

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 12, 2011  
POSITION: Neutral

BILL NUMBER: AB 228  
AUTHOR: F. Fuentes  
RELATED BILLS: AB 2125 (2006)

**BILL SUMMARY: State Compensation Insurance Fund: Out-of-State Risks**

This bill would expand the authority for the State Compensation Insurance Fund (SCIF) to insure a qualified employer whose principal place of business is in California, as specified. This bill would also require the Department of Insurance (DOI) to report to the Legislature regarding the experience of the SCIF in engaging in these transactions and make recommendations, as provided, by March 1, 2015.

**FISCAL SUMMARY**

This bill would have no fiscal impact to the state as an employer. The SCIF's payments for workers' compensation claims are funded by insurance premiums charged to the employer.

Any costs resulting from this bill related to the DOI would be minor and absorbable within existing resources.

**COMMENTS**

The Department of Finance is neutral on this bill as the costs to implement the measure would be minor and absorbable.

Existing law creates the SCIF for the purpose of transacting workers' compensation insurance, and authorizes the SCIF to insure a California employer against the employer's liability for workers' compensation benefits, under the law of any other state, for California employees temporarily working out-of-state on a specific assignment if the SCIF insures the employer's other employees who work within California.

This bill would authorize the SCIF to insure an employer whose principal place of business is in California, provided that 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 SCIF insures the employer's employees who work within California.

Additionally, this bill would:

- Authorize the SCIF to transact workers' compensation insurance by contract with insurers that have met specified contracting and minimum reserve requirements, as specified.
- Prohibit the SCIF from initiating paid advertising.
- Require the DOI to report to the Legislature the experience of the SCIF engaging in these transactions by March 31, 2015.
- Provide that these provisions would become inoperative December 31, 2016.

Analyst/Principal (0242) J. Sturges	Date	Program Budget Manager Lisa Ann L. Mangat	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

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F. Fuentes

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AB 228

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
0845/Insurance	SO	No		-----	No/Minor	Fiscal Impact	-----		0217
8420/StComplnsrFd	SO	No		-----	No/Minor	Fiscal Impact	-----		0512
<u>Fund Code</u>	<u>Title</u>								
0217	Insurance Fund								
0512	Compensation Insurance Fund								