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Date: November 1, 2013

**TO: MEMBERS, GOVERNANCE COMMITTEE**

<b>I. AGENDA ITEM # AND TITLE :</b>	Open Agenda Item 5 - Governance and Compliance Update
<b>II. NAME AND PROGRAM:</b>	Barbara Simmons, Governance, Compliance and Privacy Office
<b>III. ACTIVITY:</b>	<input type="checkbox"/> Informational <input checked="" type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
<b>IV. JUSTIFICATION:</b>	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

**V. EXECUTIVE SUMMARY:**

Third quarter reporting includes a new compliance report that summarizes State Fund’s regulatory reporting requirements and the State Fund Charter. Also included are Quarter over Quarter Ethics and Privacy reports and the compliance history for employees and consultants. Finally, there is a report of new privacy related legislation impacting State Fund.

**VI. ANALYSIS:**

The following summarizes compliance related activity for the period<sup>1</sup> and is in alignment with the Compliance Model:

**Consistent monitoring, evaluation & reporting**

**– Regulatory Compliance**

Best practices require implementation of a regulatory tracking process, with business unit collaboration, to validate reporting requirements, close knowledge gaps, and reasonably assure full regulatory reporting compliance.

○ **State Fund Charter – Regulatory Compliance Overview – Appendix I**

This library contains the workers’ compensation article of the California Constitution and the State Fund governance and authorities as set forth in Chapter 4 of the California Insurance Code which comprises the State Fund Charter. Recent passage of law contained within the Charter includes:

<sup>1</sup> All Governance reports are grounded in State Fund’s Compliance Framework – resource USSG Ch. 8 Part B2.1(b)

AB 1394, effective January 1, 2014 amends section 11785 of the California Insurance Code to include board of directors' appointment of a chief medical officer, a chief actuarial officer, a chief claims operations officer, and a chief of internal affairs.

SB 1513 (2012) amended, repealed and added section 11797, expanding the permissible investment authority of State Fund. Sunsets January 1, 2025.

SB1380 (2012) revised section 11871 based on the Governor's Reorganization Plan No. 1, creating the Department of Human Resources and abolishing the Department of Personnel Administration, operative July 1, 2012.

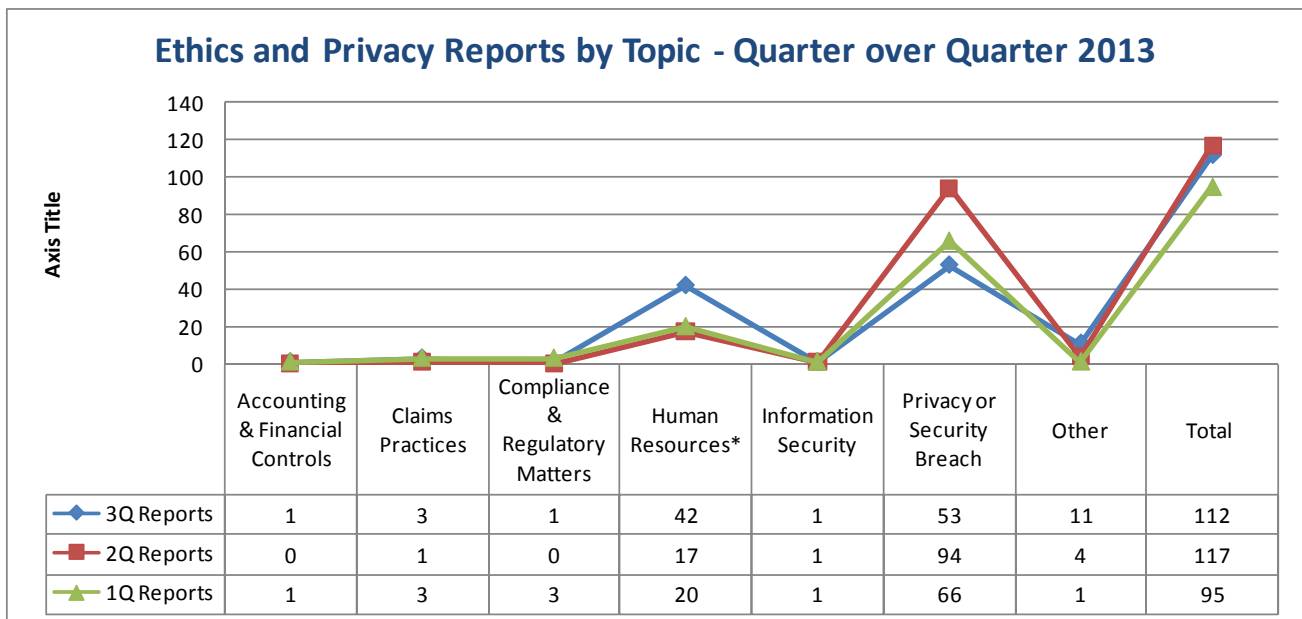
o **State Fund Regulatory Reporting Requirements – Appendix II**

This new item is the library of reporting requirements to various agencies of the federal government and the State of California applicable to State Fund. The library contains all statutory citations and report delivery requirements comprising 82 reports to 23 different entities.

A new compliance report will be compiled based on this library of State Fund's regulatory reporting requirements. We are requesting Board direction for frequency of reporting compliance to the Board on either a quarterly or annual basis. Our recommendation is to report on an annual basis in the fourth quarter of each year to provide the Board with a comprehensive view of compliance tracking and compliance risk identification.

**Consistent monitoring, evaluation & reporting**

*2013 Ethics & Privacy Reported Issues – All Sources*



\*Twenty-four of the Human Resource related reports are the result of 2012 Annual Statement of Economic Interest submission in-depth review for resolution of potential conflicts of interest: employer or spouse owned

business, secondary employment, spouse employment related to employee disclosure category, vendor relationship, and gifts.

## Effective training, communication & awareness

### Quarter by Quarter – Employees

	Quarter Deployed	Complete by	# Employees	Compliance Rate	# Out of Compliance	Non-compliance Rate
Form 700	Q1	4/1	3,466	100%	0	0%
Code of Conduct "Encouraging Speaking Up"	Q2	7/1	4,400	98%	84	2%
Code of Conduct Acknowledgement	Q2	7/1	4,400	97%	125	3%
Ethics Module I "Conflicts of Interest"	Q2	6/17	3,542	99%	31	1%
Ethics Module II "Travel Ban & Incompatible Activities"	Q3	9/6	3,542	99%	42	1%

### Quarter by Quarter – Consultants

	Quarter Deployed	Complete by	# Consultants	Compliance Rate	# Out of Compliance	Non-compliance Rate
Form 700	Q1	4/1	150	100%	0	0%
Code of Conduct "Encouraging Speaking Up"	Q2	7/1	260	89%	28	11%
Code of Conduct Acknowledgement	Q2	7/1	260	83%	44	17%
Ethics Module I "Conflicts of Interest"	Q2	6/17	103	99%	1	1%
Ethics Module II "Travel Ban & Incompatible Activities"	Q3	9/6	103	98%	2	2%

## Clear Written Standards of Conduct, Policies & Procedures

### Regulatory – Privacy - AB 370 (Muratsuchi) – Do Not Track disclosure

AB 370 amends section 22575 of the Business and Professions Code to require commercial websites which collect private information to disclose in their website privacy policy how they will respond to "do not track" signals received from consumers.

