

DEPARTMENT OF INDUSTRIAL RELATIONS  
 OFFICE OF THE DIRECTOR  
 P. O. Box 420394  
 San Francisco, CA 94142  
 (510)286-7100



DATE: November 14, 2008

TO: All Insurers Authorized to Transact Workers' Compensation in California

FROM: John C. Duncan, Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2008/2009 Assessments:

- Workers' Compensation Administration Revolving Fund (WCARF)
- Uninsured Employers Benefits Trust Fund (UEBTF)
- Subsequent Injuries Benefits Trust Fund (SIBTF)
- Occupational Safety and Health Fund (OSHF)
- Workers' Compensation Fraud Account (FRAUD)

Labor Code Sections 62.5 and 62.6 authorize the Department of Industrial Relations to assess employers for the costs of the administration of the workers' compensation program. Newly added to Section 62.5 is an additional assessment to support the mandated activities of the Cal/OSHA program. These assessments provide a stable funding source to allow the courts to resolve claims more quickly, to assure safe and healthy working conditions on the job to prevent injuries from occurring, and to improve the overall operation of the system for California's workers and employers.

Labor Code Sections 62.5 and 62.6 require allocation of the five assessment types between insured and self-insured employers in proportion to payroll for the most recent year available. Enclosed with this letter is an invoice for assessments for your company's (or companies') share of the following total assessments and a document showing the methodology used to compute the assessment amounts and the resulting determination of the respective assessment/surcharge factors. The factors are applied to the premium amount as described in the following sections of this letter.

Authority	Type	Total Assessment for all Payers	2009 Factors Applied to Premium
Labor Code § 62.5	Workers' Compensation Administration Revolving Fund Assessment (WCARF)	\$195,056,363	0.013583
Labor Code § 62.5	Uninsured Employers Benefits Trust Fund Assessment (UEBTF)	\$33,175,000	0.002241
Labor Code § 62.5	Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)	\$15,000,000	0.000827
Labor Code § 62.5	Occupational Safety and Health Fund Assessment (OSHF)	\$18,960,000	0.001185
Labor Code § 62.6	Workers' Compensation Fraud Account Assessment (FRAUD)	\$49,559,268	0.003956

The total assessment is calculated on the basis of the direct workers' compensation premiums reported to the Department of Insurance for Calendar Year 2007 by you or your group of carriers. Your first installment is due on or before January 1, 2009, with the balance due on or before April 1, 2009.

Assessment Methodology for Single Carriers

If you were a single carrier and not part of an insurer group who reported data to the WCIRB on an individual company basis for 2007, your Total California Direct Written Premium for assessment purposes is the amount reported for calendar year 2007 to the WCIRB, which reflects the premiums charged to policyholders with the exception that it excludes the impact of deductible credits, retrospective rating adjustments, and policyholder dividends.

Assessment Methodology for Insurer Groups

If you were part of an insurer reporting group who reported data to the WCIRB for 2007, your Total California Direct Written Premium for assessment purposes has been determined as the product of (a) the total 2007 written premium reported to the WCIRB on the aforementioned basis and (b) the ratio of your company's 2007 California written premium as reported in the 2007 Statutory Annual Statement (these amounts include the effect of deductible credits and retrospective rating adjustments) to the total 2007 Statutory Annual Statement of California written premium reported for your insurer group as a whole.

HOW YOUR ASSESSMENT AMOUNTS WERE CALCULATED:

WCARF ASSESSMENT (Section 5.1 of attached Methodology):

$$(0.889471006^* \times 2007 \text{ Total California Direct Written Premium}) \times 0.013583$$

UEBTF ASSESSMENT (Section 5.3 of attached Methodology):

$$(0.889471006^* \times 2007 \text{ Total California Direct Written Premium}) \times 0.002241$$

SIBTF ASSESSMENT (Section 5.5 of attached Methodology):

$$(0.889471006^* \times 2007 \text{ Total California Direct Written Premium}) \times 0.000827$$

OSHF ASSESSMENT (Section 5.7 of attached Methodology):

$$(0.889471006^* \times 2007 \text{ Total California Direct Written Premium}) \times 0.001185$$

