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PERMANENT ADMINISTRATIVE ORDER

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CHAPTER 436

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
WORKERS' COMPENSATION DIVISION

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RULES:
436-050-0200, 436-060-0025, 436-105-0005, 436-110-0005, 436-162-0005, 436-162-0035, 436-162-0390, 436-180-0003, 436-180-0005, 436-180-0100, 436-180-0110, 436-180-0115, 436-180-0120, 436-180-0140, 436-180-0150, 436-180-0155, 436-180-0160, 436-180-0170, 436-180-0200

AMEND: 436-050-0200

RULE TITLE: Self-Insured Certification Cancellation; Revocation

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-050-0200 is amended to replace “worker leasing company” with “self-insured professional employer organization (PEO).”

RULE TEXT:
(1) Effective period of self-insurance certification. A self-insured employer’s certification remains in effect until:
(a) Revoked as provided under OAR 436-050-0150 to 436-050-0195, ORS 656.434, and ORS 656.440; or
(b) Canceled by the self-insured employer with the approval of the director.
(2) Cancellation of self-insurance certification. If a self-insured employer wishes to cancel its certification:

(a) The employer must submit a written request to the director. The request must include:
(A) The arrangements that have been made to process present and future claims for which the employer is responsible;
(B) A statement of all present and future claims liabilities for all liabilities incurred during the period of self-insurance; and
(C) Any reports and moneys due the director under ORS 656.506, 656.612, and 656.614.
(b) The request under subsection (a) must be submitted at least 60 days before the desired date of cancellation. If the request to cancel is submitted fewer than 60 days before the desired date of cancellation, or otherwise does not meet the requirements of this section, the director may set a cancellation date later than the date requested.
(c) If the self-insured employer will continue to have subject workers after the cancellation date, the employer must demonstrate compliance with ORS 656.017, before the desired date of cancellation, by causing one of the following to be filed with the director:
(A) Proof of coverage provided by an insurer under ORS 656.407, filed by the insurer;
(B) Notice of client coverage provided by a self-insured professional employer organization (PEO) under OAR 436-180-0110, filed by the self-insured PEO; or
(C) A copy of an assigned risk binder issued by the Plan Administrator of the Oregon Workers' Compensation Insurance Plan under OAR 836-043-0044, filed by the Plan Administrator.
(d) If the self-insured employer fails to provide the director evidence of coverage under subsection (c) before the desired date of cancellation, the self-insurance certification, including reports and moneys due the director under ORS 656.506, 656.612, and 656.614, will remain in effect.
(3) Responsibility for processing claims. If a workers' compensation insurance policy and a self-insurance certification on file with the director are both in effect for the same employer for the same time period, the self-insured employer is responsible for processing claims that occur during the time period.
(4) Revocation of self-insurance certification. The director may revoke the certification of a self-insured employer that fails to comply with ORS 656.407, 656.430, or these rules; defaults under ORS 656.443; or commits any violation for which a civil penalty may be assessed under ORS 656.745. Notice of revocation will be given as provided in ORS 656.440, except that the director may revoke the certification of a self-insured employer after giving 30 days written notice as provided in ORS 656.430(9).
(5) Release of security after self-insured certification cancellation; revocation. If the certification of a self-insured employer has been canceled or revoked, the director may accept a policy of paid-up insurance in lieu of the employer's security deposit.
(a) The director may accept a policy of paid-up insurance under the following conditions:
(A) The policy must be issued by an insurer, as defined in OAR 436-050-0005;
(B) The policy must provide that the insurer agrees to assume, without monetary limit, all responsibilities and liability of the self-insured employer under ORS chapter 656 for the period the self-insured employer's certification was in effect;
(C) The policy must not be subject to cancellation; and
(D) The policy must not contain provisions or endorsements that do not comply with ORS chapter 656 or OAR chapter 436, including provisions that limit when a claim may be reported.
(b) The director may consider the following factors when determining whether to accept a policy of paid-up insurance:
(A) The amount of the insurer's surplus, as reported on column 1, line 37 of the Liabilities, Surplus, and Other Funds page of the insurer's Annual Statement under OAR 836-011-0000, relative to the amount of security the self-insured employer is required to maintain under OAR 436-050-0180; and
(B) The amount of the insurer's total adjusted capital relative to the insurer's authorized control level risk-based capital, as reported on column 1, lines 28 and 29 of the Five-Year Historical Data page of the insurer's Annual Statement under OAR 836-011-0000.
(c) Upon accepting a policy of paid-up insurance, the director will release the self-insured employer's security deposit in writing.
(6) Responsibility of self-insured employer after cancellation or revocation. Cancellation or revocation of a self-insured

employer's certification does not relieve the employer from full and primary responsibility for claims administration and payment of compensation under ORS chapter 656 for the period the employer's certification was in effect, unless the director accepts a policy of paid-up insurance under section (5) of this rule.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.434, ORS 656.440

AMEND: 436-060-0025

RULE TITLE: Worker's Weekly Wage Calculation and Rate of Temporary Disability Compensation

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-060-0025 is amended to replace "worker leasing company" with "professional employer organization."

RULE TEXT:
(1) Continuation of wages, insured employers. An employer may not continue to pay wages in place of temporary disability benefits. However, with the worker's consent, the employer may pay the worker amounts in addition to the temporary disability benefits due to the worker, if the employer:
(a) Identifies temporary disability benefits separately from other payments; and
(b) Does not withhold payroll deductions from the temporary disability benefits.
(2) Continuation of wages, self-insured employers. Notwithstanding section (1) of this rule, a self-insured employer may continue to pay the same wage at the same pay interval that the worker received at the time of injury. Such payment qualifies as timely payment of temporary disability under ORS 656.210 and 656.212. If the self-insured employer continues to pay wages in place of temporary disability benefits under this section:
(a) Normal deductions including but not limited to, taxes, benefits, and voluntary deductions, must be withheld;
(b) The claim must be classified as disabling;
(c) The self-insured employer must report to the division the rate and duration of temporary disability that would have been paid had wages not continued; and
(d) If the pay interval changes or the amount of wages decreases, the worker must be paid temporary disability as otherwise prescribed by the workers' compensation law.
(3) Rate of compensation, generally. Except when payments are made under section (2) of this rule, the worker must receive compensation as calculated under ORS 656.210 during the period of temporary total disability, subject to the following:
(a) The benefits of a worker who incurs an injury must be based on the worker's wages at the time of injury and may include regular wages, irregular wages, or both;
(b) The benefits of a worker who incurs an occupational disease must be based on the worker's wages at the time there is medical verification the worker is unable to work because of the disability caused by the occupational disease and may include regular wages, irregular wages, or both. If the worker is not working at the time there is medical verification the worker is unable to work because of the disability caused by the occupational disease, the benefits must be based on the worker's wages at the worker's last regular employment;
(c) The benefits of a worker who was employed in multiple jobs at the time of injury, and who is eligible for supplemental disability under ORS 656.210(2)(b) and OAR 436-060-0035, must be based on the worker's earnings from all eligible subject employment under OAR 436-060-0035;
(d) For a worker with a cyclic schedule, the cycle must be considered to have no scheduled days off; and
(e) When a work shift extends into another calendar day, the date of injury used to determine the wage under this section is the date the employer used for payroll purposes.
(4) Calculation of irregular wages. If the worker receives irregular wages, the insurer must calculate the worker's irregular wages to determine the worker's average weekly wage based on the weekly average of the worker's irregular wages for the period up to 52 weeks before the date of injury or verification of disability caused by occupational disease, subject to the following:
(a) As used in this section:
(A) "New wage earning agreement" means the worker's wage earning agreement changed for reasons other than only a pay rate change, including but not limited to a change of hours worked or a change of job duties. A job assignment from a temporary service provider or professional employer organization as defined in OAR 436-180 is not considered to be a

