

AMENDED IN ASSEMBLY APRIL 17, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 877**

**Introduced by Assembly Member Miller**

February 27, 1997

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An act to amend Section 11753.1 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 877, as amended, Miller. Workers' compensation: insurance classification.

Existing law requires the Insurance Commissioner to designate a rating organization to assist him or her, among other things, in developing a classification system for workers' compensation insurance. Existing law provides that any person aggrieved by any decision, action, or omission to act of *an insurer or* such a rating organization may request reconsideration, as specified.

This bill would ~~authorize an employer aggrieved by a decision or a rating organization or dissatisfied with the service of the policyholder ombudsman of the organization to seek assistance from an ombudsman appointed by~~ *require* the Insurance Commissioner, ~~including appeal preparation, if necessary~~ *on or before January 1, 1999, to adopt regulations to implement and consolidate an appeals process, as specified. It would make related changes.*

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 11753.1 of the Insurance Code is  
2 amended to read:

3 11753.1. (a) Any person aggrieved by any decision,  
4 action, or omission to act of a rating organization may  
5 request that the rating organization reconsider the  
6 decision, action, or omission. If the request for  
7 reconsideration is rejected or is not acted upon within 30  
8 days by the rating organization, the person requesting  
9 reconsideration may, within a reasonable time, appeal  
10 from the decision, action, or omission of the rating  
11 organization. The appeal shall be made to the  
12 commissioner by filing a written complaint and request  
13 for a hearing specifying the grounds relied upon. If the  
14 commissioner has information on the subject appealed  
15 from and believes that probable cause for the appeal does  
16 not exist or that the appeal is not made in good faith, the  
17 commissioner may deny the appeal without a hearing.  
18 The commissioner shall otherwise hold a hearing to  
19 consider and determine the matter presented by the  
20 appeal.

21 (b) Any insurer adopting a change in the classification  
22 assignment of an employer that results in an increased  
23 premium shall notify the employer in writing, or where  
24 the insurance was transacted through an insurance agent  
25 or broker, the insurer shall notify the agent or broker who  
26 shall notify the employer in writing of the change and the  
27 reasons for the change. Any employer receiving this  
28 notice shall have the right to request reconsideration and  
29 appeal the reclassification pursuant to this section *in the*  
30 *same manner as that provided under subdivision (c) of*  
31 *Section 11737*. The notice required by this section shall  
32 inform the employer of his or her rights pursuant to this  
33 section. No notification shall be required when the  
34 change is a result of a regulation adopted by the  
35 Department of Insurance or other action by or under the  
36 authority of the commissioner.



1 An insurer shall provide written notification of the  
2 revised classification assignment to an employer within  
3 30 days after adoption.

4 ~~(e) Any employer aggrieved by a decision of a rating  
5 organization or dissatisfied with the service of the  
6 policyholder ombudsman of the rating organization  
7 established pursuant to subdivision (g) of Section 11752.6  
8 may seek assistance from an ombudsman appointed by  
9 the commissioner, including preparation of an appeal, if  
10 necessary.~~

11 *(c) On or before January 1, 1999, the commissioner  
12 shall adopt regulations to implement the appeals process  
13 set forth in this section and consolidate that process with  
14 the appeals process set forth in subdivision (c) of Section  
15 11737.*

