CALIFORNIA INSURANCE GUARANTEE ASSOCIATION

CITATION & EFFECTIVE DATE

Cal. Ins. Code Section 1063 et seq., (Stats. 1969, C. 1347, P. 2699, Sec. 3); 9/2/69.

MODEL OR SIMILAR ACT

No

COVERED CLAIMS

COVERED LINES OF BUSINESS

All kinds of direct insurance except life, annuity, health or disability; mortgage guaranty, financial guaranty, or any other forms of insurance offering protection against investment risks; fidelity or surety insurance including fidelity or surety bonds, or any other bonding obligations, credit, title, ocean marine, reinsurance, and any obligations to any state or federal government. Coverage includes workers' compensation insurance.

UNEARNED PREMIUM

is covered except for any amount sought as return premium under any policy providing retroactive coverage. Claim is subject to the maximum claim amount of $500,000 per claim with no deductible.

COVERED CLAIM

*is a claim, including one of unearned premiums, arising under a covered policy of an insolvent insurer incurred prior to, on, or within 30 days after the appointment of Liquidator, which is timely filed as claim in the state of domicile of the insolvent insurer, or with the association, and claimant or insured is a resident of state at time of insured occurrence, or the property from which the claim arises is permanently located in the state. Covered claim must be brought by claimant, which is defined as any insured making a first party claim or any person making a liability claim, provided that no person who is an affiliate of the insolvent insurer may be a claimant. Policy must have been issued to a resident of the state or the claim against the insured must have been made by a resident of the* state. *In the case of a policy of workers' compensation insurance, covered claim includes a claim under a policy to provide workers' compensation benefits under the workers' compensation law of this state or under the workers’ compensation law of any state if the injured worker is a resident of this state and not otherwise entitled to coverage from an organization similar to the association in any other state.*

Covered claim also shall include obligations arising under an insurance policy written to indemnify a permissibly self-insured employer pursuant to subdivision (b) or (c) of Section 3700 of the Labor Code for its liability to pay workers’ comp benefits in excess of a specific or aggregate retention, provided, however, that for purposes of this article, those claims shall not be considered workers’ comp claims and therefore are subject to the per claim limit in paragraph (7) and any payments and expenses related thereto shall be allocated to category (c) for claims other than workers’ comp, homeowners, and automobile, as provided in Section 1063.5.With respect to a policy of residential property insurance, each claim for a loss under a different coverage category shall be considered a separate covered claim.

*Covered claims shall also include insurance policies allocated or assumed by a company that did not issue the*  *policy but received the policy as part of a statutory novation, allocation or assumption pursuant to a state statute that permits a company division or statutory novation if the claim would have been covered before such transaction.*

*Covered claims shall also includes all obligations arising under a policy issued to cover cybersecurity, as long as the association’s total liability for all those obligations does not exceed one million dollars ($1,000,000) or the policy limits, whichever is less.*

ASSESSMENTS

SEPARATE ACCOUNTS

* + 1. Workers' Compensation
    2. Automobile and Homeowners
    3. All Others

MAXIMUM ANNUAL %

2 percent of the net direct written premium unless there are bonds outstanding. If bonds issued are out-standing, the premium charged to a member insurer for the category for which the bond proceeds are being used to pay claims and expenses shall not be more than 1 percent of the net direct written premium for that category. Association has catastrophic borrowing provision.

RECOUPMENT PROVISION

Policyholder surcharge on premiums.

BASE YEAR

Year preceding year of assessment based on latest annual statement.

LIMITS ON CLAIMS

DEDUCTIBLE OR MINIMUM PER CLAIM

None. Except for workers’ compensation and unearned premium covered claim does not include a claim in an amount of one hundred dollars or less.

MAXIMUM PER CLAIM

$500,000 per claim; no limit for Workers’ Compensation claims.