FRAUD ASSESSMENT (Section 5.10 of attached Methodology):

$$(0.889471006^* \times 2007 \text{ Total California Direct Written Premium}) \times 0.003956$$

\* Ratio of the expected total 2008 premium to the 2007 Total Direct Written Premium of all insurers  $(\$11,300,000,000) \div (\$12,704,180,268) = 0.889471006$

REQUIRED EMPLOYER ASSESSMENTS

All workers' compensation insurance policies you issue with an inception date during the calendar year 2009 must be assessed to recover amounts advanced on behalf of policyholders. Assessable Premium is the premium the insured is charged after all rating adjustments (experience rating, schedule rating, premium discounts, expense constants, retrospective rating, etc.) except for adjustments resulting from the application of deductible plans or the return of policyholder dividends.

The assessment factors to be applied to the estimated annual assessable premium for 2009 policies are shown in the table on the first page. These are the same factors that were used to calculate your attached assessment.

If you have any questions relating to this assessment, please contact Amadeo F. Urbano, Jr., Manager, at (510)286-7083 or Naomi P. Carter, Analyst at (510)286-7087 in the Division of Workers' Compensation, Department of Industrial Relations.

Enclosures

**California Department of Industrial Relations  
 2008-2009 Workers' Compensation Administration Revolving Fund Assessment,  
 Uninsured Employers Benefits Trust Fund Assessment,  
 Subsequent Injuries Benefits Trust Fund Assessment,  
 Occupational Safety and Health Fund Assessment and  
 Workers' Compensation Fraud Account Assessment**

**METHODOLOGY**

Labor Code Sections 62.5 and 62.6 require the Department of Industrial Relations to levy the total amounts of the Workers' Compensation Administration Revolving Fund Assessment, Uninsured Employers Benefits Trust Fund Assessment, Subsequent Injuries Trust Fund Assessment, Occupational Safety and Health Fund Assessment and Workers' Compensation Fraud Account Assessment between insured employers and self-insured employers in proportion to payroll paid in the most recent year for which information is available.

**Step 1: Determine Total Assessments Required for 2008-2009**

<b>(1.1)</b>	Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5).....	<b>\$101,016,100</b>
	Total Assessment Required.....	\$195,056,363
	Fund Balance.....	(\$68,259,000)
	DWC 0708 Undercollection.....	(\$27,928,059)
	SIP 0708 Overcollection.....	\$2,146,796
		<b>\$101,016,100</b>
<b>(1.2)</b>	Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5).....	<b>\$11,865,081</b>
	Total Assessment Required.....	\$33,175,000
	Fund Balance.....	(\$16,578,000)
	DWC 0708 Undercollection.....	(\$4,846,256)
	SIP 0708 Overcollection.....	\$114,337
		<b>\$11,865,081</b>
<b>(1.3)</b>	Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5).....	<b>\$7,371,917</b>
	Total Assessment Required.....	\$15,000,000
	Fund Balance.....	(\$8,491,000)
	DWC 0708 Overcollection.....	\$390,115
	SIP 0708 Overcollection.....	\$472,802
		<b>\$7,371,917</b>
<b>(1.4)</b>	Occupational Safety and Health Fund Assessment (Labor Code § 62.5).....	<b>\$18,960,000</b>
	Total Assessment Required.....	\$18,960,000
	Fund Balance.....	\$0
	No DWC 0708 Over/undercollection.....	\$0
	No SIP 0708 Over/undercollection.....	\$0
		<b>\$18,960,000</b>
<b>(1.5)</b>	Workers' Compensation Fraud Account Assessment (Labor Code § 62.6).....	<b>\$38,074,215</b>
	<i>The workers' compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.</i>	
	Total Assessment Required.....	\$49,559,268
	Fund Balance.....	(\$8,722,369)
	DWC 0708 Undercollection.....	(\$3,535,965)
	SIP 0708 Overcollection.....	\$773,281
		<b>\$38,074,215</b>

**California Department of Industrial Relations  
2008-2009 Workers' Compensation Administration Revolving Fund Assessment,  
Uninsured Employers Benefits Trust Fund Assessment,  
Subsequent Injuries Benefits Trust Fund Assessment,  
Occupational Safety and Health Fund Assessment and  
Workers' Compensation Fraud Account Assessment**

