

SENATE FILE NO. SF0079

Workers' compensation fund.

Sponsored by: Joint Labor, Health and Social Services
Interim Committee

A BILL

for

1 AN ACT relating to workers' compensation; extending the
 2 deadline for the workers' compensation fund to be fully
 3 funded; clarifying reserve and surplus requirements for the
 4 fund; providing for discounting of reserves; providing
 5 definitions; and providing for an effective date.

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7 *Be It Enacted by the Legislature of the State of Wyoming:*

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9 **Section 1.** W.S. 27-14-201(e) is amended to read:

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11 **27-14-201. Rates and classifications; rate surcharge.**

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13 (e) The division in fixing rates shall provide for
 14 the costs of benefits and the expenses of administering the
 15 worker's compensation account allowed by law, ~~the~~
 16 ~~disbursements on account of injuries and deaths of~~

1 ~~employees in each class, an actuarially sound catastrophe~~
2 ~~reserve, reserves actuarially determined to meet~~
3 ~~anticipated and unexpected losses, amounts necessary to pay~~
4 ~~injured employees whose employers have not complied with~~
5 ~~this act and a reserve for unfunded liabilities. The~~
6 ~~objective of the reserve for unfunded liabilities shall be~~
7 ~~one hundred percent (100%) and the division shall~~
8 ~~accomplish this objective by the year 2008.~~ subject to the
9 following:

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11 (i) The fund shall be one (1) fund but shall
12 include provision for all expenses allowed by this act,
13 loss adjustment expenses and unpaid losses, including:

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15 (A) Case reserves;

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17 (B) Future development on known claims;

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19 (C) Reopened claims reserve;

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21 (D) Claims incurred but not reported;

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23 (E) Claims incurred and reported but not
24 yet recorded;

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(F) An actuarially reasonable contingency margin to reflect the uncertainty inherent in estimates of unpaid losses and loss adjustment expenses.

(ii) The fund shall be fully reserved on or before December 31, 2013;

(iii) The division shall annually obtain a report from a qualified actuary rendering an opinion regarding the reasonableness of the booked loss and loss adjustment expense reserve and carried contingency reserve;

(iv) The division shall provide the opinion required by paragraph (iii) of this subsection to the joint labor, health and social services interim committee, or its successor, by November 1 of each year;

(v) For purposes of calculating reserves, future liabilities shall be discounted to present value using a discount factor selected by the division. The discount factor selected by the division and the reason for its selection shall be included in the annual report to the

1 joint labor, health and social services interim committee
2 or its successor;

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4 (vi) The collection through premiums of any
5 deficiency in reserves and surpluses that exceeds five
6 percent (5%) of the fund balance shall be averaged over a
7 ten (10) year period;

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9 (vii) For purposes of this section:

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11 (A) "Fully reserved" means that the
12 workers' compensation account established by W.S. 27-14-101
13 has, in the opinion of a qualified actuary, funds
14 sufficient on a discounted basis to provide for all unpaid
15 loss and loss adjustment expenses as well as an actuarially
16 appropriate provision for adverse contingencies;

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18 (B) "Qualified actuary" means a person who
19 is a fellow of the Casualty Actuarial Society or who has
20 been approved as qualified for signing casualty loss
21 reserve opinions by the Casualty Practice Council of the
22 American Academy of Actuaries.

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1 **Section 2.** This act is effective July 1, 2005.

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(END)