

**ADMINISTRATIVE ORDER NO. 23-1990  
EFFECTIVE DECEMBER 26, 1990**

**DEPARTMENT OF INSURANCE AND FINANCE  
WORKERS' COMPENSATION DIVISION  
OREGON ADMINISTRATIVE RULES  
CHAPTER 436, DIVISION 75**

**RETROACTIVE RESERVE**

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EXHIBIT "A"  
OREGON ADMINISTRATIVE RULES  
CHAPTER 436, DIVISION 75

**436-75-001 AUTHORITY FOR RULES**

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

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 1-1-1990

**436-75-002 PURPOSE**

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

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

**436-75-003 APPLICABILITY OF RULES**

These rules are effective December 26, 1990 and shall apply to all requests for reimbursement from the Retroactive Reserve involving benefits payable pursuant to:

- (1) ORS 656.204 Death
- (2) ORS 656.206 Permanent Total Disability
- (3) ORS 656.208 Death During Permanent Total Disability
- (4) ORS 656.210 Temporary Total Disability for injuries prior to April 1, 1974.
- (5) ORS 656.214 Permanent Partial Disability regarding unscheduled disability for injuries prior to July 1, 1967, and other permanent partial disability awards for injuries occurring prior to July 1, 1971.

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

**436-75-005 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 Insurance and Finance.
- (4) "Department" means the Department of Insurance and Finance.
- (5) "Director" means the Director of the Department of Insurance and Finance.
- (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

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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 Reserve 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.

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

**436-75-006            ADMINISTRATION OF RULES**

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

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

**436-75-008            ADMINISTRATIVE REVIEW**

(1) Any party as defined by ORS 656.005(20) 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.

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

(b) The request for hearing must be filed with the administrator of the Workers' Compensation Division within twenty (20) days of receipt by the aggrieved person of notice of the proposed order or assessment. No hearing shall be granted unless the request is received by the administrator within said twenty (20) days of receipt of notice.

(2) Any party as described in section (1) aggrieved by an action or order of the Director

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or division pursuant to these rules, other than as described in section (1), where such action or order qualifies for review by hearing before the Director 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 shall be as follows:

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

(b) The hearing shall be conducted by the Director or the Director's designee.

(c) Any order in a contested case issued by another person on behalf of the Director is a proposed order subject to revision by the Director. The Director may allow objections to the proposed order to be filed for the Director's consideration within thirty (30) days of issuance of the proposed order.

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

**436-75-010 CRITERIA FOR ELIGIBILITY**

(1) The Department shall issue a bulletin to notify all insurers of changes in the Retroactive Reserve benefit levels whenever the Director determines a change is necessary as indicated in ORS 656.506(3).

(2) Eligibility for Retroactive Reserve 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 Reserve benefit increases when the benefits granted under the Retroactive Reserve 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 Reserve bulletin. Workers injured on or after April 1, 1974 are not entitled to receive Retroactive Reserve increases to their temporary total disability benefit.

(c) For workers receiving permanent partial disability benefits, the injury must have occurred prior to July 1, 1971.

(3) A claim shall not be eligible for Retroactive Reserve benefits if all issues except compensable medical services are disposed of pursuant to ORS 656.236 or settled pursuant to 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 reserve, but remain a cost recoverable from the employer as provided by ORS 656.054(3).

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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

**436-75-020 DEATH BENEFIT**

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

(2) Burial benefits shall be paid pursuant to ORS 656.204 (1) and the Retroactive Reserve 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 Reserve benefit. The insurer shall request reimbursement only for the adjusted Retroactive Reserve 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 Reserve benefit schedules.

Hist: Filed 12-22-89 as WCD Admin. Order 6-1989, eff. 7-1-90

**436-75-030 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 Reserve bulletin.

(2) Benefit amounts payable for a partial month shall be calculated as set forth in 436-75-020 (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 that exceeds the statutory benefit shall be applied against the Retroactive Reserve benefit. The insurer shall request reimbursement only for that portion of the Retroactive Reserve benefit which has not been offset.

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

**436-75-040 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 Reserve 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.

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(3) Social Security benefit for injuries occurring between July 1, 1973 and April 1, 1974 will be applied as set forth in 436-75-020 (3).

(4) Benefit amounts payable for a partial month shall be calculated as set forth in 436-75-020 (4).

(5) Burial benefits shall be paid in accordance with ORS 656.208 (1) and 656.204 (1) and the Retroactive Reserve 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.

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

**436-75-050            TEMPORARY TOTAL DISABILITY**

(1) Temporary total disability benefits shall be paid in accordance with ORS 656.210, OAR 436-60-150 and the benefit schedules set forth in the Retroactive Reserve bulletin.

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

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

**436-75-060            PERMANENT PARTIAL DISABILITY**

(1) Permanent partial disability benefits shall be paid in accordance with ORS 656.214, ORS 656.216 and the benefit schedules set forth in the Retroactive Reserve bulletin.

(2) The monthly permanent partial disability payment shall be established by multiplying the weekly temporary total disability rate at the time of closure by 4.35.

(3) Benefit amounts payable for a partial month shall be calculated as in 436-75-020 (4).

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

**436-75-065            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 Reserve 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 Reserve;

(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:

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

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

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(4) The insurer shall submit dispositions to the Division in the format prescribed by the Director.

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

**436-75-070 REIMBURSEMENT**

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

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

(3) Requests for reimbursement received by 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 Reserve benefit payments required to be made while the claim was in an accepted status.

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

**436-75-080 ALIEN BENEFITS**

Reimbursement from the Retroactive Reserve will be made at the alien benefit rate in effect for the period requested if the injured worker or beneficiary entitled to benefits pursuant to ORS 656.204 to 656.214 is an alien residing outside of the United States or its dependencies. An alien is a person who is a citizen or subject of a country other than the United States of America.

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

**436-75-090 THIRD PARTY RECOVERY**

(1) In the event of a third party recovery, previously reimbursed Retroactive Reserve 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 Reserve, 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 Reserve 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.

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

**436-75-100 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 436-75-008.

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

**436-75-110 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.

(7) After 12 months of the suspension has elapsed, the Division may audit the



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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 436-75-008.

(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.

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