

DEPARTMENT OF INDUSTRIAL RELATIONS

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DATE: November 27, 2019

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

FROM: Victoria Hassid, Chief Deputy Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2019/2020 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.

Authority	Type	Total Assessment for all Payers	2020 Factors Applied to Premium
Labor Code § 62.5	Workers' Compensation Administration Revolving Fund Assessment (WCARF)	\$541,748,181	0.017040
Labor Code § 62.5	Uninsured Employers Benefits Trust Fund Assessment (UEBTF)	\$55,856,328	0.001274
Labor Code § 62.5	Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)	\$140,262,000	0.004829
Labor Code § 62.5	Occupational Safety and Health Fund Assessment (OSHF)	\$133,084,141	0.003918
Labor Code § 62.5	Labor Enforcement and Compliance Fund Assessment (LECF)	\$128,199,530	0.003813
Labor Code § 62.6	Workers' Compensation Fraud Account Assessment (FRAUD)	\$72,138,372	0.003349

The total assessment is calculated based on the direct workers' compensation premiums reported to the Department of Insurance for Calendar Year 2018 by you or your group of carriers. Your first installment is due on or before January 1, 2020, with the balance due on or before April 1, 2020.

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 2018, your Total California Direct Written Premium for assessment purposes is the amount reported for calendar year 2018 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 2018, your Total California Direct Written Premium for assessment purposes has been determined as the product of (a) the total 2018 written premium reported to the WCIRB on the aforementioned basis and (b) the ratio of your company's 2018 California written premium as reported in the 2018 Statutory Annual Statement (these amounts include the effect of deductible credits and retrospective rating adjustments) to the total 2018 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):

(0.969609848* X 2018 Total California Direct Written Premium) X 0.017040

UEBTF ASSESSMENT (Section 5.3 of attached Methodology):

(0.969609848* X 2018 Total California Direct Written Premium) X 0.001274

SIBTF ASSESSMENT (Section 5.5 of attached Methodology):

(0.969609848* X 2018 Total California Direct Written Premium) X 0.004829

OSHF ASSESSMENT (Section 5.7 of attached Methodology):

(0.969609848* X 2018 Total California Direct Written Premium) X 0.003918

LECF ASSESSMENT (Section 5.7 of attached Methodology):

(0.969609848* X 2018 Total California Direct Written Premium) X 0.003813

FRAUD ASSESSMENT (Section 5.10 of attached Methodology):

(0.969609848* X 2018 Total California Direct Written Premium) X 0.003349

* Ratio of the expected total 2019 premium to the 2018 Total Direct Written Premium of all insurers (\$16,500,000,000) ÷ (\$17,017,153,890) = 0.969609848

REQUIRED EMPLOYER ASSESSMENTS

All workers' compensation insurance policies you issue with an inception date during the calendar year 2020 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, etc.) except for adjustments resulting from the application of deductible plans, retrospective rating or the return of policyholder dividends.

The assessment factors to be applied to the estimated annual assessable premium for 2020 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 Naomi P. Carter, Accounting Administrator I, at (415) 557-1020 or by email to NCarter@dir.ca.gov

Sincerely,

/S/ Victoria Hassid
Victoria Hassid
Chief Deputy Director

Enclosures

**California Department of Industrial Relations
 2019-2020 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**

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 1: Determine Total Assessments Required for 2019-2020

(1.1) Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5).....		\$399,709,690
Total Assessment Required.....	\$541,748,181	
Fund Balance.....	(\$173,577,000)	
DWC 1819 Over/Undercollection.....	\$22,005,961	
SIP 1819 Over/Undercollection.....	\$9,532,548	
	\$399,709,690	
(1.2) Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5).....		\$37,398,382
Total Assessment Required.....	\$55,856,328	
Fund Balance.....	(\$31,392,000)	
DWC 1819 Over/Undercollection.....	\$10,193,555	
SIP 1819 Over/Undercollection.....	\$2,740,499	
	\$37,398,382	
(1.3) Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5).....		\$106,459,000
Total Assessment Required.....	\$140,262,000	
Fund Balance.....	(\$33,803,000)	
DWC 1819 Over/Undercollection.....	(\$54,240)	
SIP 1819 Over/Undercollection.....	\$54,240	
	\$106,459,000	
(1.4) Occupational Safety and Health Fund Assessment (Labor Code § 62.5).....		\$93,480,750
Total Assessment Required.....	\$133,084,141	
Fund Balance.....	(\$48,946,000)	
DWC 1819 Over/Undercollection.....	\$8,470,202	
SIP 1819 Over/Undercollection.....	\$872,407	
	\$93,480,750	
(1.5) Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5).....		\$93,539,146
Total Assessment Required.....	\$128,199,530	
Fund Balance.....	(\$44,810,000)	
DWC 1819 Over/Undercollection.....	\$9,322,236	
SIP 1819 Over/Undercollection.....	\$827,380	
	\$93,539,146	

