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Title 22@ Social Security

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Division 1@ Employment Development Department

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Subdivision 1@ Director of Employment Development

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Division 1@ Unemployment and Disability Compensation

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Part 2@ Disability Compensation

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Chapter 6@ VOLUNTARY PLANS

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Section 3258-1@ Self-Insured Plans-Security

3258-1 Self-Insured Plans-Security

(a)

The security required of a self-insurer shall be in the form of a cash deposit, bearer bonds issued or guaranteed by the United States of America, or issued by this State or the bond of an admitted surety insurer. The amount of the security in excess of the minimum required by the code shall be determined by the department upon the basis of the number of employees involved, the size of the pay roll, the class of risks contemplated, the financial standing of the employer and any additional factors which the department may deem proper. The department may at any time re-evaluate the amount of security to ascertain whether the amount is adequate to meet the obligations of the self-insured plan.

(b)

The security provided for in this section shall be applied by the department to the payment of any unpaid obligations under the plan. Upon withdrawal of a self-insured plan pursuant to Section 3254(g) or Section 3255(g) of the code, or upon termination of a plan pursuant to Section 3262-1 of these regulations, the department shall retain the security theretofore deposited. Upon the withdrawal or termination of the self-insured plan, the department may retain the security for up to 36 months after termination/withdrawal of the plan, to ensure that all benefit claims have been paid in accordance with the code. During the retention period, the department may collect the unpaid amount of any assessment against the

employer out of the security on deposit, or may demand payment from the surety insurer. Any security remaining after payment shall be returned to the employer or his or her legal representative or his or her assignee. The surety insurer which pays the amount demanded shall thereupon be discharged of its obligation under the bond. The department may make a partial return of the security at an earlier date if it finds that the security is in excess of that required.