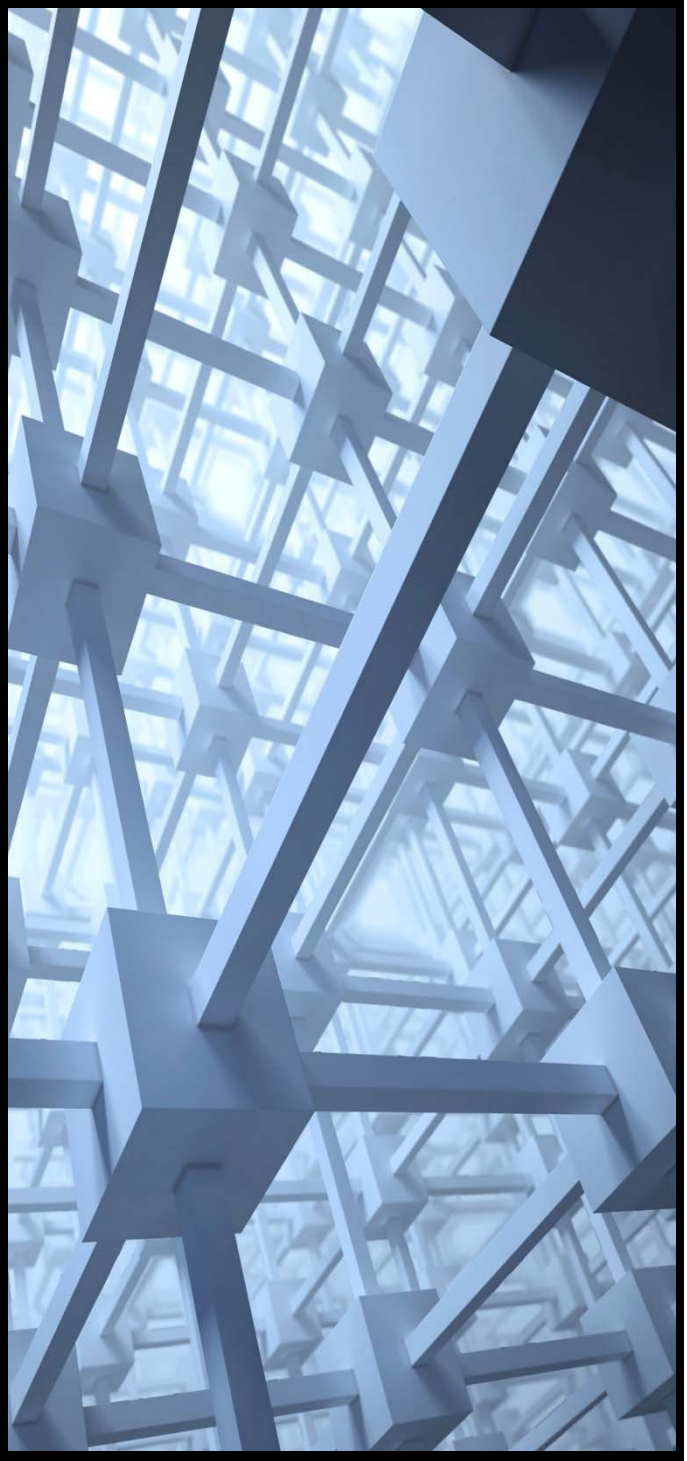
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Classification Relativity Data

All Classifications Statewide

January 1, 2018

This product contains California workers' compensation classification relativity data that is used in determining the proposed advisory pure premium rates.



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Classification Relativity Data

All Classifications Statewide

Product Description

This product contains California workers' compensation classification relativity data that is used in determining the proposed advisory pure premium rates. The product is available for download from the Publications and Filings page of the WCIRB website (www.wcirb.com).

The classification relativity indicates the change in each classification's relative share of the total statewide losses. Specifically, each classification's relativity is based on the claim and payroll experience of employers assigned to that classification compared to the claim and payroll experience of employers assigned to other classifications. The most recent claim and payroll experience by classification reported in accordance with the *California Workers' Compensation Uniform Statistical Reporting Plan – 1995* available at the time of compilation is the basis of the data used in developing classification relativities.

An in-depth discussion of the classification relativities, the computations involved and supplementary exhibits specific to each set of classification relativities may be obtained from the WCIRB's website at www.wcirb.com. From the "Publications and Filings" menu item, select "Filings" and click the filing effective date corresponding to the specified set of classification relativity data. For example, the "2018" Set of classification relativity data corresponds to the "January 1, 2018" link. Next, click "WCIRB Regulatory Filing - Complete", and navigate to "Part A, Section C, Appendix C" for a discussion of "Computation of Classification Relativities".

The data in this product reflects historical information provided by the WCIRB's members and others and does not in any way represent the WCIRB's views, opinions or recommendations concerning the proper use of the data or this product. The WCIRB specifically disclaims all representations and warranties, whether express or implied, with respect to the accuracy, completeness, reliability or quality of any information provided herein.

Data Elements

1. **Class Code**
   This represents the WCIRB's standard four-digit industry classification in which the experience has been reported. In the instance where multiple classifications are listed, the experience for all listed classifications is combined into a single classification relativity review sheet. (The WCIRB's current Standard Classification system is included in Part 3 of the *California Workers' Compensation Uniform Statistical Reporting Plan — 1995*.)
2. **North American Industry Classification System (NAICS) Sector**
   This field represents the North American Industry Classification System sector to which the classification is assigned.

NAICS Code	NAICS Description
11	Agriculture
21	Mining
22	Utilities
23	Construction
31	Manufacturing
42	Wholesale
44	Retail
48	Transportation and Warehousing

51	Information
52	Finance and Insurance
53	Real Estate
54	Professional Services
56	Administrative
61	Education
62	Health
71	Arts and Entertainment
72	Hospitality
81	Other
92	Public Administration
8742	Outside Sales
8810	Clerical

3. **Indemnity Loss Development Group (ILDG) Code**
   This field represents the development group to which the classification is assigned for the purpose of developing indemnity losses.

4. **Medical Loss Development Group (MLDG) Code**
   This field represents the development group to which the classification is assigned for the purpose of developing medical losses.

5. **Exposure**
   This represents the total amount of adjusted payroll for the classification(s) (or units of exposure with an implied decimal place one digit from the right for per capita classifications) for the specified policy year. (As specified in the *California Workers' Compensation Uniform Statistical Reporting Plan — 1995*, for Codes 7707 and 7722, the unit of exposure is per capita; and for Code 8278, it is per race. For all other classifications, the unit of exposure is payroll.) Latest available exposure amounts are provided at first report level and undeveloped. Exposure fields are listed from least mature policy year to most mature policy year in the classification relativity data. Each policy year's payroll amounts by classification are adjusted for projected wage level changes. The adjustment factor for each payroll classification for each policy year represents the projected wage level changes for the classification through 2018 relative to the projected change for all classifications combined for that policy year. The adjustment is described in more detail in the discussion of the computation of class relativities included in the January 1, 2018 Regulatory Rate Filing.

6. **Serious No. Claims**
   This field represents the total number of reported (including open, resolved and closed claims) serious (i.e., death, permanent total disability and major permanent partial disability) indemnity claims in the classification(s) for each policy year and report level. Serious No. Claims fields are listed from least mature policy year / report level to most mature policy year / report level. For each policy year / report level, fields for Serious No. Claims, Non-Serious No. Claims and Medical Only No. Claims are listed as a group of consecutive fields. Please note that this field is not used in the Class Relativity calculations, and is included for informational purposes only.

7. **Non-Serious No. Claims**
   This field represents the total number of reported (including open, resolved and closed claims) non-serious (minor permanent partial disability and temporary disability) indemnity claims in the classification(s) for each policy year and report level. Non-Serious No. Claims fields are listed from least mature policy year / report level to most mature policy year / report level. For each policy year / report level, fields for Serious No. Claims, Non-Serious No. Claims and Medical Only No. Claims are listed as a group of consecutive fields. Please note that this field is not used in the Class Relativity calculations, and is included for informational purposes only.

8. **Medical Only No. Claims**
   This field represents the total number of reported (including open, resolved and closed claims) medical-only claims in the classification(s) for each policy year and report level. Medical Only No. Claims fields are listed from least mature policy year / report level to most mature policy year / report level. For each policy year / report level, fields for Serious No. Claims, Non-Serious No. Claims and Medical Only No. Claims are listed as a group of consecutive fields. Please note that this field is not used in the Class Relativity calculations, and is included for informational purposes only.

9. **Indemnity Loss**
   This field represents the total adjusted dollars of incurred indemnity losses (for death, permanent total disability, major permanent partial disability, minor permanent partial disability and temporary disability claims) on claims reported in the classification(s) for each policy year and report level. Indemnity Loss fields are listed from least mature policy year / report level to most mature policy year / report level. For each policy year / report level, fields for Indemnity Loss and Medical Loss are listed as a group of consecutive fields. Incurred indemnity losses are consistent with the reporting specifications for incurred indemnity in the *California Workers' Compensation Uniform Statistical Reporting Plan — 1995*. Adjustments to the reported incurred loss amounts include limitation of large claims, loss development to ultimate values, adjustment to current benefit level, adjustments made to the three most mature years (Year 3, Year 4 and Year 5, if any) of losses to the level of the most recent years (Year 1 and Year 2) of experience, and an adjustment to the overall average level of losses underlying the current pure premium rates. These adjustments are described in more detail in the discussion of the computation of class relativities included in the WCIRB's regulatory filings.

10. **Medical Loss**
    This field represents the total adjusted dollars of incurred medical losses on all claims reported in the classification(s) for each policy year and report level. Medical Loss fields are listed from least mature policy year / report level to most mature policy year / report level. For each policy year / report level, fields for Indemnity Loss and Medical Loss are listed as a group of consecutive fields. Incurred medical losses are consistent with the reporting specifications for incurred medical in the *California Workers' Compensation Uniform Statistical Reporting Plan — 1995*. Adjustments to the reported incurred loss amounts include limitation of large claims, loss development to ultimate values, adjustment to current benefit level, adjustments made to the three most mature years (Year 3, Year 4 and Year 5, if any) of losses to the level of the most recent years (Year 1 and Year 2) of experience, and an adjustment to the overall average level of losses underlying the current pure premium rates. These adjustments are described in more detail in the discussion of the computation of class relativities included in the WCIRB's regulatory filings.

11. **Indemnity Adjusted Loss to Payroll Ratio**
    This field represents the indemnity component of the Adjusted Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). The Adjusted Loss to Payroll Ratio is derived by dividing the total losses for the displayed experience period by the total payroll (in hundreds) for the same period. For per capita classes, the total losses for the experience period are divided by the total per capita for the same period.

12. **Medical Adjusted Loss to Payroll Ratio**
    This field represents the medical component of the Adjusted Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). The Adjusted Loss to Payroll Ratio is derived by dividing the total losses for the displayed experience period by the total payroll (in hundreds) for the same period. For per capita classes, the total losses for the experience period are divided by the total per capita for the same period.

13. **Indemnity Expected Unlimited**
    This field represents the indemnity component of the Expected Unlimited Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). To produce the

Expected Unlimited Loss to Payroll Ratio, the loss component(s) of the approved pure premium rate change(s) from the previous to present year's pure premium rate filing(s) is/are applied to the selected relativities from the previous year's pure premium rate filing.

14. **Medical Expected Unlimited**
This field represents the medical component of the Expected Unlimited Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). To produce the Expected Unlimited Loss to Payroll Ratio, the loss component(s) of the approved pure premium rate change(s) from the previous to present year's pure premium rate filing(s) is/are applied to the selected relativities from the previous year's pure premium rate filing.

15. **Indemnity Expected Limited**
This field represents the indemnity component of the Expected Limited Loss to Payroll Ratio (adjusted for NAICS diff.) line of the classification relativity review sheet for the indicated classification(s). The Expected Limited Loss to Payroll Ratio (adjusted for NAICS diff.) is determined based on the Expected Unlimited Loss to Payroll Ratio with two additional adjustments: first to reflect the change in the average level of experience in the NAICS sector to which the classification(s) is/are assigned relative to that of other NAICS sectors and, second, to remove the portion of each classification's relativity anticipated to provide for very large losses.

16. **Medical Expected Limited**
This field represents the medical component of the Expected Limited Loss to Payroll Ratio (adjusted for NAICS diff.) line of the classification relativity review sheet for the indicated classification(s). The Expected Limited Loss to Payroll Ratio (adjusted for NAICS diff.) is determined based on the Expected Unlimited Loss to Payroll Ratio with two additional adjustments: first to reflect the change in the average level of experience in the NAICS sector to which the classification(s) is/are assigned relative to that of other NAICS sectors and, second, to remove the portion of each classification's relativity anticipated to provide for very large losses.

17. **Credibility – Indemnity**
This field represents the credibility for the indemnity component from the Credibility line of the classification relativity review sheet for the indicated classification(s). The credibility assigned to a particular classification's policy year experience is based on expected losses (calculated by multiplying the payroll for the experience period by the expected limited loss to payroll ratio) which are compared to the full credibility standard. The full credibility standard for indemnity corresponds to 400 indemnity claims multiplied by the average indemnity cost per claim. The credibility determinations are described in more detail in the discussion of the computation of class relativities included in the WCIRB's regulatory filing. The credibility factor is used as the weight for the Adjusted Loss to Payroll Ratio in the computation of the Indicated Limited Loss to Payroll Ratio.

18. **Credibility – Medical**
This field represents the credibility for the medical component from the Credibility line of the classification relativity review sheet for the indicated classification(s). The credibility assigned to a particular classification's policy year experience is based on expected losses (calculated by multiplying the payroll for the experience period by the expected limited loss to payroll ratio) which are compared to the full credibility standard. The full credibility standard for medical corresponds to 1,365 medical claims multiplied by the average medical cost per claim. The credibility determinations are described in more detail in the discussion of the computation of class relativities included in the WCIRB's regulatory filing. The credibility factor is used as the weight for the Adjusted Loss to Payroll Ratio in the computation of the Indicated Limited Loss to Payroll Ratio.

19. **Retrospective Rating Hazard Group**
This field represents the Retrospective Rating Hazard Group to which the classification is assigned.

20. **Indemnity Limit Factor**

This field represents the Indemnity limit factor from the classification relativity review sheet for the indicated classification(s). The Indemnity loss limit factor is the factor applied to the Indicated Indemnity Limited Loss to Payroll Ratio to produce the Indemnity Selected (Unlimited) Loss to Payroll Ratio in order to adjust the ratios to an unlimited basis. Actual indemnity losses, as well as the resulting indemnity loss to payroll ratios, have been adjusted to a limited loss basis to mitigate the impact of an atypically large claim on the loss to payroll ratio computations for a single classification. The loss limit factor represents a 5-year average percentage of losses in the retro hazard group in which this classification belongs that are in excess of the large loss limitation.

21. **Medical Limit Factor**
This field represents the Medical limit factor from the classification relativity review sheet for the indicated classification(s). The Medical loss limit factor is the factor applied to the Indicated Medical Limited Loss to Payroll Ratio to produce the Medical Selected (Unlimited) Loss to Payroll Ratio in order to adjust the ratios to an unlimited basis. Actual medical losses, as well as the resulting medical loss to payroll ratios, have been adjusted to a limited loss basis to mitigate the impact of an atypically large claim on the loss to payroll ratio computations for a single classification. The loss limit factor represents a 5-year average percentage of losses in the retro hazard group in which this classification belongs that are in excess of the large loss limitation.

22. **Indemnity Indicated Limited**
This field represents the indemnity component of the Indicated Limited Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). The Indicated Limited Loss to Payroll Ratio is a weighted average of the Adjusted Loss to Payroll Ratio and the Expected Limited Loss to Payroll Ratio (Adjusted for NAICS diff.), using the credibility factor as the weight for the Adjusted Loss to Payroll Ratio and the complement of the credibility factor (1.0 minus the credibility factor) as the weight for the Expected Limited Loss to Payroll Ratio (Adjusted for NAICS diff.).

23. **Medical Indicated Limited**
This field represents the medical component of the Indicated Limited Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). The Indicated Limited Loss to Payroll Ratio is a weighted average of the Adjusted Loss to Payroll Ratio and the Expected Limited Loss to Payroll Ratio (Adjusted for NAICS diff.), using the credibility factor as the weight for the relativity Adjusted Loss to Payroll Ratio and the complement of the credibility factor (1.0 minus the credibility factor) as the weight for Expected Limited Loss to Payroll Ratio (Adjusted for NAICS diff.).

24. **Indemnity Selected Unlimited**
This field represents the indemnity component of the Selected (Unlimited) Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). The Selected (Unlimited) Loss to Payroll Ratio is the basis of the pure premium rate and the expected loss rate for the classification(s). To produce the Selected (Unlimited) Loss to Payroll Ratio, the Indicated Limited Loss to Payroll Ratio is multiplied by the loss limit factor. (Note that for classifications that are subject to the 25% change limitation – to be discussed below – this field is labeled as “Indicated (Unlimited) Loss to Payroll Ratio” on the classification relativity review sheets.)

25. **Medical Selected Unlimited**
This field represents the medical component of the Selected (Unlimited) Loss to Payroll Ratio line of the classification relativity review sheet for the indicated classification(s). The Selected (Unlimited) Loss to Payroll Ratio is the basis of the pure premium rate and the expected loss rate for the classification(s). To produce the Selected (Unlimited) Loss to Payroll Ratio, the Indicated Limited Loss to Payroll Ratio is multiplied by the loss limit factor. (Note that for classifications that are subject to the 25% change limitation – to be discussed below – this field is labeled as “Indicated (Unlimited) Loss to Payroll Ratio” on the classification relativity review sheets.)

26. Indemnity Selected Restricted to 25%
This field represents the indemnity component of the Selected Loss to Payroll Ratio (Restricted to 25% Change) line, if applicable, of the classification relativity review sheet for the indicated classification(s). This field has a zero value if it is not applicable. The change in any particular classification's Indicated (Unlimited) Loss to Payroll Ratio is limited to 25%. The ratios for classifications subject to this limitation are shown on the classification relativity review sheets as the "Selected Loss to Payroll Ratio (Restricted to 25% Change)."

27. Medical Selected Restricted to 25%
This field represents the medical component of the Selected Loss to Payroll Ratio (Restricted to 25% Change) line, if applicable, of the classification relativity review sheet for the indicated classification(s). This field has a zero value if it is not applicable. The change in any particular classification's Indicated (Unlimited) Loss to Payroll Ratio is limited to 25%. The ratios for classifications subject to this limitation are shown on the classification relativity review sheets as the "Selected Loss to Payroll Ratio (Restricted to 25% Change)."

28. Class Wording
The classification wording is only a brief description of the classification that is contained in the current *California Workers' Compensation Uniform Statistical Reporting Plan — 1995* and may differ from the description corresponding to the data for a specific policy year.

29. Footnote
The footnote, if applicable, indicates the impact of any classification changes (such as classification definition changes, elimination of a classification, and establishment of a new classification) on the indicated classification(s) on the classification relativity review sheet. Footnotes often indicate from which or to which experience for classification(s) had been moved due to a classification change that impacted the classification on the review sheet.

Excel File Layout

Exposure fields in each record of the Excel spreadsheet are listed from least mature policy year to most mature policy year. Using the "2018 Set" as an example, field 6 listed below would contain exposure data for policy year 2014, and field 10 would contain exposure data for policy year 2010. Loss and claim count fields in each record, similarly, are listed from least mature policy year to most mature policy year.

File Contents

The fields provided in the Excel spreadsheet are as follows:

Field Column(s)	Field Name	Field Type
A	Class Code 1	Alpha-numeric
B	Class Code 2 (if applicable)	Alpha-numeric
C	Class Code 3 (if applicable)	Alpha-numeric
D	NAICS Sector	Alpha-numeric
E	Indemnity Loss Development Group	Alpha-numeric
F	Medical Loss Development Group	Alpha-numeric
G-K	Exposure	Numeric
L, O, R, U, X	Serious No. Claims	Numeric
M, P, S, V, Y	Non-Serious No. Claims	Numeric
N, Q, T, W, Z	Medical Only No. Claims	Numeric
AA, AC, AE, AG, AI	Indemnity Loss	Numeric
AB, AD, AF, AH, AJ	Medical Loss	Numeric
AK	Indemnity Adjusted Loss to Payroll Ratio	Numeric
AL	Medical Adjusted Loss to Payroll Ratio	Numeric

Field Column(s)	Field Name	Field Type
AM	Indemnity Expected Unlimited	Numeric
AN	Medical Expected Unlimited	Numeric
AO	Indemnity Expected Limited	Numeric
AP	Medical Expected Limited	Numeric
AQ	Credibility – Indemnity	Numeric
AR	Credibility – Medical	Numeric
AS	Retrospective Rating Hazard Group	Alpha-numeric
AT	Indemnity Limit Factor	Numeric
AU	Medical Limit Factor	Numeric
AV	Indemnity Indicated Limited	Numeric
AW	Medical Indicated Limited	Numeric
AX	Indemnity Selected Unlimited	Numeric
AY	Medical Selected Unlimited	Numeric
AZ	Indemnity Selected Restricted to 25%	Numeric
BA	Medical Selected Restricted to 25%	Numeric
BB	Class Wording	Alpha-numeric
BC	Footnote	Alpha-numeric

Important Notes

The file provides data in a record format, rather than in a table format. In other words, the data is provided in such a way that all data for each classification is contained in the same record, rather than in separate records for each policy year for the same classification. This format reduces the amount of redundant information and is consistent with the format used for the Classification Relativity data product that the WCIRB has provided in the past.