

**Enrolled**  
**House Bill 3003**

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

CHAPTER .....

AN ACT

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

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

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

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

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

*[(3) If for any reason the certification of a self-insured employer or self-insured employer group is canceled or terminated, the surety bond or other security deposited with the director must remain on deposit or in effect, as the case may be, for a period of at least 62 months after the employer ceases to be a self-insured employer. The surety bond or other security must be maintained in an amount necessary to secure the outstanding and contingent liability arising from the accidental injuries secured by the surety bond or other security and to ensure the payment of claims for aggravation and claims arising under ORS 656.278 based on those accidental injuries. At the expiration of the 62-month period, or of another period the director may consider proper, the director may accept in lieu of the surety bond or other security deposited with the director a policy of paid-up insurance in a form approved by the director.]*

**(3)(a) If for any reason the certification of a self-insured employer or self-insured employer group is canceled or terminated, the surety bond or other security deposited with the director must remain on deposit or in effect, as the case may be, for a period of at least 62 months after the employer ceases to be a self-insured employer, unless the director accepts in lieu of the surety bond or other security a policy of paid-up insurance approved by the director. A surety bond or other security that remains on deposit or in effect must be maintained in an amount necessary to secure the outstanding and contingent liability arising from the accidental injuries secured by the surety bond or other security and to ensure the**

payment of claims for aggravation and claims arising under ORS 656.278 based on those accidental injuries. If the surety bond or other security remains on deposit or in effect at the expiration of the 62-month period, or of another period the director may consider proper, the director may accept in lieu of the surety bond or other security deposited with the director a policy of paid-up insurance in a form approved by the director.

(b) The director may adopt rules necessary to implement the provisions of this subsection.

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

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

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

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

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

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

Passed by House April 2, 2019

.....  
Timothy G. Sekerak, Chief Clerk of House

.....  
Tina Kotek, Speaker of House

Passed by Senate April 25, 2019

.....  
Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2019

Approved:

.....M.,....., 2019

.....  
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2019

.....  
Bev Clarno, Secretary of State