

## Report on Salvage Material Dealers Industry Study

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# Salvage Material Dealers Industry Study

8264(1), *Paper Stock Dealers – secondhand*  
8264(2), *Bottle Dealers – secondhand*  
8264(3), *Rubber Stock Dealers – secondhand*  
8264(4), *Wiping Cloth or Rag Dealers – including all laundry operations*  
8265(1), *Iron or Steel Scrap Dealers*  
8265(2), *Junk Dealers – N.O.C.*  
8500, *Metal Scrap Dealers – nonferrous*  
8847, *Beverage Container Collection or Redemption*  
9403(1), *Garbage or Refuse Collecting*  
9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations – all employees*

## I. Executive Summary

### Objective

The WCIRB performed a comprehensive review of the *Salvage Material Dealers* Industry Group, which includes classifications applicable to the purchasing, sorting, consolidating and selling of various recycled and secondhand materials, including but not limited to California Redemption Value (CRV) beverage containers, scrap metal, rubber stock, paper stock, wiping cloths, green waste, electronic waste and similar salvage materials, as well as classifications applicable to garbage or refuse collection and landfill, transfer station and material recovery facility operations. The objective of this study is to clarify and strengthen the distinction between salvage material dealer classifications, consolidate classifications where applicable, simplify their administration and provide direction as to their application.

### Findings

Based on staff's review, the WCIRB determined:

1. The operations of the recycling and waste disposal industries are converging. Both industries are in the business of recovering as many recyclable materials as possible to reduce waste.
2. There is significant overlap in the operations of employers that recycle ferrous metals, assigned to Classification 8265(1), *Iron or Steel Scrap Dealers*, and employers that recycle nonferrous metals, assigned to Classification 8500, *Metal Scrap Dealers – nonferrous*, and the combination of these classifications would make the procedure for classifying metal scrap recyclers much easier to administer. Additionally, these classifications are operationally similar and have similar loss to payroll ratios.
3. Mobile paper shredding and document destruction operations are distinct and significant operations within Classification 8264(1), *Paper Stock Dealers – secondhand*, and are operationally dissimilar from the rest of the operations assigned to Classification 8264. Additionally, the historical loss to payroll ratio for this group of employers is significantly lower than for the rest of Classification 8264. The operations associated with the curbside collection of refuse and recyclables assigned to Classification 9403(1), *Garbage or Refuse Collecting*, are comparable to the mobile paper document shredding operations assigned to Classification 8264(1) and have similar loss to payroll ratios.
4. There are very few employers assigned to Classification 8264(4), *Wiping Cloth or Rag Dealers*, and the experience of these employers has low statistical credibility. Additionally, the loss to payroll ratio for this group of employers is slightly higher than the rest of Classification 8264. The operations contemplated under Classification 8264(4) are comparable to the operations assignable to Classification 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*, and the loss to payroll ratio for employers assigned to Classification 8264(4) is closer to that of Classification 8032.
5. The loss to payroll ratio for Classification 8265(2), *Junk Dealers*, is significantly lower than that of Classification 8265(1), *Iron or Steel Scrap Dealers*, and Classification 8500, *Metal Scrap Dealers – nonferrous*. Employers assigned to Classification 8265(2) primarily handle a variety of

miscellaneous recyclable materials, as well as some ferrous or nonferrous metal scraps. Currently, the description for Classification 8265(2) is ambiguous and does not provide direction as to how much metal can be handled in order to differentiate these employers from those that primarily sell ferrous or nonferrous scrap metals. The non-metal recyclable materials that are listed in Classification 8265(2), including glass, plastic, textiles, paper and rubber, are also listed in other *Salvage Material Dealers* classifications. Additionally, employers assigned to Classification 8265(2) have, at times, expressed dissatisfaction with the term “Junk Dealers.”

6. There are very few employers assigned to Classification 8264(2), *Bottle Dealers*, and 8264(3), *Rubber Stock Dealers*, and the experience for these groups of employers has low statistical credibility. Salvaged and recycled material dealers that handle a variety of materials, including but not limited to paper, glass, plastic or rubber, which are currently described by multiple classifications, operate similarly to transfer stations and material recovery facilities, assigned to Classification 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, as they process discarded or scrap materials for reuse and recycling.
7. Classification 8847, *Beverage Container Collection or Redemption*, does not apply to collection or redemption of California Redemption Value beverage containers at certified Processing Facilities, and the classification does not define Processing Facilities or provide direction as to how these operations are classified when performed at certified Processing Facilities.

## Recommendations

Based on the findings, the WCIRB recommends the following:

1. Rename the *Salvage Material Dealers* Industry Group the *Recycling and Refuse Management* Industry Group and amend the group to include the following classifications applicable to recycling and refuse management: 9403(1), *Garbage or Refuse Collecting*, and 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recover Facility Operations*.
2. Eliminate Classification 8265(1), *Iron or Steel Scrap Dealers*, and assign its constituents to Classification 8500, *Metal Scrap Dealers – ferrous or nonferrous*, to classify the purchase, sorting, consolidation and sale of both ferrous and nonferrous scrap metals, provided metal sales equal or exceed 25% of gross receipts.
3. Establish Classification 9403(3), *Document Destruction – including mobile paper shredding*, as part of the *Recycling and Refuse Management* Industry Group, to apply to employers that conduct mobile paper shredding and document destruction.
4. Eliminate Classification 8264(4), *Wiping Cloth or Rag Dealers*, and assign its constituents to Classification 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*, and amend Classification 8032 to include the purchasing, sorting, cutting, laundering, bundling and reselling of wiping cloth or rag material.
5. Eliminate Classification 8265(2), *Junk Dealers*, and assign its constituents to the newly established Classification 9424(2), *Recycled Material Dealers – N.O.C.*, as part of the *Recycling and Refuse Management* Industry Group and as an alternate phraseology to Classification 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, to apply to employers that purchase, sort or consolidate recovered recyclable materials for resale.
6. Eliminate Classifications 8264(1), *Paper Stock Dealers – secondhand*, 8264(2), *Bottle Dealers – secondhand*, and 8264(3), *Rubber Stock Dealers – secondhand*, and assign their constituents, other than mobile paper shredding and document destruction employers, to the newly established Classification 9424(2), *Recycled Material Dealers – N.O.C.*, as an alternate phraseology to 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*.
7. Amend Classification 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, to apply to the disposal of medical waste, as well as green waste recycling operations when conducted at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer, and direct that California Certified Recycling Centers at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer should be separately classified.

8. Amend Classification 8847, *Beverage Container Collection or Redemption*, to clarify its intended application and direct that the collection or redemption of California Redemption Value beverage containers at certified Processing Facilities is assignable to Classification 8500, *Metal Scrap Dealers – ferrous or nonferrous*.

## II. Introduction

The *Salvage Material Dealers* Industry Group was reviewed in 2015 and 2016 as part of a multi-year effort to enhance the classification descriptions contained in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP). During these reviews, several changes were made for clarity; however, the intended application of each classification was not changed. It became apparent during these reviews that these classifications are difficult to distinguish from one another and a study was necessary to clearly define each classification. Additionally, since many salvage material industry employers handle a variety of recyclable materials and the recycling operations are not always physically separated, the appropriate classification for these operations can change from year-to-year depending on which salvage material classification has the highest advisory pure premium rate that year. Finally, the WCIRB regularly receives questions and inquiries from customers regarding the *Salvage Material Dealers* classifications. As a result, the C & R Committee directed the WCIRB to conduct a comprehensive study of this Industry Group.

In order to conduct a holistic review of this Industry Group, WCIRB staff expanded the scope of the study to also include the waste collection and disposal operations assigned to Classifications 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, and 9403(1), *Garbage or Refuse Collecting*.<sup>1</sup> The refuse disposal industry is diverting recovered and recyclable materials from traditional landfill operations, aiming to reduce the amount of materials that go to landfills, with the goal of zero waste.<sup>2</sup> As such, the Salvage Material Dealer and refuse disposal industries are converging and their operations are becoming more similar to one another.

## III. Classification History

Classification 9403(1), *Garbage, Ashes or Refuse Collecting*, was established in 1915 for companies engaged in the collection of garbage. Classification 8264, *Paper Stock or Rag Dealers*, originated in 1930 when Classifications 8120, *Rubber Stock Dealers*, 8212, *Bottle Dealers*, and 8216, *Paper Stock and Rag Dealers*, were combined for ratemaking purposes. Classification 8264 included two other phraseologies: *Rubber Stock Dealers – secondhand – no collected or handling of scrap iron or steel (N.P.D.)*, and *Bottle, Rubber or Paper Stock or Rag Dealers – second – hand – no collecting or handling of scrap iron or steel (N.P.D.)*. Classification 8265(2), *Junk Dealers – N.O.C.*, was established in 1968, and Classification 8103, *Wiping Cloth or Rag Dealers*, was established in 1984.

In 1985, the State of California enacted the California Beverage Container Recycling and Litter Reduction Act (Assembly Bill No. 2020), which was intended to provide an incentive to the public to recycle beverage containers. At this time, the classification procedure for the beverage container collection and redemption industry required nearly all companies to be assigned to Classification 8500, *Scrap Metal Dealers*. In 1992, the C & R Committee discussed the feasibility of establishing a separate classification for certified beverage container collection and redemption centers in connection with a study of the beverage container collection and redemption industry. The Committee decided that this group was a homogenous and identifiable group of employers, and represented a distinct and different exposure from those contemplated under Classification 8500. Classification 8847, *Beverage Container Collection or Redemption*, was established in 1993 for beverage container collection and redemption operations, including curbside collection operations.

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<sup>1</sup> In connection with this study, the WCIRB reviewed approximately 213 Classification Inspection Reports.

<sup>2</sup> The California Department of Resources and Recycling and Recovery (CalRecycle) defines Zero Waste as “a process and a philosophy that involves a redesign of products and consumption, so that all material goods can be reused or recycled—or not needed at all.”

