

Special Assessment for Systemic Misreporting of Unit Statistical Report Data

Effective August 12, 2010

Revised August 2015

Notice

The *Special Assessment for Systemic Misreporting of Unit Statistical Report Data* was developed by the Workers' Compensation Insurance Rating Bureau of California for the convenience and guidance of its members. It does not bear the official approval of the Insurance Commissioner and is not a regulation.

© 2015 Workers' Compensation Insurance Rating Bureau of California. All rights reserved.

No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including, without limitation, photocopying and recording, or by any information storage or retrieval system without the prior written permission of the Workers' Compensation Insurance Rating Bureau of California (WCIRB), unless such copying is expressly permitted in this copyright notice or by federal copyright law. No copyright is claimed in the text of statutes and regulations quoted within this work.

Each WCIRB member company, including any registered third-party entities, (Company) is authorized to reproduce any part of this work solely for the following purposes in connection with the transaction of workers' compensation insurance: (1) as necessary in connection with Company's required filings with the California Department of Insurance; (2) to incorporate portions of this work, as necessary, into Company manuals distributed at no charge only to Company employees; and (3) to the extent reasonably necessary for the training of Company personnel. This reproduction right does not include the right to make any part of this work available on any website or on any form of social media.

Workers' Compensation Insurance Rating Bureau of California, WCIRB, WCIRB California, WCIRB Online, X-Mod Direct, eSCAD and the WCIRB California logo (WCIRB Marks) are registered trademarks or service marks of the WCIRB. WCIRB Marks may not be displayed or used in any manner without the WCIRB's prior written permission. Any permitted copying of this work must maintain any and all trademarks and/or service marks on all copies.

To seek permission to use any of the WCIRB Marks or any copyrighted material, please contact the Workers' Compensation Insurance Rating Bureau of California at customerservice@wcirb.com.

The WCIRB Governing Committee, at its August 12, 2010 meeting, adopted a program that levies assessments for systemic misreporting of unit statistical report (USR) data (Special Assessment). This Special Assessment, subject to a minimum of \$10,000 and a maximum of 0.1% (0.001) of the insurer's¹ direct written premium at the advisory pure premium rate level for the most recent complete calendar year (January 1 to December 31) reported to the WCIRB on the *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year) that has been certified as to its accuracy on the *WCIRB Financial Call Data Certification* (due by June of the following year) submitted by the insurer at the time the insurer was formally notified in writing of the potential application of this Special Assessment due to systemic USR reporting errors, shall be levied by the WCIRB president if it is determined that an insurer's USR submissions were materially inaccurate due to a widespread systemic failure or deficiency that caused numerous experience modifications to be incorrect. In setting the magnitude of the special assessment, the president shall consider the following aspects:

1. The number of incorrect experience modifications issued based on USR corrections required to be submitted.
2. The magnitude of the impact on experience modifications.
3. The nature and extent to which the accuracy of other reported data was affected (e.g., aggregate financial data calls). If the data reporting deficiency is subject to remediation under a different plan such as the *Program for Submission of California Aggregate Data*, adjustment for this aspect will not be made to determine this Special Assessment.
4. Whether the insurer voluntarily identified the systemic deficiency or the deficiency was reported after the WCIRB initiated an inquiry.
5. How quickly the systemic deficiency was resolved and the inaccurate submissions corrected.

If the insurer fails to address or correct the deficiency within a reasonable period of time, the president may refer the matter to the Governing Committee.

An insurer may appeal the special assessment or other administrative action taken by the president to the WCIRB Governing Committee, provided such appeal is received by the WCIRB no later than 60 days after the date the WCIRB provided written notice that a special assessment was being levied or other administrative action was being taken. The appeal should include a detailed explanation as to the reason the assessment or other administrative action being taken is inappropriate.

The WCIRB will acknowledge an appeal within 10 business days of receipt. All appeals of assessments or other administrative actions must be in writing and sent to the attention of the president at the WCIRB's home office:

Workers' Compensation Insurance Rating Bureau of California
Attention: WCIRB President
1901 Harrison St, 17th Floor
Oakland, CA 94612

Notwithstanding the USR special assessment levied by the president, the WCIRB Governing Committee may impose any additional lawful disciplinary action it deems necessary, reasonable, or appropriate to encourage the insurer's implementation of adequate remedial measures, including reporting the insurer to the California Insurance Commissioner.

¹ Affiliated insurers (groups) shall be treated as a single insurer.



1901 Harrison, 17th Floor
Oakland, CA 94612
Voice 415.777.0777 Fax
415.778.7007
www.wcirb.com
wcirb@wcirb.com