DATE: December 1, 2011

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

FROM: Christine Baker, Acting Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2011/2012 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)
- Labor Enforcement and Compliance Fund (LECF)
- 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, health and safety and labor standards enforcement programs. These assessments provide a stable funding source to the support operations of the courts, to ensure safe and healthy working conditions on the job, to ensure the enforcement of labor standards and requirements for workers’ compensation coverage.

Labor Code Sections 62.5 and 62.6 require allocation of the six 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.

<table>
<thead>
<tr>
<th>Authority</th>
<th>Type</th>
<th>Total Assessment for all Payers</th>
<th>2012 Factors Applied to Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Code § 62.5</td>
<td>Workers’ Compensation Administration Revolving Fund Assessment (WCARF)</td>
<td>$251,203,653</td>
<td>0.009669</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Uninsured Employers Benefits Trust Fund Assessment (UEBTF)</td>
<td>$42,379,420</td>
<td>0.001362</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)</td>
<td>$28,325,000</td>
<td>0.001255</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Occupational Safety and Health Fund Assessment (OSHF)</td>
<td>$60,293,400</td>
<td>0.002350</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Labor Enforcement and Compliance Fund Assessment (LECF)</td>
<td>$56,552,809</td>
<td>0.002380</td>
</tr>
<tr>
<td>Labor Code § 62.6</td>
<td>Workers’ Compensation Fraud Account Assessment (FRAUD)</td>
<td>$53,445,000</td>
<td>0.002648</td>
</tr>
</tbody>
</table>
The total assessment is calculated on the basis of the direct workers’ compensation premiums reported to the Department of Insurance for Calendar Year 2010 by you or your group of carriers. Your first installment is due on or before January 1, 2012, with the balance due on or before April 1, 2012.

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 2010, your Total California Direct Written Premium for assessment purposes is the amount reported for calendar year 2010 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 2010, your Total California Direct Written Premium for assessment purposes has been determined as the product of (a) the total 2010 written premium reported to the WCIRB on the aforementioned basis and (b) the ratio of your company’s 2010 California written premium as reported in the 2010 Statutory Annual Statement (these amounts include the effect of deductible credits and retrospective rating adjustments) to the total 2010 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):
\[(1.096231018 \times \text{2010 Total California Direct Written Premium}) \times 0.009669\]

UEBTF ASSESSMENT (Section 5.3 of attached Methodology):
\[(1.096231018 \times \text{2010 Total California Direct Written Premium}) \times 0.001362\]

SBTF ASSESSMENT (Section 5.5 of attached Methodology):
\[(1.096231018 \times \text{2010 Total California Direct Written Premium}) \times 0.001255\]

OSHFR ASSESSMENT (Section 5.7 of attached Methodology):
\[(1.096231018 \times \text{2010 Total California Direct Written Premium}) \times 0.002350\]

LECF ASSESSMENT (Section 5.7 of attached Methodology):
\[(1.096231018 \times \text{2010 Total California Direct Written Premium}) \times 0.002380\]

FRAUD ASSESSMENT (Section 5.10 of attached Methodology):
\[(1.096231018 \times \text{2010 Total California Direct Written Premium}) \times 0.002648\]

\[\star \text{Ratio of the expected total 2011 premium to the 2010 Total Direct Written Premium of all insurers} = \frac{10,800,000,000}{9,851,937,981} = 1.096231018\]

REQUIRED EMPLOYER ASSESSMENTS
All workers’ compensation insurance policies you issue with an inception date during the calendar year 2012 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 2011 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
Step 1: Determine Total Assessments Required for 2011-2012

(1.1) Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5).

- Total Assessment Required: $251,203,653
- Fund Balance: ($162,469,000)
- DWC 1011 Overcollection: $30,795,281
- SIP 1011 Undercollection: ($1,173,921)

Total: $118,356,013

(1.2) Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5).

- Total Assessment Required: $42,379,420
- Fund Balance: ($31,271,691)
- DWC 1011 Overcollection: $4,717,725
- SIP 1011 Undercollection: ($477,032)

Total: $15,348,422

(1.3) Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5).

- Total Assessment Required: $28,325,000
- Fund Balance: ($19,917,000)
- DWC 1011 Undercollection: $2,341,521
- SIP 1011 Undercollection: ($406,021)

Total: $16,762,104

(1.4) Occupational Safety and Health Fund Assessment (Labor Code § 62.5).

- Total Assessment Required: $60,293,400
- Fund Balance: ($29,346,000)
- DWC 1011 Undercollection: $2,341,521
- SIP 1011 Undercollection: ($395,452)

Total: $32,893,469

(1.5) Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5).

