

Title 8. Industrial Relations
Division 1. Department of Industrial Relations
Chapter 8. Office of the Director
Subchapter 2. Administration of Self-Insurance Plans
Article 2. Certificate of Consent to Self-Insure

§ 15203.2. Continuing Financial Capacity for Individual Private Self-Insurers.

(a) Each individual private self-insurer holding an active or revoked Certificate of Consent to Self-Insure shall submit annually via an online platform at <http://www.dir.ca.gov/osip> a copy of the employer's current, certified, independently audited financial statement complete with all notes and schedules. If the individual private self-insurer or former self-insurer did not prepare a current, certified, independently audited financial statement of its financial condition, or of a parent or holding company's financial condition if a Guaranty of Workers' Compensation Liabilities (Form A-4 (1-2016)) has been executed on its behalf by that parent or holding company pursuant to Section 15211.2 of these regulations, the self-insurer or former self-insurer shall advise the Chief in writing and submit a financial statement prepared by an independent certified public accountant. Failure to submit a qualifying financial statement pursuant to this section may result in an increased security deposit requirement pursuant to subsection (c) and/or revocation of the Certificate of Consent to Self-Insure for good cause pursuant to Labor Code Section 3702.

(b) Any joint powers authority which is solely responsible for the self-insurance claims of its public members shall submit annually to the Chief a consolidated report of its financial condition and/or, if available, a current, certified, independently audited financial statement complete with all notes and schedules.

(c) Impairment of solvency of a current or former private individual self-insured employer, indicated by a marked reduction in financial strength, or the lack of an independently prepared, audited financial statement, is good cause for an increased security deposit pursuant to Section 15210.1 of these regulations and/or involuntary revocation of a Certificate of Consent to Self-Insure, an Affiliate Certificate, or a Subsidiary Certificate pursuant to Labor Code Section 3702.

(d) 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).

Note: Authority cited: Sections 54, 55 and 3702.10, Labor Code. Reference: Sections 59, 3700, 3701, 3702 and 3702.10, Labor Code.