

Date: August 2, 1995

Agency/ DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
Division: WORKERS' COMPENSATION DIVISION

WORKERS' COMPENSATION DIVISION Amends Rules
Relating to Premium Assessment; Assessment/Contributions

Amended: OAR 436-85-025

The amended rule:

- Assures the base for premium assessment is not eroded
- Maintains an equitable basis for premium assessments regardless of the type of insurance policy written

For additional copies of the amended rule, please contact:

Rebecca Miner at (503) 945-7504.

Please direct any technical questions regarding this or any other Chapter 436 rule to:

Vance Bybee, Legal Issues/Rules Coordinator at (503) 945-7511.

NOTE: In compliance with the Americans with Disabilities Act, this publication is available in alternate formats by calling:
Becky Miner at (503) 945-7504 or corresponding to: WCD, Attn: *Becky Miner*, 350 Winter St. NE, Salem, OR 97310.

**BEFORE THE DIRECTOR OF THE
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
OF THE STATE OF OREGON**

In the Matter of the Amendment of)
OAR Chapter 436, Workers' Compensation) ORDER OF ADOPTION
Division, Division 85, Premium Assessment;)
Assessment/Contributions, Rule 025)

The Director of the Department of Consumer and Business Services, pursuant to the general rulemaking authority under ORS 656.726(3), and in accordance with the procedure provided by ORS 183.335, amends OAR Chapter 436, Department of Consumer and Business Services, Division 85, Premium Assessment; Assessment/Contributions.

On May 15, 1995, the Department of Consumer and Business Services filed Notice of Public Hearing with the Secretary of State to amend rules governing Premium Assessment; Assessment/Contributions. The Statement of Need and Legal Authority and the Statement of Fiscal Impact were also filed with the Secretary of State.

Copies of the notice were mailed to interested persons in accordance with ORS 183.335(7) and OAR 436-01-000 and to those on the Division's distribution mailing list as their interest indicated. The notice was published in the June 1, 1995, Secretary of State's Administrative Rule Bulletin. On May 26, 1995, a Notice of Correction was mailed to all interested parties correctly stating the date of hearing as June 21, 1995.

On June 21, 1995, a public hearing was held as announced. In addition, the hearing record was held open for written testimony through 5:00 p.m. on June 21, 1995. A written summary of the testimony and agency responses thereto is contained in Exhibit "C." This summary, as well as principal documents relied upon, is on file and available for public inspection between the hours of 8:00 a.m. and 5:00 p.m., normal working days Monday through Friday, in the Administrator's Office, Worker's Compensation Division, Labor & Industries Bldg., Salem, Oregon 97310.

EXPLANATION

THE RULES HAVE BEEN AMENDED TO ASSURE THE BASE FOR PREMIUM ASSESSMENT IS NOT ERODED AS A RESULT OF PREMIUM REDUCTIONS FROM LARGE DEDUCTIBLE POLICIES AUTHORIZED PURSUANT TO OAR CHAPTER 836, DIVISIONS 42 AND 54. THE RULE AMENDMENTS ARE NECESSARY IN ORDER TO MAINTAIN AN EQUITABLE BASIS FOR PREMIUM ASSESSMENTS REGARDLESS OF THE TYPE OF INSURANCE POLICY WRITTEN.

Having reviewed and considered the record of public hearing and being fully advised, I make the following findings:

- a. The applicable rulemaking procedures have been followed.
- b. The rules are within the Director's authority.
- c. The rules being adopted are a reasonable administrative interpretation of the statutes and are required to carry out statutory responsibilities.


PURSUANT TO ADA GUIDELINES, ALTERNATE FORMAT COPIES OF THE RULES WILL BE MADE AVAILABLE TO QUALIFIED INDIVIDUALS UPON REQUEST TO THE DIVISION.

IT IS THEREFORE ORDERED THAT:

- (1) OAR Chapter 436, Division 85 Premium Assessment; Assessment/Contributions, as set forth in Exhibit "A" attached hereto, is certified a true copy and hereby made part of this Order, is adopted effective October 1, 1995.
- (2) A certified true copy of the Order of Adoption and these rules, with Exhibit "B" consisting of the Citation of Statutory Authority, Statement of Need, Documents Relied On and Fiscal Impact Statement, attached hereto and hereby made a part of this Order, be filed with the Secretary of State.
- (3) A copy of the rules and attached Exhibit "B" be filed with the Legislative Counsel pursuant to the provisions of ORS 183.715 within ten days after filing with the Secretary of State.

Dated this 20 day of July 1995.

