

Informational Bulletin: Cash in Trust

California Labor Code Section 3701 permits deposit of cash in trust as a security deposit for a worker's compensation self insurance program. The California Code of Regulations, Title 8, Section 15214 specifies how to post a cash deposit:

Section 15214. Cash in Trust

(a) Cash shall be presented to the Chief in the form of a corporate check, cashier's check, certified check or money order and shall be made payable to "The Department of Industrial Relations In Trust For [the legal name of the self insurer]." A wire transfer of funds to a bank, or financial institution if approved in advance by the Chief may be used.

Note 1: Cash deposits shall be deposited by the Office of Self-Insurance Plans on the same day received or on the following business day with a bank or financial institution meeting the credit standards contained in Section 15215(e) into an interest bearing savings account or into a callable or brokered certificate of deposit not exceeding one year in duration with an automatic rollover upon maturity. A savings account or certificate of deposit shall be set up in such a manner to show the deposit is held in trust for the private self insurer by the Department of Industrial Relations, as the depositor, and the private self insurer has no ability to control any part of the savings account or certificate of deposit. The savings account, original certificate or other evidence of the deposit or account shall be held by the bank or financial institution who shall be the custodian of the deposit, pending written instruction from Office of Self – Insurance Plans signed by the Chief to deliver documentary evidence of the deposit or account, to the Office of Self-Insurance Plans.

Note 2: A private self insurer desiring to deposit cash to be held in trust as part of its security deposit should contact the Chief in advance of sending a cash deposit to the Office of Self-Insurance Plans. The private self insurer may advise the Chief in writing of any preference for a bank or financial institution into which the cash is to be deposited by the Department and length of the deposit term. However, the selection of the bank or financial institution and length of term of the deposit is at the discretion of the Chief.

(b) Certificates of deposit may be deposited with prior arrangements made with the Chief and subject to approval of the Chief as with any other registered securities pursuant to Section 15213 of these regulations.

(c) By order of the Chief, documentary evidence of the savings account or certificate of deposit shall be provided by the bank or financial institution to the Office of Self Insurance Plans. The savings account or certificate of deposit shall be released only upon written order of the Director and the Chief or other person designated by the Director.

(d) The Chief shall provide the private self insurer depositing cash with a written receipt for the deposit.

(e) The private self insurer may request and the Chief shall authorize the payment of any interest on the cash

deposit to be sent to the self insurer from the bank or financial institution.

Please Note:

Send the Office of Self Insurance Plans a check, cashier's check, certificate check or money order.

DO NOT SET UP A SAVINGS ACCOUNT OR CERTIFICATE OF DEPOSIT AT A BANK OF YOUR CHOICE.

THE OFFICE OF SELF INSURANCE PLANS CAN ONLY ACCEPT THE CASH AND MUST SET UP THE BANK ACCOUNT OURSELVES.

It is helpful if you send a letter indicating what the check is for, your company's Federal Tax Number, any preference of banks that you may have for depositing the funds, the length of time you expect to leave cash on deposit, and information where to send interest payments.