

D R A F T

SUMMARY

Authorizes Director of Department of Consumer and Business Services to pay compensation due to workers of members of certain decertified self-insured employer groups and to set standards by rule for proof of financial viability of self-insured employer and for insurance coverage retention and combined net worth of members of self-insured employer group. Prohibits certain group members and board members of groups from serving as group administrator. Authorizes director to revoke certification of self-insured employer in default and for violation of rules. Authorizes director to take certain actions when self-insured employer group is in default, is decertified or cancels its certification. Modifies requirements for ending cash balance in Workers' Benefit Fund.

Requires each self-insured employer group to conduct vote on continuation of group and report results to director by April 15, 2014. Instructs Workers' Compensation Management-Labor Advisory Committee to conduct study about modification of ending balance requirement and report results to Legislative Assembly.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to self-insurance coverage for workers' compensation claims; creat-
3 ing new provisions; amending ORS 656.407, 656.430, 656.434, 656.443,
4 656.506 and 656.614; and declaring an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. (1) Notwithstanding ORS 656.605, if a self-insured em-**
7 **ployer group is decertified as of July 1, 2014, the Director of the De-**
8 **partment of Consumer and Business Services may advance funds from**
9 **the Workers' Benefit Fund to injured workers who have not received**
10 **payment of compensation due after the common claims fund and se-**

1 **curities deposited with the director are exhausted.**

2 **(2) Expenditures authorized under this section may exceed the**
3 **amount of surety bonds and any other security on deposit with the**
4 **director for the decertified self-insured employer group.**

5 **SECTION 2. Section 1 of this 2014 Act is added to and made a part**
6 **of ORS chapter 656.**

7 **SECTION 3. ORS 656.407 is amended to read:**

8 656.407. (1) An employer shall establish proof with the Director of the
9 Department of Consumer and Business Services that the employer is quali-
10 fied either:

11 (a) As a carrier-insured employer by causing proof of coverage provided
12 by an insurer to be filed with the director; or

13 (b) As a self-insured employer by establishing proof that the employer has
14 an adequate staff qualified to process claims promptly and has the financial
15 ability to make certain the prompt payment of all compensation and other
16 payments that may become due to the director under this chapter.

17 (2) Except as provided in subsection (3) of this section, a self-insured
18 employer shall establish proof of financial ability by:

19 **(a) Demonstrating acceptable financial viability based on informa-**
20 **tion required by the director by rule; and**

21 **(b) Providing security that the director determines acceptable by rule.**
22 The security must be in an amount reasonably sufficient to insure payment
23 of compensation and other payments that may become due to the director
24 but not less than the employer's normal expected annual claim liabilities and
25 in no event less than \$100,000. In arriving at the amount of security required
26 under this subsection, the director may take into consideration the financial
27 ability of the employer to pay compensation and other payments and proba-
28 ble continuity of operation. The security shall be held by the director to se-
29 cure the payment of compensation for injuries to subject workers of the
30 employer and to secure other payments that may become due from the em-
31 ployer to the director under this chapter. Moneys received as security under

1 this subsection shall be deposited with the State Treasurer in an account
2 separate and distinct from the General Fund. Interest earned by the account
3 shall be credited to the account. The amount of security may be increased
4 or decreased from time to time by the director.

5 (3)(a) A city, county or a qualified self-insured employer group that
6 wishes to be exempt from subsection (2) of this section may make written
7 application therefor to the director. The application shall include a copy of
8 the most recent annual audit of the city, county or qualified self-insured
9 employer group filed with the Secretary of State under ORS 297.405 to
10 297.740, information regarding the establishment of a loss reserve account for
11 the payment of compensation to injured workers and such other information
12 as the director may require. The director shall approve the application and
13 the city, county or qualified self-insured employer group shall be exempt
14 from subsection (2) of this section if the director finds that:

15 (A) The city, county or qualified self-insured employer group has been
16 self-insured in compliance with subsection (2) of this section for more than
17 three consecutive years prior to making the application referred to in this
18 subsection.

19 (B) The city, county or qualified self-insured employer group has in effect
20 a loss reserve account:

21 (i) That is actuarially sound and that is adequately funded as determined
22 by an annual audit under ORS 297.405 to 297.740 to pay all compensation to
23 injured workers and amounts due the director pursuant to this chapter. A
24 copy of the annual audit shall be filed with the director. Upon a finding that
25 there is probable cause to believe that the loss reserve account is not
26 actuarially sound, the director may require a city, county or qualified self-
27 insured employer group to obtain an independent actuarial audit of the loss
28 reserve account. The requirements of this subsection are in addition to and
29 not in lieu of any other audit or reporting requirement otherwise prescribed
30 by or pursuant to law.

