

**WAC 284-24D-340 If defense services are provided by company employees, must company overhead be reported with ALAE?** (1) Some insuring entities and self-insurers use the services of internal staff to defend claims. For example, an insuring entity or self-insurer may:

(a) Ask its professional medical staff to:

- (i) Evaluate medical care;
- (ii) Review medical records; or
- (iii) Assist in case preparation.

(b) Retain in-house legal counsel to:

- (i) Assess risk of litigation;
- (ii) Evaluate legal issues;

(iii) Engage in case preparation or management activities, or settlement negotiations.

(2) When calculating ALAE, a reporting entity that uses internal staff to defend a claim as described in subsection (1) of this section and WAC 284-24D-020(1):

(a) Must include salary, benefits and an allocation for overhead for those employees; and

(b) May use average salaries and time studies when calculating ALAE.

[Statutory Authority: RCW 48.02.060, 48.140.060, and 7.70.140. WSR 07-12-057 (Matter No. R 2006-02), § 284-24D-340, filed 6/4/07, effective 7/22/07.]