



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code: Section:

[Up^](#) [Add To My Favorites](#)

INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (*Division 2 enacted by Stats. 1935, Ch. 145.*)

PART 3. LIABILITY, WORKERS' COMPENSATION, AND COMMON CARRIER LIABILITY INSURANCE [11550 - 11895] (*Heading of Part 3 amended by Stats. 1979, Ch. 373.*)

CHAPTER 2. Workers' Compensation Policies [11630 - 11665] (*Heading of Chapter 2 amended by Stats. 1979, Ch. 373.*)

ARTICLE 2. Policy Provisions [11650 - 11665] (*Article 2 enacted by Stats. 1935, Ch. 145.*)

11650. Every contract insuring against liability for compensation and every compensation policy is conclusively presumed to contain all of the provisions required by this article.

(Enacted by Stats. 1935, Ch. 145.)

11651. Every such contract or policy shall contain a clause to the effect that the insurer will be directly and primarily liable to any proper claimant for payment of any compensation for which the employer is liable, subject to the provisions, conditions and limitations of the policy.

(Enacted by Stats. 1935, Ch. 145.)

11652. Every such contract or policy shall contain a clause to the effect that, as between the employee and the insurer, notice to or knowledge of the occurrence of the injury on the part of the employer will be deemed notice or knowledge, as the case may be, on the part of the insurer.

(Enacted by Stats. 1935, Ch. 145.)

11653. Every such contract or policy shall contain a clause to the effect that jurisdiction of the employer will, for the purpose of the law imposing liability for compensation, be jurisdiction of the insurer.

(Enacted by Stats. 1935, Ch. 145.)

11654. Every such contract or policy shall contain a clause to the effect that the insurer will in all things be bound by and subject to the orders, findings, decisions or awards rendered against the employer under the provisions of the law imposing liability for compensation, subject to the provisions, conditions and limitations of the policy. The insurance contract shall govern as between the employer and insurer as to payments by either in discharge of the employer's liability for compensation.

(Enacted by Stats. 1935, Ch. 145.)

11655. Such policy shall not contain any provisions relieving the insurer from payment when the employer becomes insolvent or obtains a discharge in bankruptcy, or otherwise, during the period that the policy is in operation or the compensation remains owing.

(Amended by Stats. 2009, Ch. 500, Sec. 56. (AB 1059) Effective January 1, 2010.)

11656. Such policy shall also provide that the employee has a first lien upon any amount which becomes owing to the employer from the insurer on account of the policy, and that in case of the legal incapacity or inability of the employer to receive the money and pay it to the claimant, the insurer will pay it directly to the claimant. To the extent of such payment, the obligations of the employer to the claimant are thereby discharged.

(Enacted by Stats. 1935, Ch. 145.)

11656.1. Upon request of the State Department of Social Services, the State Compensation Insurance Fund may issue one workers' compensation insurance policy insuring all recipients of in-home supportive services under Article 7 (commencing with

Section 12300), Chapter 3, Part 3, Division 9 of the Welfare and Institutions Code for whom and to the extent that the State Department of Social Services has an obligation to perform or assure the performance of rights, duties and obligations relating to such services as specified in Section 12302.2 of the Welfare and Institutions Code.

(Added by renumbering Section 11656.7 by Stats. 1979, Ch. 373.)

11656.5. In order to permit employees of small farms to be brought under the provisions of the Workers' Compensation Law, employers of agricultural labor who are members of any nonprofit agricultural association or who are members of, or stockholders in, any nonprofit cooperative agricultural marketing association of producers, some or all of whom may not be required to carry compensation insurance, may, under such conditions as the commissioner may prescribe in order to effectuate the purpose of Article 2, Chapter 3, of this part, be insured under a group compensation insurance policy.

(Amended by Stats. 1990, Ch. 293, Sec. 1.)

11656.6. An insurer may issue a workers' compensation policy insuring an organization or association of employers as a group if the organization or association complies with the following conditions:

(a) Files with the commissioner or a licensed workers' compensation rating organization designated by him or her the following:

(1) A copy of its articles of incorporation and bylaws or its agreement of association and rules and regulations governing the conduct of its business, all certified by the custodian of the originals thereof.

(2) A statement setting forth its reasons for desiring insurance as a group.

(3) A statement certifying that at least 75 percent of its regular membership is engaged in a common trade or business, and an agreement that the percentage of membership will be maintained during the time that a group workers' compensation policy issued to the organization or association is in force.