new wage earning agreement.
(B) "Pay rate change" means an increase or decrease in a previously established pay rate. A pay rate change does not include fluctuations in the rate based on the number of hours worked in a period.
(b) If, on the date of injury or verification of disability caused by occupational disease, the worker had been employed by the employer at injury for four weeks or more, and the most recent new wage earning agreement had been in place for four weeks or more, the insurer must average the worker's irregular wages for the period up to 52 weeks of employment before the date of injury or verification of disability caused by occupational disease, subject to the following:
(A) The insurer must exclude any gap in earnings of more than 14 consecutive calendar days that was not anticipated in the wage earning agreement;
(B) If the worker began work under a new wage earning agreement in the 52 weeks before the date of injury or verification of disability caused by occupational disease, and there has been no pay rate change since the beginning of that work, the insurer must average irregular wages only for the weeks worked under the most recent wage earning agreement; and
(C) When there has been a pay rate change during the 52 weeks before the date of injury or verification of disability caused by occupational disease, and paragraph (b)(B) of this section does not apply, the insurer must calculate the worker's average weekly hours worked at each pay rate since a new wage earning agreement went into place, but not to exceed 52 weeks. The average weekly hours worked at each pay rate must then be multiplied by the pay rate(s) at the time of injury or verification of disability caused by occupational disease to determine the worker's average weekly wage for these wages. For the purpose of this rule, the "average weekly hours worked" includes all hours paid at an hourly rate which resulted in payment of irregular wages since the new wage earning agreement went into place, but not to exceed 52 weeks. This may include, but is not limited to, pay for regular hours, overtime, vacation, sick leave, paid time off, or bereavement leave. If there are irregular wages not paid at an hourly rate, the worker's average weekly wage under this paragraph must be added to the average of all of those other irregular wages paid at something other than an hourly rate.
(c) If, on the date of injury or verification of disability caused by occupational disease, the worker was employed by the employer at injury for less than four weeks, or the worker's most recent new wage earning agreement had been in place for less than four weeks, the insurer must base the rate of compensation on the intent of the worker's wage earning agreement in place at the time of injury or verification of disability caused by occupational disease, as confirmed by the employer and worker.
(5) Calculation of regular wages. If the worker receives regular wages, the insurer must calculate the worker's regular wages to determine the worker's average weekly wage:
(a) Daily wages must be multiplied by the number of days per week the worker was regularly employed;
(b) Monthly wages must be divided by 4.35; or
(c) Wages for other pay intervals must be calculated on an equivalent basis.
(6) Workers with no wages. If the worker is a volunteer, adult in custody, or other covered worker that receives no wages, the insurer must calculate the rate of compensation based on the assumed wage used to determine the employer's premium.
(7) Owners and corporate officers. If the worker is a sole proprietor, partner, officer of a corporation, or limited liability company member, the insurer must calculate the rate of compensation based on the assumed wage used to determine the employer's premium.
(8) Workers employed through a union hiring hall. For workers employed through a union hiring hall, the insurer must calculate the rate of compensation on the basis of a five-day work week at 40 hours a week, regardless of the number of days actually worked per week.
(a) The rate of compensation for workers employed through a union hiring hall with dates of injury on or after Jan. 1, 2018, must be calculated under this section.
(b) The rate of compensation for workers employed through a union hiring hall with dates of injury from Jan. 1, 2017, through Dec. 31, 2017, must be calculated under this section, unless such calculation would result in a reduction of benefits.

(9) One-time bonus. A one-time bonus (for example, a sign-on bonus or relocation bonus) paid to the worker for accepting a job offer may not be included in the wages used to calculate the worker's weekly wage.
(10) Wage disputes. If the worker disputes the wage used to calculate the rate of compensation, the insurer must attempt to resolve the dispute by reviewing its records and mathematical calculations, or by contacting the employer to confirm the correct wage. The insurer must then contact the worker with the results of its review and, if the wage was corrected, the new calculation. If the worker does not agree with the wage calculated by the insurer, the worker may request a hearing under OAR 436-060-0008.

STATUTORY/OTHER AUTHORITY: ORS 656.210(2), ORS 656.704, ORS 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.704, ORS 656.210

AMEND: 436-105-0005

RULE TITLE: Definitions

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-105-0005 is amended to update the definition of “client” to align with OAR 436-180-0005.

RULE TEXT:
Unless a term is defined in these rules or the context otherwise requires, the definitions of ORS chapter 656 are incorporated by reference and made part of these rules.
(1) "Client" has the same meaning as in OAR 436-180-0005.
(2) "Director" means the director of the Department of Consumer and Business Services, or the director's designee.
(3) "Division" means the Workers' Compensation Division of the Department of Consumer and Business Services.
(4) "Employer at injury" means the organization that employed the worker when the worker:
(a) Sustained the injury or occupational disease;
(b) Made the claim for aggravation; or
(c) Requested an Own Motion opening under ORS 656.278.
(5) "Insurer" means the insurance company or self-insured employer responsible for the workers’ compensation claim.
(6) "Premium" means the moneys paid to an insurer for the purpose of purchasing workers’ compensation insurance.
(7) "Regular work" means the job the worker held at the time of injury, claim for aggravation, or Own Motion opening under ORS 656.278.
(8) "Skills building" means a class or course of instruction taken by the worker for the purpose of enhancing an existing skill or developing a new skill.
(9) "Transitional work" means temporary work with the employer at injury that is not the worker's full-duty regular work and is assigned because the worker cannot perform full-duty regular work.

STATUTORY/OTHER AUTHORITY: ORS 656.622, 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.622

AMEND: 436-110-0005

RULE TITLE: Definitions

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-110-0005 is amended to update the definition of “client” to align with OAR 436-180-0005.

RULE TEXT:
For the purpose of these rules, unless the context requires otherwise:
(1) "Client" has the same meaning as in OAR 436-180-0005.
(2) “Date of eligibility” means the date the director determines a worker is a preferred worker.
(3) “Date of hire” means the date the worker starts work as a preferred worker.
(4) “Department” means the Department of Consumer and Business Services.
(5) “Director” means the director of the Department of Consumer and Business Services, or the director’s delegate for the matter.
(6) “Disability” means a permanent physical or mental restriction or limitation caused by an accepted disabling Oregon workers’ compensation claim that limits the worker from performing one or more of the worker’s regular job duties.
(7) “Division” means the Workers’ Compensation Division of the Department of Consumer and Business Services.
(8) “Employer at injury” means the organization that employed the worker when the worker sustained the injury or occupational disease.
(9) “Exceptional disability” means a disability equal to or greater than the complete loss, or loss of use, of both legs or a brain injury that results in impairment equal to or greater than a Class 3 under OAR 436-035-0390(10). The director determines whether a worker has an exceptional disability based upon the combined effects of all of the worker’s Oregon compensable injuries resulting in permanent disability.
(10) “Fund” means the Workers’ Benefit Fund under ORS 656.605.
(11) “Insurer” means the insurance company or self-insured employer responsible for the workers’ compensation claim.
(12) “Premium” means the monies paid to an insurer for the purpose of purchasing workers’ compensation insurance.
(13) “Premium assessment” means monies due the director under ORS 656.612 and 656.614.
(14) “Regular work” means the job the worker held at the time of the injury, claim for aggravation, or Own Motion opening under ORS 656.278.

