

**STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
OFFICE OF SELF-INSURANCE PLANS**

**NOTICE OF MODIFICATION OF TEXT OF
PROPOSED REGULATIONS**

Subject Matter of Regulations: Administration of Self-Insurance Plans

NOTICE IS HEREBY GIVEN that the Director of the Department of Industrial Relations (hereinafter “Director”), exercising the authority vested in the Director by Labor Code sections 55, 59, and 3702.10, proposes to modify the text of the following proposed amendments to Articles 1 of Chapter 8, Subchapter 2, of Title 8, California Code of Regulations:

Section 15201	Definitions
Section 15203.2	Continuing Financial Capacity for Individual Private Self Insurers
Section 15203.5	Agreement and Undertaking for Security Deposit
Section 15203.6	Delayed Start-up of a Self Insurance Program
Section 15203.9	Validity of Certificate of Consent to Self Insure
Section 15203.10	Reinstatement of a Certificate of Consent to Self Insure
Section 15205	Interim Certificates
Section 15210.1	Adjustments in the Amount of Security Deposit
Section 15211	Allocation of the Security Deposits for Private Individual Self Insurers
Section 15211.1	Appeals to Increase in Security Deposit Due to Impaired Financial Condition of an Individual Private Self Insurer
Section 15211.2	Agreement of Assumption and Guarantee of Liabilities
Section 15215	Letters of Credit
Section 15230	Private Sector License Fee Assessment
Section 15251	Self Insurer’s Annual Report
Section 15353	Injury and Illness Prevention Program
Section 15360	Transfer of Claim Liabilities
Section 15405	Confidentiality
Section 15470	General
Section 15471	Initial Feasibility Study
Section 15472	Minimum Financial Requirements for a Group Self Insurer
Section 15473	Homogeneity of Group Members
Section 15474	Reporting Periods
Section 15475	Board of Trustees
Section 15475.1	Separation Among Service Providers
Section 15475.2	Restriction on Use of Funds
Section 15475.3	Investment of Funds
Section 15477	Surplus or Insufficient Funding
Section 15478	Excess Insurance
Section 15479	Indemnity Agreement and Power of Attorney
Section 15480	Termination of Membership in a Group Self Insurer
Section 15481	Annual Actuarial Certification of Losses
Section 15482	Private Group Application

Section 15482.1	Private Group Member Application
Section 15482.2	Interim Certificates to Group Members
Section 15483	Agreement of Assumption and Guarantee of Group Members' Liabilities
Section 15484	Continuing Financial Capacity of Group Self Insurers
Section 15485	Resolution to Authorize Self Insurance for a Group Self Insurer or Group Member
Section 15486	Agreement and Undertaking for Director to Utilize Security Deposit to Pay Benefits Due
Section 15486.1	Group Self Insurer Injury and Illness Prevention Program
Section 15487	Delayed Start-up of a Group Self Insurer or Group Member Participation In Group Self Insurance
Section 15488	Initial Issuance of the Certificate of Consent to Self Insure and Notice to Employees of Self Insured Status
Section 15489	Reporting Group Charter Amendments
Section 15489.1	Change in Status
Section 15490	Validity of Certificate to Group Self Insurer or Group Member
Section 15490.1	Reinstatement of a Certificate or Affiliate Certificate of Consent to Self Insure
Section 15491	Group Self Insurer and Group Member Application Filing Fees
Section 15496	Group Self Insurer's Security Deposit
Section 15497	Adjustments in the Amount of a Group Self Insurer's Security Deposit
Section 15497.1	Security Deposit Adjustment Upon Revocation of Group Self Insurer Or Group Member Certificates
Section 15498	Insurance Coverage
Section 15499	Allocation of the Security Deposit for a Group Self Insurer
Section 15499.5	Appeals to Increases in Security Deposits Based on Impaired Group Self Insurer Financial Condition

PRESENTATION OF WRITTEN COMMENTS AND DEADLINE FOR SUBMISSION OF WRITTEN COMMENTS

Members of the public are invited to present written comments regarding this proposed modification. **Only comments concerning the proposed modification to the text of the regulation will be considered and responded to in the Final Statement of Reasons.**

Written comments should be addressed to:

James Ware, Acting Manager
 Department of Industrial Relations
 Office of Self-Insurance Plans
 2265 Watt Avenue, Suite 1
 Sacramento, CA 95825

The contact person of the Office of Self-Insurance Plans must receive all written comments concerning the proposed modifications to the regulations no later than 5:00 p.m. on May, 28, 2008.

