

Date of Hearing: April 11, 2023

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Marc Berman, Chair

AB 336 (Cervantes) – As Amended March 23, 2023

**SUBJECT:** Contractors: workers' compensation insurance.

**SUMMARY:** Requires contractors, at the time of license renewal, to report their workers' compensation insurance classification code or codes as a condition of licensure.

**EXISTING LAW:**

- 1) Establishes the Division of Labor Standards Enforcement, also known as the Labor Commissioner's Office, within the Department of Industrial Relations, which is required to enforce the state's labor laws. (Labor Code (LAB) §§ 79-107)
- 2) Requires an employer to carry workers' compensation insurance. (LAB §§ 3700-3709.5)
- 3) Establishes the Contractors' State License Board (CSLB or board) within the Department of Consumer Affairs (DCA) to license and regulate contractors and home improvement salespersons. (Business and Professions Code (BPC) §§ 7000-7191)
- 4) Requires the CSLB in consultation with the director of DCA to appoint a registrar of contractors (registrar) and sunsets the CSLB and its authority to appoint a registrar on January 1, 2025, as specified. (BPC § 7011)
- 5) Requires as a condition of initial licensure, reinstatement, reactivation, renewal, or continued maintenance of a license, that an applicant or licensee have on file at all times a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in the applicant's or licensee's business name. (BPC § 7125(a))
- 6) Exempts, until January 1, 2026, any applicant or licensee from the requirement to have on file at all times a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance if they meet both of the following conditions:
  - a) Has no employees and files a statement with the CSLB certifying that they do not employ any person in any manner subject to the workers' compensation laws or California; and
  - b) Does not hold a C-8 (Concrete), C-20 (Heating, Ventilating, and Air Conditioning), C-22 (Asbestos Abatement), C-39 (Roofing), or D-49 (Tree Service) license, as specified. (BPC § 7125(a),(b))
- 7) Specifies that an applicant or licensee organized as a joint venture that has no employees is also exempt from the requirement to have on file at all times a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, provided that the applicant or licensee files a statement with the CSLB certifying that they do not employ any person in any manner subject to the workers' compensation laws of California. (BPC § 7125(c))

- 8) Specifies that a Certificate of Workers' Compensation Insurance, Certification of Self-insurance, or exemption certificate is not required of a holder of an inactive license. (BPC § 7125(d))
- 9) Requires a Certificate of Workers' Compensation Insurance to be issued and filed, electronically or otherwise, by an insurer duly licensed to write workers' compensation insurance in this state. (BPC § 7125(a))
- 10) Requires a Certification of Self-Insurance to be issued and filed by the Director of Industrial Relations. (BPC § 7125(a))
- 11) Requires an insurer, including the State Compensation Insurance Fund, to report to the registrar the name, license number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if applicable (BPC § 7125(e)(1)).
- 12) Requires a workers' compensation insurer to report to the registrar a licensee whose workers' compensation insurance policy is canceled by the insurer if specified conditions are met. (BPC § 7125(e)(2))
- 13) States that willful or deliberate disregard and violation of workers' compensation insurance laws constitutes a cause for disciplinary action by the registrar against the licensee. (BPC § 7125(e)(3))
- 14) Requires the registrar, until January 1, 2026, to remove from any license that is active and includes a C-39 classification in addition to any other classification to remove the C-39 classification from the license unless a valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance is received by the registrar. (BPC § 7125(f)(1))
- 15) Requires, until January 1, 2026, automatic suspension of a license held by a licensee who has had a C-39 classification removed and is found by the registrar to have employees and to lack a valid Certificate of Workers Compensation Insurance or Certification of Self-Insurance (BPC § 7125(f)(2)).
- 16) Requires the registrar, from July 1, 2023, until January 1, 2026, to remove from any license that is active and includes a C-8 (Concrete), C-20 (Heating, Ventilating, and Air Conditioning), C-22 (Asbestos Abatement), or D-49 (Tree Service) classification, in addition to any other classification, to remove the C-8 (Concrete), C-20 (Heating, Ventilating, and Air Conditioning), C-22 (Asbestos Abatement), or D-49 (Tree Service) classification unless a valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance is received by the registrar. (BPC § 7125(g)(1))
- 17) Requires the registrar, from July 1, 2023, until January 1, 2026, to automatic suspension of a license held by a licensee who has had a C-8 (Concrete), C-20 (Heating, Ventilating, and Air Conditioning), C-22 (Asbestos Abatement), or D-49 (Tree Service) classification removed and is found by the registrar to have employees and to lack a valid Certificate of Workers Compensation Insurance or Certification of Self-Insurance (BPC § 7125(g)(2)).
- 18) Requires the registrar to accept a Certificate of Workers Compensation Insurance or Certification of Self-Insurance as of the effective date shown on the certificate, if the Certificate of Workers Compensation Insurance or Certification of Self-Insurance is received

