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**SENATE COMMITTEE ON  
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT**  
Senator Angelique Ashby, Chair  
2023 - 2024 Regular

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<b>Bill No:</b>	SB 1071	<b>Hearing Date:</b>	April 22, 2024
<b>Author:</b>	Dodd		
<b>Version:</b>	February 12, 2024		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Yeaphana La Marr		

**Subject:** Contractors: workers' compensation insurance reports

**SUMMARY:** Allows contractor license applicants and licensees to provide both an affidavit to the Contractors State License Board (CSLB or Board) to affirm they have no employees and adequate proof demonstrating they are operating without employees to be exempt from submitting evidence of workers' compensation insurance as a condition of licensure. Requires the Board to provide (through regulations) what proof is adequate to qualify for an exemption by license type.

**Existing law:**

- 1) Establishes the Contractors State License Board (CSLB) within the Department of Consumer Affairs (DCA) to license and regulate contractors and home improvement salespersons. (Business and Professions Code (BPC) § 7000 *et seq.*)
- 2) 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, 2024, as specified. (BPC § 7011)
- 3) Requires every employer to secure the payment of compensation for employees injured on the job in one or more of the following ways:
  - a) By being insured against liability to pay compensation by one or more insurers duly authorized to write compensation insurance in this state.
  - b) By securing from the Director of Industrial Relations a certificate of consent to self-insure either as an individual employer, or as one employer in a group of employers, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his or her employees. (Labor Code (LC) § 3700)
- 4) Makes it a misdemeanor, punishable by up to a year in jail, a fine up to double the premium that would have secured the payment of compensation during the time compensation was not secured but not less than \$10,000, or both, for failure to secure the payment of compensation for injured workers as required by Labor Code §§ 3700-3709.5. (LC § 3700.5)

- 5) Requires a CSLB licensee, as a condition of initial licensure, reinstatement, reactivation, renewal or continued maintenance of a C-8 (Concrete), C-20 (Warm-Air Heating, Ventilating, and Air-Conditioning (HVAC)), C-22 (Asbestos Abatement), and a C-39 (Roofing) contractor's license, and a D-49 (Tree Service) specialty contractor's license, to have a current and valid certificate of workers compensation insurance or certification of Self-Insurance on file with CSLB, regardless of whether the contractor has employees, effective January 1, 2023. (BPC § 7125(b)(2))
- 6) Exempts joint venture, defined by BPC § 7029 as, "a license issued to any combination of individuals, corporations, limited liability companies, partnerships, or other joint ventures, each of which holds a current, active license in good standing," that has no employees from the workers compensation insurance requirements of a single contractor, as applicable. (BPC § 7125 (c))
- 7) Requires as a condition of initial licensure, reinstatement, reactivation, renewal or continued maintenance of all contractors licenses,
- 8) Subjects any license found in violation of workers' compensation insurance requirements in 3) to automatic suspension. (BPC §§ 7125(f)(2), (g)(2))
- 9) 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, for any policy required under (BPC § 7125 (d)).
- 10) 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))
- 11) Requires the registrar to remove a C-8 (Concrete), C-20 (HVAC), C-22 (Asbestos Abatement), C-39 (Roofing), or D-49 (Tree Service) classification from a license that includes more than one classification, in lieu of suspension, if a valid certificate of workers' compensation insurance or certification of self-insurance is not received, effective July 1, 2023. (BPC § 7125(f)(1) and (g)(1))

### **California Code of Regulations.**

- 1) Defines the C-8 (Concrete) classification as, "A concrete contractor forms, pours, places, finishes and installs specified mass, pavement, flat and other concrete work; and places and sets screeds for pavements or flatwork. This class shall not include contractors whose sole contracting business is the application of plaster coatings or the placing and erecting of steel or bars for the reinforcing of mass, pavement, flat and other concrete work." (California Code of Regulations, Title 16 (16 CCR) § 832.08)
- 2) Defines the C-20 (Warm-Air Heating, Ventilating and Air-Conditioning (HVAC)) classification as, "A warm-air heating, ventilating and air-conditioning contractor fabricates, installs, maintains, services and repairs warm-air heating systems and water heating heat pumps, complete with warm-air appliances; ventilating systems

complete with blowers and plenum chambers; air-conditioning systems complete with air-conditioning unit; and the ducts, registers, flues, humidity and thermostatic controls and air filters in connection with any of these systems. This classification shall include warm-air heating, ventilating and air-conditioning systems which utilize solar energy.” (16 CCR § 832.20)