31 (ii) That is dedicated to and may be expended only for the payment of

1 compensation and amounts due the director by the city, county or qualified
2 self-insured employer group under this chapter.

3 (b) The director shall have the first lien and priority right to the full
4 amount of the loss reserve account required to pay the present discounted
5 value of all present and future claims under this chapter.

6 (c) The city, county or qualified self-insured employer group shall notify
7 the director no later than 60 days prior to any action to discontinue the loss
8 reserve account. The city, county or qualified self-insured employer group
9 shall advise the director of the plans of the city, county or qualified self-
10 insured employer group to submit the security deposits required in sub-
11 section (2) of this section, or obtain coverage as a carrier-insured employer
12 prior to the date the loss reserve account ceases to exist. If the city, county
13 or qualified self-insured employer group elects to discontinue self-insurance,
14 it shall submit such security as the director may require to insure payment
15 of all compensation and amounts due the director for the period the city,
16 county or qualified self-insured employer group was self-insured.

17 (d) In order to requalify as a self-insured employer, the city, county or
18 qualified self-insured employer group must deposit prior to discontinuance
19 of the loss reserve account such security as is required by the director pur-
20 suant to subsection (2) of this section.

21 (e) Notwithstanding ORS 656.440, if prior to the date of discontinuance
22 of the loss reserve account the director has not received the security deposits
23 required in subsection (2) of this section, the certificate of self-insurance of
24 the city, county or qualified self-insured employer group is automatically
25 revoked as of that date.

26 (4) As used in this section, “qualified self-insured employer group” means
27 a self-insured employer group that is a municipal corporation or a public
28 corporation, as those terms are defined in ORS 297.405.

29 **SECTION 4.** ORS 656.430 is amended to read:

30 656.430. (1) Upon determining that an employer has qualified as a self-
31 insured employer under ORS 656.407, the Director of the Department of

1 Consumer and Business Services shall issue a certificate to that effect to the
2 employer.

3 (2) Coverage of a self-insured employer is effective on the date of certif-
4 ication unless a later date is specified in the certificate.

5 (3) Two or more entities shall not be included in the certification of one
6 employer unless in each entity the same person, or group of persons, or
7 corporation owns a majority interest. If an entity owns a majority interest
8 in another entity which in turn owns the majority interest in another entity,
9 all entities so related may be combined regardless of the number of entities
10 in succession. If more than one entity is included in the certification of one
11 employer, each entity included is jointly and severally liable for any com-
12 pensation and other amounts due the Department of Consumer and Business
13 Services under this chapter by any entity included in the certification.

14 (4) In the term “majority interest,” as used in this section, “majority”
15 means more than 50 percent.

16 (5) If an entity other than a partnership:

17 (a) Has issued voting stock, “majority interest” means a majority of the
18 issued voting stock;

19 (b) Has not issued voting stock, “majority interest” means a majority of
20 the members; or

21 (c) Has not issued voting stock and has no members, “majority interest”
22 means a majority of the board of directors or comparable governing body.

23 (6) If the entity is a partnership, majority interest shall be determined in
24 accordance with the participation of each general partner in the profits of
25 the partnership.

26 (7)(a) Notwithstanding any other provision of this section, the director
27 may certify five or more subject employers as a self-insured employer group,
28 which shall be considered an employer for purposes of this chapter, if:

29 [(a)] (A) The director finds that the employers as a group meet the re-
30 quirements of ORS 656.407 (1)(b) and (2);

31 [(b)] (B) The director determines that[.]

