

# Governing Committee

## Meeting Agenda

| Date   | Time     | Location               | Staff Contact |
|--|----------|------------------------|---------------|
| June 11, 2020  | 10:00 AM | webinar teleconference | Eric S. Riley |
| 1221 Broadway, Suite 900 • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com |          |                        |               |

Released: June 4, 2020

**Due to the COVID-19 crisis and Governor Gavin Newsom's stay-at-home order, this meeting is being held via webinar teleconference.**

**This meeting is Open to the Public.**

Please register for June 11, 2020 WCIRB Governing Committee Meeting at:

<https://attendee.gotowebinar.com/register/6519423762389697547>

After registering, you will receive a confirmation email containing information about joining the webinar.

**I. Approval of Minutes**

Meetings held April 8, 2020 and April 17, 2020

**II. Additions to the Agenda**

**III. Ratification of Actions of WCIRB Committees**

A. Actuarial Committee

Meetings Held March 16, 2020 and April 2, 2020

B. Classification and Rating Committee

Meeting Held April 14, 2020

**IV. Unfinished Business**

A. July 1, 2020 Special Regulatory Filing (oral report)

**V. New Business**

A. COVID-19 Update

I. Cost Evaluations

II. Legislation

III. Research Initiatives

IV. January 1, 2021 Pure Premium Rate Filing

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B. January 1, 2021 Regulatory Filing

**VI. Next Meeting Date:** August 12, 2020

**VII. Adjournment**

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# Actuarial Committee

## Meeting Minutes

| Date   | Time    | Location  | Staff Contact     |
|--|---------|---|-------------------|
| March 16, 2020   | 9:30 AM | WCIRB California<br>1221 Broadway, Suite 900<br>Oakland, CA | David M. Bellusci |
| 1221 Broadway, Suite 900 • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com |         |   |                   |

Released: May 6, 2020

### Members

Mauro Garcia  
Jim Gebhard  
Miranda Ma  
Joanne Ottone  
Jill Petker  
Mark Priven  
Kate Smith  
Bryan Ware  
Chris Westermeyer

### Representing

Zurich North America  
Farmers Insurance Group of Companies  
American International Group  
Berkshire Hathaway Homestate Companies  
Liberty Mutual Group  
Public Members of Governing Committee  
State Compensation Insurance Fund  
AmTrust  
Travelers

### California Department of Insurance

Mitra Sanandajifar

### WCIRB

Bill Mudge  
David Bellusci  
Laura Carstensen  
Tony Milano  
Julia Zhang

Note: Due to concerns over the coronavirus (COVID-19), this meeting was held via teleconference.

The meeting of the Actuarial Committee was called to order at 9:55 AM following a reminder of applicable antitrust restrictions, with Mr. David Bellusci, Executive Vice President and Chief Actuary, presiding.

\* \* \* \* \*

### Approval of Minutes

The Minutes of the meeting held on December 5, 2019, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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## Item II Working Group Meeting Summaries

The summary of the Actuarial Research Working Group (ARWG) meeting held March 3, 2020 was included in the Agenda for the Committee's review. Staff summarized the early research into the review of the loss development methodology for classification ratemaking that will be presented to the Committee later this year. Staff also noted that the ARWG reviewed components of the 2021 changes to the Experience Rating Plan that are being developed and that these proposed changes will be presented to the Committee at the next meeting.

## Item AC19-08-05 Review of Loss Development Tail Methodology

The Committee was reminded that at the August 1, 2019 meeting, the Committee reviewed an initial study of the loss development tail methodology which suggested that an approach based on applying an inverse power curve to paid loss development may be more appropriate than the current approach based on incurred loss development. However, the Committee noted it was unclear whether the factors that led to the selection of incurred loss development in lieu of paid development from accident years 1998 and prior, which was based on a comprehensive study conducted in 2014, continued to apply. In addition, the Committee recommended the impact of recent claim settlement rate increases on tail development be reviewed in 2020.

Staff presented a summary of the updated analysis of the loss development tail methodology included in the Agenda. The Committee noted that paid development was consistently more accurate and stable than incurred development at later maturities in the retrospective tests performed.

The Committee discussed the potential impact of the recent claim settlement rate increases on tail development. Staff noted that the proportion of claims projected to be open for more recent accident years at later maturities is approximately 50% less than what underlies the age-to-age development currently observed. Staff also noted that, based on a review of medical transaction data, there does not appear to be a significant increase in the closing of claims with no or low incremental payments which would dampen the impact on the loss development tail. The Committee provided feedback on potential approaches to adjust the loss development tail for claim settlement rate changes.

After discussion, the consensus of the Committee was that staff should continue to develop approaches to adjust for changing claim settlement rate impacts on tail development in preparation for the next annual filing.

## Item AC20-03-01 First Quarter 2020 Review of Diagnostics

The Agenda included the WCIRB's standard set of diagnostics that are reviewed by the Actuarial Committee and Claims Working Group on a semi-annual basis. Among the diagnostics discussed by the Committee were the following:

1. Updated unit statistical data shows that claim settlement rates continue to increase for both permanent partial disability and temporary disability-only claims. Staff noted that more current aggregate financial data suggests that the claim settlement rates appear to be stabilizing. It was also noted that the most significant improvement in settlement ratios over the last five years has been in the Los Angeles Basin, which now has among the highest settlement rates in the state.
2. The proportion of permanent disability claims closing through compromise and release settlements has been increasing modestly but steadily over the last several years. It was noted that the highest proportion of compromise and release settlement claims was in the Los Angeles Basin, but those claims had the lowest average incurred amounts. A member suggested reviewing the impact of increasing compromise and release settlements on loss development patterns.
3. Lien filings continue to decrease since the enactment of Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) effective in 2017. It was noted that lien filings in 2019 were approximately 75% below the pre-SB 1160 level. Staff agreed to discuss the continued reduction in lien filings with the Claims Working Group.
4. Retrospective evaluations of the performance of alternative loss development methodologies indicate that paid development methodologies generally continue to outperform the other methods reviewed. Staff noted that the evaluations also show that claim settlement adjustments are continuing to improve the accuracy of the paid projections.
5. Average indemnity severity measures for accident years 2018 and 2019 are above that of the prior years and reflect increases above that estimated due to wage inflation and annual cost of living increases in temporary and permanent total disability benefits. It was noted that the latest unit statistical information on permanent disability ratings and very preliminary indemnity transaction data on temporary disability duration do not suggest a significant increase in either of these areas. The Committee suggested obtaining feedback from the Claims Working Group on these indemnity severity increases.
6. The Committee reviewed the updated diagnostics on medical severities. It was noted that while 2018 accident year severities continue to be well above those for accident year 2017, accident year 2019 medical severities have dropped. It was also noted while the 2019 decrease in medical severities was consistent with early indicators based on both aggregate financial data and medical transaction data, the significant 2018 increase does not conform to the indicators based on medical transaction data. The Committee was advised that staff is exploring whether the 2018 increased severity may be due to an increase in settlements not reflected in the medical transaction data or an increase in very large claims in 2018 that may have only been partially reflected in the medical transaction data. Staff also agreed to solicit feedback from the Claims Working Group on this medical severity pattern.

## Item AC20-03-02 12/31/2019 Experience – Review of Methodologies

Staff presented a summary of the preliminary analysis of statewide accident year experience evaluated as of December 31, 2019, which was included in the Agenda. It was noted that the modest decrease in the projected loss ratio from that reflected in the January 1, 2020 Pure Premium Rate Filing based on March 31, 2019 experience was primarily attributable to lower loss development.

The Committee noted that the decreases in paid indemnity and paid medical loss development have continued to moderate, while incurred loss development has started to increase across maturities. Staff noted that the decreases in the developed loss ratios from June 30, 2019 experience to December 31, 2019 experience were very modest, particularly when compared to the same period one year ago. The Committee also noted that, while claim settlement rates for older accident years continue to increase, settlement rates for 2018 and 2019 have been flat and incremental changes in claim settlement rates for earlier maturities have declined over the last two quarters.

The Committee reviewed the loss development tail factor and noted that incurred medical development in 2019 after 120 months has begun to show a return to a more normal pattern. As a result, the consensus of the Committee was that calendar year 2019 should be included in the tail development factor fit in the loss development projection, while the three prior calendar years (2016 through 2018) should continue to be excluded from the tail development factor fit given the anomalous pattern observed for those years.

Staff noted that the wage projection included in the Agenda based on the average of the UCLA Anderson School of Business (as of December 2019) and California Department of Finance (as of November 2019) forecasts was on average consistent with that reflected in the January 1, 2020 Pure Premium Rate Filing. Staff noted that an updated UCLA wage forecast based on data through March 2020 showed a much more modest wage change for 2020, driven by a potential economic downturn caused by the COVID-19 pandemic. The Committee discussed the potential impact of the COVID-19 pandemic and resulting economic changes on the pure premium rate projection. Staff recommended that, given the Department of Finance forecasts were made prior to the pandemic, only the recently published UCLA wage change forecast should be reflected for 2020. A Committee member noted that a significant change in economic conditions would impact premium audits on 2019 and 2020 policies. Other Committee members noted that a recession may impact the filing of cumulative trauma claims and that the impact would differ by industry.

The Committee noted that the on-level indemnity severities for 2018 and 2019 show modest increases following several years of flat-to-declining on-level indemnity severities. Staff recommended an indemnity severity trend of 0% (compared to -0.5% reflected in the January 1, 2020 Pure Premium Rate Filing), which considers the recent increases and prior period of sustained decreases. For medical, it was noted that on-level severity for 2019 decreased moderately after increasing by more than 4% in 2018. Staff noted that a preliminary review of medical transaction data showed reductions in medical transactions for 2019 consistent with the indicated decrease. Staff also noted that it will continue to review the factors driving the 2018 and 2019 medical severity changes and discuss with the Committee at the next meeting. Given the 2019 decrease, staff recommended a medical severity trend of 1.5% compared to 2.5% reflected in the January 1, 2020 Pure Premium Rate Filing. The consensus of the Committee was that these severity trends should be reflected preliminarily in the update of December 31, 2019 experience to be reviewed at the April 2, 2020 meeting. The Committee was reminded that a full range of alternative loss development and trending projections will also be reviewed at that meeting.



The meeting was adjourned at 12:30 PM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for June 12, 2020 for approval and/or modification.

# Actuarial Committee

## Meeting Minutes

| Date   | Time    | Location  | Staff Contact     |
|--|---------|---|-------------------|
| April 2, 2020  | 9:30 AM | WCIRB California<br>1221 Broadway, Suite 900<br>Oakland, CA | David M. Bellusci |
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Released: May 6, 2020

### Members

Mauro Garcia  
Jim Gebhard  
Miranda Ma  
Joanne Ottone  
Jill Petker  
Mark Priven  
Kate Smith  
Bryan Ware  
Chris Westermeyer

### Representing

Zurich North America  
Farmers Insurance Group of Companies  
American International Group  
Berkshire Hathaway Homestate Companies  
Liberty Mutual Group  
Public Members of Governing Committee  
State Compensation Insurance Fund  
AmTrust  
Travelers

### California Department of Insurance

Mitra Sanandajifar

### WCIRB

Bill Mudge  
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Laura Carstensen  
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The meeting of the Actuarial Committee was called to order at 9:30 AM following a reminder of applicable antitrust restrictions, with Mr. David Bellusci, Executive Vice President and Chief Actuary, presiding.

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## Item II Working Group Meeting Summaries

The summary of the Claims Working Group meeting held March 23, 2020 was included in the Agenda for the Committee's review and was accepted by the Committee.

## Item AC20-03-01 First Quarter 2020 Review of Diagnostics

At the March 16, 2020 meeting, the Committee discussed a number of system diagnostics and provided feedback to be discussed with the Claims Working Group. Staff summarized the feedback provided by the Claims Working Group at the meeting of March 23, 2020. Among the items discussed by the Committee were the following:

1. At the March 16, 2020 meeting, the Committee noted that more current aggregate financial data suggests that claim settlement rates appear to be stabilizing. The Claims Working Group did not offer any major factors causing this apparent stabilization in settlement rates other than suggesting that the effects of the long term trends driving the acceleration are beginning to diminish. However, the Claims Working Group suggested that with the COVID-19 pandemic and resultant shelter-in-place orders there will likely be a significant slowdown in most aspects of claims administration including claims settlement beginning in the first quarter.
2. At the March 16, 2020 meeting, the Committee noted that the proportion of permanent disability claims closing through compromise and release settlements has been increasing modestly but steadily over the last several years. The Committee was advised that a Claims Working Group member noted that with the shelter-in-place orders, “walkthroughs” at the WCAB offices to obtain approvals of compromise and release settlements will become very difficult which could significantly erode the ability to get such settlements.
3. At the March 16, 2020 meeting, the Committee noted that lien filings continue to decrease since the enactment of Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) effective in 2017, although the decreases in recent quarters have moderated. The Committee was advised that the Claims Working Group suggested possible reasons for these continued decreases, including reduced out-of-network medical treatment, packaging of multiple liens into a single lien filing and potential lien claimants trying to resolve billing disputes prior to a lien settlement.
4. The Committee noted with the sharp economic downturn expected as a result of the pandemic, indemnity claim frequency can be impacted. The Committee was advised that the Claims Working Group suggested that, with the prevalence of shelter-in-place orders in the state, indemnity claim frequency will likely temporarily drop. However, Working Group members also expressed concerns that the lack of ergonomic equipment for temporary work-at-home employees as well as the potential for a significant number of post-termination claims arising from employees who lose their job in the economic slowdown could negatively impact frequency in the longer term.
5. The Committee reviewed the updated information on recent medical severity trends. It was noted that, while 2018 accident year severities continue to be well above those for accident year 2017, accident year 2019 medical severities have dropped. It was also noted while the 2019 decrease in medical severities was consistent with early indicators based on both aggregate financial data and medical transaction data, the significant 2018 increase does not conform to the indicators based on medical transaction data. The Committee was advised that there are indicators that some of the increase in 2018 was due to an unusual number of very large claims and that staff is exploring whether the 2018 increased severity may also be in part due to an increase in settlements not reflected in the medical transaction data.

## Item AC20-03-02 12/31/2019 Experience – Review of Methodologies

The Agenda materials included an updated analysis of December 31, 2019 experience, which was first reviewed at the March 16, 2020 meeting. The Committee was advised that the loss projections differed from those reviewed at the March 16, 2020 meeting primarily as a result of reflecting the updated indemnity and medical severity trend projections recommended by the Committee at the March 16, 2020 meeting as well as the March 2020 UCLA forecast.

The Committee reviewed loss development and the alternative loss development projections included in the Agenda (Item AC20-04-02). Staff noted that the loss development methodology included in the Agenda and recommended by staff is consistent with that reflected in the January 1, 2020 Pure Premium Rate Filing and is primarily based on paid loss development adjusted for reforms and changes in claim settlement rates. A motion was made, seconded, and unanimously passed to base the indemnity loss development projection on the method as presented in the Agenda to compute the indicated July 1, 2020 average advisory pure premium rate. With respect to medical loss development, a motion was made and seconded to base the medical loss development projection on the method as presented in the Agenda to compute the indicated July 1, 2020 average advisory pure premium rate. The motion passed with eight in favor and one opposed. (The Actuary representing the Public Members of the Governing Committee who opposed the motion recommended a medical loss development methodology that assigned 50% weight to the reform and claim settlement rate-adjusted paid methodology and 50% weight to the 3-year average case reserve level-adjusted incurred methodology.)

Staff noted that after the Agenda was released, UCLA updated its March 2020 forecast from what was reflected in the Agenda. The recently updated forecast reflected additional information on the impact of the economic downturn resulting from the COVID-19 crisis which included lower wage level changes projected for 2020 and 2021. Staff recommended that, given that the most recent California Department of Finance forecast was released in November 2019 and was not impacted by the COVID-19 crisis, only the updated March 2020 UCLA forecast should be reflected in the projected wage level changes for 2020 and 2021. The Committee discussed the economic impacts of COVID-19 and how to most appropriately reflect changes in wage levels in the indicated July 1, 2020 advisory pure premium rate level. After discussion, the consensus of the Committee was that the updated March 2020 UCLA forecast provides the most current information available and staff's recommendation to reflect it for the 2020 and 2021 wage level changes is appropriate.

The Committee next discussed the frequency projections. Staff noted that the updated March 2020 UCLA forecast indicated a significant increase in the unemployment rate for 2020 and 2021. Based on the WCIRB's econometric frequency model, this resulted in a significant decrease in the claim frequency projected for 2020 and 2021 compared to what was reflected in the Agenda and had occurred in recent years. A Committee member suggested that, for consistency, the updated frequency projections should be reflected if the recently updated wage forecast is also reflected. Other Committee members noted that the WCIRB's frequency model is based on a long term history of economic and frequency changes which includes more typical economic cycles and that the current COVID-19 crisis is very different involving a virtually unprecedented sudden rise in unemployment. The Committee also noted that the potential for COVID-19 claims arising directly from the virus or the high level of post-termination claims in recent years are not significantly reflected in the model. After discussion, the majority of Committee members agreed that the claim frequency projections as presented in the Agenda are appropriate given the current environment.

The Committee noted that the projected on-level indemnity severity trend of 0% reflected in the Agenda gives some weight to the modest increases in projected on-level indemnity severities for 2018 and 2019

and some weight to the decreases experienced over the last several prior years. For medical, staff summarized a review of the factors driving the increase in 2018 and decrease in 2019 medical severities. Staff noted that for 2018, the increase was in part attributable to a larger-than-typical volume of large claims with early payments as well as annual inflationary updates to medical fee schedules tied to Medicare. For the 2019 decrease, staff noted that a review of preliminary medical transaction data suggested a decline in the utilization of medical services across most fee schedule categories with the largest category being physician services. The Committee noted that the medical severity trend of 1.5% reflected in the Agenda balances the short-term and long-term rate of change and is consistent with that reflected by the California Department of Insurance in the decision on the January 1, 2020 Pure Premium Rate Filing.

The Committee discussed the alternative trending projections included in the Agenda (AC20-04-02). It was noted that the differences between projections based on a loss ratio trend and those based on separate frequency and severity trend projections primarily result from differences in the number of years on which to base the trend. After discussion, a motion was made and seconded to use the indemnity and medical trending projection methodologies reflected in the Agenda, with the updated March 2020 UCLA forecast reflected in the indemnity and premium on-level adjustments, to compute the indicated July 1, 2020 average advisory pure premium rate. The motion passed with eight in favor and one abstention. (The Actuary representing the Public Members of the Governing Committee who abstained from the motion supported a short-term combined loss ratio trend methodology.)

## Item AC20-04-01 12/31/2019 Loss Adjustment Expense Experience Review

The Committee was advised that unallocated loss adjustment expense (ULAE) experience for calendar year 2019 is not yet available but the Agenda included an updated ULAE projection that reflected ULAE experience through calendar year 2018 as well as updated frequency, wage level, and loss projections based on December 31, 2019 experience.

The Committee reviewed the analysis of allocated loss adjustment expense (ALAE) experience through December 31, 2019. The Committee noted that paid ALAE development continues to decrease moderately. The Committee also noted that the increase in the projected ALAE severity for 2019 is modest and comparable to recent prior years. The Committee was advised that the approximate average ALAE severity trend based on the short-term and longer-term average rates of growth of 2.0% is somewhat lower than the projected ALAE severity trend reflected in the January 1, 2020 Pure Premium Rate Filing.

The Committee was reminded of the methodology to adjust the ALAE to loss ratio for the impact of the Senate Bill No. 1160 reforms related to lien filings, which was consistent with the methodology used in the January 1, 2020 Pure Premium Rate Filing. The Committee also discussed the adjustment to paid ALAE development for the impact of claim settlement rate changes reflected in the January 1, 2020 Pure Premium Rate Filing. Staff noted that given that the claim settlement rate changes for accident years 2018 and 2019—which form the basis of the ALAE projection—are modest, the adjustment was not recommended for this review. Staff also noted that given the continued decline in ALAE development, the ALAE development methodology will be reviewed with the Committee prior to the next annual filing. The consensus of the Committee was that these approaches were appropriate.

The Committee next reviewed the analysis of medical cost containment program (MCCP) experience through December 31, 2019. It was noted that average MCCP per indemnity claim decreased in 2019 following an increase in 2018. The Committee was advised that the MCCP severity trend of 0% reflected in the Agenda materials was based on the approximate average of the calendar year and accident year average MCCP severity trends and is consistent with that reflected in the January 1, 2020 Pure Premium Rate Filing.

After discussion, a motion was made and seconded to use the LAE projection methodologies reflected in the Agenda for purposes of computing an indicated July 1, 2020 average advisory pure premium rate. The motion passed with eight in favor and one abstention.

The Committee next discussed the uncertainty surrounding the pure premium rate projections given the impact of the COVID-19 crisis on workers' compensation costs and the California economy. Several Committee members noted that the uncertainty related to COVID-19 dwarfs any modest change in the pure premium rate indication based on December 31, 2019 experience. Given the modest indicated pure premium rate change based on the Committee's recommended methodologies and the high level of uncertainty around the potential impact of COVID-19 on claim costs, a motion was made and seconded to recommend that the Governing Committee not authorize the WCIRB to submit a mid-year pure premium rate filing. The motion passed unanimously.



Item AC20-04-02  
12/31/2019 Experience – Alternative Loss Projections

The Agenda materials included a number of alternative loss development and trending methodologies that had been reflected in prior WCIRB pure premium rate filings or discussed at prior Actuarial Committee meetings.

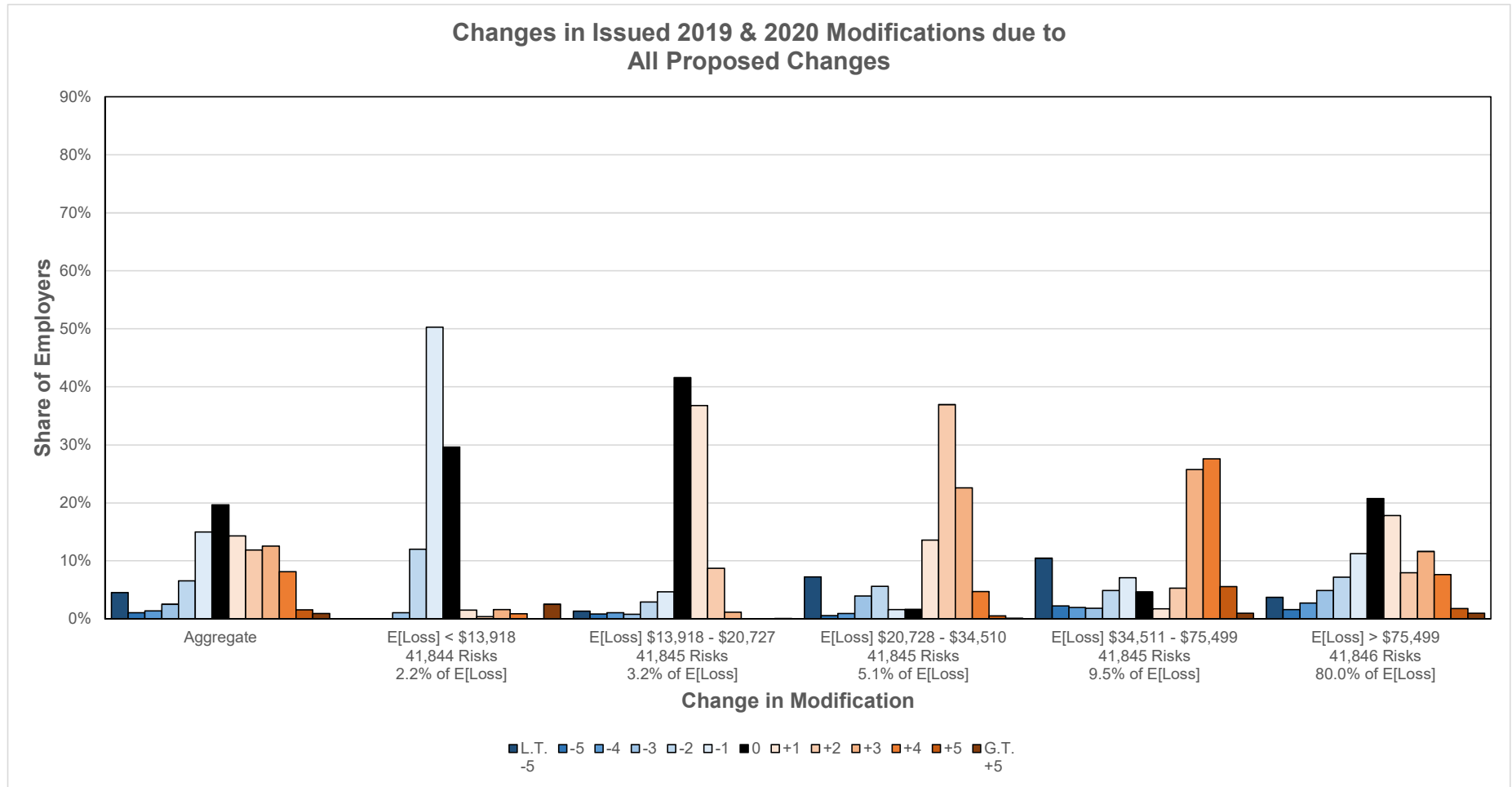
The Committee reviewed summaries of the alternative loss projection methodologies during the discussion of loss development and trending methodologies in the context of its review of December 31, 2019 experience. (Please refer to the Minutes for Item AC20-03-02.)

## Item AC20-04-03 2021 Experience Rating Plan Changes

The Committee reviewed a proposal to update the credibility methodology for determination of D-ratios as well as the expected loss ranges that determine the primary thresholds used to calculate experience modifications using the most current experience available. The Committee reviewed exhibits indicating that the current method for D-ratio credibility can be unstable over time and that a Buhlmann credibility approach would be more stable from year-to-year while also yielding more transparent results.

With respect to the expected loss ranges, the Committee reviewed exhibits showing that data indicates that the current variable split plan continues to outperform a single split plan based on the most current available statistical data on experience modifications and that the indicated optimal primary threshold values tend to shift upward over time. The Committee requested additional information on the estimated impact of the proposed changes to the expected loss ranges by size of the insured. The requested information is attached as Exhibit 1.

A motion was made and seconded to include staff's recommended changes to the credibility methodology for establishing D-ratios as well as the updated primary threshold values in the January 1, 2021 Regulatory Filing. The motion passed unanimously among Committee members present. In addition, given the drift in the indicated primary thresholds, the Committee agreed that these values should be updated on annual basis in order to reduce the impact of changes on experience modifications when such changes are made.



## Item AC20-04-04 COVID-19 Crisis

Staff summarized the WCIRB's response to the COVID-19 pandemic. With respect to the reporting of COVID-19 claims, it was noted that WCIRB staff worked with the Workers Compensation Insurance Organizations (WCIO) Data Advisory Committee to identify a catastrophe code as well as nature of injury and cause of injury codes to facilitate the reporting of COVID-19 claims in unit statistical and indemnity transaction data in a consistent manner across all WCIO jurisdictions. The Committee was also advised that staff is assessing several issues including the treatment of COVID-19 claims in experience rating, the reporting of payroll for employees who are no longer working but are continuing to be paid, the classification of working-at-home employees, and potential challenges in completing policy audits. It was noted that any changes once recommended by WCIRB committees would be filed with the California Department of Insurance with a proposed July 1, 2020 effective date.

To help assess the potential impact of COVID-19 on the workers' compensation claims environment, the Committee was advised that the WCIRB is in the process of studying how prior major economic downturns have impacted the frequency and duration of claims in consideration of recent trends in post-termination claims and work-at-home arrangements, and the potential impact of a legal COVID-19 presumption on claims costs. In preparation for the annual pure premium rate filing, the WCIRB will also study how the claim development, frequency, and severity experience emerging during the current "stay-at-home" environment is or is not likely to be indicative of future cost levels.

The meeting was adjourned at 1:20 PM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for June 12, 2020 for approval and/or modification.

# Classification and Rating Committee

## Meeting Minutes

| Date   | Time    | Location               | Staff Contact |
|--|---------|------------------------|---------------|
| April 14, 2020   | 9:45 AM | Webinar Teleconference | Brenda Keys   |
| 1221 Broadway, Suite 900 • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com |         |                        |               |

Released: April 16, 2020

### Members:

Advantage Workers Compensation Insurance Company  
Insurance Company of the West  
National Union Fire Insurance Company of Pittsburgh PA  
Preferred Employers Insurance Company  
Security National Insurance Company  
State Compensation Insurance Fund  
Zenith Insurance Company

### Represented By:

Christine Closser  
Stacey McAdam  
Ellen Sonkin  
John Bennett  
Matt Zender  
Gregory Hanel  
Sarah Elston

### California Department of Insurance

Patricia Hein  
Brentley Yim

### WCIRB

Brenda Keys, Chair  
Bill Mudge  
David Bellusci  
Laura Carstensen  
Mary Corning  
Brian Gray  
Allison Lightfoot  
Kristen Marsh  
Eric Riley

\* \* \* \* \*

The meeting of the Classification and Rating Committee, which was held by webinar teleconference, was called to order at 9:50 AM followed by a reminder of applicable antitrust restrictions, with Ms. Brenda Keys, Senior Vice President and Chief Legal Officer, presiding.

\* \* \* \* \*

### Approval of Minutes

The Minutes of the meeting held on February 11, 2020 were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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## Item III-A 2021 Changes to Expected Loss Ranges

The Committee was reminded that the *California Workers' Compensation Experience Rating Plan—1995* (ERP) includes an expected loss primary threshold that varies by size of the employer. WCIRB staff presented a proposal to update the expected loss ranges corresponding to each primary threshold to reflect the most current experience and to make this update each year as part of the regulatory filing, starting in 2021.

Following staff's presentation, there was a consensus among the Committee to accept staff's recommendation.



## Item III-B

### Hard Copy Policy Reporting Requirements

Staff reminded the Committee that the Governing Committee directed the WCIRB, at its December 11, 2019 meeting, to stop accepting hard copy policy documents effective July 1, 2020.

Staff recommended amendments to the USRP to (1) remove the option of reporting policy information via hard copy, (2) reduce the time period for submission of policy information from sixty to thirty days as reporting electronically is more efficient and this will better align the WCIRB with the submission requirements of other data collection organizations, (3) remove outdated requirements for continuing form policies, and (4) remove language that is duplicative of the Workers Compensation Insurance Organizations' Workers Compensation Policy Reporting Specifications (WCPOLS) since these reporting requirements are incorporated by reference into the USRP and, therefore, insurers are already required to comply with them.

As there were no questions about the proposed changes, a motion was made, seconded and unanimously passed to recommend that these changes to the USRP be included in the WCIRB's January 1, 2021 Regulatory Filing.

### **Recommendation**

Amend Part 1, *General Provisions*, Section I, *Introduction*, Rule 1, *Purpose*, to reflect that policy information must be reported electronically to the WCIRB.

## PROPOSED

### Part 1 – General Provisions

#### **Section I – Introduction**

##### **1. Purpose**

This Plan contains the necessary rules and instructions for the ~~file~~reporting of policy ~~documents~~information and ~~reporting of~~ experience in connection therewith on the direct business written by insurers for California workers' compensation insurance and employers' liability insurance incidental thereto and written in connection therewith.

This Plan requires that separate unit statistical reports be filed by insurers for every workers' compensation insurance policy written. The loss, exposure and premium data reported for each policy is used to develop experience in standard classification detail.

Pure premium rates and experience modifications are based upon the ~~data~~information reported in accordance with this Plan. It is therefore essential that the greatest possible care be taken to furnish complete and accurate information and that the information be filed at the time and in the manner specified in this Plan.

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\* \* \* \* \*

### **Recommendation**

Amend Part 1, Section III, *Submission of Information*, Rule 1, *Reporting Information*, to remove requirements relating to hard copy submission of policy documents.

## PROPOSED

#### **Section III – Submission of Information**

##### **1. Reporting Information**

Information or ~~documents~~ required to be ~~submitted~~reported pursuant to the provisions of this Plan shall be filed either electronically or on hard copy with the WCIRB, as the designated statistical agent for the Insurance Commissioner of the state of California. ~~The address of the WCIRB is:~~

~~Workers' Compensation Insurance Rating Bureau of California  
1221 Broadway, Suite 900  
Oakland, CA 94612~~

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- 

\* \* \* \* \*

## Recommendation

Amend Part 2, *Policy Reporting Requirements*, Section I, *General Instructions*, to (1) remove requirements relating to hard copy submission of policy documents; (2) reflect current electronic policy reporting requirements; (3) change policy information reporting timeframes from 60 to 30 days; and (4) incorporate changes for clarity and consistency.

## PROPOSED

### Part 2 – Policy Reporting Requirements

#### Section I – General Instructions

The policy document information reporting provisions contained in this Part are necessary to facilitate experience rating, the accurate and timely reporting of unit statistical report data, and the use of approved policy forms.

Insurers shall provide the WCIRB with all Policy Documents (i.e., policies, endorsements, cancellations and reinstatements) written to provide California workers' compensation insurance coverage. Policy Documents shall be filed with the WCIRB via either: (1) hard copy, or (2) electronic submission report policy information for every workers' compensation insurance policy extending insurance coverage under the workers' compensation laws of California, including California coverage by endorsement on a policy primarily providing coverage in another state, by electronic submission to the WCIRB in accordance with this Plan and the reporting requirements for California described in the Workers Compensation Insurance Organizations' (WCIO) Workers Compensation Policy Reporting Specifications (WCPOLS) except as provided in Part 2, Section III, *Additional Electronic Reporting Requirements*. Insurers must shall receive WCIRB approval prior to submitting data reporting information electronically. Separate approval is required for electronic submission of each type of Policy Document.

#### 1. Policies

##### a. New and Renewal Policies

- (1) ~~The hard copy information page (and any extensions thereto) of every workers' compensation insurance policy or electronic records of the data included therein~~ New and renewal policy transactions shall be submitted reported to the WCIRB no later than ~~sixty (60)~~ thirty (30) days subsequent to the inception date of the policy represented.
- (2) ~~Insuring two or more legal entities on a single policy is subject to the provisions and limitations set forth in Part 2, Section III, *Additional Interests*, of the *Miscellaneous Regulations for the Recording and Reporting of Data*—1995, provided, however, if a policy providing coverage for the workers leased by a labor contractor to a client is in the name of the labor contractor, the phrase "Leased Coverage For" or the acronym "LCF" followed by the client's name may appear in Item 1 of the policy.~~
- (3) ~~If submitting the policy in hard copy to the WCIRB, it shall include the following:~~

- ~~(a) Name of the insurer providing coverage (not insurer group name).~~
  - ~~(b) Policy number.~~
    - ~~1. The policy number shall be a unique number applying to the one policy and shall not be used on any other policy with an identical inception date.~~
  - ~~(c) Complete legal name of all policyholders. See Section III, *Additional Electronic Reporting Requirements*, Rule 1b, Subrule (1), *Name of Insured*, for the requirements for reporting the name of the insured.~~
  - ~~(d) Federal Employer Identification Number (FEIN). Report the policyholder's nine (9) digit FEIN. If the policyholder does not have a FEIN, report "000000000".~~
  - ~~(e) Type of entity insured. Indicate the legal nature of the insured entity, e.g., individual, partnership, corporation, association, limited partnership, joint venture, common ownership, joint employers, Limited Liability Company (LLC), trust or estate, Limited Liability Partnership (LLP), governmental entity, other. See Part 2, Section III, Rule 1a, Subrule (1), *Legal Nature of Insured Code*, for the requirements for reporting the type of entity insured.~~
  - ~~(f) Complete address of the insured. The address should include the postal zip code for the named insured's mailing address.~~
  - ~~(g) Dates of coverage.~~
  - ~~(h) Applicable insurer classification(s).~~
  - ~~(i) Applicable experience modification(s). If the WCIRB has not published an experience modification, no modification should be reported. (Note: Tentative experience modifications may be used; however, they must be clearly identified as such.)~~
  - ~~(j) Office from which the policy emanated.~~
  - ~~(k) Previous policy number. This information should be provided if the same company or affiliated company of an insurer group renews the business. If there is no previous policy number, report the word "new" in the space provided for the previous policy number.~~
  - ~~(l) Form number(s) for the policy conditions and every endorsement and ancillary agreement attached to the policy. See Part 2, Section III, Rule 1e, *Endorsement Identification Record Information (Record 07)*, Subrule (1)(d), for the requirements for reporting form numbers for ancillary agreements.~~
- ~~(4) If submitting a continuing form policy in hard copy, it must be clearly identified as such.~~
- b. Annual Rating~~Rerate~~ Endorsements

~~Annual rating endorsements or the electronic records of the data included therein~~erate endorsement transactions shall be ~~submitted~~reported for any original policy written as a continuing form policy or fixed-term policy written in excess of one year and sixteen (16) days no later than thirty (30) days subsequent to the issuance date.

