

Instructions

Call for Direct California Workers' Compensation

Annual Call for Direct California Workers' Compensation Expense Information for Calendar Year 20xx (CA-EX-20xx)

The information reported must be in accordance with the following:

Section I: Expense Exhibit (Pages 1 - 4):

- (a) Include experience (premium, losses, claim counts and expenses) from:
- Deductible policies on a gross (first dollar) basis, except for figures in Questions 17a to 17f which are on a net-of-deductible basis
 - Standard workers' compensation policies
 - Employers liability increased limits
 - Minimum premiums
 - Salvage and subrogation
- (b) Exclude experience (premium, losses, claim counts and expenses) from:
- Ceded reinsurance
 - Reinsurance assumed
 - Excess insurance
 - USL&H insurance
 - Private residence employee insurance
 - National Defense Project insurance
- (c) Exclude the impact of the following items from all reported premiums:
- Application of any deductible credits
 - Application of any retrospective rating plan adjustments
 - California Insurance Guarantee Association (CIGA) assessments
 - California Workers' Compensation Revolving Fund assessments
 - California Workers' Compensation fraud surcharges
 - Uninsured Employers Trust Fund Assessment
 - Subsequent Injuries Benefits Trust Fund Assessment
 - Occupational Safety & Health Fund assessments
 - Labor Enforcement & Compliance Fund assessments
 - Any charge for terrorism coverage pursuant to the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Extension Act of 2005, or the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015.
- (d) Earned Premium (line 1 on Page 1, Section I "Expense Exhibit" of this Call) must be identical to the earned premium reported on Part b, Column (1) Total of Section III, Calendar Year Exhibit of the Call for Direct California Workers' Compensation Experience, Fourth Quarter of Calendar Year 20xx (CA-QT-4Qxx). (Please refer to the definition of "Final Premium" in Part 4, Section II of the *California Workers' Compensation Uniform Statistical Reporting Plan – 1995* (USRP), available on the WCIRB website at <http://www.wcirb.com/document/123>, for a more detailed definition of premium to be reported to the WCIRB.)
- (e) Earned but not billed or booked (EBUB) premium must be included in Earned Premium.
- (f) Incurred Losses (line 2 on Page 1, Section I "Expense Exhibit" of this Call) must be identical to the incurred losses reported on Column (6), Line (e), "YTD Change," in Section II, Accident Year Exhibit of CA-QT-4Qxx. The costs of medical cost containment programs (MCCP)

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incurred during calendar year 20xx on claims covered by policies incepting **prior to** July 1, 2010 only is to be included, except for those related to independent bill review (IBR) and independent medical review (IMR), i.e., IBR and IMR costs are **not** to be included on this line.

- (g) Premium and losses from large deductible rating programs should first be adjusted to a full coverage basis prior to making premium or loss apportionments of national workers' compensation expense data to California.
- (h) In making apportionments of various countrywide workers' compensation expenses to California, countrywide expense amounts should be gross of any reimbursements of assigned risk servicing insurer fees.
- (i) Allocated loss adjustment expenses incurred must be reported in accordance with the definition of "Allocated Loss Adjustment Expenses" in Part 4, Section II of the USRP, available on the WCIRB website at <http://www.wcirb.com/document/123>. For claims arising from policies incepting on or after July 1, 2010, the costs of all MCCP (including IBR and IMR) paid is included in incurred allocated loss adjustment expenses. For claims arising from policies incepting prior to July 1, 2010, only IBR and IMR (and no other MCCP) paid is included in incurred allocated loss adjustment expenses.
- (j) For companies writing workers' compensation only in California, unallocated loss adjustment expense incurred or paid (lines 4a and 4b on Page 1, Section I "Expense Exhibit" of this Call) must be reported in accordance with the definition of "Unallocated Loss Adjustment Expenses" in Part 4, Section II of the USRP, available on the WCIRB website at <http://www.wcirb.com/document/123>.

For companies writing workers' compensation in other states as well as in California, the countrywide workers' compensation unallocated loss adjustment expense determined as specified in the above paragraph may be apportioned to California based upon an appropriate apportionment methodology..