by the registrar within 90 days after that date, and shall reinstate the license to which the Certificate of Workers Compensation Insurance or Certification of Self-Insurance pertains, if otherwise eligible, retroactive to the effective date of the Certificate of Workers Compensation Insurance or Certification of Self-Insurance, unless the failure to have a Certificate of Workers Compensation Insurance or Certification of Self-Insurance on file was due to the circumstances beyond the control of the licensee. (BPC § 7125.1)

19) Specifies that the failure of a licensee to obtain or maintain worker's compensation insurance coverage, if required, shall result in the automatic suspension of the license, effective upon the earlier of either of the following:

- a) On the date that the relevant workers' compensation insurance coverage lapses.
- b) On the date that workers' compensation coverage is required to be obtained.

(BPC § 7125.2(a))

20) Requires the registrar to provide to a licensee whose license is suspended a notice with specified information. (BPC § 7125.2(b))

21) Specifies that a license may be reinstated at any time following the suspension by showing proof of compliance. (BPC § 7125.2(c))

22) Authorizes the registrar to issue a citation to an unlicensed individual acting in the capacity of a contractor who is not otherwise exempted from the Contractors State License Law for failure to comply and to maintain workers' compensation insurance.

23) Specifies that the filing of an exemption certificate for workers' compensation that is false, or the employment of a person subject to coverage under the workers' compensation laws after the filing of an exemption certificate without first filing a Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or the employment of a person subject to coverage requirements without maintaining coverage is cause for disciplinary action, as specified. (BPC § 7125.4(a))

24) Specifies that any qualifier for a license who is responsible for assuring that a licensee complies with the Contractors State License Law is also guilty of a misdemeanor for committing or failing to prevent the commission of any of the acts that are cause for disciplinary action. (BPC § 7125.4(b))

25) Requires all active licensees with an exemption for workers' compensation insurance on file with the board to recertify the licensee's exemption by completing a recertification statement on the license renewal form, as provided by the board, or provide a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, whichever is applicable. (BPC § 7125.5(a))

26) Specifies that a license shall not be renewed unless a licensee with an exemption for workers' compensation insurance on file with the board recertified the exemption status or provides a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in conjunction with the license renewal. (BPC § 7125.5 (b))

- 27) Specifies that if a licensee completes a recertification statement on the license renewal form, as provided by the board, or provides a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, within 30 days after notification by the board of the renewal rejection, the registrar shall grant a retroactive renewal back to the date of the postmark of the otherwise acceptable renewal. (BPC § 7125.5(c))
- 28) Specifies that a renewal that is still incomplete for any reason after 30 days after notification of rejection is not eligible for retroactive renewal. (BPC § 7125.5(c))
- 29) Specifies that any licensee, or agent or officer thereof, or any unlicensed individual acting as a contractor, who violates, or omits to comply with, any of the provisions above is guilty of a misdemeanor. (BPC § 7127)