Written comments may be submitted by facsimile transmission (FAX), addressed to the contact person at (916) 483-1535. Written comments may also be sent electronically (via e-mail), using the following e-mail address: SIPRulemakings@dir.ca.gov

Due to the inherent risks of non-delivery by facsimile transmission, the Director suggests, but does not require, that a copy of any comments transmitted by facsimile transmission also be submitted by regular mail.

Comments sent to other e-mail addresses or other facsimile numbers will not be accepted. Comments sent by e-mail or facsimile are subject to the deadline set forth above for written comments.

AVAILABILITY OF TEXT OF REGULATIONS AND RULEMAKING FILE

Copies of the original text, the modified text with modifications clearly indicated, and the entire rulemaking file are currently available for public review during normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays, at the Office of Self Insurance Plans, located at 2265 Watt Avenue, Suite 1, Sacramento, California. Please contact the regulations coordinator, Ms. Tina Freese, at (916) 574-0300 to arrange to inspect the rulemaking file.

FORMAT OF PROPOSED MODIFICATIONS

Proposed Text Noticed for the 45-Day Comment Period (which was extended to 59 days):

Deletions from the original codified regulatory text noticed for the 45-comment period are indicated by single strike-through, thus: ~~deleted language~~.

Additions to the original codified regulatory text noticed for the 45-comment period are indicated by single underlining, thus: added language.

Proposed Text Noticed for This 15-Day Comment Period on Modified Text:

Deletions from the proposed revisions noticed for the 45-day comment period are indicated by strike-through underlining: ~~deleted proposed language~~

Newly proposed additions to the regulatory text noticed for the 45-day comment period and newly proposed additions to the original codified regulatory text are indicated by double underlining: newly added language.

Newly proposed deletions from the original codified regulatory text noticed for the 45-comment period are indicated by double strike-through: ~~~~newly proposed deletion~~~~.

SUMMARY OF PROPOSED CHANGES

Modifications to Section 15201 Definitions

Non-substantive changes are made to subsection (e) to specify the term “group self insurer” instead of “group self insurance plan” and to subsection (h) to clarify that “Board of Trustees” is being defined as the term applies to group self insurers. In subsection (i) the word “California” was added to “Code of Civil Procedures” for clarity, and subsections (t), (u), and (t) were re-ordered to achieve alphabetical order throughout the definitions. In subsection (p), the reference to subsection (t) was changed to subsection (v) to reflect the re-ordering of the subsections and the word “private” before “group self insurer” was deleted as unnecessary, since group self insurers are defined as private entities. In the re-ordered subsection (t) term “Group Self Insurer” was changed to “group self insurer” to be to be consistent with the term “group self insurer” as defined in Section 15201. In subsection (y) the reference to the “Standard Industrial Classification Code (SIC Code)” was changed to “North American Industry Classification System Code (NAICS Code)” to be consistent with changes to Section 15473 and 15601.7, and in newly ordered subsection (v), the definition of “Self Insurer” was changed to specify the differences between private and public self insurers.

Modifications to Section 15203.2 Continuing Financial Capacity for Individual Private Self Insurers

Non-substantive changes were made to subsection (b) to eliminate misplaced commas.

Modifications to Section 15203.6 Delayed Start-up of a Self Insurance Program

The unnecessary small letter “i” in “Self linsure” in line four of subsection (b) was eliminated.

