

Date prepared: Jan. 30, 2025

**Aaron Fellman**

*Policy Analyst*

Workers' Compensation Division

971-345-7809

## **SB 904**

### **Brief summary**

Allows self-insured school districts to apply for exemption from security deposit requirements.

### **Analysis**

#### **What the law currently does**

All Oregon subject employers are required to have workers' compensation coverage. Under current law, an employer may satisfy this requirement in one of two ways: by obtaining insurance or by qualifying as a self-insured employer.

To qualify as a self-insured employer, an employer must provide WCD with sufficient security to ensure that its workers' compensation claims will continue to be paid in the event of default or insolvency. However, a self-insured city, county, or public self-insured employer group can apply for exemption from this requirement.

To qualify, the city, county, or group must have been self-insured for more than three consecutive years, and must establish an actuarially sound loss reserve account dedicated solely to the payment of workers' compensation claims. The account must be adequately funded to ensure payment of all claims and amounts due to WCD, as determined by an annual audit under ORS 297.405 to 297.740.

To ensure that claims continue to be paid in the event of default or insolvency, WCD has a first lien on loss reserve accounts.

#### **What will change if the bill is enacted**

The bill would amend current law to allow a self-insured school district, as defined by ORS 255.005, to apply for exemption from security deposit requirements. To qualify, the school district would need to meet the same requirements as a self-insured city, county, or public employer group under current law.

#### **Likely impacts, results, or consequences if the bill is enacted**

The bill would allow a self-insured school district to apply for exemption from security deposit requirements. At this time, four school districts have been certified to self-insure in Oregon, including the bill's sponsor, Portland Public Schools.

As defined by ORS 255.005, "school district" means a common school district, a union high school district, a community college district, or an education service district. All four types of school district are public entities subject to annual audit requirements under 297.405 to 297.740, so applications from school districts could be processed on the same basis as applications under current law.

WCD doesn't expect this change to cause any significant operational or fiscal impact.

## Questions/relevant information for the bill sponsor or primary proponent

None.

## Legislative history

### Has this bill been introduced in a prior session?

☒ No   ☐ Yes   Years   Bill numbers

### Does this bill amend current state or federal law or programs?

☐ No   ☒ Yes   Specify **ORS 656.407 and 656.430**

### Is this bill related to a legal decision?

☒ No   ☐ Yes   Case citation, AG opinion, date, etc.

### Should another DCBS division review this measure?

☒ No   ☐ Yes   Divisions

## Other impacts

### Does this bill have a fiscal impact to DCBS?

☒ No   ☐ Yes   ☐ Unknown   Explain

### If Yes or Maybe, which section(s) of the bill trigger the fiscal impact?

Explain

## Does this bill have an economic impact to stakeholders?

☐ No    ☒ Yes    ☐ Unknown

The bill would allow self-insured school districts to apply from exemption from security deposit requirements, probably at a net savings relative to the cost of maintaining security.

## Sponsors

Senator Taylor, at the request of Portland Public Schools.

## Possible interested stakeholders

Self-insured employers.

## Public policy topics

- |   |  |
|---|--|
| <input type="checkbox"/> Agency operations                  | <input type="checkbox"/> Other lines of insurance                |
| <input type="checkbox"/> Building codes                     | <input type="checkbox"/> Prescription drugs                      |
| <input type="checkbox"/> Financial institutions and lending | <input type="checkbox"/> Property and casualty insurance         |
| <input type="checkbox"/> Health insurance                   | <input type="checkbox"/> Public records/public meetings law      |
| <input type="checkbox"/> Involvement with other agencies    | <input type="checkbox"/> Rulemaking                              |
| <input type="checkbox"/> Licensure                          | <input type="checkbox"/> Securities                              |
| <input type="checkbox"/> Manufactured structures            | <input type="checkbox"/> Task force/reports                      |
| <input checked="" type="checkbox"/> MLAC legislative review | <input type="checkbox"/> Worker safety                           |
| <input type="checkbox"/> New program                        | <input checked="" type="checkbox"/> Workers' compensation system |
| <input type="checkbox"/> Nondepository programs             | <input type="checkbox"/> Other                                   |