

HB 1763 -- WORKERS' COMPENSATION DEDUCTIBLE (Gosen)

COMMITTEE OF ORIGIN: Standing Committee on Property, Casualty, and Life Insurance

The bill requires all workers' compensation large deductible covered claims of an insolvent insurer to be turned over to the responsible guaranty association, unless otherwise stipulated. In the event an insured pays a deductible claim, no receiver or guaranty association will be obligated to pay or reimburse the insured for such claim.

Guaranty associations are entitled to reimbursement from the insured for payment of deductible claims when the insurer would have been entitled to such reimbursement. The receiver is obligated to collect any reimbursements owed promptly. 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. 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 available collateral 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).