DATE: November 30, 2012

TO: California Self-Insured Employer

FROM: Christine Baker, Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2012/2013 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>2013 Self-Insured Employer Assessment Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Code § 62.5</td>
<td>Workers’ Compensation Administration Revolving Fund (WCARF)</td>
<td>$303,005,459</td>
<td>0.034375</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Uninsured Employers Benefits Trust Fund Assessment (UEBTF)</td>
<td>$57,271,700</td>
<td>0.008565</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)</td>
<td>$34,835,210</td>
<td>0.004354</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Occupational Safety and Health Fund Assessment (OSHF)</td>
<td>$59,426,768</td>
<td>0.006926</td>
</tr>
<tr>
<td>Labor Code § 62.5</td>
<td>Labor Enforcement and Compliance Fund Assessment (LECF)</td>
<td>$57,507,886</td>
<td>0.006823</td>
</tr>
<tr>
<td>Labor Code § 62.6</td>
<td>Workers’ Compensation Fraud Account Assessment (FRAUD)</td>
<td>$53,445,000</td>
<td>0.009275</td>
</tr>
</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: November 30, 2012

TO: California Legally Uninsured Employer

FROM: Christine Baker, Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2012/2013 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)
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<tr>
<th>Authority Type</th>
<th>Total Assessment for all Payers</th>
<th>2013 Legally Uninsured Employer Assessment Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Code § 62.5 Workers’ Compensation Administration Revolving Fund Assessment (WCARF)</td>
<td>$303,005,459</td>
<td>0.034375</td>
</tr>
<tr>
<td>Labor Code § 62.5 Uninsured Employers Benefits Trust Fund Assessment (UEBTF)</td>
<td>$57,271,700</td>
<td>0.008565</td>
</tr>
<tr>
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<td>$34,835,210</td>
<td>0.004354</td>
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<td>Labor Code § 62.5 Occupational Safety and Health Fund Assessment (OSHF)</td>
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<td>0.006823</td>
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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.

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Enclosure
Step 1: Determine Total Assessments Required for 2012-2013

**Workers’ Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$303,005,459</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($137,830,000)</td>
</tr>
<tr>
<td>DWC 1112 Overcollection</td>
<td>$24,940,394</td>
</tr>
<tr>
<td>SIP 1112 Overcollection</td>
<td>$785,955</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$190,901,808</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$57,271,700</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($111,862,000)</td>
</tr>
<tr>
<td>DWC 1112 Overcollection</td>
<td>$1,762,386</td>
</tr>
<tr>
<td>SIP 1112 Overcollection</td>
<td>$159,644</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,281,730</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$34,835,210</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($111,532,000)</td>
</tr>
<tr>
<td>DWC 1112 Overcollection</td>
<td>$803,706</td>
</tr>
<tr>
<td>SIP 1112 Overcollection</td>
<td>$111,553</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,218,469</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$59,426,768</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($24,012,000)</td>
</tr>
<tr>
<td>DWC 1112 Overcollection</td>
<td>$3,032,264</td>
</tr>
<tr>
<td>SIP 1112 Overcollection</td>
<td>$219,706</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$38,666,738</strong></td>
</tr>
</tbody>
</table>

**Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$57,507,886</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($20,874,000)</td>
</tr>
<tr>
<td>DWC 1112 Overcollection</td>
<td>$1,210,784</td>
</tr>
<tr>
<td>SIP 1112 Overcollection</td>
<td>$204,252</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$38,048,922</strong></td>
</tr>
</tbody>
</table>
Step 2: Determine Payroll Amounts

1. Total payroll for insured employers ............................................. $446,021,102,000
   Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2009

2. Payroll for self-insured employers ................................................ $177,576,334,543
   1. 2011-12 Fiscal Year for Public Sector* .................. $96,606,240,231
      2. 2011 for Private Sector ........................................ $80,970,094,312
      Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)

   Source: Department of Personnel Administration, Fiscal Year 2010-11

4. Total payroll for self-insured employers ........................................... $192,428,319,711
   3. Total combined payroll .................................................. $638,449,421,711

   (Insured and self-insured employers)

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

1. Insured Employers:
   - Total Combined Payroll = Methodology Section (2.1) = $446,021,102,000
   - Methodology Section (2.5) = $638,449,421,711
   - Proportion = 69.86%

2. Self-Insured Employers:
   - Total Combined Payroll = Methodology Section (2.4) = $192,428,319,711
   - Methodology Section (2.5) = $638,449,421,711
   - Proportion = 30.14%

---

1. (2.2) Payroll for Self-Insured Employers = % of Methodology Section (2.2.1) and Methodology Section (2.2.2)
2. (2.4) Total Payroll for Self-Insured Employers = % of Methodology Section (2.2) and Methodology Section (2.3)
3. (2.5) Total Combined Payroll = % 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:**

| (WCARF Assessment) X 69.86% - $190,901,808 X 69.86% | $133,364,003 |
| INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] | $47,801,780 |
| DECREASED by insurer overcollection 1112 [pursuant to CCR § 15606(f)] | ($24,940,394) |
| Resulting Final Insured Employers Workers’ Compensation User Funding Assessment | $156,225,389 |