Modifications to Section 15203.9 Validity of Certificate of Consent to Self Insure

Non-substantive changes were made to eliminate the unnecessary small letter “i” in “Self “linsure” in subsections (a) and (b). The word “individual” was added to subsection (a) in order to list all types of entities to which a Certificate of Consent to Self Insure may be issued.

Modifications to Section 15203.10 Reinstatement of a Certificate of Consent to Self Insure

The word “then” was eliminated and the phrase “of the approval” was added to subsection (b) to add clarity by specifying a time frame for submission of an Agreement of Assumption and Guarantee of Workers’ Compensation Liabilities.

Modifications to Section 15205 Interim Certificates

A non-substantive change was made to eliminate a misplaced comma from subsection (c)(3).

Modifications to Section 15210.1 Adjustments in the Amount of Security Deposit

In subsection (b) the numeral 5 was changed to the word “five” for consistency.

Modifications to Section 15211 Allocation of the Security Deposits for Private Individual Self Insurers

Subsection (a) is revised to specify that in the event that a subsidiary or affiliate certificate holder under a Master Certificate of Consent to Self Insure of a private self insurer wishes to post a separate security deposit covering its liabilities only, a separate individual Certificate of Consent to Self Insure shall be issued to that self insurer and liabilities shall be transferred to a separate Certificate of Consent to Self Insure through an Order Amending and Transferring Liabilities.

Modifications to Section 15211.1 Appeals to Increase in Security Deposit Due to Impaired Financial Condition of an Individual Private Self Insurer

Non-substantive changes were made to subsection (a) for clarity. The definite pronoun “the” was changed to the indefinite pronoun “an” in line two, and the unnecessary word “private” before “self insurer” in line four was eliminated.

Modifications to Section 15211.2 Agreement of Assumption and Guarantee of Liabilities

Non-substantive changes were made by changing references to “agreement of assumption and guarantee of liabilities,” “agreement,” “Agreement of Assumption,” and “Assumption and Guarantee” in subsections (c), (d), (f)(2), (g), (h), and (i) to consistently refer to the “Agreement of Assumption and Guarantee of Liabilities. For clarity, subsection (d) was re-worded to consist of two short sentences rather than one long sentence.

Modifications to Section 15215 Letters of Credit

For consistency, the term “credit Union” was changed to “Credit Union” in subsection (b)(5). In subsection (c)(1), the numeral “1” was changed to the word “one,” and the term “savings institution” was changed to “financial institution.” The term “savings institution” was also changed to “financial institution” in subsections (c)(3), (d)(4), (e), (f), (g), and (g)(2), while the term “financial statement” was included as a general term for that issue letters of credit in subsection (d)(3). For clarity, subsection (c)(6) was modified to specify that letters of credit are subject to UCP600, 2007 Revision, ICC Publication No. 645 rather than the “current revision as most recently published by the ICC.” Subsection (e)(4) was modified to specify that state or federally chartered credit unions whose shares are insured by the National Credit Union Share Insurance Fund” are among the financial institutions from which letters of credit may be accepted.

Modifications to Section 15230 Private Sector License Fee Assessment

A formatting error in the initial proposed amendments to subsection (a) resulted in the headings above the columns showing existing annual license fee assessments based on numbers of employees and single adjusting locations as “Number of Single Adjusting” and “Employees Location” instead of the correct headings of “Number of Employees” and “Single Adjusting Location” for the two columns. The formatting error is corrected to show the current text for the headings.

Modifications to Section 15251 Self Insurer's Annual Report

Non-substantive changes were made to subsections (b)(2)(B) and to (b)(7) to change the numeral "5" to the word "five". In addition, language was modified in subsection (b)(7) for clarity.

Modifications to Section 15353 Injury and Illness Prevention Program

Non-substantive changes were made to in two places in subsection (a)(1)(A) to change the numeral "5" to the word "five".

Modifications to Section 15360 Transfer of Claim Liabilities

Subsection (e) was modified to delete reference to Section 15480, and new subsections (f) and (g) were added to relocate proposed amendments to Section 15480 to this section so that all requirements related to the transfer of claim liabilities will be in the same section.

