

AMENDED IN ASSEMBLY APRIL 9, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1794

Introduced by Assembly Member Williams

February 21, 2012

An act to amend Section 7125.4 of the Business and Professions Code, and to amend Section 11665 of the Insurance Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 1794, as amended, Williams. Contractors: worker's compensation insurance reporting.

(1) Existing law, the Contractor's State License Law, provides for the licensing and regulation of contractors.

Existing law makes it a misdemeanor for a licensed contractor or a qualifier for a license to file a worker's compensation insurance exemption certificate that is false.

This bill would also make it a misdemeanor *and a cause for disciplinary action* for a licensed contractor ~~or a qualifier for a license~~ to fail to notify his or her worker's compensation insurance carrier within ~~15~~ 20 days of hiring an employee.

(2) Existing law, until January 1, 2013, requires an insurer who issues a workers' compensation insurance policy to a roofing contractor holding a C-39 license from the Contractors State License Board to perform an annual payroll audit for the contractor.

This bill would also require an insurer who issues a workers' compensation insurance policy to any contractor to require that the contractor report the hiring of new workers within ~~15~~ 20 days and would extend these provisions until January 1, 2015.

Because this bill would create a new crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 7125.4 of the Business and Professions
2 Code is amended to read:

3 7125.4. (a) The filing of the exemption certificate prescribed
4 by this article that is false, or the employment of a person subject
5 to coverage under the workers' compensation laws after the filing
6 of an exemption certificate without first filing a Certificate of
7 Workers' Compensation Insurance or Certification of
8 Self-Insurance in accordance with the provisions of this article, or
9 the employment of a person subject to coverage under the workers'
10 compensation laws without maintaining coverage for that person,
11 constitutes cause for disciplinary action.

12 (b) Any qualifier for a license who, under Section 7068.1, is
13 responsible for ensuring that a licensee complies with the
14 provisions of this chapter, is also guilty of a misdemeanor for
15 committing or failing to prevent the commission of any of the acts
16 that are cause for disciplinary action under this section.

17 ~~(e) A licensee, or a qualifier for a license who, under Section~~
18 ~~7068.1 is responsible for ensuring that a licensee complies with~~
19 ~~the provisions of this chapter is also guilty of a misdemeanor for~~
20 ~~failing to notify his or her worker's compensation insurance carrier~~
21 ~~within 15 days of hiring an employee.~~

22 (c) *It shall be a misdemeanor and a cause for disciplinary action*
23 *for a licensee to fail to notify his or her workers' compensation*
24 *insurance carrier within 20 days of hiring an employee. The*
25 *remedy provided for by this section shall be in addition to, and*
26 *not limited upon, the authority referenced in Sections 11760 and*
27 *11880 of the Insurance Code for underreporting employees in*
28 *order to lower workers' compensation insurance premiums.*

1 SEC. 2. Section 11665 of the Insurance Code is amended to
2 read:

3 11665. (a) An insurer who issues a workers' compensation
4 insurance policy to a contractor holding a license from the
5 Contractors State License Board shall require the reporting of
6 workers within ~~15~~ 20 days of hire and perform an annual payroll
7 audit for the contractor. The insurer may impose a surcharge on
8 each policyholder audited under this subdivision in an amount
9 necessary to recoup the reasonable costs of conducting the annual
10 payroll audits.

11 (b) The commissioner shall direct the rating organization
12 designated as his or her statistical agent to compile pertinent
13 statistical data on those holding C-39 licenses, as reported by the
14 appropriate state entity, on an annual basis and provide a report to
15 him or her each year. The data shall track the total annual payroll
16 and loss data reported on those holding C-39 licenses in accordance
17 with the standard workers' compensation insurance classifications
18 applicable to roofing operations. The report shall also be provided
19 to the Legislature, in compliance with Section 9795 of the
20 Government Code. Reports required under this section for the 2008
21 and 2009 calendar years shall be filed by March 1, 2012.

22 (c) This section shall remain in effect only until January 1, 2015,
23 and as of that date is repealed, unless a later enacted statute, that
24 is enacted before January 1, 2015, deletes or extends that date.

25 SEC. 3. No reimbursement is required by this act pursuant to
26 Section 6 of Article XIII B of the California Constitution because
27 the only costs that may be incurred by a local agency or school
28 district will be incurred because this act creates a new crime or
29 infraction, eliminates a crime or infraction, or changes the penalty
30 for a crime or infraction, within the meaning of Section 17556 of
31 the Government Code, or changes the definition of a crime within
32 the meaning of Section 6 of Article XIII B of the California
33 Constitution.

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