**THIS BILL:**

- 1) Repeals and recasts, with nonsubstantive changes, the following provisions of existing law on July 1, 2024:
  - a) A requirement for a renewing licensee with an exemption from workers' compensation insurance on file with the board to either recertify the licensee's exemption by completing a recertification statement on the license renewal form, as provided by the board, or provide a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, whichever is applicable.
  - b) A prohibition on CSLB renewing a license unless the licensee complies with the recertification requirements.
  - c) A requirement for the registrar to grant retroactive renewal back to the date of the postmark of the otherwise acceptable renewal if the required documentation and information is not provided with the license renewal form but is received within 30 days after notification by the board of the renewal rejection.
  - d) A declaration that a renewal that is still incomplete for any reason after 30 days after notification of rejection shall not be eligible for retroactive renewal.
- 2) Requires the following, beginning July 1, 2024:
  - a) Requires, at the time of renewal, all active licensees who have on file a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or who are required to provide those certificates, to additionally certify on the license renewal form the workers' compensation classification codes that are endorsed on the licensee's policy for the three classification codes for which the highest estimated payroll is reported on the policy. If the licensee has fewer than three classification codes reported on the policy, the licensee shall provide all the classification codes reported on the policy.
  - b) Requires CSLB to include the classification code or codes provided by licensees on CSLB's website, as specified.
- 3) Makes various conforming changes.

**FISCAL EFFECT:** Unknown. This bill is keyed fiscal by Legislative Counsel.

## COMMENTS:

**Purpose.** This bill is sponsored by the *District Council of Iron Workers of California*. According to the author:

Current law does not require the Contractors State License Board (CSLB) to publicly post which of three workers' compensation classifications their licensee contractors are in. This lack of transparency incentivizes intentional misclassification by unscrupulous contractors so they can purchase workers' compensation insurance that is not appropriate for the kind of work that their employees do. This could provide these bad actors with a competitive advantage over contractors who play by the rules. [This bill] will require all contractor licensees to report to the CSLB their workers' compensation classification code as a condition of licensure. It will also require CSLB to post each licensee contractor's classification code on its website. This will ensure that licensee contractors provide their employees with the proper level of workers' compensation insurance, and create a level playing field for contractors that no longer rewards bad actors.

## Background.

*Contractors and the CSLB.* The board was established in 1929 to regulate the construction industry in California and to protect consumers from unscrupulous contractors.<sup>1</sup> It is responsible for implementing and enforcing the Contractors State License Law and related regulations pertaining to the licensure, practice, and discipline of the construction industry in California. Notably, the law requires, in part, that any person or business that constructs or alters, or offers to construct or alter, any building, highway, road, parking facility, railroad, excavation, or other structure in California be licensed by CSLB if the total cost of labor and materials for one or more contracts on the project is \$500 or more.<sup>2</sup>

CSLB issues licenses to sole proprietors and legal business entities such as a partnership, corporation, limited liability company, or joint venture.<sup>3</sup> Every license is required to have a qualifying individual (also referred to as a "qualifier") who is the person listed in CSLB records that satisfies the experience and examination requirements for a license.<sup>4</sup>

CSLB issues four (4) license types: "A" General Engineering Contractor; "B" General Building Contractor; "B-2" Residential Remodeling Contractor; and "C" Specialty Contractor of which there are 42 specialty contractor classifications (e.g., electrical, drywall, painting, plumbing, roofing, and fencing).<sup>5</sup> Certain license holders are eligible to additionally obtain an asbestos or

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<sup>1</sup> Contractors State License Board. (n.d.). *History and Background*. Contractors State License Board. Retrieved April 2, 2023, from [https://www.cslb.ca.gov/About\\_Us/History\\_and\\_BackGround.aspx](https://www.cslb.ca.gov/About_Us/History_and_BackGround.aspx)

<sup>2</sup> BPC § 7027.2

<sup>3</sup> Contractors State License Board. (2018, December). *Contractors State License Board Sunset Review*. Contractors State License Board. Retrieved April 2, 2023, from <https://www.cslb.ca.gov/Resources/Reports/Sunset/SunsetReviewReport2018.pdf>

<sup>4</sup> Ibid.

<sup>5</sup> Contractors State License Board. (n.d.). *CSLB Licensing Classifications*. Contractors State License Board. Retrieved April 2, 2023, from [https://www.cslb.ca.gov/About\\_Us/Library/Licensing\\_Classifications/](https://www.cslb.ca.gov/About_Us/Library/Licensing_Classifications/)

hazardous substance removal certification issued by CSLB.<sup>6</sup> As of March 1, 2023, there are 285,179 licensed contractors and 27,904 registered home improvement salespersons.

