

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 160

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO WORKER'S COMPENSATION; AMENDING SECTION 72-301, IDAHO CODE, TO
2 DEFINE A TERM, TO PROVIDE A SUNSET PROVISION, AND TO MAKE TECHNICAL COR-
3 RECTIONS; AMENDING SECTION 72-928, IDAHO CODE, TO DEFINE A TERM, TO PRO-
4 VIDE A SUNSET PROVISION, TO REMOVE OBSOLETE LANGUAGE, TO PROVIDE A COR-
5 RECT CODE REFERENCE, AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING
6 AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.
7

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

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

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

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

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

38 (2) No insurer shall be permitted to transact worker's compensation
39 insurance covering the liability of employers under this law unless it shall
40 have been authorized to do business under the laws of this state and until
41 it shall have received the approval of the commission. To the end that the
42 workers secured under this law shall be adequately protected, the commission

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

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

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

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

49 (6) For the purposes of this section, the term "public employer" shall
50 not include any single-purpose district organized or that may be organized

1 as a local public body in accordance with the laws of the state of Idaho for
 2 the purpose of constructing or furnishing any municipal service. For the
 3 purposes of this section, a "public employer" includes a city, county, and
 4 school district. The provisions of this subsection shall be null, void, and
 5 of no force and effect on and after July 1, 2030. Prior to July 1, 2030, the
 6 legislature may evaluate the effectiveness of the provisions of this subsec-
 7 tion, including whether to remove this subsection or revise the definition
 8 of "public employer" provided in this subsection to include cities, coun-
 9 ties, and school districts.

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

12 72-928. INSURANCE BY PUBLIC CORPORATIONS -- PROVISION FOR IDAHO NA-
 13 TIONAL GUARD. (a) A public corporation may insure against its liability for
 14 compensation with the state insurance fund and not with any other insurance
 15 carrier, unless such fund shall refuse to accept the risk when the applica-
 16 tion for insurance is made: Provided however that the benefits secured by
 17 section ~~72-103~~ 72-205(6), Idaho Code, to members of the Idaho national guard
 18 while on duty shall be secured in the manner prescribed in subsections (b)
 19 and (c) of this section; and provided further that the restrictions of this
 20 section shall not apply to any governmental hospital whose operation is fi-
 21 nanced primarily by patient care revenue.

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

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

1 a sum of money sufficient to meet these quarterly claims as they are from time
2 to time presented. ~~The claim statement filed by the manager as of July 1,~~
3 ~~1950 shall cover all claims pursuant to this section between March 5, 1949~~
4 ~~and July 1, 1950.~~

5 (d) For the purposes of this section, the term "public corporation"
6 shall not include any single-purpose district organized or that may be orga-
7 nized as a local public body in accordance with the laws of the state of Idaho
8 for the purpose of constructing or furnishing any municipal service. For the
9 purposes of this section, a "public corporation" includes a city, county,
10 and school district. The provisions of this subsection shall be null,
11 void, and of no force and effect on and after July 1, 2030. Prior to July 1,
12 2030, the legislature may evaluate the effectiveness of the provisions of
13 this subsection, including whether to remove this subsection or revise the
14 definition of "public corporation" provided in this subsection to include
15 cities, counties, and school districts.

16 SECTION 3. An emergency existing therefor, which emergency is hereby
17 declared to exist, this act shall be in full force and effect on and after
18 July 1, 2025.