

HB 1630 -- WORKERS COMPENSATION LARGE DEDUCTIBLE POLICIES

SPONSOR: Gosen

The bill requires all large deductible claims which are also covered claims to be turned over to the responsible guaranty association, unless otherwise stipulated by the guaranty association. However, in the event that an insured pays a deductible claim pursuant to an agreement with a guaranty association, no receiver or guaranty association shall have any obligation to pay such claim or reimburse the insured.

Guaranty associations are entitled to reimbursement from the insured for payment of deductible claims in the event that the insurer would have been entitled to such reimbursement. If the guaranty association is not reimbursed, they are entitled to assert a claim for the amount owed in subsequent disciplinary proceedings. The receiver is required to take all commercially reasonable actions to collect reimbursements for deductible claims and bill the insured for such reimbursement. Insolvency of the insurer or its inability to perform its obligations under the policy shall not be a defense to the insured's failure to reimburse. Further, only in the case of gross negligence or an allegation of improper handling or payment of a deductible claim by the insurer shall insolvency of the receiver or guaranty association be a defense to the insured's failure to reimburse such entity.

Receivers are required to utilize collateral, when available, to secure the insured's obligations to fund or reimburse deductible claims or other secured obligations as specified in the bill.

The bill has an emergency clause.

This bill is similar to HB 609 (2015) and SB 402 (2015).