- 3) Defines the C-22 (Asbestos Abatement) classification as a contractor who, “performs abatement, including containment, encapsulation, or removal, and disposal of asbestos containing construction materials, as defined in Section 6501.8 of the Labor Code, in and on buildings and structures. All work performed and all documentation prepared by an asbestos abatement contractor shall be done in accordance with regulations and requirements of the Division of Occupational Safety and Health (DOSH) of the Department of Industrial Relations.”
- 4) Defines the C-61 (Limited Specialty) classification as “a specialty contractor classification limited to a field and scope of operations of specialty contracting for which an applicant is qualified other than any of the specialty contractor classifications listed and defined in this article. (16 CCR § 832.61)

**This bill:**

- 1) Establishes that an application for a license with the CSLB and current licensees may provide both an affidavit to the CSLB to affirm they have no employees and adequate proof demonstrating they are operating without employees to be exempt from submitting evidence of workers’ compensation insurance as a condition of licensure.
- 2) Requires the Board to provide (through regulations) what proof is adequate to qualify for an exemption by license type.

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

**COMMENTS:**

1. **Purpose.** This bill is sponsored by the Author. “SB 1071 is a commonsense measure that helps small contractors save money while ensuring they remained licensed and in compliance with state laws. The bill exempts owner-operator contractors who do not have employees from the requirement to purchase workers’ compensation insurance, saving them thousands of dollars a year. Under current law, these contractors must carry workers compensation insurance even if they are barred from its benefit.”
2. **Background.** *Contractors and Contractors State License Board.* CSLB is responsible for implementing and enforcing the Contractors State License Law (the laws and regulations related to the licensure, practice and discipline of the construction industry in California). All businesses and individuals who construct or alter, or offer to construct or alter, any building, highway, road, parking facility, railroad, excavation, or other structure in California must be licensed by the CSLB if

the total cost, including both labor and materials, of one or more contracts on the project is \$500 or more.

CSLB licenses and regulates approximately 285,000 licensees in 44 licensing classifications and 2 certifications, and registers approximately 29,000 home improvement salespersons. Each licensing classification specifies the type of contracting work permitted in that classification. To obtain licensure in each classification, applicants are required to take and pass both a trade examination and a law and business examination, obtain a contractor's bond, and depending on the classification, submit a workers' compensation insurance certificate. Licensees may not perform work outside of a classification without having the appropriate license to do so, unless they are a "B" general contractor who is able to take a prime contract or subcontract for projects involving other trades as long as framing and carpentry (C-5 classification) is not counted among those other trades.

*Contractor Licensure Categories.* The CSLB currently recognizes three contracting business classifications, A-General Engineering, B-General, and C-Specialty Contractor. As a condition of initial licensure and to maintain an active license, all license classifications are required to have on file with the CSLB, a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, as specified, in the applicant's or licensee's business name, unless they qualify for an exemption by certifying to the CSLB that they do not have any employees (BPC § 7125(b)), or if they hold a C-39 roofing license. Under current law (BPC § 7125) all C-39 roofing contractors (whether or not they have employees) must carry workers' compensation insurance or have a valid Certification of Self-Insurance on file with CSLB. This bill would add three specialty contractor license classifications to the requirement that they have workers' compensation insurance regardless of whether or not they have employees. The additional licensing classifications that would be required to have workers' compensation insurance, regardless of employee status is as follows: : C-8 (Concrete) D-49 (Tree Service) and C-20 (Warm-Air Heating, Ventilating and Air-Conditioning).

