

Assembly Bill No. 1263

CHAPTER 53

An act to add Section 11785.5 to the Insurance Code, relating to the State Compensation Insurance Fund.

[Approved by Governor June 29, 2011. Filed with
Secretary of State July 1, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1263, Williams. State Compensation Insurance Fund: directors and officers: postemployment.

Existing law provides for the existence of the State Compensation Insurance Fund to be administered by a board of directors for the purpose of transacting workers' compensation insurance, and insurance against the expense of defending any suit for serious and willful misconduct, against an employer or his or her agent, and insurance to employees and other persons of the compensation fixed by the workers' compensation laws for employees and their dependents.

Existing law provides that the board of directors shall appoint a president, a chief financial officer, a chief operating officer, a chief information technology officer, a chief investment officer, a chief risk officer, and a general counsel. The positions are subject to the Milton Marks Postgovernment Employment Restrictions Act of 1990 which, among other things, prohibits specified employees, officers, and consultants, for one year after leaving office or employment, from engaging in specified activities for the purpose of influencing administrative or legislative action. This provision is an exception to the general rule that contracts in restraint of trade are void and unenforceable.

This bill would prohibit the members of the fund's board of directors and fund officers appointed by the board from lobbying the fund for 2 years after leaving the fund. The bill would require that any consulting for the fund by former members of the fund's board of directors and former fund officers, who had been appointed by the board, be approved by the board.

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

SECTION 1. The Legislature hereby finds and declares the following:

(a) The State Compensation Insurance Fund is a nonprofit, self-supporting, fairly competitive public enterprise that serves a dual role as both a market of choice and the safety net for California employers seeking workers' compensation insurance.

(b) The State Compensation Insurance Fund plays a critical role in California's workers' compensation system.

SEC. 2. Section 11785.5 is added to the Insurance Code, to read:

11785.5. (a) Notwithstanding any other provision of law to the contrary, the members of the Board of Directors of the State Compensation Insurance Fund and officers of the fund appointed by the board of directors, including, but not limited to, the president, chief financial officer, chief operating officer, chief information technology officer, chief investment officer, chief risk officer, and general counsel, are prohibited from lobbying the fund for two years after leaving employment with the fund.

(b) Notwithstanding any other provision of law to the contrary, any consulting for the fund by former members of the Board of Directors of the State Compensation Insurance Fund and former officers of the fund appointed by the board of directors, including, but not limited to, the president, chief financial officer, chief operating officer, chief information technology officer, chief investment officer, chief risk officer, and general counsel, shall be approved by the board of directors.