**Step 2: Determine Payroll Amounts**

<b>(2.1)</b> Total payroll for insured employers.....	<b><u>\$422,300,944,370</u></b>
<i>Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2005</i>	
<b>(2.2)</b> Payroll for self-insured employers .....	<b>\$160,142,021,188 <sup>1</sup></b>
<b>(2.2.1)</b> 2006-07 Fiscal Year for Public Sector * .....	<b>\$80,810,685,708</b>
<b>(2.2.2)</b> 2007 for Private Sector.....	<b><u>\$79,331,335,480</u></b>
<i>* Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)</i>	
<b>(2.3)</b> Payroll for State of California (including SCIF)**.....	<b><u>\$15,302,953,056</u></b>
<i>** Source: (Department of Personnel Administration, Fiscal Year 2007-08)</i>	
<b>(2.4)</b> Total payroll for self-insured employers.....	<b><u>\$175,444,974,244 <sup>2</sup></u></b>
<b>(2.5)</b> Total combined payroll.....	<b><u>\$597,745,918,614 <sup>3</sup></u></b>
<i>(Insured and self-insured employers)</i>	

**Step 3: Calculate Proportional Payroll for Insured and Self-Insured Employers**

<b>(3.1) Insured Employers:</b>			
Insured Employer Payroll	=	Methodology Section (2.1)	=
Total Combined Payroll	=	Methodology Section (2.5)	=
		\$422,300,944,370	= <b>70.65%</b>
		\$597,745,918,614	
<b>(3.2) Self-Insured Employers:</b>			
Self-Insured Employer Payroll	=	Methodology Section (2.4)	=
Total Combined Payroll	=	Methodology Section (2.5)	=
		\$175,444,974,244	= <b>29.35%</b>
		\$597,745,918,614	

<sup>1</sup> **(2.2) Payroll for Self-Insured Employers** = Σ of Methodology Section (2.2.1) and Methodology Section (2.2.2)

<sup>2</sup> **(2.4) Total Payroll for Self-Insured Employers** = Σ of Methodology Section (2.2) and Methodology Section (2.3)

<sup>3</sup> **(2.5) Total Combined Payroll** = Σ of Methodology Section (2.1) and Methodology Section (2.4)

**Step 4: Determine the Total Assessments for Insured and Self-Insured Employers**

<b>Workers' Compensation Administration Revolving Fund (WCARF) Assessment</b>	
<b>Calculation for Insured Employers:</b>	
▶ (WCARF Assessment) X 70.65% = \$101,016,100 X 70.65% .....	<b>\$71,367,875</b>
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR, Title 8, §15609].....	<b>54,193,302</b>
▶ INCREASED by insurer undercollection 0708 [pursuant to CCR, Title 8, §15606(f)].....	<b>27,928,059</b>
<b>(4.1)</b> Resulting Final Insured Employers Workers' Compensation User Funding Assessment.....	<b><u>\$153,489,236</u></b>

**California Department of Industrial Relations**  
**2008-2009 Workers' Compensation Administration Revolving Fund Assessment,**  
**Uninsured Employers Benefits Trust Fund Assessment,**  
**Subsequent Injuries Benefits Trust Fund Assessment,**  
**Occupational Safety and Health Fund Assessment and**  
**Workers' Compensation Fraud Account Assessment**

**Calculation for Self-Insured Employers:**

▶ (WCARF Assessment) X 29.35% = \$101,016,100 X 29.35% .....	<b>\$29,648,225</b>
▶ DECREASED by the Self-Insurer overcollection from prior year.....	<b>(2,146,796)</b>
<b>(4.2)</b> Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment.....	<b><u>\$27,501,429</u></b>

**Uninsured Employers Benefits Trust Fund (UEBTF) Assessment**

**Calculation for Insured Employers:**

▶ (UEBTF Assessment) X 70.65% = \$11,865,081 X 70.65% .....	<b>\$8,382,680</b>
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR, Title 8, §15609].....	<b>12,096,492</b>
▶ INCREASED by insurer undercollection 0708 [pursuant to CCR, Title 8, §15606(f)].....	<b>4,846,256</b>
<b>(4.3)</b> Resulting Final Insured Employers UEBT Fund Assessment.....	<b><u>\$25,325,428</u></b>