(4) An agreement that only those members who are engaged in a common trade or business shall be named by the organization or association in any statement to the commissioner, a licensed workers' compensation rating organization, or insurer as eligible for insurance as a member of the group, and an agreement that it will immediately notify its insurer if any member of the organization fails to remain a member in good standing in accordance with the basic law, rules, and regulations of the organization or association.

(5) A statement in writing undertaking to establish and maintain a safety committee which, by education and otherwise, will seek to reduce the incidence and severity of accidents.

(6) An agreement in writing duly executed stating that, if the insurer notifies the organization or association of the nonpayment of a premium by an insured member of the organization or association within 60 days after the premium was due, the organization or association may be liable to pay to the insurer the amount of any past due premium that does not exceed the amount of the dividends that are due to the organization or association or its members from the insurer.

However, this agreement shall not be required, nor shall an organization or association be liable for payment, unless the governing board of the organization or association and the insurer agree in writing to use dividends due for the payment of past due premiums. The organization or association shall promptly notify the insurer of the known insolvency of any member of the group plan, and shall request, upon learning of the insolvency, removal of the member from the group plan. A copy of the resolution of the governing board of the organization or association authorizing the execution of the agreement shall be filed with the commissioner or a licensed workers' compensation rating organization designated by the commissioner and with any insurer issuing a group policy.

(b) "Common trade or business," as used in this article, shall mean:

(1) In agricultural enterprises, operations in which the principal payroll of the employer develops under any combination of the classifications of the Manual of Rules, Classifications and Basic Rates of Workers' Compensation Insurance approved by the Insurance Commissioner as applicable to farms, nurserymen, cultivating or gardening of flowers, and classifications embracing other operations that may be conducted by a nonprofit cooperative association composed of producer members and combinations of nonprofit cooperative agricultural marketing associations having a central organization composed of member associations.

(2) In the building and construction industry, operations in the construction or repair of commercial or residential buildings or in general engineering construction in which the principal payroll develops under any combination of the classifications applicable to the construction or repair as they appear in the Manual of Rules, Classifications and Basic Rates for Workers' Compensation Insurance approved by the Insurance Commissioner. Commercial buildings, as defined in this paragraph, shall mean any nonresidential buildings.

(3) In the transportation and warehousing industry, operations in which the principal payroll of the employer develops under any combination of the classifications of the Manual of Rules, Classifications and Basic Rates of Workers' Compensation Insurance approved by the Insurance Commissioner as applicable to for-hire motor carriers subject to regulation by the Public Utilities Commission and warehousemen.

(4) In the timber and lumber industry, operations in which the principal payroll of the employer develops under any combination of the classifications of the Manual of Rules, Classifications and Basic Rates of Workers' Compensation Insurance approved by the Insurance Commissioner as applicable to land clearing, logging or lumbering, log, chip, and lumber hauling, planing or molding mills, sawmills or shingle mills, veneer or veneer products manufacturing, box or box shook manufacturing, cabinet works, door, door frame, or sash manufacturing and wood fiber preparation. However, no classification applicable to for-hire motor carriers under the provisions of paragraph (3) of this subdivision shall be included in any combination of classifications authorized by this paragraph.

(5) For public agencies providing industrial, domestic, or agricultural water service, operations in which the principal payroll of the employer develops under any combination of the classifications of the Manual of Rules, Classifications and Basic Rates of Workers' Compensation Insurance approved by the Insurance Commissioner as applicable to irrigation, drainage, reclamation, or waterworks operations.

(6) For sheltered workshops and rehabilitation facilities licensed pursuant to Section 1191.5 of the Labor Code, operations in which the principal payroll of the employer develops under any combination of classifications of the Manual of Rules, Classifications and Basic Rates of Workers' Compensation Insurance approved by the Insurance Commissioner.

(7) For all other enterprises, operations in which the principal payroll develops under a single manual classification or a combination of classifications under which a group policy may be issued pursuant to subdivision (d).

(8) For manufacturing facilities as identified in Sector 31 to 33, inclusive, of the North American Industry Classification System (NAICS), operations in which the principal payroll of the employer develops under any combination of classifications of the Manual of Rules, Classifications, and Basic Rates of Workers' Compensation Insurance approved by the Insurance Commissioner applicable to establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.

