



July 9, 2025

The Honorable Lisa Calderon
 Chair, Assembly Insurance Committee
 1020 N Street, Room 369
 Sacramento, CA 95814

**RE: SB 487 (Grayson) – Workers’ Compensation Third Party Recovery
 OPPOSED, AS AMENDED ON 7/8/25**

Dear Chair Calderon,

The undersigned organizations are respectfully opposed to **SB 487**, which would limit the right of public agency employers, including the State of California, to recover the cost of providing workers’ compensation benefits when a law enforcement officer or firefighter is injured at work and a third party is partially or entirely responsible. Public safety officers enjoy generous salary continuation benefits, presumptions for several types of injuries and illnesses, and Industrial Disability Retirement (IDR) benefits that aren’t available to any other type of worker in the state. As a result, state and local governments have a higher cost of providing workers’ compensation benefits to police officers and firefighters, and recovering costs from responsible third parties is vitally important to protect public resources and the taxpayers.

No Data to Justify Proposed Policy

The legislature has a strong history of closely examining proposed workers’ compensation policy changes through the joint labor-management Commission on Health and Safety and Workers’ Compensation (CHSWC). According to the CHSWC website, it was created in 1993 to examine health

and safety and workers' compensation systems and recommend administrative or legislative modifications to improve their operation. In recent years, the legislature has often turned to CHSWC for answers when, much like with SB 487, they are confronted with proposed workers' compensation legislation that is based largely on anecdote instead of data.

When an employee is injured by a third party during the course and scope of their employment, the employer, regardless of who is at fault, must provide full workers' compensation benefits. This includes all forms of disability, both temporary and permanent, any associated expenses and vocational rehabilitation if applicable. In addition, the employer is bound to provide medical treatment for the duration of that employee's life for the injured body parts or conditions. An example of an injury sustained at the fault of a third party is when a motor vehicle accident occurs outside of the employer's premises and outside of the employer's control. Regardless, the employer is still obligated to provide all statutory workers' compensation benefits to the employee. As such, the employer's only remedy for reimbursement of the costs incurred because of another party is via subrogation recovery.

The public sector entities affected by SB 487 have limited resources available to provide services to the public. If the legislature is going to upend well-established public policy related to third party subrogation, it should do so only after being fully informed. Proponents of SB 487 have not provided any objective evidence suggesting law enforcement and firefighters are frequently facing bad outcomes in third party litigation related to workplace injuries.

Special Benefits Mean Less Economic Harm for Workers and Higher Costs for Employers

The state and local government employers of police officers and firefighters have high workers' compensation costs precisely because their union representatives have lobbied endlessly for expensive special benefits designed to minimize the economic impact of workplace injuries.

Most employees who are unable to work because of their workplace injury are paid temporary disability benefits at a rate of 2/3 of their average weekly wage, with a maximum benefit amount of \$1,680.29 per week in 2025. Instead of receiving normal temporary disability benefits, law enforcement and firefighters who are unable to work because of their workplace injury are paid their *full salaries tax free for an entire year* under Labor Code Section 4850. While it may be hard to believe, those who are receiving benefits under Labor Code Section 4850 take home more than when earning their normal salary. The special benefits both minimize the economic harm to the injured employee and cause the employer to have higher costs associated with the injury.

In addition, a law enforcement or firefighter who is hurt on the job and, as a result, is permanently unable to perform their current position is eligible for Industrial Disability Retirement. The base benefit for IDR is 50% of the final compensation amount, but it can get higher (3% for each year of service), *and the first 50% is non-taxable*. Depending on their tenure, law enforcement and firefighters with longer years of service can take home more pay under IDR than they did while working because of the tax treatment. This amount is paid to the injured employee, in addition to permanent disability benefits paid under the workers' compensation system that are designed to compensate for physical impairment from the injury. Law Enforcement personnel and firefighters receiving IDR benefits are not precluded from working outside of their classification in other occupations, and working does not reduce the IDR benefit. As a result, many police officers and firefighters receiving IDR benefits are also gainfully employed.

Law Enforcement and firefighters already received costly special benefits that protect them from economic harms associated with injuries. The legislature should more closely examine the need to also

allow these employees to recover from responsible third parties before their employer who has financed generous special benefits. Benefits paid to first responders come directly out of public agency budgets. State and local governments generally aren't covered by traditional insurance, rather are self-insured, so the costs associated with SB 487 will directly hit their budgets.

For these reasons, the undersigned organizations are respectfully **OPPOSED** to **SB 487** and urge your no vote when the bill is heard in the Assembly Insurance Committee.

Sincerely,

California Association of Joint Powers Authorities
California Coalition on Workers' Compensation
California Joint Powers Insurance Authority
California Special Districts Association
California State Association of Counties
City of Bell
City of Chula Vista
City of Santa Barbara
County of Butte
County of Fresno
County of Humboldt
County of Kings
County of Placer
Golden State Risk Management Authority
League of California Cities
Local Agency Workers' Compensation Excess JPA
Northern California Special Districts Insurance Authority
Public Risk, Innovations, Solutions, and Management
Rural County Representatives of California
School's Insurance Authority
Urban Counties of California

CC: The Honorable Tim Grayson, California State Senate
Members and Consultants, Assembly Insurance Committee
The Honorable Gavin Newsom, California State Governor
Department of Industrial Relations