

# Retro Advisory Committee Quarterly Meeting

**December 1, 2022**

Jessica Nau, Program Manager  
for Retrospective Rating



Washington State Department of  
**Labor & Industries**

# RAC 'Virtual Meeting' Guidelines & Expectations

- Upon logging into the meeting, list your full name and organization in the 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.*

# RAC Committee Members

- **Lauren Gubbe**, Associated General Contractors
- **Victoria Montrose**, Washington Hospitality Association
- **Tim Lundin**, Archbright
- **Maria McClain**, Association of Washington Business
- **Rose Gundersen**, Washington Retail Association
- **Luis Sanchez**, Grant County Public Utility District No. 2
- **Tom Walrath, Jr**, T. E. Walrath Trucking, Inc.
- **John Cichosz**, DJ's Electrical
- **Jessica Nau**, Department of Labor & Industries (*Chair*)

# Agenda

<b>Time</b>	<b>Topic</b>	<b>Presenter(s)</b>
9:30 – 9:40	<b>Welcome</b> <ul style="list-style-type: none"><li>• Call to Order</li><li>• Introductions</li><li>• Safety Message: Hazard vs. Risk</li></ul>	Jessica Nau Anthony Felice
9:40 – 9:50	<b>Stay at Work Scenarios</b>	Michelle O'Brien
9:50 – 10:00	<b>Secure API Updates</b>	Matt Carrithers
10:00 – 10:20	<b>Insurance Table Study</b>	Leslie Qunell/Joshua Ligosky
10:20 – 10:40	<b>COVID-19:</b> <ul style="list-style-type: none"><li>• COVID-19 claim updates</li><li>• COVID-19 trend updates</li></ul>	Brenda Heilman Bill Vasek
10:40 – 10:50	<b>RAC Workgroup Updates</b>	Workgroup Leads
10:50 – 11:10	<b>Retro Updates</b>	Jessica Nau
11:10 – 11:15	<b>Good of the Order / Closing Comments &amp; Adjourn</b>	Jessica Nau

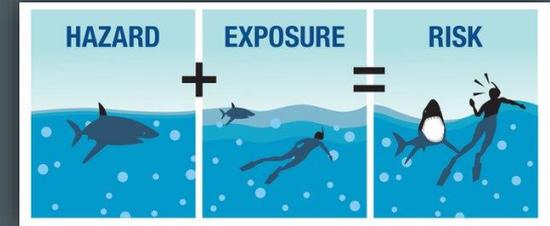
# Safety Message

**Anthony Felice**  
*Internal Safety and  
Health*

# Hazard vs. Risk

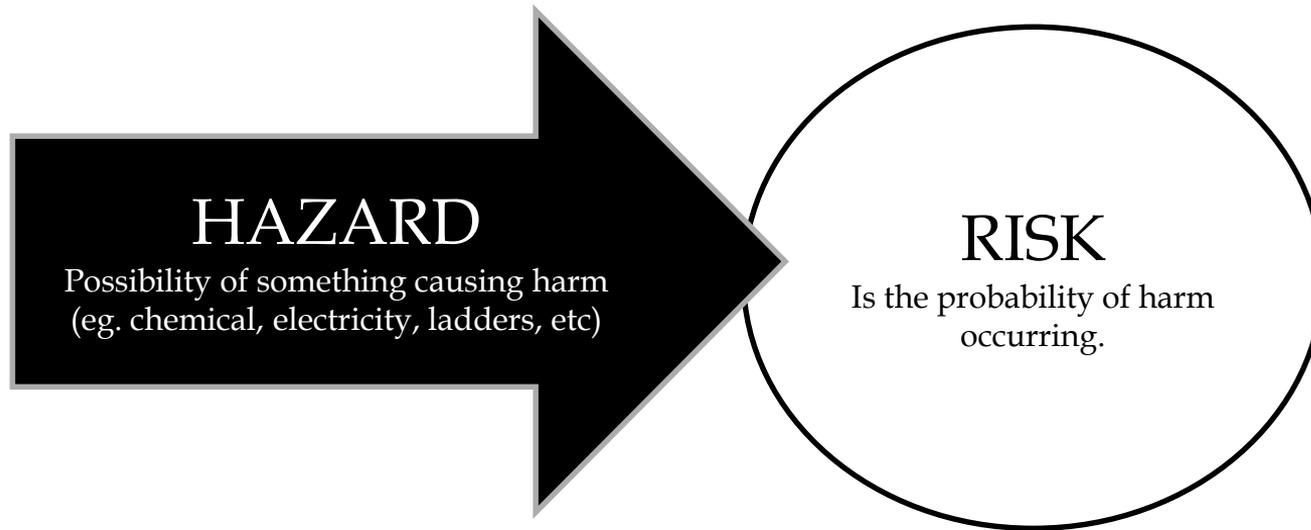
What's the difference?

		Impact				
		Negligible	Minor	Moderate	Significant	Severe
Likelihood	Very Likely	Low Med	Medium	Med Hi	High	High
	Likely	Low	Low Med	Medium	Med Hi	High
	Possible	Low	Low Med	Medium	Med Hi	Med Hi
	Unlikely	Low	Low Med	Low Med	Medium	Med Hi
	Very Unlikely	Low	Low	Low Med	Medium	Medium



# Hazard vs Risk

## What's the Difference?



# HAZARD



Water



Gasoline



Driving

# RISK



Jumping in  
without knowing  
how to swim



Lighting a  
match



Texting

# HAZARD VS. RISK



## HAZARD

is the potential to cause harm



when crossing a road,  
cars are a hazard

## RISK

is the likelihood of harm taking place



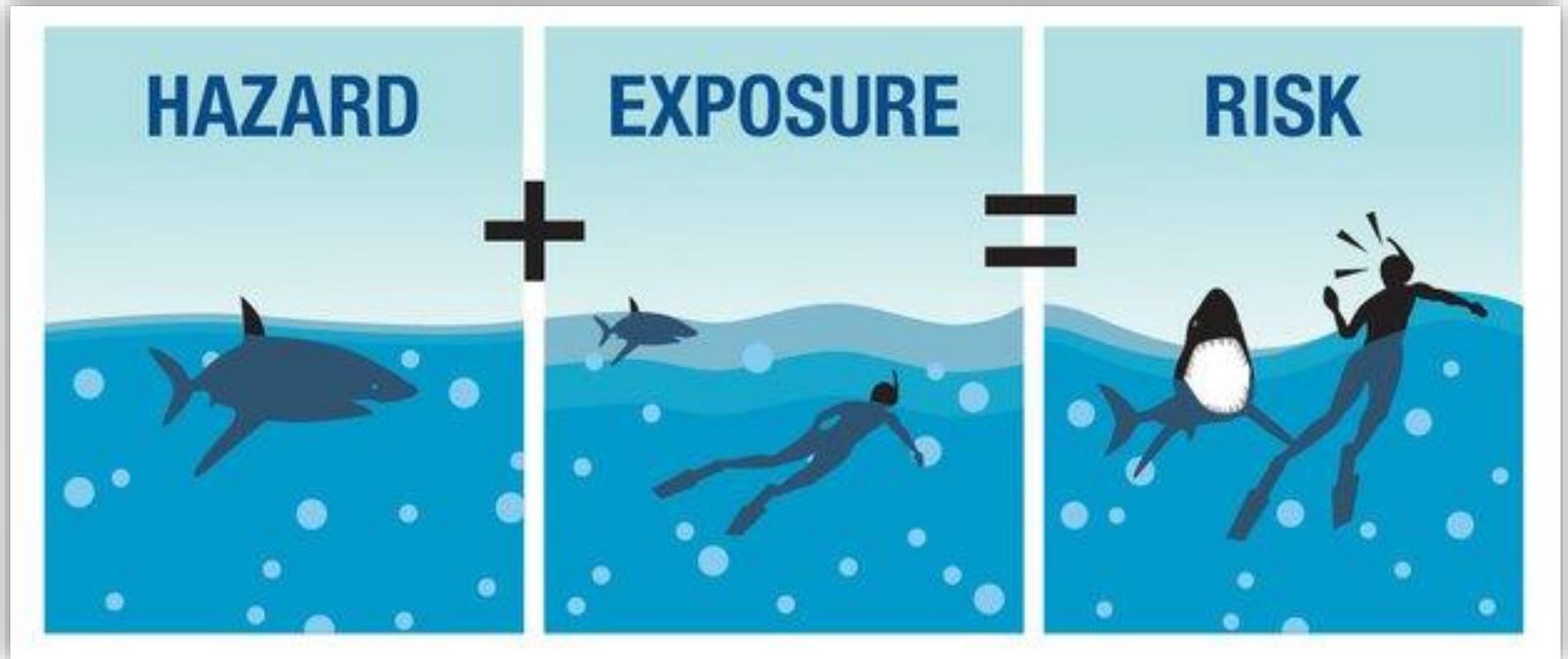
when crossing  
a highway, the risk  
of an accident  
is **high**



when crossing  
a country road the risk  
of an accident  
is **low**

**Likelihood of actual harm in this case? Depends on many variables such as:**

- Species of shark
- Proximity of shark to swimmer
- Time of year (season)
- Swimmers experience with sharks
- Others in the area to assist



A risk assessment takes a known “hazard” and evaluates its impact in real— world applications, taking into account such factors as dose/concentration, exposure pathways, and probability of exposure to determine the likelihood that any given hazard will actually pose a risk of harm. Understanding risk allows us to safely use fire, automobiles, and the stove in our kitchen, while avoiding actions that would make these hazards risky.