1 [(A) *If*] the employers as a group [*have*] **meet the** insurance coverage
2 [*with a*] retention [*of \$100,000 or more, the employers have a*] **and** combined
3 net worth [*of \$1 million or more; or*] **requirements adopted by the director**
4 **by rule;**

5 [(B) *If the employers as a group have insurance coverage with a retention*
6 *of less than \$100,000, the employers have a combined net worth at least equal*
7 *to the proportion of \$1 million that the retention bears to \$100,000;*]

8 [(c)] (C) The director finds that the grouping is likely to improve accident
9 prevention and claims handling for the employer;

10 [(d)] (D) Each employer executes and files with the designated entity a
11 written agreement, in such form as the director may prescribe, in which:

12 [(A)] (i) The employer agrees to be jointly and severally liable for the
13 payment of any compensation and other amounts due to the Department of
14 Consumer and Business Services under this chapter incurred by a member
15 of the group; or

16 [(B)] (ii) The employer, if a city, county, special district described and
17 listed in ORS 198.010 or 198.180, translator district formed under ORS 354.605
18 to 354.715, weed control district organized under ORS 569.350 to 569.445,
19 intergovernmental agency created under ORS 225.050, school district as de-
20 fined in ORS 255.005 (9), public housing authority created under ORS chapter
21 456 or regional council of governments created under ORS chapter 190,
22 agrees to be individually liable for the payment of any compensation and
23 other amounts due to the department under this chapter incurred by the
24 employer during the period of group self-insurance;

25 [(e)] (E) The director finds that the employer group is organized as a
26 corporation or cooperative pursuant to ORS chapter 60, 62 or 65, is an
27 intergovernmental entity created under ORS 190.003 to 190.130 and the by-
28 laws require the governing group to obtain fidelity bonds;

29 [(f)] (F) The director finds that the employer group has designated an
30 entity [*within or for the group*] responsible for:

31 (i) Centralized claims processing **in accordance with paragraph (b) of**

1 **this subsection[.]; and**

2 (ii) Payroll records, safety requirements, recording and submitting as-
3 sessments and contributions and making such other reports as the director
4 may require; and

5 [(g)] (G) The employer has presented a method approved by the director
6 to notify the department of:

7 [(A)] (i) The commencement or termination of membership by employers
8 in the group, and the effect thereof on the net worth of the employers in the
9 group; and

10 [(B)] (ii) Whether an employer who terminates membership in the group
11 continues to be a subject employer[.]; **and**

12 **(b) Except for employer groups composed of cities, counties, special**
13 **districts created under ORS 198.010, intergovernmental agencies cre-**
14 **ated under ORS 225.050, school districts as defined in ORS 255.005,**
15 **public housing authorities created under ORS chapter 456 and regional**
16 **councils of governments created under ORS chapter 190, a group ad-**
17 **ministrator may not be a group member or a member of the board of**
18 **the group.**

19 (8) A self-insured employer must have excess insurance coverage appro-
20 priate for the employer's potential liability under this chapter with an
21 insurer authorized to do business in this state. A self-insured employer cer-
22 tified prior to November 1, 1981, must have excess insurance coverage ap-
23 propriate for the employer's potential liability under this chapter either with
24 an insurer authorized to do business in this state or with any other insurer
25 from whom such insurance can be obtained pursuant to ORS 744.305 to
26 744.405 (1985 Replacement Part). Evidence of such coverage must be submit-
27 ted at the time application is made for self-insured certification in the form
28 of an insurance binder providing the appropriate coverage effective the date
29 of certification. The policy providing such coverage must be filed with the
30 director not later than 30 days after the date the coverage is effective. Any
31 changes in the insurer or the coverage must be filed with the department

1 not later than 30 days after the effective date of the change. With respect
2 to such coverage:

3 (a) The policy must include a provision, approved by the director, for re-
4 imbursement to the department of all expenses paid by the department on
5 behalf of the employer pursuant to ORS 656.614 (1) and 656.443 in the same
6 manner as if the department were the insured employer, subject to the policy
7 limitations on amounts and limits of liability to the insured employer; and

8 (b) The period of coverage must be continuous and remain in effect until
9 the certification is revoked or canceled.

10 (9) Notwithstanding ORS 656.440, the director may revoke the certif-
11 ication of any self-insured employer after giving 30 days' written notice if
12 the employer:

13 (a) Fails to comply with subsection (8) of this section; [or]

14 (b) In the case of an employer described in subsection (7) of this section,
15 fails to comply with that subsection[.]; **or**

16 **(c) Fails to comply with rules adopted by the director as required**
17 **by subsection (11) of this section.**

18 (10) A self-insured employer must have an occupational safety and health
19 loss control program as required by ORS 654.097.

20 (11) The director, by rule shall:

21 (a) Prescribe methods for determining and approving net worth.

22 (b) Prescribe the types and approve the retention and limitation levels of
23 excess insurance policies.

24 (c) Establish reporting requirements.

