Oregon

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BULLETIN NO. 346
May 23, 2007

TO: Self-insured employers

SUBJECT: Self-insured base rates and election of method used for determination of premium

This bulletin notifies self-insured employers of the new base rates to be used for premium assessment during the July 1, 2007 through June 30, 2008 fiscal year. In addition, this bulletin provides reporting instructions and new retrospective rating plan options. This bulletin updates Bulletin 341 dated May 23, 2006.

IMPORTANT CHANGES:

- **New retrospective rating plan tables (See Exhibit A)**
- **New base rates (See Exhibit B)**
- **Instructions for completing forms**

NOTE: ***The forms and rates in this bulletin are not effective until July 1, 2007. Do not use this information to complete your 2nd quarter (April, May, June) 2007 Workers' Compensation Payroll & Assessment Report.***

Selecting a Plan (Normal or Retrospective Rating)

OAR 436-085-0030 allows self-insured employers two options to determine premium for assessment purposes: Normal Plan method or Retrospective Rating Plan method.

Self-insured employers do not have to *annually* notify the department of their assessment method selections. Once an insurer selects a method, it will remain in effect for all fiscal years until they notify the department in writing prior to July 1 of their intent to change the method. If a company becomes self-insured after July 1, or does not select an option, the normal plan method must be used for that fiscal year.

Normal Plan

The normal plan calculates the premium for assessment purposes, modifying standard premium by experience rating and premium discount. Self-insured employers electing to remit premium assessment using this method must use the base rates in **Exhibit B**. These are the lowest rates filed by any insurance carrier effective April 1 that the director determined would provide the lowest overall rates. *Use Form 440-937 (Rev. 5/07) (**copy attached**) to report and remit.*

Retrospective Rating Plan
This plan calculates the premium for assessment purposes, using a one-year retrospective rating plan. Five options are available under this plan. The selected option applies to all payroll and losses incurred on or after July 1 of each year the plan is in effect. Self-insured employers electing to remit premium assessment using this method must use the information in **Exhibit A**. This information identifies the options available along with definitions, examples, and instructions. *Use Form 440-900 (Rev. 5/07) (**copy attached**) to report and remit.*

Reporting and Paying the Quarterly Premium Assessment

Complete and submit the Payroll & Assessment Report. Payment is due (**i.e. must be postmarked**) no later than the last calendar day of the month that follows the end of the calendar quarter.

For your convenience, interactive forms are available. These forms insert the correct base rate, calculate the premium due, calculate the premium discount, and compute the total assessment due. To access these forms, visit our Web site at: www.wcd.oregon.gov, select 'Bulletins' from the menu options and scroll to Bulletin 346.

If you choose not to use the interactive forms, copies of current reporting forms (**440-900 and 440-937**) are attached. These forms must be used, and should be reproduced by you. If you use computer-generated forms, please ensure that the **current** base rates, assessment rate, premium discount rates, and updated legal entities are listed. You must sign the certification portion. In addition, you may download copies of the Microsoft Excel 2000 (**automated**) forms from the Workers' Compensation Division's Web site at: www.wcd.oregon.gov.

Waiver of Reporting Liability

The Department of Consumer and Business Services may waive a self-insured employer's reporting liability if the employer has no Oregon payroll for four consecutive quarters. The department will notify the employer in writing when it grants a waiver. Upon the effective date of a waiver, a self-insurer is exempt from filing quarterly reports so long as it has no Oregon payroll.

Classification Codes

If a self-insured employer wants to change an existing class code or add a new class code to its established classifications, they must contact the Workers' Compensation Division's Field Audit Unit at 503-947-7687. The self-insurer must submit justification for a class code change, along with a complete description of the work to be performed and the class code requested. Please notify the department if your existing classification is no longer listed.

Questions

If you have general questions about these reporting instructions, please contact the Department of Consumer and Business Services, Fiscal and Business Services, WC Assessments Analyst, P.O. Box 14480, Salem OR 97309-0405, or call 503-947-7941.

If you have questions about the retrospective rating formula, contact the Workers' Compensation Division, Compliance Section, Field Audit Unit, 503-947-7687.

