DEPARTMENT OF INDUSTRIAL RELATIONS

OSIP
Office of Self Insurance Plans

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Office of Self Insurance Plans - 2013

- BY THE NUMBERS
- SB863
- REGULATORY PLAN
- ACTUARIAL REQUIREMENTS
- OSIP'S AUDIT PROGRAM
- WHAT'S NEW
- QUESTIONS

SELF-INSURANCE BY THE NUMBERS

Public and Private Self-Insureds

- **$173 Billion Total Payroll**
- **7,952 CA Employers are self insured**
- **4 Million Covered Employees**

1 OUT OF EVERY 4 WORKERS' IN CALIFORNIA IS PROTECTED BY A WC SELF-INSURED PLAN

SELF-INSURANCE BY THE NUMBERS

Private Self-Insured Employers

- **2.1 Million Covered Employees**
- **$4.9 Billion Total EFL**
- **88,188 New Workers' Comp Cases**

2011 Data

SECURITY DEPOSIT

ACTUARIAL BASED COLLATERAL DEPOSIT

- ACTUARIAL CENTRAL ESTIMATE (EXPECTED)
- INCLUDING IBNR, ULAE AND ALAE
- NET OF SPECIFIC EXCESS

LABOR CODE 3701.9

EXCLUDED FROM SELF INSURANCE PROFESSIONAL EMPLOYER ORGANIZATIONS AND SIMILAR TYPE STAFFING FIRMS

- NO NEW PEOS EFFECTIVE 1-1-2013
- ANY CURRENT PEOS REVOKED BY 1-1-2015

SELF INSURERS SECURITY FUND

- GREATER INVOLVEMENT IN COLLATERAL DECISIONS
- SISF IS INDEMNIFIED FROM LIABILITY IF OSIP DOES NOT IMMEDIATELY TURN OF DEFAULTED LIABILITIES

