

N E W S L I N E

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Department of Industrial Relations Workers' Compensation Policy Assessment Rates for Fiscal Year 2013/14 Reflect Aggregate Reduction of \$9.5 Million

The Department of Industrial Relations (DIR) today announced an aggregate decrease of approximately \$9.587 million (2.19 percent) for the Workers' Compensation Administration Revolving Fund and other funds for fiscal year 2013/14.

The costs required to implement the workers' compensation reforms of Senate Bill (SB) 863 were partially offset by lien revenue. Slight increases in appropriations for the Division of Occupational Safety & Health and the Division of Labor Standards Enforcement were mitigated by increased reserves in the Subsequent Injuries Benefits Trust Fund and the Uninsured Employers Benefits Trust Fund, as well as one-time balance transfers from the Targeted Inspection Consultation and the Construction Industry Enforcement funds.

Due to the relative sizes in the aggregate insured premium and self-insured paid indemnity pools, the effect of the assessment on insured employers and self-insured employers will differ.

The actual increase in fiscal year 2013/14 for self-insured employers is 8.69 percent, primarily due to:

- The required Return to Work program set aside, pursuant to Labor Code section 139.48.
- The approved SB 863 augmentation for operations of \$32.9 Million for the 2013/14 fiscal year as reflected in the 2013 Budget Act. As previously reported, SB 863 implementation costs were spread over two years as a means of smoothing out the impact; this incremental increase reflects the second and final year of the implementation costs.
- The self-insured employer fee is approximately 7.64% of paid indemnity.

Insured employers will receive a reduction in fiscal year 2013/14 of 21.21 percent, due to the following factors:

- Although the cost to insured employers was also impacted by SB 863 implementation, this cost increase was mitigated by an overall reduction in credits owed by insured employers, continuing its downward trend from previous years.
- The insured employer fee is approximately 2.23% of premium.

Insurance companies and self-insured employers will receive [assessment notices](#) in the mail. The assessments are authorized by Labor Code sections 62.5 and 62.6.

In addition to funding the work of the Division of Workers' Compensation, and partially funding the work of the Divisions of Occupational Safety and Health and Labor Standards Enforcement, assessments also fund anti-fraud efforts by the California Department of Insurance and local district attorneys, pay benefits to injured workers whose employers were illegally uninsured, and provide compensation to injured workers who already had a disability or impairment at the time of injury. The assessment covers the following funds:

- Workers' Compensation Administration Revolving Fund
- Uninsured Employers Benefits Trust Fund
- Subsequent Injuries Benefits Trust Fund
- Workers' Compensation Fraud Account
- Occupational Safety and Health Fund
- Labor Enforcement and Compliance Fund

Insurers must pay the assessment for policy holders and recover those funds from policy holders through workers' compensation policy surcharges and assessments.

Letters and invoices were mailed today to insurers and self-insured employers showing the share of the assessments and surcharges due. Insurers with questions about their letters should call DWC Staff Services Manager Amadeo Urbano at (415) 703-4014 or DWC Analyst Naomi Carter at (415) 557-1020 for more information. Self-insured employers with questions about their letters should call the Office of Self Insurance Plans at (916) 464-7000 and speak with Tina Freese.

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