

WCIRB Bulletin

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California Department of Insurance Order Requiring Workers' Compensation Insurers to Report Federal Income Tax Data

The California Department of Insurance (CDI) asked the WCIRB to notify its members about the attached Order from the Insurance Commissioner dated July 2, 2018. This Order requires every insurer licensed to write workers' compensation insurance in California to make a rate filing with the CDI regarding the amount of their tax savings resulting from the Tax Jobs and Cuts Act of 2017 and provide the CDI information about the impact of those savings on rates. The initial rate filing is due by December 31, 2018 and filings are due annually thereafter through December 31, 2020. Please see the attached Order for more details.

If you have any questions pertaining to this Order, please contact the CDI at wctaxsavings@insurance.ca.gov.

The CDI's Order is available to view or download on the WCIRB's website wcirb.com on the [Underwriters](#) page.



**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