



**Electronic Data Interchange;
Proof of Coverage
Oregon Administrative Rules
Chapter 436, Division 162**

Effective April 1, 2015

TABLE OF CONTENTS

Rule		Page
436-162-0001	Authority, Applicability, Administration, and Purpose of these Rules	1
436-162-0004	Adoption of Standards	1
436-162-0005	General Definitions	2
436-162-0030	Retention of Electronic Records	4
436-162-0035	General Filing Information	4
436-162-0038	Acknowledgement	4
436-162-0040	Recognized Filing Date.....	5
436-162-0310	Electronic Filing Requirements	6
436-162-0335	Testing Procedures and Transaction Accuracy Standards	7
436-162-0340	Changes or Corrections.....	8
436-162-0370	Proof of Coverage Terminations.....	9
436-162-0380	Cancellation of Coverage by the Employer	9
436-162-0400	Monitoring and Auditing Insurers	9
436-162-0440	Assessment of Civil Penalties.....	10
Appendix A, B, and C (OAR 436-162-0310) [link to tables].....		10
ORDER OF ADOPTION		(END) i

HISTORY LINES: These rules include only the most recent “History” lines. The history line shows when the rule was last revised (or “filed” if the rule has never been revised) and its effective date. To obtain a comprehensive history for OAR chapter 436, please call the Workers’ Compensation Division, (503) 947-7717, or visit the division’s website: http://wcd.oregon.gov/laws/Documents/Rule_history/436_history.pdf.

Blank page for two-sided printing

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

**OREGON ADMINISTRATIVE RULES
CHAPTER 436, DIVISION 162**

436-162-0001 Authority, Applicability, Administration, and Purpose of these Rules

(1) These rules are promulgated under the director's authority contained in ORS 656.726(4).

(2)(a) These rules apply to workers' compensation proof of coverage transactions filed with the director by electronic data interchange (EDI) on or after April 1, 2015.

(b) For coverage effective before July 1, 2009, the insurer must contact the director if the insurer is unable to file proof of coverage by EDI.

(3) The director's purpose is to require workers' compensation proof of coverage reporting by EDI.

(4) The director may waive procedural rules as justice requires, unless otherwise obligated by statute.

(5) Orders issued by the division in carrying out the director's authority to enforce ORS chapter 656 are considered orders of the director.

Stat. Authority: ORS ch. 84, 656.264, 656.419, 656.423, 656.427, 656.726(4)
Stat. Implemented: ORS 656.017, 656.407, 656.419, 656.423, and 656.427
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Amended 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0002 Purpose

Stat. Authority: ORS 656.264 and 656.726(4)
Stat. Implemented: ORS 656.017, 656.407, 656.419, 656.423, and 656.427
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0003 Applicability of Rules

Stat. Authority: ORS 656.726(4)
Stat. Implemented: ORS 656.726(4)
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0004 Adoption of Standards

(1) The director adopts, by reference, *IAIABC EDI Implementation Guide for Proof of Coverage*, Release 2.1, dated July 1, 2010.

(2) The form, format, and delivery of data elements reported and definitions will conform to these standards, unless otherwise provided in these rules.

(3) A copy of the Release 2.1 guide is available for review during regular business hours at the Workers' Compensation Division, Operations Section, 350 Winter Street NE, Salem OR 97301, 503-947-7742. IAIABC members may view a copy of the Release 2.1 guide, or non-members may purchase a copy, at the IAIABC website: <http://www.iaiabc.org>.

Stat. Authority: ORS 656.264, 656.419, 656.423, 656.427, 656.726(4)
Stat. Implemented: ORS 656.017, 656.407, 656.419, 656.423, 656.427
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Amended 11/13/14 as Admin. Order14-061, eff. 4/1/15

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

436-162-0005 General Definitions

For the purpose of these rules:

(1) "Director" means the director of the Department of Consumer and Business Services or the director's designee for the matter.

(2) "Division" means the Workers' Compensation Division of the Department of Consumer and Business Services.

(3) "Electronic data interchange" or "EDI" means a computer to computer exchange of information in a standardized electronic format.

(4) "Electronic record" means information created, generated, sent, communicated, received, or stored by electronic means.

(5) "Establishing document" means a transaction that reports coverage for one or more entities. Establishing document types are coverage notice/binders, new policies, rewrite/reissue transactions, renewals, reinstatements, add jurisdiction endorsements, or add employer/location endorsements.

(6) "Exclude (X)" means the data element must not be sent or cannot be sent.

