

**Introduced by Senator Negrete McLeod**

February 24, 2012

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An act to amend Section 11797 of the Insurance Code, relating to the State Compensation Insurance Fund.

LEGISLATIVE COUNSEL'S DIGEST

SB 1513, as introduced, Negrete McLeod. State Compensation Insurance Fund: investments.

Existing law requires the board of directors of the State Compensation Insurance Fund to invest and reinvest, from time to time, all moneys in the State Compensation Insurance Fund in excess of current requirements in the same manner as is authorized in certain provisions applicable to private insurance carriers. Existing law prohibits the board from investing or reinvesting in certain investments, including real estate and call options on common stock.

This bill would expand the board's choice of investments of excess moneys by allowing the board to invest or reinvest in additional investments in the same manner as provided for private carriers, including, but not limited to, in the stock of certain corporations, specified mortgage-related investment instruments, and in the stock of a federal home loan bank.

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

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

- 1 SECTION 1. Section 11797 of the Insurance Code is amended
- 2 to read:

1 11797. (a) The board of directors shall cause all moneys in  
2 the State Compensation Insurance Fund that are in excess of current  
3 requirements to be invested and reinvested, from time to time, in  
4 the same manner as provided for private insurance carriers pursuant  
5 to Article 3 (commencing with Section 1170) and Article 4  
6 (commencing with Section 1190) of Chapter 2 of Part 2 of Division  
7 1, but excluding Sections ~~1191~~, 1191.1, 1191.5, 1192.2, ~~1192.4~~,  
8 ~~1192.6~~, 1192.7, ~~1192.9~~, 1192.95, ~~1192.10~~, ~~1194.7~~, 1194.8, 1194.81,  
9 1194.82, 1194.85, ~~1198~~, and 1199.

10 (b) (1) (A) Notwithstanding any other law, the State  
11 Compensation Insurance Fund may purchase general obligation  
12 bonds or other evidence of indebtedness issued by the state,  
13 including, but not limited to, *warrants issued pursuant to Part 4*  
14 *(commencing with Section 17000) of Division 4 of Title 2 of the*  
15 *Government Code* or notes issued pursuant to Part 5 (commencing  
16 with Section 17300) of Division 4 of Title 2 of the Government  
17 Code ~~or warrants issued pursuant to Part 4 (commencing with~~  
18 ~~Section 17000) of Division 4 of Title 2 of the Government Code,~~  
19 in any amount and to enter into purchase contracts with the state  
20 for this purpose.

21 (B) Notwithstanding any other law, the State Compensation  
22 Insurance Fund may purchase Property Assessed Clean Energy  
23 (PACE) bonds, as defined in Section 26104 of the Public Resources  
24 Code.

25 (2) The bonds or other evidence of indebtedness specified in  
26 paragraph (1), upon delivery to the State Compensation Insurance  
27 Fund, shall, for all purposes, be valid and binding obligations of  
28 the issuer thereof, be validly issued and outstanding in accordance  
29 with their stated terms, and not be deemed to be owned by or on  
30 behalf of the issuer thereof.