(c) Except as provided in subdivision (d), "principal payroll," for the purpose of this section, means not less than 51 percent of the total payroll for the preceding policy year or, in the case of an employer who has no preceding full year's payroll, not less than 51 percent of his or her estimated annual payroll. Principal or estimated annual payroll shall not include the payroll of those employees set forth in the standard exceptions contained in the Manual of Rules, Classifications, and Basic Rates of Workers' Compensation Insurance approved by the Insurance Commissioner.

(d) An insurer may issue a workers' compensation policy insuring an organization or association of employers as a group if, in addition to complying with the conditions set forth in subdivision (a), the organization or association has had at least 50 percent of its present membership for at least one year prior to the issuance of the policy, and not less than 75 percent of the payroll of each employer to be insured under the group policy developed under the same two manual classifications, or either of them, for the preceding policy year or, in the case of an employer who has had no preceding full-year's payroll, not less than 75 percent of his estimated annual payroll develops under the classification or classifications. However, no classification applicable to for-hire motor carriers under the provisions of paragraph (3) of subdivision (b) shall be included in any combination of classifications authorized by this subdivision.

(Amended by Stats. 2003, Ch. 641, Sec. 1. Effective January 1, 2004.)

11656.7. Each member of an organization insured under a group policy shall be treated as a single and separate entity as respects rates, classifications and rating plans.

Two or more policies whose experience is combined for any purpose whatsoever, shall be considered group insurance and subject to the provisions of this article unless employers insured by such policies are engaged in operations having a common pay roll or where any rating plan or rating system and the rules applicable to them approved by the commissioner under the provisions of Article 2, Chapter 3, Part 3, Division 2, require or permit the insurance of more than one employer in a single policy.

(Added by Stats. 1953, Ch. 889.)

11656.8. Nothing in Section 11656.6 or 11656.7 shall be construed to supersede, modify, or otherwise affect in any way the provisions of Section 11656.5.

(Added by Stats. 1953, Ch. 889.)

11656.9. To encourage and facilitate the participation of agencies, entities or institutions, public or private, in economic opportunity programs authorized under Public Law 88-452, insurers may insure the workers' compensation liability to enrollees of sponsoring agencies pursuant to Chapter 9 (commencing with Section 4201) of Part 1 of Division 4 of the Labor Code under a master policy, subject to the approval of the Insurance Commissioner.

(Amended by Stats. 1981, Ch. 714, Sec. 277.)

11657. Subject to the provisions of Sections 11659 and 11660, limited workers' compensation policies may be issued insuring either the whole or any part of the liability of any employer for compensation, provided that the policy is previously approved, as to substance and form, by the commissioner. Subject to those provisions, the policy may restrict or limit the insurance in any manner whatsoever.

(Amended by Stats. 1995, Ch. 582, Sec. 1. Effective January 1, 1996.)

11658. (a) A workers' compensation insurance policy or endorsement shall not be issued by an insurer to any person in this state unless the insurer files a copy of the form or endorsement with the rating organization pursuant to subdivision (e) of Section 11750.3 and 30 days have expired from the date the form or endorsement is received by the commissioner from the rating organization without notice from the commissioner, unless the commissioner gives written approval of the form or endorsement prior to that time.

(b) If the commissioner notifies the insurer that the filed form or endorsement does not comply with the requirements of law, specifying the reasons for his or her opinion, it is unlawful for the insurer to issue any policy or endorsement in that form.

(c) The withdrawal of a policy form or endorsement by the commissioner pursuant to this section shall not affect the status of the policyholder as having secured payment for compensation or affect the substitution of the insurer for the policyholder in workers' compensation proceedings as set forth in the provisions of Chapter 4 (commencing with Section 3700) of Part 1 of Division 4 of the Labor Code during the period of time in which the policy form or endorsement was in effect.

(d) This section shall not apply to limited policies submitted for approval to the commissioner pursuant to Section 11657.

(Repealed and added by Stats. 1995, Ch. 582, Sec. 3. Effective January 1, 1996.)

11658.5. (a) (1) An insurer that intends to use a dispute resolution or arbitration agreement to resolve disputes arising in California out of a workers' compensation insurance policy or endorsement issued to a California employer shall disclose to the employer, contemporaneously with any written quote that offers to provide insurance coverage, that choice of law and choice of venue or forum may be a jurisdiction other than California and that these terms are negotiable between the insurer and the employer. The disclosure shall be signed by the employer as evidence of receipt where the employer accepts the offer of coverage from that insurer.

