


**Workers' Compensation Premium Calculation**



Employer Education Series This presentation is for informational purposes only and not meant to be taken as legal advice. **State Fund**

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**Our Speakers**



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**California's Standard Classification System**



The **Workers' Compensation Insurance Rating Bureau (WCIRB)** regulates and maintains California's Standard Classification System rules and regulations.

- **Groups businesses with similar operations**
- **Reflects the risk of losses common to those employers**

*Classifying your business operations is the first step in pricing a workers' compensation policy.*

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### Classifying a Business Operation

**How are businesses classified??**

- What is the purpose of the business?
- How does the business make money?
- How does the business accomplish their purpose?



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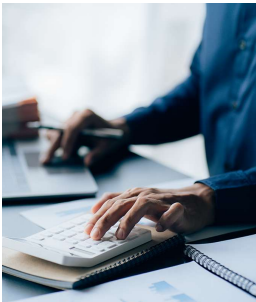
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### WCIRB Pure Premium Rates

**Each classification code represents a different set of work hazards and duties and therefore has its own unique Pure Premium Rate.**

*Pure Premium Rates are adjusted by insurance carriers to include their operating expenses.*



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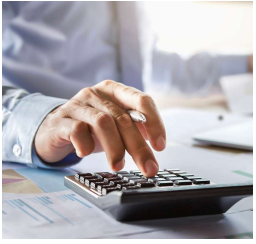
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### Base Rates

**Your policy premium calculation begins with Base Rates.**

- Base Rates are multiplied per \$100 of estimated payroll for each class code.
- Estimated premiums by class code are totaled to develop your **Estimated Base Premium.**



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### State Fund Base Rates


State Fund uses multiple risk factors when determining the specific base rates for your policy.

Here are a few examples:

- Claims frequency
- Years in business
- Average annual wages
- Your business' financial health (D&B)



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### Experience Modifications

- Merit-based system
- Calculated by WCIRB
- Modifies a qualifying employer's workers' comp premium based on their loss and payroll history
- Expressed as a factor that adjusts premium as either a credit or debit

Your experience mod is applied to your Estimated Base Premium to develop your **Estimated Standard Premium**.



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### Experience Rating

- WCIRB examines a **3-year period of losses and payroll** for an employer to see if they qualify
- Employers must meet the **annual threshold to qualify**
- Annual threshold for all qualified employers is calculated each year
- Experience rating is mandatory for those who qualify

**Current Eligibility Threshold effective September 1, 2025 is \$10,800.**



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## Slide 9

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**NT1** Added definition of Expected Loss Rate (in BOLD) and added current threshold to slide.

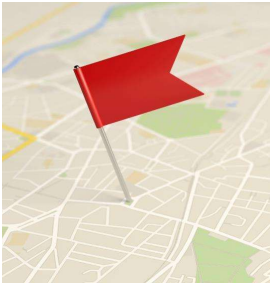
Nancy A. Terrill, 2025-10-23T18:02:04.942

**Territory Modifier**


A Territory Modifier is the next step in developing your premium.

- State Fund's territory modifiers are a combination of territory and industry.
- Territory and industry are based on the Governing Location.
- Governing Location is the business's location with the highest payroll exposure.

The territory modifier is applied the **Estimated Standard Premium.**



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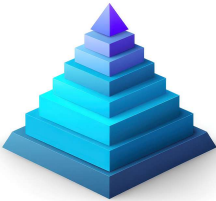
**Tier Modifier**

Next, a Tier Modifier is applied.


The purpose of the Tier Modifier is to adjust your base rates based on your individual business characteristics, such as:

- Loss History
- Industry
- Number of Locations and Payroll Exposure
- Financial Health (D&B score)

The Tier Modifier is applied the **Estimated Standard Premium.**



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**Risk Evaluation**

An underwriter may adjust pricing based on a business's unique workplace physical characteristics and safety practices.


Underwriters evaluate:

- Business Operations and Risks
- Management Business Practices
- Management Safety Practices

*At State Fund, this level of risk evaluation is done on policies with \$50,000 and greater in Estimated Standard Premium.*



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## Slide 13

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**NT1** A few edits to the slide notes  
Nancy A. Terrill, 2025-10-24T17:36:13.005

## Slide 14

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**NT1** Added last sentence  
Nancy A. Terrill, 2025-10-24T00:32:00.997





### Pay Based on Payroll - State Fund Online

4. Fill out the number of full and part time employees (mandatory) and payroll amounts for each class codes listed.

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### Monthly Payroll Reporting - State Fund Online

5. Review total payroll. Click "CONTINUE".

Item	Estimated Total Payroll	Total Payroll
Payroll	\$0.00	\$0.00

6. Verify your payroll then click on the box affirming the accuracy of the amount.

Rating Period	Estimated Total Payroll	Reported Payroll	Amount	Payroll ID
12/15/2024 - 01/15/2025	\$0.00	\$0.00	\$0.00	0000
		Total Payroll:	\$0.00	
		Balance Due:	\$0.00	

By checking this box I certify that the above reported payroll accurately reflects the total wages, salaries, and other compensation paid to all employees (including independent contractors or contractors without 90% coverage during the period covered) UNDEREMPLOYMENT OF SUCH ACCOUNTS IS A VIOLATION OF CALIFORNIA PUBLIC EMPLOYEES.

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### Premium Payments- State Fund Online

7. Next, read and accept the "Website Transfer Acknowledgement".

Input an email address where you'd like your receipt sent.

Click "CONTINUE" and you'll be sent to our payment vendor, One Inc., where you can make your payment.

8. Choose between paying with a credit/debit card or a direct withdrawal from a bank account.

Click on the corresponding button labeled for that choice.

NOTE: One Inc. charges a 2.99% processing fee for credit and debit transactions. There is no charge for paying from a bank account.

Next, fill out the requested data for either your credit/debit card or your bank account. Click on "REVIEW".

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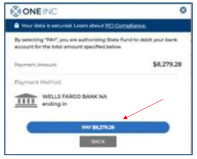
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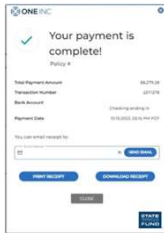
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### Premium Payments- State Fund Online




9. The next screen allows you to confirm your payment. This screen includes the processing fee if a credit or debit card is used. Once you review the payment details, click the "PAY" button showing the amount.



10. The "Your payment is complete!" screen will pop up once your payment is processed. You'll have the option to send the receipt via email, print, or download it. Click on "CLOSE" to close the window.

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### We're More Than Workers' Comp Insurance



- Fast, reliable claims handling
- Advanced fraud protection
- Free education and training resources
- Best-in-class safety and health services
- Local and regional underwriting expertise
- Financial strength and longstanding commitment to California
- Serving California businesses for over 100 years
- Not-for-profit status and customer-first focus

**Together we'll keep California working.**

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### Thank you for making State Fund your carrier of choice

Visit us at [StateFundCA.com](http://StateFundCA.com)


**Customer Support Center:**  
(888) 782-8338

For safety resources visit [SafeAtWorkCA.com](http://SafeAtWorkCA.com)

**Safety Support Unit:**  
(800) 675-2667



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