DEPARTMENT OF CONSUMER
AND BUSINESS SERVICES



Kerry Barnett, Director

Attachments

Distribution: WCD_ID, S, T, U,
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EXHIBIT "A"

OAR 436

DIVISION 85

PREMIUM ASSESSMENT; ASSESSMENTS/CONTRIBUTIONS

PREMIUM ASSESSMENT; MANNER AND INTERVALS FOR PAYMENTS: INSURERS

436-85-025 Insurers shall report and remit premium assessment moneys to the Department as follows:

(1) Within 45 days following the last day of a calendar quarter, the insurer shall report and remit premium assessment based upon the insurer's direct earned premium for that quarter.

(2) Premium earned for periods prior to January 1, 1986 but established after that date shall be reported separately. All such periods shall be reported and adjusted at the premium assessment rate in effect at the beginning of the insured's policy period.

(3) Earned premium reported by insurers will be final except for adjustments made as a result of audits by the Insurance Division. All such adjustments will be made at the premium assessment rate, or rates, in effect for the year being adjusted.

(4) A separate report and remittance check shall be submitted for each insurer, including each insurer operating within a group of insurance companies.

(5) The Director, by way of bulletin, shall prescribe the form and format and other contents of the report as well as the method and manner of computing the assessment amounts.

(6) The insurer shall maintain sufficient documentation to support the direct earned premium reported to the Department and any adjustments thereto. The documentation shall be to the extent necessary for the Department to verify the amount reported or adjusted.

(7) For the purpose of this rule, "earned premium" shall be the amount reported to the Oregon Insurance Division on Page 14, Column 3, Line 16 of the Annual Statement, exclusive of Longshore and Harbor Workers', Federal Employers Liability, Jones Acts, Employer Liability premium, and Excess Coverage premium and any premium reductions resulting from large deductible policies authorized pursuant to OAR Chapter 836, Divisions 42 and 54. These premiums:

- (a) Exclude reinsurance accepted and are without deduction of reinsurance ceded;
- (b) Are before application of any large deductible credits or modification; and

CHAPTER 436
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION

(c) Are after application of experience rating, premium discounts, retrospective rating, or other individual risk rating adjustments, and are exclusive of deposit premiums.

Hist: · Filed 12/9/85 as WCD Admin. Order 5-1985, eff. 1/1/86.
Amended 12/18/87 as WCD Admin. Order 5-1987, eff. 1/1/88.
Amended 11/29/90 as WCD Admin. Order 24-1990, eff. 1/1/91.
Amended 07/20/95 as WCD Admin. Order 95-056, eff. 10/01/95.

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EXHIBIT "B"

**BEFORE THE DIRECTOR OF THE
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
OF THE STATE OF OREGON**

In the Matter of the Amendment of Rules)	CITATION OF STATUTORY
Governing Premium Assessment;)	AUTHORITY, STATEMENT OF
Assessment/Contributions (OAR Chapter 436,)	NEED, PRINCIPAL DOCUMENTS
Workers' Compensation Division, Division 85,)	RELIED UPON, AND STATEMENT
Rule 025))	OF FISCAL IMPACT

1. Citation of Statutory Authority: The Statutory Authority for promulgation of these rules is ORS 656.726(3) and 656.612.
2. Need for Rules: The need for such amendments to the rules is to establish rules consistent with proposed Insurance Division rules allowing large deductible insurance plans and still retaining an equitable base for premium assessment for the administration of the workers' compensation system.
3. Principal Documents Relied Upon:
 - a. ORS Chapter 656.
 - b. Proposed Amendment of OAR 836, Divisions 42 and 54 filed March 15, 1995.
 - c. Prepared testimony provided by Tom Mattis at the April 26, 1995 rule hearing on the proposed amendment of OAR Chapter 836, Divisions 42 and 54.

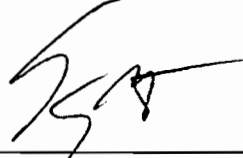
These documents are available for public review at the Administrator's Office, Department of Consumer and Business Services, Workers' Compensation Division, Labor and Industries Building, Salem, Oregon 97310, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday.

4. Advisory Committee: The director of the Department of Consumer and Business Services initially appointed an advisory committee to help in developing OAR Chapter 836, Divisions 42 and 54 rules to allow large deductible workers' compensation policies. The proposed changes to these rules were submitted to the same advisory committee for review and input by a mailing to each individual member.

5. Fiscal and Economic Impact: The fiscal and economic impact of this rule change should be negligible on all parties. The intent of the rule change is to maintain the current funding levels from all parties regardless of whether or not they are being underwritten through a large deductible policy.

Dated this 20 day of July, 1995

DEPARTMENT OF CONSUMER
AND BUSINESS SERVICES



Kerry Barnett, Director