

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 23, 2008
POSITION: Neutral

BILL NUMBER: AB 3055
AUTHOR: Assembly Insurance

BILL SUMMARY: Insurance: Guarantee Association

This bill would extend the sunset date from January 1, 2009 to January 1, 2011 that allows the California Insurance Guarantee Association (CIGA) to issue bonds to fund covered workers' compensation claims while not increasing the level of bond obligation. This bill also allow authorize CIGA to recover claims paid in excess of the amount authorized through arbitration or an administrative action, in addition to court action. This bill would also make clarifying and technical changes to the statutes pertaining to CIGA.

FISCAL SUMMARY

The California Department of Insurance indicates they would have no fiscal impact.

COMMENTS

This bill would extend the sunset date from January 1, 2009 to January 1, 2011, that allows the CIGA to issue bonds while not increasing the level of bond obligation. This sunset extension is necessary for CIGA to meet their statutory obligation to fund workers' compensation claims.

Currently, the CIGA has only needed to obtain half of its \$1.5 billion authorization provided by Chapter 635, Statutes of 2003, (AB 227, Vargas) but is unsure of the future needs. Extending the sunset will provide CIGA more time to evaluate its financial status.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								Fund Code
	SO	PROP			FC			FC	
	LA	CO	98	FC	2007-2008	2008-2009	2009-2010		
	RV				FC	FC	FC		
0845/Insurance	SO	No			-----	No/Minor Fiscal Impact	-----	0217	
<u>Fund Code</u>	<u>Title</u>								
0217	Insurance Fund								

Analyst/Principal (0222) R. Baker	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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