**Calculation for Self-Insured Employers:**

| (WCARF Assessment) X 30.14% - $190,901,808 X 30.14% | $57,537,805 |
| DECREASED by the Self-Insurer overcollection from prior year | ($785,955) |
| Resulting Final Self-Insured Employers Workers’ Compensation User Funding Assessment | $56,751,851 |

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

**Calculation for Insured Employers:**

| (UEBTF Assessment) X 69.86% - $47,281,730 X 69.86% | $33,031,017 |
| INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] | $7,602,598 |
| DECREASED by the Insurer overcollection for 1112 [pursuant to CCR § 15606(f)] | ($1,762,386) |
| Resulting Final Insured Employers UEBT Fund Assessment | $38,871,229 |

**Calculation for Self-Insured Employers:**

| (UEBTF Assessment) X 30.14% - $47,281,730 X 30.14% | $14,250,713 |
| DECREASED by the Self-Insurer overcollection from prior year | ($109,644) |
| Resulting Final Self-Insured Employers UEBT Fund Assessment | $14,141,069 |

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

**Calculation for Insured Employers:**

| (SIBTF Assessment) X 69.86% - $24,218,469 X 69.86% | $16,919,022 |
| INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] | $3,349,381 |
| DECREASED by insurer overcollection 1112 [pursuant to CCR § 15606(f)] | ($803,706) |
| Resulting Final Insured Employers SIBT Fund Assessment | $19,464,497 |

**Calculation for Self-Insured Employers:**

| (SIBTF Assessment) X 30.14% - $24,218,469 X 30.14% | $7,299,447 |
| DECREASED by the Self-Insurer overcollection from prior year | ($111,553) |
| Resulting Final Self-Insured Employers SIBT Fund Assessment | $7,187,894 |
Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

\[(\text{OSHF Assessment}) \times 69.86\% = \$38,666,738 \times 69.86\% \quad \text{Resulting Final Insured Employers OSHF Fund Assessment} \]

\[$27,012,583$

\[\text{INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]} \quad \$8,609,946$

\[\text{DECREASED by insurer overcollection 1112 [pursuant to CCR § 15606(f)]} \quad \$3,032,264$

\[\text{Resulting Final Insured Employers OSHF Fund Assessment} \quad \$32,590,265$

Calculation for Self-Insured Employers:

\[(\text{OSHF Assessment}) \times 30.14\% = \$38,666,738 \times 30.14\% \quad \text{Resulting Final Self-Insured Employers OSHF Fund Assessment} \]

\[$11,434,449$

\[\text{DECREASED by the Self-Insurer overcollection from prior year} \quad \$219,706$

\[\text{Resulting Final Self-Insured Employers OSHF Fund Assessment} \quad \$11,214,743$

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

\[(\text{LECF Assessment}) \times 69.86\% = \$38,048,922 \times 69.86\% \quad \text{Resulting Final Insured Employers LECF Fund Assessment} \]

\[$26,580,977$

\[\text{INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]} \quad \$5,949,431$

\[\text{DECREASED by insurer overcollection 1112 [pursuant to CCR § 15606(f)]} \quad \$1,210,784$

\[\text{Resulting Final Insured Employers LECF Fund Assessment} \quad \$31,319,624$

Calculation for Self-Insured Employers:

\[(\text{LECF Assessment}) \times 30.14\% = \$38,048,922 \times 30.14\% \quad \text{Resulting Final Self-Insured Employers LECF Fund Assessment} \]

\[$11,263,693$

\[\text{DECREASED by the Self-Insurer overcollection from prior year} \quad \$204,252$

\[\text{Resulting Final Self-Insured Employers LECF Fund Assessment} \quad \$11,059,441$

Workers’ Compensation Fraud Account Assessment

Calculation for Insured Employers:

\[(\text{Fraud Assessment}) \times 69.86\% = \$52,276,943 \times 69.86\% \quad \text{Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment} \]

\[$36,520,672$

\[\text{INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609]} \quad \$13,038,737$

\[\text{DECREASED by insurer overcollection 1112 [pursuant to CCR § 15606(f)]} \quad \$5,317,644$

\[\text{Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment} \quad \$44,241,765$

Calculation for Self-Insured Employers:

\[(\text{Fraud Assessment}) \times 30.14\% = \$52,276,943 \times 30.14\% \quad \text{Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment} \]

\[$15,312,784$

\[\text{DECREASED by the Self-Insurer overcollection from prior year} \quad \$443,487$

\[\text{Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment} \quad \$14,869,297$
Step 5: Calculate the Assessment Factors

### Workers' Compensation Administration Revolving Fund Assessment Factor

**Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = 156,225,389 \\
\text{Total Direct Workers' Compensation}^* = 11,400,000,000 \\
\text{Assessment Factor} = \frac{156,225,389}{11,400,000,000} = 0.013704
\]

