



June 27, 2014

OET Member
1234 Main Street
Salem Oregon 973xx

RE: Decertification Notice

Dear Member,

Consistent with SB 1558 Section 10 the Oregon Employers Trust conducted a vote of its membership to determine if the group will continue functioning or will no longer continue to function as a self-insured group after September 14, 2014. As required with subsection (2)(a) the group's administrator (Empire Pacific Risk Management, Inc.) provided each member of the group with written notification of the consequences of continuing to function or ceasing to function as a self-insured group.

The vote of the membership illustrates that a majority of the Oregon Employers Trust members would like their trust to continue as a self-insured group.

However, since the Workers' Compensation Division sent out their decertification letter in July 2013, the Trust has experienced drastic change. More than one half of the trust membership either cancelled or declined to renew. Subsequent decline in paid premiums reduced income, yet claims cost continue. The trust is out of cash and unable to pay all bills in a timely manner.

A meeting of the Board of Directors took place June 20th, 2014. The Board of Directors voted for decertification. The Board voted to decertify because of continued insufficient cash-flow, the Trust's inability to meet the current and anticipated regulatory requirements, negative trending, and the "one time window" to receive money for future claims costs from the state worker's benefit fund.

The Board of Directors served notice that the Trust was decertifying as a self-insured group on June 25th, 2014. Although a vote of the membership illustrates a clear majority would prefer to keep the Trust as a workers' compensation market option, the Board of Directors believes that the Trust cannot remain viable.

To enable current members of the Trust to find competitive coverage options the Trust will continue to provide coverage through August 2014. If any Trust members have been unable to bind coverage as of September 1st, 2014, the group's administrator will identify coverage options prior to September 14, 2014. The administrator will verify all trust members have coverage in accordance with SB 1558 and then report to the state.

The membership is reminded that the Trust must continue operations for the next five (5) years to meet the requirements of the NCCI (rating bureau) for maintaining experience rating modifiers and paying insurers, attorneys and other vendors. In addition the Trust must meet the regulatory reporting requirements of the state. These functions are in addition to the management of the Trust's claims.

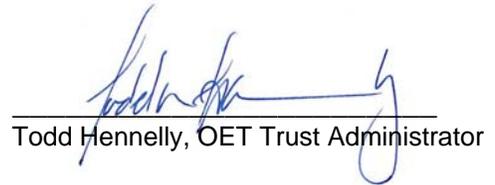
The membership is still responsible for contributions, audits and assessments that are owed to the Trust.

Members are reminded that with the passage of SB 1558 the Department of Consumer and Business Services Director has expanded authority. This authority allows the director to directly assess, at any future date, the membership of a self-insured group. The director may also apply civil penalties to those members that do not comply with assessments or other obligations.

OET members are encouraged to contact their agents and/or the client services staff of the administrator and discuss the member's specific and individual requirements following the decertification of the Trust.



Peter Dinsdale
Peter Dinsdale, OET President



Todd Hennelly
Todd Hennelly, OET Trust Administrator