

ORIGINAL SENATE
FILE NO. 0079

ENROLLED ACT NO. 32, SENATE

FIFTY-EIGHTH LEGISLATURE OF THE STATE OF WYOMING
2005 GENERAL SESSION

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

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

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

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

(e) The division in fixing rates shall provide for the costs of benefits and the expenses of administering the worker's compensation account allowed by law, ~~the disbursements on account of injuries and deaths of employees in each class, an actuarially sound catastrophe reserve, reserves actuarially determined to meet anticipated and unexpected losses, amounts necessary to pay injured employees whose employers have not complied with this act and a reserve for unfunded liabilities. The objective of the reserve for unfunded liabilities shall be one hundred percent (100%) and the division shall accomplish this objective by the year 2008.~~ subject to the following:

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

(A) Case reserves;

(B) Future development on known claims;

(C) Reopened claims reserve;

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(D) Claims incurred but not reported;

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

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

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

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(vii) For purposes of this section:

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

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

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

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk