

AMENDED IN SENATE JUNE 1, 2015

AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 822

Introduced by Assembly Member Cooley

February 26, 2015

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

LEGISLATIVE COUNSEL'S DIGEST

AB 822, as amended, 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. State-mandated local program: no.

The people of the State of California do enact as follows:

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

3 1063.18. (a) Nothing in this article requires a final
4 determination of a claim in an insolvent insurer’s liquidation
5 proceeding before a covered claim may be submitted to the
6 California Insurance Guarantee Association (CIGA). Nothing in
7 this article requires a claim to first be determined and approved
8 by the liquidator before CIGA pays and discharges a covered claim.
9 If a claim is presented to the association and all requirements *under*
10 *paragraph (1) of subdivision (c) of Section 1063.1* for processing
11 a covered claim are satisfied, the association shall proceed to
12 process the claim for payment under this article.

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

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