



MEMORANDUM

May 6, 2026

To: Stakeholder Review Advisory Committee

From: Aaron Fellman, Policy Analyst

Subject: Follow up from April 28, 2026 meeting

On April 28, 2026, the Workers' Compensation Division held a Stakeholder Rulemaking Advisory Committee Meeting (SRAC) to discuss possible changes to OAR 436-180. During this meeting, we committed to providing written answers to two stakeholder questions.

- **Question 1: Why is the normal method for reporting master policy data to NCCI not applicable in Oregon?**

In most states, coverage data for master policies is reported to NCCI using policy type code 2 ("Employee Leasing Policy For Leased Workers of Multiple Client Companies"), while proof of coverage data for MCPs is reported using policy type code 4 ("Client Company Policy For Leased Workers of Client Company") or 5 ("Employee Leasing Policy For Leased Workers of a Single Client Company").

Oregon is an exception. ORS 737.270 provides in part that:

- (1) When a worker leasing company required to be licensed by ORS 656.850 provides workers to work for a client and also provides the workers' compensation coverage for those workers, the insurance premium for the client's exposure shall be based on the client's own experience rating, in the same manner as required for employers insuring directly employed workers.

- (2) An insurer that provides workers' compensation to a worker leasing company shall maintain and report to the licensed workers' compensation rating organization of which the insurer is a member separate statistical experience for each client of the worker leasing company according to the uniform statistical plan prescribed by the Director of the Department of Consumer and Business Services according to ORS 737.225(4).

These requirements appear to be unique. Of the 20 states with the highest volume of written workers' compensation premium¹, 13 allow or require the use of master policies, but none of these require clients to be separately rated during the term of a PEO relationship except in special circumstances².

To comply with these requirements, insurers must use a combination of methods to report coverage data for an Oregon master policy. Coverage data for the PEO itself is reported to NCCI using policy type code 2, while client coverage data is reported using policy type code 4 or 5, as though client coverage was provided under an MCP. Although this data is not currently used for proof of coverage purposes, it must still be reported so that client-level unit statistical data can be separately reported and tracked.

Assuming Oregon continues to allow the use of master policies past July 1, 2027, insurers who write these policies will still need to report coverage data using this hybrid method. Because this is based on the requirements of ORS 737.225(4), we are unable to authorize another method.

- **Question 2: Can termination notices under ORS 656.850 be sent by a method other than mail?**

ORS 656.850(9)(a), as amended by HB 2800, provides that notice to the client of a PEO must be given by mail, addressed to the client at the client's last-known address. Because this is a statutory requirement, we are unable to alter it by rule.

However, statute does not require a PEO to use a specific method when giving notice of termination to its insurer. ORS 84.022 provides that when a law requires written notice but

¹ Per NAIC's [2024 Market Share Reports For Property/Casualty Groups and Companies by State and Countrywide](#). Excluding monopolistic states, the 20 states with the highest volume of written workers' compensation premium are CA, NY, FL, NJ, TX, PA, IL, WI, GA, NC, MA, CO, MO, MI, MN, VA, SC, MD, AZ, and LA, in descending order of total premium.

² Texas requires separate rating for the first two years of a PEO relationship, and Illinois requires clients whose experience ratings exceed the PEO's by more than 50% to be separately rated. The remaining 11 states make no provision for separate rating during the term of a PEO relationship.

Stakeholder Review Advisory Committee

May 6, 2026

Page 3

does not specify a method of delivering that notice, two parties may agree to give notice electronically, as long as notice is given in a form capable of being retained. Thus, while notice to a client must be given by mail, a PEO could give notice to its insurer electronically with the consent of both parties.

We hope this information is helpful. If you have further questions or input on the issues discussed at the SRAC, please reach out to us at marie.a.rogers@dcbs.oregon.gov before May 15, 2026. We will consider all input received before that date in drafting the proposed rules.

Best,

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