*Workers' Compensation Insurance.* California law requires employers to have workers' compensation insurance. Workers' compensation insurance provides essential benefits for employees who get injured or sick because of work, including medical care, temporary disability benefits, permanent disability benefits, supplemental job displacement benefits and a return-to-work supplement, and death benefits.<sup>7</sup> As a condition of licensure by CSLB, applicants and active licensees must have workers' compensation insurance unless 1) they do not have any employees and file a statement with the board attesting to that fact, and 2) are not a C-8 (Concrete), C-20 (Heating, Ventilating, and Air Conditioning), C-22 (Asbestos Abatement), C-39 (Roofing), or D-49 (Tree Service) license holder.<sup>8</sup> These specialty contractor license holders are currently required to carry workers' compensation insurance regardless of whether they have any employees. Beginning January 1, 2026, every licensee other than those that are joint ventures will be required to have workers' compensation insurance even if they do not have any employees.<sup>9</sup> Inactive license holders are not required to have workers' compensation insurance.<sup>10</sup> Willful or deliberate disregard and violation of workers' compensation insurance laws constitutes a cause for disciplinary action against the licensee.<sup>11</sup>

Employers have the option to buy workers' compensation insurance from a licensed insurance company or through the State Compensation Insurance Fund.<sup>12</sup> Employers may choose to insure themselves, but doing so requires state approval, a net worth of \$5 million minimum, a net income of \$500,000 annually, and the posting of a security deposit.<sup>13</sup>

The state does not regulate workers' compensation insurance premium rates. The Workers' Compensation Insurance Rating Bureau (WCIRB) recommends rates, and insurance companies must disclose their rates to the California Department of Insurance (CDI), but rates can vary among insurance companies.<sup>14</sup> Annual premiums are determined by a variety of factors, including industry classification.<sup>15</sup>

Classification codes for specific occupations, industries, or businesses are assigned by WCIRB and approved by the Insurance Commissioner.<sup>16</sup> Insurance companies have to option to create

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<sup>6</sup> Ibid.

<sup>7</sup> Contractors State License Board. (n.d.). *Workers' Compensation Requirements*. Contractors State License Board. Retrieved April 2, 2023, from [https://www.cslb.ca.gov/contractors/maintain\\_license/workers\\_compensation.aspx](https://www.cslb.ca.gov/contractors/maintain_license/workers_compensation.aspx)

<sup>8</sup> BPC § 7125(a)(b)

<sup>9</sup> Ibid.

<sup>10</sup> BPC § 7125(d)

<sup>11</sup> BPC § 7125(e)(3)

<sup>12</sup> California Department of Insurance. (n.d.). *Workers Compensation*. California Department of Insurance. Retrieved April 2, 2023, from <http://www.insurance.ca.gov/01-consumers/105-type/95-guides/09-comm/WorkersCompensation.cfm#howisworkerscompensationinsurance>

<sup>13</sup> Department of Industrial Relations. (2023, March). *Answers to frequently asked questions about workers' compensation for employers*. Department of Industrial Relations. Retrieved April 2, 2023, from <https://www.dir.ca.gov/dwc/faqs.html>

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> California Department of Insurance. (n.d.). *Workers Compensation*. California Department of Insurance. Retrieved April 2, 2023, from <http://www.insurance.ca.gov/01-consumers/105-type/95-guides/09-comm/WorkersCompensation.cfm#howisworkerscompensationinsurance>

their own classification system and submit it to CDI for approval, but typically use the WCIRB's classifications. Insurance companies do, however, assign a specific rate to each classification code, subject to approval by the Insurance Commissioner. The classification codes and related rates are used to calculate the base rate of the workers' compensation insurance premium.<sup>17</sup>

Insurance companies are currently required to provide CSLB with specific information about an applicant's or licensee's workers' compensation insurance policy, including the name, license number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if applicable.<sup>18</sup> This information is available on CSLB's website.

