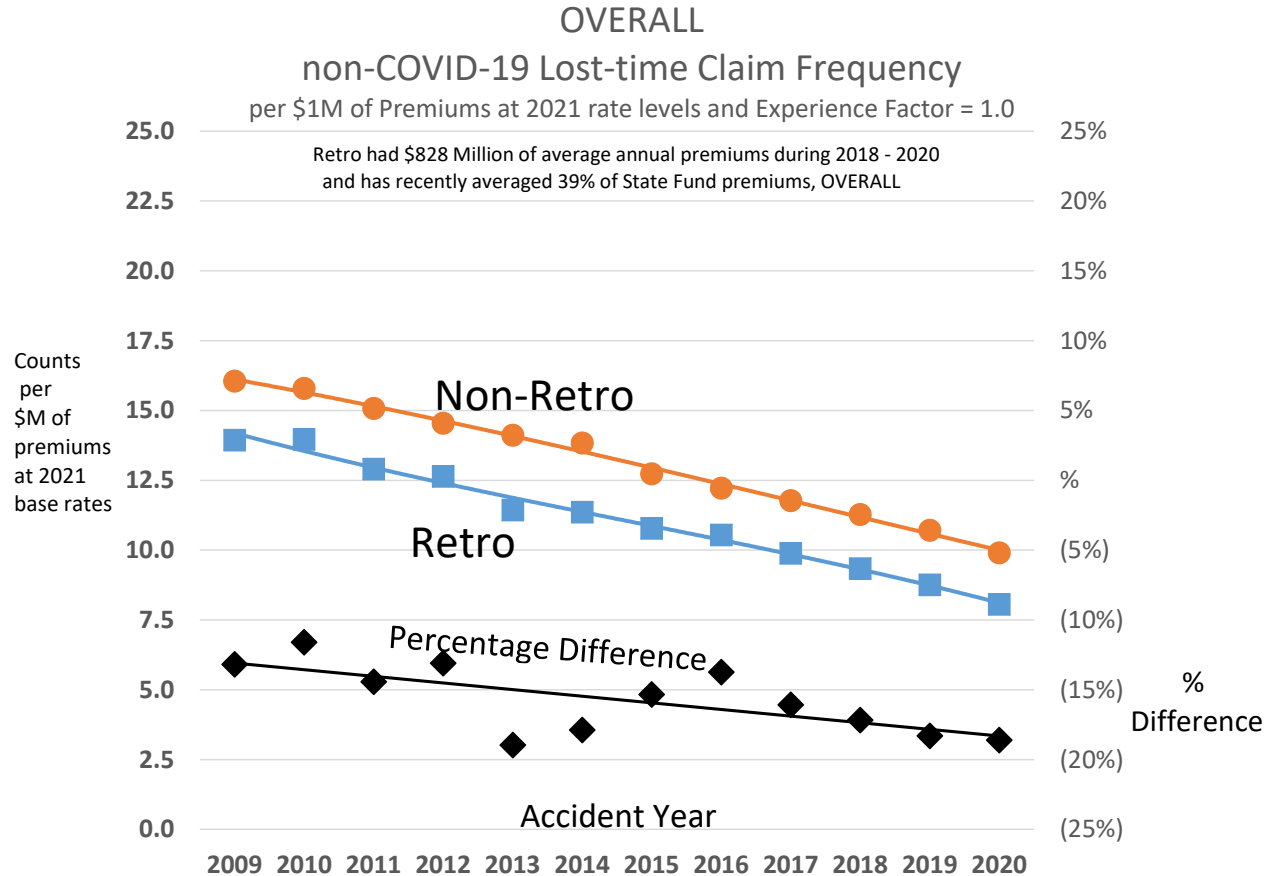
- Safety and Claim frequency trends
- Time-loss duration trends
- Stay at Work and KOS trends
- TPD pension frequency trends
- Experience factor trends

*Note: Non-retro categories excludes:

- Horse racing classes
- Preferred worker class 7204
- Claims to unassigned employers

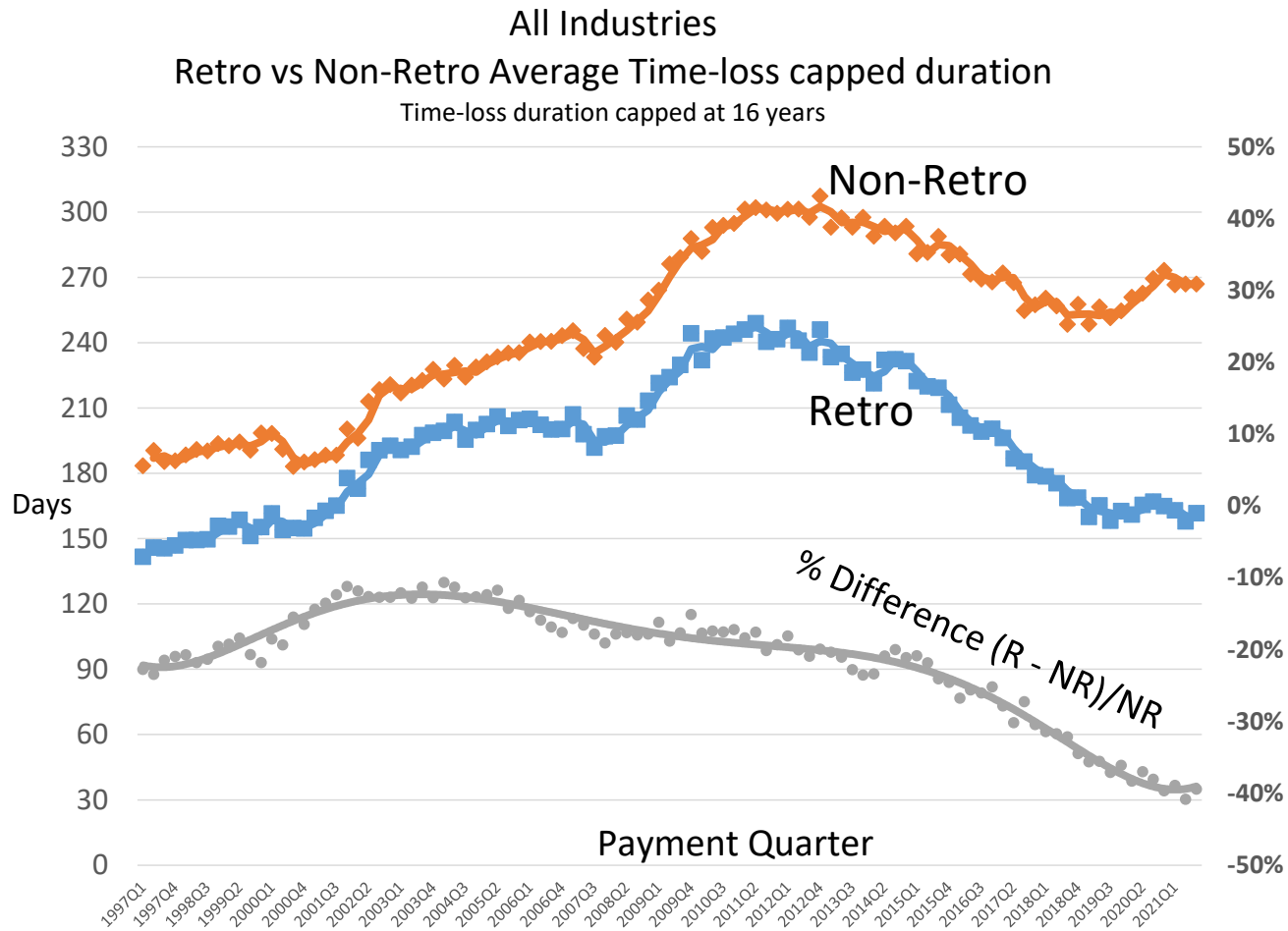


Next Best Safety Trend:

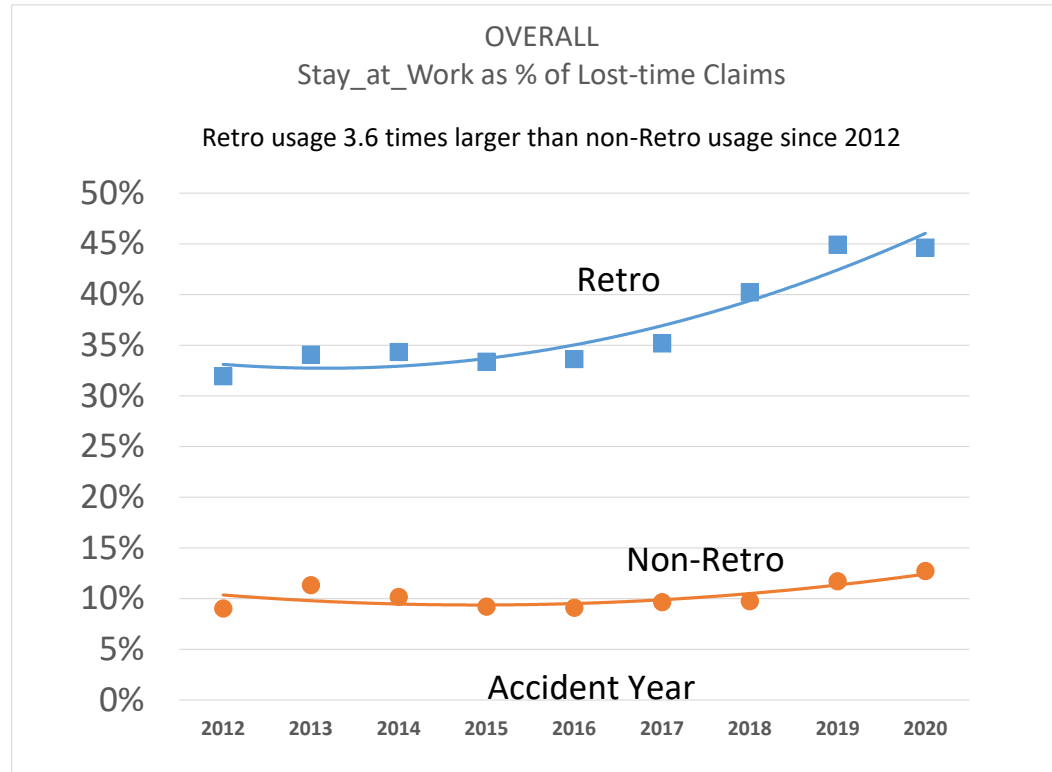


Non-COVID-19 Time-Loss Duration Trends

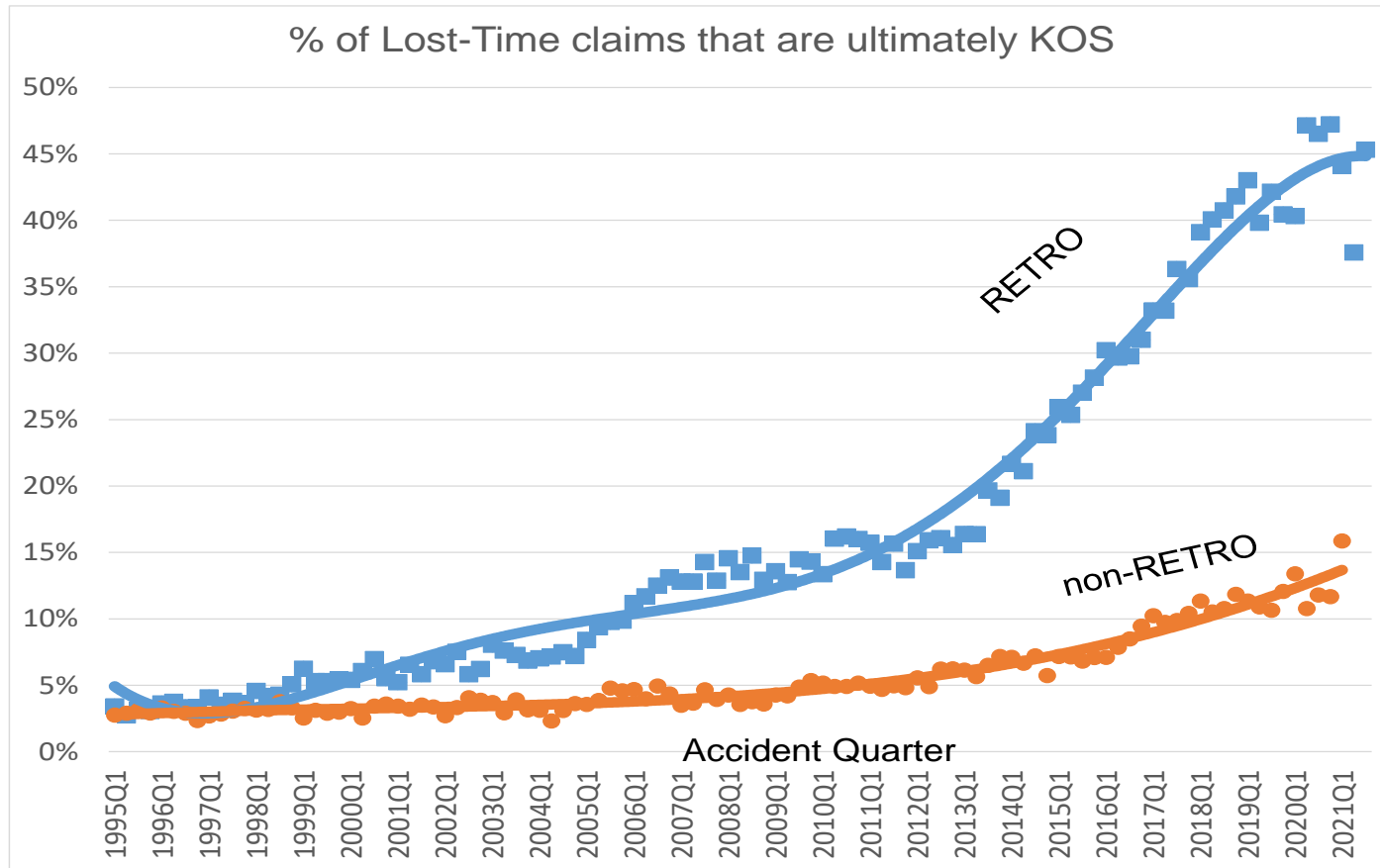
- Average days per lost-time claim
- by Payment Quarter
- Partial days included for LEP claims
- Ultimate KOS claims counted as lost-time
- Trends are strongly influenced by
 - Startup of Stay at Work program (2011 reform)
 - Increase usage of KOS



Retro usage of SAW is 360% more than non-Retro



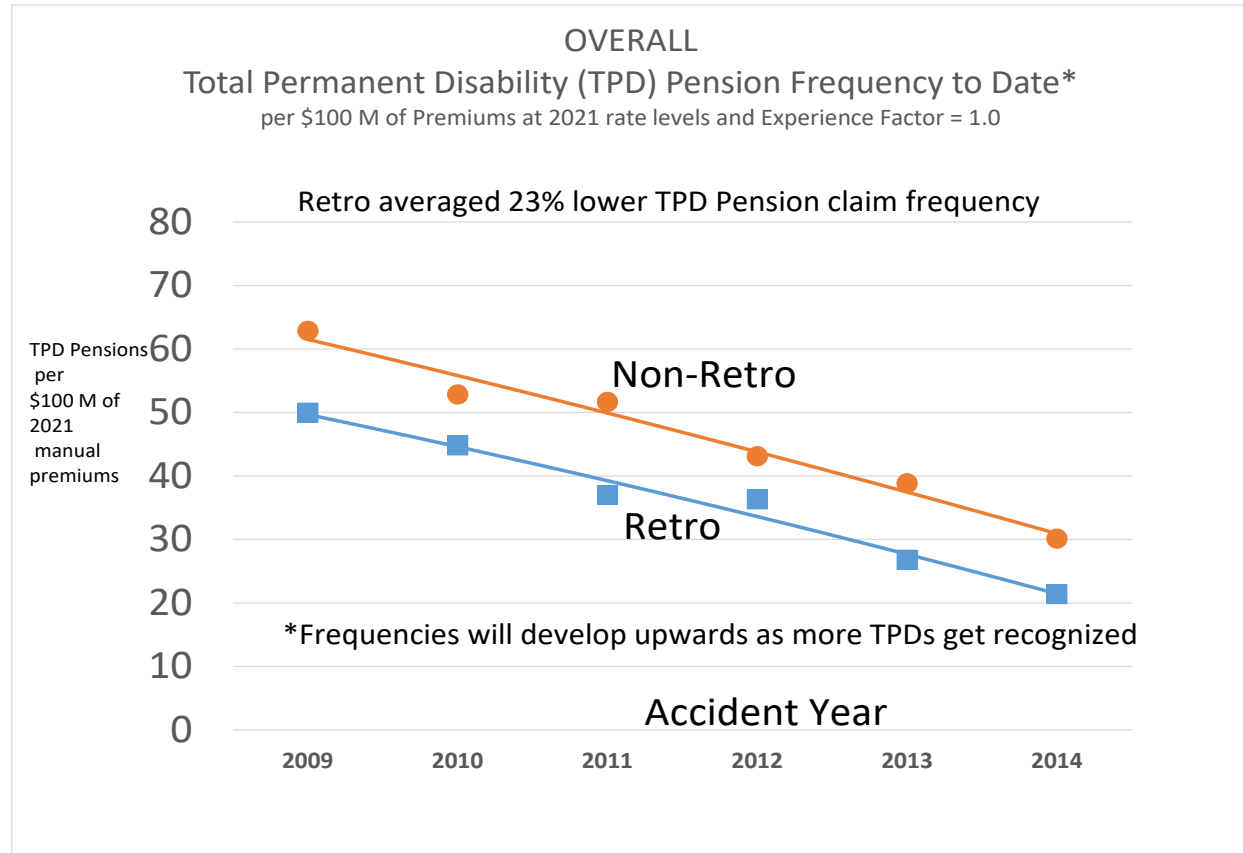
Note that Retro firms receive SAW reimbursements on top of Retro refunds



Retro KOS usage is now up to the level of Retro SAW usage

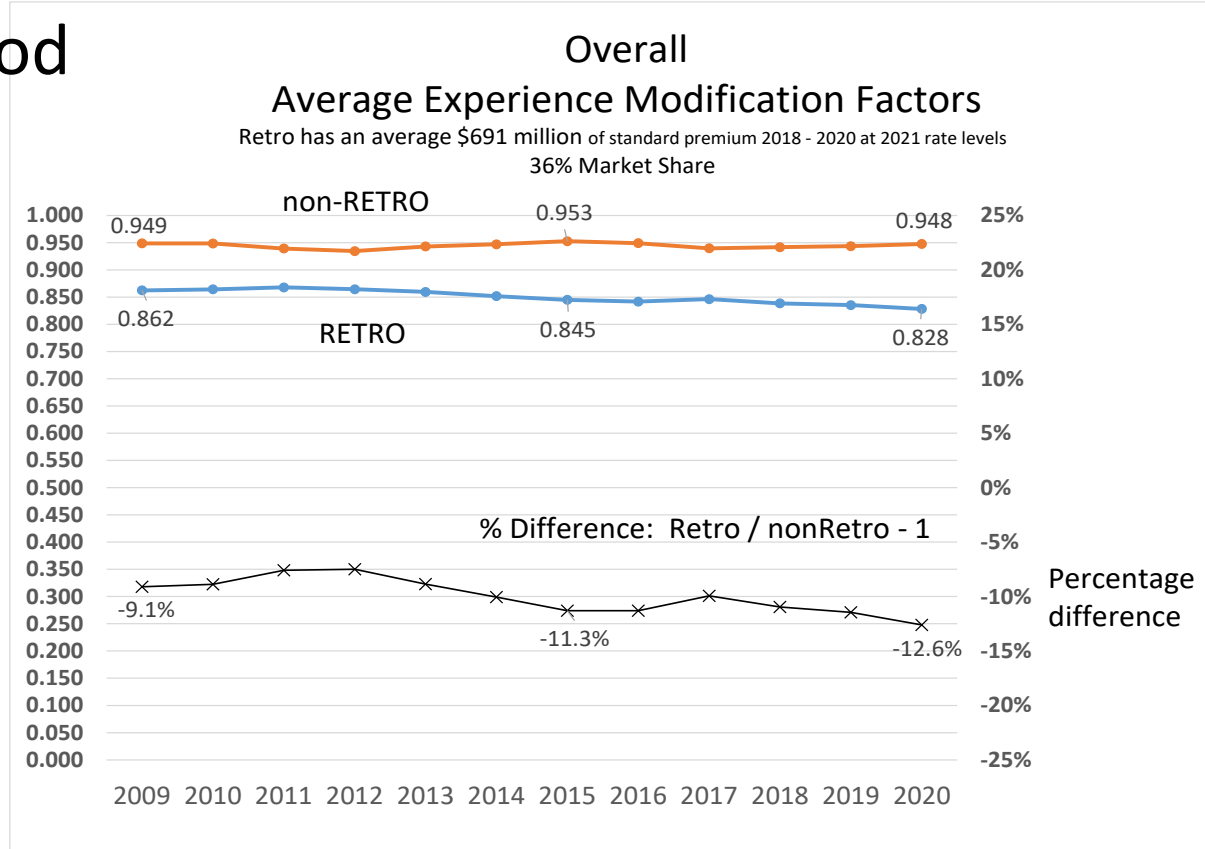
OVERALL: Retro has averaged a (23)% lower TPD claim frequency AYs 2009-2014

2/10/2022



Lower experience factors for Retro firms during the coverage period

- Result of prior 3 year good safety cultures and return to work efforts
- Retro workers and employers pay lower premiums up-front



