

# ALERT

CALIFORNIA CHAMBER OF COMMERCE

VOLUME 31, NUMBER 32 • NOVEMBER 18, 2005



## Chamber Joins Governor on Trade Mission to China

California Chamber of Commerce President Allan Zarembeg joined Governor Arnold Schwarzenegger, members of the press and other members of the business delegation this week on a six-day trade mission to China to market California agriculture, encourage tourism, discuss intellectual property rights and promote business investment in the state.

### Strengthening Trade Ties

“The business and trade mission to mainland China led by Governor Schwarzenegger will serve to strengthen ties and increase economic opportunities in the world’s largest marketplace of 1.2 billion people,” said Susanne Stirling, vice president of international affairs for the Chamber and member of the business delegation.

“In keeping with long-standing policy, the Chamber supports free trade worldwide. We encourage the expansion of trade and investment, fair and equitable market access for California products abroad and the elimination of disincentives that impede the international competitiveness of California businesses.”

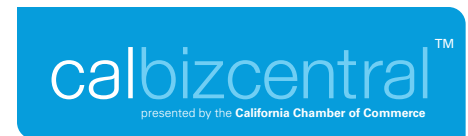
### Building New Opportunities

The mission builds on the new opportunities that have opened for California companies since China entered the World Trade Organization in 2001.

The mission has been marketing California’s agricultural products, high technology, film industries and environmental technologies.

In addition to encouraging tourism to  
*See Trade: Page 7*

## Chamber Unveils New Look for Compliance Offerings



The California Chamber of Commerce has created a new brand for its multiple and varied products and services: CalBizCentral™

CalBizCentral™ is a one-stop shop for affordable compliance resources that make California businesses run better.

In looking for improved ways to serve California businesses, the Chamber created CalBizCentral™ as a new, more descriptive representation for the same excellent information, products and services that customers have come to expect and rely on from the Chamber.

CalBizCentral™ presented by the California Chamber of Commerce™ is a symbol of the mission and goals of the Chamber — helping California business do business — embodied in a specific product line.

Along with the name CalBizCentral™ comes a new logo, which will appear on catalogs, products and the CalChamber Store website, which is now [calbizcentral.com](http://calbizcentral.com).

For more information, visit [calbizcentral.com](http://calbizcentral.com).

### Inside

Q&A on Harassment Prevention Training:  
Pages 3-4



Photo Courtesy Governor's Office

California Chamber President Allan Zarembeg introduces Governor Arnold Schwarzenegger at the opening reception for the California-China business and trade mission in Beijing.

## Disability Insurance Premiums Could Explode, Experts Warn

California employers can expect huge increases in the cost of disability insurance for their employees if new requirements proposed by the Department of Insurance take effect, according to a new study.

The internationally recognized consulting firm, Milliman, Inc., estimates premiums will increase as much as 46 percent for group disability insurance and 33 percent for individual coverage under the Insurance Department proposal.

In addition, California consumers will have fewer disability insurance products available and less protection from disabling conditions. The proposed requirements also discourage employees on disability from returning to work.

### Fewer Insured

“The Department’s proposal will likely result in fewer insured California residents, and, therefore, decreased financial security,” the study concluded.

California employers already pay some of the highest disability insurance rates in the country. Industry observers predict that if the proposed requirements are enforced, it will be even more difficult and expensive for employers — especially small busi-

nesses — to provide disability insurance protection to their employees.

Disability insurance helps replace the income of those who become sick or injured due to circumstances unrelated to their employment. Employers and employees in California contribute to a state disability insurance program as well as Social Security, but many employers also provide employees with private insurance coverage to augment those benefits.

### Significant Changes

In an October 3 letter to disability insurance companies, the Insurance Department proposed significant changes to disability insurance policies:

- Eliminate the requirement to obtain medical care while collecting disability benefits.
- Eliminate the coordination of disability insurance benefit payments with Social Security benefits.
- Expand the definition of total disability in a way that discourages rehabilitation and return-to-work provisions.

All changes would increase the cost of disability insurance coverage for Californians.

### Fewer Choices than Other States

The Insurance Department would also prohibit certain types of disability policies and optional benefits that are available to consumers in other states.

For example, Loss of Income policies, which reduce disability benefits for income earned while the person is disabled but do not distinguish between degrees of disabilities, would be prohibited. The new requirements also ban benefits that continue a disabled person’s contributions to his/her retirement plan and policies that make it easier to transfer business ownership when one partner is permanently disabled.

The Chamber encourages the Insurance Department to reconsider this proposal, which is one more example of how excessive regulation adds to the cost of doing business in California.

## Trade Mission to China with Governor

*From Page 1*

California destinations and promoting business investment in the state, the trade mission has allowed participants to discuss such important issues as Intellectual Property Rights (IPR) enforcement and protection, water and energy needs, and goods movement.

### Fast-Growing Economy

China has been one of the world’s fastest growing economies over the past several years, and its efforts to reform and modernize its economy have helped transform the country into a large trading power.

China’s total trade in 2004 surpassed the \$1.1 trillion mark, making it the world’s third largest trading nation after the United States and Germany, according to the U.S. Department of State.

Total trade between the United States and China has increased from \$4.8 billion in 1980 to \$231 billion in 2004.

U.S. exports to Hong Kong have grown from \$12.6 billion in 2002 to more than \$15.8 billion in 2004. Total trade between the United States and Hong Kong totaled \$25.1 billion in 2004, according to the U.S. Department of Commerce.

California exports to Mainland China were up 25 percent in 2004, to \$6.8 billion, making California its fourth largest trading partner. Exports to Hong Kong increased by 22 percent to more than \$5 billion. Hong Kong is California’s eighth largest trading partner, as reported by the U.S. Department of Commerce.

The business and trade mission arrived Monday in Beijing, then traveled to Shanghai on Wednesday and to Hong Kong on Friday. The mission will depart China on Saturday.

For more information on the Chamber’s positions on international trade issues, please visit [www.calchamber.com/international](http://www.calchamber.com/international).

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## Chamber Calendar

*Water Committee:*

December 1, San Francisco

*Transportation Committee:*

December 1, San Francisco

*Board of Directors:*

December 1-2, San Francisco

*Annual Meeting:*

December 2, San Francisco

*Tourism Committee:*

December 2, San Francisco

## Seminars/Trade Shows

For more information on the seminars listed below, visit [www.calchamber.com/events](http://www.calchamber.com/events).

### Business Resources

Effective Board Engagement in Strategy.

Northern California Chapter of the National Association of Corporate Directors. December 8, Sacramento. (916) 977-3700.

### Labor Law

Preventing Sexual Harassment

— Advanced Supervisor Training. California Chamber of Commerce. December 1, Web Seminar. (800) 331-8877.