- ~~(1) An annual rating endorsement shall be submitted to take effect on the inception date of the second period of coverage and annually thereafter for each continuing form policy or fixed-term policy written in excess of one year and sixteen (16) days.~~
- ~~(2) An annual rating endorsement shall be submitted to the WCIRB no later than sixty (60) days after its inception.~~
- ~~(3) Annual rating endorsements shall be used only for the purpose of showing the proper experience modification. Annual rating endorsements cannot be used to make any other changes to the policy, such as, but not limited to, modifying the name of the policyholder or adding or eliminating locations or classifications.~~

- ~~(4) Each annual rating endorsement submitted to the WCIRB in hard copy shall be clearly identified as an annual rating endorsement.~~
- ~~(5) If an annual rating endorsement is submitted to the WCIRB in hard copy, it shall also indicate:
  - ~~(a) Name of the insurer providing coverage (not insurer group name).~~
  - ~~(b) Policy number. The policy number should include all prefixes and suffixes of the policy that the annual rating endorsement is extending.~~
  - ~~(c) Dates of coverage.~~
  - ~~(d) Applicable insurer classification(s).~~
  - ~~(e) Applicable experience modification(s). Report the effective date of the experience modification only if it is not effective as of the inception date of the annual rating endorsement. (Note: Tentative experience modifications may be used; however, they must be clearly identified as such.)~~~~

c. Renewal Certificates/Renewal Agreements

Renewal certificate/renewal agreement transactions shall be reported to the WCIRB no later than thirty (30) days subsequent to the inception date of the renewal certificate or renewal agreement.

An insurer renewing a policy may ~~write and submit~~report the renewal to the WCIRB as either a renewal policy (see Rule 1a, above) or as a renewal certificate, which is also referred to as a renewal agreement.

- ~~(1) Each renewal certificate or renewal agreement or the electronic records of the data included therein shall be submitted to the WCIRB no later than sixty (60) days after its inception.~~
- ~~(2) Renewal certificates and renewal agreements shall be used only for the purpose of renewing the policy and showing the proper experience modification for the renewal period. Renewal certificates and renewal agreements cannot be used to make any other changes to the policy, such as, but not limited to, modifying the name of the policyholder, or adding or eliminating locations or classifications.~~
- ~~(3) Each renewal certificate and renewal agreement submitted to the WCIRB in hard copy shall be clearly identified as a renewal certificate or renewal agreement.~~
- ~~(4) If a renewal certificate or renewal agreement is submitted to the WCIRB in hard copy, it shall also indicate:
  - ~~(a) Name of the insurer providing coverage (not insurer group name).~~
  - ~~(b) Policy number. The policy number should include all prefixes and suffixes of the policy that the renewal certificate or renewal agreement is renewing.~~
  - ~~(c) Dates of coverage.~~
  - ~~(d) Applicable insurer classification(s).~~
  - ~~(e) Applicable experience modification(s). Report the effective date of the experience modification only if it is not effective as of the inception date of the renewal certificate or renewal agreement. (Note: Tentative experience modifications may be used; however, they must be clearly identified as such.)~~~~

d. Rewrites

Rewrite transactions shall be reported to the WCIRB no later than thirty (30) days subsequent to the issuance date.

Rewrites may be issued to ~~replace~~make changes to any previously issued new and renewal policies, annual ~~rating~~rate endorsements and renewal certificates/renewal agreements (e.g., changes to the insurer name, policy number or policy effective dates). Rewrites will replace the original transaction in its entirety.

- ~~(1) Each rewrite or the electronic records of the information included therein shall be submitted to the WCIRB no later than sixty (60) days after issuance.~~
- ~~(2) If a rewrite is submitted to the WCIRB in hard copy, it shall be clearly identified as a rewrite and shall contain:~~
  - ~~(a) All of the information required for the Policy Document that it is replacing (see above); and~~
  - ~~(b) The policy number of the original policy, annual rating endorsement, or renewal certificate/renewal agreement, if different from the rewrite policy number.~~

~~e. Binders~~

~~Binders shall be subject to the filing requirements applicable to new and renewal policies, except that a binder superseded by a policy effective as of the inception date of the bound period and issued within sixty (60) days of such inception date need not be submitted to the WCIRB.~~

## 2. Endorsements and Ancillary Agreements

- ~~a. Except as otherwise provided, a copy of (1) every endorsement~~Transactions for every endorsement affecting California coverage or amending the policy information referenced in Rule 1 above shall be reported to the WCIRB no later than thirty (30) days subsequent to the issuance date, except as otherwise stated.
- ~~b. and (2) every ancillary agreement~~Transactions for every ancillary agreement, as the term is defined in Title 10, California Code of Regulations, Section 2250(f), or the electronic records of the information included therein shall be reported to the WCIRB no later than sixty (60) thirty (30) days after subsequent to the issuance date. In no event shall endorsements or ancillary agreements be reported prior to submitting the electronic or hard copy information page of the policy to which the endorsement or ancillary agreement is attached.
- ~~bc. If submitting hard copy policy information, it is not necessary to submit a copy of each endorsement attached to a policy, provided:~~Policy transactions shall be reported to the WCIRB prior to the reporting of transactions for endorsements or ancillary agreements.
  - ~~(1) The body of the endorsement does not require the insertion of any variable text;~~
  - ~~(2) The exact endorsement form was previously filed with the WCIRB and approved by the Insurance Commissioner; and~~
  - ~~(3) The form number of the endorsement is clearly listed in item 3.D. of the hard copy policy information page filed with the WCIRB.~~
- ~~c. If submitting hard copy policy information, it is not necessary to submit a copy of each ancillary agreement attached to a policy, provided:~~
  - ~~(1) The exact ancillary agreement form was previously filed with the WCIRB and approved by the Insurance Commissioner; and~~
  - ~~(2) The form number of the ancillary agreement is clearly listed in item 3.D. of the hard copy policy information page filed with the WCIRB.~~
- ~~d. If submitting in hard copy, each endorsement or ancillary agreement attached to a policy subsequent to policy issuance shall be submitted to the WCIRB in accordance with Rule 2a, above, and shall:~~

- ~~(1) Identify the name of the insurer (not insurer group) that issued the endorsement or ancillary agreement;~~
- ~~(2) Identify the policy number of the policy to which the endorsement or ancillary agreement is attached; and~~
- ~~(3) Identify the effective date of the endorsement or ancillary agreement.~~

### 3. Cancellations or Reinstatements

For cancelled policies, a cancellation transaction shall be reported to the WCIRB no later than thirty (30) days subsequent to the date of cancellation. If a cancelled policy is reinstated, a reinstatement transaction shall be reported to the WCIRB no later than thirty (30) days subsequent to the issuance date.

- ~~a. In all instances where a policy is cancelled or reinstated, the cancellation or reinstatement notice or the electronic information included therein shall be reported to the WCIRB no later than sixty (60) days after issuance.~~
- ~~b. If a cancellation or reinstatement notice is submitted to the WCIRB in hard copy, the following information must be provided:
  - ~~(1) Name of the insurer providing coverage (not insurer group name).~~
  - ~~(2) Policy number. The policy number should include all prefixes and suffixes of the policy that is being cancelled or reinstated.~~
  - ~~(3) The cancelled or reinstated policy's original inception and expiration dates. For continuing form policies or fixed-term policies written in excess of one year and sixteen (16) days, if the policy is cancelled or reinstated during the period that an annual rating endorsement is in effect, the inception date of such annual rating endorsement shall be substituted for the inception date of the policy.~~
  - ~~(4) The date of cancellation or reinstatement.~~
  - ~~(5) The date the cancellation was mailed to the insured.~~
  - ~~(6) The reason for the cancellation.~~~~

\* \* \* \* \*

### Recommendation

Amend Part 2, Section II, *Policy Period*, to (1) remove outdated language regarding continuing form policies and (2) incorporate changes for clarity and consistency.

### PROPOSED

## Section II – Policy Periods

### 1. Policy Period

- ~~a. The rules of this Plan are based on a policy period of one year.~~
- ~~b. Policies may be written and issued for periods of less than one year.~~

c. ~~Policies may be written and issued for periods in excess of one year.~~

(1) ~~A policy~~Policies written and issued for a period of ~~not longer than~~not exceeding one year and sixteen (16) days shall be treated as if the ~~policy~~policies were written for a period of one year.

(2) ~~Any policy that is~~Policies written for a period in ~~excess of~~exceeding one year and sixteen (16) days ~~must~~shall be written as a continuing form or fixed-term policy, ~~as indicated in Rule 2,~~  
~~below.~~

## 2. Continuing Form ~~Policy~~Policies or Fixed-Term ~~Policy~~Policies Written in Excess of One Year and Sixteen (16) Days

a. A policy that contains an agreement that the insurer will issue, and the policyholder will accept, ~~such~~ endorsements changing the terms of the policy as may be required to achieve conformity with subsequent legislation or ~~with subsequent~~ rules and regulations that may be approved by the Insurance Commissioner may be written ~~on~~as a continuing form or fixed-term ~~basis~~policy for a period in excess of one year and sixteen (16) days.

b. ~~Such~~eContinuing form or fixed-term ~~policy~~policies written in excess of one year and sixteen (16) days ~~must~~shall conform to all rules and regulations applying to policies written for one year or less.

c. All rules and regulations approved by the Insurance Commissioner subsequent to the effective date of a continuing form or fixed-term policy written in excess of one year and sixteen (16) days shall apply to the policy as though it consisted of consecutive policies, each with a policy period of one full year, ~~except in those instances when~~or of less than one full year if the insurer or the policyholder ~~wants~~decided to establish a different policy effective date, which will be treated as a short-term policy.

(1) ~~For a continuing form policy, the first period of coverage shall be treated as a short-term policy, and the effective dates of the short-term period must be endorsed on the policy at its inception.~~

(2) ~~For a fixed-term policy, either the first period or last period of coverage shall be treated as a short-term policy. A policy period endorsement showing the effective dates of the policy periods into which the policy is divided must be endorsed on the policy at policy inception.~~

d. The extension of a continuing form policy beyond one year and sixteen (16) days requires ~~the~~ submittal of an annual rating~~rate~~ endorsement. ~~Pursuant to Part 2, Section 1, Rule 1b, Annual Rating Endorsements, an annual rating endorsement shall be submitted~~transaction to be reported to the WCIRB to take effect on the effective date of the second period of coverage and annually thereafter ~~for each continuing form policy written for a period in excess of one year and sixteen (16) days.~~

e. Annual ~~Rating~~rate ~~E~~endorsements ~~must~~shall be ~~submitted~~reported annually for each period following the first period on all fixed-term policies written in excess of one year and sixteen (16) days.

\* \* \* \* \*



## Recommendation

Amend Part 2, Section III, *Additional Electronic Reporting Requirements*, to reflect current electronic policy reporting requirements; and (2) incorporate changes for clarity and consistency.

## PROPOSED

### Section III – ~~Additional Electronic Reporting Requirements~~

~~All Policy Documents submitted to the WCIRB electronically shall be reported as required for California in WCPOLS except as indicated below.~~

#### 1. ~~Policy~~Header Record Reporting (Record 01)

##### ~~a. Header Record Information (Record 01)~~

All Header Record (Record 01) data and fields shall be reported as required for California in WCPOLS and as further detailed below.

##### ~~(4) a. Legal Nature of Insured Code~~

Report the code that best describes the type of entity(ies) being insured.

| Code | Description                                      |
|------|--|
| 01   | Individual                                       |
| 02   | Partnership                                      |
| 03   | Corporation                                      |
| 04   | Association, Labor Union, Religious Organization |
| 05   | Limited Partnership                              |
| 06   | Joint Venture                                    |
| 07   | Common Ownership                                 |
| 09   | Joint Employers                                  |
| 10   | Limited Liability Company (LLC)                  |
| 11   | Trust or Estate                                  |
| 13   | Limited Liability Partnership (LLP)              |
| 14   | Governmental Entity                              |
| 99   | Other  |

The use of “07”, Common Ownership, is permitted only for policies insuring two or more entities if the entities are combinable in accordance with the Experience Rating Plan.

The use of “09”, Joint Employers, is permitted when two or more entities do not share common ownership but have joint liability to pay workers’ compensation to employees engaged in connection with the same work but are not a partnership or a joint venture.

The use of “99”, Other, is only permitted if none of the other values are applicable. If reporting “99”, further detail in Text for “Other” Legal Nature of Entity ~~must~~shall be provided.

#### ~~b2. Name Record Information (Record 02)~~

All Name Record (Record 02) data and fields shall be reported as required for California in WCPOLS and as further detailed below.

Each name ~~must~~shall be reported on a separate name record. Related names, such as ~~a~~the “sole proprietor’s” name, ~~and~~ the associated trade name or “DBA,” ~~must~~shall each have a separate record and may be linked using the Name Link Identifier/Continuation Sequence Number. A husband and wife or registered domestic partnership ~~must~~shall have each person’s complete name reported in a separate record.

Insuring two or more legal entities on a single policy is subject to the provisions and limitations set forth in the *Miscellaneous Regulations for the Recording and Reporting of Data—1995, Part 2, Workers' Compensation Forms and Coverage, Section III, Additional Interests.*

~~(1)~~a. Name of Insured

Report the name of the insured subject to the following:

- ~~(a)~~1) For individuals, report the name in the following format: Last Name, First Name, Middle Name or Initial. The commas are delimiters and are required when reporting individual names.
- ~~(b)~~2) For partnerships, report the name of each general partner as required in the other sections of this rule. Each partner within the partnership ~~must~~shall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as partners.
- ~~(c)~~3) For corporations, report the name exactly as shown in the articles of incorporation.
- ~~(d)~~4) For associations, labor unions or religious organizations, report the name exactly as shown in the agreement of association or other document of organization.
- ~~(e)~~5) For limited partnerships, report the name of each general partner as required in the other sections of this rule. Each partner within the partnership ~~must~~shall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as partners. Limited partners should not be reported, but if reported, the term "limited partner" ~~must~~shall be shown in parenthesis following the name of each limited partner.
- ~~(f)~~6) For joint ventures, report the name of each member as required in the other sections of this rule. Each member ~~must~~shall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as members of a joint venture.
- ~~(g)~~7) For entities that share common ownership, report the name of each entity as required in the other sections of this rule.
- ~~(h)~~8) For joint employers, report the name of each entity as required in the other sections of this rule.
- ~~(i)~~9) For LLCs, report the name of the LLC exactly as shown in the articles of organization.
- ~~(j)~~10) For trusts or estates, report the name exactly as shown in the trust agreement or other legal document, which establishes the trust or estate. The name of each trustee, administrator or executor ~~must~~shall also be reported as required in the other sections of this rule.
- ~~(k)~~11) For LLPs, report the name of each general partner as required in the other sections of this rule. Each partner within the partnership ~~must~~shall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as partners. Limited partners should not be reported, but if reported, the term "limited partner" ~~must~~shall be shown in parenthesis following the name of each limited partner.
- ~~(l)~~12) For governmental entities, report the legal name of the governmental entity.
- ~~(m)~~13) For bankruptcies and receiverships, report the name of the receiver or debtor as required in the other sections of this rule. The term "receiver" or "debtor in possession" ~~must~~shall be shown in parenthesis following the name of the receiver.
- ~~(n)~~14) For policies covering employee leasing arrangements written in the name of the labor contractor, report the name of the labor contractor depending on the type of entity as required in the other sections of this rule. If reporting the client's name, the phrase "Leased Coverage For" or the acronym "LCF" ~~must~~shall be used.

~~(e)15~~ For policies covering employee leasing arrangements written in the name of the client, report the name of the client depending on the type as required in the other sections of this rule.

~~(p)16~~ If any descriptor information such as “limited partner” or “DBA” is included, it ~~must~~shall be in parenthesis.

~~e3.~~ State Premium Record (Record 04)

All State Premium Record (Record 04) data and fields shall be reported as required for California in WCPOLS except as indicated below.

~~(1)a.~~ Estimated State Standard Premium Total

Report the estimated ~~total~~-state standard premium ~~amount from the policy or policy endorsement~~total for the entire policy period. See Part 4, *Unit Statistical Reporting Requirements*, Section II, *Definitions*, Rule 12, *Final Premium(s)*.

~~d4.~~ Exposure Record ~~Information~~-(Record 05)

All Exposure Record (Record 05) data and fields shall be reported as required for California in WCPOLS and as further detailed below.

~~(1)a.~~ Classification Code

Report the applicable standard, approved non-standard or USL&H classification code.

~~(2)b.~~ Estimated Exposure Amount

Report the amount that is the basis for determining premium on a per classification level.

~~(3)c.~~ Estimated Premium Amount

For statistical code 9740, *Catastrophe Provisions for Terrorism*, report the estimated premium amount associated with this statistical code, if applicable. The estimated premium amount for standard classification codes and other statistical codes need not be reported.

~~e.~~ Endorsement Identification Record Information (Record 07)

~~(1)~~ Record Type Code

~~(a)~~ Report the form number for the policy conditions.

~~(b)~~ Report the form number(s) for the information page(s) attached to the policy.

~~(c)~~ Report the form number for every endorsement attached to the policy.

~~(d)~~ Report the form number for every ancillary agreement attached to the policy. Ancillary agreement is defined in Title 10, California Code of Regulations, Section 2250(f).

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### Recommendation

Amend Part 4, *Unit Statistical Report Filing Requirements*, Section III, *Link Data and Header Record Information*, Rule 2, *Policy Effective Date*, Subrules b and c, to remove outdated language regarding continuing form policies; and (2) incorporate changes for consistency.

## PROPOSED

### Section III – Link Data and Header Record Information

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#### 2. Policy Effective Date

Report the inception date that corresponds exactly to that shown on the policy information page or the inception date changed by endorsement.

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##### ~~b. Continuing Form Policies~~

~~For each successive annual period, treat the policy in the same manner as though it were an annual policy effective in the same month and on the same day of the month as the inception date of the annual period. If there has been a first period of coverage, which has been treated as a short-term policy in accordance with Part 2, Section II, Rule 2, *Continuing Form Policy or Fixed-Term Policy Written in Excess of One Year and Sixteen Days*, of this Plan, such first period shall also be treated as a separate short-term policy for reporting purposes under this Plan.~~

##### ~~c.b. Continuing Form and Fixed-Term Policies~~

~~For each successive annual period, treat the policy in the same manner as though it were an annual policy effective in the same month and on the same day of the month as the inception date of the annual period. If there has been a first period or last period of coverage, which has been treated as a short-term policy in accordance with Part 2, Section II, Rule 2, *Continuing Form Policyies or Fixed-Term Policyies Written in Excess of One Year and Sixteen (16) Days*, of this Plan, such period shall also be treated as a separate short-term policy for reporting purposes under this Plan.~~

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## Item III-C

### Payroll – Remuneration: Overtime

The Committee was reminded that, at the February 11, 2020 meeting, WCIRB staff proposed several changes to the structure of the definition of remuneration as well as the rules regarding severance pay, overtime pay and back pay found in Part 3, *Standard Classification System*, Section V, Rule 1, *Payroll – Remuneration*, and Appendix II of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP). The Committee agreed with the proposed changes except for the revisions to the overtime rule. Staff agreed to further review the overtime rule and bring the matter back to the next meeting for consideration.

At this meeting, WCIRB staff recommended to clarify the overtime rule by: (1) defining and using the term “premium portion of overtime pay”; (2) restructuring and simplifying the rule’s provisions and examples; and (3) updating the rule’s terminology to avoid ambiguity or confusion. Staff also recommended removing the two examples that detail the calculation of overtime earnings for employees paid on a piecework or commission basis and replacing them with a cross-reference to the Department of Industrial Relations’ examples. This change would avoid any potential conflict or confusion between the USRP examples and California wage and hour requirements.

As there were no questions regarding the proposed changes, a motion was made, seconded and unanimously passed to recommend that the proposed changes to the USRP be included in the WCIRB’s January 1, 2021 Regulatory Filing.

### **Recommendation**

Amend Part 3, *Standard Classification System*, Section II, *Classification Terminology*, to add Rule 22 to define “Premium Portion of Overtime Pay,” renumber all subsequent rules and capitalize all instances of the term “premium portion of overtime pay.”

## PROPOSED

### **Section II – Classification Terminology**

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#### **22. Premium Portion of Overtime Pay**

The portion of overtime payments that is above and in addition to the regular rate of pay. (See also Section V, *Payroll Remuneration*, Rule 1c, *Overtime Payments*.)

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### **Recommendation**

Amend Part 3, Section V, *Payroll – Remuneration*, Rule 1, *Payroll – Remuneration*, Subrule c, *Overtime Remuneration*, to (1) more clearly define terms and how the rule applies, (2) incorporate the term “Premium Portion of Overtime Pay” for clarity and (3) remove Examples 3 and 4, and instead reference the Department of Industrial Relations’ examples for piecework and commission overtime pay for clarity and consistency with California wage and hour laws.

## PROPOSED

### **Section V – Payroll – Remuneration**

#### **1. Payroll – Remuneration<sup>1</sup>**

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##### **c. Overtime Remuneration Payments**

~~Overtime Remuneration is that portion of the total remuneration which is derived from the application of an increase above and in addition to the regular rate of pay or regular piecework rate (or additional pay for hours not worked but allowed in lieu of such an increased rate).~~ Employees may receive overtime payments because of time worked on holidays, Saturdays or Sundays or because of the number of hours worked in any one week or day is beyond the standard for the industry, or because of partici-

~~pation by athletic teams in play-off, championship, or similar games which are in excess of their regularly scheduled league games. Overtime remuneration payments does not include: extra pay for swing shifts or graveyard shifts, for working certain hours on the clock, or for incentive or bonus pay figured on volume without regard to hours worked.~~

~~The regular rate of remuneration per game for an athletic team is the remuneration earned by such team for the regular season, divided by the number of regularly scheduled league games in which the team engaged during the season. Remuneration received for each play-off, championship or similar game, which is in excess of the regular rate of remuneration per game, is overtime remuneration. Overtime payments are generally paid at a rate that is at least one and one-half times the employee's regular rate of pay; however, overtime may also be paid at double time or some other multiplier of the regular rate of pay. If overtime is paid at one and one-half times the regular rate of pay, one-third (1/3) of the total overtime pay is the Premium Portion of Overtime Pay. For employers that are operators of an athletic team, remuneration earned for each post season game that exceeds the average remuneration per regular season game is the Premium Portion of Overtime Pay.~~

~~In accordance with Section IV, *Special Industry Classification Procedures*, Rule 4c, *Payroll Inclusions*, Subrule (3), all payments to workers performing farming operations shall be included as remuneration when paid on a price per unit (piecework), contract or measure basis.~~

~~Overtime remuneration shall be included in the payroll except as follows~~The portion of overtime payments representing the regular rate of pay shall be included as payroll. The Premium Portion of Overtime Pay shall be excluded from the payroll only in the following situations:

- ~~(1) If the employer's books and records are (other than operators of athletic teams) maintained so as to records that show separately by employee and in summary by type of operation performed either:~~
  - ~~(a) remuneration earned at regular or straight time rates or regular piecework rates of pay for total all hours worked, and the Premium Portion of Overtime Pay, or~~
  - ~~(b) overtime remuneration earned at regular rates of pay for all non-overtime hours worked and total remuneration earned for overtime hours.~~

~~overtime remuneration shall be excluded from premium computation.~~
- ~~(2) If the employer's books and records are maintained so as to show separately by employee and in summary by type of operation performed:~~
  - ~~(a) remuneration earned at regular or straight time rates or regular piecework rates of pay for hours worked when there is no overtime remuneration, and~~
  - ~~(b) total remuneration earned for those hours worked when there is overtime remuneration, one third (1/3), or such other portion of the total remuneration earned for those hours worked when there is overtime remuneration, shall be excluded from the payroll.~~
- ~~(3)~~(2) If the employer is that are operators of an athletic team and the employer's books and maintain records are maintained so as to that show: the average regular rate of remuneration earned per game for the regular season and remuneration received for each playoff, championship or similar post-season game.

Employers engaged in farming operations where employees are paid on a price per unit (piecework), contract or measure basis shall not deduct any payroll as the Premium Portion of Overtime Pay; payroll shall be based upon the total remuneration earned by such persons. Refer to Section IV, *Special Industry Classification Procedures*, Rule 4b, *Payroll (Farms)*.

- ~~(a) the number of play-off, championship, or similar game(s) in which the team engaged during the season, and~~

- (b) ~~the regular rate of remuneration per game, or the total remuneration earned by such athletic team during the regular season and the number of regularly scheduled league games in which the team participated during said season, overtime remuneration shall be excluded from the payroll.~~

#### **Example 1 – Premium Portion of Overtime Pay Shown Separately**

~~The employer compensates its workers on an hourly basis. The employer records the total hours worked at the regular rate of pay and the overtime hours worked at the overtime premium rate. The employer compensates its workers on an hourly basis.~~ An employee is paid a regular hourly rate of \$4020.00 per hour. The worker works 9 hours per day, or 45 hours in a 5-day week. The worker was paid 1/2 times the regular rate ~~as overtime remuneration~~ for five overtime hours.

Regular Pay – 45 total hours x \$4020.00 per hour = \$450900.00

~~Excess or Premium~~ Overtime Premium Rate – \$4020.00 x 1/2 = \$510.00 per hour

~~Excess or Premium~~ Portion of Overtime Pay – \$510.00 x 5 hours overtime = \$2550.00

Total Payroll before Potential Adjustment – (\$450900.00 (Regular Pay) + \$2550.00 (Premium Portion of Overtime Pay) = \$475950.00

Reportable Payroll (if conditions are met) – \$950.00 – \$50.00 (Premium Portion of Overtime Pay) = \$900.00

In Example 1, the \$2550.00 paid to the employee as ~~excess or the p~~ Premium Portion of Overtime Pay is eligible for exclusion ~~as overtime remuneration~~.

#### **Example 2 – Premium Portion of Overtime Pay Not Shown Separately**

~~The employer compensates its workers on an hourly basis. The employer records the total hours worked at the regular rate of pay and the total overtime hours worked at the overtime rate (regular rate plus the overtime premium rate). The employer compensates its workers on an hourly basis.~~ An employee is paid a regular hourly rate of \$4020.00 per hour. The worker works 9 hours per day, or 45 hours in a 5-day week. The worker was paid an overtime rate of 1-1/2 times the regular rate ~~as overtime remuneration~~ for five overtime hours.

Regular Pay – 40 regular hours x \$4020.00 per hour = \$400800.00

Overtime Rate – \$4020.00 x 1.5 = \$4530.00 per hour (\$20.00 Regular Rate + \$10.00 Overtime Premium Rate)

Total Overtime Payment – \$4530.00 x 5 hours overtime = \$75150.00

~~Excess or Premium~~ Portion of Overtime Pay – \$75150.00 x 1/3 = \$2550.00

Total Payroll before Potential Adjustment – (\$400800.00 (Regular Pay) + \$75150.00 (Overtime Payment) = \$475950.00

Reportable Payroll (if conditions are met) – \$950.00 – \$50.00 (Premium Portion of Overtime Pay) = \$900.00

In Example 2, ~~1/3 of the \$75.00 (or the \$2550.00)~~ paid to the employee as the Premium Portion of Overtime Pay is eligible for exclusion ~~as excess or premium overtime remuneration~~. The fraction used to determine the Premium Portion of Overtime Pay will vary depending on the overtime premium rate. For example, overtime may be paid at 1-1/2 times, 2 times or some other multiplier of the regular rate of pay. In this example, the worker was paid at 1-1/2 times the regular rate, so one-third (1/3) of the overtime payment is the Premium Portion of Overtime Pay.

#### **Example 3 – Piecework or Commission**



When the employer compensates its workers on a piece rate or commission basis in accordance with California wage and hour laws, refer to the piecework and commission wage calculation examples published by the Department of Industrial Relations, and in the Division of Labor Standards Enforcement (DLSE) Enforcement Policies and Interpretations Manual to calculate the regular rate of pay. The portion of overtime earnings that is above and in addition to the regular rate of pay is eligible for exclusion as the Premium Portion of Overtime Pay if the conditions of this rule are met.

**(a) Overtime Paid at 1-1/2 Times the Piece Rate**

~~The employer compensates its workers on a piece rate basis. Records show the pieces completed by the hour and an overtime factor is applied to the piece rate for work completed during the overtime hour(s).~~

~~An employee earns a regular piece rate of \$1.00 per piece. The worker makes 90 pieces in a 9-hour day. The worker made 10 pieces between the eighth and ninth hours and was paid 1-1/2 times the regular piece rate for the pieces completed during the overtime period.~~

~~Straight Pay by Piece — 80 pieces x \$1.00 per piece = \$80.00~~

~~Total Overtime Pay — 10 pieces x \$1.50 per piece = \$15.00~~

~~Excess or Premium Overtime — \$15.00 x 1/3 = \$5.00~~

~~Total Payroll (\$80 + 15) = \$95.00~~

~~In Example 3(a), 1/3 of the \$15.00 combination straight time and overtime pay, or \$5.00, is eligible for exclusion as overtime remuneration.~~

**(b) Piece Rate — Overtime Computed Based on Regular Hourly Rate**

~~The employer compensates its workers on a piece rate basis. The employer's records do not reflect the pieces completed by the hour. A regular rate of pay is computed with an overtime factor applied to the regular rate of pay for work completed during the overtime hour(s).~~

~~An employee earns a regular piece rate of \$1.00 per piece. The worker makes 90 pieces in a 9-hour day. The worker was paid 1/2 times the regular rate as overtime remuneration.~~

~~Straight Pay by Piece — 90 pieces x \$1.00 per piece = \$90.00~~

~~Regular Rate of Pay — \$90.00 divided by 9 hours = \$10.00 per hour~~

~~Excess or Premium Overtime Rate — \$10.00 x 1/2 = \$5.00~~

~~Excess or Premium Overtime — \$5.00 x 1 hour overtime = \$5.00~~

~~Total Payroll (\$90 + 5) = \$95.00~~

~~In Example 3(b), the \$5.00 paid to the employee as overtime is eligible for exclusion as overtime remuneration.~~

**Example 4 — Commission — Overtime Computed Based On Regular Hourly Rate**

~~The employer compensates employees on a commission basis. A regular rate of pay is computed with an overtime factor applied to the regular rate of pay for work completed during the overtime hour(s).~~

~~An automobile mechanic earns 40% of the book rate (hourly rate charged the customer) for each repair completed. The employer's labor rate billed to customers is \$80 per hour. During the period, the mechanic worked 44 hours and completed jobs with 55 billable~~

~~hours. To determine the regular rate of pay, the daily or weekly remuneration must be divided by the daily or weekly hours.~~

~~Total Repair Revenue — 55 billable hours x \$80 per hour = \$4,400.00~~

~~Employee's Remuneration — \$4,400.00 x 40% = \$1,760.00~~

~~Regular Rate of Pay — \$1,760.00 divided by 44 hours = \$40.00 per hour~~

~~Premium Overtime Rate — \$40.00 x 1/2 = \$20.00~~

~~Premium or Excess Overtime — \$20.00 x 4 overtime hours = \$80.00~~

~~Total Payroll (\$1,760 + 80) = \$1,840.00~~

~~In Example 4, the \$80.00 paid to the employee as overtime remuneration is eligible for exclusion as overtime remuneration.~~

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## Item III-D

### Study of Assignments to Standard Exception Classifications

**1803, Stone Cutting or Fabrication – shop**  
**4295(1), Printing Operation – screen printing**  
**4295(2), Screen Printed Merchandise Dealers – all other employees**  
**4299(1), Printing Operation – all other employees**  
**4492, Sign Mfg. – metal, plastic or wood**  
**5606, Contractors – construction or erection**  
**7365, Taxicab Operations – all employees**  
**7410, Aircraft Operation – agricultural**  
**7428(1), Aircraft Operation – other than agricultural or scheduled air carriers**  
**7500, Gas Works – all operations**  
**7520, Water Companies – all employees**  
**7539, Electric Power Companies – all operations**  
**7607(1), Video Post-Production – computer or electronic**  
**7721(1), Detective or Private Investigative Agencies**  
**8015, Stores – furniture**  
**8017(9), Product Demonstrators or Sample Distributors – by contractors**  
**8720(1), Inspection for Insurance, Safety or Valuation Purposes**  
**8720(4), Unmanned Aircraft System Operation**  
**8755, Labor Unions – employees engaged outside of office**  
**8813(1), Printing Operation – editing, designing, proofreading and photographic composing**  
**8846(1), Printing Operation – screen printing**  
**9016(1), Amusement or Recreational Facilities**  
**9033, Housing Authorities – including resident or on-site managers**  
**9182, Athletic Teams or Athletic Facilities**  
**9220(1), Cemetery Operation – all employees**  
**9220(2), Crematory Operation – all employees**  
**9507, Sign Painting or Lettering and Quick Sign Shops – shop or outside**  
**9529(2), Decorating – interior or exterior**  
**9549, Advertising Companies – outdoor**  
**9610, Motion Pictures – production**

Staff advised the Committee that the WCIRB reviewed the 30 classifications that contain footnotes directing the assignment of specific operations, duties or employments to Standard Exception Classification 8810, *Clerical Office Employees*, or 8742, *Salespersons – Outside*, for consistency with the restrictions outlined in the Standard Exceptions Rule<sup>1</sup> in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP). WCIRB staff compared each footnote directive to Classification 8810 or 8742 and the operations, duties or employments in question to determine if the current classification procedure remained appropriate and, if so, if the footnote correctly referenced the Standard Exceptions Rule.

Staff summarized its findings and recommendations for the Committee:

1. Twelve classifications require no change as they address operations, duties or employments that are compatible with the Standard Exceptions definitions, and these directives properly state that the assignment of these operations to a Standard Exception classification is subject to the required rule.

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<sup>1</sup> See Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions*.

2. Four classifications address duties or employments that are compatible with the Standard Exceptions definitions but should be amended to state that the assignment of these operations to a Standard Exception classification is subject to the Standard Exceptions Rule and cite the rule.
3. Six classifications should be amended to delete generic instructions regarding the assignment of Classification 8810 or 8742 that are unnecessary as they are duplicative of general classification procedures and not unique to the subject classification.
4. Eight classifications should be amended to delete footnote instructions that describe operations or duties that often fall outside of the scope of the Standard Exceptions definitions and may be unique to the subject classification.

As there were no questions about the proposed changes, a motion was made, seconded and unanimously passed to recommend that these changes to the USRP be included in the WCIRB's January 1, 2021 Regulatory Filing.

## Item III-D

### Study of Assignments to Standard Exception Classifications

1803, *Stone Cutting or Fabrication – shop*  
4295(1), *Printing Operation – screen printing*  
4295(2), *Screen Printed Merchandise Dealers – all other employees*  
4299(1), *Printing Operation – all other employees*  
4492, *Sign Mfg. – metal, plastic or wood*  
5606, *Contractors – construction or erection*  
7365, *Taxicab Operations – all employees*  
7410, *Aircraft Operation – agricultural*  
7428(1), *Aircraft Operation – other than agricultural or scheduled air carriers*  
7500, *Gas Works – all operations*  
7520, *Water Companies – all employees*  
7539, *Electric Power Companies – all operations*  
7607(1), *Video Post-Production – computer or electronic*  
7721(1), *Detective or Private Investigative Agencies*  
8015, *Stores – furniture*  
8017(9), *Product Demonstrators or Sample Distributors – by contractors*  
8720(1), *Inspection for Insurance, Safety or Valuation Purposes*  
8720(4), *Unmanned Aircraft System Operation*  
8755, *Labor Unions – employees engaged outside of office*  
8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*  
8846(1), *Printing Operation – screen printing*  
9016(1), *Amusement or Recreational Facilities*  
9033, *Housing Authorities – including resident or on-site managers*  
9182, *Athletic Teams or Athletic Facilities*  
9220(1), *Cemetery Operation – all employees*  
9220(2), *Crematory Operation – all employees*  
9507, *Sign Painting or Lettering and Quick Sign Shops – shop or outside*  
9529(2), *Decorating – interior or exterior*  
9549, *Advertising Companies – outdoor*  
9610, *Motion Pictures – production*

## Executive Summary

### Objective

The WCIRB receives a significant number of questions from insurers, agents/brokers and employers regarding the application of classifications that contain footnotes directing the assignment of specific operations, duties or employments to Standard Exception classifications 8810, *Clerical Office Employees*, or 8742, *Salespersons – Outside*. To address these questions and ensure that Standard Exception classifications are consistently applied, the WCIRB reviewed the 30 classifications that contain such footnotes for consistency with the restrictions outlined in Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions*, of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) (Standard Exceptions Rule). WCIRB staff compared each footnote directive to Classification 8810 or 8742 and the operations, duties or employments in question in order to determine if the current classification procedure remains appropriate and, if so, if the footnote correctly references the Standard Exceptions Rule.

### Findings

Based on staff's review of the 30 classifications that include a footnote directive to Classification 8810, *Clerical Office Employees*, or Classification 8742, *Salespersons – Outside*, the WCIRB determined:

1. Twelve classifications address operations, duties or employments that are compatible with the Standard Exceptions definitions, and these directives properly state that the assignment of these operations to a Standard Exception classification is subject to the required rule.
2. Four classifications address duties or employments that are compatible with the Standard Exceptions definitions, but do not state that the assignment of these operations to a Standard Exception classification is subject to the Standard Exceptions Rule, nor do they cite the rule.
3. Six classifications provide generic instructions regarding the assignment of Classification 8810 or 8742 that are unnecessary as they are duplicative of general classification procedures and not unique to the subject classification.
4. Eight classifications describe operations or duties that often fall outside of the scope of the Standard Exceptions definitions and may be unique to the subject classification.

