



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Office of Financial Management

- | | |
|---|---|
| <input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR <u>08-21-089</u> ; or | <input checked="" type="checkbox"/> Original Notice |
| <input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____; or | <input type="checkbox"/> Supplemental Notice to WSR _____ |
| <input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4). | <input type="checkbox"/> Continuance of WSR _____ |

Title of rule and other identifying information: (Describe Subject) **Regulating property and liability self-insurance requirements as to local governments and nonprofit corporations.**

Hearing location(s):
 Washington Cities Insurance Authority
 320 Andover Park East
 Tukwila, WA 98138
 Date: July 8, 2009 Time: 12:00 p.m.
 Date: July 9, 2009 Time: 9:00 a.m.

Grant County Public Works
 124 Enterprise Street SE
 Ephrata, WA 98823
 Date: July 13, 2009 Time: 12:00 p.m.
 Date: July 14, 2009 Time: 9 a.m.

Submit written comments to:
 Name: Roselyn Marcus
 Address: Office of Financial Management, P.O. Box 43113
 Olympia, Washington 98504-3113
 e-mail Roselyn.Marcus@ofm.wa.gov
 fax (360)664-2832 by (date) July 7, 2009

Date of intended adoption: August 5, 2009
 (Note: This is NOT the effective date)

Assistance for persons with disabilities: Contact
Lillian Austin by July 2, 2009
 TTY (360) 902-0679 or (360) 902-0533

Purpose of the proposal and its anticipated effects, including any changes in existing rules: Currently, 82.60 WAC provides standards for both property and liability local government self-insurance programs and health and welfare local government self-insurance programs. As the programs have matured and the insurance environment has changed over years, these two types of programs (property/liability and health/welfare) have become so different as to require separate standards for each type of self-insurance program. As a result, temporary guidelines were put into place with the intent to engage in Rulemaking at a later time using the APA process described in 34.05 RCW.

Local government self-insurance programs have operated under the above-mentioned temporary guidelines for a number of years, which has caused confusion among the programs in determining what standards they are required to meet. Also, because the Rules had not been updated and were not specific enough to each type of program given the changes in the insurance, economic and legal environment over time, oral waivers from requirements in both Rules and guidelines were provided to some programs, creating further confusion due to lack of written documentation.

The state risk manager is required to adopt rules which create standards for solvency, management, operations and certain contracts. The Office of Financial Management, working with the Property and Liability Advisory Board, has created proposed revisions to chapter 82.60 which (1) remove the health and welfare rules from chapter 82.60 and address them in a separate rule-making process, (2) replace temporary guidelines with updated Rules specific to joint property and liability self-insurance programs to be adopted using the APA process described in 34.05 WAC as required by 48.62.061 RCW, and (3) remove the provision for waivers from Rules and guidelines and allow the state risk manager to consistently regulate all programs.

Reasons supporting proposal:

The revisions to 82.60 WAC will result in standards adopted in Rule which can be easily identified and are specific to individual and joint property and liability programs. Individual and joint health and welfare programs will be able to clearly identify standards that apply to those programs in a newly created separate chapter. By creating Rules, rather than guidelines, local governments wishing to form new programs will be able to easily locate the specific regulations which apply to their programs in the Rules, as prescribed in 48.62.061. Because these Rules will clearly identify standards specific to each type of program, regulation will be consistent and waivers will be unnecessary.

Statutory authority for adoption: RCW 48.62.061

Statute being implemented: chapter 48.62 RCW

Is rule necessary because of a:

- | | | |
|-------------------------|------------------------------|--|
| Federal Law? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Federal Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| State Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
- If yes, CITATION:

DATE May 28, 2009

NAME (type or print) Roselyn Marcus

SIGNATURE

TITLE
Director of Legal Affairs (Rules Coordinator)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: June 02, 2009

TIME: 11:33 AM

WSR 09-12-102

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

To obtain a copy of the rules showing how they are being amended from their current versions in chapter 82.60 WAC, contact either Shannon Stuber at shannon.stuber@ofm.wa.gov, telephone number 360-902-7311, or Roselyn Marcus at roselyn.marcus@ofm.wa.gov, telephone number 360-902-0568.

Name of proponent: (person or organization) Office of Financial Management

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Shannon Stuber	General Administration Building, PO Box 41027, Olympia	(360) 902-7311
Implementation....Shannon Stuber	General Administration Building, PO Box 41027, Olympia	(360) 902-7311
Enforcement.....Shannon Stuber	General Administration Building, PO Box 41027, Olympia	(360) 902-7311

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The implementation of these rules have no or minimal cost to small business.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Office of Financial Management(OFM) is not an agency listed in RCW 34.05.328(5)(a)(i). Further, OFM does not voluntarily make section 201 applicable to this rule adoption nor to date, has JARRC made section 201 applicable to this rule adoption.