(7) "Expected (E)" means the data element is expected on the transaction, but the transaction will be accepted with errors should it fail any edit.

(8) "Fatal Technical (F)" means the data element must be sent.

(9) "Fatal Technical/Conditional (FT)" means the data element must be sent when certain conditions are present.

(10) "FEIN" means the federal employer identification number or other federal reporting number used by the Internal Revenue Service (IRS) to identify a business entity and by the insurer, insured, or employer for federal tax reporting purposes.

(11) "Header record" means the record that precedes each transmission for the purpose of identifying a sender, the date and time of the transmission, and the transaction set within the transmission.

(12) "IAIABC" means the International Association of Industrial Accident Boards and Commissions, a professional trade association consisting of state workers' compensation regulators and insurance and corporate agency representatives (www.iaiaabc.org).

(13) "If Applicable/Available with Item Accept if Invalid (IA)" means the data may or may not be populated. If present, may be edited for valid value or format. The division may or may not return an error on validity edits.

(14) "Industry code" means the code that indicates the nature of the employer's business as published in the North American Industrial Classification System (NAICS) manual, available in print and on CD-ROM from the National Technical Information Service (NTIS) <http://www.ntis.gov/products/naics.aspx>. NAICS codes may also be viewed at the U.S. Census Bureau webpage (<http://www.census.gov/eos/www/naics/>).

(15) "Information" means data, text, images, sounds, codes, computer programs, software, databases, or the like.

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

(16) "Insurer" means the State Accident Insurance Fund Corporation or an insurer authorized under ORS chapter 731 to transact workers' compensation insurance in Oregon.

(17) "Mandatory (M)" means the data element must be sent. If the data element is omitted or submitted in a format the division is unable to process, the transaction will be rejected.

(18) "Mandatory/Conditional (MC)" means the data element must be sent when certain conditions are present.

(19) "Not Applicable (NA)" means the data element is not required to be sent, but it may be sent. If it is sent, edits may be applied, but unsuccessful edits will not cause the transaction to be rejected.

(20) "Proof of coverage" means an electronic record or set of records identifying an insurer as providing workers' compensation coverage for a specific employer.

(21) "Record" means electronic record.

(22) "Restricted (R)" means the data element value will not be accepted if a stated condition exists.

(23) "Sender" means the vendor or insurer authorized to send EDI transactions to the division.

(24) "Trailer record" means the record that designates the end of a transmission and provides a count of transactions contained within the transmission, not including the header and trailer records.

(25) "Transaction" means a set of EDI records, defined according to standards in OAR 436-162-0004(1).

(26) "Transaction reason code" means the two-digit code identifying the type of transaction and why it was sent (e.g., 54, adding an employer location).

(27) "Transaction set purpose code" means the code identifying whether the transaction is an original, change, or replacement transaction (e.g., 00, original).

(28) "Transaction set type code" means the code identifying the purpose of individual records within the transaction (e.g., 42, canceled by insured).

(29) "Transmission" means a defined set of transactions, including both header and trailer records sent to the division or sender by EDI.

(30) "Triplicate code" means the series of three two-digit codes that define the specific purpose of individual records in a proof of coverage transmission in this order: transaction set purpose code, transaction set type code, and transaction reason code.

(31) "Vendor" means an agent identified by an insurer to submit transmissions to the division on behalf of the insurer.

Stat. Authority: ORS 656.264, 656.726(4)
Stat. Implemented: ORS 656.419, 656.423, 656.427
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Amended 11/13/14 as Admin. Order 14-061, eff. 4/1/15

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

436-162-0006 Administration of Rules

Stat. Authority: ORS 656.704 and ORS 656.726(4)
Stat. Implemented: ORS 656.704 and ORS 656.726(4)
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0010 Security

Stat. Authority: ORS 656.264 and 656.726(4)
Stat. Implemented: ORS 656.264
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0020 Trading Partner Agreement

Stat. Authority: ORS 656.264 and 656.726(4)
Stat. Implemented: ORS 84.013 and 656.264
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0030 Retention of Electronic Records

Insurers and self-insured employers must retain workers' compensation records under OAR 436-050-0120 and OAR 436-050-0220. Records may be retained in electronic format if the records can be reproduced.

Stat. Authority: ORS 656.726(4)
Stat. Implemented: ORS 656.455 and 731.475
Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11

436-162-0035 General Filing Information

(1) Senders must follow United States Postal Service guidelines for reporting all addresses.