### **Recommendations**

Based on the findings, the WCIRB recommends the following:

1. Retain the existing footnotes to the twelve classifications that (1) provide appropriate direction regarding how the subject operations should be classified, (2) properly state that the assignment of these operations to a Standard Exception classification is subject to the required rule and (3) cite the rule.
2. Amend the footnotes to the four classifications that, while providing appropriate direction, do not state that the assignment of these operations to a Standard Exception classification is subject to the Standard Exceptions Rule and do not cite the rule.
3. Delete the footnote directives for the six classifications that assign Classification 8810 or 8742 to generic operations or job duties that are duplicative of general classification procedures.
4. Delete the footnote directives for the eight classifications that assign Classification 8810 or 8742 to operations that are not compatible with the Standard Exceptions definitions and amend the classifications where applicable to provide clarity regarding how these operations should be classified.

## Introduction

The WCIRB reviewed all 30 classifications that contain footnotes assigning specific operations, duties or employments to Classification 8810, *Clerical Office Employees*, or 8742, *Salespersons – Outside*. Classifications 8810 and 8742 are *Standard Exceptions* and are subject to the restrictions outlined in Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions*, of the USRP (Standard Exceptions Rule). WCIRB staff evaluated each footnote directive to Classification 8810 or 8742 and the operations, duties or employments in question in order to determine if the current classification procedure remains appropriate and, if so, if the footnote correctly references the Standard Exceptions Rule.

## Directive Types

After review, staff categorized the 30 classifications based on four scenarios:

### Group 1

The first group consists of 12 classifications with footnote directives that clarify how certain operations should be classified and address operations, duties or employments that are compatible with the Standard Exceptions definitions. Additionally, where these directives point to Classification 8810 or 8742, they clarify that the operations, duties or employments should be assigned to 8810 or 8742 only if they meet the restrictions outlined in the required rule, and they cite the rule. Staff determined that these directives provide valuable information specific to the classification in question and direct a classification assignment that is not inconsistent with the Standard Exceptions Rule. The 12 classifications in this group and the footnotes at issue are identified below:

| Classification   | Footnote   |
|--|--|
| 7410, <i>Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew</i>   | Unmanned Aircraft Systems (aerial drones) operating crew members working remotely from an office location with no exposure outside of the clerical office shall be classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .   |
| 7428(1), <i>Aircraft Operation – other than agricultural or scheduled air carriers – not members of the flying crew – including gate and ticket counter personnel at airports – N.O.C.</i> | Unmanned Aircraft Systems (aerial drones) operating crew members working remotely from an office location with no exposure outside of the clerical office shall be classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .   |
| 9610, <i>Motion Pictures – production – in studios and outside – all employees</i>   | Employees engaged exclusively in the electronic editing of digital files using computerized editing equipment are assignable to Classification 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .<br><br>Employees who create animation using computer or digital applications are assignable to Classification 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> . |
| 4492, <i>Sign Mfg. – metal, plastic or wood – N.O.C.</i>   | Employees engaged exclusively in the design or production of adhesive lettering or graphics using office type computers or plotters/printers shall be classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .  |
| 9507, <i>Sign Painting or Lettering and Quick Sign Shops – shop or outside – including</i>   | Employees engaged exclusively in the design or production of painted, printed or adhesive lettering or   |

| <b>Classification</b>  | <b>Footnote</b>   |
|--|---|
| <i>counterpersons</i>  | graphics using office type computers or plotters/printers shall be classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> . The application of painted, printed or adhesive lettering or graphics onto a surface shall be classified as 9507.  |
| 1803, <i>Stone Cutting or Fabrication – shop</i>   | Employees engaged exclusively in the design or production of stencils using office type computers or plotters/printers shall be classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, <i>General Classification Procedures</i> , Rule 4, <i>Standard Exceptions</i> .  |
| 7365, <i>Taxicab Operations – all employees</i>  | Dispatchers engaged in clerical activities shall be separately classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .  |
| 8720(4), <i>Unmanned Aircraft System Operation – aircraft system and payload total combined weight of less than 55 pounds – including Outside Salespersons</i> | Unmanned Aircraft Systems (aerial drones) operating crew members working remotely from an office location with no exposure outside of the clerical office shall be classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .  |
| 7607(1), <i>Video Post-Production – computer or electronic – all employees – including Clerical Office Employees and Outside Salespersons</i>                  | This classification does not apply to computer or electronic video post-production operations performed in connection with motion pictures, television features, commercials or similar productions by the same employer; such operations shall be classified as 8810, <i>Clerical Office Employees</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .  |
| 7721(1), <i>Detective or Private Investigative Agencies</i>  | Employees who solely conduct investigations by researching documents and conducting interviews at locations away from the employer's premises shall be classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, <i>Standard Exceptions</i> .   |
| 8017(9), <i>Product Demonstrators or Sample Distributors – by contractors – in stores</i>  | This classification does not apply to employees of manufacturers or distributors engaged in product demonstration or sample distribution. Such operations shall be classified as 8742, <i>Salespersons – Outside</i> , subject to the Standards Exception rule (see Section III, Rule 4, <i>Standard Exceptions</i> ) or the applicable manufacturing, store or dealer classification.  |
| 8015, <i>Stores – furniture – wholesale or retail</i>  | This classification does not apply to the operation of furniture galleries or showrooms that sell exclusively from samples to buyers for stores (no direct sales) and where no inventory (exclusive of showroom samples) is maintained at the gallery or showroom location. Such gallery or showroom salespersons shall be classified as 8742, <i>Salespersons – Outside</i> , provided they have no other duties of any kind in the service of the employer except clerical work or outside sales. See Part 3, Section IV, Rule 6, <i>Stores</i> . |



### Group 2

The second group is comprised of four classifications with footnote directives that also provide clarity regarding how certain operations that are compatible with the Standard Exceptions definitions should be classified. However, these directives neither indicate that the assignment is subject to the rules set forth in the Standard Exceptions Rule, nor do they cite the rule. The information contained in the footnotes is valuable for the proper assignment of the subject operations, but without direction that the assignment is subject to the rule, the directive may suggest that the footnote supersedes the Standard Exceptions Rule, which is not the intended outcome. These four classifications are:

| Classification   | Footnote  |
|--|---|
| 5606, <i>Contractors – construction or erection – executive level supervisors – no direct supervision – division of a single employee’s payroll with any other classification is not permitted</i>   | Classification 5606 does not apply to employees whose job site duties are limited to estimating, outside sales or public relations. Employees whose non-clerical duties are confined to visiting job sites for the purpose of pre-construction estimating, or for meeting with clients or other project representatives, are classified as 8742, <i>Salespersons – Outside</i> , provided they have no supervisory responsibilities over construction operations and they do not walk through job sites for purposes such as assessing construction progress, evaluating quality or determining compliance with safety standards. |
| 9549, <i>Advertising Companies – outdoor – selling space for advertising purposes – including shop, yard or storage operations; the erection, painting, repair and maintenance, or removal of signs; bill posting; and sign painting or lettering in or upon buildings or structures</i> | The display of hand-held advertisement signs and walking billboards (human sign holders) at locations, including but not limited to sidewalks and street corners shall be classified as 8742, <i>Salespersons – Outside</i> .   |
| 9182, <i>Athletic Teams or Athletic Facilities – all employees other than players, umpires, referees and game officials</i>  | Athletic scouts shall be classified as 8742, <i>Salespersons – Outside</i> .  |
| 8720(1), <i>Inspection for Insurance, Safety or Valuation Purposes – N.O.C. – including Outside Salespersons</i>   | Insurance claims or insurance fraud investigation companies that exclusively perform investigations that do not require surveillance of persons without their knowledge shall be classified as 8742, <i>Salespersons – Outside</i> , or 8810, <i>Clerical Office Employees</i> . Insurance claims investigations performed by insurance companies shall be classified as 8822, <i>Insurance Companies</i> .<br><br>Property appraisal (or property appraisal in combination with clerical activities) on a fee basis shall be classified as 8742, <i>Salespersons – Outside</i> .   |

### Group 3

The third group is comprised of six classifications with footnotes that do not provide value or clarity as they assign generic Standard Exception operations, duties or employments that are not unique or specific to the subject classification to Classification 8810 or 8742.

The group includes several classifications in the *Printing, Publishing and Duplicating* industry group with a footnote stating that “Employees engaged in sales, collection or public relations work in support of commercial printing operations shall be separately classified as 8742, *Salespersons – Outside*.” This footnote was added to these classifications to provide direction for classifying outside sales operations when Classification 8742(5), *Printing Operation – Salespersons*, was eliminated effective January 1, 2018. However, it has been several years since 8742(5) was eliminated. In addition, this type of assignment applies to virtually all classifications, and the directive is duplicative of the definition of

Outside Salespersons found in the Standard Exceptions Rule. These directives may therefore be confusing as they are included in these classifications but not in others.

Similarly, Classification 8755, *Labor Unions – employees engaged outside of office – including Outside Salespersons*, contains a footnote stating that “Employees engaged in clerical office duties exclusively within the office shall be classified as 8810, *Clerical Office Employees*.” This directive was added to clarify how employees working strictly in an office setting should be classified when the classification assignable to the employer is an “outside” classification. The USRP contains several classifications that describe operations that take place away from the employer’s premises, such as classifications that state “away from shop.” It is typical for employers assigned to such classifications to retain some *Clerical Office Employees* that are assignable to Classification 8810, yet no other classifications include such a directive. This assignment is duplicative of the Standard Exceptions Rule and not exclusively applicable to employers assigned to Classification 8755.

The six classifications in this category are:

| <b>Classification</b>  | <b>Footnote</b>   |
|--|---|
| 4299(1), <i>Printing Operation – all other employees – including counterpersons and drivers and their helpers – N.O.C.</i>                               | Employees engaged in sales, collection or public relations work in support of commercial printing operations shall be separately classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> . |
| 8813(1), <i>Printing Operation – editing, designing, proofreading and photographic composing – including Clerical Office Employees</i>                   | Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, <i>Standard Exceptions</i> .    |
| 4295(1), <i>Printing Operation – screen printing – all other employees</i>   | Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, <i>Standard Exceptions</i> .    |
| 8846(1), <i>Printing Operation – screen printing – editing, designing, proofreading and photographic composing – including Clerical Office Employees</i> | Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, <i>Standard Exceptions</i> .    |
| 4295(2), <i>Screen Printed Merchandise Dealers – all other employees</i>   | Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, <i>Standard Exceptions</i> .    |
| 8755, <i>Labor Unions – employees engaged outside of office – including Outside Salespersons</i>   | Employees engaged in clerical office duties exclusively within the office shall be classified as 8810, <i>Clerical Office Employees</i> .   |

#### **Group 4**

The fourth group is comprised of eight classifications with footnote directives assigning Classification 8810 or 8742 to operations or duties that are or may be incompatible with the Standard Exceptions definitions. While these directives may have originally been added to address specific limited circumstances, the directives are not clear and could lead to the misclassification of certain operations, duties or employments. In some instances, the directives cite the *Standard Exceptions* Rule, despite the fact that the subject operations are not consistent with the rule’s restrictions, which may lead to confusion. The eight classifications in this category are::

| Classification  | Footnote   |
|---|--|
| 9529(2), <i>Decorating – interior or exterior – hanging flags or bunting for conventions or celebrations</i>  | Interior decorators or designers who operate on a fee basis and do not engage in the installation or placement of furnishings shall be classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> .          |
| 9033, <i>Housing Authorities – including resident or on-site managers</i>   | Employees engaged exclusively in determining the eligibility of properties owned and operated by separate parties for rental subsidies shall be classified as 8742, <i>Salespersons – Outside</i> , subject to the Standard Exceptions rule. See Section III, Rule 4, <i>Standard Exceptions</i> . |
| 9016(1), <i>Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores</i> | This classification also applies to automobile or horse race track operations by employers that are not public agencies. Pari-mutuel employees shall be separately classified as 8810, <i>Clerical Office Employees</i> .  |
| 9220(1), <i>Cemetery Operation – all employees</i>  | Cemetery plot or mausoleum sales counselors shall be classified as 8742, <i>Salespersons – Outside</i> .   |
| 9220(2), <i>Crematory Operation – all employees</i>   | Cemetery plot or mausoleum sales counselors shall be classified as 8742, <i>Salespersons – Outside</i> .   |
| 7539, <i>Electric Power Companies – all operations – including construction or extension of lines</i>   | Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, <i>Salespersons – Outside</i> .   |
| 7500, <i>Gas Works – all operations – including construction or extension of lines</i>  | Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, <i>Salespersons – Outside</i> .   |
| 7520, <i>Water Companies – all employees – including construction or extension of lines</i>   | Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, <i>Salespersons – Outside</i> .   |

Each of the eight classifications in the fourth group require individual analysis and revision.

It is important to note that the employers assigned to these eight classifications may retain employees who perform clerical duties and work in clerical office locations, as well as employees who perform sales, collection or public relations work away from the employer's premises and devote the balance of their time to clerical office duties. To the extent the duties of these employees meet the Standard Exception definitions, these employees will remain assignable to Classification 8810 or 8742.

#### Group 4 Classification Analysis

##### Classification 9529(2), *Decorating*

This classification contains a footnote stating that "[i]nterior decorators or designers who operate on a fee basis and do not engage in the installation or placement of furnishings shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*." While this directive does cite the Standard Exceptions Rule and does exclude the placement of furniture from an 8742 assignment, it provides classification direction based on job title and that may lead to inconsistent classification assignments. In some cases, an employee in the role of an interior decorator or designer may have a number of job duties that fall outside the scope of a Standard Exception, even if the employee does not install or place furnishings.

Further, an employer that is in the business of providing design and decorating services on a fee basis may also engage in a wide range of duties and activities depending on how the specific business operates. Again, a classification assignment, including the assignment of some or all employees to a

Standard Exception classification, should be based on the nature of the business and the duties of the employees, not the use of titles such as “decorators or designers.”

The above positions or employers should not be directed to a Standard Exception classification. Rather, decorators and designers should be included in Classification 9529(2) unless the operations specifically meet the criteria for a Standard Exception, as is the procedure for most classifications.

Finding and Recommendation:

The footnote directing the assignment of Classification 8742 to certain interior decorators or designers is not always consistent with the Standard Exceptions Rule and should be removed.

**Classification 9033, *Housing Authorities***

Classification 9033 contains a footnote stating that “Employees engaged exclusively in determining the eligibility of properties owned and operated by separate parties for rental subsidies shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.” However, determining the eligibility of properties owned and operated by separate parties for rental subsidies requires an inspection of the property, and this duty generally falls outside the scope of the Standard Exceptions Rule.

Classification 9033 is part of the *Municipal, State or Other Public Agencies* Industry Group. This Industry Group includes Classification 9410, *Municipal, State or Other Public Agency Employees – not engaged in manual labor, or direct supervision of construction or erection work – N.O.C.*, which applies to municipal employees, including but not limited to building inspectors.

Finding and Recommendations:

The footnote directing the assignment of Classification 8742 to employees engaged in determining the eligibility of properties for rental subsidies is not consistent with the Standard Exceptions Rule and should be removed. Classification 9033 should be amended to direct that the assignment of employees engaged in property inspections to determine the eligibility of properties owned and operated by separate parties for rental subsidies should be assigned to Classification 9410, *Municipal, State or Other Public Agency Employees – not engaged in manual labor, or direct supervision of construction or erection work*.

**Classification 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores***

Classification 9016(1) applies to horse race track operations and contains a footnote stating that “Pari-mutuel employees shall be separately classified as 8810, *Clerical Office Employees*.” Pari-mutuel employees work at race tracks and other horse race betting venues and take money, record bets and pay bet winners. These activities are substantially similar to ticket sales and collection activities at similar facilities, which are assigned to Classification 9016(1), and are more consistent with those of a ticket seller/collector at an amusement facility than those of a Standard Exception. Further, Classification 9016(1) applies to “all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores” at amusement facilities. The term “all employees” requires that “division of payroll shall not be made for any employee or operations (other than the Standard Exceptions or General Exclusions)...except for an operation not incidental to and not usually associated with the enterprise described by such classification.” As pari-mutuel operations are integral to race track operations assigned to 9016(1), there should be no division of the pari-mutuel employee payroll.

Prior to 1969, pari-mutuel employees were assigned to Classification 9154, *Theaters – not motion picture – all employees other than performers and directors of performers – including managers, stage hands, box office employees or ushers*. In 1969 a group of employers appealed this assignment and asserted that since these employees work behind counters or windows selling pari-mutuel tickets, their duties are essentially clerical in nature and unlike those of theater employees, such as stagehands, ushers or motion picture operators. Although such operations could equally be compared to theater box office employees who are assigned to Classification 9154, the Committee determined that pari-mutuel employees should be assigned to Classification 8810.

In 1976, the Committee reconsidered the assignment of pari-mutuel employees to Classification 8810 as the duties of these employees did not appear to be consistent with a restriction that was in effect at that time limiting the amount of money-handling operations performed by clerical office employees. In its review of the issue, the Committee noted that the relevant payroll and loss data experience developed by the operations in question were insufficient to draw a meaningful conclusion. At the close of its review, the Committee elected to continue assigning pari-mutuel employees to Classification 8810 and to add a directive to Classification 9016(1).

When evaluating the current operations of pari-mutuel employees in California, however, staff determined that pari-mutuel employees are not typically employed directly by race tracks. Instead, pari-mutuel employees and wagering activities at race tracks are typically provided under contract by a pari-mutuel service company. Only two employers with primary operations focused on pari-mutuel betting were identified in California. One of these employers has pari-mutuel operations at off-track betting facilities, and all of its operations have been reported in Classification 9069, *Clubs – gaming – all employees – including front desk employees and restaurant or tavern employees*. Gaming operations, such as the operation of casinos and off-track betting facilities, are described by Classification 9069, and pari-mutuel clerks at off-track betting locations are assignable to Classification 9069.

Classification 9069 was established effective January 1, 1995 and was not in effect when the Committee last reviewed the operations of pari-mutuel employees in 1976. Further, the data for pari-mutuel operations reported in Classification 8810 strongly suggests that Classification 8810 significantly understates the exposure of pari-mutuel operations.

Findings and Recommendations:

The activities of pari-mutuel employees are consistent with those of ticket sellers/collectors at an amusement facility and not consistent with the Standard Exceptions Rule. In addition, Classification 9016(1) is an *all employees* classification assignable to race track operations and there is no compelling reason to carve out pari-mutuel employees from this classification. The footnote in Classification 9016(1) directing the assignment of Classification 8810 to pari-mutuel operations should be removed.

Additionally, pari-mutuel clerks at off-track betting locations, as well as pari-mutuel wagering operations provided to horse racing tracks or other horse race betting venues under contract with pari-mutuel service companies are assignable to Classification 9069. A footnote should be added to Classification 9069 to state that it applies to off-track betting facilities and employers that provide pari-mutuel wagering operations to horse racing tracks and other horse race betting venues on a contract basis.

**Classification 9220(1), Cemetery Operation – all employees**  
**Classification 9220(2), Crematory Operation – all employees**

These classifications each contain a footnote stating that “Cemetery plot or mausoleum sales counselors shall be classified as 8742, *Salespersons – Outside*.” Cemetery plot or mausoleum sales often require the sales employee to walk or drive the cemetery grounds to show prospective clients available spaces and products. Classification 8742 specifies that it is assignable to employees engaged exclusively in sales, collection or public relations work *away from the premises of the employer*. Walking or driving the cemetery grounds with prospective clients is a regular job duty that exposes the employee to the operative hazards of the business and is outside the definition of an Outside Salesperson. In addition, like Classification 9016(1), Classifications 9220(1) and 9220(2) are “all employees” classifications. As sales counselor operations are integral to these classifications, there should be no division of the sales counselors’ payroll.

The classification assignments for salespersons employed by cemeteries and crematories have been reviewed several times throughout the history of these classifications. These reviews concluded that the duties of some salespersons fall outside of the scope of the Standard Exceptions definitions and are therefore described by Classification 9220, while the duties of some salespersons do fit the scope of a Standard Exception employee. For these reasons no significant changes were made to Classification 9220 as a result of these periodic reviews.

In 1996, an employer disputed the WCIRB's assignment of Classification 9220 to its cemetery sales staff engaged in assisting families in the purchase of burial plots, vaults, markers, monuments, and burial services, including showing customers burial plots at the cemetery. Although the operations were performed at the employer's own cemetery location and these employees were therefore not engaged exclusively in "sales, collection or public relations work away from the premises" as required for assignment to Classification 8742, the WCIRB agreed with the employer that its cemetery salespersons should be classified as 8742, *Salespersons – Outside*. In 2015, Classification 9220 was amended as part of the USRP enhancement project to add the footnote: *Cemetery plot or mausoleum sales counselors shall be classified as 8742, Salespersons – Outside*.

Findings and Recommendations:

The activities of cemetery plot or mausoleum sales counselors at the cemetery or mausoleum location are not consistent with the definition of an Outside Salesperson. In addition, Classifications 9220(1) and 9220(2) are *all employees* classifications, and there is no compelling reason to carve out cemetery plot or mausoleum sales counselors from these classifications. The process of selling cemetery plots, mausoleum space and related services to customers at the cemetery or mausoleum location is not a clerical or outside sales process, as it exposes the salespersons to cemetery or mausoleum work areas and operations. The footnotes in these classifications directing cemetery plot or mausoleum sales counselors to Classification 8742 should be removed, and Classifications 9220(1) and 9220(2) should be amended to specifically include cemetery plot or mausoleum sales counselors at the cemetery or mausoleum location.

**Classification 7539, Electric Power Companies – all operations**

**Classification 7500, Gas Works – all operations**

**Classification 7520, Water Companies – all employees**

Each of these classifications includes a footnote directing that "Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, *Salespersons – Outside*." Meter reading does not equate to sales, collection or public relations work, as it includes exposure to environmental hazards beyond those experienced by Outside Salespersons, as well as exposure to equipment that is integral to the provision of electric, gas or water service to customers. Further, each of these classifications includes the term "all operations" or "all employees." As the reading of water, electric and gas meters at customer locations is a typical and integral operation performed by employers assigned to these classifications, there should be no division of the meter readers' payroll.

The footnotes at issue originated from a 1920 Committee decision stating that "Payroll of meter readers not exposed to operative hazard of the risk may be separately classified and rated upon receiving approval of the Bureau." Following this decision, insurers requested approval to separately classify meter readers as Outside Salespersons. Later, this classification practice was included in the footnotes stating that 8742 can only be assigned to employees engaged exclusively in meter reading activities and not exposed to operative hazards.

Findings and Recommendations:

The activities of meter readers are not consistent with the Standard Exceptions Rule. In addition, Classifications 7539, 7500 and 7520 are "all operations" or "all employees" classifications, and there is no compelling reason to carve out these operations from these classifications. The footnotes in these Classifications directing the assignment of meter readers to Classification 8742 should be removed, and these classifications should be amended to specifically include meter reading activities.

**Impact Analysis**

The impact of the proposed change is limited to the eight Group 4 classifications that contain a footnote that improperly directs the assignment of specific operations, duties or employments to a Standard Exception classification. The WCIRB cannot provide a statistical analysis showing the impact of reassigning these specific operations, duties or employments from Classification 8810 or 8742 to the classification otherwise assignable to these employers because this data cannot be segregated from that of other Classification 8810 and 8742 operations that may be performed by these employers. In addition,

it is unclear to what extent insurers have assigned such exposures to Classification 8810 or 8742 in cases where the operations clearly do not meet the criteria of the Standard Exceptions Rule.

### **Outreach**

The WCIRB notified 125 industry associations of this study and encouraged feedback. The WCIRB notified associations affiliated with the classifications referenced above and provided information about how the industry may be impacted.

For the constituents of the Group 4, notifications were tailored to highlight the changes being proposed for the classifications directly impacting their industry. Additionally, as there are only two California employers with primary operations focused on pari-mutuel betting, these employers were notified directly.

### **Findings**

Based on staff's review of the 30 classifications that include a footnote directive to Classification 8810, *Clerical Office Employees*, or Classification 8742, *Salespersons – Outside*, the WCIRB determined:

1. Twelve classifications address operations, duties or employments that are compatible with the Standard Exceptions definitions, and these directives properly state that the assignment of these operations to a Standard Exception classification is subject to the Standard Exceptions Rule.
2. Four classifications address duties or employments that are compatible with the Standard Exceptions definitions but do not state that the assignment of these operations to a Standard Exception classification is subject to the Standard Exceptions Rule, nor do they cite the rule.
3. Six classifications provide generic instructions regarding the assignment of Classification 8810 or 8742 that are unnecessary as they are duplicative of general classification procedures and not unique to the subject classification.
4. Eight classifications describe operations or duties that often fall outside of the scope of the Standard Exceptions definitions and may be unique to the subject classification.

### **Recommendations**

Based on the findings, the WCIRB recommends the following:

1. Retain the existing footnotes to the twelve classifications that (1) provide appropriate direction regarding how the subject operations should be classified, (2) properly state that the assignment of these operations to a Standard Exception classification is subject to the Standard Exceptions Rule and (3) cite the rule.
2. Amend the footnotes to the four classifications that, while providing appropriate direction, do not state that the assignment of these operations to a Standard Exception classification is subject to the Standard Exceptions Rule and do not cite the rule.
3. Delete the footnote directives for the six classifications that assign Classification 8810 or 8742 to generic operations or job duties that are duplicative of general classification procedures.
4. Delete the footnote directives for the eight classifications that assign Classification 8810 or 8742 to operations that are not compatible with the Standard Exceptions definitions and amend the classifications where applicable to provide clarity regarding how these operations should be classified.

## Recommendation

Amend Classification 5606, *Contractors – construction or erection – executive level supervisors*, to amend the footnote assigning employees whose non-clerical duties are confined to visiting job sites for pre-construction estimating to Classification 8742, *Salespersons – Outside*, to indicate that the assignment is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

## PROPOSED

### **CONTRACTORS – construction or erection – executive level supervisors – no direct supervision – division of a single employee’s payroll with any other classification is not permitted**

**5606**

This classification may be assigned only in connection with the construction or erection classifications listed in Appendix I, *Construction and Erection Classifications*.

This classification applies to executive level supervisors of construction operations wherein the employer develops payroll in one or more construction or erection classification(s) provided not less than two levels of supervision, as defined in Section IV, Rule 2d, *Executive Level Supervisors*, are retained between the executive level supervisor and the workers performing actual construction operations.

This classification also includes management level employees, such as safety managers, project managers and engineers, who do not supervise construction operations but whose duties include walking through a construction site during the construction phase, provided the employer retains two levels of supervision over the construction crew(s) or where all operations have been subcontracted to licensed subcontractors. Otherwise, such employees are miscellaneous employees and shall be classified in accordance with Section IV, Rule 2c, *Miscellaneous Employees (Construction or Erection)*.

This classification also applies to executive level supervisors when all construction operations are subcontracted to licensed contractors and no payroll is developed under any construction classification. In such instances, executive level supervisors exercise control exclusively through licensed subcontractors.

On jobs where all construction operations are subcontracted to licensed subcontractors, Classification 5610, *Contractors – construction or erection – all construction subcontracted*, applies to all other employees, including but not limited to job site cleaning and debris removal and post-construction warranty repair operations.

Classification 5606 does not apply to employees whose job site duties are limited to estimating, outside sales or public relations. Employees whose non-clerical duties are confined to visiting job sites for the purpose of pre-construction estimating, or for meeting with clients or other project representatives, are classified as 8742, *Salespersons – Outside*, provided they have no supervisory responsibilities over construction operations, and they do not walk through job sites for purposes such as assessing construction progress, evaluating quality or determining compliance with safety standards, and their activities do not exceed those of Standard Exception Employees. See Section III, Rule 4, *Standard Exceptions*.

Fee-based construction management companies that do not engage in or perform supervision over construction operations, but serve as an intermediary between the general contractor and project owner or otherwise provide expertise regarding a construction project, shall be classified as 8601(1), *Engineers – consulting*.

Also see Section IV, Rule 2, *Construction or Erection Work*.

\* \* \* \* \*



### Recommendation

Amend Classification 9549, *Advertising Companies*, to amend the footnote assigning the display of hand-held advertisement signs and walking billboards (human sign holders) to Classification 8742, *Salespersons – Outside*, to indicate that the assignment of 8742 is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

### PROPOSED

**ADVERTISING COMPANIES – outdoor – selling space for advertising purposes – including shop, yard or storage operations; the erection, painting, repair and maintenance, or removal of signs; bill posting; and sign painting or lettering in or upon buildings or structures** **9549**

This classification includes the production of signs, banners and related products by advertising companies and the operation of mobile billboard trucks (mobile advertising signs).

The application of painted or adhesive lettering or graphics onto surfaces on a fee basis or onto customer vehicles by employers engaged in sign painting or lettering shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The display of hand-held advertisement signs and walking billboards (human sign holders) at locations, including but not limited to sidewalks and street corners shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

\* \* \* \* \*

### Recommendation

Amend Classification 9182, *Athletic Teams or Athletic Facilities – all employees other than players, umpires, referees and game officials*, to amend the footnote assigning athletic scouts to Classification 8742, *Salespersons – Outside*, to indicate that the assignment of 8742 is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

### PROPOSED

**ATHLETIC TEAMS OR ATHLETIC FACILITIES – all employees other than players, umpires, referees and game officials** **9182**

This classification applies to employees of athletic teams or parks who are engaged in the care of teams or the care, operation and maintenance of grounds and facilities, including but not limited to coaches and assistant coaches, non-playing managers, trainers, equipment managers, bat and ball retrievers, mascots, dancers, locker room attendants, public address announcers, scorekeepers, timekeepers, ushers, ticket sellers or collectors, parking lot attendants, security staff, and facility and grounds maintenance employees. This classification also applies to employees of youth or recreational athletic teams or facilities.

Athletic scouts shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

The operation of athletic facilities during non-sporting events, including but not limited to concerts and exhibitions shall be classified as 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores.*

~~Radio or television broadcasting shall be separately classified as 7610, *Radio, Television or Commercial Broadcasting Stations.*~~

Players, playing managers, and umpires, referees and game officials who monitor play, shall be classified as 9181, *Athletic Teams or Athletic Facilities – players, umpires, referees and game officials.*

Radio or television broadcasting shall be separately classified as 7610, *Radio, Television or Commercial Broadcasting Stations.*

Also refer to companion Classification 9181, *Athletic Teams or Athletic Facilities – players, umpires, referees and game officials.*

If an employee who performs duties described by Classification 9182 also performs duties described by Classification 9181, the payroll of that employee may be divided between Classifications 9181 and 9182, provided the employer maintains accurate records supported by time cards or time book entries that show such division. See Part 3, Section V, Rule 3, *Division of Single Employee's Payroll.*

Restaurants, retail stores and vendors shall be separately classified.

\* \* \* \* \*

## Recommendation

Amend Classification 8720(1), *Inspection for Insurance, Safety or Valuation Purposes*, to amend the footnotes assigning property appraisers and insurance claims or insurance fraud investigation companies that exclusively perform investigations that do not require surveillance of persons without their knowledge to Classification 8742, *Salespersons – Outside*, or Classification 8810, *Clerical Office Employees*, to indicate that the assignment of 8742 or 8810 is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

## PROPOSED

### **INSPECTION FOR INSURANCE, SAFETY OR VALUATION PURPOSES – N.O.C. – including 8720(1) Outside Salespersons**

This classification applies to employers that perform inspections for insurance, safety or valuation purposes on a fee basis, including but not limited to boiler inspections, electric meter inspection and testing, backflow valve inspection and testing, energy efficiency inspections, fire protection and safety inspections, log scaling and agricultural products inspection. This classification also applies to monitoring the flow of fluids on oil leases or along pipelines on a fee basis.

This classification also applies to insurance claims or insurance fraud investigations performed on a fee basis that involve surveillance of persons without their knowledge.

Insurance claims or insurance fraud investigation companies that exclusively perform investigations that do not require surveillance of persons without their knowledge shall be classified as

8742, *Salespersons – Outside*, or 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*. Insurance claims investigations performed by insurance companies shall be classified as 8822, *Insurance Companies*.

Investigation operations for other than insurance claims or insurance fraud shall be classified as 7721(1), *Detective or Private Investigative Agencies*.

When performed in connection with an employer's own operations, other than construction or erection, the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

Property appraisal (or property appraisal in combination with clerical activities) on a fee basis shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

The weighing, grading, inspecting or sampling of merchandise at docks, railway stations or warehouses on a fee basis shall be classified as 8720(3), *Weighers, Samplers or Inspectors of Merchandise on Docks or at Railway Stations or Warehouses*.

The fee inspection of boats, ships or marine vessels for safety or to determine seaworthiness or the fee inspection or surveying of cargo that may have been damaged in marine transit shall be classified as 7248, *Marine Appraisers or Surveyors*.

The provision of legal support services on a fee basis, including but not limited to process serving of summons, subpoenas and complaints; filing court documents; or reproducing documents shall be classified as 8821, *Law Firm Support Services*.

\* \* \* \* \*

## Recommendation

Amend Classification 4299(1), *Printing Operation – all other employees*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

## PROPOSED

### PRINTING, PUBLISHING AND DUPLICATING

#### **PRINTING OPERATION – all other employees – including counterpersons and drivers and their helpers – N.O.C. 4299(1)**

This classification applies to employers engaged in commercial offset printing using methods, including but not limited to lithography, flexography, rotogravure, hot stamp or letterpress to produce printed matter such as business forms, stationery, greeting cards, labels, bumper stickers, bar codes, playing cards, bank checks, books and magazines. This classification includes incidental bindery and die cutting activities in support of the printing operations.

This classification does not apply when printing operations are performed by an employer in connection with its own operations. Such operations shall be assigned to the applicable classification of the employer.

~~Employees engaged in sales, collection or public relations work in support of commercial printing operations shall be separately classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Section III, Rule 4, Standard Exceptions.~~

Locations at which job printing is exclusively performed with sheet-fed offset printing presses on paper not exceeding 18" x 24" shall be classified as 8019(1), *Printing – quick printing*.

Publishing or printing of newspapers, tabloids or advertising newspapers or newspaper inserts shall be classified as 4304, *Newspaper Publishing or Printing – all other employees*, or 8818, *Newspaper Publishing or Printing – editing, designing, proofreading and photographic composing*.

Screen printing shall be classified as 4295(1), *Printing Operation – screen printing – all other employees*, or 8846(1), *Printing Operation – screen printing – editing, designing, proofreading and photographic composing*.

Document duplication or photocopying by use of equipment, including but not limited to electrostatic copiers, scanners, and ink jet and laser printers shall be classified as 8019(2), *Document Duplication or Photocopying Service*.

Employers engaged in the printing of signs, banners and related commercial advertising products shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

Also refer to companion Classification 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*.

\* \* \* \* \*

## Recommendation

Amend Classification 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*, which is part of *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

## PROPOSED

### PRINTING, PUBLISHING AND DUPLICATING

#### **PRINTING OPERATION – editing, designing, proofreading and photographic composing – including Clerical Office Employees 8813(1)**

This classification includes pre-press activities and clerical office employees of employers engaged in commercial off-set printing. Pre-press activities include but are not limited to editing, designing, proofreading and photographic composition, including negative stripping and plate making.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, Standard Exceptions.~~

Also refer to companion Classification 4299(1), *Printing Operation – all other employees*.

\* \* \* \* \*

### Recommendation

Amend Classification 4295(1), *Printing Operation – screen printing – all other employees*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### PRINTING OPERATION – screen printing – all other employees

4295(1)

This classification applies to fee-based screen printing of a variety of items, including but not limited to clothing, banners, wallpaper, business cards, plastic, glass and metal containers and various parts received from customers. This classification also applies to pad printing.

Commercial printing operations shall be classified as 4299(1), *Printing Operation – all other employees*, 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*, or 8019(1), *Printing – quick printing*.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.~~

Also refer to companion Classification 8846(1), *Printing Operation – screen printing – editing, designing, proofreading and photographic composing*.

\* \* \* \* \*

### Recommendation

Amend Classification 8846(1), *Printing Operation – screen printing – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### PRINTING OPERATION – screen printing – editing, designing, proofreading and photographic composing – including Clerical Office Employees

8846(1)

This classification applies to pre-press activities and clerical office employees of employers engaged in fee-based screen printing. Pre-press activities include but are not limited to the design and development of artwork and the preparation of screens. This classification also includes the post-printing cleaning of screens.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, Standard Exceptions.~~

Also refer to companion Classification 4295(1), *Printing Operation – screen printing – all other employees*.

\* \* \* \* \*

### Recommendation

Amend Classification 4295(2), *Screen Printed Merchandise Dealers*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### SCREEN PRINTED MERCHANDISE DEALERS – all other employees

4295(2)

This classification applies to the screen printing or pad printing of merchandise, including but not limited to clothing, advertising novelties, balloons and souvenirs, where not less than 75% of gross receipts are developed through the sale of items printed by the employer.

Retail store operations shall be separately classified.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, Standard Exceptions.~~

Also refer to companion Classification 8846(2), *Screen Printed Merchandise Dealers – editing, designing, proofreading and photographic composing*.

\* \* \* \* \*

### Recommendation

Amend Classification 8755, *Labor Unions*, to remove the footnote assigning clerical office employees to Classification 8810, *Clerical Office Employees*, as it is duplicative of general classification procedures and not unique to this classification.