# Frequency

Increased frequency will increase probability of event

## Standard Risk Assessment

		Impact →				
		Negligible	Minor	Moderate	Significant	Severe
Likelihood ↑	Very Likely	Low Med	Medium	Med Hi	High	High
	Likely	Low	Low Med	Medium	Med Hi	High
	Possible	Low	Low Med	Medium	Med Hi	Med Hi
	Unlikely	Low	Low Med	Low Med	Medium	Med Hi
	Very Unlikely	Low	Low	Low Med	Medium	Medium

The six main categories of hazards are:

**Biological.** Biological hazards include viruses, bacteria, insects, animals, etc., that can cause adverse health impacts. For example, mold, blood and other bodily fluids, harmful plants, sewage, dust and vermin.

**Chemical.** Chemical hazards are hazardous substances that can cause harm. These hazards can result in both health and physical impacts, such as skin irritation, respiratory system irritation, blindness, corrosion and explosions.

**Physical.** Physical hazards are environmental factors that can harm an employee without necessarily touching them, including heights, noise, radiation and pressure.

**Safety.** These are hazards that create unsafe working conditions. For example, exposed wires or a damaged carpet might result in a tripping hazard. *These are sometimes included under the category of physical hazards.*

**Ergonomic.** Ergonomic hazards are a result of physical factors that can result in musculoskeletal injuries. For example, a poor workstation setup in an office, poor posture and manual handling.

**Psychosocial.** Psychosocial hazards include those that can have an adverse effect on an employee's mental health or wellbeing. For example, sexual harassment, victimization, stress and workplace violence.

To Conclude

# Hazard vs Risk

## HAZARD

noun haz•ard \ 'ha-zərd\

A hazard is anything that has the potential to cause harm. As such, identifying a hazard is just the first in a series of steps to assess the danger a substance or activity might pose under a particular circumstance. By analogy, any body of water – puddle, bathtub, river, or ocean – poses a hazard because someone could slip on it, fall into it, or drown in it. To make intelligent decisions, we must know more to assess whether or not a substance or behavior is dangerous in real – world scenarios.

## RISK

noun \ 'risk\

A risk is the likelihood that a hazard will cause harm. Determining risk requires consideration of whether, how, and how much a person is exposed to a substance or activity. Using the same water analogy, there is little risk of drowning when one steps over a puddle of water. However, diving into the ocean without being able to swim poses a significant risk.



# Stay At Work Scenarios

**Michelle O'Brien**  
*Employer Services  
Program Classification  
Services Manager*

# Stay at Work Scenarios

- Injured worker working for a different employer (for-profit or non-profit) other than the employer of injury.
- Temp Help light duty job performed for a different employer.

# Stay at Work

- Questions? Please contact:

- Lori Butterfield, WSAW Supervisor at 360-902-4692 or [stayatwork@lni.wa.gov](mailto:stayatwork@lni.wa.gov)
- Sandee Mills, Outreach Supervisor at 360-902-4915 or [stayatwork@lni.wa.gov](mailto:stayatwork@lni.wa.gov)

# Secure API

**Matt Carrithers**  
*Product Manager*

# Insurance Table Study: Rulemaking Status Update

**Leslie Qunell**

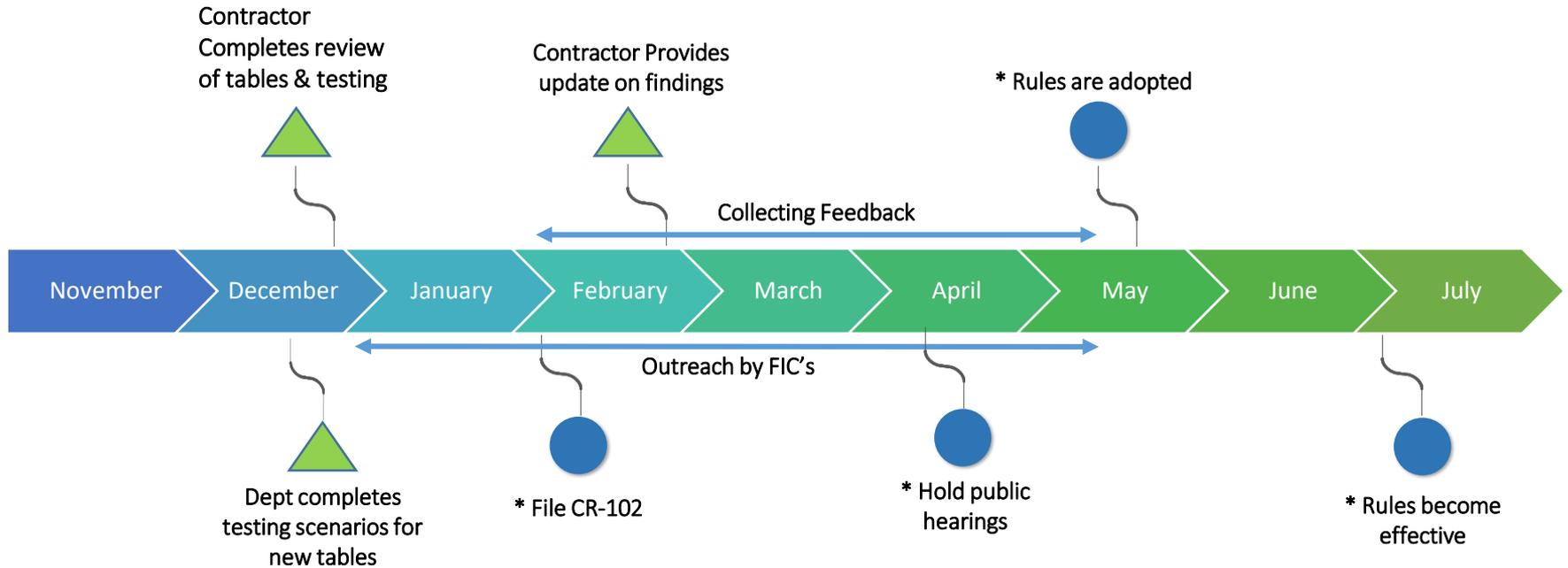
*Financial Incentive  
Coordinator for  
Retrospective Rating*

# Insurance Table Study

Why are we doing it?

- When the Retrospective Rating Rules were updated, one of the changes made to Washington Administrative Code (WAC) 296-17B-010 was a requirement to study the Insurance Tables periodically.
- The purpose of the Insurance Tables study is to meet this requirement and to ensure that the results are consistent with the expectation of improved fairness in the distribution of the retrospective rating adjustments (refunds/assessments) among participants.
- Based on the outcome of this study, it may be determined that changes to the Insurance Tables are required and/or beneficial to ensure fairness in the distribution of the retrospective rating adjustments (refunds/assessments) among participants.

# Tentative Timeline



Actuarial Work



Rulemaking Process



\* (Tentative) subject to change

# Completed Items

*As of November 2022*

## ➤ April

- CR-101 Filed
- Request For Proposal (RFP) Issued

## ➤ May

- Proposals for bids due
- Proposal reviews
- Internal selection of apparent successful bidder
- Contract negotiations

## ➤ June

- Department finished preliminary selection of hazard group/risk classification
- Contract Start Date

## ➤ August

- Contractor began review of hazard group/ risk classification mapping

## ➤ October

- Review of preliminary Hazard group table

# Next Steps

- Oliver Wyman to review frequency and severities.
- Begin reviewing the Insurance Tables.
- The department will develop testing scenarios for the new tables.

# Insurance Table Study: Hazard Group Update

Joshua Ligosky  
*Actuary*

# Background: Hazard Groups

- Risk classes are assigned to one of nine Hazard Groups (HGs), numbered 1 to 9.
  - Classes more likely to have large claims → high numbered HGs
  - Classes less likely to have large claims → low numbered HGs
- Risk classes more likely to have large claims are more likely to benefit from per claim Single Loss Limits.
- So, to help ensure the insurance charges are fair we create separate insurance charge tables for each Hazard Group.