### Regulatory – Privacy SB 46 (Corbett) – Personally Identifiable Information Definition expanded

SB 46 amends sections 1798.29 and 1798.82 of the California Civil Code to include in the definition of personal information: "user name or email address, in combination with a password or security question and answer that would permit access to an online account." A breach of this type of information triggers notification requirements.

**VII. RECOMMENDATION:**

We recommend submission of the Regulatory Reporting Requirements compliance report on an annual basis in the fourth quarter of each year. Annual submission will provide the Board with a comprehensive view of compliance tracking and compliance risk identification. Quarterly reports only provide snapshots of regulatory compliance and compliance in process.

**VIII. PRESENTATION EXHIBITS: (NA)**

**IX. APPENDIX:**

Appendix I – State Fund Charter – Constitution and Statutes – A listing of the California Constitution and California Insurance Code Statutes relevant to State Fund governance and authorities with detailed statutory language with annotations relevant to regulatory changes.

Appendix II– State Fund Regulatory Reporting Requirements – Catalog of federal and state reporting requirements with regulatory citations and reporting deadlines.

# Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes

## Table of Contents

California Constitution, Article XIV, Section 4 - Workers' Compensation	[Top].....	4
Provisions of the California Insurance Code – Chapter 4	[Top].....	5
§ 11770. Continuation of the Fund; Board of Directors; Composition; Terms; Compensation; Training; Eligibility; Removal; Committees .....		5
§ 11771. Liability of State.....		7
§ 11771.5. Advertising disclaimer .....		7
§ 11772. Liability of directors, officers, or employees.....		7
§ 11773. Organization of the Fund .....		7
§ 11774. Acceptable uses of the Fund's assets.....		7
§ 11775. Competition with other insurers.....		8
§ 11776. Dividends or credits.....		8
§ 11777. Amount of dividend or credit.....		8
§ 11778. Transaction of workers' compensation insurance .....		8
§ 11779. Insurance against liability for damages under federal law .....		8
§ 11780. Insurance against liability for damages under state law.....		8
§ 11780.5. Insurance against liability for workers' compensation benefits for employees temporarily working outside of California.....		8
§ 11781. Power, authority, and jurisdiction of directors.....		9
§ 11781.5. Los Angeles branch office.....		10
§ 11782. Name under which business must be conducted .....		10
§ 11783. Particular powers of the Fund.....		10

**Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

§ 11784. Powers of the Fund president..... 10

§ 11785. Appointment of officers to fund; Applicability of Government and Public Contract provisions, Bagley-Keen Open Meeting Act and California Public Records Act ..... 11

§ 11785.5. Board members and board appointed officers post fund employment lobbying and consulting prohibitions ..... 11

§ 11786. Bond and oath required of the Fund’s president..... 12

§ 11787. Delegation of powers by directors ..... 12

§ 11788. Custodian of the Fund ..... 12

§ 11790. Delivery of securities to Treasurer ..... 12

§ 11793. Expenditures by the Fund; Exemption ..... 12

§ 11797. Investment of moneys; Purchase of bonds and other evidence of indebtedness..... 13

§ 11800. Deposit of surplus ..... 13

§ 11800.1. Establishment of account or fund in name of State Compensation Insurance Fund ..... 14

§ 11800.2. Special ledger account ..... 14

§ 11801. United States Longshoremen's and Harbor Workers' Act transactions; Exemption from liability ..... 14

§ 11802. Separate accounts and records for transactions under United States Longshoremen's and Harbor Workers' Compensation Act ..... 14

§ 11803. Payment of claims and costs related to transactions under Act ..... 14

§ 11804. Costs of shared space and equipment ..... 14

§ 11805. Annual report to Legislature ..... 15

§ 11820. Establishment of rates ..... 15

§ 11821. Elements to be considered in establishing rates ..... 15

§ 11822. Basis..... 15

§ 11840. Types and duration of policies ..... 16

**Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

§ 11841. Temporary coverage; Surrender of policy ..... 16

§ 11843. Coverage of employers ..... 16

§ 11844. Equivalent compensation and rates for employers and employees..... 16

§ 11845. Coverage of employers; Wage values ..... 16

§ 11846. Coverage of self-employers and casual employees ..... 16

§ 11860. Report; Audit..... 17

§ 11870. Coverage of state and political subdivisions ..... 17

§ 11871. Master agreement – Claims Adjustment – State of California..... 17

§ 11872. Agreements with state agencies for service to be rendered to the Fund ..... 18

§ 11873. Application of certain Government Code provisions to the Fund ..... 18

§ 11874. Warrant; Payment of warrant..... 19

§ 11880. Misrepresentation; Criminal penalties..... 19

§ 11881. Definitions ..... 19

ARTICLE 7. Transfer of Ownership [11885-11886.2] Sunset January 10, 2012 [Top].....20

§ 11885. Sale of portion of State Compensation Insurance Fund's assets and liabilities..... 20

§ 11885.3. Participation by board of directors; Acting in good faith..... 21

§ 11885.5. Approvals not required ..... 21

§ 11885.7. Deposit of proceeds ..... 21

§ 11885.9. Advisers ..... 22

§ 11886. Selection of firms providing advisory services ..... 22

§ 11886.2. Notification by Director of Finance ..... 23

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 them 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.



**§ 11770. Continuation of the Fund; Board of Directors; Composition; Terms; Compensation; Training; Eligibility; Removal; Committees**

(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' compensation, legal, investment, financial, corporate governance and 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.

## Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes

(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

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

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. Liability of State**

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

#### **§ 11771.5. Advertising disclaimer**

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. Liability of directors, officers, or employees**

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. Organization of the Fund**

The fund shall be organized as a public enterprise fund.

#### **§ 11774. Acceptable uses of the Fund's assets**

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.

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

### **§ 11775. Competition with other insurers**

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. Dividends or credits**

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. Amount of dividend or credit**

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. Transaction of workers' compensation insurance**

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. Insurance against liability for damages under federal law**

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. Insurance against liability for damages under state law**

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. Insurance against liability for workers' compensation benefits for employees temporarily working outside of California**

(a) The fund may also insure a California employer against his or her 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.

(b)

## Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes

(1) The fund is only authorized under this subdivision to insure an employer whose principal place of business is in California, provided the majority of the employer's operations and employees are located within California, against his or her liability for workers' compensation benefits, under the law of any other state, if the fund insures the employer's employees who work within California.

