

BEFORE THE DIRECTOR
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION

In the Matter of the Amendment of

	ORDERS OF ADOPTION
Oregon Administrative Rules (OAR) Chapter 436,	
Division 045, Reopened Claims Program.....	No. 03-072
Division 055, Certification of Claims Examiners.....	No. 03-073
Division 060, Claims Administration	No. 03-074
Division 070, Workers' Benefit Fund.....	No. 03-075
Division 075, Retroactive Program.....	No. 03-076
Division 085, Premium Assessments:	
Assessments/Contributions	No. 03-077
Division 150, Workers' Benefit Fund Claims Program.....	No. 03-078

The Director of the Department of Consumer and Business Services, pursuant to the general rulemaking authority under ORS 656.726(4), and in accordance with the procedure provided by ORS 183.335, amends OAR chapter 436, Divisions 045, 055, 060, 070, 075, 085, and 150.

On September 12, 2003, the Workers' Compensation Division filed the *Notice of Proposed Rulemaking/Hearing* with the Secretary of State to amend these rules. A Notice of Periodic Review of Rules was contained in the *Notice*. The *Statement of Need and Fiscal Impact* accompanied the *Notice*. Copies of the *Notice* and *Statement* were mailed to interested persons and legislators in accordance with ORS 183.335(1) and OAR 436-001-0000 and posted to the Workers' Compensation Division's web site. The notice was published in the October, 2003 *Oregon Bulletin*.

On October 22, 2003, a public hearing was held as announced. In addition, the record was held open for written testimony through 5:00 p.m. October 27, 2003. A written summary of testimony received and agency responses thereto, as well as principal documents relied upon, will be on file and available for public inspection upon request during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, in the Administrator's Office, Workers' Compensation Division, Labor & Industries Building, 350 Winter Street NE, Salem, Oregon 97301-3879.

RULE SUMMARY:

These rules have been amended to reflect Senate Bill 233's changes to ORS chapter 656.740. The time frame for appeal of a proposed order or proposed assessment of civil penalty will no longer be 60 days following the party's receipt of notice, but instead 60 days from the date the order is mailed by the department. In addition, a number of "housekeeping" amendments have been made.

FINDINGS:

Having reviewed and considered the record and being fully informed, I make the following findings:

- a) The applicable rulemaking procedures have been followed.
- b) These 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.

IT IS THEREFORE ORDERED THAT:

- (1) Amendments to OAR Chapter 436, as set forth in Exhibit "A", attached hereto and incorporated by reference herein, **are adopted on this 3rd day of December 2003 to be effective January 1, 2004.**
- (2) A certified copy of the amended rules adopted herein shall be filed with the Secretary of State.
- (3) A copy of the amended rules with revision marks shall be filed with the Legislative Counsel pursuant to ORS 183.715 within ten (10) days after filing with the Secretary of State.

DATED this 3rd day of December, 2003.

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AND BUSINESS SERVICES

/s/ John L. Shilts

John L. Shilts, Administrator
Workers' Compensation Division

Pursuant to the Americans with Disabilities Act guidelines, alternative format copies of the rules will be made available to qualified individuals upon request.

If you have questions about these rules or need them in an alternate format, contact the Workers' Compensation Division at (503) 947-7810.

Attachments

Distribution: WCD-ID, S0, S1, S2, S3, NM

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
OREGON ADMINISTRATIVE RULES
CHAPTER 436, DIVISION 075**

RETROACTIVE PROGRAM

EFFECTIVE JANUARY 1, 2004

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NOTE: Verical bars in the right margins mark substantive revisions to the previously published rules.

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**EXHIBIT "A"
OREGON ADMINISTRATIVE RULES
CHAPTER 436, DIVISION 075**

436-075-0001 Authority for Rules

These rules are promulgated under the director's authority contained in ORS 656.726 and 656.506.

Stat. Auth.: ORS 656.506 and ORS 656.726
Stats. Implemented: ORS 656.506
Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-1990

436-075-0002 Purpose

The purpose of these rules is to establish guidelines for administering disbursements made from the Retroactive Program.

Stat. Auth.: ORS 656.506
Stats. Implemented: ORS 656.506
Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0003 Applicability of Rules

(1) These rules are effective January 1, 1998, and shall apply to all requests for reimbursement from the Retroactive Program involving benefits payable pursuant to:

- (a) ORS 656.204 Death
- (b) ORS 656.206 Permanent Total Disability
- (c) ORS 656.208 Death During Permanent Total Disability
- (d) ORS 656.210 Temporary Total Disability for injuries prior to April 1, 1974.