(2) After compliance with paragraph (1), a dispute resolution or arbitration agreement may be negotiated by the insurer and the employer before any dispute arises.

(b) Nothing in this section is intended to interfere with any authority granted to the Insurance Commissioner under current law.

(c) Failure by the insurer to observe the requirements of subdivision (a) shall result in a default to California as the choice of law and forum for resolution of disputes arising in California.

(d) For purposes of this section, a "California employer" means an employer whose principal place of business is in California and whose California payroll constitutes the majority of the employer's payroll for purposes of determining premium under the policy.

(e) This section shall apply to workers' compensation policies issued or renewed on or after July 1, 2012.

(Added by Stats. 2011, Ch. 566, Sec. 2. (SB 684) Effective January 1, 2012.)

11659. Such approved form of policy, limited pursuant to Section 11657, shall not be otherwise limited except by indorsement thereon in accordance with a form prescribed by the commissioner or in accordance with rules adopted by the commissioner. Such indorsement form shall not be subject to Section 11658. Before prescribing such indorsement form or adopting such rule, the commissioner shall consult concerning it with the Workers' Compensation Appeals Board.

(Amended by Stats. 1980, Ch. 575, Sec. 1.)

11660. Failure to observe the requirements of Sections 11657 and 11659 shall render a policy issued under Section 11657, and not complying therewith, unlimited.

(Amended by Stats. 1995, Ch. 582, Sec. 4. Effective January 1, 1996.)

11661. An insurer shall not insure against the liability of the employer for the additional compensation recoverable for serious and willful misconduct of the employer or his agent. An insurer may, however, provide insurance against the expense of defending any suit for serious and willful misconduct against an employer or his agent.

(Amended by Stats. 1969, Ch. 1062.)

11661.5. An insurer shall not insure an employer against his liability for additional compensation arising out of injuries to illegally employed persons under 16 years of age, as provided for by Part 4 (commencing with Section 1171) of Division 2 of the Labor Code.

(Amended by Stats. 1967, Ch. 689.)

11661.6. (a) An insurer shall not insure an employer against his or her obligation to reimburse the insurer for the amount of increase in indemnity payment as provided for by subdivision (e) of Section 4650 of the Labor Code. Every contract insuring against liability for compensation and every compensation policy shall provide that the insured employer is obligated to reimburse the insurer for the amount of increase in indemnity payment required by Section 4650 of the Labor Code, if the late indemnity payment which gives rise to the increase in the amount of payment is due less than seven days after the insurer receives the completed claim form from the employer.

(b) An insurer shall not report the amount of any increase in indemnity required by Section 4650 of the Labor Code as incurred indemnity to the Insurance Commissioner's designated statistical agent.

(Added by Stats. 1990, Ch. 1550, Sec. 1.)

11662. Whenever any employer is insured against liability for compensation with any insurer, such insurer is subrogated to the rights of the employer to recover losses arising out of any of the following acts by the insurer:

(a) Assuming the liability of the employer for compensation in the manner provided by the law relating thereto.

(b) Payment of any compensation for which the employer is liable.

Such insurer may enforce any such subrogated rights in its own name.

(Enacted by Stats. 1935, Ch. 145.)

11663. As between insurers of general and special employers, one which insures the liability of the general employer is liable for the entire cost of compensation payable on account of injury occurring in the course of and arising out of general and special employments unless the special employer had the employee on his or her payroll at the time of injury, in which case the insurer of the special employer is solely liable. For the purposes of this section, a self-insured or lawfully uninsured employer is deemed and treated as an insurer of his or her workers' compensation liability.

(Amended by Stats. 1981, Ch. 714, Sec. 279.)

11663.5. (a) Upon receiving a written request from an insured or the agent or broker of record where authorized by the insured, an insurer shall provide a premium and loss history report to the requesting party for the account's tenure or the three-year period ending with the inception of the current policy period, whichever is shorter, plus loss experience during the current policy period that is in force if any of the following occur.

(1) The policy is canceled or nonrenewed.

(2) The policyholder requests the information within 60 days prior to the renewal date of an existing policy.

(3) The policyholder's current insurer's rating is downrated by a nationally recognized insurance rating service to a financial rating below secure or good or to a rating that would negatively impact the ability of the policyholder to conduct its business operations.

(4) The policyholder's current insurer is conserved by the department under Section 1011, or is ordered to cease writing business under Sections 1065.1 and 1065.2.

