STATE COMPENSATION INSURANCE FUND	**CORPORATE POLICY**	Number: **EC&F 2.2** Owner: **Ethics & Labor Relations** Type: **Ethics Compliance & Fraud** Effective Date: **5-2011** Last Revision Date: **3-2011** **Supersedes 03-20-004**
Title **INCOMPATIBLE ACTIVITIES STATEMENT & POLICY**		

SECTION 1 – PURPOSE

California Government Code § 19990 prohibits state employees from engaging in activities that are incompatible with their civil service positions. The purpose of this policy is to guide employees in the identification of situations that are, or could be, activities which are incompatible with employment at State Fund.

SECTION 2 – POLICY STATEMENTS

2.1 Incompatible Activities by California Law for All State Fund Officers or Employees

A state officer or employee shall not engage in any employment, activity, or enterprise which is clearly inconsistent, incompatible, in conflict with, or inimical to his or her duties as a State Fund officer or employee.

Pursuant to California Government Code §19990, the following activities are incompatible with State Fund employment:

a. Using the prestige or influence of the State or State Fund for the officer's or employee's private gain or advantage or the private gain of another.

b. Using State Fund time, facilities, equipment, or supplies for private gain or advantage.

c. Using, or having access to, confidential information available by virtue of State Fund employment for private gain or advantage or providing confidential information to persons to whom issuance of this information has not been authorized. (Releasing proprietary/trade secret information or intellectual property is also a violation of State Fund Corporate Policy (see section 6.1 Definitions). In addition to violating the terms of this Policy, failure to comply with this restriction may subject a person to disciplinary, civil, and/or criminal action.)

d. Receiving or accepting money or any other consideration from anyone other than the State for the performance of his or her duties as a State Fund officer or employee.

e. Performance of an act in other than his or her capacity as a State Fund officer or employee knowing that the act may later be subject, directly or indirectly to the control, inspection, review, audit, or enforcement by the officer or employee.

f. Receiving or accepting, directly or indirectly, any gift, including money, or any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who is doing or is seeking to do business of any kind with State Fund or whose activities are regulated or controlled by State Fund under circumstances from which it reasonably could be substantiated that the gift was intended to influence the officer or employee in

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his or her official duties or was intended as a reward for any official actions performed by the officer or employee.

g. Subject to any other laws, rules, or regulations as pertain thereto, not devoting his or her full time, attention, and efforts to his or her State Fund office or employment during his or her hours of duty as a State Fund officer or employee.

2.2 Incompatible Activities Specific to State Fund Employment
State Fund has determined that in addition to the Incompatible Activities established by law, the following activities are specifically incompatible with employment at State Fund:

2.2.1 Unauthorized Use of State Fund Resources & Equipment
Unauthorized use of State Fund resources and equipment, including but not limited to time, intellectual property, office equipment, e-mail, internet access, computer applications, and other communication devices to perform activities other than State Fund business.

Minimal or incidental use is permitted to the extent allowed by policy or collective bargaining agreement (see State Fund Systems User Information Notice), or law.

2.2.2. Provision of Goods & Services to State Fund for Personal Gain
State Fund employees are prohibited from acting as a seller or marketer of services to State Fund, either directly or indirectly.

2.3 Activities Which Are Incompatible Without Review and Written Approval
The activities described in sections 2.3.1 through 2.3.4 are incompatible with State Fund employment unless an individual employee's participation in such activities has been reviewed and authorized in writing in advance byEthics & Labor Relations. Any approval by Ethics & Labor Relations to engage in such activities is limited to the specific activity identified in the approval.

2.3.1 Engaging in Workers' Compensation Insurance Work for Other Entities
Performing work related to workers' compensation insurance for any entity other than State Fund. Work may include accounting, auditing, bookkeeping, claims adjusting, systems analysis, legal, sales, marketing, or occupational safety and health consulting activities.

2.3.2 Engaging in Inappropriate Work Activities for Another Entity
Engaging in activities in any capacity for entities other than State Fund where the State Fund officer or employee could influence State Fund's receipt of policyholder premium or other services.