(2) Applicable to this chapter, the director may, unless otherwise obligated by statute, in the director's discretion waive any procedural rules as justice so requires.

Stat. Auth.: ORS 656.209, ORS 656.206, ORS 656.208, ORS 656.210, ORS 656.236, ORS 656.289 and ORS 656.506
Stats. Implemented: ORS 656.204, ORS 656.206, ORS 656.208, ORS 656.210, ORS 656.276, ORS 656.289 and ORS 656.506
Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 6-18-90 as WCD Admin. Order 11-1990, eff. 7-1-90 (Temp)
Amended 11-29-90 as WCD Admin. Order 23-1990, eff. 12-26-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0005 Definitions

Except where the context requires otherwise, these rules are governed by the following definitions:

- (1) "Average Weekly Wage" is that wage defined in ORS 656.005.
- (2) "Child" is as defined in the laws applicable at the worker's date of injury.
- (3) "Compliance" means the Compliance Section of the Workers' Compensation Division of the Department of Consumer and Business Services.
- (4) "Department" means the Department of Consumer and Business Services.
- (5) "Director" means the director of the Department of Consumer and Business Services.

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(6) "Disposition" or "claim disposition" means the written agreement executed by all parties in which a claimant agrees to release rights, or agrees to release an insurer or self-insured employer from obligations, under ORS 656.001 to 656.794, except for medical services, in an accepted claim.

(7) "Expiration of Benefits" means the end of entitlement to a benefit because of limits set forth in the statute in effect at the time of the worker's injury.

(8) "Insurer" means the State Accident Insurance Fund Corporation, an insurer authorized under ORS Chapter 731 to transact workers' compensation insurance in this state, an employer or employer group who has been certified as self-insured under ORS 656.430.

(9) "Retroactive Program benefit" means that additional benefit paid to eligible claimants or beneficiaries to bring their benefits to a more current level.

(10) "Social Security Offset" means a reduction of permanent total disability benefits or fatal benefits based upon the amount of federal social security disability benefits received by a worker or surviving spouse.

(11) "Spouse" means the husband or wife of a worker. This definition also includes cohabitants as defined in ORS 656.226.

(12) "Statutory Benefit" means any benefit payable to or on behalf of the injured worker in accordance with the law in effect at the time of the worker's injury, as modified by marital/dependency status changes.

(13) "Through" means inclusion of a specific date.

(14) "To" means until but not including a specific date.

Stat. Auth.: ORS 656.726

Stats. Implemented: ORS 656.726

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 6-18-90 as WCD Admin. Order 11-1990, eff. 7-1-90 (Temp)
Amended 11-29-90 as WCD Admin. Order 23-1990, eff. 12-26-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0006 Administration of Rules

For the purpose of administering these rules, orders of Compliance are deemed orders of the director.

Stat. Auth.: ORS 656.726

Stats. Implemented: ORS 656.726

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90

436-075-0008 Administrative Review

(1) Any party as defined by ORS 656.005 aggrieved by a proposed order or proposed assessment of civil penalty of the director or division issued pursuant to ORS 656.745 or 656.750 may request a hearing by the Hearings Division of the Workers' Compensation Board in accordance with ORS 656.740 (section 9, chapter 170, Oregon Laws 2003).

(a)The request for hearing must be sent in writing to the Administrator of the Workers' Compensation Division. No hearing will be granted unless the request specifies the grounds upon which the person requesting the hearing contests the proposed order or assessment.

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(b)The request for hearing must be filed with the Administrator of the Workers' Compensation Division by the aggrieved person within 60 days after the mailing of the proposed order or assessment. No hearing will be granted unless the request is mailed or delivered to the administrator within 60 days after the mailing date of the proposed order or assessment.

(2) Any party as defined by ORS 656.005 aggrieved by an action or order of the director or division pursuant to these rules, other than as described in section (1), where such action or order qualifies for review as a contested case, may request review pursuant to ORS 183.310 through 183.550 as modified by these rules pursuant to ORS 183.315(1). When the matter qualifies for review as a contested case, the process for review will be as follows:

(a)The request for hearing must be sent in writing to the Administrator of the Workers' Compensation Division. No hearing will be granted unless the request specifies the grounds upon which the action or order is contested and is mailed or delivered to the administrator within 30 days of the action or from the date of mailing or other service of an order.