STATUTORY/OTHER AUTHORITY: ORS 656.622, 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.622

AMEND: 436-162-0005

RULE TITLE: General Definitions

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-162-0005 is amended to update the definition of “industry code.”

RULE TEXT:
For the purpose of these rules:
(1) "Director" means the director of the Department of Consumer and Business Services or the director's designee for the matter.
(2) "Division" means the Workers' Compensation Division of the Department of Consumer and Business Services.
(3) "Electronic data interchange" or "EDI" means a computer to computer exchange of information in a standardized electronic format.
(4) "Electronic record" means information created, generated, sent, communicated, received, or stored by electronic means.
(5) “Establishing document” means a transaction that reports coverage for one or more entities. Establishing document types are coverage notice/binders, new policies, rewrite/reissue transactions, renewals, reinstatements, add jurisdiction endorsements, or add employer/location endorsements.
(6) “Exclude (X)” means the data element must not be sent or cannot be sent.
(7) “Expected (E)” means the data element is expected on the transaction, but the transaction will be accepted with errors should it fail any edit.
(8) “Fatal Technical (F)” means the data element must be sent.
(9) “Fatal Technical/Conditional (FT)” means the data element must be sent when certain conditions are present.
(10) "FEIN" means the federal employer identification number or other federal reporting number used by the Internal Revenue Service (IRS) to identify a business entity and by the insurer, insured, or employer for federal tax reporting purposes.
(11) "Header record" means the record that precedes each transmission for the purpose of identifying a sender, the date and time of the transmission, and the transaction set within the transmission.
(12) "IAIABC" means the International Association of Industrial Accident Boards and Commissions, a professional trade association consisting of state workers' compensation regulators and insurance and corporate agency representatives (www.iaiabc.org).
(13) “If Applicable/Available with Item Accept if Invalid (IA)” means the data may or may not be populated. If present, may be edited for valid value or format. The division may or may not return an error on validity edits.
(14) "Industry code" means the code that indicates the nature of the employer's business as published in the North American Industrial Classification System (NAICS) manual. NAICS codes may be viewed at the U.S. Census Bureau webpage (https://www.census.gov.naics/).
(15) "Information" means data, text, images, sounds, codes, computer programs, software, databases, or the like.
(16) "Insurer" means the State Accident Insurance Fund Corporation or an insurer authorized under ORS chapter 731 to transact workers' compensation insurance in Oregon.
(17) "Mandatory (M)" means the data element must be sent. If the data element is omitted or submitted in a format the division is unable to process, the transaction will be rejected.
(18) “Mandatory/Conditional (MC)” means the data element must be sent when certain conditions are present.
(19) “Not Applicable (NA)” means the data element is not required to be sent, but it may be sent. If it is sent, edits may be applied, but unsuccessful edits will not cause the transaction to be rejected.
(20) "Proof of coverage" means an electronic record or set of records identifying an insurer as providing workers' compensation coverage for a specific employer.
(21) "Record" means electronic record.

(22) “Restricted (R)” means the data element value will not be accepted if a stated condition exists.
(23) "Sender" means the vendor or insurer authorized to send EDI transactions to the division.
(24) "Trailer record" means the record that designates the end of a transmission and provides a count of transactions contained within the transmission, not including the header and trailer records.
(25) "Transaction" means a set of EDI records, defined according to standards in OAR 436-162-0004(1).
(26) “Transaction reason code” means the two-digit code identifying the type of transaction and why it was sent (e.g., 54, adding an employer location).
(27) “Transaction set purpose code” means the code identifying whether the transaction is an original, change, or replacement transaction (e.g., 00, original).
(28) “Transaction set type code” means the code identifying the purpose of individual records within the transaction (e.g., 42, canceled by insured).
(29) "Transmission" means a defined set of transactions, including both header and trailer records sent to the division or sender by EDI.
(30) “Triplicate code” means the series of three two-digit codes that define the specific purpose of individual records in a proof of coverage transmission in this order: transaction set purpose code, transaction set type code, and transaction reason code.
(31) "Vendor" means an agent identified by an insurer to submit transmissions to the division on behalf of the insurer.

STATUTORY/OTHER AUTHORITY: ORS 656.264, 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.419, 656.423, 656.427

AMEND: 436-162-0035

RULE TITLE: General Filing Information

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-162-0035 is amended to remove reference to worker leasing companies.

RULE TEXT:
(1) Senders must follow United States Postal Service guidelines for reporting all addresses.
(2) Transactions will be rejected if Mandatory or Mandatory/Conditional data elements are omitted or submitted in a form or format the division is unable to process.
(3) Not Applicable data element(s) in a transaction will be ignored if the data element is either omitted or submitted in a form or format the division is unable to process.
(4) Wrap-up policies will be accepted by EDI, subject to the same data and transaction editing standards as other policies. Wrap-up projects and any change of insurer mid-project must be approved by the Oregon Division of Financial Regulation.

STATUTORY/OTHER AUTHORITY: ORS 656.264, 656.419, 656.423, 656.427, 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.419, 656.423, 656.427

ADOPT: 436-162-0390

RULE TITLE: Termination of Coverage by Professional Employer Organization (PEO)

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-162-0390 is adopted to require insurers to retain copies of termination notices filed by PEO policyholders.

RULE TEXT:
(1) For the purposes of this rule, “PEO” and “client” have the same meaning as in OAR 436-180-0005.
(2) When a PEO terminates its responsibility to provide coverage to a client by giving written notice of the termination to its insurer, the insurer must:
(a) Retain a record of the termination, including proof of date of receipt of that notice, for inspection by the division; and
(b) Provide notice to the director by EDI.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.850(8)

STATUTES/OTHER IMPLEMENTED: ORS 656.850

AMEND: 436-180-0003

RULE TITLE: Purpose, Applicability, Forms, and Bulletins

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0003 is amended for consistency with other divisions of OAR chapter 436.

RULE TEXT:
(1) Purpose. These rules carry out the provisions of ORS 656.403(4), 656.849, 656.850, and 656.855 related to professional employer organizations (PEOs).
(2) Applicability.
(a) These rules apply to temporary service providers, PEOs, clients of PEOs, and insurers of PEOs.
(b) The director may waive procedural rules as justice requires, unless otherwise obligated by statute.
(3) Forms and bulletins. The forms and bulletins referenced in these rules are available on the division's website at https://wcd.oregon.gov/forms/Pages/index.aspx.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.855

STATUTES/OTHER IMPLEMENTED: ORS 656.855, ORS 656.403(4), ORS 656.850, ORS 656.849

AMEND: 436-180-0005

RULE TITLE: Definitions

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0005 is amended to adopt and revise definitions of terms used in HB 2800 and delete definitions of terms no longer used in ORS 656.850.

