

Department of Consumer & Business Services
Oregon Division of Financial Regulation – 5

P.O. Box 14480
350 Winter St. NE
Salem, Oregon 97309-0405
Phone (503) 947-7983

**STANDARDS FOR WORKERS' COMPENSATION LARGE DEDUCTIBLE AND
LARGE RISK ALTERNATIVE RATING PLANS INCLUDING FORMS, RATES, AND RULES**

This product standards checklist has been provided as an aid to assist you in preparing your filing. The checklist does not need to be included with a paper submission or attached to a SERFF filing under the Supporting Documentation tab. However, the reviewer may request the completed product standards checklist at any time during the review, ORS 731.296, OAR 836-010-0011 (2) & (3).

This checklist includes relevant statutes, rules, bulletins, and other documented positions to enforce ORS 731.016. **The standards are summaries. Review of the entire statute or rule will be necessary.** After diligent consideration has been given to each item, mark either the “Yes” or the “N/A” box. Compliance with these provisions must be certified by both the filer and an officer of the company signing the Certificate of Compliance form. These signatures certify the forms being submitted meet the requirements of our checklist and statutes. “Not applicable” can be used only if the item does not apply to the coverage being filed. If the reviewer requests the product standards checklist, any line left blank may result in the delay or disapproval of the filing.

This checklist is NOT APPLICABLE to the following:

- For adopting bureau forms, see requirements under *Rating Organization Form Adoption* on our Web site.
- For filing rating organization loss cost modification factors, see *Rating Organization Loss Cost* on our Web site.

TOI/Sub-TOI: 16.0004 Workers Compensation – Standard Workers Compensation

Market Type: Large Deductible
 Large Risk Alternative Rating Plan
 Large Risk Alternative Rating Plan with Large Deductible

| Review requirements | Reference | Description of review standards requirements | Answer Yes or No |
|---------------------|---|--|---|
| Requirements | OAR 836-010-0011 As required on SERFF or our Web site | <p>Required filing requirements are located on SERFF or on our website at: http://dfr.oregon.gov/rates-forms/Pages/index.aspx. If a filing is submitted in SERFF, the applicable information must be attached correctly in order for the form filing to be considered complete.</p> <p>Redlines of previously approved documents must be attached under the Supporting Documentation tab. Clean copies of the submitted form(s) must be attached under the Form Schedule tab. Each form within the file must be attached to a separate Schedule Item under the Forms Schedule tab. The form number must appear exactly as shown on the PDF document.</p> <p>We prefer the revision date to be part of the form number. Do not add the edition date to both the Form Number column and the Edition Date column. The Form Type column and the Action Specific Data column must be completed correctly. When submitting revised documents provide the previous Oregon Filing Number and the form number, including the edition date of the previously approved form.</p> <p>Rates and rules must be submitted under the Rate and Rule tab. The Actuarial Memorandum must be submitted under the Supporting Documentation tab. Other filing requirements as listed below, or other documentation used to assist us in our review, should be submitted under the Supporting Documentation tab under the correct heading. If submitting a paper filing, please see #8 below.</p> <ol style="list-style-type: none"> 1. Transmittal form. (Only required when submitting a paper filing.) 2. A Filing Description under the General Information tab or a Cover letter or Filing Memorandum under the Supporting Documentation tab that explains the intent or purpose of the forms/rules/rates. 3. Third-party filer's letter of authorization, if applicable. 4. Signed Certificate of Compliance, form 440-3894. 5. For form submissions, has a comparison document (annotated, highlighted, red-lined, or side-by-side) been provided for each previously approved form? Submit documents under the Supporting Documentation tab. 6. The rates and/or rules are attached to the Rate Schedule tab. Actuarial documentation that provides an overview of the contents of the filing and the reasons and procedures used to support the rate change has been attached to the Supporting Documentation tab. 7. The forms being filed for approval are attached to the Form Schedule tab. | <p>Yes No</p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> |