(b)The hearing will be conducted by an Administrative Law Judge of the Office of Administrative Hearings.

(c)Any proposed order issued by the administrative law judge is subject to revision by the director. The director may allow objections to the proposed order to be filed for the director's consideration within 30 days of issuance of the proposed order.

Stat. Auth.: ORS 656.740, ORS 656.745, ORS 656.750 and ORS 183.310 thru ORS 183. 550

Stats. Implemented: ORS 656.740 (section 9, chapter 170, Oregon Laws 2003), ORS 656.745, ORS 656.750 and ORS 183.310 thru ORS 183. 550

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 6-18-90 as WCD Admin. Order 11-1990, eff. 7-1-90 (Temp)
Amended 11-29-90 as WCD Admin. Order 23-1990, eff. 12-26-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98
Amended 12/3/03 as WCD Admin. Order 03-076, eff. 1/1/04

436-075-0010 Criteria for Eligibility

(1) The department shall issue a bulletin to notify all insurers of changes in the Retroactive Program benefit levels whenever the director determines a change is necessary as indicated in ORS 656.506(7).

(2) Eligibility for Retroactive Program benefits shall be based upon the worker's injury date as follows:

(a) Workers or beneficiaries eligible to receive either death or permanent total disability benefits become eligible for Retroactive Program benefit increases when the benefits granted under the Retroactive Program bulletin exceed the benefits provided by the statute in effect at the time of the injury.

(b) For workers receiving temporary total disability benefits, the injury must have occurred prior to July 1, 1973. Workers with injuries occurring between July 1, 1973 and April 1, 1974 may qualify for benefits according to the limits defined in the Retroactive Program bulletin. Workers injured on or after April 1, 1974 are not entitled to receive Retroactive Program increases to their temporary total disability benefit.

(3) A claim shall not be eligible for Retroactive Program benefits if all issues except compensable medical services are disposed of pursuant to ORS 656.236 or settled pursuant to

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ORS 656.289 prior to becoming eligible under section (2) of this rule.

(4) Costs for claims of subject workers of an employer which is noncomplying as defined in ORS 656.052 are not eligible for reimbursement from the program, but remain a cost recoverable from the employer as provided by ORS 656.054(3).

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.236, ORS 656.289 and ORS 656.506

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 11-29-90 as WCD Admin. Order 23-1990, eff. 12-26-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0020 Death Benefit

(1) Death benefits shall be paid to eligible beneficiaries pursuant to ORS 656.204, and the Retroactive Program benefit schedules.

(2) Burial benefits shall be paid pursuant to ORS 656.204 (1) and the Retroactive Program benefit schedules.

(3) The statutory death benefit for injuries occurring from July 1, 1973 to April 1, 1974 will be reduced by the Social Security benefit received, up to the July 1, 1973 statutory benefit level. The amount of reduction to the statutory benefit is a Retroactive Program benefit. The insurer shall request reimbursement only for the adjusted Retroactive Program benefit.

(4) Benefits payable for a partial month shall be calculated by dividing the monthly benefit by the actual number of days in the month and multiplying that result by the number of days payable.

(5) Benefits for dependents shall be paid to the date of any status change.

(6) Remarriage allowance shall be paid pursuant to ORS 656.204 and the Retroactive Program benefit schedules.

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.204

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 7-1-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0030 Permanent Total Disability Benefit

(1) Permanent total disability benefits shall be paid in accordance with ORS 656.206 and the benefit schedules set forth in the Retroactive Program bulletin.

(2) Benefit amounts payable for a partial month shall be calculated as set forth in 436-075-0020(4).

(3) Benefits for dependents shall be paid to the date of any status change.

(4) Any Social Security Offset determined pursuant to ORS 656.209 shall be first applied against the statutory portion of the permanent total disability benefit. Any amount of the social security offset that exceeds the statutory benefit shall be applied against the Retroactive Program benefit. The insurer shall request reimbursement only for that portion of the Retroactive Program benefit which has not been offset.

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.206 and ORS 656.209

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90

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Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0040 Death during Permanent Total Disability

(1) If the injured worker dies during the period of permanent total disability, death benefits shall be paid to eligible beneficiaries pursuant to ORS 656.208 and ORS 656.204, and the Retroactive Program benefit schedules.