PUBLIC AGENCIES

Labor Code §3702.2

PROVIDE DETAILED INFORMATION TO EVALUATE

- COSTS OF ADMINISTRATION
- WC BENEFIT EXPENDITURES
- SOLVENCY
- PERFORMANCE

2013 REGULATORY PLAN

CONTINUE TO IMPLEMENT SB863

ALIGNING REGULATIONS WITH A FRAMEWORK FOR THE FUTURE

OPPORTUNITIES WILL EXIST FOR PUBLIC PARTICIPATION AND INPUT INTO THE PROCESS

2013 REGULATORY PLAN

SB863 REGULAR RULEMAKING – FEW WEEKS

SB863 – PUBLIC AGENCIES

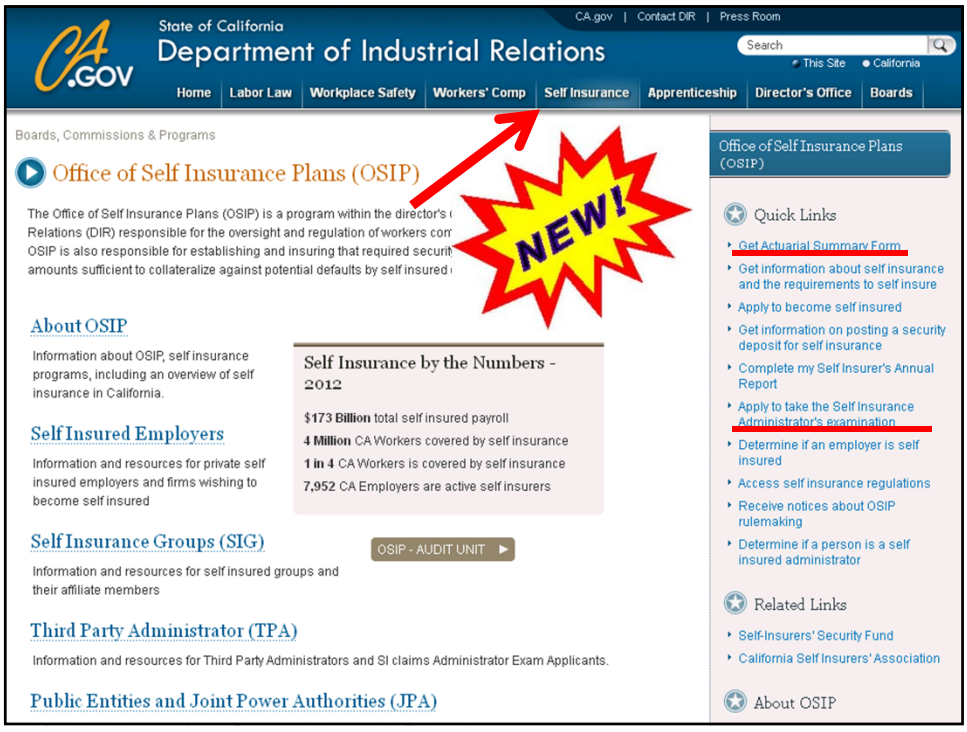
SIG PACKAGE

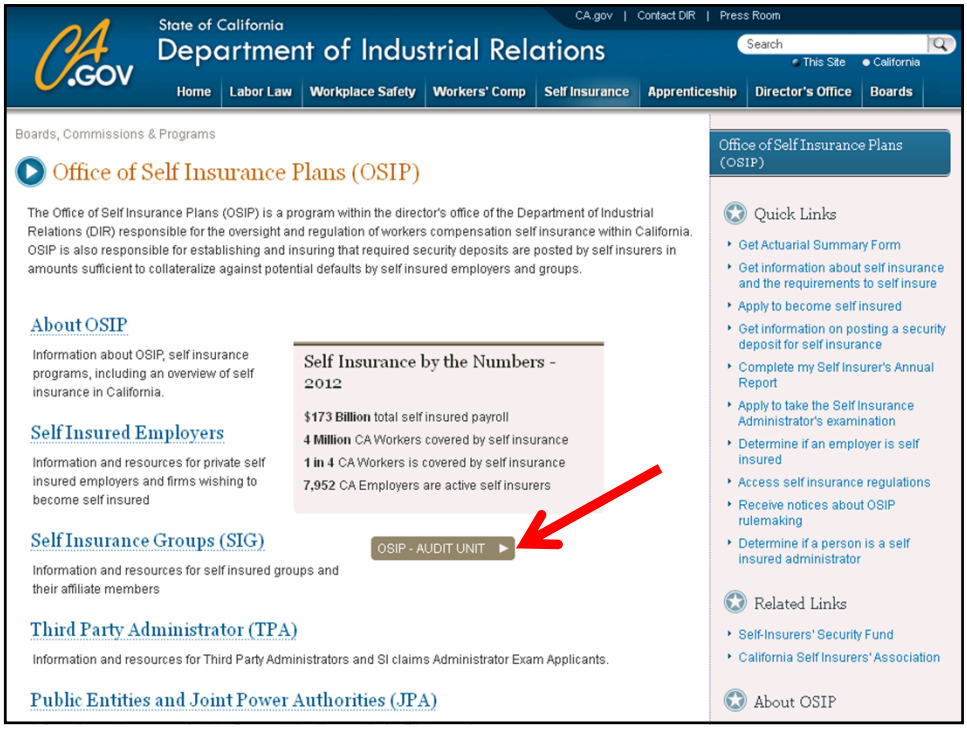
OVERALL REVIEW AND UPDATE

NEW REQUIREMENTS

§15209 & §15481

- **STUDY & SUMMARY DUE MAY 1** (APRIL 15 - SIGS)
- **PREPARED BY A QUALIFIED, INDEPENDENT ACTUARY**
- **VALUATION AS OF 12-31 (ROLL FORWARD)**
- **EXEMPTIONS - ???**

