



May 15, 2020

Dear Valued Client,

First, I hope that you and your families are healthy and safe during these unprecedented times. If you are receiving this email, your company either is domiciled in California or has payroll exposure in the state. I'm sure you have heard about the aggressive piece of legislation that Governor Newsome introduced via his executive order, which presumes that your essential employees who test positive for COVID-19 contracted it via the workplace and, thus, makes it a compensable claim unless the employer can prove otherwise. Clearly, this is an intimidating precedent to be set for insurance carriers, but more so for all employers who, one way or another, end up paying directly for their workers' compensation experience. The Odell Studner Staffing Practice Group wants to let you know that we will continue to monitor the situation and communicate to you any relevant information as it emerges.

Right now, across the country, there have been other states—Illinois, Ohio and New Jersey, to name a few—that have come to varying degrees of implementing something similar. Some experts look at what happened in Illinois, where shortly after the state's Workers' Compensation Commission enacted a similar presumption rule, they withdrew it after legal pressure to do so. Others say the 60-day short-term duration of the rule will be too short for the legal process to play out in California and assume it will stay in place as a result. At this point, all we can do is let this play out, while monitoring and quantifying the impact to our individual businesses. The American Staffing Association (ASA) is obviously tracking these developments and will continue to keep us apprised of any significant changes, which we will be sure to relay to you.

Here are a few points you may find helpful:

- One of the more comprehensive articles we have read on this topic can be found at: <https://www.insurancejournal.com/news/west/2020/05/12/568348.htm>
- A link to the actual order can be found at: <https://www.gov.ca.gov/wp-content/uploads/2020/05/5.6.20-EO-N-62-20-text.pdf>
- The order is in effect from May 6<sup>th</sup> – July 5<sup>th</sup> and includes claims made retroactively since March 19<sup>th</sup>
- The order applies only to CA defined “essential employees” as defined at: <https://covid19.ca.gov/essential-workforce/>

Although it is still early, it is interesting to note the frequency and severity associated with this order to date has not been felt by either the State Compensation Insurance Fund or any of the standard markets that we work with on behalf of our staffing clients. Hopefully, this remains the case, and the bark of this order is bigger than the bite. Either way, we will continue to keep you informed as things develop.

If you have any questions or would like to discuss anything further, please reach out to any of your Odell Studner service representatives so they can facilitate a discussion. Until then, continue to stay safe and stay healthy.

Sincerely,  
The Odell Studner Staffing Practice Group