

# 2021 Key Changes

## *Self Insurance Program, Certification Services*



# Safety Tip



**THINK  
SAFETY**  
it couldn't hurt

# Why Did the Certification Rules Change?

The purpose of the changes was to update the rules for the financial qualification and maintenance of self-insurance certification, so that the rules were consistent with modern business practices.

# Changes to Self Insurance Qualifications (WAC 296-15-021)

## FROM:

- Assets = \$50M

- Fixed ratio tests

- No reinsurance requirement

## TO:

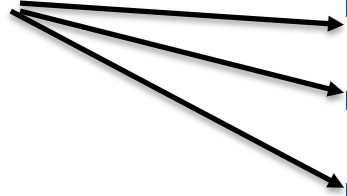
- Net worth > \$25M or

- Revenues > \$50M or

- CW WC > \$1M

- Credit Monitoring

- Reinsurance requirement



# Changes to Surety for private entities (WAC 296-15-121)

- No changes to L&I's surety requirement calculation
- Surety requirements will increase based on credit monitoring results and at the discretion of the Director
- Continue to allow employers to submit a report from an independent qualified actuary

# Changes to surety for private entities non-SEC (WAC 296-15-121(1)(f))

Surety requirements for non-SEC reporting companies will be increased for failure to produce timely audited financial statements

# Changes to minimum surety

- Prior minimum = \$755K
- New minimum = \$1M
- New minimum for public entities = \$500K
- Amounts will be adjusted every 5 years based on CPI

# Changes to Surety for public entities (WAC 296-15-151)

- Surety must cover 125% of the expected WC claims costs in the next year or subject to the minimum of \$500K
- Surety requirements will increase based on credit monitoring results and at the discretion of the Director



# Changes to Surety for groups

## (WAC 296-15-161)

- Requires actuarial reports to focus on the adequacy of rates, reserves, and contingency reserves
- Removed the 15% runoff test and the reserves be held in cash

# Changes to reporting requirements (WAC 296-15-121(1)(f) 296-15-221 (4)(c))

- Private non-sec reporting companies have to provide audited financial statements within 6 months of their standard fiscal year end close
- Failure to meet this standard will increase surety requirements and/or decertification

# Assessments

*Self Insurance Program, Certification  
Services*



# What is a self-insurer responsible for paying to L&I?

Based on the information reported quarterly (claims costs and worker hours), self-insured employers are responsible for the following assessments:

- Administrative Assessment
- Insolvency Trust Fund Assessment
- Supplemental Pension Fund Assessment
- Asbestosis Fund Assessment
- Second-injury Assessment
- Self Insurance Overpayment Reimbursement Assessment (SIORF)

# Assessment Types

Assessment	Pays for:	Based on:	Determined:
<b>Administrative</b>	<ul style="list-style-type: none"> <li>• Operations of the self-insured program</li> <li>• Other agency services provided to self-insured employers</li> </ul>	Quarterly claim payments made by the: <ul style="list-style-type: none"> <li>• Self-insurer</li> <li>• State Fund</li> </ul>	Fiscal year
<b>Insolvency Trust</b>	<ul style="list-style-type: none"> <li>• Claim expenditures for self-insured employers who have defaulted and exhausted their surety resources.</li> </ul>	Claim payments	Calendar quarter
<b>Supplemental Pension &amp; Asbestosis</b>	<ul style="list-style-type: none"> <li>• Cost of living adjustments (COLAs)</li> <li>• Claim costs for workers who file asbestos-related diseases</li> </ul>	Combined into one rate and based on worker hours	Calendar year

# Assessment Types

<b>Second-Injury</b>	<ul style="list-style-type: none"> <li>• Relief of pension claims that have been granted second-injury relief*</li> <li>• Job-modifications</li> <li>• Preferred worker costs</li> </ul>	Claim payments made during the quarter	Fiscal year
<b>Self-Insurance Overpayment Reibursment Fund</b>	Reimburses SI employer for claim payments made during the pendency of the board and where the employer prevails	Rate is based on worker hours	Calendar year

\*Relief is provided for any claim that is granted a total permanent disability award (pension); the cause of the disability must be partially attributed to a prior injury or pre-existing condition which contributes to the total disability



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