The premium and loss history report, and the loss experience information for the current policy period, shall be provided within 10 business days of receiving the request.

(b) This section applies only to workers' compensation insurance.

(c) This section shall not apply to a policyholder who, through automated or other means, is provided direct, ongoing access to claims information by the insurer.

(d) For purposes of this section, a loss history report includes, but is not limited to, a list of individual claims detailed by date of claim and total incurred and paid losses.

(Added by Stats. 2001, Ch. 102, Sec. 3. Effective January 1, 2002.)

11664. (a) This section applies only to policies of workers' compensation insurance.

(b) A notice of nonrenewal shall be in writing and shall be delivered or mailed to the producer of record and to the named insured at the mailing address shown on the policy. The time periods and procedures in subdivision (a) of Section 1013 of the Code of Civil Procedure shall be applicable if the notice is mailed.

(c) An insurer, at least 30 days, but not more than 120 days, in advance of the end of the policy period, shall give notice of nonrenewal, and the reasons for the nonrenewal, if the insurer intends not to renew the policy.

(d) If an insurer fails to give timely notice required by subdivision (c), the policy of insurance shall be continued, with no change in its premium rate, for a period of 60 days after the insurer gives the notice.

(e) A notice of nonrenewal shall not be required in any of the following situations.

(1) The transfer of, or renewal of, a policy without a change in its terms or conditions or the rate on which the premium is based between insurers that are members of the same insurance group.

(2) The policy has been extended for 90 days or less, if the notice required in subdivision (c) has been given prior to the extension.

(3) The named insured has obtained replacement coverage or has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

(4) The policy is for a period of no more than 60 days and the insured is notified at the time of issuance that it may not be renewed.

(5) The named insured requests a change in the terms or conditions or risks covered by the policy within 60 days prior to the end of the policy period.

(6) The insurer has made a written offer to the insured to renew the policy at a premium rate increase of less than 25 percent.

(A) If the premium rate in the governing classification for the insured is to be increased 25 percent or greater and the insurer intends to renew the policy, the insurer shall provide a written notice of a renewal offer not less than 30 days prior to the policy renewal date. The governing classification shall be determined by the rules and regulations established in accordance with subdivision (c) of Section 11750.3.

(B) For purposes of this section, "premium rate" means the cost of insurance per unit of exposure prior to the application of individual risk variations based on loss or expense considerations such as scheduled rating and experience rating.

(Amended by Stats. 2022, Ch. 424, Sec. 28. (SB 1242) Effective January 1, 2023.)

11665. (a) An insurer who issues a workers' compensation insurance policy to a roofing contractor holding a C-39 license from the Contractors' State License Board shall perform an annual payroll audit for the contractor. This audit shall include an in-person visit to the place of business of the roofing contractor to verify whether the number of employees reported by the contractor is accurate. The insurer may impose a surcharge on each policyholder audited under this subdivision in an amount necessary to recoup the reasonable costs of conducting the annual payroll audits.

(b) The commissioner shall direct the rating organization designated as his or her statistical agent to compile pertinent statistical data on those holding C-39 licenses, as reported by the appropriate state entity, on an annual basis and provide a report to him or her each year. The data shall track the total annual payroll and loss data reported on those holding C-39 licenses in accordance with the standard workers' compensation insurance classifications applicable to roofing operations. The data shall include the number of employers, total payroll, total losses, and the losses per one hundred dollars (\$100) of payroll by the employers' annual payroll intervals as follows:

1 to	4,999
5,000 to	9,999
10,000 to	14,999
15,000 to	19,999
20,000 to	24,999

25,000 to	29,999
30,000 to	39,999
40,000 to	49,999
50,000 to	74,999
75,000 to	99,999
100,000 to	199,999
200,000 to	299,999
300,000 to	399,999
400,000 to	499,999
500,000 to	599,999
600,000 to	699,999
700,000 to	799,999
800,000 to	899,999
900,000 to	999,999
1,000,000 to	1,099,999
1,100,000 to	1,199,999
1,200,000 to	1,299,999
1,300,000 to	1,399,999
1,400,000 to	1,499,999
1,500,000 or more	

The report shall also be provided to the Legislature by the commissioner, in compliance with Section 9795 of the Government Code.
(Amended by Stats. 2013, Ch. 76, Sec. 140. (AB 383) Effective January 1, 2014.)