

**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, Section 15203.2)

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, and pursuant to Government Code section 11349.4 proposes to:

- Modify the text of proposed section 15203.2.

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 March 16, 2017.**

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 15203.2:

- Subdivision (d) is amended to eliminate the requirement of \$5,000,000.00 net worth and average net income of \$500,000.00 for private individual employer applicants for the preceding 5 years.
- Subdivision (d) is amended to add new minimum conditions: (1) three calendar years in a legally authorized business; (2) have three years of independently audited financial statements; and (3) have an acceptable credit rating for each of the three full calendar years prior to the date of application. "Acceptable credit rating" is further clarified by cross-reference to Section 15220(d)(2).

The proposed amendments to section 15203.2, subdivision (d) are as follows:

(d) ~~After July 1, 1994, all private individual employer applicants for a master Certificate of Consent to Self Insure shall demonstrate and maintain a current net worth of at least \$5,000,000 and average net income for the preceding 5 years of at least \$500,000.~~ Each private employer applicant for a Certificate of Consent to Self-Insure shall meet the following minimum conditions: (1) three calendar years in business in a legally authorized business form (e.g. corporation, partnership, proprietorship, non-profit, etc.); (2) have three years of audited financial statements prepared by an independent certified public accountant; and (3) on the date of application to self-insure, have an acceptable credit rating, as specified in Section 15220(d)(2), for each of three full calendar years prior to the date of application as demonstrated pursuant to Section 15220.1, and directly post a security deposit as required by Section 15210(d).