RULE TEXT:
Unless a term is defined elsewhere in these rules, the definitions of ORS 656.005 and 656.850 are incorporated by reference and made a part of these rules. For the purpose of these rules, unless the context requires otherwise:
(1) “Administrative services” means services including, but not limited to:
(a) Processing payroll at the client’s direction;
(b) Advising the client on human resources matters;
(c) Facilitating the purchase of insurance for the client, including workers’ compensation insurance; and
(d) Reporting payroll taxes for the client under the client’s BIN or FEIN.
(2) "Board" means the Workers’ Compensation Board and includes its Hearings Division.
(3) “Business Identification Number” or “BIN” means the reporting number used by the Oregon Department of Revenue to identify a business entity for state tax reporting purposes
(4) "Client" means:
(a) A person to whom workers are provided on a temporary basis;
(b) A person that enters into an agreement with a licensed PEO under which certain employer responsibilities for the person’s workers are allocated; or
(c) A person that enters into such an agreement with a person not licensed as a PEO, if the two persons do not share common majority ownership.
(5) "Common majority ownership" means the same person or group of persons:
(a) Own a majority of issued voting stock in an entity;
(b) Comprise a majority of the owners, partners, or members of an entity, if no voting stock is issued; or
(c) Comprise a majority of the board of directors or comparable governing body of an entity if subsections (a) and (b) of this section are not applicable.
(d) If the same person or group of persons owns a majority interest in an entity, which in turn owns a majority interest in another entity, all entities so related are considered to share common majority ownership.
(6) "Controlling person" means:
(a) A person who holds an ownership interest greater than or equal to the lesser of:
(A) The average ownership interest of all owners; or
(B) 10 percent;
(b) A person who is an officer or director of a corporation, a member or manager of a limited liability company, or a partner of a partnership; or
(c) An individual who has the power to direct or cause the direction of the management, policies, or operation of a PEO.
(7) "Coverage" means assurance that subject workers and their beneficiaries will receive compensation for compensable injuries as provided for under ORS chapter 656 through a workers’ compensation insurance policy or by a self-insured employer.
(8) “Covered employee” means a client worker for whom a PEO has assumed employer responsibilities under a PEO relationship.
(9) "Days" means calendar days unless otherwise specified.
(10) “Direct hire employee” means a client worker for whom a PEO has not assumed employer responsibilities under a PEO relationship.
(11) "Director" means the director of the Department of Consumer and Business Services or the director’s designee.

(12) “Employer responsibilities” means responsibilities including, but not limited to:
(a) Satisfying the requirements of ORS 656.017 and ORS 656.407, and
(b) Reporting payroll taxes under a person’s own FEIN.
(13) "Federal Employer Identification Number" or "FEIN" means the reporting number used by the Internal Revenue Service to identify a business entity for federal tax reporting purposes. "FEIN" does not include a Social Security Number or other reporting number used to identify an individual.
(14) "License" means an Oregon PEO license issued by the director under ORS 656.855.
(15) "Person" means an individual, partnership, corporation, joint venture, limited liability company, association, government agency, sole proprietorship, or other employer.
(16) “Professional employer organization” or “PEO” means a person that enters into a PEO relationship with a client. “PEO” does not include a person that solely provides workers to a client on a temporary basis or a person that provides administrative services without assuming employer responsibilities for client workers.
(17) “PEO relationship” means an agreement between a PEO and a client under which certain employer responsibilities for some or all of the client’s workers are allocated. For the purposes of this definition, “agreement” means a contract to provide services for a fee.
(18) "Proof of coverage" has the same meaning as in OAR 436-162-0005.
(19) To “provide services as a PEO” means to enter into or maintain a PEO relationship with a client.
(20) “Temporary service provider” means a person that enters into contracts with clients under which:
(a) The person provides one or more workers to the client on a temporary basis;
(b) The person directly contracts with the provided workers to pay a remuneration for the services of the workers;
(c) The person retains all employer responsibilities for the worker, except to the extent necessary to allow the person’s client to direct and control the services provided by the worker for the client; and
(d) The person customarily attempts to reassign the provided workers to other clients when the workers finish each assignment, except for a worker provided as a probationary new hire with a reasonable expectation of transitioning to permanent employment with the client.
(21) "Written" means expressed in writing, including by electronic means.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.849, ORS 656.850, ORS 656.855

AMEND: 436-180-0100

RULE TITLE: Responsibility for Providing Coverage under a PEO Relationship

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0100 is amended to align with new provisions on PEO coverage responsibilities introduced by HB 2800.

RULE TEXT:
(1) General. Every person licensed as a PEO, or that provides services as a PEO, must satisfy the requirements of ORS 656.017 and 656.407.
(2) When the PEO must provide coverage. When a PEO enters into a PEO relationship with a client, the PEO must provide coverage for the client's covered and direct hire employees, except when the client provides coverage as described in section (3) of this rule.
(3) When the client provides coverage. When a client has proof of coverage on file with the director during the term of a PEO relationship, or when the client of a PEO is a self-insured employer:
(a) The client's coverage will be considered to extend to the client's covered and direct hire employees; and
(b) The client must continue to provide coverage to its covered and direct hire employees unless the PEO has notified its insurer that it provides coverage to the client under OAR 436-180-0110(1), or notified the director that it provides coverage to the client under OAR 436-180-0110(2). A client that fails to provide coverage when required to do so under this subsection will be considered a noncomplying employer.
(4) Contracting with more than one PEO. A client may not enter into a PEO relationship with more than one PEO at a time unless the client provides coverage as described under section (3) of this rule.
(5) Providing coverage to another PEO. A PEO may not provide coverage for another PEO doing business in Oregon or any other state. This section does not apply when:
(a) Two or more PEOs that share common majority ownership are included as named insureds on a single policy; and
(b) Each PEO separately meets the requirements of ORS 737.270(4).
(6) Contracting with an unlicensed PEO. No person may enter into a PEO relationship with an unlicensed PEO.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.850

AMEND: 436-180-0110

RULE TITLE: Notice of Client Coverage; Changes to Coverage Information; Termination; Reinstatements

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0110 is amended to adopt rules for carrier-insured PEOs to provide notice of their coverage responsibilities to their insurers, including timeframes. Previously the rule did not distinguish between carrier-insured and self-insured PEOs.