| Review requirements | Reference | Description of review standards requirements | Answer Yes, No, or N/A | |
|---|--|---|---------------------------------|---------------------------------|
| Requirements, continued | OAR 836-010-0011 As required on SERFF or our Web site | 8. When submitting a paper filing, send two complete sets of the entire filing. Include a self-addressed, stamped envelope that is large enough to return the second copy of the filing. NOTE: This checklist does not need to be submitted with the filings. However, it may be requested by the reviewer. Please use this document as a tool to help you comply with our requirements. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Review | ORS 742.003(1), ORS 737.205, ORS 737.320 | Check all that are submitted in this filing for review: 1. New program. 2. Amending existing program, provide Division of Financial Regulation filing number. 3. Rates and rules. 4. Endorsements | Yes <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Requirements | ORS 742.003 ORS 737.320 | Prior approval of all rates, rating plans, and forms is required. No policy has been issued or will be issued upon the forms in this filing until approved. | Yes <input type="checkbox"/> | N/A <input type="checkbox"/> |
| FORMS - LARGE DEDUCTIBLE ENDORSEMENT | | | | |
| Claim reporting provision | OAR 836-054-0210(1) | Clearly and prominently state that the insured employer must report all workers' compensation insurance claims to the insurer and the insurer retains responsibility to administer claims and to pay all costs and expenses. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Delete endorsement | OAR 836-054-0210(2) | Provision must state the insurer at least will delete the provision effective not more than ten (10) days following discovery that an insured employer has on three occasions within the policy period known of but not reported a workers' compensation insurance claim to the insurer or has on any occasion within the policy period made direct payment of claim costs. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | | The insurer may further state in the provision that the insurer will cancel the policy with 45 days notice pursuant to ORS 656.429. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | | The insurer may also state in the provision that the insurer will delete the provision retroactively to the date of the offense with penalties stated in the provision. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | | The provision must state that when a large deductible provision is deleted, the premium for any remaining portion of a policy term will be computed using the rating plans applied by the insurer to the policy prior to deductible credits except that any system of expense gradation applied by the insurer to similar policies must be used. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Policy assessment | OAR 836-054-0210(3) | A large deductible provision must specify that the basis for the Workers' Compensation Premium Assessment, ORS 656.612, will be premium earned prior to any premium credits or modifications for the large deductible provision. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

| Review requirements | Reference | Description of review standards requirements | Answer Yes or No | |
|---|---------------------|---|---------------------------------|--------------------------------|
| Policy assessment, continued | OAR 836-054-0210(4) | A large deductible provision must state that the basis for any assessments by the Plan Administrator for the Workers' Compensation Insurance Plan specified by OAR 836-043-0001 to 836-043-0090 will be premium earned prior to any premium credits or modifications for the large deductible provision. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Expense | OAR 836-054-0210(5) | A large deductible provision must explicitly define which expenses, if any, will be billed to the employer in addition to direct claim costs and specify whether such expenses are subject to the deductible limits together with direct claim costs or will be billed in addition to deductible amounts. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Final premium audit recalculation | OAR 836-054-0210(6) | A large deductible provision must state that the premium credit percentage and amount for the large deductible will be recalculated after final premium audit based on actual premium or exposures and after any retrospective premium adjustments for retrospectively rated policies. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Loss control services | OAR 836-054-0210(7) | A large deductible provision shall contain an offer for the insurer to provide occupational safety and health loss control consultative services as required by ORS 654.097. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Eligibility requirement | OAR 836-054-0210(8) | A large deductible provision shall contain minimum eligibility requirements of not less than \$500,000 estimated country wide annual premium prior to large deductible credits or premium credits based on premium size. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Deductible | OAR 836-054-0210(8) | A large deductible provision shall contain minimum deductible limit per claim for each injury or illness may not be less than \$75,000. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | OAR 836-054-0210(8) | An aggregate limit for deductible amounts for all claims may be specified but may not be less than the deductible limit per claim. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| FORMS – LARGE RISK ALTERNATIVE RATING PLAN ENDORSEMENT | | | | |
| Premium calculation | OAR 836-042-0110 | Specify modifications to filed rating plans including negotiated factors. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Negotiated factors | OAR 836-042-0110 | Mutually agreed upon by insurer and employer. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Deductible | OAR 836-042-0110(2) | Plans which include large deductible options must comply with OAR 836-054-0201 to 836-054-0210. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| LARGE DEDUCTIBLE RATING PLAN FILING REQUIREMENTS | | | | |
| Final premium audit recalculation | OAR 836-042-0080 | Provide method showing the final deductible credit is based upon final premium determination. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Retrospective plan | OAR 836-042-0080(1) | Large deductible rating plans must be based on actuarial assumptions and methods similar to and not circumventing the design of retrospective rating plans approved by the Director. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