Submit financial statements required by OAR 436-050-0175 to the Department of Consumer and Business Services, Workers' Compensation Division, Self-Insurance Specialist, Compliance Section, P.O. Box 14480, Salem, OR 97309-0405. If you have questions about financial statements or other coverage issues, contact the Self-Insurance Specialist, WCD Compliance Section, 503-947-7699.

Submit the premium assessment plan selection to the Department of Consumer and Business Services, Workers' Compensation Division, Benefits and Certifications Unit, PO Box 14480, Salem, OR 97309-0405.

OAR 436-085 (**revised 1-2-06**) is available on-line at www.wcd.oregon.gov/policy/rules/rules.html.

/s/ John L. Shilts
John L. Shilts, Administrator
Workers' Compensation Division

Distribution: WCD-ID, U, S0, S2, LY, SIPA (EDS)

Attachments: Exhibit A - Retrospective Rating Methods
Exhibit B - Self-Insured Base Rates and Hazard Groups for Fiscal Year 7/1/2007 - 6/30/2008
Instructions for Payroll and Premium Assessment Quarterly Report
Workers' Compensation Payroll & Assessment Quarterly Report, Normal Plan, Form 440-937 (5/07)
Workers' Compensation Payroll & Assessment Quarterly Report, Retrospective Rating Plan, 440-900 (5/07)

Instructions
Workers' Compensation Payroll & Assessment Quarterly Report
(Retrospective Rating Plan Form 440-900 and Normal Plan Form 440-937)

Gross Payroll Defined - Under ORS 656.005(22), OAR 436-085, and rules established by the National Council on Compensation Insurance (NCCI), calculate and report gross wages subject to premium assessment based on the following guidelines:

Inclusions

- Base Pay for all time worked
- Commissions
- Holiday Pay
- Sick Pay
- Assumed Wages
- Bonus Pay anticipated under the contract of employment
- Employee Contributions to 401K, Cafeteria Plans, or Health Care Plans
- Voluntary Deduction in Pay for Self-Insured Health Care Coverage
- Corporate Officer wages for all covered officers, subject to Oregon minimum ($300/week) & maximum ($2,700/week)
- Employer paid wage while on Jury Duty
- Draws against Commissions
- Undocumented Travel Pay
- Rental value of an apartment or house provided to an employee based on comparable accommodations

Exclusions*

- Vacation Pay
- Dismissal or Severance Pay
- Discretionary Bonuses, or Bonuses to reward workers for safe working practices
- Tips & Gratuities
- Excess Overtime Pay - that portion of the overtime rate which is in excess of the straight-time rate (i.e., if the straight-time is $10.00/hr and the O.T. rate is $15.00/hr, exclude the extra $5.00/hr)
- Payroll amounts picked up by employers under Public Employees' Retirement System (PERS)
- Payroll for qualifying Preferred Workers while the employer is actively using Premium Exemption in accordance with OAR 436-110
- Third Party-Paid Sick Leave

***Note** Exclusions are only allowed *if* payroll records identify the exclusions **separately** by employee and in summary by NCCI class. For example, if leave pay is combined the pay does not qualify for exclusion. Prorating or assigning percentages to leave pay is not allowed.

For your convenience, interactive forms that calculate the premium discount, insert the correct base rate, and total the payment due are available on-line at: www.wcd.oregon.gov. Select 'Bulletins' from the menu options and scroll to Bulletin 346.

This bulletin is not effective until July 1, 2007. Do *not* use the information in this bulletin to complete your 2nd quarter (April, May and June) 2007 Payroll & Assessment Report.

Instructions for page 1:

1. Enter employer name, mailing address, 4-digit Workers' Compensation Division insurer number, Oregon Business Identification Number (BIN), and quarter. (If you have any questions regarding your insurer number or BIN, call 503-947-7941.)
2. For each class assigned to your self-insurance plan, enter the class number, payroll description, gross payroll, and base rate*. Multiply the gross payroll by the base rate* to calculate and enter the employer's premium for each class. Add the gross payroll column and enter the total. Add the employer's premium column, enter the total, and copy this total on the second line of page 2.

