



NOTICE TO OREGON EMPLOYERS

OCTOBER 20, 2006

WHAT EMPLOYERS WILL PAY FOR WORKERS' COMPENSATION IN 2007:

- Workers' compensation insurance premiums: The average pure premium rate will *decline* by 2.1 percent from the average 2006 level. Pure premiums are the base rates, before insurer costs are added.
- Workers' Benefit Fund assessment: 2.8 cents per hour or partial hour worked by each paid employee subject to workers' compensation coverage, down from 3.0 cents per hour in 2006.
- Premium assessment: 4.6 percent for 2007, based on premiums paid, down from 5.5 percent in 2006.

Please share this notice with your payroll and risk management staff.

■ 2007 Workers' Compensation Insurance Average Premium Rate

The Department of Consumer & Business Services has determined that the average pure premium rate Oregon employers will pay for workers' compensation insurance in 2007 will decrease by 2.1 percent from the average 2006 level.

- ♦ The pure premium rate is the base premium reflecting the actual cost of workplace injury and illness claims before insurer administrative expenses and profit are added.
- ♦ This is the first decrease since 2002, following four years with no change. There were 12 consecutive annual decreases from 1991 to 2002.
- ♦ The cumulative decrease in pure premiums since 1990 totals 58.3 percent and represents an estimated \$12.8 billion in workers' compensation premium savings to employers.

The 2007 rate decrease of 2.1 percent represents an average across all types of businesses. Rates for specific businesses and industry groups may be higher or lower, depending on group and individual claim records. Employers pay their premiums directly to their insurers. Premiums do not fund state programs or services.

■ 2007 Workers' Benefit Fund Assessment Rate

For calendar year 2007, the Department of Consumer & Business Services has set the Workers' Benefit Fund assessment rate at 2.8 cents, down from 3.0 cents in 2006. This applies to each hour or partial hour worked by each paid employee provided with workers' compensation insurance coverage.

- ♦ The fund pays for certain programs that provide direct benefits to injured workers and their beneficiaries. It also provides money to help employers help injured workers return to work. Employers who fail to provide workers' compensation coverage required by law are still subject to the assessment, which will be collected retroactively.

The rate of 2.8 cents per hour is the employer's and worker's rate combined. Employers pay at least half (1.4 cents per hour) of this assessment and deduct no more than half of it from workers' wages. Employers then submit the total to the state through Oregon's Combined Payroll-Tax Reporting System.

■ 2007 Workers' Compensation Premium Assessment Rate

Effective January 1, 2007, the assessment used to fund workers' compensation related programs and workplace safety and health programs that serve Oregon employers and workers will be set at an amount equal to 4.6 percent of the premiums charged for workers' compensation coverage.

- ♦ The 2007 premium assessment rate of 4.6 percent is down from 5.5 percent in 2006. This amounts to a reduction of more than 16 percent in the total assessment, bringing it to its lowest level since 1997. Self-insured employers and self-insured employer groups will pay a rate of 4.8 percent, down from 5.7 percent in 2006.

Workers' compensation insurers, self-insured employers, and self-insured employer groups pay this assessment to the state. Insurers can pass on the cost of the assessment to the employers they cover, but must identify that cost as a separate line item on billing statements.

For more information about workers' compensation costs, contact your insurer; call the Oregon Department of Consumer & Business Services, (800) 452-0288, or visit www.dcb.s.oregon.gov and click on "Workers' comp. rate info."

Workers' Compensation Division Services for Employers

The Workers' Compensation Division is a division of the Department of Consumer & Business Services. The division administers laws and rules governing the Oregon workers' compensation system. The division also provides services and information to assist employers and their injured workers, and to help all participants in the workers' compensation system understand the law.

Return-to-work assistance for both employers and injured workers

All parties benefit when injured workers return to gainful employment. The division administers the Employer-at-Injury Program and the Preferred Worker Program, which are funded by worker and employer payroll assessments. Employers using these programs receive financial benefits. The Preferred Worker Program's "Job Match" Web site (go to www.oregonpwp.info and click "Job Match Postings") helps preferred workers (injured workers with permanent disabilities) connect with employers, (503) 947-7588.

Information and answers

Call the division's toll-free "Workers' Compensation Infoline," (800) 452-0288, 8 a.m. to 5 p.m., Monday-Friday. You can also e-mail questions to workcomp.questions@state.or.us.

Web site

The Workers' Compensation Division's Web site (www.wcd.oregon.gov) is tailored to the needs of employers, self-insured employers, injured workers, preferred workers, insurers, attorneys, medical providers, vocational providers, managed care organizations, and worker leasing companies. Our Web site offers rules and bulletins, forms, publications, and educational opportunities, (503) 947-7637.