*$1,000,000.00, per covered claim for damage to, or loss of, a dwelling structure under a policy of residential property insurance or the amount recoverable under the policy, whichever is less.*

NET WORTH PROVISION

None

OTHER

NONCOVERED CLAIMS

Obligations under reinsurance contracts, obligations to insurers, insurance pools, underwriting associations including claims by any of the foregoing for contribution, indemnity or subrogation, or otherwise, except a member insurer may recover in subrogation from the association only one-half of any amount paid by that insurer under uninsured motorist coverage for bodily injury or wrongful death (and nothing for a payment for anything else), in those cases where the injured person insured by such an insurer has proceeded under his or her uninsured motorist coverage on the ground that the tortfeasor is uninsured as a result of the insolvency of his or her liability insurer (an insolvent insurer as defined in this article), provided that the member insurer shall waive all rights of subrogation against the tortfeasor.

Covered claims" shall not include any judgments against or obligations or liabilities of the insolvent insurer or the commissioner, as liquidator, or otherwise resulting from alleged or proven torts, nor shall any default judgment or stipulated judgment against the insolvent insurer, or against the insured of the insolvent insurer, be binding against the association.

Covered claims also do not include claims for punitive or exemplary damages, nor any amount awarded by the Workers’ Compensation Appeals Board pursuant to Section 5814 or 5814.5 because payment of compensation was unreasonably delayed or refused by the insolvent insurer; claims asserted by an assignee, except a premium finance company as assignee; claims for loss adjustment expenses or attorney fees or expenses incurred prior to the appointment of Liquidator, court costs. Covered claim does not include any obligations to any state or federal government unless the covered claim includes medical services provided by a medical facility owner in whole or in part by a state or federal agency. Covered claim does not include any obligations arising from any claims servicing agreement or insurance policy providing retroactive insurance of known loss or losses, except a special excess workers’ compensation policy issued pursuant to subdivision (c) of Section 3702.8 of the Labor Code that covers all or any part of workers’ compensation liabilities of an employer that is issued, or was previously issued, a certificate of consent to self-insure pursuant to subdivision (b) of Section 3700 of the Labor Code. Covered claim does not include surplus deposits of subscribers as defined in Section 1374.1.

CLAIMS COVERED BY OTHER INSURANCE AND OTHER GUARANTY ASSOCIATIONS

If damages against uninsured motorist are recoverable by a claimant from his own insurer, the applicable limits of such coverage shall be a credit against a covered claim hereunder. Covered claims do not include claims covered by other insurance. Any person having claim covered by more than one guaranty association shall seek recovery first from the association of the place of residence of the insured, except: if a first party claim for damage to property with a permanent location - seek recovery first from the association of the permanent location of the property; or, if a workers' compensation claim - seek recovery first from the association of the residence of claimant. Any recovery hereunder shall be reduced by the amount of recovery from any other association. Any person having a claim under any governmental insurance or guaranty program shall be required to exhaust first his rights under such program.

TERMINATION PROVISION

None

MISCELLANEOUS

"Insolvent insurer" means an insurer that was a member insurer of the association, either at the time the policy was issued or when the insured event occurred, and against which an order of liquidation with a finding of insolvency has been entered by a court of competent jurisdiction, or, in the case of the State Compensation Insurance Fund, if a finding of insolvency is made by a duly enacted legislative measure.

All proceedings in which the insolvent insurer is a party or obligated to defend a party in any court in the state shall, subject to waiver by the association in specific cases involving covered claims and subject to waiver by the commissioner as to matters that are not covered claims, stayed for a period of 60 days from the date an order of liquidation or an order of receivership with a finding of insolvency has been entered by a superior court in this state or by a court in the state of domicile of the insurer and additional time as may be determined necessary by the court.

Bond borrowing provision in place.

Association may fund claims through reinsurance.

*Association may administer the Prescribed Fire Claims Fund established by Section 4500 of the Public Resources Code, subject to prior written approval by the commissioner and if contracted to administer by the Department of Forestry and Fire Protection on the department’s behalf.*