

AMENDED IN ASSEMBLY AUGUST 4, 2016

AMENDED IN ASSEMBLY JUNE 14, 2016

AMENDED IN SENATE MAY 3, 2016

SENATE BILL

No. 1451

**Introduced by Senator Mendoza
(Coauthors: Senators Gaines and Roth)**

February 19, 2016

An act to amend Section 11785 of the Insurance Code, relating to the State Compensation Insurance Fund.

LEGISLATIVE COUNSEL'S DIGEST

SB 1451, as amended, Mendoza. State Compensation Insurance Fund: executive and management appointments.

Existing law provides for the existence of the State Compensation Insurance Fund (SCIF) 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 for employees and other persons of the compensation fixed by the workers' compensation laws for employees and their dependents. Existing law ~~authorizes~~ *requires* the board of directors of SCIF to appoint a president, a chief financial officer, a chief operating officer, a chief information technology officer, a chief investment officer, a chief risk officer, a chief medical officer, chief actuarial officer, a chief claims operations officer, a chief of internal affairs, and a general counsel.

This bill would ~~additionally~~ authorize the board to, ~~until December 31, 2021,~~ to appoint additional executive and management positions

deemed appropriate by the board. The bill would limit the number of additional appointed positions to ~~40~~: *8 senior management employees in the areas of underwriting, technology, claims, finance, and actuary, and no more than 2 of those positions may be filled with licensed attorneys.*

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 11785 of the Insurance Code is amended
 2 to read:
 3 11785. (a) The board of directors shall appoint a president, a
 4 chief financial officer, a chief operating officer, a chief information
 5 technology officer, a chief investment officer, a chief risk officer,
 6 a general counsel, a chief medical officer, a chief actuarial officer,
 7 a chief claims operations officer, and a chief of internal affairs.
 8 (b) (1) The board of directors may appoint additional executive
 9 and management positions, as deemed appropriate by the board.
 10 (2) The number of additional positions appointed pursuant to
 11 paragraph (1) shall not exceed ~~40 employees~~: *eight senior*
 12 *management employees in the areas of underwriting, technology,*
 13 *claims, finance, and actuary, and no more than two of those*
 14 *positions may be filled with licensed attorneys.*
 15 ~~(3) The board of directors' authority to appoint additional~~
 16 ~~positions pursuant to this subdivision shall terminate on December~~
 17 ~~31, 2021.~~
 18 (c) The board of directors shall set the salary for each position
 19 described in subdivisions (a) and (b). These positions shall not be
 20 subject to otherwise applicable provisions of the Government Code
 21 and the Public Contract Code, and for those purposes the fund
 22 shall not be considered a state agency or other public entity.
 23 (d) The president shall manage and conduct the business and
 24 affairs of the fund under the general direction and subject to the
 25 approval of the board of directors, and shall perform other duties
 26 as the board of directors prescribes.
 27 (e) Section 87406 of the Government Code, the Milton Marks
 28 Postgovernment Employment Restrictions Act of 1990, shall apply
 29 to the fund. Members of the board of directors, the president, the
 30 chief financial officer, the chief operating officer, the general

1 counsel, a chief medical officer, a chief actuarial officer, a chief
2 claims operations officer, and a chief of internal affairs, and any
3 other person designated by the fund shall be deemed to be
4 designated employees for the purpose of that act.

5 (f) Both the Bagley-Keene Open Meeting Act (Article 9
6 commencing with Section 11120) of Chapter 1 of Part 1 of
7 Division 3 of Title 2 of the Government Code) and the California
8 Public Records Act (Chapter 3.5 (commencing with Section 6250)
9 of Division 7 of Title 1 of the Government Code) shall apply to
10 the fund.

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