Licensees are required to submit proof of their workers' compensation insurance coverage to the Board. Failure to maintain workers' compensation insurance coverage will result in a license being suspended and any work performed while the license is suspended is considered unlicensed and disciplinary action can be taken against a licensee. BPC § 7126 specifically states that any licensee or agent thereof, who violates the workers compensation requirements, under existing law, is guilty of a misdemeanor. Further, under current law, (LAB §§ 3700, 3700.5) all employers in this state are required to obtain workers' compensation.

CSLB presented at the December 12, 2019, board meeting that 54% of all licensees had an exemption from workers' compensation on file with CSLB. Further, in the Board meeting materials, the CSLB noted a study performed by Enforcement staff in 2018 found that 59% of contractors contacted in four targeted classifications that perform outdoor construction likely to employ workers (Concrete, Earthwork/Paving, Landscaping, and Tree Trimming) had false workers' compensation exemptions on file with CSLB."

*SB 216 (Dodd, Chapter 978, Statutes of 2022).* The Board sponsored SB 216 to require all licensees to have evidence of worker's compensation coverage on file with the Board. This bill was effective on January 1, 2023, for C-8 (Concrete), C-20 (HVAC), C-22 (Asbestos Abatement), and D-49 (Tree Service) classifications.<sup>1</sup> The bill also made failure to have workers' compensation on file with the Board cause for suspension, i.e., exemptions from workers' compensation insurance needed to be replaced with a policy on file, effective July 1, 2023. The delayed suspension date allowed CSLB to conduct outreach to licensees and gave licensees in the affected classifications time to obtain workers' compensation insurance policies. On January 1, 2026, this bill and disciplinary action will be effective for all other classifications.

Despite years of increased enforcement focus on compliance with workers' compensation requirements, the number of exemptions on file with CSLB and the number of contractors in violation of the workers' compensation laws remained consistent. This problem creates an unfair competitive disadvantage for law-abiding contractors who are subject to higher business costs, puts employees at risk if they are not covered and experience a workplace injury, and exposes consumers to litigation for injuries incurred on their property.

Although the initial classifications included C-12 (Earthwork/paving), C-16 (Fire Protection), and C-27 (Landscaping), industry input and support changed the focus for the first classifications to which the requirement would apply. CSLB held several stakeholder meetings to discuss which classifications should be included on the first effective date and the meeting during which the C-8, C-20, and D-49 classifications were discussed was held on April 4, 2019. Representatives included United Contractors, Sheet Metal and Air Conditioning Contractors Association of California, West Coast Arborists, and the California Professional Association of Specialty Contractors (which is now Housing Contractors of California). The C-22 classification was not discussed at that meeting, but was amended into the bill because workers' compensation insurance is already required by the Department of Industrial Relations to perform asbestos removal.<sup>2</sup>

The Board's goal was to eventually require workers' compensation for all contractors. In support of its bill, CSLB wrote, "The failure of contractors to secure workers' compensation coverage for employees unfairly increases workers compensation costs for compliant contractor employers and exposes workers and project owners to financial and other risk." SB 216 was also widely supported by industry, as evidenced by the registered support:

- Contractors State License Board (sponsor)
- American Subcontractors Association of California

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<sup>1</sup> AB 881 (Emmerson and Runner, Chapter 38, Statutes of 2006) removed eligibility for C-39 (Roofing) to file an exemption regardless of whether they have employees, thereby requiring all C-39 contractors to file workers' compensation policies with CSLB as a condition of licensure. Subsequent bills extended, then made permanent, this requirement for roofing contractors.

<sup>2</sup> BPC § 7058.6 requires asbestos-related work to be performed by a contractor who is registered by DOSH. A pre-requisite to DOSH registration is for the employer to cover employees by being insured by workers' compensation (LC § 6501.5(a)(2)).