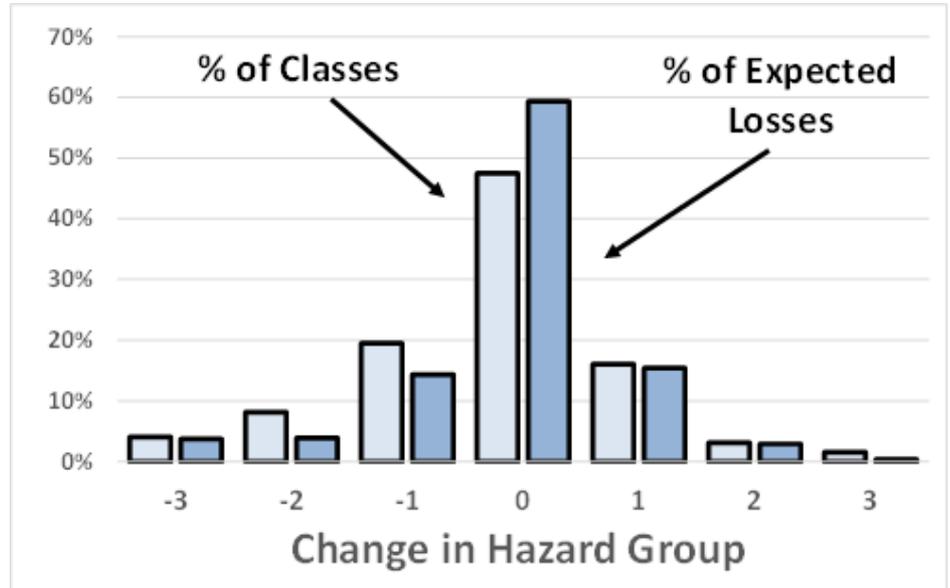
# 2023 Hazard Group Study

- We estimated new Hazard Groups based on:
  1. Ratio of Serious claim costs to Total Claim Costs in the 2022 rating data
  2. The proportion of Total Claim costs in the layer between \$550,000 and \$1,000,000 on each claim
  3. Similar to 2, but for costs between \$380,000 and \$1,000,000 on each claim
  4. Similar to 2, but for costs between \$250,000 and \$1,000,000 on each claim
  5. Similar to 2, but for costs between \$120,000 and \$1,000,000 on each claim
  
- For 2-5 we used 18 years of data, adjusted to 2022 cost levels
  
- Limited the change in Hazard Groups between -3 and +3

# 2023 Hazard Group Study: Draft Results

## Proposed New vs. Current HGs

- 83% of the classes changed by 1 HG or less
- 12% of the classes decreased by 2 or 3
- 5% of the classes increased by 2 or 3



# Draft 2023 Hazard Group Changes: Increases

Risk Class	Description	Current Hazard Group	Proposed Hazard Group	Change
	112Sand and Gravel Production including Dealers	7	8	1
	214 Concrete Work -Highways, Streets, Roads and Sidewalks	8	9	1
	306 Plumbing	8	9	1
	507 Roof Work - Construction and Repair	8	9	1
	514 Garage Door Installation, Service and Repair	6	7	1
	601 Electrical Wiring: Buildings and Structures	7	8	1
	602 Elevator Installation, Service and Repair	8	9	1
	803 Cities and Towns-All Other Employees, NOC	4	5	1
	1004 Log Storage or Sorting Yards	5	6	1
	1104 Auto Wrecking	3	4	1
	1303 Telephone Companies - All Other Employees, NOC	3	4	1
	1405 Ambulance Services	3	4	1
	1501 County and Tribal Councils-All Other Employees, NOC	5	6	1
	1704 Quarries	6	7	1
	1801 Lead Smelting, Rolling Mills and Metal Recovery	7	8	1
	1802 Aluminum Smelting	7	8	1
	Pattern and Model Manufacturing; Wood Instrument			
	2906 Manufacturing	5	6	1
	2907 Cabinet and Countertop Manufacturing - Wood	2	3	1
	3101 Ready-mix Concrete Dealers	5	6	1
	3102 Stone Wool Insulation Manufacturing	6	7	1
	3303 Meat, Fish and Poultry Dealers - Retail	3	4	1
	3408 Natural Gas Companies	1	2	1
	3510 Plastic Products Manufacturing	3	4	1
	3602 Electronic Products, Jewelry and Instrument Mfg, Dental Labs	3	4	1
	3708 Mattress, Textile, Felt, and Rope Manufacturing, NOC	5	6	1
	4302 Custom Meat Cutting	4	5	1
	4305 Solid Waste Collection Services/Landfill Operations	5	6	1
	4502 Radio and Television - All Other Employees	5	6	1
	4804 Egg and Poultry Farms	2	3	1
	4805 Nurseries and Shellfish Farms	2	3	1
	4809 Greenhouses and Mushroom Farms	3	4	1
	4901 Consulting Engineer, Architectural Services, Geologists NOC	5	6	1
	4902 State Government - Office and Administrative Employees	3	4	1

Risk Class	Description	Current Hazard Group	Proposed Hazard Group	Change
	4903 Inspection/Valuation Services-Building, Elevator, Boiler, Marine	2	3	1
	4906 Colleges and Universities	2	3	1
	4911 Construction Estimator	6	7	1
	5004 Forestry and Timberland Services - Manual Labor	7	8	1
	5206 Construction/Logging/Trucking - Permanent Yard	7	8	1
	5208 Iron and Steel Works - Shop	5	6	1
	5300 State Government - Administrative Field Staff	1	2	1
	5305 Cities - Office and Administrative Employees	2	3	1
	5308 Community Action Organizations	1	2	1
	6105 Hospitals, NOC	5	6	1
	6120 Acute Care Hospitals with Safe Patient Handling	3	4	1
	6301 Sales Personnel - Vehicles and Boats	7	8	1
	6502 Banks and Financial Institutions	3	4	1
	6510 Domestic Servants	8	9	1
	6604 Optical Goods Manufacturing	1	2	1
	6905 County and City Law Enforcement Officers	3	4	1
	6908 Paper Products Manufacturing	4	5	1
	7200 State Acute Health Care Facilities w/Safe Patient Handling	6	7	1
	1701 Ore Reduction	6	8	2
	2401 Pulp and Paper Goods Manufacturing, NOC	4	6	2
	3405 Precision Machined Parts and Products, N.O.C	3	5	2
	3603 Electroplating and Detinning, NOC	4	6	2
	4201 Port Districts	6	8	2
	4402 Ice Manufacturing and Dealers	1	3	2
	4812 Fish and Shellfish Hatcheries	3	5	2
	5301 Accounting, Law and Service Companies	3	5	2
	6904 County and City Fire fighters - Salaried	4	6	2
	7111 Temp. Help - Health Care Services	3	5	2
	1301 Electric Light & Power Companies	3	6	3
	2904 Plywood and Veneer Manufacturing	4	7	3
	2909 Woodenware Products Manufacturing	4	7	3
	3501 Brick and Clay Product Manufacturing, NOC	3	6	3
	3506 Mobile Crane, Hoisting Services and Concrete Pumping	5	8	3

# Draft 2023 Hazard Group Changes: Decreases

Risk Class	Description	Current Hazard Group	Proposed Hazard Group	Change
	1106 Rental Stores NOC; Truck Canopy Sales	6	3	-3
	1401 Taxi Cab Companies	8	5	-3
	2008 Field Bonded Warehouses	6	3	-3
	2103 Fulfillment Centers	5	2	-3
	2908 Factory Built Housing; Campers/Trailers Manufacturing	7	4	-3
	3415 Factory Built Housing Dealers	9	6	-3
	3909 Catering Services	5	2	-3
	6121 Acute Care Hospitals without Safe Patient Handling	7	4	-3
	6201 Mortuaries	7	4	-3
	6801 Scheduled Airlines - Flight Crew	5	2	-3
	7100 Exempt Limited Liability Members NOC	7	4	-3
	7108 Temp. Help - Warehousing Services	5	2	-3
	7114 Temp. Help - Assembly Work and Freight Handling	5	2	-3
	1507 Waterworks Operations, Repair and Maintenance	6	4	-2
	2004 Iron and Steel Merchants	4	2	-2
	2102 Warehouses, NOC, Grocery Distribution and Recycle Centers	5	3	-2
	2905 Furniture and Casket Manufacturing - Wood	5	3	-2
	3104 Soapstone & Plasterboard Manufacturing; Wood preserving	6	4	-2
	3309 Motorcycle Dealers	6	4	-2
	3513 Rubber Goods Manufacturing, NOC	5	3	-2
	3605 Truck Manufacturing	6	4	-2
	3808 Upholstery Work, NOC	7	5	-2
	4404 Cold Storage Warehouse	6	4	-2
	4806 Hand Harvesting: Berries, Nuts, Flowers	3	1	-2
	4907 Inmates - Prison Industries	3	1	-2
	5108 Cable and Wire Rope Manufacturing	5	3	-2
	5201 Electric Equipment Manufacturing	4	2	-2
	6202 Cemeteries	6	4	-2
	6503 Labor Unions	4	2	-2
	6511 Chore Services	3	1	-2
	6512 Home Care Services/Consumer Directed Employer Program	7	5	-2
	6603 Auction Sales	4	2	-2
	6607 Card Rooms, Bingo Parlors and Recreational Centers	4	2	-2

Risk Class	Description	Current Hazard Group	Proposed Hazard Group	Change
	6907 Moving and Storage Companies	5	3	-2
	7202 Real Estate Agencies/Brokers	5	3	-2
	7307 Tree Farms	4	2	-2
	7308 Pet Grooming/ Boarding Services/ Animal Shelters	3	1	-2
	7118 Temp. Help - Flagging for Construction Services N.O.C.	8	6	-2
	7121 Temp. Help - Logging and Aircraft Services	9	7	-2
	104 Dredging, NOC	9	8	-1
	212 Asphalt Paving or Surfacing, NOC	9	8	-1
	217 Concrete Work - Foundations and Flatwork	8	7	-1
	219 Guardrails, Street Signs and Traffic Lights Installation	8	7	-1
	403 Sign- Erection, Repair, Removal	7	6	-1
	502 Floor and Counter Covering Installation	8	7	-1
	504 Painting: Building and Structures - Exterior Work	9	8	-1
	512 Insulation Installation and Asbestos Abatement Work	9	8	-1
	521 Painting: Buildings - Interior Work	8	7	-1
	540 Wallboard Installation - Discounted Rate	9	8	-1
	606 Vending Machine Installation, Service and Repair	4	3	-1
	901 Shipbuilding and Repair, NOC	9	8	-1
	1003 Pole Yards and Log Home Manufacturing	6	5	-1
	1103 Solid Fuel, Firewood, Composting, Topsoil and Pallet Dealers	8	7	-1
	1105 Septic Tank Pumping and Street Sweeping Services	7	6	-1
	1108 Glass Merchants	6	5	-1
	1304 Telephone Companies - Office and Administrative Staff	5	4	-1
	1407 Bus Companies	4	3	-1
	2101 Grain, Feed and Flour Mills and Dealers	6	5	-1
	2106 Fertilizer Dealers	5	4	-1
	2201 Laundry and Dry Cleaning Services	4	3	-1
	2203 Laundries - Commercial NOC	3	2	-1
	2204 Laundries - Coin Operated	4	3	-1
	3403 Aircraft Manufacturing	6	5	-1
	3409 Gas Stations-Self Service - No Groceries	2	1	-1
	3410 Convenience Grocery Store - with Self Service Gas	2	1	-1
	3414 Boat Dealers, Marinas and Boat Houses	7	6	-1