Training

The division provides training, conferences, workshops, and speakers to help you understand workers' compensation issues. Training can be tailored to any audience, and some sessions offer continuing-education credit, (503) 947-7515.

Small Business Ombudsman

The Small Business Ombudsman for workers' compensation serves as an advocate for employers. Employers looking for workers' compensation insurance coverage and needing assistance in claim processing or claim management may contact the office, (503) 378-4209, for information.

Laws, rules, and publications

The Workers' Compensation Division provides information to the public about the workers' compensation system, programs, and issues. The division offers several ways for you to stay informed and to influence rules, bulletins, and forms.

Stay informed:

- ◆ Sign up for postal delivery of permanent rules and bulletins — \$15 or \$30, depending on your preferences.
- ◆ Request postal delivery of proposed rules, temporary rules, special notices, and our newsletter — a free service.
- ◆ Use our Web site (www.wcd.oregon.gov) to see everything we print and much more.
- ◆ Sign up for our free e-mail service. Visit www.wcd.oregon.gov and click "Sign up for e-mail notifications."
- ◆ Contact the Workers' Compensation Division to learn more, (503) 947-7627; ask us about "starter sets" of rules and bulletins, as well as free publications.

Get involved:

- ◆ Use one of the options above to find out about pending changes and contact us with your comments.
- ◆ Submit your ideas on our Web form; go to www.wcd.oregon.gov and click on "Bulletins" or "Laws & rules" in the left menu and then click the "Request for comment" link.
- ◆ Offer to participate on a rulemaking advisory committee.
- ◆ If you have ideas, questions, or concerns for the Workers' Compensation Division, call Fred Bruyns, (503) 947-7717, or Shelly Cochran, (503) 947-7623.

Workers' compensation help for employers and workers

Oregon Department of Consumer & Business Services Workers' Compensation Division

Toll-free: (800) 452-0288

Web: wcd.oregon.gov

E-mail: workcomp.questions@state.or.us

THEODORE R. KULONGOSKI
GOVERNOR



October 20, 2006

Dear Oregon Employer:

Last year, in this notice, I was happy to provide you with some good news — workers' compensation insurance premiums were staying flat in 2006. This year, the news is even better: Workers' compensation premiums and the two state assessments that pay for the workers' compensation system will decline in 2007. That means employers will save a total of \$44 million in workers' compensation costs next year.

This is a huge accomplishment no other state can equal. For the past 17 years, workers' compensation premiums have either declined or stayed flat — saving employers billions of dollars while improving injury and illness rates and benefits for injured workers.

Keeping costs down depends on keeping workers healthy and injury-free, because the single most important reason for reduced costs has been the declining injury and illness rate. Reported workplace injuries and illnesses are down 50 percent since 1988, and, in 2005, we saw the lowest compensable worker fatality rate ever recorded in Oregon history. Fewer injuries and illnesses equals fewer claims, and fewer claims equals lower costs.

I applaud employers and employees for all their hard work in contributing to the lower rates. Oregon employers have put an emphasis on workplace safety, and their employees have truly embraced safety programs and regulations.

But I also want to remind you that the work is far from over. Keeping workplace injuries and illnesses low requires an unfailing focus by management and employees each and every day. That is a huge challenge, but one that employers do not have to face alone. The Oregon Occupational Safety and Health Division (OR-OSHA) of the Department of Consumer and Business Services is available to help. Oregon OSHA offers no-cost consultations to employers on workplace safety, health, and ergonomics. Consultants evaluate any or all aspects of a worksite's occupational safety and health — whatever the employer requests. After the consultation visit, Oregon OSHA provides the employer with a report summarizing the visit, including recommendations for improvement.

Oregon OSHA consultations are confidential. Consultants do not share the results of the visit with Oregon OSHA's enforcement staff. The result is a true partnership between Oregon OSHA and the employer, to help the employer improve its safety and health program. To take advantage of this free resource, contact Oregon OSHA at 503-378-3272 or 800-922-2689 (toll-free in Oregon) or visit its Web site, www.orosha.org.

Employers, workers, insurers, and government have done a great job in keeping workers' compensation costs down and, even more important, sending workers home to their families in good health. We owe it to our state to work together to maintain that commitment in the decades to come.

Sincerely,

THEODORE R. KULONGOSKI
Governor



DEPARTMENT OF
CONSUMER
& BUSINESS
SERVICES

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**2007 Workers' Compensation
Premium Rate Information Enclosed**