(2) The fund is only authorized pursuant to this subdivision to contract as a reinsurer with a ceding insurer that has responded to a request for proposal from the fund and is admitted to transact workers' compensation insurance in California and in the out-of-state jurisdiction where the non-California employees are located. The fund may only contract for purposes of this subdivision if the ceding insurer meets all of the following criteria:

(A) The insurer has an A minus (A-) rating or better from A.M. Best Company.

(B) The insurer has substantial prior experience in transacting workers' compensation business on another insurer's behalf.

(C) The insurer has a minimum surplus of one hundred million dollars (\$100,000,000).

(c) On or before March 1, 2015, the Department of Insurance shall provide to the Secretary of the Senate and Chief Clerk of the Assembly, pursuant to Section 9795 of the Government Code, a report assessing the experience of the fund that is authorized pursuant to this subdivision and shall make recommendations concerning its continuation, limitation, or expansion with special attention to the extent of advantages this practice offers California employers, the California workers' compensation marketplace, and the impact of this class of insurance, whether pro or con, on the fund, its management, and the California marketplace. The report shall be posted on the Department of Insurance Internet Web site upon completion. The costs incurred by the Department of Insurance in the assessment, writing, and publication of this report shall be provided by the fund.

(d) The fund shall not initiate paid advertising or solicit sponsorship of advertising campaigns to market or promote to prospective insureds the ability to insure qualified employers under the law of any other state.

(e) Subdivisions (b), (c), and (d) shall be operative only until December 31, 2016.

### § 11781. Power, authority, and jurisdiction of directors

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.

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

### **§ 11781.5. Los Angeles branch office**

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. Name under which business must be conducted**

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. Particular powers of the Fund**

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. Powers of the Fund president**

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.

## Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes

(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. Appointment of officers to fund; Applicability of Government and Public Contract provisions, Bagley-Keen Open Meeting Act and California Public Records Act<sup>i1</sup>**

(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, a chief medical officer, a chief actuarial officer, a chief claims operations officer, and a chief of internal affairs. 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, a chief medical officer, a chief actuarial officer, a chief claims officer, a chief of internal affairs<sup>2</sup> 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.

### **§ 11785.5. Board members and board appointed officers post fund employment lobbying and consulting prohibitions**

(a) Notwithstanding any other provision of law to the contrary, the members of the Board of Directors of the State Compensation Insurance Fund and officers of the fund appointed by the board of directors, including, but not limited to, the president, chief financial officer, chief operating officer, chief information

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<sup>1</sup> AB 1394, effective January 1, 2014 amends section 11785 of the California Insurance Code to include board of directors' appointment of a chief medical officer, a chief actuarial officer, a chief claims operations officer, and a chief of internal affairs.

<sup>2</sup> AB 1394 Ibid

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

technology officer, chief investment officer, chief risk officer, and general counsel, are prohibited from lobbying the fund for two years after leaving employment with the fund.

(b) Notwithstanding any other provision of law to the contrary, any consulting for the fund by former members of the Board of Directors of the State Compensation Insurance Fund and former officers of the fund appointed by the board of directors, including, but not limited to, the president, chief financial officer, chief operating officer, chief information technology officer, chief investment officer, chief risk officer, and general counsel, shall be approved by the board of directors.

### **§ 11786. Bond and oath required of the Fund’s president**

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. Delegation of powers by directors**

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. Custodian of the Fund**

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

### **§ 11790. Delivery of securities to Treasurer**

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

### **§ 11793. Expenditures by the Fund; Exemption**

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.



**Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**  
**§ 11797. Investment of moneys; Purchase of bonds and other evidence of indebtedness<sup>3</sup>**

(a) The board of directors shall cause all moneys in the State Compensation Insurance Fund that 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) and Article 4 (commencing with Section 1190) of Chapter 2 of Part 2 of Division 1, but excluding Sections 1191, 1191.1, 1191.5, 1192.2, 1192.4, 1192.6, 1192.7, 1192.9, 1192.95, 1192.10, 1194.7, 1194.8, 1194.81, 1194.82, 1194.85, 1198, and 1199. Notwithstanding the foregoing, the State Compensation Insurance Fund may invest or reinvest an aggregated maximum of 20 percent of moneys that are in excess of the admitted assets over the liabilities and required reserves in the investments allowed pursuant to Sections 1191, 1192.4, 1192.6, 1192.10, 1194.7, and 1198.

(b)

(1)

(A) Notwithstanding any other 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, warrants issued pursuant to Part 4 (commencing with Section 17000) of Division 4 of Title 2 of the Government Code or notes issued pursuant to Part 5 (commencing with Section 17300) 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.

(B) Notwithstanding any other law, the State Compensation Insurance Fund may purchase Property Assessed Clean Energy (PACE) bonds, as defined in Section 26104 of the Public Resources Code.

(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. Deposit of surplus**

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.

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<sup>3</sup> SB 1513 (2012) amended, repealed and added section 11797, expanding the permissible investment authority of State Fund. Sunsets 1/1/2025.  
10242013 Governance Compliance & Privacy

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

### **§ 11800.1. Establishment of account or fund in name of State Compensation Insurance Fund**

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. Special ledger account**

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. United States Longshoremen's and Harbor Workers' Act transactions; Exemption from liability**

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. Separate accounts and records for transactions under United States Longshoremen's and Harbor Workers' Compensation Act**

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. Payment of claims and costs related to transactions under Act**

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. Costs of shared space and equipment**

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.

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

### **§ 11805. Annual report to Legislature**

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.

### **§ 11820. Establishment of rates**

Subject to the provisions of Article 2 (commencing with Section 11730) of Chapter 3, the board of directors shall establish the rates to be charged by the State Compensation Insurance Fund for insurance issued by it. These rates shall be fixed with due regard to the physical hazards of each industry, occupation, or employment.

### **§ 11821. Elements to be considered in establishing rates**

Within each class of business insured such rates shall be fixed, so far as practicable, in accordance with the following elements:

- (a) Bodily risk or safety, or other hazard of the plant, premises or work of each insured employer.
- (b) The manner in which the work is conducted.
- (c) A reasonable regard for the accident experience and history of each such insured.
- (d) A reasonable regard for the insured's means and methods of caring for injured persons.

Such rates shall take no account of the extent to which the employees in any particular establishment have or have not persons dependent upon them for support.

### **§ 11822. Basis**

The rates fixed by the board of directors shall be that percentage of the payroll of any employer which, in the long run and on the average, will produce a sufficient sum, when invested in a way as to realize the maximum return consistent with safe and prudent management practices:

- (a) To carry all claims to maturity. The rates shall be based upon the "reserve" and not upon the "assessment" plan.
- (b) To meet the reasonable expenses of conducting the business of the fund.
- (c) To produce a reasonable surplus to cover the catastrophe hazard.

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

### **§ 11840. Types and duration of policies**

The insurance contracts or policies of the State Compensation Insurance Fund may be either limited or unlimited. The insurance contracts or policies may be issued for like periods as are allowed by law to other workers' compensation insurers or, in the form of stamps or tickets or otherwise, for one month, for any number of months less than one year, for one day, for any number of days less than one month or during the performance of any particular work, job or contract. The rates charged shall be proportionately greater for a shorter than for a longer period and a minimum premium charge shall be fixed in accordance with a reasonable rate for insuring one person for one day.

### **§ 11841. Temporary coverage; Surrender of policy**

Nothing in this chapter shall prevent:

(a) Any applicant for insurance from being covered temporarily until the application is finally acted upon.

(b) An insured from surrendering any policy at any time and having returned to him the difference between the premium paid and the premium at the customary short term for the shorter period which such policy has already run.

### **§ 11843. Coverage of employers**

The State Compensation Insurance Fund may issue policies including, with their employees, employers who perform labor incidental to their occupations, and including also members of the families of such employers engaged in the same occupation.

### **§ 11844. Equivalent compensation and rates for employers and employees**

Such policies covering employers shall insure to such employers and working members of their families the same compensations provided for their employees, and at the same rates.

### **§ 11845. Coverage of employers; Wage values**

The estimations of the wage values, respectively, of such insured employers and members of their families shall be reasonable and shall be separately stated in and added to the valuation of the pay rolls upon which their premium is computed.

### **§ 11846. Coverage of self-employers and casual employees**

The policies may likewise be sold to self-employing persons and to casual employees. The insureds, for the purpose of the insurance, shall be deemed to be employees within the meaning of the workers' compensation laws.

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

### **§ 11860. Report; Audit**

Each quarter the president of the State Compensation Insurance Fund shall make a report to the Governor of the business done by the State Compensation Insurance Fund during the previous quarter and a statement of the fund's resources and liabilities at the close of that previous quarter. The State Compensation Insurance Fund shall, at its own expense, hire a recognized firm of certified public accountants to audit annually the books and records of the State Compensation Insurance Fund and cause an abstract summary thereof to be published one or more times in at least two newspapers of general circulation in the state. The president of the fund shall additionally provide the commissioner with all reports required by law to be made to him or her by other insurers.

### **§ 11870. Coverage of state and political subdivisions**

The state, any agency, department, division, commission, board, bureau, officer or other authority thereof, and each county, city and county, city, school district, irrigation district, any other district established by law, or other public corporation or quasi public corporation within the state, including any public utility operated by a private corporation may insure against its liability for compensation with the State Compensation Insurance Fund. Where the state or any agency, department, division, commission, board, bureau, officer or authority thereof is the insured, the premium for that insurance shall be a proper charge against any moneys appropriated for the support of or expenditure by the insured, except that in the case of an insured supported by or authorized to expend moneys appropriated out of more than one fund, the insured, with the approval of the Director of Finance, may determine the proportion of the premium to be paid out of each fund. In that case the insured, with the approval of the Director of Finance, may pay the entire premium out of any of those funds and thereafter the funds used for payment shall be reimbursed in proper proportion out of the other funds. In case a county, city and county, city, school district, irrigation district, or other district established by law, or other public corporation or quasi public corporation within the state is the insured, the premium therefor shall be a proper charge against the general fund of the insured.

### **§ 11871.<sup>4</sup> Master agreement – Claims Adjustment – State of California**

The State Compensation Insurance Fund may enter into a master agreement with the Department of Human Resources to render services in the adjustment and disposition of claims for workers' compensation to any state agencies, including any officer, department, division, bureau, commission, board or authority, not insured with the fund.

The master agreement shall provide for rendition of services at a uniform rate to all agencies, except that the rate for the California Highway Patrol may be fixed independently of the uniform rate.

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<sup>4</sup> SB 1308 revises Section 11871 based on the Governor's Reorganization Plan No. 1, creating the Department of Human Resources and abolishing the Department of Personnel Administration, operative July 1, 2012  
10242013 Governance Compliance & Privacy

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

The fund may, in accordance with the agreement, adjust and dispose of claims for workers' compensation made by an officer or employee of any state agency not insured with the fund.

The fund may make all expenditures, including payment to claimants for medical care or for adjustment or settlement of claims, necessary to the adjustment and final disposition of claims. The agreement shall provide that the state agency whose officer or employee is a claimant shall reimburse the fund for the expenditures and for the actual cost of services rendered.

The fund may in its own name, or in the name of the state agency for which the services are performed, do any and all things necessary to recover on behalf of the state agency for which it renders service any and all amounts which an employer might recover from third persons under Chapter 5 (commencing with Section 3850) of Part 1 of Division 4 of the Labor Code, or which an insurer might recover pursuant to Section 11662 including the right to commence and prosecute actions, to file, pursuant to Chapter 5 (commencing with Section 3850) of Part 1 of Division 4 of the Labor Code, liens for whatever sums would be recoverable by suit against a third person, to intervene in other court proceedings, and to compromise claims and actions before or after commencement of suit or after entry of judgment when in the opinion of the fund full collection cannot be enforced.

### **§ 11872. Agreements with state agencies for service to be rendered to the Fund**

The fund may annually enter into agreements with state agencies for service to be rendered to the fund. These state agencies include, but shall not be limited to: the Department of Finance, Department of General Services, State Personnel Board, and the Public Employees' Retirement System. If these agencies and the fund cannot agree upon the cost of services provided by the agreements, the California Victim Compensation and Government Claims Board shall be requested to arrive at an equitable settlement.

### **§ 11873. Application of certain Government Code provisions to the Fund**

(a) Except as provided by subdivision (b), the fund shall not be subject to the provisions of the Government Code made applicable to state agencies generally or collectively, unless the section specifically names the fund as an agency to which the provision applies.

(b) The fund shall be subject to the provisions of Chapter 10.3 (commencing with Section 3512) of Division 4 of Title 1 of, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of, Chapter 6.5 (commencing with Section 8543) of Division 1 of Title 2 of, Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of, the Government Code, and Division 5 (commencing with Section 18000) of Title 2 of the Government Code, with the exception of all of the following provisions of that division:

(1) Article 1 (commencing with Section 19820) and Article 2 (commencing with Section 19823) of Chapter 2 of Part 2.6 of Division 5.

(2) Sections 19849.2, 19849.3, 19849.4, and 19849.5

10242013 Governance Compliance & Privacy

18

## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

(3 Chapter 4.5 (commencing with Section 19993.1) of Part 2.6 of Division 5.

(c) Notwithstanding any provision of the Government Code or any other provision of law, the positions funded by the State Compensation Insurance Fund are exempt from any hiring freezes and staff cutbacks otherwise required by law. This subdivision is declaratory of existing law.