(2) Transactions will be rejected if Mandatory or Mandatory/Conditional data elements are omitted or submitted in a form or format the division is unable to process.

(3) Not Applicable data element(s) in a transaction will be ignored if the data element is either omitted or submitted in a form or format the division is unable to process.

(4) Worker leasing company (also known in other jurisdictions as professional employer organization) policies will be accepted by EDI, subject to the same data and transaction editing standards as other policies. A policy filing for a worker leasing company does not eliminate the worker leasing company's requirement to file worker leasing notices under OAR 436-180-0110.

(5) Wrap-up policies will be accepted by EDI, subject to the same data and transaction editing standards as other policies. Wrap-up projects and any change of insurer mid-project must be approved by the Oregon Insurance Division.

Stat. Authority: ORS 656.264, 656.419, 656.423, 656.427, 656.726(4)
Stat. Implemented: ORS 656.419, 656.423, 656.427
Hist: Adopted 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0038 Acknowledgement

(1) The division will respond to submitted transmissions by providing either a Transaction Accepted (TA) or a Transaction Rejected (TR) acknowledgement.

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

(2) Transaction rejected acknowledgements will be generated for transactions with errors, including but not limited to:

- (a) An omitted Mandatory data element;
- (b) An improperly populated data element field, e.g., numeric data element field is populated with alpha or alphanumeric data, or is not a valid value;
- (c) Transactions or electronic records within the transaction that require matching and cannot be matched to the division's database;
- (d) Illogical data in a Mandatory or Mandatory/Conditional field, e.g., policy expiration date is before policy effective date;
- (e) Duplicate transmission or duplicate transaction within the transmission;
- (f) Invalid triplicate code; or
- (g) Illogical event sequence relationship between transactions, e.g., endorsement transaction submitted before a policy transaction is submitted.

(3) The insurer must correct and resubmit any transactions rejected for which a law or rule requires reporting to the director.

(4) Transactions that are not rejected under section (2) of this rule will result in a Transaction Accepted acknowledgement.

(5) An insurer's obligation to file proof of coverage for the purposes of this rule is not satisfied unless the director acknowledges acceptance of the transaction.

Stat. Authority: ORS 656.264, 656.419, 656.423, 656.427, 656.726(4)

Stat. Implemented: ORS, 656.419, 656.423, 656.427

Hist: Amended and renumbered from 436-162-0320 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0040 Recognized Filing Date

(1) An electronic record is considered filed on the date it is delivered to the director only if the division issues a Transaction Accepted acknowledgement.

(2) Rejected transactions are not considered filed and do not satisfy proof of coverage requirements until they are corrected, resubmitted, and accepted by the division.

Stat. Authority: ORS 656.264 and 656.726(4)

Stat. Implemented: ORS 656.419, 656.423, 656.427

Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11

Amended 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0050 Form, Format, and Delivery for Electronic Data Reporting

Stat. Authority: ORS 656.726(4)

Stat. Implemented: ORS 84.013 and 656.264

Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11

Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0060 Testing Procedures and Requirements

Stat. Authority: ORS 656.726(4)

Stat. Implemented: ORS 84.013 and 656.264

Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11

Amended and renumbered to 436-162-0335 11/13/14 as Admin. Order14-061, eff. 4/1/15

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

436-162-0070 Electronic signature

Stat. Authority: ORS 656.726(4)
 Stat. Implemented: ORS 84.001-84.061 and 656.264
 Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
 Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0090 Address Reporting

Stat. Authority: ORS 656.726(4)
 Stat. Implemented: ORS 656.264
 Hist: Adopted 10/1/10 as Admin. Order 10-058, eff. 1/1/11
 Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0300 Establishing Document Transaction

Stat. Authority: ORS 656.726(4)
 Stat. Implemented: ORS 656.419, 656.423 and 656.427
 Hist: Amended and renumbered from 436-160-0300 10/1/10 as Admin. Order 10-058, eff. 1/1/11
 Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0310 Electronic Filing Requirements

(1) Unless otherwise provided in these rules, insurers must transmit proof of coverage by EDI, and either use an approved vendor, or be approved as a sender.

(2) Unless otherwise provided in these rules, the data elements have the meaning provided in the data dictionary of the *IAIABC EDI Implementation Guide for Proof of Coverage*, Release 2.1, dated July 1, 2010, referenced in OAR 436-162-0004(1).

