



# ORDER OF ADOPTION

Pursuant to authority vested in the Department of Industry, Labor and Human Relations by section(s)

ss. 102.15 (1) and 102.28 (2) (b)

Stats., the Department of Industry, Labor and Human Relations  creates;  amends;

repeals and recreates;  repeals and adopts rules of Wisconsin Administrative Code chapter(s):

Ind 80.60 (4)

(Number)

Self-Insurance Application Fees

(Title)

The attached rules shall take effect on July 1, 1996 publication

pursuant to section 227.22, Stats.

Adopted at Madison, Wisconsin this

date: May 16, 1996

DEPARTMENT OF INDUSTRY, LABOR AND  
HUMAN RELATIONS

Acting

Secretary





State of Wisconsin \ Department of Industry, Labor and Human Relations

# RULES in FINAL DRAFT FORM



**Rule No.:** Ind 80.60 (4)

**Relating to:** Self-Insurance Application Fees

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The Wisconsin Department of Industry, Labor and Human Relations proposes an order to amend Section Ind 80.64 (4) (a) and to create 80.60 (4) (ag) to (ax) and (f).

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Analysis of the Proposed Rules

Statutory Authority: ss. 102.15 (1) and 102.28 (2) (b), Stats.

Other Related Statutes: s. 102.28 (2) to (8), Stats.

Current fees do not generate enough revenue to cover the Department's cost of reviewing the financial soundness and safety practices of applicant-employers. Therefore, the Self-Insurer's Advisory Council recommended that the Department increase fees to those employers applying for self-insurance under the Worker's Compensation Act. The purpose of this change is, first, to have fees accurately reflect the cost to the Department of reviewing those applications and, second, to have the cost to each employer-applicant more closely reflect the actual costs associated with reviewing each individual application.

Under the proposed rule, the department will charge an employer for any fee-for-service expertise for which the Department incurs an expense in reviewing an application. Increasingly, special expertise is needed to competently evaluate financial and loss control data.

The proposed rule also requires the Department to develop a flat fee for initial applications based on the estimated average cost to the Department, including staff time, supplies and services, and information technology. For renewal applications the rule establishes a flat fee of \$200 and provides that the remainder of the renewal fee will be based on the same formula used in s. 102.75 (1), Stats., for the general annual assessment of insurers and self-insured employers. Under the formula, self-insured employers will pay a proportional share of the self-insurance program administration costs based on their share of indemnity payments.

The rule also allows the department to bill the renewal applicants through the general worker's compensation administrative assessment, issued to all self-insured employers and insurance carriers. This will simplify bookkeeping for both the Department and self-insured employers.

Finally, the rule allows the department to request updated information related to the application for self-insurance as needed. In today's economy, market changes can occur rapidly. To assure the continuing financial soundness of self-insured employers the Department often needs more timely information than what is provided once a year in the renewal application.

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SECTION 1. 80.60 (4) (a) is amended to read:

Ind 80.60 (4) REQUIREMENTS FOR OTHER EMPLOYERS. (a) Employers other than those specified in sub. (3), but including those specified in sub. (3) (c), desiring self-insurance shall submit an application on a form available from the department. A non-refundable fee of ~~\$300, per employer, determined by the department as described in par. (ag)~~ shall accompany the initial application. If the application is approved, the department shall permit self-insurance by written order. Employers granted self-insurance shall submit renewal applications on a departmental form to the department annually. A fee of ~~\$100 \$200, per employer, shall accompany each renewal application and the assessment surcharge for each renewal application described in par. (am)~~ may be billed by the department at the same time as the annual assessment under s. 102.75 (1), Stats. Self-insurance shall expire on the day specified by the department in its order.

**Note:** For information regarding forms contact the worker's compensation division, bureau of insurance programs, 201 East Washington Avenue, P.O. Box 7901, Madison, Wisconsin 53707.

SECTION 2. 80.60 (4) (ag) to (ax) is created to read:

80.60 (4) (ag) In addition to any fee-for-service costs under par. (ax), the department shall charge each initial applicant for self-insurance a flat fee which the department estimates is the average cost for department employees to review the application for self-insurance, including employee salary and fringe benefits, supplies services and administrative costs, and information technology charges. The department shall review and, if necessary, modify the fee at least every two years.

(am) In addition to any fee-for-service costs under par. (ax), each year the department shall assess each applicant for renewal of self-insurance a \$200 renewal fee and a proportionate share of the department's remaining costs to administer the self-insurance program after deducting the total amount estimated to be collected from all self-insured employers from the \$200 renewal assessments and the fees charged under par.

(ag) for initial applications. The department shall determine the assessment amount under this paragraph in the same manner as costs and expenses are apportioned in s. 102.75 (1), Stats.

(ax) To assist the department in evaluating an initial application or a renewal application for self-insurance, the department may contract for financial, loss control or other fee-for-service expertise or it may direct the applicant to provide the necessary information. The department shall charge the applicant for self-insurance the full cost of any fee-for-service expenses which the department incurs in evaluating the application for self-insurance. If these charges are related to an application for renewal of self-insurance, the department may bill the employer at the same time as the annual assessment under s. 102.75 (1), Stats.

SECTION 3. 80.60 (4) (f) is created to read:

80.60 (4) (f) The department may require a self-insured employer to update the information provided in par. (b) to (e) at any time.

SECTION 4. Effective Date. This rule shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22 (2) (intro), Stats.

Tommy G. Thompson  
Governor  
Carol Skornicka  
Secretary



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## State of Wisconsin Department of Industry, Labor and Human Relations

May 15, 1996

Gary Poulson  
Assistant Revisor of Statutes  
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131 W. Wilson St.  
Madison, Wisconsin 53703-3233

Douglas LaFollette  
Secretary of State  
10th Floor  
30 West Mifflin Street  
Madison, Wisconsin 53703

Dear Messrs. Poulson and LaFollette:

### TRANSMITTAL OF RULE ADOPTION

CLEARINGHOUSE RULE NO.: 96-005 \_\_\_\_\_

RULE NO.: Ind 80.60 (4) \_\_\_\_\_

RELATING TO: Self-Insurance Application Fees \_\_\_\_\_

Pursuant to section 227.20, Stats., agencies are required to file a certified copy of every rule adopted by the agency with the offices of the Secretary of State and the Revisor of Statutes.

At this time, the following material is being submitted to you:

1. Order of Adoption.
2. Rules Certificate Form.
3. Rules in Final Draft Form.

Pursuant to section 227.114, Stats., a summary of the final regulatory flexibility analysis is included for permanent rules. A fiscal estimate and fiscal estimate worksheet is included with an emergency rule.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Carol Skornicka".

Carol Skornicka  
Secretary