### **§ 11874. Warrant; Payment of warrant**

On the effective date of this act the Controller shall draw his or her warrant in favor of the State Compensation Insurance Fund for the total amount of the funds in the custody of the Treasurer belonging to the State Compensation Insurance Fund, and the Treasurer shall pay that warrant.

### **§ 11880. Misrepresentation; Criminal penalties**

(a) It is unlawful to make or cause to be made any knowingly false or fraudulent statement, whether made orally or in writing, of any fact material to the determination of the premium, rate, or cost of any policy of workers' compensation insurance issued or administered by the State Compensation Insurance Fund for the purpose of reducing the premium, rate, or cost of the insurance. Any person convicted of violating this subdivision shall be punished by imprisonment in a county jail for one year, or pursuant to subdivision (h) of Section 1170 of the Penal Code for two, three, or five years, or by a fine not exceeding fifty thousand dollars (\$50,000), or double the value of the fraud, whichever is greater, or by both that imprisonment and fine.

(b) Any person who violates subdivision (a) and who has a prior felony conviction of the offense set forth in that subdivision shall receive a two-year enhancement for each prior conviction in addition to the sentence provided in subdivision (a). The existence of any fact that would subject a person to a penalty enhancement shall be alleged in the information or indictment and either admitted by the defendant in open court, or found to be true by the jury trying the issue of guilt or by the court where guilt is established by plea of guilty or nolo contendere or by trial by the court sitting without a jury.

### **§ 11881. Definitions**

Whenever in Chapter 4 Part 3 Division 2 of the Insurance Code the term "State Industrial Accident Commission" or "Industrial Accident Commission" or "commission" or "director" or similar designation occurs, it means the Board of Directors of the State Compensation Insurance Fund except when such meaning is inconsistent with the intent and context of said chapter.

**§ 11885. Sale of portion of State Compensation Insurance Fund's assets and liabilities**

(a) The Director of Finance is hereby authorized to act as agent for the state and, in that capacity, to sell a portion of, or otherwise obtain value for, the State Compensation Insurance Fund's assets and liabilities. That authorized sale or other disposition shall be transacted with an entity that the director, in consultation with the State Treasurer, determines will provide the best combination of each of the following:

- (1) The highest price for the State Compensation Insurance Fund's workers' compensation insurance assets and liabilities or the best value to the General Fund, or both.
- (2) The greatest security for the payment of the purchase price.
- (3) Demonstrated competence and professional qualifications for the continued satisfactory performance of the workers' compensation insurance services offered for sale or other disposition.

(b) Prior to releasing any Notice of Request for Qualifications, a majority of the State Compensation Insurance Fund Board of Directors shall concur that the assets and liabilities that are identified by the Director of Finance, in consultation with the State Treasurer, in subdivision (a) are appropriate for sale or other disposition.

(c) Notwithstanding any other law, the process for sale or other disposition shall include the steps the director, in consultation with the State Treasurer, deems necessary or convenient to achieve the ends set forth in this section. The process shall include, but not necessarily be limited to, all of the following:

- (1) The satisfaction of criteria established by the director, in consultation with the State Treasurer, consistent with achieving the best price or other value for those workers' compensation insurance assets and liabilities. These criteria shall include any pertinent requirements of the State Compensation Insurance Fund Board of Directors.
- (2) A Notice of Request for Qualifications sent by the Director of Finance to each firm currently providing workers' compensation insurance coverage to California employers and any entity proposed by the State Compensation Insurance Fund Board of Directors. In addition, it shall be advertised in the State Contracts Register pursuant to Sections 14827.1 and 14827.2 of the Government Code. This notice shall include a description of the workers' compensation insurance program, a summary description of the workers' compensation insurance assets and liabilities offered for sale or other disposition, and a description of the due diligence review process to provide potential purchasers with further information regarding the workers'



## **Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**

compensation insurance assets and liabilities offered for sale or other disposition, the selection criteria on which the transaction will be based, the submission requirements and deadlines, and a Department of Finance contact name and telephone number for more information. A copy of the Notice of Request for Qualifications shall be provided to the Joint Legislative Budget Committee within seven days of its release.

(3) The evaluation by the director, in consultation with the State Treasurer, of all statements timely submitted in response to the Notice of Request for Qualifications sent pursuant to paragraph (2), using the criteria contained in the notice, and, based on those statements, the establishment of a qualified participant list.

(4) For purposes of Section 11772, any action by the board of directors related to any transaction contemplated by this article, including, but not limited to, any approvals of such transactions, shall be deemed to be in good faith.

(5) The Director of Finance shall notify the Joint Legislative Budget Committee in writing within seven days of completing a sale pursuant to subdivision (a).

### **§ 11885.3. Participation by board of directors; Acting in good faith**

In order to accomplish the purpose of this article, the State Compensation Insurance Fund and its board of directors shall participate fully in good faith with the Director of Finance, and the Director of Finance shall act in good faith in carrying out the duties prescribed by this article.

### **§ 11885.5. Approvals not required**

Notwithstanding any other law, the approval of neither the Attorney General, nor the Insurance Commissioner, nor the Director of General Services is required for execution and implementation of the sale or other disposition of the assets and liabilities of the State Compensation Insurance Fund or any other agreement authorized by this article.

### **§ 11885.7. Deposit of proceeds**

(a) The Director of Finance shall deposit all proceeds of any sale of, or any funds achieved through any other disposition of, the State Compensation Insurance Fund's workers' compensation insurance assets and liabilities under this article, less any costs related to that transaction, into the General Fund.

(b) The proceeds of any sale of, or any funds achieved through any other disposition of, the State Compensation Insurance Fund's workers' compensation insurance assets and liabilities are not "proceeds of taxes" as that term is used in subdivision (c) of Section 8 of Article XIII B of the California Constitution. The disbursement of these proceeds is not subject to the limitations imposed by that article.

**Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes**  
**§ 11885.9. Advisers**

(a) Notwithstanding any other law, the Director of Finance is authorized to enter into agreements with firms or individuals to act as advisers to the state in the transactions contemplated by this article. Section 14838 of the Government Code and Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code do not apply to any agreement entered into by the director with advisers pursuant to this section.

(b) Notwithstanding any other law, the Director of Finance is also authorized to enter into legal services agreements to obtain specialized legal advice related to the transactions contemplated by this article. Section 11040 of the Government Code and Section 6072 of the Business and Professions Code shall not apply to the legal services agreements entered into by the director pursuant to this section.

**§ 11886. Selection of firms providing advisory services**

(a) The Director of Finance, in consultation with the State Treasurer, shall select firms or individuals to provide advisory services based on demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required and in the manner described in this section.

