DEPARTMENT OF CONSUMER & BUSINESS SERVICES

Self-Insured Employer Groups – LC 52

The goal of self-insurance oversight is to ensure workers who are injured on the job receive the statutory benefits provided through the workers' compensation system. Current conditions highlight gaps in the law that endanger the intended protections. As a result, we propose the following changes for self-insured employer groups*:*

- Require all self-insured groups to notify the Department of Consumer and Business Services (DCBS) by April 15, 2014, of their intention to either continue being certified on and after July 1, 2014, or stop operating as a certified Oregon self-insured employer group.
- Require groups to take a vote of all members to decide whether to continue as a self-insured group. The majority prevails. At the time of the vote, the group must notify its members that if they decertify, employers must timely comply with workers' compensation coverage laws.
- Require groups that choose to exit, or those that are already decertified, to forfeit the entire balance of the group's common claims funds and security deposits on file. Funds are deposited in the Workers' Benefit Fund.
- Allow the Workers' Benefit Fund to cover any claim costs not covered by the group's common claim funds, excess insurance, or security deposit.
- Reduce the statutory 12-month Workers' Benefit Fund balance requirement to a not less than six-month fund balance to avoid the need for an immediate assessment on all employers. Require the Management-Labor Advisory Committee to determine by Jan. 1, 2019 whether this change should remain or be modified.
- Grant the director greater authority to regulate decertified groups, including assignment of a claims processor. Allow the director to assess group members for claim liabilities and issue civil penalty for failure to pay.
- Maintain separate accounts in the department-collected portion of self-insured group reserve funds (SIEGAR) for public and private groups (for assessments collected after the bill's effective date).
- Certified self-insured groups remaining after July 1, 2014, must meet statutory and regulatory requirements. LC 52 will:
  - Allow director to set increased standards for maintaining group self-insurance, including consideration of acceptable financial health.
  - Allow director to set by rule insurance retention requirements and net worth requirements.
  - Provide the director with additional authority to decertify groups when they fail to meet financial standards or default on payments.
  - Prohibit a private group's claim administrator from being a group member or board member.
- Declares emergency, takes effect on passage.

Other DCBS actions (administrative)

In addition to the rulemaking activities required under LC 52, the department intends to adopt other administrative rules and take these actions in conjunction with the passage of LC 52:

- Director will notify all group members about the opportunity provided by the new law and possible ramifications of a group's decision to continue or stop self-insurance.
- Require group members to provide timely financial statements to the group administrator and prescribe ongoing certification criteria. Requirements may include, but are not limited to, the annual provision of financial statements by all group members to the group administrator and actuarial valuations including incurred but not reported claims.
- Director will notify group members of possible decertification when a group does not meet statutory and regulatory requirements to be self-insured.

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