



Workers' Compensation

Lawrence Berkeley
National Laboratory

Financial Policies and Procedures

Part II

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Primary contact:	Budget Office, Indirect Budget Manager

Summary

The purpose of this policy is to define the procedure for expensing Workers' Compensation at the Laboratory.

Policy

Background

The Laboratory participates in the UC Workers' Compensation Self-Insurance Program. It funds their annual portion of this program each year based on the results of an independent actuarial study. The study's objective is to estimate the funding required for a given fiscal year and recommend accrual rates for each UC location. The rates are identified as a rate per one hundred dollars of payroll. The independent actuarial study results are available around January of each calendar year and the recommended rates are applicable for the next fiscal year. The actuarial study does not account for claims incurred but not reported (IBNR) because of DOE's prohibition against recognizing contingencies. The practice of not accounting for IBNR claims can contribute to underfunding the workers' compensation plan and result in deficits.

Procedures

Standard Practice

Each month the Laboratory costs its share of the UC Workers' Compensation Self-Insurance Program to payroll burden, based on applying the independent actuarial recommended rate for a given fiscal year to the monthly payroll costs. Deficit or surplus funding amounts for Workers' Compensation are charged to payroll burden as an adjustment to the current year, or charged to payroll burden during future fiscal years, via the actuarial recommended rates.

Any additional adjustments for deficit or surplus funding amounts reported by the actuary will be based on an assessment of the Laboratory's recent history of actuarially determined deficits and surpluses.

Financial Policies and Procedures Manual

Roles and Responsibilities

It is the responsibility of the Budget Officer to ensure that the Workers' Compensation costs are expensed in compliance with the above Laboratory policies and procedures, and all supporting documentation is retained.

Authority

- Department of Energy Prime Contract 31, Clause I.38 – FAR 52.230-2 Cost Accounting Standards (APR 1998).

Contacts

- Indirect Budget Manager
- Budget Officer

Glossary

- *Workers' Compensation:* Insurance (paid for by the employer) that provides cash benefits and medical care if an employee becomes disabled because of an injury or sickness related to the employee's job.