### PROPOSED

##### LABOR UNIONS – employees engaged outside of office – including Outside Salespersons

8755

This classification applies to labor union employees who represent various groups of workers and are engaged in activities away from the office, including but not limited to handling grievances, performing job evaluations, collecting delinquent payments, checking work conditions, performing contract, wage and benefit negotiations and union organizing. This classification also applies to staff attorneys who work outside of the office at least part of the time. This classification also applies to employee associations and guilds that engage in collective bargaining.

~~Employees engaged in clerical office duties exclusively within the office shall be classified as 8810, Clerical Office Employees.~~

\* \* \* \* \*

### Recommendation

Amend Classification 9529(2), *Decorating*, to remove the footnote assigning interior decorators and designers who do not install or place furnishings to Classification 8742, *Salespersons – Outside*, as this is not a definitive assignment and must be based on the actual duties performed by each decorator or designer.

### PROPOSED

#### **DECORATING – interior or exterior – hanging flags or bunting for conventions or celebrations 9529(2)**

This classification applies to decorating the interior or exterior of buildings, streets, parking lots or malls with flags, banners, pennants or bunting in connection with conventions, celebrations, festivals or parades. This classification also applies to the installation of seasonal decorations, including but not limited to garland, trees, stars, balloons, lights, inflatable figurines and props. This classification includes the installation of similar items for advertising or commercial purposes.

The erection, removal or repair of tents away from the shop shall be classified as 9529(3), *Tent – erection, removal or repair*.

Painting or wallpaper installation shall be classified as 5474(1)/5482(1), *Painting or Wallpaper Installation*.

The installation or placement of house furnishings for other concerns on a fee basis shall be classified as 9521(1), *House Furnishings*.

~~Interior decorators or designers who operate on a fee basis and do not engage in the installation or placement of furnishings shall be classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Section III, Rule 4, Standard Exceptions.~~

The installation of floor coverings, including but not limited to linoleum, vinyl, asphalt or rubber tile, carpet or rugs within buildings shall be classified as 9521(2), *Floor Covering*.

The installation of window coverings shall be classified as 9521(3), *Window Covering*.

\* \* \* \* \*

### Recommendation

Amend Classification 9033, *Housing Authorities*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to assign employees engaged exclusively in determining the eligibility of properties owned and operated by separate parties for rental subsidies to Classification 9410, *Municipal, State or Other Public Agency Employees*, instead of Classification 8742, *Salespersons – Outside*.

## PROPOSED

### MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

#### HOUSING AUTHORITIES – including resident or on-site managers

9033

**When lodging is provided by the employer, the total remuneration shall include the market value of such lodging to the employee.**

This classification applies to public agencies that provide housing or housing assistance to individuals in need. The housing authority may own and operate the housing or provide financial assistance in the form of housing vouchers, which allow clients to reside in approved housing operated by other concerns. This classification includes but is not limited to resident or on-site property managers and property maintenance or repair staff.

On-site property managers are those employees whose base of operations is at any property location that they are employed to manage. The term “resident” shall refer to any employee who resides at a property managed by the employer.

Employees engaged in property inspections to determine the eligibility of properties owned and operated by separate parties for rental subsidies shall be separately classified as 9410, *Municipal, State or Other Public Agency Employees – not engaged in manual labor, or direct supervision of construction or erection work*.

The preparation or serving of hot foods shall be separately classified as 9079(1), *Restaurants or Taverns*.

Day care centers operated by housing authorities shall be separately classified as 9059, *Day Care Centers*.

~~Employees engaged exclusively in determining the eligibility of properties owned and operated by separate parties for rental subsidies shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.~~

New construction, alteration or demolition work shall be separately classified.

\* \* \* \* \*



### Recommendation

Amend Classification 9410, *Municipal, State or Other Public Agency Employees – not engaged in manual labor, or direct supervision of construction or erection work*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include employees engaged in determining the eligibility of properties owned and operated by separate parties for rental subsidies.

### PROPOSED

#### **MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

##### **MUNICIPAL, STATE OR OTHER PUBLIC AGENCY EMPLOYEES – not engaged in manual labor, or direct supervision of construction or erection work – N.O.C. 9410**

This classification includes mayors, city council members, elected officials, judges, hearing officers, district attorneys, courthouse clerks and public records clerks, employees engaged in laboratory work, health inspectors, building inspectors, engineers not engaged in actual construction or operation, meter readers other than water meter readers and similar occupations.

This classification includes housing authority employees engaged in determining the eligibility of properties owned and operated by separate parties for rental subsidies.

This classification also includes recreation and park department operations that are performed by recreation leaders, coaches, instructors, referees, and officials; daycare/babysitting; activity supervisors; and similar operations that do not involve manual labor.

Also refer to companion Classification 9420, *Municipal, State or Other Public Agency Employees – all other employees*.

\* \* \* \* \*

### Recommendation

Amend Classification 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores*, to remove the footnote assigning pari-mutuel employees to Classification 8810, *Clerical Office Employees*, as pari-mutuel employees working at 9016(1) operations are assignable to 9016(1) and to clarify its intended application.

### PROPOSED

##### **AMUSEMENT OR RECREATIONAL FACILITIES – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores 9016(1)**

This classification applies to the operation of amusement or recreational facilities, including but not limited to amusement parks, ~~zoos~~, water parks, miniature golf courses, batting cages, bumper car facilities, archery ranges, water excursions/tours, laser tag, airsoft or paintball facilities, ~~and~~ Nordic (cross-country) ski facilities and zoos, including veterinarians employed by zoos.

This classification also applies to the operation of golf driving ranges that are not operated by golf courses or country clubs.

This classification also applies to automobile or horse race track operations by employers that are not public agencies. ~~Pari-mutuel employees shall be separately classified as 8810, Clerical Office Employees.~~

This classification also applies to the operation of athletic or sports venues, including ballparks and stadiums, during non-sporting activities, including but not limited to concerts and exhibitions.

~~Restaurants or retail stores shall be separately classified.~~

Boat marinas or boat rental facilities shall be classified as 9016(4), *Boat Marina and Boat Rental Operation*.

Golf courses or country clubs shall be classified as 9060, *Clubs – country or golf*.

Traveling carnivals or circuses shall be classified as 9185, *Carnivals or Circuses*.

The operation of events, including but not limited to farmers' markets, flea markets, street fairs, swap meets, art or antique festivals, trade shows (public or private), fun runs, foot races, cycling events, marathons, triathlons and athletic charity events shall be classified as 9095, *Event Market, Festival or Trade Show Operation*.

The operation of race tracks by public agencies shall be classified as 9410/9420, *Municipal, State or Other Public Agency Employees*.

Bowling centers shall be classified as 9092(1), *Bowling Centers*.

Billiard halls shall be classified as 9092(2), *Billiard Halls*.

Skating rinks or skate parks shall be classified as 9092(3), *Skating Centers*.

Also refer to companion Classification 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices*.

If an employee who performs duties described by Classification 9016(1) also performs duties described by Classification 9180(1), the payroll of that employee may be divided between Classifications 9016(1) and 9180(1), provided the employer maintains accurate records supported by time cards or time book entries that show such division. See Section V, Rule 3, *Division of Single Employee's Payroll*.

Restaurants or retail stores shall be separately classified.

\* \* \* \* \*

## Recommendation

Amend Classification 9069, *Clubs – gaming*, to include a footnote directing that this classification applies to off-track betting facilities and includes the provision of pari-mutuel wagering operations to horse racing tracks and other horse race betting venues on a contract basis.

## PROPOSED

### **CLUBS – gaming – all employees – including front desk employees and restaurant or tavern employees 9069**

This classification applies to the operation of casinos and gaming houses, including but not limited to card rooms, off-track betting facilities and bingo parlors.

This classification also applies to the provision of gaming tables, equipment, dealers and operators for private events.

This classification includes the provision of pari-mutuel wagering operations to horse racing tracks or other horse race betting venues on a contract basis.

\* \* \* \* \*

### Recommendation

Amend Classification 9220(1), *Cemetery Operation*, to include cemetery plot or mausoleum sales counselors at the cemetery location.

### PROPOSED

#### **CEMETERY OPERATION – all employees**

**9220(1)**

This classification applies to the operation and maintenance of cemeteries or mausoleums, including cemetery plot or mausoleum sales counselors at the cemetery location. This classification also applies to the operation and maintenance of pet cemeteries.

~~Cemetery plot or mausoleum sales counselors shall be classified as 8742, Salespersons – Outside.~~

Crematory operations shall be separately classified as 9220(2), *Crematory Operation*.

The operation of funeral homes and mortuaries shall be classified as 9620, *Funeral Directors*.

The manufacture of stone cemetery monuments shall be classified as 1803, *Stone Cutting or Fabrication*.

\* \* \* \* \*

### Recommendation

Amend Classification 9220(2), *Crematory Operation*, to include cemetery plot or mausoleum sales counselors at the crematory location.

### PROPOSED

#### **CREMATORY OPERATION – all employees**

**9220(2)**

This classification applies to the operation and maintenance of crematories, including cemetery plot or mausoleum sales counselors at the crematory location.

~~Cemetery plot or mausoleum sales counselors shall be classified as 8742, Salespersons – Outside.~~

Cemetery operations shall be separately classified as 9220(1), *Cemetery Operation*.

The operation of funeral homes and mortuaries shall be classified as 9620, *Funeral Directors*.

\* \* \* \* \*

### Recommendation

Amend Classification 7539, *Electric Power Companies*, to include meter reading activities.

### PROPOSED

#### **ELECTRIC POWER COMPANIES – all operations – including construction or extension of lines 7539**

This classification applies to publicly or privately operated electric power companies that supply electrical power to customers. This classification includes the operation of all types of power generation plants or systems, including but not limited to hydro, solar, wind, geothermal, bio-mass and landfill gas power plants. This classification also includes the construction, operation, maintenance or repair of substations or transmission lines and the reading, installation or repair of electric meters.

The erection of aerial power lines by separate concerns shall be classified as 7538, *Electric Power Line Construction*.

The construction of buildings, dams or reservoirs shall be separately classified.

~~Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, Salespersons – Outside.~~

\* \* \* \* \*

### Recommendation

Amend Classification 7500, *Gas Works*, to include meter reading activities.

### PROPOSED

#### **GAS WORKS – all operations – including construction or extension of lines 7500**

This classification applies to the operations of publicly or privately operated natural gas utility companies. The operations include but are not limited to the operation and maintenance of gas processing and storage plants; construction or repair of gas lines and valves; installation, repair and replacement of flow regulation and metering devices; meter reading activities; and the sale and delivery of containerized propane or liquefied petroleum gas.

~~Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, Salespersons – Outside.~~

The sale and delivery of containerized propane or liquefied petroleum gas by separate concerns shall be classified as 8350, *Gasoline or Oil Dealers*.

The operation of gas pipelines on a fee basis shall be classified as 7515, *Oil or Gas Pipeline Operation*.

The construction of gas pipelines between natural gas producing fields and points of connection with local distributing systems by separate concerns shall be classified as 6233, *Oil or Gas Pipeline Construction*.

The construction of gas mains along streets or roads by separate concerns shall be classified as 6315(2)/6316(2), *Gas Mains or Connections Construction*.

\* \* \* \* \*

## Recommendation

Amend Classification 7520, *Water Companies*, to include meter reading activities.

## PROPOSED

### **WATER COMPANIES – all employees – including construction or extension of lines**

**7520**

This classification applies to the operations of publicly or privately operated water companies that supply potable water to communities. This classification includes but is not limited to the construction, maintenance or repair of water mains and lateral lines, the treatment of water, the operation and maintenance of pumping stations and the reading, installation or repair of water meters.

The construction of aqueducts, buildings, dams or reservoirs shall be separately classified.

~~Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, Salespersons—Outside.~~

The construction of cross-country water pipelines by separate concerns shall be classified as 6361(2), *Cross-Country Water Pipeline Construction*.

The construction of water mains along streets or roads by separate concerns shall be classified as 6315(1)/6316(1), *Water Mains or Connections Construction*.

The delivery and spraying of water at construction sites by water truck service companies shall be classified as 7272, *Water Truck Service Companies*.

The operation of hydroelectric power plants shall be classified as 7539, *Electric Power Companies*.

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### Item III-E Proposed Non-Substantive Amendments

The Committee was advised that the WCIRB was proposing several non-substantive changes to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) and the *California Workers' Compensation Experience Rating Plan—1995* (ERP) for clarity and to update statutory references. In addition, staff withdrew the change to Part 3, *Standard Classification System*, Section IV, *Special Industry Classification Procedures*, Rule 2d, *Executive Level Supervisors*, of the USRP as it was unnecessary.

As there were no questions about the proposed changes, a motion was made, seconded and unanimously passed to recommend that the proposed changes to the USRP and ERP, as amended, be included in the WCIRB's January 1, 2021 Regulatory Filing.

### Recommendation

Amend Classification 8018, *Stores – wholesale*, which is part of the *Stores Industry Group*, for clarity.

### PROPOSED

#### STORES

##### STORES – wholesale – N.O.C.

8018

This classification applies to wholesale stores engaged in the sale of merchandise not more specifically described by another store classification, including but not limited to electrical or electronic components, industrial parts, janitorial supplies, restaurant supplies, appliances, cosmetics or beauty supplies, pharmaceuticals, toys, vitamins or food supplements, packaging materials and specialty foodstuffs.

This classification also applies to:

- the provision of in-office coffee and tea supplies to customers on a fee basis;
- the sale and servicing of fire extinguishers;
- packaging and fulfillment services on a fee basis;
- purchase and resale of prepackaged meats when no handling of unpackaged fresh meat and no processing, including but not limited to cutting, trimming, deboning, grinding or repackaging, is performed; and
- egg processing (candling) and packaging (not in connection with farms).

\* \* \* \* \*

### Recommendation

Amend Part 4, *Unit Statistical Reporting Requirements*, Section I, *General Instructions*, Rule 1, *Scope*, for clarity.

### PROPOSED

#### Part 4 – Unit Statistical Reporting Requirements

##### Section I – General Instructions

##### 1. Scope

Insurers shall provide unit statistical report data for every workers' compensation insurance policy extending coverage under the workers' compensation laws of California, including California coverage by endorsement on a policy primarily covering another state, which must be reported by electronic submission to the WCIRB in accordance with the provisions of this Plan and the reporting requirements for California described in the Workers Compensation Insurance Organizations (WCIO) Workers Compensation Statistical Reporting Specifications (WCSTAT). Each electronic submission must contain an Electronic Transmittal Record as provided in the WCIO Electronic Transmittal Record Specifications (ETR). On multi-state policies, data pertaining only to California coverage shall be submitted.

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## Recommendation

Amend Part 4, Section II, *Definitions*, Rule 12, *Final Premium(s)*, to update the citation to the federal Terrorism Risk Insurance Program.

## PROPOSED

### Section II – Definitions

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#### 12. Final Premium(s)

Reported in the “Standard Premium Total” field on the unit statistical report, this is the total premium charged to the policyholder, EXCEPT that it does not include the following:

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- f. Premium charges arising from the Terrorism Risk Insurance Program established by the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015 and any amendments thereof,
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The following hypothetical examples illustrate how final premiums on two large policies are to be determined (assuming, for simplicity, that retrospective rating adjustments and policyholder dividends do not apply to these two policies, but a charge arising from the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015 and any amendments thereof, does apply):

|      |  | Example One    | Example Two      |
|------|--|----------------|------------------|
| (1)  | Subject Premium<br>(Based on exposure and insurer's rates)   | \$5,000        | \$200,000        |
| (2)  | Experience Rating Credit   | —              | 20,000           |
| (3)  | Experience Rating Debit  | —              | —                |
| (4)  | Deductible Credit  | —              | 50,000           |
| (5)  | Premium Discount   | —              | 10,000           |
| (6)  | Expense Constant   | 50             | —                |
| (7)  | Other Credit Adjustments*  | 100            | 2,000            |
| (8)  | Other Debit Adjustments**  | 75             | 3,000            |
| (9)  | Charge for <u>Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015 and any amendments thereof</u> | 40             | 1,500            |
| (10) | Actual Premium Charged<br>[ (1) + (3) + (6) + (8) + (9) ] – [ (2) + (4) + (5) + (7) ]  | 5,065          | 122,500          |
| (11) | <b>Final Premium to be Reported</b>  | <b>\$5,025</b> | <b>\$171,000</b> |



|  |  |  |  |
|--|--|--|--|
|  | $[(1) + (3) + (6) + (8)] - [(2) + (5) + (7)]$ , or simply $(10) + (4) - (9)$ |  |  |
|--|--|--|--|

\* schedule rating credits, merit rating credits, Insolvent Insurer Rating Adjustment Factor credits, etc., if applicable.

\*\* schedule rating debits, surcharge for waiver of subrogation, surcharge for Coverage B increased limits, surcharge for policyholder audits authorized by Insurance Code Section 11665, additional premium estimated pursuant to Insurance Code Section 11760.1, Insolvent Insurer Rating Adjustment Factor debits, etc., if applicable.

\* \* \* \* \*

**Recommendation**

Amend the *California Workers' Compensation Experience Rating Plan—1995*, Section II, *Definitions*, Rule 2, *Base Premium*, to update the citation to the federal Terrorism Risk Insurance Program.

PROPOSED

**Section II – Definitions**

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**2. Base Premium**

The amount derived from summing the application of the insurer classification rates to the payroll or other basis of exposure, excluding any premium charges arising from the Terrorism Risk Insurance Program established by the Terrorism Risk Insurance Act of 2002, ~~as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015~~ and any amendments thereof.

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## Item III-F Coronavirus Disease 2019 (COVID-19)

### **i. Claims Reporting and Experience Rating**

The Committee was advised that WCIRB staff proposed regulatory changes to address challenges regarding the identification and quantification of COVID-19 claims and the treatment of COVID-19 claims for purposes of experience rating.

#### **Identification of COVID-19 Claims**

In order to facilitate quantifying the cost of workers' compensation claims attributable to the COVID-19 pandemic, staff proposed amendments to Appendix III of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) to adopt the Workers Compensation Insurance Organizations Nature of Injury and Cause of Injury codes for reporting COVID-19 claims in California. In addition, staff proposed amendments to Part 4, *Unit Statistical Reporting Requirements*, Section V, *Loss Information*, Rule B, *Loss Data Elements*, Subrule 4, *Catastrophe Number*, of the USRP to direct that COVID-19 claims reported on unit statistical report data with a required date of reporting on or after August 1, 2020 be reported with Catastrophe Number 12.

#### **Exclusion of COVID-19 Claims from Experience Rating**

Staff reminded the Committee that because workers' compensation is a no-fault system, there is no attempt in the *California Workers' Compensation Experience Rating Plan—1995* (ERP) to determine whether a particular claim was the fault of the policyholder and, therefore, all compensable claims are reflected in experience rating. However, California's workers' compensation experience rating system is a merit rating system intended to provide employers a direct financial incentive to reduce work-related accidents.

WCIRB staff advised the Committee that given the unprecedented nature of this pandemic and the fact that the occurrence or non-occurrence of COVID-19 workers' compensation claims are not likely a strong predictor of future overall claim costs incurred by an employer, the inclusion of such claims in an experience modification calculation would not meet the intended goal of experience rating. Staff, therefore, proposed that COVID-19 claims reported with Catastrophe Number 12 be excluded from individual employer's experience modification calculations. Several Committee members suggested there is a component of employer safety practices that is related to the occurrence of COVID-19 claims at an employer's workplace. While acknowledging that, staff suggested that the specific type of service an employer is providing within the broader classification are probably a more significant driver and, in any case, the occurrence or non-occurrence of COVID-19 claims on 2019 and 2020 policies are likely not highly predictive of overall workers' compensation claim cost in 2021 through 2024 years, the years in which 2019 and 2020 policies will be used in experience modifications.

Staff also reviewed with the Committee additional changes, which were not included in the agenda material, to clarify that claims directly arising from a COVID-19 diagnosis, and not claims in which COVID-19 is a compensable consequence of another injury, should be reported with Catastrophe Number 12 and excluded from experience rating. Staff also clarified, in response to a question from a Committee member, that at some point when the end date of the pandemic is better known and exposure to COVID-19 claims are in effect a component of the more standard exposure to workers compensation claims that all businesses face, the rules could be amended to only exclude COVID-19 claims from experience rating up to a specified end date.

Finally, staff also recommended the elimination of outdated rules from the USRP and ERP related to the treatment of claims arising from the commercial airline hijackings of September 11, 2001 since these rules are now obsolete.

Following this discussion, a motion was made, seconded and unanimously passed to include these proposed changes, as amended, in the July 1, 2020 special Regulatory Filing for claims reported on unit statistical data with a required date of reporting on or after August 1, 2020.

### Recommendation

Amend the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP), Part 4, *Unit Statistical Reporting Requirements*, Section V, *Loss Information*, Rule B, *Loss Data Elements*, Subrule 4, *Catastrophe Number*, to add Catastrophe Number 12 for the reporting of COVID-19 claims and eliminate the reference to claims arising from the commercial airline hijackings of September 11, 2001 with respect to unit statistical report data with a required date of reporting on or after August 1, 2020.

## PROPOSED

### Section V – Loss Information

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#### B. Loss Data Elements

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#### 4. Catastrophe Number

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With respect to unit statistical report data with a required date of ~~valuation~~reporting on or after ~~March 1, 2002~~August 1, 2020, report "Catastrophe Number" ~~4812~~ for all claims directly arising from ~~the commercial airline hijackings of September 11, 2001 and the resulting subsequent events with accident dates of September 11, 2001 through September 14, 2001. (This applies to both single and multiple claims.) (See the definition of "Catastrophe" as applicable to this Plan.)~~ a diagnosis of Coronavirus disease 2019 (COVID-19) and an accident date on or after December 1, 2019.

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### Recommendation

Amend the USRP, Appendix III, *Injury Description Codes*, Section B, *Nature of Injury (Positions 3-4)*, and Section C, *Cause of Injury (Positions 5-6)*, to add a Nature of Injury code and a Cause of Injury Code for COVID-19 claims with respect to unit statistical report data with a required date of reporting on or after August 1, 2020.

### PROPOSED

#### Appendix III

#### Injury Description Codes

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#### B. Nature of Injury (Positions 3–4)

| Code  | Narrative Description   |
|---|---|
| •   |   |
| •   |   |
| •   |   |
| II. Occupational Disease or Cumulative Injury |   |
| •   |   |
| •   |   |
| •   |   |
| 83. COVID-19                                  | <u>Coronavirus disease 2019 (COVID-19) is a respiratory disease caused by a coronavirus</u> |
| •   |   |
| •   |   |
| •   |   |

#### C. Cause of Injury (Positions 5-6)

| Code                    | Narrative Description  |
|-------------------------|--|
| •                       |  |
| •                       |  |
| •                       |  |
| X. Miscellaneous Causes |  |
| •                       |  |
| •                       |  |
| •                       |  |
| 83. Pandemic            | <u>A disease outbreak affecting large populations or a whole region, country, or continent</u> |
| •                       |  |
| •                       |  |
| •                       |  |

\* \* \* \* \*

### **Recommendation**

Amend the *California Workers' Compensation Experience Rating Plan—1995*, Section VI, *Rating Procedure*, Rule 2, *Actual Losses and Actual Primary (Ap) Losses*, to (1) specify that all claims directly arising from a diagnosis of Coronavirus disease 2019 (COVID-19) shall not be reflected in the computation of an experience modification and (2) eliminate the reference to claims arising from the Terrorism Risk Insurance Act of 2002, as amended. These changes apply to claims reported on unit statistical report data with a required date of reporting on or after August 1, 2020.

## PROPOSED

### **Section VI – Rating Procedure**

#### **2. Actual Losses and Actual Primary (Ap) Losses**

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- j. ~~For a claim directly arising from certified terrorism losses, as defined by the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015, reported with a Catastrophe Code assigned pursuant to the Uniform Statistical Reporting Plan, none of the reported incurred loss on the eClaims~~ directly arising from a diagnosis of Coronavirus disease 2019 (COVID-19), reported with a Catastrophe Number 12 pursuant to the Uniform Statistical Reporting Plan, shall not be reflected in the computation of the experience modification.

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## Item III-F

### Coronavirus Disease 2019 (COVID-19)

#### ii. Impact on Basis of Payroll

The Committee was advised that, based on the California stay-at-home order in response to COVID-19, many employers have altered their employees' duties such that their duties now meet the definition of a Clerical Office Employee, and other employers have continued to pay their employees even though the employees are not working. In response to these concerns, WCIRB staff proposed amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) to:

1. Permit the assignment of Classification 8810, *Clerical Office Employees*, while the California stay-at-home order is in place and for thirty days thereafter, for employees whose reassigned job duties meet the definition of Clerical Office Employees and who are not assigned to a classification that includes Clerical Office Employees during the remainder of the policy period;
2. Exclude from reportable payroll, payments that are made to employees while they are not performing duties of any kind in the service of the employer during the time the California stay-at-home order is in place and for thirty days thereafter; and
3. Collect data regarding the excluded payments for purposes of understanding the impact of COVID-19 on the workers' compensation system, utilizing code 0012 on the Exposure Record.

The Committee had an extensive discussion regarding the length of time the proposed rules should be in effect once the stay-at-home order ends. With respect to the treatment of employees whose duties transitioned to clerical, the sense of the Committee was that the timeframe should be extended to sixty days following the end of the stay-at-home order and that the reference to clerical in the proposed rule should be clarified. There was, however, agreement among the Committee members that the 30-day timeframe following the end of the stay-at-home order was appropriate for the proposed rule changes pertaining to payments made to employees who are not performing duties of any kind in the service of their employer.

WCIRB staff advised the Committee that the WCIRB would be conducting extensive outreach and education regarding the proposed rule changes.

At the conclusion of the discussion, a motion was made, seconded and unanimously passed to approve the proposed changes, as amended, to permit the assignment of Classification 8810, *Clerical Office Employees* during the California stay-at-home order and for sixty days thereafter and to clarify the reference to clerical, and that these rules apply to unit statistical report data with a required date of reporting on or after November 1, 2020.

In addition, a motion was made, seconded and unanimously passed to approve the proposed changes to exclude payments to employees while they are not performing duties of any kind in the service of the employer during the California stay-at-home order and for thirty days thereafter, as well as to collect data regarding the excluded payments using code 0012 on the Exposure Record, and that these rules apply to unit statistical report data with a required date of reporting on or after November 1, 2020.



### **Recommendation**

Amend the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP), Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, to add Rule 7, *Coronavirus Disease 2019 (COVID-19)*, to permit during an official California COVID-19 stay-at-home order, (1) the division of an employee's payroll between Classification 8810, *Clerical Office Employees*, and a non-standard exception classification when the employee's work is exclusively clerical in nature, and (2) payments made to an employee while the employee is performing no duties of any kind in service of the employer to be excluded from payroll when the payments are equal to or less than the employees regular rate of pay, for exposure information with a required date of reporting on or after November 1, 2020.

## PROPOSED

### **Section III – General Classification Procedures**

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#### **7. Coronavirus Disease 2019 (COVID-19)**

- a. Effective as of the date of a California statewide stay-at-home order and concluding sixty (60) days after the order is lifted, the payroll of an employee who meets the definition of a Clerical Office Employee, as detailed in Rule 4a, Clerical Office Employees, and whose payroll for the balance of the policy period is not assignable to a standard classification that specifically includes Clerical Office Employees, shall be assigned to Classification 8810, Clerical Office Employees.

A single employee's payroll may be divided between Classification 8810 and another classification only once during this time period. Once the employee's duties are no longer exclusively clerical in nature, Classification 8810 shall not be assigned.

- b. Effective as of the date of a California statewide stay-at-home order and concluding thirty (30) days after the order is lifted, payments made to an employee, including but not limited to sick or family leave payments, while the employee is performing no duties of any kind in service of the employer shall be excluded from remuneration; however, the excluded amounts shall be no greater than the employee's regular rate of pay.
- c. Employers must maintain records that document the change in duties and that segregate such payments during the timeframes specified above.

\* \* \* \* \*

### **Recommendation**

Amend the USRP, Part 4, Section IV, *Exposure Information*, Rule 1, *Classification Code*, and Rule 4, *Exposure Amount*, to report payments excluded from remuneration pursuant to Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 7, *Coronavirus Disease 2019 (COVID-19)*, with respect to exposure information with a required date of reporting on or after November 1, 2020.

## PROPOSED

### **Section IV – Exposure Information**

#### **1. Classification Code**

Report the appropriate 4-digit California standard classification code. Report code 0012 for payments excluded from remuneration pursuant to Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 7, *Coronavirus Disease 2019 (COVID-19)*, subrule b. All records containing “Exposure Amount” must be assigned to a standard classification code developed in accordance with the provisions of this Plan or code 0012.

Also, report statistical code 9740, *Catastrophe Provisions for Terrorism*, if applicable. Other statistical codes need not be reported. (See the definition of “Statistical Code” as applicable to this Plan.)

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#### **4. Exposure Amount**

Report the total audited exposure for each standard classification code. (See the definition of “Audited Exposure” as applicable to this Plan.) Report payments excluded from remuneration pursuant to Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 7, *Coronavirus Disease 2019 (COVID-19)*, subrule b. Report payroll dollars rounded to the nearest whole dollar amount. Report non-payroll exposures to the nearest tenth of a unit. Payrolls or other applicable exposure amounts reported shall be obtained in accordance with the provisions of this Plan.

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# **Recommendation**

Amend Appendix II, *Payroll/Remuneration Table*, for consistency with other proposed changes.

## PROPOSED

### Appendix II

#### **Payroll/Remuneration Table**

| Type of Compensation  | Is Payment Included as Payroll? | Exception or Comment                          |
|---|---------------------------------|---|
| •   |                                 |   |
| •   |                                 |   |
| •   |                                 |   |
| Commissions or Draws  | Yes                             |   |
| <b><u>Coronavirus Disease 2019 (COVID-19): Payments Made During the California Stay-At-Home Order</u></b> |                                 | <u>See USRP, Part 3, Section III, Rule 7</u>  |
| <b>“Davis-Bacon”, Davis Bacon Act</b>   |                                 | See “Prevailing Wage Laws”, “Davis Bacon Act” |
| •   |                                 |   |
| •   |                                 |   |
| •   |                                 |   |
|   | * * * * *                       |   |

The meeting was adjourned at 11:58 AM.

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Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for June 2, 2020 for approval and/or modification.

## Item V-A COVID-19 Update

### I. Cost Evaluations

On April 8, 2020, the Assembly Insurance Committee requested the WCIRB to provide a cost evaluation of a potential conclusive presumption of compensability of COVID-19 claims arising from essential critical infrastructure workers as specified by Governor Newsom (Executive Order N-33-20.) On April 17, 2020, the WCIRB provided its cost evaluation to the Assembly Insurance Committee. In the evaluation, the WCIRB provided a wide range of estimates depending on the percentage of workers subject to the presumption who will contract COVID-19. The WCIRB's mid-range estimate of the annual cost of a conclusive presumption of compensability for COVID-19 claims of workers subject to the presumption was \$11 billion. Here is a link to the [WCIRB's cost evaluation](#).

On May 6, 2020, Governor Newsom issued Executive Order N-62-20 providing for a rebuttable presumption of compensability of COVID-19 claims arising from workers directed by their employer to work outside the home. The Order applies to injuries arising from March 19, 2020 to July 5, 2020. On May 22, 2020, after review by the Actuarial Committee at the May 19, 2020 meeting, the WCIRB published its cost evaluation of the Governor's Executive Order. The WCIRB's mid-range estimate of a rebuttable presumption that applies to workers subject to the Order from March 19, 2020 to July 5, 2020 was \$1.2 billion. Here is a link to the [WCIRB's cost evaluation of the Governor's Executive Order](#).

To the extent legislation is enacted or the Governor's order is extended or amended that impact the compensability of COVID-19 claims, the WCIRB will prepare an evaluation of the cost impact of the legislation or Executive Order as soon as practical.

### II. Legislation

Below is a summary of pending California legislation related to COVID-19.

1. Assembly Bill No. 2043 – Agricultural Employers and Employees: COVID-19 Response  
This bill requires the Occupational Safety and Health Standards Board to establish by February 1, 2021 occupational safety and health standards for COVID-19 infection prevention for agricultural employers and employees. The bill requires the Division of Occupational Safety and Health to develop best practices for agricultural employers by January 1, 2021 and conduct a targeted outreach campaign to increase awareness. This provision would be repealed when the state of emergency is terminated or on January 1, 2022, whichever is later.

Status: The bill was amended on May 11, 2020 to include these provisions and is pending in the Assembly Appropriations Committee.

2. Assembly Bill No. 2489 – Health Care Providers: COVID-19  
This bill prohibits the application of the ABC test to determine the employment status of respiratory therapists and other medical personnel not otherwise covered by an existing exemption from the ABC test. Instead, the bill requires the use of the multifactor test set forth in the case of Borello during the timeframe in which the state of emergency is in effect due to COVID-19 and concluding 90 days thereafter.

Status: This bill was amended on May 11, 2020 to include these provisions and is pending in the Assembly Labor and Employment Committee.

3. Assembly Bill No. 2537 – Personal Protective Equipment: Health Care Employees

This bill requires public and private employers that provide acute patient care in a hospital setting to supply employees with personal protective equipment necessary to comply with regulations related to COVID-19 and maintain a one year supply based on normal consumption of such equipment.

Status: This bill was amended on May 12, 2020 to include these provisions and is pending in the Assembly Appropriations Committee.

4. Assembly Bill No. 196 – Workers' Compensation: Coronavirus

For employees who are employed in an occupation or industry deemed "essential" in the Governor's March 19, 2020 Executive Order (Executive Order N-33-20) or who are subsequently deemed essential, to define "injury" to include Coronavirus Disease 2019 (COVID-19) that develops or manifests itself during a period of employment of those persons in the essential occupation or industry. The bill applies to injuries occurring on or after March 1, 2020, creates a conclusive presumption that the injury arose out of and in the course of the employment, and extends that presumption following termination of service for a period of 90 days commencing with the last date actually worked.

Status: This bill was last amended on May 5, 2020 and is pending in the Senate Labor, Public Employment and Retirement Committee.

5. Assembly Bill No. 664 – Workers' Compensation: Injury: Communicable Disease

For firefighters, peace officers, hospital employees and Office of Emergency Services personnel, this bill defines "injury" to include being exposed to or contracting a communicable disease that is the subject of a state or local declaration of state of emergency issued on or after January 1, 2020 (including COVID-19). The bill creates a conclusive presumption that the injury arose out of and in the course of employment, exempts these provisions from permanent disability apportionment requirements and takes effect immediately as an urgency statute.

Status: This bill was last amended on May 18, 2020 and is pending in the Senate Labor, Public Employment and Retirement Committee.

6. Senate Bill No. 1159 – Workers' Compensation: COVID-19: Critical Workers

For a "critical worker" who is defined as a public or private section worker employed to combat the spread of COVID-19, this bill defines "injury" to include illness or death that results from exposure to COVID-19. The bill creates a rebuttable presumption that an injury that develops or manifests itself while a critical worker is employed arose out of and in the course of the employment. At present, there is no specified repeal date for the presumption provided within the bill. In order for the presumption to apply:

- a. The critical worker must have an injury that develops or occurs while in the service of an "essential critical infrastructure employer" (not yet defined within the bill);
- b. The injury must be confirmed by a positive laboratory test or, if a laboratory test was not available, as diagnosed and documented by the critical worker's physician based on the symptoms; and
- c. The injury must result in hospitalization or significant lost time beyond the critical worker's shift at the time of injury. (There is presently a placeholder for the required number of days of lost time).

Status: This bill was last amended on April 22, 2020 and is pending in the Senate Appropriations Committee.

### III. Research Initiatives

The COVID-19 pandemic is having a major impact on many components of the California workers' compensation system. In addition to evaluating the cost impact of presumptions of compensability applied to workers contracting COVID-19, the WCIRB has undertaken a proactive research agenda intended to address emerging COVID-19 related issues. On June 1, 2020, the WCIRB issued a research brief summarizing the potential impact of the current economic slowdown on claim frequency. The brief not only analyzed the historical impact of prior recessions on claim frequency over the last sixty years, but also looked at the potential impact of this emerging recession on 2020 claim frequency in light of potential surges of COVID-19 claims as well as recent trends in post-termination claims. Here is a link to the [WCIRB's June 1, 2020 Research Brief](#).

In addition, as both premium and loss components emerging in 2020 will be heavily impacted by the pandemic, the WCIRB is planning to actively monitor emerging costs and exposures during the year. Staff is presenting an updated 2020 WCIRB Actuarial and Medical Research agenda to the Actuarial Committee for their consideration at the meeting of June 12, 2020. In response to the pandemic, staff is recommending a number of COVID-19 related studies as well as deferral of several previously planned studies that were not related to COVID-19 and are not highly time sensitive. The COVID-19 studies being recommended to the Actuarial Committee are as follows:

#### **COVID-19 Pandemic Related Research**

1. Presumptions of Compensability of COVID-19 Claims. On April 8, 2020, the WCIRB was requested by the Assembly Insurance Committee to provide a cost estimate of a potential conclusive presumption of compensability of COVID-19 claims applied to "essential" workers. On May 6, 2020, Governor Newsom issued an Executive Order providing for a rebuttable presumption of compensability for COVID-19 claims to apply from March 19, 2020 to July 5, 2020 to all workers directed to work outside the home. Additionally, several presumption bills are under consideration by the Legislature.

