

STATE
COMPENSATION
INSURANCE
FUND

IN REPLY REFER TO:

September 28, 2005

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Customer Assistance Program
Policy Number

Mr. _____, President

P.O. Box
Lindsay, CA 93247

Re: Reconsideration of Your Dispute

Dear Mr.

State Compensation Insurance Fund's Customer Assistance Program has concluded a further review of your dispute regarding your request for exclusion of Mr. _____ and Mr. _____ from coverage under your 2004 policy. Based on a thorough review of your policy file and the further information you have provided regarding the ownership of _____, Inc., I am pleased to inform you that we will be excluding Mr. _____ Mr. _____ from coverage under your State Fund policy for the 2004 policy year and subsequent policy years.

You have provided us with your corporate filing with California's Secretary of State, a copy of your stock ledger and a copy of your officers' shares of stock. Your corporate filing specifies that Mr. _____'s stated office is that of a Director, while Mr. _____'s title is stated as Chief Executive Officer. The stock ledger provided indicates that only four officers own stock, which is analyzed in the chart below.

Name	Title	Shares of stock
	Treasurer	30
	Secretary	30
	Director	45
	President/CEO	45

We have determined that the information you have provided is sufficient to demonstrate that the four officers named above own 100% of the stock within _____ Inc. As the sole working officers of the corporation, Mr. _____ and Mr. _____ both qualify for exclusion under §3351 (c) of the California Labor Code, which states, "All officers and members of boards of directors of quasi-public or private corporations while rendering actual service for the corporations for pay; provided that, where the officers and directors of the private corporation are the sole shareholders thereof, the corporation and the officers and directors shall come under the compensation provisions of this division only by election as provided in subdivision (a) of Section 4151."

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Accordingly, as both officers meet the criteria for exclusion set forth in this section of the Labor Code, we will endorse your 2004 policy to exclude these two officers, and will revise the 2004 audit and final billing to reflect these changes. Additionally, we will endorse your 2005 policy to reflect the exclusion of Mr. _____ and Mr. _____.

Please note that the _____ Marital Trust and _____ Survivor's Trust *As amended after gift to _____ Children on January 1, 2004* makes reference to the ownership of the _____ Family Limited Partnership, a partnership which holds the _____ family's land. _____ Ranches leases the land it requires to raise horses from the partnership, and the income from its land rentals are distributed to all of the family members. The limited partnership, as outlined in the trust, is a separate operation from _____ Ranches, and its ownership has no bearing on the ownership of _____ Ranches, Inc.

Please note that as of June 9, 2005, the California Department of Insurance's Administrative Hearing Bureau is no longer hearing appeals regarding the exclusion of officers. Thank you for your efforts in attempting to resolve this matter informally through State Fund's Customer Assistance Program.

Sincerely,


Elizabeth Borrero
Customer Assistance Program Analyst

cc: Mr. B. Clark Haman, Yohman, Parker, Kern, Nard & Wenzel Corp.
Mr. Ed Call, Senior Compliance Officer, California Dept. of Insurance
Mike LaDeaux, District Manager, Redding District Office
Sam Major, Field Services Manager, Redding District Office
Terry Dcarton, District Underwriting Manger, Redding District Office
Rob Getzinger, Senior Underwriter, Redding District Office
Barbara McGowan, Credit & Collections Dept. Manager, State Fund Home Office
Jose Altamirano, Asst. Manager, Credit & Collections, State Fund Home Office
Roxanne Schulkin, Credit Manager, Credit & Collections, State Fund Home Office
Yone Wong, Lead Credit Analyst, Credit & Collections, State Fund Home Office
Jeffrey Gershaneck, Insurance Services Dept. Manager, State Fund Home Office
Tony Storniolo, Policy Services Manager, State Fund Home Office
Shirley Prachar, Customer Assistance Program Manager, State Fund Home Office
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For your information, the California Workers' Compensation Insurance Rating Bureau (WCIRB) also provides for a policyholder ombudsman to assist in resolving disputes between policyholders and insurers. The Policyholder Ombudsman can be reached by telephone at (415) 777-0777, or by fax at (415) 778-7007. The address is:

Workers' Compensation Insurance Rating Bureau
Attn: Policyholder Ombudsperson
525 Market Street, Suite 800
San Francisco, CA 94105-2716