

California Workers' Compensation Institute

BULLETIN

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The California Department of Industrial Relations (DIR) has issued the 2012 assessment rates that employers will pay to finance the Workers' Compensation Administration Revolving Fund, which covers DWC's budget; the Uninsured Employer Benefit Trust Fund; the Subsequent Injury Benefit Trust Fund; the Occupational Safety & Health Fund; the Labor Enforcement & Compliance Fund; and the Workers' Compensation Fraud Account.

The DIR announced this week that total 2012 assessments required from all payers for the six funds will amount to \$492,199,282 prior to adjustments for current fund balances and any amounts under- or over-collected this year. After the adjustments, the total due from employers in 2012 for all six funds will total \$259,320,843. California law splits the assessments between insured and self-insured employers in proportion to their payroll for the most recent year. The law requires workers' compensation insurers to advance the money to the state on behalf of policyholders, then to recoup the funds via policy surcharges and assessments. The first installment will be due to the state on or before January 1, 2012, with the balance due on or before April 1, 2012. Insurers should apply the factors against policyholders' estimated annual "assessable premium" for all policies with calendar year 2012 inception dates. Assessable premium is the premium an insured is charged after all rating adjustments (experience rating, schedule rating, premium discounts, expense constants, retrospective rating, etc.) except adjustments resulting from the application of deductible plans or the return of policyholder dividends. The 2012 rates are:

	Total Assessed All Payers	'12 Premium Factors
2012 WC Administration Revolving Fund Assessment/User Funding (LC § 62.5)	\$118,356,013	0.009669
2012 Uninsured Employers Benefits Trust Fund Assessment (per LC § 62.5):	\$ 15,348,422	0.001362
2012 Subsequent Injuries Benefits Trust Fund Assessment (per LC § 62.5):	\$ 16,762,104	0.001255
2012 Occupational Safety & Health Fund (per LC § 62.5)	\$ 32,893,469	0.002350
2012 Labor Enforcement & Compliance Fund	\$ 35,789,975	0.002380
2012 WC Fraud Account Assessment (per LC § 62.6):	\$ 40,170,860	0.002648

To cover their share of the 2011 assessments, DIR directs self-insured employers to apply the following rates against the total amount of workers' compensation indemnity paid and reported on their Self-Insurer's Annual Report.

	Self-Insured Employer Assessment Factors
2012 WC Administration Revolving Fund Assessment	0.023739
2012 Uninsured Employers Benefits Trust Fund Assessment (per LC § 62.5):	0.003293
2012 Subsequent Injuries Benefits Trust Fund Assessment (per LC § 62.5):	0.003379
2012 Occupational Safety & Health Fund (per LC § 62.5)	0.006643
2012 Labor Enforcement & Compliance Fund	0.007212
2012 WC Fraud Account Assessment (per LC § 62.6):	0.008003

As usual, the state is mailing invoices and letters to insurers and self-insured employers showing their share of the assessments and surcharges. Effective with the 2nd installment, payments may be made by Electronic Funds Transfer (EFT) or by check. The memo mailed by DIR this week includes more details on EFT payment and a link will be provided with the next invoice billing providing further information for those who want to pay via EFT. Any questions should be directed to DIR Staff Services Manager Amadeo Urbano at (510) 286-7083 or DWC analyst Naomi Carter at (510) 286-7087.

In addition to the DIR assessments, the California Insurance Guarantee Association (CIGA) announced earlier this year that the approved CIGA surcharge for California workers' compensation policies with 2012 effective dates is 2.285 percent, down from the 2.559 percent surcharge on 2011 policies. The 2012 CIGA surcharge consists of an initial premium charge of 1.0 percent levied pursuant to California Insurance Code §1063.5 for the Workers' Compensation Account, plus a special bond assessment of 1.285 percent levied pursuant to Insurance Code §1063.74 for payment of principal and interest on bonds issued for the Workers' Compensation Bond Fund. Both components of the CIGA surcharge require adjusted premium calculations based on initial payments made for 2009, which were reflected in the premium charge statements and invoices that CIGA mailed to insurers in June. Those surcharges were due and payable on July 21 (if the payment was not made by July 21, interest will be due on any unpaid balance). Per Insurance Code § 1063.74, the period in which insurers may recoup the CIGA premium charges is January 1 through December 31, 2012, so insurers should include the 2.285 percent CIGA surcharge on all 2012 policy transactions during the 2012 policy year. Questions regarding the CIGA surcharge should be directed to Richard Hurd at CIGA, 818-844-4300.

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