Modifications to Section 15405 Confidentiality

Subsection (a) was amended to include the statutory reference related to the requirement for confidentiality of financial information within this section. Subsections (a)(1) and (b)(1) were also amended to correct inaccurate references to Labor Code Section 3742 in existing text. The references to Labor Code Section 3742, which authorizes creation of the Self Insurers' Security Fund, were changed to the correct reference to Labor Code Section 3701.5, which codifies the Director's mandate and procedure for turning claims over to the Self Insurers' Security Fund... In addition, the reference to Labor Code Section 3742 was removed from the note at the end of the section. Subsection (b)(3) was modified to permit public access to all portions of public entity Self Insurers' Annual Reports except for portions identifying injured workers or dependents rather than limiting public access to only aggregate claim and claim loss totals.

Modifications to Section 15470 General

Subsection (d) was modified by adding the word "approved" to clarify that only approved members of group self insurers shall be issued Affiliate Certificates of Consent to Self Insure if granted by the Director. Subsection (g) was modified to indicate that a group self insurer may transfer claims to a special excess carrier meeting the requirements of subsection (e), which indicates two methods of rating excess carriers, rather than just the method of rating indicated in subsection (e)(1) of Section 15360, and to add language to indicate that claims liabilities may also be transferred pursuant to any portion of Section 15360, which includes subsections (f) and (g), rather than subsection (c) only.

Modifications to Section 15471 Initial Feasibility Study

Subsections in the existing text of Section 15471 are re-designated as (a) through (o) rather as (a)(1) through (a)(15) in order for the subsections to be logically ordered. Existing Section 15471 begins with subsection (a) but has no subsection (b), ending after (a)(15). Former subsection (a)(2), now (b), is modified to require the feasibility study to list the initial proposed group members rather than all proposed members. Former subsection (a)(4), now (d), is

modified to require that the feasibility report include an evaluation of the historical claims costs of anticipated initial group member, not all group members. Former subsection (a)(5), now (e), is amended to require the pro forma financial statement to include accrual and distribution of excess contributions rather than distribution of excess contributions only. Former subsection (a)(8), now (h), is modified to require the feasibility study to include the names and credit ratings of anticipated excess insurance carriers rather than the retention levels of specific excess insurance only. Former subsection (a)(15), now (o), is amended to indicate that vendors with fidelity and errors and omissions insurance coverage naming the group self insurer as beneficiary is an alternative to fidelity and errors and omissions insurance coverage maintained by the group self insurer. In addition, non-substantive modifications are made to former subsection (a)(5), now (e), to add the word “actuarial” for clarity, to former subsection (a)(6)(A), now (f)(1), to add the term “group self insurer’s, to former subsections (a)(10) and (a)(11), now (j) and (k), to add the phrase “A description of” for clarity, former subsections (a)(12) and (a)(13), now (l) and (m), to correctly un-capitalize words, and former subsections (a)(14) and (a)(15), now (n) and (o), to add the phrases “a statement indicating and “a statement describing” for clarity.

Modifications to Section 15472 Minimum Financial Requirements for a Group Self Insurer

Non-substantive changes are made in subsection (a) to eliminate the word “private” and add the term “self insurer”, so that the term is as defined in Section 15201(v), formerly subsection (s) of Section 15201, proposed to be amended as subsection (t) of Section 15201. In addition, the word “group” is added before the word “member” in subsection (a) of Section 15472, so that the term is as defined in Section 15201(u), formerly subsection (t) of Section 15201. In subsection (a)(3), the word “group” is added between “core” and “members” to conform to the term “core group members” to conform with the term defined in proposed new Section 15201(p), and the hyphen between “S” and “corporations” is removed. In subsection (b) the word “self insurer” is added to the word “group” in two instances to conform to the term as defined in Section 15201. In subsection (c) the term “Core Group Members” is un-capitalized, and the proposed term “private group” is modified to “group self insurer” as defined in Section 15201.

