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BULLETIN

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The Department of Industrial Relations (DIR) has announced the 2025 assessment rates that California employers will pay to cover workers' compensation user funding (the Workers' Compensation Administration Revolving Fund), the Uninsured Employer Benefit Trust Fund, the Subsequent Injury Benefit 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' comp insurance, and
- finance Department of Insurance and District Attorneys' workers' compensation anti-fraud efforts.

In a memo posted on its website and mailed to workers' comp insurers, self-insured employers, and legally uninsured employers, the DIR announced that for 2025, total assessments for the six funds from all payers will total just over 2.06 billion prior to adjustments for current fund balances and any amounts under- or over-collected in 2024. After the adjustments, the total due from employers in 2025 for all six funds will be nearly $1.07 billion, down from $1.27 billion in 2024. 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 their policyholders' estimated annual "assessable premium" for all policies incepting in calendar year 2025:

2025 WC Administration Revolving Fund Assessment	**0.012370**
2025 Uninsured Employers Benefits Trust Fund Assessment	**0.000818**
2025 Subsequent Injuries Benefits Trust Fund Assessment	**0.030148**
2025 Occupational Safety & Health Fund Assessment	**0.001885**
2025 Labor Enforcement & Compliance Fund Assessment	**0.001058**
2025 WC Fraud Account Assessment	**0.004096**

State law requires insurers to advance the money on behalf of their policyholders (the first installment is due on or before Tuesday, January 1, 2025; the balance is due on or before Wednesday, April 1, 2025), then recoup the funds via surcharges and assessments on all workers' compensation policies with 2025 inception dates.

Assessment methodologies are provided in the memos DIR issued this week. The memo to insurers also notes that for single carriers that were not part of an insurer group that reported data to the WCIRB on an individual company basis for 2023, "Total California Direct Written Premium for assessment purposes is the amount reported for calendar year 2023 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." For insurers that were part of an insurer reporting group that reported data to the WCIRB for 2023, "Total California Direct Written Premium for assessment purposes is the product of (a) the total 2023 written premium reported to the WCIRB on the aforementioned basis and (b) the ratio of your 2023 California written premium as reported in the 2023 Statutory Annual Statement (these amounts include the effect of deductible credits and retrospective rating adjustments) to the total 2023 Statutory Annual Statement of California written premium reported for your insurer group as a whole."

To cover their share of the 2025 assessments, self-insured and California legally uninsured employers must apply the following rates against the total amount of workers' compensation indemnity they paid:

2025 WC Administration Revolving Fund Assessment	**0.018754**
2025 Uninsured Employers Benefits Trust Fund Assessment	**0.001085**
2025 Subsequent Injuries Benefits Trust Fund Assessment	**0.057041**
2025 Occupational Safety & Health Fund Assessment	**0.001177**
2025 Labor Enforcement & Compliance Fund Assessment	**0.000123**
2025 WC Fraud Account Assessment	**0.006624**

More details are included in the memo that DIR has mailed to workers' compensation insurers, self-insured employers, and California legally uninsured employers, along with the invoices for each company's share of the assessments and surcharges. DIR has also posted the memo to insurers, self-insureds, and legally uninsured employers, including the calculations used to determine the 2025 assessment rates, in the "What's New" section of its website at www.dir.ca.gov/dwc/. Questions about the 2025 surcharges and assessments may be emailed to DIRDWC_Assessment@dir.ca.gov.

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