

## Self-Insured Employer Groups – SB 1558-A

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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. SB 1558 A will do the following:

- Require all self-insured groups to notify the Department of Consumer and Business Services (DCBS) by July 1, 2014, of their intention to either continue being certified on and after Sept. 15, 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 supply a notice prescribed by the director that outlines consequences of the vote. Allows public groups to use their existing policy renewal cycle to conduct vote required under bill.
- 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.
- 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 unpaid claim liabilities and issue civil penalty for failure to pay.
- Maintain separate accounts in the department-collected portion of self-insured group reserve funds for public and private groups (for assessments collected after April 1, 2014).
- Certified self-insured groups remaining after Sept. 15, 2014, must meet additional statutory and regulatory requirements. The bill:
  - Allows director to set by rule increased standards for maintaining group self-insurance, including consideration of acceptable financial health.
  - Allows director to set by rule insurance retention requirements and net worth requirements for groups.
  - Provides the director with additional authority to decertify groups when they fail to meet financial standards or default on payments.
  - Prohibits a private group's claim administrator from being a group member or board member.
- Declares emergency, takes effect on April 1, 2014.

The Management-Labor Advisory Committee voted to supports this bill.

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