# Draft 2023 Hazard Group Changes: Decreases

Risk Class	Description	Current Hazard Group	Proposed Hazard Group	Change
	3512 Plastic - Cutting, Bending and Milling	3	2	-1
	3604 Galvanizing and Tinning, NOC	7	6	-1
	3702 Breweries, Wineries and Beverage Bottling	4	3	-1
	3902 Fruit/Vegetable Canneries/Food Product Manufacturing, NOC	3	2	-1
	3903 Sugar Refining	3	2	-1
	3906 Bakeries, Cracker, Pasta, Confection-Manufacturing/Wholesale, NOC	4	3	-1
	4101 Printing Services and Book Binding	5	4	-1
	4802 Vegetable Farms-Machine Harvest	6	5	-1
	4816 Farm Internship program C	5	4	-1
	4900 Construction Project or Site Superintendent/Manager	9	8	-1
	4910 Property and Building Management Services	6	5	-1
	5002 Log Booming and Rafting	4	3	-1
	5101 Pipe Manufacturing - Iron or Steel	8	7	-1
	5207 Bowling Centers and Skating Rinks	3	2	-1
	6206 Golf Courses NOC	2	1	-1
	6207 Carnivals and Circuses - Traveling	6	5	-1
	6209 Campgrounds and Public Swimming Pools	4	3	-1
	6303 Sales Personnel - Outside, NOC	5	4	-1
	6403 Convenience Grocery Stores - No Gas	2	1	-1
	6410 Janitorial Supply Dealers	3	2	-1
	6602 Janitorial Services and Pest Control	4	3	-1
	6706 Sports Teams - Operations and Facilities	4	3	-1
	6708 Auto & Boat Racing	7	6	-1
	6709 Sheltered Workshops	3	2	-1
	6804 Non Scheduled Airlines - Ground Crew	4	3	-1
	6902 Log Road Construction	9	8	-1
	7201 State Patient and Health Care Personnel, NOC	6	5	-1
	7107 Temp. Help - Food Services	2	1	-1
	7109 Temp. Help - Light Assembly Work	4	3	-1
	7110 Temp. Help - Field Technical Services	5	4	-1
	7116 Temp. Help - Flagging for Public Utility Construction	8	7	-1
	7117 Temp. Help - Machine Operators and Skilled Craftsmen	5	4	-1
	7119 Temp. Help - Vehicle Operations	6	5	-1
	7120 Temp. Help - Hazardous Waste Services	9	8	-1
	7122 Temp. Help - Laborers for Manufacturing	5	4	-1

# COVID-19 Claim Updates

**Brenda Heilman**  
*Deputy Assistant  
Director for Insurance  
Services*

# COVID-19 Claims: Presumptive Coverage

- Washington public health emergency related to COVID-19 lifted by Gov. Inslee on Oct. 31.
- Presumptive coverage for contraction of or quarantine due to COVID-19 ends with the end of state and federal public health emergencies.
- Healthcare and frontline workers continue to be eligible for presumptive coverage until the U.S. President declares an end to the federal public health emergency.
- Claims for COVID-19 falling outside of healthcare/frontline worker presumptive coverage will be considered under standard occupational disease criteria.

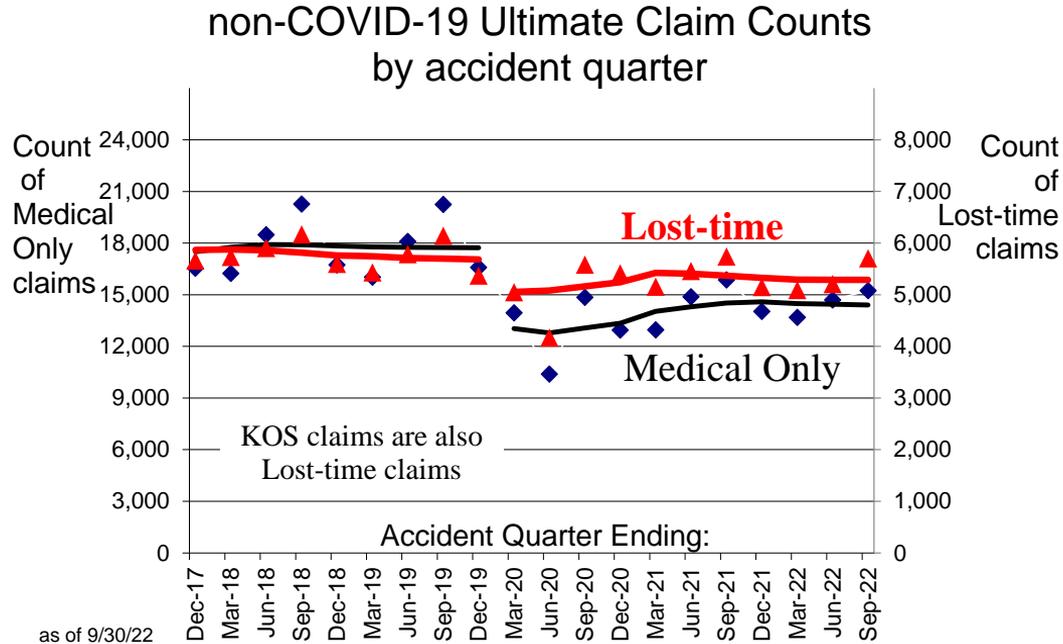
# COVID-19 Claims: Cost Relief

- COVID-19 claims continue to be excluded from experience rating and retrospective rating adjustment calculations.
- If federal public health emergency has been lifted, relief will end on **June 1, 2023** for claims with a date of injury after that date.