**California Department of Industrial Relations
 2019-2020 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**

(1.6) Workers' Compensation Fraud Account Assessment (Labor Code § 62.6).....	\$72,138,372
<i>The workers' compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.</i>	
Total Assessment Required.....	\$72,138,372
Fund Balance.....	(\$2,713,925)
DWC 1819 Over/Undercollection.....	\$2,539,651
SIP 1819 Over/Undercollection.....	\$174,274
	\$72,138,372

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers.....	<u>\$675,036,168,801</u>
<i>Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2016</i>	

(2.2) Payroll for self-insured employers	\$243,948,673,558¹
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(2.2.1) 2018-19 Fiscal Year for Public Sector *	\$131,250,538,751
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(2.2.2) 2018 for Private Sector.....	<u>\$112,698,134,807</u>
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** Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)*

(2.3) Payroll for State of California (including SCIF)**.....	<u>\$18,527,810,044</u>
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*** Source: (Department of Personnel Administration, Fiscal Year 2018-19)*

(2.4) Total payroll for self-insured employers.....	<u>\$262,476,483,602²</u>
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(2.5) Total combined payroll.....	<u>\$937,512,652,403³</u>
<i>(Insured and self-insured employers)</i>	

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

(3.1) Insured Employers:

<u>Insured Employer Payroll</u>	=	<u>Methodology Section (2.1)</u>	=	<u>\$675,036,168,801</u>	=	<u>72.00%</u>
Total Combined Payroll		<u>Methodology Section (2.5)</u>		<u>\$937,512,652,403</u>		

(3.2) Self-Insured Employers:

<u>Self-Insured Employer Payroll</u>	=	<u>Methodology Section (2.4)</u>	=	<u>\$262,476,483,602</u>	=	<u>28.00%</u>
Total Combined Payroll		<u>Methodology Section (2.5)</u>		<u>\$937,512,652,403</u>		

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 (2.2) and Methodology Section (2.3)

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

California Department of Industrial Relations
2019-2020 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

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

Workers' Compensation Administration Revolving Fund Assessment

Calculation for Insured Employers:

▶ (WCARF Assessment) X 72.00% = \$399,709,690 X 72.00%	\$287,790,977
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$15,381,170
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)]	(\$22,005,961)
(4.1) Resulting Final Insured Employers Workers' Compensation User Funding Assessment	<u>\$281,166,186</u>

Calculation for Self-Insured Employers:

▶ (WCARF Assessment) X 28.00% = \$399,709,690 X 28.00%	\$111,918,713
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$9,532,548)
(4.2) Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment	<u>\$102,386,165</u>

Uninsured Employers Benefits Trust (UEBT) Fund Assessment

Calculation for Insured Employers:

▶ (UEBTF Assessment) X 72.00% = \$37,398,382 X 72.00%	\$26,926,835
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$4,281,730
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)]	(\$10,193,555)
(4.3) Resulting Final Insured Employers UEBT Fund Assessment	<u>\$21,015,010</u>

Calculation for Self-Insured Employers:

▶ (UEBTF Assessment) X 28.00% = \$37,398,382 X 28.00%	\$10,471,547
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$2,740,499)
(4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment	<u>\$7,731,048</u>

Subsequent Injuries Benefits Trust (SIBT) Fund Assessment

Calculation for Insured Employers:

▶ (SIBTF Assessment) X 72.00% = \$106,459,000 X 72.00%	\$76,650,480
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$2,967,688
▶ INCREASED by insurer undercollection 1819 [pursuant to CCR § 15606(f)]	\$54,240
(4.5) Resulting Final Insured Employers SIBT Fund Assessment	<u>\$79,672,408</u>