- Total Assessment Required: $56,352,809
- Fund Balance: ($19,917,000)
- DWC 1011 Undercollection: ($439,813)
- SIP 1011 Undercollection: ($406,021)

Total: $35,789,975

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, Labor Enforcement and Compliance 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 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers.......................................................... $459,402,875,000
Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2008

(2.2) Payroll for self-insured employers .......................................................... $176,568,217,840

(2.2.1) 2009-10 Fiscal Year for Public Sector* ........................................... $96,881,459,612
(2.2.2) 2010 for Private Sector................................................................. $79,686,758,228
* Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)

(2.3) Payroll for State of California (including SCIF)...................................... $14,885,918,330
* Source: (Department of Personnel Administration, Fiscal Year 2010-11)

(2.4) Total payroll for self-insured employers.............................................. $191,454,136,170

(2.5) Total combined payroll................................................................. $650,857,011,170

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

(3.1) Insured Employers:

Insured Employer Payroll = Methodology Section (2.1) = $459,402,875,000
Total Combined Payroll = Methodology Section (2.5) = $650,857,011,170
= 70.58%

(3.2) Self-Insured Employers:

Self-Insured Employer Payroll = Methodology Section (2.4) = $191,454,136,170
Total Combined Payroll = Methodology Section (2.5) = $650,857,011,170
= 29.42%

1 (2.2) Payroll for Self-Insured Employers = Σ of Methodology Section (2.2.1) and Methodology Section (2.2.2)
2 (2.4) Total Payroll for Self-Insured Employers = Σ of Methodology Section (3.1)
3 (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

### Workers' Compensation Administration Revolving Fund Assessment

**Calculation for Insured Employers:**

- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 83,535,674$
- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 51,686,696$
- $(X \times 10\% \times 10\% \times \text{previous advances}) = 30,795,281$
- **Resulting Final Insured Employers Workers' Compensation User Funding Assessment** = $104,427,089$

**Calculation for Self-Insured Employers:**

- $(X \times 29.4\% \times 29.4\% \times \text{previous advances}) = 34,820,339$
- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 8,595,605$
- $(X \times 10\% \times 10\% \times \text{previous advances}) = 4,717,725$
- **Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment** = $42,133,663$

### Uninsured Employers Benefits Trust (UEBT) Fund Assessment

**Calculation for Insured Employers:**

- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 10,832,916$
- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 8,595,605$
- $(X \times 10\% \times 10\% \times \text{previous advances}) = 4,717,725$
- **Resulting Final Insured Employers UEBT Fund Assessment** = $14,145,246$

**Calculation for Self-Insured Employers:**

- $(X \times 29.4\% \times 29.4\% \times \text{previous advances}) = 4,515,506$
- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 3,452,782$
- $(X \times 10\% \times 10\% \times \text{previous advances}) = 1,731,429$
- **Resulting Final Self-Insured Employers UEBT Fund Assessment** = $8,699,617$

### Subsequent Injuries Benefits Trust (SIBT) Fund Assessment

**Calculation for Insured Employers:**

- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 11,830,693$
- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 3,452,782$
- $(X \times 10\% \times 10\% \times \text{previous advances}) = 1,731,429$
- **Resulting Final Insured Employers SIBT Fund Assessment** = $13,552,046$

**Calculation for Self-Insured Employers:**

- $(X \times 29.4\% \times 29.4\% \times \text{previous advances}) = 4,931,411$
- $(X \times 70.5\% \times 70.5\% \times \text{previous advances}) = 192,325$
- $(X \times 10\% \times 10\% \times \text{previous advances}) = 192,325$
- **Resulting Final Self-Insured Employers SIBT Fund Assessment** = $5,123,736

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

- Workers' Compensation Administration Revolving Fund Assessment: $83,535,674
- Uninsured Employers Benefits Trust (UEBT) Fund Assessment: $42,133,663
- Subsequent Injuries Benefits Trust (SIBT) Fund Assessment: $5,123,736
### Occupational Safety and Health Fund (OSHF) Assessment

**Calculation for Insured Employers:**

- **(OSHF Assessment) x 70.58% = $32,893,469**
- **INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]**
- **DECREASED by insurer overcollection 1011 (pursuant to CCR § 15606(f)]**

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Assessment</td>
<td>$23,216,210</td>
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<tr>
<td>Credits due insurers</td>
<td>$4,508,137</td>
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<tr>
<td>Overcollection</td>
<td>$(2,341,521)</td>
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<tr>
<td><strong>Resulting Final Insured Employers SIBT Fund Assessment</strong></td>
<td>$25,382,826</td>
</tr>
</tbody>
</table>

**Calculation for Self-Insured Employers:**

- **(OSHF Assessment) x 29.42% = $32,893,469**
- **INCREASED by the Self-Insurer undercollection from prior year**