Modifications to Section 15473 Homogeneity of Group Members

In subsection (b) the phrase “group self insurer” is eliminated as unnecessary, and in subsection (b)(1) the reference to “Section 15473” is changed to “subsection (a)” for clarity. In addition, a new subsection (d) is added in order to address possible changes in homogeneity requirements to existing group self insurers as a result of proposed amendments to subsections (a) and (b). The newly proposed subsection (d) will require a group self insurer seeking to alter its homogeneity underwriting requirements to obtain a new feasibility study and submit to the Manager no less than 30 days before the date of the requested change a written copy and a draft of proposed amendments to the group self insurer bylaws. The feasibility study must fully describe the proposed change and show that risk exposures can reasonably be expected to conform to the requirements of subsections (a) or (b), show that the excess insurance carrier approves of the change, and present a plan for communication of the change to group members. The group self insurer’s bylaws shall prohibit any group member from being penalized by the group self insurer for terminating group membership because of the change, and provide that modification of homogeneity requirements shall not disqualify any existing group members from membership.

Modifications to Section 15474 Reporting Periods

Non-substantive changes are made to this section to change the terms “private group self insurer” and “self insurer” to conform to the term “group self insurer” as defined in Section 15201.

Modifications to Section 15475 Board of Trustees

In subsections (a) and (e), non-substantive changes are made to change the terms “group” to “group self insurer” to be consistent with the term “group self insurer” as defined in Section 15201. In subsection (d)(1), the requirement that a group self insurer designate an independent Group Administrator is changed to eliminate the requirement that the Group Administrator be independent, thus allowing a group self insurer to designate a Group Administrator that is an employee of the Group Administrator rather than be limited to utilizing a third party Group Administrator. In addition, subsection (a) is modified to prohibit the Group Administrator from being an owner, operator, or employee of any group member or of the third party administrator handling the claims of the group self insurer. Subsection (d)(2) is modified to eliminate the requirement that the Board of Trustees obtain fidelity insurance coverage to ensure the integrity of funds handled by the Group Administrator, and is modified to require the Group Administrator to obtain and maintain fidelity insurance sufficient to cover funds handled for the group self insurer and errors and omissions insurance coverage sufficient to protect the group self insurer’s and its members’ interests. Subsection (d)(3) is modified to require that fidelity insurance and errors and omissions insurance required to be maintained by the third party claims administrator specify that the group self insurer is named as beneficiary. Subsection (d)(8) is modified to specify that the Board of Trustees must ensure that funds are collected for each program year based upon projected losses calculated at the 80% actuarial confidence level, inclusive of incurred but not reported liabilities and unallocated loss adjustment expense, and that all group members pay their requisite shares. Subsection (d)(8) is also modified to specify that if factors reflecting individual group members’ loss histories, such as experience modification factors, are utilized to modify group members’ contributions the overall funding for the program year shall nonetheless be at the 80% actuarial confidence level.

Modifications to proposed Section 15475.1 Separation Among Service Providers

Subsection (a) is modified to remove to proposed prohibition of claims bill reviewers of group self insurers’ claims from being employees or owners of the Group Administrator or of a group member. A new subsection (d) is proposed to allow the group self insurer’s claims bill reviewer to be an employee, owner of or have a financial interest in the Group Administrator, but only if the Group Administrator reveals its relationship to the claims bill reviewer in writing. This new proposed subsection also prohibits the group self insurer from being required by the Group Administrator to utilize its bill reviewer services. In addition, non-substantive grammatical changes are made to subsections (b) and (c) for clarity and words are deleted and added so that references to a group self insurer will be consistent with the term as defined in Section 15201.