RULE TEXT:
(1) Carrier-insured PEOs. A carrier-insured PEO must provide notice of its coverage responsibilities to its insurer as follows:
(a) Notice of client coverage. When a PEO becomes responsible for providing coverage to a client under OAR 436-180-0100(2), the PEO must notify its insurer within 15 days. The notice must include the information the insurer requires to satisfy OAR 436-180-0115(3) with respect to that client.
(b) Changes or corrections to client coverage information. A PEO must notify its insurer of changes or corrections to client information provided under subsection (a) of this section within 30 days of the effective date of a change or knowledge that a correction is needed.
(c) Termination of client coverage by operation of law. When a PEO's responsibility to provide coverage to a client is terminated by operation of law because the client obtained other coverage, the PEO must notify its insurer within 30 days of the PEO's knowledge that the client obtained other coverage, subject to the following:
(A) The PEO may use Form 3271, " PEO Termination Notice," to satisfy the requirements of this subsection;
(B) The notice must state the effective date of the termination; and:
(C) The notice must be sent within 30 days of the PEO's knowledge that the client obtained other coverage.
(d) Termination of client coverage by PEO. A PEO may terminate its responsibility to provide coverage to a client by filing written notice of the termination with the client, the director, and its insurer, subject to the following:
(A) The PEO may use Form 3271, " PEO Termination Notice," to satisfy the requirements of this subsection;
(B) The notice must include:
(i) The reason for the termination;
(ii) The requested date of the termination;
(iii) A statement in bold text advising the client that its coverage will end on the requested date of the termination or 30 days after the insurer's receipt of the notice, whichever is later;
(C) The notice must be sent to the client's last-known address by U.S. mail, and copied to the insurer and the director;
(D) The notice must be sent within 30 days of the requested date of termination; and
(E) Notwithstanding the date of termination requested in the notice, termination will not be effective until at least the 30th day after the notice is received by the insurer.
(e) Reinstatement of client coverage. When a PEO reinstates coverage to a client following a termination under subsection (b) or (c) of this section, the PEO must notify the insurer within 15 days of the date the reinstatement becomes necessary.
(2) Self-insured PEOs. A self-insured PEO must provide notice of its coverage responsibilities to the director as follows:
(a) Notice of client coverage. When a PEO becomes responsible for providing coverage to a client under OAR 436-180-0100(2), the PEO must file written notice with the director using Form 2465, "Client Coverage Notice." Notice must be filed within 30 days of the effective date of the PEO relationship; and must include:
(A) The effective date of Oregon client coverage;
(B) The information required by section (3) of this rule, and
(C) The client's:
(i) Type of ownership;
(ii) Street address of Oregon location;

(iii) North American Industry Classification System (NAICS) code; and
(iv) National Council on Compensation Insurance (NCCI) classification code.
(b) Changes or corrections to client coverage information. A PEO must notify the director and its insurer of changes or corrections to client information provided under subsection (a) of this section, except for changes to the client's NAICS code or National Council on Compensation Insurance (NCCI) classification code. Notice must be given using Form 3270, "Client Coverage Update Notice," within 30 days of the effective date of a change or knowledge that a correction is needed.
(c) Termination of client coverage by operation of law. When a PEO's responsibility to provide coverage to a client is terminated by operation of law because the client obtained other coverage, the PEO must file written notice with the director, subject to the following:
(A) The PEO may use Form 3271, " PEO Termination Notice," to satisfy the requirements of this subsection;
(B) The notice must state the effective date of the termination; and:
(C) The notice must be sent within 30 days of the PEO's knowledge that the client obtained other coverage.
(d) Termination of client coverage by PEO. A PEO may terminate its responsibility to provide coverage to a client by filing written notice of the termination with the client and the director, subject to the following:
(A) The PEO may use Form 3271, "PEO Termination Notice," to satisfy the requirements of this subsection;
(B) The notice must state:
(i) The reason for the termination;
(ii) The requested date of the termination; and
(iii) A statement in bold text advising the client that its coverage will end on the requested date of the termination or 30 days after the director's receipt of the notice, whichever is later.
(C) The notice must be sent to the client's last-known address by U.S. mail, and copied to the director;
(D) The notice must be sent within 30 days of the requested date of termination; and
(E) Notwithstanding the date of termination requested in the notice, termination will not be effective until at least the 30th day after the notice is received by the director.
(e) Reinstatement of client coverage. When a PEO reinstates coverage to a client following a termination under subsection (c) or (d) of this section, the PEO must notify the director using Form 5361, "Self-Insured PEO Reinstatement Notice." The Form 5361 must be filed within 30 days of the date the reinstatement becomes necessary and must include the date of reinstatement.
(3) Requirements for forms. All forms filed under this rule must be correct, complete, and signed by an authorized representative of the PEO, and must include:
(a) The client's:
(A) Legal name and assumed business names, if any;
(B) FEIN;
(C) Phone number, email address, and mailing address; and
(b) The PEO's:
(A) Legal name and assumed business names, if any;
(B) FEIN;
(C) Oregon license number, and
(D) Phone number and email address.
(4) Bulletin. Additional guidance on a PEO's reporting obligations under this rule is provided by Bulletin 273.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.850(8)

STATUTES/OTHER IMPLEMENTED: ORS 656.850

ADOPT: 436-180-0115

RULE TITLE: Responsibility of Insurer

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0115 is adopted to:
-Provide clarity on when and how an insurer assumes liability for compensation due to a PEO's client's workers under existing law;
-Require insurers that provide coverage to PEOs to do so on a multiple coordinated policy (MCP) basis beginning January 1, 2028; and
-Require insurers to report proof of coverage for PEOs and their clients via electronic data interchange (EDI).

RULE TEXT:
(1) Assumption of liability for PEO. When an insurer provides coverage to a PEO, and the PEO is responsible for providing coverage to a client, the insurer assumes the PEO's liability for compensation due to the client's covered and direct hire employees under ORS chapter 656. The insurer's assumption of liability is effective on the later of:
(a) The date the insurer began providing coverage to the PEO; or
(b) The date the PEO became responsible for providing coverage to the client under OAR 436-180-0100(2).
(2) Means of providing coverage. An insurer that provides coverage to a PEO under a policy with an effective date on or after January 1, 2028 must issue:
(a) A policy in the name of the PEO; and
(b) A policy in the name of each client to whom the PEO must provide coverage under OAR 436-180-0100(2), subject to the following:
(A) The policy must be in the name of the PEO followed by the acronym LCF and the name of the client; and
(B) The policy must include an endorsement identifying the policy as a multiple coordinated policy and identifying the PEO by name and policy number.
(c) When an insurer provides coverage to a client under this section, the PEO is:
(A) Responsible for paying premium, regardless of reimbursement from the client.
(B) Considered the employer for the purposes of ORS 656.423 and ORS 656.427.
(3) Reporting coverage. The insurer of a PEO must file proof of coverage for the PEO and each client to whom the PEO provides coverage. Proof of coverage must be filed as provided by OAR 436-162 within 30 days after coverage of the PEO or client becomes effective.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.850(8)

STATUTES/OTHER IMPLEMENTED: ORS 656.419(1), ORS 656.850

AMEND: 436-180-0120

RULE TITLE: Temporary Workers

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0120 is amended to align with new provisions on temporary service providers introduced by HB 2800.