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Assessment</td>
<td>$9,677,259</td>
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<tr>
<td>Undercollection</td>
<td>$395,452</td>
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<tr>
<td><strong>Resulting Final Self-Insured Employers SIBT Fund Assessment</strong></td>
<td>$10,072,711</td>
</tr>
</tbody>
</table>

### Labor Enforcement and Compliance Fund (LECF) Assessment

**Calculation for Insured Employers:**

- **(LECF Assessment) x 70.58% = $35,789,975**
- **No credits due individual insurers which undercollected against previous advances [CCR § 15609]**

<table>
<thead>
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<th>Calculation</th>
<th>Amount</th>
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<td>Initial Assessment</td>
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<tr>
<td>Undercollection</td>
<td>$0</td>
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<tr>
<td><strong>Resulting Final Insured Employers SIBT Fund Assessment</strong></td>
<td>$25,700,377</td>
</tr>
</tbody>
</table>

**Calculation for Self-Insured Employers:**

- **(LECF Assessment) x 29.42% = $35,789,975**
- **INCREASED by the Self-Insurer undercollection from prior year**

<table>
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<tbody>
<tr>
<td>Initial Assessment</td>
<td>$10,529,411</td>
</tr>
<tr>
<td>Undercollection</td>
<td>$406,021</td>
</tr>
<tr>
<td><strong>Resulting Final Self-Insured Employers SIBT Fund Assessment</strong></td>
<td>$10,935,432</td>
</tr>
</tbody>
</table>

### Workers’ Compensation Fraud Account Assessment

**Calculation for Insured Employers:**

- **(Fraud Assessment) x 70.58% = $40,170,860**
- **INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609]**
- **DECREASED by insurer overcollection 1011 (pursuant to CCR § 15606(f)]**

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Initial Assessment</td>
<td>$28,352,593</td>
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<tr>
<td>Credits due insurers</td>
<td>$8,749,982</td>
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<tr>
<td>Overcollection</td>
<td>$(8,745,982)</td>
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<tr>
<td><strong>Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment</strong></td>
<td>$28,998,344</td>
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</tbody>
</table>

**Calculation for Self-Insured Employers:**

- **(Fraud Assessment) x 29.42% = $40,170,860**
- **INCREASED by the Self-Insurer undercollection from prior year**

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Assessment</td>
<td>$11,818,267</td>
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<tr>
<td>Undercollection</td>
<td>$316,400</td>
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<tr>
<td><strong>Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment</strong></td>
<td>$12,134,667</td>
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</table>
Step 5: Calculate the Assessment Factors

### Workers' Compensation Administration Revolving Fund Assessment Factor

#### Calculation for Insured Employers:

<table>
<thead>
<tr>
<th>Total Insured Employers Assessment</th>
<th>$104,427,089</th>
<th>( 0.009669 )</th>
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</thead>
<tbody>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td>$10,800,000,000</td>
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</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2011 Policy Year)

#### Calculation for Self-Insured Employers:

<table>
<thead>
<tr>
<th>Total Self-Insured Employer Assessment</th>
<th>$35,994,260</th>
<th>( 0.023739 )</th>
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</thead>
<tbody>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Pd**</td>
<td>$1,516,223,261</td>
<td></td>
</tr>
</tbody>
</table>

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

#### Example A: 2009-10 Public Sector

- [5.2.1] $833,513,351

#### Example B: 2010 Private Sector

- [5.2.2] $529,956,700

#### Example C: 2009-10 State of California***

- [5.2.3] $192,753,210

** Source: Department of Personnel Administration

### Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor

#### Calculation for Insured Employers:

<table>
<thead>
<tr>
<th>Total Insured Employers Assessment</th>
<th>$14,710,796</th>
<th>( 0.001362 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td>$10,800,000,000</td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2011 Policy Year)

#### Calculation for Self-Insured Employers:

<table>
<thead>
<tr>
<th>Total Self-Insured Employer Assessment</th>
<th>$4,992,538</th>
<th>( 0.003293 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Pd**</td>
<td>$1,516,223,261</td>
<td></td>
</tr>
</tbody>
</table>

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

### Subsequent Injuries Benefits Trust (SIBT) Fund Assessment Factor

#### Calculation for Insured Employers:

<table>
<thead>
<tr>
<th>Total Insured Employers Assessment</th>
<th>$13,552,046</th>
<th>( 0.001255 )</th>
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</thead>
<tbody>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td>$10,800,000,000</td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2011 Policy Year)

#### Calculation for Self-Insured Employers:

<table>
<thead>
<tr>
<th>Total Self-Insured Employer Assessment</th>
<th>$5,123,736</th>
<th>( 0.003379 )</th>
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</thead>
<tbody>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Pd**</td>
<td>$1,516,223,261</td>
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</tr>
</tbody>
</table>

