



# KPD Perspective

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## KPD'S DAYS OF CARING

By: CJ Shipley

Last October KPD dedicated two "Days of Caring" to Healing Harvest and the ShelterCare Uhlhorn Program located in Eugene.

The Uhlhorn Program is a residential facility located at the River Kourt Apartments in Eugene providing support services to survivors of traumatic brain injuries. An important part of recovery for these residents is Horticulture Therapy, which is provided by Healing Harvest – a garden area consisting of raised beds, fruit trees, paths, etc. Whether by walking through the garden, digging in the soil, or watching a seed germinate, gardening rejuvenates the resident's souls.

KPD rallied our troops and went right to work! In a matter of two afternoons, the gardens was transformed. We built and installed raised flower beds, weeded, transplanted trees and shrubs, leveled the ground, covered it with bark mulch, and most importantly we had a lot of fun.



*KPD President, Jim Ginger*

There are now enough raised beds for residents to enjoy. Some have already been filled with plants and garden decorations the residents have chose and care for. The ground is free of weeds enabling residents with walkers and wheelchairs to venture out. Even more exciting, some residents who have never spent time in the gardens have recently started visiting!

It was such an honor to work with Healing Harvest and the residents of Uhlhorn. (Participants pictured below.) They were very grateful to us, but we were the ones who reaped the greatest benefits – new friends and deep satisfaction.



**"TEAM KANDU"**



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### KPD Insurance, Inc. Mission Statement

We are "Team Kandu," meaning we pledge, as a team, to do everything we can to provide insurance and risk management solutions and custom tailor insurance programs to suit your needs.

## FINDING THE FAULT IN DEFAULT ACCOUNTS

By: Katherine Suchan, Financial Services Department

### What is a "default account"?

Default accounts are what I consider the "last resort". They occur when an employer sponsored retirement plan has a contribution (i.e. profit sharing contribution) to make on behalf of a participant and, for some reason or another, there is no participant directed account set up to receive the funds.

### What does a plan sponsor usually do?

Since time is usually of the essence, the plan sponsor will often set up the account on behalf of the employee and deposit the funds into the plan's "default account". Frequently the "default" investment is a very conservative investment, such as a money market fund or a stable value investment, to minimize market risk.

### Where are the experts heading?

Recent developments at the Department of Labor (DOL) and in Congress may force plans to reconsider their default investment choice. The DOL has recently announced that it is working on guidance about default accounts and Congress has proposed legislation, "Save More for Retirement Act of 2005", that may offer a safe harbor for default investments. Both entities seem to be leaning towards default investments that include a mix of asset classes much like what we find in managed accounts, lifestyle and lifecycle funds, and asset allocation models.

To quote Fred Reish, a well known ERISA attorney, "In my opinion, we are about to experience a seismic shift in the popular perspective of prudent default accounts." He goes on to say, "From this point forward, plans that use stable value investments and money market funds for their default accounts are taking considerable legal risk." (Rethinking Default Accounts, 2005)

### What should you do?

While I am not one to jump on every band wagon that passes by, I do think this one is worth your time and due diligence.

First and foremost, you should review your plan documents and procedures. Make sure you know what your plan's default account is. Stay updated on the developments in this area. Meet with your plan's financial consultant to perform the "Three D's": discuss, decide, and document. For the plans that I work with, I will be including this as an agenda item for an upcoming fiduciary meeting.

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1111 Gateway Loop, Springfield, Oregon 97477  
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Katherine Suchan is a registered representative of Financial Network.

## DO THEY HAVE WORKERS' COMPENSATION INSURANCE?

By: Diana Burnette



Hiring a contractor or subcontractor to perform services for your business may be a common occurrence. As your insurance agency we urge you to collect certificates of insurance from every contractor. The certificate is free, and provides you with some much needed protection from acts of that contractor.

When it comes to workers' compensation insurance, some contractors have an exemption from workers' compensation laws and they cannot provide a certificate. However, they still need to provide you with proof of the exemption. The Oregon Construction Contractors Board can provide a CCB exemption for those contractors. This CCB exemption provides you with protection against workers' compensation claims from that contractor, or employees of the contractor.

Obtaining a workers' compensation certificate or CCB exemption should be very easy. Simply establish that any work performed will require proof of coverage or exemption prior to the job commencing. As an agency we issue many certificates each day. However, there are times when you need to make a decision about a contractor or subcontractor prior to receiving their workers' compensation certificate, or CCB exemption. The internet can help!