(b) The Director of Finance, in consultation with the State Treasurer, shall establish selection criteria for selecting advisers. The criteria may include, but are not necessarily limited to, factors such as professional excellence, demonstrated competence, specialized experience in performing similar services, education and experience of key personnel to be assigned, staff capability, ability to meet schedules, nature and quality of similar completed work of the firm or individual, reliability and continuity of the firm or individual, and other considerations deemed by the director, in consultation with the State Treasurer, to be relevant and necessary to the performance of advisory services.

(c) In order to select advisers, the director shall publish a Notice of Request for Qualifications in the State Contracts Register pursuant to Sections 14827.1 and 14827.2 of the Government Code. The notice shall include a description of the advisory services required, the selection criteria on which the contract award will be based, submission requirements and deadlines, and a Department of Finance contact name and telephone number for more information. A copy of the Notice of Request for Qualifications shall be provided to the Joint Legislative Budget Committee within seven days of publication in the State Contracts Register.

(d)

(1) After the final response date stated in the Notice of Request for Qualifications, the Director of Finance, in consultation with the State Treasurer, shall review the responses submitted, and shall evaluate them using the criteria contained in the notice. The director shall rank, in order of preference based on the criteria contained in the notice, the firm or individuals determined to be qualified to perform the required services.

(2) The Director of Finance, in consultation with the State Treasurer, may interview any of the qualified firms or individuals regarding the experience and qualifications of those firms or individuals, as well as anticipated concepts and the benefits of alternative methods of furnishing the required services.

## Appendix I – State Compensation Insurance Fund Charter – California Constitution and California Insurance Code Statutes

(e)

(1) Following the interviews, if any, held pursuant to subdivision (d), the Director of Finance shall adjust the ranking of the qualified individuals or firms to reflect those firms or individuals deemed to be the most highly qualified to perform the required services.

(2) The Director of Finance, in consultation with the State Treasurer, shall enter into negotiations with the firm or individual most highly ranked pursuant to paragraph (1). If negotiations are concluded successfully, the director shall enter into a contract. If the director, in his or her sole discretion, concludes that the negotiations are unsuccessful, the director shall terminate the negotiations, and begin new negotiations, in consultation with the State Treasurer, with the other firms or individuals ranked pursuant to paragraph (1) in order of their ranking, and either contract with or terminate negotiations with each next most highly ranked firm or individual.

(3) If, after pursuing the negotiation process set forth in paragraph (2), the Director of Finance has been unable to negotiate a satisfactory contract at fair and reasonable compensation, the director may reinstate the selection process prescribed in this section, commencing with the issuance of a new Notice of Request for Qualifications.

(4) The Director of Finance shall notify the Joint Legislative Budget Committee in writing within seven days of entering into a contract with an individual or firm for advisory services.

(f) This section shall not apply to the selection of a legal services adviser.

### § 11886.2. Notification by Director of Finance

(a) The Director of Finance shall notify the Joint Legislative Budget Committee in writing upon his or her determination that neither the sale nor any other transaction authorized by this article is anticipated to achieve the purposes of this article or upon the completion of a disposition of State Compensation Insurance Fund assets and liabilities pursuant to this article.

(b) The Director of Finance shall cease those activities he or she is authorized or directed to undertake pursuant to this article upon the earlier of either:

(1) The 30th day following written notice by the director to the Chairperson of the Joint Legislative Budget Committee pursuant to subdivision (a).

(2) January 10, 2012.

# Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

## Table of Contents

Board of Directors[Top] .....	2
California Attorney General[Top] .....	2
California Human Resources (CALHR)[Top] .....	2
California Department of Insurance (CDI)[Top] .....	3
Department of Finance[Top] .....	5
Department of Motor Vehicles (DMV)[Top] .....	5
Department of Industrial Relations (DIR)[Top] .....	6
Division of Occupational Safety & Health (DOSH)[Top] .....	7
Division of Workers’ Compensation (DWC)[Top] .....	7
Department of Toxic Substances (DTSC)[Top] .....	8
Employment Development Department (EDD)[Top] .....	8
Fair Political Practices Commission (FPPC)[Top] .....	9
Franchise Tax Board (FTB)[Top] .....	10
Internal Revenue Service (IRS)[Top] .....	11
California Legislature[Top] .....	12
Office of Foreign Assets Control (OFAC)[Top] .....	12
Secretary of State[Top] .....	13
South Coast Air Quality Management[Top] .....	13
State Controller’s Office (SCO)[Top] .....	14
State Auditor[Top] .....	15
U. S. Dept. of Labor[Top] .....	16
Workers Compensation Insurance Rating Bureau (WCIRB)[Top] .....	18

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

### Board of Directors

[\[Top\]](#)

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
Appointed Independent Actuary's report to Board of Directors	Annually by 3/1	Cal. Ins. Code § 923.6; NAIC Annual Statement Instructions/Actuarial Standards of Practice paragraph. 1

### California Attorney General

[\[Top\]](#)

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Data Breach Security Reporting for 500 or more affected CA residents per occurrence	In the most expedient time possible	Cal. Civil Code §§ 1798.29, 1798.82

### California Human Resources (CALHR)

[\[Top\]](#)

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Changes to Incompatible Activities Policy	Per occurrence	Cal. Gov't. Code § 19990
2. Workforce Analysis Report (incl. upward mobility)	Annually by 6/1	Cal. Gov't. Code §§ 19402, 19405

### Regulatory Reporting Requirements

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

California Department of Insurance (CDI)

[Top]

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Report of Risk Based Capital (RBC) Levels	Annually by 3/1	Cal. Ins. Code § 739.2
2. Annual Financial Statements of the State Compensation Insurance Fund	Annually by 3/1	Cal. Ins. Code §§ 900, 902
3. Quarterly Financial Statements of the State Compensation Insurance Fund	Quarterly by 5/15, 8/15, and 11/15	Cal. Ins. Code §§ 900, 902
4. Management's Report of Internal Control over Financial Reporting	Annually by 8/1	NAIC Annual Financial Reporting Model Regulation
5. Independent Auditor's Report on Statutory Basis Financial Statements	Annually by 6/1	Cal. Ins. Code § 900.2
6. Premium Tax	Annually by 4/1	Cal. Constitution Article XIII, § 28
7. Triennial Financial Audit Report Response	Triennially by December* (*Response by auditee optional)	Cal. Ins. Code § 730

