

Employer and Employee Costs

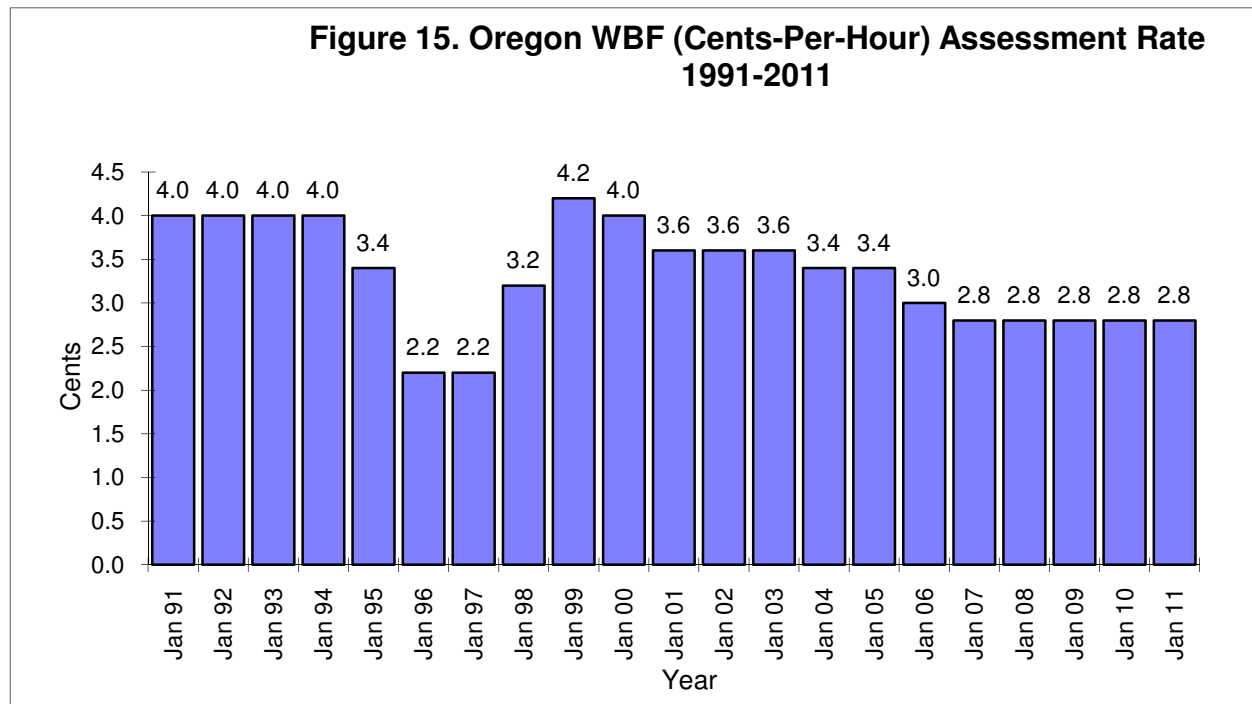
Premiums are not the only costs to employers (and employees) for workers' compensation coverage. Two other substantial costs are premium assessments and the Workers' Benefit Fund assessment. Premium assessments are paid by insurers but are recoverable from employers. The Workers' Benefit Fund assessment (cents-per-hour) also includes employee contributions.

Table 5. Premium Assessments and Workers' Benefit Fund Assessment Calendar years 2006 through 2009				
	2006 ¹	2007 ¹	2008 ¹	2009 ¹
Premium Assessments	\$51,426,701	\$43,136,194	\$41,421,212	\$32,787,315
Workers' Benefit Fund Assessment	\$83,006,739	\$77,134,579	\$74,999,575	\$69,757,505
Total	\$134,433,440	\$120,270,773	\$116,420,787	\$102,544,820

Note: The Workers' Benefit Fund assessment rate (cents per hour) amounted to 3.0 in calendar year 2006, 2.8 in calendar year 2007, 2008, and 2009. The Workers' Compensation Premium assessment rate (percent) amounted to 5.5 in calendar year 2006, 4.6 in calendar year 2007, 2008 and 2009.

