

**STATE OF CALIFORNIA  
DEPARTMENT OF INDUSTRIAL RELATIONS  
OFFICE OF SELF INSURANCE PLANS**

**NOTICE OF MODIFICATION TO TEXT OF PROPOSED REGULATIONS**

**Workers' Compensation – Self-insurance (Title 8, California Code of Regulations, Sections 15201, 15203, 15203.2, 15203.3, 15203.5, 15203.6, 15203.7, 15203.10, 15204, 15205, 15209, 15210, 15210.1, 1510.2, 15211.1, 15211.2, 15216, 15220, 15220.2, 15230, 15251, 15353, 15405, 15422, 15426, 15431.1, 15471, 15472, 15475.2, 15475.3, 15476, 15479, 15480, 15481, 15482, 15482.1, 15482.2, 15483, 15484, 15486, 15486.1, 15487, 15491, 15496 and 15497)**

**NOTICE IS HEREBY GIVEN** that the Director of Industrial Relations (“Director”), pursuant to rulemaking authority derived from Labor Code sections 55 and 3702.10, in order to implement, interpret and make specific sections 3701 through 3702.9 of the Labor Code, proposes to:

- Modify the text of proposed sections 15201, 15203, 15203.2, 15203.7, 15204, 15205, 15209, 15210, 15210.1, 15211.2, 15216, 15230, 15251, 15422, 15431.1, 15471, 15475.2, 15475.3, 15481, 15482.1, 15482.2, 15483, 15484, 15486.1, 15487, 15496 and 15497.
- Repeal existing Form A4-6 (Rev. 11/97) contained in Plate D of the Appendix following California Code of Regulations, title 8, section 15463 and replace it with new Form A-4 (1-2016).

**PRESENTATION OF WRITTEN COMMENTS AND DEADLINE FOR SUBMISSION OF WRITTEN COMMENTS REGARDING MODIFICATIONS TO TEXT**

Members of the public are invited to present written comments regarding these proposed modifications. **Only comments directly concerning the proposed modifications to the text of the regulations will be considered and responded to in the Final Statement of Reasons.**

Written comments should be sent by mail or personal delivery to Lyn Asio Booz, Office of Self Insurance Plans, 11050 Olson Drive, Suite 230, Rancho Cordova, CA 95670. Written comments may also be sent (1) via electronic mail to OSIPRulemaking@dir.ca.gov or (2) via facsimile to the attention of Lyn Asio Booz at (916) 464-7007. To be considered, written comments must be received by the Director **no later than 5:00 p.m. on August 12, 2016.**

**AVAILABILITY OF TEXT OF REGULATIONS AND RULEMAKING FILE**

Copies of the original text, modified text with modifications clearly indicated, and the entire rulemaking file are currently available for inspection and copying at the Department of Industrial Relations, Office of Self Insurance Plans, 11050 Olson Drive, Suite 230, Rancho Cordova, CA 95670, between 8:00 A.M. and 5:00 P.M., Monday through Friday. Rulemaking records may also be accessed through the agency’s Internet website at <http://www.dir.ca.gov/osip/>. To access them, click on the “Proposed Regulations – Rulemaking” link.

## FORMAT OF PROPOSED MODIFICATIONS

### Proposed Text Noticed for 45-Day Comment Period:

As originally noticed, text proposed to be added is indicated by single underlining, thus: added language. Text proposed to be deleted is indicated by strikeout, thus: ~~deleted language~~.

### Proposed Text Noticed for 15-Day Comment Period on Modified Text:

As modified, additional text proposed to be added is indicated by double underlining, thus: additional added language. Additional text proposed to be deleted is indicated by double strikeout, thus: ~~~~additional deleted language~~~~.

## SUMMARY OF PROPOSED TEXT CHANGES

Proposed Amendment of Section 15201:

- Revise new definition of “Closed Claim” as follows:

Closed Claim. A work-injury claim in which future ~~payment of compensation~~ provision of benefits cannot be reasonably expected to be due.

- Clarify definition of “Group Self-Insurer” by revising the final sentence as follows:

~~A group self-insurer issued a Certificate of Consent to Self-Insure pursuant to Labor Code Section 3700(b) and~~ These regulations are not intended to deem such a group self-insurer issued a Certificate of Consent to Self-Insure pursuant to Labor Code Section 3700, subdivision (b) to be an insurance company subject to regulations governing insurers contained in Title 10, California Code of Regulations, except as otherwise provided by statute and by Title 8, California Code of Regulations.

- Insert “(3)” following “three” in the definition of “Industry.”
- Insert a new definition of “Office of Self-Insurance Plans” as follows:

Office of Self-Insurance Plans. The Department of Industrial Relations, Office of Self-Insurance Plans, that is responsible for the oversight and regulation of Workers’ Compensation self-insurance programs under these regulations.

Proposed Amendment of Section 15203:

- Revise subdivision (b) as follows:

(b) A new application may be required when an existing, individual self-insurer reincorporates, merges, changes ownership, or adds a new or separate subsidiary or affiliate to its existing workers' compensation self-insurance program. In some

cases, it may be possible to amend and transfer an existing certificate without a new application, which decision shall be made by the Chief.

- Insert “(3)” following “three” in subdivision (c)(1).
- Insert a comma and delete the extraneous word “or” in subdivision (c)(3).
- Insert the words “self-insurer” following “group” in subdivision (f).

Proposed Amendment of Section 15203.2:

- Update reference in subdivision (a) from old Form A 4-6 (Rev. 11/97) to new Form A-4 (1-2016).
- Change “application to self-insurance” to “application to self-insure” in subdivision (d).

Proposed Amendment of Section 15203.7:

- Change “Manager” to “Chief” in subdivision (c).

Proposed Amendment of Section 15204:

- Insert a comma following “shall” in subdivision (a).

Proposed Amendment of Section 15205:

- Replace commas with semicolons in subdivisions (b)(1) and (b)(2) and insert the word “and” at the end subdivision (b)(2).

Proposed Amendment of Section 15209:

- Punctuation corrections in subdivision (b).

Proposed Amendment of Section 15210:

- Insert the word “percent” in subdivision (d)(1).
- Update internal references to reflect renumbering of subdivisions due to deletion of former subdivision (e) in renumbered subdivision (g).

Proposed Amendment of Section 15210.1:

- Update reference to “Office of Benefits Audits and Enforcement in the Division of Workers' Compensation” to “Division of Workers' Compensation Audit Unit” in subdivision (d).

Proposed Amendment of Section 15211.2:

- Revise section title from “Agreement of Assumption and Guarantee of Liabilities” to “Guaranty of Workers’ Compensation Liabilities.”
- Update references from “Agreement of Assumption and Guarantee of Liabilities” (old Form A 4-6 (Rev. 11/97)) to “Guaranty of Workers’ Compensation Liabilities” (new Form A-4 (1-2016)) throughout.
- Revise the last sentence of subdivision (b) as follows:

The form is contained in Plate D of the Appendix following Section 15463 of these regulations and is available on the website of the Office of Self-Insurance Plans at <http://sip.dir.ca.gov/osip/>.

- Revise the last sentence of subdivision (d), Note 2 as follows:

The current model assumption resolutions are contained in Plate E of the Appendix following ~~the last Article~~ Section 15463 of these ~~Subchapter 2~~ regulations.

- Revise subdivision (h) to accord with new Form A-4 (1-2016) as follows:

~~(h) An Agreement of Assumption and Guarantee of Workers' Compensation Liabilities executed pursuant to this section may be terminated only upon the express written consent of both the Director and the Security Fund. Termination shall be effective upon the Guarantor's receipt of such express written consent. Termination shall not extinguish the Guarantor's continuing liability for any default of the guaranteed self-insurer in fully discharging all existing and potential Workers' Compensation liability on account of any injury suffered by any of the guaranteed self-insurer's employees prior to the date of termination upon receipt of a written notice of such termination, but except as provided in subsection (i), the termination shall not take effect sooner than thirty (30) days after receipt of the written termination notice.~~

- Delete subdivision (i)

Proposed Amendment of Section 15216:

- Change "Manager" to "Chief" in subdivision (c).
- Insert the words "or entity" following "any person" in subdivision (g).

Proposed Amendment of Section 15230:

- Insert the word "thirty" prior to "30" in subdivision (c).

Proposed Amendment of Section 15251:

- Insert the word "sixty" prior to "60" in subdivision (a).
- Insert "(3)" following "three" in subdivision (b)(1)(B).
- Insert "(5)" following "five" in subdivisions (b)(2)(A) and (B).
- Restore previously deleted subdivision (b)(5)(B).
- Restore erroneously deleted period at the end of amended subdivision (b)(6).
- Insert "(60)" following "sixty" in subdivision (e).

Proposed Amendment of Section 15422:

- Change "Manager" to "Chief" and delete unnecessary subheading (a).

Proposed Amendment of Section 15431.1:

- Punctuation corrections for uniformity in subdivision (a) and insert the word “and” at the end of subdivision (a)(4).

Proposed Amendment of Section 15471:

- Insert “(5)” following “five” in subdivision (d).

Proposed Amendment of Section 15475.2:

- Insert “self-insurer” following “group” in subdivision (a).
- Delete extraneous space before the comma following “15477(a)(1)” in subdivision (d).

Proposed Amendment of Section 15475.3:

- Revise subdivision (a)(3) as follows:

(3) Certificates of Deposit that are FDIC or NCUA insured or collateralized by the issuing institution. Investments in eligible certificates of deposit, that are brokered into various FDIC and/or NCUA insured institutions, shall have a maximum maturity of no more than five~~two~~ (5) years, and shall not exceed ~~45~~fifty percent (50%) of the total portfolio as measured at the date of purchase.

Proposed Amendment of Section 15481:

- Insert “group” before “administrator” in subdivision (a).
- Revise the first sentence of subdivision (a)(1) as follows:

The analysis and results of the actuarial study shall be presented to the group self-insurer's Board of Trustees and made available, in a written or electronic form, to the Board of Trustees and to any present or former group member requesting a copy.

- Insert the words “one million dollars” and change “\$1 million” to “\$1,000,000” in subdivision (4).
- Insert the words “ten” before “10” and “one million dollars” before “\$1,000,000” in subdivision (5).

Proposed Amendment of Section 15482.1:

- Delete unnecessary parentheses in subdivision (a).
- Punctuation corrections for uniformity in subdivisions (a)(1) and (3).

Proposed Amendment of Section 15482.2:

- Revise to delete unnecessary subheading (b)(1).
- Replace the existing period with a semicolon and insert the word “and” at the end of subdivision (c)(4).

Proposed Amendment of Section 15483:

- Restore previously deleted language in subdivision (b).

Proposed Amendment of Section 15484:

- Correct “Generally Accepted Auditing Principles” to “Generally Accepted Accounting Principles” in subdivision (a).

Proposed Amendment of Section 15486.1:

- Insert hyphens in “Self-Insurer” in the section title and “Self-Insure” in subdivision (a).

Proposed Amendment of Section 15487:

- Insert “(6)” following “six” in subdivisions (a) and (c).
- Insert “(3)” following “three” in subdivision (b).

Proposed Amendment of Section 15496:

- Insert “sixty percent” before “(60)” and “thirty” before “30” in subdivision (b)(1).
- Revise subdivision (c)(5) as follows:

(5) Any combination of one or more of the foregoing methods ~~described in subsections (g)(1) through (g)(4) of this section.~~

Proposed Amendment of Section 15497:

- Insert “thirty” before “30” in subdivision (a).