Calculation for Self- Insured Employers:

▶ (SIBTF Assessment) X 28.00% = \$106,459,000 X 28.00%	\$29,808,520
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$54,240)
(4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment	<u>\$29,754,280</u>

**California Department of Industrial Relations
2019-2020 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**

Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

▶ (OSHF Assessment) X 72.00% =	\$93,480,750	X	72.00%	.....	\$67,306,140
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....					\$5,806,082
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)].....					(\$8,470,202)
(4.7) Resulting Final Insured Employers OSH Fund Assessment.....					<u>\$64,642,020</u>

Calculation for Self- Insured Employers:

▶ (OSHF Assessment) X 28.00% =	\$93,480,750	X	28.00%	.....	\$26,174,610
▶ DECREASED by the Self-Insurer overcollection from prior year.....					(\$872,407)
(4.8) Resulting Final Self-Insured Employers OSH Fund Assessment.....					<u>\$25,302,203</u>

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

▶ (LECF Assessment) X 72.00% =	\$93,539,146	X	72.00%	.....	\$67,348,185
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....					\$4,883,189
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)].....					(\$9,322,236)
(4.9) Resulting Final Insured Employers LEC Fund Assessment.....					<u>\$62,909,138</u>

Calculation for Self- Insured Employers:

▶ (LECF Assessment) X 28.00% =	\$93,539,146	X	28.00%	.....	\$26,190,961
▶ DECREASED by the Self-Insurer overcollection from prior year.....					(\$827,380)
(4.10) Resulting Final Self-Insured Employers LEC Fund Assessment.....					<u>\$25,363,581</u>

Workers' Compensation Fraud Account Assessment

Calculation for Insured Employers:

▶ (Fraud Assessment) X 72.00% =	\$72,138,372	X	72.00%	.....	\$51,939,628
▶ INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609].....					\$5,859,329
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)].....					(\$2,539,651)
(4.11) Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment..					<u>\$55,259,306</u>

Calculation for Self- Insured Employers:

▶ (Fraud Assessment) X 28.00% =	\$72,138,372	X	28.00%	.....	\$20,198,744
▶ DECREASED by the Self-Insurer overcollection from prior year.....					(\$174,274)
(4.12) Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment.....					<u>\$20,024,470</u>

**California Department of Industrial Relations
2019-2020 Workers' Compensation Administration Revolving Fund Assessment,
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Subsequent Injuries Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance 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, 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 1: Determine Total Assessments Required for 2019-2020

(1.1)	Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5).....	\$399,709,690
	Total Assessment Required.....	\$541,748,181
	Fund Balance.....	(\$173,577,000)
	DWC 1819 Over/Undercollection.....	\$22,005,961
	SIP 1819 Over/Undercollection.....	\$9,532,548
		\$399,709,690
(1.2)	Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5).....	\$37,398,382
	Total Assessment Required.....	\$55,856,328
	Fund Balance.....	(\$31,392,000)
	DWC 1819 Over/Undercollection.....	\$10,193,555
	SIP 1819 Over/Undercollection.....	\$2,740,499
		\$37,398,382
(1.3)	Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5).....	\$106,459,000
	Total Assessment Required.....	\$140,262,000
	Fund Balance.....	(\$33,803,000)
	DWC 1819 Over/Undercollection.....	(\$54,240)
	SIP 1819 Over/Undercollection.....	\$54,240
		\$106,459,000
(1.4)	Occupational Safety and Health Fund Assessment (Labor Code § 62.5).....	\$93,480,750
	Total Assessment Required.....	\$133,084,141
	Fund Balance.....	(\$48,946,000)
	DWC 1819 Over/Undercollection.....	\$8,470,202
	SIP 1819 Over/Undercollection.....	\$872,407
		\$93,480,750
(1.5)	Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5).....	\$93,539,146
	Total Assessment Required.....	\$128,199,530
	Fund Balance.....	(\$44,810,000)
	DWC 1819 Over/Undercollection.....	\$9,322,236
	SIP 1819 Over/Undercollection.....	\$827,380
		\$93,539,146

