



Washington State Association of Counties

WASHINGTON COUNTIES SELECT RETROSPECTIVE RATING PROGRAM

MEMORANDUM OF UNDERSTANDING

AND

MEMBERSHIP AGREEMENT

For Program year July 1, 2010 to June 30, 2011

NAME

This retrospective rating program shall be known as the Washington Counties Select Retrospective Rating Program.

PURPOSE

The program is intended to benefit the member entities and their employees by providing a financial incentive for good safety practices, effective claims management, and programs that return workers to productive employment.

MEMBERSHIP

Because the program is established to use the financial rewards available through the retrospective rating program, membership is restricted to counties and related entities that are likely to assist the pool in meeting its financial goals. For the 2010-11 program year members must meet the following criteria:

1. They must be a member in good standing of the Washington Counties Workplace Safety Alliance.
2. Their most recent three year loss history (2006-07, 2007-08 to 2008-09) must meet one of the following criteria:
 - a. An average loss ratio of less than 1.00
 - b. Loss ratios that exceed 1.00 in only one of the three years
 - c. An average three year loss ratio within 10% of the breakeven point of 1.15 and a trend of improving performance.
3. They must adopt this agreement and the agreement form required by the State Department of Labor and Industries.
4. They must have a Return to Work Program or show progress toward adopting a Return to Work program.
5. Membership is subject to approval by the WSAC Board of Directors.

GOVERNANCE

The Washington State Association of Counties (WSAC) Board of Directors, as the governing board of the sponsoring entity, shall provide oversight and policy direction to the program. The Executive Director of WSAC shall be responsible for the operation of the pool. An Advisory Committee of representatives from participating counties and related entities shall advise the WSAC Executive Director and Board on issues related to the retrospective rating program. The Advisory Committee shall organize itself and elect officers



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and designate an Executive Committee. The Advisory Committee may charge the Executive Committee to act on its behalf on various issues. Issues will be decided at Advisory Committee meetings by a simple majority of the member entities in attendance.

MEETINGS

The Advisory Committee and Executive Committee may meet in person or by phone or other electronic means. The Advisory Committee shall meet at least once a year and at the call of the officers. WSAC shall provide notice to member counties and entities of meetings.

REFUND RETENTION POLICY:

1. A reserve account will be established to hold an amount equal to the maximum three year exposure of the group. Any and all refunds will be held in reserve until the account has reached the maximum exposure. Refunds will be paid out to members of a retro year at the third and final adjustment above and beyond the reserve account maximum exposure.

EXAMPLE:

- 7/1/2005 - 6/30/2006 Standard Premium = \$2,150,258
- 7/1/2006 - 6/30/2007 Standard Premium = \$2,146,600
- 7/1/2007 - 6/30/2008 Standard Premium = \$2,428,000 (Estimated)

TOTAL	\$6,725,058
MAXIMUM ASSESSMENT	\$339,923
RESERVE REQUIREMENT	\$339,923

DISTRIBUTION OF REFUNDS AND ASSESSMENTS:

1. Refunds will be distributed as follows:
 - a. 30% of a refund shall be distributed on the basis of the member county or entity's contribution to the group refund.
 - b. 70% of a refund will be distributed on the basis of a member county or entity's share of the total rate base for the program.
2. Assessments shall be distributed as follows:
 - a. Any assessment will first be distributed as follows:
 1. 25% of the assessment will be distributed solely among counties with loss experience in excess of the breakeven point based on their losses above the breakeven point. In no case shall the assessment for an individual county or entity exceed five percent of its rate base.
 2. The remaining assessment shall be distributed among all participants based on their total losses.



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3. The combined assessments under a. and b. may not exceed five percent of the individual rate base for any individual participating entity.
- b. A hypothetical example of the assessment method is shown in Attachment A.

3. Refunds versus Assessments:

1. The refund formula shall be used for all adjustments or partial adjustments, positive or negative of cumulative refund levels.
2. The assessment formula shall be used for all adjustments or partial adjustments, positive or negative of cumulative assessment levels.
3. Example:
 - a. The first adjustment of Retro Year A had resulted in a refund of \$50,000. The refund formula is used to attribute the refund to pool members.
 - b. The second adjustment for Retro Year A was a negative \$75,000. This resulted in a cumulative \$25,000 assessment.
 - c. The refund formula would be used for the first \$50,000 of the reduction. This reverses the refund adjustment from the first year.
 - d. The assessment formula would be used for the remaining \$25,000 of the reduction, because this part of the adjustment would result in a cumulative assessment.

PROGRAM PERIOD:

This agreement covers the Retrospective Rating Year from July 1, 2010 to June 30, 2011. Each County in the Select Retro and Safety Alliance will be notified at the annual meeting if they qualify to participate in the Select Retro for the upcoming July enrollment. If a county is not present at the annual meeting, a letter will be sent out no later than May 15, 2010.

DUTY TO COOPERATE:

Because the potential for refunds and assessments extends over several years as claims mature, member counties agree to cooperate with the retrospective program, its third party administrators and other agents until such time as the third and final adjustment order of any Retro Year is final and binding as provided for by 296-17-90453. Cooperation will include, at a minimum, access to claims data and cooperation in managing claims. All claim related communication between Labor & Industries, the Board of Industrial Insurance Appeals, The Washington State Department of Retirement Systems, and/or the member county must include the association and/or its third party administrator. At no time, may a member county represent itself in an appeal, protest, or hearing without the notification to the association and its third party administrator.

DISPUTES REGARDING TREATMENT OF SPECIFIC CLAIMS:

One of the primary purposes of the retro fund is to earn refunds for pool members as a group. In some rare cases the interests of the pool as a whole and an individual member may come into conflict. In such cases



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the decision of the WSAC Director is final unless appealed by the employer. Appeals will be heard by the advisory committee. The decision of the advisory committee shall be final. Nothing in this section prohibits the Advisory Committee from working with member employers to develop solutions to disputes regarding individual cases that will balance the interests of the pool with needs of individual employers.

ENTRY INTO PROGRAM:

Counties and related entities belonging to the Washington Counties Workplace Safety Alliance may apply for entry into the Washington Counties Select Retrospective Rating Program when they meet the criteria for membership set out in this agreement. With the approval of the WSAC Board, they may join this agreement as an active member at the beginning of any quarter following approval of their membership application.

Adoption of this Memorandum of Understanding constitutes an agreement of membership in the Washington Counties Select Retrospective Rating Program Plan A2, 1.05 for the period of one year commencing July 1, 2010 and ending June 30, 2011. Upon meeting the membership criteria, this agreement will automatically renew each July 1st unless cancelled in writing by either party by June 15th of each year.

Adopted by the _____ Legislative Authority, Governing Board or Executive
(County / Organization Name)

Director on _____
(Date)

County/Organization Chair/Executive Director

Printed name of signee