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State of Wisconsin  
Department of Workforce Development

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INS Letter 370

Wisconsin Self-Insured Employers

FROM: Gregory Krohm  
Administrator

Worker's Compensation Administrative Assessment and Self-Insurers Program Assessment

The Department of Workforce Development is authorized per Section 102.75, Wis. Stats., to assess and collect the cost of administering the Wisconsin Worker's Compensation Act from worker's compensation insurance carriers and employers exempted from the duty to insure per Section 102.28 (2)(b). The department is also authorized in Section 102.28 (2)(b) to promulgate rules to establish initial application fees and renewal application fees for self-insured employers. These fees are established in the department's administrative rules (DWD 80.60) and are intended to collect the amount of funds needed to administer the department's self-insurers program.

The department's worker's compensation administration assessment rate is computed by dividing the current fiscal year's net operating cost, less self-insurers program costs, by the total indemnity payments by carriers and self-insurers for claims closed in the previous calendar year. Indemnity payments include 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 total indemnity paid for first closed claims in 1995 was \$195,173,372. The department's worker's compensation net operating cost for fiscal year 1997 is \$9,427,796. Based on these costs divided by first closed indemnity payments ( $\$9,427,796 / \$195,173,372$ ), the general administrative assessment rate is 0.0483 or 4.83%.

The department's costs to administer the self-insured program in fiscal year 1997 is \$161,700. The total of new application fees (\$1,100 per applicant) and renewal application fees (\$200 per applicant) is \$43,300. This leaves \$118,400 to be collected through a self-insurers assessment. This assessment is being collected at a rate of 0.64% of total 1995 indemnity payments for first closed claims ( $\$118,400 / \$18,557,633 = 0.0064$ ). Therefore, self-insured employers are being assessed 4.83%, plus an additional 0.64%, of their 1995 first closed indemnity payments, and the \$200 renewal application fee.

A listing of your company's 1995 claims with indemnity amounts is enclosed. Your company's claim detail listing will also be available on the division's internet web site (see letterhead for address) under "Promptness/Assessment".

*The invoice for your company's worker's compensation assessment for fiscal year 1997 is enclosed. Payment is due by April 1, 1997. Please make your check or money order payable to DWD-Worker's Compensation and mail it to the address indicated on the invoice.*

If you have questions about your company's assessment, please contact Jean Culbert at (608) 266-6898.