Regulatory Reporting Requirements

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

<b>8. Market Conduct (Claims and Underwriting) Audit Report Response</b>	Audits at five year intervals, upon special request, or consumer complaint activity.*  <i>*Response by auditee optional</i>	Cal. Ins. Code § 730
<b>9. Special Investigations Unit (SIU) Annual Report</b>	Annually by 9/15	10 CCR § 2698.40
<b>10. Own Risk and Solvency Assessment (ORSA) Annual Summary Report</b>	Annually to Ins. Commissioner after 1/1/15	Cal. Ins. Code § 9 35.1 et seq.
<b>11. Adjuster Certification</b>	Annually by 7/1	Cal. Ins. Code § 11761; 10 CCR §§ 2592, 2592.07
<b>12. Biennial Report of Procurement Diversity</b>	Biennially in odd years starting 7/1/13	Cal. Ins. Code § 927.2(a)
<b>13. Rate Filing</b>	Workers' compensation rate filings are “file and use” with a 30-day waiting period.	Cal. Ins. Code § 11750
<b>14. Abstract of Financial Statements</b>	Annually within 30 days of published financial reports	Cal. Ins. Code § 11860
<b>15. Disclosure of Iran Related Investments</b>	Annually by 6/30	Cal. Ins. Code § 1241.2
<b>16. Insurer Climate Risk Disclosure Survey</b>	Annually (Due date as provided by the CDI on its survey disclosure form.)	*Pending confirmation from CDI

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### Regulatory Reporting Requirements

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

<b>17. California Organized Investment Network Report</b>	Annually by 1/1	Cal. Ins. Code §§ 926.1, 926.2
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### Department of Finance [Top]

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
<b>1. Actual and Estimate of State Workers Compensation Benefits and Administration Costs</b>	Annually by 9/1 or as directed by the State Controller's Office	Cal. Gov't Code § 12461.2
<b>2. June to July Payroll Deferral Spreadsheet</b>	Annually by 7/1	Control 12.45 of the Annual Budget Act; Cal. Gov't Code §§ 12472.5 and 13302

### Department of Motor Vehicles (DMV) [Top]

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
<b>1. Certificates of Self-Insurance</b>	Annually by 12/31	Cal. Vehicle Code §§ 16053, 16054.2, 34632; Cal. Civil Code § 17451; 13 CCR §§ 80.50, 80.75



## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

Department of Industrial Relations (DIR) [Top]

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Responses to Profile Audit Review (PAR) Audits to Dept. of Industrial Relations (DIR)	Within 15-30 Days after Audit	Cal. Labor Code § 129
2. Assessments for Self-Insured Employers	Annually. Assessments by 1/1 and balance by 4/1	Cal. Labor Code §§ 62.5, 62.6
3. Survey of Occupational Injuries and Illnesses – State Fund as a Self-Insured Employer	Upon Request	8 CCR § 14300.42; 29 CFR § 1904.32; Cal. Labor Code § 6410
4. Workers’ Occupational Safety & Health Education Fund Fee Report	Annually by 4/1	Cal. Labor Code § 6354.7

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

Division of Occupational Safety & Health (DOSH) <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Injury and Illness Incident Report (Form 301) – State Fund as a Self Insured Employer	Within seven days of incident or within eight hours of fatality or serious injury.	8 CCR § 342(a); 8 CCR § 14300.29; 8 CCR § 14300.32; Cal. Labor Code § 6410
2. Log of Work-Related Injuries and Illnesses (Form 300)	Record entries within seven days of occurrence	8 CCR § 14300.29; 8 CCR § 14300.32; Cal. Labor Code § 6410

Division of Workers' Compensation (DWC) <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Notice of Medical Provider Network Plan Modification	When changes are made to Plan	Cal. Labor Code § 4616; 8 CCR § 9767
2. Annual Report of Claims Inventory	Annually by 4/1	8 CCR § 10104

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

### Department of Toxic Substances (DTSC) [Top]

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Toxic Waste Fees	Annually within 30 days of receipt of verification questionnaire	42 USC §§ 6924-6930; 40 CFR §§ 260-265; H&S C § 25158; 22 CCR §§ 662.10-12

### Employment Development Department (EDD) [Top]

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. EDD Independent Contractor Reporting	Every 21 days	Cal. Unemployment Ins. Code § 1088.8

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

Fair Political Practices Commission (FPPC) <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. <b>Notice of Amendment to Conflict of Interest Code</b>	By 3/31 every odd year	2 CCR § 18736
2. <b>Statement of Economic Interests for Designated Statutory Filers &amp; Public Officials Who Manage Public Investments</b>	Annually by 4/1	Cal. Gov't. Code §§ 87200 et seq. 87302; 87500; 2 CCR § 18723
3. <b>Statement of Economic Interests - State Fund CEO, CFO and CIO</b>	Annually by 4/1	Cal. Gov't. Code §§ 87200 et seq., 87302, 87500; 2 CCR § 18723
4. <b>Agency Report of New Positions (Fair Political Practices Commission Form 804)</b>	Upon Request	2 CCR §§ 18701, 18702.4, 18734
5. <b>Agency Report of Consultants (Fair Political Practices Commission Form 805)</b>	Upon Request	2 CCR §§ 18701, 18734

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

Franchise Tax Board (FTB) <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Backup Withholding (CA Form 592) for Resident and Non-Resident Reporting	Quarterly by 4/15, 6/15, 9/15, and 1/15	Cal. Revenue and Taxation Code §§ 18662, 18669
2. Quarterly Reporting of Withholding per 1099s Remittance of Withholding Amounts from Resident and Non-Resident Reporting	Quarterly by 4/15, 6/15, 9/15, and 1/15	Cal. Revenue and Taxation Code §§ 18662, 18664, 18668; State Administrative Manual § 8422.194

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

**Internal Revenue Service (IRS)** **[Top]**

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
<b>1. Quarterly Federal Excise Tax Return</b>	Quarterly by 4/30, 7/31, 10/31 <sup>1</sup> , and 12/31	I.R.C. § 4372(a); Treasury Reg. § 46371-3(b)
<b>2. 1099 Miscellaneous Annual Filing</b>	Annually by 3/31	I.R.C. § 6041
<b>3. 1099 Interest Annual Filing</b>	Annually by 3/31	I.R.C. § 6049
<b>4. Remittance of Backup Withholding Amounts from Backup Withholding Notices (B Notices)</b>	By the 15 <sup>th</sup> of each month or the next business day if the 15 <sup>th</sup> lands on a weekend or holiday.	I.R.C. §§ 3406, 6041
<b>5. Remittance of withholding amounts from resident and non-resident reporting</b>	By the 15 <sup>th</sup> of each month or the next business day if the 15 <sup>th</sup> lands on a weekend or holiday.	I.R.C. §§ 3406, 6041
<b>6. Annual Reporting of Federal Withholding (Form 945)</b>	Annually by 1/31	I.R.C. §§ 3402, 3405, 3406

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

California Legislature <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Annual Experience Report US Longshore & Harbor	Annually by 12/31	Cal. Ins. Code § 11805

Office of Foreign Assets Control (OFAC) <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Reporting of Specially Designated Nationals (SDN)	Within 10 business days of determining a match between State Fund records and OFAC SDN list	31 CFR § 501. 603, 604
2. Annual Report of Blocked Property Transactions	Report by 9/30 properties determined to be blocked as of 6/30.	31 CFR §§ 501. 603, 604

