

The logo for the State Compensation Insurance Fund is centered on a dark blue square. The text is white and consists of three lines: 'STATE' in a large, bold, sans-serif font; 'COMPENSATION' in a smaller, all-caps, sans-serif font; 'INSURANCE' in a smaller, all-caps, sans-serif font; and 'FUND' in a large, bold, sans-serif font, matching the size of 'STATE'. The background of the entire image is a gradient of blue with wavy, abstract patterns.

STATE
COMPENSATION
INSURANCE
FUND

STATE FUND - HISTORY

Harrison Jerome
Chief Operating Officer

Jim Neary
Executive Vice President

January 7, 2010

State Fund - History

- 2050 BC - First recorded compensation payments for work injury.
- 1911 - Wisconsin - First comprehensive W/C law passed.
- 1911 - California adopts the Roseberry Act
 - Established a voluntary workers compensation plan
 - Unsatisfactory solution because of insufficient employer participation
- 1911 - California citizens pass a constitutional amendment authorizing the Legislature to create and enforce a liability on the part of all employers to compensate their employees for any injury incurred by the said employees in the course of their employment, irrespective of the fault of either party.
- 1913 - Boynton Act, effective 1/1/1914
 - Established a mandatory no fault workers compensation system, limited employer civil liability, and provided workers with statutory benefits
 - Required employers to obtain insurance
 - Established the State Compensation Insurance Fund as a state agency
 - Provided \$100,000 in seed money for the new agency

State Fund - History

The Public Option – 1914 version

“(This Commission) is of the opinion that the highest good will be conserved, and the best public service rendered, by a free and fair competition between the State and the private stock insurance companies, under the jurisdiction of the Insurance Commissioner, in order that there may be certainty that injured workers will receive their compensation.

A lively spirit of private competition will tend to keep State insurance much more up to the highest standard, and vice versa, and secure in the end the most protective insurance at the least cost for all policyholders.

The purpose in mind when State insurance was created was to make impossible private insurance monopoly. State insurance monopoly, with all its possible consequent ills, should likewise be made impossible by keeping alive the stock companies who are fit to survive, and it will only be the ‘fit’ who will be able to survive in competition with well conducted state compensation insurance.”

State of California, Industrial Accident Commission

State Fund - History

- 1914 - State Fund completes first year, writing \$547,000 in written premium.
- 1915 – To limit unrestrained competition, the Legislature adopts the Minimum Rate Law which provided that no carrier (including the State Fund) could charge less than minimum rates adopted by the Insurance Commissioner.
- 1915 – State Fund pays its first policyholder dividend.

State Fund - History

- 1915 - California Supreme Court upholds the constitutionality of the Boynton Act by a 6 to 1 vote. Three of the six Justices signed a concurring opinion stating: “If the Workmen’s Compensation Act provided nothing more than that the damages suffered by the employee entirely from his own fault should be wholly paid by his blameless employer, I should say that the means for remedying the public evil was oppressive and unreasonable and that the law so declaring would be invalid. But the law does not stop there. It proceeds to establish a state compensation insurance fund out of which such damages may be paid and to which the employer may resort for his protection. ...Because of this provision I consider the act reasonable; without it I think it would be unreasonable and invalid.”

State Fund History

- 1921 - State Fund repays the State of California the \$100,000 seed money advanced as start-up surplus (along with interest at 4%/year).
- 1933
 - State of California has insufficient funds to meet disbursement obligations.
 - State Fund continues to make timely payments to injured workers, medical providers and its own employees.
 - State Fund writes \$4.2 million in premium that year
- 1934 - voters pass a Constitutional amendment creating a Civil Service.
- 1935
 - In the midst of the Great Depression, 18 carriers go insolvent leaving \$2 million in unpaid claims – State Fund pays all benefits timely.

State Fund History

- 1919-1940 State Fund consistently wrote about a 30% share of the market.
- 1941-1945 State Fund market share fell to 25%.
- 1946-1963 State Fund market share remained in the 24-28% range.
- 1980-1984 State Fund market share dropped to a 15-18% range.

