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AB-822 Insurance: California Insurance Guarantee Association: insolvency. (2015-2016)

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Assembly Bill No. 822

CHAPTER 85

An act to add Section 1063.18 to the Insurance Code, relating to insurance.

[Approved by Governor July 14, 2015. Filed with Secretary of State July 14, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

AB 822, Cooley. Insurance: California Insurance Guarantee Association: insolvency.

Existing law creates the California Insurance Guarantee Association (CIGA) and requires all insurers admitted to transact insurance in this state to become members. Existing law requires CIGA to collect premium payments from members and to discharge covered claims, as defined, of an insolvent insurer. CIGA is required to allocate its claim payments and costs based on categories of insurance, including, but not limited to, workers' compensation claims and homeowners' claims.

This bill would provide that the laws described above governing CIGA do not require a final determination of a claim in an insolvent insurer's liquidation proceeding before a covered claim may be submitted to CIGA. The bill would provide that these laws also do not require a claim to first be determined and approved by the liquidator before CIGA pays and discharges a covered claim. The bill would also provide that if the association provides written denial of a nonworkers' compensation claim, the person asserting the claim against the association has one year to bring an action challenging the denial, including an action for declaratory relief. This bill would also require, if the written denial is based on a failure to exhaust other insurance available to pay the claim, a claim to be reasserted against the association within 6 months after all other insurance has been exhausted.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1063.18 is added to the Insurance Code, to read:

1063.18. (a) Nothing in this article requires a final determination of a claim in an insolvent insurer's liquidation proceeding before a covered claim may be submitted to the California Insurance Guarantee Association (CIGA). Nothing in this article requires a claim to first be determined and approved by the liquidator before CIGA pays and discharges a covered claim. If a claim is presented to the association and all requirements under paragraph (1) of subdivision (c) of Section 1063.1 for processing a covered claim are satisfied, the association shall proceed to process the claim for payment under this article.

(b) If the association provides a written denial of a nonworkers' compensation claim, the person asserting the claim against the association shall have one year to bring an action challenging the denial, including an action for declaratory relief. If the written denial is based on a failure to exhaust other insurance available to pay the claim, a claim shall be reasserted against the association within six months after all other insurance has been exhausted.