- California Association of Sheet Metal and Air Conditioning Contractors National Association
- California Builders Alliance
- California Landscape Contractor's Association
- Flasher Barricader Association
- Housing Contractors of California
- Plumbing-heating-cooling Contractors Association of California
- Sacramento Regional Builders Alliance
- Sacramento Regional Builders Exchange
- West Coast Arborists, Inc.
- Western Electrical Contractors Association

Additionally, on February 7, 2023, CSLB held a stakeholder meeting with staff from Senator Dodd's office to discuss impacts to industry and unintended consequences after the first implementation date of January 1, 2023. All industry representatives in attendance remained overwhelmingly supportive of the policy, which they said improves worker safety, protects consumers, and removes inequities arising from fraudulently filed exemptions.

3. **Prior Related Legislation.** SB 216 (Dodd, Chapter 978, Statutes of 2022) requires all C-8, C-20, C-22, C-39, and D-49 contractors to have on file evidence of workers' compensation insurance, effective January 1, 2023, as a condition of licensure. This bill required CSLB to automatically suspend one of the impacted classifications for failure to comply by July 1, 2023, and for licenses with more than one classification, this bill requires CSLB to remove that classification in lieu of suspending the license. Effective January 1, 2026, this bill requires CSLB's remaining classification to have evidence of workers' compensation coverage on file with CSLB or be subject to license suspension.

AB 2705 (Holden, Chapter 323, Statutes of 2018) subjects an unlicensed person acting as a contractor to the existing criminal penalties that apply to licensed contractors for not securing the required workers' compensation, and makes 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 Internet Web site 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. (Status: *This bill was held in the Senate Committee on Appropriations*).

AB 2219 (Knight, Chapter 389, Statutes of 2012) deleted the sunset date, thereby extending indefinitely the law requiring roofing contractors who hold a C-39 classification to maintain workers' compensation insurance, whether or not they have employees, and makes additional changes to law regarding C-39 contractors.

AB 878 (Berryhill, Chapter 686, Statutes of 2011) requires 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) requires a licensed contractor with an exemption for workers' compensation insurance to recertify the exemption upon license renewal or provide proof of workers' compensation coverage.

AB 2305 (Knight, Chapter 423, Statutes of 2010) extended the sunset date, from January 1, 2011 to January 1, 2014, on the law requiring a roofing contractor to obtain and maintain workers' compensation insurance, even if he or she has no employees, and extended the parallel sunset date requiring the Department of Insurance to report on this effect.

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

4. **Arguments in Support.** The American Subcontractors Association of California (ASAC) writes, "Previously, ASAC supported SB 216 (Dodd, Chapter 978, [Statutes] of 2022). At the time, we noted that the framework of allowing a licensed contractor to file an exemption claiming they have no employees had not been effective. As we understand it, SB 1071 seeks to ensure the effective implementation of SB 216. For these reasons, we support the measure."

5. **Policy Considerations.**

*Reinstates Requirements Prior to SB 216.* This bill effectively repeals the requirements of SB 216 for all contractor classifications, including roofing contractors, which have been required to have evidence of workers' compensation on file as a condition of licensure since 2006. By reinstating exemptions without identifying the circumstances that would lead to qualification for that exemption, industry may return to a pre-SB 216 state where 54% of all contractors had an exemption, of which 59% were found to be fraudulent.

*Potential exempt populations that truly do not have employees.* There may be a small, but legitimate need for an exemption. For those who truly operate without employees, workers' compensation coverage is an unnecessary expense. There have also been reports that without employees, a licensee cannot obtain a workers' compensation policy. However, there has been difficulty in identifying the contractors who do not have employees.

For example, an exemption cannot be applied to the business type. Status as a sole proprietor (which has been mentioned as a potential candidate for an exemption) is not indicative that the business does not have employees; a sole proprietor may have many employees. Likewise, one person without employees can register their business as a limited liability company.

Additionally, through interviewing constituents who believe they should be eligible for an exemption, CSLB found that there is a great need for licensee education. For example, contractors have stated they “1099 someone,” so those people are not “employees” and workers’ compensation coverage is not necessary. Others stated they hired family so they should not be exempt. Without extensive licensee education about who is, in the legal definition, an employee, CSLB’s licensees may continue to operate in violation of labor laws without a requirement to have workers’ compensation coverage as a condition of licensure.

