

## **HB 3541 -1 STAFF MEASURE SUMMARY**

### **House Committee On Business and Labor**

---

**Prepared By:** Erin Seiler, LPRO Analyst

**Meeting Dates:** 3/22, 4/3

---

#### **WHAT THE MEASURE DOES:**

Exempt employer's parent company and other entities under that company from liability arising out of injuries that occur in course and scope of employment. Exemption extends to certain entities associated with parent or related company, such as company's employees, officers, and directors, among others. Declares emergency, effective on passage.

#### **ISSUES DISCUSSED:**

- Workers' compensation "exclusive remedy provision"
- Extension of exemption from liability to parent company and related entities of employers
- Example of AVIS Car Rental and its subsidiary companies
- Clarify definition of "parent company" and corporate structure

#### **EFFECT OF AMENDMENT:**

-1 Clarifies that employer's parent company and related entities of employer are controlled by same parent company. Defines "parent company" and "subsidiary."

#### **BACKGROUND:**

Workers' compensation insurance provides medical treatment and lost wages to employees or their dependents in the case of employment-related accidents or illnesses. Oregon employers are required to carry workers' compensation insurance or be self-insured.

Oregon employers are required to carry workers' compensation insurance or be self-insured. Almost all Oregon employees are covered by workers' compensation, but employees are eligible for benefits regardless of whether their employers are in compliance with the law. The law specifies the types of employees who are not required to have workers' compensation insurance coverage, including certain corporate officers, partners, and family-member business owners, as well as independent contractors. Employers can purchase insurance from the State Accident Insurance Fund (SAIF) Corporation (a publicly owned nonprofit company), from a private insurance company, or be self-insured.

When an employer complies with workers' compensation coverage requirements, ORS 656.018 exempts the employer from any liability arising out of injuries that occur in the course and scope of employment, except as provided elsewhere under ORS chapter 656. This exemption from liability is sometimes called the "exclusive remedy provision." The exemption also extends to the employer's workers' compensation insurer, the insurer's claims administrator, and the employer's employees, officers, and directors, among other parties. However, the employer's parent company and related entities under the same parent company are not exempt under current law. It prevents injured workers from suing their employers for causing or contributing to their injury, and requires disputes over whether a claim or condition is accepted, or how an accepted claim is handled, to be resolved within the framework provided under ORS chapter 656.

House Bill 3541 provides parent or related companies associated with an employer liability protections from third party lawsuits allowed under ORS chapter 656.