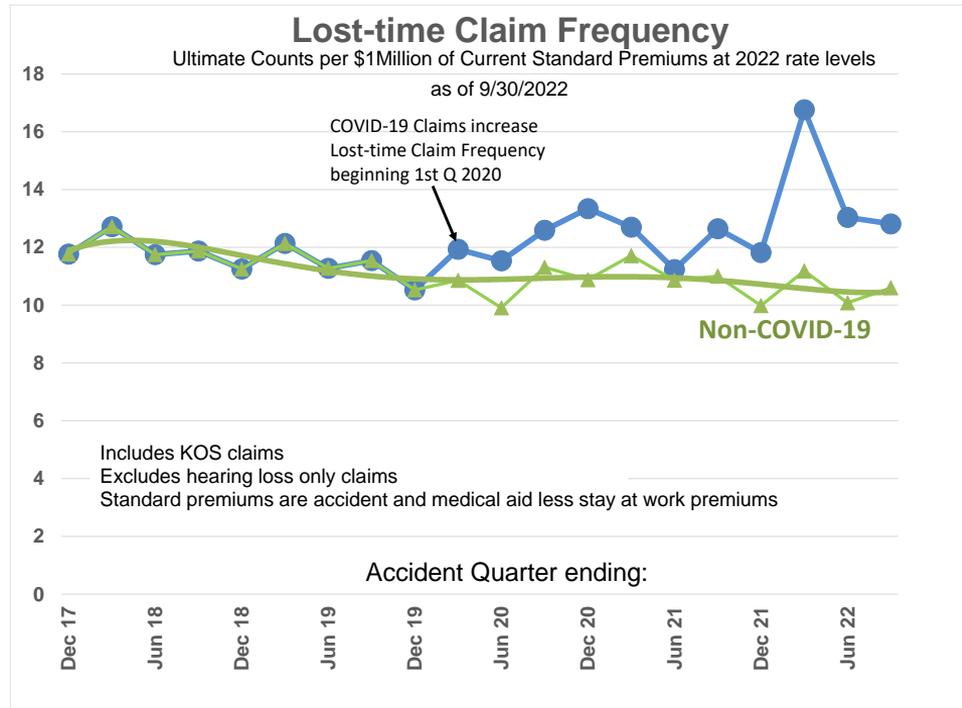
# Covid-19 Trend Updates

**Bill Vasek**  
*Senior Actuary*

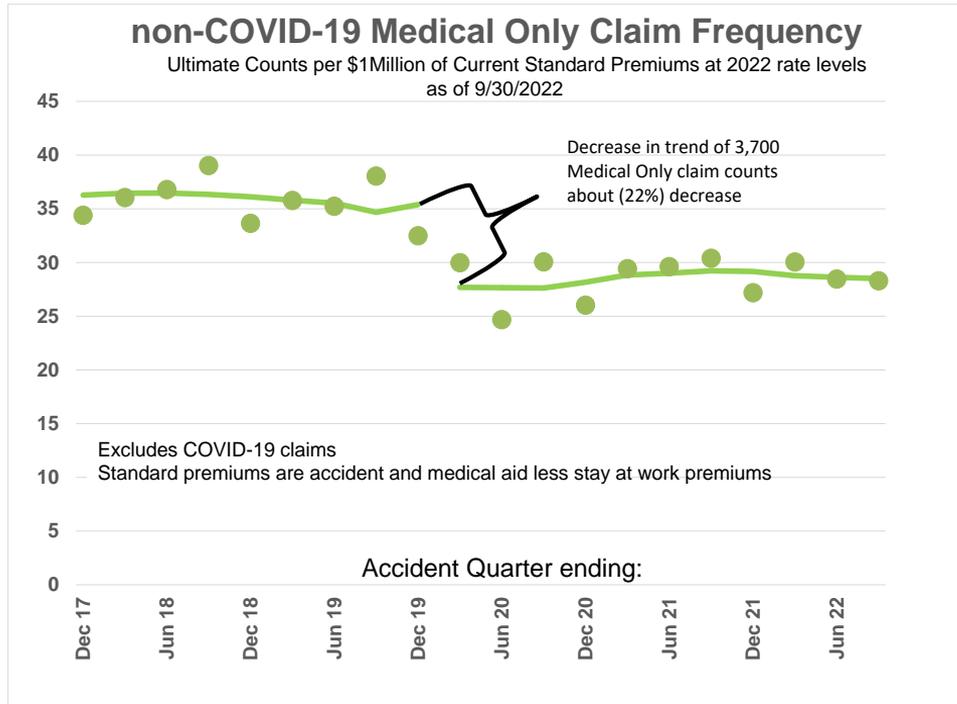
# Non-Covid-19 Claim Counts



# Lost Time Claim Frequency

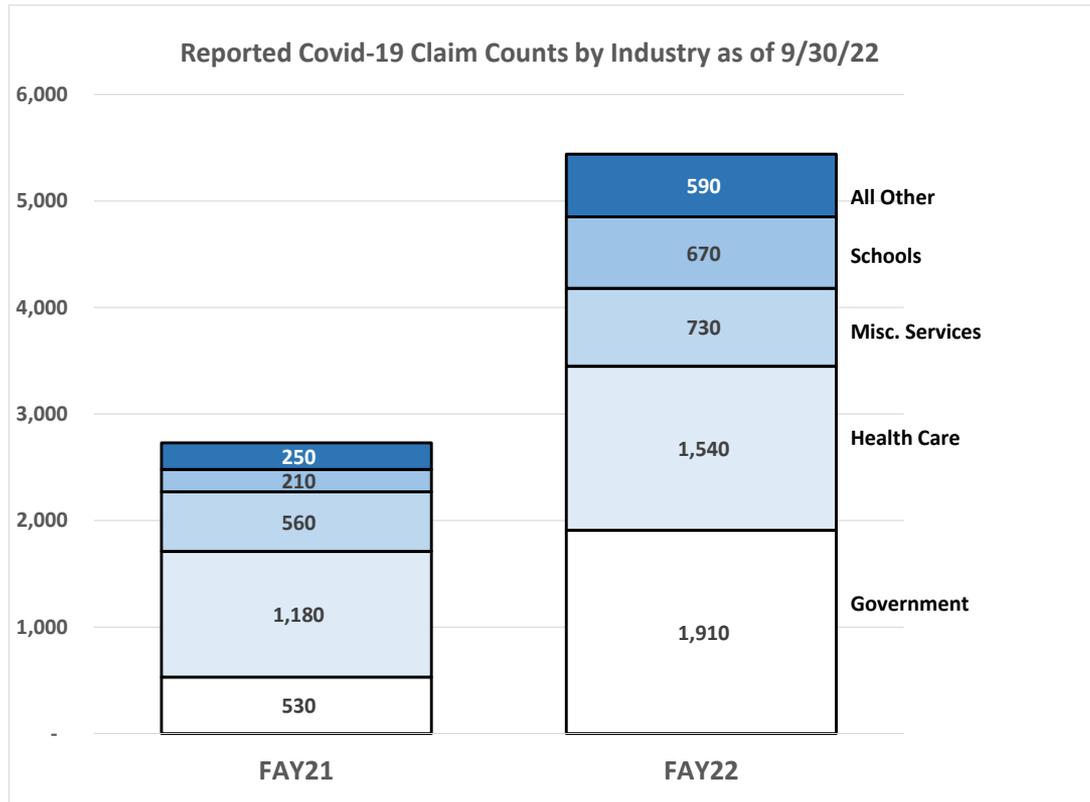


# Medical Only Claim Frequency



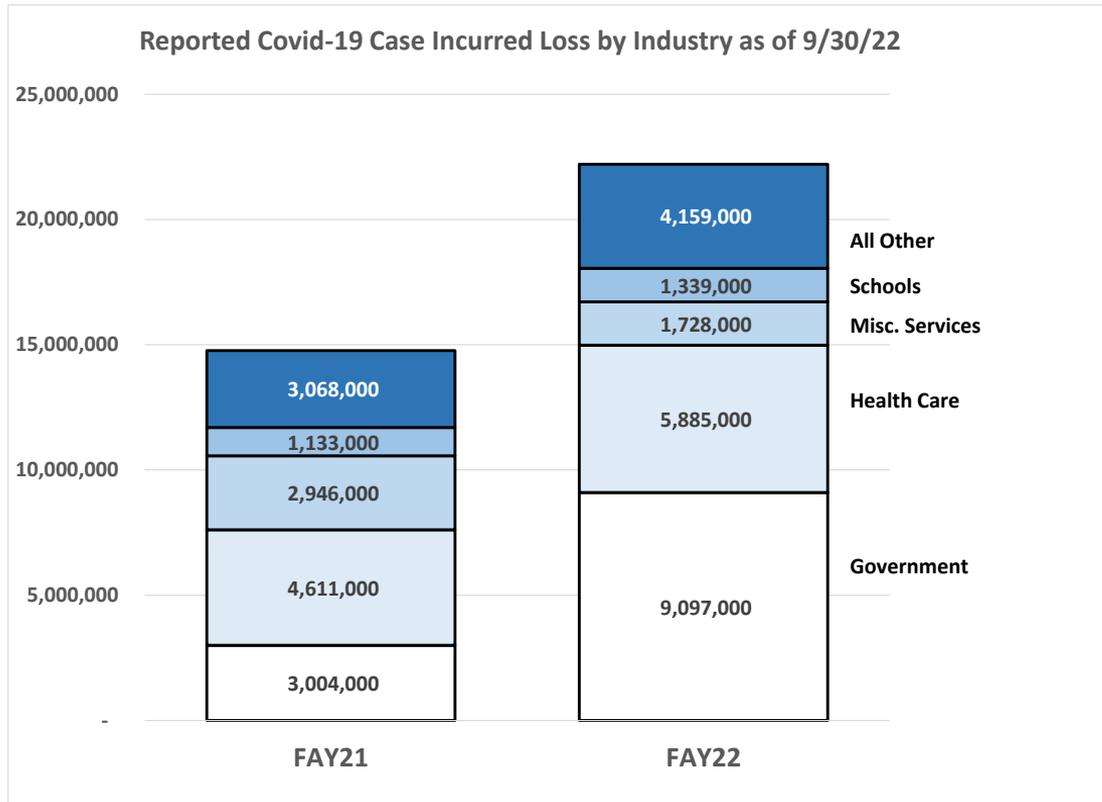
- Large (3,700) counts or (22%) frequency decrease starting 2.5 years ago
- Actuaries in OH, CA, OR, MT, and ID confirm similar trends for 2020

# Claim Counts by Industry



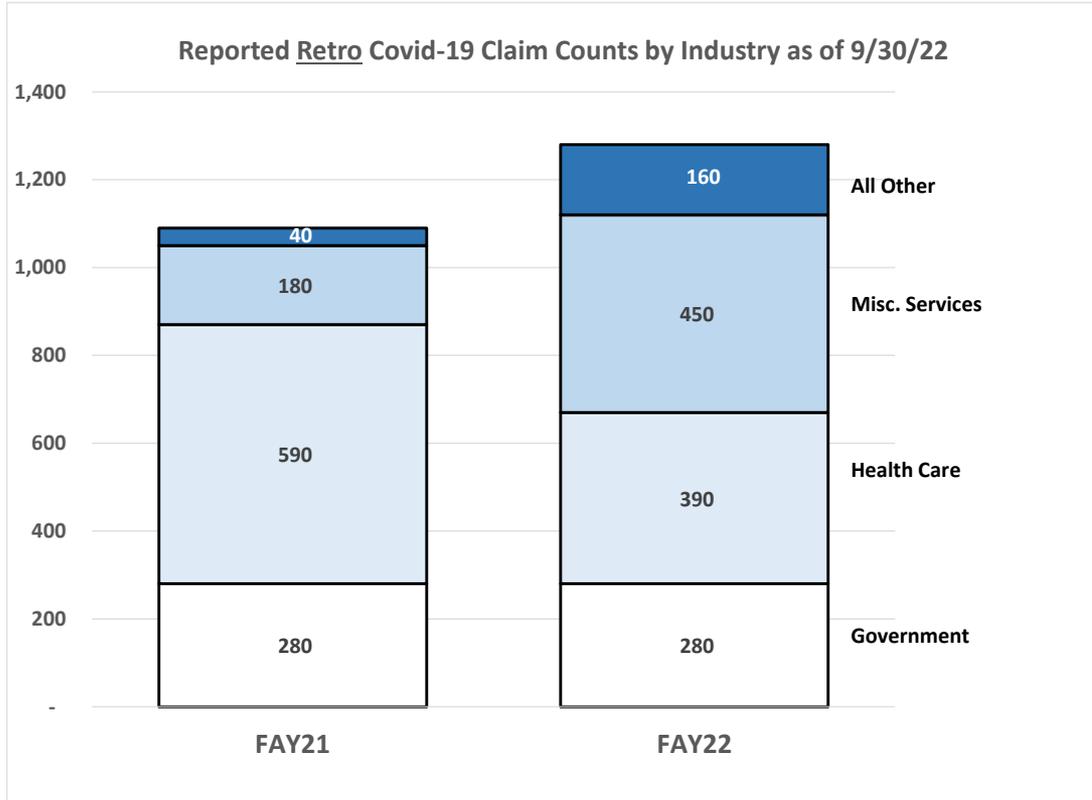
- Fiscal Accident Year (FAY) 22 has higher Covid-19 claim counts.
- Government, Health Care, Misc. Services, and Schools are the industries with the most Covid-19 claims.

