



CALIFORNIA STATE ASSOCIATION OF COUNTIES

June 21, 2018

The Honorable Tom Daly
Chairman, Assembly Insurance Committee
State Capitol, Room 3120
Sacramento, CA 95814

SUBJECT: SB 880 (PAN) WORKERS COMPENSATION: PREPAID CARDS SUPPORT

Dear Chairman Daly,

The below-listed organizations **SUPPORT SB 880 (Pan)**, which can reduce both fees on workers' compensation temporary disability benefits and system costs and friction.

California workers' compensation law entitles injured workers to receive temporary disability benefits if their injury prevents from working at their jobs. Currently, injured workers with bank accounts have the option to receive these payments from employers and insurers in the form of a check or direct deposit.

Unbanked workers, however, lack this option – they must receive payment by check. This disadvantages this class of workers as they often incur significant check cashing fees due to their lack of relationship with a financial institution. Moreover, disabled households, including those with injured workers, are disproportionately unbanked when compared to the national average.

SB 880 remedies this issue by permitting employers and insurers to transmit temporary disability payments via a prepaid card. SB 880 builds in worker protections by barring nearly all vendor fees on workers and requiring written consent prior to issuing a prepaid card. Simply put, SB 880 can reduce financial burdens while still providing injured workers the flexibility to choose their preferred form of benefit payment.

SB 880 also has the potential to reduce system costs and friction. Prepaid cards can be more cost effective than issuing paper checks and they eliminate the need to reissue lost or damaged checks. Other state workers' compensation systems and California's

unemployment insurance system have experienced these benefits by permitting the use of prepaid cards.

For these reasons, we **SUPPORT SB 880 (Pan)**.

Sincerely,

American Insurance Association
California Coalition on Workers' Compensation
California State Association of Counties

cc: The Honorable Richard Pan, Author
Members, Assembly Insurance Committee
Mark Rakich, Chief Consultant, Assembly Insurance Committee