

OPPOSE DAMAGING SAIF PROPOSAL

SAIF's reserves are essential to protecting worker safety and ensuring low rates for employers throughout state

Small businesses, school districts, local governments and non-profits depend on SAIF's low rates and safety programs to ensure safe and health workplace. Raiding SAIF's reserves will negatively impact worker safety and accident prevention. Oregon's primary means of protecting injured workers shouldn't be used as a piggy bank by Salem politicians trying to cover unsustainable costs in PERS. Any excess premiums should go back to the employers who have paid them.

The Truth about SAIF's Finances

All SAIF money comes from employer premiums and investment income. No state revenue supports SAIF. The proposals under consideration suggest that SAIF has excess resources in its surplus or reserves, beyond what is needed to ensure SAIF can protect injured workers and cover its liabilities. Our coalition believes this is a false premise.

First, what is known as a "surplus" for SAIF is not a surplus in a traditional sense: it is working capital, not extra money. This surplus is needed for buffering economic downturns, changes in medical costs, regulatory changes, and catastrophes like earthquakes, and interest on the surplus helps keep rates low. Sweeping SAIF surplus would open the State up to potential litigation, just as it did in the early 1980s, which the State had to repay.

Second, SAIF must carry higher capital reserves because SAIF exclusively operates in Oregon and only provides Workers' Compensation insurance, as such it cannot diversify like other insurance companies do. Additionally, because SAIF is not part of the state's "guarantee fund" like other insurance companies are, SAIF requires these reserves to act as its own guarantor of liabilities and ensure that there are sufficient funds to pay claims.

Result: Decreased Worker Safety

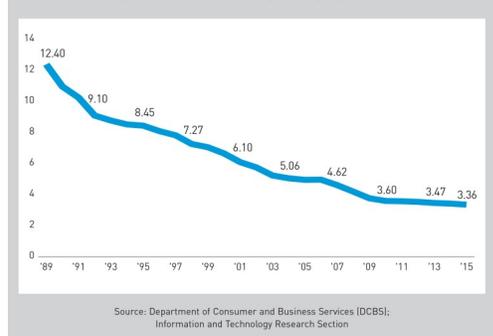
One of the core tenets of Oregon's workers' compensation system is a focus on safety. SAIF plays a critical role in worker safety:

- Each year, SAIF's team of 70 safety and health experts provides over 6,400 onsite or in-person consultations to Oregon employees and employers
- Additionally, the insurer provides phone

consultations, online trainings, videos, and other resources to workers and employers across the state.

Prior to Oregon's landmark Mahonia Hall reforms, Oregon suffered one of the highest frequency of workplace claims in the nation. Since then, Oregon's safety-first model is preventing workplace injury before it happens. In virtually every sector, workplace injury continues a downward trajectory. The dividends that SAIF customers receive are a result of aggressive safety programs, and the money received as dividends helps keep these programs going. Sweeping SAIF's safety net or otherwise changing its mission places this positive trend in jeopardy.

Total claims incidence rate for Oregon workers' compensation system, 1989-2015
Number of accepted claims per 100 subject employees



Result: Increased Premiums and Reduced Service Levels

SAIF is actuarially sound. If its safety nets are swept, they will have little choice but to increase employer premiums or curtail services and programs that protect injured workers and ensure speedy payment of benefits. Keep in mind that last year 92 percent of workers received their first benefits check from SAIF within 14 days.

If SAIF's mission is altered to become a new continuing revenue stream for the state, it is likely employer rates will increase substantially over time and employee benefits may slide back to the pre-Mahonia Hall era.

Result: Harm to Small Business

SAIF is particularly important to Oregon's small businesses: 75% of SAIF's customers have fewer than 10 employees and 95% have fewer than 50 employees. SAIF has stepped up to serve this community of small businesses that often have difficulty securing coverage.

