

**SENATE AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2783
(INCLUDING AMENDMENTS TO RESOLVE CONFLICTS)**

By COMMITTEE ON COMMERCE

June 4

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon insert “creating new pro-
2 visions; and”.

3 On page 2, after line 14, insert:

4 “**SECTION 2.** If Senate Bill 559 becomes law, ORS 656.427, as amended by section 1 of this 2007
5 Act, is amended to read:

6 “656.427. (1) An insurer that issues [*a guaranty contract or a surety bond*] **a workers’ compen-**
7 **sation insurance policy or surety bond** to an employer under this chapter may [*terminate liability*
8 *on its contract or bond, as the case may be,*] **cancel the policy or surety bond prior to the expi-**
9 **ration date of the policy or surety bond** by giving the employer and the Director of the Depart-
10 ment of Consumer and Business Services notice of [*termination*] **cancellation** in accordance with
11 rules adopted by the director. [*A notice of termination shall state the effective date of termination.*]
12 **Notice required under this section must be provided to the director within 10 calendar days**
13 **after the effective date of the cancellation provided in the notice given to the employer.**

14 “(2) An insurer may [*terminate liability*] **cancel a workers’ compensation insurance policy**
15 **or surety bond** under this section as follows:

16 “(a) If the [*termination of a guaranty contract*] **cancellation of a workers’ compensation in-**
17 **surance policy** is for reasons other than those set forth in paragraphs (b) and (c) of this subsection,
18 it is effective at 12 midnight not less than 45 days after the date the notice is mailed to the em-
19 ployer.

20 “(b) If the [*termination of a guaranty contract*] **cancellation of a workers’ compensation in-**
21 **surance policy** is based on the insurer’s decision not to offer insurance to employers within a spe-
22 cific premium category, it is effective not sooner than 90 days after the date the notice is mailed to
23 the employer.

24 “(c) If the [*termination of a guaranty contract*] **cancellation of a workers’ compensation in-**
25 **surance policy** is based on nonpayment of premium, the [*termination*] **cancellation** is effective not
26 sooner than 10 days after the date the notice is mailed to the employer.

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

29 “(3) **An insurer may nonrenew a workers’ compensation insurance policy by providing**
30 **notice in the manner provided for in subsection (2) of this section.**

31 “[3] (4) Notice to the employer under this section shall be given by mail, addressed to the
32 employer at the last-known address of the employer. If the employer is a partnership, notice may
33 be given to any of the partners. If the employer is a limited liability company, notice may be given
34 to any manager, or in a member managed limited liability company, to any of the members. If the

1 employer is a corporation, notice may be given to any agent or officer of the corporation under
2 whom legal process may be served.

3 “[4] (5) [Termination] **Cancellation of a workers’ compensation insurance policy or surety**
4 **bond** shall in no way limit liability that was incurred under the [guaranty contract or surety bond]
5 **policy or surety bond** prior to the effective date of the [termination] **cancellation**.

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

18 “(7) **The cancellation of a workers’ compensation insurance policy under this section is**
19 **effective on the earliest of:**

20 “(a) **The expiration of the term of the policy;**

21 “(b) **The effective date of a cancellation under subsection (2) of this section; or**

22 “(c) **The effective date of a policy for which another insurer makes a proof of coverage**
23 **filing on behalf of the employer.**

24 “**SECTION 3.** If Senate Bill 559 becomes law, ORS 656.427, as amended by section 3, chapter
25 _____, Oregon Laws 2007 (Enrolled Senate Bill 559), is amended to read:

26 “656.427. (1) An insurer that issues a workers’ compensation insurance policy or surety bond to
27 an employer under this chapter may cancel the policy or surety bond prior to the expiration date
28 of the policy or surety bond by giving the employer and the Director of the Department of Consumer
29 and Business Services notice of cancellation in accordance with rules adopted by the director. No-
30 tice required under this section must be provided to the director within 10 calendar days after the
31 effective date of the cancellation provided in the notice given to the employer.

32 “(2) An insurer may cancel a workers’ compensation insurance policy or surety bond under this
33 section as follows:

34 “(a) If the cancellation **of a workers’ compensation insurance policy** is for reasons other than
35 those set forth in [paragraph (b)] **paragraphs (b) and (c)** of this subsection, it is effective at 12
36 midnight not less than [30] **45** days after the date the notice is mailed to the employer.

37 “(b) If the cancellation **of a workers’ compensation insurance policy** is based on the insurer’s
38 decision not to offer insurance to employers within a specific premium category, it is effective not
39 sooner than 90 days after the date the notice is mailed to the employer.

40 “(c) **If the cancellation of a workers’ compensation insurance policy is based on nonpay-**
41 **ment of premium, the cancellation is effective not sooner than 10 days after the date the**
42 **notice is mailed to the employer.**

43 “[c] (d) The [termination] **cancellation** of a surety bond is effective at 12 midnight not less than
44 30 days after the date the notice is received by the director.

45 “(3) An insurer may nonrenew a workers’ compensation insurance policy by providing notice in

1 the manner provided for in subsection (2) of this section.

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

8 “(5) Cancellation of a workers’ compensation insurance policy or surety bond shall in no way
9 limit liability that was incurred under the policy or surety bond prior to the effective date of the
10 cancellation.

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

23 “(7) The cancellation of a workers’ compensation insurance policy under this section is effective
24 on the earliest of:

25 “(a) The expiration of the term of the policy;

26 “(b) The effective date of a cancellation under subsection (2) of this section; or

27 “(c) The effective date of a policy for which another insurer makes a proof of coverage filing
28 on behalf of the employer.

29 “**SECTION 4. If Senate Bill 559 becomes law, the amendments to ORS 656.427 by sections**
30 **2 and 3 of this 2007 Act become operative on July 1, 2009.”.**

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