The Oregon Department of Consumer and Business Services (DCBS) provides public access to workers' compensation information for Oregon businesses. The first internet address below allows you to put in a business name and search for their workers' compensation information. Please note that the site is very sensitive to punctuation and spelling. You may want to check the Corporate Division website for exact business name before searching DCBS. This is the second address listed below.

Finally, the third web address will be very familiar to many of you. It is the Oregon Construction Contractors Board website. By searching this site for a license holder you will come to a screen outlining all the details of their contractors' license. The important workers' compensation information is found in the "Employer Status" field. Exempt means that the employer does not need workers' compensation and a CCB exemption applies. Non exempt means that they must carry workers' compensation and a certificate should be obtained.



[Go to the worldwide web for more information:](#)

<http://imd10.cbs.state.or.us/ex/wcd/cov/search/index.cfm>

[http://egov.sos.state.or.us/br/pkg\\_web\\_name\\_srch\\_inq.login](http://egov.sos.state.or.us/br/pkg_web_name_srch_inq.login)

[http://ccbed.ccb.state.or.us/New\\_Web/asp/new\\_search\\_name.asp](http://ccbed.ccb.state.or.us/New_Web/asp/new_search_name.asp)

# EMPLOYEE SPOTLIGHT

by CJ Shipley

## KPD's Bond Department

Let us introduce you to the KPD Surety Team. Whether you require bid bonds, performance and payment bonds, commercial surety, or judicial bonds, our Surety Team is ready to help you see your projects through successful completion.

In the late 90's, it was apparent that to better serve our hundreds of contractor clients we needed to install a full service surety bonding organization, devoted specifically to their special needs. To help bring our ideas to fruition, there was no other for the job than Jerry Balding, KPD's Bond Director. Along with Jerry came his long time Bond Account Manager, Janie Cantu'. The Bond Department has since grown and Nicole Wedmore has been added as the third member of our Bonding Team.

If you are seeking flexible surety bonding, you can be assured that you will be provided with the expertise, responsiveness, innovation, and dedication you deserve from this incredible department!



Janie, Jerry & Nicole

## ATTENTION CONTRACTORS

*"What are you agreeing to provide... and at what cost?"*

By: Bill Eltz



Before you bid a job or sign a contract determine what the insurance requirements are and ask us if they are available, and how much they will cost. Some are available from the company that is providing your insurance and some are not. You need to know this beforehand or you might be asking us to get you something that is not available but is needed before you can be paid.

Common requirements are additional insured endorsements that include completed operations coverage, waiver of subrogation, primary/noncontributory wording, and purchase of an OCP policy (Owners and Contractors Protective Liability).

It has become increasingly common for a general contractor to request the subcontractor purchase an OCP policy naming the general contractor as the insured. They request this in lieu of being named as an additional insured on the subcontractor's policy. This way the general gets a full set of limits all to themselves not having to share them with the subcontractor and other additional insureds.

*Continued on Page 8*

## **EMPLOYERS BEWARE of MEDICARE PART D**

By: Linda Martin

### **CMS issued final regulations on Medicare Part D**



On January 28, 2005, the Centers for Medicare and Medicaid Services (CMS) issued final regulations under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. The Act makes prescription drug coverage, called "Part D", available to Medicare-eligible individuals beginning on January 1, 2006.

**Eligibility includes individuals who may be covered by other programs, such as those enrolled on employersponsored health plans as an active employee or as a retiree.**

*Continued on Pages 6 & 7*

## **Your Role in Spill Response: What to Do if You Have a Spill**

You are responsible for the *immediate* cleanup of your spill, regardless of the quantity involved. The responsibility lies with the person who spills the product, as well as the person owning or having authority over the oil or hazardous material.

### **Reportable spills include:**

- Any amount of oil to waters of the state;
- Oil spills on land in excess of 42 gallons;
- Hazardous materials that are equal to, or greater than, the quantity listed in the Code of Federal Regulations, 40CFR Part 302 (List of Hazardous Substances and Reportable Quantities), and amendments adopted before July 1, 2002.



Immediately report the spill or threatened spill to the Oregon Emergency Response System (OERS). That phone number is **1-800-452-0311**.