State Fund History

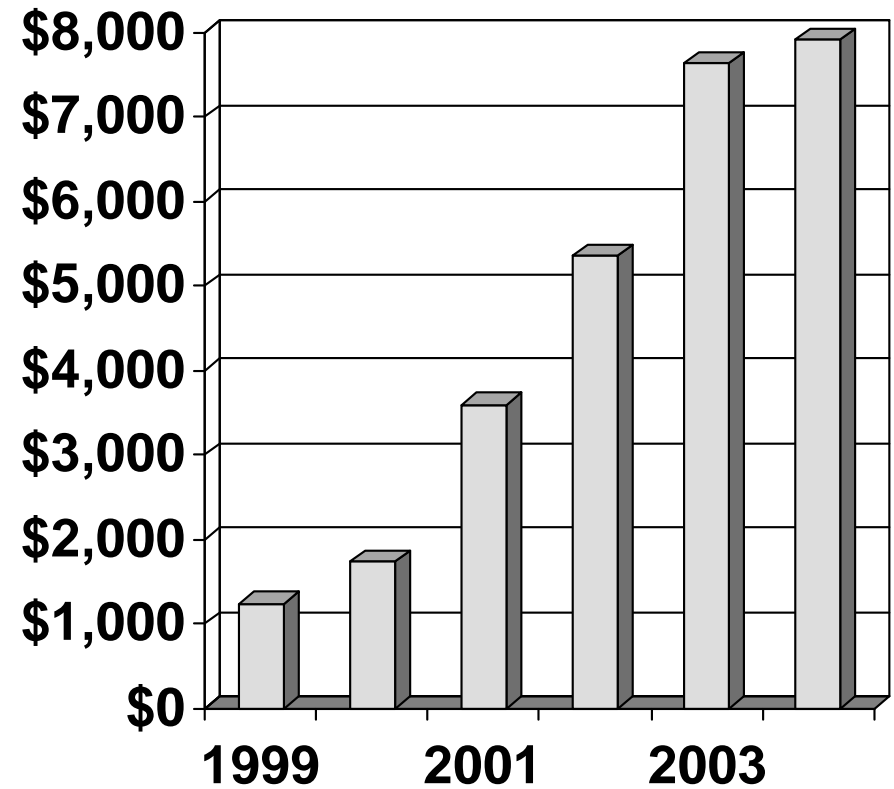
- 1977 - State passes law permitting state employees to unionize.
- 1978 - State Fund authorized to write United States Longshore & Harborworkers coverage.
- 1991 - State passes anti-fraud legislation making workers compensation fraud a felony. The new law had a significant impact on the number of claims.
- 1993 - State Fund allowed brokers to represent employers, initially without paying commissions.
- 1995 - Minimum rate law repealed in favor of open competition. Insurers writing 31% of the market in 1995 eventually fail due to unexpected increases in loss costs and intense competition. State Fund begins paying broker commissions.

State Fund History

- 1996 - Workers Compensation Appeals Board issues Minniear decision extending the “treating physician presumption of correctness” to the nature and duration of medical treatment. Medical costs go through the roof on new and open, old claims over the next few years. Governor Wilson launches initiative to privatize the State Fund.
- 2000-2002
 - 28 private carriers become insolvent during this period
 - Premiums begin increasing by 20% every 6 months, chasing the increasing loss costs
 - State Fund continues to provide insurance to any employer who needs coverage, meets all financial obligations, but eventually outstrips its surplus adequacy

State Fund – Premium 1999 - 2004

Year	Net Earned Premium (\$ in Billions)
1999	\$1,242
2000	\$1,729
2001	\$3,595
2002	\$5,359
2003	\$7,633
2004	\$7,918

