

Date of Hearing: June 22, 2022

**ASSEMBLY COMMITTEE ON INSURANCE**

Tom Daly, Chair

SB 1064 (Newman) – As Introduced February 15, 2022

**SENATE VOTE:** 33-0

**SUBJECT:** Structural pest control: workers' compensation insurance coverage

**SUMMARY:** Requires structural pest control companies to provide proof that they maintain workers' compensation insurance to the Structural Pest Control Board (Board). Specifically, **this bill:**

- 1) Prohibits the Board from issuing, reinstating, or continuing to maintain any structural pest control operator company registration unless the applicant or existing company has filed a current and valid Certificate of Workers' Compensation Insurance with the Board.
- 2) Exempts a company with no employees from this requirement so long as the company provides the Board with a statement certifying they have no employees and are not required to obtain or maintain workers' compensation insurance.
- 3) Requires the insurer to report to the Board the company name, registration number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if the policy is canceled for specified reasons.
- 4) Provides that willful or deliberate disregard and violation of workers' compensation insurance laws constitutes a cause for disciplinary action against the registered company and the qualifying manager or managers.

**EXISTING LAW:**

- 1) Establishes a workers' compensation system that provides benefits to an employee who suffers from an injury or illness that arises out of and in the course of employment, irrespective of fault.
- 2) Requires private employers to secure the payment of compensation by obtaining and maintaining workers' compensation insurance or to self-insure as an individual employer or as one employer in a group of employers. (Labor Code § 3700 et seq.)
- 3) Establishes the Board as the entity within the Department of Consumer Affairs (DCA) that licenses and regulates structural pest control applicators, field representatives, operators, and structural pest control companies. (Business and Professions Code (BPC) § 8500 et seq.)
- 4) Defines a "registered company" as any sole proprietorship, partnership, corporation, or other organization or any combination thereof that is registered with Board to engage in the practice of structural pest control. Requires every company that engages in the practice of structural pest control, as a sole proprietorship, partnership, corporation, or other organization or any combination to be registered with the Board. (BPC §§ 8506.1 and 8610)

- 5) Defines “Structural Pest Control” to mean any of the following, with respect to household pests, wood destroying pests or organisms, and pests that may invade other industrial structures:
- a) Identification of infestations or infections.
  - b) Inspections for the purpose of identifying or attempting to identify infestations or infections of households or structures.
  - c) Creation of inspection reports, recommendations, estimates, and bids with respect to those infestations or inspections.
  - d) Performing any work for the purpose of eliminating, exterminating, controlling, or preventing infestations or infections of pests, including structural work and the use of pesticides.

(BPC §8505)

- 6) Specifies that disregard and violation of the buildings laws of the state, or of any of its political subdivisions, or of the safety laws, labor laws, health laws, or compensation insurance laws of the state relating to the practice of structural pest control is a ground for disciplinary action. (BPC § 8636)

**FISCAL EFFECT:** Negligible. The Senate Appropriations Committee waived a hearing on this bill pursuant to Senate Rule 28.8.

**COMMENTS:**

- 1) **Purpose.** According to the author:

Under current law, pest control companies in California must hold an active insurance policy that guarantees coverage for up to \$500,000 in loss due to injury or destruction of property. At present, however, there is no explicit requirement for a pest control company to show proof of such workers’ compensation insurance at the time of applying for a new license or renewing an existing license. The consequences of this lack of accountability became clear in July 2021, when a pest control worker performing fumigation in Arcadia, California fell to his death from the roof of a two-story home. If the company had had the required workers’ compensation coverage, the family would have been eligible for financial assistance. Under the provisions of SB 1064, the process for issuing licenses for California pest control companies will include verification of active workers’ compensation insurance. Additionally, SB 1064 requires the state compensation insurance fund and the insurer to notify the Structural Pest Control Board of a company’s policy lapse, thereby ensuring that all employers of California pest control workers satisfy the requirements of existing law. No California company whose employees engage in potentially hazardous activities should be allowed to escape responsibility for obtaining the required coverages.

- 2) **Discussion.** In California, all employers are required to have workers’ compensation insurance and to pay for workers’ compensation benefits for employees that experience a work-related injury or illness.

Structural pest control is the control of household pests (including but not limited to rodents, vermin and insects) and wood-destroying pests and organisms or such other pests which may invade households or structures, including railroad cars, ships, docks, trucks, airplanes, or the contents thereof.

Current law requires pest control companies in California to hold an active insurance policy that guarantees coverage for up to \$500,000 in loss due to injury or destruction of property. However, there is no explicit requirement for a pest control company to show proof of workers' compensation insurance. As a result, there are structural pest control operators that are not carrying sufficient or any workers' compensation insurance.

According to the Pest Control Operators of California, the sponsor of the bill, "Due to the absence of workers' compensation coverage, individuals and their families can be burdened by substantial financial strain when on-the-job injuries do occur...SB 1064 will ensure that California's pest control workers enjoy the same safety protections as other licensed professionals, protecting workers from financial liability for injury or death on the job."

Note that licensees of the Contractors State Licensing Board (CSLB) are required to obtain workers' compensation insurance or have a workers compensation exemption on file with the CSLB if they qualify. This bill is modeled directly after the CSLB requirements contained in BPC §§ 7125 and 7125.2).

- 3) **Double-referral.** This bill was heard in the Assembly Committee on Business and Professions on June 14, 2022 and passed out with a vote of 16-0.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

Pest Control Operators of California (sponsor)  
California Labor Federation, AFL-CIO

##### **Opposition**

None on file.

**Analysis Prepared by:** Claire Wendt / INS. / (916) 319-2086