The Board has discussed justifiable exemptions. First, a B (General Building Contractor) licensee who only provides administrative services related to a building contract while subcontracting all construction work out to specialty contractors. While valid in some cases, the Board may want to specify how to identify these licensees without suggesting a wholesale exemption. Also, contractors who strictly perform maintenance or repair functions, or those who take small jobs, but because their services exceed the \$500 threshold, are required to have a license, may be able to operate within the scope of their license without employees. The CSLB should also specify how these licensees can be identified.

*Requires regulations.* This bill would require the Board to provide for what proof is adequate, which may vary based on license type. The Board’s mechanism for defining acceptable documentation is through the rulemaking process under the Administrative Procedure Act. The approval process can be lengthy (not including stakeholder discussions and proposal development) and may require a delayed implementation. The author should consider continue working with the CSLB to codify what constitutes acceptable proof of eligibility for the exemption for each license classification. *The author may alternatively consider delaying implementation of the exemption provisions to January 1, 2027, when all other license classifications must have workers’ compensation insurance on file with CSLB.*

*Conflict with CSLB sunset bill provisions.* The Board is currently subject to the comprehensive sunset review oversight process, during which policy issues identified by CSLB and the Committee may be addressed by amendments through SB 1455. One of the issues raised in the background paper for the CSLB sunset review oversight hearing is SB 216 implementation. *The author should continue to work with the Committee to determine that SB 1071 does not conflict with provisions contained in the sunset bill.*

## 6. Suggested Author Amendments.

*Burden on small businesses.* In response to concerns about the structure of the language in this bill but in order to further the Author’s goal of assisting impacted small business, the bill should be amended to delay implementation of SB 216 for by amending BPC § 7125 in order to ensure that remaining classification types not subject to workers compensation as a condition of licensure through other prior statutory efforts can work with the CSLB, Legislature, and other relevant



stakeholders to identify ways to determine how an applicant or licensee may qualify for an exemption from workers compensation requirements.

Amend BPC § 7125 as follows:

(a) Except as provided in subdivision (b), the board shall require as a condition precedent to the issuance, reinstatement, reactivation, renewal, or continued maintenance of a license, that the 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. A Certificate of Workers' Compensation Insurance shall be issued and filed, electronically or otherwise, by an insurer duly licensed to write workers' compensation insurance in this state. A Certification of Self-Insurance shall be issued and filed by the Director of Industrial Relations. If reciprocity conditions exist, as provided in Section 3600.5 of the Labor Code, the registrar shall require the information deemed necessary to ensure compliance with this section.

(b) This section does not apply to an applicant or licensee who meets both of the following conditions:

(1) Has no employees provided that the applicant or licensee files a statement with the board on a form prescribed by the registrar before the issuance, reinstatement, reactivation, or continued maintenance of a license, certifying that the applicant or licensee does not employ any person in any manner so as to become subject to the workers' compensation laws of California or is not otherwise required to provide for workers' compensation insurance coverage under California law.

(2) Does not hold a C-8 license, as defined in Section 832.08 of Title 16 of the California Code of Regulations, a C-20 license, as defined in Section 832.20 of Title 16 of the California Code of Regulations, a C-22 license, as defined in Section 832.22 of Title 16 of the California Code of Regulations, a C-39 license, as defined in Section 832.39 of Title 16 of the California Code of Regulations, or a D-49 license, a subcategory of a C-61 license, as defined in Section 832.61 of Title 16 of the California Code of Regulations.

(c) This section does not apply to an applicant or licensee organized as a joint venture pursuant to Section 7029 that has no employees, provided that the applicant or licensee files the statement prescribed by subparagraph (1) of subdivision (b).

(d) A Certificate of Workers' Compensation Insurance, Certification of Self-Insurance, or exemption certificate is not required of a holder of a license that has been inactivated on the official records of the board during the period the license is inactive.

(e) (1) The insurer, including the State Compensation Insurance Fund, shall report to the registrar the following information for any policy required under this section: name, license number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if applicable.

(2) A workers' compensation insurer shall also report to the registrar a licensee whose workers' compensation insurance policy is canceled by the insurer if all of the following conditions are met:

(A) The insurer has completed a premium audit or investigation.