When you report the spill to OERS you will need to provide basic spill information:

- Type of oil or hazardous material
- Quantity
- Location of spill (land or water)
- Names and phone numbers

Some oil or hazardous material spills will require a separate notification to the National Response Center at 1-800-424-8802. The website at [www.epa.gov/oilspill/oilreqs.htm](http://www.epa.gov/oilspill/oilreqs.htm) will provide you with information necessary to determine if you need to report to the federal system.

### **Actions to Take**

- Move away or upwind from the spill if you detect an odor and are unsure if it's safe.
- Avoid contact with liquids or fumes.
- Keep non-emergency people out of the area.
- Wear protective clothing.
- Control and contain the spill.
- Clean up what you can immediately.
- Contact DEQ to confirm the appropriate disposal site for contaminated materials.
- Remove the cleanup materials to a facility (such as a solid or hazardous waste landfill or recycling facility.) Save your receipts. You may need them for documentation.
- Continue with long-term cleanup.

### **DEQ's Role**

DEQ is responsible for ensuring that the cleanup is done in a way that protects human health and the environment. Oregon law also requires DEQ to recover its costs in carrying out this responsibility.

Depending on the type and quantity of material spilled, and the potential threat to people or the environment, DEQ may choose to oversee the cleanup. This oversight may take the form of DEQ staff at the scene, phone contact, document review or a combination of these. You are responsible for these oversight costs, including staff salaries, supplies, and equipment used. You will normally be billed for DEQ costs within 45 days. However, additional charges, such as lodging and transportation, may arrive later.

*Continued on Page 6*

**Spill Response:** *Continued from Page 5*

***If you fail to clean up your spill, DEQ may clean it up for you and is allowed by law to fine you up to three times the cost of the cleanup, in addition to the actual cost of the cleanup.***

The Emergency Response coordinators assigned to each of DEQ's regional offices are listed below. You can also find out more about DEQ's Emergency Response program by visiting the web site at: [www.deq.state.or.us/wmc/](http://www.deq.state.or.us/wmc/)

**State of Oregon  
Department of Environmental Quality (DEQ)  
Emergency Response**

**Headquarters**

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*Information provided with the permission of the State of Oregon Department of Environmental Quality – Last Updated 8-04 By: Wes Gebb  
DEQ 04-WR-010*

**MEDICARE PART D:** *Continued from Page 4***IMPOSES NEW REQUIREMENTS ON YOU, THE EMPLOYER**

The final regulations issued by the Centers for Medicare and Medicaid Services (CMS), reach farther than anyone anticipated. The new rules [place an obligation on employers](#) similar to COBRA that effect **ALL** employers offering a group health plan with prescription drug coverage.

**YOUR REQUIREMENTS:**

- 1. Determine if your employer sponsored group health plan's prescription drug benefit is creditable or non-creditable.** If you have a fully insured prescription plan through a medical insurance carrier, the carrier should be notifying you whether or not your particular plan is creditable. Every insurance carrier has both creditable and non-creditable plans, be sure you know exactly what yours is.

If you have a self-insured prescription program, you will need to determine whether or not your program is a creditable plan.

- 2. Notify group health plan participants.** Employers sponsoring group health plans with prescription drug coverage must provide the notice to Medicare eligible active employees and/or their spouses as well as those who are covered as retirees, disabled or on COBRA. Because employers may not know which participants are Medicare eligible (particularly with respect to dependents), the simplest way is to provide the notice to **ALL** participants in your health plan.

CMS requires that appropriate notice **MUST** be provided:

- Prior to the annual Medicare Part D enrollment period beginning November 15 each year;
- Prior to an individual's initial enrollment period for Medicare Part D;
- Prior to the effective date of coverage for any Medicare eligible individual that enrolls on the employer's plan;
- Whenever the employer's prescription drug coverage ends or changes so that it is no longer creditable or it becomes creditable; and
- Upon Medicare beneficiary's request.

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# KPD SPONSORS 2 SPARROW CLUBS AT LOCAL HIGH SCHOOLS

By: Shannon Pendell

Last year KPD employees gave up their Christmas gifts from KPD to help homeless and underprivileged families in our community. This year they are making a commitment to help kids help kids!

KPD is sponsoring two Sparrow Clubs, one at Thurston High School and one at another local High School. The Sparrow Clubs organization matches local children in medical need/crisis, with neighborhood schools.

