

Secretary of State  
**STATEMENT OF NEED AND FISCAL IMPACT**

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Dept. of Consumer and Business Services, Director's Office  
Agency and Division

OAR 440  
Administrative Rules Chapter Number

**2009 Workers' Compensation Premium Assessment Rates**

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

**In the Matter of:**

Amending OAR Chapter 440-045-0020 to 440-045-0025, relating to Workers' Compensation Premium Assessment.

Statutory Authority: ORS 705.135; ORS 656.726, 656.612

Statutes Implemented: ORS 656.612, ORS 656.614

**Need for the Rule(s):**

The proposed rule adopts the workers' compensation premium assessment rate that is paid by all employers based on their workers' compensation premium and is collected by the insurer at the time the employer pays the premium. This assessment is used to fund workers' compensation related programs and workplace safety and health programs that serve Oregon employers and workers. In addition, the rule adopts the rate for an additional assessment percentage amount that is collected from all self-insured employers as well as all self-insured employer groups to fund the Self-Insured Employers Adjustment Reserve and the Self-Insured Employer Group Adjustment Reserve. These reserves are established to assure benefits are available in the event of a financial failure of a self-insured employer or self-insured employer group. The proposed rule changes are needed to set the assessment amounts that will be in effect from January 1, 2009 to December 31, 2009. The actual amounts proposed will be announced on or before September 19, 2008.

**Documents Relied Upon, and where they are available:**

Rates Filings by National Council on Compensation Insurance, Department of Administrative Services' (DAS) second quarter "Oregon Economic and Revenue Forecast," Department of Consumer and Business Services Legislatively Adopted Budget 2007-2009, and fiscal year end (6/30/08) financial data. Documents will be available for inspection on or before September 19, 2008 in the Director's Office, 350 Winter Street NE, Salem, OR 947-7866.

**Fiscal and Economic Impact, including Statement of Cost of Compliance:**

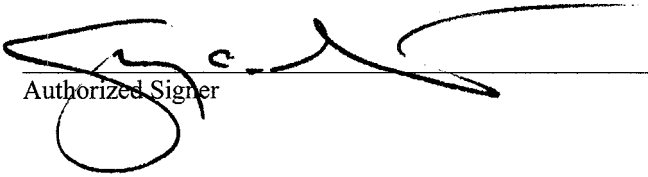
The fiscal impact of the proposed amendment cannot be estimated until after it is determined whether or not there will be a proposed change in the workers' compensation pure premium rate. Determining the proposed rates requires fiscal year end (6/30/08) financial data which is not available until late July. Also, before recommending the 2009 rate, the department must analyze this financial data and review and authorize or disapprove a proposed workers' compensation pure premium rate filing filed by the National Council on Compensation Insurance. We expect the recommendation for the 2009 premium assessment rates to be announced between September 15 and September 19, 2008. At that time we will have the information necessary to estimate their impact on state agencies, local government, or the public, as well as estimate the extent of the impact. The estimated impact will be provided at the rulemaking hearing.

The proposed rule amendment will not increase reporting, recordkeeping, or other administrative activities, nor require any additional equipment, or supplies.

**How were small businesses involved in the development of this rule?** Small business were not involved because the proposed workers' compensation premium assessment rate is based on many and varied factors as outlined in the "Documents Relied Upon" section above as well as complex mathematical calculations, data analysis, and forecasting. Therefore, small businesses would not benefit from involvement in the development of the rate recommendation as these complex calculations are the essence of the rates adopted in the rule.

**Administrative Rule Advisory Committee consulted?:** No.

Because calculation of the rate is technical in nature as described above, consulting an advisory committee to assist the agency in drafting the rule would not be productive for participants of an advisory committee or the department. The proposed rates will be announced before the rulemaking hearing. The rulemaking hearing and comment period will allow all interested parties to provide input. Another factor is that timing in the development of the pure premium rates and the resulting assessment recommendation does not allow for earlier consultation.



Authorized Signer

Gregory A. Malkasian

Printed name

7/2/2008

Date

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