(B) A material misrepresentation has been made by the insured that results in financial harm to the insurer.

(C) No reimbursement has been paid by the insured to the insurer.

(3) Willful or deliberate disregard and violation of workers' compensation insurance laws constitutes a cause for disciplinary action by the registrar against the licensee.

(f) (1) For any license that, on January 1, 2013, is active and includes a C-39 classification in addition to any other classification, the registrar shall, in lieu of the automatic license suspension otherwise required under this article, 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.

(2) For any licensee whose license, after January 1, 2013, is active and has had the C-39 classification removed as provided in paragraph (1), and who is found by the registrar to have employees and to lack a valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, that license shall be automatically suspended as required under this article.

(g) (1) For any licensee whose license, after July 1, 2023, is active and includes a C-8, C-20, C-22, or D-49 classification, in addition to any other classification, the registrar shall, in lieu of the automatic license suspension otherwise required under this article, remove the C-8, C-20, C-22, or D-49 classification from the license unless a valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance is received by the registrar.

(2) For any licensee whose license, after July 1, 2023, is active and has had the C-8, C-20, C-22, or D-49 classification removed, as provided in paragraph (1), and who is found by the registrar to have employees and to lack a valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, that license shall be automatically suspended as required under this article.

(h) The information reported pursuant to paragraph (2) of subdivision (e) shall be confidential, and shall be exempt from disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(i) This section shall remain in effect only until January 1, ~~2026~~, 2028, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, ~~2026~~, 2028, deletes or extends that date.

Amend BPC § 7125 as follows:

(a) Except as provided in subdivision (b), the board shall require as a condition precedent to the issuance, reinstatement, reactivation, renewal, or continued maintenance of a license, that the 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. A Certificate of Workers' Compensation Insurance shall be issued and filed, electronically or otherwise, by an insurer duly licensed to write workers' compensation insurance in this state. A Certification of Self-Insurance shall be issued and filed by the Director of Industrial Relations. If reciprocity conditions exist, as provided in Section 3600.5 of the Labor Code, the registrar shall require the information deemed necessary to ensure compliance with this section.

(b) ~~(1)~~ This section does not apply to an applicant or licensee organized as a joint venture pursuant to Section 7029 that has no employees, provided that the applicant or licensee files a statement with the board on a form prescribed by the registrar before the issuance, reinstatement, reactivation, or continued maintenance of a license, certifying that the applicant or licensee does not employ any person in any manner so as to become subject to the workers' compensation laws of California or is not otherwise required to provide for workers' compensation insurance coverage under California law.

~~(2) This section does not apply to an applicant or licensee that has no employees, if the applicant or licensee provides both an affidavit to the board affirming they have no employees and adequate proof demonstrating they are operating without employees. The board shall provide for what proof is adequate, which may vary based on license type.~~

(c) A Certificate of Workers' Compensation Insurance or Certification of Self-Insurance is not required of a holder of a license that has been inactivated on the official records of the board during the period the license is inactive.

(d) (1) The insurer, including the State Compensation Insurance Fund, shall report to the registrar the following information for any policy required under this section: name, license number, policy number, dates that coverage is scheduled to commence and lapse, and cancellation date if applicable.

(2) A workers' compensation insurer shall also report to the registrar a licensee whose workers' compensation insurance policy is canceled by the insurer if all of the following conditions are met:

(A) The insurer has completed a premium audit or investigation.

(B) A material misrepresentation has been made by the insured that results in financial harm to the insurer.

(C) Reimbursement has not been paid by the insured to the insurer.

(3) Willful or deliberate disregard and violation of workers' compensation insurance laws constitutes a cause for disciplinary action by the registrar against the licensee.

(e) The information reported pursuant to paragraph (2) of subdivision (d) shall be confidential, and shall be exempt from disclosure under the California Public

Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(f) This section shall become operative on January 1, ~~2026~~ 2028.

**SUPPORT AND OPPOSITION:**

Support:

American Subcontractors Association of California

Opposition:

None received

**-- END --**