(2) Permanent total disability benefits shall be paid to the date of death, at which time death benefits will commence. Where death benefits are not due, permanent total disability benefits shall be paid through the date of death.

(3) Social Security benefit for injuries occurring between July 1, 1973 and April 1, 1974 will be applied as set forth in 436-075-0020 (3).

(4) Benefit amounts payable for a partial month shall be calculated as set forth in 436-075-0020(4).

(5) Burial benefits shall be paid in accordance with ORS 656.208 (1) and 656.204 (1) and the Retroactive Program benefit schedules; however if the injury date is prior to July 1, 1973, burial benefits are due only if death results from the accidental injury causing the permanent total disability.

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.204 and ORS 656.208

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0050 Temporary Total Disability

(1) Temporary total disability benefits shall be paid in accordance with ORS 656.210, OAR 436-060-0150 and the benefit schedules set forth in the Retroactive Program bulletin.

(2) In no case shall the computation of benefits under these rules and the Retroactive Program bulletin cause a reduction in temporary total disability benefits currently being paid.

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.210

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0065 Dispositions

(1) Any disposition of the claim by the parties pursuant to ORS 656.236, or settlement of the claim pursuant to ORS 656.289, is not eligible to receive reimbursement from the Retroactive Program unless made with the prior written approval of the director.

(2) Requests for written approval of proposed dispositions should include:

(a) A copy of the proposed disposition which specifies the amount of the proposed contribution to be made from the Retroactive Program;

(b) A statement from the insurer indicating how the amount of the contribution was calculated;

(c) Any other information as required by the director.

(3) The director will not approve the disposition for reimbursement if:

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(a) The ratio of the amount requested from the program to the total amount of the disposition exceeds the percentage of current benefits due the worker from the program; or

(b) The settlement exceeds a reasonable projection of future liability.

(4) The insurer shall submit dispositions to the division in the format prescribed by the director.

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.236 and ORS 656.289

Hist: Amended 6-18-90 as WCD Admin. Order 11-1990, eff. 7-1-90 (Temp)
Filed 11-29-90 as WCD Admin. Order 23-1990, eff. 12-26-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0070 Reimbursement

(1) Reimbursement from the Retroactive Program will be authorized by the Compliance Section on a quarterly basis.

(2) Requests for reimbursement must be mailed or delivered to Compliance within 30 days after the end of each quarter to be processed in that quarterly disbursement.

(3) Requests for reimbursement mailed or delivered to Compliance more than 30 days after the end of the quarter will be held over and processed with the next quarterly disbursement.

(4) A separate request for reimbursement shall be submitted for each insurer and shall include a signed certification that the payments reported on the request have been made in the amounts reported.

(5) Requests for reimbursement must be submitted in the format prescribed by the director. Each request must accurately reflect the marital/dependency status in effect and eligible for reimbursement in the period requested.

(6) Compliance will not process any request failing to meet the requirements of section (4) or (5), until such requirements are met.

(7) The department shall recover any overpayment made to an insurer as a result of an insurer error in reporting, or incorrect information submitted on a quarterly request form.

(8) In the event a denied claim is found to be compensable by a hearing referee, the Workers' Compensation Board, or the Court of Appeals, and that decision is reversed by a higher level of appeal, the insurer shall receive reimbursement for Retroactive Program benefit payments required to be made while the claim was in an accepted status.

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.506

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0090 Third Party Recovery

(1) In the event of a third party recovery, previously reimbursed Retroactive Program benefits are a portion of the paying agency's lien.

(2) When the insurer learns of third party settlement negotiations on any claim for which it has received reimbursement from the Retroactive Program, the insurer should notify Compliance in accordance with the provisions set forth in ORS 656.593.

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(3) Remittance on recovered Retroactive Program benefits shall be made to the department in the quarter following the recovery in amounts determined in accordance with ORS 656.591 and ORS 656.593.

Stat. Auth.: ORS 656.506

Stats. Implemented: ORS 656.591 and ORS 656.593

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 12/4/97 as WCD Admin. Order 97-062, eff. 1/1/98

436-075-0100 Assessment of Civil Penalties

Pursuant to ORS 656.745 the director may assess a civil penalty against an insurer for failure to comply with these rules. Penalty orders shall be issued in accordance with ORS 656.447 and 656.704 and are subject to review under OAR 436-075-0008.