# Case Incurred Covid-19 Costs by Industry



- Note: These are Case Incurred costs, so they may develop over time.

# Retro Covid-19 Claim Counts by Industry



- Among Retro employers Government, Health Care, and Misc. Services industries have the highest claim counts.

# RAC Workgroup Updates

**Tim Lundin**  
*Archbright*

**Victoria Montrose**  
*Washington Hospitality  
Association*

**Maria McClain**  
*Association of  
Washington Business*

# Account Balance Workgroup

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

# Account Balance Workgroup

Victoria Montrose – Washington Hospitality Association

**Our goal** is to evaluate the policy and bring forward ideas to executive management at the department so that participants can enjoy the benefits of the Retro program without interruption.

# RAC Rule Workgroup

<b>Tim Lundin</b> - Archbright, RAC Lead	<b>Mike Williams</b> - L&I Retro Program, Lead
<b>Lauren Gubbe</b> - Associated General Contractors, RAC Co-Lead	<b>Brian Ducey</b> - SMART Association
<b>Kris Johnson</b> - Building Industry Association of WA	

# RAC Rule Workgroup

Tim Lundin – Archbright

**Goal:** To review the current rule language regarding common ownership that requires all similar sub accounts to be enrolled, propose recommended changes to the language and partner with the department to implement changes if needed.

# Business & Industry Category Guide Workgroup

<b>Maria McClain</b> - Association of WA Business, RAC Lead	<b>Rachelle Bohler</b> - L&I Retro Program, Lead
<b>Kris Johnson</b> - Building Industry Association of WA	<b>Shannon Elliott</b> - Archbright
<b>Dan Beaty</b> - Vigilant	<b>Curran Bower</b> - Employer Resources NW
<b>Richard Clyne</b> - At Large	

# Business & Industry Category Guide Workgroup

Maria McClain – Association of WA Business

**Goal:** Review the current and previous category guides and make the necessary improvements and updates based on the Retro community's feedback.

# RAC Workgroups

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

Workgroup	Lead
Account Balance	Victoria Montrose <a href="mailto:victoriam@wahospitality.org">victoriam@wahospitality.org</a>
RAC Rulemaking	Tim Lundin <a href="mailto:tlundin@archbright.com">tlundin@archbright.com</a>
Business & Industry Category Guide	Maria McClain <a href="mailto:Mariam@forterra-inc.com">Mariam@forterra-inc.com</a>
Or send your interest to the Retro Inbox: <a href="mailto:retro@lni.wa.gov">retro@lni.wa.gov</a>	

# Retro Updates

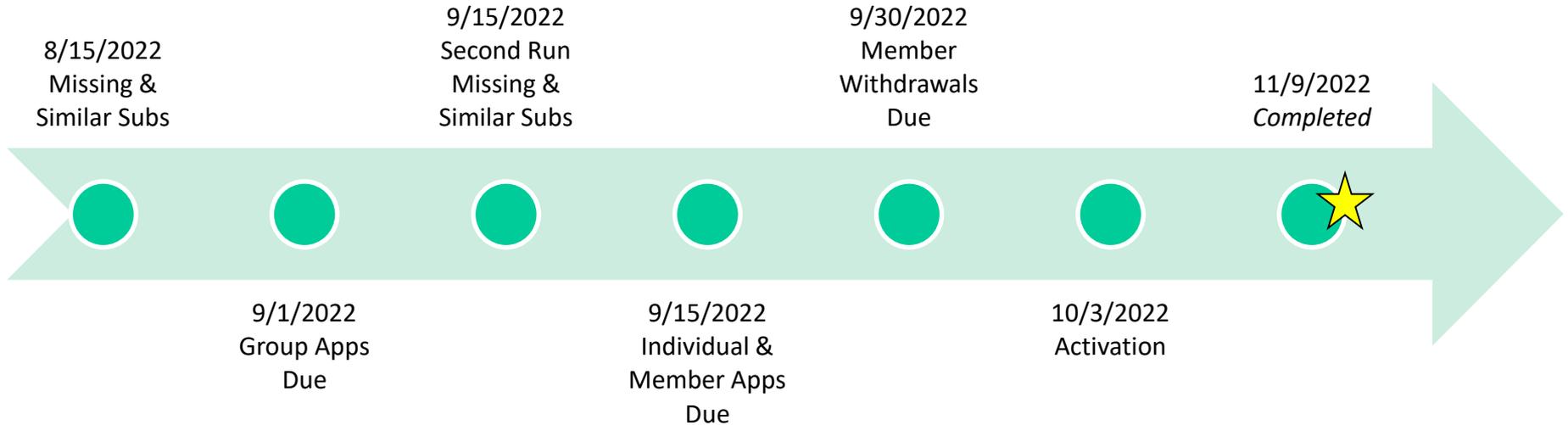
**Jessica Nau**

*Program Manager for  
Retrospective Rating*

# Secure File Transfer (SFT) Replacement

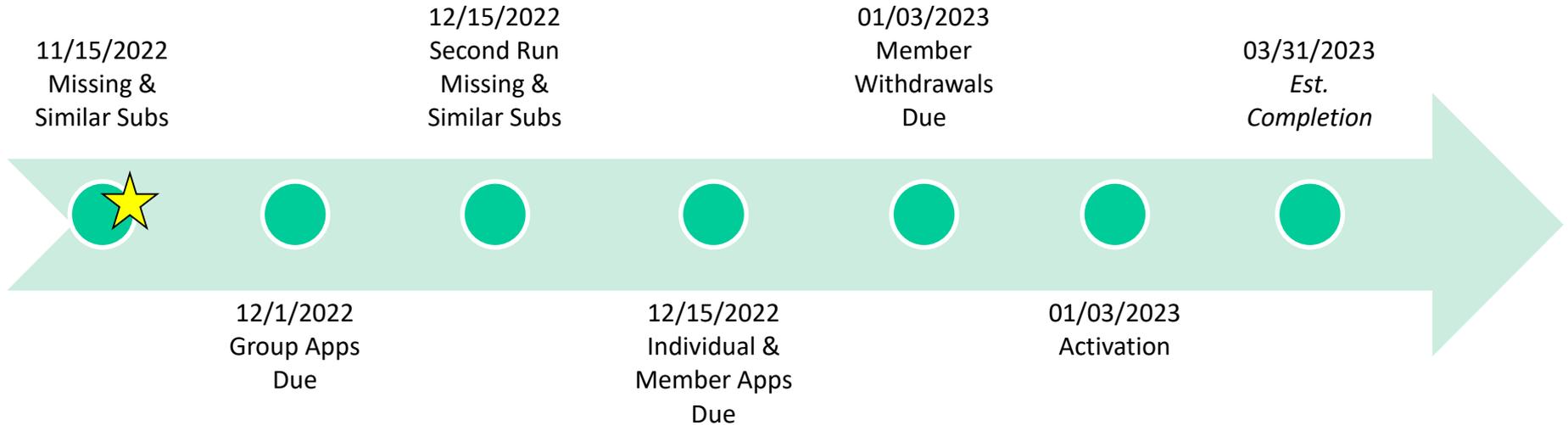
- WaTech replacing SFT with Managed File Transfer (MFT).
  - MFT will have more modern infrastructure & allow users to set/update passwords without emailing Retro program. No other changes.
- Goal is for Retro to go live with MFT in first week of February.
  - Will avoid disruptions to customers in receiving reports.
  - Will also allow for testing before SFT officially taken offline around April 1.
  - Retro staff will gather email addresses from Retro participants to associate with new MFT folders and provide training materials.

# October 2022 CY Enrollment



# January 2023 CY Enrollment

*Estimate*



# Enrollment Outside of Enrollment

*As of 11/23/2022*

	<b>Applications Received</b>	<b>Completed timely*</b>
<b>June</b>	50	50
<b>July</b>	17	17
<b>August</b>	34	34
<b>September</b>	19	19
<b>October</b>	9	9
<b>November</b>	13	13

\*Within 30 days.