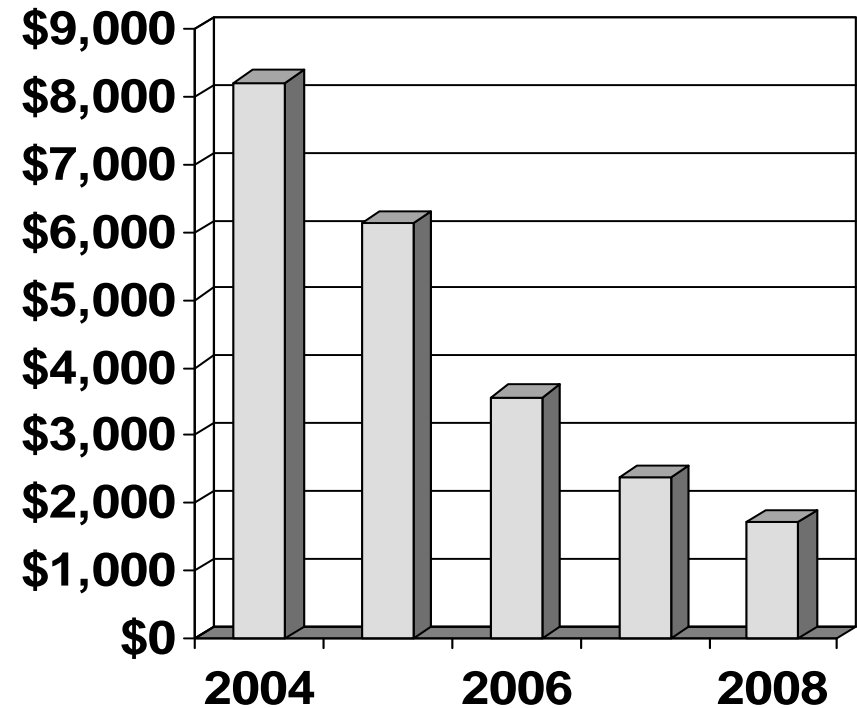


State Fund History

- 2002-2004 Legislative reforms introduce new controls on medical costs and cut permanent disability benefits in half.
- 2004-2007 Double digit rate decreases, competition returns to the market, State Fund premiums decrease rapidly due to the overlapping effects of the rate decreases and loss of business to the competition. However, State Fund builds needed surplus.

State Fund – Premium 2004 - 2008

Year	Net Earned Premium (\$ in Billions)
2004	\$7,918
2005	\$6,141
2006	\$3,567
2007	\$2,388
2008	\$1,725



State Fund History

- 2006 Loss costs begin to climb again.
- 2007-2008
 - State Fund Board appoints Jan Frank President & CEO
 - Initiative undertaken to strengthen corporate governance, and improve transparency and accountability
 - State Fund becomes subject to the Bagley-Keene open meeting law
 - State Fund becomes subject to the Public Records Act
 - Six new exempt positions established which can be filled from outside civil service

State Fund History

- What are the constants?
 - State Fund's fundamental role as single state, workers compensation company.
 - State Fund's identity as a state agency financed independently through policyholder premiums and investment income on policyholder premiums.
 - State Fund's status as a competitive workers compensation company.
 - State Fund's commitment to insure any employer who is willing to comply with safety regulations and pay the required premium.
 - State Fund's ability to pay accepted claims.

State Fund History

- What forces have (and will) shape the organization over time?
 - Competition.
 - Management decisions.
 - Insurance Code statutes specific to the State Fund.
 - Workers compensation law and Department of Industrial Relations, Division of Workers Compensation regulations related to claims management.
 - Insurance law and Department of Insurance regulation
 - State of California Civil Service law and regulation; Department of Personnel Administration personnel policy.
 - Collective bargaining law and negotiated labor contracts.
 - Gubernatorial and Legislative Board appointments.

State Fund – Public Mission

State Fund exists to provide California's businesses a strong and stable choice for their Workers' Compensation insurance while making California's workplaces safer and helping injured employees return to work.... **all with no financial obligation to the public.**

State Fund - Vision

To be recognized by our customers, regulators, and the insurance industry as the gold standard of worker's compensation carriers. To underwrite the California dream by providing services that are responsive to our clients' evolving needs.

State Fund's Brand Promise

Make Possible and Protect

State Fund makes business possible and protects California's business and employees.

Appendix of relevant California law

CALIFORNIA CONSTITUTION

ARTICLE 14 LABOR RELATIONS

SEC. 4. The Legislature is hereby expressly vested with plenary power, unlimited by any provision of this Constitution, to create, and enforce a complete system of workers' compensation, by appropriate legislation, and in that behalf to create and enforce a liability on the part of any or all persons to compensate any or all of their workers for injury or disability, and their dependents for death incurred or sustained by the said workers in the course of their employment, irrespective of the fault of any party. A complete system of workers' compensation includes adequate provisions for the comfort, health and safety and general welfare of any and all workers and those dependent upon them for support to the extent of relieving from the consequences of any injury or death incurred or sustained by workers in the course of their employment, irrespective of the fault of any party; also full provision for securing safety in places of employment; full provision for such medical, surgical, hospital and other remedial treatment as is requisite to cure and relieve from the effects of such injury; full provision for adequate insurance coverage against liability to pay or furnish compensation; full provision for regulating such insurance coverage in all its aspects, including the establishment and management of a state compensation insurance fund; full provision for otherwise securing the payment of compensation; and full provision for vesting power, authority and jurisdiction in an administrative body with all the requisite governmental functions to determine any dispute or matter arising under such legislation, to the end that the administration of such legislation shall accomplish substantial justice in all cases expeditiously, inexpensively, and without incumbrance of any character; all of which matters are expressly declared to be the social public policy of this State, binding upon all departments of the state government.