2.3.3 Engaging in Litigation Activity for or with Another Entity
Counseling, advising, or assisting any party in the preparation, presentation, or defense of litigation adverse to the business interests of State Fund.

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2.3.4 Engaging in Activities Adverse to State Fund's Business Interests
Engaging in activities which are contrary to the business interests of State Fund. This paragraph does not affect employees' rights under collective bargaining agreements.

2.4 Appeals
Employees may appeal the application of the Incompatible Activities Statement to them by written appeal directed to the Ethics & Labor Relations Program Manager. If the employee is dissatisfied with the decision, a final written appeal may be made to the Senior Vice President of Human Resources.

In the event that a collective bargaining agreement specifies a different appeals process regarding applicability or waiver of the Incompatible Activities Statement with respect to outside employment, the collective bargaining agreement will control.

SECTION 3 – APPLICABILITY, SCOPE & BASIS
This policy applies to all State Fund employees. Employees must maintain the highest standards of professional and personal integrity. Suspected violations of this policy shall be reported promptly to the Ethics & Labor Relations Program Manager.

If provisions of this section are in conflict with provisions of a memorandum of understanding, the memorandum controls.

NOTICE
All State Fund employees will be required to sign a statement annually that they have read and understand this policy as part of State Fund's Code of Conduct acknowledgement process.

3.1 Related Laws, Regulations, or Industry Standards
Cal. Code of Regulations Title 2, § 599.870
Cal. Code of Regulations Title 2, § 547.59
Cal. Government Code § 19990
Cal. Government Code § 19572
Cal. Government Code § 8314
Cal. Insurance Code § 750
Cal. Labor Code § 3219
Cal. Labor Code § 3820
Cal. Civil Code § 3426.1
U.S. Code Title 17 ("Copyright Act")

SECTION 4 – AUTHORITY
The Senior Vice President of Human Resources is responsible for policy assurance and oversight. The Ethics & Labor Relations Program Manager as policy owner monitors and is responsible for compliance with and updates to, this Corporate Policy.

SECTION 5 – RELATED CORPORATE POLICIES
EC&F 2.0 - Privacy & Confidentiality
EC&F 2.1 - Complaint Reporting and Anti-Retaliation
EC&F 2.3 - Business Ethics
EC&F 2.4 - Statement of Economic Interests (Form 700) & Financial Disclosures
EC&F 2.7 - Non-Business Use of State Fund Facilities
BFM 5.8 - Client Related Business Expense Reimbursement

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IT 6.0 - Data Classification
OPS 3.1 - Group Insurance

SECTION 6 – RELATED DEFINITIONS PROCEDURES, FORMS, & PUBLICATIONS

6.1 Definitions

***Code of Conduct* -** The *Code of Conduct* communicates State Fund's values of honesty and integrity, standards for doing business, and ground rules for ethical behavior.

Confidential - Information restricted to use by defined groups of State Fund employees and safeguarded from unauthorized access and improper use.

Intellectual Property - Ownership of original work and the manner in which the work is presented or expressed such that it could be protected by copyright, patent, or trademark.

Proprietary/Trade Secret - Information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

1. Derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and
2. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

6.2 Procedures

Intentionally left blank at this time

6.3 Forms and Publications

State Fund's *Code of Conduct*
State Fund's *Conflict of Interest Code*
Information Protection and Security Requirements e29001
Code of Conduct Acknowledgement – e8555
State Fund Systems User Information Notice –e8556

SECTION 7 – HELP & ADVICE

For help and advice regarding this policy, contact Ethics & Labor Relations via e-mail: Ethics@scif.com or call 415-565-1160.

SECTION 8 – REVIEW HISTORY

Review Date	Action Date	Action	Section(s) Revised	Effective Date
3/16/2011	3/16/2011	Final QA	Comprehensive	3/2011
5/13/2011		Revised based on changes in functional assignments; added Code of Conduct definition; form changes	2.3; 2.4; 3; 4; 6.1; 6.3; 7	5/2011

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