Applicants and licensees who are required to have workers' compensation insurance are required to have on file with CSLB at all times a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance.<sup>19</sup> Current law requires a Certificate of Workers' Compensation Insurance to be issued and filed by an insurer duly licensed to write workers' compensation insurance in this state and a Certification of Self-Insurance to be issued and filed by the Department of Industrial Relations.<sup>20</sup>

This bill would require licensed contractors to provide their workers' compensation insurance classification codes at the time of license renewal. The author and sponsors contend that this bill will level the playing field between contractors and reduce workers' compensation insurance fraud, thereby protecting construction workers in California, approximately 67.4% of whom identify as Hispanic, according to American Community Survey data from 2021.<sup>21</sup> The author and sponsors have

### **Prior Related Legislation.**

*AB 2894 (Cooper) of 2022* was substantially similar to this bill. *Held on the Senate Appropriations Committee Suspense File.*

*SB 216 (Dodd), Chapter 978, Statutes of 2022*, required asbestos abatement contractors; concrete contractors; heating, ventilation, and air conditioning (HVAC) contractors; and tree service contractors to have workers' compensation insurance regardless of whether they have employees until January 1, 2026, at which time all contractors are required to have workers' compensation insurance regardless of whether they have employees.

*SB 1064 (Newman) Chapter 190, Statutes of 2022*, prohibited the Structural Pest Control Board from issuing, reinstating, or continuing to maintain any company registration unless the applicant or existing company has filed a current and valid Certificate of Workers' Compensation Insurance with the Structural Pest Control Board.

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<sup>17</sup> Ibid.

<sup>18</sup> BPC § 7125(e)(1)

<sup>19</sup> BPC § 7125(a)

<sup>20</sup> Ibid.

<sup>21</sup> United States Census Bureau. (n.d.). *2021 American Community Survey Sex by Occupation for the Civilian Employed Population 16 Years and Over (Hispanic or Latino)*. United States Census Bureau. Retrieved April 2, 2023, from

[https://data.census.gov/table?t=Occupation%3ARace%2Band%2BEthnicity&g=010XX00US\\_040XX00US06&tid=ACSDT1Y2021.B24010I](https://data.census.gov/table?t=Occupation%3ARace%2Band%2BEthnicity&g=010XX00US_040XX00US06&tid=ACSDT1Y2021.B24010I)

*AB 2705 (Holden) Chapter 323, Statutes of 2018*, subjected an unlicensed person acting as a contractor to the existing criminal penalties that apply to licensed contractors for not securing the required workers' compensation insurance and made this crime subject to the same two-year statute of limitations as for licensees.

*AB 996 (Cunningham and Brough) of 2018* would have required the CSLB to adopt an enhancement feature on its website to allow consumers to monitor the status and progress of a workers' compensation certification, as specified, and view the time elapsed from when the CSLB received the certification until a final disposition has been approved. *Held on the Senate Appropriations Committee Suspense File.*

*SB 560 (Monning), Chapter 389, Statutes of 2015*, authorized CSLB special investigators to issue a written notice to appear (NTA) to individuals who fail to secure workers' compensation insurance. (An NTA is a court order mandating an individual's presence at a hearing to answer to a misdemeanor charge.)

*AB 878 (Berryhill), Chapter 686, Statutes of 2011*, required a workers' compensation insurer to report to the CSLB a licensed contractor whose insurance policy it cancels, as specified.

*AB 397 (Monning) Chapter 546, Statutes of 2011*, required a licensed contractor with an exemption for workers' compensation insurance to recertify the exemption upon license renewal or provide proof of workers' compensation insurance coverage.

*AB 881 (Emmerson and Sharon Runner), Chapter 38, Statutes of 2006*, required all licensed roofers to have workers' compensation insurance, authorized the Registrar to remove the roofing classification from a contractor license for failure to maintain workers' compensation insurance, and required insurers who issue workers' compensation policies to roofing contractors to perform annual audits of these policyholders.

#### **ARGUMENTS IN SUPPORT:**

According to the *State Building and Construction Trades Council of California*:

Unfortunately, some unscrupulous contractors do not purchase the appropriate workers' compensation policies for the type of work they are performing. This allows for unfair competition as law-abiding contractors carry the burden of this unfunded liability on the workers' compensation program and put in jeopardy the ability of a worker to be properly compensated if an injury or illness at work debilitates them and takes them off the job. Listing the classification code alongside the CSLB license number and the policy number will help prevent fraud and stress on the workers' compensation system and ensure that workers know that contractors hiring them have their interests in mind.

