



OSIP

Office of Self Insurance Plans

NEW SB863 Requirements for California Self Insurers'

What do the new regulations require of California Self Insurers?

All private self insurers must submit an actuarial study and a actuarial summary by May 1st of each year using a valuation date of December 31 of the previous year.

Who must file an actuarial study?

Current and former (revoked), private and group self insurers that are required to file an employer's annual report must also file an actuarial study. Public entities (i.e. City, County, State and school districts) are not required to file actuarial studies.

When do these requirements go into effect?

Senate Bill 863 and OSIP's emergency regulations became effective on January 1, 2013. The complete study and actuarial summary must be filed by May 1, 2013 (April 15, for self-insured groups).

Which actuaries are qualified to do this?

A qualified actuary must be independent, have current experience making California workers' compensation actuarial projections, have a minimum of \$1 million of professional liability and E&O insurance coverage, and have one of the following professional designations; Fellow of the Casualty Actuarial Society (FCAS), or be a member of the American Academy of Actuaries (MAAA), or a member of the Society of Actuaries who is qualified to sign a statement of actuarial opinion on loss reserves.

How will this affect my security deposit?

Under SB863, self insurer's security deposit will be equal to the actuarial determined undiscounted central estimate, including IBNR, ALAE and ULAE, net of excess insurance. There are a few exceptions where the deposit amount may be adjusted for other factors.

What if I already have an actuarial study completed, but it is not valued as of December 31st?

It may be possible to use an earlier valuation date than December 31. The actuary may be able to perform analysis so the valuation date can be 'rolled forward' to December 31. Your actuary can best explain this and what reasonable limitations exist on this type of analysis and process.

Do I still need to complete the Employer's Annual Report?

Yes. Employer's annual reports must still be filed annually. These reports are different than an actuarial study and collect important and different information.

The new regulations are on OSIP's website at: <http://www.dir.ca.gov/osip/SIPRegulations/OSIPApprovedEmergencyReqs-12-31-2012.pdf>

**Questions? E-mail: OSIP@dir.ca.gov
www.dir.ca.gov/osip**