**Project Status: On April 17, 2020, the WCIRB provided the Assembly Insurance Committee a cost evaluation of a potential COVID-19 conclusive presumption of compensability. On May 22, 2020, following a review by the Actuarial Committee at the May 19, 2020 meeting, the WCIRB published a cost evaluation of the Governor's Executive Order. The WCIRB will also evaluate any new legislation or future gubernatorial action related to COVID-19 presumptions as soon as practical following enactment.**

2. Impact of Pandemic-Related Recession on Claim Frequency. Unemployment in California has skyrocketed with the pandemic and resultant stay-at-home orders resulting in many business slowdowns and closures. Historically, frequency has generally declined during recessions. However, with the suddenness and magnitude of the drop in employment, recent trends in cumulative trauma claims and post-termination claims and potential waves of COVID-19 claims, the overall impact on claim frequency is not clear.

**Project Status: On June 1, 2020, following a review by the Actuarial Committee at the May 19, 2020 meeting, the WCIRB published a research brief on the impact of economic downturns on indemnity claim frequency. The brief summarized the historical impact of prior economic downturns on claim frequency, WCIRB model projections of the range of potential impacts of the current downturn, and potential impact on claim frequency of cumulative trauma, post-termination and COVID-19 claims.**

3. COVID-19 Early Claim Cost Indicators. The COVID-19 pandemic and resultant stay-at-home orders are expected to have a major impact on accident year 2020 emerging costs as well as the loss development of earlier accident years. Among the areas potentially impacted include claim

frequency, medical treatment levels, COVID-19 diagnosis claims, claim settlement rates, litigation rates, cumulative trauma claims, post-termination claims and temporary disability duration.

**Project Status:** The WCIRB is initiating a proactive COVID-19 cost monitoring process using transactional indemnity data, medical transactional data, information from the Division of Workers' Compensation, special surveys as needed and other information to develop early indicators of experience emerging during the pandemic. An initial summary will be provided to the Actuarial Committee at the June 12, 2020 meeting with regular updates at future meetings.

4. COVID-19 Early Exposure and Premium Indicators. The COVID-19 pandemic and resultant stay-at-home orders will have a major impact on calendar year 2020 and later exposure and premium. In addition to the impact of employment reductions by sector, the temporary reassignment to the clerical classification of employees temporarily performing clerical duties at home, the continuation of pay to employees not working and return premium on expiring 2019 and early 2020 policies will significantly impact calendar year 2020 and later premiums.

**Project Status:** Staff anticipates analyzing employment trends by industry sector and quarterly premiums by policy year, and is considering a special survey of recently audited policies in the third quarter of 2020 to begin to identify the potential impacts on premium of these pandemic related trends. Staff anticipates providing an initial summary of this information in the third quarter of 2020 with regular updates to the Actuarial Committee.

5. Impact of Medical Treatment Delays. With the COVID-19 pandemic and resultant stay-at-home orders, a significant level of medical treatment that would otherwise have been provided is delayed or foregone completely. At the April 2, 2020 meeting, the Actuarial Committee discussed that, with these potential delays or avoidance of medical treatments early in the life of a claim, future medical costs and return-to-work may be impacted.

**Project Status:** Staff anticipates reviewing the research available on the impact of delayed medical treatment on future medical treatment and outcomes. If appropriate based on that review, staff will undertake a more in-depth analysis of the issue. Staff anticipates presenting a summary of this initial review as well as any plans for a more in-depth analysis by the third quarter of 2020.

6. Increased Usage of Telemedicine. With the COVID-19 pandemic and resultant stay-at-home orders, the use of telemedicine in workers' compensation is increasing. In recent months, the DWC has adopted a number of changes to fee schedules to address telemedicine.

**Project Status:** Staff anticipates preparing a summary of data reported in telemedicine codes to the Actuarial Committee by the fourth quarter of 2020. Based on this information, the Committee will consider whether an in-depth study of telemedicine for 2021 is appropriate.

7. Increase in Telecommuting. With the COVID-19 pandemic and resultant stay-at-home orders, many employees have begun working from home and significant level of telecommuting is likely to continue even after stay-at-home orders expire.

**Project Status:** Staff is recommending amendments to the Standard Classification System to create a new classification for telecommuters with the advisory pure premium rate equal to that for the clerical classification. The recommendation was approved for inclusion in the January 1, 2021 Regulatory Filing by the Classification and Rating Committee at the June 2, 2020 meeting. Staff does not anticipate studying the claim experience emerging from telecommuting in 2020, but will consider conducting a study of the issue in 2021.



#### **IV. January 1, 2021 Pure Premium Rate Filing**

At the May 19, 2020 Actuarial Committee meeting, a member suggested that given the major impact the COVID-19 pandemic is having on emerging 2020 claim and exposure information, consideration should be given to deferring the WCIRB's January 1, 2021 Pure Premium Rate Filing to September. By deferring the Filing one month past its usual August submission date, the WCIRB would be able to consider the impact of June 30, 2020 aggregate experience as well as one additional month of information on post-COVID-19 trends. Staff is reviewing the question and will present a summary of the issue at the meeting.

## Item V-B

### January 1, 2021 Regulatory Filing

The Classification and Rating (C & R) Committee is recommending changes to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) and *California Workers' Compensation Experience Rating Plan—1995* (ERP) for inclusion in the WCIRB's January 1, 2021 Regulatory Filing. The changes, if approved, would take effect January 1, 2021.

A copy of the draft Regulatory Filing, excluding the proposed 2021 experience rating eligibility threshold, classification relativities, Table I, *Expected Loss Rates and D-Ratios*, and Table II, *Primary Thresholds*, is being provided to the Governing Committee for review and approval. If the Governing Committee approves the draft filing, the WCIRB anticipates submitting it to the California Department of Insurance by the end of June.

#### **A. WCIRB Classification Research and Studies**

In preparation for the January 1, 2021 Regulatory Filing, WCIRB staff conducted research and several studies that resulted in proposed USRP changes that the C & R Committee is recommending to provide clarity and consistency and to restructure several classifications into more homogenous statistically credible classifications that are reflective of current industry operations.

##### **1. Assignments to Standard Exception Classifications**

WCIRB staff reviewed the 30 classifications that contain footnotes directing the assignment of specific operations, duties or employments to Standard Exception Classification 8810, *Clerical Office Employees*, or 8742, *Salespersons – Outside*, and proposed changes to 18 classifications for clarity and consistency with the restrictions outlined in the Standard Exceptions Rule.

##### **2. Clerical Telecommuter Employee Classification**

WCIRB staff proposed creating a classification for Clerical Telecommuter Employees who spend more than 50% of their time at their home or other office space away from any location of their employer and amending the Standard Exceptions Rule to include the new Clerical Telecommuter Employees classification.

##### **3. Dual Wage Construction or Erection Classification Procedures**

WCIRB staff reviewed the Dual Wage Procedures and proposed changes to provide clarity and direction regarding whether payroll adjustments and various bonuses, commissions and incentive payments are included in the calculation of regular hourly wages for employees.

##### **4. Other Classification Changes**

The C & R Committee is also recommending amendments to (a) combine the classifications for Cotton Farms and Field Crops for ratemaking purposes because Cotton Farms do not develop sufficient data to produce statistically credible advisory pure premium rates on its own; (b) eliminate the classification for Cotton Batting, Felting Manufacturing and Wool Combing because it does not develop sufficient data to produce a statistically credible advisory pure premium rate on its own and reassign its constituents to the classification for Spinning or Weaving; (c) update the Special Industry Classification Procedures applicable to Farms; (d) clarify the definition of payroll/remuneration and the rules regarding severance pay, overtime pay, and back pay in order to promote accurate data reporting and, where possible, to align with other jurisdictions; and (e) clarify the application of numerous classifications as a result of the WCIRB's continual effort to review the standard classifications to ensure that the intended application of each classification is comprehensive and clear.

**B. Additional Recommended Amendments**

In addition to the classification changes noted above, the C & R Committee is recommending changes to (1) update the expected loss ranges in the Experience Rating Plan corresponding to each primary threshold to reflect the most current experience; (2) amend the USRP for consistency with the Governing Committee's directive for the WCIRB to stop accepting hard copy policy documents, and (3) make non-substantive amendments for clarity and consistency with related regulations.

Finally, due to the economic impact of the COVID-19 pandemic, WCIRB staff recommends reviewing the recommended wage adjustment factor for the 2021 standard payroll limitations with the Actuarial Committee.<sup>1</sup> The Actuarial Committee will not have an opportunity to review this issue until June 12, 2020, the day following the Governing Committee's meeting. As a result, WCIRB staff is asking the Governing Committee to approve the proposed Regulatory Filing and delegate to the Actuarial Committee the decision about the appropriate 2021 adjustment, if any, to the payroll limitation amounts in the USRP.

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<sup>1</sup> The standard payroll limitations apply to executive officers, partners, individual employers and members of a limited liability company, as well as specific limited classifications and the annual payroll per taxicab.

## Section A

Recommended Amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*  
Title 10, California Code of Regulations, Section 2318.6  
Effective January 1, 2021

The WCIRB recommends that the following amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (Uniform Statistical Reporting Plan) be approved effective January 1, 2021 and applied to a policy with an effective date on or after January 1, 2021.

## Part 1 — General Provisions

Amend Section I, *Introduction*, Rule 1, *Purpose*, to reflect that policy information must be reported electronically to the WCIRB.

PROPOSED**Section I – Introduction****1. Purpose**

This Plan contains the necessary rules and instructions for the filing/reporting of policy documents/information and reporting of experience in connection therewith on the direct business written by insurers for California workers' compensation insurance and employers' liability insurance incidental thereto and written in connection therewith.

This Plan requires that separate unit statistical reports be filed by insurers for every workers' compensation insurance policy written. The loss, exposure and premium data reported for each policy is used to develop experience in standard classification detail.

Pure premium rates and experience modifications are based upon the data/information reported in accordance with this Plan. It is therefore essential that the greatest possible care be taken to furnish complete and accurate information and that the information be filed at the time and in the manner specified in this Plan.

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Amend Section I, Rule 3, *Effective Date*, to show that the effective date of the amended Uniform Statistical Reporting Plan is 12:01 AM, January 1, 2021.

PROPOSED

**Section I — Introduction**

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**3. Effective Date**

The provisions of this Plan are effective at 12:01 AM, ~~July 1, 2020~~ January 1, 2021. When an amendment to this Plan is approved, a notice summarizing the amendment and its effective date, as specified by the Insurance Commissioner, will be published by the WCIRB.

This Plan and all amendments thereto, unless otherwise specifically provided, shall apply to a policy with an effective date on or after the effective date of the amendment.

\* \* \* \* \*

Amend Section III, *Submission of Information*, Rule 1, *Reporting Information*, to remove requirements relating to hard copy submission of policy documents.

PROPOSED

**Section III – Submission of Information**

**1. Reporting Information**

Information ~~or documents~~ required to be ~~submitted~~ reported pursuant to the provisions of this Plan shall be filed ~~either electronically or on hard copy~~ with the WCIRB, as the designated statistical agent for the Insurance Commissioner of the state of California. ~~The address of the WCIRB is:~~

~~Workers' Compensation Insurance Rating Bureau of California  
1221 Broadway, Suite 900  
Oakland, CA 94612~~

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## Part 2 — Policy Reporting Requirements

Amend Section I, *General Instructions*, to (1) remove requirements relating to hard copy submission of policy documents; (2) eliminate electronic policy reporting requirements; (3) change policy information reporting timeframes from 60 to 30 days and (4) for clarity and consistency with other proposed changes.

PROPOSED**Section I – General Instructions**

The policy document information reporting provisions contained in this Part are necessary to facilitate experience rating, the accurate and timely reporting of unit statistical report data, and the use of approved policy forms.

Insurers shall provide the WCIRB with all Policy Documents (i.e., policies, endorsements, cancellations and reinstatements) written to provide California workers' compensation insurance coverage. Policy Documents shall be filed with the WCIRB via either: (1) hard copy, or (2) electronic submission report policy information for every workers' compensation insurance policy extending insurance coverage under the workers' compensation laws of California, including California coverage by endorsement on a policy primarily providing coverage in another state, by electronic submission to the WCIRB in accordance with this Plan and the reporting requirements for California described in the Workers Compensation Insurance Organizations' (WCIO) Workers Compensation Policy Reporting Specifications (WCPOLS) except as provided in Part 2, Section III, *Additional Electronic Reporting Requirements*. Insurers must shall receive WCIRB approval prior to submitting data reporting information electronically. Separate approval is required for electronic submission of each type of Policy Document.

**1. Policies****a. New and Renewal Policies**

- (1) ~~The hard copy information page (and any extensions thereto) of every workers' compensation insurance policy or electronic records of the data included therein~~ New and renewal policy transactions shall be submitted reported to the WCIRB no later than sixty ~~(60)~~ thirty (30) days subsequent to the inception date of the policy represented.
- (2) ~~Insuring two or more legal entities on a single policy is subject to the provisions and limitations set forth in Part 2, Section III, *Additional Interests*, of the *Miscellaneous Regulations for the Recording and Reporting of Data—1995*, provided, however, if a policy providing coverage for the workers leased by a labor contractor to a client is in the name of the labor contractor, the phrase "Leased Coverage For" or the acronym "LCF" followed by the client's name may appear in Item 1 of the policy.~~
- (3) ~~If submitting the policy in hard copy to the WCIRB, it shall include the following:~~
  - (a) ~~Name of the insurer providing coverage (not insurer group name).~~
  - (b) ~~Policy number.~~
    1. ~~The policy number shall be a unique number applying to the one policy and shall not be used on any other policy with an identical inception date.~~
  - (c) ~~Complete legal name of all policyholders. See Section III, *Additional Electronic Reporting Requirements*, Rule 1b, Subrule (1), *Name of Insured*, for the requirements for reporting the name of the insured.~~

- ~~(d) Federal Employer Identification Number (FEIN). Report the policyholder's nine (9) digit FEIN. If the policyholder does not have a FEIN, report "000000000".~~
- ~~(e) Type of entity insured. Indicate the legal nature of the insured entity, e.g., individual, partnership, corporation, association, limited partnership, joint venture, common ownership, joint employers, Limited Liability Company (LLC), trust or estate, Limited Liability Partnership (LLP), governmental entity, other. See Part 2, Section III, Rule 1a, Subrule (1), *Legal Nature of Insured Code*, for the requirements for reporting the type of entity insured.~~
- ~~(f) Complete address of the insured. The address should include the postal zip code for the named insured's mailing address.~~
- ~~(g) Dates of coverage.~~
- ~~(h) Applicable insurer classification(s).~~
- ~~(i) Applicable experience modification(s). If the WCIRB has not published an experience modification, no modification should be reported. (Note: Tentative experience modifications may be used; however, they must be clearly identified as such.)~~
- ~~(j) Office from which the policy emanated.~~
- ~~(k) Previous policy number. This information should be provided if the same company or affiliated company of an insurer group renews the business. If there is no previous policy number, report the word "new" in the space provided for the previous policy number.~~
- ~~(l) Form number(s) for the policy conditions and every endorsement and ancillary agreement attached to the policy. See Part 2, Section III, Rule 1e, *Endorsement Identification Record Information (Record 07)*, Subrule (1)(d), for the requirements for reporting form numbers for ancillary agreements.~~
- ~~(4) If submitting a continuing form policy in hard copy, it must be clearly identified as such.~~

b. Annual Rating ~~Rerate~~ Endorsements

Annual rating endorsements or the electronic records of the data included therein ~~rerate endorsement transactions~~ shall be ~~submitted~~ reported for any original policy written as a continuing form policy or fixed-term policy written in excess of one year and sixteen (16) days no later than thirty (30) days subsequent to the issuance date.

- ~~(1) An annual rating endorsement shall be submitted to take effect on the inception date of the second period of coverage and annually thereafter for each continuing form policy or fixed-term policy written in excess of one year and sixteen (16) days.~~
- ~~(2) An annual rating endorsement shall be submitted to the WCIRB no later than sixty (60) days after its inception.~~
- ~~(3) Annual rating endorsements shall be used only for the purpose of showing the proper experience modification. Annual rating endorsements cannot be used to make any other changes to the policy, such as, but not limited to, modifying the name of the policyholder or adding or eliminating locations or classifications.~~
- ~~(4) Each annual rating endorsement submitted to the WCIRB in hard copy shall be clearly identified as an annual rating endorsement.~~
- ~~(5) If an annual rating endorsement is submitted to the WCIRB in hard copy, it shall also indicate:~~
  - ~~(a) Name of the insurer providing coverage (not insurer group name).~~
  - ~~(b) Policy number. The policy number should include all prefixes and suffixes of the policy that the annual rating endorsement is extending.~~
  - ~~(c) Dates of coverage.~~

~~(d) Applicable insurer classification(s).~~

~~(e) Applicable experience modification(s). Report the effective date of the experience modification only if it is not effective as of the inception date of the annual rating endorsement. (Note: Tentative experience modifications may be used; however, they must be clearly identified as such.)~~

#### c. Renewal Certificates/Renewal Agreements

Renewal certificate/renewal agreement transactions shall be reported to the WCIRB no later than thirty (30) days subsequent to the inception date of the renewal certificate or renewal agreement.

An insurer renewing a policy may ~~write and submit~~report the renewal to the WCIRB as either a renewal policy (see Rule 1a, above) or as a renewal certificate, which is also referred to as a renewal agreement.

- ~~(1) Each renewal certificate or renewal agreement or the electronic records of the data included therein shall be submitted to the WCIRB no later than sixty (60) days after its inception.~~
- ~~(2) Renewal certificates and renewal agreements shall be used only for the purpose of renewing the policy and showing the proper experience modification for the renewal period. Renewal certificates and renewal agreements cannot be used to make any other changes to the policy, such as, but not limited to, modifying the name of the policyholder, or adding or eliminating locations or classifications.~~
- ~~(3) Each renewal certificate and renewal agreement submitted to the WCIRB in hard copy shall be clearly identified as a renewal certificate or renewal agreement.~~
- ~~(4) If a renewal certificate or renewal agreement is submitted to the WCIRB in hard copy, it shall also indicate:~~
  - ~~(a) Name of the insurer providing coverage (not insurer group name).~~
  - ~~(b) Policy number. The policy number should include all prefixes and suffixes of the policy that the renewal certificate or renewal agreement is renewing.~~
  - ~~(c) Dates of coverage.~~
  - ~~(d) Applicable insurer classification(s).~~
  - ~~(e) Applicable experience modification(s). Report the effective date of the experience modification only if it is not effective as of the inception date of the renewal certificate or renewal agreement. (Note: Tentative experience modifications may be used; however, they must be clearly identified as such.)~~

#### d. Rewrites

Rewrite transactions shall be reported to the WCIRB no later than thirty (30) days subsequent to the issuance date.

Rewrites may be issued to ~~replace~~make changes to any previously issued new and renewal policies, annual ~~rating~~rate endorsements and renewal certificates/renewal agreements (e.g., changes to the insurer name, policy number or policy effective dates). Rewrites will replace the original transaction in its entirety.

- ~~(1) Each rewrite or the electronic records of the information included therein shall be submitted to the WCIRB no later than sixty (60) days after issuance.~~
- ~~(2) If a rewrite is submitted to the WCIRB in hard copy, it shall be clearly identified as a rewrite and shall contain:~~
  - ~~(a) All of the information required for the Policy Document that it is replacing (see above); and~~



~~(b) The policy number of the original policy, annual rating endorsement, or renewal certificate/renewal agreement, if different from the rewrite policy number.~~

~~e. Binders~~

~~Binders shall be subject to the filing requirements applicable to new and renewal policies, except that a binder superseded by a policy effective as of the inception date of the bound period and issued within sixty (60) days of such inception date need not be submitted to the WCIRB.~~

## 2. Endorsements and Ancillary Agreements

~~a. Except as otherwise provided, a copy of (1) every endorsement~~Transactions for every endorsement affecting California coverage or amending the policy information referenced in Rule 1 above shall be reported to the WCIRB no later than thirty (30) days subsequent to the issuance date, except as otherwise stated.

~~b. and (2) every ancillary agreement~~Transactions for every ancillary agreement, as the term is defined in Title 10, California Code of Regulations, Section 2250(f), or the electronic records of the information included therein shall be reported to the WCIRB no later than sixty (60) thirty (30) days after subsequent to the issuance date. In no event shall endorsements or ancillary agreements be reported prior to submitting the electronic or hard copy information page of the policy to which the endorsement or ancillary agreement is attached.

~~bc. If submitting hard copy policy information, it is not necessary to submit a copy of each endorsement attached to a policy, provided:~~Policy transactions shall be reported to the WCIRB prior to the reporting of transactions for endorsements or ancillary agreements.

~~(1) The body of the endorsement does not require the insertion of any variable text;~~

~~(2) The exact endorsement form was previously filed with the WCIRB and approved by the Insurance Commissioner; and~~

~~(3) The form number of the endorsement is clearly listed in item 3.D. of the hard copy policy information page filed with the WCIRB.~~

~~c. If submitting hard copy policy information, it is not necessary to submit a copy of each ancillary agreement attached to a policy, provided:~~

~~(1) The exact ancillary agreement form was previously filed with the WCIRB and approved by the Insurance Commissioner, and~~

~~(2) The form number of the ancillary agreement is clearly listed in item 3.D. of the hard copy policy information page filed with the WCIRB.~~

~~d. If submitting in hard copy, each endorsement or ancillary agreement attached to a policy subsequent to policy issuance shall be submitted to the WCIRB in accordance with Rule 2a, above, and shall:~~

~~(1) Identify the name of the insurer (not insurer group) that issued the endorsement or ancillary agreement;~~

~~(2) Identify the policy number of the policy to which the endorsement or ancillary agreement is attached; and~~

~~(3) Identify the effective date of the endorsement or ancillary agreement.~~

## 3. Cancellations or Reinstatements

For cancelled policies, a cancellation transaction shall be reported to the WCIRB no later than thirty (30) days subsequent to the date of cancellation. If a cancelled policy is reinstated, a reinstatement transaction shall be reported to the WCIRB no later than thirty (30) days subsequent to the issuance date.

- ~~a. In all instances where a policy is cancelled or reinstated, the cancellation or reinstatement notice or the electronic information included therein shall be reported to the WCIRB no later than sixty (60) days after issuance.~~
- ~~b. If a cancellation or reinstatement notice is submitted to the WCIRB in hard copy, the following information must be provided:~~
- ~~(1) Name of the insurer providing coverage (not insurer group name).~~
  - ~~(2) Policy number. The policy number should include all prefixes and suffixes of the policy that is being cancelled or reinstated.~~
  - ~~(3) The cancelled or reinstated policy's original inception and expiration dates. For continuing form policies or fixed-term policies written in excess of one year and sixteen (16) days, if the policy is cancelled or reinstated during the period that an annual rating endorsement is in effect, the inception date of such annual rating endorsement shall be substituted for the inception date of the policy.~~
  - ~~(4) The date of cancellation or reinstatement.~~
  - ~~(5) The date the cancellation was mailed to the insured.~~
  - ~~(6) The reason for the cancellation.~~

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Amend Section II, *Policy Period*, to (1) remove outdated language regarding continuing form policies and (2) for clarity and consistency with other proposed changes.

### PROPOSED

## **Section II – Policy Periods**

### **1. Policy Period**

- ~~a. The rules of this Plan are based on a policy period of one year.~~
- ~~b. Policies may be written and issued for periods of less than one year.~~
- ~~c. Policies may be written and issued for periods in excess of one year.~~
- ~~(1) A policy~~Policies written and issued for a period of ~~not longer than~~not exceeding one year and sixteen (16) days shall be treated as if the ~~policy~~policies were written for a period of one year.
  - ~~(2) Any policy that is~~Policies written for a period in ~~excess of~~exceeding one year and sixteen (16) days ~~must~~shall be written as a continuing form or fixed-term policy, ~~as indicated in Rule 2,~~  
below.

### **2. Continuing Form PolicyPolicies or Fixed-Term PolicyPolicies Written in Excess of One Year and Sixteen (16) Days**

- a. A policy that contains an agreement that the insurer will issue, and the policyholder will accept, ~~such~~ endorsements changing the terms of the policy as may be required to achieve conformity with subsequent legislation or ~~with subsequent~~ rules and regulations that may be approved by the Insurance Commissioner may be written ~~on~~as a continuing form or fixed-term ~~basis~~policy for a period in excess of one year and sixteen (16) days.

- b. ~~Such~~ Continuing form or fixed-term ~~policy~~ policies written in excess of one year and sixteen (16) days ~~must~~ shall conform to all rules and regulations applying to policies written for one year or less.
- c. All rules and regulations approved by the Insurance Commissioner subsequent to the effective date of a continuing form or fixed-term policy written in excess of one year and sixteen (16) days shall apply to the policy as though it consisted of consecutive policies, each with a policy period of one full year, ~~except in those instances when~~ or of less than one full year if the insurer or the policyholder ~~wants~~ decided to establish a different policy effective date, which will be treated as a short-term policy.
- (1) ~~For a continuing form policy, the first period of coverage shall be treated as a short-term policy, and the effective dates of the short-term period must be endorsed on the policy at its inception.~~
- (2) ~~For a fixed-term policy, either the first period or last period of coverage shall be treated as a short-term policy. A policy period endorsement showing the effective dates of the policy periods into which the policy is divided must be endorsed on the policy at policy inception.~~
- d. The extension of a continuing form policy beyond one year and sixteen (16) days requires ~~the~~ submittal of an annual rating ~~rate~~ endorsement. ~~Pursuant to Part 2, Section I, Rule 1b, Annual Rating Endorsements, an annual rating endorsement shall be submitted~~ transaction to be reported to the WCIRB to take effect on the effective date of the second period of coverage and annually thereafter for each continuing form policy written for a period in excess of one year and sixteen (16) days.
- e. Annual ~~Rating~~ rate ~~Endorsements~~ must shall be ~~submitted~~ reported annually for each period following the first period on all fixed-term policies written in excess of one year and sixteen (16) days.

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Amend Section III, *Additional Electronic Reporting Requirements*, to reflect current electronic policy reporting requirements; and (2) for clarify and consistency with other proposed changes.

### PROPOSED

#### **Section III – ~~Additional Electronic Reporting Requirements~~**

All Policy Documents submitted to the WCIRB electronically shall be reported as required for California in WCPOLS except as indicated below.

##### **1. Policy Header Record Reporting (Record 01)**

###### **a. ~~Header Record Information (Record 01)~~**

All Header Record (Record 01) data and fields shall be reported as required for California in WCPOLS and as further detailed below.

###### **(1) a. Legal Nature of Insured Code**

Report the code that best describes the type of entity(ies) being insured.

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The use of “99”, Other, is only permitted if none of the other values are applicable. If reporting “99”, further detail in Text for “Other” Legal Nature of Entity mustshall be provided.

**b2. Name Record Information-(Record 02)**

All Name Record (Record 02) data and fields shall be reported as required for California in WCPOLS and as further detailed below.

Each name mustshall be reported on a separate name record. Related names, such as ~~a~~the “sole proprietor’s” name, and the associated trade name or “DBA,” mustshall each have a separate record and may be linked using the Name Link Identifier/Continuation Sequence Number. A husband and wife or registered domestic partnership mustshall have each person’s complete name reported in a separate record.

Insuring two or more legal entities on a single policy is subject to the provisions and limitations set forth in the *Miscellaneous Regulations for the Recording and Reporting of Data—1995, Part 2, Workers’ Compensation Forms and Coverage, Section III, Additional Interests.*

**(4)a. Name of Insured**

Report the name of the insured subject to the following:

- (a1) For individuals, report the name in the following format: Last Name, First Name, Middle Name or Initial. The commas are delimiters and are required when reporting individual names.
- (b2) For partnerships, report the name of each general partner as required in the other sections of this rule. Each partner within the partnership mustshall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as partners.
- (e3) For corporations, report the name exactly as shown in the articles of incorporation.
- (d4) For associations, labor unions or religious organizations, report the name exactly as shown in the agreement of association or other document of organization.
- (e5) For limited partnerships, report the name of each general partner as required in the other sections of this rule. Each partner within the partnership mustshall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as partners. Limited partners should not be reported, but if reported, the term “limited partner” mustshall be shown in parenthesis following the name of each limited partner.
- (f6) For joint ventures, report the name of each member as required in the other sections of this rule. Each member mustshall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as members of a joint venture.
- (g7) For entities that share common ownership, report the name of each entity as required in the other sections of this rule.
- (h8) For joint employers, report the name of each entity as required in the other sections of this rule.
- (i9) For LLCs, report the name of the LLC exactly as shown in the articles of organization.
- (j10) For trusts or estates, report the name exactly as shown in the trust agreement or other legal document, which establishes the trust or estate. The name of each trustee, administrator or executor mustshall also be reported as required in the other sections of this rule.

- (~~k~~11) For LLPs, report the name of each general partner as required in the other sections of this rule. Each partner within the partnership ~~must~~shall be a legal entity such as an individual, a partnership or a corporation. Trade names or fictitious business names cannot be designated as partners. Limited partners should not be reported, but if reported, the term "limited partner" ~~must~~shall be shown in parenthesis following the name of each limited partner.
- (~~l~~12) For governmental entities, report the legal name of the governmental entity.
- (~~m~~13) For bankruptcies and receiverships, report the name of the receiver or debtor as required in the other sections of this rule. The term "receiver" or "debtor in possession" ~~must~~shall be shown in parenthesis following the name of the receiver.
- (~~n~~14) For policies covering employee leasing arrangements written in the name of the labor contractor, report the name of the labor contractor depending on the type of entity as required in the other sections of this rule. If reporting the client's name, the phrase "Leased Coverage For" or the acronym "LCF" ~~must~~shall be used.
- (~~e~~15) For policies covering employee leasing arrangements written in the name of the client, report the name of the client depending on the type as required in the other sections of this rule.
- (~~p~~16) If any descriptor information such as "limited partner" or "DBA" is included, it ~~must~~shall be in parenthesis.

~~e~~3. State Premium Record (Record 04)

All State Premium Record (Record 04) data and fields shall be reported as required for California in WCPOLS except as indicated below.

(~~1~~)a. Estimated State Standard Premium Total

Report the estimated ~~total~~ state standard premium ~~amount from the policy or policy endorsement~~ total for the entire policy period. See Part 4, Unit Statistical Reporting Requirements, Section II, Definitions, Rule 12, Final Premium(s).

~~d~~4. Exposure Record ~~Information~~ (Record 05)

All Exposure Record (Record 05) data and fields shall be reported as required for California in WCPOLS and as further detailed below.

(~~1~~)a. Classification Code

Report the applicable standard, approved non-standard or USL&H classification code.

(~~2~~)b. Estimated Exposure Amount

Report the amount that is the basis for determining premium on a per classification level.

(~~3~~)c. Estimated Premium Amount

For statistical code 9740, *Catastrophe Provisions for Terrorism*, report the estimated premium amount associated with this statistical code, if applicable. The estimated premium amount for standard classification codes and other statistical codes need not be reported.

~~e.~~ Endorsement Identification Record Information (Record 07)

(~~1~~) ~~Record Type Code~~

(~~a~~) ~~Report the form number for the policy conditions.~~

(~~b~~) ~~Report the form number(s) for the information page(s) attached to the policy.~~

~~(c) Report the form number for every endorsement attached to the policy.~~

~~(d) Report the form number for every ancillary agreement attached to the policy. Ancillary agreement is defined in Title 10, California Code of Regulations, Section 2250(f).~~

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## Part 3 — Standard Classification System

Amend Section II, *Classification Terminology*, Rule 14, *Miscellaneous Employee(s)*, to establish Rule 22 to define “Premium Portion of Overtime Pay” and for consistency with other proposed changes.

PROPOSED**Section II – Classification Terminology**

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**14. Miscellaneous Employee(s)**

See Section III, *General Classification Procedures*, Rule 3d. (See also Section IV, Rule 2c, *Miscellaneous Employees (Construction or Erection)*, and Section IV, Rule 4e(5)d, *Miscellaneous Employees (Farms)*.)

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**22. Premium Portion of Overtime Pay**

The portion of overtime payments that is above and in addition to the regular rate of pay. (See also Section V, *Payroll Remuneration*, Rule 1c, *Overtime Payments*.)

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Amend Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions*, to include Classification 8871, *Clerical Telecommuter Employees*, as a Standard Exception classification applicable to Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer.

PROPOSED

**Section III – General Classification Procedures**

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**4. Standard Exceptions**

Employees engaged in the clerical office or outside sales functions described below are referred to as Standard Exception Employees. If a standard classification specifically includes Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons, such employees shall be assigned to the standard classification, regardless of whether the work is conducted at the same or at a separate location. It is not permissible to divide a single employee's payroll, within a single policy period, between a Standard Exception classification and any other classification, including another Standard Exception classification, with the exception of a single permanent job reassignment. Otherwise, the remuneration of Standard Exception Employees is subject to division of payroll in connection with all other classifications in accordance with the following:

a. Classifications 8810, Clerical Office Employees, and 8871, Clerical Telecommuter Employees

Clerical Office Employee(s) and Clerical Telecommuter Employee(s) are defined as ~~these~~ employees whose duties are confined to keeping the books, records or cash of the employer; conducting correspondence; using computers; dispatching; recording weights; or who are engaged wholly in general office work or office drafting, having no regular duty of a non-clerical nature in the service of the employer. Except as otherwise provided in this Rule, the entire payroll of any employee who is engaged in operations performed by Clerical Office Employees or Clerical Telecommuter Employees and also is exposed (1) to any operative hazard of the business or (2) to any outside selling or collecting work, shall be assigned to the highest rated classification of work to which the employee is so exposed. Supervisors and clerks, such as time, stock or tally clerks, whose work is (1) necessary to, (2) performed in connection with, or (3) related to any operations of the business other than clerical office operations, shall not be classified as Clerical Office Employees or Clerical Telecommuter Employees.

Classification 8810, *Clerical Office Employees*, shall be applied only to the payroll of persons herein described who work exclusively in areas that are separated from all other work places of the employer by buildings, floors, partitions, railings or counters and within which no work is performed other than clerical office or drafting duties as defined in this Rule, or who engage in such work at any of their employer's office locations 50% or more of their time and devote the balance of their time to clerical office or drafting duties at their home or other office space away from any location of their employer.

Classification 8871, Clerical Telecommuter Employees, shall be applied only to the payroll of persons herein described who work more than 50% of their time at their home or other office space away from any location of their employer, and devote the balance of their time to clerical office or drafting duties at any of their employer's locations in areas that are separated from all other work places of the employer by buildings, floors, partitions, railings or counters and within which no work is performed other than clerical office or drafting duties as defined in this Rule.



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Amend Section IV, *Special Industry Classification Procedures*, Rule 2, *Construction or Erection Work*, to clarify the procedures for calculating the regular hourly wage for (1) salaried employees and (2) when the annual minimum remuneration requirements in Section V, Rule 1, *Payroll – Remuneration*, Subrules j, k, l and m, are applied.

### PROPOSED

## **Section IV – Special Industry Classification Procedures**

### **2. Construction or Erection Work**

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In addition, the remuneration of employees assigned to construction and erection classifications is subject to the following:

#### a. Determination of Dual Wage Construction or Erection Classification

A classification that requires the regular hourly wage to equal or exceed a specified amount may be used only upon verification that the employee is paid an hourly wage that equals or exceeds the specified amount.

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#### (2) Total Remuneration for Regular Hourly Wage Calculation

The remuneration used to calculate ~~at~~ the regular hourly wage for all employees, including salaried employees, shall be determined as follows:

#### (a) The following remuneration shall be used to determine the hourly wage, without regard to whether such payments are included as payroll:

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#### 4. ~~Bonuses, C~~ommissions and incentive payments that are calculated and paid each pay period

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#### (b) The following remuneration shall not be used to determine the hourly wage, without regard to whether such payments are included as payroll:

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4. Compensation, such as quarterly or annual bonuses, commissions and incentive payments that are not calculated and paid each pay period
5. Any additional remuneration required to meet the annual minimum remuneration requirements in Section V, Rule 1, *Payroll – Remuneration*, Subrules j, k, l and m.

### (3) Regular Hourly Wage Calculation

- (a) Except as provided below, an employee's regular hourly wage shall be calculated by dividing each employee's total remuneration, determined in accordance with Rule 2a(2), *Total Remuneration for Regular Hourly Wage Calculation*, by the number of hours worked during the pay period. As necessary, the regular hourly wage shall be reconciled with other records in accordance with Rule 2a(1), *Records of Payroll*.

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- (c) For salaried employees, the regular hourly wage shall be determined by dividing the total annual remuneration, determined in accordance with Rule 2a(2), *Total Remuneration for Regular Hourly Wage Calculation*, by 2,000 hours. If an employee is salaried for less than 12 months, the regular hourly wage shall be calculated for the salaried period on a prorated basis.

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### Example 3 – Salary

An employee of a sheet metal contractor is retained as project supervisor at an annual salary of \$60,000. The employee was retained for only three months during the policy period.

- As the employee was salaried for 3 of 12 months, or 25% of the annual salary period, the regular hourly wage is calculated based on the prorated salary ( $\$60,000 \times 25\% = \$15,000$ ), divided by the prorated number of hours ( $2,000 \times 25\% = 500$ ). The regular hourly wage calculation is  $\$15,000 / 500 = \$30.00$  per hour.
- During the three-month period, the project supervisor earned a one-time \$3,000 bonus that was paid at the end of the project. Although this bonus must be included as reportable payroll (see Section V, Rule 1, *Payroll – Remuneration*), it is excluded from the regular hourly wage calculation because the bonus is not calculated and paid each pay period. The regular hourly wage remains \$30.00 per hour as calculated above.

