



California Self Insurers' Security Fund

555 12th Street, Suite 680 Phone: 510 879 6032
Oakland, CA 94607 Fax: 510 879 7709

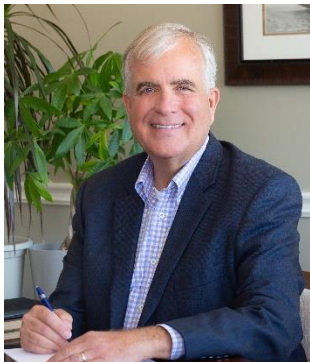
NEWS RELEASE

Date: August 10, 2021

CASISF Alternative Security Program Frees \$6.8 Billion in Working Capital for California Businesses

Oakland — The California Self-Insurers' Security Fund's Board of Trustees has approved and implemented the 2021/22 Alternative Security Program (ASP), which frees \$6.8 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.



"When an employer's self-insurance program is backed up by the ASP and Self-Insurers' Security Fund, it lowers their workers' compensation costs and frees up working capital," said Board Chair & CEO Tim East. "Workers' compensation is usually a major expense, and this program benefits both business owners and the larger California economy."

"Self-insurance gives employers more control over claims delivery and cost savings as well" continued Mr. East. "what's more, the Fund's ASP member assessments were reduced by 15% this year, providing even greater benefit and savings to members."

“The Fund’s historically sound and rigorous credit monitoring practices have enabled the Fund to safely weather the economic uncertainty of the coronavirus pandemic and emerge strong and well positioned to continue serving its members in the future,” 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 2.3 million workers representing a total payroll of nearly \$126 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 37 years since its founding on July 6, 1984. The Security Fund is 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 an exclusive 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 #CASISF37Years

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