In 2015, the *Salvage Material Dealers* Industry Group classifications were enhanced as part of a multi-year project. Classification 8103 was eliminated as part a separate study because it did not develop sufficient data to produce a statistically credible advisory pure premium rate, and Classification 8264(4), *Wiping Cloth or Rag Dealers – including all laundry operations*, was established. The refuse collection industry was also studied in 2015 to determine the appropriate classification procedure for the curbside collection of CRV beverage containers by refuse companies. Classification 9403(1) was amended to include the curbside collection of recyclables. These operations had been previously assigned to Classification 8847.

#### IV. Classification Procedures in Other Jurisdictions

Below is a comparison between the WCIRB's current classifications and those maintained by the National Council of Compensation Insurance, Inc. (NCCI) jurisdictions for the *Scrap Metal and Junk Dealer* and *Secondhand Material Dealer* industries:

WCIRB	NCCI
8265(1), <i>Iron or Steel Scrap Dealers</i> 8265(2), <i>Junk Dealers – N.O.C.</i>	8265, <i>Iron or Steel – Scrap Dealer &amp; Drivers</i> 8263, <i>Junk Dealer &amp; Drivers</i>
8500, <i>Metal Scrap Dealers – nonferrous</i>	8500, <i>Metal Scrap Dealers &amp; Drivers</i>
8264(1), <i>Paper Stock Dealers</i> 8264(2), <i>Bottle Dealers</i> 8264(3), <i>Rubber Stock Dealers</i> 8264(4), <i>Wiping Cloth or Rag Dealers</i>	8264, <i>Paper Stock or Rag Dealer</i> 8264, <i>Bottle Dealer – Used &amp; Drivers</i> 8264, <i>Rubber Stock Dealer – Used &amp; Drivers</i> 8264, <i>Rag or Paper Stock Dealer – Used &amp; Drivers</i>
8847, <i>Beverage Container Collection or Redemption</i>	8264, <i>Container Recycling – Bottle or Can &amp; Drivers</i> 8264, <i>Can Recycling – Beverage &amp; Drivers</i>
9403(1), <i>Garbage or Refuse Collecting</i>	9403, <i>Garbage, Ashes or Refuse Collection &amp; Drivers</i>
9424, <i>Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations</i>	9403, <i>Garbage, Ashes or Refuse Collection &amp; Drivers</i> 7590, <i>Garbage Works</i>

Like the WCIRB, NCCI has two different classifications based on whether the principal material handled is ferrous or nonferrous metal. NCCI also has a classification that is applied when a variety of recycled materials are handled. As discussed above, Classification 8264 includes the handling of other secondhand materials, including bottles, paper stock, rags and rubber. NCCI also maintains Classification 9403, *Garbage, Ashes or Refuse Collection & Drivers*, for garbage collection operations.

Whereas the WCIRB uses Classification 9424 for landfill, transfer station and material recovery facility operations, NCCI uses Classification 7590, *Garbage Works*, for garbage reduction and incineration operations, and drivers are separately classified as 9403. NCCI also assigns employers that collect and haul shredded documents from office locations to disposal sites to Classification 9403, which aligns with the WCIRB's research and recommendations outlined in this Study.

Texas maintains the following classification for paper shredding operations, 8264, *Paper Shredding and Bailing & Drivers*, as well as 8264, *Recycling Paper & Driver*, for paper recycling operations. Additionally, Arkansas has one classification, 8812, *Recycling Operations – all employees & drivers*, for the collecting, sorting, packaging and shipping of various recycled materials, including paper, glass or aluminum.

## **V. Analysis of Classifications 8500, *Metal Scrap Dealers*, and 8265(1), *Iron or Steel Scrap Dealers***

### **Description of Operations**

Classification 8265(1), *Iron or Steel Scrap Dealers*, applies to employers that receive or purchase, sort, consolidate and sell ferrous scrap metal, including but not limited to various steel and iron plate, and tube and sheet metal stock.

Classification 8500, *Metal Scrap Dealers – nonferrous*, applies to employers that purchase, sort, consolidate and sell nonferrous scrap metal, including but not limited to stainless steel, aluminum, copper, brass, tin, lead and other precious metals. This classification also applies to Processing Centers that process CRV beverage containers and are certified by the California Department of Resources Recycling and Recovery.

### **Classification Analysis**

The WCIRB found that employers frequently handle both ferrous and nonferrous scrap metals, which makes it difficult to distinguish between Classifications 8265(1) and 8500. Additionally, the advisory pure premium rate relativities for these classifications tend to fluctuate from year-to-year, as neither classification is consistently higher rated. This leads to fluctuations in the classification applicable to employers that handle both ferrous and nonferrous metals in areas without physical separation, even when the employers' operations have not changed.<sup>3</sup> The WCIRB found that employers that sell metal that exceeds 25% of gross receipts operate similarly, whether the metal sold is ferrous or nonferrous.

Employers that primarily handle ferrous or nonferrous scrap metals may also handle other miscellaneous recyclable materials. Currently, Classification 8265(2), *Junk Dealers*, applies to employers that handle ferrous or nonferrous scrap metals, in addition to glass, plastic, textiles, paper, rubber and other miscellaneous secondhand recyclable materials. It has sometimes been difficult to distinguish between Classifications 8265(1), 8265(2) and 8500 as these classifications do not provide direction as to the amount of scrap metal that must be handled in order to determine which classification applies. The WCIRB found that employers that sell ferrous or nonferrous scrap metals exceeding 25% of their gross receipts, assigned to Classification 8265(1) or Classification 8500, operate differently than those assigned to Classification 8265(2) that sell little or no metal and primarily sell a variety of miscellaneous recyclable materials.

### **Statistical Analysis**

To assess whether employers that handle both ferrous and nonferrous scrap metals should be consolidated into one classification, the WCIRB compared the average loss to payroll ratios for Classification 8265(1) and Classification 8500 based on 2018 Classification Relativity data.

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<sup>3</sup> Classification 8265 had a higher advisory pure premium rate for the 1/1/2017 and 7/1/2017 effective dates; however, Classification 8500 was higher rated prior to that for the 7/1/2016 effective date.

Table 1.1 depicts the Classification Relativity<sup>4</sup> data for all of Classification 8265 as it is currently defined at policy year 2018 level.

**Table 1.1: All Classification 8265  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	59,930,515	3,124,143	5.213
2011	63,481,901	3,185,802	5.018
2012	57,966,465	3,061,618	5.282
2013	57,136,426	1,666,628	2.917
2014	52,480,878	3,128,046	5.960
	290,996,186	14,166,238	

Five-Year Average Loss to Payroll Ratio 4.868  
Selected (Unlimited) Loss to Payroll Ratio<sup>5</sup> 7.145

Credibility <sup>6</sup>	
Indemnity	Medical
0.85	0.75

Table 1.2 depicts the Classification Relativity data for employers that handle ferrous metal, assigned to Classification 8265(1) as it is currently defined, at policy year 2018 level.

**Table 1.2: Classification 8265(1)<sup>7</sup>  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	62,800,556	2,804,774	4.466
2011	65,669,344	3,114,387	4.743
2012	61,606,974	3,061,730	4.970
2013	48,049,045	1,566,207	3.260
2014	37,169,085	2,364,042	6.360
	275,295,003	12,911,139	

Five-Year Average Loss to Payroll Ratio 4.690<sup>8</sup>

<sup>4</sup> The Classification Relativities used in this study are from statewide ratemaking data from the WCIRB's January 1, 2018 Regulatory Filing.

<sup>5</sup> The Selected (Unlimited) Loss to Payroll Ratio is the basis of the advisory pure premium rate and the expected loss rate for the classification(s). It is derived from the loss to payroll experience from the latest two-, three-, four- or five-year periods by taking into account the previous year's pure premium rate, credibility, and the impact of atypically large claims, etc.

<sup>6</sup> The relativity for each classification in the upcoming policy year is determined based on a comparison of that classification's actual losses per \$100 of payroll and the ratio of losses per \$100 of payroll underlying the current pure premium rate. The "credibilities" assigned to a classification are the statistical weights assigned to that classification's experience as a predictor of future claim experience relative to the loss per \$100 of payroll underlying the classification's current pure premium rate. The predictability or credibilities assigned to a classification's recent historical experience depends on the volume of indemnity and medical claims incurred during the experience period. The WCIRB strives to have classifications that are fully, or 100%, statistically credible based on historical experience over five or fewer years, which means that the classification's relativity in the upcoming policy year can be best estimated using only the loss per \$100 of payroll experience from the latest two-, three-, four- or five-year periods. The WCIRB generally will not recommend the establishment of a new classification if the credibility factors are less than one-half (< 0.50).

<sup>7</sup> This classification includes a proportional allocation of residual data. See Appendix I for additional information.

<sup>8</sup> Due to the allocation of the residual data at the aggregate level, the WCIRB could not provide the credibility for this subset. However, before the residual was allocated, the data for Classification 8265(1) was relatively credible at 82% credibility for indemnity and 75% credibility for medical.



Table 1.3 depicts the Classification Relativity data for employers that handle nonferrous scrap metal, assigned to Classification 8500 as it is currently defined, at policy year 2018 level.

**Table 1.3: Classification 8500  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	92,752,343	4,857,396	5.237
2011	105,430,547	5,296,843	5.024
2012	102,727,963	6,357,832	6.189
2013	113,502,438	5,314,778	4.683
2014	136,711,053	6,175,395	4.517
	551,124,345	28,002,243	

Five-Year Average Loss to Payroll Ratio: 5.081  
Selected (Unlimited) Loss to Payroll Ratio: 6.513

Credibility	
Indemnity	Medical
1.00	0.95

Table 1.4 depicts the Classification Relativity data for Classification 8265(1) combined with Classification 8500 for employers that handle ferrous or nonferrous scrap metals at policy year 2018 level.