California Department of Industrial Relations
2019-2020 Workers' Compensation Administration Revolving Fund Assessment,
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Subsequent Injuries Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
Workers' Compensation Fraud Account Assessment

(1.6) Workers' Compensation Fraud Account Assessment (Labor Code § 62.6).....	\$72,138,372
<i>The workers' compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.</i>	
Total Assessment Required.....	\$72,138,372
Fund Balance.....	(\$2,713,925)
DWC 1819 Over/Undercollection.....	\$2,539,651
SIP 1819 Over/Undercollection.....	\$174,274
	<u>\$72,138,372</u>

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers.....	<u>\$675,036,168,801</u>
<i>Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2016</i>	

(2.2) Payroll for self-insured employers	\$243,948,673,558 ¹
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(2.2.1) 2018-19 Fiscal Year for Public Sector*	\$131,250,538,751
(2.2.2) 2018 for Private Sector.....	<u>\$112,698,134,807</u>

** Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)*

(2.3) Payroll for State of California (including SCIF)**.....	<u>\$18,527,810,044</u>
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*** Source: (Department of Personnel Administration, Fiscal Year 2018-19)*

(2.4) Total payroll for self-insured employers.....	<u>\$262,476,483,602 ²</u>
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(2.5) Total combined payroll.....	<u>\$937,512,652,403 ³</u>
<i>(Insured and self-insured employers)</i>	

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

(3.1) Insured Employers:

<u>Insured Employer Payroll</u>	=	<u>Methodology Section (2.1)</u>	=	<u>\$675,036,168,801</u>	=	<u>72.00%</u>
Total Combined Payroll		<u>Methodology Section (2.5)</u>		<u>\$937,512,652,403</u>		

(3.2) Self-Insured Employers:

<u>Self-Insured Employer Payroll</u>	=	<u>Methodology Section (2.4)</u>	=	<u>\$262,476,483,602</u>	=	<u>28.00%</u>
Total Combined Payroll		<u>Methodology Section (2.5)</u>		<u>\$937,512,652,403</u>		

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 (2.2) and Methodology Section (2.3)

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

California Department of Industrial Relations
2019-2020 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

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

Workers' Compensation Administration Revolving Fund Assessment

Calculation for Insured Employers:

▶ (WCARF Assessment) X 72.00% = \$399,709,690 X 72.00%	\$287,790,977
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$15,381,170
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)]	(\$22,005,961)
(4.1) Resulting Final Insured Employers Workers' Compensation User Funding Assessment	<u>\$281,166,186</u>

Calculation for Self-Insured Employers:

▶ (WCARF Assessment) X 28.00% = \$399,709,690 X 28.00%	\$111,918,713
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$9,532,548)
(4.2) Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment	<u>\$102,386,165</u>

Uninsured Employers Benefits Trust (UEBT) Fund Assessment

Calculation for Insured Employers:

▶ (UEBTF Assessment) X 72.00% = \$37,398,382 X 72.00%	\$26,926,835
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$4,281,730
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)]	(\$10,193,555)
(4.3) Resulting Final Insured Employers UEBT Fund Assessment	<u>\$21,015,010</u>

Calculation for Self-Insured Employers:

▶ (UEBTF Assessment) X 28.00% = \$37,398,382 X 28.00%	\$10,471,547
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$2,740,499)
(4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment	<u>\$7,731,048</u>

Subsequent Injuries Benefits Trust (SIBT) Fund Assessment

Calculation for Insured Employers:

▶ (SIBTF Assessment) X 72.00% = \$106,459,000 X 72.00%	\$76,650,480
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$2,967,688
▶ INCREASED by insurer undercollection 1819 [pursuant to CCR § 15606(f)]	\$54,240
(4.5) Resulting Final Insured Employers SIBT Fund Assessment	<u>\$79,672,408</u>

Calculation for Self- Insured Employers:

▶ (SIBTF Assessment) X 28.00% = \$106,459,000 X 28.00%	\$29,808,520
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$54,240)
(4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment	<u>\$29,754,280</u>