(3) Data elements are listed in Appendices A and B:

(a) Appendix A shows all proof of coverage data elements accepted by EDI in Oregon, and whether the data element is Exclude (X), Expected (E), Fatal Technical (F), Fatal Technical/Conditional (FT), Mandatory (M), Mandatory/Conditional (MC), Not Applicable (NA), or Restricted (R), for each transaction type.

(b) Appendix B lists Mandatory/Conditional data elements and the applicable conditions that make the data element mandatory.

(4) Filing due dates are listed in Appendix C, the Event Table.

(5) An insurer may file proof of coverage EDI by:

(a) Transmitting an electronic record of the proof of coverage data elements identified as Mandatory or Mandatory/Conditional, including a correct FEIN, as defined in OAR 436-162-0005(10), for each legally distinct employer included in the establishing document transaction; and

(b) Transmitting an establishing document transaction, coverage notice/binder, new/renew policy, rewrite/reissue policy, reinstatement, add location, add employer, or add jurisdiction.

(6) If an employer elects to include any nonsubject worker(s) for coverage, or subsequently to exclude such workers from coverage, the insurer must submit a transaction with a reason code for including or excluding a corporate officer, partner, member, sole proprietor, or any other nonsubject worker as described in ORS 656.027.

(7) Insurers may not:

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

- (a) Submit placeholder or invalid FEINs; or
- (b) Submit paper documents to the director without the director's express permission.

Stat. Authority: ORS 656.264, 656.419, 656.423, 656.427, 656.726(4)
 Stat. Implemented: ORS 656.419, 656.423, 656.427
 Hist: Amended and renumbered from 436-160-0310 10/1/10 as Admin. Order 10-058, eff. 1/1/11
 Amended 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0320 Acknowledgement

Stat. Authority: ORS 656.726(4)
 Stat. Implemented: ORS 656.264
 Hist: Amended and renumbered from 436-160-0320 10/1/10 as Admin. Order 10-058, eff. 1/1/11
 Amended and renumbered to 436-162-0038 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0330 Effective Dates

Stat. Authority: ORS 656.726(4)
 Stat. Implemented: ORS 656.264, 656.419, 656.423 and 656.427
 Hist: Amended and renumbered from 436-160-0330 10/1/10 as Admin. Order 0-058, eff. 1/1/11
 Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0335 Testing Procedures and Transaction Accuracy Standards

(1) An insurer that wants to self report proof of coverage must report through an approved vendor until the insurer completes all of the testing requirements in this rule and receives approval from the director to self report.

(2) To obtain approval, each sender must successfully complete the Secure File Transfer Protocol (SFTP) test, demonstrate ability to successfully transmit coverage data in the format specified in OAR 436-162-0004(1), achieve ninety percent reporting accuracy, and retrieve and process automated EDI acknowledgements.

(3) To begin the testing process for proof of coverage EDI, the sender must:

(a) Contact the division's EDI coordinator. Contact information is on the division's webpage: <http://wcd.oregon.gov/insurer/edi/Pages/proof-of-coverage.aspx>; and

(b) Complete and submit the proof of coverage EDI transmission profile (Form 440-4979), available from: <http://wcd.oregon.gov/insurer/edi/Pages/proof-of-coverage.aspx>.

(4) A successful EDI test is determined by the following:

(a) The resolution of any consistently recurring Fatal Technical errors identified by the division;

(b) Transmissions are sent to the division without errors in the header or trailer record;

(c) Transmissions are sent to the division without transaction level technical errors; and

(d) The sender is able to retrieve and process the automated EDI acknowledgement transactions.

(5) To move from testing to production:

(a) The sender must submit a minimum of three transmissions containing at least three records for each Oregon valid triplicate code included in Appendix A.

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

(b) Data transmitted during the proof of coverage EDI test must represent actual proof of coverage data, which will be discarded after the test.

(c) The division will provide the sender with an acknowledgement file to account for the processing outcome of each transaction, i.e., accepted or rejected. The sender should reconcile or correct identified data errors in their source data system as necessary.

(d) Ninety percent of transactions submitted during the testing phase must be accepted by the division. Additional proof of coverage EDI test transmission(s) may be required until a ninety percent accuracy rate is achieved.

(6) The director will notify senders once they have successfully completed testing.

(7) Once approved, the sender must maintain the accuracy as defined in sections (4) and (5)(d) of this rule. Failure to meet technical requirements may result in the revocation of EDI transmission approval.

(8) The division will inform the sender and insurer (if different) if accuracy standards for technical requirements fall below standards prescribed in sections (2) and (5)(d) of this rule.