# October CY Adjustment Protest

*As of 11/21/2022*

## ➤ Adjustment orders ran

- July 29, 2022

## ➤ 90 day completion date

- December 26, 2022
- 8 Grant, 13 Denied, 12 pends

## ➤ Last date to submit protests

- September 27, 2022
- 52 Claims were protested

## ➤ Total Refunded

- \$175,678

# January CY Adjustment Protest

*As of 11/21/2022*

## ➤ Adjustment Orders Ran

- November 2, 2022

## ➤ 90 day Completion date

- April 3, 2023

## ➤ Last date to submit protests

- January 3, 2023

## ➤ No claims protested so far

# 2023 RAC Meeting Schedule

- **Q1:** 2/23/2023
- **Q2:** 5/18/2023
- **Q3:** 9/14/2023
- **Q4:** 12/14/2023

*All meetings held from 9:30 AM to 12:00 PM.*

# Thank you!

Jessica Nau, Retro Program Manager

[Jessica.Nau@lni.wa.gov](mailto:Jessica.Nau@lni.wa.gov)

[Retro@lni.wa.gov](mailto:Retro@lni.wa.gov)

# Supplemental

# Retrospective Rating:

Performance Adjusted Refunds for January  
Enrollments as of October 2022

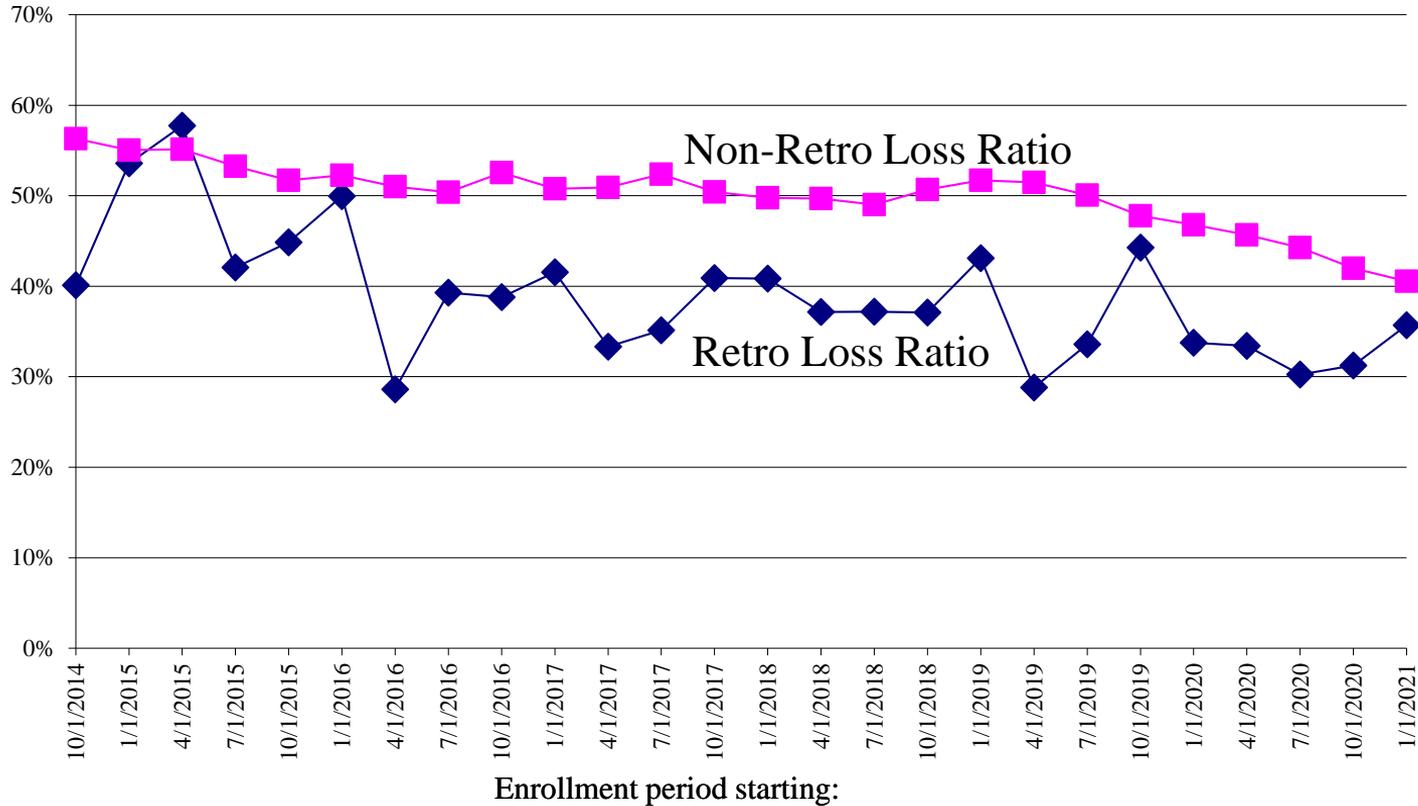
**Nichole Runnels**

*Actuarial Analyst for  
Financial Management*

# Retrospective Rating Goal and Performance Adjusted Refund

- 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 refunds).
  - Performance Adjusted Refund (PAR) amounts are designed to meet this goal at the time of each annual adjustment.
  - PAR = **Targeted sum** of net retrospective refunds less additional assessments per enrollment period.

# Equalizing the Loss Ratios



# Calculate the % Loss Ratio Difference

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

Quarter 4: Enrollment beginning 1/1/21:		
	Retro	Non-retro
Losses Case Incurred	41,329,140	541,395,382
Standard Premium	115,818,743	1,334,746,232
Loss Ratio	35.68%	40.56%
Percentage Difference	12.02%	

	Retro Enrollment	Standard Premium	Loss Ratio Percentage Difference
Quarter 1	4/1/2020	8,746,505	26.82%
Quarter 2	7/1/2020	480,057,470	31.72%
Quarter 3	10/1/2020	46,990,559	25.59%
Quarter 4	1/1/2021	115,818,743	12.02%
Total		651,613,277	27.71%

$$= 100\% - 35.68\% \div 40.56\%$$

**4 Quarter Weighted Average**

## Performance Adjusted Refund

Target Refund% X 4 Quarter Standard Premiums

	<b>Retro Enrollment</b>	<b>Standard Premium</b>
<b>Quarter 1</b>	<b>4/1/2020</b>	8,744,166
<b>Quarter 2</b>	<b>7/1/2020</b>	479,701,307
<b>Quarter 3</b>	<b>10/1/2020</b>	46,322,655
<b>Quarter 4</b>	<b>1/1/2021</b>	115,772,310
<b>Total</b>		650,540,438
<b>X</b>		<b>X</b>
<b>Performance adjusted refund %</b>		28.35%
<b>=</b>		
<b>Performance Adjusted Refund</b>		<b>\$184,441,745</b>

# Calculating the January 2021 PAF

Hit the PAR target for January 2021 enrollment

			Difference from Target
<b>Target Refund:</b>			184,441,745
If We Tried Q4 PAF =	1.0000	Then the Refund Would Have Been	\$224,095,126
<b>This refund would be too large. We need to use a larger PAF.</b>			-\$39,653,381
<b>Selected Quarter 4 PAF=</b>			1.1074
	<b>Retro Enrollment</b>	<b>Current PAF</b>	<b>Current Refund</b>
<b>Quarter 1</b>	4/1/2020	1.1074	2,102,529
<b>Quarter 2</b>	7/1/2020	1.1074	154,020,471
<b>Quarter 3</b>	10/1/2020	1.1074	10,152,999
<b>Quarter 4</b>	1/1/2021	1.1074	18,162,410
<b>Using this PAF we obtain</b>			184,438,409
			\$3,336
If We Tried Q4 PAF =	1.1075	Then the Refund Would Have Been	\$184,401,650
			\$40,095
If We Tried Q4 PAF =	1.1073	Then the Refund Would Have Been	\$184,475,210
			-\$33,465

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:  
1/1/2021  
First Evaluation**