Stat. Auth.: ORS 656.745

Stats. Implemented: ORS 656.204, ORS 656.726, ORS 656.745 and ORS 656.447

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-90
Amended 6-18-90 as WCD Admin. Order 11-1990, eff. 7-1-90 (Temp)
Amended 11-29-90 as WCD Admin. Order 23-1990, eff. 12-26-90

436-075-0110 Suspension and Revocation of Authorization to Issue Guaranty Contracts

(1) Pursuant to ORS 656.447, the director may suspend or revoke the insurer's authority to issue guaranty contracts upon a determination that the insurer has failed to comply with its obligations under such contract or that it has failed to comply with the rules or orders of the director.

(2) For the purpose of this rule:

(a) "Suspension" and its variations means a stopping by the director of the insurer's authority to issue new guaranty contracts for a specified period of time.

(b) "Revocation" and its variations means a permanent revocation by the director of an insurer's authority to issue guaranty contracts.

(c) "Show-cause hearing" means an informal meeting with the director or designee in which the insurer shall be provided an opportunity to be heard and present evidence regarding any proposed orders by the director to suspend or revoke an insurer's authority to issue guaranty contracts.

(3) Suspension or revocation under this rule will not be made until the insurer has been given notice and the opportunity to be heard through a show-cause hearing before the director and "show cause" why it should be permitted to continue to issue guaranty contracts.

(4) A show-cause hearing may be held at any time the director finds that an insurer has failed to comply with its obligations under a guaranty contract or that it failed to comply with rules or orders of the director.

(5) Following a show-cause hearing, the director may rescind the proposed order if the insurer establishes to the director's satisfaction its ability and commitment to comply with ORS Chapter 656 and these rules.

(6) A suspension may be in effect for a period of up to 18 months. A suspended insurer may continue to serve existing accounts and renew any existing policy, unless the policy lapses or is canceled during the period of suspension.

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(7) After 12 months of the suspension has elapsed, the division may audit the performance of the insurer. If the insurer is in compliance, the administrator may request the director to lift the suspension before the 18 months has elapsed. If the insurer is not in compliance, the administrator may request the director revoke the insurer's authority to issue guaranty contracts.

(8) When an insurer's authority to issue guaranty contracts has been revoked, the insurer may serve an existing account only until the policy lapses, is canceled or until the next renewal date, whichever first occurs.

(9) After a revocation of an insurer's authority to issue guaranty contracts has been in effect for five (5) years or longer, it may petition the director to restore its authority by submitting a plan in the form prescribed by the director, demonstrating its ability and commitment to comply with the workers' compensation law, these rules and orders of the director.

(10) Appeal of proposed and final orders of suspension and revocation issued under this rule may be made as provided in OAR 436-075-0008.

(11) Any order of suspension or revocation issued by a referee or other person pursuant to ORS 656.447 and this rule is a preliminary order subject to revision by the director.

Stat. Auth.: ORS 656.447

Stats. Implemented: ORS 656.446

Hist: Filed 11-29-90 as WCD Admin. Order 23-1990, eff. 12-26-90

Secretary of State
Certificate and Order for Filing
PERMANENT ADMINISTRATIVE RULES

I certify that the attached copies* are true, full and correct copies of the
PERMANENT Rule(s) adopted on

December 3, 2003 by the
Date prior to or same as filing date

Department of Consumer and Business Services
Workers' Compensation Division
Agency and Division

OAR chapter 436
Administrative Rules Chapter No.

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to become effective January 1, 2004 was published in the October 2003 Oregon Bulletin.**
Date upon filing or later Month and Year

RULEMAKING ACTION

List each rule number separately, 000-000-0000.

