

ASSEMBLY BILL

No. 947

Introduced by Assembly Member Solorio

February 18, 2011

An act to amend Section 11734 of the Insurance Code, relating to workers' compensation insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 947, as introduced, Solorio. Workers' compensation insurance: rates.

Existing law requires workers' compensation insurers to adhere to a uniform experience rating plan filed with the Insurance Commissioner by a rating organization designated by the commissioner and subject to his or her disapproval. Existing law authorizes an insurer to develop its own classification system upon which a rate may be made or adopt the classification system developed by the designated rating organization; provided, however, that any classification system developed by an insurer be filed with the commissioner 30 days prior to its use.

This bill would instead require that any classification system developed by an insurer be approved by the commissioner prior to its use.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11734 of the Insurance Code is amended
- 2 to read:

1 11734. (a) Every workers' compensation insurer shall adhere
2 to a uniform experience rating plan filed with the commissioner
3 by a rating organization designated by the commissioner and
4 subject to his or her disapproval.

5 (b) The commissioner shall designate a rating organization to
6 assist him or her in gathering, compiling, and reporting relevant
7 statistical information, and to develop a classification system. An
8 insurer may develop its own classification system upon which a
9 rate may be made or adopt the classification system developed by
10 the designated rating organization; provided, however, that any
11 classification system developed by an insurer ~~must be filed with~~
12 ~~the commissioner 30 days~~ *shall be approved by the commissioner*
13 prior to its use. The commissioner shall disapprove a classification
14 system filed by an insurer pursuant to this section if the insurer
15 fails to demonstrate that the data thereby produced can be reported
16 consistent with the uniform statistical plan or the classification
17 system developed by the rating organization. Every workers'
18 compensation insurer shall record and report its workers'
19 compensation experience to the designated rating organization as
20 set forth in the uniform statistical plan approved by the
21 commissioner.

22 (c) The designated rating organization shall develop and file
23 manual rules, subject to the approval of the commissioner,
24 reasonably related to the recording and reporting of data pursuant
25 to the uniform statistical plan, uniform experience rating plan, and
26 any classification systems that may be in effect. Every workers'
27 compensation insurer shall adhere to the approved manual rules
28 and experience rating plan in writing and reporting its business.
29 ~~No~~ An insurer shall *not* agree with any other insurer or with a rating
30 organization to adhere to manual rules that are not reasonably
31 related to the recording and reporting of data pursuant to the
32 uniform statistical plan or classification system developed by the
33 rating organization.

34 (d) The designated rating organization shall also develop and
35 file with the commissioner a weekly premium per employee for
36 each classification used or proposed for use by that organization.
37 The weekly premium shall be developed by applying the proposed
38 rate for each classification to the state average weekly wage. For
39 the purpose of this section, "state average weekly wage" means
40 the average weekly wage paid by employers to employees covered

1 by unemployment insurance as reported by the United States
2 Department of Labor for California for the 12 months ending
3 March 31 of the calendar year preceding the year in which the
4 injury occurred.

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