Report Date: 10/25/2022

PAF: 1.1074

Association Name	Standard Premium	After ELRF & PAF		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)
		Developed Losses	Loss Ratio													
<b>Subtotal - 9 Firms with Refunds</b>	<b>1,054,772</b>	<b>215,100</b>	<b>20%</b>								<b>45,188</b>	<b>277,874</b>	<b>263,932</b>	<b>586,994</b>	<b>467,778</b>	<b>44%</b>
<b>Subtotal - 3 Firms with Assessments</b>	<b>1,508,506</b>	<b>1,110,172</b>	<b>74%</b>								<b>64,866</b>	<b>1,269,749</b>	<b>505,978</b>	<b>1,840,593</b>	<b>(332,087)</b>	<b>(22%)</b>
<b>Subtotal - 12 Individual Firms</b>	<b>2,563,278</b>	<b>1,325,272</b>	<b>52%</b>								<b>110,054</b>	<b>1,547,623</b>	<b>769,910</b>	<b>2,427,587</b>	<b>135,691</b>	<b>5%</b>
Average Firm Size	213,607															
Archbright - WRPS	3,006,269	1,926,498	64%	L	3	70	\$550K	1.100	0.00	0.0579	129,270	2,099,883	121,510	2,350,663	655,606	22%
AWB - Manufacturing	9,244,015	5,207,428	56%	L	5	72	\$550K	1.000	0.00	0.0398	397,493	5,676,097	226,051	6,299,641	2,944,374	32%
Assn of Washington Cities	17,754,877	18,986,856	107%	L	4	73	\$275K	0.900	0.00	0.1188	763,460	17,417,534	2,069,534	20,250,528	(2,495,651)	(14%)
PITB Elite - Distillation, Chemicals, Food	6,839,390	4,413,099	65%	L	2	72	\$500K	0.900	0.00	0.0584	294,094	4,810,278	281,040	5,385,412	1,453,978	21%
PITB Services Inc. - Mfg, Processing	3,877,109	2,675,322	69%	L	5	70	\$500K	0.900	0.00	0.1606	166,716	2,916,101	468,416	3,551,233	325,876	8%
SMART Advantage	9,897,060	5,382,198	54%	L	4	72	\$550K	1.000	0.00	0.0349	425,574	5,866,596	204,598	6,496,768	3,400,292	34%
WA Hospitality Association	36,159,137	27,379,475	76%	L	2	74	\$500K	1.004	0.00	0.0103	1,554,843	29,843,628	307,300	31,705,771	4,453,366	12%
WA State Auto Dealers Assn	19,849,335	13,277,249	67%	L	6	73	\$800K	1.044	0.00	0.0163	853,521	14,472,201	236,403	15,562,125	4,287,210	22%
WA State McDonald's Operators Assn	3,127,209	1,279,896	41%	L	1	70	\$500K	1.113	0.00	0.0362	134,470	1,395,087	50,466	1,580,023	1,547,186	49%
WA Trucking Associations	3,454,631	1,270,846	37%	L	8	70	\$500K	0.743	0.00	0.3531	148,549	1,385,222	489,177	2,022,948	1,431,683	41%
<b>Subtotal - Associations</b>	<b>113,209,032</b>	<b>81,798,867</b>	<b>72%</b>								<b>4,867,990</b>	<b>85,882,627</b>	<b>4,454,495</b>	<b>95,205,112</b>	<b>18,003,920</b>	<b>16%</b>
<b>Total Enrollment</b>	<b>115,772,310</b>	<b>83,124,139</b>	<b>72%</b>								<b>4,978,044</b>	<b>87,430,250</b>	<b>5,224,405</b>	<b>97,632,699</b>	<b>18,139,611</b>	<b>16%</b>

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

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

Report Date: 10/25/2022

PAF: 1.0938

Association Name	Standard Premium	After ELRF & PAF Standard			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)
		Developed Losses	Loss Ratio	Loss Ratio												
<b>Subtotal - 9 Firms with Refunds</b>	<b>1,701,951</b>	<b>451,738</b>	<b>27%</b>								<b>73,184</b>	<b>517,476</b>	<b>315,786</b>	<b>906,446</b>	<b>795,505</b>	<b>47%</b>
<b>Subtotal - 3 Firms with Assessments</b>	<b>962,924</b>	<b>589,072</b>	<b>61%</b>								<b>41,405</b>	<b>629,842</b>	<b>345,984</b>	<b>1,017,231</b>	<b>(54,307)</b>	<b>(6%)</b>
<b>Subtotal - 12 Individual Firms</b>	<b>2,664,875</b>	<b>1,040,810</b>	<b>39%</b>								<b>114,589</b>	<b>1,147,318</b>	<b>661,770</b>	<b>1,923,677</b>	<b>741,198</b>	<b>28%</b>
Average Firm Size	222,073															
Archbright - WRPS	2,237,169	954,079	43%	L	3	68	\$550K	1.050	0.20	0.0984	96,198	1,039,946	102,349	1,238,493	998,676	45%
AWB - Manufacturing	8,780,863	5,421,383	62%	L	5	72	\$550K	1.000	0.00	0.0398	377,577	5,909,306	235,338	6,522,221	2,258,642	26%
Assn of Washington Cities	17,201,543	10,728,106	62%	L	4	73	\$275K	0.900	0.00	0.1188	739,666	11,693,636	1,389,426	13,822,728	3,378,815	20%
PITB Elite - Distillation, Chemicals, Food	7,462,008	4,707,418	63%	L	2	72	\$500K	0.900	0.00	0.0584	320,866	5,131,086	299,784	5,751,736	1,710,272	23%
PITB Services Inc. - Mfg, Processing	4,528,095	1,927,756	43%	L	6	71	\$500K	0.900	0.00	0.1123	194,708	2,101,254	236,070	2,532,032	1,996,063	44%
SMART Advantage	9,782,054	5,694,330	58%	L	4	72	\$550K	1.000	0.00	0.0349	420,628	6,206,821	216,463	6,843,912	2,938,142	30%
WA Hospitality Association	32,185,535	20,399,094	63%	L	2	74	\$550K	1.008	0.00	0.0076	1,383,978	22,235,012	169,920	23,788,910	8,396,625	26%
WA State Auto Dealers Assn	20,219,897	9,069,488	45%	L	6	73	\$800K	1.044	0.00	0.0163	869,456	9,885,742	161,484	10,916,682	9,303,215	46%
WA State McDonald's Operators Assn	3,200,842	1,069,269	33%	L	1	70	\$500K	1.113	0.00	0.0362	137,636	1,165,503	42,161	1,345,300	1,855,542	58%
WA Trucking Associations	2,438,676	1,078,918	44%	L	8	69	\$500K	0.743	0.00	0.3788	104,863	1,176,021	445,473	1,726,357	712,319	29%
<b>Subtotal - Associations</b>	<b>108,036,682</b>	<b>61,049,841</b>	<b>57%</b>								<b>4,645,576</b>	<b>66,544,327</b>	<b>3,298,468</b>	<b>74,488,371</b>	<b>33,548,311</b>	<b>31%</b>
<b>Total Enrollment</b>	<b>110,701,557</b>	<b>62,090,651</b>	<b>56%</b>								<b>4,760,165</b>	<b>67,691,645</b>	<b>3,960,238</b>	<b>76,412,048</b>	<b>34,289,509</b>	<b>31%</b>

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

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

Report Date: 10/25/2022

PAF: 1.1369

Association Name	Standard Premium	After ELRF & PAF		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)
		Developed Losses	Ratio													
<b>Subtotal - 12 Firms with Refunds</b>	<b>1,949,290</b>	<b>233,666</b>	<b>12%</b>								<b>83,818</b>	<b>389,140</b>	<b>325,165</b>	<b>798,123</b>	<b>1,151,167</b>	<b>59%</b>
<b>Subtotal - 4 Firms with Assessments</b>	<b>1,177,585</b>	<b>1,888,635</b>	<b>160%</b>								<b>50,636</b>	<b>882,738</b>	<b>520,673</b>	<b>1,454,047</b>	<b>(276,462)</b>	<b>(23%)</b>
<b>Subtotal - 16 Individual Firms</b>	<b>3,126,875</b>	<b>2,122,301</b>	<b>68%</b>								<b>134,454</b>	<b>1,271,878</b>	<b>845,838</b>	<b>2,252,170</b>	<b>874,705</b>	<b>28%</b>
Average Firm Size	195,430															
Archbright - WRPS	3,181,227	1,708,592	54%	L	3	70	\$550K	1.100	0.35	0.0567	136,793	1,862,366	105,579	2,104,738	1,076,489	34%
AWB - Manufacturing	9,369,669	3,568,894	38%	L	5	72	\$550K	1.000	0.00	0.0398	402,896	3,890,094	154,923	4,447,913	4,921,756	53%
Assn of Washington Cities	18,404,256	10,368,845	56%	L	4	73	\$275K	0.900	0.00	0.1188	791,383	11,302,041	1,342,897	13,436,321	4,967,935	27%
PITB Elite - Distillation, Chemicals, Food	12,502,826	12,193,517	98%	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. - Mfg, Processing	6,186,242	4,337,422	70%	L	6	71	\$500K	0.900	0.00	0.1123	266,008	4,727,790	531,153	5,524,951	661,291	11%
SMART Advantage	10,178,649	5,852,244	57%	L	4	72	\$550K	0.970	0.00	0.0449	437,682	6,378,946	286,408	7,103,036	3,075,613	30%
WA Hospitality Association	51,255,286	40,018,061	78%	L	2	74	\$550K	1.008	0.00	0.0076	2,203,977	43,619,688	333,342	46,157,007	5,098,279	10%
WA State Auto Dealers Assn	23,177,838	17,331,693	75%	L	6	73	\$800K	1.044	0.00	0.0163	996,647	18,891,545	308,593	20,196,785	2,981,053	13%
WA State McDonald's Operators Assn	3,712,726	2,296,948	62%	L	1	70	\$500K	1.113	0.00	0.0362	159,647	2,503,673	90,568	2,753,888	958,838	26%
WA Trucking Associations	1,966,913	2,078,871	106%	L	8	67	\$500K	0.734	0.00	0.4391	84,577	1,573,648	691,063	2,349,288	(382,375)	(19%)
<b>Subtotal - Associations</b>	<b>139,935,632</b>	<b>99,755,087</b>	<b>71%</b>								<b>6,017,232</b>	<b>107,015,063</b>	<b>4,289,375</b>	<b>117,321,670</b>	<b>22,613,962</b>	<b>16%</b>
<b>Total Enrollment</b>	<b>143,062,507</b>	<b>101,877,388</b>	<b>71%</b>								<b>6,151,686</b>	<b>108,286,941</b>	<b>5,135,213</b>	<b>119,573,840</b>	<b>23,488,667</b>	<b>16%</b>