The Legislature is vested with plenary powers, to provide for the settlement of any disputes arising under such legislation by arbitration, or by an industrial accident commission, by the courts, or by either, any, or all of these agencies, either separately or in combination, and may fix and control the method and manner of trial of any such dispute, the rules of evidence and the manner of review of decisions rendered by the tribunal or tribunals designated by it; provided, that all decisions of any such tribunal shall be subject to review by the appellate courts of this State. The Legislature may combine in one statute all the provisions for a complete system of workers' compensation, as herein defined. The Legislature shall have power to provide for the payment of an award to the State in the case of the death, arising out of and in the course of the employment, of an employee without dependents, and such awards may be used for the payment of extra compensation for subsequent injuries beyond the liability of a single employer for awards to employees of the employer.

Nothing contained herein shall be taken or construed to impair or render ineffectual in any measure the creation and existence of the industrial accident commission of this State or the state compensation insurance fund, the creation and existence of which, with all the functions vested in them, are hereby ratified and confirmed.

CALIFORNIA CONSTITUTION

ARTICLE 7 PUBLIC OFFICERS AND EMPLOYEES

SECTION 1. (a) The **civil service** includes every officer and employee of the State except as otherwise provided in this Constitution.

(b) In the **civil service** permanent appointment and promotion shall be made under a general system based on merit ascertained by competitive examination.

CALIFORNIA STATUTES
LABOR CODE

50. There is in the **Labor** and Workforce Development Agency the **Department** of **Industrial Relations**.

. . .

56. The work of the **department** shall be divided into at least six divisions known as the Division of Workers' Compensation, the Division of Occupational Safety and Health, the Division of **Labor** Standards Enforcement, the Division of **Labor** Statistics and Research, the Division of Apprenticeship Standards, and the State Compensation Insurance Fund.

. . .

57.5. All duties, powers, and jurisdiction relating to the administration of the State Compensation Insurance Fund shall be vested in the Board of Directors of the State Compensation Insurance Fund.

INSURANCE CODE SECTIONS SPECIFICALLY APPLICABLE TO STATE FUND - SECTIONS 11770-11805

11770. (a) The State Compensation Insurance Fund is continued in existence, to be administered by its board of directors for the purpose of transacting workers' compensation insurance, and insurance against the expense of defending any suit for serious and willful misconduct, against an employer or his or her agent, and insurance to employees and other persons of the compensation fixed by the workers' compensation laws for employees and their dependents. Any appropriation made therefrom or thereto before the effective date of this code shall continue to be available for the purposes for which it was made.

(b) (1) The Board of Directors of the State Compensation Insurance Fund is composed of 11 members, nine of whom shall be appointed by the Governor. The Governor shall appoint the chairperson. One of the members appointed by the Governor shall be from organized labor. The members appointed by the Governor, other than the labor member, shall have substantial experience in positions involving workers' management, accounting, or auditing responsibilities with entities of sufficient size as to make their qualifications relevant to an enterprise of the financial and operational size of the State Compensation Insurance Fund. At all times the board shall have a member with auditing background for the purposes of fulfilling the responsibility of the chair of the audit committee. A quorum is a majority of those appointed, provided that at no time shall a quorum be established with less than five members.

(2) The Speaker of the Assembly shall appoint one member who shall represent organized labor, and the Senate Committee on Rules shall appoint one member who shall have been a policyholder of the State Compensation Insurance Fund, or an officer or employee of a policyholder, for one year immediately preceding the appointment, and must continue in this status during the period of his or her membership.

(3) The Director of Industrial Relations shall be an ex officio, nonvoting member of the board, and shall not be counted as members of the board for quorum purposes or any other purpose.

(4) Notwithstanding subdivision (c), the initial term of the members of the board added in the 2008 portion of the 2007-08 Regular Session shall be as follows:

(A) One of the members appointed by the Governor shall serve an initial term of two years, one shall serve an initial term of four years, and two shall serve an initial term of five years.

