

- Policy & Procedure
- Take Note
- Milestones

State of California

DWCNewsline

Division of Workers' Compensation
Rosa Moran, Administrative Director

1515 Clay Street, 17th floor, Oakland, CA 94612 (510) 286-7100

Internet Web Page: <http://www.dwc.ca.gov>

Newsline No. 54-11
December 2, 2011

Department of Industrial Relations reduces workers' compensation policy assessment rates \$113.3 million for fiscal year 2011-12

Sacramento, CA—The California Labor and Workforce Development (LWDA) today announced reduced assessment rates for self insured employers and workers' compensation policies by approximately \$113.3 million (28 percent) for the Workers' Compensation Administration Revolving Fund (WCARF) and other funds for fiscal year 2011-12. The lower assessments paid by employers reflect cost reductions achieved through fiscal controls put in place by Governor Brown.

“We made great strides in controlling costs and reducing operating expenses through strong fiscal controls,” said LWDA Secretary Marty Morgenstern.

The 2011-12 assessment of \$291.6 million reflects a decrease in the aggregate assessment dollar amount of approximately \$113.3 million, a 28 percent reduction from the \$404.9 million 2010-11 assessment.

The reduction in assessment rates is attributed to the following factors:

- Credit and collection reconciliations—This accounts for 29.03 percent of the total reduction
- Adjustments attributed to the difference from last year's assessment and the current year projection—This accounts for 25.07 percent of the total reduction
- Reduced costs attributed to fiscal controls to DIR overhead costs, hiring freeze and employee furloughs. This accounts for approximately 21.18 percent of the total reduction
- Other cost reductions that include increases in revenues from penalties, savings from accelerated loan repayments, decrease in Uninsured Employers Benefits Trust Fund (UEBTF) claim payments, and a reduction in the fraud account due to an excess balance. This accounts for 24.27 percent of the total reduction.

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 to insurers and self-insured employers Dec. 1, 2011 showing the share of the assessments and surcharges due. Insurers with questions about their letters should call DWC Staff Services Manager Amadeo Urbano at (510) 286-7083 or DWC Analyst Naomi Carter at (510) 286-7087 for more information. Self-insured employers with questions about their letters should call the Office of Self Insurance Plans at (916) 574-0300 and speak with Tina Freese.

###