



June 19, 2026

The Honorable Lisa Calderon, Chair  
Assembly Insurance Committee  
1021 N Street, Room 369  
Sacramento, CA 95814

Subject: **SB 555 (CABALLERO) – Worker’s Compensation: Average Annual Earnings  
OPPOSE- AS AMENDED JUNE 1, 2026**

Dear Assemblymember Lisa Calderon:

The undersigned organizations are **OPPOSED** to **SB 555** (Caballero), which would substantially increase permanent disability benefits in California’s workers’ compensation system without any corresponding reforms to offset the resulting cost increase, improve system efficiency, or address existing cost drivers.

While our coalition supports fair and adequate benefits for injured workers, increased permanent disability benefits should be considered only as part of a balanced reform package that improves benefits for injured workers while also addressing the cost pressures, litigation incentives, and system inefficiencies borne by employers. SB 555 addresses only one side of that equation, imposing a 51% increase in the weekly permanent disability benefit amount. We estimate this change will add \$1.8 billion to annual employer workers’ compensation costs.

Balance is essential to the long-term health of California’s workers’ compensation system, which remains one of the most expensive and complex systems in the country. Historically, California workers’ compensation policy has been marked by periods of instability when benefit increases and cost controls were pursued separately rather than through balanced negotiated reform. Over the last two decades, the most durable reforms have resulted from balanced packages that paired benefit improvements for injured workers with reforms designed to improve predictability, reduce frictional costs, and protect employer affordability.

This proposal comes at a time when workers’ compensation costs are steadily rising for California employers. In 2025, the Insurance Commissioner approved an [8.7 percent increase](#) in the advisory pure premium rate effective September 1, 2025, following years of declining or stable rates. The Workers’ Compensation Insurance Rating Bureau has also submitted a September 1, 2026, regulatory filing proposing an additional 10.4 percent increase. These actions reflect growing concern about rising claim costs, including medical costs, cumulative trauma claims, and allocated loss adjustment expenses.

When the Insurance Commissioner published his decision to approve a pure premium rate increase in 2025, he issued a [letter to the legislature](#) identifying several problems that are driving costs and leading to premium increases. He warned the legislature that his order increasing rates “*reflects an early warning of growing costs in the workers’ compensation system that may need further study to inform possible actions by the State Legislature and Governor.*” California should not move forward with a substantial, stand-alone benefit increase without addressing the cost drivers that are already putting proven upward pressure on the system.

Increasing permanent disability benefits without corresponding cost-saving reforms would be irresponsible under any circumstances. Doing so at a time when employer premiums are rising and identified system problems remain unaddressed would be especially problematic. We urge the Legislature to instead pursue a balanced workers’ compensation reform effort this year by establishing negotiations among labor and management to improve benefits for injured workers and address cost drivers and inefficiencies that threaten the long-term stability and affordability of the system.

For these reasons and more, our coalition is **OPPOSED** to **SB 555**, and we urge you to vote “no” when the bill is heard in the Assembly Insurance Committee.

Acclamation Insurance Management Services (AIMS), Philip Vermeulen  
Allied Managed Care (AMC), Philip Vermeulen  
American Property Casualty Insurance Association, Laura Curtis, Assistant VP, State Government Relations  
Brea Chamber of Commerce, Lacy Schoen, President and CEO  
California Attractions and Parks Association, Sabrina Demayo Lockhart, CEO  
California Chamber of Commerce, Andrea Lynch, Policy Advocate  
California Coalition on Workers' Compensation, Jason Schmelzer  
California Hotel + Lodging Association, Lynn S. Mohrfeld, President/CEO  
California League of Food Producers, Tim Taylor, Policy Director  
California Trucking Association, Nick Chiappe, Vice President of Government Affairs  
Carlsbad Chamber of Commerce, Bret Schanzenbach, President/CEO  
California Association of Joint Powers Authorities, Faith Borges  
California Fresh Fruit Association, Casey D. Creamer  
California Grocers Association, Rachel O'Brien  
California Joint Powers Insurance Authority, Jeff Rush  
California Manufacturers & Technology Association, Sarah Bridges  
California Restaurant Association, Matt Sutton  
California State Association of Counties, Eric Lawyer  
California Cotton Ginners & Growers Association, Roger Isom  
Dana Point Chamber of Commerce, Vickie McMurchie, President  
Flasher Barricade Association (FBA), Philip Vermeulen  
Garden Grove Chamber of Commerce, Claudette Baldemor, CEO  
Greater Bakersfield Chamber, Janelle Capra, President & CEO  
Greater Coachella Valley Chamber of Commerce, Brandon Marley, President & CEO  
Greater High Desert Chamber of Commerce, Mark Creffield, President/CEO  
Greater Modesto Chamber of Commerce, Trish Christensen, ACE, President and CEO  
International Warehouse Logistics Association (IWLA), Jay D. Strother, President & CEO  
La Cañada Flintridge Chamber of Commerce, Pat Anderson, President & CEO  
LeadingAge California, Amber King, Vice President, Legislative Affairs  
Lincoln Area Chamber of Commerce, Tom Indrieri, CEO  
Livermore Valley Chamber of Commerce, Sherri Souza, President/ CEO  
Long Beach Area Chamber of Commerce, Jeremy Harris, President/CEO  
National Federation of Independent Business (NFIB), Tim Taylor  
Newport Beach Chamber of Commerce, Steve Rosansky, President/CEO  
Oceanside Chamber of Commerce, Scott Ashton, CEO  
Palm Desert Area Chamber of Commerce, Patrick Klein, Board Chair  
Rancho Cordova Area Chamber, Diann H. Rogers, President/CEO  
Redondo Beach Chamber of Commerce, Mara Santos, CEO  
Roseville Area Chamber of Commerce, Brooke Whiting, Director of Public Affairs  
Sacramento Metropolitan Chamber of Commerce, Ivan Volschenk, President/CEO  
Santa Maria Valley Chamber, Suzanne Singh, VP of Economic Development & Government Affairs  
South Bay Association of Chambers of Commerce, Jeremy Harris, Board Chair  
Southwest California Legislative Council, Erin Sasse, Chair  
Temecula Valley Chamber of Commerce, Brooke Nunn, President/CEO  
Torrance Area Chamber of Commerce, Donna Duperron, President/CEO  
Ventura Chamber of Commerce, Stephanie Caldwell, President/CEO  
Yorba Linda Chamber of Commerce, Anthony Johnson, Government Affairs Representative  
Green Industry Co-Op, Brian Arnold  
Landscape Contractors Insurance Services, Inc., Brian Arnold

Personnel Partners, Paul Sorensen  
Rural County Representatives of California, Sarah Dukett  
Urban Counties of California, Jean Hurst  
Western Tree Nut Association, Roger Isom

cc. Lilliana Udang, Legislative Director, Office of Senator Anna Caballero  
Brady Borcharding, Deputy Legislative Secretary, Office of Governor Newsom  
Kathleen O'Malley, Chief Consultant, Assembly Insurance Committee  
Bill Lewis, Policy Consultant, Insurance, Assembly Republican Caucus

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