

# House Bill 3003

Sponsored by COMMITTEE ON BUSINESS AND LABOR (at the request of State Accident Insurance Fund)

## 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 **as introduced**.

Permits Director of Department of Consumer and Business Services to release surety bond or other security on deposit with director if self-insured employer or self-insured employer group obtains paid-up insurance policy satisfactory to director.

## A BILL FOR AN ACT

1  
2 Relating to security for liability of self-insured employers in workers' compensation cases; amending  
3 ORS 656.443.

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

5 **SECTION 1.** ORS 656.443 is amended to read:

6 656.443. (1) If an employer or self-insured employer group defaults in payment of compensation  
7 or other payments due to the Director of the Department of Consumer and Business Services under  
8 this chapter, the director may, on notice to the employer or self-insured employer group and any  
9 insurer providing workers' compensation insurance coverage, a surety bond or other security to the  
10 employer or self-insured employer group, use money or interest and dividends on securities, sell se-  
11 curities or institute legal proceedings on any insurance policy, surety bond or other security for  
12 which a notice of coverage has been filed with the director to the extent necessary to make such  
13 payments.

14 (2) Before any default by the employer or self-insured employer group, the employer or group is  
15 entitled to all interest and dividends on securities on deposit and to exercise all voting rights, stock  
16 options and other similar incidents of ownership of the securities.

17 (3)(a) If for any reason the certification of a self-insured employer or self-insured employer group  
18 is canceled or terminated, the surety bond or other security deposited with the director must remain  
19 on deposit or in effect, as the case may be, for a period of at least 62 months after the employer  
20 ceases to be a self-insured employer, **unless the director accepts in lieu of the surety bond or  
21 other security a policy of paid-up insurance that is satisfactory to the director.**

22 (b) **The director may require an employer that secures a policy of paid-up insurance also**  
23 **to keep on deposit with the director or maintain in effect a surety bond or other security**  
24 *[The surety bond or other security must be maintained]* in an amount necessary to secure *[the]* out-  
25 standing and contingent liability arising from *[the]* accidental injuries *[secured by the surety bond*  
26 *or other security]* and to ensure the payment of claims for aggravation and claims arising under ORS  
27 656.278 based on those accidental injuries.

28 (c) **If the director has required a surety bond or other security to remain on deposit with**  
29 **the director or in effect**, at the expiration of the 62-month period, or of another period the director  
30 may consider proper, the director may accept in lieu of the surety bond or other security deposited  
31 with the director a policy of paid-up insurance in a form approved by the director.

**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       **(d) The director may adopt rules necessary to implement the provisions of this sub-**  
2 **section.**

3       (4) If a self-insured employer or self-insured employer group is in default, is decertified by the  
4 director or cancels the employer's or the group's certification under ORS 656.434, the director may:

5       (a) Order members of the group to pay an assessment for the continuing claim liabilities as  
6 specified in ORS 656.430 (7)(a)(D)(i); and

7       (b) Determine the claims processing agent that processes claims of the self-insured employer or  
8 self-insured employer group. The claims processing agent may be the assigned claims agent selected  
9 under ORS 656.054.

10       (5) Member assessments collected under subsection (4) of this section must be deposited in the  
11 Consumer and Business Services Fund created in ORS 705.145.

12       (6) Failure to pay an assessment ordered under subsection (4) of this section subjects members  
13 of the self-insured employer group to civil penalties as provided in ORS 656.745.

14       (7) A claims processing agent that the director designates under subsection (4) of this section,  
15 other than the State Accident Insurance Fund Corporation, may choose the legal counsel the claims  
16 processing agent employs for representation under this section.

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