1. The calendar year 2006, 2007, 2008, and 2009 Premium Assessment dollar amounts are net of the SAIF Medical Malpractice Reinsurance Program credit amount of \$5.6 million, \$5.2 million, \$5.5 million, and \$3.7 million respectively, which was utilized under the provisions of Chapter 781, Oregon Laws 2003 (House Bill 3630) and Chapter 574, Oregon Laws 2007 (SB 183).

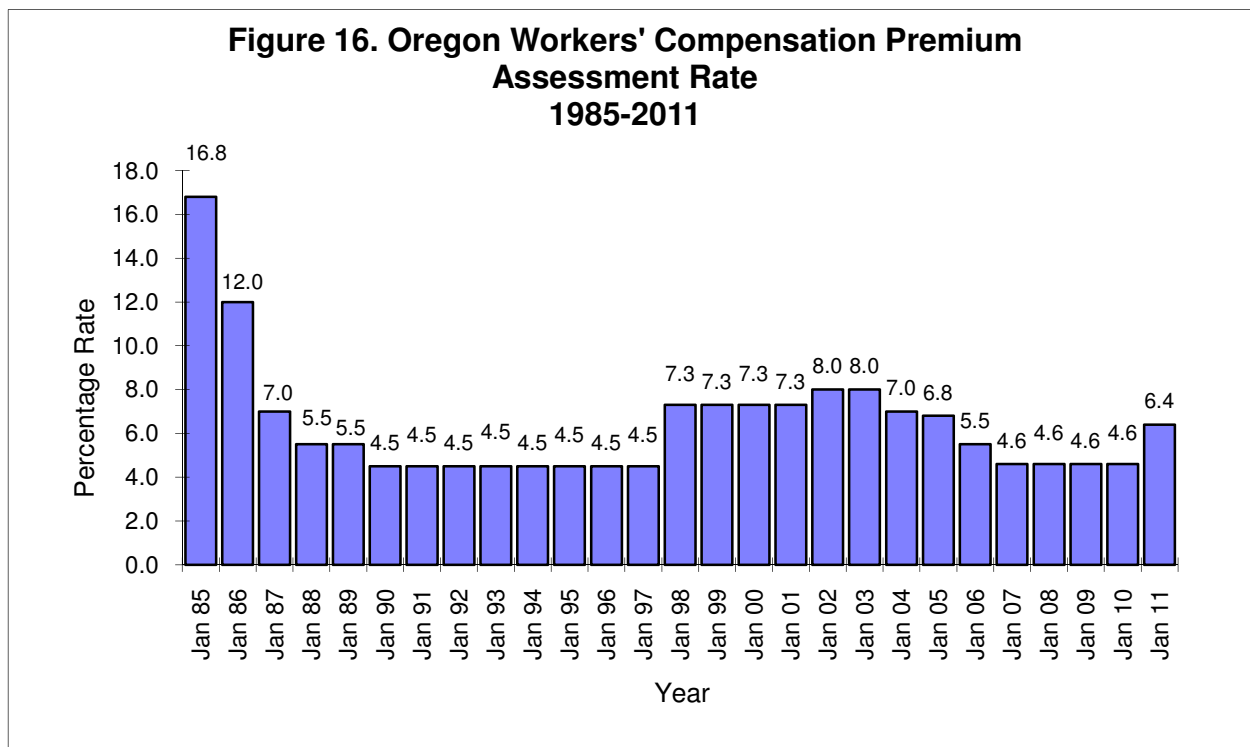
Source: Based on data from quarterly financial statements produced by Fiscal and Business Services, Oregon Department of Consumer and Business Services. Last Update 4/2010



Source: Research & Analysis Section, Information Management Division, Oregon Dept. of Consumer & Business Services.

