

Explanation of Insurance Surcharges

By law, all California insurance carriers must participate in the surcharge programs described below. This participation involves collecting statutory surcharges from policyholders, through premium charges, to assure adequate funding for each program.

WCFA SURCHARGE

California Labor Code Section 62.6

The Workers' Compensation Fraud Assessment surcharge funds investigating and prosecuting workers' compensation fraud, a felony punishable up to 5 years in prison and/or the greater of a fine up to \$150,000, or double the value of the fraud.

WCA SURCHARGE

California Labor Code Section 62.5

The Workers' Compensation Administration Revolving Fund surcharge helps to fund administration of the workers' compensation system, the return to work program, and employers' workers' compensation coverage compliance enforcement. Additional funding comes from administrative fines, penalties, and fees.

UEBT SURCHARGE

California Labor Code Section 62.5

The Uninsured Employers Benefits Trust Fund surcharge pays for benefits to injured employees of illegally uninsured employers.

SIBT SURCHARGE

California Labor Code Section 62.5

The Subsequent Injuries Benefits Trust Fund pays benefits to workers who have suffered serious injury and who are suffering from previous and serious permanent disabilities or physical impairments.

OSHF SURCHARGE

California Labor Code Section 62.5

The Occupational Safety and Health Fund surcharge promotes safe and healthful working conditions for California's workers by funding state safety and health agencies to implement and enforce occupational health and safety laws.

LEC SURCHARGE

California Labor Code Section 62.5

ABX4-12 (2009) established the Labor Enforcement and Compliance (LEC) Fund surcharge to enforce employer compliance with labor standards and securing workers' compensation insurance by funding the Division of Labor Standards Enforcement (DLSE).

CA SURCHARGE (CIGA)

California Insurance Code Section 1063.5

The CA surcharge funds the California Insurance Guarantee Association (CIGA), which settles unpaid claims of insolvent insurers. Through CIGA, the entire insurance industry assumes responsibility for a defunct carrier's obligations to its claimants. If an assessed surcharge applies to your policy, the final bill will state:

- WCFA SURCHARGE
- UEBT SURCHARGE
- OSHF SURCHARGE
- CA SURCHARGE
- WCA SURCHARGE
- SIBT SURCHARGE
- LEC SURCHARGE