**California Department of Industrial Relations
2019-2020 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**

Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

▶ (OSHF Assessment) X 72.00% =	\$93,480,750	X	72.00%	.....	\$67,306,140
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....					\$5,806,082
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)].....					(\$8,470,202)
(4.7) Resulting Final Insured Employers OSH Fund Assessment.....					<u>\$64,642,020</u>

Calculation for Self- Insured Employers:

▶ (OSHF Assessment) X 28.00% =	\$93,480,750	X	28.00%	.....	\$26,174,610
▶ DECREASED by the Self-Insurer overcollection from prior year.....					(\$872,407)
(4.8) Resulting Final Self-Insured Employers OSH Fund Assessment.....					<u>\$25,302,203</u>

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

▶ (LECF Assessment) X 72.00% =	\$93,539,146	X	72.00%	.....	\$67,348,185
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....					\$4,883,189
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)].....					(\$9,322,236)
(4.9) Resulting Final Insured Employers LEC Fund Assessment.....					<u>\$62,909,138</u>

Calculation for Self- Insured Employers:

▶ (LECF Assessment) X 28.00% =	\$93,539,146	X	28.00%	.....	\$26,190,961
▶ DECREASED by the Self-Insurer overcollection from prior year.....					(\$827,380)
(4.10) Resulting Final Self-Insured Employers LEC Fund Assessment.....					<u>\$25,363,581</u>

Workers' Compensation Fraud Account Assessment

Calculation for Insured Employers:

▶ (Fraud Assessment) X 72.00% =	\$72,138,372	X	72.00%	.....	\$51,939,628
▶ INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609].....					\$5,859,329
▶ DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)].....					(\$2,539,651)
(4.11) Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment..					<u>\$55,259,306</u>

Calculation for Self- Insured Employers:

▶ (Fraud Assessment) X 28.00% =	\$72,138,372	X	28.00%	.....	\$20,198,744
▶ DECREASED by the Self-Insurer overcollection from prior year.....					(\$174,274)
(4.12) Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment.....					<u>\$20,024,470</u>

**California Department of Industrial Relations
2019-2020 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**

Step 5: Calculate the Assessment Factors

Workers' Compensation Administration Revolving Fund Assessment Factor

(5.1) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$281,166,186}{\$16,500,000,000} = \underline{\underline{0.017040}}$$

**Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)*

(5.2) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$102,386,165}{\$2,042,192,686} = \underline{\underline{0.050135}}$$

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

(5.2.1)	2018-19 Public Sector.....	\$1,214,375,072
(5.2.2)	2018 Private Sector.....	\$614,881,701
(5.2.3)	2018-19 State of California***	\$212,935,913

****SOURCE: Department of Personnel Administration*

Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor

(5.3) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$21,015,010}{\$16,500,000,000} = \underline{\underline{0.001274}}$$

**Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)*

(5.4) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$7,731,048}{\$2,042,192,686} = \underline{\underline{0.003786}}$$

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

Subsequent Injuries Benefits Trust (SIBT) Fund Assessment Factor

(5.5) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$79,672,408}{\$16,500,000,000} = \underline{\underline{0.004829}}$$

**Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)*

(5.6) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$29,754,280}{\$2,042,192,686} = \underline{\underline{0.014570}}$$

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

Occupational Safety and Health Fund (OSHF) Assessment Factor

(5.7) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$64,642,020}{\$16,500,000,000} = \underline{\underline{0.003918}}$$

**Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)*

**California Department of Industrial Relations
2019-2020 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**

(5.8) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	<u>\$25,302,203</u>	=	<u>0.012390</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,042,192,686		

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

Labor Enforcement and Compliance Fund (LECF) Assessment Factor

(5.9) Calculation for Insured Employers:

<u>Total Insured Employers Assessment</u>	=	<u>\$62,909,138</u>	=	<u>0.003813</u>
Total Direct Workers' Compensation*		\$16,500,000,000		

*Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)

(5.10) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	<u>\$25,363,581</u>	=	<u>0.012420</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,042,192,686		

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

Workers' Compensation Fraud Account Assessment Factor

(5.11) Calculation for Insured Employers:

<u>Total Insured Employer Surcharge</u>	=	<u>\$55,259,306</u>	=	<u>0.003349</u>
Total Direct Workers' Compensation*		\$16,500,000,000		

*Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)