Modifications to proposed Section 15475.2 Restriction on Use of Funds

Proposed subsection (a) is eliminated in order to avoid repetition, since the requirements for collection of contributions from group members are established in Section 15475(d)(8), the requirement to provide financial information to the Manager annually is established in Section

15484, and the requirement to disclose group self insurer financial information to group members is established in Section 15405(a)(3), and as not relevant to this section, since the requirements of the subsection are not related to restrictions on the use of funds. Proposed subsections (b) through (e) are re-designated as subsections (a) through (d) to conform to the elimination of proposed subsection (a). In addition, non-substantive changes are made to modified subsections (a), (b), and (d) by adding and deleting words so that references to a group self insurer and to group members will be consistent with the terms as defined in Section 15201.

Modifications to proposed Section 15475.3 Investment of Funds

Non-substantive modifications to subsection (a) add and delete words so that references to a group self insurer will be consistent with the term as defined in Section 15201. A non-substantive modification to subsection (a)(3) replaces the numeral "2" with the word "two".

Modifications to Section 15477 Surplus or Insufficient Funding

Section 15477 is modified by deleting the proposed and existing language in subsection (a) that states that a group self insurer's Board of Trustees may declare that surplus contributions collected for a program year may be refunded to group members if assets exceed liabilities as set forth in subsection (a)(2). The deleted language is replaced by language that specifies that the Board of Trustees of a group self insurer is prohibited from declaring that surplus contributions in excess of the amount needed to pay claims for any program year unless the group self insurer's most recent certified, independently audited financial statement indicates that the group self insurer's assets exceed its liabilities and the group self insurer's current actuarial report indicates a surplus of funds as provided by subsections (a)(1) and (a)(2). The provision in amended subsection (a)(1) specifying that the amount of the refund need not be known at the time of the declaration is deleted, and existing language in current subsection (a)(2) is re-located in part to subsection (a)(1) and in part to subsection (a)(2), adding a reference to Section 15481 in modified subsection (a)(1). Subsections (a)(1) and (a)(2) are modified to relocate only those provisions for refunding surplus funds to group members without the Manager's approval in modified subsection (a)(1), and to relocate provisions for obtaining approval for refunding surplus funds sooner than 23 months after the end of the program year or based on a confidence level of less than 80% to the modified subsection (a)(2). In addition, modified subsection (a)(2) is further modified grammatically for clarity and to specify that the Manager may allow a refund of surplus funds sooner than 23 months after the end of the program year or based on a confidence level of less than 80% on a showing of "good cause" rather than a showing of "cause". Subsection (b) is modified to specify that the determination of insufficient funds collected that must be reported to the Manager is required at the end of a program year rather than at an unspecified time. Subsections (b)(1), (b)(2), (b)(3), (c), and (d) are modified grammatically for clarity, amended subsection (c) is modified to replace the numeral "12" with the word "twelve", and subsection (d) is modified to replace the word "Manager" with "Director" to conform with amended subsection (c).

Modifications to Section 15478 Excess Insurance

Subsection (a) is modified to specify that the excess carrier or its parent company shall have an acceptable credit rating on the policy issuance date and on any subsequent renewal date, that as well as the credit rating listed in subsections (a)(1) and (a)(2) the excess carrier shall also have an

adjusted policyholders' surplus of no less than \$25 million, and if the group self insurer's excess carrier's carrier rating falls below a B rating, the group self insurer shall replace the policy or obtain a new policy for the unused prior policy period and for future coverage that meets the requirements of this section. Subsections (a) and (b) are modified to permit a group self insurer to maintain specific excess insurance with an upper policy limit of less than \$25 million with the express written consent of the Manager pursuant to subsection (b). In addition, subsection (a) is modified so that the reference to a group self insurer will be consistent with the term as defined in Section 15201, and subsection (b) is modified for clarity by replacing the word "wishing" with "seeking" and by un-capitalizing the phrase "Self Insurer's Retention".

Modifications to Section 15479 Indemnity Agreement and Power of Attorney

Non-substantive modifications are made to subsection (a) by deleting the word "private" as unnecessary, to subsection (b) to capitalize the name of the form "Indemnity Agreement and Power of Attorney, to subsection (b)(2) for grammatical clarity, and in the Note following subsection (b)(5) to correctly identify the location of self insurance regulations as being in "Chapter 8, Subchapter 2", not in "these Group 2 regulations."

