

DEPARTMENT OF INDUSTRIAL RELATIONS



OSIP

Office of Self Insurance Plans

JON WROTEN, CHIEF

(916) 464-7000

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BY THE NUMBERS

- **\$177 Billion of Insured Payroll**
- **7,000+ Employers with approved SI Plans**
- **4 Million California Workers protected**

1 IN 4 CA WORKERS COVERED BY SI PLANS

BY THE NUMBERS

PRIVATE SELF-INSURED EMPLOYERS

- 2.1 Million Covered Employees
- \$5.52 Billion Total EFL
- 77,666 New Workers' Comp Cases

2012 Data



SB863 REGULATIONS

- Approved and Effective August 18, 2013
- Made emergency regulations permanent
 - Public Comment
 - Actuarial deposits
 - Filing standards and requirements
- Created Exemption for small exposures
- Allows release of deposits (\$220,000)

OSIP HAS RETURNED \$72.2+ MM

NEW REGULATIONS 15600(f) & 15605(b)

- **Labor Code §4800 / §4850**
- Requires employers:
 - Report both total 4800/4950 compensation, and
 - Also report the applicable temporary disability rate.
- Annual Assessments based on lower amount

2014 REGULATORY PLAN

- Large re-write of regulations
 - To clarify language
 - To update regulations
 - To streamline processes and procedures

PUBLIC AGENCIES Labor Code §3702.2

CHSWC PUBLIC STUDY

PROVIDE DETAILED INFORMATION TO EVALUATE

- **COSTS OF ADMINISTRATION**
- **WC BENEFIT EXPENDITURES**
- **SOLVENCY**
- **PERFORMANCE**

ACTUARIAL SUMMARY FORM

IMPROVED CLARITY

MOVE TO E-FILING

DEPARTMENT OF INDUSTRIAL RELATIONS
 DIVISION OF EMPLOYMENT RELATIONS
 1950 CASH DRIVE, SUITE 23C
 MARINA DEL REY, CA 90292
 (818) 491-7000



Actuarial Summary
 Amended Summary

Cert No. _____ Employer _____

The following summary information is from the attached actuarial study values as of December 31, _____

Net Liabilities	
1. Loss Case Reserves	\$ _____
2. Allocated Loss Adjustment Expense (ALAE) Case Reserves	\$ _____
3. Incurred But Not Reported (IBNR)	\$ _____
4. Unallocated Loss Adjustment Expense (ULAE) Liabilities	\$ _____
5. Total Loss & Loss Adjustment Expense Liabilities	\$ _____

Office of Self-Insurance Plans
 ACTUARIAL SUMMARY

INSTRUCTIONS-ROW ENTRIES

BELOW ARE THE DEFINITIONS OF THE INFORMATION THAT SHOULD BE ENTERED IN THE CORRESPONDING FIELDS ON THE ACTUARY SUMMARY FORM CONTAINED ON THE NEXT PAGE.

Net Liabilities

- Loss Case Reserves** - Liabilities not of excess and aggregate insurance. These are at discounted levels, meaning they will not reflect an adjustment by the actuary for net present value. These are also called "Estimated Future Liabilities" on the employer's annual report submitted to the Office of Self-Insurance Plans. These are established by the claims administrator or an individual claim basis and they may reflect some implied net present value adjustment if that is the practice of the claims adjuster.
- Allocated Loss Adjustment Expense (ALAE) Case Reserves** - These are established by the claims administrator on an individual claim basis, and they may reflect some implied net present value adjustment, if that is the practice of the claims administrator. These are liabilities not of excess and aggregate insurance.
- Incurred But Not Reported (IBNR)** - IBNR at the "expected level" (actuarial central estimate) without any adjustment for net present value. These are liabilities not of excess and aggregate insurance.
- Unallocated Loss Adjustment Expense (ULAE) Liabilities** - Unallocated ULAE liability at "expected level" without any adjustment for net present value.
- Total Loss & Loss Adjustment Expense Liabilities** - Amount of loss & LAE liability at "expected level," not of excess and aggregate insurance. This is the sum of items 1 through 4.

Ceded Liabilities

- Total Loss & Loss Adjustment Expense Liabilities** - Loss & LAE liability at "expected level" (actuarial central estimate) without any adjustment for net present value and insured by excess or aggregate insurance policies. Record this as a positive number (i.e. 0 or greater).

Gross Liabilities

- Total Loss & Loss Adjustment Expense Liabilities** - Unallocated Loss & LAE liability including ceded liabilities at "expected level." This is the sum of items 5 and 6.

Yes No
 Yes No
 Yes No
 Yes No
 Yes No
 Yes No

Study and this summary with the Self-Insurance Security Act study and summary with Fund for official purposes in

Date: _____
 Signature: _____
 Telephone Number: _____

HOW ARE DEPOSITS CALCULATED ?