(B) The member appointed by the Senate Committee on Rules shall serve an initial term of four years.

(C) The member appointed by the Speaker of the Assembly shall serve an initial term of three years.

(c) The term of office of the members of the board, other than that of the director, shall be five years and they shall hold office until the appointment and qualification of their successors.

(d) (1) Each member of the board shall receive his or her actual and necessary traveling expenses incurred in the performance of his or her duties as a member and, with the exception of the ex officio members, one hundred dollars (\$100) for each day of his or her actual attendance at meetings of the board.

(2) (A) Each member of the board appointed pursuant to paragraphs (1) and (2) of subdivision (b) shall receive the compensation fixed pursuant to subparagraph (B).

(B) Each board member described in subparagraph (A) shall be paid an annual compensation of fifty thousand dollars (\$50,000), to be automatically adjusted beginning January 1, 2010, by multiplying the compensation in effect the prior June 30 by the percentage of inflation that occurred during the previous year, adding this amount to the annual compensation from the previous year, and rounding off the result to the nearest dollar. "Percentage of inflation" means the percentage of inflation specified in the Consumer Price Index for All Urban Consumers, as published by the Department of Industrial Relations, Division of Labor Statistics and Research, or its successor index.

(e) Each member of the board of directors shall attend training approved by the board of directors that covers topics, including, but not limited to, the duties and obligations of members of a board of directors, corporate governance, ethics, board of director legal issues, insurance, finance and investment, and information technology. The training shall be conducted by persons or entities not affiliated with the State Compensation Insurance Fund.

(f) No person who has had a direct or indirect interest in any transaction with the State Compensation Insurance Fund since the beginning of the last fiscal year of the fund, or who has a direct or indirect material interest in any proposed transaction with the fund, where the amount involved in the transaction exceeds one hundred twenty thousand dollars (\$120,000) shall be eligible for appointment as a member of the board of directors of the fund. Once appointed, no member of the board of directors shall have a financial conflict of interest, as defined in Chapter 7 of Title 9 (commencing with Section 87100) of the Government Code, and every member shall be subject to Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1 of the Government Code, provided that the existence of a contract of insurance between the State Compensation Insurance Fund and the policyholder member appointed by the Senate Committee on Rules shall not constitute a conflict of interest pursuant to this subdivision. For purposes of board actions affecting generally applicable rates, a member of the board of directors shall not be deemed to have a financial interest, as defined in Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1 of, or pursuant to Chapter 7 (commencing with Section 87100) of Title 9 of, the Government Code, in a contract of insurance between the State Compensation Insurance Fund and an organization of which any member of the board of directors is an owner, officer, or employee.

(g) The appointing authority of a member of the board may remove the member and make an appointment replacing the member for the duration of the term if the member ceases to discharge the duties of his or her office for the period of three consecutive board meetings.

(h) The board of the State Compensation Insurance Fund shall create, at a minimum, an audit committee, an investment committee, a corporate governance committee, and other committees as the board determines are necessary.

11771. The State shall not be liable beyond the assets of the State Compensation Insurance Fund for any obligations in connection therewith.

11771.5. Any advertising of the State Compensation Insurance Fund shall include the following disclaimer: "The State Compensation Insurance Fund is not a branch of the State of California."

11772. There shall not be any liability in a private capacity on the part of the board of directors or any member thereof, or any officer or employee of the fund for or on account of any act performed or obligation entered into in an official capacity, when done in good faith, without intent to defraud and in connection with the administration, management or conduct of the fund or affairs relating thereto.

11773. The fund shall be organized as a public enterprise fund.

11774. The assets of the fund shall be applicable to the payment of losses sustained on account of insurance and to the payment of the salaries and other expenses charged against it in accordance with the provisions of this chapter.

11775. The fund shall, after a reasonable time during which it may establish a business, be fairly competitive with other insurers, and it is the intent of the Legislature that the fund shall ultimately become neither more nor less than self-supporting. For that purpose loss experience and expense shall be ascertained and dividends or credits may be made as provided in this article.

11776. The actual loss experience and expense of the fund shall be ascertained on or about the first of January in each year for the year preceding. If it is then shown that there exists an excess of assets over liabilities, necessary reserves, and a reasonable surplus for the catastrophe hazard, then a cash dividend may be declared to, or a credit allowed on the renewal premium of, each employer who has been insured with the fund.