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Office of Self Insurance Plans (OSIP)
The Office of Self Insurance Plans (OSIP) is a program within the director's office of the Department of Industrial Relations (DIR) responsible for the oversight and regulation of workers compensation self insurance within California. OSIP is also responsible for establishing and insuring that required security deposits are posted by self insurers in amounts sufficient to collateralize against potential defaults by self insured employers and groups.
About OSIP
Information about OSIP, self insurance programs, including an overview of self insurance in California.
Self Insured Employers
Information and resources for private self insured employers and firms wishing to become self insured
Self Insurance Groups (SIG)
Information and resources for self insured groups and their affiliate members
Third Party Administrator (TPA)
Information and resources for Third Party Administrators and SI claims Administrator Exam Applicants.
Public Entities and Joint Power Authorities (JPA)
Self Insurance by the Numbers - 2012
$173 Billion total self insured payroll
4 Million CA Workers covered by self insurance
1 in 4 CA Workers is covered by self insurance
7,952 CA Employers are active self insurers
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Get information on posting a security deposit for self insurance
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Apply to take the Self Insurance Administrator's examination
Determine if an employer is self insured
Access self insurance regulations
Receive notices about OSIP rulemaking
Determine if a person is a self insured administrator
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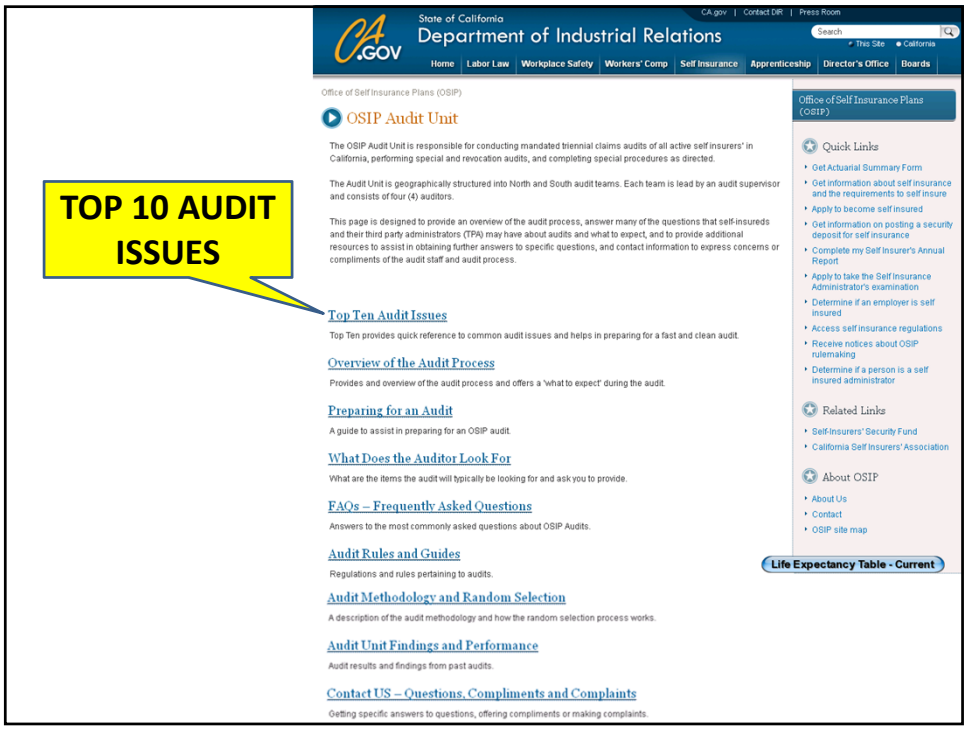
TOP 10 AUDIT ISSUES
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OSIP Audit Unit