- (k) Commission and brokerage expenses must be reported on a basis consistent with line 16, column 11, of the 20xx Annual Statement California Exhibit of Premiums and Losses (Statutory Page 14 Data), subject to the exceptions outlined in paragraphs (a) and (b) above.
- (l) Taxes, licenses and fee expenses must be reported on a basis consistent with line 16, column 12, of the 20xx Annual Statement California Exhibit of Premiums and Losses (Statutory Page 14 Data), subject to the exceptions outlined in paragraphs (a) and (b) above.
- (m) The ~~individual expense components of~~ other acquisition expenses and general expenses (operating expense classifications 3 to 18 and 24 in Part I of the 20xx Insurance Expense Exhibit, or IEE) must be reported on a basis consistent with the amounts reported in the IEE, subject to the exceptions outlined in paragraphs (a) and (b) above.

~~If an individual expense component of other acquisition expense or general expense is directly available for California workers' compensation, it must be reported. Otherwise, the following procedure to apportion countrywide expenses to California workers' compensation must be followed:~~

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~~i. The countrywide workers' compensation other acquisition expenses incurred and general expenses incurred shown in line 16, column 27, and line 16, column 29, of Part III of the 20xx IEE, subject to the exceptions outlined in paragraphs (a) and (b) above, may be apportioned to California workers' compensation based on the ratio of California workers' compensation Earned Premium (line 1 on page 1 of this Call) to countrywide earned workers' compensation premium computed on the same basis (i.e., subject to the exceptions outlined in paragraphs (a) and (b) above).~~

~~ii. The amount to be reported for a particular other acquisition expense component may be determined as the product of the total other acquisition expenses apportioned to California in the paragraph above and the ratio of the amount reported for the particular expense component in column 2 of Part I of the 20xx IEE to the sum of line 19, column 2, and line 24, column 2, of Part I of the 20xx IEE.~~

~~[For example, if \$1 million of countrywide workers' compensation other acquisition expenses were apportioned to California in accordance with the instruction in (i) above and the amount of countrywide advertising expenses assigned to other acquisition expenses (IEE Part I, line 4, column 2) was 10% of the total of all other acquisition expense components (sum of IEE, Part I, column 2, lines 19 and 24), \$100,000 would be reported in the Call for the advertising component of other acquisition expenses in this Call (line 7b on page 1 of this Call).]~~

~~iii. The amount to be reported for a particular expense component of general expense may be determined as the product of the total general expenses apportioned to California as specified above and the ratio of the particular expense item in column 3 of Part I of the 20xx IEE to the sum of line 19, column 3, and line 24, column 3, of Part I of the 20xx IEE.~~

~~For each expense component, indicate whether the amount is an actual California expense or derived based on the apportionment method described above by marking the appropriate letter in the column labeled "Actual California (C) or Apportionment (A)".~~

- (n) Civil or criminal fines, penalties or punitive damages incurred must include all penalties, fines or punitive damages imposed by any court of law in civil or criminal actions pertaining to or arising from California workers' compensation business. (These amounts are also to be included in other Call items as appropriate.)
- (o) Additional penalties or fines incurred (other than civil or criminal fines, penalties or punitive damages) must include those imposed by the WCIRB, the Department of Insurance, the Department of Industrial Relations, or any state agency pertaining to or arising from California workers' compensation business. (These amounts are also to be included in other Call items as appropriate.) Automatic increases to late indemnity payments made pursuant to Labor Code Section 4650 must be included in this category.

- (p) Attorney expenses:

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- i. Applicant attorney expenses - includes all amounts for applicant attorney and other legal fees specified in an award, including any applicant attorney fees resulting from vocational rehabilitation maintenance allowance or penalty awards and fees for depositions on behalf of the claimant.
- ii. Defense attorney expenses - amounts paid in connection with the defense of a controverted claim, including:
 1. Amounts paid for legal representation, whether in-house or outside counsel.
 2. Amounts paid for in-house or outside non-attorney hearing representatives.
 3. The cost of in-house legal department support staff and other legal department expenses related to the defense of controverted claims. (These expenses contemplate in-house legal department salary-related and overhead expenses that are similar to those contemplated in legal fees paid to outside defense attorneys and applicant attorneys.)

