



## California Self Insurers' Security Fund

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# NEWS RELEASE

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## CASISF Alternative Security Program Frees \$6.6 Billion in Working Capital for California Businesses

Oakland — The California Self-Insurers' Security Fund's Board of Trustees has approved and implemented the 2019/20 Alternative Security Program (ASP), which frees \$6.6 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. The participation fee for the guarantee program was reduced 13% versus last year. These added savings make the program and costs even more competitive for California self-insured businesses.



“Self-insurance and the ASP provide a one-of-a-kind innovative way that the California Self-Insurers' Security Fund supports businesses by helping them lower their workers' compensation costs and helping them free up and reinvest their 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.”

All employers in California are required to have workers' compensation insurance to protect themselves and workers, and to minimize the impact of work-related injuries and illnesses. Meeting this requirement can be accomplished either by buying an insurance policy, or through obtaining authority from the DIR's Office of Self Insurance Plans (OSIP) to self-insure the businesses' workers' compensation liabilities.

"Self-Insurance allows tremendous advantages and in many cases substantial cost savings to California employers," said Board Chair & CEO Tim 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."

Self-insured employers are required to maintain a deposit to collateralize their risk in an amount equal to estimated liabilities as determined by an actuary. This deposit, which can be posted in cash, letters of credit, surety bonds or securities, limits the employer's ability to use their cash or credit line to expand their business. In contrast, the Security Fund ASP allows members to free up their cash or line of credit, allowing them to invest this capital back into their businesses while the ASP assumes responsibility for their security deposit posting requirement. This essentially provides the ASP member 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 \$100 billion through self-insurance workers' compensation plans.

One of every eight California workers is protected by a self-insurance plan. Self-insured private employers in California represent large and mid-sized private companies and industry groups.

The California Self-Insurers' Security Fund (CASISF) has been proudly serving its members for 35 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 key 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](http://www.securityfund.org) . For media inquiries, contact Becky Lysaght (510)879-6035. #CASISF #CASISF35Years

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