Retro Claim Trends by Industry

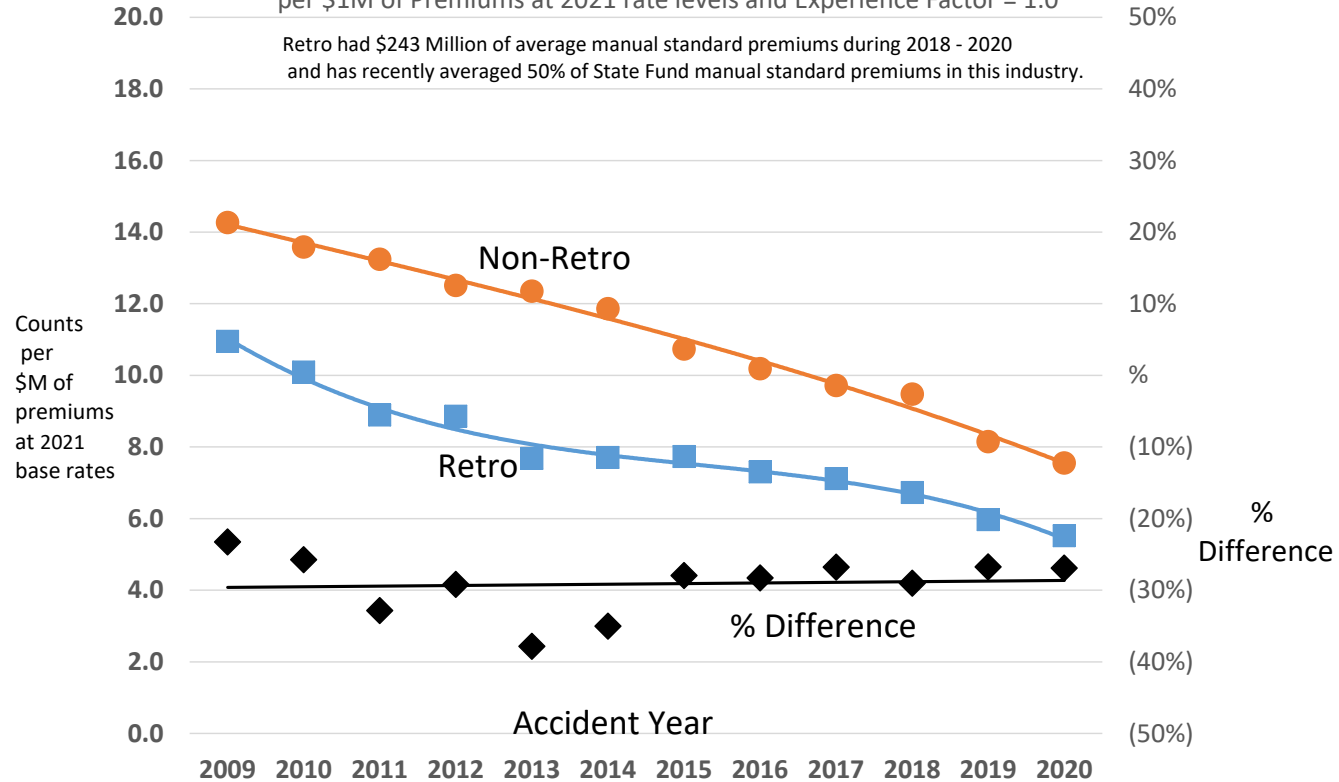
Joshua Ligosky,

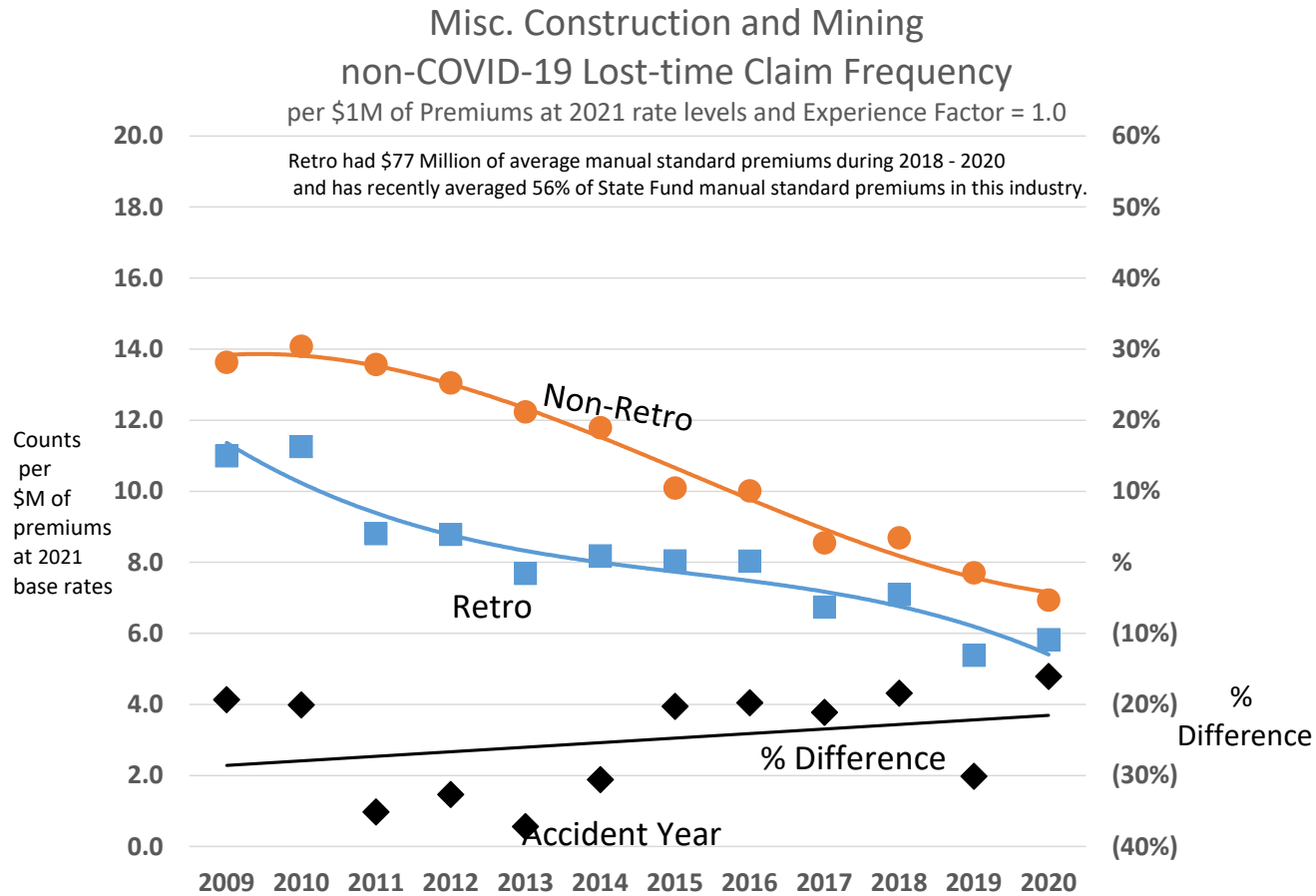
*Actuary 3, Financial
Management*

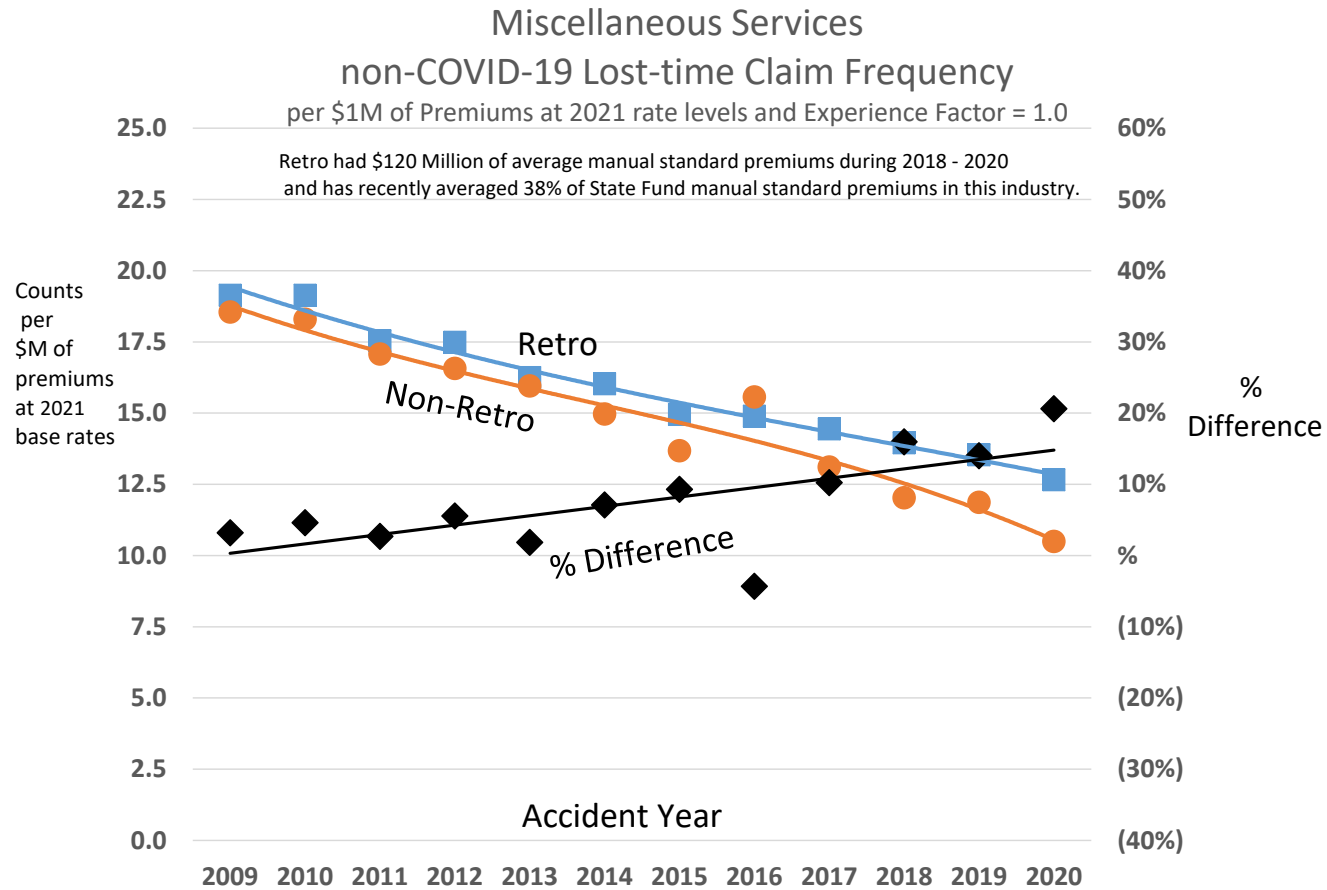
Building Construction and Trades non-COVID-19 Lost-time Claim Frequency

per \$1M of Premiums at 2021 rate levels and Experience Factor = 1.0

Retro had \$243 Million of average manual standard premiums during 2018 - 2020
and has recently averaged 50% of State Fund manual standard premiums in this industry.



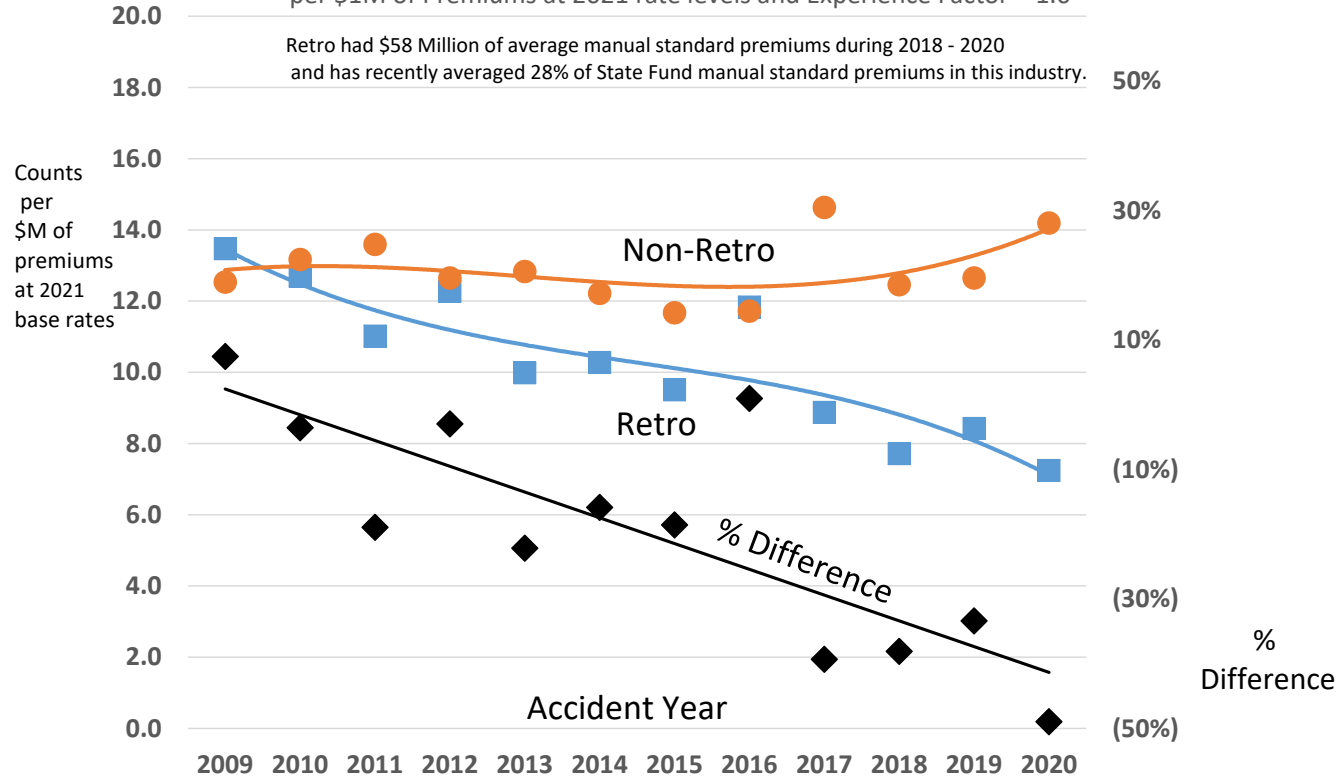


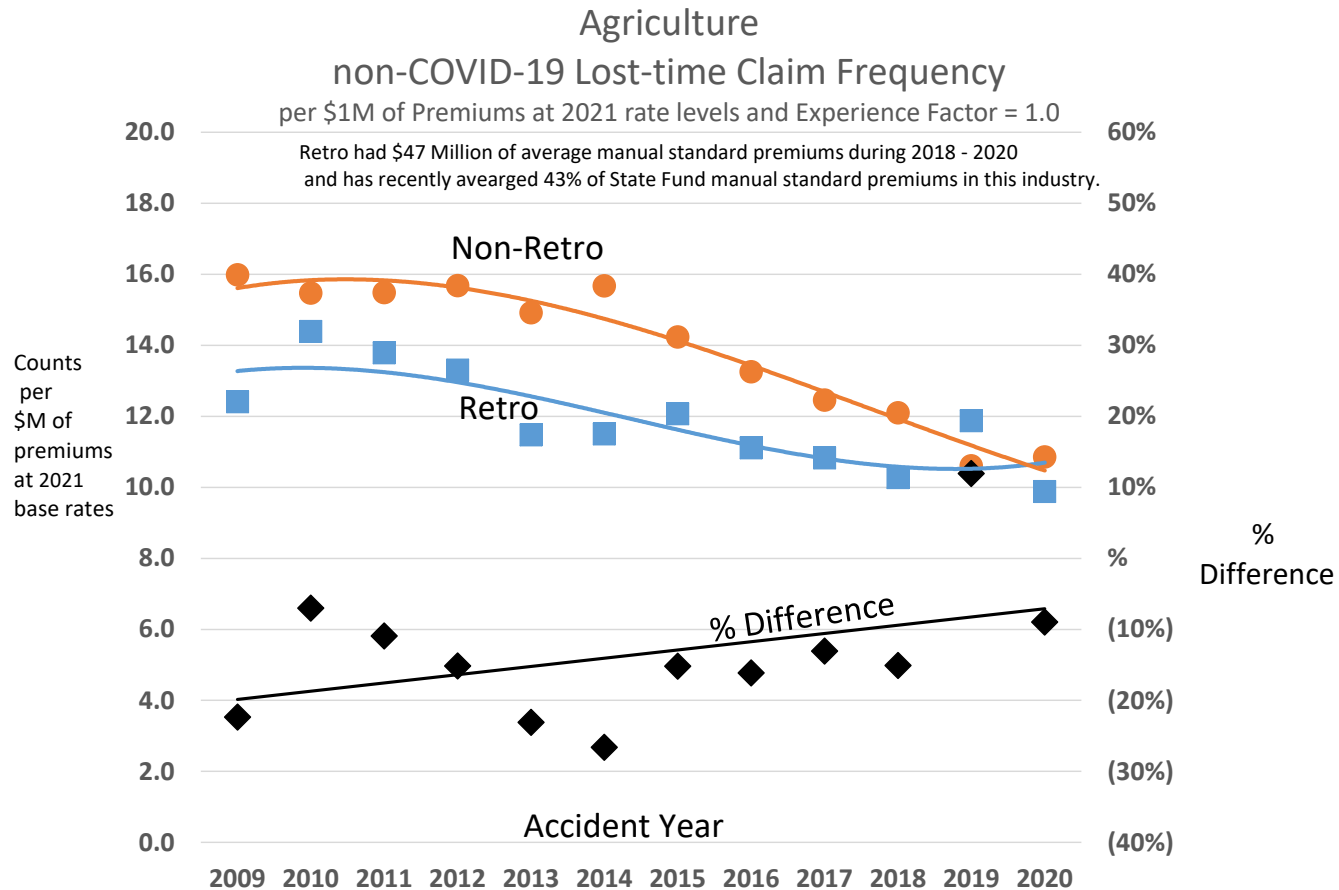


Transportation and Warehousing non-COVID-19 Lost-time Claim Frequency

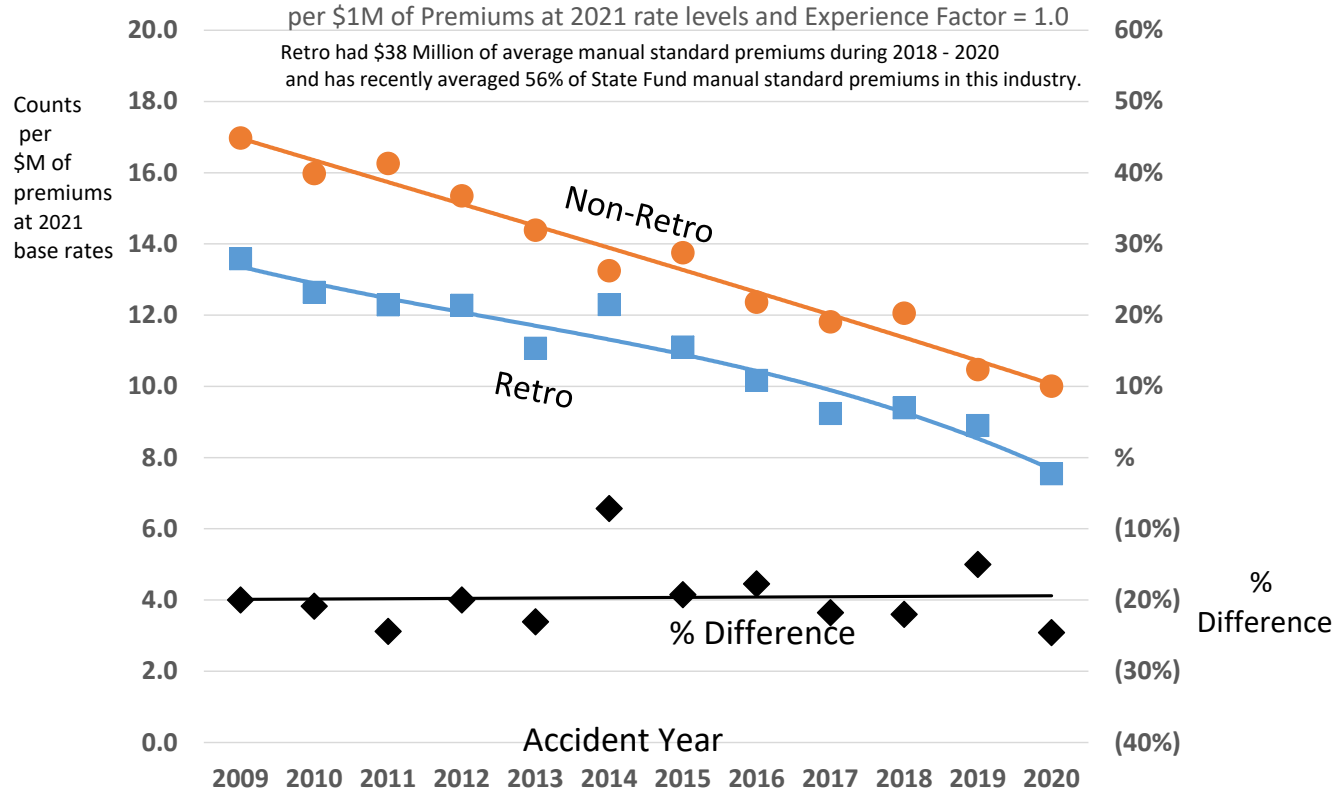
per \$1M of Premiums at 2021 rate levels and Experience Factor = 1.0

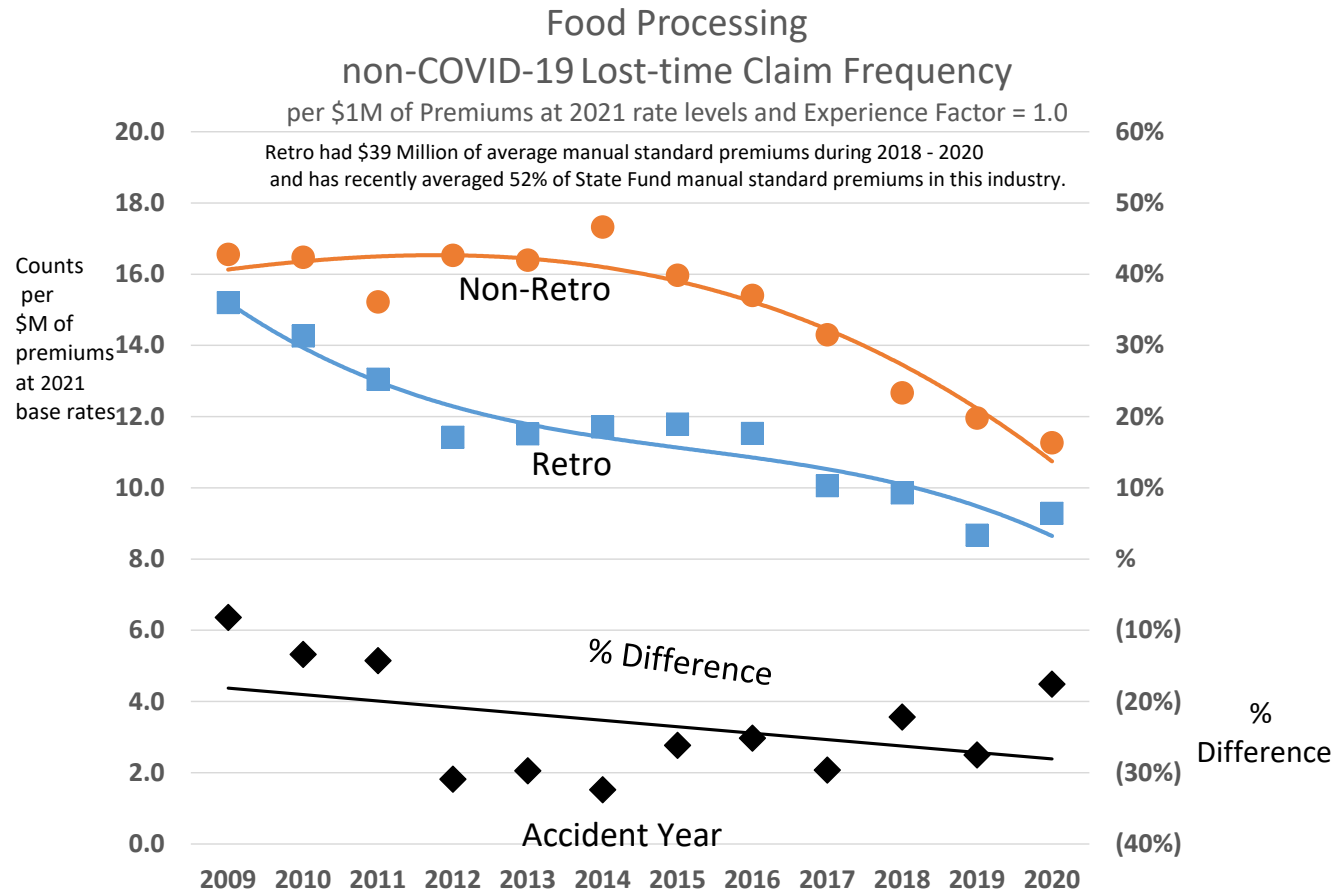
Retro had \$58 Million of average manual standard premiums during 2018 - 2020
and has recently averaged 28% of State Fund manual standard premiums in this industry.