Expenses associated with claims which are later determined to be non-compensable must be included with the expenses of other compensable claims. The cost of outside copying services, investigation, special insurance units and normal claims department functions must be excluded. The expense associated with employers' liability claims must also be excluded.

- (q) For countrywide amounts in Question 17a, 17b and 17c, IEE Incurred ULAE must be reported on a basis consistent with line 16, column 11, of Part III of the 20xx IEE. IEE ULAE Reserves must be reported on a basis consistent with line 16, column 17, of Part III of the 20xx IEE. The amount for Paid ULAE may be determined as the 20xx IEE Incurred ULAE amount minus the change in IEE ULAE Reserves from the prior year; column 11 of Part III of the 20xx IEE minus (column 17 of Part III of the 20xx IEE minus column 17 of Part III of the 20xx-1 IEE).
- (r) For countrywide amounts in Question 17d, 17e and 17f, IEE Incurred Losses must be reported on a basis consistent with line 16, column 7, of Part III of the 20xx IEE. IEE Loss Reserves must be reported on a basis consistent with line 16, column 13, of Part III of the 20xx IEE. The amount for Paid Losses may be determined as the 20xx IEE Incurred Loss amount minus the change in IEE Loss Reserves from the prior year; column 7 of Part III of the 20xx IEE minus (column 13 of Part III of the 20xx IEE minus column 13 of Part III of the 20xx-1 IEE).
- (s) For countrywide paid loss below deductibles in Question 17g, it is the difference between the countrywide first-dollar (gross-of-deductible) paid loss amount and the countrywide net-of-deductible paid loss amount that is reported in Question 17f.

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- (t) In Question 17h, the countrywide open indemnity claim counts must be reported on a basis consistent with the prior calendar year's year-end Total Open Indemnity Claim Counts reported in the total line of column 11 of the Accident Year Exhibit of the Fourth Quarter Calendar Year Call (CA-QT-4Qyy), which pertains only to accident years 1989 and forward. For the CA-QT-4Qyy data call, the "yy" year is to be **one year prior** to the "xx" year of this CA-EX-20xx data call. Note that for Question 17h, countrywide claim counts, rather than California claim counts, are to be reported. (As an example, Total Open Indemnity Claim Counts in Question 17h of the Calendar Year 2017 Expense Call (CA-EX-2017) should be the countrywide version of the total line of column 11 of the Accident Year Exhibit of the CA-QT-4Q16 Quarterly Call which is as of December 31, 2016.) For guidance on the terms "open claims" and "indemnity claims", please refer to the [Quarterly Call instructions](#) and/or the [Claim Count Guidelines](#).
- (u) For the countrywide amount of total calendar year paid losses in Question 19b, provide either the countrywide paid loss dollars net of deductibles of the TPA-handled claims from deductible policies for which the associated claims-handling costs or fees of the TPA are not included in the ULAE reported on Part III, line 16 of the IEE or an estimate of this loss as a percentage of total countrywide paid losses net of deductibles of all workers' compensation policies.
- (v) For the countrywide amount of total calendar year paid losses in Question 20b, provide either the loss dollars of the claims from non-deductible policies that are handled by TPAs for which the associated claims-handling costs or fees of the TPA are not included in the ULAE reported on Part III, line 16 of the IEE or an estimate of this loss amount as a percentage of total countrywide paid losses net of deductibles of all workers' compensation policies.

The following example illustrates the calculations for Questions 19 and 20

Suppose the following values or estimates of them are available:

(1)	Total IEE paid losses (net of deductible)	\$1,000,000
	(1) = (2a) + (3a)	

(2a)	Countrywide paid losses from all deductible policies	\$800,000
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(2b)	Countrywide net paid losses of the TPA-handled claims from deductible policies for which the associated claims-handling costs or fees of the TPA are not included in the ULAE reported on Part III, line 16 of the IEE	\$100,000
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(3a)	Countrywide paid losses from all non-deductible policies	\$200,000
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(3b)	Countrywide net paid losses of the TPA-handled claims from non-deductible policies for which the associated claims-handling costs or fees of the TPA are not included in the ULAE reported on Part III, line 16 of the IEE	\$25,000
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The value for Question 19b:

(4a)	if reported as a dollar amount	\$100,000
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(4a) = (2b)

(4b)	if reported as a percentage	10%
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(4b) = (2b) / (1)

The value for Question 20b:

(5a)	if reported as a dollar amount	\$25,000
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(5a) = (3b)

(5b)	if reported as a percentage	3%
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(5b) = (3b) / (1)

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Section II: Reconciliation Report Exhibit (Pages 5 - 6):

- (w) The purpose of the Reconciliation Report Exhibit is to reconcile the data reported on Section I, Expense Exhibit, of this Call with that reported on the insurers' Annual Statement Exhibit of Premiums and Losses (Statutory Page 14 Data).
- (x) Direct Earned Premium and Direct Incurred Losses reported on page 5, line 1 of this Call must be equal to the Earned Premium and Incurred Losses reported on lines 1 and 2 of page 1, Section I, "Expense Call Exhibit," of this Call.
- (y) The amounts of deductible credits and loss deductible amounts must be reported on page 5, line 2 of this Call. The deductible credit and loss deductible amounts on line 2 are then subtracted from the amounts in line 1 to arrive at net (after the application) of deductible credit and loss deductible amounts to be entered on page 5, line 3.
- (z) When the sum of items that are specifically excluded from the premium and loss data reported on page 1, lines 1 and 2 of this Call but included in the Annual Statement Exhibit of Premiums and Losses (Statutory Page 14 Data) as shown on page 5, line 11 of this Call are added to the reported premium and loss amounts as shown on page 5, line 1 of this Call, the result is compared to the corresponding figures on the Exhibit of Premiums and Losses (Statutory Page 14 Data) of the Annual Statement as shown on page 5, line 12. Differences are shown on page 5, line 13 of this Call. Differences that are larger than \$1,000, if any, need to be explained in the Reconcilable Items area provided on the bottom of page 5 of this Call.
- (aa) The experience reported on page 5 of this Call must be for the same company or companies as the company or companies whose experience is reported in Section I "Expense Call Exhibit" of this Call. On page 6 of Section II "Reconciliation Report Exhibit," each company whose data is included on page 5 must be listed individually with its California Direct Written Premium, California Direct Earned Premium, California Dividends Paid, and California Direct Incurred Losses from the Exhibit of Premiums and Losses (Statutory Page 14 Data) of the individual company's Annual Statement. Please note that the sum of the California Direct Earned Premiums and the sum of the California Direct Incurred Losses reported on page 6 must equal the corresponding amounts reported on page 5 of this Call.

Applicable to both Section I & Section II:

- (bb) All data reported on this call must be on a calendar year basis, which means that premiums, losses and expenses from all transactions that occurred during year 20xx must be included, regardless of the effective year of policies or year of accident of claims involved.
- (cc) Insurers who are members of an affiliated group are encouraged to file on a combined group ("consolidated") basis. However, all members of the group must be individually listed. All data calls for the same evaluation period submitted to the WCIRB must be made under the same grouping structure. Any changes to the reporting group must be communicated to and approved by WCIRB prior to reporting data under the new grouping.

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- (dd) Use of the eSCAD® web-based application to submit data is highly encouraged. Insurers with access to the eSCAD application should submit this data call online via eSCAD. Non-eSCAD submissions using only WCIRB forms and/or templates are permitted for insurers who do not yet have access to eSCAD, subject to a \$250 processing fee for each submission of this data call. For all non-eSCAD submissions: (i) reported amounts must be rounded to whole dollars; (ii) Negative amounts must be displayed enclosed within parentheses; (iii) the vertical totals must equal their corresponding sum of rounded details shown on the forms, not the rounded sum of actual details.
- (ee) All negative amounts must be explained.
- (ff) The aforementioned data call is subject to the SCAD program (program for Submission of California Aggregate Data). Refer to the [SCAD Program](#) effective July 1, 2010 for details. A comprehensive listing of the edits used to check the accuracy of submitted call data is available by clicking on the Help link in eSCAD.