ACTUARIAL METHOD

$$\text{Losses} - \text{Excess} + \text{IBNR} + \text{ULAE} + \text{ALAE}$$

ALTERNATIVE METHOD

$$\text{EFL} - \text{Excess} \times 1.85$$

ESTABLISHED BY THE CHIEF

Special Circumstances

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Boards, Commissions & Programs

Office of Self Insurance Plans (OSIP)

The Office of Self Insurance Plans (OSIP) is a program within the director's office of the Department of Industrial Relations (DIR) responsible for the oversight and regulation of workers compensation self insurance within California. OSIP is also responsible for establishing and insuring that required security deposits are posted by self insurers in amounts sufficient to collateralize against potential defaults by self insured employers and groups.

NEW!

About OSIP
 Information about OSIP, self insurance programs, including an overview of self insurance in California.

Self Insured Employers
 Information and resources for private self insured employers and firms wishing to become self insured

Self Insurance Groups (SIG)
 Information and resources for self insured groups and their affiliate members

Third Party Administrator (TPA)
 Information and resources for Third Party Administrators and SI claims Administrator Exam Applicants.

Public Entities and Joint Power Authorities (JPA)

Self Insurance by the Numbers - 2012

- \$173 Billion total self insured payroll
- 4 Million CA Workers covered by self insurance
- 1 in 4 CA Workers is covered by self insurance
- 7,952 CA Employers are active self insurers

OSIP - AUDIT UNIT

Office of Self Insurance Plans (OSIP)

Quick Links

- Get Actuarial Summary Form
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- Determine if an employer is self insured
- Access self insurance regulations
- Receive notices about OSIP rulemaking
- Determine if a person is a self insured administrator

Related Links

- Self-Insurers' Security Fund
- California Self Insurers' Association

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Office of Self Insurance Plans (OSIP)

OSIP Audit Unit

The OSIP Audit Unit is responsible for conducting mandated triennial claims audits of all active self-insurers' in California, performing special and revocation audits, and completing special procedures as directed.

The Audit Unit is geographically structured into North and South audit teams. Each team is lead by an audit supervisor and consists of four (4) auditors.

This page is designed to provide an overview of the audit process, answer many of the questions that self-insureds and their third party administrators (TPA) may have about audits and what to expect, and to provide additional resources to assist in obtaining further answers to specific questions, and contact information to express concerns or compliments of the audit staff and audit process.

TOP 10 AUDIT ISSUES

[Top Ten Audit Issues](#)
 Top Ten provides quick reference to common audit issues and helps in preparing for a fast and clean audit.

[Overview of the Audit Process](#)
 Provides an overview of the audit process and offers a 'what to expect' during the audit.

[Preparing for an Audit](#)
 A guide to assist in preparing for an OSIP audit.

[What Does the Auditor Look For](#)
 What are the items the audit will typically be looking for and ask you to provide.

[FAQs – Frequently Asked Questions](#)
 Answers to the most commonly asked questions about OSIP Audits.

[Audit Rules and Guides](#)
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 A description of the audit methodology and how the random selection process works.

[Audit Unit Findings and Performance](#)
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OVERVIEW OF THE AUDIT PROCESS

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**Preparing for an audit
 What Auditors Look For
 FAQs
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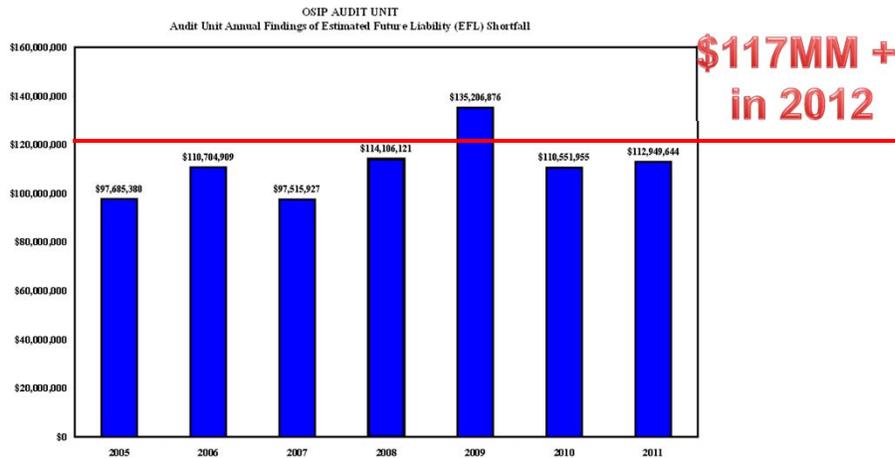
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Audit Unit Findings and Performance

During the past five years (2007 – 2011), the audit unit has identified more than \$570 million dollars in under-reported claims reserves.



For every \$1 spent auditing, \$114 dollars of under-reported reserves, risk and liability exposure is identified and corrected.



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Contact the Audit Unit to obtain guidance to questions.



FUTURE OF SELF INSURANCE IN CALIFORNIA

- **EXPANDING DEMAND FOR SELF INSURANCE**
- **INCREASED ACCESSIBILITY TO BECOME SELF INSURED**
- ***FAST* APPROVAL PROCESS**
- **IMMEDIATE INCLUSION IN ASP**
- **NEW SIS ARE WELCOME**
- **RETURNING SIS EASY REENTRY**



STAYING INFORMED OF CHANGES

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?