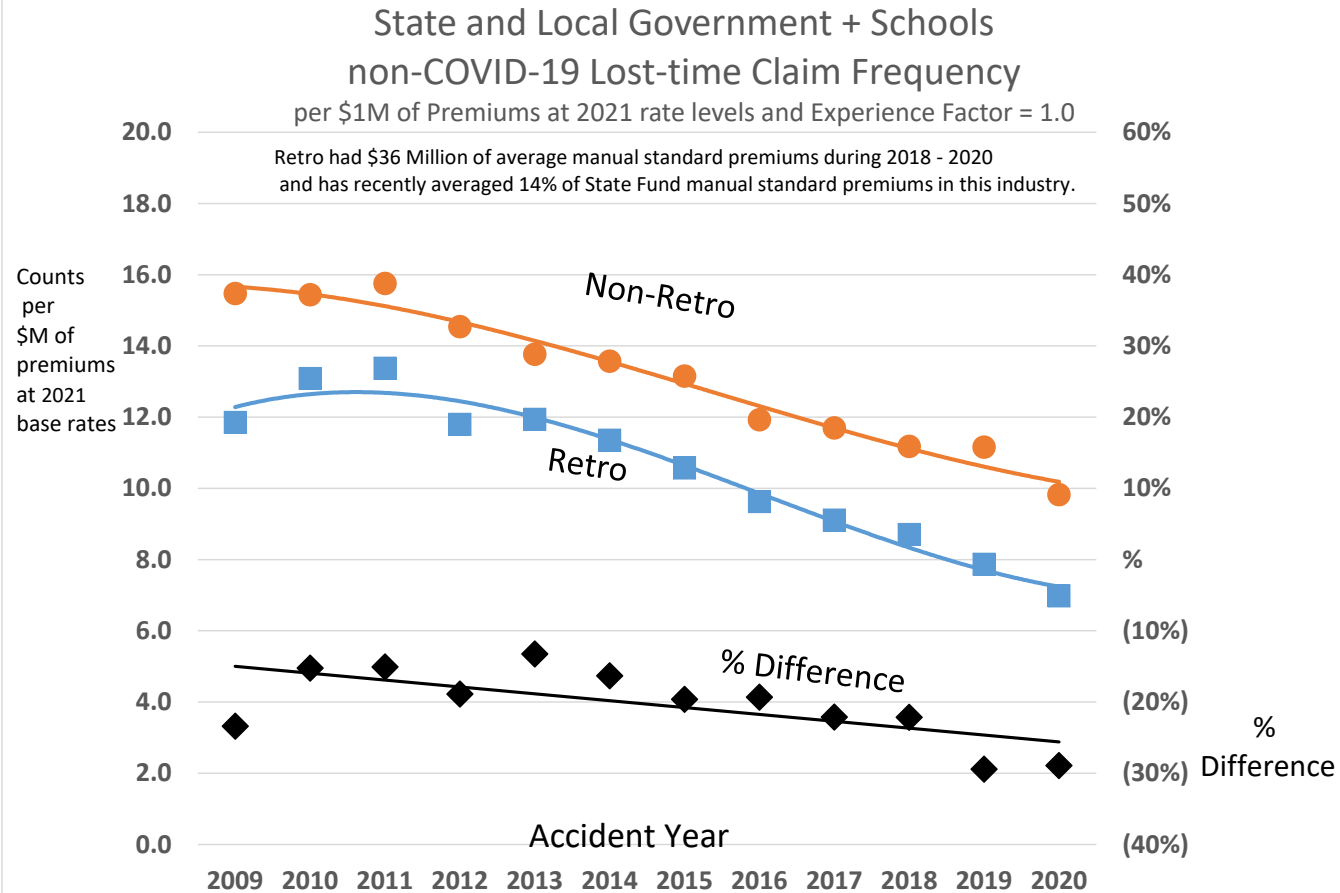


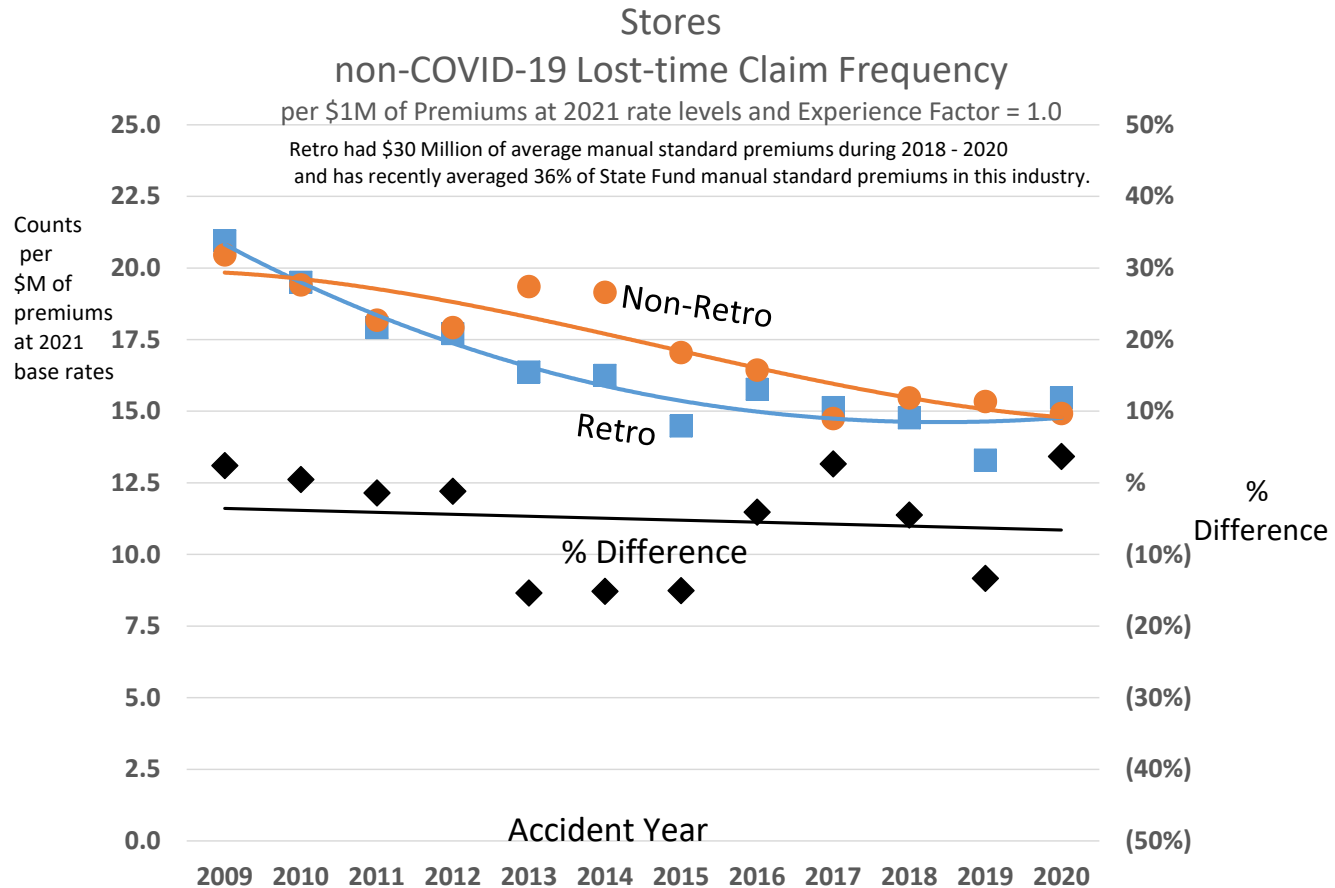


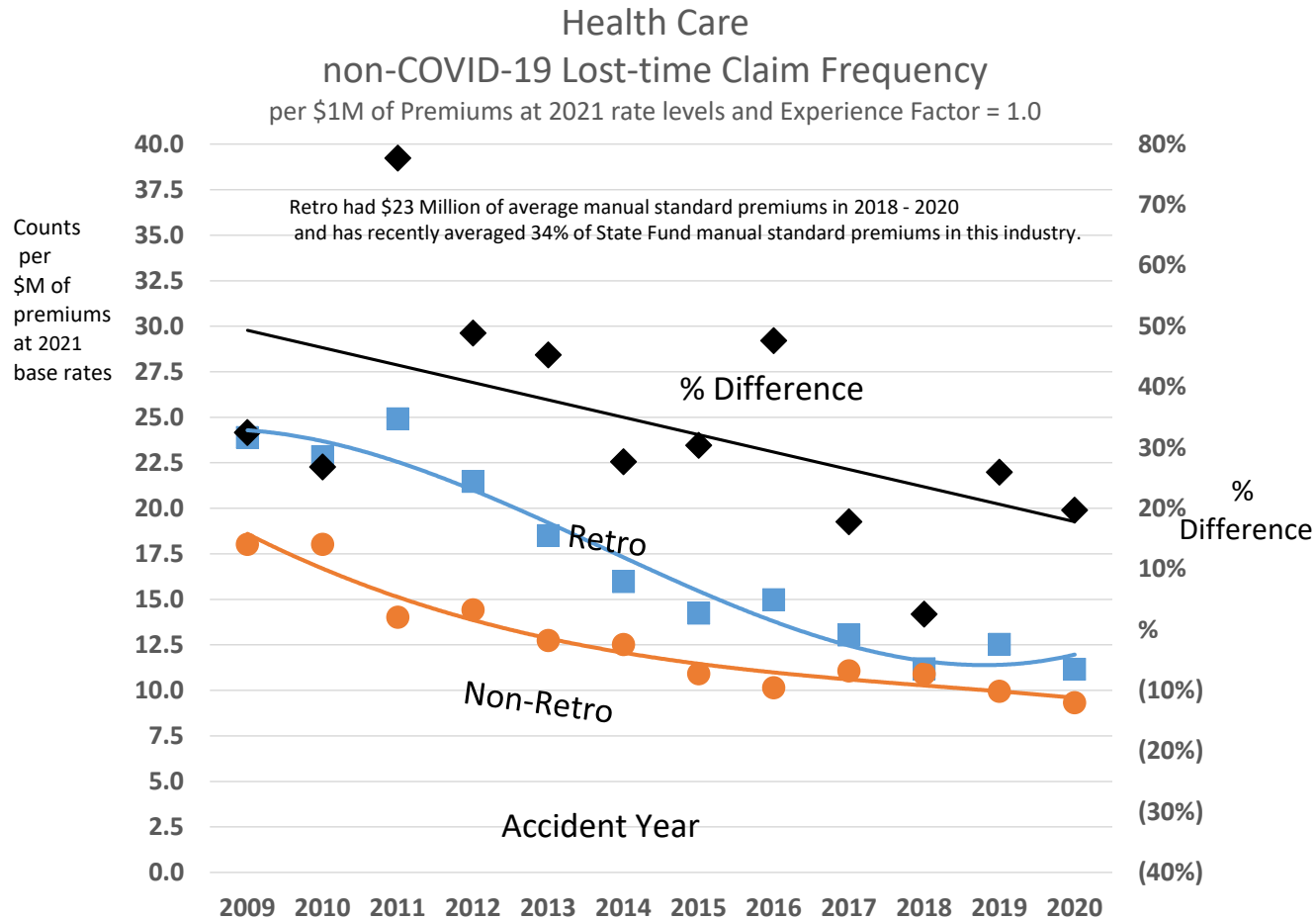
Metal and Machinery Manufacturing non-COVID-19 Lost-time Claim Frequency











Compensable Claim Frequency % Difference: Retro/NonRetro -1

2018-2020

Includes KOS claims

Average
Retro
Prem

Retro Market Share

2009-
2012 2013-
2016 2017-
2020

	Average Retro Prem	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2009- 2012	2013- 2016	2017- 2020
ALL CLASSIFICATIONS	828 M	(13%)	(12%)	(14%)	(13%)	(19%)	(18%)	(15%)	(14%)	(16%)	(17%)	(18%)	(19%)	44.4%	42.6%	39.1%
BUILDING CONSTRUCTION AND TRADES	242.6 M	(23%)	(26%)	(33%)	(29%)	(38%)	(35%)	(28%)	(28%)	(27%)	(29%)	(27%)	(27%)	54.9%	50.1%	50.2%
MISCELLANEOUS SERVICES	119.5 M	3%	5%	3%	6%	2%	7%	9%	(4%)	10%	16%	14%	21%	39.7%	42.3%	38.4%
GOVERNMENT AND SCHOOLS	35.3 M	(23%)	(15%)	(15%)	(19%)	(13%)	(16%)	(20%)	(19%)	(22%)	(22%)	(29%)	(29%)	18.6%	16.6%	14.0%
TRANSPORTATION AND WAREHOUSING	58.3 M	7%	(4%)	(19%)	(3%)	(22%)	(16%)	(19%)	1%	(39%)	(38%)	(33%)	(49%)	39.2%	35.8%	28.4%
MISCELLANEOUS CONSTRUCTION AND MININ	76.6 M	(19%)	(20%)	(35%)	(33%)	(37%)	(31%)	(20%)	(20%)	(21%)	(18%)	(30%)	(16%)	63.0%	56.4%	55.9%
MISC. PROFESSIONAL AND CLERICAL	16.9 M	%	(6%)	(9%)	(22%)	(7%)	(18%)	(25%)	(24%)	(2%)	(13%)	(19%)	(16%)	23.3%	23.7%	18.8%
AGRICULTURE	46.5 M	(22%)	(7%)	(11%)	(15%)	(23%)	(27%)	(15%)	(16%)	(13%)	(15%)	12%	(9%)	63.7%	57.9%	42.6%
STORES	29.3 M	2%	%	(1%)	(1%)	(15%)	(15%)	(15%)	(4%)	3%	(4%)	(13%)	4%	40.1%	39.7%	35.6%
HEALTH CARE	23.2 M	33%	27%	78%	49%	45%	28%	30%	48%	18%	3%	26%	20%	35.8%	34.5%	33.5%
METAL AND MACHINERY MANUFACTURING	38.2 M	(20%)	(21%)	(24%)	(20%)	(23%)	(7%)	(19%)	(18%)	(22%)	(22%)	(15%)	(25%)	61.6%	58.7%	55.6%
FOREST PRODUCTS	32.5 M	(25%)	(9%)	(2%)	(14%)	3%	(21%)	7%	(12%)	(%)	(17%)	(5%)	(12%)	48.8%	51.5%	52.0%
DEALERS AND WHOLESALERS	29.1 M	(4%)	(9%)	(14%)	(6%)	(8%)	(10%)	(8%)	(9%)	(8%)	(25%)	(15%)	(21%)	46.8%	45.5%	39.9%
FOOD PROCESSING AND MANUFACTURING	38.5 M	(8%)	(13%)	(14%)	(31%)	(30%)	(32%)	(26%)	(25%)	(30%)	(22%)	(28%)	(18%)	72.2%	64.8%	51.6%
MISCELLANEOUS MANUFACTURING	26.7 M	(3%)	1%	(25%)	(3%)	(19%)	(22%)	(13%)	(13%)	(17%)	(21%)	(9%)	(23%)	59.9%	60.4%	53.3%
TEMPORARY HELP	11.6 M	10%	(12%)	(20%)	(13%)	(14%)	(22%)	(12%)	(14%)	(20%)	(22%)	(50%)	(23%)	41.7%	31.3%	31.2%
UTILITIES AND COMMUNICATIONS	3.8 M	21%	32%	25%	2%	8%	25%	(5%)	(8%)	(15%)	(23%)	(31%)	(12%)	29.6%	29.3%	30.0%

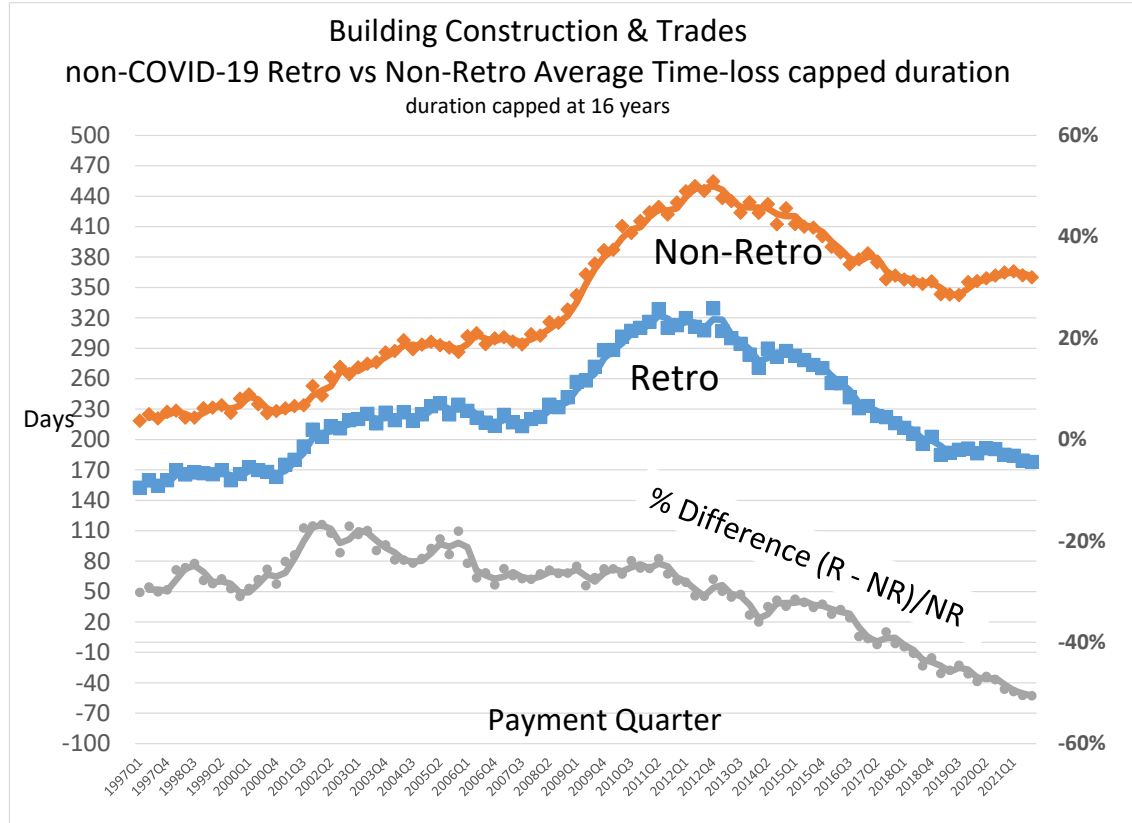
Retro Non-COVID-19 Time-Loss Duration Trends by Industry

Joshua Ligosky,

*Actuary 3, Financial
Management*

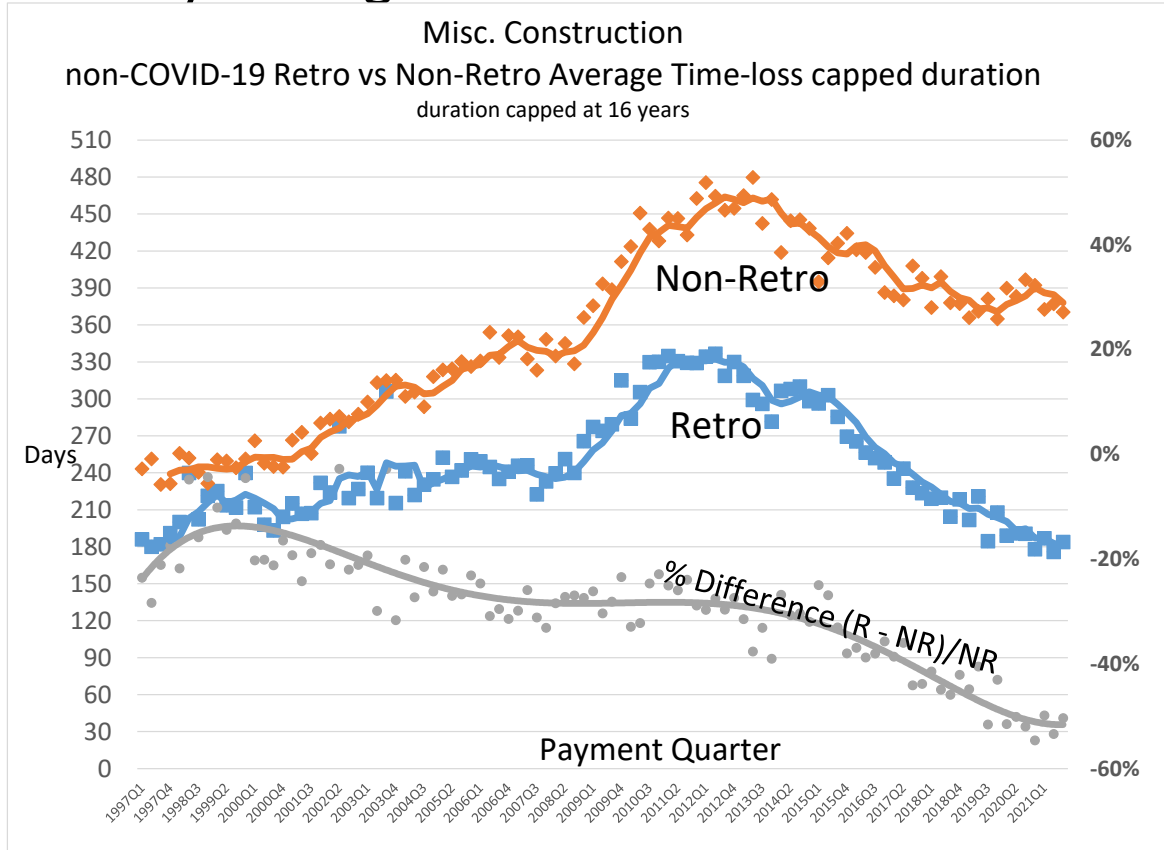
Building Construction & Trades:

Retro has recently averaged 50% lower Time-loss duration



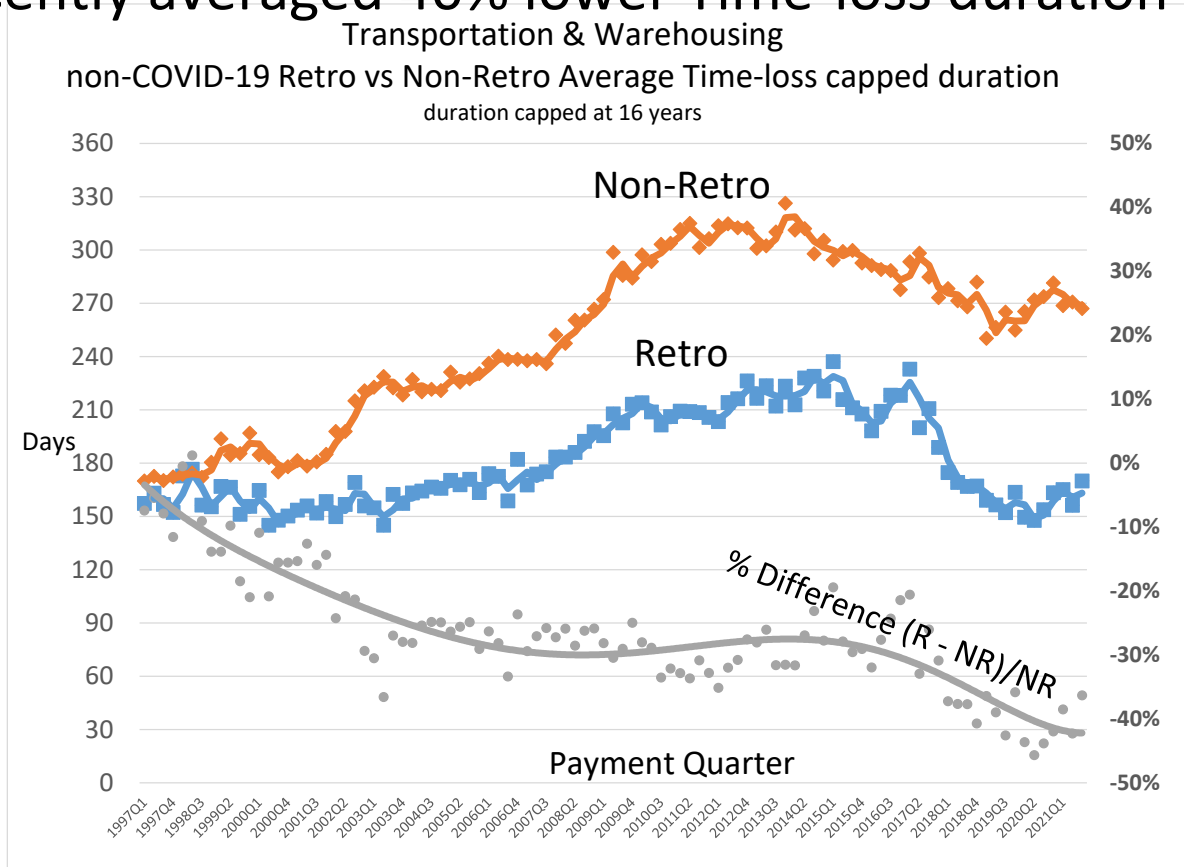
Miscellaneous Construction:

Retro has recently averaged 52% lower Time-loss capped duration



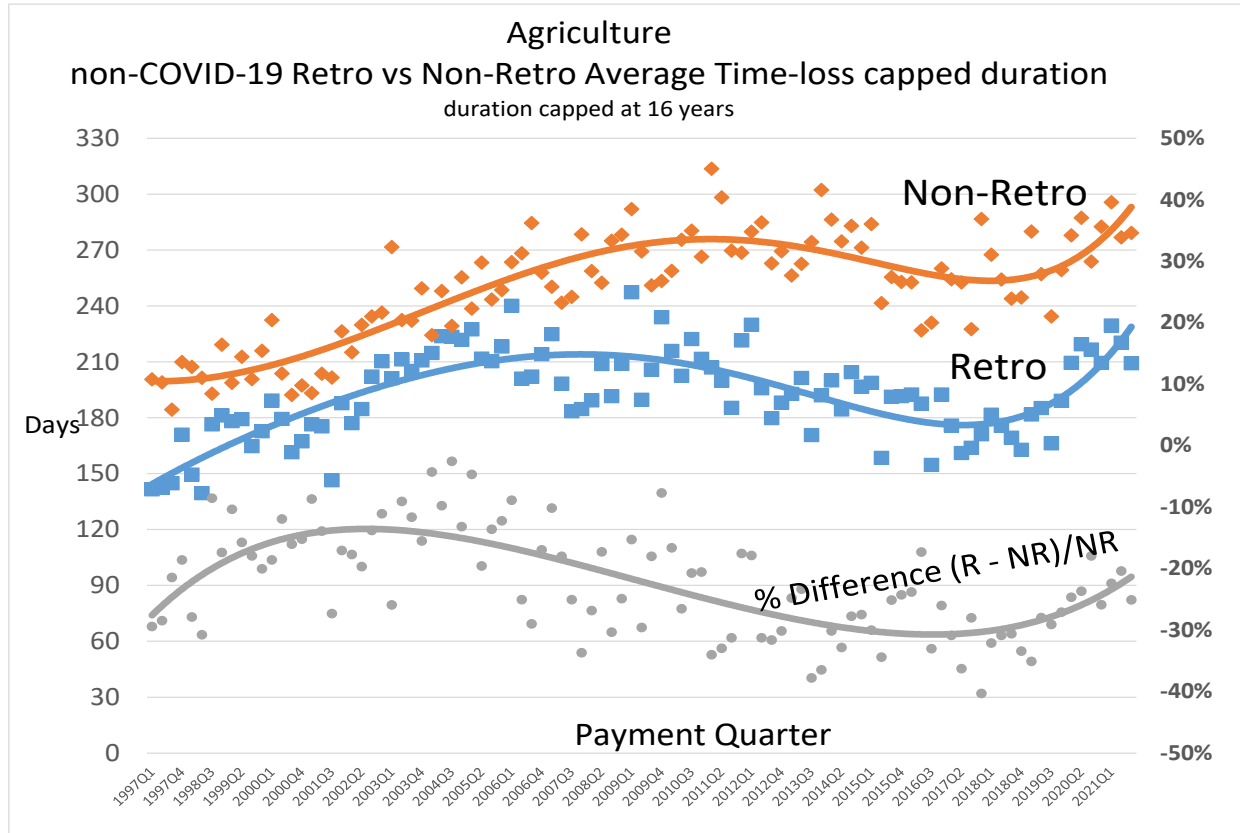
Transportation & Warehousing:

Retro has recently averaged 40% lower Time-loss duration



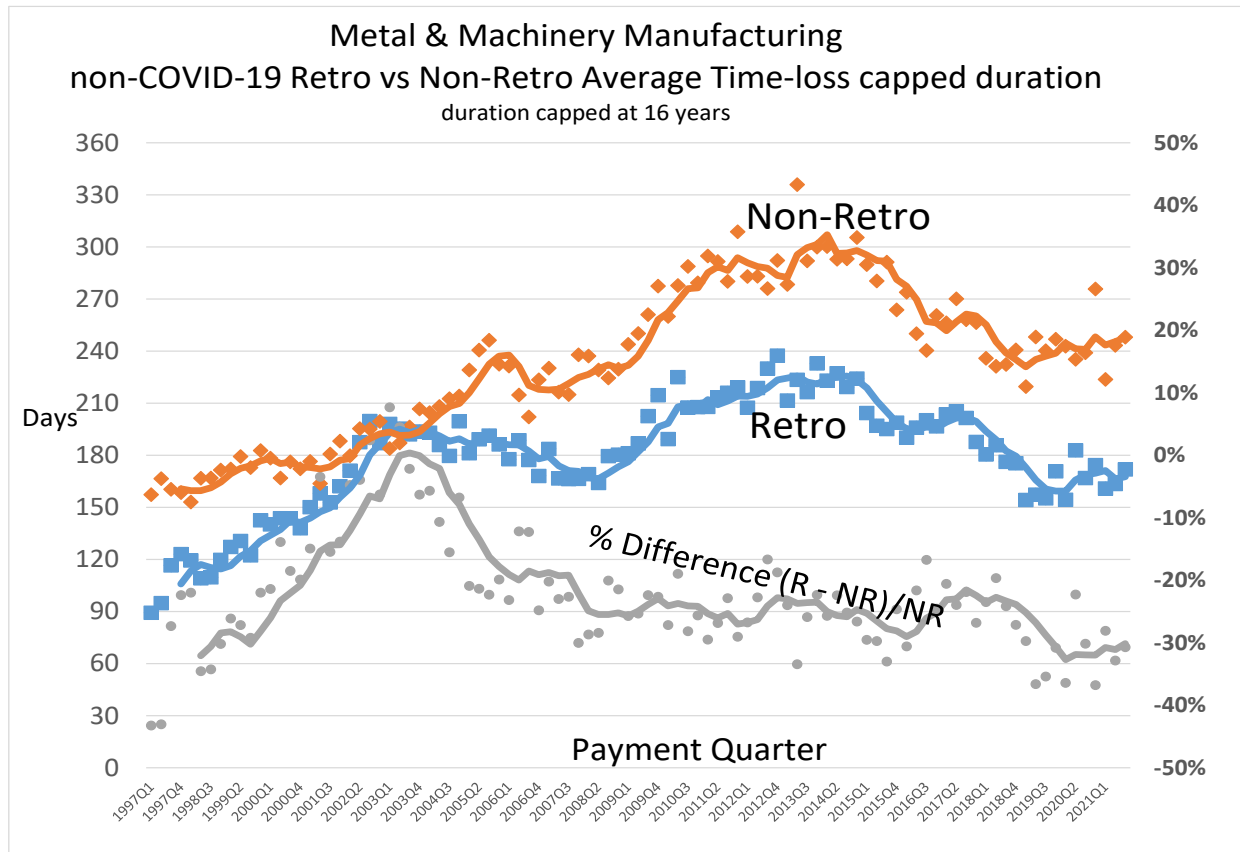
Agriculture:

Time-loss duration has dramatically increased recently.

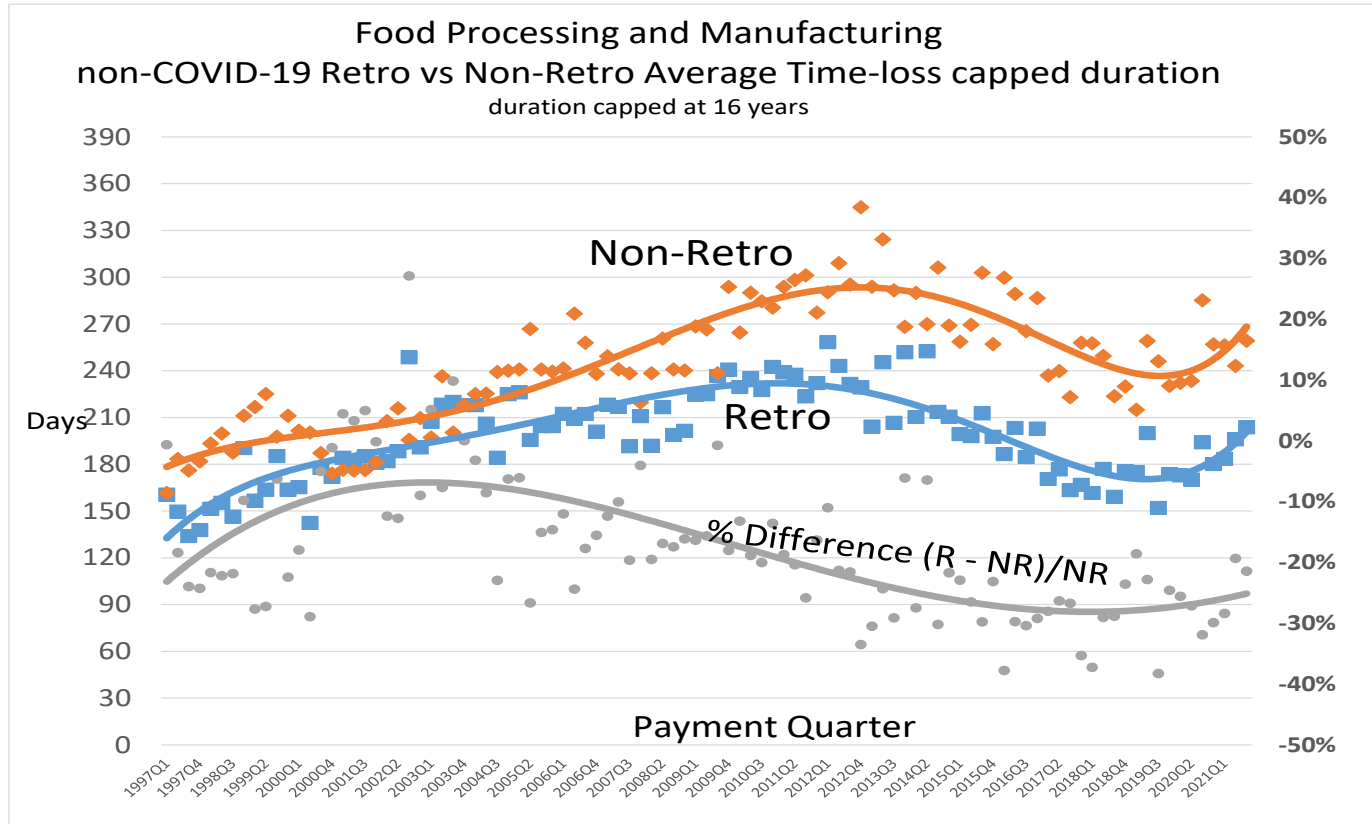


Metal & Machinery Manufacturing:

Retro has recently averaged 32% lower Time-loss duration

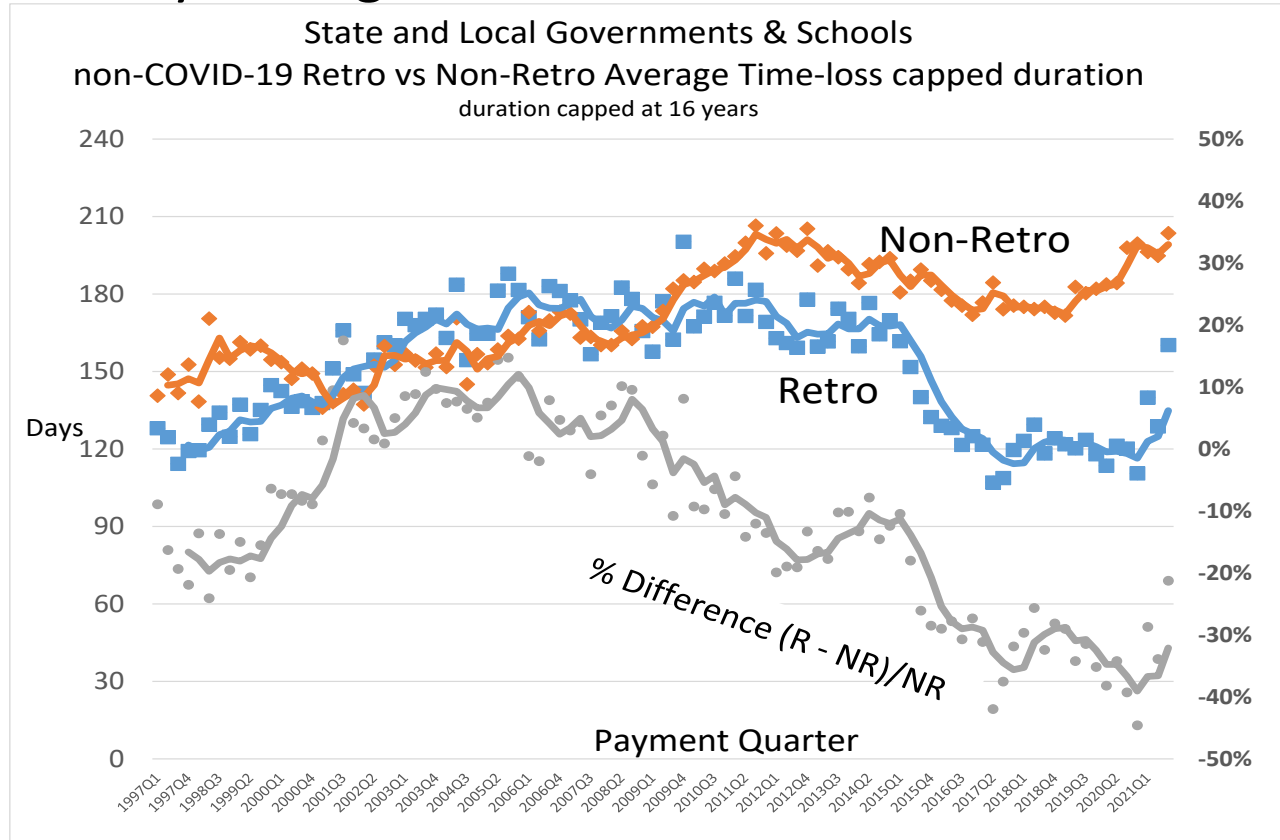


Food Processing and Manufacturing: Time-loss duration has increased recently



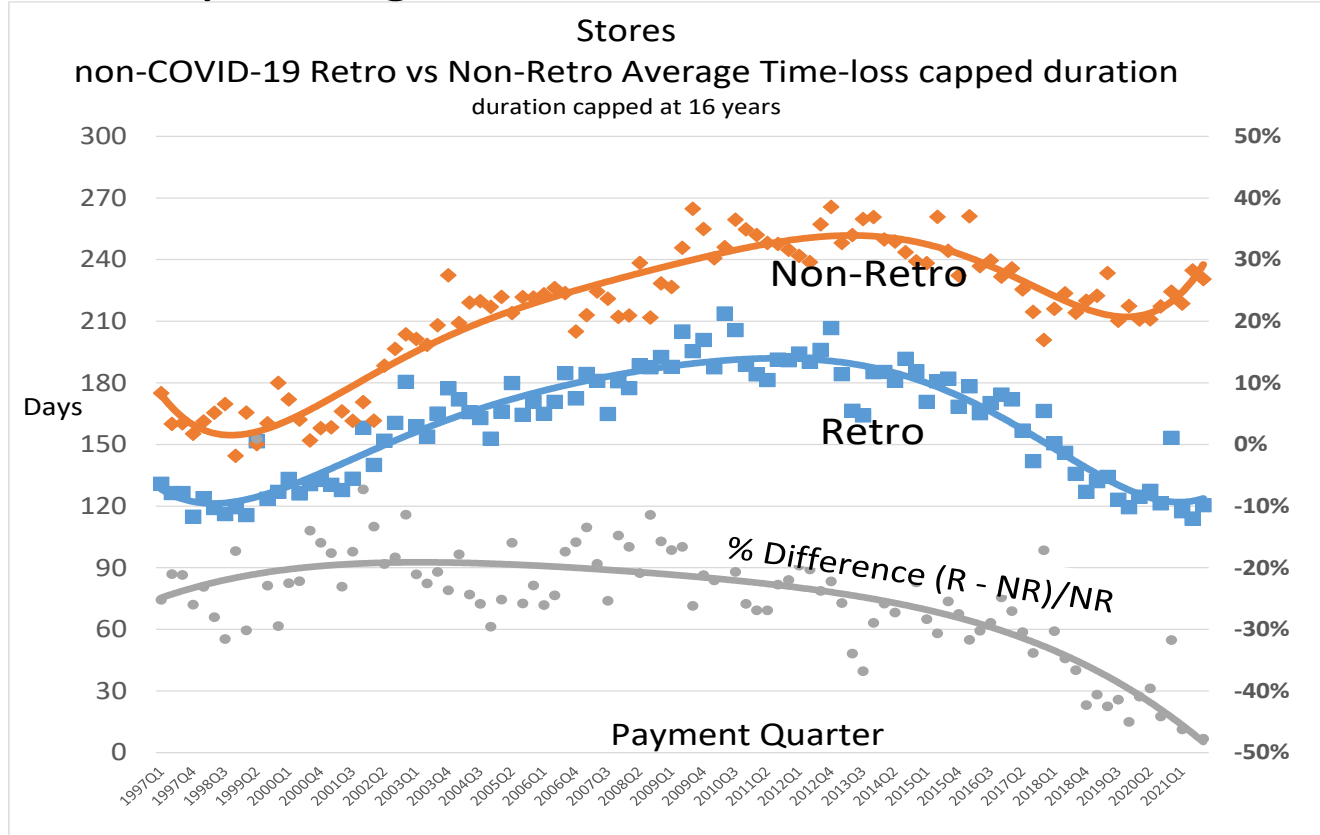
State and Local Government & Schools:

Retro has recently averaged 32% lower Time-loss duration



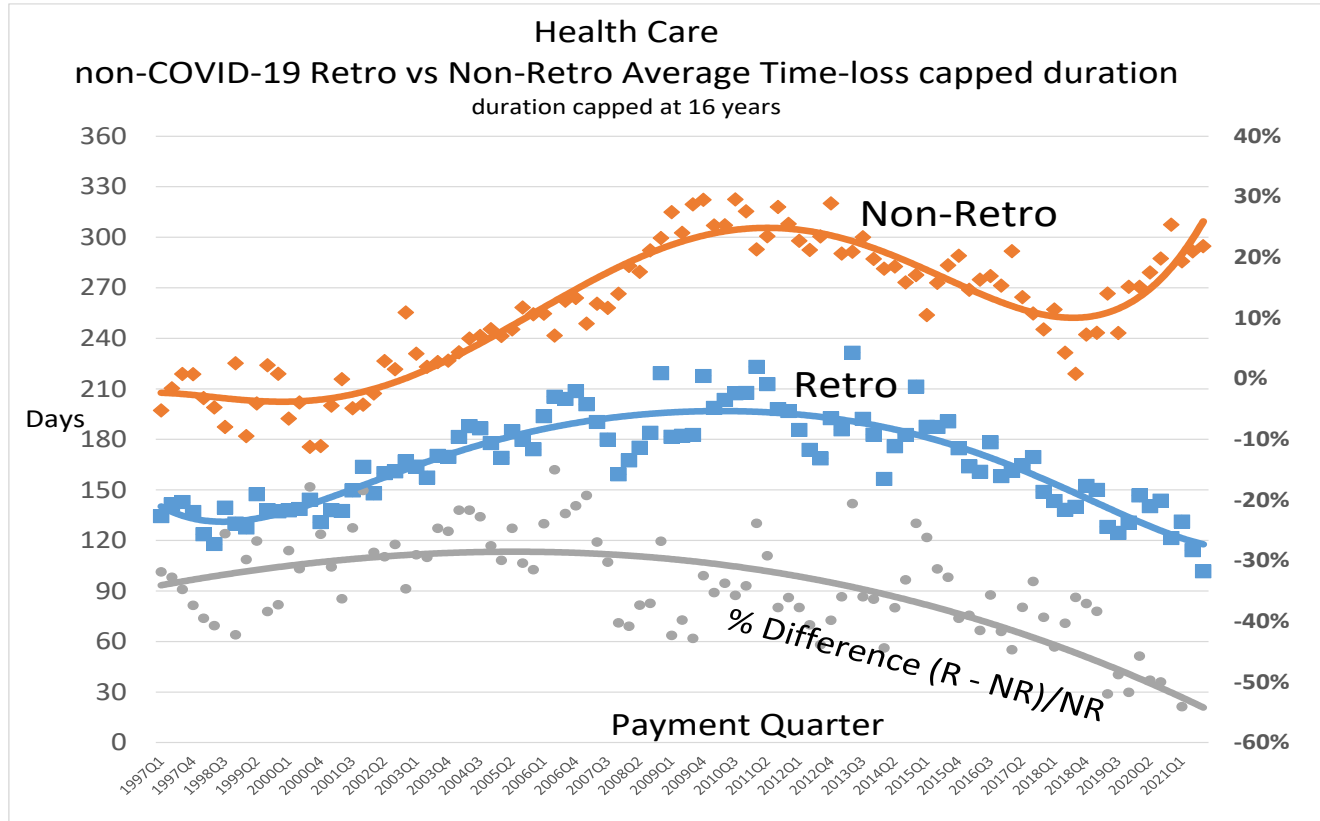
Stores: Non-Retro duration has recently increased

Retro has recently averaged 44% lower Time-loss capped duration



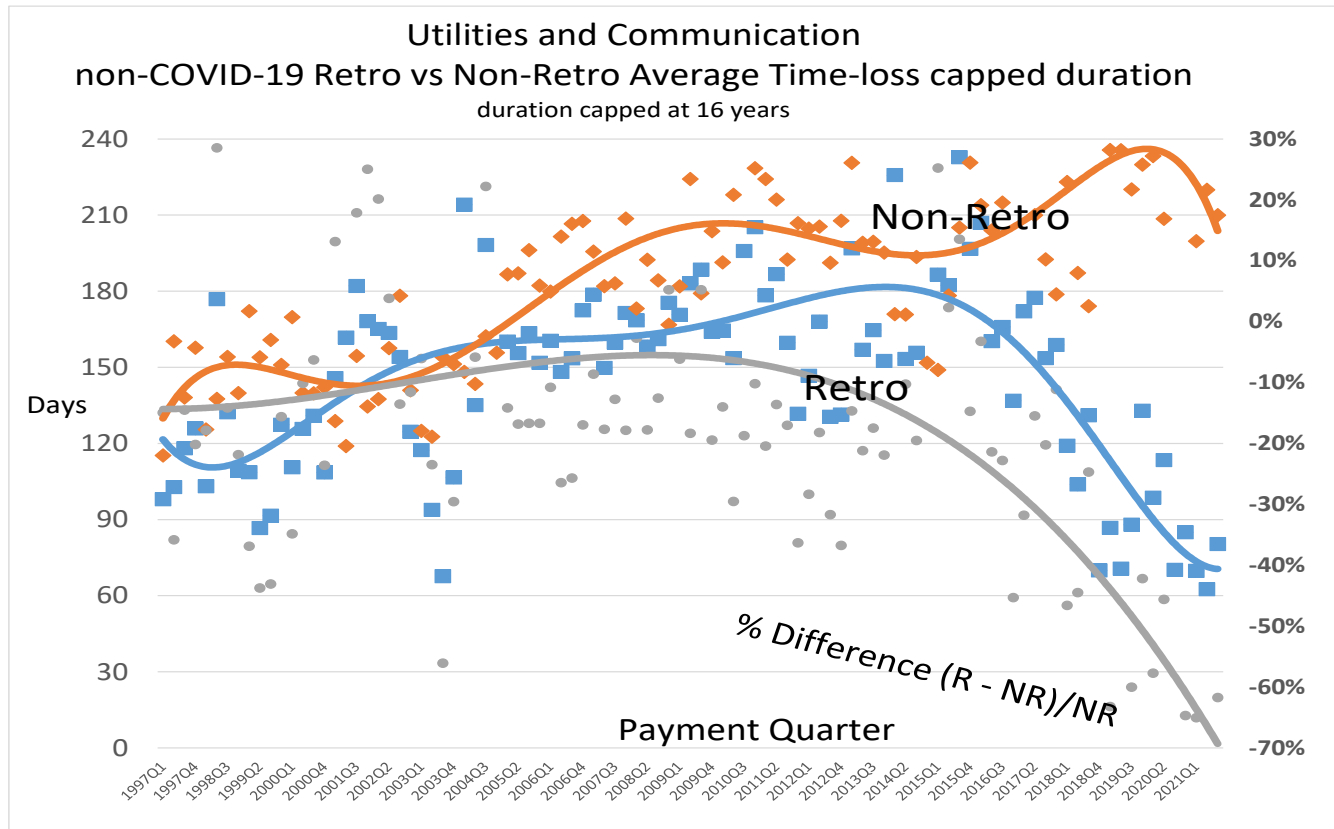
Health Care: Non-Retro duration has recently increased

