
 LEGISLATURE OF THE STATE OF IDAHO
 Sixty-second Legislature Second Regular Session - 2014

IN THE _____

BILL NO. _____

BY _____

AN ACT

1 RELATING TO WORKER'S COMPENSATION; AMENDING SECTION 72-301, IDAHO CODE, TO
 2 REVISE PROVISIONS RELATING TO SELF-INSURED EMPLOYERS, TO PROVIDE FOR
 3 ACCEPTABLE SECURITY INSTRUMENTS, TO PROVIDE FOR SURETY BONDS IN LIEU
 4 OF MONEY OR SECURITY INSTRUMENTS, TO REVISE PROVISIONS RELATING TO THE
 5 ADOPTION OF CERTAIN RULES, TO REVISE PROVISIONS RELATING TO REQUIRE-
 6 MENTS ASSOCIATED WITH THE TRANSACTION OF WORKER'S COMPENSATION INSUR-
 7 ANCE BUSINESS IN THE STATE, TO REVISE VERBIAGE, TO PROVIDE A PROCEDURE
 8 ASSOCIATED WITH SECURITY HELD IN A CUSTODIAL ACCOUNT RELATING TO INSUR-
 9 ERS WHO HAVE BEEN PLACED IN LIQUIDATION, TO PROVIDE FOR THE TRANSFER OF
 10 FUNDS INTO THE INSOLVENT INSURER FUND, TO PROVIDE FOR FUNDS HELD IN THE
 11 INSOLVENT INSURER FUND AND TO PROVIDE FOR THE INSOLVENT INSURER FUND.
 12

13 Be It Enacted by the Legislature of the State of Idaho:

14 SECTION 1. That Section 72-301, Idaho Code, be, and the same is hereby
 15 amended to read as follows:

16 72-301. SECURITY FOR PAYMENT OF COMPENSATION. (1) Every employer
 17 shall secure the payment of compensation under this law in one (1) of the
 18 following ways:

19 (1a) By insuring and keeping insured with a policy of worker's com-
 20 pensation insurance as defined in section 41-506(d), Idaho Code, the
 21 payment of compensation with any insurer, as defined in section 41-103,
 22 Idaho Code, authorized by the director of the department of insurance to
 23 transact such insurance, provided, that every public employer shall in-
 24 sure its liability for payment of compensation with the state insurance
 25 fund unless such fund shall refuse to accept the risk when the applica-
 26 tion for insurance is made; or

27 (2b) An employer may become self-insured by obtaining the approval
 28 of the industrial commission, and by depositing and maintaining in a
 29 custodial account with the ~~commission~~ state treasurer money or accept-
 30 able security instruments satisfactory to the commission securing the
 31 payment by said employer of compensation according to the terms of this
 32 law. Such acceptable security ~~may consist of instruments~~ are bonds,
 33 treasury bills, interest-bearing notes or other obligations of the
 34 United States for which the full faith and credit of the United States
 35 is pledged for the payment of principal and interest. In lieu of such
 36 money or security instruments, the commission may allow or require such
 37 employer to file or maintain with the state treasurer a surety bond ~~or~~
 38 guaranty contract with any company authorized to transact surety insur-
 39 ance in Idaho. The commission shall adopt rules governing the qualifi-
 40 cations of self-insured employers, the nature and amount of security to
 41 be deposited and maintained with the ~~commission~~ state treasurer, and
 42 the conditions under which an employer may continue to be self-insured.

1 (2) No insurer shall be permitted to transact worker's compensation in-
2 surance covering the liability of employers under this law unless it shall
3 have been authorized to do business under the laws of this state and until
4 it shall have received the approval of the commission. To the end that the
5 workers secured under this law shall be adequately protected, the commis-
6 sion shall require such insurer to deposit and maintain in a custodial ac-
7 count with the state treasurer of the state money or bonds acceptable secu-
8 rity instruments of the United States or of this state, or interest-paying
9 bonds when they are at or above par, or any other state of the United States
10 or the District of Columbia, or the bonds of any county or municipal corpo-
11 ration of this or any other state of the United States or the District of Co-
12 lumbia in an amount equal to the total amounts of all outstanding and unpaid
13 compensation awards against such insurer. Acceptable security instruments
14 are bonds, treasury bills, interest-bearing notes or other obligations of
15 the United States for which the full faith and credit of the United States is
16 pledged for the payment of principal and interest. In lieu of such money or
17 bonds security instruments, the commission may allow or require such insurer
18 to file or maintain with the state treasurer of the state a surety bond of
19 some company or companies authorized to do business in this state for and in
20 the amounts equaling the total unpaid compensation awards against such in-
21 surer.

22 (3) When an insurer has been placed in liquidation, any security being
23 held in a custodial account with the state treasurer under this section shall
24 be converted into cash and transferred into the insolvent insurer fund cre-
25 ated in subsection (4) of this section. Such funds shall continue to be held
26 for the purpose of securing any future claims made against the insolvent in-
27 surer under this law or until released by the commission to the liquidator,
28 if one exists, or to the insurer's state of domicile, as provided herein.
29 Interest earned on moneys deposited in the insolvent insurer fund shall be
30 credited, pro rata, to the account balance of security being held to answer
31 claims made under this law against an insolvent insurer. Moneys deposited
32 in the insolvent insurer fund may be used to pay the reasonable costs or ex-
33 penditures charged by any financial institution holding such funds on deposit
34 for the state treasurer. Any balance in funds remaining on deposit in the in-
35 solvent insurer fund to answer the claims of an insolvent insurer after dis-
36 charge of that insurer's liquidator may be transferred to the liquidator, if
37 one still exists, or to the liquidated insurer's state of domicile, at such
38 time as the commission determines that said security is no longer required to
39 be held by the state treasurer for the purposes of this law.

40 (4) There is hereby created in the state treasury the insolvent insurer
41 fund. Moneys in the fund are hereby continuously appropriated for the pur-
42 poses set forth in the provisions of this section. Interest earned on moneys
43 in the fund shall be returned to the fund.

44 (5) The approval by the commission of any insurer or self-insured em-
45 ployer may be withdrawn if it shall appear to the commission that workers se-
46 cured thereby under this law are not fully protected.

STATEMENT OF PURPOSE

RS 22434

This legislation identifies the acceptable securities to be deposited and maintained in a custodial account, and creates a fund and mechanism by which to handle security deposits retained to secure any future Workers' Compensation claims of a liquidated insurance carrier.

FISCAL NOTE

There is no fiscal impact to the General Fund or to any Commission dedicated funds.

Contact:

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Statement of Purpose / Fiscal Note