RULE TEXT:
(1) A person provides a worker on a temporary basis when the worker is provided to a client for a special situation, as a student worker, or as a probationary hire as described under ORS 656.849(7)(b).
(2) A person that provides a worker on a temporary basis must document the reason for the placement at the time arrangements for the placement are made. Documents must include:
(a) If the worker is provided for a special situation, a description of the special situation. A special situation includes, but is not limited to:
(A) An employee absence or leave, from which the employee is expected to return;
(B) A shortage in skilled professional staff, whether licensed or not. Documents must identify the professional skills required by the client;
(C) A seasonal or sporadic increase in workload. Documents must establish the nature of the increase in workload; or
(D) A special assignment or project outside of the routine activities of the client's business, where the worker will be terminated or assigned to another temporary project upon completion. Documents must describe the project and how it is outside of the routine activities of the client's business;
(b) If the worker is provided and paid through a work experience program, the name of the school or institution and the work experience program; or
(c) If the worker is provided as a probationary new hire and the worker has a reasonable expectation of transitioning to permanent employment with the client, evidence that the client established a probationary period in its overall employment selection program before obtaining workers from the person. Evidence may include copies of the client's written program, or a written agreement between the temporary service provider and the client establishing the probationary period before workers were provided.
(3) The documents required by this rule must be provided to the director upon request.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4)

STATUTES/OTHER IMPLEMENTED: ORS 656.850

AMEND: 436-180-0140

RULE TITLE: Qualifications, Applications, Voluntary Suspensions, and Renewals for License as a PEO

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0140 is amended to:
-Change the process applicants for a PEO license must use to verify tax compliance for consistency with Oregon Department of Revenue and Internal Revenue Service rules;
-Require first-time applicants, but not applicants for renewal, to provide organization charts showing all persons with whom they share majority common ownership;
-Require PEOs to notify the division if they intend to cancel or nonrenew their licenses;
-Allow PEOs with no clients to voluntarily suspend their licenses.

RULE TEXT:
(1) Prohibition against providing services as a PEO without a license. No person may provide services as a PEO in Oregon without a valid license. A license to perform services as a worker leasing company issued prior to July 1, 2027 will be considered a valid license.
(2) Qualification for license. To qualify for an initial license or renewal, a person must:
(a) Be registered and authorized to do business in Oregon under ORS chapter 58, 60, 62, 63, 65, 67, 70, or 648, as applicable, or be a municipal or public corporation as defined in ORS 297.405;
(b) Maintain coverage under ORS 656.017;
(c) Submit a complete application under this rule and be approved for licensure;
(d) Obtain certificates of tax compliance from the Oregon Employment Department, Oregon Department of Revenue, and Internal Revenue Service, or provide a written explanation of why it is unable to do so; and
(e) Upon approval, pay the required licensing fee of $2,050.
(3) Application for full PEO license. Except as described in section (4) of this rule, each applicant for an initial license must submit Form 2466, "PEO License Application." The form and accompanying documentation must include:
(a) Complete information for the applicant, including:
(A) Legal name and assumed business names, if any;
(B) Mailing address;
(C) Phone number;
(D) FEIN;
(E) Physical address of the principal place of business;
(F) Names and contact information, including a phone number and valid email address, for at least two representatives who are authorized to respond to inquiries about licensing, PEO activities, and coverage;
(G) A disclosure of all states where the applicant operates as a PEO, including identification numbers of any licenses, registrations, recognitions, or certifications and disclosure of any that are not in good standing;
(H) Written procedures that demonstrate how the applicant will ensure its clients provide adequate training, supervision, and instruction to meet the requirements of ORS chapter 654;
(I) A description of any present or prior experience of providing workers by contract and for a fee in any state;
(J) A record of any proceedings related to bankruptcies, liens, default, or insolvency, including full details of the:
(i) Nature and dates of the actions;
(ii) Outcomes, and conditions imposed, including but not limited to: administrative orders, lawsuits, judgments, and discharges or permitted resignations;
(iii) Name and location of the court or jurisdiction, case numbers, and dates of any past, current, or pending proceedings; and
(iv) Identification numbers of any licenses, registrations, recognitions, or certifications affected by the actions;
(K) A record of any civil or criminal actions involving or demonstrating dishonesty or misrepresentation, including but not

limited to fraud, theft, burglary, embezzlement, deception, perjury, forgery, counterfeiting, bribery, extortion, money laundering; or securities, investments, or insurance violations on the part of the applicant or any controlling person. Records of such actions must include full details of:
(i) The nature and dates of the actions;
(ii) Outcomes, sentences, and conditions imposed, including but not limited to administrative orders, charges, guilty pleas, pleas of no contest, criminal convictions, lawsuits, judgments, and discharges or permitted resignations;
(iii) Name and location of the court or jurisdiction, case numbers, and dates of any past, current, or pending proceedings; and
(iv) Identification numbers of any licenses, registrations, recognitions, or certifications affected by the actions;
(L) A record of any administrative, civil, or criminal actions against the applicant by a regulatory agency of any state regarding PEO activities. Records must include full details of:
(i) The nature and dates of the actions;
(ii) Outcomes, sentences, and conditions imposed, including but not limited to administrative orders, charges, guilty pleas, pleas of no contest, criminal convictions, lawsuits, judgments, and discharges or permitted resignations;
(iii) Name and location of the court or jurisdiction, case numbers, and dates of any past, current, or pending proceedings; and
(iv) Identification numbers of any licenses, registrations, recognitions, or certifications affected by the actions;
(b) Complete information for each controlling person, including:
(A) Full name;
(B) Date of birth;
(C) Position,
(D) Date the person started in that position;
(E) Any other names used;
(F) Residential and business address;
(G) Phone number;
(H) Email address;
(I) The information required under paragraphs (3)(a)(J) through (M) of this rule;
(c) An organization chart showing:
(A) all persons with whom the applicant shares common majority ownership; and
(B) All persons that own more than 10 percent of the applicant. For the purpose of this subparagraph, if a person owns an interest in another person, which in turn owns more than 10 percent of the applicant, the first person is considered to own an interest in the applicant in proportion to its interest in the second person.
(d) Signed statements from an authorized representative of the applicant and each controlling person verifying the information provided is complete and truthful, and that there is no omission of material fact;
(e) Signed statements from each controlling person pledging to comply with the provisions of ORS chapter 656 and OAR 436-180; and
(f) Any additional information requested by the director.
(4) Application for limited PEO license. Notwithstanding section (3) of this rule, a person may apply for a limited PEO license by submitting Form 5362, "PEO License Application - Limited."
(a) To qualify for a limited license, the person must:
(A) Be licensed or certified in a state that the director has determined has requirements substantially similar to the requirements of these rules. A list of states meeting this requirement is published in Bulletin 271;
(B) Have no more than:
(i) Two Oregon clients; and
(ii) Five covered employees, in total;
(C) Be domiciled in a state other than Oregon;
(D) Not maintain an Oregon location; and