Retro has recently averaged 60% lower Time-loss duration



Utilities & Communication: Non-Retro duration has recently increased

Retro has recently averaged 66% lower Time-loss duration



Non-COVID-19 Time-loss Duration Comparison

By Industry: Last four quarters

Comparison (R-NR)/NR	2020Q4	2021Q1	2021Q2	2021Q3	4 Quarter Average	Retro Duration	non-Retro
Agriculture	-26%	-22%	-20%	-25%	-23%	217	284
Building Construction	-53%	-53%	-55%	-54%	-54%	183	397
Dealers and Wholesalers	-37%	-44%	-43%	-40%	-41%	141	241
Food Processing and Manufacturing	-30%	-28%	-19%	-21%	-25%	191	254
Forest Products	-40%	-39%	-40%	-43%	-41%	167	282
Government	-44%	-28%	-35%	-23%	-33%	143	211
Health Care	-61%	-54%	-61%	-65%	-60%	117	295
Metal and Machinery Manufacturing	-37%	-28%	-33%	-31%	-32%	168	248
Misc. Professional and Clerical	-19%	-29%	-31%	-37%	-29%	162	227
Miscellaneous Construction	-55%	-50%	-53%	-50%	-52%	181	378
Miscellaneous Manufacturing	-21%	-34%	-35%	-39%	-32%	181	267
Miscellaneous Services	-47%	-47%	-47%	-46%	-47%	142	266
Schools	-58%	-51%	-40%	-26%	-44%	97	171
Stores	-32%	-46%	-51%	-48%	-44%	126	227
Temporary Help	-49%	-37%	-60%	-49%	-49%	127	249
Trades	-44%	-45%	-45%	-46%	-45%	180	327
Transportation and Warehousing	-42%	-39%	-42%	-36%	-40%	164	272
Utilities and Communications	-65%	-65%	-72%	-62%	-66%	74	218

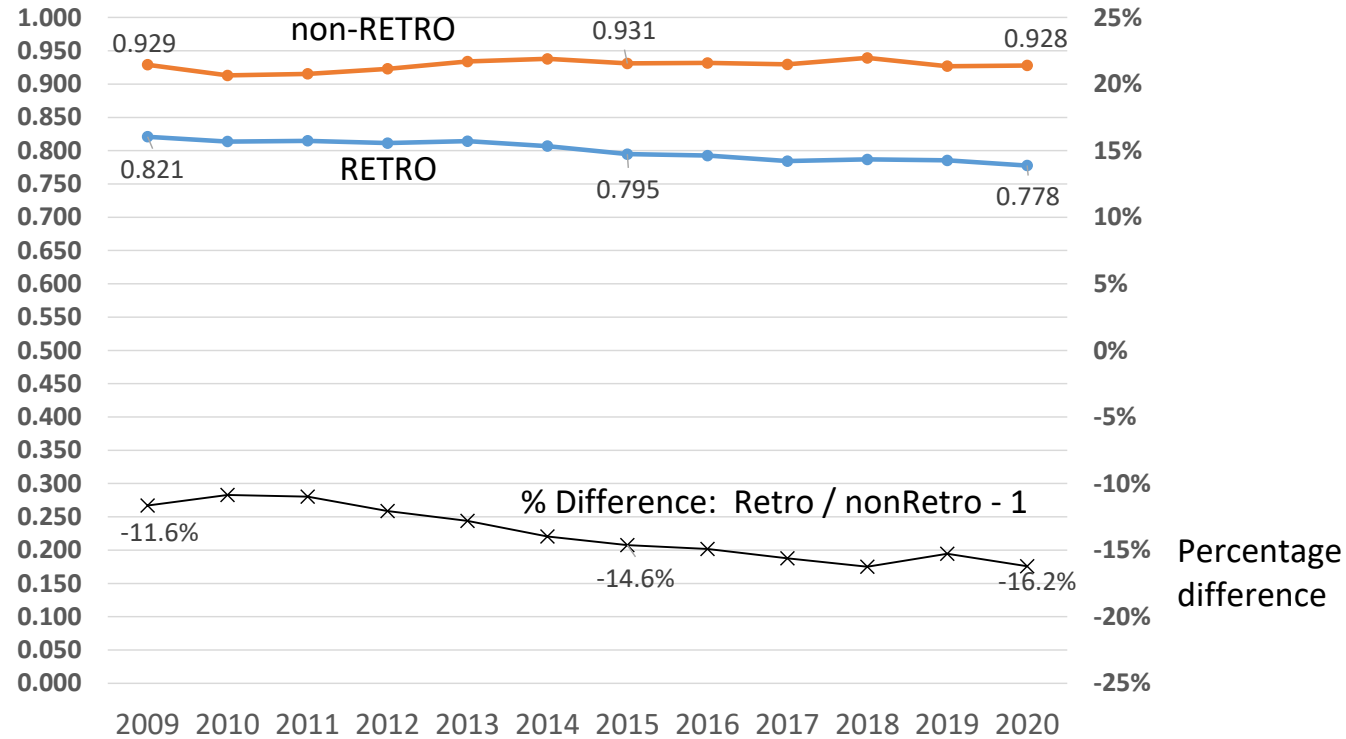
Retro Experience Rating Trends by Industry

Joshua Ligosky,

*Actuary 3, Financial
Management*

Average Experience Modification Factors Bldg Construction and Trades Retro

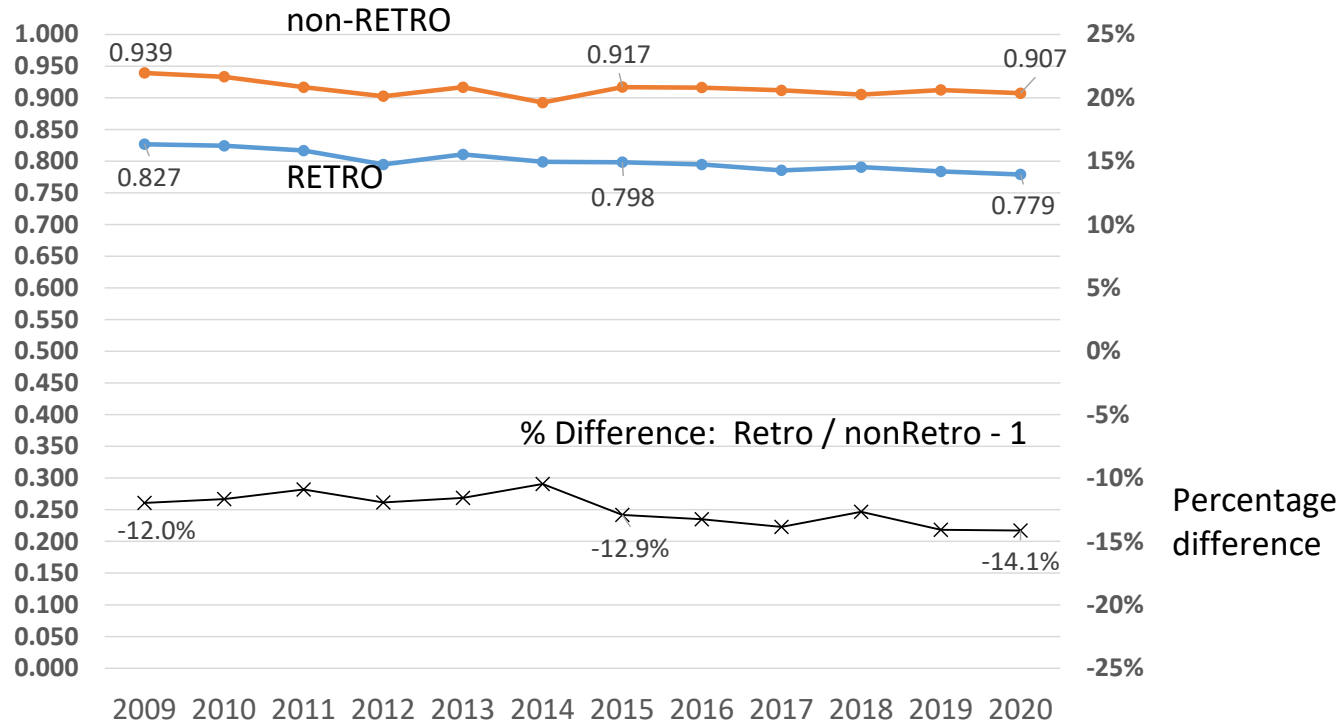
has an average \$190 million of standard premium 2018 - 2020 at 2021 rate levels
46% Market Share



Average Experience Modification Factors

Misc. Construction & Mining Retro

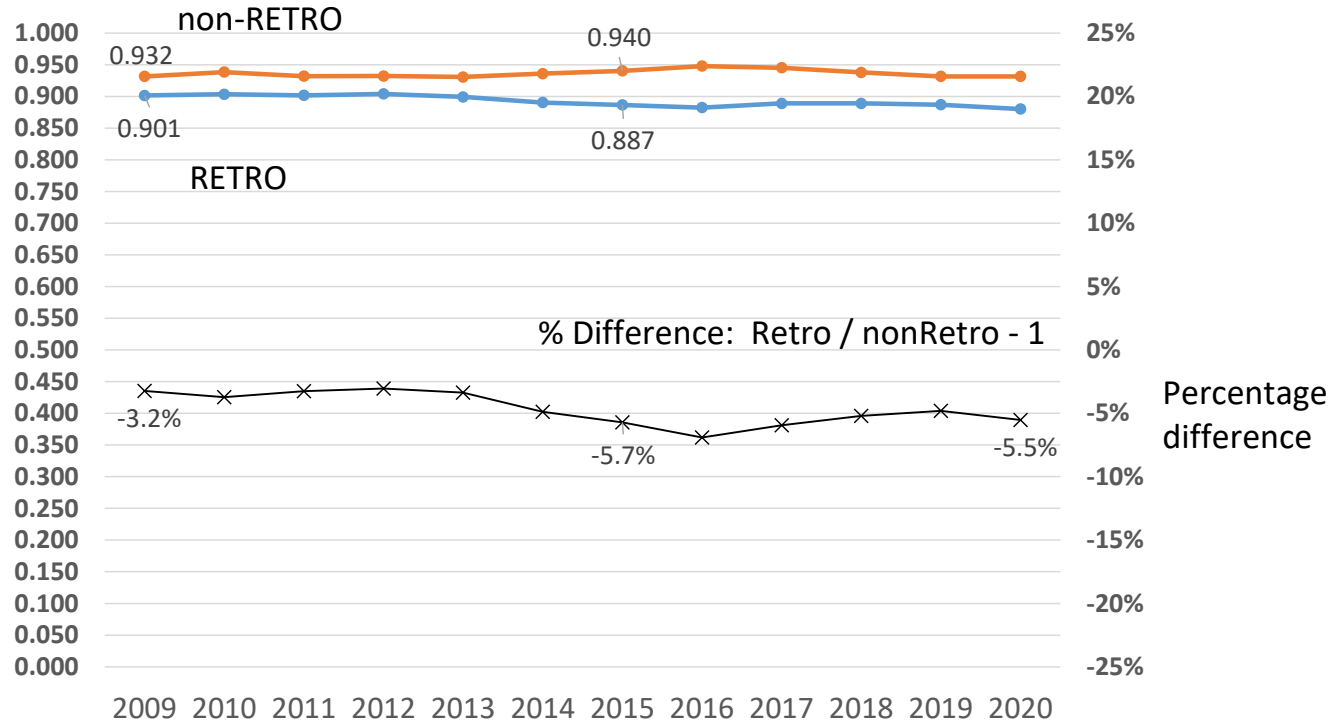
has an average \$60 million of standard premium 2018 - 2020 at 2021 rate levels
52% Market Share



Average Experience Modification Factors

Misc. Services Retro

has an average \$106 million of standard premium 2018 - 2020 at 2021 rate levels
37% Market Share

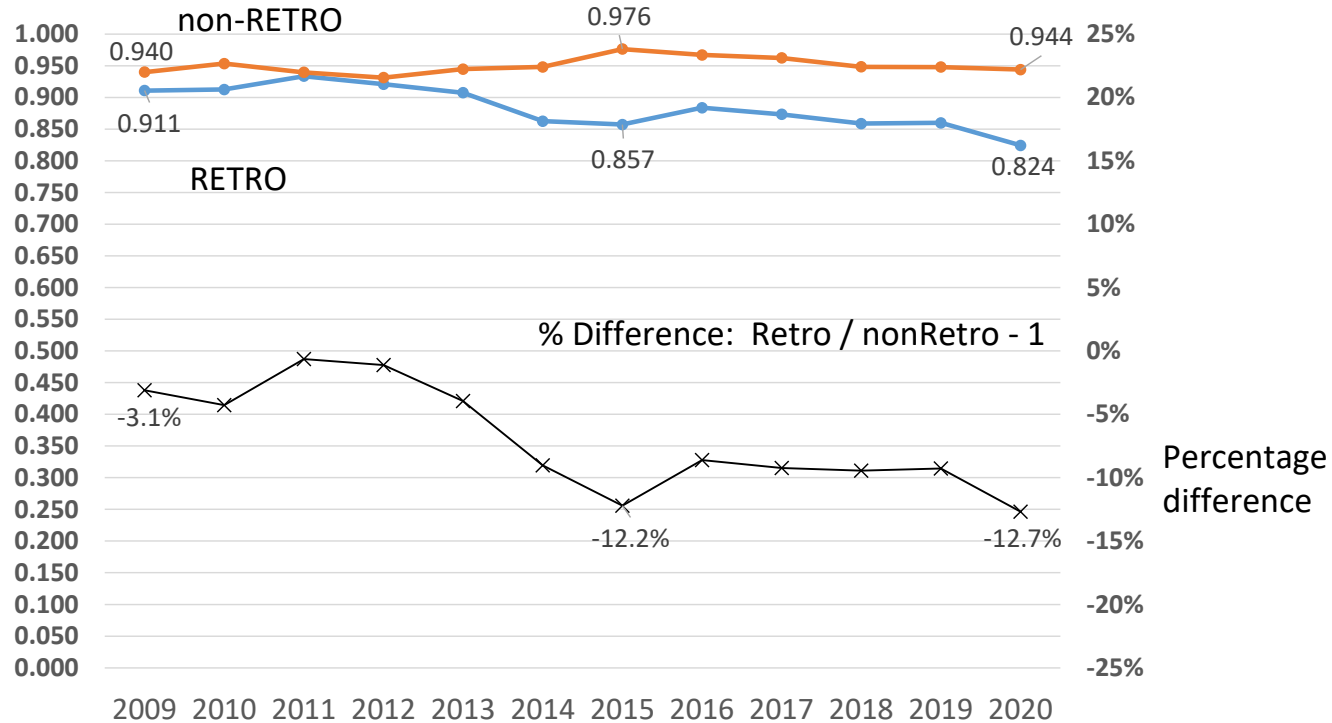


Average Experience Modification Factors

Transportation & Warehousing Retro

has an average \$49 million of standard premium 2018 - 2020 at 2021 rate levels

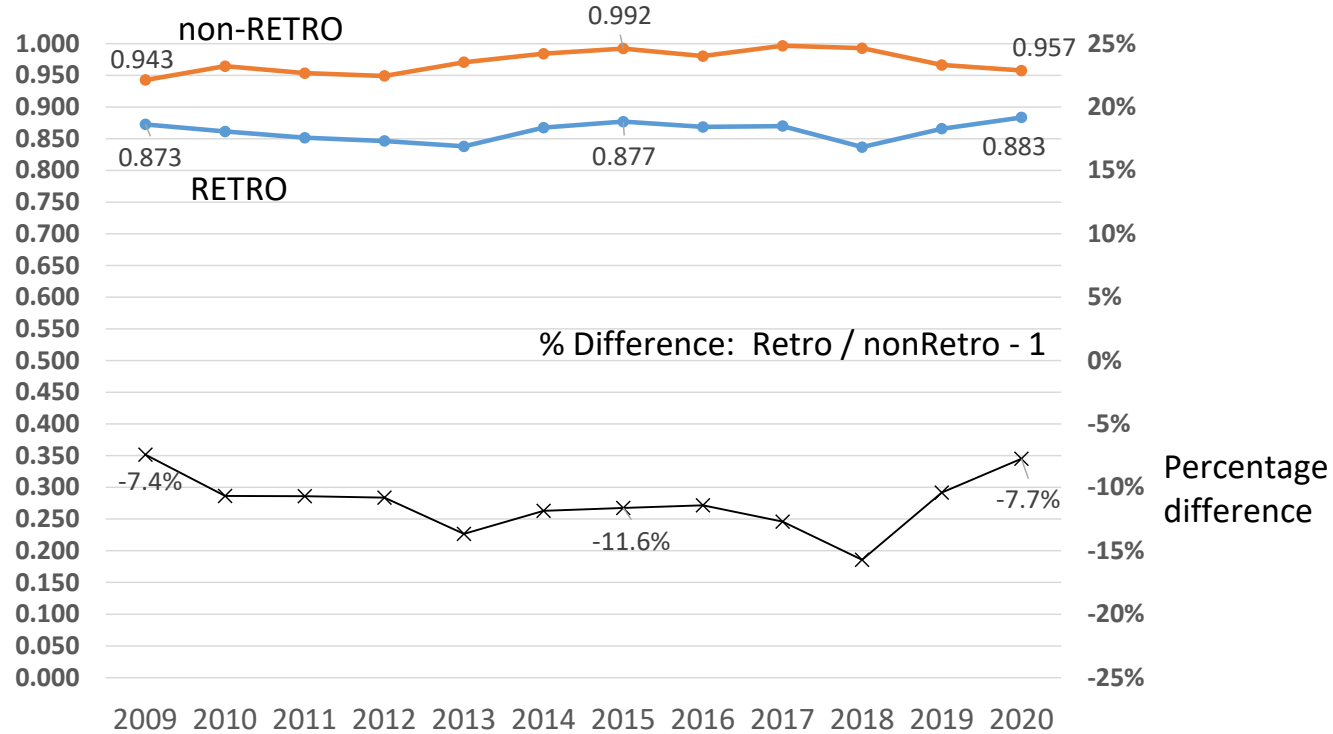
26% Market Share



Average Experience Modification Factors

Agriculture Retro

has an average \$40 million of standard premium 2018 - 2020 at 2021 rate levels
40% Market Share