25 (d) Prescribe information to be submitted in applications for self-insured
26 employer certifications .

27 (e) Prescribe the form and manner of reporting commencement or termi-
28 nation in a self-insured employer group.

29 (f) Prescribe the form, amount and manner for establishing and operating
30 a common claims fund.

31 (g) Prescribe such other requirements as the director considers necessary

1 so that employers certified as self-insured employers will meet the financial
2 responsibilities under this chapter.

3 (12) For the purpose of certification as a self-insured employer group,
4 cities, counties, special districts created under ORS 198.010, intergovern-
5 mental agencies created under ORS 225.050, school districts as defined in
6 ORS 255.005 [(9)], public housing authorities created under ORS chapter 456
7 and regional councils of governments created under ORS chapter 190 shall
8 be considered by the director to be of the same industry.

9 (13) Notwithstanding subsection (8) of this section, a public utility with
10 assets of more than \$500 million may obtain excess insurance coverage from
11 an eligible surplus lines insurer. As used in this subsection, “public utility”
12 has the meaning given that term in ORS 757.005.

13 **SECTION 5.** ORS 656.434 is amended to read:

14 656.434. (1) A certification issued under ORS 656.430 remains in effect
15 until:

16 (a) Revoked by the Director of the Department of Consumer and Business
17 Services as provided by this section and ORS 656.440; or

18 (b) Canceled by the employer with the approval of the director.

19 (2) The director may revoke the certification of a self-insured employer
20 if:

21 (a) The employer fails to comply with ORS 656.407 or 656.430 **or is in**
22 **default as described in ORS 656.443;** or

23 (b) The employer commits any violation for which a civil penalty could
24 be assessed under ORS 656.745.

25 (3) When the certification of a self-insured employer is revoked, or when
26 an employer terminates in a self-insured employer group, that employer must
27 immediately comply with ORS 656.017 (1). If the employer fails to so comply,
28 notwithstanding ORS 656.052 (3), the director immediately may file suit in
29 the circuit court of the county in which the employer resides or employs
30 workers. Upon filing of such a suit, the court shall set a date for hearing
31 and shall cause notice thereof to be served on the employer. The hearing

1 shall be not less than five nor more than 15 days from the date of service
2 of the notice. Upon commencement of the suit, the circuit court shall enjoin
3 the employer from further employing workers until the employer complies
4 with ORS 656.017 (1).

5 **SECTION 6.** ORS 656.443 is amended to read:

6 656.443. (1) If an employer **or self-insured employer group** defaults in
7 payment of compensation or other payments due to the Director of the De-
8 partment of Consumer and Business Services under this chapter, the director
9 may, on notice to the employer **or self-insured employer group** and any
10 insurer providing workers' compensation insurance coverage, [*or*] a surety
11 bond **or other security** to [*such*] **the employer or self-insured employer**
12 **group**, use money or interest and dividends on securities, sell securities or
13 institute legal proceedings on any **insurance policy**, surety bond or [*insur-*
14 *ance policy*] **other security** for which a notice of coverage has been filed
15 with the director to the extent necessary to make such payments.

16 (2) Prior to any default by the employer **or self-insured employer**
17 **group**, the employer **or group** is entitled to all interest and dividends on
18 securities on deposit and to exercise all voting rights, stock options and
19 other similar incidents of ownership of the securities.

20 (3) If for any reason the certification of a self-insured employer **or self-**
21 **insured employer group** is canceled or terminated, the **surety bond or**
22 **other** security deposited with the director shall remain on deposit or in ef-
23 fect, as the case may be, for a period of at least 62 months after the employer
24 ceases to be a self-insured employer. The **surety bond or other** security
25 shall be maintained in an amount necessary to secure the outstanding and
26 contingent liability arising from the accidental injuries secured by the
27 **surety bond or other** security, and to assure the payment of claims for ag-
28 gravation and claims arising under ORS 656.278 based on those accidental
29 injuries. At the expiration of the 62-month period, or of another period the
30 director may consider proper, the director may accept in lieu of the **surety**
31 **bond or other** security deposited with the director a policy of paid-up in-

1 surance in a form approved by the director.