(E) Not directly solicit clients located or domiciled in Oregon;
(b) The application and accompanying documentation must include:
(A) The information required under paragraphs (3)(a)(A) through (I) of this rule;
(B) A signature of an authorized representative of the applicant; and
(C) Any additional information requested by the director;
(c) Upon approval of the application under section (5) of this rule, the applicant must pay the required licensing fee of $2,050; and
(d) After the license is issued, the licensee must submit a full application under section (3) of this rule within 30 days after the date it no longer qualifies for a limited license under subsection (4)(a).
(5) Review of application. Following receipt of all information required under section (3) or (4) of this rule:
(a) The director may request additional information to further clarify the information and documentation submitted with the application;
(b) The director may conduct a background investigation of the applicant, an owner, or any controlling person. The director may use information learned through a background investigation, or other information submitted during the application process, as the basis for a decision to refuse to issue or renew a license, or to disqualify the applicant or a controlling person from making further application; and
(c) The director will notify the applicant of the decision to approve or deny the application in writing:
(A) If the application is denied, the notice will include the reason for the denial and how to appeal the decision; or
(B) If the application is approved, the director will issue a license upon receipt of the $2,050 licensing fee under subsection (2)(e) of this rule.
(6) License renewal. A license will automatically expire two years after the date it was issued unless renewed by the licensee or extended by the director.
(a) To renew a license, the PEO must:
(A) If the license was applied for under section (3) of this rule, submit a complete Form 5364, "PEO License Application – Renewal," to the director at least 90 days before the expiration of the current PEO license. The form and accompanying documentation must include:
(i) The information required under (3)(a)(A) through (H) of this rule;
(ii) Disclosure of any information required under (3)(a)(J) through (L) of this rule that has not been previously disclosed to the director;
(iii) Complete information for each controlling person, including:
(I) Full name, position, and date of birth;
(II) Any other names used;
(III) Residential and business address;
(IV) Phone number;
(V) Email address; and
(VI) Disclosure of any information required under paragraphs (3)(a)(K) through (M) of this rule that has not been previously disclosed to the director;
(iv) Signed statement from an authorized representative of the applicant each controlling person verifying the information provided is complete and truthful, and that there is no omission of material fact; or
(B) If the license was applied for under section (4) of this rule, submit a complete Form 5362, "PEO License Application – Limited," as described under subsection (4)(b) of this rule;
(C) Submit any supplemental material necessary to establish a complete application, including any information requested by the director, at least 45 days before expiration of the current license; and
(D) Upon application approval, pay the required licensing fee of $2,050.
(b) If the PEO intends to cancel its license, or allow it to expire, it must provide written notice to the director at least 30 days before the expiration of its license. The notice must certify that as of the date the license expires, the PEO will not be in a PEO relationship with any client. The PEO may use Form 6168, “Cancellation or Nonrenewal of PEO License” for

this purpose.
(c) The effective period of a license may be extended at the director's discretion, subject to the following:
(A) A request for extension must be made in writing and must identify the reason why the PEO is unable to timely apply for a renewal and how it intends to resolve the matter. The PEO may use Form 6169, "Request for Extension of PEO License" for this purpose.
(B) A license may be extended for not more than 60 days.
(7) Voluntary suspensions. A licensed PEO that does not currently provide services as a PEO may voluntarily suspend its license by providing notice to the director, subject to the following:
(a) The PEO may not provide services as a PEO during the period in which its license is suspended;
(b) The PEO may resume its license by providing notice to the director. Notice must be provided prior to the date on which the PEO intends to resume providing services as a PEO;
(c) A suspended license will automatically expire two years after the date it was issued unless renewed or extended as provided in section (6) of this rule; and
(d) Notwithstanding OAR 436-180-0100(1), a PEO is not required to satisfy the requirements of ORS 656.017 and 656.407 during a period in which its license is suspended and it does not provide services as a PEO.
(8) Changes and corrections to application information. The PEO must notify the director in writing of any changes or corrections to information provided in an application approved under this rule within 30 days of the effective date of the change or knowledge of incorrect information.
(9) Electronic submission of application materials. Notwithstanding any other section of this rule, with the director's prior authorization, an applicant may submit application materials electronically using the appropriate application form or an electronic equivalent that contains all of the information required by this rule.
(10) Denial of application.
(a) The director may deny an application for initial license or renewal for reasons including, but not limited to, the applicant or a controlling person having:
(A) Misrepresented information submitted in the application;
(B) Failed to meet any of the requirements of ORS 656.850, 656.855, or these rules;
(C) Previously been denied an application for, or prior suspension or revocation of, a license by the director;
(D) Previously had a license, registration, or certification, denied, suspended, or revoked, or been subject to other disciplinary action by any governmental agency or entity;
(E) Exercised authority, control, or decision-making responsibility concerning any PEO during a time that company had its authorization to provide PEO services denied, suspended, revoked, or restricted;
(F) Been the subject of an order, adverse to the applicant or controlling person, by any governmental agency or entity in connection with any PEO activity;
(G) Been found by any governmental agency or entity to have made a false or misleading statement, material misrepresentation, or material omission, or to have failed to disclose material facts;
(H) Violated PEO statutes or regulations in any state;
(I) Failed to establish minimum experience, training, or education that demonstrates competency in providing PEO services;
(J) Failed to pay taxes, liens, fees, assessments, civil penalties, or any other moneys due the State of Oregon or another jurisdiction;
(K) Filed for bankruptcy, been declared bankrupt, or been the subject of other proceedings related to insolvency, default, or delinquency;
(L) Been convicted of, or pleaded guilty or no contest to, any felony or misdemeanor involving dishonesty or misrepresentation, including but not limited to fraud, theft, burglary, embezzlement, deception, perjury, forgery, counterfeiting, bribery, extortion, money laundering; or violations involving securities, investments, or insurance violations on the part of the applicant or any controlling person;
(M) Failed to provide all documentation required by these rules within a period of six months after applying for a license;

or
(N) Failed to provide documents requested by the director.
(b) The director may deny an application under this section based on a person's conduct as a worker leasing company prior to July 1, 2027.
(11) Disqualification. The director may disqualify an applicant or controlling person from applying for a license in the future for any of the reasons listed under section (9) of this rule. If an applicant or controlling person is disqualified:
(a) The applicant or controlling person may not reapply for a license for at least two years from the disqualification date; and
(b) The disqualification may apply to any new PEO created through the sale, transfer, or conveyance of ownership or of the PEO's assets to another person, owner, or controlling person.
(12) Appeal of denial or disqualification. An applicant or controlling person may appeal a denial or disqualification under this rule as provided in OAR 436-180-0008 and OAR 436-001.
(13) Bulletin. Further guidance on qualifications, applications, and voluntary suspensions of PEO licenses is provided by Bulletin 271.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.855

STATUTES/OTHER IMPLEMENTED: ORS 656.855

AMEND: 436-180-0150

RULE TITLE: Recordkeeping and Reporting Requirements

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0150 is amended to provide for the form and interval of the client lists PEOs must submit to the division under ORS 656.850 as amended by HB 2800.

RULE TEXT:
(1) Required records. A PEO must maintain the following records and make them available for review by the director upon request:
(a) Copies of signed forms and notices required under OAR 436-180-0110 and documentation that these forms and notices were timely filed. All forms and documentation must be maintained for three years after the date coverage provided to a client was terminated;
(b) Copies of signed PEO contracts. Copies of contracts must be maintained for three years after the termination date of the contract;
(c) Payroll records for the most recent seven years, including records that identify the name, hire date, termination date, and work location for:
(A) Covered employees of all clients, whether or not the PEO must provide coverage to the client under OAR 436-180-0100(2);
(B) Administrative personnel and other subject workers directly employed by the PEO; and
(C) Workers provided to clients on a temporary basis, if any.
(2) Client lists. A PEO must submit a client list to the director each year, subject to the following:
(a) A client list must be submitted no later than 12 months after the effective date of the PEO's license, and then every 12 months after that until the license expires or is revoked;
(b) The director may require a PEO to submit client lists more frequently for reasons including, but not limited to, the PEO's prior performance in meeting the requirements of OAR 436-180-0110;
(c) Client lists must be submitted using Form 6170, "PEO Client List," as described in Bulletin ###, and must include the following information for each client,
(A) Legal name and assumed business names, if any;
(B) FEIN;
(C) Number of Oregon subject workers
(D) Date PEO relationship began in Oregon,
(E) Dates of Oregon coverage, if any,
(F) Approximate payroll, if the PEO is self-insured;
(G) Method of payroll tax reporting under ORS 657.426; and
(H) Any other information required by the director.
(3) Records of covered employees and temporary workers. If a PEO provides services as a PEO and also provides workers on a temporary basis, the PEO must maintain written records that specify which workers are subject to the PEO relationship and which workers are provided on a temporary basis.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.855, ORS 656.850(8)

STATUTES/OTHER IMPLEMENTED: ORS 656.855, ORS 656.850

AMEND: 436-180-0155

RULE TITLE: Reporting Requirements of a Self-Insured PEO

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0155 is amended to adopt terminology introduced by HB 2800.