#### **ARGUMENTS IN OPPOSITION:**

None on file.



## **POLICY ISSUES:**

*Enforcement of Insurance Fraud.* The author, sponsor, and supporters of this bill contend that unscrupulous contractors do not purchase the appropriate workers' compensation policies for the type of work they do. In an effort to curb that unlawful practice, this bill would require CSLB to collect a licensee's workers' compensation insurance classification codes at the time of license renewal. Although workers' compensation insurance is a condition for licensure for those contractors who have employees—and soon to be all contractors regardless of the number of employees—CSLB is not responsible for enforcing the state's labor laws and therefore does not verify that contractors have an appropriate workers' compensation insurance policy for the work that their employees do. Consequently, this bill is unlikely to affect enforcement. Any reduction in insurance fraud is likely to be contingent upon any deterrent effect created by this bill.

*Usefulness to consumers.* Although this bill would make licensees' workers' compensation insurance classification codes available to consumers by posting them online, this additional information is not likely to be helpful to the average consumer with limited knowledge of the construction industry, workers' compensation insurance, or industry-specific classification codes. The following are examples of workers' compensation insurance classification codes:

- 5467 – “GLAZIERS — away from shop — employees whose regular hourly wage does not equal or exceed \$36.00 per hour”
- 5474(3) – “PAINTING — water, oil or gasoline storage tanks — including shop, yard or storage operations — employees whose regular hourly wage does not equal or exceed \$31.00 per hour”
- 5484 – “PLASTERING OR STUCCO WORK — employees whose regular hourly wage does not equal or exceed \$36.00 per hour”<sup>22</sup>

## **IMPLEMENTATION ISSUES:**

*Liability for CSLB.* This bill would require CSLB to post workers' compensation insurance classification codes self-reported by licensees on its website even though CSLB cannot verify that the classification codes have been reported correctly or that the appropriate classification codes were used to obtain workers' compensation insurance in the first place. As a result, CSLB may be held responsible for posting incorrect information (i.e., classification codes) that it cannot verify.

*Clarity.* This bill would, on July 1, 2024, repeal BPC § 7125.5 and reinstate that section with its current provisions, along with the new requirements for CSLB. The reason for this is to allow the existing law to persist until the new requirements take effect. However, the existing provisions are not being amended, and the new requirements are unrelated to the provisions in BPC § 7125.5. Therefore, it may be clearer to create a new section, rather than repeal existing provisions that are not being amended.

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<sup>22</sup> Workers' Compensation Insurance Rating Bureau of California. (n.d.). *Classification Search*. WCIRB California. Retrieved April 5, 2023, from [https://www.wcirb.com/class-search?search\\_api\\_views\\_fulltext=&search\\_api\\_aggregation\\_3=Construction%2Band%2BErection&Submit=Submit](https://www.wcirb.com/class-search?search_api_views_fulltext=&search_api_aggregation_3=Construction%2Band%2BErection&Submit=Submit)

**AMENDMENTS:**

This bill should be amended as follows to do all of the following:

- 1) Relocate the proposed new requirements in a new section, and reword various provisions for clarity.
- 2) Clarify that CSLB is not responsible for verifying or investigating the accuracy of classification codes provided by licensees.
- 3) Clarify that CSLB shall not be held liable for posting on its website any classification codes that are misreported by licensees.

**SECTION 1.** Section 7125.5 of the Business and Professions Code is amended to read:

**7125.5.** (a) At the time of renewal, an active licensee with an exemption for workers' compensation insurance on file with the board, submitted pursuant to subdivision (b) of Section 7125, shall either recertify the licensee's exemption by completing a recertification statement on the license renewal form, as provided by the board, or shall provide a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, whichever is applicable.

(b) The license shall not be renewed unless a licensee with an exemption for workers' compensation insurance on file with the board recertifies the exemption status or provides a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in conjunction with the license renewal.

