

AMENDED IN SENATE APRIL 18, 2012

AMENDED IN SENATE MARCH 29, 2012

SENATE BILL

No. 1406

Introduced by Senator Emmerson

February 24, 2012

An act to amend Section 11785 of, *and to add and repeal Section 11785.3 of*, the Insurance Code, relating to the State Compensation Insurance Fund.

LEGISLATIVE COUNSEL'S DIGEST

SB 1406, as amended, Emmerson. State Compensation Insurance Fund: 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 to employees and other persons of the compensation fixed by the workers' compensation laws for employees and their dependents. Existing law requires the SCIF board of directors 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, and a general counsel. Existing law exempts those positions from provisions of the Government Code and Public Contract Code that are otherwise applicable to state agencies and public entities and for these purposes existing law provides that the SCIF is not considered a state agency or other public entity.

This bill would require the SCIF board of directors to appoint additional positions, not to exceed a total of 20 positions, including an

administrator, senior management employees next in line of authority to the positions specified above, subordinate administrators with specialized training and knowledge, and other legal staff. *The bill would require the board of directors, on or before January 1, 2014, to prepare and submit a report to the Legislature regarding these additional positions and current or replaced positions.*

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, an administrator, senior management employees
7 next in line of authority to these positions, and subordinate
8 administrators with specialized training and knowledge in areas,
9 including, but not limited to, workers' compensation insurance,
10 technology, actuarial services, financial modeling, investment, and
11 financial accounting, and other legal counsel. The total number of
12 positions authorized under this section shall not exceed 20. The
13 board of directors shall set the salary for each position. These
14 positions shall not be subject to otherwise applicable provisions
15 of the Government Code and the Public Contract Code, and for
16 those purposes the fund shall not be considered a state agency or
17 other public entity.

18 (b) The president shall manage and conduct the business and
19 affairs of the fund under the general direction and subject to the
20 approval of the board of directors, and shall perform other duties
21 as the board of directors prescribes.

22 (c) Section 87406 of the Government Code, the Milton Marks
23 Postgovernment Employment Restrictions Act of 1990, shall apply
24 to the fund. Members of the board, the president, the chief financial
25 officer, the chief operating officer, the general counsel, and any
26 other person designated by the fund shall be deemed to be
27 designated employees for the purpose of that act.

28 (d) Both the Bagley-Keene Open Meeting Act (Article 9
29 (commencing with Section 11120) of Chapter 1 of Part 1 of

1 Division 3 of Title 2 of the Government Code) and the California
2 Public Records Act (Chapter 3.5 (commencing with Section 6250)
3 of Division 7 of Title 1 of the Government Code) shall apply to
4 the fund.

5 *SEC. 2. Section 11785.3 is added to the Insurance Code, to*
6 *read:*

7 *11785.3. (a) On or before January 1, 2014, the board of*
8 *directors shall prepare and submit a report to the Legislature*
9 *containing the following information regarding the positions*
10 *described in subdivision (a) of Section 11785:*

11 *(1) With respect to each current or replaced position:*

12 *(A) A description of the position.*

13 *(B) The salary or contract amount for that position.*

14 *(2) With respect to any new position created by the act that*
15 *added this section:*

16 *(A) A description of the position.*

17 *(B) The salary for that position.*

18 *(3) The progress of the board in filling the positions.*

19 *(4) The amount of savings as a result of replacing contract*
20 *positions with newly created salary-based positions.*

21 *(b) The report to be submitted pursuant to subdivision (a) shall*
22 *be submitted in compliance with Section 9795 of the Government*
23 *Code.*

24 *(c) Pursuant to Section 10231.5 of the Government Code, this*
25 *section shall remain in effect only until January 1, 2018, and as*
26 *of that date is repealed, unless a later enacted statute, that is*
27 *enacted before January 1, 2018, deletes or extends that date.*