The OSIP Audit Unit is responsible for conducting mandated triennial claims audits of all active self insurers' in California, performing special and revocation audits, and completing special procedures as directed.
The Audit Unit is geographically structured into North and South audit teams. Each team is lead by an audit supervisor and consists of four (4) auditors.
This page is designed to provide an overview of the audit process, answer many of the questions that self-insureds and their third party administrators (TPA) may have about audits and what to expect, and to provide additional resources to assist in obtaining further answers to specific questions, and contact information to express concerns or compliments of the audit staff and audit process.
Top Ten Audit Issues
Top Ten provides quick reference to common audit issues and helps in preparing for a fast and clean audit.
Overview of the Audit Process
Provides and overview of the audit process and offers a 'what to expect' during the audit.
Preparing for an Audit
A guide to assist in preparing for an OSIP audit.
What Does the Auditor Look For
What are the items the audit will typically be looking for and ask you to provide.
FAQs – Frequently Asked Questions
Answers to the most commonly asked questions about OSIP Audits.
Audit Rules and Guides
Regulations and rules pertaining to audits.
Audit Methodology and Random Selection
A description of the audit methodology and how the random selection process works.
Audit Unit Findings and Performance
Audit results and findings from past audits.
Contact US – Questions, Compliments and Complaints
Getting specific answers to questions, offering compliments or making complaints.
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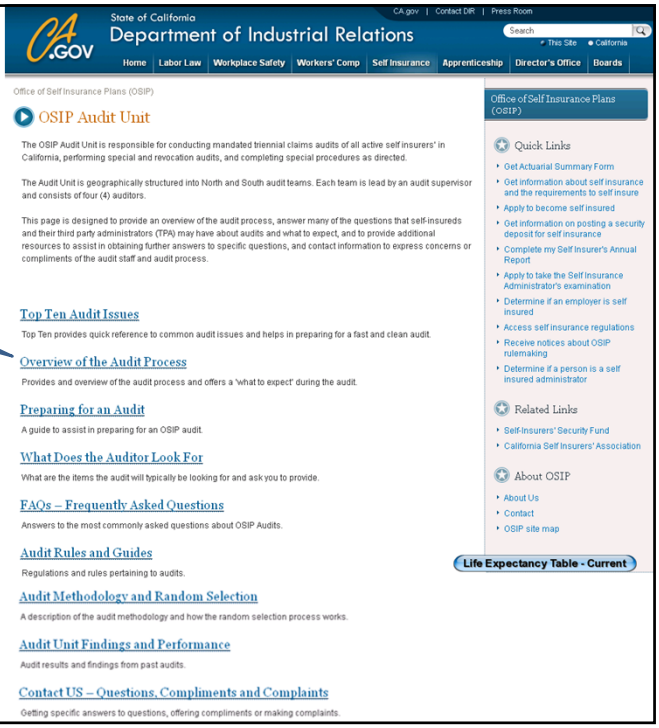
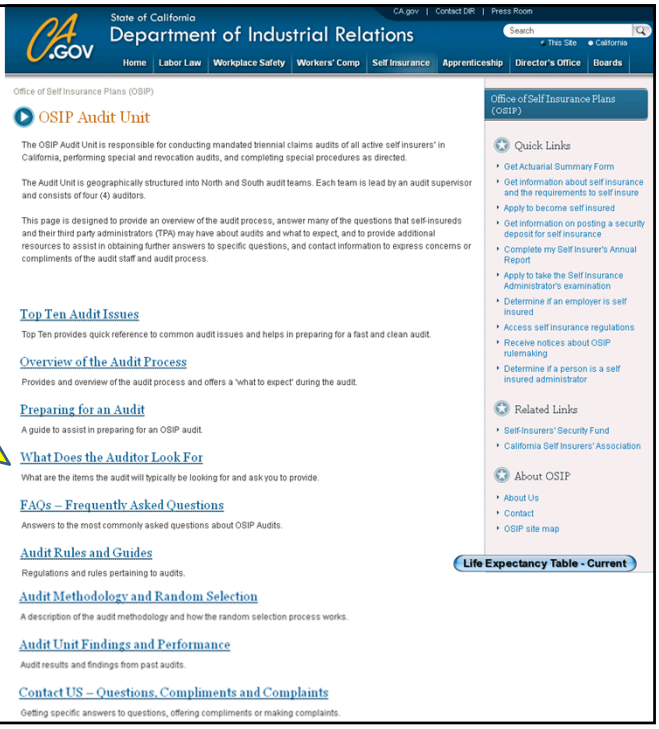
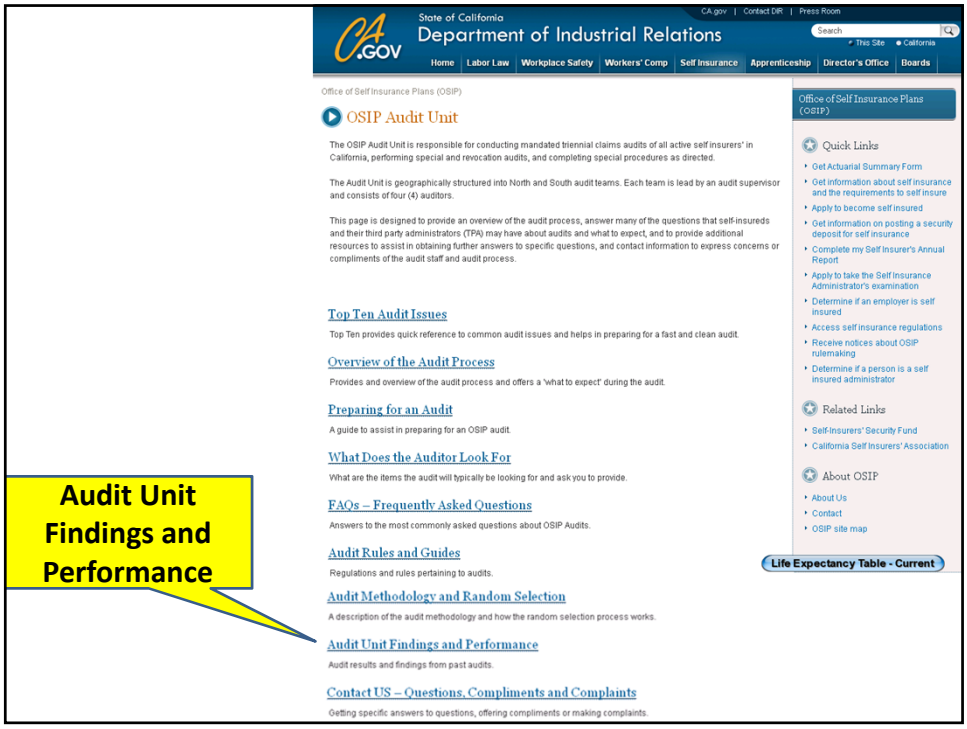
OVERVIEW OF THE AUDIT PROCESS