The Sparrow is a Child in medical need or in crisis. These children are often referred to Sparrow Clubs through a hospital or case worker. The Sparrow Club is also a group of young people who lead community service projects and fundraising events, in order to benefit their 'adopted' Sparrow. The clubs' goals are to support the child and family, while trying to ease the financial burden the family faces.



*Sparrow, Bailey with  
KPD President, Jim Ginger*



*Bailey receives an  
official "Kandu" Elephant*



*Bailey's Family with Students*

KPD has donated the 'seed money', for the Sparrow project. Clubs access the funds for their Sparrow by completing community service hours.

Sparrow clubs have a very unique learning model that empowers youth to transform feelings of purposelessness, detachment and anger into confidence, solidarity and compassion. Sparrow Clubs help kids 'find their wings' and rise above their own difficulties by helping others. Kids will do heroic things, when they have heroic things to do, and KPD is very proud to be a part of this organization.

If you would like more information about Sparrow Clubs or to find out how your business can help, you may access their website at [www.sparrowclubs.org](http://www.sparrowclubs.org) or contact our KPD representative, Shannon Pendell, at (541) 741-0550 or 1-800-929-0191.

## **MEDICARE PART D** *Continued from Page 6*

*Note: Bulleted items 1 and 2 on Page 6 will be deemed to be met if the notice is provided to all plan participants at least once a year, prior to November 15.*

- 3. Make certain disclosures to the Centers for Medicare & Medicaid Services (CMS).** The employer must also notify CMS of the creditable coverage status of their prescription plan each year and any time the employer makes changes to their plan that affect whether the coverage is creditable.

The only way to comply with the CMS disclosure requirement is by filling out a disclosure form ANNUALLY on the CMS website at [www.cms.hhs.gov/apps/ccdisclosure/default.asp](http://www.cms.hhs.gov/apps/ccdisclosure/default.asp) and filing it electronically.

***THE DEADLINE IS MARCH 31, 2006 FOR PLANS ENDING IN 2006.***

For plan years that end in 2007 and beyond, the filing deadline is in 60 days after the first day of the plan year. In addition, disclosure forms must be filed within 30 days after the termination of a plan's prescription drug coverage or a change in its creditable coverage status.

## ATTENTION CONTRACTORS

*Continued from Page 4*

The OCP policy is unique in the fact that the subcontractor pays for it and the general contractor is the named insured and receives the coverage protection. The liability afforded the general contractor is limited to that which is imputed to them from the subcontractor's negligence merely because of the contractor-subcontractor relationship (vicarious liability). In addition the OCP policy covers liability related to the general contractor's responsibility of supervising such subcontractors. The liability coverage under an OCP policy ends when the operations are completed and only applies to a specific project.

Some companies will only write an OCP policy for those subcontractors's whose general liability is currently written by them and the charge will be in the \$2,000 range. Other companies will not write an OCP policy period. To find a company to write a stand alone OCP policy is difficult and would most likely result in a premium of \$10,000 or more.

We can not stress enough how important it is to know ahead of time what insurance requirements are contained in the contract, whether or not they are attainable, and at what cost.

### KPD INVITES YOU TO OUR 2006 COBRA SEMINAR

Date: Wednesday, April 19th, 2006

Location: Valley River Inn - Eugene, OR

Speaker: Karen Kirkpatrick with Infnisource

Cost: \$124 - Includes Continental Breakfast  
and Lunch

For more info - Contact Katie Merrill at KPD Insurance, Inc.  
katiem@kpdinsurance.com or 1-800-929-0191 or 541-741-0550

HR & DPE Credits Available



## Employer at Injury Program (EAIP) – Just what is it?

The early return program encourages the early return to work of injured workers. This program provides incentives to employers who return their injured workers who have open claims to transitional work.

How can they help you and your company?

- WAGE SUBSIDY - Fifty Percent of workers' gross wages for a maximum of 66 work days. Reimbursement is based on the return to work wage.
- WORKSITE MODIFICATION - The rental, purchase, or modification of equipment up to a maximum of \$2,500 to allow the worker to perform early return to work job duties within the injury related limitations.
- EAIP PURCHASE PROGRAM – Items a worker needs to complete a job – books, tuition, fees, tools, equipment, clothing and so on. (Limits do apply)

How are my employees eligible?