A different employee is retained for a three-month project with the same salary. This employee earns a \$100.00 production bonus each two-week pay period ( $\$100.00 \times 6$  pay periods = \$600.00). As these bonuses are calculated and paid each pay period, the regular hourly wage is calculated based on the prorated salary ( $\$60,000 \times 25\% = \$15,000$ ), including the production bonuses (\$600.00), divided by the prorated number of hours ( $2,000 \times 25\% = 500$ ). The regular hourly wage calculation is  $\$15,600 / 500 = \$31.20$  per hour.

An executive officer receives an annual salary of \$40,000. The applicable minimum remuneration for executive officers during the policy period is \$50,000 per annum. Although \$50,000 must be reported as payroll (see Section V, Rule 1, *Payroll – Remuneration*, Subrule j), that amount is not used to calculate the regular hourly wage; the regular hourly wage is calculated based on the salary divided by 2,000 hours. The regular hourly wage calculation is  $\$40,000 / 2,000 = \$20.00$  per hour.

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Amend Section IV, Rule 4, *Farms*, to (1) update the definition of “farm” for classification purposes, (2) clarify the rule regarding miscellaneous employees and how they should be classified when both farm and non-farm classifications apply to an employer, (3) remove duplicative directives and (4) reorganize and clarify directives regarding payroll and operations to be included and excluded from farm classifications.

### PROPOSED

#### **Section IV – Special Industry Classification Procedures**

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#### **4. Farms**

##### **a. Definition**

A farm, for classification purposes, shall be defined as any parcel or parcels of land used for the purpose of agriculture, horticulture, viticulture, dairying, stock or poultry raising as a business or commercial venture. This definition also includes aquaculture, hydroponics, indoor vertical farming and farming within greenhouses. This definition does not include ~~the operation or maintenance of properties that feature growing and/or raising of crops or farm animals for non-commercial purposes.~~

##### **b. Payroll (Farms)**

Notwithstanding any other provisions contained herein, when lodging is provided by the employer, the market value of such lodging to the employee shall be included as payroll.

Payroll includes all payments that are based on a price per unit (piecework), contract or measure basis.

If paid on a contract basis and the contract includes amounts paid for the provision of motor vehicles or farm machinery, then no less than one-fourth (1/4) of the total contract shall be deemed to be payroll.

##### **b.c. Payroll Division (Farms)**

Division of payroll shall be made for each separate and distinct type of commercial farm operation, provided separate records of payroll are maintained, notwithstanding any other provision contained herein.

Payroll may be divided based upon acreage, an employee's time, or other reasonable methods.

##### **c. Payroll Inclusions**

- ~~(1) In addition to the inclusions specified in the language of the classification, each classification also shall include all normal repair and maintenance of buildings or equipment performed by employees of the farm.~~

~~(2) Notwithstanding any other provisions contained herein, when lodging is provided by the employer, the market value of such lodging to the employee shall be included as payroll.~~

~~(3) Payroll for all employees performing any type of farm work for a price per unit, contract or measure shall be based upon the total remuneration earned by such persons, and in the absence of adequate payroll records substantiating such earnings, the total contract price shall be deemed to be the total earnings; however, if the entire contract involves the use of motor vehicles or farm machinery with drivers and their helpers, not less than one fourth (1/4) of the total amount paid for the hire of such equipment and their operating crews shall be deemed to be the total earnings of such drivers and their helpers.~~

~~(4) Incidental Crops~~

~~Such activities as the maintenance of a cow, hogs or chickens for family use, a family orchard or truck garden, a hay or grain crop raised for the purpose of maintaining work animals on the farm, shall be considered usual and incidental to the operation of any type of farm.~~

~~(5)d.~~ Miscellaneous Employees (Farms)

~~The payroll for fence repair, road building, general supervision, chore workers or drivers not connected with any particular crops is incidental to any type of farm. Where adequate records showing labor cost distributed by crops are maintained, the payroll of such miscellaneous employees shall be assigned to the various crop classifications in the same proportion as the allocated crop payroll bears to the total allocated payroll. Miscellaneous farm employees include but are not limited to supervisors, drivers, employees engaged in general maintenance, fence repair or road building operations and employees engaged in ancillary activities, including but not limited to tilling fallow fields, growing cover crops and keeping bees to pollinate the farm's own crops.~~

~~If the farm operations are assigned to two or more *Farms* Industry Group classifications, the payroll of all miscellaneous employees shall be allocated between the *Farms* Industry Group classifications to which their work pertains; payroll may be divided based upon acreage, an employee's time or other reasonable methods.~~

~~When an employer's miscellaneous employees perform operations in connection with two or more classifications, one or more of which are *Farms* Industry Group classifications and one or more of which are not *Farms* Industry Group classifications, the payroll of such employees shall be assigned in accordance with the following:~~

- ~~(1) Compare the sum of the payroll (other than the payroll of miscellaneous and standard exception employees) generated by the operations assigned to the *Farms* Industry Group classifications to the sum of the payroll (other than the payroll of miscellaneous and standard exception employees) generated by the operations not assigned to *Farms* Industry Group classifications.~~
- ~~(2) If the sum of the payroll generated by the *Farms* Industry Group classifications exceeds the sum of the payroll generated by the non-*Farms* Industry Group classifications, then the payroll of the miscellaneous employees shall be assigned to the various *Farms* Industry Group classifications to which their work pertains in the same proportion as the allocated farm payroll bears to the total farm payroll.~~
- ~~(3) If the sum of the payroll generated by the non-*Farms* Industry Group classifications equals or exceeds the sum of the payroll generated by the *Farms* Industry Group classifications, then the payroll of the miscellaneous employees shall be assigned to the non-*Farms* Industry Group classification to which their work pertains that generates the largest amount of payroll.~~

~~d.e. Payroll Exclusions~~ Separately Classifiable Operations (Farms)

~~The payroll of employees engaged in~~ Unless otherwise specified in the applicable classification phraseology or other provisions contained herein, including division of payroll rules, the following operations shall be ~~segregated and separately assigned~~ classified:

- ~~(1) Maintenance or repair work by contractors.~~
- ~~(2) New construction or alterations, whether done by the employer's employees or by contractors.~~
- ~~(3) The operation of farm machinery away from the farm premises by the farmer for others to conduct mechanized farming operations for separate concerns on a fee basis.~~
- ~~(2) Fee based trucking provided for others.~~
- ~~(4) The following operations when conducted in buildings or sheds located on or away from farm premises, whether conducted for others or in connection with the employer's farming activities: wine making; hulling, shelling or processing nuts; or grading, sorting, packing, pre-cooling, drying, dehydrating or otherwise preparing of vegetables or fruit for shipment when conducted in buildings or sheds located on or away from farm premises, whether conducted for others or in connection with the employer's farming activities.~~

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Amend Section V, *Payroll – Remuneration*, Rule 1, *Payroll – Remuneration*, to clarify the definition of *Payroll – Remuneration*; Subrule c, *Overtime Remuneration*, to (1) clarify the rule, (2) incorporate the term “Premium Portion of Overtime Pay”, (3) remove Examples 3 and 4, and instead reference the Department of Industrial Relations’ examples for piecework and commission overtime pay for clarity and consistency with California wage and hour laws, and (4) for consistency with other proposed changes; and Subrule e, *Severance Pay*, to clarify that severance pay is only excludable from remuneration when it is paid due to the termination of the employment relationship and that retention bonuses and similar payments that incentivize employees to remain employed for a period of time are included as payroll.

## PROPOSED

### **Section V – Payroll – Remuneration**

#### **1. Payroll – Remuneration**

As used in this Plan, payroll and remuneration are synonymous and mean the monetary value at which service is recompensed. Except as provided herein, remuneration includes all money earned and all substitutes for money earned during the policy period by employees and officers of the employer, and any other persons for whom voluntary coverage is provided under the policy, including: gross wages, salaries, commissions, bonuses, overtime payments, the market value of gifts, and vacation, holiday and sick pay; overtime payments, the market value of gifts, and all substitutes for money earned during the policy period by employees and officers of the employer, and any other persons for whom voluntary coverage is provided under the policy.

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#### **c. Overtime Remuneration Payments**

~~Overtime Remuneration is that portion of the total remuneration which is derived from the application of an increase above and in addition to the regular rate of pay or regular piecework rate (or additional~~

~~pay for hours not worked but allowed in lieu of such an increased rate).~~ Employees may receive overtime payments because of time worked on holidays, Saturdays or Sundays or because of the number of hours worked in any one week or day is beyond the standard for the industry, or because of participation by athletic teams in play-off, championship, or similar games which are in excess of their regularly scheduled league games. Overtime remuneration payments does not include: extra pay for swing shifts or graveyard shifts, for working certain hours on the clock, or for incentive or bonus pay figured on volume without regard to hours worked.

~~The regular rate of remuneration per game for an athletic team is the remuneration earned by such team for the regular season, divided by the number of regularly scheduled league games in which the team engaged during the season. Remuneration received for each play-off, championship or similar game, which is in excess of the regular rate of remuneration per game, is overtime remuneration. Overtime payments are generally paid at a rate that is at least one and one-half times the employee's regular rate of pay; however, overtime may also be paid at double time or some other multiplier of the regular rate of pay. If overtime is paid at one and one-half times the regular rate of pay, one-third (1/3) of the total overtime pay is the Premium Portion of Overtime Pay. For employers that are operators of an athletic team, remuneration earned for each post season game that exceeds the average remuneration per regular season game is the Premium Portion of Overtime Pay.~~

~~In accordance with Section IV, *Special Industry Classification Procedures*, Rule 4c, *Payroll Inclusions*, Subrule (3), all payments to workers performing farming operations shall be included as remuneration when paid on a price per unit (piecework), contract or measure basis.~~

~~Overtime remuneration shall be included in the payroll except as follows~~ The portion of overtime payments representing the regular rate of pay shall be included as payroll. The Premium Portion of Overtime Pay shall be excluded from the payroll only in the following situations:

- (1) ~~If the eEmployer's books and records are (other than operators of athletic teams) maintained so as to records that~~ show separately by employee and in summary by type of operation performed either:
  - (a) ~~remuneration earned at regular or straight time rates or regular piecework rates of pay for total all hours worked, and the Premium Portion of Overtime Pay, or~~
  - (b) ~~overtime remuneration earned at regular rates of pay for all non-overtime hours worked and total remuneration earned for overtime hours.~~

~~overtime remuneration shall be excluded from premium computation.~~
- (2) ~~If the employer's books and records are maintained so as to show separately by employee and in summary by type of operation performed:~~
  - (a) ~~remuneration earned at regular or straight time rates or regular piecework rates of pay for hours worked when there is no overtime remuneration, and~~
  - (b) ~~total remuneration earned for those hours worked when there is overtime remuneration, one third (1/3), or such other portion of the total remuneration earned for those hours worked when there is overtime remuneration, shall be excluded from the payroll.~~
- (3)(2) ~~If the eEmployers is the that are operators of an athletic team and the employer's books and maintain records are maintained so as to that~~ show: the average regular rate of remuneration earned per game for the regular season and remuneration received for each playoff, championship or similar post-season game.

Employers engaged in farming operations where employees are paid on a price per unit (piecework), contract or measure basis shall not deduct any payroll as the Premium Portion of Overtime Pay; payroll shall be based upon the total remuneration earned by such persons. Refer to Section IV, *Special Industry Classification Procedures*, Rule 4b, *Payroll (Farms)*.

- (a) ~~the number of play-off, championship, or similar game(s) in which the team engaged during the season, and~~
- (b) ~~the regular rate of remuneration per game, or the total remuneration earned by such athletic team during the regular season and the number of regularly scheduled league games in which the team participated during said season, overtime remuneration shall be excluded from the payroll.~~

### **Example 1 – Premium Portion of Overtime Pay Shown Separately**

The employer compensates its workers on an hourly basis. The employer records the total hours worked at the regular rate of pay and the overtime hours worked at the overtime premium rate. ~~The employer compensates its workers on an hourly basis.~~ An employee is paid a regular hourly rate of \$4020.00 per hour. The worker works 9 hours per day, or 45 hours in a 5-day week. The worker was paid 1/2 times the regular rate as ~~overtime remuneration~~ for five overtime hours.

Regular Pay – 45 total hours x \$4020.00 per hour = \$450900.00

~~Excess or Premium~~ Overtime Premium Rate – \$4020.00 x 1/2 = \$510.00 per hour

~~Excess or Premium~~ Portion of Overtime Pay – \$510.00 x 5 hours overtime = \$2550.00

Total Payroll before Potential Adjustment – (\$450900.00 (Regular Pay) + \$2550.00 (Premium Portion of Overtime Pay) = \$475950.00

Reportable Payroll (if conditions are met) – \$950.00 – \$50.00 (Premium Portion of Overtime Pay) = \$900.00

In Example 1, the \$2550.00 paid to the employee as ~~excess or the p~~ Premium p Portion of e Overtime Pay is eligible for exclusion ~~as overtime remuneration~~.

### **Example 2 – Premium Portion of Overtime Pay Not Shown Separately**

The employer compensates its workers on an hourly basis. The employer records the total hours worked at the regular rate of pay and the total overtime hours worked at the overtime rate (regular rate plus the overtime premium rate). ~~The employer compensates its workers on an hourly basis.~~ An employee is paid a regular hourly rate of \$4020.00 per hour. The worker works 9 hours per day, or 45 hours in a 5-day week. The worker was paid an overtime rate of 1-1/2 times the regular rate as ~~overtime remuneration~~ for five overtime hours.

Regular Pay – 40 regular hours x \$4020.00 per hour = \$400800.00

Overtime Rate – \$4020.00 x 1.5 = \$4530.00 per hour (\$20.00 Regular Rate + \$10.00 Overtime Premium Rate)

Total Overtime Payment – \$4530.00 x 5 hours overtime = \$75150.00

~~Excess or Premium~~ Portion of Overtime Pay – \$75150.00 x 1/3 = \$25050.00

Total Payroll before Potential Adjustment – (\$400800.00 (Regular Pay) + \$75150.00 (Overtime Payment) = \$475950.00

Reportable Payroll (if conditions are met) – \$950.00 – \$50.00 (Premium Portion of Overtime Pay) = \$900.00

In Example 2, ~~1/3 of the \$75.00 (or the \$2550.00)~~ paid to the employee as the Premium Portion of e Overtime Pay is eligible for exclusion ~~as excess or premium overtime remuneration~~. The fraction used to determine the Premium Portion of Overtime Pay will vary depending on the overtime premium rate. For example, overtime may be paid at 1-1/2 times, 2 times or some other multiplier of the regular rate of pay. In this example, the worker was paid at 1-1/2 times the regular rate, so one-third (1/3) of the overtime payment is the Premium Portion of Overtime Pay.

**Example 3 – Piecework or Commission**

When the employer compensates its workers on a piece rate or commission basis in accordance with California wage and hour laws, refer to the piecework and commission wage calculation examples published by the Department of Industrial Relations, and in the Division of Labor Standards Enforcement (DLSE) Enforcement Policies and Interpretations Manual to calculate the regular rate of pay. The portion of overtime earnings that is above and in addition to the regular rate of pay is eligible for exclusion as the Premium Portion of Overtime Pay if the conditions of this rule are met.

**(a) Overtime Paid at 1-1/2 Times the Piece Rate**

The employer compensates its workers on a piece rate basis. Records show the pieces completed by the hour and an overtime factor is applied to the piece rate for work completed during the overtime hour(s).

An employee earns a regular piece rate of \$1.00 per piece. The worker makes 90 pieces in a 9-hour day. The worker made 10 pieces between the eighth and ninth hours and was paid 1-1/2 times the regular piece rate for the pieces completed during the overtime period.

Straight Pay by Piece — 90 pieces x \$1.00 per piece = \$90.00

Total Overtime Pay — 10 pieces x \$1.50 per piece = \$15.00

Excess or Premium Overtime — \$15.00 x 1/3 = \$5.00

Total Payroll (\$90 + 15) = \$105.00

In Example 3(a), 1/3 of the \$15.00 combination straight time and overtime pay, or \$5.00, is eligible for exclusion as overtime remuneration.

**(b) Piece Rate — Overtime Computed Based on Regular Hourly Rate**

The employer compensates its workers on a piece rate basis. The employer's records do not reflect the pieces completed by the hour. A regular rate of pay is computed with an overtime factor applied to the regular rate of pay for work completed during the overtime hour(s).

An employee earns a regular piece rate of \$1.00 per piece. The worker makes 90 pieces in a 9-hour day. The worker was paid 1/2 times the regular rate as overtime remuneration.

Straight Pay by Piece — 90 pieces x \$1.00 per piece = \$90.00

Regular Rate of Pay — \$90.00 divided by 9 hours = \$10.00 per hour

Excess or Premium Overtime Rate — \$10.00 x 1/2 = \$5.00

Excess or Premium Overtime — \$5.00 x 1 hour overtime = \$5.00

Total Payroll (\$90 + 5) = \$95.00

In Example 3(b), the \$5.00 paid to the employee as overtime is eligible for exclusion as overtime remuneration.

**Example 4 — Commission — Overtime Computed Based On Regular Hourly Rate**

The employer compensates employees on a commission basis. A regular rate of pay is computed with an overtime factor applied to the regular rate of pay for work completed during the overtime hour(s).

An automobile mechanic earns 40% of the book rate (hourly rate charged the customer) for each repair completed. The employer's labor rate billed to customers is \$80 per hour. During the period, the mechanic worked 44 hours and completed jobs with 55 billable



hours. To determine the regular rate of pay, the daily or weekly remuneration must be divided by the daily or weekly hours.

Total Repair Revenue — 55 billable hours x \$80 per hour = \$4,400.00

Employee's Remuneration — \$4,400.00 x 40% = \$1,760.00

Regular Rate of Pay — \$1,760.00 divided by 44 hours = \$40.00 per hour

Premium Overtime Rate — \$40.00 x 1/2 = \$20.00

Premium or Excess Overtime — \$20.00 x 4 overtime hours = \$80.00

Total Payroll (\$1,760 + 80) = \$1,840.00

In Example 4, the \$80.00 paid to the employee as overtime remuneration is eligible for exclusion as overtime remuneration.

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e. Severance Pay

Except as noted herein, payments to which an employee is only entitled ~~only upon~~ due to the termination of the employment relationship are not to be included in the payroll. Payments, such as retention bonuses, that incentivize employees to remain employed for a period of time, including through termination, are included as payroll. In addition, Sums, such as commissions, bonuses and accrued vacation and sick pay, commissions and bonuses, paid to an employee at the time the employment relationship is terminated are to be included in the payroll, provided such sums would have been payable to the employee at some future date if the employment relationship had not been terminated. Such sums accrued during periods for which the employer was legally self-insured shall not be included in the payroll.

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**Amend Section VII, *Standard Classifications*, Rule 2, *Standard Classifications*, as follows:**

Amend Classification 9549, *Advertising Companies*, to revise the footnote assigning the display of hand-held advertisement signs and walking billboards (human sign holders) to Classification 8742, *Salespersons – Outside*, to indicate that the assignment of 8742 is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

PROPOSED

**ADVERTISING COMPANIES – outdoor – selling space for advertising purposes – including shop, yard or storage operations; the erection, painting, repair and maintenance, or removal of signs; bill posting; and sign painting or lettering in or upon buildings or structures** **9549**

This classification includes the production of signs, banners and related products by advertising companies and the operation of mobile billboard trucks (mobile advertising signs).

The application of painted or adhesive lettering or graphics onto surfaces on a fee basis or onto customer vehicles by employers engaged in sign painting or lettering shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The display of hand-held advertisement signs and walking billboards (human sign holders) at locations, including but not limited to sidewalks and street corners shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, Standard Exceptions.

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Amend Classification 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores*, to remove the footnote assigning pari-mutuel employees to Classification 8810, *Clerical Office Employees*, as pari-mutuel employees working at 9016(1) operations are assignable to 9016(1) and to clarify its intended application.

PROPOSED

**AMUSEMENT OR RECREATIONAL FACILITIES – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores** **9016(1)**

This classification applies to the operation of amusement or recreational facilities, including but not limited to amusement parks, ~~zoos~~, water parks, miniature golf courses, batting cages, bumper car facilities, archery ranges, water excursions/tours, laser tag, airsoft or paintball facilities, ~~and Nordic (cross-country) ski facilities and zoos, including veterinarians employed by zoos.~~

This classification also applies to the operation of golf driving ranges that are not operated by golf courses or country clubs.

This classification also applies to automobile or horse race track operations by employers that are not public agencies. ~~Pari-mutuel employees shall be separately classified as 8810, Clerical Office Employees.~~

This classification also applies to the operation of athletic or sports venues, including ballparks and stadiums, during non-sporting activities, including but not limited to concerts and exhibitions.

~~Restaurants or retail stores shall be separately classified.~~

Boat marinas or boat rental facilities shall be classified as 9016(4), *Boat Marina and Boat Rental Operation*.

Golf courses or country clubs shall be classified as 9060, *Clubs – country or golf*.

Traveling carnivals or circuses shall be classified as 9185, *Carnivals or Circuses*.

The operation of events, including but not limited to farmers' markets, flea markets, street fairs, swap meets, art or antique festivals, trade shows (public or private), fun runs, foot races, cycling events, marathons, triathlons and athletic charity events shall be classified as 9095, *Event Market, Festival or Trade Show Operation*.

The operation of race tracks by public agencies shall be classified as 9410/9420, *Municipal, State or Other Public Agency Employees*.

Bowling centers shall be classified as 9092(1), *Bowling Centers*.

Billiard halls shall be classified as 9092(2), *Billiard Halls*.

Skating rinks or skate parks shall be classified as 9092(3), *Skating Centers*.

Also refer to companion Classification 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices*.

If an employee who performs duties described by Classification 9016(1) also performs duties described by Classification 9180(1), the payroll of that employee may be divided between Classifications 9016(1) and 9180(1), provided the employer maintains accurate records supported by time cards or time book entries that show such division. See Section V, Rule 3, *Division of Single Employee's Payroll*.

Restaurants or retail stores shall be separately classified.

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Amend Classification 1463(1), *Asphalt Works*, to provide direction as to how related operations should be classified.

### PROPOSED

#### **ASPHALT WORKS – grinding, pulverizing or mixing asphalt**

**1463(1)**

This classification applies to the production of asphalt. This classification also applies to the manufacture of asphalt roofing shingles or modified bitumen roofing materials.

Crushing or grinding of used asphalt or concrete, not performed in connection with the production of asphalt, to produce products that will be retained on an 8-mesh screen shall be separately classified as 1710, *Stone Crushing*. If the crushed or ground products pass through an 8-mesh or finer screen, the crushing or grinding operations shall be separately classified as 1741(1), *Silica Grinding*.

The manufacture of asphalt saturated building or roofing paper or felt shall be classified as 4283, *Building or Roofing Paper or Felt Asphalt Saturation*.

Asphalt distilling or refining shall be classified as 4740(2), *Asphalt or Tar Distilling or Refining*.

Digging, mining or quarrying shall be separately classified.

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Amend Classification 9182, *Athletic Teams or Athletic Facilities – all employees other than players, umpires, referees and game officials*, to revise the footnote assigning athletic scouts to Classification 8742, *Salespersons – Outside*, to indicate that the assignment of 8742 is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

PROPOSED

**ATHLETIC TEAMS OR ATHLETIC FACILITIES – all employees other than players, umpires, referees and game officials** **9182**

This classification applies to employees of athletic teams or parks who are engaged in the care of teams or the care, operation and maintenance of grounds and facilities, including but not limited to coaches and assistant coaches, non-playing managers, trainers, equipment managers, bat and ball retrievers, mascots, dancers, locker room attendants, public address announcers, scorekeepers, timekeepers, ushers, ticket sellers or collectors, parking lot attendants, security staff, and facility and grounds maintenance employees. This classification also applies to employees of youth or recreational athletic teams or facilities.

Athletic scouts shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

The operation of athletic facilities during non-sporting events, including but not limited to concerts and exhibitions shall be classified as 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores*.

~~Radio or television broadcasting shall be separately classified as 7610, *Radio, Television or Commercial Broadcasting Stations*.~~

Players, playing managers, and umpires, referees and game officials who monitor play, shall be classified as 9181, *Athletic Teams or Athletic Facilities – players, umpires, referees and game officials*.

Radio or television broadcasting shall be separately classified as 7610, *Radio, Television or Commercial Broadcasting Stations*.

Also refer to companion Classification 9181, *Athletic Teams or Athletic Facilities – players, umpires, referees and game officials*.

If an employee who performs duties described by Classification 9182 also performs duties described by Classification 9181, the payroll of that employee may be divided between Classifications 9181 and 9182, provided the employer maintains accurate records supported by time cards or time book entries that show such division. See Part 3, Section V, Rule 3, *Division of Single Employee's Payroll*.

Restaurants, retail stores and vendors shall be separately classified.

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Amend Classification 7607(2), *Audio Post-Production*, to include Clerical Telecommuter Employees.

PROPOSED

**AUDIO POST-PRODUCTION – computer or electronic – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **7607(2)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to employers engaged exclusively in computer or electronic audio post-production operations for other concerns in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions, including dubbing type work and incidental studio recording, on a contract basis.

This classification does not apply to computer or electronic audio post-production operations performed in connection with audio duplication on a contract basis. This classification also does not apply to computer or electronic audio post-production operations performed by the same employer in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions.

Video post-production operations performed in connection with motion pictures, television features, commercials or similar productions for other concerns on a contract basis shall be classified as 7607(1), *Video Post-Production*.

Audio or music recording studios shall be classified as 7610, *Radio, Television or Commercial Broadcasting Stations*.

\* \* \* \* \*

Amend Classification 8803, *Auditing, Accounting or Management Consulting Services*, to include Clerical Telecommuter Employees.

PROPOSED

**AUDITING, ACCOUNTING OR MANAGEMENT CONSULTING SERVICES – all employees – including Clerical Office Employees and Clerical Telecommuter Employees** **8803**

**The entire remuneration of each employee shall be included, subject to a maximum of \$139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to the provision of accounting or auditing services to other concerns on a fee basis, including but not limited to traveling to customers' locations, reviewing records, inventorying assets, preparing tax documents, providing accounting advice and ensuring regulatory compliance of financial records. This classification also applies to consulting firms that provide managerial advice to other concerns on a fee basis.

Consulting firms providing services limited to computer programming or software development to other concerns on a fee basis shall be classified as 8859(1), *Computer Programming or Software Development*.

Law firms that provide legal services on a fee basis shall be classified as 8820, *Law Firms*.

This classification does not apply to accounting, auditing or management consulting operations performed by the same employer in connection with its other separately classified operations.

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Amend Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*, which is part of the *Automotive Industry Group*, to provide direction as to how related operations should be classified and for clarity.

### PROPOSED

#### **AUTOMOTIVE INDUSTRY**

**AUTOMOBILE OR TRUCK DEALERS – all employees other than vehicle salespersons –** **8391**  
**including estimators, service writers, vehicle maintenance and repair, shuttle drivers, accessory or spare parts sales and the transporting of vehicles that are owned by the employer**

This classification applies to dealers of motor vehicles, including but not limited to automobiles, trucks, buses, forklift trucks, golf carts, motor homes and trailers. This classification applies only to those employers having, in addition to proprietors, a regular sales force engaged exclusively in the demonstration and sale of vehicles and separate clerical staff. If these conditions do not exist, Classification 8391 does not apply. If Classification 8391 does not apply and the employer performs vehicle repair work, assign the applicable vehicle repair classification(s) and, if the employer performs no vehicle repairing, assign Classification 8392, *Automobile or Truck Storage Garages or Parking Stations or Lots*, to employees who perform activities such as cleaning ~~and/or~~ washing vehicles, changing tires ~~and/or~~ recharging batteries.

~~Also refer to companion Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*.~~

This classification also applies to yard ~~and/or~~ repair employees ~~of who work for~~ employers that operate vehicle auctions for the sale of automobiles and trucks. Vehicle Auctioneers salespersons who conduct no yard or repair type operations or auction sales assistants shall be classified as 8748, *Automobile or Truck Dealers – vehicle salespersons*.

This classification also applies to yard, repair ~~and/or~~ maintenance employees ~~of who work for~~ employers engaged in automobile or truck rental, automobile or truck driving schools, or the transport of individual automobiles or trucks between locations (“Driveaway” companies).

Towing, roadside assistance ~~and/or~~ freeway service patrol operations ~~when~~ conducted on vehicles not owned by the employer shall be separately classified as 7227, *Automobile or Truck Towing, Roadside Assistance or Freeway Service Patrol*.

“Roadside assistance” refers to services provided to the vehicle owner under an agreement with a third party (such as a motor club or law enforcement agency). Contemplated services include

changing tires, jump-starting batteries, replacing batteries, supplying a small amount of gasoline or performing minor vehicle repairs such as reattaching ignition wires or battery cables.

Also refer to companion Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*.

\* \* \* \* \*

Amend Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*, which is part of the *Automotive Industry* Group, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **AUTOMOTIVE INDUSTRY**

##### **AUTOMOBILE OR TRUCK DEALERS – vehicle salespersons**

**8748**

This classification applies to salespersons ~~of~~ employed by dealers of motor vehicles, including but not limited to automobiles, trucks, buses, forklift trucks, golf carts, recreational vehicles, and motor homes and trailers.

~~Also refer to companion Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*.~~

This classification also applies to vehicle ~~salespersons of~~ auctioneers or auction sales assistants who work for employers that operate vehicle auctions for the sale of automobiles and trucks.

This classification also applies to driving or classroom instruction performed in connection with the operation of automobile driving schools. Vehicle maintenance or repair operations performed in connection with the operation of automobile driving schools shall be classified as 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*.

Also refer to companion Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*.

\* \* \* \* \*

Amend Classification 8808, *Banks*, to include Clerical Telecommuter Employees.

PROPOSED

**BANKS – all employees – including appraisers, bank guards and attendants, field auditors, office machine repair, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8808**

This classification applies to the operation of depository financial institutions that are licensed to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency. This classification also applies to depository financial institutions that operate entirely online or through electronic transactions.

The operation of properties away from the bank premises, including but not limited to trusts, repossessed properties and other business properties shall be separately classified.

Mortgage brokers shall be classified as 8743, *Mortgage Brokers*.

Mortgage bankers shall be classified as 8749, *Mortgage Bankers*.

Credit unions shall be classified as 8801, *Credit Unions*.

Check cashing locations at which the fees charged for check cashing, deferred deposit transactions, money orders and wire transfers equal or exceed 75% of gross receipts shall be classified as 8850, *Check Cashers*.

\* \* \* \* \*

Amend Classification 9048(2), *Boy and Girl Scout Councils – all camp operations*, to provide direction as to how related operations should be classified and for clarity.

PROPOSED

**BOY AND GIRL SCOUT COUNCILS – all camp operations – including Clerical Office Employees at camp locations** **9048(2)**

This classification applies to camps that provide supervised recreational or educational activities with guidance or counseling services, and with overnight facilities lodging for camp participants.

Recreational or educational day camps that do not include overnight lodging shall be classified as 9059, Day Care Centers.

\* \* \* \* \*



Amend Classification 2812, *Cabinet Mfg.*, for consistency with other proposed changes.

PROPOSED

**CABINET MFG. – wood – including the manufacture of commercial or industrial fixtures** **2812**

This classification applies to the manufacture of cabinets ~~and~~ fixtures, including but not limited to kitchen and bathroom cabinets, commercial showcases, trade show exhibition booths and retail displays that are designed to be affixed to building walls or floors. This classification also applies to the manufacture of wood or laminate countertops.

The manufacture of metal cabinets or fixtures shall be classified as 3076(1), *Furniture Mfg. – metal*.

Upholstery operations shall be separately classified as 9522(1), *Upholstering – N.O.C.*

For employers that deal in any lumber or building materials or in any fuel and materials in addition to performing cabinet manufacturing operations, yard operations, including drivers and their helpers, shall be separately classified as 8232(1), *Lumberyards*, 8232(2), *Building Material Dealers*, or 8232(3), *Fuel and Material Dealers*, depending on the products sold.

The installation of cabinets, fixtures ~~and~~ wood or laminate countertops shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

The manufacture of solid plastic, composite acrylic, stone or cultured marble countertops shall be separately classified.

~~The manufacture of metal cabinets and fixtures shall be classified as 3076(1), *Furniture Mfg. – metal*.~~

\* \* \* \* \*

Amend Classification 5146(1), *Cabinet or Fixtures*, which is part of the *Construction and Erection* Industry Group, to clarify its intended application.

PROPOSED

**CABINET, ~~OR~~ FIXTURES OR TRIM INSTALLATION – ~~portable; interior trim – installation –~~** **5146(1)**  
**N.O.C.**

**At a particular job or location, Classification 5146(1) shall not be used for division of payroll in connection with Classifications 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.**

This classification applies to the following operations when the employer does not also perform construction framing at the job or location: the installation of cabinets, fixtures, paneling, shutters, mirrors, sliding wardrobe doors, accordion doors, bathtub or shower enclosures, screen doors, window screens, interior trim, ~~builders finish~~, display racks, exhibit booths, restaurant or store fixtures, theatrical scenery, modular office partitions, unupholstered acoustical wall panels, or laminate, wood or plastic countertops; or the assembly, from prefabricated kits, of wooden residential greenhouses or similar wooden backyard structures, including but not limited to gazebos, play structures and hot tub enclosures. This classification

also applies to the disassembly and reinstallation of modular furniture, partitions or workstations in connection with moving office furniture.

If the employer is engaged in wood or steel framing, any work described above that is performed at the same job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided no framing is performed by the employer at the same job or location.

~~If the employer is engaged in wood or steel framing, any work described above that is performed at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.~~

The installation of hardwood or bamboo floors, including baseboard molding installed in connection therewith, shall be classified as 5436, *Hardwood Floor Laying*.

\* \* \* \* \*

Amend Classification 9048(1), *Camps – recreational or educational*, for clarity.

#### PROPOSED

#### **CAMPS – recreational or educational – all operations – including Clerical Office Employees at camp locations 9048(1)**

This classification applies to camps that provide supervised recreational or educational activities with guidance or counseling services, and with overnight facilities lodging for camp participants.

~~Firms that solely operate~~ Recreational and/or educational day camps that do not include overnight lodging shall be ~~assigned to Classification~~ classified as 9059, *Day Care Centers*.

\* \* \* \* \*

Amend Classification 9185, *Carnivals or Circuses*, to include Clerical Telecommuter Employees.

#### PROPOSED

#### **CARNIVALS OR CIRCUSES – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 9185**

This classification applies to all operations of traveling carnivals that provide entertainment and amusement rides, including but not limited to transporting, setting up and taking down amusement sites and equipment, assisting patrons on and off rides, operating game booths and arcades, providing entertainment, selling and taking tickets, providing security, selling food and souvenirs, cleaning and maintaining equipment and premises, and operating and controlling amusement rides. This classification also applies to all operations of circuses, including performers, entertainers and the care, feeding and training of circus animals.

Rental and operation of game booths at locations where no mechanical amusement rides are operated shall be classified as 8017(1), *Stores – retail*.

Amusement parks at fixed locations shall be classified as 9016(1)/9180(1), *Amusement or Recreational Facilities – N.O.C.*

The operation of events, including but not limited to farmers' markets, flea markets, street fairs, swap meets, art or antique festivals, trade shows (public or private), fun runs, foot races, cycling events, marathons, triathlons and athletic charity events, shall be classified as 9095, *Event Market, Festival or Trade Show Operation*.

\* \* \* \* \*

Amend Classifications 5403/5432, *Carpentry*, which are part of the *Construction and Erection* Industry Group, to clarify the intended application and for consistency with other proposed changes.

### PROPOSED

**CARPENTRY – including the installation of interior trim, ~~builders finish~~, doors and cabinet work in connection therewith – employees whose regular hourly wage does not equal or exceed \$35.00 per hour – N.O.C.** **5403**

This classification applies to rough carpentry, or a combination of rough and finish carpentry operations in connection with the new construction or remodeling of residential or commercial buildings.

This classification also applies to the installation of shingle roofing ~~and~~ the installation or application of insulation materials in buildings or within building walls, but only if installed by the same employer ~~who~~ that performs the carpentry work in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The installation of cabinets, fixtures, or interior trim ~~and builders finish~~ shall be classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*, only if the employer performs no rough carpentry operations at the same job or location.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, only if the employer performs no rough carpentry operations at the same job or location.

The structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

**CARPENTRY – including the installation of interior trim, ~~builders finish~~, doors and cabinet work in connection therewith – employees whose regular hourly wage equals or exceeds \$35.00 per hour – N.O.C.** **5432**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$35.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$35.00 per hour shall be classified as 5403, *Carpentry*.**

This classification applies to rough carpentry, or a combination of rough and finish carpentry operations in connection with the new construction or remodeling of residential or commercial buildings.

This classification ~~also~~ applies to the installation of shingle roofing ~~and/or~~ the installation or application of insulation materials in buildings or within building walls, but only if installed by the same employer ~~who~~that performs the carpentry work in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The installation of cabinets, fixtures, ~~or interior trim and builders finish~~ shall be classified as 5146(1), *Cabinet, or Fixtures or Trim Installation*, only if the employer performs no rough carpentry operations at the same job or location.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, only if the employer performs no rough carpentry operations at the same job or location.

The structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

\* \* \* \* \*

Amend Classification 2402, *Carpet or Rug Mfg.*, for consistency with other proposed changes.

### PROPOSED

#### **CARPET OR RUG MFG. – other than jute or hemp carpets or rugs**

**2402**

This classification applies to the manufacture of carpets or rugs from materials other than jute or hemp. This classification includes incidental dyeing of the completed carpet or rug products. This classification also applies to the manufacture of artificial grass ~~and/or~~ tufted tapestries.

The manufacture of jute or hemp carpets or rugs shall be classified as 2222, *Spinning, or Weaving or Fiber Processing*.

The dyeing ~~and/or~~ finishing of yarn prior to use in the manufacturing of carpet or rug products shall be separately classified as 2585(2), *Dyeing*.

\* \* \* \* \*

Amend Classification 5020, *Ceiling Installation*, which is part of the *Construction and Erection Industry Group*, to clarify its intended application and for consistency with other proposed changes.

PROPOSED

**CEILING INSTALLATION – ~~suspended acoustical grid type panels~~**

**5020**

This classification applies to the installation of suspended ceilings, including but not limited to acoustical, t-bar, grid or luminous suspended panel ceilings.

This classification also applies to the installation of ~~luminous suspended~~ acoustical ceiling panels that are applied directly to existing ceilings.

The installation of lighting fixtures shall be classified as 5140/5190, *Electrical Wiring*.

The installation of upholstered acoustical wall panels shall be classified as 9521(1), *House Furnishings*.

The installation of acoustical wall panels that are not upholstered shall be classified as 5146(1), *Cabinet, or Fixtures or Trim Installation*.

Insulation work shall be separately classified.

\* \* \* \* \*

Amend Classification 9220(1), *Cemetery Operation*, to include cemetery plot or mausoleum sales counselors at the cemetery location.

PROPOSED

**CEMETERY OPERATION – all employees**

**9220(1)**

This classification applies to the operation and maintenance of cemeteries or mausoleums, including cemetery plot or mausoleum sales counselors at the cemetery location. This classification also applies to the operation and maintenance of pet cemeteries.

~~Cemetery plot or mausoleum sales counselors shall be classified as 8742, Salespersons—Outside.~~

Crematory operations shall be separately classified as 9220(2), *Crematory Operation*.

The operation of funeral homes and mortuaries shall be classified as 9620, *Funeral Directors*.

The manufacture of stone cemetery monuments shall be classified as 1803, *Stone Cutting or Fabrication*.

\* \* \* \* \*

Amend Classification 8850, *Check Cashers*, to include Clerical Telecommuter Employees.

PROPOSED

**CHECK CASHERS – all employees – including tellers, guards, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8850**

This classification applies to each separate check cashing or money transfer location at which the fees charged for check cashing, deferred deposit transactions, payday loans, remittances, money orders or wire transfers equal or exceed 75% of gross receipts. This classification includes Clerical Office Employees and Outside Salespersons at the same location or at separate locations.

Check cashing operations performed by retail stores where fees charged for check cashing, deferred deposit transactions, payday loans, remittances, money orders or wire transfers do not equal or exceed 75% of gross receipts shall be assigned to the applicable retail Stores Industry Group classification.

Banks shall be classified as 8808, *Banks*.

Credit unions shall be classified as 8801, *Credit Unions*.

\* \* \* \* \*

Amend Classification 9015(4), *Churches, Temples, Mosques and Synagogues – all employees other than clergy, professional assistants, organists, members of choir or Clerical Office Employees*, to exclude Clerical Telecommuter Employees.

PROPOSED

**CHURCHES, TEMPLES, MOSQUES AND SYNAGOGUES – all employees other than clergy, professional assistants, organists, members of choir, ~~or~~ Clerical Office Employees or Clerical Telecommuter Employees** **9015(4)**

**When lodging is provided by the employer, the total remuneration shall include the market value of such lodging to the employee.**

Classification 9015(4) includes but is not limited to maintenance employees, janitors, custodians, gardeners, security personnel, drivers and parking lot attendants.

Overnight camps operated by the employer shall be separately classified as 9048(1), *Camps*. The operation of child day care centers whereby services are provided to the public for a fee shall be separately classified as 9059, *Day Care Centers*.

The operation of academic schools for educating children in subjects, including but not limited to reading, language arts, mathematics, science, arts, history and geography shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.

The operation of retail stores for the display and sale of merchandise to congregation members or the general public shall be separately classified.

The operation of shops for the preparation and sale of coffee, tea and other nonalcoholic beverages to congregation members or the general public shall be separately classified as 8078(2), *Beverage Preparation Shops*.

Also refer to companion Classification 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir*.

\* \* \* \* \*

Amend Classification 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir*, to include Clerical Telecommuter Employees.

### PROPOSED

#### **CHURCHES, TEMPLES, MOSQUES AND SYNAGOGUES – clergy, professional assistants, organists or members of choir – including Clerical Office Employees and Clerical Telecommuter Employees 8840**

**When lodging is provided by the employer, the total remuneration shall include the market value of such lodging to the employee.**

Employees assigned to this classification provide spiritual leadership, teaching, counseling, guidance and support for their congregations. Employees include but are not limited to clergy, organists, choir directors and members, youth directors, Sunday school teachers, instructors for religious studies, pastoral counselors and clerical office employees.

This classification also applies to nursery attendants, childcare employees and baby-sitters provided their duties are restricted to providing care for children or infants during religious services.

Overnight camps operated by the employer shall be separately classified as 9048(1), *Camps*. The operation of child day care centers whereby services are provided to the public for a fee shall be separately classified as 9059, *Day Care Centers*.

The operation of academic schools for educating children in subjects, including but not limited to reading, language arts, mathematics, science, arts, history and geography shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.

Also refer to companion Classification 9015(4), *Churches, Temples, Mosques and Synagogues – all employees other than clergy, professional assistants, organists, members of choir or Clerical Office Employees*.

If an employee who performs duties described by Classification 8840 also performs duties described by Classification 9015(4), the payroll of that employee may be divided between Classifications 8840 and 9015(4), provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Part 3, Section V, Rule 3.

\* \* \* \* \*

Amend Classification 4000(2), *Clay Digging*, to clarify its intended application and provide direction as to how related operations should be classified and for clarity.

PROPOSED

**CLAY DIGGING – including construction, repair and maintenance of all buildings, structures or equipment and the installation of machinery** **4000(2)**

This classification applies to ~~the~~clay digging and ~~includes the processing, of the clay,~~ including but not limited to washing, screening, and stockpiling or bagging, of clay when 25% or less of the excavated material is crushed or ground. This classification also applies to the digging of peat.

If more than 25% of the excavated material is crushed or ground, all sand, gravel or clay processing, including but not limited to crushing, grinding, washing, screening and bagging, shall be separately classified as 1710, *Stone Crushing*, unless all crushed product will pass through an 8-mesh or finer screen, in which case the operations shall be separately classified as 1741(1), *Silica Grinding*.

Canal, sewer or cellar excavation or ~~underground~~ mining shall be separately classified.

\* \* \* \* \*

Amend Classification 8810, *Clerical Office Employees*, to direct that Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer shall be classified as 8871, *Clerical Telecommuter Employees*.

PROPOSED

**CLERICAL OFFICE EMPLOYEES – N.O.C.**

**8810**

Assignment of this classification is subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer shall be classified as 8871, *Clerical Telecommuter Employees*.

\* \* \* \* \*



Establish Classification 8871, *Clerical Telecommuter Employees – N.O.C.*, as a Standard Exception classification applicable to Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer.

PROPOSED

**CLERICAL TELECOMMUTER EMPLOYEES – N.O.C.**

**8871**

This classification applies to Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer.

Assignment of this classification is subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

\* \* \* \* \*

Amend Classification 2501(1), *Clothing Mfg.*, for consistency with other proposed changes.

PROPOSED

**CLOTHING MFG. – including embroidery manufacturing**

**2501(1)**

This classification applies to the manufacture of clothing and to the sewing of clothing for other concerns on a fee basis. This classification also applies to the manufacture of leather garments. This classification also applies to specialty operations, including but not limited to:

- Embroidery work,
- Attaching labels, trim, buttons, snaps and zippers onto clothing,
- Cutting clothing parts, and
- Inspecting and repairing new clothing.

This classification includes stone washing, bleaching, sanding or dyeing of clothing when performed incidental to clothing manufacturing operations by the employer. Stone washing, bleaching, sanding or dyeing of clothing when performed for other concerns on a fee basis not in connection with clothing manufacturing operations shall be classified as 2585(2), *Dyeing*.

This classification includes clothing manufacturers that design garments, even if some or all of the sample making, production sewing or assembling operations are subcontracted. Employers that do not design or manufacture the garments in California, but purchase garments for wholesale distribution shall be classified as 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*.

This classification also applies to the manufacture of water bed bladders, inflatable mattresses and sewn products not specifically described by another classification.

The manufacture of hats and helmets shall be classified as 2501(2), *Hat Mfg.*

The manufacture of custom tailored garments or altering garments for other concerns on a fee basis shall be classified as 2501(4), *Tailoring*.

The manufacture of pillows, quilts, comforters, cushions, stuffed animals, sleeping bags and similar non-clothing products that are filled with insulation such as batting or down shall be classified as 2571, *Pillow, Quilt, Comforter or Cushion Mfg.*

The spinning ~~and~~ or weaving of natural ~~and~~ or synthetic fibers shall be classified as 2222, *Spinning, ~~or Weaving~~ or Fiber Processing.*

Machine knitting operations shall be classified as 2362, *Knitting.*

The bleaching, dyeing, mercerizing and finishing of fabric shall be classified as 2413, *Textiles.*

The manufacture of fabric goods, including but not limited to awnings, tarps, canopies, tents, automobile covers, boat covers and sails shall be classified as 2576, *Awning, Tarp or Canvas Goods Mfg.*

The manufacture of leather goods other than clothing shall be classified as 2688, *Leather Goods Mfg.*

Clothing manufacturers that only maintain a distribution center in California shall be classified as 8032, *Stores – clothing, shoes, linens or fabric products – wholesale.*

\* \* \* \* \*

Amend Classification 9069, *Clubs – gaming*, to include a footnote directing that this classification applies to off-track betting facilities and includes pari-mutuel wagering operations provided to horse racing tracks and other horse race betting venues on a contract basis.

### PROPOSED

#### **CLUBS – gaming – all employees – including front desk employees and restaurant or tavern employees 9069**

This classification applies to the operation of casinos and gaming houses, including but not limited to card rooms, off-track betting facilities and bingo parlors.

This classification also applies to the provision of gaming tables, equipment, dealers and operators for private events.

This classification includes the provision of pari-mutuel wagering operations to horse racing tracks or other horse race betting venues on a contract basis.

\* \* \* \* \*

Amend Classification 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**COLLEGES OR SCHOOLS – private – not automobile schools – professors, teachers or academic professional employees**

**8868**

Academic professional employees consist of, but are not limited to, deans, chancellors, vice chancellors, directors, principals, assistant principals, presidents, vice presidents, librarians, registrars, curriculum developers, psychologists, speech therapists and counselors. The responsibilities of such employees typically include planning, directing, administering, counseling or curriculum development.

This classification also applies to teachers' aides, and tutors, athletic team coaches and/or library employees.

This classification also applies to Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers.

Automobile driving schools shall be classified as follows:

- ~~Instructors – 8748, Automobile or Truck Dealers – vehicle salespersons~~
- ~~Vehicle maintenance and repair – 8391, Automobile or Truck Dealers – all employees other than vehicle salespersons~~

The operation of religious organizations, including but not limited to churches, temples, mosques and synagogues shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.

The operation of colleges or schools by municipal, state or other public agencies shall be classified as 8875(1), *Public Colleges or Schools*.

Also refer to companion Classification 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers or academic professional employees – including cafeterias*.

If an employee who performs duties described by Classification 8868 also performs duties described by Classification 9101, the payroll of that employee may be divided between Classifications 8868 and 9101, provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Part 3, Section V, Rule 3.

Recreational or educational day camps that do not include overnight lodging for camp participants shall be classified as 9059, Day Care Centers.

Overnight camps shall be separately classified as 9048(1), Camps.

Automobile driving schools shall be classified as follows:

- Driving or classroom instruction – 8748, Automobile or Truck Dealers – vehicle salespersons
- Vehicle maintenance or repair – 8391, Automobile or Truck Dealers – all employees other than vehicle salespersons

Supported Living Services (SLS) provided to developmentally disabled individuals or In-Home Support Services (IHSS) shall be separately classified as 8827(1), Home Care Services.

\* \* \* \* \*

Amend Classification 8859(1), *Computer Programming or Software Development*, to include Clerical Telecommuter Employees.

PROPOSED

**COMPUTER PROGRAMMING OR SOFTWARE DEVELOPMENT – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8859(1)**

The entire remuneration of each employee shall be included, subject to a maximum of \$139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to those employers that engage in the development or customization of computer programs or software for other concerns on a contract basis, as well as the development of standard (“generic”) programs for use by other concerns.

This classification does not apply to employers that engage in computer programming or software development in support of the employer’s operations, which includes but is not limited to the development of programs for integration into a hardware product sold by the employer.

\* \* \* \* \*

Amend Classification 5606, *Contractors – construction or erection – executive level supervisors*, which is part of the *Construction and Erection Industry Group*, to revise the footnote assigning employees whose non-clerical duties are confined to visiting job sites for pre-construction estimating to Classification 8742, *Salespersons – Outside*, to indicate that the assignment is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

PROPOSED

**CONTRACTORS – construction or erection – executive level supervisors – no direct supervision – division of a single employee’s payroll with any other classification is not permitted** **5606**

This classification may be assigned only in connection with the construction or erection classifications listed in Appendix I, *Construction and Erection Classifications*.

This classification applies to executive level supervisors of construction operations wherein the employer develops payroll in one or more construction or erection classification(s) provided not less than two levels of supervision, as defined in Section IV, Rule 2d, *Executive Level Supervisors*, are retained between the executive level supervisor and the workers performing actual construction operations.

This classification also includes management level employees, such as safety managers, project managers and engineers, who do not supervise construction operations but whose duties include walking through a construction site during the construction phase, provided the employer retains two levels of supervision over the construction crew(s) or where all operations have been subcontracted to licensed subcontractors. Otherwise, such employees are

miscellaneous employees and shall be classified in accordance with Section IV, Rule 2c, *Miscellaneous Employees (Construction or Erection)*.

This classification also applies to executive level supervisors when all construction operations are subcontracted to licensed contractors and no payroll is developed under any construction classification. In such instances, executive level supervisors exercise control exclusively through licensed subcontractors.

On jobs where all construction operations are subcontracted to licensed subcontractors, Classification 5610, *Contractors – construction or erection – all construction subcontracted*, applies to all other employees, including but not limited to job site cleaning and debris removal and post-construction warranty repair operations.

Classification 5606 does not apply to employees whose job site duties are limited to estimating, outside sales or public relations. Employees whose non-clerical duties are confined to visiting job sites for the purpose of pre-construction estimating, or for meeting with clients or other project representatives, are classified as 8742, *Salespersons – Outside*, provided they have no supervisory responsibilities over construction operations, and they do not walk through job sites for purposes such as assessing construction progress, evaluating quality or determining compliance with safety standards, and their activities do not exceed those of Standard Exception Employees. See Section III, Rule 4, *Standard Exceptions*.

Fee-based construction management companies that do not engage in or perform supervision over construction operations, but serve as an intermediary between the general contractor and project owner or otherwise provide expertise regarding a construction project, shall be classified as 8601(1), *Engineers – consulting*.

Also see Section IV, Rule 2, *Construction or Erection Work*.

\* \* \* \* \*

Eliminate Classification 2211(1), *Cotton Batting, Wadding or Waste Mfg.*, because it is no longer statistically credible and reassign the operations described by this classification to Classification 2222, *Spinning or Weaving*.

### PROPOSED

#### **~~COTTON BATTING, WADDING OR WASTE MFG.~~**

**~~2211(1)~~**

~~This classification applies to the manufacture of natural cotton, kapok and synthetic fiber batting, wadding and waste for use as pillow stuffing, furniture upholstery, quilt lining and clothing insulation.~~

~~The manufacture of wool or synthetic felt shall be classified as 2211(3), *Felting Mfg.*~~

~~The preparation of raw wool by combing or scouring shall be classified as 2211(4), *Wool Combing or Scouring*.~~

~~Cotton gin operations shall be classified as 0401, *Cotton Gin Operation*.~~

\* \* \* \* \*

Amend Classification 0401, *Cotton Gin Operation*, for consistency with other proposed changes.

PROPOSED

**COTTON GIN OPERATION – during both active and dormant seasons – including installation or repair of equipment; yard employees; seed or fuel haulers** **0401**

This classification applies to the ginning (removing cotton fibers from their seeds) of cotton, including drying, raking, compressing and baling of cotton, when performed for other concerns on a fee basis or when performed in connection with the purchase and sale of cotton.

The contract storage of baled cotton or purchase and sale of cotton, including cotton compressing, when no ginning operations are performed, shall be classified as 0400, *Warehouses – cotton*.

Cotton batting manufacturing shall be classified as ~~2211(1), Cotton Batting, Wadding or Waste Mfg~~ 2222, Spinning, Weaving or Fiber Processing.

The cultivation and harvesting of cotton shall be separately classified as 0044, *Cotton Farms*.

\* \* \* \* \*

Amend Classification 8801, *Credit Unions*, to include Clerical Telecommuter Employees.

PROPOSED

**CREDIT UNIONS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8801**

This classification applies to not-for-profit, member-owned depository financial institutions that are chartered as federal or state credit unions providing financial services, including but not limited to share draft accounts, individual retirement accounts, savings accounts, travelers' checks and consumer and commercial loans.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers*.

Companies that specialize in direct lending of funds for residential or commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency shall be classified as 8808, *Banks*.

The operation of properties away from the credit union premises, including but not limited to trusts, repossessed properties and other business properties shall be separately classified.

\* \* \* \* \*

Amend Classification 9220(2), *Crematory Operation*, to include cemetery plot or mausoleum sales counselors at the crematory location.

### PROPOSED

#### **CREMATORY OPERATION – all employees**

**9220(2)**

This classification applies to the operation and maintenance of crematories, including cemetery plot or mausoleum sales counselors at the crematory location.

~~Cemetery plot or mausoleum sales counselors shall be classified as 8742, Salespersons – Outside.~~

Cemetery operations shall be separately classified as 9220(1), *Cemetery Operation*.

The operation of funeral homes and mortuaries shall be classified as 9620, *Funeral Directors*.

\* \* \* \* \*

Amend Classification 9059, *Day Care Centers – child*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **DAY CARE CENTERS – child – not residential care facilities – all employees – including receptionists**

**9059**

This classification applies to child day care centers that provide nonmedical care and supervision for children ranging from infancy to 17 years of age for periods of less than 24 hours; preschool programs; ~~and/or~~ before or after school programs that are not operated in connection with public or private schools operated by the same employer.

This classification also applies to recreational or educational day camps that do not include overnight lodging for camp participants.

This classification also applies to day care services provided by employers primarily for the use of their employees' dependents, in accordance with the General Exclusions rule. See Section III, Rule 6, General Exclusions.

Recreational or educational camps that include overnight lodging shall be classified as 9048(1), Camps.

This classification does not apply to child care or supervisory services, including but not limited to day care, preschools, kindergartens and before or after school programs that are operated by the same employer in connection with public or private schools which provide instruction for first grade and higher; such operations shall be classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, 9101,

*Colleges or Schools – private – not automobile schools – all employees other than professors, teachers, or academic professional employees, or 8875(1), Public Colleges or Schools.*

Boys and girls clubs that provide supplemental after school or recreational activities for school age children on an elective or drop-in basis shall be classified as 9067(2), *Clubs – boys and girls.*

\* \* \* \* \*

Amend Classification 9529(2), *Decorating*, to remove the footnote assigning interior decorators and designers who do not install or place furnishings to Classification 8742, *Salespersons – Outside*, as this is not a definitive assignment and must be based on the actual duties performed by each decorator or designer.

### PROPOSED

#### **DECORATING – interior or exterior – hanging flags or bunting for conventions or celebrations 9529(2)**

This classification applies to decorating the interior or exterior of buildings, streets, parking lots or malls with flags, banners, pennants or bunting in connection with conventions, celebrations, festivals or parades. This classification also applies to the installation of seasonal decorations, including but not limited to garland, trees, stars, balloons, lights, inflatable figurines and props. This classification includes the installation of similar items for advertising or commercial purposes.

The erection, removal or repair of tents away from the shop shall be classified as 9529(3), *Tent – erection, removal or repair.*

Painting or wallpaper installation shall be classified as 5474(1)/5482(1), *Painting or Wallpaper Installation.*

The installation or placement of house furnishings for other concerns on a fee basis shall be classified as 9521(1), *House Furnishings.*

~~Interior decorators or designers who operate on a fee basis and do not engage in the installation or placement of furnishings shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.~~

The installation of floor coverings, including but not limited to linoleum, vinyl, asphalt or rubber tile, carpet or rugs within buildings shall be classified as 9521(2), *Floor Covering.*

The installation of window coverings shall be classified as 9521(3), *Window Covering.*

\* \* \* \* \*



Amend Classification 5107, *Door, Door Frame or Pre-Glazed Window Installation*, which is part of the *Construction and Erection Industry Group*, for consistency with other proposed changes.

PROPOSED

**DOOR, DOOR FRAME OR PRE-GLAZED WINDOW INSTALLATION – not overhead doors** **5107**

This classification applies to the installation or erection of prefabricated doors, door frames or pre-glazed windows within commercial or residential buildings, provided such operations are not performed in connection with structures framed by the employer at the same job or location.

The installation or erection of ~~prefabricated~~ doors, door frames or pre-glazed windows in connection with wood or steel framing performed by the employer at the same job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation, service or repair of overhead doors, including tilt-up, sectional and roll-up doors, shall be classified as 5108, *Door Installation – overhead doors*.

The installation, service or repair of automatic door openers shall be separately classified as 9519(1), *Household Appliances*.

The installation of sheet glass windows or insulated glass units at customers' locations shall be separately classified as 5467/5470, *Glaziers*.

The installation of shower doors, screen doors or mirrors shall be separately classified as 5146(1), *Cabinet, or-Fixtures or Trim Installation*.

\* \* \* \* \*

Amend Classification 3060(2), *Door or Window Frame Mfg.*, for consistency with other proposed changes.

PROPOSED

**DOOR OR WINDOW FRAME MFG. – metal or plastic** **3060(2)**

This classification applies to the manufacture of metal or plastic door or window frames. This classification also applies to the manufacture of metal or plastic frames or components for use in the manufacture of mirrors, skylights, screen doors, window screens, patio covers or sunroom enclosures.

~~The installation of screen doors or window screens shall be separately classified as 5146(1), *Cabinet or Fixtures*.~~

~~The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg.*~~

The manufacture of metal, plastic or combination metal, plastic or glass doors or windows shall be classified as 3060(1), *Door or Window Mfg. – metal or plastic*.

The manufacture of metal or plastic framed screen doors or window screens shall be classified as 3060(3), *Door or Window Screen Mfg.*—~~screen~~.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing at the same job or location, the installation of ~~prefabricated~~ doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of unglazed metal window frames shall be classified as 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

The installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings, including the incidental installation of framework and glass cutting at the job site, shall be classified as 5467/5470, *Glaziers*.

The installation of screen doors or window screens shall be separately classified as 5146(1), *Cabinet, Fixture or Trim Installation*.

The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg.*

\* \* \* \* \*

Amend Classification 3060(1), *Door or Window Mfg. – metal or plastic*, for consistency with other proposed changes.

### PROPOSED

#### **DOOR OR WINDOW MFG. – metal or plastic – including shop glazing**

**3060(1)**

This classification applies to the manufacture or shop repair of metal, plastic or combination metal, plastic or glass doors or windows, including but not limited to entry doors, patio doors, garage doors, mirrored wardrobe doors, shower doors, revolving doors, casement windows, sliding windows, awning windows and skylights. This classification also applies to the manufacture of metal, plastic or combination metal, plastic or glass tub or shower enclosures, moveable interior wall partitions, bulletin boards or basketball backboards.

~~The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg. – wood*.~~

~~The installation of tub or shower enclosures, mirrored wardrobe doors, screen doors or window screens shall be separately classified as 5146(1), *Cabinet or Fixtures*.~~

The manufacture of metal or plastic door or window frames shall be classified as 3060(2), *Door or Window Frame Mfg.*

The manufacture of metal or plastic framed screen doors or window screens shall be classified as 3060(3), *Door or Window Screen Mfg. – ~~screen~~*.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing at the same job or location, the installation of ~~prefabricated~~ doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings, including the incidental installation of framework and glass cutting at the job site, shall be classified as 5467/5470, *Glaziers*.

The installation of overhead or roll up doors shall be classified as 5108, *Door Installation*.

The installation of tub or shower enclosures, mirrored wardrobe doors, screen doors or window screens shall be separately classified as 5146(1), *Cabinet, Fixture or Trim Installation*.

The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg. – wood*.

\* \* \* \* \*

Amend Classification 3060(3), *Door or Window Mfg. – screen*, to clarify its intended application.

### PROPOSED

#### **DOOR OR WINDOW SCREEN MFG. – ~~screen~~metal or plastic framed**

**3060(3)**

This classification applies to the manufacture of metal or plastic framed screen doors or window screens.

~~The installation of screen doors or window screens shall be separately classified as 5146(1), *Cabinet or Fixtures*.~~

The manufacture of wood framed screen doors or window screens shall be classified as 2806(1), *Door, Sash or Window Mfg. – wood*.

The manufacture of metal, plastic or combination metal, plastic ~~and~~ or glass doors or windows shall be classified as 3060(1), *Door or Window Mfg. – metal or plastic*.

The manufacture of metal or plastic door or window frames shall be classified as 3060(2), *Door or Window Frame Mfg. – metal or plastic*.

The installation of screen doors or window screens shall be separately classified as 5146(1), *Cabinet, Fixture or Trim Installation*.

\* \* \* \* \*

Amend Classification 3570, *Electric Appliance Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **ELECTRIC APPLIANCE MFG. – N.O.C.**

**3570**

This classification applies to the manufacture ~~or repair~~ of electric appliances, including but not limited to domestic appliances and portable cooking appliances. Electric appliances include but are not limited to lighting apparatus, flashlights, heating elements, portable space heaters.

battery chargers, battery pack assemblies, ~~and domestic appliances such as vacuum cleaners, food processors and hair dryers,~~ microwave ovens, food processors, toaster ovens, waffle irons and slow cookers. This classification includes the shop repair of electric appliances by the manufacturer.

The shop repair of electric appliances by repair shops that are not the manufacturer shall be classified as 9519(1), Household Appliances.

The installation, service or repair of electric appliances away from the shop shall be separately classified as 9519(1), Household Appliances.

\* \* \* \* \*

Amend Classification 7539, *Electric Power Companies*, to include meter reading activities.

### PROPOSED

#### **ELECTRIC POWER COMPANIES – all operations – including construction or extension of lines 7539**

This classification applies to publicly or privately operated electric power companies that supply electrical power to customers. This classification includes the operation of all types of power generation plants or systems, including but not limited to hydro, solar, wind, geothermal, biomass and landfill gas power plants. This classification also includes the construction, operation, maintenance or repair of substations or transmission lines and the reading, installation or repair of electric meters.

The erection of aerial power lines by separate concerns shall be classified as 7538, *Electric Power Line Construction*.

The construction of buildings, dams or reservoirs shall be separately classified.

~~Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, Salespersons – Outside.~~

\* \* \* \* \*

Amend Classification 3681(1), *Instrument Mfg.*, which is part of the *Electronics* Industry Group, to provide direction as to how related operations should be classified.

### PROPOSED

#### **ELECTRONICS INDUSTRY**

#### **INSTRUMENT MFG. – electronic – professional or scientific – N.O.C. 3681(1)**

This classification applies to the manufacture or shop repair of electronic instruments that are not specifically described by another classification, including but not limited to electronic altimeters, air speed indicators and telemetry instruments, electronic centrifuges, cell

sequencers, bio-sensor equipment, mass spectrometers, electronic scales, programmable electronic control systems, electronic point of sale (POS) systems, calculators, electron and laser microscopes, electron accelerators and fraction collectors, electronic toxic gas or vapor detection systems, radiation monitoring equipment, ohm meters, frequency synthesizers and printed circuit board test equipment. This classification also applies to the manufacture of electronic or electronically controlled manufacturing equipment for the semiconductor industry, including but not limited to vapor ovens, wafer inspection stations, wafer probe systems, wet processing equipment, photo mask inspection equipment, diffusion etching machines, wafer cleaning equipment, wafer dicing saws and plasma etching machines.

This classification also applies to the manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

The installation or repair of instruments, or the repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, away from shop shall be separately classified as 5128, *Instrument Installation, Service or Repair*.

The manufacture of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier shall be classified as 3830(2), *Unmanned Aircraft System Mfg.*

The manufacture of electronic medical equipment used for diagnostic or treatment purposes shall be classified as 3572, *Medical Instrument Mfg.*

The manufacture of non-electronic instruments shall be classified as 3682, *Instrument Mfg. – non-electronic*.

The manufacture of industrial robotic systems shall be classified as 3560(2), *Machinery Mfg. – industrial*, or 3560(3), *Machinery Mfg. – material handling equipment*.

~~The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.~~

~~The installation or repair of instruments, or the repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, away from shop shall be separately classified as 5128, *Instrument Installation, Service or Repair*.~~

\* \* \* \* \*

Amend Classification 8601(1), *Engineers*, to include Clerical Telecommuter Employees.

PROPOSED

**ENGINEERS – consulting – mechanical, civil, electrical or mining engineers or architects – not engaged in actual construction or operation – including ~~Outside Salespersons and Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons~~** **8601(1)**

This classification applies to engineering or architectural consultants who provide technical advice to construction companies, land development companies, building contractors or similar concerns on a fee basis, or to the testing of construction building materials in connection with consulting engineering performed by the same employer. This classification also applies to land surveying prior to or during construction for separate concerns on a fee basis.

Engineering, when performed in support of an employer's own manufacturing, processing or construction operations, is assigned to the applicable manufacturing, processing or construction classification or to the applicable Standard Exception classification.

This classification also applies to fee-based construction management companies that do not engage in or supervise construction operations, but serve as an intermediary between the general contractor and project owner, or otherwise provide expertise regarding a construction project.

Forest engineers shall be classified as 8601(4), *Forest Engineers*.

Oil or gas geologists or scouts shall be classified as 8601(2), *Oil or Gas Geologists or Scouts*.

Fee-based testing operations, including but not limited to the testing of air, water, soil, metal, concrete and other building materials not resulting in recommendations, remediation options or design advice shall be classified as 4511, *Analytical or Testing Laboratories*.

\* \* \* \* \*

Amend Classification 0050, *Farm Machinery Operation*, to move this classification to the *Farms* Industry Group.

PROPOSED

**FARMS**

**FARM MACHINERY OPERATION – by contractors – including yard employees** **0050**

This classification applies to employers that provide machinery and operating crews to conduct mechanized farming operations for separate concerns on a fee basis. Such operations include but are not limited to soil preparation, harvesting, pruning, baling, threshing and the application of insecticides, fertilizers, herbicides or seeds using farm machinery.

The aerial application of insecticides, fertilizers, herbicides or seeds onto farmlands shall be classified as 7409, *Aircraft Operation – agricultural – dusting, spraying or seeding – members of the flying crew*, and 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*.

Contract grading of farm land shall be classified as 6218(3)/6220(3), *Land Leveling – grading farm lands*.

\* \* \* \* \*

Eliminate Classification 2211(3), *Felting Mfg.*, because it is no longer statistically credible and reassign the operations described by this classification to Classification 2222, *Spinning or Weaving*.

### PROPOSED

#### **FELTING MFG.**

**2211(3)**

~~This classification applies to the manufacture of wool or synthetic felt.~~

~~The manufacture of natural and synthetic batting, wadding and waste for use as pillow stuffing, furniture upholstery, quilt lining and clothing insulation shall be classified as 2211(1), *Cotton Batting, Wadding or Waste Mfg.*~~

~~The preparation of raw wool by combing or scouring shall be classified as 2211(4), *Wool Combing or Scouring*.~~

~~The manufacture of asphalt saturated building or roofing paper or felt shall be classified as 4283, *Building or Roofing Paper or Felt Asphalt Saturation*.~~

\* \* \* \* \*

Amend Classification 0035, *Florists*, to move this classification to the *Farms* Industry Group and clarify its intended application.

### PROPOSED

#### **FARMS**

##### **FLORISTS – cultivating or gardening**

**0035**

This classification applies to employers that cultivate or garden flowers, potted flower plants, ferns ~~and/or~~ similar potted plants that are sold for indoor decorative purposes. This classification also applies to the cultivation of herbs, edible flowers ~~and marijuana~~, microgreens or cannabis. ~~This classification includes the cultivation of plants described herein using hydroponic methods.~~

Employers engaged in the sale of cut flowers, potted flower plants, ferns ~~and/or~~ similar potted plants for indoor decorative purposes shall be classified as 8001, *Stores – florists*.

Employers engaged in the propagation and cultivation of nursery stock, bedding plants, bulbs ~~and/or~~ trees that are sold for outdoor planting or decorative purposes shall be classified as 0005, *Nurseries*.

\* \* \* \* \*

Amend Classification 8601(4), *Forest Engineers*, to include Clerical Telecommuter Employees.

PROPOSED

**FOREST ENGINEERS – including ~~Outside Salespersons and Clerical Office Employees,~~ 8601(4)  
Clerical Telecommuter Employees and Outside Salespersons**

This classification includes timber cruising.

\* \* \* \* \*

Amend Classification 3110(1), *Forging Works*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**FORGING WORKS – drop or machine – including trimming or grinding, heat treating and die 3110(1)  
making operations**

This classification applies to the heating and shaping of metal using compressive forces. This classification includes incidental processing operations, including but not limited to heat treating and trimming and grinding to remove excess metal ~~and heat treating~~. This classification also includes the manufacture of tool parts or dies that are used in the employer's operations.

~~The machining of forged parts to produce finished parts or products, including but not limited to connectors, fittings, valves, couplings, connecting rods, cylinders, engine mounts, pliers, hammers, sledges, wrenches and sockets shall be separately classified.~~

The manufacture of hand-forged iron, brass, bronze or steel products shall be classified as 3110(3), *Blacksmithing*.

The casting of iron shall be classified as 3081, *Foundries – iron*.

The casting of steel shall be classified as 3082, *Foundries – steel castings*.

The casting of nonferrous metal shall be classified as 3085, *Foundries – nonferrous*.

The machining of forged parts to produce finished parts or products, including but not limited to connectors, fittings, valves, couplings, connecting rods, cylinders, engine mounts, pliers, hammers, sledges, wrenches and sockets shall be separately classified.

\* \* \* \* \*



Amend Classification 3175, *Furnace or Heater Mfg.*, to provide direction as to how related operations should be classified.

PROPOSED

**FURNACE OR HEATER MFG.**

**3175**

This classification applies to the manufacture of industrial ovens or kilns, or commercial or household furnaces. This classification also applies to the manufacture of metal fireplaces, gas or propane space heaters, paint booth heaters, industrial clothes dryers or crematory equipment.

~~The installation, service or repair of industrial ovens or kilns shall be classified as 3724(1), *Millwright Work*.~~

The installation, service or repair of heaters or furnaces within commercial or residential buildings away from the shop shall be classified as 5183(3)/5187(3), *Heating or Air Conditioning Equipment*, provided the same employer does not engage in the installation of ductwork at the same job or location. The installation or repair of heating or air conditioning equipment where ductwork installation is performed by the employer at the same job or location shall be classified as 5538(2)/5542(2), *Heating or Air Conditioning Ductwork*.

The manufacture or shop repair by the manufacturer of portable electric space heaters shall be classified as 3570, *Electric Appliance Mfg.*

The manufacture of wood burning stoves, or gas or electric commercial or household stoves or ovens used in cooking or baking food shall be classified as 3169(1), *Stove or Oven Mfg.*

The manufacture of commercial or household water heaters if 50% or more of the metal used is lighter than #9 gauge shall be classified as 3169(2), *Water Heater Mfg.* If more than 50% of the metal used is #9 gauge or heavier, the manufacture of commercial or household water heaters shall be classified as 3620(1), *Boiler Mfg.*

The manufacture or shop repair of swimming pool or spa water heaters shall be classified as 3501(2), *Machinery Mfg. – swimming pool or spa*.

~~The manufacture of commercial food processing equipment or machinery shall be classified as 3560(1), *Machinery Mfg. – commercial food processing equipment*.~~

The manufacture or shop repair of industrial autoclaves shall be classified as 3560(2), *Machinery Mfg. – industrial*.

The installation, service or repair of industrial ovens or kilns shall be separately classified.

\* \* \* \* \*

Amend Classification 8293(2), *Furniture Moving*, for consistency with other proposed changes.