**Calculation for Self-Insured Employers:**

▶ (UEBTF Assessment) X 29.35% = \$11,865,081 X 29.35% .....	<b>\$3,482,401</b>
▶ DECREASED by the Self-Insurer overcollection from prior year.....	<b>(114,337)</b>
<b>(4.4)</b> Resulting Final Self-Insured Employers UEBT Fund Assessment.....	<b><u>\$3,368,064</u></b>

**Subsequent Injuries Benefits Trust Fund (SIBTF) Assessment**

**Calculation for Insured Employers:**

▶ (SIBTF Assessment) X 70.65% = \$7,371,917 X 70.65% .....	<b>\$5,208,259</b>
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR, Title 8, §15609].....	<b>4,522,675</b>
▶ DECREASED by the Insurer overcollection for 0708 [pursuant to CCR, Title 8, §15606(f)].....	<b>(390,115)</b>
<b>(4.5)</b> Resulting Final Insured Employers SIBT Fund Assessment.....	<b><u>\$9,340,819</u></b>

**Calculation for Self- Insured Employers:**

▶ (SIBTF Assessment) X 29.35% = \$7,371,917 X 29.35% .....	<b>\$2,163,658</b>
▶ DECREASED by the Self-Insurer overcollection from prior year.....	<b>(472,802)</b>
<b>(4.6)</b> Resulting Final Self-Insured Employers SIBT Fund Assessment.....	<b><u>\$1,690,856</u></b>

**Occupational Safety and Health Fund (OSHF) Assessment**

**Calculation for Insured Employers:**

▶ (OSHF Assessment) X 70.65% = \$18,960,000 X 70.65% .....	<b>\$13,395,240</b>
▶ NO credits due individual insurers, no previous advances [CCR, Title 8, §15609].....	<b>0</b>
▶ NO Insurer over/undercollection for 0708 [pursuant to CCR, Title 8, §15606(f)].....	<b>0</b>
<b>(4.7)</b> Resulting Final Insured Employers OSH Fund Assessment.....	<b><u>\$13,395,240</u></b>

**Calculation for Self- Insured Employers:**

▶ (OSHF Assessment) X 29.35% = \$18,960,000 X 29.35% .....	<b>\$5,564,760</b>
▶ No Self-Insurer over/undercollection from prior year.....	<b>0</b>
<b>(4.8)</b> Resulting Final Self-Insured Employers OSH Fund Assessment.....	<b><u>\$5,564,760</u></b>

**California Department of Industrial Relations  
2008-2009 Workers' Compensation Administration Revolving Fund Assessment,  
Uninsured Employers Benefits Trust Fund Assessment,  
Subsequent Injuries Benefits Trust Fund Assessment,  
Occupational Safety and Health Fund Assessment and  
Workers' Compensation Fraud Account Assessment**

**Workers' Compensation Fraud Account (FRAUD) Assessment**

**Calculation for Insured Employers:**

▶ (Fraud Assessment) X 70.65% = <b>\$38,074,215</b> X 70.65% .....	<b>\$26,899,433</b>
▶ INCREASED by credits due individual insurers which undercollected against previous advances [ CCR, Title 8, §15609].....	<b>14,270,124</b>
▶ INCREASED by the insurer undercollection 0708 [pursuant to CCR, Title 8, §15606(f)].....	<b>3,535,965</b>
<b>(4.9)</b> Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment..	<b><u>\$44,705,522</u></b>

**Calculation for Self- Insured Employers:**

▶ (Fraud Assessment) X 29.35% = <b>\$38,074,215</b> X 29.35%	<b>\$11,174,782</b>
▶ DECREASED by the Self-Insurer overcollection from prior year.....	<b>(773,281)</b>
<b>(4.10)</b> Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment.....	<b><u>\$10,401,501</u></b>

**Step 5: Calculate the Assessment Factors**

**WCARF Assessment Factor**

**(5.1) Calculation for Insured Employers:**

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$153,489,236}{\$11,300,000,000} = \underline{\underline{0.013583}}$$

\*Estimated Premium (Source : WCIRB estimate for 2008 Policy Year)

