

N E W S R E L E A S E

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California's Alternative Security Program puts \$7.7 Billion in capital back into businesses

Sacramento—Christine Baker, director of the Department of Industrial Relations (DIR), today approved the implementation of the 2013/14 Alternative Security Program (ASP), freeing \$7.7 billion in capital, which provides self-insured California businesses greater financial flexibility.

The ASP is a first-in-the-nation, innovative program operated by the non-profit California Self Insurers' Security Fund with the California Department of Industrial Relations. The program provides guarantees to replace security deposits required to collateralize self-insured workers' compensation liabilities.

“Self-insurance and the ASP are innovative ways that California supports businesses and helps them reinvest their capital,” said DIR Director Christine Baker. “With workers' compensation representing a significant expense to businesses, this program benefits both the businesses and the larger California economy.”

All employers in California are required to have workers' compensation insurance to protect themselves and workers, and to minimize the impact of work-related injuries and illnesses. Meeting this requirement can be accomplished either by buying an insurance policy, or through obtaining authority from the DIR Office of Self Insurance Plans (OSIP) to self-insure the businesses' workers' compensation liabilities.

“I'm surprised that there are not more employers taking advantage of the substantial benefits self-insurance offers,” said OSIP Chief Jon Wroten. “Numerous program improvements and streamlining efforts have been implemented at OSIP that make self-insurance more accessible and a highly competitive option for California employers to consider in meeting their workers' compensation needs.”

Self-insured employers are required to maintain a deposit to collateralize their risk in an amount equal to estimated liabilities as determined by an actuary. This deposit, which can be posted in cash, letters of credit, surety bonds or securities, limits the employer's ability to use the cash or credit line to expand their business. In contrast, ASP members cash or line of credit is freed up allowing them to invest this capital back into their businesses while the ASP assumes responsibility of their security deposit posting requirement.

California currently has more than 7,500 employers protecting more than 4 million workers representing a total payroll of \$177 billion through self-insurance workers' compensation plans.

One of every four California workers is protected by a self-insurance plan. Self-insured employers in California represent large and mid-sized private companies, industry groups, and public entities such as city, county, state and school districts.

More information of California's workers' compensation self-insurance program is available at OSIP's [website](#).

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