

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

**NOTICE OF MODIFICATION OF TEXT OF PROPOSED REGULATIONS
AND
DOCUMENTS ADDED TO THE RULEMAKING FILE**

Subject Matter of Regulations: Administration of Self-Insurance Plans

NOTICE IS HEREBY GIVEN that the Director of the Department of Industrial Relations (hereinafter “Director”), exercising the authority vested in the Director by Labor Code sections 55, 59, and 3702.10, proposes to modify the text of the following proposed amendments to Articles 1 of Chapter 8, Subchapter 2, of Title 8, California Code of Regulations:

Section 15201	Definitions
Section 15203.2	Continuing Financial Capacity for Individual Private Self Insurers
Section 15203.5	Agreement and Undertaking for Security Deposit
Section 15203.6	Delayed Start-up of a Self Insurance Program
Section 15203.9	Validity of Certificate of Consent to Self Insure
Section 15203.10	Reinstatement of a Certificate of Consent to Self Insure
Section 15205	Interim Certificates
Section 15210.1	Adjustments in the Amount of Security Deposit
Section 15211	Allocation of the Security Deposits for Private Individual Self Insurers
Section 15211.1	Appeals to Increase in Security Deposit Due to Impaired Financial Condition of an Individual Private Self Insurer
Section 15211.2	Agreement of Assumption and Guarantee of Liabilities
Section 15215	Letters of Credit
Section 15230	Private Sector License Fee Assessment
Section 15251	Self Insurer’s Annual Report
Section 15353	Injury and Illness Prevention Program
Section 15360	Transfer of Claim Liabilities
Section 15405	Confidentiality
Section 15470	General
Section 15471	Initial Feasibility Study
Section 15472	Minimum Financial Requirements for a Group Self Insurer
Section 15473	Homogeneity of Group Members
Section 15474	Reporting Periods
Section 15475	Board of Trustees
Section 15475.1	Separation Among Service Providers
Section 15475.2	Restriction on Use of Funds
Section 15475.3	Investment of Funds
Section 15477	Surplus or Insufficient Funding
Section 15478	Excess Insurance
Section 15479	Indemnity Agreement and Power of Attorney
Section 15480	Termination of Membership in a Group Self Insurer
Section 15481	Annual Actuarial Certification of Losses

Section 15482	Private Group Application
Section 15482.1	Private Group Member Application
Section 15482.2	Interim Certificates to Group Members
Section 15483	Agreement of Assumption and Guarantee of Group Members' Liabilities
Section 15484	Continuing Financial Capacity of Group Self Insurers
Section 15485	Resolution to Authorize Self Insurance for a Group Self Insurer or Group Member
Section 15486	Agreement and Undertaking for Director to Utilize Security Deposit to Pay Benefits Due
Section 15486.1	Group Self Insurer Injury and Illness Prevention Program
Section 15487	Delayed Start-up of a Group Self Insurer or Group Member Participation In Group Self Insurance
Section 15488	Initial Issuance of the Certificate of Consent to Self Insure and Notice to Employees of Self Insured Status
Section 15489	Reporting Group Charter Amendments
Section 15489.1	Change in Status
Section 15490	Validity of Certificate to Group Self Insurer or Group Member
Section 15490.1	Reinstatement of a Certificate or Affiliate Certificate of Consent to Self Insure
Section 15491	Group Self Insurer and Group Member Application Filing Fees
Section 15496	Group Self Insurer's Security Deposit
Section 15497	Adjustments in the Amount of a Group Self Insurer's Security Deposit
Section 15497.1	Security Deposit Adjustment Upon Revocation of Group Self Insurer Or Group Member Certificates
Section 15498	Insurance Coverage
Section 15499	Allocation of the Security Deposit for a Group Self Insurer
Section 15499.5	Appeals to Increases in Security Deposits Based on Impaired Group Self Insurer Financial Condition

NOTICE IS HEREBY GIVEN that the Director of the Department of Industrial Relations (hereinafter "Director"), has added the following documents to the rulemaking file pursuant to the requirements of Government Code sections 11346.8(d), 11346.9(a)(1) and 11347.1:

- UPC 600 (2007 Revision)
- Addendum to FSR
- Form A4-40a (6-2001)
- Form A4-40b (4-1992)
- Form A4-7 (11-08)
- Minutes of Public Hearing dated April 21, 2008

PRESENTATION OF WRITTEN COMMENTS AND DEADLINE FOR SUBMISSION OF WRITTEN COMMENTS

Members of the public are invited to present written comments regarding this second 15 day Notice of text modifications and documents added to the rulemaking file. **Only comments**

concerning the proposed modification to the text of the regulations or documents added to the rulemaking file will be considered and responded to in the Final Statement of Reasons.

Written comments should be addressed to:

James A. Ware, Chief
Department of Industrial Relations
Office of Self-Insurance Plans
2265 Watt Avenue, Suite 1
Sacramento, CA 95825

Public comments will be accepted from December 18, 2008 to January 2, 2009.

Written comments may be submitted by facsimile transmission (FAX), addressed to the contact person at (916) 483-1535. Written comments may also be sent electronically (via e-mail), using the following e-mail address: SIPRulemakings@dir.ca.gov

Due to the inherent risks of non-delivery by facsimile transmission, the Director suggests, but does not require, that a copy of any comments transmitted by facsimile transmission also be submitted by regular mail.

Comments sent to other e-mail addresses or other facsimile numbers will not be accepted. Comments sent by e-mail or facsimile are subject to the deadline set forth above for written comments.

AVAILABILITY OF TEXT OF REGULATIONS AND DOCUMENTS ADDED TO THE RULEMAKING FILE

Copies of the modified text with modifications clearly indicated, and documents added to the rulemaking file are currently available for public review during normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays, at the Office of Self Insurance Plans, located at 2265 Watt Avenue, Suite 1, Sacramento, California. Please contact the regulations coordinator, Ms. Tina Freese, at (916) 574-0300 to arrange to inspect the rulemaking file.

FORMAT OF PROPOSED MODIFICATIONS

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

Deletions from all prior versions of the proposed revisions of the regulations text are indicated by shading gray: newly proposed deletions.

Newly proposed versions of additions to the regulatory text are indicated by large bold letters: newly added language.

SUMMARY OF PROPOSED CHANGES

Article 1. Section 15201. Definitions.

Non substantive deletions were made for clarity and for proper capitalization.

Article 2. Section 15203. Certificate of Consent to Self Insure.

Non substantive deletions were made for proper capitalization and punctuation.

(f) The number 4 was deleted to correctly identify the proper form.

NOTE

The reference to Government Code was deleted as having been repealed.

Section 15203.2. Continuing Financial Capacity for Individual Private Self Insurers.

(a) A form number was added for clarity and the words “that is acceptable to the Manager” were deleted as standards were set for acceptable financial statements.

Section 15203.3. Resolution to Authorize Self Insurance for an Individual Private Employer.

(a) Non substantive changes were made to conform to existing text and for grammatical clarity.

Section 15203.7. Documentation of Consent to Self Insure and Notice to Employees of Self Insured Status.

(a) A new date is given to be effective after the date of the approval of the regulations.

NOTE

Duplicate Reference sections were deleted.

Section 15203.8. Change in Status.

Non substantive changes were made for consistency of terms.

Section 15203.9. Validity of Certificate of Consent to Self Insure.

Non substantive changes were made for capitalization.

Note

Labor Code section was moved from Authority to Reference.

Section 15203.10. Reinstatement of a Certificate of consent to Self Insure.

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(b) The discretionary may was changed to mandatory shall.

Section 15205. Interim Certificates

Non substantive changes were made for punctuation.

(e) Entire incorrectly typed subsection was deleted and new correct subsection was added to be deleted.

Article 3. Section 1510. Security Deposit.

Non substantive change was made for punctuation.

Section 15211.2. Agreement of Assumption and Guarantee of Liabilities.

Non substantive changes were made for capitalization

Section 15215. Letters of Credit.

(c)(6) Publication No. changed from 64500 to 600.

Article 5. Section 15251. Self Insurers Annual Report.

Non substantive changes were made for capitalization and grammar.

(b)(5)(A) Note Form numbers and revision dates of A4-40a (Rev.6/2001) and A4-40b (Rev. 4/92) were added.

Article 9. Section 15405. Confidentiality.

Non substantive changes were made for punctuation.

NOTE: Labor Code Section 3701.5 was moved from Authority to Reference.

Article 13. Section 15470. General.

(l) Modification was made to clarify the intent of the regulation was to not deem groups as insurance companies nor to subject them to regulations governing insurers.

Section 15472. Financial Requirements for a Group Self Insurer.

Nonsubstantive changes were made to correct capitalization.

(d)(2) Modification was made to remove discretion of the Manager as to acceptance of payroll as earnings.

Section 15475. Board of Trustees.

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Nonsubstantive changes were made to correct grammar.

Section 16475.3. Investment of Funds.

(a)(4) Modification was mad to correct the section number of credit rating requirements.

Note: Reference citations to the Labor Code were added.

Section 15477. Nonsubstantive changes were made for consistency of terms.

Section 15479. Indemnity Agreement and Power of Attorney.

Note: Modification was made to reflect the proper location of the Appendix.

Section 15481. Annual Actuarial Certification of Losses.

(c) Modification was made so that the format for information from the actuarial report is specified rather than to be provided.

Section 15482. Private Group Application.

Nonsubstantive changes were made to correct grammar.

(b)(2) Modification was made to remove the form number of Resolution.

Section 15482.1. Private Group Member Application.

Note: Nonsubstantive change was made to correct capitalization. Repealed sections of the Government Code were deleted.

Section 15483. Agreement of Assumption and Guarantee of Group Member's Liabilities.

(c) Modification was made to correct revision date of form.

Section 15484. Continuing Financial Capacity of Group Self Insurers.

(h) Modification was made to correctly identify subsection describing impaired solvency.

Section 15485. Resolution to Authorize Self Insurance for a Group Self Insurere or Group Member.s

(b) Modification was made to remove form number for group resolutions.

Section 15496. Group Selfinsurer's Security Deposit.

Note: Nonsubstantive changes were made to correct punctuation.

Section 15497.1. Security Deposit Adjustment Upon Revocation of Group Self Insurer or Group Member Certificates.

Note: Modification was made reference sections.

Section 15499. Allocation of the Security Deposit for a Group Self Insurer.

Note: Modification was made reference sections.

Section 15499.5. Appeals of Increases in Security Deposits Based on Impaired Group Insurer Financial condition.

Nonsubstantive changes were made to correct grammar.