RULE TEXT:
(1) Reporting of client statistical data. A self-insured PEO must maintain and report to the National Council on Compensation Insurance (NCCI) separate statistical data for each client to whom the self-insured PEO provides coverage under OAR 436-180-0100(2). Reporting must be according to the uniform statistical plan prescribed by the director under ORS 737.225(4) and OAR 836-042-0045.
(2) Records relating to client statistical data. A self-insured PEO must make records relating to its clients' statistical data available to NCCI, upon request.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.855

STATUTES/OTHER IMPLEMENTED: ORS 656.855, 656.403(4)

AMEND: 436-180-0160

RULE TITLE: Suspension or Revocation of License

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0160 is amended to adopt terminology introduced by HB 2800.

RULE TEXT:
(1) General. The director may suspend or revoke a license for reasons including, but not limited to:
(a) Failure to comply with the provisions of ORS chapters 654, 656, 659, 659A, 731 or 737; or these rules;
(b) Denial, suspension, or revocation of a license, registration, or certification, or other disciplinary action by any governmental agency or entity involving PEO or worker leasing activities;
(c) Nonpayment of taxes, fees, assessments, civil penalties, or any other moneys due the State of Oregon or another jurisdiction;
(d) Filing for bankruptcy, being declared bankrupt, or being the subject of other proceedings related to default on or delinquency of payment of financial obligations;
(e) Insolvency, if the PEO's liabilities exceed its assets or the PEO cannot meet its financial obligations;
(f) A conviction, guilty plea, or plea of no contest, within the last 10 years, for any felony or misdemeanor involving dishonesty or misrepresentation, including but not limited to fraud, theft, burglary, embezzlement, deception, perjury, forgery, counterfeiting, bribery, extortion, money laundering; or violations involving securities, investments, or insurance violations on the part of the applicant or any controlling person; or
(g) The PEO or controlling person is permanently or temporarily enjoined by a court from engaging in or continuing any conduct or practice involving any aspect of the PEO's business.
(2) Show-cause hearing. Except as described under section (3) of this rule, the director will not suspend or revoke a license until the PEO has been given notice and the opportunity to be heard through a show-cause hearing with the director.
(a) During the show-cause hearing, the PEO will be provided an opportunity to:
(A) Present evidence regarding any proposed orders by the director to suspend or revoke the PEO's license; and
(B) Give reason why the PEO should be permitted to continue performing services as a PEO.
(b) A show-cause hearing may be held at any time the director finds that a PEO has failed to comply with the requirements of ORS chapter 656, these rules, or the orders of the director.
(3) Emergency order of suspension or revocation. Notwithstanding section (2) of this rule, the director may immediately:
(a) Suspend a license by issuing an "emergency suspension order" if:
(A) The PEO fails to maintain coverage; or
(B) The director finds there is a serious danger to public health or safety; or
(b) Revoke a license upon discovery of a misrepresentation in the information submitted in the PEO application.
(4) Suspension of license. If the director suspends a license:
(a) The licensee and any controlling person may not provide services as a PEO for a specified period of time, up to two years;
(b) The suspension may apply to any new PEO created through the sale, transfer, or conveyance of ownership or of the PEO's assets to another person; and
(c) When the suspension expires, the licensee or controlling person may petition the director to resume its PEO activities, or apply to renew its license under OAR 436-180-0140.
(5) Revocation of license. If the director revokes a license:
(a) The licensee and any controlling person may not provide services as a PEO for at least five years;
(b) The revocation may apply to any new PEO created through the sale, transfer, or conveyance of ownership or of the PEO's assets to another person; and
(c) After a revocation has been in effect for five years or longer, the licensee or controlling person may reapply for license

under OAR 436-180-0140.
(6) Appeal of suspension or revocation. A proposed and final order of suspension or revocation issued under this rule may be appealed under OAR 436-180-0008 and OAR 436-001.
(7) Application to worker leasing licenses. For the purposes of this rule, “license” includes a worker leasing license issued, suspended, or revoked prior to July 1, 2027.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.855

STATUTES/OTHER IMPLEMENTED: ORS 656.855, 656.850

AMEND: 436-180-0170

RULE TITLE: Monitoring and Auditing

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0170 is amended to adopt terminology introduced by HB 2800.

RULE TEXT:
(1) Generally. The director will monitor and conduct periodic audits of employers as necessary to ensure compliance with these rules.
(2) Disclosure of PEO records. A PEO must make all records required by these rules available to the director upon request. The records must be made available at no cost to the director.
(3) Inspection of books, records, and payroll. Under ORS 656.726 and 656.758, the director may inspect the books, records, and payrolls of employers pertinent to the administration of these rules. Employers must make all pertinent books, records, and payrolls available for inspection by the director upon request and without cost.
(4) "Employer" defined. For the purposes of this rule, "employer" includes a PEO, temporary service provider, and client.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.855

STATUTES/OTHER IMPLEMENTED: ORS 656.855

AMEND: 436-180-0200

RULE TITLE: Assessment of Civil Penalties

NOTICE FILED DATE: 06/23/2026

RULE SUMMARY: OAR 436-180-0200 is amended to adopt terminology introduced by HB 2800.

RULE TEXT:
(1) Failure to comply with statutes, rules, and orders of the director. The director may assess a civil penalty against a PEO that fails to comply with the requirements of ORS 656.850, 656.855, or 656.403(4); OAR 436-180; or the orders of the director.
(2) Failure to comply with OAR 436-180-0170. The director may assess a civil penalty against any employer that fails to respond to requests for information or fails to meet the requirements of 436-180-0170. Assessment of a penalty does not relieve the employer of the obligation to provide a response.
(3) Providing services as a PEO without a license. The director may assess a civil penalty against any person who is found to be providing services as a PEO without a valid license. For the purposes of this section, any month or part of a month a person maintains a PEO relationship with a client without a valid license is a separate violation.
(4) Entering into a PEO relationship with an unlicensed PEO. The director may assess a civil penalty against an employer that enters into or maintains a PEO relationship with an unlicensed PEO after written notice of such violation has been served.
(5) Penalties under ORS 656.990. Any person or controlling person that knowingly makes any false statement or representation may be subject to penalties under ORS 656.990.

STATUTORY/OTHER AUTHORITY: ORS 656.726(4), ORS 656.855

STATUTES/OTHER IMPLEMENTED: ORS 656.855, 656.745, 656.850, 656.990