



California Self Insurers' Security Fund

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NEWS RELEASE

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CASISF Alternative Security Program Frees \$6.5 Billion in Working Capital for California Businesses

Oakland — The California Self-Insurers' Security Fund's Board of Trustees has approved and implemented the 2020/21 Alternative Security Program (ASP), which frees \$6.5 billion in working capital and provides California self-insured businesses greater financial flexibility.

The ASP is a first-in-the-nation, innovative program operated by the non-profit California Self-Insurers' Security Fund. The program provides a financial backstop to replace security deposits required to collateralize self-insured workers' compensation liabilities.



"Self-insurance and the ASP provide a one-of-a-kind innovative program by the California Self-Insurers' Security Fund. It supports businesses by helping lower their workers' compensation costs and freeing up their working capital," said Board Chair & CEO Tim East. "Workers' compensation represents a considerable expense for businesses, and this program benefits both the businesses and the larger California economy."

"Self-insurance creates tremendous advantages and, in many cases, substantial cost savings for California employers," continued Mr. East. "It is now possible for a company wanting to enter self-insurance to

easily move from initial application to fully self-insured within 30 days.”

Moreover, there has been no increase in the Security Fund’s general assessment from last year. These continuing savings make the program and costs even more competitive for California self-insured businesses.

“The Fund’s historically sound and rigorous credit monitoring practices have positioned the Fund to address the economic impacts of the coronavirus pandemic,” said Dan Sovocool, a partner at Nixon Peabody LLP and the Security Fund’s outside General Counsel. “The Fund continues to be a strong resource and partner for California’s self-insured employers.”

All employers in California are required to have workers' compensation insurance to cover their employees in the event of work-related injuries or illnesses. Employers may satisfy this requirement by obtaining an insurance policy or gaining authority from the DIR’s Office of Self Insurance Plans (OSIP) to self-insure the businesses’ workers’ compensation liabilities.

Self-insured employers maintain a deposit equal to their estimated liabilities. Employers may post the deposit in cash, letters of credit, surety bonds, or securities. The use of these instruments limits the employer's ability to use their cash or credit line. In contrast, the Security Fund’s ASP allows employer members to free up their cash or line of credit, allowing them to reinvest this capital back into their businesses. ***The ASP provides the member with a low-cost substitute for collateral with no balance sheet impact.***

California currently has more than 3,500 private employers protecting more than 2.2 million workers representing a total payroll of nearly \$113 billion through self-insurance workers’ compensation plans.

A self-insurance plan protects one of every eight California workers. Self-insured private employers in California represent large and midsized private companies and industry groups.

The California Self-Insurers' Security Fund (CASISF) has been proudly serving its members for 36 years since its founding on July 6, 1994. We are a member-driven non-profit organization with leadership by a volunteer Board of Trustees representing members serving members. The Security Fund is a strategic partner supporting California self-insured workers' compensation programs. "We are California Workers' Comp Experts" with a singular focus on self-insurance.

More information on California's workers' compensation self-insurance program is available at CASISF's website – www.securityfund.org or by emailing membership@securityfund.org . For media inquiries, contact Becky Lysaght (510)879-6035. #CASISF #CASISF36Years

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