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**SENATE COMMITTEE ON
BUSINESS AND TRANSPORTATION**
Oregon State Capitol
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Phone: 503-986-1674

TUESDAY

**February 11, 2014
3:00 P.M. HR B**

SB 1558

**Submitted on behalf of the
Private Entity Self-Insured Groups**

MLAC has already voted on SB 1558.1 and 1558.2 recommending only the dash 1 amendments

However, SB 1558.1 does not fully consider the private entity self-insured groups (SIGs). MLAC is singularly focused on the potential adverse impact to the Worker Benefit Fund and benefits exclusive to injured workers without full consideration for the commercial necessities of on-going self-insured group program administration.

The dash 2 amendments are very modest yet material to private entity SIG members

Proponents look to simply move maximum compliance dates to the fourth quarter, back only three month in addition to the dash-one amendment’s third quarter date changes

Proponents look to decrease the ultimate potential liabilities to both the department and the members of the groups by extending decertification** and sunset* timeframes

- Non-claims Liability Examples: 1] Minimum excess insurance premium penalties and 2] annualized contractual liabilities and the 3] group’s ability to assess for non-claims related administration
- Proponents look to have a **November 15 “decertification decision date” versus September 15, 2014
- Proponents look to sunset this bill on *December 31 versus December 1, 2014

Proponents look to solidify the director’s ability to assess beyond only ***claims liabilities

Proponents look to integrate the corporation’s ability to assess beyond only ***claims liabilities

Proponents look to utilize the director’s civil penalty authority to assess beyond only ***claims liabilities

Proponents look to utilize the director’s civil penalties to mitigate stakeholder non-compliance

Proponents clarify the common claims fund is not inclusive within dedicated state securitization

Proponents look to partially recover prepaid tax liabilities within the restricted securitization assets

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Summary:

SB 1558.1 supports many needed and necessary regulatory issues

However SB 1551.1 does not consider all the complexities of unwinding a decertified self-insured group

There is little consideration in SB 1558.1 for the fact that a SIG is most similar to a mutual insurance company:

- Wherein a self-insured group’s responsibilities go far beyond simply claims liabilities for several years;
 - There are multi-year member obligations not addressed in ***Section 6 page 6 lines 34-42
 - There are multi-year member obligations not addressed in ***Section 8 page 8 subsection 5 lines 33-34

Last, SB 1558.1 also creates an ethical dilemma / a moral hazard by eliminating the fundamental reason a self-insured group may successfully assess its members by eliminating the burden of future claims liabilities but not administrative liabilities because SB 1558.1 does not fully address the non-claims costs associated with decertification of a self-insured group.