**(5.2) Calculation for Self-Insured Employers:**

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$27,501,429}{\$1,659,849,831} = \underline{\underline{0.016569}}$$

\*\*SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [ Σ of Methodology Sections (5.2.1) to (5.2.3)]:

<b>(5.2.1)</b>	2006-07 Public Sector.....	<b>\$868,646,105</b>
<b>(5.2.2)</b>	2007 Private Sector.....	<b>\$651,495,095</b>
<b>(5.2.3)</b>	2007-08 State of California***.....	<b>\$139,708,631</b>

\*\*\*SOURCE: Department of Personnel Administration

**UEBTF Assessment Factor**

**(5.3) Calculation for Insured Employers:**

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$25,325,428}{\$11,300,000,000} = \underline{\underline{0.002241}}$$

\*Estimated Premium (Source : WCIRB estimate for 2008 Policy Year)

**(5.4) Calculation for Self-Insured Employers:**

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$3,368,064}{\$1,659,849,831} = \underline{\underline{0.002029}}$$

\*\*SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [ Σ of Methodology Sections (5.2.1) to (5.2.3)]:

**California Department of Industrial Relations  
2008-2009 Workers' Compensation Administration Revolving Fund Assessment,  
Uninsured Employers Benefits Trust Fund Assessment,  
Subsequent Injuries Benefits Trust Fund Assessment,  
Occupational Safety and Health Fund Assessment and  
Workers' Compensation Fraud Account Assessment**

**SIBTF Assessment Factor**

(5.5) Calculation for Insured Employers:

<u>Total Insured Employers Assessment</u>	=	<u>\$9,340,819</u>	=	<u><b>0.000827</b></u>
Total Direct Workers' Compensation*		\$11,300,000,000		

\*Estimated Premium (Source: WCIRB estimate for 2008 Policy Year)

(5.6) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	<u>\$1,690,856</u>	=	<u><b>0.001019</b></u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$1,659,849,831		

\*\*SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

**OSHF Assessment Factor**

(5.7) Calculation for Insured Employers:

<u>Total Insured Employers Assessment</u>	=	<u>\$13,395,240</u>	=	<u><b>0.001185</b></u>
Total Direct Workers' Compensation*		\$11,300,000,000		

\*Estimated Premium (Source: WCIRB estimate for 2008 Policy Year)

(5.8) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	<u>\$5,564,760</u>	=	<u><b>0.003353</b></u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$1,659,849,831		

\*\*SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

**Fraud Assessment Factor**

(5.9) Calculation for Insured Employers:

<u>Total Insured Employer Surcharge</u>	=	<u>\$44,705,522</u>	=	<u><b>0.003956</b></u>
Total Direct Workers' Compensation*		\$11,300,000,000		

\*Estimated Premium (Source: WCIRB estimate for 2008 Policy Year)

(5.10) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Surcharge</u>	=	<u>\$10,401,501</u>	=	<u><b>0.006267</b></u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$1,659,849,831		

\*\*SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

**Step 6: Determine Individual Employer's Workers' Compensation Administration Revolving Fund (WCARF) Assessment**

(6.1) Individual Insured Employers:

**Assessment Factor [ 0.013583 ] X Employer's Expected Assessable Premium\***

(6.2) Calculation for Individual Self-Insured Employers:

**Assessment Factor [ 0.016569 ] X Total Indemnity Paid by the Employer**

**California Department of Industrial Relations  
2008-2009 Workers' Compensation Administration Revolving Fund Assessment,  
Uninsured Employers Benefits Trust Fund Assessment,  
Subsequent Injuries Benefits Trust Fund Assessment,  
Occupational Safety and Health Fund Assessment and  
Workers' Compensation Fraud Account Assessment**

**Step 7: Determine Individual Employers Uninsured Employers Benefits Trust Fund (UEBTF) Assessment**

(7.1) Individual Insured Employers:  
Assessment Factor [ 0.002241 ] X Employer's Expected Assessable Premium\*

(7.2) Calculation for Individual Self-Insured Employers:  
Assessment Factor [ 0.002029 ] X Total Indemnity Paid by the Employer