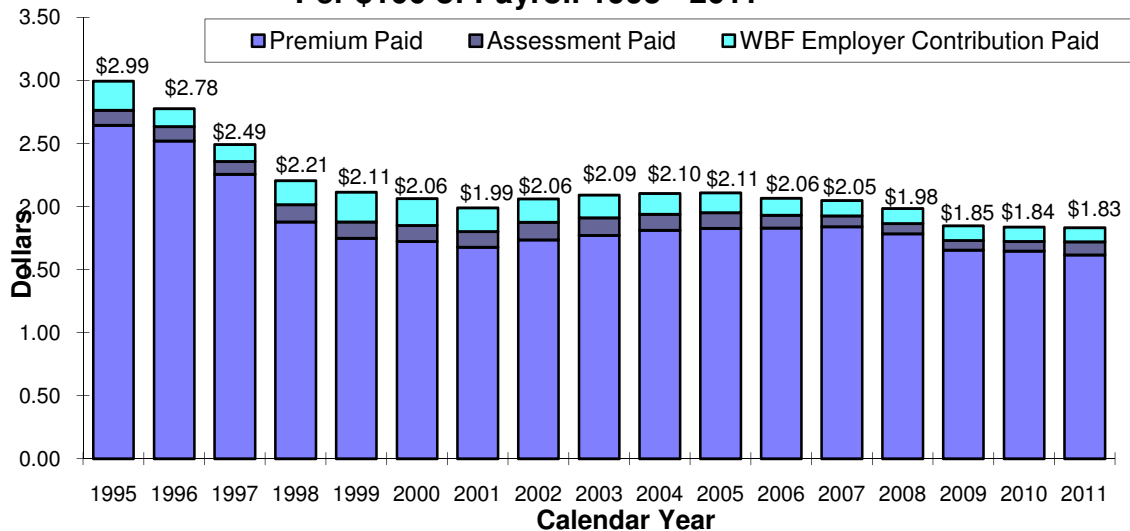
Premium assessments fund those operations of the Department of Consumer and Business Services related to workers' compensation. A declining portion of assessment revenues is spent on rehabilitation programs for injured workers, including reimbursement of time-loss (TTD) payments while they are in authorized training programs.

The Workers' Benefit Fund assessment was formerly referred to as cents per day. From 1984 through 1994, this assessment, set by the Legislature, at so many cents per workday -- roughly half from the employee and half from the employer. Most of the revenue funded the Retroactive Reserve, which supplements older statutory benefits to bring them near present benefit levels. The remainder was used for two statutory funds, the Workers with Disability Reserve (formerly the Handicapped Workers' Reserve) and the Reemployment Assistance Reserve (formerly Workers' Reemployment Reserve). Effective January 1, 1988, two cents from the employer were added to the cents-per-day total to fund the Reopened Claims Reserve. On January 1, 1995, the contribution changed to a cents-per-worker-per-hour assessment that was allocated almost entirely to the Retroactive Reserve, except for a small contribution to the Reemployment Assistance Reserve. As of January 1, 1996, the entire contribution was put into the new Workers' Benefit Fund which is then distributed to the various reserves and other programs as needed.



Source: Research & Analysis Section, Information Management Division, Oregon Dept. of Consumer & Business Services.
Last updated 11/2010

**Figure 17. Total Loaded Premium, Assessment, and Contribution Paid
Per \$100 of Payroll 1995 - 2011**



Source: Research & Analysis Section, Information Management Division, Oregon Dept. of Consumer & Business Services.
Last updated 11/2010

Figure 17 shows the total cost (per \$100 of payroll) of workers' compensation coverage to the average Oregon employer. Obviously, the bulk of the costs go toward the insurance premium. The premium dollar amount shown here is the fully-loaded rate as derived in the latest Oregon Workers' Compensation Premium Rate Ranking Report, which uses 50 NCCI class codes (representing roughly two-thirds of the total Oregon payroll) to calculate an overall average rate faced by Oregon employers. As discussed above, premium assessments and the WBF assessment are additional costs faced by employers. These two amounts are also shown in Figure 17 for each year.