



All fifteen of these bills address various areas of workers' compensation law here in California. Two bills will have direct (and beneficial) impact on community managers and their HOA clients.

First, some background: The Business and Professions Code requires every licensed contractor to have on file at all times with the Contractors State Licensing Board (CSLB) a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance. Existing law allows all specialty and general contractors to claim exemption from the requirement to have workers' compensation insurance if the contractor certifies it does not have any employees or is otherwise exempt from having workers' compensation insurance. (Business and Professions Code (BPC) § 7125)

Previously, a no employees' exemption statement could be on file for years with no updating regardless of whether or not the contractor's status as an employer might have changed in the interim. The new law, AB 397 (Monning) requires that the contractor's status be updated at each renewal. The contractor must either warrant that they are still exempt as an employer (no employees) or provide evidence of their workers' compensation coverage. Also signed into law on Friday was AB 878 (Berryhill). This law requires a workers' compensation insurance company to report to the California Contractors' State License Board if a contractor's workers' compensation policy is cancelled by the insurance carrier when all of the following conditions are met:

- a) The insurer has completed a premium audit or investigation.
- b) The insured contractor makes a material misrepresentation that results in financial harm to the insurer.
- c) No reimbursement has been paid by the insured contractor to the insurer.

Existing law requires a workers' compensation insurer, including the State Compensation Insurance Fund (SCIF), to report to the CSLB regarding each licensed contractor's policy: the name, license number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if applicable. (BPC § 7125 (d))



For Associations and community managers, these extra measures by the state to ensure that licensed contractors are insured are enormously helpful – it means that any vendor who claims to be licensed should have *no* objection to presenting a current certificate of workers' compensation insurance when the

Association requests one for their file, because he or she will have needed it to renew his/ her license (this past year *and* next year). For sole proprietors, you can request a copy of their Certification of Self-Insurance, the document that *they* will have needed to provide to the state at the time of their license renewal, to verify that they are exempt from maintaining W/C. Consequently, this increased accountability to the state on a yearly basis means that these documents should be more readily available, and contractors should be less likely to allow them to lapse mid-term, ultimately lessening your exposure and increasing your peace of mind when hiring licensed contractors to perform work at your Association.



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