11777. Such cash dividend or credit is to be in an amount which the board of directors in its discretion considers to be the employer's proportion of divisible surplus.

11778. The fund may transact workers' compensation insurance required or authorized by law of this state to the same extent as any other insurer. The fund shall be subject to the powers and authority of the commissioner to the same extent as any other insurer transacting workers' compensation insurance, except where specifically exempted by reference. For purposes of Section 700, the fund shall be deemed admitted to transact this class of insurance.

11779. The fund may insure California employers against their liability for compensation or damages for injury or death under the United States Longshoremen's and Harbor Workers' Compensation Act, or other federal or maritime laws, as fully as any private insurer.

11780. The fund may also insure an employer against his or her liability for damages under the laws of the State of California arising out of bodily injury to or death of the employer's employees occurring within the State of California if the fund also issues workers' compensation insurance to the employer as to his or her employees.

11780.5. The fund may also insure a California employer against his liability for workers' compensation benefits, under the law of any other state, for California employees temporarily working outside of California on a specific assignment if the fund insures the employer's other employees who work within California.

11781. The board of directors is hereby vested with full power, authority and jurisdiction over the State Compensation Insurance Fund. The board of directors may perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over the fund, either in the administration thereof or in connection with the insurance business to be carried on by it under the provisions of this chapter, as fully and completely as the governing body of a private insurance carrier. The principal office for the transaction of the business of the State Compensation Insurance Fund is located in the City and County of San Francisco.

11781.5. The State Compensation Insurance Fund may acquire and own real property for a branch office in the City of Los Angeles when so determined by the board of directors, and may, if necessary, construct suitable buildings thereon in accordance with law.

11782. All business and affairs of the fund shall be conducted in the name of the State Compensation Insurance Fund, and in that name, without any other name or title, the board of directors may perform the acts authorized by this chapter.

11783. The State Compensation Insurance Fund may:

(a) Sue and be sued in all actions arising out of any act or omission in connection with its business or affairs.

(b) Enter into any contracts or obligations relating to the State Compensation Insurance Fund which are authorized or permitted by law.

(c) Invest and reinvest the moneys belonging to the fund as provided by this chapter.

(d) Conduct all business and affairs and perform all acts relating to the fund whether or not specifically designated in this chapter.

(e) Commission an independent study, with the assistance of an investment banking firm, to determine the feasibility of the State Compensation Insurance Fund issuing bonds or securities. The study may include, among other things, the purpose for issuing bonds and any potential adverse consequences that may arise from that issuance.

11784. In conducting the business and affairs of the fund, the president of the fund may do any of the following:

- (a) Enter into contracts of workers' compensation insurance.
- (b) Sell annuities covering compensation benefits.
- (c) Decline to insure any risk in which the minimum requirements of the industrial accident prevention authorities with regard to construction, equipment, and operation are not complied with, or which is beyond the safe carrying of the fund. Otherwise, he or she shall not refuse to insure any workers' compensation risk under state law, tendered with the premium therefor.
- (d) Reinsure any risk or any part thereof.
- (e) Cause to be inspected and audited the payrolls of employers applying to the fund for insurance.
- (f) Make rules for the settlement of claims against the fund and determine to whom and through whom the payments of compensation are to be made.
- (g) Contract with physicians and surgeons, and hospitals, for medical and surgical treatment and the care and nursing of injured persons entitled to benefits from the fund.

11785. (a) The board of directors shall appoint a president, a chief financial officer, a chief operating officer, a chief information technology officer, a chief investment officer, a chief risk officer, and a general counsel. The board of directors shall set the salary for each position. These positions shall not be subject to otherwise applicable provisions of the Government Code and the Public Contract Code, and for those purposes the fund shall not be considered a state agency or other public entity. The president shall manage and conduct the business and affairs of the fund under the general direction and subject to the approval of the board of directors, and shall perform other duties as the board of directors prescribes.

(b) Section 87406 of the Government Code, the Milton Marks Postgovernment Employment Restrictions Act of 1990, shall apply to the fund. Members of the board, the president, the chief financial officer, the chief operating officer, the general counsel, and any other person designated by the fund shall be deemed to be designated employees for the purpose of that act.

(c) Both the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) and the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall apply to the fund.

11786. Before entering on the duties of his or her office, the president shall qualify by giving an official bond approved by the board of directors in the sum of fifty thousand dollars (\$50,000) and by taking and subscribing to an official oath. The approval of the board shall be by written endorsement on the bond. The bond shall be filed in the office of the Secretary of State.

