

Worker's Compensation
201 East Washington Avenue
P.O. Box 7901
Madison, WI 53707-7901
Telephone: (608) 266-1340
Fax: (608) 267-0394
e-mail: dwdwc@dwd.wisconsin.gov
website: <http://dwd.wisconsin.gov/wc>



Worker's Compensation Insurance Letter

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| INS # | 487 |
| Date | October 27, 2011 |
| Program | Assessment |
| Type | Annual |
| Replaces | 485 |

To: Claims Handling Offices for Insurance Carriers and Self Insured Employers
From: John Metcalf, Division Administrator
Subject: FY2012 WORKER'S COMPENSATION ADMINISTRATIVE ASSESSMENT

Purpose: To communicate to insurance carriers and self-insured employers the new rate and assessment timing adjustment information for FY2012 through FY2014, along with the assessment invoice. The assessment had traditionally been issued each year at the end of December. To coordinate the annual assessment with the state fiscal year, the administrative assessment is being issued one month earlier each year to bring the issuance of the assessment in line with the beginning of the state fiscal year – July 1st. The FY2012 assessment is being issued in October 2011. **Also, to remind insurance carriers and self-insured employers that interest will accrue after 30 days on delinquent unpaid assessments.**

Background: Wisconsin Statute 102.75 authorizes the department to assess and collect the administration costs for the Wisconsin Worker's Compensation Act from worker's compensation insurance carriers and self-insured employers. Each company's indemnity amount is determined by summing the amounts paid for each "first closed" claim. Indemnity includes payments for temporary total and partial disability, permanent total and partial disability, compromises, death benefits and funeral expenses, paid holidays, supplemental benefits, disfigurement, and vocational rehabilitation.

The department's worker's compensation administration assessment rate is then computed by dividing the current fiscal year's net operating cost by the total indemnity payments from carriers and self-insurers for claims closed in the previous calendar year. The indemnity paid for 2010 first-closed claims was \$245,564,877. The Worker's Compensation Division's net operating revenue to be collected for FY 2012 is \$12,758,800. Based on this calculation (**\$12,758.800 :- \$245,564,877**), the general assessment rate is **5.20%**.

Self-insured employers are paying an additional **.88%** to cover the administrative cost of operating the self-insured employers program. Each self-insured employer invoice also includes the \$200 self-insured renewal fee for July 1, 2011 through June 30, 2012.

Each company's assessment amount was determined by multiplying its 2010 first-closed claims total indemnity payments by the rate indicated. Each company's claim detail listing is available on the division's web site (<http://dwd.wisconsin.gov/wc>) (Click on **INSURERS**, under **ADDITIONAL INFORMATION** click on **Assessment for Program Administration**, then click on **Assessment Reports using WAMS Security**).

Action Requested: Your company's assessment invoice for FY 2012 is enclosed. Make your check payable to DWD-Worker's Compensation and mail to the address on the invoice.

Inquiries: For questions on the assessment, contact Jean Culbert at 608-266-6898.

Enclosures: INVOICE

References: See the Worker's Compensation Division Web Site for claim detail.