STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

ORDER REQUIRING WORKERS' COMPENSATION INSURERS TO REPORT FEDERAL INCOME TAX DATA
(California Insurance Code sections 11730(k) and 11735 et seq.)

WHEREAS, the United States federal government enacted the Tax Jobs and Cuts Act of 2017, signed into law by President Trump on December 22, 2017; and

WHEREAS, the Tax Jobs and Cuts Act of 2017 reduces the corporate tax rate from 35% to 21%, effective 2018;

ORDER

IT IS ORDERED, pursuant to authority granted to the Insurance Commissioner by law under California Insurance Code sections 11730(k) and 11735 et seq. that every insurer licensed to write workers' compensation insurance in the State of California:

1. Shall make a rate filing through the System for Electronic Rates and Forms Filing (SERFF) to report the dollar amount of their tax savings by December 31, 2018, and on a yearly basis through December 31, 2020;

2. Shall report in their rate filings, as supplemental information, a detailed calculation, along with the supporting data used, reflecting the percentage to which the tax savings impacts their rates and include an explanation of the calculation as well as the underlying assumptions so that any rate impact must be adjusted in the underwriting expense load that is part of the rate application; and

3. Shall provide in their rate filings a detailed explanation if they have determined that there is no rate impact, stating why the reduction in the federal corporate tax rate does not affect their rates.

IT IS SO ORDERED THIS 2nd DATE OF July, 2018.

Dave Jones

DAVE JONES
Insurance Commissioner