



News

Michael Newman Quoted in Business Insurance Article on California Law Holding Employers Liable for Subcontractors' Wage or Workers' Compensation Law Violations

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Michael A.S. Newman, a partner in the firm's Los Angeles - Downtown office, was quoted in the article "[Calif. law makes companies share wage, comp liability with labor contractors](#)," which appears in the October 1, 2014 issue of *Business Insurance*. The piece focuses on a new California law imposing liability on companies when their labor contractors fail to pay wages or obtain valid workers compensation coverage.

Mr. Newman believes that the new law may negatively affect the labor contracting industry. He explains that "'one of the big selling points' of labor contractors has been that the hiring company 'doesn't need to worry about the headache of paying workers comp for people' or being sure they're adequately paid, because [those matters have] been handled by the labor contracting firm. 'The law changes that.' It says when you have this kind of situation the client business 'also shares the liability' if workers are not paid appropriately under the wage and hour laws, or not provided with workers compensation coverage." Noting a section of the law that appears to allow a client employer to "provide by contract for a situation where the staffing company agrees to indemnify the client company if the client company is found liable because of bad acts on the staffing company's part," Mr. Newman believes that that provision may "encourage companies to work with larger, more financially stable staffing companies."

Mr. Newman is a litigator with a broad practice that includes employment litigation, insurance coverage disputes, bad faith liability actions, insurance regulatory matters, trade secret, and contractual disputes. He advises and defends insurance clients in matters involving the alleged bad faith denial of benefits on life, disability, long-term care, workers' compensation and health insurance policies. Mr. Newman has also worked on behalf of insurance clients in regulatory matters involving the California Department of Insurance. Additionally, he counsels and represents business clients (both in and out of the insurance industry) in actions alleging violation of employment laws and in matters involving alleged misappropriation of trade secrets.

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