Stat. Authority: ORS 656.264, 656.419, 656.423, 656.427, 656.726(4)

Stat. Implemented: ORS 656.264, 656.419, 656.423, 656.427

Hist: Amended and renumbered from 436-162-0060 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0340 Changes or Corrections

(1) Changes or corrections to proof of coverage information must be submitted under the standards referenced in OAR 436-162-0004(1).

(2) To report changes or corrections of an insured employer's name or address, or other data elements, the insurer must transmit the appropriate transaction to specify what data is being changed or corrected.

(3) The insurer's policy number is used to assist in matching each transaction to the appropriate employer. When an insurer changes a policy number, the insurer must report that change prior to the next transaction submitted for that policy. Failure to report a change in the policy number will prevent future filings from being processed by the division's information processing system and the insurer will receive a Transaction Rejected acknowledgement.

(4) To add or delete coverage for corporate officers, members of a limited liability company, partners, sole proprietors, or other nonsubject workers, the insurer must file the appropriate "include" or "exclude" endorsement transaction to the associated policy filing.

Stat. Authority: ORS 656.264, 656.419, 656.423, 656.427, 656.726(4)

Stat. Implemented: ORS 656.419, 656.423, 656.427

Hist: Amended and renumbered from 436-160-0340 10/1/10 as Admin. Order 0-058, eff. 1/1/11
Amended 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0350 Guaranty Contract Filing Requirements

Stat. Authority: ORS 656.726(4)

Stat. Implemented: ORS 656.264, 656.419, 656.423 and 656.427

Hist: Amended and renumbered from 436-160-0350 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0355 Proof of Coverage Filing Requirements

Stat. Authority: ORS 656.726(4)

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

Stat. Implemented: ORS 656.264, 656.419, 656.423 and 656.427
Hist: Renumbered from 436-160-0355 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0360 Guaranty Contract Terminations

Stat. Authority: ORS 656.726(4)
Stat. Implemented: ORS 656.264, 656.419, 656.423 and 656.427
Hist: Renumbered from 436-160-0360 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Repealed 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0370 Proof of Coverage Terminations

When the insurer cancels coverage before the expiration of the policy term, the insurer must:

- (1) Provide written notice to the employer under ORS 656.427(1) and (3);
- (2) Retain a record of the written notice sent to the employer under ORS 656.427, and proof of mailing of that notice, for inspection by the division; and
- (3) Provide notice to the director under ORS 656.427 by EDI.

Stat. Authority: ORS 656.264, 656.427, 656.726(4)
Stat. Implemented: ORS 656.427
Hist: Renumbered from 436-160-0370 10/1/10 as Admin. Order 10-058, eff. 1/1/11
Amended 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0380 Cancellation of Coverage by the Employer

When the employer cancels coverage before the expiration of the policy term, the insurer must:

- (1) Retain a record of the written or verbal notice provided by the employer to the insurer under ORS 656.423, including proof of date of receipt of that notice, for inspection by the division; and
- (2) Provide notice to the director under ORS 656.423 by EDI.

Stat. Authority: ORS 656.264, 656.423, 656.726(4)
Stat. Implemented: ORS 656.423
Hist: Adopted 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0400 Monitoring and Auditing Insurers

(1) The director may monitor and conduct periodic audits of proof of coverage reporting data to ensure compliance with ORS chapter 656 and these rules. If the director finds violations of the reporting requirements of these rules the director may issue civil penalties under OAR 436-162-0440 and ORS 656.745.

(a) Proof of coverage must be reported timely. "Timely" means that an insurer reports data within the time allowed by these rules, including Appendix C, the Event Table.

(b) Proof of coverage must be reported accurately. "Accurately" means that the reported coverage data accepted by the division conforms to the reporting requirements of these rules, including Appendices A, B, and C.

(2) All records maintained or required to be maintained must be disclosed upon request by the director.

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION
ELECTRONIC DATA INTERCHANGE; PROOF OF COVERAGE**

Stat. Authority: ORS 656.264, 656.726(4), 656.745
Stat. Implemented: ORS 656.419, 656.423, 656.427
Hist: Adopted 11/13/14 as Admin. Order14-061, eff. 4/1/15

436-162-0440 Assessment of Civil Penalties

(1) Under ORS 656.745, the director may assess a civil penalty against an insurer that fails to comply with ORS chapter 656 or the director's rules and orders.

