

# Poizner to fight workers' comp plan

He will sue to try to halt the governor's sale of \$1 billion in State Fund assets to help balance the budget.

MARC LIFSHER  
REPORTING FROM SACRAMENTO

California's top insurance regulator is expected today to file a lawsuit to try to stop the governor from selling \$1 billion worth of business at a state-run workers' compensation insurance company.

Last month, Gov. Arnold Schwarzenegger and the Legislature approved the proposed sale to raise money to partially plug a \$24-billion hole in the

state budget.

But Insurance Commissioner Steve Poizner vowed to fight it. "This is bad politics; it's illegal, and I'm going to stop it," said the wealthy former tech entrepreneur from Silicon Valley, who is seeking the Republican nomination for governor in 2010. And he warned that a sale could increase the price of workers' comp insurance for millions of workers.

Poizner said he would ask a Sacramento County Superior Court judge for an injunction preventing any sale of policies at the \$21-billion company known as State Fund. The company provides coverage for about 200,000 mostly small and medium-sized employers. It's the biggest workers' compensation carrier in the state, with a 20% share of the market.

To net \$1 billion, the state would have to sell a significant portion of State Fund's best, least risky business, officials estimate. But doing that, Poizner warned, could have a destabilizing effect on California's workers' compensation market and drive up rates for policyholders at both State Fund and private companies.

"They may have to raise rates by thousands of dollars a year per policy to make up for this \$1 billion," he said. "It could ripple through the entire workers' compensation system."

The governor's office countered that the proposed sale of the company's assets is legal and necessary.

Selling assets "can be accomplished in a manner that is legal and that maintains the in-

tegrity of the fund," said H.D. Palmer, a spokesman for Schwarzenegger's finance department.

Palmer said his office had held preliminary talks about how to carry out the sale and was in the process of hiring consultants to do an evaluation of assets and liabilities at the San Francisco-based insurer, which has about 7,000 employees.

But selling a big chunk of State Fund would violate a provision of the state Constitution approved by voters in 1918, Poizner said. That statewide vote set up a legal system for providing medical care and compensation to injured workers. State Fund's board of directors, nine of 11 of whom are appointed by the governor, has also gone on record opposing

the proposed sale.

"It is not in the best interests of policyholders, injured workers and employees," State Fund spokeswoman Gina Simons said.

Money collected by selling State Fund assets legally belongs to policyholders, not California taxpayers, said Nicholas Roxborough, a Los Angeles attorney who specializes in employers' rights in workers' compensation disputes.

Trying to balance the budget by selling State Fund business is "pie in the sky, Fantasyland stuff," he said. "For the governor to propose this means he either truly does not understand what is State Fund or this is nothing more than a ruse."

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## BUSINESS BRIEFING

### ENTERTAINMENT

## Cable firm plans test Web show

Time Warner Cable begin testing a system TV subscribers watch on the Internet.

The firm said it will test a dozen programs on Warner Cable's service, its larger rival Comcast, and a test group of subscribers.

In the trial, which will last a few months, Time Warner Cable will give about 100,000 subscribers access to on-

## COURTS CalPERS repaying Lehman

The California Public Employees' Retirement System said it shouldn't have to pay \$17.2 million to a Lehman Bros. Holdings liquidator in a re-

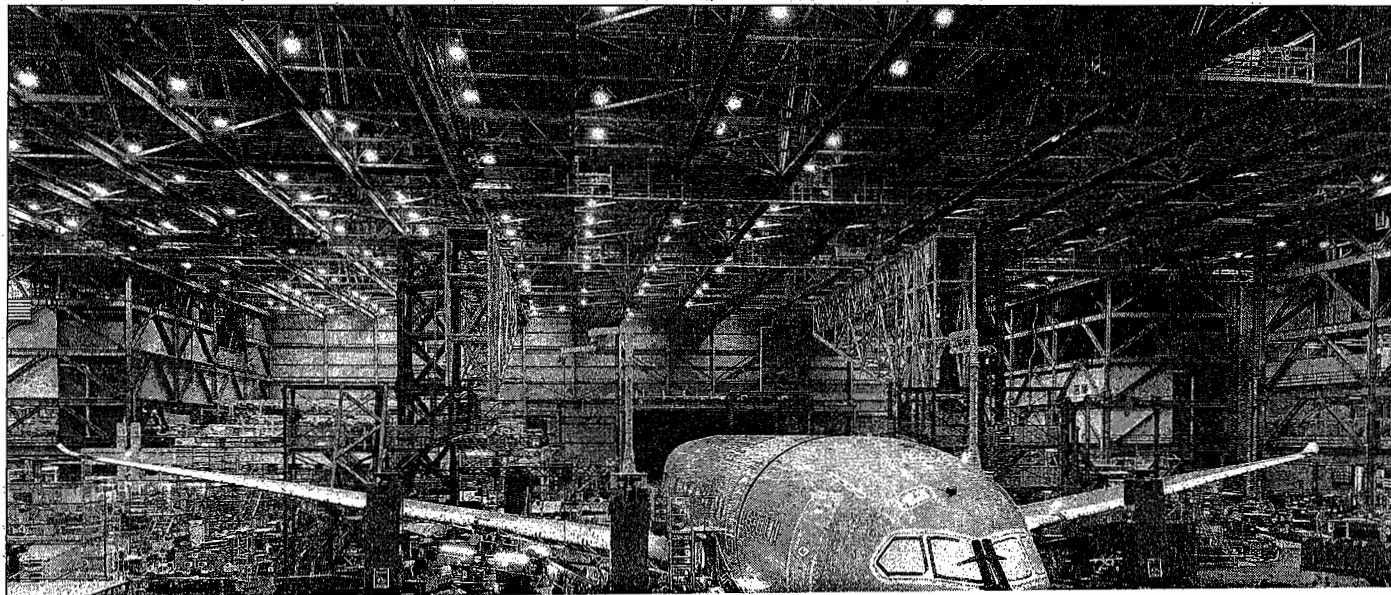
minated swap contract. CalPERS said it filed in Bankruptcy Court it has the right to sue for debt against \$433 million owed on the parent company's bonds. The pension fund asked the judge to lift a stay order the judge placed last fall when Lehman filed for bankruptcy. Proceed with the offer.

## FTC bans unwanted 'robocalls'

SHERINE EL MADANY

The Federal Trade Commission is sending most of those pesky "robocalls" to the junk heap starting Tuesday.

Such prerecorded commercial calls offering services and products such as carpet cleaning or car warranties will be a thing of the past unless tel-



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