   ***Note: Base rates are changed each fiscal year by bulletin. Use only the rates listed in the bulletin in effect for the quarter you are reporting. (Example: Base rates in Bulletin 341 were effective 7/1/06 through 6/30/07.)**

Instructions for page 2:

1. Enter employer name.
2. Enter the most recent experience rating modification (ERM) given to you by the Workers' Compensation Division. Multiply the total employer's premium by the ERM to calculate and enter the standard premium.
5. Calculate assessment payable:
   - **A.** If completing **Form 440-937 (normal plan):**
     1. If class 7421 (Flight Crew Members) has been assigned to your plan, calculate the aircraft passenger seat surcharge. Enter the number of passenger seats (not to exceed 10) for each aircraft operated by your employees. Multiply the number of seats by $25.00 to calculate and enter the aircraft seat surcharge. If class 7421 is not assigned, insert –0- seats and –0- surcharge.
     2. Add standard premium and aircraft seat surcharge to calculate and enter subtotal premium.
     3. Use the premium discount percentage table on page 2 of the reporting form to calculate and enter the premium discount. (Example: the discount on premium of $125,000 is $12,797.50.) Subtract the premium discount from the subtotal premium to calculate and enter net premium.
     4. Enter the WCD assessment rate**, and multiply by the net premium to calculate and enter assessment payable.
     5. Proceed to Step 6.

-or-

   - **B.** If completing **Form 440-900 (retrospective rating plan):**
     1. Enter the WCD assessment rate** and multiply the standard premium by 80% by the WCD assessment rate to calculate and enter subtotal assessment payable.
     2. If class 7421 (Flight Crew Members) has been assigned to your plan, calculate the aircraft passenger seat surcharge. Enter the number of passenger seats (not to exceed 10) for each aircraft operated by your employees. Enter the WCD assessment rate**. Multiply the number of seats by $25.00 by the WCD assessment rate to calculate and enter the aircraft seat surcharge. If class 7421 is not assigned, insert –0- seats and –0- surcharge.
     3. Add the subtotal assessment payable to the aircraft seat surcharge to calculate and enter the total assessment payable.
     4. Proceed to Step 6.

     ****Note: WCD assessment rates are published each year by bulletin. Use only the rate listed in the bulletin in effect for the quarter you are reporting. (Example: Assessment rates in Bulletin 344 are effective for calendar year 2007.)**

6. Enter the sum of all adjustments the Department of Consumer and Business Services has advised you is due, including retrospective rating valuation adjustments, if applicable.
7. Enter the sum of all credits the Department of Consumer and Business Services has confirmed is available. Enter the amount of credit to be applied in the appropriate spaces in the credit balance calculation column and in the payment column. Subtract the credit to be applied from total credit balance to calculate new credit balance.
8. To the subtotaled assessment payable, add any adjustment due and subtract any credit to be applied to calculate and enter the total payment due.
9. In the box provided, list each legal entity and the entity's Business Identification Number (BIN) for which payroll is being reported. If additional space is required, list the entities and BINs on a separate sheet of paper and attach to the Payroll & Assessment Quarterly Report.
10. Complete the certification lines by dating, signing, and printing name, title, e-mail address, phone number, and fax number.
11. Return this form with payment in full not later than the last calendar day of the month that follows the end of the calendar quarter:

Quarter Ending	**Due Date**
September 30	October 31
December 31	January 31
March 31	April 30
June 30	July 31

If the due date falls on a Saturday, Sunday, or a legal holiday, the report and payment must be delivered or postmarked no later than the first work day following the due date. A civil penalty may be assessed for late payment or reports. For assistance, please contact the Assessments Analyst, Workers' Compensation Assessments Section, Fiscal and Business Services, (503) 947-7941, fax (503) 378-3134, or by e-mail at wbfassess.fabs@state.or.us.

Please use the new interactive on-line form or forms attached to this bulletin to ensure the information is complete. The interactive forms may be accessed from the division's Web site at www.wcd.oregon.gov by selecting "Bulletins" from the menu options and scrolling to Bulletin 346.