**Step 8: Determine Individual Employers Subsequent Injuries Benefit Trust Fund (SIBTF) Assessment**

(8.1) Individual Insured Employers:  
Assessment Factor [ 0.000827 ] X Employer's Expected Assessable Premium\*

(8.2) Calculation for Individual Self-Insured Employers:  
Assessment Factor [ 0.001019 ] X Total Indemnity Paid by the Employer

**Step 9: Determine Individual Employers Occupational Safety and Health Fund (OSHF) Assessment**

(9.1) Individual Insured Employers:  
Assessment Factor [ 0.001185 ] X Employer's Expected Assessable Premium\*

(9.2) Calculation for Individual Self-Insured Employers:  
Assessment Factor [ 0.003353 ] X Total Indemnity Paid by the Employer

**Step 10: Determine Individual Employer's Workers' Compensation Fraud Account (FRAUD) Assessment**

(10.1) Individual Insured Employers:  
Assessment Factor [ 0.003956 ] X Employer's Expected Assessable Premium\*

(10.2) Calculation for Individual Self-Insured Employers:  
Assessment Factor [ 0.006267 ] X Total Indemnity Paid by the Employer

**\* Assessable Premium**

*The premium the insured is charged after all rating adjustments (experience rating, schedule rating, premium discounts, expense constants, retrospective rating, etc.) except for adjustments resulting from the application of deductible plans or the return policyholder dividends.*

DEPARTMENT OF INDUSTRIAL RELATIONS  
 OFFICE OF THE DIRECTOR  
 P. O. Box 420603  
 San Francisco, CA 94142  
 (916)574-0300



DATE: November 14, 2008

TO: California Legally Uninsured Employer

FROM: John C. Duncan, Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2008/2009 Assessments:

- Workers' Compensation Administration Revolving Fund (WCARF)
- Uninsured Employers Benefits Trust Fund (UEBTF)
- Subsequent Injuries Benefits Trust Fund (SIBTF)
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- Workers' Compensation Fraud Account (FRAUD)

Labor Code Sections 62.5 and 62.6 authorize the Department of Industrial Relations to assess employers for the costs of the administration of the workers' compensation program. Newly added to Section 62.5 is an additional assessment to support the mandated activities of the Cal/OSHA program. These assessments provide a stable funding source to allow the courts to resolve claims more quickly, to assure safe and healthy working conditions on the job to prevent injuries from occurring, and to improve the overall operation of the system for California's workers and employers.

The purpose of this letter is to inform you that you will be receiving an invoice for your share of the assessments authorized by Labor Code Sections 62.5 and 62.6. The Labor Code requires allocation of the total assessment between insured and self-insured employers in proportion to payroll for the most recent year available.

Authority	Type	Total Assessment for all Payers	2009 Legally Uninsured Employer Assessment Factor
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Labor Code § 62.5	Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)	\$15,000,000	0.001019
Labor Code § 62.5	Occupational Safety and Health Fund Assessment (OSHF)	\$18,960,000	0.003353
Labor Code § 62.6	Workers' Compensation Fraud Account Assessment (FRAUD)	\$49,559,268	0.006267

Attached is a worksheet detailing the methodology used to compute the Workers' Compensation Administration Revolving Fund, Uninsured Employers Benefits Trust Fund, Subsequent Injuries Trust Fund, Occupational Safety and Health Fund allocation and Workers' Compensation Fraud Account Assessment and to allocate the assessment between insured and self-insured employers.

Your share of the various assessments will be calculated by multiplying the self insured employer assessment factors for each assessment by the total indemnity paid by your organization.

If you have any questions, please contact the Self-Insurance Plans office in Sacramento at (916)574-0300.

Enclosure

DEPARTMENT OF INDUSTRIAL RELATIONS  
 OFFICE OF THE DIRECTOR  
 P. O. Box 420603  
 San Francisco, CA 94142  
 (916)574-0300



DATE: November 14, 2008

TO: California Self-Insured Employer

FROM: John C. Duncan, Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2008/2009 Assessments:

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Your share of the various assessments will be calculated by multiplying the self insured employer assessment factors for each assessment by the total indemnity paid by your organization.

If you have any questions, please contact the Self-Insurance Plans office in Sacramento at (916)574-0300.

Enclosure