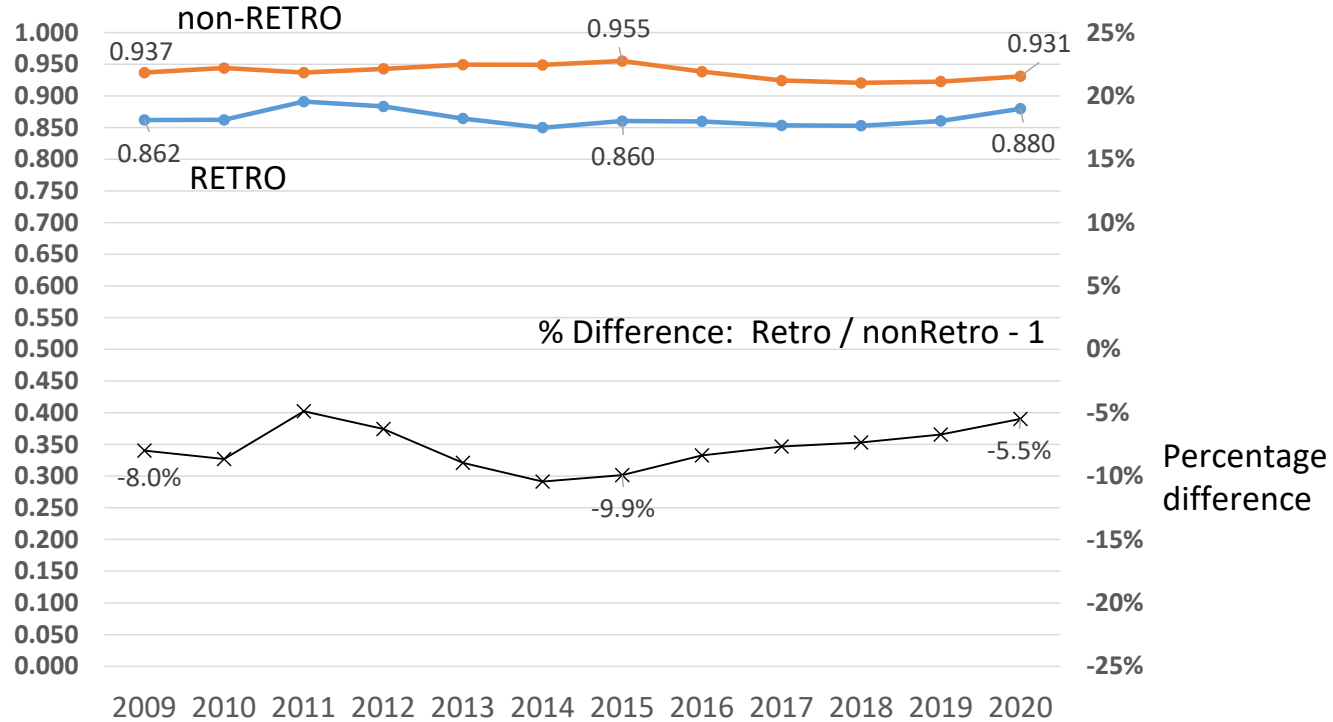


Average Experience Modification Factors

Metal & Machinery Manufacturing Retro

has an average \$33 million of standard premium 2018 - 2020 at 2021 rate levels

54% Market Share

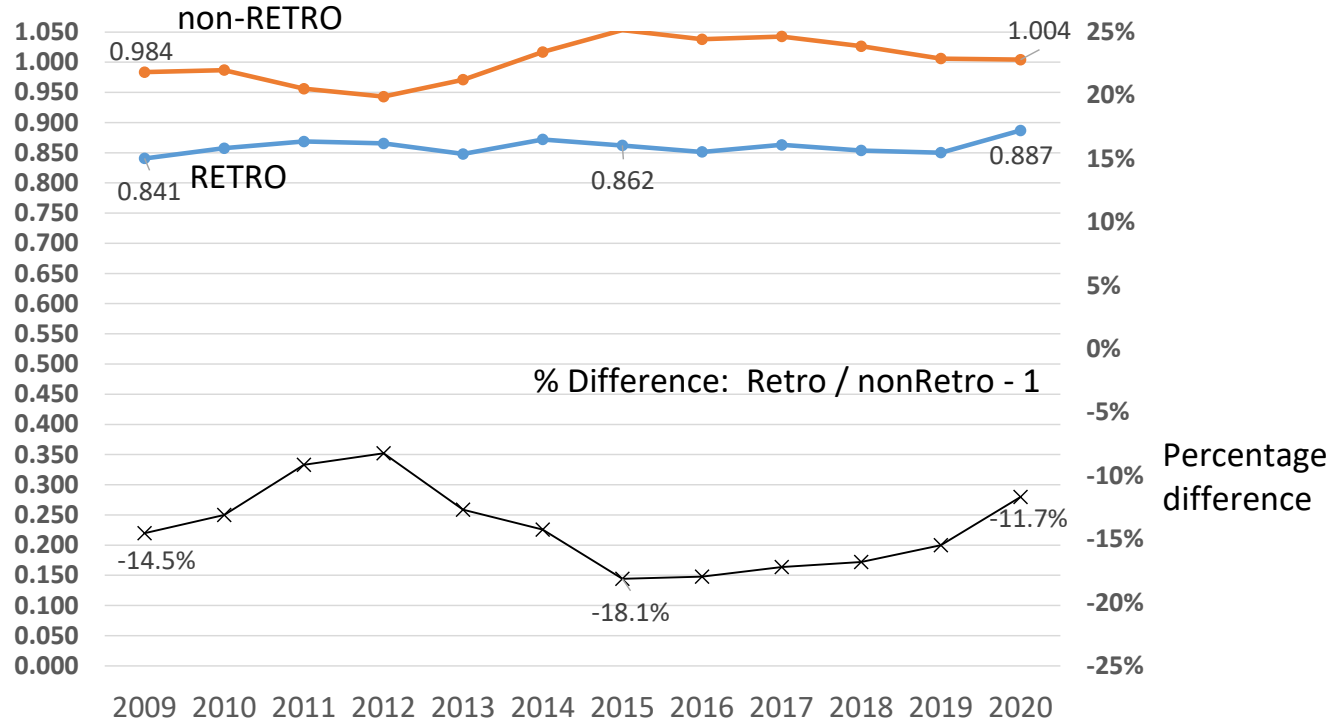


Average Experience Modification Factors

Food Processing & Manufacturing Retro

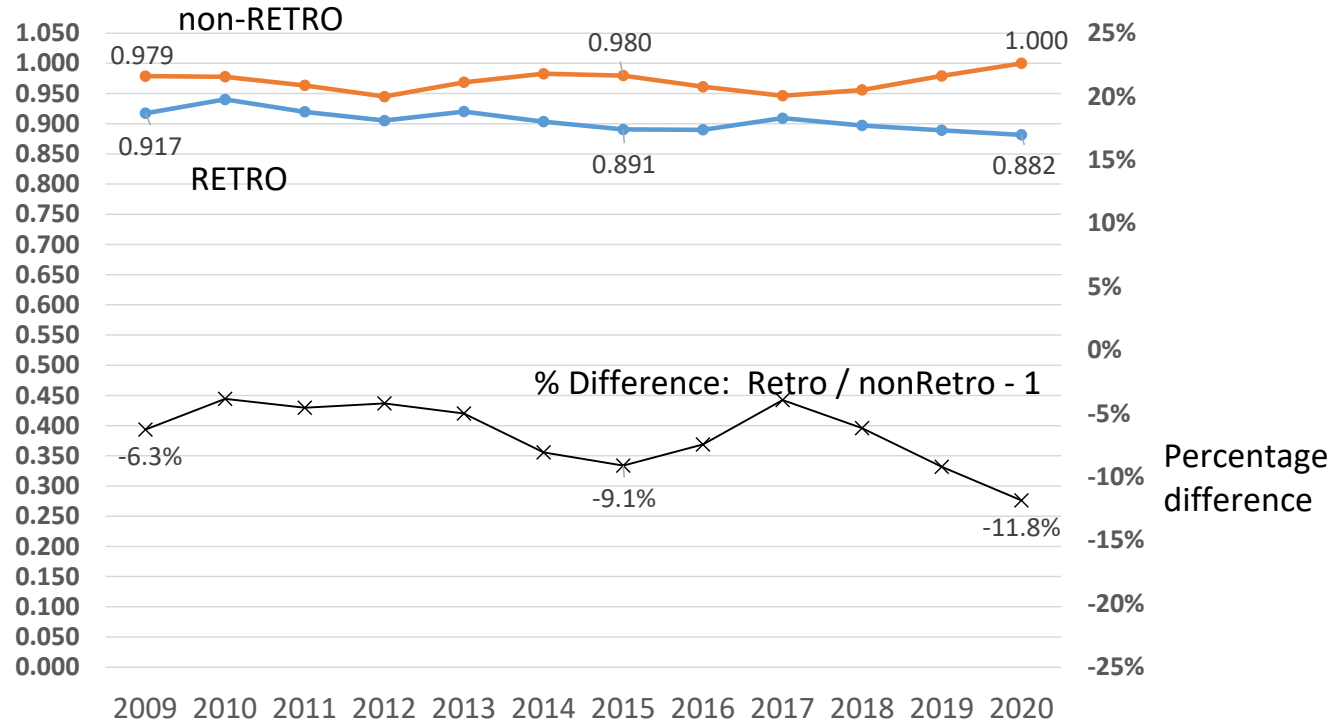
has an average \$33 million of standard premium 2018 - 2020 at 2021 rate levels

47% Market Share



Average Experience Modification Factors Government and Schools Retro

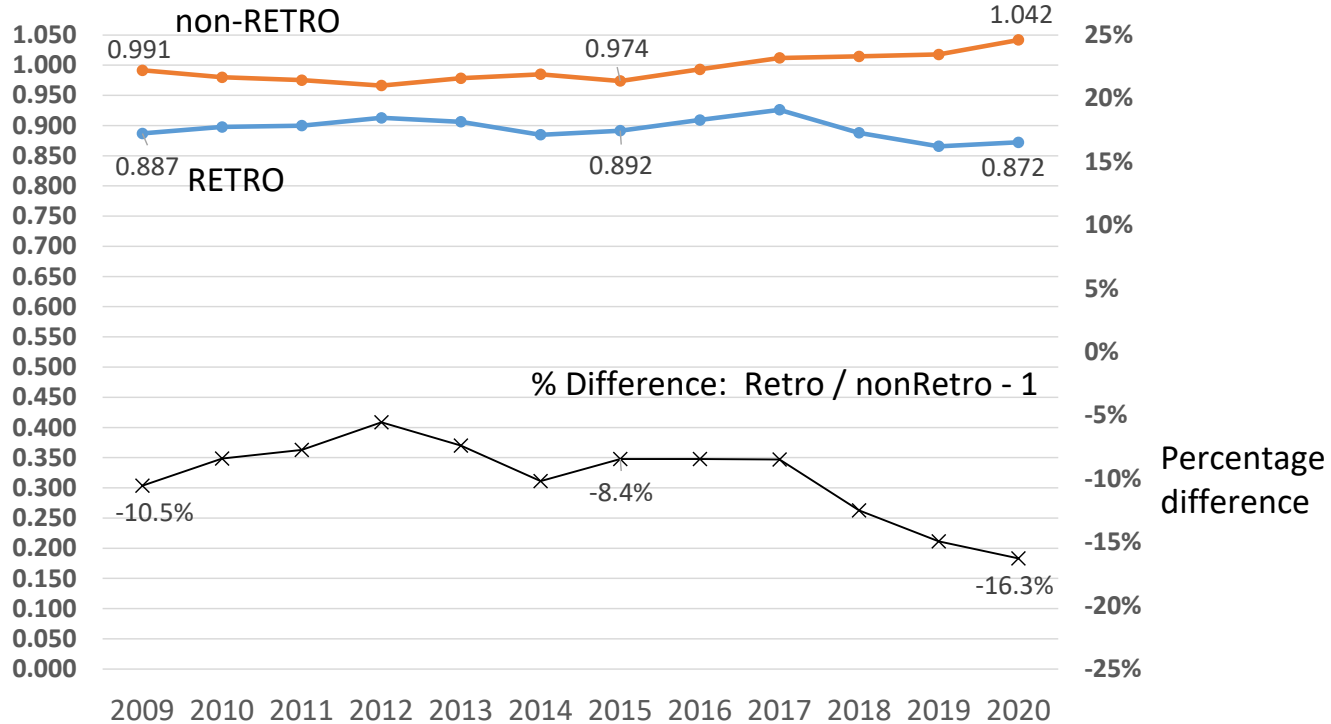
has an average \$31 million of standard premium 2018 - 2020 at 2021 rate levels
13% Market Share



Average Experience Modification Factors

Stores Retro

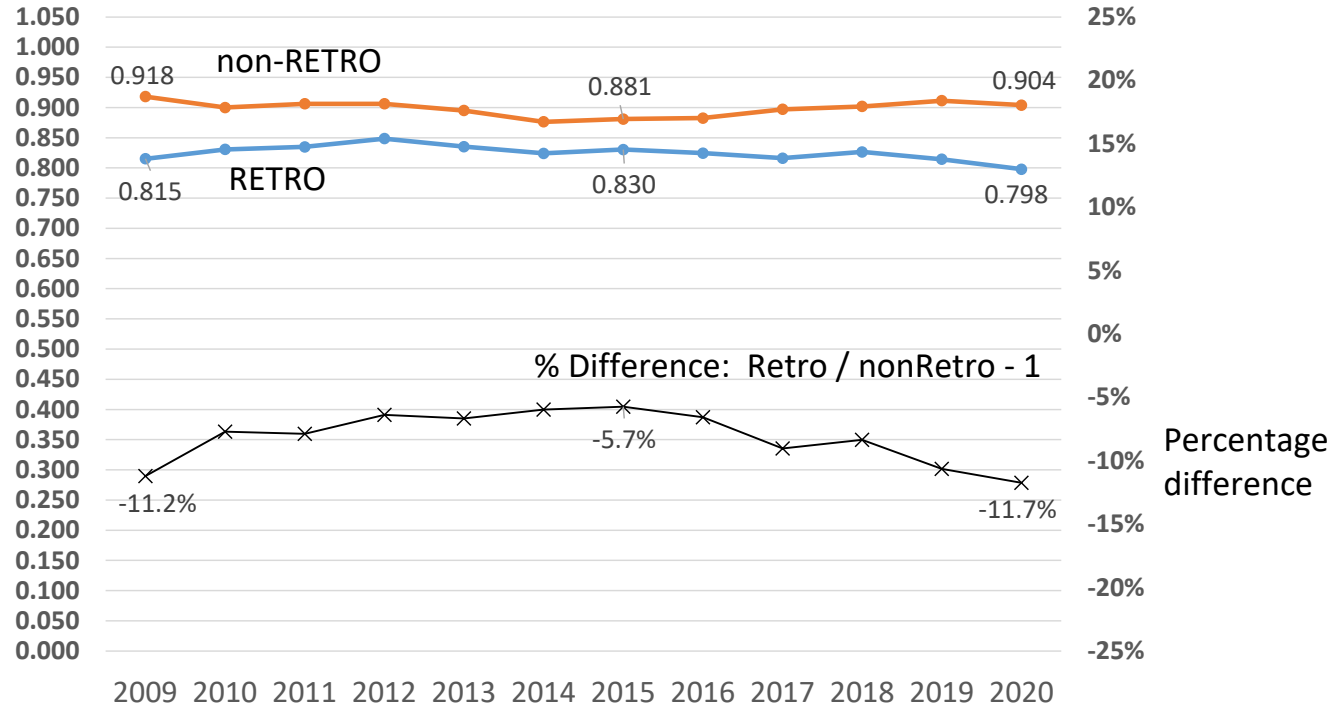
has an average \$26 million of standard premium 2018 - 2020 at 2021 rate levels
33% Market Share



Average Experience Modification Factors

Forest Products Retro

has an average \$26 million of standard premium 2018 - 2020 at 2021 rate levels
49% Market Share



Experience Factor % Difference: Retro/NonRetro -1

2018-2020

Average

Retro

Prem

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ALL CLASSIFICATIONS	691 M	-9%	-9%	-8%	-7%	-9%	-10%	-11%	-11%	-10%	-11%	-11%	-13%
BUILDING CONSTRUCTION AND TRADES	190.0 M	-12%	-11%	-11%	-12%	-13%	-14%	-15%	-15%	-16%	-16%	-15%	-16%
MISCELLANEOUS SERVICES	105.8 M	-3%	-4%	-3%	-3%	-3%	-5%	-6%	-7%	-6%	-5%	-5%	-6%
GOVERNMENT AND SCHOOLS	31.4 M	-6%	-4%	-5%	-4%	-5%	-8%	-9%	-7%	-4%	-6%	-9%	-12%
TRANSPORTATION AND WAREHOUSING	49.4 M	-3%	-4%	-1%	-1%	-4%	-9%	-12%	-9%	-9%	-9%	-9%	-13%
MISCELLANEOUS CONSTRUCTION AND MI	60.1 M	-12%	-12%	-11%	-12%	-12%	-10%	-13%	-13%	-14%	-13%	-14%	-14%
MISC. PROFESSIONAL AND CLERICAL	14.3 M	-6%	-6%	-4%	-4%	-6%	-6%	-8%	-11%	-8%	-8%	-9%	-9%
AGRICULTURE	39.9 M	-7%	-11%	-11%	-11%	-14%	-12%	-12%	-11%	-13%	-16%	-10%	-8%
STORES	25.6 M	-11%	-8%	-8%	-6%	-7%	-10%	-8%	-8%	-8%	-12%	-15%	-16%
HEALTH CARE	20.1 M	-6%	-10%	-8%	-8%	-9%	-11%	-9%	-5%	-3%	-6%	-7%	-11%
METAL AND MACHINERY MANUFACTURING	33.0 M	-8%	-9%	-5%	-6%	-9%	-10%	-10%	-8%	-8%	-7%	-7%	-5%
FOREST PRODUCTS	26.4 M	-11%	-8%	-8%	-6%	-7%	-6%	-6%	-7%	-9%	-8%	-11%	-12%
DEALERS AND WHOLESALERS	24.9 M	-9%	-7%	-7%	-6%	-5%	-5%	-7%	-4%	-6%	-8%	-9%	-8%
FOOD PROCESSING AND MANUFACTURING	33.2 M	-15%	-13%	-9%	-8%	-13%	-14%	-18%	-18%	-17%	-17%	-15%	-12%
MISCELLANEOUS MANUFACTURING	23.5 M	-3%	-7%	-4%	-4%	-6%	-5%	-7%	-6%	-7%	-7%	-6%	-9%
TEMPORARY HELP	9.9 M	-11%	-7%	-5%	-14%	-7%	-1%	-13%	-8%	-1%	-5%	-11%	-20%
UTILITIES AND COMMUNICATIONS	3.5 M	-2%	2%	-4%	-5%	-9%	-7%	-13%	-6%	-6%	-7%	-9%	-9%

BREAK ...

RAC Committee Updates

Jessica Nau,

Retrospective Rating

Program Manager

Retro Advisory Committee

Composition and terms of service

The RAC can be comprised of 11 members:

- 4 owners or employees of firms enrolled individually (2 year term).*
 - 2 Vacancies
- 6 employees of trade associations (5year term).
 - 3 Vacancies
- 1 employee of L&I serving as chairman in an ex officio and non-voting capacity.

*An employee of an employer who participates in a group plan may be appointed as an individual member if an employer enrolled in an individual plan has not been found. Such appointment is for one year.

Recruitment Plan

What to do if you are interested.

- See the attached description of the purpose, expectations and qualifications to participate on the RAC committee in the PDF version of this this slide deck.
- Fill out the attached application/questionnaire.
- Write a letter of interest.
- Send packet to Retro@lni.wa.gov by *March 31st*.

Recruitment Plan Continued

Next Steps

- The committee will:
 - review the applications.
 - schedule interviews with viable candidates.
 - will provide their recommendations to the Committee Chair (Jessica).
- Committee Chair will staff with department executive leaders.
- The committee will then notify accepted candidates.
- On-boarding begins.

RAC Workgroups

Tim Lundin
Archbright

Victoria Montrose
WA Hospitality

Maria McClain
Association of WA Business

Account Balance Workgroup

Victoria Montrose – WA Hospitality	Alicia Milani – L&I Retro Program, Lead
Julie Osterberg – Employer Resources NW	Rose Gundersen – WA Retail Association
Greg Kabacy – Aspire Consulting	Mary DenBoer – Refresh LLC
Cindy Kropp – PITB	Ida Haynes – L&I Employer Services
Sheri Call – WA Trucking Associations	Susan Rusch-Barnett – L&I Collections
Jason Anderson – PABCO Roofing	

RAC Data Workgroup

Tim Lundin – Archbright, RAC Lead	Mike Williams – L&I Retro Program, Lead
Lauren Gubbe – Associated General Contractors, RAC Co-Lead	Kevin Neubauer – Approach Management Services
Rick Gastelum – WA State Farm Bureau	Tyler Greathouse – L&I Research and Data Services
John Meier – Employer Resources NW	Brian Willner – L&I I.T. Services

Business & Industry Category Guide Workgroup

Maria McClain – Association of WA Business	Rachelle Bohler – L&I Retro Program, Lead
Kris Johnson – Building Industry Association	Shannon Elliott – Archbright
Dan Beaty – Vigilant	Curran Bower – Employer Resources NW
Richard Clyne – WA State Farm Bureau	

RAC Workgroups

Do you want to get involved? Please reach out to the workgroup you are most interested in.

Workgroup	Lead
Account Balance Workgroup	Victoria Montrose, victoriam@wahospitality.org
RAC Data Workgroup	Tim Lundin, tlundin@archbright.com
Business & Industry Category Guide Index Workgroup	Maria McClain, mariam@forterra-inc.com
Or send your interest to the Retro Inbox: Retro@Lni.wa.gov	

Operational Updates

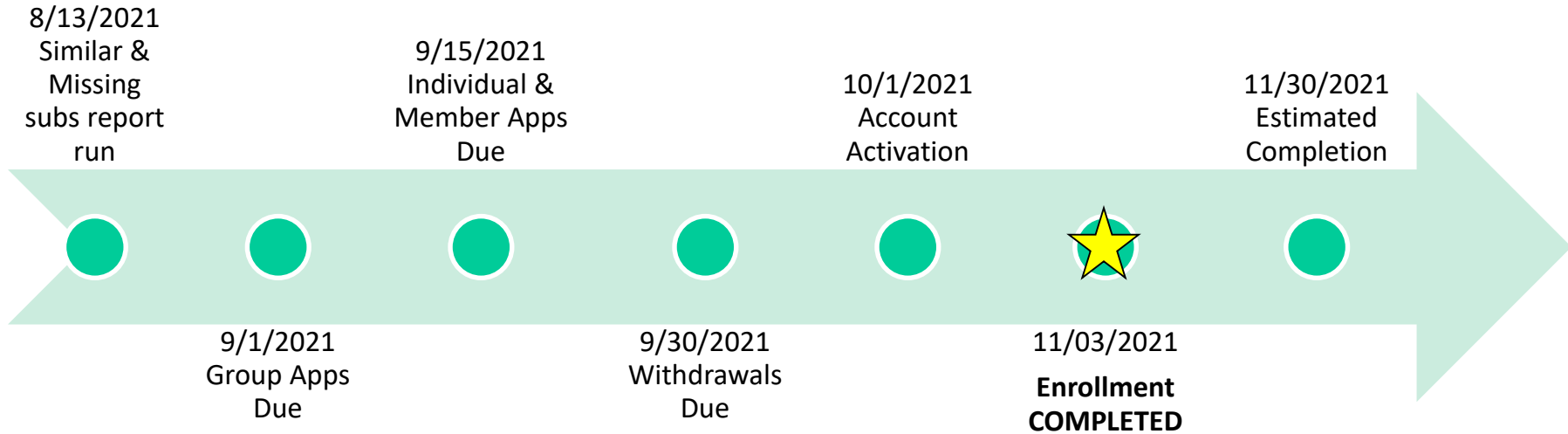
Jessica Nau, Program Manager
for Retrospective Rating

October 2020 CY vs. October 2021 CY Enrollment Stats

October 2020 Enrollment			
Missing Sub Account Reviewed (Pre-work)	Number of Applications Received	Number of Withdrawals Received	Number of Denials Worked
51	178	13	155
October 2021 Enrollment			
Missing Sub Account Reviewed (Pre-work)	Number of Applications Received	Number of Withdrawals Received	Number of Denials Worked
31	143	16	117

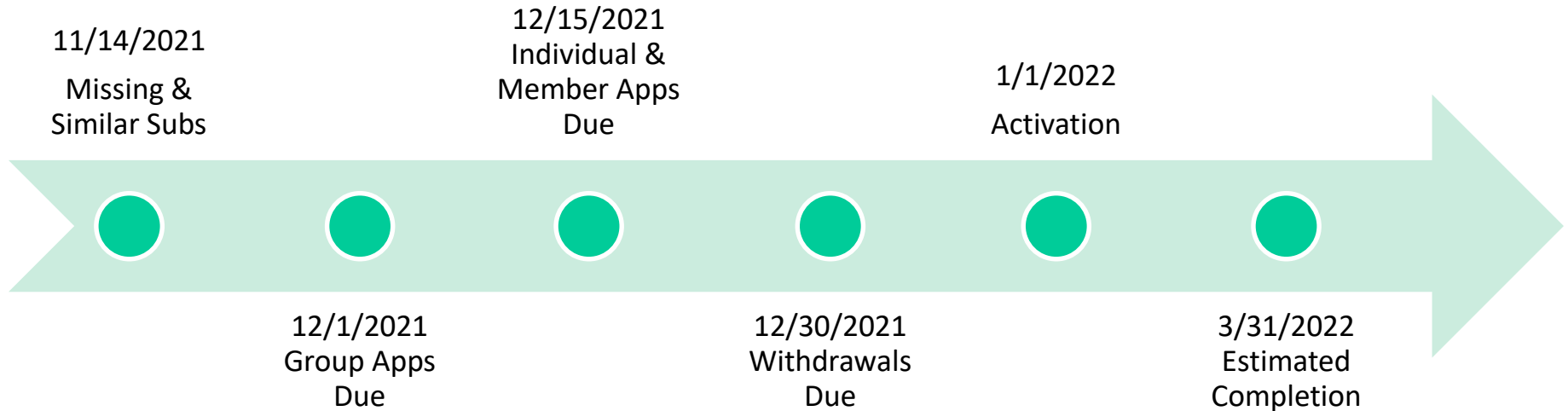
October CY Enrollment

Actual



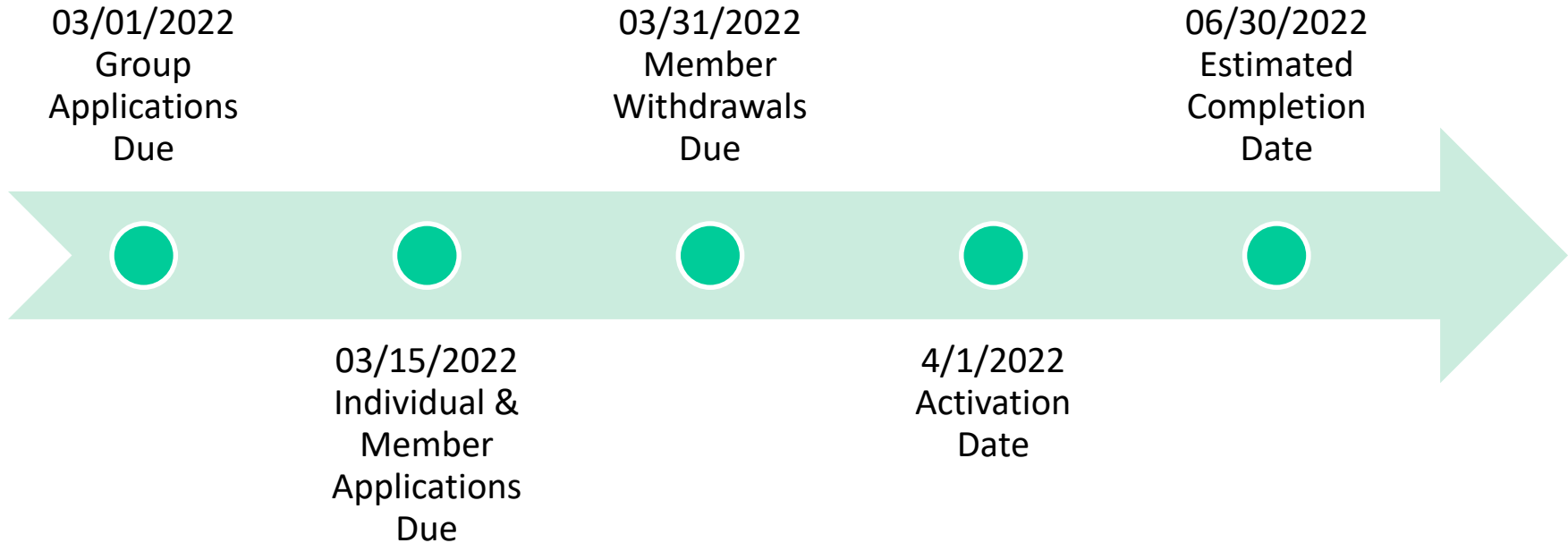
January CY Enrollment

Current Status



April CY Enrollment

Estimated



April CY Enrollment

Upcoming

- Group applications due 3/1/2022
- Individual and member applications due 3/15/2022
- Member withdrawals due 3/31/2022
- Activation 4/1/2022

Enrollment Outside of Enrollment

As of 2/7/2022

■ **October**

- 10 applications received
- All 10 were completed timely within 30 days.