(5.12) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Surcharge</u>	=	<u>\$20,024,470</u>	=	<u>0.009805</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,042,192,686		

** **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 Assessment

(6.1) Individual Insured Employers:

Assessment Factor [0.017040] X Employer's Expected Assessable Premium*

(6.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.050135] X Total Indemnity Paid by the Employer

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

(7.1) Individual Insured Employers:

Assessment Factor [0.001274] X Employer's Expected Assessable Premium*

(7.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.003786] X Total Indemnity Paid by the Employer

**California Department of Industrial Relations
 2019-2020 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**

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

(8.1) Individual Insured Employers:
 Assessment Factor [0.004829] X Employer's Expected Assessable Premium*
(8.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.014570] X Total Indemnity Paid by the Employer

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

(9.1) Individual Insured Employers:
 Assessment Factor [0.003918] X Employer's Expected Assessable Premium*
(9.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.012390] X Total Indemnity Paid by the Employer

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

(10.1) Individual Insured Employers:
 Assessment Factor [0.003813] X Employer's Expected Assessable Premium*
(10.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.012420] X Total Indemnity Paid by the Employer

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

(11.1) Individual Insured Employers:
 Assessment Factor [0.003349] X Employer's Expected Assessable Premium*
(11.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.009805] 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, etc.) except for adjustments resulting from the application of deductible plans, retrospective rating or the return policyholder dividends.

DEPARTMENT OF INDUSTRIAL RELATIONS

Victoria Hassid, Chief Deputy Director
Office of the Director
1515 Clay Street, 17th Floor
Oakland, CA 94612

Mailing Address:
P.O. Box 420468
San Francisco, CA 94142-0468



DATE: November 27, 2019

TO: California Self-Insured Employer

FROM: Victoria Hassid, Chief Deputy Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2019/2020 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

Authority	Type	Total Assessment for all Payers	2020 Self- Insured Employer Assessment Factor
Labor Code § 62.5	Workers' Compensation Administration Revolving Fund Assessment (WCARF)	\$541,748,181	0.050135
Labor Code § 62.5	Uninsured Employers Benefits Trust Fund Assessment (UEBTF)	\$55,856,328	0.003786
Labor Code § 62.5	Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)	\$140,262,000	0.014570
Labor Code § 62.5	Occupational Safety and Health Fund Assessment (OSHF)	\$133,084,141	0.012390
Labor Code § 62.5	Labor Enforcement and Compliance Fund Assessment (LECF)	\$128,199,530	0.012420
Labor Code § 62.6	Workers' Compensation Fraud Account Assessment (FRAUD)	\$72,138,372	0.009805

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 Office of Self-Insurance Plans in Sacramento at (916)464-7000.

Sincerely,

/S/ Victoria Hassid
Victoria Hassid
Chief Deputy Director

Enclosure

DEPARTMENT OF INDUSTRIAL RELATIONS

Victoria Hassid, Chief Deputy Director
Office of the Director
1515 Clay Street, 17th Floor
Oakland, CA 94612

Mailing Address:
P.O. Box 420468
San Francisco, CA 94142-0468



DATE: November 27, 2019

TO: California Legally Uninsured Employer

FROM: Victoria Hassid, Chief Deputy Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2019/2020 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.

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Authority	Type	Total Assessment for all Payers	2020 Legally Uninsured Employer Assessment Factor
Labor Code § 62.5	Workers' Compensation Administration Revolving Fund Assessment (WCARF)	\$541,748,181	0.050135
Labor Code § 62.5	Uninsured Employers Benefits Trust Fund Assessment (UEBTF)	\$55,856,328	0.003786
Labor Code § 62.5	Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)	\$140,262,000	0.014570
Labor Code § 62.5	Occupational Safety and Health Fund Assessment (OSHF)	\$133,084,141	0.012390
Labor Code § 62.5	Labor Enforcement and Compliance Fund Assessment (LECF)	\$128,199,530	0.012420
Labor Code § 62.6	Workers' Compensation Fraud Account Assessment (FRAUD)	\$72,138,372	0.009805

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 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 Office of Self Insurance Plans in Sacramento at (916)464-7000.

Sincerely,

/S/ Victoria Hassid
Victoria Hassid
Chief Deputy Director

Enclosure