**Table 1.4: Classifications 8265(1) and 8500  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	155,552,889	7,662,170	4.926
2011	171,099,891	8,411,230	4.916
2012	164,334,937	9,419,562	5.732
2013	161,551,483	6,880,985	4.259
2014	173,880,138	8,539,437	4.911
	826,419,347	40,913,383	

Five-Year Average Loss to Payroll Ratio: 4.951  
Selected (Unlimited) Loss to Payroll Ratio: 6.705

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table 1.4, the loss to payroll ratio for Classification 8500 combined with Classification 8265(1) for employers that handle ferrous or nonferrous scrap metal is relatively close to that for both Classification 8265 and Classification 8500, individually. This data is fully credible in five years for indemnity and for medical. Additionally, these classifications have relatively similar loss to payroll ratios and the combination of these classifications would make the procedure for classifying metal scrap recyclers much easier to administer.

### Impact Analysis

Table 1.5 depicts the impact on affected policyholders (employers that handle ferrous or nonferrous scrap metal) if Classification 8500 is combined with Classification 8265(1).

**Table 1.5: Classification 8500 Combined with 8265(1)  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2018 Level**

Classification 8500	Classifications 8265 and 8500 Combined	Difference
6.513	6.705	+0.192 (2.95%)

As shown in Table 1.5, the selected (unlimited) loss to payroll ratio for Classification 8500 would increase by approximately 3% if its experience is combined with that of Classification 8265(1).<sup>9</sup>

### **Finding**

Based on staff's review, the WCIRB determined:

1. There is significant overlap in the operations of employers that recycle ferrous metals, assigned to Classification 8265(1), *Iron or Steel Scrap Dealers*, and employers that recycle nonferrous metals assigned to Classification 8500, *Metal Scrap Dealers – nonferrous*, and the combination of these classifications would make the procedure for classifying metal scrap recyclers much easier to administer. Additionally, these classifications are operationally similar and have similar loss to payroll ratios.

### **Recommendation**

Based on this finding, the WCIRB recommends the following:

1. Eliminate Classification 8265(1), *Iron or Steel Scrap Dealers*, and assign its constituents to Classification 8500, *Metal Scrap Dealers – ferrous or nonferrous*, to classify the purchase, sorting, consolidation and sale of both ferrous and nonferrous scrap metals, provided metal sales equal or exceed 25% of gross receipts.

## **VI. Analysis of Classification 8264(1), Paper Stock Dealers, and Document Destruction**

### **Description of Operations**

Classification 8264(1), *Paper Stock Dealers*, applies to employers that receive or purchase, sort, compact and resell paper, cardboard or corrugated fiberboard scrap materials. This classification also applies to the operation of paper document shredding at customer locations using trucks equipped with shredders.

Classification 9403(1), *Garbage or Refuse Collecting*, applies to employers engaged in refuse collection at private residences and commercial locations, which includes curbside collection of various recyclable items including bottles, cans, plastic, paper, cardboard, compostable items and green waste. Route drivers are engaged in travelling to residential or commercial locations to pick up collection bins and dump them into compactor trucks, which are subsequently transported to a landfill, transfer station or material recovery facility for sorting.

### **Classification Analysis**

Staff found that paper document shredding assigned to Classification 8264(1) represents a significant service industry and reviewed whether this operation should be assigned to a separate and distinct new classification with a unique four digit code.<sup>10</sup> Staff found that approximately half of the employers that have payroll reported in Classification 8264(1) conduct mobile paper shredding or specialize in document destruction (Document Destruction subset), and the other half recycle paper and cardboard scraps at fixed locations including yards (Paper Scrap subset).

<sup>9</sup> The impact on the remaining constituents of Classification 8265 is shown in Section VIII.

<sup>10</sup> See Tables 2.1 to 2.5 in the Statistical Analysis section to review the data.

## Statistical Analysis

To assess whether a new classification should be established for employers that conduct paper document destruction and mobile paper shredding, the WCIRB compared the average loss to payroll ratios for the identified subsets of Classifications 8264(1) and 9403 based on 2018 Classification Relativity data.

Table 2.1 depicts the Classification Relativity data for all employers that collect or purchase used paper, bottles, rubber scraps and wiping rags, assigned to Classification 8264 as it is currently defined, at policy year 2018 level.

**Table 2.1: All Classification 8264  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2011	122,156,339	8,130,661	6.656
2012	133,966,352	9,346,759	6.977
2013	125,588,994	8,028,699	6.393
2014	119,154,846	6,392,861	5.365
	500,866,532	31,898,981	

Four-Year Average Loss to Payroll Ratio: 6.369  
Selected (Unlimited) Loss to Payroll Ratio: 8.207

Credibility	
Indemnity	Medical
1.00	1.00

Table 2.2 depicts the Classification Relativity data for the Paper Scrap subset of Classification 8264(1) that is comprised of employers that collect or purchase used or waste paper, cardboard or corrugated stock for resale, at policy year 2018 level.

**Table 2.2: Classification 8264(1) Paper Scrap Subset<sup>11</sup>  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2011	62,947,864	4,886,209	7.762
2012	67,860,585	4,882,344	7.195
2013	73,444,883	4,648,023	6.329
2014	69,853,807	3,795,098	5.433
	274,107,138	18,211,673	

Four-Year Average Loss to Payroll Ratio: 6.644<sup>12</sup>

Table 2.3 depicts the Classification Relativity data for the Document Destruction subset of Classification 8264(1) that is comprised of employers that conduct paper document destruction or mobile paper shredding operations, at policy year 2018 level.

**Table 2.3: Classification 8264(1) Document Destruction Subset<sup>13</sup>**

<sup>11</sup> This classification includes a proportional allocation of residual data. See Appendix I for additional information.

<sup>12</sup> Due to the allocation of the residual data at the aggregate level, the WCIRB could not provide the credibility for this subset. However, before the residual was allocated, the data for the Paper Scrap subset of Classification 8264(1) was very credible at 92% credibility for indemnity and 82% credibility for medical.

<sup>13</sup> This classification includes a proportional allocation of residual data. See Appendix I for additional information.

**Classification Relativity Data at Policy Year 2018 Level**

<b>Year</b>	<b>Payroll</b>	<b>Losses</b>	<b>Loss to Payroll Ratio</b>
2013	29,240,368	1,473,368	5.039
2014	27,994,602	1,035,206	3.698
	117,602,127	6,161,447	

Two-Year Average Loss to Payroll Ratio: 4.383<sup>14</sup>

As shown in Table 2.2, the loss to payroll ratio for the Paper Scrap subset is relatively similar to the loss to payroll ratio for all of Classification 8264 (within 5%). However, Table 2.3 shows that the loss to payroll ratio for the Document Destruction subset of Classification 8264(1) is significantly lower than that of both Classification 8264 as a whole and the Paper Scrap subset. This result is consistent with the WCIRB's assessment that document destruction and mobile shredding operations have a different exposure as compared to paper scrap recycling and other constituents of Classification 8264.

Table 2.4 depicts the Classification Relativity data for employers engaged in the collection of commercial waste and the curbside collection of recyclables, assigned to Classification 9403 as it is currently defined, at policy year 2018 level.

**Table 2.4: Classification 9403  
Classification Relativity Data at Policy Year 2018 Level**

<b>Year</b>	<b>Payroll</b>	<b>Losses</b>	<b>Loss to Payroll Ratio</b>
2013	847,198,511	40,412,479	4.770
2014	881,952,226	42,738,508	4.846
	1,729,150,737	83,150,986	

Two-Year Average Loss to Payroll Ratio: 4.809  
Selected (Unlimited) Loss to Payroll Ratio: 5.793

<b>Credibility</b>	
<b>Indemnity</b>	<b>Medical</b>
1.00	1.00

<sup>14</sup> Due to the allocation of the residual data at the aggregate level, the WCIRB could not provide the credibility for this subset. However, before the residual was allocated, the data for the Document Destruction subset of Classification 8264(1) was relatively credible at 65% credibility for indemnity and 58% credibility for medical.

Table 2.5 depicts the Classification Relativity data for Classification 9403 when combined with the Document Destruction subset of Classification 8264(1) at policy year 2018 level:

**Table 2.5 Classifications 9403 and 8264(1) Document Destruction Subset  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	876,438,879	41,885,847	4.779
2014	909,946,828	43,773,714	4.811
	1,786,385,706	85,659,561	

Two-Year Average Loss to Payroll Ratio: 4.795  
Selected (Unlimited) Loss to Payroll Ratio: 5.787

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table 2.5, the loss to payroll ratio for Classification 9403 was minimally affected when combined with the mobile shredding and Document Destruction subset of Classification 8264(1), and is fully credible for both indemnity and medical. The operations associated with the curbside collection of refuse and recyclables is very similar to mobile paper document shredding operations, noting that both operations typically consist of driving a truck equipped with a compactor or shredder on a route for the purpose of collecting containerized refuse or recyclable materials. It should be noted that NCCI also assigns mobile paper shredding to Classification 9403.

### Impact Analysis

Table 2.6 depicts the impact on affected policyholders if Classification 9403 is combined with the mobile shredding and paper Document Destruction subset of Classification 8264(1).

**Table 2.6: Classification 9403 Combined with 8264(1) Document Destruction Subset  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2018 Level**

Classification 9403	Classifications 9403 and 8264(1) Document Destruction	Difference
5.793	5.787	-0.006 (0.10 %)

As shown in Table 2.6, the selected (unlimited) loss to payroll ratio for Classification 9403 would decrease by 0.1% if its experience is combined with that of the subset of employers conducting document destruction and mobile paper shredding from Classification 8264(1).<sup>15</sup>

### Finding

Based on staff's review, the WCIRB determined:

1. Mobile paper shredding and document destruction operations are distinct and significant operations within Classification 8264(1), *Paper Stock Dealers – secondhand*, and are operationally dissimilar from the rest of the operations assigned to Classification 8264. Additionally, the historical loss to payroll ratio for this group of employers is significantly lower than for the rest of Classification 8264. The operations associated with the curbside collection of refuse and recyclables assigned to Classification 9403(1), *Garbage or Refuse Collecting*, are comparable to the mobile paper document shredding operations assigned to Classification 8264(1) and have similar loss to payroll ratios.

<sup>15</sup> The impact on the remaining constituents of Classification 8264 is shown in Sections VII and VIII.

## Recommendation

Based on the findings, the WCIRB recommends the following:

1. Establish Classification 9403(3), *Document Destruction – including mobile paper shredding*, as part of the *Recycling and Refuse Management* Industry Group, to apply to employers that conduct mobile paper shredding and document destruction.

## VII. Analysis of Classification 8264(4), *Wiping Cloth or Rag Dealers*

### Description of Operations

Classification 8264(4), *Wiping Cloth or Rag Dealers – including all laundry operations*, applies to employers that receive or purchase used clothing and cloth material which is subsequently sorted by color, material type and grade. Used clothing that is in good condition may be sold to other dealers for resale to be used as clothing; other low grade used clothing and cloth material is cut, laundered, bundled and resold as wiping cloths or rag material.

Classification 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*, applies to stores engaged in the sale of clothing, shoes, linens and fabric products to other dealers for resale. This classification includes employers that sell recycled or used clothing to secondhand dealers.

### Classification Analysis

Only 11 employers have been assigned Classification 8264(4), which represents only a small portion of the overall data for Classification 8264 and would not be statistically credible on its own. The operations performed by these employers, including fabric cutting and laundering, are specific to handling clothing or cloth goods, and are dissimilar to operations performed by other recyclable material dealers. Additionally, because wiping cloth and rag dealers often sell some portion of the items handled as used clothing, there has been confusion as to whether Classification 8032 or Classification 8264(4) applies to these employers.

### Statistical Analysis

To assess whether wiping cloth and rag dealers assigned to Classification 8264(4) should be combined with the constituents of Classification 8032, the WCIRB compared the average loss to payroll ratios for Classifications 8264(4) and 8032 based on 2018 Classification Relativity data.

Table 3.1 depicts the Classification Relativity data for employers that collect or purchase and resell wiping cloths or rags assigned to Classification 8264(4) at policy year 2018 level.

**Table 3.1: Classification 8264(4) without Residual<sup>16</sup>  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	2,690,365	31,665	1.177
2011	2,833,447	113,831	4.017
2012	3,085,861	82,904	2.687
2013	2,597,672	244,965	9.430
2014	3,866,744	430,699	11.139
	15,074,090	904,064	

Five-Year Average Loss to Payroll Ratio: 5.997<sup>17</sup>

<sup>16</sup> See Appendix I for more information regarding residual allocation.

<sup>17</sup> Table 3.1 shows five years of data for Classification 8264(4) without residual allocation at policy year 2018 level for Classification 8264(4). The two-year average with the residual allocation had low credibility and the five years of data is more representative of the experience for these constituents.

As shown in Table 3.1, the loss to payroll ratio for Classification 8264(4) is slightly higher than the loss to payroll ratio for Classifications 8264(2) and 8264(3) (shown in Table 4.1).

Table 3.2 depicts the Classification Relativity data for employers that sell clothing, shoes, linens and fabric products to other dealers for resale assigned to Classification 8032 at policy year 2018 level.

**Table 3.2: Classification 8032  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	316,616,273	16,264,099	5.137
2014	342,708,417	13,716,066	4.002
	659,324,690	29,980,165	

Two-Year Average Loss to Payroll Ratio: 4.547  
Selected (Unlimited) Loss to Payroll Ratio: 5.393

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table 3.2, the two-year average loss to payroll ratio of 4.547 is very similar to that of Classification 8264(4), which is 5.997 (shown above in Table 3.1).

Table 3.3 depicts the Classification Relativity data for Classification 8032 when combined with Classification 8264(4) at the policy year 2018 level.

**Table 3.3: Classification 8032 Combined with 8264(4)  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	320,196,394	16,600,740	5.185
2014	347,126,773	14,171,584	4.083
	667,323,166	30,772,324	

Two-Year Average Loss to Payroll Ratio: 4.611  
Selected (Unlimited) Loss to Payroll Ratio: 5.476

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table 3.3, the loss to payroll ratio for Classification 8032 only increases slightly when combined with Classification 8264(4), and is fully credible for both indemnity and medical. The operations associated with processing and selling wiping cloth and rag material is similar to that of wholesale clothing stores, and dissimilar to other recycled material dealers.

### Impact Analysis

Table 3.4 depicts the impact on affected Classification 8032 policyholders if Classification 8032 is combined with Classification 8264(4).

**Table 3.4: Classification 8032 Combined with 8264(4)  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2018 Level**

Classification 8032	Classification 8032 Combined with 8264(4)	Difference
5.393	5.476	+0.083 (1.54%)

As shown in Table 3.4, the Selected (Unlimited) Loss to Payroll Ratio for Classification 8032 would increase by only 1.5% if the 8032 experience is combined with that of wiping cloth and rag dealers from Classification 8264(4).

Table 3.5 depicts the impact on affected Classification 8264(4) policyholders if 8264(4) is eliminated and its constituents are combined with Classification 8032.

**Table 3.5: Classification 8032 Combined with 8264(4)  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2018 Level**

Classification 8264 (Eliminated)	Classification 8032 Combined with 8264(4)	Difference
8.207	5.476	-2.731 (-33.28%)

As shown in Table 3.5, the Selected (Unlimited) Loss to Payroll Ratio for Classification 8032 combined with wiping cloth and rag dealers from Classification 8264(4) would be 33.28% lower than that of all of Classification 8264, which would be eliminated.<sup>18</sup>

### Finding

Based on staff's review, the WCIRB determined:

1. There are very few employers assigned to Classification 8264(4), *Wiping Cloth or Rag Dealers*, and the experience of these employers has low statistical credibility. Additionally, the loss to payroll ratio for this group of employers is slightly higher than the rest of Classification 8264. The operations contemplated under Classification 8264(4) are comparable to the operations assignable to Classification 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*, and the loss to payroll ratio for employers assigned to Classification 8264(4) is closer to that of Classification 8032.

### Recommendation

Based on this finding, the WCIRB recommends the following:

1. Eliminate Classification 8264(4), *Wiping Cloth or Rag Dealers*, and assign its constituents to Classification 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*, and amend Classification 8032 to include the purchasing, sorting, cutting, laundering, bundling and reselling of wiping cloth or rag material.

<sup>18</sup> The reassignment of the remaining constituents of Classification 8264, which is proposed to be eliminated, is explained in Section VIII.



## VIII. Analysis of Recycled Material Dealers and Resource Recovery

### Description of Operations

Classification 8264(2), *Bottle Dealers – secondhand*, applies to employers that receive or purchase, sort, crush and resell recyclable glass bottles that are not California Redemption Value (CRV) beverage containers.

Classification 8264(3), *Rubber Stock Dealers – secondhand*, applies to employers that receive or purchase, sort, grind and resell recyclable rubber scrap material.

Classification 8265(2), *Junk Dealers – N.O.C.*, applies to employers that purchase, sort, consolidate and sell ferrous or nonferrous scrap metals in addition to glass, plastic, textiles, paper, rubber and other miscellaneous secondhand recyclable materials.

Classification 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations – all employees*, applies to the operation of landfill, transfer station or material recovery facilities that receive various garbage and waste materials from collection trucks or from customers, as well as salvageable recyclable materials, including but not limited to aluminum, glass, paper, plastic and scrap metals. The items are offloaded from the trucks onto a conveyer where they are sorted by material type to maximize material recovery and minimize waste that is disposed of in landfills.

Classification 8847, *Beverage Container Collection or Redemption*, applies to firms engaged in collecting aluminum, glass and plastic CRV beverage containers, and then selling them to processors to collect the redemption value. These employers are Recycling Centers, Dropoff and Collection Programs that are certified by the California Department of Resources Recycling and Recovery (CalRecycle). This classification does not apply to redemption centers located at Processing Facilities; these operations are assigned to Classification 8500.<sup>19</sup>

### Classification Analysis

Since 2010, Classification 8264(2) has been assigned to only three employers; in each case, the classification was assigned by analogy, as the employer was handling recycled glass, but not glass bottles. Only 14 employers have been assigned to Classification 8264(3), which is typically assigned to employers that specialize in handling rubber products, including shredding and processing rubber tires. The volume of experience for this subset is limited in comparison to the rest of Classification 8264 and would not be statistically credible on its own.

Employers assigned to Classification 8265(2) have, at times, expressed concern with the terminology of “Junk Dealer.” This classification has also been difficult to distinguish from Classifications 8265(1), *Iron or Steel Scrap Dealers*, and 8500, *Metal Scrap Dealers – nonferrous*, for employers that handle a significant amount of scrap metals as well as other miscellaneous recyclable raw materials. Currently, these classifications do not provide direction as to the amount of scrap metals that must be handled in order to determine which class applies. Employers that sell ferrous or nonferrous scrap metals that exceed 25% of their gross receipts operate differently than those that sell little or no metal and primarily sell a variety of miscellaneous recyclable materials.

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<sup>19</sup> CalRecycle defines a Processing Facility (PR) as follows: Processors buy empty beverage containers from certified recyclers, dropoff or collection, community service and curbside programs. They pay these programs, at a minimum, the CRV payment plus possibly a scrap price. In addition to buying materials from recyclers, processors prepare recyclable materials for sale to end-users where recyclable materials are converted into new products. Beverage container beneficiating production plants, steel mills, and fiberglass mills are examples of end users. As part of preparing beverage containers for market, processors may sort materials to recover the largest amount of recyclable materials possible, potentially involving flattening, decontaminating, and baling. Processors “cancel” the beverage containers, usually by altering the shape of the container so that they cannot be redeemed for CRV again. For example, aluminum beverage containers may be canceled by shredding or densifying. Processors are not required to purchase all container types. For instance, a processor may choose to accept only aluminum beverage containers and not accept glass or plastic. Processors cannot pay CRV to the public unless the processor is also certified as a recycling center. This is dual certification. When selling these canceled beverage containers and other recyclable materials to end users, the scrap value received becomes the revenue for the processor.

Currently, garbage or refuse landfills, transfer stations and material recovery facilities assigned to Classification 9424 work to identify and recover as many recyclable materials as possible to reduce the amount of waste that goes into the landfill, including the dismantling of electronic or non-electronic waste products to allow for proper disposal. As such, the recovery, sorting and processing of recyclable materials at material recovery facilities is very similar to the operations of the *Salvage Material Dealers* classifications described in this study.

Classification 8847 has also been assigned to CRV beverage container recycling centers, certified by CalRecycle, including those at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer. Staff reviewed the prevalence of these two operations at a single location by manually reviewing Classification Inspection reports, and whether the operation of a recycling center should be included in Classification 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, when operated by the same employer, noting that Classification 9424 specifies that it applies to *all employees* and does not direct that recycling centers be separately classified. Staff found that CRV beverage recycling centers are fairly common at facilities assigned to Classification 9424 and represent a distinct and separate exposure, and should remain as a separately classifiable operation at garbage or refuse landfill, transfer and material recovery facilities.

### Statistical Analysis

To assess whether employers that handle various recycled and recovered materials should be consolidated into one classification, the WCIRB compared the average loss to payroll ratios for the identified subsets of Classifications 8264, Classification 8265(2) and Classification 9424 based on 2018 Classification Relativity data.

Table 4.1 depicts the Classification Relativity data for employers that collect or purchase used bottles and rubber scraps assigned to Classifications 8264(2) and 8264(3) at policy year 2018 level.

**Table 4.1: Classifications 8264(2) and 8264(3)<sup>20</sup>  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2011	13,806,086	1,506,329	10.911
2012	14,095,029	1,284,279	9.112
2013	15,723,276	1,435,369	9.129
2014	14,855,950	1,103,763	7.430
	58,480,340	5,329,740	

Four-Year Average Loss to Payroll Ratio: 9.114<sup>21</sup>

As shown in Table 4.1, the data for Classifications 8264(2) and 8264(3) has a loss to payroll ratio that is significantly higher than that of all of Classification 8264 (shown in Table 2.1) and the Paper Scrap and Document Destruction subsets of Classification 8264(1) (shown in Tables 2.2 and 2.3).

<sup>20</sup> This classification includes a proportional allocation of residual data. See Appendix I for additional information.

<sup>21</sup> Due to the allocation of the residual data at the aggregate level, the WCIRB could not provide the credibility for this subset. However, before the residual was allocated, the data for Classifications 8264(2) and 8264(3) was low in credibility at 50% credibility for indemnity and 44% credibility for medical.

Table 4.2 depicts the Classification Relativity data for employers that handle ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials, including but not limited to glass, plastic, textiles, paper and rubber, assigned to Classification 8265(2) at policy year 2018 level:

**Table 4.2: Classification 8265(2)<sup>22</sup>  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2011	9,106,348	375,201	4.120
2012	9,762,626	300,200	3.075
2013	9,212,205	187,044	2.030
2014	9,377,693	238,616	2.545
	37,458,872	1,101,061	

Four-Year Average Loss to Payroll Ratio: 2.939<sup>23</sup>

As shown in Table 4.2, the loss to payroll ratio for Classification 8265(2) is significantly lower than the loss to payroll ratio for Classifications 8265(1) and 8500 (shown in Tables 1.2 and 1.3) for employers that primarily handle ferrous and nonferrous scrap metals.

Table 4.3 depicts the Classification Relativity data for garbage or refuse landfill, transfer station and material recovery facility operations, assigned to Classification 9424 as it is currently defined, at policy year 2018 level:

**Table 4.3: Classification 9424  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2011	167,160,148	9,731,838	5.822
2012	181,560,022	6,748,127	3.717
2013	183,410,831	10,406,428	5.674
2014	216,925,917	10,941,635	5.044
	749,056,919	37,828,029	

Four-Year Average Loss to Payroll Ratio: 5.050  
Selected (Unlimited) Loss to Payroll Ratio: 6.159

Credibility	
Indemnity	Medical
1.00	1.00

Table 4.4 depicts the Classification Relativity data for Classification 9424 when combined with Classification 8265(2), the Paper Scrap subset of Classification 8264(1) and the employers that handle recycled glass and rubber scraps assigned to Classifications 8264(2) and 8264(3) at policy year 2018 level. Each of these classifications and subsets are comprised of recyclable material recovery and processing operations that are relatively similar.

<sup>22</sup> This classification includes a proportional allocation of residual data. See Appendix I for additional information.

<sup>23</sup> The loss to payroll ratio for the constituents assigned to Classification 8265(2) is significantly lower than that of other subsets under review. Additionally, the credibility for this subset, before the allocation of residual data, was a relatively low credibility at 40% credibility for indemnity and 35% credibility for medical.

**Table 4.4: Classifications 9424, 8265(2) and 8264(1) Paper Scrap Subset  
and Classifications 8264(2) and 8264(3)  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2011	253,020,445	16,499,577	6.521
2012	273,278,261	13,214,950	4.836
2013	281,791,195	16,676,864	5.918
2014	311,013,367	16,079,112	5.170
	1,119,103,269	62,470,503	

Four-Year Average Loss to Payroll Ratio: 5.582  
Selected (Unlimited) Loss to Payroll Ratio: 6.977

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table 4.4, the loss to payroll ratio for Classification 9424 when combined with Classification 8265(2), the Paper Scrap subset of Classification 8264(1), and Classifications 8264(2) and 8264(3) is slightly higher than the loss to payroll ratio for Classification 9424, which is fully credible for both indemnity and medical. However, these constituents are operationally similar and all handle a variety of recovered recyclable materials.

#### Impact Analysis

Table 4.5 depicts the impact on policyholders assigned to Classification 9424 if Classification 9424 is combined with Classification 8265(2), the Paper Scrap subset of Classification 8264(1) and the recycled material dealers assigned to Classifications 8264(2) and 8264(3).

**Table 4.5: Classification 9424 Combined with 8265(2),  
8264(1) Paper Scrap Subset and Classifications 8264(2) and 8264(3)  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2018 Level**

Classification 9424	Classifications 9424 Combined with 8265(2) and 8264(1) Paper and 8264(2)(3)	Difference
6.159	6.977	+0.818 (13.28%)

As shown in Table 4.5, the Selected (Unlimited) Loss to Payroll Ratio for Classification 9424 would increase by approximately 13% if the experience is combined with the experience of Classification 8265(2), the Paper Stock subset of Classification 8264(1), and Classifications 8264(2) and 8264(3).

#### Findings

Based on staff's review, the WCIRB determined:

1. The loss to payroll ratio for Classification 8265(2), *Junk Dealers*, is significantly lower than that of Classification 8265(1), *Iron or Steel Scrap Dealers*, and Classification 8500, *Metal Scrap Dealers – nonferrous*. Employers assigned to Classification 8265(2) primarily handle a variety of miscellaneous recyclable materials, as well as some ferrous or nonferrous metal scraps. Currently, the description for Classification 8265(2) is ambiguous and does not provide direction as to how much metal can be handled in order to differentiate these employers from those that primarily sell ferrous or nonferrous scrap metals. The non-metal recyclable materials that are listed in Classification 8265(2), including glass, plastic, textiles, paper and rubber, are also listed in other *Salvage Material Dealers*

classifications. Additionally, employers assigned to Classification 8265(2) have, at times, expressed dissatisfaction with the term “Junk Dealers.”

2. There are very few employers assigned to Classification 8264(2), *Bottle Dealers*, and 8264(3), *Rubber Stock Dealers*, and the experience for these groups of employers has low statistical credibility. Salvaged and recycled material dealers that handle a variety of materials, including but not limited to paper, glass, plastic or rubber, which are currently described by multiple classifications, operate similarly to transfer stations and material recovery facilities assigned to Classification 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, as they process discarded or scrap materials for reuse and recycling.
3. The operations of the recycling and waste disposal industries are converging. Both industries are in the business of recovering as many recyclable materials as possible to reduce waste.
4. Classification 8847, *Beverage Container Collection or Redemption*, does not apply to collection or redemption of California Redemption Value beverage containers at certified Processing Facilities, and the classification does not define Processing Facilities or provide direction as to how these operations are classified when performed at certified Processing Facilities.

### **Recommendations**

Based on the findings, the WCIRB recommends the following:

1. Rename the *Salvage Material Dealers* Industry Group to the *Recycling and Refuse Management* Industry Group and amend the group to include the following classifications applicable to recycling and refuse management: 9403(1), *Garbage or Refuse Collecting*, and 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recover Facility Operations*.
2. Eliminate Classification 8265(2), *Junk Dealers*, and assign its constituents to the newly established Classification 9424(2), *Recycled Material Dealers – N.O.C.*, as part of the *Recycling and Refuse Management* Industry Group and as an alternate phraseology to Classification 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, to apply to employers that purchase, sort or consolidate recovered recyclable materials for resale.
3. Eliminate Classifications 8264(1), *Paper Stock Dealers – secondhand*, 8264(2), *Bottle Dealers – secondhand*, and 8264(3), *Rubber Stock Dealers – secondhand*, and assign their constituents, other than mobile paper shredding and document destruction employers, to the newly established Classification 9424(2), *Recycled Material Dealers – N.O.C.*, as an alternate phraseology to 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*.
4. Amend Classification 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*, to apply to the disposal of medical waste, as well as green waste recycling operations when conducted at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer, and direct that California Certified Recycling Centers at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer should be separately classified.
5. Amend Classification 8847, *Beverage Container Collection or Redemption*, to clarify its intended application and direct that the collection or redemption of California Redemption Value beverage containers at certified Processing Facilities is assignable to Classification 8500, *Metal Scrap Dealers – ferrous or nonferrous*.

## Appendix I

Table 1 depicts the Classification Relativity data for Classification 8847 as it is currently defined at policy year 2018 level.

**Table 1: Classification 8847  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	67,906,672	5,523,953	8.135
2011	78,533,465	6,213,237	7.912
2012	75,029,375	4,563,398	6.082
2013	77,519,248	6,163,832	7.951
2014	71,525,105	3,926,633	5.490
	370,513,866	26,391,053	

Four-Year Average Loss to Payroll Ratio: 7.123  
Selected (Unlimited) Loss to Payroll Ratio: 8.132

Credibility	
Indemnity	Medical
1.00	0.94

Table 2.1 depicts the Classification Relativity data for the Residual of Classification 8265 for employers whose operations were unable to be identified at policy year 2018 level.

**Table 2.1: Classification 8265 Residual  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	2,317,011	305,365	13.179
2011	3,721,609	1,240,601	33.335
2012	3,209,837	467,938w	14.578
2013	2,917,927	256,873	8.803
2014	4,617,318	316,630	6.857
	16,783,702	2,587,406	

Five-Year Average Loss to Payroll Ratio: 15.416  
Selected (Unlimited) Loss to Payroll Ratio: 9.163

Credibility	
Indemnity	Medical
0.27	0.24

The residual group in Table 2.1 represents that data that could not be sorted into either Classification 8265(1) or Classification 8265(2) because a WCIRB Inspection Report was not available or there was not enough information online to make a determination. Additionally, it was noted that a significant portion of this data is from temporary staffing agencies.

Table 2.2 depicts the Classification Relativity data for Classification 8265(1) without the residual allocation at policy year 2018 level.

**Table 2.2: Classification 8265(1) without Residual  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	60,815,089	2,543,104	4.182
2011	62,480,265	2,051,305	3.283
2012	58,856,437	2,660,750	4.521
2013	45,548,648	1,346,090	2.955
2014	33,212,465	2,092,719	6.301
	260,912,903	10,693,970	

Five-Year Average Loss to Payroll Ratio: 4.099  
Selected (Unlimited) Loss to Payroll Ratio: 6.259

Credibility	
Indemnity	Medical
0.82	0.72

Table 2.3 depicts the Classification Relativity data for Classification 8265(2) without the residual allocation at policy year 2018 level.

**Table 2.3: Classification 8265(2) without Residual  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	8,179,869	586,841	7.174
2011	8,573,818	197,682	2.306
2012	9,303,326	233,242	2.507
2013	8,794,675	150,288	1.709
2014	8,716,995	193,309	2.218
	43,568,684	1,361,363	

Five-Year Average Loss to Payroll Ratio: 3.125  
Selected (Unlimited) Loss to Payroll Ratio: 6.019

Credibility	
Indemnity	Medical
0.40	0.35

Table 3.1 depicts the Classification Relativity data for the Residual of Classification 8264 for employers whose operations were unable to be identified at policy year 2018 level.

**Table 3.1: Classification 8264 Residual  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	11,850,316	1,503,010	12.683
2011	16,016,321	1,865,960	11.650
2012	22,931,883	2,373,324	10.349
2013	30,276,015	2,825,158	9.331
2014	16,998,958	764,858	4.499
	98,073,494	9,332,310	

Five-Year Average Loss to Payroll Ratio: 9.516  
Selected (Unlimited) Loss to Payroll Ratio: 9.834

Credibility	
Indemnity	Medical
0.61	0.54

The residual group in Table 3.1 represents the data that could not be sorted into any of the subsets within Classification 8264 because a WCIRB Inspection Report was not available or there was not enough information online to make a determination. Additionally, it was noted that a significant portion of this data is from temporary staffing agencies.

Table 3.2 depicts the Classification Relativity data for the Paper Scrap subset of Classification 8264(1) without residual allocation at policy year 2018 level.

**Table 3.2: Classification 8264(1) Paper Scrap Subset without Residual  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	52,580,009	4,505,803	8.569
2011	53,447,668	3,779,401	7.071
2012	54,258,374	3,474,590	6.404
2013	55,486,448	2,972,260	5.357
2014	59,770,753	3,341,417	5.590
	275,543,251	18,073,471	

Five-Year Average Loss to Payroll Ratio: 6.559  
Selected (Unlimited) Loss to Payroll Ratio: 8.346

Credibility	
Indemnity	Medical
0.92	0.82



Table 3.3 depicts the Classification Relativity data for the Document Destruction subset of Classification 8264(1) without residual allocation at policy year 2018 level.

**Table 3.3: Classification 8264(1) Document Destruction without Residual Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	18,511,045	987,693	5.336
2011	24,287,001	585,142	2.409
2012	26,454,612	2,020,047	7.636
2013	21,758,042	775,167	3.563
2014	23,793,529	846,181	3.556
	114,804,229	5,214,229	

Five-Year Average Loss to Payroll Ratio: 4.542  
 Selected (Unlimited) Loss to Payroll Ratio: 6.600

Credibility	
Indemnity	Medical
0.65	0.58

Table 3.4 depicts the Classification Relativity data for Classification 8264(4) without residual allocation at policy year 2018 level.

**Table 3.4: Classification 8264(4) without Residual Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	2,690,365	31,665	1.177
2011	2,833,447	113,831	4.017
2012	3,085,861	82,904	2.687
2013	2,597,672	244,965	9.430
2014	3,866,744	430,699	11.139
	15,074,090	904,064	

Five-Year Average Loss to Payroll Ratio: 5.997  
 Selected (Unlimited) Loss to Payroll Ratio: 7.777

Credibility	
Indemnity	Medical
0.29	0.26

Table 3.5 depicts the Classification Relativity data for Classifications 8264(2) and 8264(3) without residual allocation at policy year 2018 level.

**Table 3.5: Classification 8264(2) and 8264(3) without Residual  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	11,607,176	316,238	2.725
2011	11,767,912	1,268,874	10.782
2012	11,176,808	982,259	8.788
2013	11,870,470	1,075,851	9.063
2014	12,692,730	1,006,430	7.929
	59,115,096	4,649,653	

Five-Year Average Loss to Payroll Ratio: 7.865  
 Selected (Unlimited) Loss to Payroll Ratio: 8.869

Credibility	
Indemnity	Medical
0.50	0.44

## Recommendation

Amend Part 3, *Standard Classification System*, Section VII, *Standard Classifications*, Rule 1, *Classification Section*, Subrule a(14), *Salvage Material Dealers*, to rename the *Salvage Material Dealers* Industry Group the *Recycling and Refuse Management* Industry Group.

## PROPOSED

### Section VII – Standard Classifications

#### 1. Classification Section

This section contains an alphabetical listing of classifications that describe most occupations, employments, industries and businesses. The classifications are organized as follows:

##### a. Industry Groups

- 
- 
- 
- (14) ~~Salvage Material Dealers~~ Recycling and Refuse Management
- 
- 
- 

\* \* \* \* \*

## Recommendation

Amend Classification 8847, *Beverage Container Collection or Redemption*, which is part of the renamed *Recycling and Refuse Management* Industry Group, to clarify its intended application and provide direction as to how related operations shall be classified.

## PROPOSED

### ~~SALVAGE MATERIAL DEALERS~~ RECYCLING AND REFUSE MANAGEMENT

#### BEVERAGE CONTAINER COLLECTION OR REDEMPTION

8847

This classification applies to the operation of ~~certified r~~ Recycling eCenters, mobile recycling centers or Dropoff or eCollection pPrograms, for other than curbside collection programs, certified by the California Department of Resources Recycling and Recovery and engaged in the collection and redemption of California Redemption Value (CRV) beverage containers. This classification does not apply to collection or redemption operations conducted at certified pProcessing fFacilities.

Collection or redemption of California Redemption Value (CRV) beverage containers at locations certified as Processing Facilities by the California Department of Resources Recycling and Recovery shall be classified as 8500, *Metal Scrap Dealers – ferrous or nonferrous.*

The curbside collection of recyclables, including but not limited to beverage containers shall be classified as 9403(1), *Garbage or Refuse Collecting.*

\* \* \* \* \*

## Recommendation

Eliminate Classification 8264(2), *Bottle Dealers*, which is part of the *Salvage Material Dealers* Industry Group, as the operations described by this classification are assignable to Classification 9424(2), *Recycled Material Dealers*.

## PROPOSED

### **SALVAGE MATERIAL DEALERS**

#### **BOTTLE DEALERS – secondhand**

**8264(2)**

~~This classification applies to the purchasing, sorting, crushing and resale of glass originating from glass bottles. This classification includes certified processing facilities that process glass bottles.~~

~~This classification does not apply to handling scrap metal; refer to Classifications 8265(1), *Iron or Steel Scrap Dealers*, or 8500, *Metal Scrap Dealers*.~~

~~The collection and redemption of California Redemption Value beverage containers at sites other than processing facilities shall be classified as 8847, *Beverage Container Collection or Redemption*.~~

~~The purchasing, sorting, consolidating and selling of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials, including but not limited to glass, plastic, textiles, paper and rubber shall be classified as 8265(2), *Junk Dealers*.~~

\* \* \* \* \*

### **Recommendation**

Establish Classification 9403(3), *Document Destruction – including mobile paper shredding*, as part of the *Recycling and Refuse Management* Industry Group, to apply to employers that conduct mobile paper shredding and document destruction.

## PROPOSED

### **RECYCLING AND REFUSE MANAGEMENT**

#### **DOCUMENT DESTRUCTION – including mobile paper shredding**

**9403(3)**

This classification applies to the mobile collection of paper documents at customer locations for secure destruction on a fee basis, including mobile paper document shredding and transport to salvaged or recycled material dealers, transfer stations, material recovery facilities or disposal sites.

Fixed locations (not mobile) where employers collect or purchase, sort, consolidate and sell recovered recyclable raw materials, including but not limited to glass, plastic, paper and rubber, and where the sale of ferrous or nonferrous scrap metal does not equal or exceed 25% of gross receipts shall be separately classified as 9424(2), *Recycled Material Dealers*.

Transfer station, material recovery facility or disposal site operations shall be separately classified as 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*.

The storage of paper documents on a fee basis shall be separately classified as 8292, *Ware-*

houses – general merchandise.

The pick-up or delivery of paper documents in connection with document storage operations shall be separately classified as 7219, *Trucking Firms*.

\* \* \* \* \*

## **Recommendation**

Amend Classification 9403(1), *Garbage or Refuse Collecting*, to move this classification into the *Recycling and Refuse Management* Industry Group and for consistency with other proposed changes.

## PROPOSED

### **RECYCLING AND REFUSE MANAGEMENT**

#### **GARBAGE OR REFUSE COLLECTING**

**9403(1)**

This classification applies to the collection of household and commercial waste and the curbside collection of recyclables, including but not limited to beverage containers for transport to transfer stations, material recovery facilities or disposal sites. This classification includes debris box, trash bin and roll-off container rental services. Such services include the delivery and pick up of debris boxes, bins and containers and the disposal of waste.

This classification includes the collection of hazardous materials for transport to disposal or processing sites.

The operation of landfill disposal sites, transfer stations and material recovery facilities shall be separately classified as 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*.

\* \* \* \* \*

## Recommendation

Amend Classification 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recover Facility Operations*, to move this classification into the *Recycling and Refuse Management* Industry Group, to clarify its application to the disposal of medical waste, as well as green waste recycling operations when conducted at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer, and direct that California Certified Recycling Centers at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer should be separately classified.

## PROPOSED

### **RECYCLING AND REFUSE MANAGEMENT**

#### **GARBAGE OR REFUSE LANDFILL, TRANSFER STATION AND MATERIAL RECOVERY FACILITY OPERATIONS — ~~all employees~~**

**9424(1)**

This classification applies to employers that receive, sort and consolidate garbage, refuse, waste or recyclable materials, primarily (more than 50% of gross receipts) for fee based disposal. This classification includes gate attendants and cashiers who receive payments from customers. This classification also applies to the disposal of medical waste.

This classification also applies to dismantling electronic or non-electronic waste products to allow for proper disposal.

This classification ~~shall include gate attendants and cashiers who receive payments from customers~~ also applies to the processing of green waste, including but not limited to grass clippings, leaves, weeds, tree trimmings and similar yard waste at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer.

The collection of household and commercial waste and the curbside collection of recyclables, including but not limited to beverage containers for transport to transfer stations, material recovery facilities or disposal sites shall be separately classified as 9403(1), *Garbage or Refuse Collecting*.

Recycling Centers, Dropoff or Collection Programs other than curbside collection, certified by the California Department of Resources Recycling and Recovery, engaged in the collection and redemption of California Redemption Value (CRV) beverage containers shall be separately classified as 8847, *Beverage Container Collection or Redemption*.

\* \* \* \* \*

## Recommendation

Eliminate Classification 8265(1), *Iron or Steel Scrap Dealers*, which is part of the *Salvage Material Dealers* Industry Group, as the operations described by this classification are assignable to Classification 8500, *Metal Scrap Dealers*.

## PROPOSED

### **SALVAGE MATERIAL DEALERS**

#### **IRON OR STEEL SCRAP DEALERS**

**8265(1)**

~~This classification applies to the purchasing, sorting, consolidating and selling of ferrous scrap metal, including but not limited to steel and iron beams, pipe, rebar, sheet metal, plate stock and heavy tubing.~~

~~Dealers of nonferrous and stainless steel scrap metal shall be classified as 8500, *Metal Scrap Dealers*.~~

~~Dealers in new metal shall be classified as 8106, *Iron or Steel Merchants*.~~

~~The purchasing, sorting, consolidating and selling of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials, including but not limited to glass, plastic, textiles, paper and rubber shall be classified as 8265(2), *Junk Dealers*.~~

~~Wrecking or salvaging shall be separately classified.~~

\* \* \* \* \*

## Recommendation

Eliminate Classification 8265(2), *Junk Dealers*, which is part of the *Salvage Material Dealers* Industry Group, as the operations described by this classification are assignable to Classification 9424(2), *Recycled Material Dealers*.

## PROPOSED

### **SALVAGE MATERIAL DEALERS**

#### **JUNK DEALERS — N.O.C.**

**8265(2)**

~~This classification applies to the purchasing, sorting, consolidating and selling of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials, including but not limited to glass, plastic, textiles, paper and rubber.~~

~~This classification also applies to the dismantling of electronic waste to obtain recyclable materials for sale.~~

~~Dismantling electronic or non-electronic waste products to allow for proper disposal shall be classified as 9424, *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*.~~

~~Also refer to Classifications 8265(1), *Iron or Steel Scrap Dealers*, and 8500, *Metal Scrap Dealers*.~~

~~Wrecking or salvaging shall be separately classified.~~

\* \* \* \* \*

## Recommendation

Amend Classification 8500, *Metal Scrap Dealers*, which is part of the renamed *Recycling and Refuse Management* Industry Group, to include the purchase, sorting, consolidation and sale of both ferrous and nonferrous scrap metals, provided metal sales equal or exceed 25% of gross receipts, clarify its intended application and provide direction as to how related operations should be classified.

## PROPOSED

### ~~SALVAGE MATERIAL DEALERS~~ **RECYCLING AND REFUSE MANAGEMENT**

#### **METAL SCRAP DEALERS – ferrous or nonferrous**

**8500**

This classification applies to ~~the employers that~~ purchasing, sorting, consolidating and selling ~~ferrous or nonferrous~~ scrap metal, including but not limited to steel, iron, stainless steel, aluminum, copper, brass, tin, lead and precious metals, provided the sale of metal equals or exceeds 25% of gross receipts. This classification ~~includes certified~~ also applies to ~~pProcessing f~~Facilities certified by the California Department of Resources Recycling and Recovery that process ~~aluminum~~ California Redemption Value (CRV) beverage containers.

Dealers of ~~ferrous scrap~~new metals shall be classified as ~~8265(1)~~8106, *Iron or Steel Scrap Metal Stock Dealers – ferrous or nonferrous*.

Dismantling electronic or non-electronic waste products to allow for proper disposal shall be classified as 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*.

~~The purchasing, sorting, consolidating and selling of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials~~Fixed locations (not mobile) where employers collect or purchase, sort, consolidate and sell recovered recyclable raw materials, including but not limited to glass, plastic, ~~textiles~~, paper and rubber, and where the sale of ferrous or nonferrous scrap metal does not equal or exceed 25% of gross receipts shall be classified as ~~8265~~9424(2), *Junk/Recycled Material Dealers*.

The collection and redemption of California Redemption Value beverage containers at sites other than ~~certified p~~Processing ~~f~~Facilities shall be classified as 8847, *Beverage Container Collection or Redemption*.

Wrecking or demolition work at outside locations shall be separately classified.

\* \* \* \* \*



## Recommendation

Eliminate Classification 8264(1), *Paper Stock Dealers*, which is part of the *Salvage Material Dealers* Industry Group, as the operations described by this classification, are assignable to either Classification 9424(2), *Recycled Material Dealers* or Classification 9403(3), *Document Destruction*.

## PROPOSED

### **SALVAGE MATERIAL DEALERS**

#### **PAPER STOCK DEALERS – ~~secondhand~~**

**8264(1)**

~~This classification applies to the purchasing, baling and resale of paper, cardboard and corrugated stock, and includes mobile paper shredding services.~~

~~This classification does not apply to handling scrap metal; refer to Classifications 8265(1), *Iron or Steel Scrap Dealers*, or 8500, *Metal Scrap Dealers*.~~

~~The collection and redemption of California Redemption Value beverage containers at sites other than processing facilities shall be classified as 8847, *Beverage Container Collection or Redemption*.~~

~~The purchasing, sorting, consolidating and selling of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials, including but not limited to glass, plastic, textiles, paper and rubber shall be classified as 8265(2), *Junk Dealers*.~~

\* \* \* \* \*

## Recommendation

Establish Classification 9424(2), *Recycled Material Dealers – N.O.C.*, as part of the *Recycling and Refuse Management* Industry Group, to apply to employers that purchase, sort or consolidate recovered recyclable materials for resale.

## PROPOSED

### **RECYCLING AND REFUSE MANAGEMENT**

#### **RECYCLED MATERIAL DEALERS – N.O.C.**

**9424(2)**

This classification applies to fixed locations (not mobile) where employers collect, purchase, sort or consolidate recovered recyclable materials for resale, including but not limited to glass, plastic, paper, cardboard, corrugated stock and rubber, and where the sale of ferrous or nonferrous scrap metal does not equal or exceed 25% of gross receipts.

Dealers of ferrous or nonferrous scrap metal, including salvaged or recycled material dealers where the sale of scrap metal equals or exceeds 25% of gross receipts, shall be classified as 8500, *Metal Scrap Dealers*.

Employers that receive or purchase, sort, cut, launder, bundle and resell wiping cloth or rag material shall be classified as 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*.

Employers that receive, sort or consolidate garbage, refuse, waste or recyclable materials, primarily (more than 50% of gross receipts) for fee based disposal shall be classified as 9424(1),

Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations.

Mobile collection and secure destruction of paper documents, including mobile paper shredding at customer locations shall be separately classified as 9403(3), *Document Destruction*.

Recycling Centers, Dropoff or Collection Programs other than curbside collection, certified by the California Department of Resources Recycling and Recovery, engaged in the collection and redemption of California Redemption Value (CRV) beverage containers shall be separately classified as 8847, *Beverage Container Collection or Redemption*.

\* \* \* \* \*

### **Recommendation**

Eliminate Classification 8264(3), *Rubber Stock Dealers*, which is part of the *Salvage Material Dealers* Industry Group, as the operations described by this classification are assignable to Classification 9424(2), *Recycled Material Dealers*.

### PROPOSED

#### **SALVAGE MATERIAL DEALERS**

##### **RUBBER STOCK DEALERS — secondhand**

**8264(3)**

~~This classification applies to the purchasing, sorting, grinding and resale of scrap rubber material.~~

~~This classification does not apply to the manufacture of rubber or rubber products.~~

~~This classification does not apply to handling scrap metal; refer to Classifications 8265(1), *Iron or Steel Scrap Dealers*, or 8500, *Metal Scrap Dealers*.~~

~~The purchasing, sorting, consolidating and selling of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials, including but not limited to glass, plastic, textiles, paper and rubber shall be classified as 8265(2), *Junk Dealers*.~~

\* \* \* \* \*

## Recommendation

Eliminate Classification 8264(4), *Wiping Cloth or Rag Dealers*, which is part of the *Salvage Material Dealers* Industry Group, as the operations described by this classification are assignable to Classification 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*.

## PROPOSED

### **SALVAGE MATERIAL DEALERS**

#### **WIPING CLOTH OR RAG DEALERS – including all laundry operations**

**8264(4)**

~~This classification applies to the purchasing, sorting, cutting, laundering, bundling and resale of wiping cloth or rag material.~~

~~This classification does not apply to handling scrap metal; refer to Classifications 8265(1), *Iron or Steel Scrap Dealers*, or 8500, *Metal Scrap Dealers*.~~

~~The purchasing, sorting, consolidating and selling of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand materials, including but not limited to glass, plastic, textiles, paper and rubber shall be classified as 8265(2), *Junk Dealers*.~~

\* \* \* \* \*

## Recommendation

Amend Classification 8232(3), *Fuel and Material Dealers*, to provide direction as to how related operations should be classified.

## PROPOSED

#### **FUEL AND MATERIAL DEALERS – N.O.C. – including counterpersons**

**8232(3)**

This classification applies to dealers of solid combustible fuel materials, including but not limited to coal, charcoal, firewood, bark, sawdust and wood chips. This classification also applies to dealers of ~~soil amendments, including but not limited to~~ compost and green waste materials, including incidental composting.

The processing of green waste, including but not limited to grass clippings, leaves, weeds, tree trimmings and similar yard waste at garbage or refuse landfill, transfer station or material recovery facility locations that are operated by the same employer shall be classified as 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recovery Facility Operations*.

The manufacturing or blending of bark, sawdust, compost, wood chips and other soil amendments that include manure or other animal by-products shall be classified as 4665, *Rendering or Fertilizer Mfg.*

The wholesale distribution of gasoline, oil, propane or other types of petroleum products shall be classified as 8350, *Gasoline or Oil Dealers*.

The manufacture of wood chips for sale to co-generation plants shall be classified as 2710(2), *Log Chipping*.

Commercial lumberyards shall be classified as 8232(1), *Lumberyards*.

The sale of building materials, including secondhand building materials, shall be classified as 8232(2), *Building Material Dealers*.

\* \* \* \* \*

### Recommendation

Amend Classification 8106, *Iron or Steel Merchants*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **IRON OR STEEL MERCHANTS METAL STOCK DEALERS – not junk dealers or iron or steel ferrous or nonferrous – not metal scrap dealers** 8106

This classification applies to the sale of new ferrous or nonferrous metal stock, including but not limited to iron, steel, aluminum, brass and bronze. This classification also applies to the sale of load bearing metal wire rope or cable. This classification includes incidental cutting, shearing, slitting, bending and straightening that is performed in connection with metal sales.

The fabrication of structural iron or steel components shall be classified as 3030, *Iron or Steel Works – structural*.

The fabrication of non-structural architectural or ornamental iron, steel, brass or bronze items shall be classified as 3040, *Iron or Steel Works – non-structural*.

~~Dealers of ferrous scrap metal shall be classified as 8265(1), *Iron or Steel Scrap Dealers*.~~

Dealers of ferrous, nonferrous or stainless steel scrap metals shall be classified as 8500, *Metal Scrap Dealers*.

~~Dealers of ferrous or nonferrous scrap metals in addition to a miscellaneous line of secondhand~~ Fixed locations (not mobile) where employers collect or purchase, sort, consolidate and sell recovered recyclable raw materials, including but not limited to glass, plastic, textiles, paper and rubber, and where the sale of ferrous or nonferrous scrap metal does not equal or exceed 25% of gross receipts shall be classified as 82659424(2), *Junk/Recycled Material Dealers*.

\* \* \* \* \*

## Recommendation

Amend Classification 1438, *Smelting, Sintering, Refining or Alloying*, for consistency with other proposed changes.

### PROPOSED

#### **SMELTING, SINTERING, REFINING OR ALLOYING – metals – not lead – N.O.C.**

**1438**

This classification applies to the extraction, purification, refining or alloying of metals, including but not limited to gold, silver, tin, zinc, aluminum, calcium carbide, brass, bronze and copper (not lead) using metallurgical processes, such as heating, cooling, exposure to chemicals or electrolytes and compression. This classification includes the pouring of molten metals to produce ingots.

The manufacture, alloying, sintering, refining or recovery of lead shall be classified as 3647(2), *Lead Mfg., Reclaiming or Alloying*.

~~The dismantling of electronic waste to obtain recyclable materials for sale shall be classified as 8265(2), *Junk Dealers*.~~

\* \* \* \* \*

## Recommendation

Amend Classification 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*, which is part of the *Stores Industry Group*, to include the purchasing, sorting, cutting, laundering, bundling and reselling of wiping cloth or rag material.

### PROPOSED

#### **STORES**

##### **STORES – clothing, shoes, linens or fabric products – wholesale**

**8032**

This classification applies to wholesale stores engaged in the sale of clothing, shoes, linens and fabric products, including but not limited to curtains and draperies.

This classification also applies to employers that do not manufacture but prepare clothing for display and sale by sewing in labels, tagging, pressing, placing on hangers or packaging for clothing retailers on a fee basis.

This classification also applies to employers that receive or purchase, sort, cut, launder, bundle and resell wiping cloth or rag material.

Retail clothing stores shall be classified as 8008, *Stores – clothing, shoes, linens or fabric products – retail*.

Clothing manufacturing shall be classified as 2501(1), *Clothing Mfg.* Clothing manufacturers include employers who design garments, even if some or all of the production sewing or assembling operations are subcontracted.

\* \* \* \* \*

## Recommendation

Amend the cross-reference to Classification 8847, *Beverage Container Collection or Redemption*, for consistency with other proposed changes.

PROPOSED

**BEVERAGE CONTAINER COLLECTION OR REDEMPTION**

See ~~Salvage Material Dealers~~ Recycling and Refuse Management.

\* \* \* \* \*

**Recommendation**

Eliminate the cross-reference to Classification 8264(2), *Bottle Dealers*, for consistency with other proposed changes.

PROPOSED

**~~BOTTLE DEALERS — secondhand~~**

See ~~Salvage Material Dealers~~.

\* \* \* \* \*

**Recommendation**

Establish a cross-reference to Classification 9403(3), *Document Destruction*, for consistency with other proposed changes.

PROPOSED

**DOCUMENT DESTRUCTION – including mobile paper shredding**

See Recycling and Refuse Management.

\* \* \* \* \*

**Recommendation**

Establish a cross-reference to Classification 9403(1), *Garbage or Refuse Collecting*, for consistency with other proposed changes.

PROPOSED

**GARBAGE OR REFUSE COLLECTING**

See Recycling and Refuse Management.

\* \* \* \* \*

**Recommendation**

Establish a cross-reference to Classification 9424(1), *Garbage or Refuse Landfill, Transfer Station and Material Recover Facility Operations*, which is part of the *Recycling and Refuse Management* Industry Group, for consistency with other proposed changes.

PROPOSED

**GARBAGE OR REFUSE LANDFILL, TRANSFER STATION AND MATERIAL RECOVERY  
FACILITY OPERATIONS**

See Recycling and Refuse Management.

\* \* \* \* \*

**Recommendation**

Eliminate the cross-reference to Classification 8265(1), *Iron or Steel Scrap Dealers*, for consistency with other proposed changes.

PROPOSED

**~~IRON OR STEEL SCRAP DEALERS~~**

~~See Salvage Material Dealers.~~

\* \* \* \* \*

**Recommendation**

Eliminate the cross-reference to Classification 8265(2), *Junk Dealers*, for consistency with other proposed changes.

PROPOSED

**JUNK DEALERS**

~~See Salvage Material Dealers.~~

\* \* \* \* \*

**Recommendation**

Amend the cross-reference to Classification 8500, *Metal Scrap Dealers*, for consistency with other proposed changes.

PROPOSED

**METAL SCRAP DEALERS**

~~See Salvage Material Dealers~~ Recycling and Refuse Management.

\* \* \* \* \*

**Recommendation**

Eliminate the cross-reference to Classification 8264(1), *Paper Stock Dealers – secondhand*, for consistency with other proposed changes.

PROPOSED

**~~PAPER STOCK DEALERS – secondhand~~**

~~See Salvage Material Dealers.~~

\* \* \* \* \*



**Recommendation**

Establish a cross-reference to Classification 9424(2), *Recycled Material Dealers – N.O.C.*, which is part of the *Recycling and Refuse Management* Industry Group, for consistency with other proposed changes.

PROPOSED

**RECYCLED MATERIAL DEALERS – N.O.C.**

See Recycling and Refuse Management.

\* \* \* \* \*

**Recommendation**

Eliminate the cross-reference to Classification 8264(3), *Rubber Stock Dealers*, for consistency with other proposed changes.

PROPOSED

**RUBBER STOCK DEALERS — secondhand**

See Salvage Material Dealers.

\* \* \* \* \*

**Recommendation**

Eliminate the cross-reference to Classification 8264(4), *Wiping Cloth or Rag Dealers*, for consistency with other proposed changes.

PROPOSED

**WIPING CLOTH OR RAG DEALERS**

See Salvage Material Dealers.

\* \* \* \* \*

## Recommendation

Amend Section VIII, *Abbreviated Classifications – Numeric Listing*, for consistency with other proposed changes.

### PROPOSED

#### Section VIII – Abbreviated Classifications – Numeric Listing

- 
- 
- 
- 8106      ~~Iron/Steel Merchants~~ Metal Stock Dealers
- 
- 
- 
- 8264(1)      ~~Paper Stock Dealers~~
- 8264(2)      ~~Bottle Dealers~~
- 8264(3)      ~~Rubber Stock Dealers~~
- 8264(4)      ~~Wiping Cloth/Rag Dealers~~
- 
- 
- 
- 8265(1)      ~~Iron/Steel Scrap Dealers~~
- 8265(2)      ~~Junk Dealers~~
- 
- 
- 
- 9403(3)      Document Destruction
- 
- 
- 
- 9424(1)      Garbage/Transfer Station/Mat Recovery
- 9424(2)      Recycled Material Dealers
- 
- 
- 

\* \* \* \* \*