

A-Engrossed
House Bill 3003

Ordered by the House March 28
Including House Amendments dated March 28

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.

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

27 **(3)(a) If for any reason the certification of a self-insured employer or self-insured em-**
28 **ployer group is canceled or terminated, the surety bond or other security deposited with the**

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 **director must remain on deposit or in effect, as the case may be, for a period of at least 62**
2 **months after the employer ceases to be a self-insured employer, unless the director accepts**
3 **in lieu of the surety bond or other security a policy of paid-up insurance approved by the**
4 **director. A surety bond or other security that remains on deposit or in effect must be**
5 **maintained in an amount necessary to secure the outstanding and contingent liability arising**
6 **from the accidental injuries secured by the surety bond or other security and to ensure the**
7 **payment of claims for aggravation and claims arising under ORS 656.278 based on those ac-**
8 **cidental injuries. If the surety bond or other security remains on deposit or in effect at the**
9 **expiration of the 62-month period, or of another period the director may consider proper, the**
10 **director may accept in lieu of the surety bond or other security deposited with the director**
11 **a policy of paid-up insurance in a form approved by the director.**

12 **(b) The director may adopt rules necessary to implement the provisions of this sub-**
13 **section.**

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

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

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

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

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

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

28