

ASSEMBLY BILL

No. 881

Introduced by Assembly Member Emmerson

February 18, 2005

An act to amend, repeal, and add Section 7125 of the Business and Professions Code, and to add and repeal Section 11665 of the Insurance Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 881, as introduced, Emmerson. Workers' compensation: roofers.

Existing law requires the Contractors State License Board to require that a license applicant or current licensee have on file at all times a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, unless the applicant or licensee meets specified conditions for exemption.

This bill would provide, until January 1, 2011, that specified roofing contractors holding active licenses who are exempt from the workers' compensation insurance requirement shall not be exempt for a period of more than one year. It would require that a licensee who does not satisfy this insurance requirement after one year be placed on inactive status.

Existing law generally regulates workers' compensation insurance.

This bill would, until January 1, 2011, prohibit an insurer from issuing a workers' compensation insurance policy to a roofing contractor holding a specified license unless the contractor has a minimum annual payroll of \$15,000. It would require insurers to perform annual audits of these policyholders, as specified, and would allow them to recoup the cost of these audits through a policy surcharge.

The bill would require the Insurance Commissioner to direct the rating organization designated as his or her statistical agent to prepare an annual report on the roofing industry, as specified.

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 7125 of the Business and Professions
 2 Code is amended to read:

3 7125. (a) The board shall require as a condition precedent to
 4 the issuance, reinstatement, reactivation, renewal, or continued
 5 maintenance of a license, that the applicant or licensee have on
 6 file at all times a current and valid Certificate of Workers'
 7 Compensation Insurance or Certification of Self-Insurance. A
 8 Certificate of Workers' Compensation Insurance shall be issued
 9 and filed, electronically or otherwise, by one or more insurers
 10 duly licensed to write workers' compensation insurance in this
 11 state. A Certification of Self-Insurance shall be issued and filed
 12 by the Director of Industrial Relations. If reciprocity conditions
 13 exist, as defined in Section 3600.5 of the Labor Code, the
 14 registrar shall require the information deemed necessary to assure
 15 compliance with this section.

16 (b) This section does not apply to an applicant or licensee who
 17 has no employees provided that he or she files a statement with
 18 the board on a form prescribed by the registrar prior to the
 19 issuance, reinstatement, reactivation, or continued maintenance
 20 of a license, certifying that he or she does not employ any person
 21 in any manner so as to become subject to the workers'
 22 compensation laws of California or is not otherwise required to
 23 provide for workers' compensation insurance coverage under
 24 California law.

25 (c) No certificate of workers' compensation insurance,
 26 certification of self-insurance, or exemption-certificate is
 27 required of a holder of a license that has been inactivated on the
 28 official records of the board during the period the license is
 29 inactive.

30 (d) The insurer, including the State Compensation Insurance
 31 Fund, shall report to the registrar the following information for
 32 any policy required under this section: name, license number,

1 policy number, dates that coverage is scheduled to commence
2 and lapse, and cancellation date if applicable.

3 *(e) A licensee who is a roofing contractor holding an active*
4 *C-39 license issued by the board and who, pursuant to*
5 *subdivision (b), is exempt from the requirement set forth in*
6 *subdivision (a) shall not be exempt for a period of more than one*
7 *year. If, at the expiration of one year, the licensee does not*
8 *satisfy the requirement set forth in subdivision (a), the licensee*
9 *shall be placed on inactive status.*

10 *(f) This section shall remain in effect only until January 1,*
11 *2011, and as of that date is repealed, unless a later enacted*
12 *statute, that is enacted before January 1, 2011, deletes or extends*
13 *that date.*

14 SEC. 2. Section 7125 is added to the Business and Professions
15 Code, to read:

16 7125. The board shall require as a condition precedent to the
17 issuance, reinstatement, reactivation, renewal, or continued
18 maintenance of a license, that the applicant or licensee have on
19 file at all times a current and valid Certificate of Workers'
20 Compensation Insurance or Certification of Self-Insurance. A
21 Certificate of Workers' Compensation Insurance shall be issued
22 and filed, electronically or otherwise, by one or more insurers
23 duly licensed to write workers' compensation insurance in this
24 state. A Certification of Self-Insurance shall be issued and filed
25 by the Director of Industrial Relations. If reciprocity conditions
26 exist, as defined in Section 3600.5 of the Labor Code, the
27 registrar shall require the information deemed necessary to assure
28 compliance with this section.

29 (b) This section does not apply to an applicant or licensee who
30 has no employees provided that he or she files a statement with
31 the board on a form prescribed by the registrar prior to the
32 issuance, reinstatement, reactivation, or continued maintenance
33 of a license, certifying that he or she does not employ any person
34 in any manner so as to become subject to the workers'
35 compensation laws of California or is not otherwise required to
36 provide for workers' compensation insurance coverage under
37 California law.

38 (c) No certificate of workers' compensation insurance,
39 certification of self-insurance, or exemption-certificate is
40 required of a holder of a license that has been inactivated on the

1 official records of the board during the period the license is
2 inactive.

3 (d) The insurer, including the State Compensation Insurance
4 Fund, shall report to the registrar the following information for
5 any policy required under this section: name, license number,
6 policy number, dates that coverage is scheduled to commence
7 and lapse, and cancellation date, if applicable.

8 (e) This section shall become operative on January 1, 2011.

9 (Amended by Stats. 2002, Ch. 311, Sec. 4.Effective January 1,
10 2003.)

11 SEC. 3. Section 11665 is added to the Insurance Code, to
12 read:

13 11665. (a) An insurer shall not issue a workers'
14 compensation insurance policy to a roofing contractor holding a
15 C-39 license from the Contractors State License Board unless the
16 contractor has a minimum annual payroll of fifteen thousand
17 dollars (\$15,000).

18 (b) An insurer who issues a workers' compensation policy to a
19 roofing contractor described in subdivision (a) shall perform an
20 annual payroll audit for the contractor. The insurer may impose a
21 surcharge on each policyholder audited under this subdivision in
22 an amount necessary to recoup the reasonable costs of
23 conducting the annual payroll audits.

24 (c) The commissioner shall direct the rating organization
25 designated as his or her statistical agent to compile statistical data
26 for the California roofing industry on an annual basis and provide
27 a report to him or her each year. The data shall track the total
28 annual payroll and loss data reported by the California roofing
29 industry. The first report shall be filed no later than March 1,
30 2007, and shall cover the data compiled for the 2006 calendar
31 year.

32 (d) This section shall remain in effect only until January 1,
33 2011, and as of that date is repealed, unless a later enacted
34 statute, that is enacted before January 1, 2011, deletes or extends
35 that date.

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