Modifications to Section 15480 Termination of Membership in a Group Self Insurer

Subsection (b) was modified to specify that the period following termination of group membership that a group member remains liable for contributions and assessments includes the 60 day notice period and any period during which the termination and revocation of the group member's Affiliate Certificate of Consent to Self Insure was under appeal. Subsection (c) was modified to relocate provisions related to the transfer of liabilities of group self insurers and group members to Section 15360. In addition, non-substantive modifications were made to subsections (a), (c)(1), (d), (e), and (f) in order for references to "group self insurers" and "group members" to be consistent, and for grammatical clarity.

Modifications to Section 15481 Annual Actuarial Certification of Losses

Subsections (a) and (c)(1) were modified to require that the annual actuarial analysis and projection of losses be at the 80% and expected confidence level rather than at the 80% and 70% confidence levels. In addition, a non-substantive modification was made to subsection (c)(1) to correct a typographical error.

Modifications to proposed Section 15482 Private Group Application

Non-substantive modifications were made to subsection (a) to capitalize the name of the form.

Modifications to proposed Section 15482.1 Private Group Member Application

Non-substantive modifications were made to subsections (a) and (a)(2) in order for references to "group self insurers" to be consistent.

Modifications to proposed Section 15482.2 Interim Certificates to Group Members

Non-substantive modifications were made to subsections (c), (c)(5) and (f)(1) in order for references to “group self insurers” to be consistent. In addition, non-substantive modifications were made to subsections (c), (c)(3), (c)(4), (d), and (f) for grammatical clarity.

Modifications to Section 15483 Agreement of Assumption and Guarantee of Group Members’ Liabilities

Non-substantive modifications were made to subsections (a) and (c) to correctly capitalize the name of the Agreement of Assumption and Guarantee of Liabilities of Workers' Compensation Liabilities For Group Members form. In addition, non-substantive modifications were made to subsections (a) and (b) in order for references to “group self insurers” to be consistent, and for grammatical clarity.

Modifications to proposed Section 15484 Continuing Financial Capacity of Group Self Insurers

Non-substantive modifications were made to subsections (a), (c)(1), and (c)(2) in order for references to “group self insurers” to be consistent. Subsection (c) was modified to correctly require the group self insurer to ensure that group members ensure that group members maintain their suitability for group membership as required by subsections (c)(1) or (c)(2) rather specifying that each group member must annually submit a certified, independently audited financial statement.

Modifications to proposed Section 15485 Resolution to Authorize Self Insurance for a Group Self Insurer or Group Member

Non-substantive modifications were made to subsections (a), (b), and (c) in order for references to “group members” and to subsection (a) in order for references to the “Board of Directors” to be consistent.

Modifications to proposed Section 15486 Agreement and Undertaking for Director to Utilize Security Deposit to Pay Benefits Due

Non-substantive modifications were made to subsection (a) in order for references to “group members” to be consistent.

Modifications to proposed Section 15486.1 Group Self Insurer Injury and Illness Prevention Program

Non-substantive modifications were made to subsection (a) and (a)(1)(A) in order for references to “group self insurers” to be consistent and for grammatical clarity, and to subsections (a)(1) and (b) for grammatical clarity, and to subsection (c) in order for references to “group members” to be consistent.

Modifications to proposed Section 15487 Delayed Start-up of a Group Self Insurer or Group Member Participation In Group Self Insurance

Non-substantive modifications were made to subsections (a) and (c) in order for references to “group self insurers” to be consistent and to subsection (b) and in order for references to “group members” to be consistent.

Modifications to proposed Section 15488 Initial Issuance of the Certificate of Consent to Self Insure and Notice to Employees of Self Insured Status

Subsection (d) was modified to change the effective date for the ten dollar fee for signed certification of self insured status from July 1, 2008 until January 1, 2009. In addition, non-substantive modifications were made to subsection (a) in order for references to “group self insurers” to be consistent.

