



BULLETIN

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The Department of Industrial Relations (DIR) has announced the 2019 assessment rates that California employers will pay to cover workers' compensation user funding (the Workers' Compensation Administration Revolving Fund), the Uninsured Employers Benefits Trust Fund, the Subsequent Injuries Benefits Trust Fund, the Occupational Safety & Health Fund, the Labor Enforcement and Compliance Fund, and the Workers' Compensation Fraud Account.

Labor Code §62.5 and §62.6 require employers in the state to pay assessments and surcharges to fund the Division of Workers' Compensation budget; cover the cost of benefits to injured workers whose employers were uninsured; provide benefits for workers who qualify under the Subsequent Injury Fund; support mandated Cal-OSHA activities; support the state's enforcement of labor standards and the requirement to carry workers' compensation insurance and finance the Department of Insurance and District Attorneys' workers' compensation antifraud efforts.

In memos posted on its website and mailed to workers' comp insurers, self-insured employers, and legally uninsured employers, the DIR noted that for 2019, total assessments for the six funds from all payers will amount to nearly \$942 million prior to adjustments for current fund balances and any amounts under- or over-collected in 2018. After the adjustments, the total due from employers in 2019 for all six funds will be just under \$678.5 million. Under California law, the assessments are split between insured and self-insured employers in proportion to their payroll for the most recent year available. As a result, insurers authorized to transact workers' compensation in California must apply the following factors against policyholders' estimated annual "assessable premium" for all policies incepting in calendar year 2019:

WC Administration Revolving Fund Assessment:	0.014479
Uninsured Employers Benefits Trust Fund Assessment:	0.000831
Subsequent Injuries Benefits Trust Fund Assessment:	0.002737
Occupational Safety & Health Fund Assessment:	0.003765
Labor Enforcement & Compliance Fund Assessment:	0.003431
WC Fraud Account Assessment:	0.002878

State law requires the insurers to advance the money on behalf of their policyholders (the first installment is due on or before January 1, 2019; the balance is due on or before April 1, 2019), then recoup the funds via surcharges and assessments on all workers' compensation policies with 2019 inception dates. Assessment methodologies are provided in the memos DIR issued this week, and the memo to workers' compensation insurers also notes that "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 and the return of policyholder dividends.

To cover their share of the 2019 assessments, self-insured and California legally uninsured employers must apply the following rates against the total amount of workers' compensation indemnity they paid:

WC Administration Revolving Fund Assessment:	0.043810
Uninsured Employers Benefits Trust Fund Assessment:	0.003796
Subsequent Injuries Benefits Trust Fund Assessment:	0.010258
Occupational Safety & Health Fund Assessment:	0.011980
Labor Enforcement & Compliance Fund Assessment:	0.010617
WC Fraud Account Assessment:	0.008965

More details are included in the memos that DIR has mailed to workers' compensation insurers, self-insured employers, and California legally uninsured employers along with invoices for each company's share of the assessments and surcharges. DIR has posted those memos in the "What's New" section of its website at www.dir.ca.gov/dwc/. Any additional questions about the 2019 surcharges and assessments should be directed to Naomi Carter (NCarter@dir.ca.gov) at (415) 557-1020.

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