11787. The board of directors may delegate to the president of the fund, under those rules and regulations and subject to those conditions as it from time to time prescribes, any power, function, or duty conferred by law on the board of directors in connection with the fund or in connection with the administration, management, and conduct of the business and affairs of the fund. The president may exercise those powers and functions and perform those duties with the same force and effect as the board of directors, but subject to its approval.

11788. The State Treasurer shall be custodian of all securities belonging to the State Compensation Insurance Fund, except as otherwise provided in this chapter. He shall be liable on his official bond for the safe keeping thereof.

11790. All securities belonging to the fund shall be delivered to the State Treasurer and held by him until otherwise disposed of as provided in this chapter. Upon delivery of such securities into the custody of the State Treasurer, such securities shall be credited by the State Treasurer to the fund.

11793. Expenditures made by the State Compensation Insurance Fund are exempted from the provisions of Part 3 (commencing with Section 900) of Division 3.6 of Title 1 of the Government Code.

11797. (a) The board of directors shall cause all moneys in the State Compensation Insurance Fund which are in excess of current requirements to be invested and reinvested, from time to time, in the same manner as provided for private insurance carriers pursuant to Article 3 (commencing with Section 1170) of Chapter 2 of Part 2 of Division 1.

(b) (1) Notwithstanding any other provision of law, the State Compensation Insurance Fund may purchase general obligation bonds or other evidence of indebtedness issued by the state, including, but not limited to, notes issued pursuant to Part 5 (commencing with Section 17300) of Division 4 of Title 2 of the Government Code or warrants issued pursuant to Part 4 (commencing with Section 17000) of Division 4 of Title 2 of the Government Code, in any amount and to enter into purchase contracts with the state for this purpose.

(2) The bonds or other evidence of indebtedness specified in paragraph (1), upon delivery to the State Compensation Insurance Fund, shall, for all purposes, be valid and binding obligations of the issuer thereof, be validly issued and outstanding in accordance with their stated terms, and not be deemed to be owned by or on behalf of the issuer thereof.

11800. All moneys in the State Compensation Insurance Fund, in excess of current requirements and not otherwise invested, may be deposited by the board of directors from time to time in financial institutions authorized by law to receive deposits of public moneys.

11800.1. The board of directors may, with the approval of the State Treasurer, authorize the establishment of an account or fund in the State Treasury in the name of the State Compensation Insurance Fund, but such moneys deposited with the State Treasurer are not state moneys within the intent of Section 16305.2 of the Government Code.

11800.2. The State Controller shall keep a special ledger account pertaining to the State Compensation Insurance Fund. In the State Controller's general ledger this account may appear as a cash account, like other accounts of funds in the State Treasury, and only the actual cash credited or deposited to the credit of the State Compensation Insurance Fund shall be entered in the account.

11801. The assets, premiums, reserves, investment income, and any and all property of whatsoever kind derived or acquired by the fund from its transaction of its workers' compensation insurance business shall not be used, attached or levied upon in any manner whatsoever by any person to satisfy claims or any other obligations or liability incurred, arising out of, or related to, the fund's transaction of insurance pursuant to the United States Longshoremen's and Harbor Workers' Act.

11802. All premiums, reserves, investment income, and all property of whatsoever kind derived or acquired by the fund from its transaction of insurance pursuant to the United States Longshoremen's and Harbor Workers' Compensation Act shall be maintained and identified in separate accounts and records.

11803. All claims, costs of doing business, liabilities, expenses, and obligations arising out of or related to the fund's transaction of insurance pursuant to the United States Longshoremen's and Harbor Workers' Compensation Act shall be paid and charged to the income of whatsoever nature derived from its United States Longshoremen's and Harbor Workers' Compensation Act insurance business only.

11804. Joint or shared use of office building space, whether owned, leased or rented, and the joint use of all furniture, automobiles, office equipment, supplies and services shall be charged to each class of insurance business on an equitable and proportional basis.

11805. The State Compensation Insurance Fund shall report annually to the Legislature as soon after the close of the calendar year as is feasible, with respect to its experience handling United States longshoremen's and harbor workers' insurance pursuant to this chapter, including, but not limited to, a statement of resources and liabilities at the close of each annual period commencing December 31, 1979.