ADOPT: OAR 436-050-0165, 436-050-0480

AMEND: OAR

436-045-0008	436-050-0080	436-050-0180	436-050-0290	436-080-0003	436-080-0070
436-050-0003	436-050-0090	436-050-0185	436-050-0400	436-080-0005	436-080-0080
436-050-0005	436-050-0100	436-050-0190	436-050-0440	436-080-0006	436-085-0008
436-050-0006	436-050-0110	436-050-0195	436-055-0008	436-080-0010	436-150-0008
436-050-0008	436-050-0120	436-050-0200	436-060-0008	436-080-0020	436-160-0003
436-050-0040	436-050-0150	436-050-0210	436-070-0008	436-080-0030	436-160-0310
436-050-0050	436-050-0160	436-050-0220	436-075-0008	436-080-0040	436-160-0320
436-050-0055	436-050-0170	436-050-0260	436-080-0001	436-080-0060	436-160-0340
436-050-0060	436-050-0175	436-050-0270	436-080-0002	436-080-0065	436-160-0350
		436-050-0280			436-160-0360

REPEAL: OAR 436-050-0020, 436-050-0150T, 436-050-0160T 436-050-0165T,OAR 436-080-0050

ORS 656.704, 656.726(4)
Statutory Authority

ORS 183.335; OAR 137-001; OAR 436-001-0000 and 436-001-0005
Other Authority

ORS chapter 656
Statutes being Implemented

RULE SUMMARY

These rules have been amended in part to reflect Senate Bill 233's changes to ORS 656. The time frame for appeal of a proposed order or proposed assessment of civil penalty will no longer be 60 days following the party's receipt of notice, but instead 60 days from the date the order is mailed by the department. SB 233 also eliminated claim closure penalties for non-complying employers and changed the notification requirements for termination of guaranty contracts. In addition, these rules include a number of "housekeeping" amendments and supersede temporary OAR 436-050 rules indicated above after "REPEAL."

These rules:

- Repeal specific requirements affecting service of orders by the director.
- Reduce data reporting requirements for industry codes.
- Eliminate certain requirements to report coverage elections and cancellation of elections.
- Explain the notice and reporting requirements regarding the insurer's termination of guaranty contracts.
- State that active self-insurance certification remains in effect if a guaranty contract has been filed.
- Require notification of workers and other parties at least 10 days prior to changing claims processing locations.
- Require insurers and self-insured employers to keep documentation of dates payments are mailed.
- Require submission of audited financial statements by self-insured employers under certain conditions.
- Provide that an irrevocable standby letter of credit may be accepted by the director as an alternative to a surety bond as a security deposit. This provision has been in effect under authority of temporary rules effective 7/18/03.
- Provide that government securities, certificates of deposit, or time deposit accounts will not be accepted as new or replacement security deposits by self-insured employers effective January 1, 2004; require self-insured employers with existing securities of this type to complete a "Security Agreement and Notice to Intermediary," Form 440-4023, granting the department a security interest in and control over those financial assets.
- Provide that excess insurance coverage must be specific on a per occurrence basis, and that such coverage may include aggregate excess insurance.
- Incorporate annual reporting requirements for self-insured employers formerly published only in Bulletin 209.
- Require that future claim liability estimates or annual incurred losses include losses incurred but not reported.
- Require that a new self-insured employer's deposit is not less than the amount of the approved self-insured employer retention level for the employer's excess workers' compensation insurance.
- Require that each entity included under a self-insurance certification enter into an agreement making the entity jointly and severally liable for payment of compensation and moneys due.
- Require that self-insured employer groups maintain coverage records relating to each member.
- Prohibit a worker leasing company from providing workers' compensation coverage to another leasing company.
- Provide for assessment of civil penalties against worker leasing companies or prospective leasing companies that fail to meet the requirements of relevant rules. Provide penalty matrixes for worker leasing companies that violate these rules and for companies that operate as worker leasing companies without a license

Direct questions to: Fred Bruyns, Rules Coordinator; phone 503-947-7717; fax 503-947-7581; or e-mail fred.h.bruyns@state.or.us. Rules are available on the internet: <http://www.oregonwcd.org/policy/rules/rules.html#permrules>

For a copy of the rules, contact Publications at 503-947-7627, Fax 503-947-7630.

/s/ John L. Shilts
Authorized Signer

December 3, 2003
Date

John L. Shilts, Administrator, Workers' Compensation Division
Printed name

*Copies include a photocopy of this certificate with paper and electronic copies of each rule listed in the Rulemaking Action.

**The *Oregon Bulletin* is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation. Notice forms must be submitted to the Administrative Rules Unit, Oregon State Archives, 800 Summer Street NE, Salem, Oregon 97310 by 5:00 p.m. on the 15th day of the preceding month unless this deadline falls on a Saturday, Sunday or legal holiday when Notice forms are accepted until 5:00 p.m. the preceding workday.