

**A-Engrossed**  
**House Bill 2783**

Ordered by the House May 4  
Including House Amendments dated May 4

Sponsored by Representative SHIELDS; Representatives BONAMICI, BRUUN, BUCKLEY, CAMERON, CLEM, C EDWARDS, D EDWARDS, ESQUIVEL, GALIZIO, GARRARD, HOLVEY, KOMP, READ, RILEY, ROBLAN, SCHAUFLEER

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires insurer providing workers' compensation coverage to provide notice of termination of coverage 45 days prior to effective date of termination. **Provides exceptions.**

**A BILL FOR AN ACT**

1  
2 Relating to termination of workers' compensation coverage; amending ORS 656.427.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 656.427 is amended to read:

5 656.427. (1) An insurer that issues a guaranty contract or a surety bond to an employer under  
6 this chapter may terminate liability on its contract or bond, as the case may be, by giving the em-  
7 ployer and the Director of the Department of Consumer and Business Services notice of termination  
8 in accordance with rules adopted by the director. A notice of termination shall state the effective  
9 date of termination.

10 (2) An insurer may terminate liability under this section as follows:

11 (a) If the termination of a guaranty contract is for reasons other than those set forth in [*para-*  
12 *graph (b)*] **paragraphs (b) and (c)** of this subsection, it is effective at 12 midnight not less than  
13 [30] **45** days after the date the notice is mailed to the employer.

14 (b) If the termination of a guaranty contract is based on the insurer's decision not to offer in-  
15 surance to employers within a specific premium category, it is effective not sooner than 90 days  
16 after the date the notice is mailed to the employer.

17 **(c) If the termination of a guaranty contract is based on nonpayment of premium, the**  
18 **termination is effective not sooner than 10 days after the date the notice is mailed to the**  
19 **employer.**

20 [*(c)*] **(d)** The termination of a surety bond is effective at 12 midnight not less than 30 days after  
21 the date the notice is received by the director.

22 (3) Notice to the employer under this section shall be given by mail, addressed to the employer  
23 at the last-known address of the employer. If the employer is a partnership, notice may be given to  
24 any of the partners. If the employer is a limited liability company, notice may be given to any  
25 manager, or in a member managed limited liability company, to any of the members. If the employer  
26 is a corporation, notice may be given to any agent or officer of the corporation under whom legal  
27 process may be served.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (4) Termination shall in no way limit liability that was incurred under the guaranty contract  
2 or surety bond prior to the effective date of the termination.

3 (5) If, before the effective date of a termination under this section, the employer gives notice to  
4 the insurer that it has not obtained coverage from another insurer and intends to become insured  
5 under the assigned risk plan established under ORS 656.730, the insurer shall insure that continuing  
6 coverage is provided to the employer under the plan without further application by the employer,  
7 transferring the risk to the plan as of the effective date of termination. If the insurer is a servicing  
8 carrier under the plan, it shall continue to provide coverage for the employer as a servicing carrier,  
9 at least until another servicing carrier is provided for the employer in the normal course of admin-  
10 istering the plan. If the insurer is not a servicing carrier, it shall apply to the plan for coverage on  
11 the employer's behalf. Nothing in this section is intended to limit the authority of administrators  
12 of the plan to require the employer to provide deposits or to make payments consistent with plan  
13 requirements. However, the rules of the plan shall allow any deposit requirements imposed by the  
14 plan to be deferred for as long as one year.

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