Modifications to proposed Section 15489 Reporting Group Charter Amendments

A non-substantive modification was made in order for references to “group self insurers” to be consistent.

Modifications to proposed Section 15489.1 Change in Status

Subsections (a)(2) and (c) were modified to include changes of status to group members as requiring notification of the change to the Manager. Subsection (b) was modified to include the alternative of the Group Administrator rather than only the group self insurer as being required to submit documentation of change of status to the Manager. In addition, non-substantive modifications were made to subsections (a), (a)(2) (b), and (c) in order for references to “group self insurers” to be consistent, and to (b) for grammatical clarity.

Modifications to Section 15490 Validity of Certificate to Group Self Insurer or Group Member

Subsection (a) is modified to include an affiliate or subsidiary of an affiliate group self insurer that has been issued an Interim Certificate of Consent to Self Insure as being deemed to be self insured. In addition, a non-substantive modification is made to subsection (a) in order for references to “group members” to be consistent.

Modifications to proposed Section 15490.1 Reinstatement of a Certificate or Affiliate Certificate of Consent to Self Insure

Subsection (b) is modified to require the group self insurer or Group Administrator rather than a group member to submit to the Manager documentation related to a request for reinstatement of a Certificate of Consent to Self Insure, and to require that the documentation be submitted in the event of a request regarding the group self insurer as well as for a group member. In addition, non-substantive modifications were made to subsections (a) and (b) in order for references to “group self insurers” to be consistent, and to (b) for grammatical clarity.

Modifications to proposed Section 15491 Group Self Insurer and Group Member Application Filing Fees

Subsection (b) was modified to require group self insurers as well as group members to be subject to filing fees in the event a re-filing of an application is required. . In addition, non-substantive modifications were made to subsections (a) and (b) in order for references to “group self insurers” to be consistent, and to subsections (a)(2) and (b) for grammatical clarity.

Modifications to proposed Section 15496 Group Self Insurer’s Security Deposit

A modification to subsection (e)(2) is made to add credit unions as among the financial institutions that may issue letters of credit as acceptable forms of security deposit. In addition, non-substantive modifications were made to subsections (a), (a)(1), (d), and (g) in order for references to “group self insurers” to be consistent, to subsection (g) in order for references to “group members” to be consistent, to subsections (d) and (f) for references to “security deposit” to be consistent, and to subsection (e)(5) for clarity.

Modifications to proposed Section 15497 Adjustments in the Amount of a Group Self Insurer’s Security Deposit

Non-substantive modifications are made to subsection (c) for clarity and to subsection (e) in order for references to “group self insurers” to be consistent.

Modifications to proposed Section 15497.1 Security Deposit Adjustment Upon Revocation of Group Self Insurer Or Group Member Certificates

Non-substantive modifications are made to subsection (a) for correct reference to Certificates of Consent to Self Insurer issued to group self insurers and group members, to group self insurers, and to group members. Non-substantive modifications are made to subsection (b) for correct reference to security deposits, and for clarity.

Modifications to proposed Section 15498 Insurance Coverage

Non-substantive modifications were made to subsections (a), (b), and (e) in order for references to “group self insurers” to be consistent, and to subsection (c) in order for references to “group members” to be consistent. Subsection (b) was modified to include Certifications of Insurance, any binders or endorsements, or Notices of Cancellation as among items that must be submitted to the Manager on request, and the last sentence in subsection (b) was deleted so as not to be repetitive in light of modified subsection (c).

Modifications to proposed Section 15499 Allocation of the Security Deposit for a Group Self Insurer

Non-substantive modifications were made to subsections (b), and (c) in order for references to “group self insurers” to be consistent.

Modifications to proposed Section 15499.5 Appeals to Increases in Security Deposits Based on Impaired Group Self Insurer Financial Condition

Non-substantive modifications were made to subsections (a), and (b) in order for references to “group self insurers” to be consistent and for clarity.