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## *Defaults*

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***Q. What is a default?***

A. A default can occur when a member fails to pay its workers' compensation liabilities when due, most notably by failing to make timely payments of benefits. In such cases, the Director will declare the member in default and may order the Security Fund to assume the administration of claims.

***Q. What is the default process?***

A. When a self-insured company fails to make legitimate workers' compensation benefit payments when due, the Department of Industrial Relations may issue an Order of Default under California Labor Code Section 3701.5.

***Q. Does the Security Fund have any rights against members who default?***

A. Yes. The Security Fund has a statutory obligation to seek recourse against defaulting members, in part to minimize the cost of the default to the other members. The Security Fund also has broad rights to seek legal recourse against third parties.