(c) If the documentation required by subdivision (a) is not provided with the license renewal form but is received within 30 days after notification by the board of the renewal rejection, the registrar shall grant a retroactive renewal pursuant to Section 7141.5 back to the date of the postmark of the otherwise acceptable renewal. A renewal that is still incomplete for any reason after 30 days after notification of rejection shall not be eligible for retroactive renewal under this subdivision.

~~(d) This section shall remain in effect only until July 1, 2024, and as of that date is repealed.~~

~~**SEC. 2.** Section 7125.5 is added to the Business and Professions Code, to read:~~

~~**7125.5.** (a) At the time of renewal, an active licensee with an exemption for workers' compensation insurance on file with the board, submitted pursuant to this article, shall either recertify the licensee's exemption by completing a recertification statement on the license renewal form, as provided by the board, or shall provide a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, whichever is applicable.~~

~~(b) At the time of renewal, all active licensees who have on file a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or who are required to provide those certificates pursuant to subdivision (a), shall certify on the license renewal form the workers' compensation classification code or codes developed by the Workers' Compensation Insurance Rating Bureau or otherwise approved by the Insurance Commissioner, endorsed on the licensee's policy for the three classification codes for which the highest estimated payroll is~~

~~reported on the policy. If the licensee has fewer than three classification codes reported on the policy, the licensee shall provide all the classification codes reported on the policy.~~

~~(c) (1) Except as provided in subdivision (b), a license shall not be renewed unless the licensee complies with this section.~~

~~(2) If the documentation and information required by subdivisions (a) and (b) is not provided with the license renewal form but is received within 30 days after notification by the board of the renewal rejection, the registrar shall grant a retroactive renewal pursuant to Section 7141.5 back to the date of the postmark of the otherwise acceptable renewal. A renewal that is still incomplete for any reason after 30 days after notification of rejection shall not be eligible for retroactive renewal under this subdivision.~~

~~(d) When the board updates the public license detail on its internet website for an active renewal submitted by a licensee pursuant to this section, the update shall include the classification code or codes certified by the licensee pursuant to subdivision (b).~~

~~(e) This section shall become operative on July 1, 2024.~~

***SEC. 2. Section 7125.6 is added to the Business and Professions Code, to read:***

*(a)(1) At the time of renewal, all active licensees who have on file a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or who are required to provide those certificates pursuant to subdivision (a) of Business and Professions Code § 7125, shall certify on the license renewal form the **three workers' compensation insurance classification code or codes** developed by the Workers' Compensation Insurance Rating Bureau or otherwise approve by the Insurance Commissioner, endorsed on the licensee's policy for the ~~three classification codes~~ for which the highest estimated payroll is reported on the licensee's workers' compensation insurance policy. If the licensee has fewer than three classification codes reported on the policy, the licensee shall provide ~~at all every~~ classification codes reported on the policy.*

*(2) The board shall not be required to verify or investigate the accuracy of the licensee's classification code or codes.*

*(b)(1) Except as provided in paragraph (2), a license shall not be renewed unless the licensee complies with this section.*

*(2) If the documentation and information required by subdivision (a) is not provided with the license renewal form but is received within 30 days after notification by the board of the renewal rejection, the registrar shall grant a retroactive renewal pursuant to Section 7141.5 back to the date of the postmark of the otherwise acceptable renewal. A renewal that is still incomplete for any reason ~~after~~ **more** than 30 days after notification of rejection shall not be eligible for retroactive renewal under this subdivision.*

*(c)(1) When the board updates the public license detail on its internet website for an active renewal submitted by a licensee pursuant to this section, the update shall include the classification code or codes certified by the licensee pursuant to subdivision (b).*

*(2) The board shall not be held liable for any classification code or codes misreported by a licensee.*

*(d) This section shall become operative on July 1, 2024.*

**REGISTERED SUPPORT:**

District Council of Iron Workers of the State of California (*Sponsor*)  
American Subcontractors Association of California  
California Labor Federation  
International Union of Operating Engineers, California-Nevada Conference  
State Building and Construction Trades Council of California

**REGISTERED OPPOSITION:**

None on file.

**Analysis Prepared by:** Kaitlin Curry / B. & P. / (916) 319-3301