| Review requirements | Reference | Description of review standards requirements | Answer Yes or No | |
|---|---------------------|--|---------------------------------|--------------------------------|
| Cancellation | OAR 836-042-0080(1) | Provide method for determining the aggregate limit after mid-term cancellation. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Final rating step | OAR 836-042-0080(2) | A deductible credit or rating modification must be the final rating step so that the insurer may distinguish the amount of credit or modification premium and the policy premium prior to the credit or modification. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | | An insurer may compute premium discounts based on premium amounts after deductible credits if the insurer can demonstrate that greater premium equity is achieved and that data distinguishing the various premium elements will be maintained. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Discrimination | OAR 836-042-0080(3) | Large deductible rating plans may not contain provisions which cannot be approved under the unfair discrimination provisions of OAR 836-042-0025. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | | Factors based upon judgment or negotiated factors are not permitted unless also filed as a Large Risk Alternative Rating Plan. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Expenses | OAR 836-042-0080(4) | A deductible credit or rating modification must recognize expenses which vary with net earned premium after such credits or modifications. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Prospective plan | OAR 836-042-0080(5) | Prospective experience rating plans based on prior claims experience must use losses valued on a gross basis prior to deductible provisions. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Eligibility requirement | OAR 836-042-0080(7) | Minimum eligibility requirements of not less than \$500,000 estimated country wide annual premium prior to large deductible credits or premium credits based on premium size. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Deductible | OAR 836-042-0080(7) | Minimum deductible limit per claim for each injury or illness may not be less than \$75,000. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | OAR 836-042-0080(7) | An aggregate limit for deductible amounts for all claims may be specified but may not be less than the deductible limit per claim. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Statistical reporting | OAR 836-042-0085 | Description of how statistical data maintenance and reporting requirements will be satisfied. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| LARGE RISK ALTERNATIVE RATING PLAN FILING REQUIREMENTS | | | | |
| Eligibility requirement | OAR 836-042-0105(3) | An employer with insurer estimated annual countrywide Workers' Compensation standard premium in excess of \$500,000. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | | An employer with insurer estimated annual countrywide premium in excess of \$750,000 in combination with General Liability, Automobile Liability, Hospital Professional Liability, Crime and Glass, and Workers' Compensation provided Workers' Compensation countrywide standard premium is in excess of \$500,000. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

| Review requirements | Reference | Description of review standards requirements | Answer Yes or No | |
|-------------------------------------|---------------------|--|---------------------------------|--------------------------------|
| Eligibility requirement, continued | OAR 836-042-0105(3) | Workers' Compensation Standard Premium means premium determined by authorized rates including any experience rating modification, applicable schedule rating, employer's liability increased limits, waiver premium, claim and merit rating, supplemental disease, atomic energy exposure, nonratable catastrophe loadings, aircraft seat surcharge, loss constants and minimum premiums, but does not include premium discounts, coal mine disease charge, employee leasing client processing fees, expense constant, USL&H expense constant, terrorism premiums, catastrophe premiums, and large deductible credits. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Insurer defined | OAR 836-042-0105(4) | The State Accident Insurance Fund Corporation or an insurer authorized under ORS Chapter 731 to transact workers' compensation insurance in this state. "Insurer" includes affiliate insurers for General Liability, Automobile Liability, Hospital Professional Liability, Crime and Glass. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Affiliate insurer defined | OAR 836-042-0105(1) | An insurer that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the insurer specified where control is defined by ORS 732.548(2). | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Premium calculation | OAR 836-042-0110(1) | Contains rating rules indicating the manner in which the rate is promulgated and how the resultant premium is derived. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Negotiated factors | OAR 836-042-0110 | Defined and mutually agreed upon by insurer and employer. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Include large deductible plan | OAR 836-042-0110(2) | Must comply with OAR 836-042-0070 to 836-042-0090. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Financial and statistical reporting | OAR 836-042-0110(3) | Demonstrate rating plan compliance with all workers' compensation financial and statistical reporting as required by OAR 836-042-0040 to 836-042-0045. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Independent option | OAR 836-042-0110(4) | The use of the Large Risk Alternative Rating Plans is an independent option and is not a substitute for, nor incompatible with, Manual Rating, Experience Rating, Loss Rating, rating under Loss Reimbursement or Deductible Plans, or any individual-risk rating rule permitted by Oregon law. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Document review | OAR 836-042-0110(5) | Demonstrate how the insurer maintains documentation supporting the eligible employer's Large Risk Alternative Rating Plan sufficient for examination under ORS 737.235. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |