

DEPARTMENT OF INDUSTRIAL RELATIONS
COMMISSION ON HEALTH AND SAFETY AND
WORKERS' COMPENSATION1515 Clay Street, Room 901
Oakland, CA 94612
Telephone: (510) 622-3959
Fax: (510) 622-3265
Email: CHSWC@dir.ca.gov
Website: www.dir.ca.gov/chswc

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TO: CHSWC Commissioners
Sean McNally, 2011 Chair
Cathy Aguilar
Faith Culbreath
Kristen Schwenkmeyer
Robert B. Steinberg
Darrel "Shorty" Thacker
Angie WeiFROM:  D. Lachlan Taylor, Acting Executive Officer

SUBJECT: Requirement for Insurer Review of Employer's IIPP

Every employer in California is required to establish, implement, and maintain an injury and illness prevention program. Cal/OSHA inspectors frequently find employers in violation of this requirement. This memo is intended to provide a brief background on the role of insurers in helping employers comply with the law.

The IIPP requirement was enacted in 1989 when Section 6401.7 was added to the Labor Code. A requirement for every insurer to offer loss control consultation services was enacted in 1995, when Section 6354.5 was added.

In 2003, Section 6401.7 was amended to require every workers' compensation insurer to review every policyholder's IIPP within four months of the beginning of the initial policy term and to prepare a detailed written report with recommendations. The new requirements added a cost to every new policy. The cost could be significant in comparison to the premium for smaller employers who already had good loss histories.

In response to the concern about unnecessary cost, SB 899 amended the requirement in 2004 so that the insurer is required to conduct the review and prepare the report only if the employer has an experience modification of 2.0 or greater. As amended, the requirement for an insurer to review an IIPP is now targeted toward the employers most in need of effective injury and illness prevention programs.

A copy of subdivision (l) of Section 6401.7 is attached. This is the language that was added by SB 228 effective 1/1/2004, as amended by SB 899 effective 4/19/2004. The amendments made by SB 899 are indicated by ~~strikeout~~ and ***bold italic*** text.

ATTACHMENT

Labor Code section 6401.7(l), added by SB 228 (2003), showing amendments made by SB 899 (2004)

(l) Every workers' compensation insurer shall conduct a review, including a written report as specified below, of the injury and illness prevention program (IIPP) of each of its insureds **with an experience modification of 2.0 or greater** within ~~four~~ **six** months of the commencement of the initial insurance policy term. The review shall determine whether the insured has implemented all of the required components of the IIPP, and evaluate their effectiveness. The training component of the IIPP shall be evaluated to determine whether training is provided to line employees, supervisors, and upper level management, and effectively imparts the information and skills each of these groups needs to ensure that all of the insured's specific health and safety issues are fully addressed by the insured. The reviewer shall prepare a detailed written report specifying the findings of the review and all recommended changes deemed necessary to make the IIPP effective. The reviewer shall be ~~an independent~~ **or work under the direction of a** licensed California professional engineer, certified safety professional, or a certified industrial hygienist.