



HOUSE BILL 737:

Department of Insurance Omnibus Bill, Part V: Insurance Guaranty Association Act Revisions.

2025-2026 General Assembly

Analysis of: S.L. 2025-45, Part V

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Part V of S.L. 2025-45 (House Bill 737) amends the Insurance Guaranty Association Act (Act), which governs the operations of the Insurance Guaranty Association (IGA), a non-profit association established to avoid financial loss to claimants or policyholders because of the insolvency of one of its member insurers.

This Part makes the following changes to the Act:

- Provides that an exemption from the Act for insurance of warranties or service contracts does not apply to coverage provided under a cybersecurity insurance policy.
- Defines "cybersecurity insurance" as coverage for losses "arising out of or relating to data privacy breaches, unauthorized information network security intrusions, computer viruses, ransomware, cyber extortion, identity theft, and similar exposures."
- Limits IGA liability on cybersecurity insurance coverage claims arising out of a single insured event to \$500,000.
- Revises the definition of "covered claim" to include claim obligations that arose through the issuance of a policy by a member insurer that are subsequently transferred or allocated to another insurer, under certain circumstances.
- Authorizes the IGA to hire legal counsel to deal with claims brought against it and to pay claims in any order it deems reasonable.
- Gives the IGA the right to review and contest settlements, releases, compromises, waivers, and judgments in cases to which an insolvent insurer or its insureds were parties prior to entry of the order of liquidation.
- Provides that the aggregate net worth of all of an insured's subsidiaries and affiliates is to be included in calculating whether the insured's net worth meets the threshold entitling the IGA to recover all expenses it incurred in connection with a claim against the insured.

This Part became effective July 1, 2025.

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