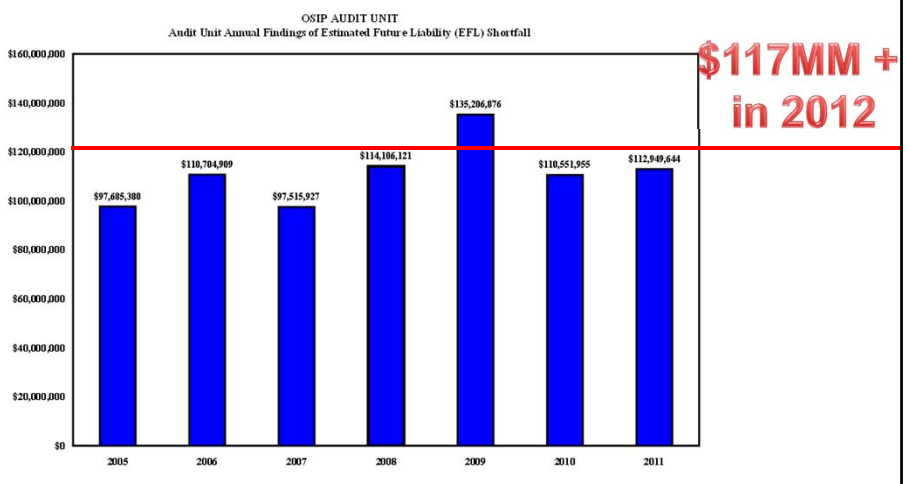


Preparing for an audit
What Auditors Look For
FAQs
Audit Rules & Guides

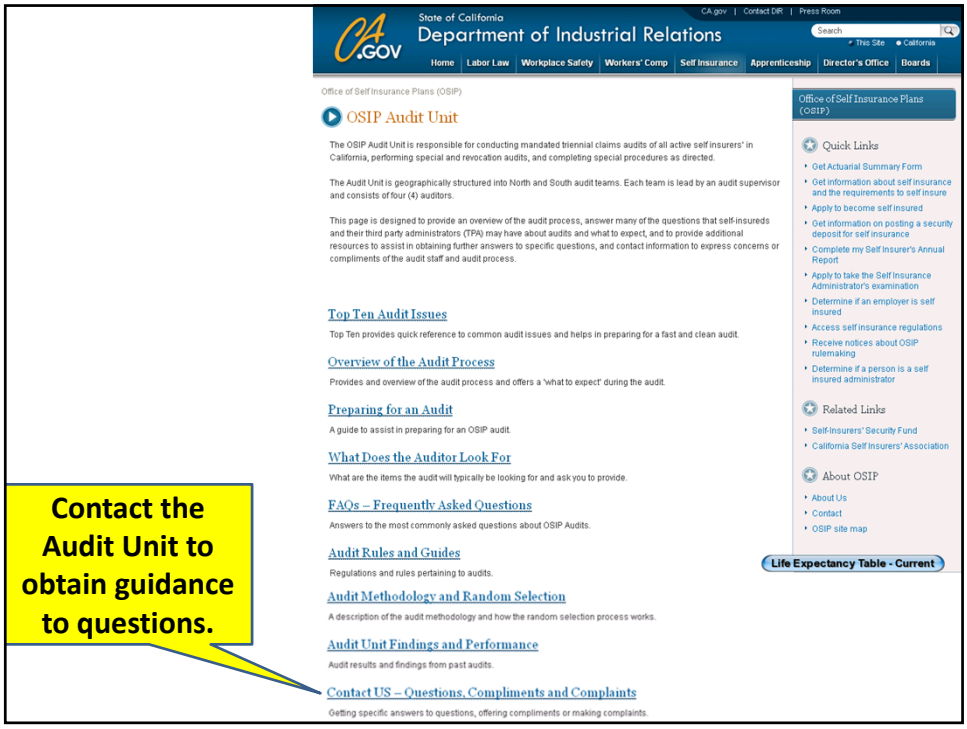




During the past five years (2007 – 2011), the audit unit has identified more than <u>$570 million dollars in under-reported claims reserves</u>.



For every $1 spent auditing, $114 dollars of under-reported reserves, risk and liability exposure is identified and corrected.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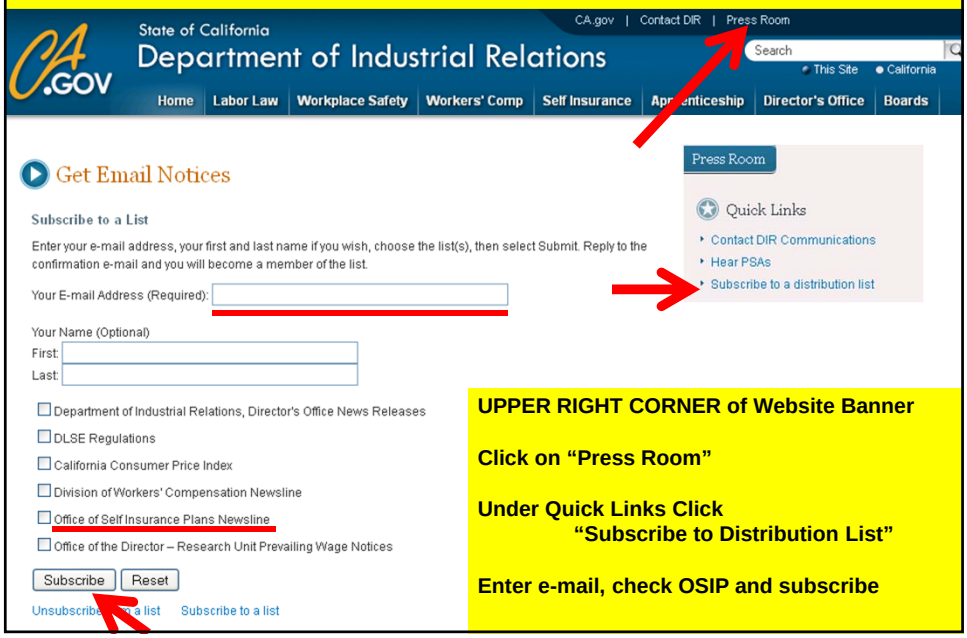
What's New ?
Change Ahead

OSIP IMPROVEMENTS 2012

- INTRODUCING E-FILING ON 1-1-13
- AUDITS – RANDOM SAMPLE
- STATEWIDE CLAIMS ADMINISTRATOR TESTING
- ELECTRONIC TRANSFER FUNDS (ETF)
- NEWSLINE BULLETINS AND UPDATES

- **Refinement of E-Filing Platform**
- **Expansion of E-Filing Processes**
- **Streamlined Application Process**
  - ***(Not Your Father's!)***

STAYING INFORMED OF CHANGES



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