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

Secretary of State		[Top]
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Report of Lobbyist Employer	Quarterly 4/30: 7/31: 10/31: 1/31*  <i>*Required <u>only</u> if lobbyist retained</i>	Cal. Gov't Code §§ 86111 et seq.
2. Lobbying Firm Authorization Statement	Within ten days of qualifying as a lobbyist employer and biannually between 11/1 and 12/31 in even-numbered years*  <i>*Required <u>only</u> if lobbyist retained</i>	Cal. Gov't Code §§ 86101; 86104; 82039.5

South Coast Air Quality Management		[Top]
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Emission Reduction Program Annual Registration	Annually by 9/15	Cal. Health & Safety Code § 40458; SCAQMD Rule 2202



## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

State Controller's Office (SCO) [Top]

REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Independent Auditor's Report on Supplementary Information	Annually by 9/1	Cal. Gov't. Code § 12460
2. Unclaimed Property Report	Preliminary filing for list of perspective escheatment payments due annually by 11/1. Final report with remittance due annually by 6/15	Cal. Code of Civil Procedure § 1530
3. Percentage of Current Year Claims Payment - States	Annually by 9/1	Cal. Gov't. Code §§ 12460, 12461, 13344
4. Summary of Outstanding Claims Costs by Policy Year and Year of Accident - States	Annually by 9/1	Cal. Gov't. Code §§ 12460, 12461, 13344
5. Outstanding Compensation and Medical Per Agency (States)	Annually by 9/1	Cal. Gov't. Code §§ 12460, 12461, 13344
6. Annual Summary of State Agency Billing	Annually by 9/1	Cal. Gov't. Code §§ 12460, 12461, 13344
7. Monthly Summary of State Agency Billing	Annually by 9/1	Cal. Gov't. Code §§ 12460, 12461, 13344

Regulatory Reporting Requirements

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

State Auditor <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. <b>Attestation to State Auditor of Whistleblower Notice to Employees</b>	Annually by 6/30	Cal. Gov't. Code §§ 8548.2, 8548.3
2. <b>Report of Results of Investigation of Improper Governmental Activity</b>	Per occurrence; Report to State Auditor within 60 days of referral to investigate, and monthly thereafter until final action taken	Cal. Gov't. Code §§ 8547.6, 8547.7
3. <b>Report of Actions to Implement State Auditor Investigation Recommendations</b>	Per occurrence; Report to State Auditor within 60 days of receiving investigative report and monthly until final action taken	Cal. Gov't. Code § 8547.7

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

U. S. Dept. of Labor <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Report of compensation and medical payments made to the U.S. Department of Labor	Annually by March Specific date to be determined by the Dept. of Labor (Form LS- 513)	33 U.S.C. 901 et seq.; 20 CFR §§ 701-704; 702.148; 703.212
2. Report of Injury Experience of Insurance Carrier or Self-Insured Employer	Annually by October Specific date to be determined by the Dept. of Labor (Form LS-274)	21 CFR §§ 701-704, 702.148, 703.212
3. Insurance Carrier Agreement & Undertaking	Due when Dept. of Labor modifies the security deposit for US L&H claims or when the security deposit pledged matures*. (Form LS-275)  <i>*Security deposit pledged until 2017</i>	20 CFR § 703.213; 33 U.S.C. §§ 901-945; 30 USC § 932

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

<b>4. Application for Security Deposit Determination for future claims related obligations</b>	Annually by October Specific date to be determined by the Dept. of Labor (Form LS-276)	22 CFR §§ 701-704, 702.148, 703.212
<b>5. Annual Occupational Safety &amp; Health Administration Injury and Illness Survey – State Fund as a Self Insured Employer</b>	Within 30 calendar days of receipt	8 CCR § 14300.41; Cal. Labor Code § 6410
<b>6. Carriers Report of Issuance of Policy</b>	At issuance and renewal of L&H policy (Form LS-570)	20 CFR § 703.116
<b>7. Authorized Insurance Companies and Self -Insured Employers Under the Longshore and Harbor Workers' Compensation Act and Extensions</b>	Annually by 7/1	20 CFR § 702.148

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

Workers Compensation Insurance Rating Bureau (WCIRB) <span style="float: right;">[Top]</span>		
REPORT TITLE	TIME REQUIREMENT	STATUTORY CITATION
1. Workers' Compensation Insurance Rating Bureau (WCIRB) Unit Statistical Report	Weekly	10 CCR § 2318.6 et seq.
2. United States Longshore & Harbor (USL&H)	Annually by 12/31	Cal. Ins. Code § 11805
3. Workers' Compensation Insurance Rating Bureau (WCIRB) Policy Data	Within 60 days of new policy inception	Cal. Ins. Code §§ 11750.3, 11751.5; 10 CCR § 2318.6
4. Workers' Compensation Insurance Rating Bureau (WCIRB) Medical Transaction Data Medical Data Call	Quarterly by 3/31 , 6/30 , 10/31, and 12/31  <i>*Report is currently voluntary. Submission will be mandatory in 1/1/2015</i>	Cal. Ins. Code §§ 11750.3, 11759.1;
5. Workers' Compensation Insurance Rating Bureau (WCIRB) Aggregate Financial Data Call	Per Quarterly Call for Large Deductible, Aggregate Indemnity and Medical Costs, Expense Call and request for Data Certification Form	Cal. Ins. Code §§ 11750.3, 11751.5

### Regulatory Reporting Requirements

## Appendix II - Regulatory Reporting Requirements – State Compensation Insurance Fund

<b>6. Workers' Compensation Insurance Rating Bureau (WCIRB) Test Audits of Payroll Reporting</b>	Initial response due within 10 days of receipt of WCIRB's test audit list. Considered delinquent after 30 days.	Cal. Ins. Code § 11750.3
<b>7. Workers' Compensation Insurance Rating Bureau (WCIRB) Queries</b>	Within 30 days of receipt	10 CCR § 2318.6
<b>8. Unit Statistical Plan Corrections or Revisions of Losses</b>	Four times monthly by automated process on 3 <sup>rd</sup> business day, 10 <sup>th</sup> calendar day, 19 <sup>th</sup> calendar day, 3 <sup>rd</sup> business day prior to end of the month.	10 CCR § 2318.6; Cal. Ins. Code § 11751.8
<b>9. Experience Rating Plan Corrections or Revisions of Losses</b>	Within 30 days of any modifications	Cal. Ins. Code § 11734
<b>10. WCIRB Test Audit information request or quarterly report</b>	Within 30 days of request or report date.	10 CCR § 2318.6
<b>11. WCIRB Data Quality Enhancement Program Information requests</b>	Within 30 days of request date	10 CCR § 2318.6