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

### Occupational Safety and Health Fund (OSHF) Assessment Factor

#### Calculation for Insured Employers:

<table>
<thead>
<tr>
<th>Total Insured Employers Assessment</th>
<th>$25,382,826</th>
<th>( 0.002350 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td>$10,800,000,000</td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2011 Policy Year)
### California Department of Industrial Relations

#### 2011-2012 Workers’ Compensation Administration Revolving Fund Assessment

Uninsured Employers Benefits Trust Fund Assessment, Subsequent Injuries Benefits Trust Fund Assessment, Occupational Safety and Health Fund Assessment, Labor Enforcement and Compliance Fund Assessment and Workers’ Compensation Fraud Account Assessment

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#### Calculation for Self-Insured Employers:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (USD)</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Self-Insured Employer Assessment</td>
<td>$10,072,711</td>
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<tr>
<td>Total Amt. of Workers’ Comp. Indemnity Paid**</td>
<td>$1,516,223,261</td>
<td></td>
</tr>
</tbody>
</table>

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

#### Labor Enforcement and Compliance Fund (LECF) Assessment Factor

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (USD)</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td>$25,700,377</td>
<td>0.002380</td>
</tr>
<tr>
<td>Total Direct Workers’ Compensation*</td>
<td>$10,800,000,000</td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2011 Policy Year)*

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

#### Workers’ Compensation Fraud Account Assessment Factor

<table>
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<tr>
<th>Description</th>
<th>Amount (USD)</th>
<th>Factor</th>
</tr>
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<tbody>
<tr>
<td>Total Self-Insured Employer Surcharge</td>
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<td>0.007212</td>
</tr>
<tr>
<td>Total Amt. of Workers’ Comp. Indemnity Paid**</td>
<td>$1,516,223,261</td>
<td></td>
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**SOURCE:** Dept. of Industrial Relations, Office of Self-Insurance Plans [ I of Methodology Sections (5.2.1) to (5.2.3)]

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#### Step 6: Determine Individual Employer’s Workers’ Compensation Administration Revolving Fund Assessment

1. Individual Insured Employers:
   - Assessment Factor [ 0.009669 ] X Employer’s Expected Assessable Premium*

2. Calculation for Individual Self-Insured Employers:
   - Assessment Factor [ 0.001362 ] X Total Indemnity Paid by the Employer

#### Step 7: Determine Individual Employers Uninsured Employers Benefits Trust (UEBT) Fund Assessment

1. Individual Insured Employers:
   - Assessment Factor [ 0.001362 ] X Employer’s Expected Assessable Premium*

2. Calculation for Individual Self-Insured Employers:
   - Assessment Factor [ 0.003293 ] X Total Indemnity Paid by the Employer
Step 8: Determine Individual Employers Subsequent Injuries Benefits Trust (SIBT) Fund Assessment

\[ 0.001255 \times \text{Employer's Expected Assessable Premium} \]

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

\[ 0.002350 \times \text{Employer's Expected Assessable Premium} \]

Step 10: Determine Individual Employers Labor Enforcement and Compliance (LECF) Fund Assessment

\[ 0.002380 \times \text{Employer's Expected Assessable Premium} \]

Step 11: Determine Individual Employer's Workers' Compensation Fraud Account Assessment

\[ 0.002648 \times \text{Employer's Expected Assessable Premium} \]

*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.
DATE: December 1, 2011

TO: California Self-Insurance Employer

FROM: Christine Baker, Acting Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2011/2012 Assessments:
- Workers' Compensation Administration Revolving Fund (WCARF)
- Uninsured Employers Benefits Trust Fund (UEBTF)
- Subsequent Injuries Benefits Trust Fund (SIBTF)
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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.

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<td>Uninsured Employers Benefits Trust Fund Assessment (UEBTF)</td>
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<td>Labor Enforcement and Compliance Fund Assessment (LECF)</td>
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<td>0.007212</td>
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<td>0.008003</td>
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</tbody>
</table>
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, Labor, Labor Enforcement and Compliance 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
DATE: December 1, 2011

TO: California Legally Uninsured Employer

FROM: Christine Baker, Acting Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2011/2012 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)
- Labor Enforcement and Compliance Fund (LECF)
- 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, health and safety and labor standards enforcement programs. These assessments provide a stable funding source to the support operations of the courts, to ensure safe and healthy working conditions on the job, to ensure the enforcement of labor standards and requirements for workers' compensation coverage.

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.

<table>
<thead>
<tr>
<th>Authority</th>
<th>Type</th>
<th>Total Assessment for all Payers</th>
<th>2012 Legally Uninsured Employer Assessment Factor</th>
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Enclosure