

## N E W S L I N E

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### **OSIP Final Actuarial-Based Collateral Deposit Regulations Now in Effect**

The Office of Administrative Law (OAL) has approved the Office of Self Insurance Plans' (OSIP) final version of the actuarial-based collateral deposit emergency regulations that implemented major reform provisions of Senate Bill 863. The actuarial-based collateral deposit [regulations](#) were effective Aug. 13.

OSIP filed its certificate of compliance for the emergency regulations with OAL on July 1. The final version of the actuarial-based collateral deposit regulations differ from the emergency regulations as follows:

#### Exemption

An exemption is created from the requirement for private and group self-insurers to file an actuarial study and summary form with OSIP when the self-insurer reports 10 or fewer open claims, or their estimated future liabilities are less than \$1 million as reported in the employer's annual report for the period ending Dec. 31 of the immediately prior year.

#### Minimum Collateral Deposit

The regulations eliminate the previous statutory requirement of a minimum deposit of at least \$220,000 allowing the deposit be set at an appropriate level based on statutes and regulations which could be less than \$220,000. Under the new regulations, the required deposit could be also eliminated in cases where all claims have been closed and reported liabilities equal zero.

#### Self-Insured Group Income and Solvency

The regulations establish new standards regarding how groups demonstrate sufficient income from annual member contributions and/or assessments, specify circumstances under which a self-insured group's solvency is presumed to be impaired, and bring the regulations into accord with the new requirements of the Labor Code.

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