

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Worker's compensation-provision for adverse deviation.

Sponsored by: Joint Appropriations Committee

A BILL

for

1 AN ACT relating to worker's compensation; authorizing
2 consideration of specified investment earnings for
3 determining rates under the worker's compensation program;
4 conforming provisions for the actuarially reasonable
5 provision for adverse deviation; and providing for an
6 effective date.

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

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10 **Section 1.** W.S. 27-14-201(e)(i)(F), (vii)(A) and by
11 creating a new paragraph (viii) is amended to read:

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13 **27-14-201. Rates and classifications; rate surcharge.**

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2 (e) The division in fixing rates shall provide for
3 the costs of benefits and the expenses of administering the
4 worker's compensation account allowed by law, subject to
5 the following:

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

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11 (F) An actuarially reasonable ~~contingency~~
12 ~~margin~~ provision for adverse deviation to reflect the
13 uncertainty inherent in estimates of unpaid losses and loss
14 adjustment expenses.

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16 (vii) For purposes of this section:

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18 (A) "Fully reserved" means that the workers'
19 compensation account established by W.S. 27-14-701 has, in
20 the opinion of a qualified actuary, funds sufficient on a
21 discounted basis to provide for all unpaid loss and loss
22 adjustment expenses as well as an actuarially ~~appropriate~~
23 reasonable provision for adverse ~~contingencies~~ deviation;

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(viii) Investment earnings from the investment of the amount held as the actuarially reasonable provision for adverse deviation shall be considered revenue to the worker's compensation account as provided in this paragraph. The annual amount of investment earnings available for consideration as revenue under this paragraph shall be determined by the department in an amount equal to not less than zero percent (0%) and not more than five percent (5%) of the total market value of the amount held as the actuarially reasonable provision for adverse deviation.

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14 **STAFF COMMENT**

15 This bill draft was prepared after consultation with the Department of Workforce
16 Services. Please note that the memorandum from Oliver Wyman discussed at the July
17 Joint Appropriations Committee meeting referenced rates of return ranging from .5% to
18 4.5%. The proposed rates used in the new paragraph (viii) above were suggested by the
19 Department.

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21 In addition, the bill draft proposes rates that are calculated based on the total market value
22 of the provision for adverse deviation (PFAD). The Committee may wish to consider
23 specifying when the total market value is to be determined or using an average market
24 value of PFAD e.g., the previous five years.

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28 **Section 2.** This act is effective July 1, 2024.

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30 (END)