2 **(4) If a self-insured employer group is in default, is decertified by**
3 **the director or cancels its certification under ORS 656.434, the director**
4 **may:**

5 **(a) Order members of the group to pay an assessment for the con-**
6 **tinuing claim liabilities as specified in ORS 656.430 (7)(a)(D)(i); and**

7 **(b) Determine the claims processing agent that shall process claims**
8 **of the group. The claims processing agent may be the assigned claims**
9 **agent selected under ORS 656.054.**

10 **(5) Member assessments collected under subsection (4) of this sec-**
11 **tion shall be deposited in the Consumer and Business Services Fund**
12 **created in ORS 705.145.**

13 **(6) Failure to pay an assessment ordered under subsection (4) of this**
14 **section subjects members of the self-insured employer group to civil**
15 **penalties as provided in ORS 656.745.**

16 **SECTION 7.** ORS 656.506 is amended to read:

17 656.506. (1) As used in this section:

18 (a) "Employee" means a subject worker as defined in ORS 656.005 (28).

19 (b) "Employer" means a subject employer as defined in ORS 656.005 (27).

20 (2) Every employer shall retain from the moneys earned by all employees
21 an amount determined by the Director of the Department of Consumer and
22 Business Services for each hour or part of an hour the employee is employed
23 and pay the money retained in the manner and at such intervals as the Di-
24 rector of the Department of Consumer and Business Services shall direct.

25 (3) In addition to all moneys retained under subsection (2) of this section,
26 the director shall assess each employer an amount equal to that assessed
27 pursuant to subsection (2) of this section. The assessment shall be paid in
28 such manner and at such intervals as the director may direct.

29 (4) Moneys collected pursuant to subsections (2) and (3) of this section,
30 and any accrued cash balances, shall be deposited by the Department of
31 Consumer and Business Services into the Workers' Benefit Fund. Subject to

1 the limitations in subsections (2) and (3) of this section, the amount of the
2 hourly assessments provided in subsections (2) and (3) of this section annu-
3 ally may be adjusted to meet the needs of the Workers' Benefit Fund for the
4 expenditures of the department in carrying out its functions and duties pur-
5 suant to subsection (7) of this section and ORS 656.445, 656.622, 656.625,
6 656.628 and 656.630. Factors to be considered in making such adjustment of
7 the assessments shall include, but not be limited to, the cash balance as de-
8 termined by the director and estimated expenditures and revenues of the
9 Workers' Benefit Fund.

10 (5) It is the intent of the Legislative Assembly that the department set
11 rates for the collection of assessments pursuant to subsections (2) and (3) of
12 this section in a manner so that at the end of the period for which the rates
13 shall be effective, the cash balance shall be an amount [*approximating 12*]
14 **of not less than six** months of projected expenditures from the Workers'
15 Benefit Fund in regard to its functions and duties under subsection (7) of
16 this section and ORS 656.445, 656.622, 656.625, 656.628 and 656.630, in a man-
17 ner that minimizes the volatility of the rates assessed. The department may
18 set the assessment rate at a higher level if the department determines that
19 a higher rate is necessary to avoid unintentional program or benefit re-
20 ductions in the time period immediately following the period for which the
21 rate is being set.

22 (6) Every employer required to pay the assessments referred to in this
23 section shall make and file a report of employee hours worked and amounts
24 due under this section upon a combined report form prescribed by the De-
25 partment of Revenue. The report shall be filed with the Department of Rev-
26 enue:

27 (a) At the times and in the manner prescribed in ORS 316.168 and 316.171;
28 or

29 (b) Annually as required or allowed pursuant to ORS 316.197 or 657.571.

30 (7) There is established a Retroactive Program for the purpose of provid-
31 ing increased benefits to claimants or beneficiaries eligible to receive com-

1 pensation under the benefit schedules of ORS 656.204, 656.206, 656.208 and
2 656.210 which are lower than currently being paid for like injuries. However,
3 benefits payable under ORS 656.210 shall not be increased by the Retroactive
4 Program for claimants whose injury occurred on or after April 1, 1974. Not-
5 withstanding the formulas for computing benefits provided in ORS 656.204,
6 656.206, 656.208 and 656.210, the increased benefits payable under this sub-
7 section shall be in such amount as the director considers appropriate. The
8 director annually shall compute the amount which may be available during
9 the succeeding year for payment of such increased benefits and determine the
10 level of benefits to be paid during such year. If, during such year, it is de-
11 termined by the director that there are insufficient funds to increase benefits
12 to the level fixed by the director, the director may reduce the level of bene-
13 fits payable under this subsection. The increase in benefits to workers shall
14 be payable in the first instance by the insurer or self-insured employer sub-
15 ject to reimbursement from the Workers' Benefit Fund by the director. If the
16 insurer is a member of the Oregon Insurance Guaranty Association and be-
17 comes insolvent and the Oregon Insurance Guaranty Association assumes the
18 insurer's obligations to pay covered claims of subject workers, including
19 Retroactive Program benefits, such benefits shall be payable in the first in-
20 stance by the Oregon Insurance Guaranty Association, subject to re-
21 imbursement from the Workers' Benefit Fund by the director.

