

Senate Engrossed House Bill
workers' compensation; assigned risk plan

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2032

AN ACT

AMENDING SECTION 23-1091, ARIZONA REVISED STATUTES; RELATING TO WORKERS'
COMPENSATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 23-1091, Arizona Revised Statutes, is amended to
3 read:

4 23-1091. Assigned risk plan

5 A. An insurer may decline to issue a workers' compensation or
6 occupational disease policy to an employer. An employer who is refused
7 coverage by two or more insurers shall be placed in the assigned risk plan
8 established by this section. ~~UNLESS ANY OF THE FOLLOWING FACTORS EXIST~~
9 ~~WHEN THE EMPLOYER SUBMITS AN APPLICATION FOR THE ASSIGNED RISK PLAN:~~

10 1. ON A CURRENT OR PREVIOUS WORKERS' COMPENSATION POLICY, THE
11 EMPLOYER DOES EITHER OF THE FOLLOWING:

12 (a) KNOWINGLY DOES NOT MEET REASONABLE HEALTH AND SAFETY
13 REQUIREMENTS OR AUDIT OR LOSS PREVENTION REQUIREMENTS.

14 (b) DOES NOT ALLOW ANY INSURANCE CARRIER OR ASSIGNED INSURANCE
15 CARRIER REASONABLE ACCESS TO THE EMPLOYER'S RECORDS FOR AUDIT OR
16 INSPECTION PURPOSES UNDER THE POLICY.

17 2. THE EMPLOYER HAS AN OUTSTANDING PREMIUM THAT IS DUE ON A
18 WORKERS' COMPENSATION POLICY AND THAT IS NOT SUBJECT TO A BONA FIDE
19 DISPUTE.

20 3. THE EMPLOYER OR THE EMPLOYER'S REPRESENTATIVE KNOWINGLY FAILS TO
21 COMPLY WITH THE ASSIGNED RISK PLAN'S APPLICATION PROCEDURES OR KNOWINGLY
22 MAKES A MATERIAL MISREPRESENTATION ON THE APPLICATION.

23 B. IF AN EMPLOYER IS PLACED IN THE ASSIGNED RISK PLAN AS
24 ESTABLISHED BY THIS SECTION, THE EMPLOYER MAY BE REMOVED FROM THE ASSIGNED
25 RISK PLAN SUBJECT TO SECTION 23-961.

26 ~~B.~~ C. There shall be only one workers' compensation assigned risk
27 plan in this state. The director of the department of insurance and
28 financial institutions shall contract with a qualified party to be the
29 assigned risk plan administrator.

30 ~~C.~~ D. The administrator may charge all insurers transacting
31 workers' compensation insurance in this state a reasonable fee to
32 administer the assigned risk plan. Each insurer shall pay a share of the
33 fee based on the insurer's share of the preceding calendar year's total
34 net direct workers' compensation and occupational disease compensation
35 insurance premiums written in this state.

36 ~~D.~~ E. The assigned risk plan administrator shall develop a plan of
37 operation and, on approval by the director of the department of insurance
38 and financial institutions, shall issue a directive for the equitable
39 apportioning of assigned risks among all the insurers. At any time, the
40 director of the department of insurance and financial institutions may
41 require the assigned risk plan administrator to amend the plan of
42 operation. The plan shall include at least the following:

43 1. A method for the administrator to select one or more insurers
44 transacting workers' compensation insurance in this state to act as
45 servicing carriers. An administrator that is an insurer may act as its
46 own servicing carrier. The administrator shall monitor the performance of

1 the servicing carriers and shall measure performance against the
2 administrator's established standards. A servicing carrier shall:

3 (a) Provide coverage for the risks placed in the assigned risk
4 plan.

5 (b) Pay claims.

6 (c) Provide safety management services.

7 (d) Perform other activities that are related to the preliminary
8 and subsequent effectuation of the contract and that arise out of the
9 contract, including paying commissions to any licensed property and
10 casualty agent or broker in this state.

11 2. A method for apportioning the workers' compensation assigned
12 risks among all insurers.

13 ~~F.~~ F. Unless the director decides to use another method, the rates
14 used to determine the premiums of risks in the assigned risk plan are the
15 rates annually filed with the director of the department of insurance and
16 financial institutions by the designated rating organization pursuant to
17 section 20-357, subsection B, unless the director requires the use of
18 rates from another rating organization, plus a uniform percentage increase
19 that applies to all classifications, that is determined by the designated
20 rating organization or, if the director directs, another rating
21 organization and that is subject to approval by the director. The
22 expected loss rates, ballast factors and other factors for use with the
23 uniform experience rating plan as described in title 20, chapter 2,
24 article 4 and filed with the director also apply to experience rated risks
25 in the assigned risk plan.

26 ~~F.~~ G. Rating classifications used in the assigned risk plan shall
27 conform to the uniform classification plan. Subclassifications and rating
28 rule deviations shall not be used in the assigned risk plan.

29 ~~G.~~ H. All insurers participating in workers' compensation or
30 occupational disease compensation insurance shall participate in the
31 assigned risk plan.

32 ~~H.~~ I. Distribution of assignments among insurers shall be made in
33 proportion to each insurer's share of the preceding calendar year's total
34 net direct workers' compensation and occupational disease compensation
35 insurance premium written in this state, as far as practicable.

36 ~~I.~~ J. An insurer that refuses to participate in the assigned risk
37 plan shall not be authorized to write workers' compensation coverage in
38 this state. If an insurer refuses to participate in the assigned risk
39 plan after being authorized to write workers' compensation coverage in
40 this state, the insurer's authorization shall be revoked. If an insurer
41 withdraws from or is terminated from writing workers' compensation
42 coverage in this state, the insurer remains responsible for all injuries
43 sustained during the period of coverage stated in the policies of that
44 insurer.