

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 609

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO WORKER'S COMPENSATION; AMENDING SECTION 72-301, IDAHO CODE, TO
2 DEFINE TERMS; AMENDING SECTION 72-928, IDAHO CODE, TO DEFINE TERMS,
3 TO REMOVE OBSOLETE LANGUAGE, AND TO MAKE TECHNICAL CORRECTIONS; AND
4 DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.
5

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

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

9 72-301. SECURITY FOR PAYMENT OF COMPENSATION. (1) Every employer
10 shall secure the payment of compensation under this law in one (1) of the
11 following ways:

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

20 (b) An employer may become self-insured by obtaining the approval
21 of the industrial commission, and by depositing and maintaining in a
22 custodial account with the state treasurer money or acceptable secu-
23 rity instruments satisfactory to the commission securing the payment
24 by said employer of compensation according to the terms of this law.
25 Such acceptable security instruments are bonds, treasury bills, in-
26 terest-bearing notes or other obligations of the United States for
27 which the full faith and credit of the United States is pledged for the
28 payment of principal and interest. In lieu of such money or security
29 instruments, the commission may allow or require such employer to file
30 or maintain with the state treasurer a surety bond with any company au-
31 thorized to transact surety insurance in Idaho. The commission shall
32 adopt rules governing the qualifications of self-insured employers,
33 the nature and amount of security to be deposited and maintained with
34 the state treasurer, and the conditions under which an employer may con-
35 tinue to be self-insured.

36 (2) No insurer shall be permitted to transact worker's compensation
37 insurance covering the liability of employers under this law unless it shall
38 have been authorized to do business under the laws of this state and until
39 it shall have received the approval of the commission. To the end that the
40 workers secured under this law shall be adequately protected, the commission
41 shall require such insurer to deposit and maintain in a custodial account
42 with the state treasurer money or acceptable security instruments in an

1 amount equal to the total amounts of all outstanding and unpaid compensation
2 awards against such insurer. Acceptable security instruments are bonds,
3 treasury bills, interest-bearing notes or other obligations of the United
4 States for which the full faith and credit of the United States is pledged
5 for the payment of principal and interest. Acceptable security instruments
6 also include municipal bonds issued by the state of Idaho, its subdivisions,
7 counties, cities, towns, villages and school districts. The insurer shall
8 have the responsibility to monitor the ratings for its bonds. Bonds held
9 by worker's compensation insurers in support of insurance obligations must
10 have been assigned a credit rating grade not less than "single A minus" by
11 one (1) or more credit rating providers registered with the United States
12 securities and exchange commission as a nationally recognized statistical
13 rating organization (NRSRO). If the credit rating assigned to the bond by
14 the NRSRO is downgraded below "single A minus," the worker's compensation
15 insurer shall within thirty (30) days of the downgrade replace the bond with
16 one (1) that meets the credit quality requirement specified in this section.
17 In lieu of such money or security instruments, the commission may allow or
18 require such insurer to file or maintain with the state treasurer a surety
19 bond of some company or companies authorized to do business in this state
20 for and in the amounts equaling the total unpaid compensation awards against
21 such insurer.

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 penses 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.

47 (6) For the purposes of this section, the term "public employer" shall
48 not include any city, county, or district. As used in this subsection, the
49 term "district" means any single-purpose district organized or that may be

1 organized as a local public body in accordance with the laws of the state of
 2 Idaho for the purpose of constructing or furnishing any municipal service.

3 SECTION 2. That Section 72-928, Idaho Code, be, and the same is hereby
 4 amended to read as follows:

5 72-928. INSURANCE BY PUBLIC CORPORATIONS -- PROVISION FOR IDAHO NA-
 6 TIONAL GUARD. (a) A public corporation may insure against its liability for
 7 compensation with the state insurance fund and not with any other insurance
 8 carrier, unless such fund shall refuse to accept the risk when the applica-
 9 tion for insurance is made: Provided however that the benefits secured by
 10 section 72-103, Idaho Code, to members of the Idaho national guard while on
 11 duty shall be secured in the manner prescribed in subsections (b) and (c)
 12 of this section; and provided further that the restrictions of this section
 13 shall not apply to any governmental hospital whose operation is financed
 14 primarily by patient care revenue.

15 (b) All claims for compensation against the Idaho national guard ac-
 16 cruing on or after March 5, 1949, under the provisions of title 72, Idaho
 17 Code, on account of members of the Idaho national guard while on duty shall
 18 be deemed secured by the state insurance fund, and payment thereof shall be
 19 made to claimants entitled thereto in accordance with the provisions of ti-
 20 tle 72, Idaho Code, in the same manner and amount as any other employment in-
 21 sured by the state insurance fund. The manager of the state insurance fund
 22 shall service all claims as though they were insured claims and not require
 23 payment of any premium as a condition of securing the liability of the Idaho
 24 national guard, but the state insurance fund, shall, in lieu of any premium,
 25 be reimbursed, as provided in subsection (c) of this section, for moneys paid
 26 out on account of the liability of the Idaho national guard. Nothing in this
 27 subsection shall be construed to amend or modify any substantive provision
 28 of this title. No charge shall be made by the fund for administration of the
 29 guard's liability hereunder.

30 (c) Commencing on July 1, 1950, and quarterly thereafter, the manager
 31 of the state insurance fund shall prepare in the form of a claim an itemized
 32 statement of all moneys paid out by the fund pursuant to subsection (b) of
 33 this section during the quarter concerned on account of the liability as an
 34 employer of Idaho national guard. Such statement shall list the amount of
 35 payments made and to whom and on whose account such payments are made, and
 36 shall be forwarded to the adjutant general of the state, who shall ~~indorse~~
 37 endorse thereon his approval of the statement and forward the same to the
 38 board of examiners. The board of examiners shall examine such claim and if
 39 the board finds the claim in accordance with law the board shall order the
 40 state treasurer to pay to the state insurance fund an amount equal to the to-
 41 tal sum of moneys paid out as set forth in such statement. There is hereby
 42 appropriated out of any moneys in the treasury, not otherwise appropriated,
 43 a sum of money sufficient to meet these quarterly claims as they are from time
 44 to time presented. ~~The claim statement filed by the manager as of July 1,~~
 45 ~~1950 shall cover all claims pursuant to this section between March 5, 1949~~
 46 ~~and July 1, 1950.~~

47 (d) For the purposes of this section, the term "public corporation"
 48 shall not include any city, county, or district. As used in this subsection,
 49 the term "district" means any single-purpose district organized or that

1 may be organized as a local public body in accordance with the laws of the
2 state of Idaho for the purpose of constructing or furnishing any municipal
3 service.

4 SECTION 3. An emergency existing therefor, which emergency is hereby
5 declared to exist, this act shall be in full force and effect on and after
6 July 1, 2024.