- Have an accepted, compensable Oregon on-the-job injury or occupational disease.
- Not be released for regular work.

How is my company eligible?

- Maintain Oregon workers' compensation insurance coverage
- Be the employer at the time of the worker's initial claim or claim reopening
- Re-employ an eligible worker in early-return-to-work while the claim is open

The employer contacts the insurer responsible for the worker's claim to ask for help to meet the program eligibility requirements. EAIP Program incentives may be used only once for each opening of the workers' claim. If you have any questions please contact Darius Populin in our Advantage Health Department at 541-741-0550 or visit our website at [www.advantage-health.com](http://www.advantage-health.com).

## Employer at Injury Program (EAIP) Employer Request

Injured Worker: \_\_\_\_\_ Claim Number: \_\_\_\_\_ Injury Date: \_\_\_\_\_

**Documentation of Employment:**

I verify the above-named worker was returned to work in a modified position. Payroll records are attached for the period requested.

Wage at Early-Return to Work: \_\_\_\_\_ [ ] Per hour [ ] Per week [ ] Per month  
 Date worker returned to modified work: \_\_\_\_\_ Hours: \_\_\_\_\_ (with \_\_\_\_\_ min break/lunch)

Description of Job Duties: \_\_\_\_\_

Worker returned to regular work (EAIP ends) on: \_\_\_\_\_ Claim closed (EAIP ends) on: \_\_\_\_\_

Wage Subsidy Earnings: \_\_\_\_\_ Summary of wages paid from modified work position.

Maximum wage subsidy is 50 percent of wages paid for 3 consecutive months *(if modified work begins or ends in the middle of a pay period, identify the hours and wages for modified work).*

| FROM | TO | HOURS WORKED (INCLUDING OT) | GROSS PAY |
|------|----|-----------------------------|-----------|
|      |    |                             |           |
|      |    |                             |           |
|      |    |                             |           |
|      |    |                             |           |
|      |    |                             |           |

Work site modifications (max \$2,500): includes construction modifications as well as special lighting, ergonomic chairs, modified tables, etc used in modified position.

| DATE PAID | Item: Enclose receipt, written justification & alternate duty release | AMT PAID |
|-----------|---|----------|
|           |   |          |
|           |   |          |
|           |   |          |
|           |   |          |
|           |   |          |

Tools & Equipment (max \$1,000): Books, supplies, tuition (max \$750) and clothing (max \$400) used in modified position.

| DATE PAID | Item: Enclose receipt, written justification & alternate duty release | AMT PAID |
|-----------|---|----------|
|           |   |          |
|           |   |          |
|           |   |          |
|           |   |          |
|           |   |          |

Employer Name: \_\_\_\_\_ Contact Name: \_\_\_\_\_

Refund Mailing Address: \_\_\_\_\_  
 \_\_\_\_\_

I verify the above information is correct \_\_\_\_\_ Date: \_\_\_\_\_

Do not delay your request for reimbursement. Eligibility for refund ends ONE YEAR from the date the EAIP closes. All requests/documentation must be received within the one year time period. Refunds will be mailed to the address indicated on the EAIP Employer Request form.

## January 1, 2006 Workers' Compensation Highlights

By: Diana Burnette

- Workers' Compensation Premium Assessment Rate (DCBS Tax) drops from 6.8% to 5.5%. The self insurance assessment drops from 7.0% to 5.7%. This change applies to premium developed by payrolls disbursed beginning January 1, 2006.
- Cents-Per-Hour charge, known as the Workers' Benefit Fund Assessment, will reduce to 3.0 cents per hour January 1, 2006. Oregon employers pay this assessment through the Combined Payroll Tax Reporting System. Current rate is 3.4 cents per hour.
- The maximum annual payroll charge for a covered corporate officer increases to \$135,200 from the current maximum of \$130,000. This change is effective upon renewal in 2006, and only applies to corporate officers included for workers' compensation coverage.
- Oregon's \$500 Medical Only Reimbursement program becomes the \$1,500 Medical Only Reimbursement program on January 1, 2006. Employers will have the option of reimbursing their workers' compensation carrier for medical costs up to \$1,500 on non-disabling claims. This change applies to all accepted medical only claims with a "Date of Injury" January 1, 2006 and after.
- Average Pure Rates for Oregon will not change for the second year in a row. However, individual rates may fluctuate.



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