■ **November**

- 9 applications received
- All 9 were completed timely within 30 days.

■ **December**

- 10 applications received
- All 10 were completed timely within 30 days.

Enrollment Outside of Enrollment

As of 2/7/2022

▪ **January**

- 9 applications received.
- All 9 applications were completed timely within 30 days.

▪ **February**

- 5 applications received.
- All 5 applications were completed timely within 30 days.

October CY Adjustment Protests

As of 2/7/2022

- Last day to submit adjustment protests: October 1, 2021.
 - 37 claims protested.

- Target completion date: January 3, 2022.
 - All protests completed by 12/2/2021.

- **\$994,849 granted in additional refunds.**

January CY Adjustment Protest

As of 2/7/2022

- Last date to submit protests
 - January 1, 2022
- 90 day Completion date
 - March 31, 2022
- 48 claims protested.
 - Completed 12/28/2021
- **\$525,851 granted in additional refunds.**

April CY Adjustment Protests

Upcoming Deadlines

- Adjustment Reports out on SFT
 - January 28th 2022

- Last day to submit protests
 - March 30th 2022

- 90 Day completion deadline
 - June 29th 2022

Work Ahead

Rulemaking

WAC 296-17B-010

“The department will repeat the studies that resulted in the hazard group assignments and changes to retrospective plan tables that are shown in WAC 296-17-901, 296-17B-300, 296-17B-560, 296-17B-830, and 296-17B-910 through 296-17B-990. The repeated studies will determine whether the results are consistent with the expectation of improved fairness in the distribution of the retrospective rating refunds among participants.”

WAC's Included in the Insurance Table Study

The Insurance Tables that are referenced in the WAC language above are:

- WAC 296-17B-901 = Risk classification hazard group table
- WAC 296-17B-300 = Choosing Loss Limits
- WAC 296-17B-560 = Determining your hazard group and size group
- WAC 296-17B-420 = Premium administration expense charge
- WAC 296-17B-430 = Incurred loss and expense charge
- WAC 296-17B-830 = Expected loss ratio factors
- WAC 296-17B-910 = Hazard Group 1 tables
- WAC 296-17B-920 = Hazard Group 2 tables
- WAC 296-17B-930 = Hazard Group 3 tables
- WAC 296-17B-940 = Hazard Group 4 tables
- WAC 296-17B-950 = Hazard Group 5 tables
- WAC 296-17B-960 = Hazard Group 6 tables
- WAC 296-17B-970 = Hazard Group 7 tables
- WAC 296-17B-980 = Hazard Group 8 tables
- WAC 296-17B-990 = Hazard Group 9 tables

Rulemaking Timeline

- Aiming for an implementation date of July 2023
- Next steps:
 - Filing CR101
 - Publishing Request for proposals (RFP)
 - Award contract for RFP
 - Determine communication strategy
 - Sub-committee
 - RAC meetings
 - Coalition meetings
 - Continuing the Rulemaking process. CR102, Hearing, CR103

What Else Should We Consider?

- While the rules are open are there other things we should review?
- On the radar are the following:
 - Prohibited Conduct (WAC 296-17B-720)
 - Common Ownership (WAC 296-17B-770)
 - All-or-Nothing

Q & A

Thank you!

Jessica Nau, Retro Program Manager

Jessica.Nau@Lni.wa.gov

Retro@Lni.wa.gov

Appendix

RAC meetings 2022 schedule:

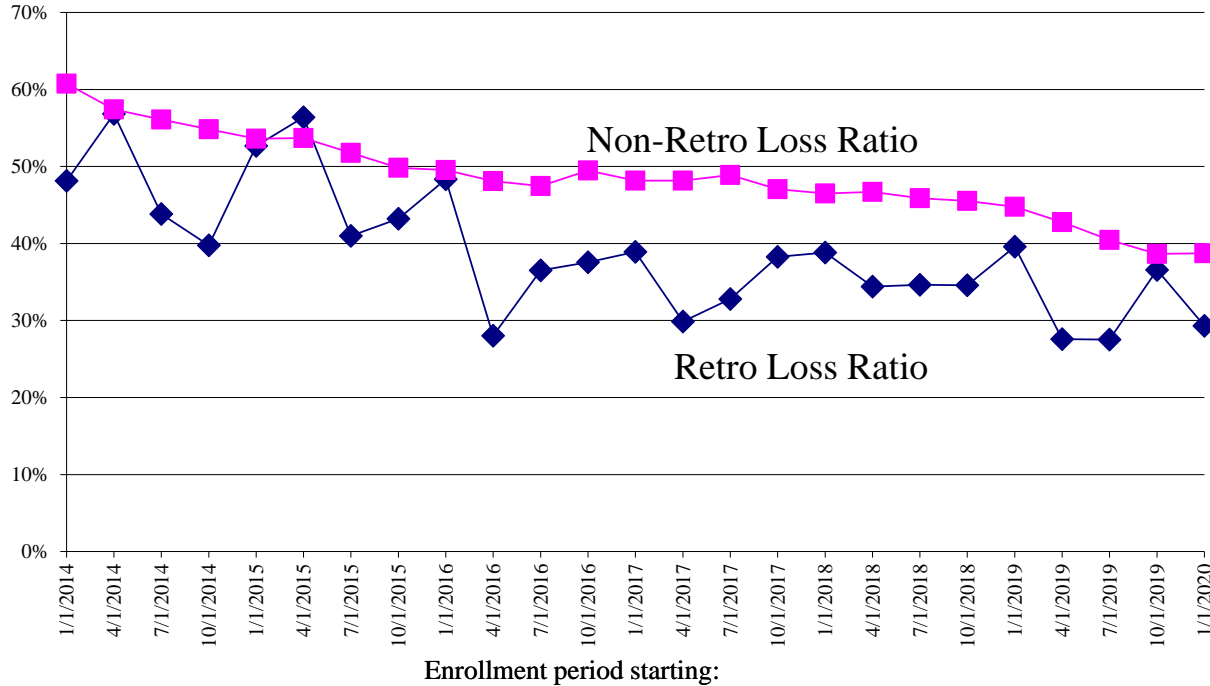
- February 10th, 2022
- May 19th, 2022
- September- TBD
- December- TBD

Retrospective Rating: Performance Adjusted Refunds for January Enrollments as of October 2021

Nichole Runnels,

Actuarial Analyst

Equalizing the Loss Ratios



GOAL: Retro and Non-Retro firms pay proportional share of insurance costs

- Goal is met when Retro and Non-Retro firms have Equal overall ratio of Losses to Premiums (after targeted refunds subtracted)
- PAR = **Targeted sum** of net retrospective refunds less additional assessments per enrollment period
- Performance Adjustment Factors (PAFs) are a tool used to hit the targeted PAR at each annual adjustment
- Occurs at each of the three annual adjustments

Performance Adjusted Refund Calculation:

- Calculate percentage difference between Retro and Non-Retro loss ratios
Note: This equalizes loss ratios after net Retro refunds less additional premiums are subtracted from premiums paid by Retro firms.
- We use 4 consecutive enrollment periods in this calculation
 - Beginning with the enrollment quarter at hand
 - Including the three prior enrollment quarters
 - This helps provide employers the choice to enroll at the beginning of any quarter by providing a larger and more stable insurance pool
- Additional interest is factored in because L&I retains premiums paid up-front 13.5 months until 1st Retro adjustment
- Apply this refund percentage to standard premiums

Calculate the % Loss Ratio Difference

for each of 4 consecutive enrollment quarters leading up to and including January enrollment. Example:

Quarter 4: Enrollment beginning 1/1/20:		
	Retro	Non-retro
Losses Case Incurred	32,439,161	497,558,300
Standard Premium	110,650,040	1,284,925,802
Loss Ratio	29.32%	38.72%
Percentage Difference	24.29%	

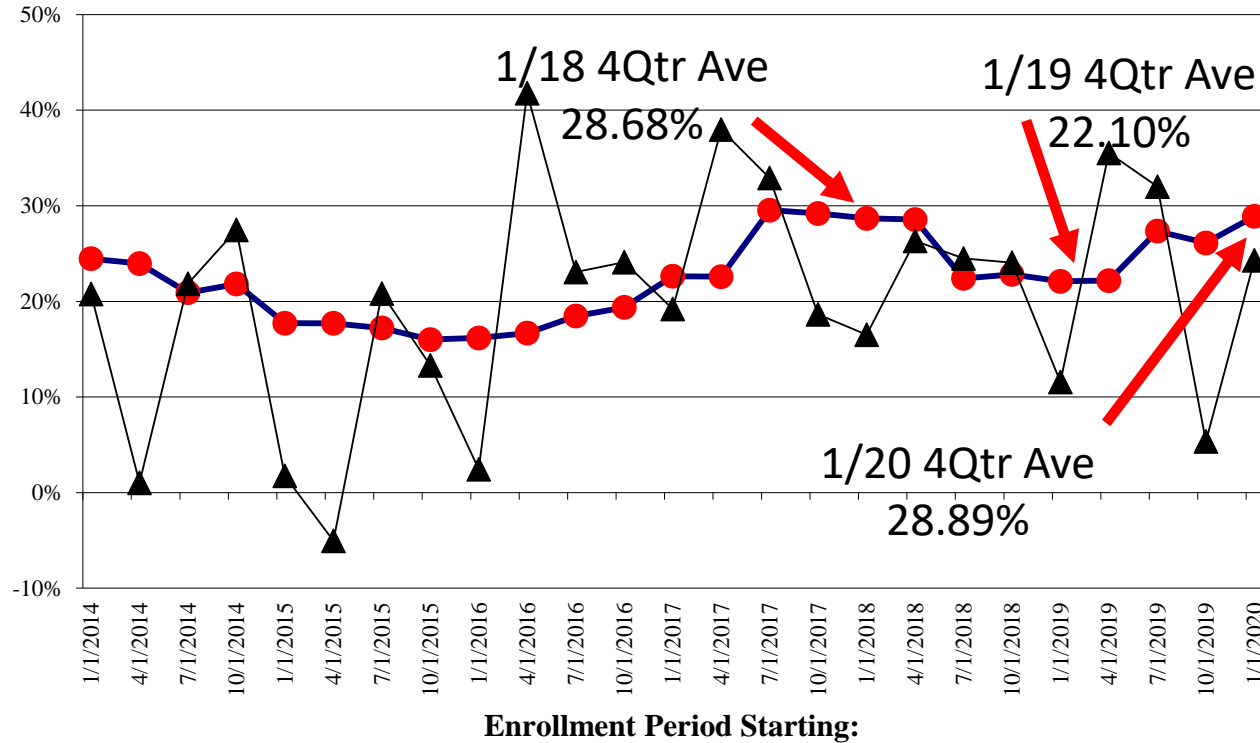
	Retro Enrollment	Standard Premium	Loss Ratio Percentage Difference
Quarter 1	4/1/2019	6,196,569	35.53%
Quarter 2	7/1/2019	512,298,131	32.02%
Quarter 3	10/1/2019	48,090,202	5.35%
Quarter 4	1/1/2020	110,650,040	24.29%
Total		677,234,942	28.89%

$$=100\% - 29.32\% \div 38.72\%$$

4 Quarter Weighted Average

Loss Ratio Percentage Difference

The 4 Quarter Moving Average



Target Refund Ratio % : Adding Interest to LR % Difference

Example: Retro enrollment beginning January 1, 2020

1. Calculate average of four month ending 10-year Treasury bond yield rates three months apart for each enrollment. Source: www.treasury.gov
2. Add 0.5% to this averaged T-Bond rate
3. Apply interest for 13.5 months

Average of 10-year Treasury bond yield rates on the following trading dates is

April 30, 2020	0.64%
July 31, 2020	0.55%
October 31, 2020	0.88%
January 31, 2021	1.11%

0.80%:

Add 0.5%

1.30 = 0.5% + **0.80%**

Interest for 13.5 months

1.46% = $(1.0130)^{(13.5/12)} - 1$

Apply interest to Loss Ratio % Difference
28.89%

29.31% = 1.0146 X

Performance Adjusted Refund

Target Refund% X 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	4/1/2019	6,196,570
Quarter 2	7/1/2019	511,879,587
Quarter 3	10/1/2019	48,086,404
Quarter 4	1/1/2020	110,612,110
Total		676,774,671
X		X
Performance adjusted refund %		29.31%
=		=
Performance Adjusted Refund		\$198,384,699

Calculating the January 2020 PAF

Hit the PAR target for January 2020 enrollment

			Difference from Target
Target Refund:			198,384,699
If We Tried Q4 PAF = 1.0000 Then the Refund Would Have Been \$236,283,357			-\$37,898,658
This refund would be too large. We need to use a larger PAF.			
Selected Quarter 4 PAF=			1.0969
	Retro Enrollment	Current PAF	Current Refund
Quarter 1	4/1/2019	1.0969	571,218
Quarter 2	7/1/2019	1.0969	164,332,298
Quarter 3	10/1/2019	1.0969	6,165,198
Quarter 4	1/1/2020	1.0969	27,297,757
Using this PAF we obtain			198,366,471
If We Tried Q4 PAF = 1.0970 Then the Refund Would Have Been \$198,327,343			\$57,356
If We Tried Q4 PAF = 1.0968 Then the Refund Would Have Been \$198,405,606			-\$20,907

Refunds are calculated per enrollment period using the PAF shown above for estimation purposes only.

**Washington State Department of Labor And Industries
Retrospective Rating**

**Enrollment Period Beginning:
1/1/2020
First Evaluation**

Report Date: 10/22/2021

PAF: 1.0969

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 9 Firms with Refunds	1,701,951	569,928	33%							73,184	645,099	369,431	1,087,714	614,237	36%
Subtotal - 3 Firms with Assessments	962,924	614,160	64%							41,405	633,517	356,370	1,031,292	(68,368)	(7%)
Subtotal - 12 Individual Firms	2,664,875	1,184,088	44%							114,589	1,278,616	725,801	2,119,006	545,869	20%
Average Firm Size	222,073														
Archbright - WRPS	2,237,169	791,810	35%	L	3	68 \$550K	1.050	0.20	0.0984	96,198	863,073	84,942	1,044,213	1,192,956	53%
Association of Washington Business - Manufacturing	8,779,248	4,983,608	57%	L	5	72 \$550K	1.000	0.00	0.0398	377,508	5,432,133	216,335	6,025,976	2,753,272	31%
Association of Washington Cities	17,198,805	12,443,530	72%	L	4	73 \$275K	0.900	0.00	0.1188	739,549	13,563,448	1,611,595	15,914,592	1,284,213	7%
PITB Elite - Distillation, Chemicals, Food	7,462,008	4,203,564	56%	L	2	72 \$500K	0.900	0.00	0.0584	320,866	4,581,885	267,697	5,170,448	2,291,560	31%
PITB Services Inc. - Manufacturing, Processing	4,528,095	1,974,381	44%	L	6	71 \$500K	0.900	0.00	0.1123	194,708	2,152,074	241,779	2,588,561	1,939,534	43%
SMART Advantage	9,782,054	6,385,075	65%	L	4	72 \$550K	1.000	0.00	0.0349	420,628	6,959,732	242,721	7,623,081	2,158,973	22%
Washington Hospitality Association	32,132,514	24,033,410	75%	L	2	74 \$550K	1.008	0.00	0.0076	1,381,698	26,196,417	200,193	27,778,308	4,354,206	14%
Washington State Auto Dealers Association	20,189,232	10,077,247	50%	L	6	73 \$800K	1.044	0.00	0.0163	868,137	10,984,199	179,427	12,031,763	8,157,469	40%
Washington State McDonald's Operators Association	3,199,434	1,260,468	39%	L	1	70 \$500K	1.113	0.00	0.0362	137,576	1,373,909	49,700	1,561,185	1,638,249	51%
Washington Trucking Associations	2,438,676	899,834	37%	L	8	69 \$500K	0.743	0.00	0.3788	104,863	980,819	371,531	1,457,213	981,463	40%
Subtotal - Associations	107,947,235	67,052,927	62%							4,641,731	73,087,689	3,465,920	81,195,340	26,751,895	25%
Total Enrollment	110,612,110	68,237,015	62%							4,756,320	74,366,305	4,191,721	83,314,346	27,297,764	25%

2019 Enrollments: (2nd adjustment)

We use the same methods that we have been using previously. Skipping to the last steps in the process:

Performance Adjusted Refund

PAR target = PAR% X 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	4/1/2018	6,882,116
Quarter 2	7/1/2018	575,005,909
Quarter 3	10/1/2018	55,802,990
Quarter 4	1/1/2019	143,012,544
Total		780,703,559
X		X
Performance adjusted refund %		22.71%
=		=
Performance Adjusted Refund		\$177,269,949

Calculate January 2019 PAF

Hit the PAR target for January 2019 enrollment

			Difference from Target
Target Refund:			177,269,949
If We Tried Q4 PAF =	1.0000	Then the Refund Would Have Been	\$245,163,767
This refund would be too large. We need to use a larger PAF.			-\$67,893,818
Selected Quarter 4 PAF=			1.1464
	Retro Enrollment	Current PAF	Current Refund
Quarter 1	4/1/2018	1.1464	2,497,494
Quarter 2	7/1/2018	1.1464	145,659,070
Quarter 3	10/1/2018	1.1464	8,884,572
Quarter 4	1/1/2019	1.1464	20,244,172
Using this PAF we obtain			177,285,308
If We Tried Q4 PAF =	1.1465	Then the Refund Would Have Been	\$177,239,883
			\$30,066
If We Tried Q4 PAF =	1.1463	Then the Refund Would Have Been	\$177,330,730
			-\$60,781

Refunds are calculated per enrollment period using the PAF shown above
for estimation purposes only.

**Washington State Department of Labor And Industries
Retrospective Rating**

**Enrollment Period Beginning:
1/1/2019
Second Evaluation**

Report Date: 10/22/2021

PAF: 1.1464

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 12 Firms with Refunds	1,949,290	217,208	11%							83,818	372,868	318,545	775,231	1,174,059	60%
Subtotal - 4 Firms with Assessments	1,177,585	1,849,275	157%							50,636	882,738	520,673	1,454,047	(276,462)	(23%)
Subtotal - 16 Individual Firms	3,126,875	2,066,483	66%							134,454	1,255,606	839,218	2,229,278	897,597	29%
Average Firm Size	195,430														
Archbright - WRPS	3,181,224	1,748,926	55%	L	3	70 \$550K	1.100	0.35	0.0567	136,793	1,906,329	108,072	2,151,194	1,030,030	32%
Association of Washington Business - Manufacturing	9,369,669	4,002,455	43%	L	5	72 \$550K	1.000	0.00	0.0398	402,896	4,362,676	173,744	4,939,316	4,430,353	47%
Association of Washington Cities	18,404,256	11,058,725	60%	L	4	73 \$275K	0.900	0.00	0.1188	791,383	12,054,010	1,432,245	14,277,638	4,126,618	22%
PITB Elite - Distillation, Chemicals, Food	12,502,826	12,684,537	101%	L	2	73 \$500K	0.900	0.00	0.0363	537,622	12,265,272	444,849	13,247,743	(744,917)	(6%)
PITB Services Inc. - Manufacturing, Processing	6,186,242	3,980,227	64%	L	6	71 \$500K	0.900	0.00	0.1123	266,008	4,338,447	487,412	5,091,867	1,094,375	18%
SMART Advantage	10,136,194	6,008,515	59%	L	4	72 \$550K	0.970	0.00	0.0449	435,856	6,549,281	294,056	7,279,193	2,857,001	28%
Washington Hospitality Association	51,247,781	41,019,289	80%	L	2	74 \$550K	1.008	0.00	0.0076	2,203,655	44,711,025	341,682	47,256,362	3,991,419	8%
Washington State Auto Dealers Association	23,177,838	18,107,848	78%	L	6	73 \$800K	1.044	0.00	0.0163	996,647	19,737,554	322,413	21,056,614	2,121,224	9%
Washington State McDonald's Operators Association	3,712,726	2,417,359	65%	L	1	70 \$500K	1.113	0.00	0.0362	159,647	2,634,921	95,316	2,889,884	822,842	22%
Washington Trucking Associations	1,966,913	1,716,452	87%	L	8	67 \$500K	0.734	0.00	0.4391	84,577	1,573,648	691,063	2,349,288	(382,375)	(19%)
Subtotal - Associations	139,885,669	102,744,333	73%							6,015,084	110,133,163	4,390,852	120,539,099	19,346,570	14%
Total Enrollment	143,012,544	104,810,816	73%							6,149,538	111,388,769	5,230,070	122,768,377	20,244,167	14%

2018 Enrollments: (3rd adjustment)

We use the same methods that we have been using previously. Skipping to the last steps in the process:

Performance Adjusted Refund

PAR target = PAR% X 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	4/1/2017	9,070,017
Quarter 2	7/1/2017	613,297,101
Quarter 3	10/1/2017	64,020,714
Quarter 4	1/1/2018	166,981,102
Total		853,368,934
X		X
Performance adjusted refund %		29.79%
=		—
Performance Adjusted Refund		\$254,201,727

Calculate January 2018 PAF

Hit the PAR target for January 2018 enrollment

Target Refund:			254,201,727	Difference from Target
If We Tried Q4 PAF = 1.0000 Then the Refund Would Have Been			\$255,364,010	
This refund would be too large. We need to use a larger PAF.				
Selected Quarter 4 PAF=			1.0022	
	Retro Enrollment	Current PAF	Current Refund	
Quarter 1	4/1/2017	1.0022	2,699,033	
Quarter 2	7/1/2017	1.0022	203,166,487	
Quarter 3	10/1/2017	1.0022	11,369,506	
Quarter 4	1/1/2018	1.0022	36,972,528	
Using this PAF we obtain			254,207,554	-\$5,827
If We Tried Q4 PAF = 1.0023 Then the Refund Would Have Been			\$254,154,989	\$46,738
If We Tried Q4 PAF = 1.0021 Then the Refund Would Have Been			\$254,260,113	-\$58,386

Refunds are calculated per enrollment period using the PAF shown above for estimation purposes only.