(2) The insurer is responsible for its own actions as well as the actions of others acting on the insurer's behalf. If an insurer or someone acting on the insurer's behalf violates any provisions of these rules, the director may impose a civil penalty against the insurer.

Stat. Authority: ORS 656.264, 656.726(4), 656.745
Stat. Implemented: ORS 656.419, 656.423, 656.427
Hist: Adopted 11/13/14 as Admin. Order14-061, eff. 4/1/15

[Appendix A, B, and C \(OAR 436-162-0310\) \[link to tables\]](#)

If the above link does not connect you to the electronic data interchange webpage, please copy and paste the following link into your browser's URL window:

<http://wcd.oregon.gov/insurer/edi/Pages/proof-of-coverage.aspx>.

**BEFORE THE DIRECTOR
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION**

In the Matter of the Amendment of Oregon Administrative Rules (OAR):)	ORDER OF ADOPTION No. 14-061
436-162, Electronic Data Interchange; Proof of Coverage)	
)	
)	

The Director of the Department of Consumer and Business Services, under the general rulemaking authority in ORS 656.726(4), and in accordance with the procedures in ORS 183.335, amends OAR chapter 436, division 162.

On Sept. 11, 2014, the Workers' Compensation Division filed with the Secretary of State a *Notice of Proposed Rulemaking Hearing* and *Statement of Need and Fiscal Impact*. The division mailed copies of the *Notice* and *Statement* to interested persons and legislators in accordance with ORS 183.335 and OAR 436-001-0009, and posted copies to its website. The Secretary of State included notice of the public hearing in its October, 2014 *Oregon Bulletin*. On Oct. 22, 2014, a public hearing was held as announced. The record remained open for written testimony through Oct. 28, 2014. The division received no public testimony on the proposed rules.

SUMMARY OF RULE AMENDMENTS

The Workers' Compensation Division has amended OAR 436-162, "Electronic Data Interchange; Proof of Coverage," to:

- Revise and reorganize the rules to promote clarity, including –
 - Consolidation of related requirements, and
 - Deletion of obsolete information, such as references to "guaranty contracts"(Much of the text marked as "new" is in fact current, but it is marked because it has been moved. The most significant revisions are listed below.);
- More completely describe reporting requirements under the existing standard – IAIABC (International Association of Industrial Accident Boards and Commissions) EDI Implementation Guide for Proof of Coverage, Release 2.1, dated July 1, 2010 – to include a data element requirement table, data element issuance conditions, and a list of coverage "events" and associated filing due dates, Appendices A, B, and C respectively;
- Update definitions to be consistent with Release 2.1;
- Remove the Standard Industrial Classification (SIC) code from the definition of "Industry code"; the North American Industry Classification System (NAICS) code will be the required industry code;
- Adopt a new EDI transmission profile form, Form 440-4979, for insurers that intend to report directly to the agency (not through a vendor);
- Provide more detailed instructions for testing, to include criteria to measure when testing is successful;

- Set standards for accuracy and timeliness of reporting, and describe consequences for failure to meet the standards – possible sanctions or revocation of EDI transmission approval;
- Emphasize that reported federal employer identification numbers must be valid and cannot be “placeholders”; and
- Distinguish employer cancellations of coverage under ORS 656.423 from insurer terminations of coverage under ORS 656.427, and explain associated record-keeping responsibilities for insurers.

FINDINGS

Having reviewed and considered the record and being fully informed, I make the following findings:

- a) The applicable rulemaking procedures have been followed.
- b) These rules are within the director’s authority.
- c) The rules being adopted are a reasonable administrative interpretation of the statutes and are required to carry out statutory responsibilities.

IT IS THEREFORE ORDERED THAT

- 1) **Amendments to OAR chapter 436, division 162 are adopted as administrative order No. 14-061 on this 13th Day of November, 2014, to be effective April 1, 2015.**
- 2) A certified copy of the adopted rules will be filed with the Secretary of State.
- 3) A copy of the adopted rules with revision marks will be filed with the Legislative Counsel under ORS 183.715 within ten days after filing with the Secretary of State.

DATED this 13th Day of November, 2014.

/s/ John L. Shilts

John L. Shilts, Administrator
Workers’ Compensation Division

Under the Americans with Disabilities Act guidelines, alternative format copies of the rules will be made available to qualified individuals upon request.

If you have questions about these rules or need them in an alternate format, contact the Workers’ Compensation Division, 503-947-7810.

Distribution: Workers' Compensation Division e-mail distribution lists, including advisory committee members and testifiers