22 **SECTION 8.** ORS 656.614 is amended to read:

23 656.614. (1) The Self-Insured Employer Adjustment Reserve and the Self-
24 Insured Employer Group Adjustment Reserve shall be established within the
25 Consumer and Business Services Fund. These reserves shall be used to pay
26 the claims of workers of self-insured employers **or of employers that are**
27 **members of a self-insured employer group** when the Director of the De-
28 partment of Consumer and Business Services finds that the worker cannot
29 obtain payment from the employer **or self-insured employer group** respon-
30 sible for payment of the claim because of insolvency, **default or decertifi-**
31 **cation** of [*such*] **the employer, the self-insured employer group** or the

1 excess insurer of the employer **or group**, and exhaustion of the excess in-
2 surance and security deposited to secure such payment.

3 (2) If at any time the director finds that the amount of moneys in the
4 reserves is not sufficient to carry out the purposes stated in subsection (1)
5 of this section, the director may impose and collect from self-insured em-
6 ployers **and self-insured employer groups** assessments sufficient to raise
7 the amount of moneys in the reserves to the point where it can carry out
8 such purposes. If at any time the director finds that there is a surplus in the
9 reserves beyond an amount that can reasonably be anticipated as sufficient
10 to carry out the purposes stated in subsection (1) of this section, the director
11 may transfer the surplus to the Consumer and Business Services Fund and
12 reduce the total amount of [*self-insured employer*] assessment by the amount
13 so transferred.

14 (3) Notwithstanding the provisions of this section, the director may im-
15 pose a differential assessment between the two employers adjustment re-
16 serves in order to collect sufficient moneys in the reserves as provided in
17 subsection (2) of this section.

18 (4) Assessments imposed under this section shall be paid to the director
19 in the manner and at such times as the director may direct.

20 **(5) Assessments paid by self-insured employer groups shall be de-**
21 **posited in the Consumer and Business Services Fund in separate ac-**
22 **counts for public employers that are members of a self-insured**
23 **employer group and for private employers that are members of a self-**
24 **insured employer group. Moneys deposited in each account may be**
25 **used only to pay claims expenses of employees of each category of**
26 **self-insured employer group.**

27 [(5)] (6) Notwithstanding subsection (1) of this section, the director may
28 use the reserves to assure timely payment of compensation pending payment
29 from the excess insurance or security deposit. The director shall recover
30 these costs from the excess insurance or the security deposit, up to their
31 limits.

1 **SECTION 9.** No later than January 1, 2019, the Workers' Compensa-
2 tion Management-Labor Advisory Committee established under ORS
3 **656.790** shall study the effects of the amendments to ORS 656.506 by
4 section 7 of this 2014 Act and report to the Legislative Assembly the
5 findings of the committee about the advisability of the continuation
6 of the changes resulting from those amendments.

7 **SECTION 10.** (1) Every self-insured employer group shall conduct a
8 vote of group members to determine if the group will continue func-
9 tioning as a self-insured employer group or will no longer continue
10 functioning as a self-insured employer group after June 30, 2014.

11 (2) At the time the vote required under this section is conducted,
12 the group administrator shall inform each member of the group that
13 the result of a vote by a majority of the members of the group to cease
14 functioning will require each member of the group to maintain
15 workers' compensation insurance coverage as specified in ORS 656.017.

16 (3) Every self-insured employer group shall inform the Director of
17 the Department of Consumer and Business Services of the result of the
18 vote by April 15, 2014.

19 (4) Every self-insured employer group that is decertified by July 1,
20 2014, shall transfer the common claims fund and security deposited as
21 required by ORS 656.407 for deposit in the Workers' Benefit Fund.

22 **SECTION 11.** Section 10 of this 2014 Act is repealed on December 1,
23 2014.

24 **SECTION 12.** This 2014 Act being necessary for the immediate
25 preservation of the public peace, health and safety, an emergency is
26 declared to exist, and this 2014 Act takes effect on its passage.