**Washington State Department of Labor And Industries
Retrospective Rating**

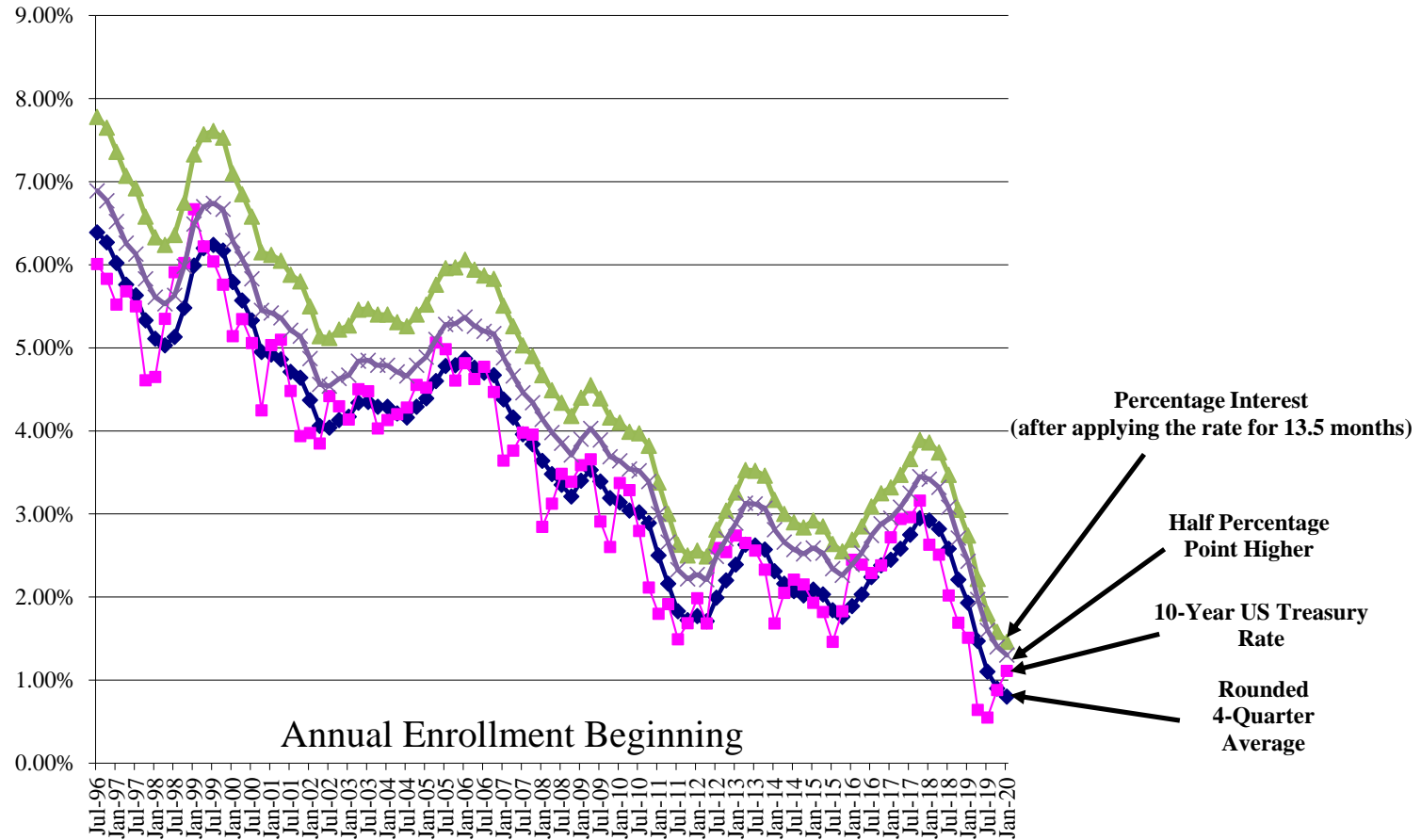
**Enrollment Period Beginning:
1/1/2018
Second Evaluation**

Report Date: 10/22/2021

PAF: 1.0022

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Plan	Hazard Group	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 16 Firms with Refunds	5,019,383	1,927,220	38%								215,834	2,210,970	637,817	3,064,621	1,954,762	39%
Subtotal - 4 Firms with Assessments	881,878	1,640,810	186%								37,921	647,171	441,547	1,126,639	(244,761)	(28%)
Subtotal - 20 Individual Firms	5,901,261	3,568,030	60%								253,755	2,858,141	1,079,364	4,191,260	1,710,001	29%
Average Firm Size	295,063															
Archbright - WRPS	2,917,132	1,094,230	38%	L	3	69	\$800K	1.100	0.50	0.0526	125,437	1,589,837	83,676	1,798,950	1,118,182	38%
Association of Washington Business - Manufacturing	12,459,607	4,922,277	40%	L	5	72	\$550K	0.987	0.00	0.0441	535,763	5,365,282	236,695	6,137,740	6,321,867	51%
Association of Washington Cities	18,925,461	12,484,816	66%	L	4	73	\$275K	0.900	0.00	0.1188	813,795	13,608,449	1,616,942	16,039,186	2,886,275	15%
PITB Elite - Distillation, Chemicals, Food	11,823,767	10,470,575	89%	L	3	72	\$550K	0.900	0.05	0.0639	508,422	11,412,927	729,777	12,651,126	(827,359)	(7%)
PITB Services Inc. - Manufacturing, Processing	16,920,087	12,750,903	75%	L	4	73	\$550K	0.900	0.05	0.0445	727,564	13,898,484	618,427	15,244,475	1,675,612	10%
SMART Advantage	11,291,533	6,126,488	54%	L	4	72	\$550K	0.920	0.00	0.0620	485,536	6,677,872	414,329	7,577,737	3,713,796	33%
Washington Hospitality Association	55,496,862	36,426,397	66%	L	2	74	\$550K	1.008	0.00	0.0076	2,386,365	39,704,773	303,424	42,394,562	13,102,300	24%
Washington State Auto Dealers Association	24,843,340	17,508,065	70%	L	6	73	\$800K	1.044	0.00	0.0163	1,068,264	19,083,791	311,734	20,463,789	4,379,551	18%
Washington State McDonald's Operators Association	4,093,564	2,118,398	52%	L	1	70	\$500K	1.113	0.00	0.0362	176,023	2,309,054	83,528	2,568,605	1,524,959	37%
Washington Trucking Associations	2,308,488	546,265	24%	L	8	68	\$500K	0.734	0.00	0.4139	99,265	595,429	246,450	941,144	1,367,344	59%
Subtotal - Associations	161,079,841	104,448,414	65%								6,926,434	114,245,898	4,644,982	125,817,314	35,262,527	22%
Total Enrollment	166,981,102	108,016,444	65%								7,180,189	117,104,039	5,724,346	130,008,574	36,972,528	22%

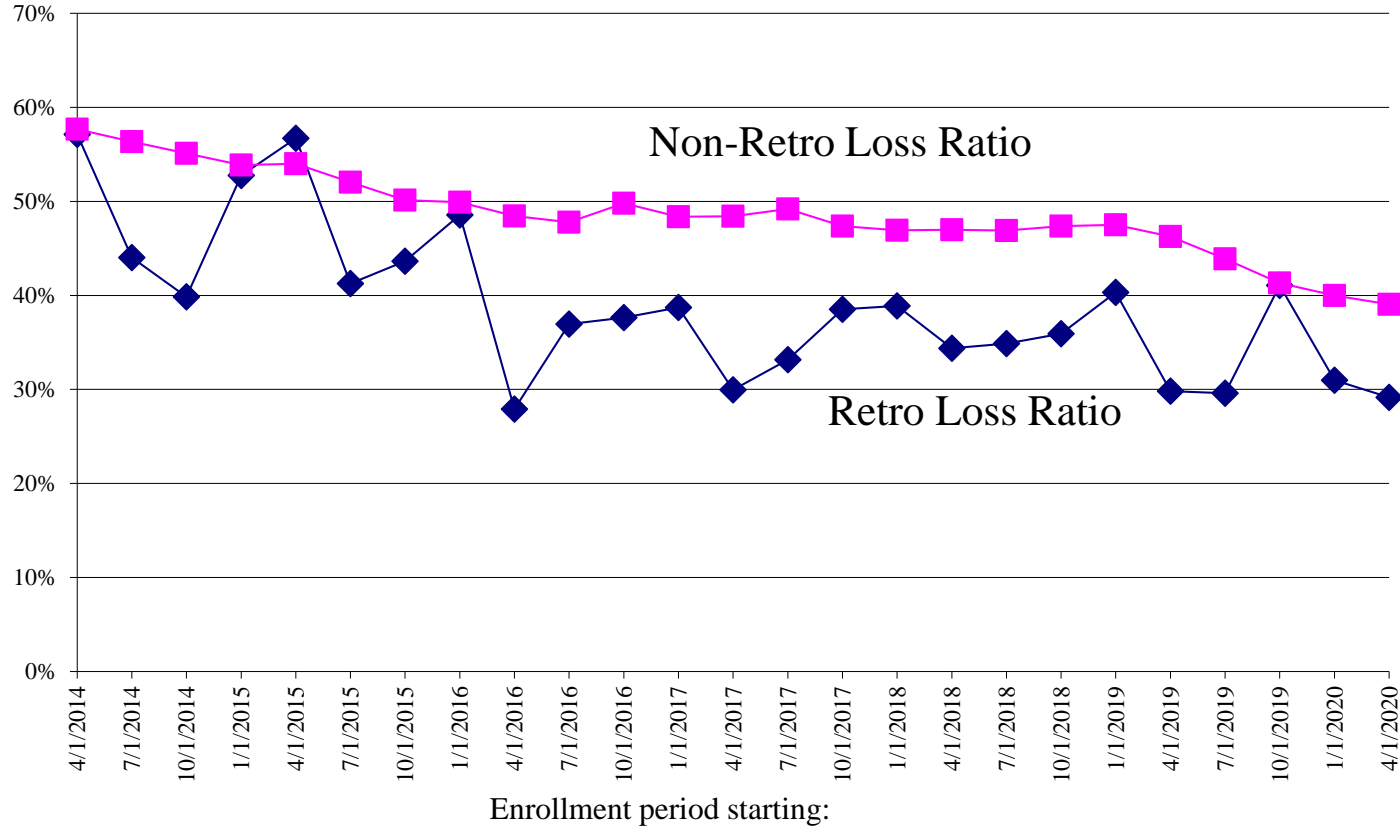
Questions?



Retrospective Rating: Performance Adjusted Refunds for April Enrollments as of January 2022

Nichole Runnels,
Actuarial Analyst

Equalizing the Loss Ratios



GOAL: Retro and Non-Retro firms pay proportional share of insurance costs

- Goal is met when Retro and Non-Retro firms have Equal overall ratio of Losses to Premiums (after targeted refunds subtracted)
- PAR = **Targeted sum** of net retrospective refunds less additional assessments per enrollment period
- Performance Adjustment Factors (PAFs) are a tool used to hit the targeted PAR at each annual adjustment
- Occurs at each of the three annual adjustments

Performance Adjusted Refund Calculation:

- Calculate percentage difference between Retro and Non-Retro loss ratios
Note: This equalizes loss ratios after net Retro refunds less additional premiums are subtracted from premiums paid by Retro firms.
- We use 4 consecutive enrollment periods in this calculation
 - Beginning with the enrollment quarter at hand
 - Including the three prior enrollment quarters
 - This helps provide employers the choice to enroll at the beginning of any quarter by providing a larger and more stable insurance pool
- Additional interest is factored in because L&I retains premiums paid up-front 13.5 months until 1st Retro adjustment
- Apply this refund percentage to standard premiums

Calculate the % Loss Ratio Difference

for each of 4 consecutive enrollment quarters leading up to and including April enrollment. Example:

Quarter 4: Enrollment beginning 4/1/20:		
	Retro	Non-retro
Losses Case Incurred	2,550,057	493,734,847
Standard Premium	8,745,799	1,264,475,317
Loss Ratio	29.16%	39.05%
Percentage Difference	25.33%	

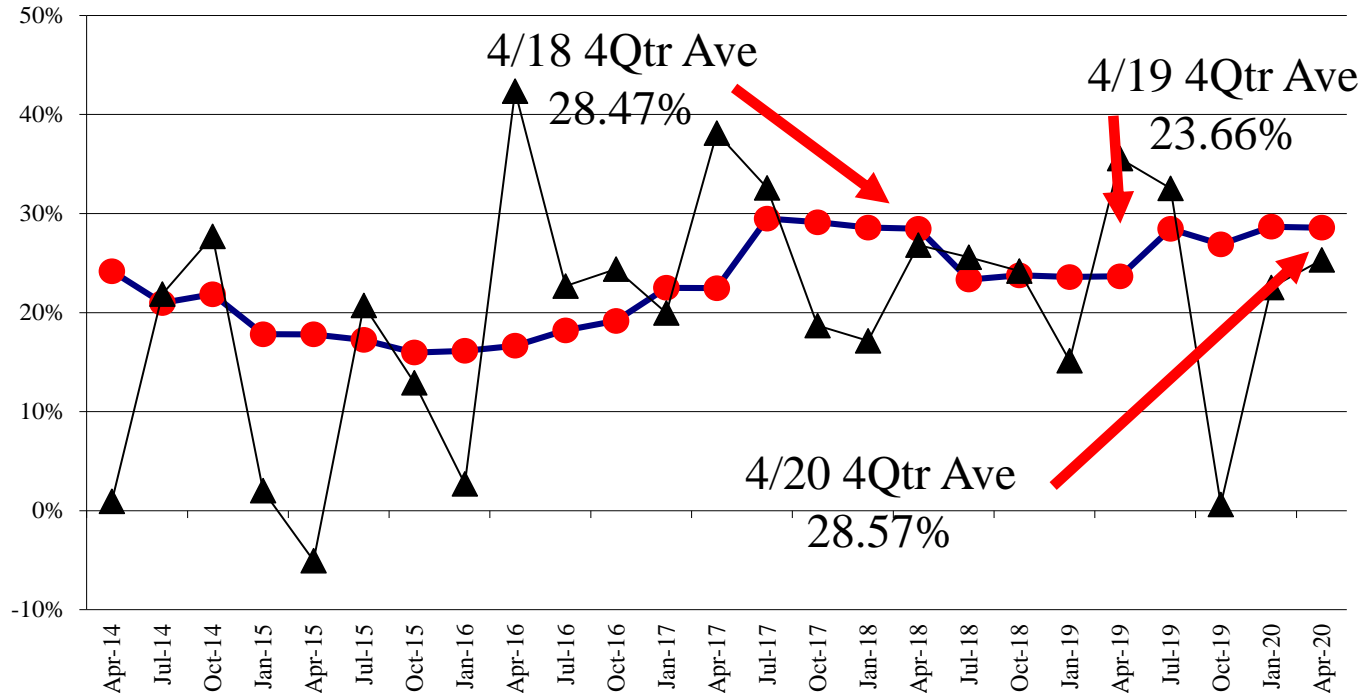
$$= 100\% - 29.16\% \div 39.05\%$$

	Retro Enrollment	Standard Premium	Loss Ratio Percentage Difference
Quarter 1	7/1/2019	512,408,757	32.55%
Quarter 2	10/1/2019	48,090,202	0.64%
Quarter 3	1/1/2020	110,692,535	22.53%
Quarter 4	4/1/2020	8,745,799	25.33%
Total		679,937,293	28.57%

4 Quarter Weighted Average

Loss Ratio Percentage Difference

The 4 Quarter Moving Average



Enrollment Period Starting:

Target Refund Ratio %: Adding Interest to LR % Difference

Example: Retro enrollment beginning April 1, 2020

1. Calculate average of four month ending 10-year Treasury bond yield rates three months apart for each enrollment. Source: www.treasury.gov
2. Add 0.5% to the this averaged T-Bond rate
3. Apply interest for 13.5 months

Average of 10-year Treasury bond yield rates on the following trading dates is

July 31, 2020	0.55%
October 31, 2020	0.88%
January 31, 2021	1.11%
April 30, 2021	1.65%

1.05%:

Add 0.5%

$$\mathbf{1.55\%} = 0.5\% + \mathbf{1.05\%}$$

Interest for 13.5 months $\mathbf{1.75\%} = (1.0155)^{(13.5/12)} - 1$

Apply interest to Loss Ratio % Difference

$$\mathbf{29.07\%} = 1.0175 \times 28.57\%$$

Performance Adjusted Refund

Target Refund% X 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	7/1/2019	511,915,065
Quarter 2	10/1/2019	48,086,404
Quarter 3	1/1/2020	110,647,556
Quarter 4	4/1/2020	8,743,457
Total		679,392,482
X		X
Target refund %		29.07%
=		=
Target refund		\$197,486,419

Calculating the April 2020 PAF

Hit the PAR target for April 2020 enrollment

				Difference from Target
Target Refund:				197,486,419
If We Tried Q4 PAF =	1.0000	Then the Refund Would Have Been	\$236,615,545	-\$39,129,126
This refund would be too large. We need to use a larger PAF.				
Quarter 4 PAF=	1.1004			
	Retro Enrollment	Current PAF	Current Refund	
Quarter 1	7/1/2019	1.1004	162,891,663	
Quarter 2	10/1/2019	1.1004	5,765,016	
Quarter 3	1/1/2020	1.1004	26,582,347	
Quarter 4	4/1/2020	1.1004	2,248,733	
Using this PAF we obtain			197,487,759	-\$1,340
If We Tried Q4 PAF =	1.1005	Then the Refund Would Have Been	\$197,448,841	\$37,578
If We Tried Q4 PAF =	1.1003	Then the Refund Would Have Been	\$197,526,681	-\$40,262

Refunds are calculated per enrollment period using the PAF shown above
for estimation purposes only.

**Washington State Department of Labor And Industries
Retrospective Rating**

**Enrollment Period Beginning:
4/1/2020
First Evaluation**

Report Date: 1/24/2022

PAF: 1.1004

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 7 Firms with Refunds	3,334,694	1,062,715	32%							143,391	1,380,495	584,730	2,108,616	1,226,078	37%
Subtotal - 4 Firms with Assessments	523,343	575,752	110%							22,504	330,250	348,771	701,525	(178,182)	(34%)
Subtotal - 11 Individual Firms	3,858,037	1,638,467	42%							165,895	1,710,745	933,501	2,810,141	1,047,896	27%
Average Firm Size	350,731														
Washington CannaBusiness Association	2,659,611	1,786,099	67% L	2	69	\$250K	0.9	0.1	0.1857	114,363	1,946,848	361,485	2,422,696	236,915	9%
Washington State Dental Association	1,868,218	770,163	41% L	4	67	\$250K	0.754	0	0.3772	80,333	839,478	316,669	1,236,480	631,738	34%
Washington State Pharmacy Association	357,591	4,573	1% L	2	53	\$120K	0.548	0	1.0123	15,376	4,985	5,046	25,407	332,184	93%
Subtotal - Associations	4,885,420	2,560,835	52%							210,072	2,791,311	683,200	3,684,583	1,200,837	25%
Total Enrollment	8,743,457	4,199,302	48%							375,967	4,502,056	1,616,701	6,494,724	2,248,733	26%

2019 Enrollments: (2nd adjustment)

We use the same methods that we have been using previously. Skipping to the last steps in the process:

Performance Adjusted Refund

PAR target = PAR% X 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	7/1/2018	575,310,296
Quarter 2	10/1/2018	55,802,990
Quarter 3	1/1/2019	143,055,002
Quarter 4	4/1/2019	6,196,570
Total		780,364,858
X		X
Target refund %		24.19%
=		=
Target refund		\$188,753,527

Calculate April 2019 PAF

Hit the PAR target for April 2019 enrollment

			Difference from Target
Target Refund:			188,753,527
If We Tried Q4 PAF =	1.0000	Then the Refund Would Have Been	\$247,977,513
This refund would be too large. We need to use a larger PAF.			-\$59,223,986
Quarter 4 PAF=	1.1284		
	Retro Enrollment	Current PAF	Current Refund
Quarter 1	7/1/2018	1.1284	155,184,058
Quarter 2	10/1/2018	1.1284	9,542,597
Quarter 3	1/1/2019	1.1284	23,283,390
Quarter 4	4/1/2019	1.1284	753,449
Using this PAF we obtain			188,763,494
If We Tried Q4 PAF =	1.1285	Then the Refund Would Have Been	\$188,717,449
			\$36,078
If We Tried Q4 PAF =	1.1283	Then the Refund Would Have Been	\$188,809,524
			-\$55,997

Refunds are calculated per enrollment period using the PAF shown above
for estimation purposes only.

**Washington State Department of Labor And Industries
Retrospective Rating**

**Enrollment Period Beginning:
4/1/2019
Second Evaluation**

Report Date: 1/24/2022

PAF: 1.1284

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Plan	Hazard Group	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 9 Firms with Refunds	3,169,059	1,331,716	42%								136,269	1,634,478	611,479	2,382,226	786,833	25%
Subtotal - 3 Firms with Assessments	2,636,266	2,014,522	76%								113,360	2,202,923	694,440	3,010,723	(374,457)	(14%)
Subtotal - 12 Individual Firms	5,805,325	3,346,238	58%								249,629	3,837,401	1,305,919	5,392,949	412,376	7%
Average Firm Size	483,777															
Washington State Pharmacy Association	391,245	18,157	5% L		2	54	\$160K	0.68	0	0.6846	16,824	19,791	13,549	50,164	341,081	87%
Subtotal - Associations	391,245	18,157	5%								16,824	19,791	13,549	50,164	341,081	87%
Total Enrollment	6,196,570	3,364,395	54%								266,453	3,857,192	1,319,468	5,443,113	753,457	12%

2018 Enrollments: (3rd adjustment)

We use the same methods that we have been using previously. Skipping to the last steps in the process:

Performance Adjusted Refund

PAR target = PAR% X 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	7/1/2017	613,298,657
Quarter 2	10/1/2017	64,020,737
Quarter 3	1/1/2018	166,981,843
Quarter 4	4/1/2018	6,882,116
Total		851,183,353
X		X
Target refund %		29.53%
=		=
Target refund		\$251,367,634

Calculate April 2018 PAF

Hit the PAR target for April 2018 enrollment

				Difference from Target
Target Refund:				251,367,634
If We Tried Q4 PAF =	1.0000	Then the Refund Would Have Been	\$254,238,445	-\$2,870,811
This refund would be too large. We need to use a larger PAF.				
Quarter 4 PAF=	1.0054			
	Retro Enrollment	Current PAF	Current Refund	
Quarter 1	7/1/2017	1.0054	201,056,222	
Quarter 2	10/1/2017	1.0054	11,053,148	
Quarter 3	1/1/2018	1.0054	36,420,781	
Quarter 4	4/1/2018	1.0054	2,853,894	
Using this PAF we obtain			251,384,045	-\$16,411
If We Tried Q4 PAF =	1.0055	Then the Refund Would Have Been	\$251,331,234	\$36,400
If We Tried Q4 PAF =	1.0053	Then the Refund Would Have Been	\$251,436,850	-\$69,216

Refunds are calculated per enrollment period using the PAF shown above
for estimation purposes only.

**Washington State Department of Labor And Industries
Retrospective Rating**

**Enrollment Period Beginning:
4/1/2018
Third Evaluation**

Report Date: 1/24/2022

PAF: 1.0054

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 10 Firms with Refunds	6,061,287	2,008,471	33%							260,634	2,228,732	903,318	3,392,684	2,668,603	44%
Subtotal - 2 Firms with Assessments	404,733	1,500,994	371%							17,403	261,699	290,512	569,614	(164,881)	(41%)
Subtotal - 12 Individual Firms	6,466,020	3,509,465	54%							278,037	2,490,431	1,193,830	3,962,298	2,503,722	39%
Average Firm Size	538,835														
Washington State Pharmacy Association	416,096	26,153	6% L		2	54	\$160K	0.68	0	0.6846	17,892	28,507	19,515	65,914	84%
Subtotal - Associations	416,096	26,153	6%							17,892	28,507	19,515	65,914	350,182	84%
Total Enrollment	6,882,116	3,535,618	51%							295,929	2,518,938	1,213,345	4,028,212	2,853,904	41%

Questions?

Percentage Interest Added

