

**Introduced by Senator Runner**

February 25, 2009

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An act to amend Section 3702.1 of the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

SB 342, as introduced, Runner. Workers' compensation: claims administration.

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of his or her employment, and requires an employer to provide, or pay for all reasonable costs of, medical services necessary to care for, or relieve, work-related injuries.

Existing law prohibits a person, firm, or corporation, other than an insurer admitted to transact workers' compensation insurance in this state, to contract to administer claims of self-insured employers as a 3rd-party administrator without a certificate of consent.

This bill would make technical, nonsubstantive changes to the above provision.

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

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

- 1 SECTION 1. Section 3702.1 of the Labor Code is amended to
- 2 read:
- 3 3702.1. (a) No person, firm, or corporation, other than an
- 4 insurer admitted to transact workers' compensation insurance in

1 this state, shall contract to administer claims of self-insured  
2 employers as a third-party administrator unless *they are* in  
3 possession of a certificate of consent to administer self-insured  
4 employers workers' compensation claims.

5 (b) As a condition of receiving a certificate of consent, all  
6 persons given discretion by a third-party administrator to deny,  
7 accept, or negotiate a workers' compensation claim shall  
8 demonstrate their competency to the director by written  
9 examination, or other methods approved by the director.

10 (c) A separate certificate shall be required for each adjusting  
11 location operated by a third-party administrator. A third-party  
12 administrator holding a certificate of consent shall be subject to  
13 regulation only under this division with respect to the adjustment,  
14 administration, and management of workers' compensation claims  
15 for any self-insured employer.

16 (d) A third-party administrator retained by a self-insured  
17 employer to administer the employer's workers' compensation  
18 claims shall estimate the total accrued liability of the employer for  
19 the payment of compensation for the employer's annual report to  
20 the director and shall make the estimate both in good faith and  
21 with the exercise of a reasonable degree of care. The use of a  
22 third-party administrator shall not, however, discharge or alter the  
23 employer's responsibilities with respect to the report.