*Estimated Premium \( \text{Source}: \) WCIRB estimate for 2011 Policy Year

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = 56,751,851 \\
\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**} = 1,650,947,306 \\
\text{Assessment Factor} = \frac{56,751,851}{1,650,947,306} = 0.034375
\]

**SOURCE**: Dept. of Industrial Relations, Office of Self-Insurance Plans \( \text{List of Methodology Sections (5.2.1) to (5.2.3)}\):

- 2011-12 Public Sector \( \text{SOURCE}: \) Dept. of Personnel Administration
- 2011 Private Sector \( \text{SOURCE}: \) Dept. of Industrial Relations, Office of Self-Insurance Plans
- 2010-11 State of California \( \text{SOURCE}: \) Dept. of Personnel Administration

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

**Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = 38,871,229 \\
\text{Total Direct Workers' Compensation}^* = 11,400,000,000 \\
\text{Assessment Factor} = \frac{38,871,229}{11,400,000,000} = 0.003410
\]

*Estimated Premium \( \text{Source}: \) WCIRB estimate for 2011 Policy Year

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = 14,141,069 \\
\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**} = 1,650,947,306 \\
\text{Assessment Factor} = \frac{14,141,069}{1,650,947,306} = 0.008565
\]

**SOURCE**: Dept. of Industrial Relations, Office of Self-Insurance Plans \( \text{List of Methodology Sections (5.2.1) to (5.2.3)}\):

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

**Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = 19,464,697 \\
\text{Total Direct Workers' Compensation}^* = 11,400,000,000 \\
\text{Assessment Factor} = \frac{19,464,697}{11,400,000,000} = 0.001707
\]

*Estimated Premium \( \text{Source}: \) WCIRB estimate for 2011 Policy Year

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = 7,187,894 \\
\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**} = 1,650,947,306 \\
\text{Assessment Factor} = \frac{7,187,894}{1,650,947,306} = 0.004354
\]

**SOURCE**: Dept. of Industrial Relations, Office of Self-Insurance Plans \( \text{List of Methodology Sections (5.2.1) to (5.2.3)}\):

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

**Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = 32,590,265 \\
\text{Total Direct Workers' Compensation}^* = 11,400,000,000 \\
\text{Assessment Factor} = \frac{32,590,265}{11,400,000,000} = 0.002859
\]

*Estimated Premium \( \text{Source}: \) WCIRB estimate for 2011 Policy Year
California Department of Industrial Relations
2012-2013 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

### Calculation for Self-Insured Employers:

\[
\text{Total Self-Insured Employer Assessment} = \frac{\text{Total Amt. of Workers’ Comp. Indemnity Paid}^{**}}{\text{Employer’s Expected Assessable Premium}^{*}}
\]

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

### Calculation for Insured Employers:

\[
\text{Estimated Premium}^{*} = \frac{\text{Total Direct Workers’ Compensation}}{\text{Source: WCIRB estimate for 2011 Policy Year}}
\]

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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment = $31,319,624</td>
</tr>
<tr>
<td>Total Direct Workers’ Compensation* = $11,400,000,000</td>
</tr>
</tbody>
</table>

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

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

### Workers’ Compensation Fraud Account Assessment Factor

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employer Surcharge = $44,241,765</td>
</tr>
<tr>
<td>Total Direct Workers’ Compensation* = $11,400,000,000</td>
</tr>
</tbody>
</table>

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

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

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

\[
\text{Assessment Factor } \times \text{Employer’s Expected Assessable Premium}^{*}
\]

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

\[
\text{Assessment Factor } \times \text{Total Indemnity Paid by the Employer}
\]
Step 8: Determine Individual Employers Subsequent Injuries Benefit Trust (SIBT) Fund Assessment

- **Individual Insured Employers:**
  - Assessment Factor \(0.001707\) \(\times\) Employer’s Expected *Assessable Premium*

- **Calculation for Individual Self-Insured Employers:**
  - Assessment Factor \(0.004354\) \(\times\) Total Indemnity Paid by the Employer

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

- **Individual Insured Employers:**
  - Assessment Factor \(0.002689\) \(\times\) Employer’s Expected *Assessable Premium*

- **Calculation for Individual Self-Insured Employers:**
  - Assessment Factor \(0.006926\) \(\times\) Total Indemnity Paid by the Employer

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

- **Individual Insured Employers:**
  - Assessment Factor \(0.002747\) \(\times\) Employer’s Expected *Assessable Premium*

- **Calculation for Individual Self-Insured Employers:**
  - Assessment Factor \(0.006823\) \(\times\) Total Indemnity Paid by the Employer

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

- **Individual Insured Employers:**
  - Assessment Factor \(0.003881\) \(\times\) Employer’s Expected *Assessable Premium*

- **Calculation for Individual Self-Insured Employers:**
  - Assessment Factor \(0.009275\) \(\times\) 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.