PROPOSED

**FURNITURE MOVING – including packing or handling**

**8293(2)**

This classification applies to transporting, preparing or packing furniture or household goods for other concerns on a fee basis. This classification also applies to transporting, preparing or packing office furniture or fixtures for other concerns on a fee basis.

The storage of new furniture for furniture manufacturers or stores shall be classified as 8292, *Warehouses – general merchandise*.

The storage of furniture or household goods for other concerns on a fee basis shall be classified as 8293(1), *Warehouses – furniture*.

The storage of portable storage units, regardless of their contents, shall be classified as 8292, *Warehouses – general merchandise*.

The transporting of furniture under contract for furniture manufacturers or stores shall be classified as 7219(1), *Trucking Firms*.

The disassembly and reinstallation of modular furniture, partitions or workstations in connection with moving office furniture shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

\* \* \* \* \*

Amend Classification 7500, *Gas Works*, to include meter reading activities.

PROPOSED

**GAS WORKS – all operations – including construction or extension of lines**

**7500**

This classification applies to the operations of publicly or privately operated natural gas utility companies. The operations include but are not limited to the operation and maintenance of gas processing and storage plants; construction or repair of gas lines and valves; installation, repair and replacement of flow regulation and metering devices; meter reading activities; and the sale and delivery of containerized propane or liquefied petroleum gas.

~~Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, Salespersons – Outside.~~

The sale and delivery of containerized propane or liquefied petroleum gas by separate concerns shall be classified as 8350, *Gasoline or Oil Dealers*.

The operation of gas pipelines on a fee basis shall be classified as 7515, *Oil or Gas Pipeline Operation*.

The construction of gas pipelines between natural gas producing fields and points of connection with local distributing systems by separate concerns shall be classified as 6233, *Oil or Gas Pipeline Construction*.

The construction of gas mains along streets or roads by separate concerns shall be classified as 6315(2)/6316(2), *Gas Mains or Connections Construction*.

\* \* \* \* \*

Amend Classification 4130, *Glass Merchants*, to clarify its intended application and for consistency with other proposed changes.

### PROPOSED

#### **GLASS MERCHANTS – including bending, grinding, beveling or silvering plate glass – including counterpersons**

**4130**

This classification applies to glass ~~dealers or shops~~ merchants that sell glass stock or insulated glass units to other concerns. This classification also applies to related fabrication, including but not limited to the cutting, beveling, tempering, laminating and polishing of glass as required by customer orders, and the incidental engraving of the fabricated glass. This classification also applies to the manufacture of mirrored glass by silvering. This classification includes the shop repair of glass items, including but not limited to windows, mirrors and table tops.

Glass cutting operations that are performed in connection with door or window manufacturing operations by the same employer shall be classified as 3060(1), *Door or Window Mfg. – metal or plastic*.

The manufacture of hand-blown glass or hand-assembled glass products shall be classified as 4111(1), *Glassware Mfg. – no automatic or semi-automatic machines*.

The manufacture of glass products by use of automatic or semi-automatic machines shall be classified as 4114, *Glassware Mfg. – N.O.C.*

The manufacture of stained glass windows, leaded glass windows, art glass panels, glass mosaics or lampshades shall be classified as 4111(3), *Cathedral or Art Glass Products Mfg.*

The installation of tub or shower enclosures, mirrors, mirrored wardrobe doors or window screens shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

The repair or replacement of automobile or truck glass shall be separately classified as 8389, *Automobile or Truck Repair Facilities*.

The installation of glass panes or insulated glass units at customers' locations shall be separately classified as 5467/5470, *Glaziers*.

\* \* \* \* \*

Amend Classifications 5467/5470, *Glaziers*, which are part of the *Construction and Erection* Industry Group, for consistency with other proposed changes.

PROPOSED

**GLAZIERS – away from shop – employees whose regular hourly wage does not equal or exceed \$33.00 per hour** **5467**

This classification applies to the installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings. This classification includes the incidental installation of framework and glass cutting at the job site.

The installation of prefabricated doors, door frames or pre-glazed windows within residential or commercial buildings shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing, the installation of doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of tub or shower enclosures, mirrors, mirrored wardrobe doors or window screens shall be separately classified as 5146(1), *Cabinet, ~~or Fixtures~~ or Trim Installation*.

~~The repair or replacement of automobile or truck glass shall be separately classified as 8389, Automobile or Truck Repair Facilities.~~

The application of window film or glass tinting shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The shop cutting of glass shall be classified as 4130, *Glass Merchants*.

The repair or replacement of automobile or truck glass shall be separately classified as 8389, Automobile or Truck Repair Facilities.

**GLAZIERS – away from shop – employees whose regular hourly wage equals or exceeds \$33.00 per hour** **5470**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$33.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$33.00 per hour shall be classified as 5467, *Glaziers*.**

This classification applies to the installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings. This classification includes the incidental installation of framework and glass cutting at the job site.

The installation of prefabricated doors, door frames or pre-glazed windows within residential or commercial buildings shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing, the installation of doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of tub or shower enclosures, mirrors, mirrored wardrobe doors or window screens shall be separately classified as 5146(1), *Cabinet, ~~or Fixtures~~ or Trim Installation*.

~~The repair or replacement of automobile or truck glass shall be separately classified as 8389, Automobile or Truck Repair Facilities.~~

The application of window film or glass tinting shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The shop cutting of glass shall be classified as 4130, *Glass Merchants*.

The repair or replacement of automobile or truck glass shall be separately classified as 8389, *Automobile or Truck Repair Facilities*.

\* \* \* \* \*

Amend Classification 5436, *Hardwood Floor Laying*, which is part of the *Construction and Erection* Industry Group, to provide direction as to how related operations should be classified.

### PROPOSED

#### **HARDWOOD FLOOR LAYING – including finishing**

**5436**

This classification applies to the installation of unfinished, prefinished or engineered hardwood or bamboo flooring or the refinishing of hardwood or bamboo floors. This classification includes the installation of baseboard molding performed in connection with floor installation or refinishing.

The installation of linoleum, vinyl, cork, asphalt or rubber tile, or laminate floor covering (not hardwood) flooring within buildings, as well as the laying of carpets or rugs, shall be classified as 9521(2), *Floor Covering – installation*.

The installation of tile, stone, mosaic or terrazzo flooring shall be classified as 5348, *Tile, Stone, Mosaic or Terrazzo Work*.

\* \* \* \* \*

Amend Classification 8839, *Dentists and Dental Surgeons*, which is part of the *Health and Human Services* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### **HEALTH AND HUMAN SERVICES**

#### **DENTISTS AND DENTAL SURGEONS – all employees – including Clerical Office Employees and Clerical Telecommuter Employees**

**8839**

This classification also applies to orthodontists and periodontists.

This classification includes the manufacture or customization of dental products, including but not limited to crowns, dentures, inlays and bridges when such operations are primarily in support of the dental services provided.

The manufacture or customization of dental products primarily for other concerns shall be separately classified as 4692, *Dental Laboratories*.

\* \* \* \* \*

Amend Classification 8827(1), *Home Care Services*, which is part of the *Health and Human Services* Industry Group, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**HOME CARE SERVICES – all employees**

**8827(1)**

This classification applies to employers that provide in-home personal care services, including but not limited to assistance with meals, dressing, personal hygiene, housekeeping and companionship for customers who are in need of such services due to age, illness or disability. This classification includes Supported Living Services (SLS) provided to developmentally disabled individuals or In-Home Support Services (IHSS).

This classification includes ~~the provision of~~ home infusion therapy services when performed in connection with home care services. ~~The provision of~~ home infusion therapy services that are not performed in connection with home care services shall be classified as 8852, *Home Infusion Therapists*.

Employers that provide registered nurses, licensed vocational nurses ~~and~~ or certified nursing assistants to ~~provide~~ deliver in-home nursing care services ~~for~~ to patients shall be classified as 8827(2), *Nursing Care – in private residences*.

Private residence cleaning services that are not performed in connection with home care services shall be classified as 9096, *Residential Cleaning Services*.

Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees.*

\* \* \* \* \*

Amend Classification 9043, *Hospitals*, which is part of the *Health and Human Services* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**HOSPITALS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons**

**9043**

The payroll for student nurses and interns shall be included at an average wage of at least \$100 per week.

This classification applies to facilities that are licensed by the California Department of Public Health as a General Acute Care Hospital, Acute Psychiatric Hospital or Special Hospital. Hospitals retain medical staff with the capability to provide 24-hour inpatient care. This

classification includes skilled nursing facilities operated by the acute care hospital when both facilities operate under a single license as an acute care hospital.

Skilled nursing facilities operated under a separate license shall be classified as 8829(1), *Skilled Nursing Facilities*.

A medical clinic that operates at a location separate from the hospital shall be classified as 8834, *Physicians' Practices and Outpatient Clinics*, provided the clinic does not provide 24-hour inpatient care.

Hospitals operated by municipal, state or other public agencies shall be classified as 8830, *Institutional Employees*.

Hospitals operated in connection with jails or prisons shall be classified as 7720, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – including deputies – not volunteers*.

\* \* \* \* \*

Amend Classification 8827(2), *Nursing Care*, which is part of the *Health and Human Services* Industry Group, for clarity.

### PROPOSED

#### HEALTH AND HUMAN SERVICES

##### NURSING CARE – in private residences – all employees

8827(2)

This classification applies to home care agencies that provide registered nurses, licensed vocational nurses ~~and/or~~ certified nursing assistants to ~~provide~~ deliver in-home nursing care services ~~for~~ to patients. This classification includes the provision of ~~additional~~ nonmedical services, including but not limited to assistance with meals, dressing, companionship, housekeeping and personal hygiene.

This classification also includes the provision of home infusion therapy services when performed in connection with in-home nursing care services. ~~The provision of home infusion therapy services that are not performed in connection with home care services shall be classified as 8852, Home Infusion Therapists.~~

Employers that provide in-home personal care services, including but not limited to assistance with meals, dressing, personal hygiene, housekeeping and companionship for customers who are in need of such services due to age, illness or disability shall be classified as 8827(1), *Home Care Services*.

Private residence cleaning services that are not performed in connection with in-home nursing care services shall be classified as 9096, *Residential Cleaning Services*.

\* \* \* \* \*

Amend Classification 8834, *Physicians' Practices and Outpatient Clinics*, which is part of the *Health and Human Services* Industry Group, to include Clerical Telecommuter Employees and clarify its intended application.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**PHYSICIANS' PRACTICES AND OUTPATIENT CLINICS – all employees – including Clerical Office Employees and Clerical Telecommuter Employees 8834**

This classification applies to physicians' practices ~~and/or~~ clinics that provide outpatient medical services that are less than 24 hours in duration to treat patients for illness, disease ~~and/or~~ disorders. Outpatient medical services also include but are not limited to surgery; medical weight loss treatment; physical therapy; acupuncture; chiropractic care; dialysis; X-ray laboratory services; and blood, body fluid ~~and/or~~ tissue collection ~~and/or~~ testing. This classification includes the dispensing or provision of medication or medical equipment exclusively to patients by physicians' practices or outpatient clinics, including but not limited to eyeglasses, braces, supports, mobility aids and home testing or monitoring equipment.

This classification also applies to blood banks or blood donor centers.

Physicians employed by facilities, including but not limited to hospitals, skilled nursing facilities and residential care facilities shall be assigned to the classification applicable to the facility.

\* \* \* \* \*

Amend Classification 9085, *Residential Care Facilities for Children*, which is part of the *Health and Human Services* Industry Group, for clarity.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**RESIDENTIAL CARE FACILITIES FOR THE DEVELOPMENTALLY DISABLED – including supervisors and receptionists 9085**

This classification applies to ~~the operation of~~ residential facilities that provide care and supervision for children or adults who are developmentally disabled. The term developmental disability refers to a severe and chronic disability that is attributable to a mental or physical impairment that begins before an individual reaches adulthood.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees who provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification also applies to intermediate care facilities that may retain nursing staff to provide intermittent skilled nursing services (not continuous skilled nursing care) for



developmentally disabled children or adults. Facilities that provide 24-hour continuous skilled nursing care for residents shall be classified as 8829(1), *Skilled Nursing Facilities*.

Operating schools, or Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers, shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers, or academic professional employees*. The provision of Supported Living Services (SLS) to developmentally disabled individuals or In-Home Support Services (IHSS) to developmentally disabled individuals shall be classified as 8827(1), *Home Care Services*.

~~Operating~~ Residential facilities that provide nonmedical care and supervision for children (not developmentally disabled) shall be classified as 8823, *Residential Care Facilities for Children*.

~~Operating~~ Residential facilities that provide assisted care and supervision for adults (not developmentally disabled) shall be classified as 9070(3), *Residential Care Facilities for Adults*.

~~Operating~~ Residential facilities that provide assisted care and supervision for the elderly (not developmentally disabled) shall be classified as 9070(1), *Residential Care Facilities for the Elderly*.

\* \* \* \* \*

Amend Classification 9521(1), *House Furnishings*, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

### PROPOSED

#### **HOUSE FURNISHINGS – ~~N.O.C.~~ installation – including upholstering – ~~N.O.C.~~**

**9521(1)**

This classification applies to the installation or placement of house furnishings, including but not limited to freestanding furniture, fireplace hardware, wall padding, wall upholstery, upholstered acoustical wall panels and decorative accessories when there is no other classification that more accurately describes the operations. This classification also applies to picture hanging or artwork installation services for separate concerns on a fee basis.

The installation of cabinets, fixtures, paneling, shutters, sliding wardrobe doors, accordion doors, bathtub enclosures, interior trim, ~~builders finish~~, display racks, exhibit booths, restaurant or store fixtures, theatrical scenery, modular office partitions or laminate, wood or plastic countertops, shall be classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

Window covering installation other than shutters within buildings shall be classified as 9521(3), *Window Covering*.

~~Household appliance~~ The installation, service or repair of household appliances shall be classified as 9519(1), *Household Appliances*.

Painting or wallpaper installation shall be classified as 5474(1)/5482(1), *Painting or Wallpaper Installation*.

~~The~~ Transporting of household goods, or furniture, office furniture or fixtures for separate concerns on a fee basis shall be classified as 8293(2), *Furniture Moving*.

Floor covering or light fixture installation shall be separately classified.

\* \* \* \* \*

Amend Classification 9519(1), *Household Appliances*, to provide direction as to how related operations should be classified.

PROPOSED

**HOUSEHOLD APPLIANCES – installation, service or repair – shop or outside**

**9519(1)**

This classification applies to the installation, service or repair of household appliances, including but not limited to refrigerators, freezers, washers, dryers, dishwashers, ovens, ranges, broilers, barbeques, grills, fryers, dehumidifiers, trash compactors, garbage disposals, patio heaters, vacuum cleaners, sewing machines and portable air conditioning units for separate concerns on a fee basis. This classification also applies to the installation, service or repair of exercise equipment for household use.

This classification also applies to the installation, service or repair of beer coils; ~~or soft drink dispensing machines; or countertop appliances used in commercial kitchens. It also applies to the repair of motorized wheelchairs or mobility scooters; or the installation, service or repair of countertop appliances used in commercial kitchens other than shop repair by the manufacturer.~~

This classification also applies to the installation, service or repair of automatic door openers. The installation of doors other than overhead doors shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*. The installation of overhead doors shall be classified as 5108, *Door Installation – overhead doors*.

The shop repair of electric appliances by the manufacturer shall be classified as 3570, *Electric Appliance Mfg.*

The shop repair of motorized wheelchairs or mobility scooters by the manufacturer shall be classified as 3076(6), *Wheelchair Mfg.*

The shop repair of self-contained metal refrigerators or freezers by the manufacturer shall be classified as 3165(2), *Refrigerator Mfg.*

The shop repair of gas or electric household or commercial stoves or ovens by the manufacturer shall be classified as 3169(1), *Stove or Oven Mfg.*

The installation, service or repair of exercise equipment in health clubs, fitness studios or other commercial or public exercise facilities shall be classified as 3724(1), *Millwright Work*.

The installation, service or repair of appliances, other than countertop appliances, in commercial kitchens shall be classified as 3724(1), *Millwright Work*.

The installation, service or repair of commercial refrigeration systems or equipment, including but not limited to commercial ice makers, refrigerators and walk-in refrigerators, when any portion of these operations is performed away from the shop, shall be classified as 5183(2)/5187(2), *Refrigeration Equipment*.

The installation, service or repair of air conditioning systems that are not portable units shall be classified as 5183(3)/5187(3), *Heating or Air Conditioning Equipment*.

The installation, service or repair of water heaters shall be classified as 5183(1)/5187(1), *Plumbing*.

The installation or placement of house furnishings for other concerns on a fee basis shall be classified as 9521(1), *House Furnishings*.

The installation, service or repair of household water softening, conditioning or filtration systems shall be classified as 9519(4), *Water Softening, Conditioning or Filtration Systems*.

Electrical wiring shall be separately classified.

Repair departments at stores shall be classified in accordance with Section IV, Rule 6, *Stores*.

\* \* \* \* \*

Amend Classification 8720(1), *Inspection for Insurance, Safety or Valuation Purposes*, to revise the footnotes assigning property appraisers and insurance claims or insurance fraud investigation companies that exclusively perform investigations that do not require surveillance of persons without their knowledge to Classification 8742, *Salespersons – Outside*, or Classification 8810, *Clerical Office Employees*, to indicate that the assignment of 8742 or 8810 is subject to the rules set forth in Section III, Rule 4, *Standard Exceptions*.

### PROPOSED

#### **INSPECTION FOR INSURANCE, SAFETY OR VALUATION PURPOSES – N.O.C. – including 8720(1) Outside Salespersons**

This classification applies to employers that perform inspections for insurance, safety or valuation purposes on a fee basis, including but not limited to boiler inspections, electric meter inspection and testing, backflow valve inspection and testing, energy efficiency inspections, fire protection and safety inspections, log scaling and agricultural products inspection. This classification also applies to monitoring the flow of fluids on oil leases or along pipelines on a fee basis.

This classification also applies to insurance claims or insurance fraud investigations performed on a fee basis that involve surveillance of persons without their knowledge.

Insurance claims or insurance fraud investigation companies that exclusively perform investigations that do not require surveillance of persons without their knowledge shall be classified as 8742, *Salespersons – Outside*, or 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*. Insurance claims investigations performed by insurance companies shall be classified as 8822, *Insurance Companies*.

Investigation operations for other than insurance claims or insurance fraud shall be classified as 7721(1), *Detective or Private Investigative Agencies*.

When performed in connection with an employer's own operations, other than construction or erection, the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

Property appraisal (or property appraisal in combination with clerical activities) on a fee basis shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

The weighing, grading, inspecting or sampling of merchandise at docks, railway stations or warehouses on a fee basis shall be classified as 8720(3), *Weighers, Samplers or Inspectors of Merchandise on Docks or at Railway Stations or Warehouses*.

The fee inspection of boats, ships or marine vessels for safety or to determine seaworthiness or the fee inspection or surveying of cargo that may have been damaged in marine transit shall be classified as 7248, *Marine Appraisers or Surveyors*.

The provision of legal support services on a fee basis, including but not limited to process serving of summons, subpoenas and complaints; filing court documents; or reproducing documents shall be classified as 8821, *Law Firm Support Services*.

\* \* \* \* \*

Amend Classification 8822, *Insurance Companies*, to include Clerical Telecommuter Employees.

### PROPOSED

#### **INSURANCE COMPANIES – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8822**

This classification applies to employers licensed by the California Department of Insurance as insurance companies to underwrite a variety of commercial or personal coverages, including but not limited to health, disability, automobile, property, title, liability, workers' compensation, life and annuity insurance, and surety bonds.

Fee-based inspections for insurance, safety or valuation purposes shall be classified as 8720(1), *Inspection for Insurance, Safety or Valuation Purposes*.

The operations performed by insurance administrators, brokers, agents or adjustors who are not employed by a licensed insurance company shall be assigned to the employer's standard classification or to the applicable Standard Exception classification.

\* \* \* \* \*

Amend Classification 8859(2), *Internet or Web-Based Application Development or Operation*, to include Clerical Telecommuter Employees.

### PROPOSED

#### **INTERNET OR WEB-BASED APPLICATION DEVELOPMENT OR OPERATION – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8859(2)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to firms that specialize in the development and operation of Internet or web-based applications and websites. This classification also applies to employers engaged in such operations for other concerns on a contract basis.

This classification does not apply to firms that operate as Internet Service Providers (ISP) or to firms that operate websites in connection with additional separately classified operations by the same employer.

\* \* \* \* \*

Amend Classification 2362, *Knitting*, for consistency with other proposed changes.

PROPOSED

**KNITTING – N.O.C.**

**2362**

This classification applies to knitting natural or synthetic yarn or thread using automated equipment to produce fabric.

The sewing and assembly of knit components to produce garments shall be separately classified as 2501(1), *Clothing Mfg.*, in accordance with the provisions of the Multiple Enterprises rule.

Hand knitting operations, without the use of automated equipment, to produce fabric or garments shall be classified as 2501(1), *Clothing Mfg.*

The spinning or weaving of natural or synthetic fiber to produce yarn, thread or fabric shall be classified as 2222, *Spinning, ~~or Weaving~~ or Fiber Processing*.

\* \* \* \* \*

Amend Classification 8755, *Labor Unions*, to remove the footnote assigning Clerical Office Employees to Classification 8810, *Clerical Office Employees*, as it is duplicative of general classification procedures and not unique to this classification.

PROPOSED

**LABOR UNIONS – employees engaged outside of office – including Outside Salespersons**

**8755**

This classification applies to labor union employees who represent various groups of workers and are engaged in activities away from the office, including but not limited to handling grievances, performing job evaluations, collecting delinquent payments, checking work conditions, performing contract, wage and benefit negotiations and union organizing. This classification also applies to staff attorneys who work outside of the office at least part of the time. This classification also applies to employee associations and guilds that engage in collective bargaining.

~~Employees engaged in clerical office duties exclusively within the office shall be classified as 8810, *Clerical Office Employees*.~~

\* \* \* \* \*

Amend Classification 8821, *Law Firm Support Services*, to include Clerical Telecommuter Employees.

PROPOSED

**LAW FIRM SUPPORT SERVICES – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons**

**8821**

This classification applies to employers providing legal support services to attorneys and law firms on a fee basis, including but not limited to process serving summonses, complaints and subpoenas, preparing and filing court documents and the photocopying, scanning and microfilming of documents by registered professional photocopiers.

Licensed attorneys and law firms that provide legal services to clients on a fee or pro bono basis shall be classified as 8820, *Law Firms*.

The video taping of depositions and courtroom proceedings shall be classified as 9610, *Motion Pictures – production*.

\* \* \* \* \*

Amend Classification 8820, *Law Firms*, to include Clerical Telecommuter Employees.

PROPOSED

**LAW FIRMS – all employees – including ~~Outside Salespersons~~ and Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons**

**8820**

**The entire remuneration of each employee shall be included, subject to a maximum of \$139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to licensed attorneys and law firms that provide legal services to clients on a fee or pro bono basis, including but not limited to supplying legal advice and representation in civil and criminal litigation, administrative hearings, personal and business transactions and other legal matters.

The operations performed by legal staff who are not employed by a law firm shall be assigned to the standard classification assignable to the employer or to the applicable Standard Exception classification.

Employers providing legal support services to attorneys and law firms on a fee basis, including but not limited to process serving summonses, complaints and subpoenas, preparing or filing court documents and reproducing documents shall be classified as 8821, *Law Firm Support Services*.

\* \* \* \* \*

Amend Classification 9015(5), *Libraries – private – all employees other than librarians, professional assistants or Clerical Office Employees*, to exclude Clerical Telecommuter Employees.

PROPOSED

**LIBRARIES – private – all employees other than librarians, professional assistants, ~~or~~ Clerical Office Employees or Clerical Telecommuter Employees** 9015(5)

This classification applies to employees other than librarians, professional assistants and clerical office employees, including but not limited to janitorial, maintenance, delivery and security personnel.

Also refer to companion Classification 8811, *Libraries – private – librarians or professional assistants*.

\* \* \* \* \*

Amend Classification 8811, *Libraries – private – librarians or professional assistants*, to include Clerical Telecommuter Employees.

PROPOSED

**LIBRARIES – private – librarians or professional assistants – including Clerical Office Employees and Clerical Telecommuter Employees** 8811

This classification applies to librarians, professional library assistants and clerical office employees who engage in activities, including but not limited to conducting research, ordering books and publications, maintaining reference systems, assisting customers to locate and check out materials and performing general clerical and administrative functions in support of the library.

With the exception of a single permanent job reassignment, it is not permissible to divide a single employee's payroll, within a single policy period, between this classification and any other classification.

Also refer to companion Classification 9015(5), *Libraries – private – all employees other than librarians, professional assistants or Clerical Office Employees*.

Public libraries shall be classified as 8812, *Libraries – public – librarians or professional assistants*.

\* \* \* \* \*

Amend Classification 3560(1), *Machinery Mfg. – commercial food processing equipment*, to clarify its intended application.

PROPOSED

**MACHINERY MFG. – commercial food processing equipment**

**3560(1)**

This classification applies to the manufacture or shop repair of commercial food processing equipment or machinery, including but not limited to bakery machinery, food choppers, mixers, grinders, slicing machines, meat and poultry processing machinery, fruit or vegetable grading equipment, bottling equipment, food packaging equipment and juice extractors.

~~Installation or repair operations away from the shop shall be separately classified.~~

The manufacture of household food processing appliances shall be classified as 3570, *Electric Appliance Mfg.*

The manufacture of commercial or household ovens ~~and~~ or stoves shall be classified as 3169(1), *Stove or Oven Mfg.*

Installation or repair operations away from the shop shall be separately classified.

\* \* \* \* \*

Amend Classification 3560(2), *Machinery Mfg. – industrial*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**MACHINERY MFG. – industrial – N.O.C.**

**3560(2)**

This classification applies to the manufacture or shop repair of stationary industrial machinery utilized in metal working, woodworking, plastics manufacturing, textiles, paper producing, printing or chemical industries. This includes industrial machinery such as lathes, drills, compressors, autoclaves, printing equipment, bindery equipment, ~~robotics equipment~~, power presses, plating units, ~~autoclaves and~~ chemical mixers and robotic systems that are not material handling systems.

~~Installation or repair operations away from the shop shall be separately classified.~~

The manufacture or shop repair of portable power tools or machinery shall be classified as 3501(1), *Machinery Mfg. – portable tools*.

The manufacture of commercial food processing equipment or machinery shall be classified as 3560(1), *Machinery Mfg. – commercial food processing equipment*.

The manufacture or shop repair of material handling equipment, including robotic material handling systems, shall be classified as 3560(3), *Machinery Mfg. – material handling equipment*.

~~The manufacture of portable power tools shall be classified as 3501(1), *Machinery Mfg. – portable tools*.~~



The manufacture or shop repair of agricultural, construction, mining or ore milling equipment shall be classified as 3507, *Machinery or Equipment Mfg.*

Installation, service or repair operations away from the shop shall be separately classified.

\* \* \* \* \*

Amend Classification 3560(3), *Machinery Mfg. – material handling equipment*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **MACHINERY MFG. – material handling equipment**

**3560(3)**

This classification applies to the manufacture or shop repair of material handling equipment, including but not limited to conveyors, pallet jacks, loading and unloading equipment, industrial carts, robotic material handling systems, and packaging equipment and/or labeling equipment.

~~Installation or repair operations away from the shop shall be separately classified.~~

The manufacture of forklift trucks shall be classified as 3815(1), *Truck, Truck Trailer or Bus Mfg. or Assembling.*

The manufacture of portable power tools shall be classified as 3501(1), *Machinery Mfg. – portable tools.*

The manufacture or shop repair of agricultural, construction, mining or ore milling equipment shall be classified as 3507, *Machinery or Equipment Mfg.*

Installation or repair operations away from the shop shall be separately classified.

\* \* \* \* \*

Amend Classification 3501(1), *Machinery Mfg. – portable tools*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **MACHINERY MFG. – portable tools**

**3501(1)**

This classification applies to the manufacture or shop repair of portable power tools or machinery, including but not limited to spray guns, pneumatic tools, ~~portable~~ air compressors, compactors, grinders, vibrators, chain saws, ~~power~~ saws, ~~power~~ staple guns, hand drills, routers, ~~and~~ sanders, and portable lawn care equipment such as leaf blowers, lawn mowers (~~non-riding~~), lawn edgers, hedgers and seeders. This classification also applies to the manufacture or shop repair of household lawn or garden tractors.

The manufacture of non-powered cutting, machining or hand tools shall be classified as 3099, Tool Mfg.

The manufacture or shop repair of swimming pool or spa equipment shall be classified as 3501(2), *Machinery Mfg. – swimming pool or spa*.

The manufacture or shop repair of ~~riding lawn mowers~~ agricultural, construction or ore mining or milling equipment shall be classified as 3507, *Machinery or Equipment Mfg.*

The manufacture of stationary industrial machinery shall be classified as 3560(2), *Machinery Mfg. – industrial*.

Installation, service or repair operations away from the shop shall be separately classified.

\* \* \* \* \*

Amend Classification 3507, *Machinery or Equipment Mfg.*, to provide direction as to how related operations should be classified.

### PROPOSED

#### **MACHINERY OR EQUIPMENT MFG. – agricultural, construction, mining or ore milling**

**3507**

This classification applies to the manufacture or shop repair of agricultural, construction, mining or ore milling equipment, including but not limited to tractors, combines, harvesters, road construction equipment, boom cranes, personnel lifts, plaster spraying equipment, bridge crane trucks, oil well drilling equipment, earth moving equipment, paving equipment, jaw crushers, hammer mills and grinding mills.

The manufacture or shop repair of portable power tools, portable power machinery or household lawn or garden tractors shall be classified as 3501(1) *Machinery Mfg. – portable tools*.

~~The repair of agricultural, construction, mining or ore milling machinery or equipment away from the shop shall be separately classified as 3724(1), *Millwright Work*.~~

The manufacture of commercial food processing equipment or machinery shall be classified as 3560(1), *Machinery Mfg. – commercial food processing equipment*.

The manufacture of stationary industrial machinery utilized in metal working, woodworking, plastics manufacturing, textiles, paper producing, printing ~~and/or~~ chemical industries shall be classified as 3560(2), *Machinery Mfg. – industrial*.

The manufacture of ~~conveyors, pallet jacks, loading and unloading equipment, industrial carts, packaging equipment and labeling~~ material handling equipment shall be ~~assigned~~ classified as 3560(3), *Machinery Mfg. – material handling equipment*.

The repair of agricultural, construction, mining or ore milling machinery or equipment away from the shop shall be separately classified as 3724(1), *Millwright Work*.

\* \* \* \* \*

Amend Classification 8800, *Mailing or Addressing Companies*, to include Clerical Telecommuter Employees.

PROPOSED

**MAILING OR ADDRESSING COMPANIES – including Clerical Office Employees and Clerical Telecommuter Employees** **8800**

This classification applies to companies that contract with customers to prepare and mail various items, including but not limited to promotional literature, flyers, advertisements, billing statements and business forms.

This classification also includes printing operations if more than 50% of the printed materials are addressed or mailed by the employer. If 50% or more of the printed materials are not addressed or mailed by the insured, the printing operations and the mailing or addressing operations constitute Multiple Enterprises and shall be assigned in accordance with the provisions of the Multiple Enterprises rule.

\* \* \* \* \*

Amend Classification 3724(1), *Millwright Work*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**MILLWRIGHT WORK – N.O.C. – erection or repair of machinery or equipment at customers' locations** **3724(1)**

This classification applies to the operation, installation, service or repair of machinery or equipment, including but not limited to agricultural, construction, industrial, sawmill, food processing and commercial equipment at customers' locations unless the work is specifically described by another classification. This classification also applies to the installation, service or repair of machinery or equipment, including but not limited to pumps (such as gasoline, oil or water pumps), conveyor systems, printing presses, automated "pick and place" machinery, industrial laundry equipment, filling and bottling equipment, industrial scales, escalators, gate openers, ~~riding lawnmowers~~ and air compressors, unless the work is specifically described by another classification. This classification also applies to stump grinding; rigging operations; or the installation or repair of spa or pool equipment when performed on a fee basis and not in connection with the employer's other operations at the same job or location.

This classification does not apply to the operation, installation or repair of machinery or equipment at facilities both occupied and operated by the employer; such operations shall be classified based on the employer's other classifiable operations.

The installation, service or repair of countertop appliances used in commercial kitchens shall be classified as 9519(1), *Household Appliances*.

Shop manufacturing or repair operations shall be separately classified.

\* \* \* \* \*

Amend Classification 2797(1), *Mobile, Modular or Manufactured Home or Building Mfg.*, to clarify its intended application.

PROPOSED

**MOBILE, MODULAR OR MANUFACTURED HOME OR BUILDING MFG. – shop or yard work only** **2797(1)**

This classification applies to the manufacture of mobile, modular or manufactured buildings ~~including but not limited to mobile homes and construction office trailers~~, at a permanent shop or yard location, whether the buildings are shipped to customers in assembled, partially assembled or kitted condition. Such buildings include but are not limited to barns, mobile homes, portable classrooms and construction office trailers.

The construction, erection or assembly of modular or manufactured homes or buildings away from the shop shall be separately classified.

The manufacture of individual wooden building components (not complete buildings) shall be classified as 2819, *Truss or Building Components Mfg.*

The manufacture of campers, travel trailers or motor homes shall be classified as 2797(3), *Recreational Vehicle Mfg.*

\* \* \* \* \*

Amend Classification 8749, *Mortgage Bankers*, to include Clerical Telecommuter Employees.

PROPOSED

**MORTGAGE BANKERS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8749**

This classification applies to companies that specialize in direct lending of funds for residential or commercial mortgages. This classification includes loaning money held on deposit and funding loans through a line of credit.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency, shall be classified as 8808, *Banks*.

\* \* \* \* \*

Amend Classification 8743, *Mortgage Brokers*, to include Clerical Telecommuter Employees.

PROPOSED

**MORTGAGE BROKERS – no direct lending – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8743**

**The entire remuneration of each employee shall be included, subject to a maximum of \$139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to commissioned loan brokers engaged in matching qualified mortgage applicants with lenders.

Companies that specialize in direct lending of funds for residential or commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency, shall be classified as 8808, *Banks*.

\* \* \* \* \*

Amend Classification 9033, *Housing Authorities*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to assign employees engaged exclusively in determining the eligibility of properties owned and operated by separate parties for rental subsidies to Classification 9410, *Municipal, State or Other Public Agency Employees*, instead of Classification 8742, *Salespersons – Outside*.

PROPOSED

**MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

**HOUSING AUTHORITIES – including resident or on-site managers** **9033**

**When lodging is provided by the employer, the total remuneration shall include the market value of such lodging to the employee.**

This classification applies to public agencies that provide housing or housing assistance to individuals in need. The housing authority may own and operate the housing or provide financial assistance in the form of housing vouchers, which allow clients to reside in approved housing operated by other concerns. This classification includes but is not limited to resident or on-site property managers and property maintenance or repair staff.

On-site property managers are those employees whose base of operations is at any property location that they are employed to manage. The term “resident” shall refer to any employee who resides at a property managed by the employer.

Employees engaged in property inspections to determine the eligibility of properties owned and operated by separate parties for rental subsidies shall be separately classified as 9410, Municipal, State or Other Public Agency Employees – not engaged in manual labor, or direct supervision of construction or erection work.

The preparation or serving of hot foods shall be separately classified as 9079(1), *Restaurants or Taverns*.

Day care centers operated by housing authorities shall be separately classified as 9059, *Day Care Centers*.

~~Employees engaged exclusively in determining the eligibility of properties owned and operated by separate parties for rental subsidies shall be classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Section III, Rule 4, Standard Exceptions.~~

New construction, alteration or demolition work shall be separately classified.

\* \* \* \* \*

Amend Classification 8830, *Institutional Employees*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### **MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

**INSTITUTIONAL EMPLOYEES – hospitals, skilled nursing facilities, residential care facilities for adults or residential care facilities for the aged – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons – not jail or prison employees 8830**

The payroll for student nurses or interns shall be included at an average wage of at least \$100 per week.

This classification applies to the operation of hospitals, skilled nursing facilities, residential care facilities for adults and residential care facilities for the elderly by public agencies. This classification includes all operations, including but not limited to patient and resident care, meal preparation and dining facility operation, laundry, facility and grounds maintenance, and housekeeping.

The provision of medical or nursing care to residents of correctional facilities shall be classified as 7720, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – including deputies – not volunteers*, or 7722, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – volunteers, serving with or without remuneration*.

\* \* \* \* \*

Amend Classification 8812, *Libraries – public*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

**MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

**LIBRARIES – public – librarians or professional assistants – including Clerical Office Employees and Clerical Telecommuter Employees 8812**

This classification applies to librarians, professional library assistants and clerical office employees who engage in activities, including but not limited to conducting research, ordering books and publications, maintaining reference systems, assisting customers to locate and check out materials and performing general clerical and administrative functions in support of the public library.

With the exception of a single permanent job reassignment, it is not permissible to divide a single employee's payroll, within a single policy period, between this classification and any other classification.

Employees other than librarians, professional assistants and clerical office employees, including but not limited to janitorial, maintenance, delivery and security personnel, shall be classified as 9420, *Municipal, State or Other Public Agency Employees – all other employees*.

Private libraries shall be classified as 8811, *Libraries – private – librarians or professional assistants*.

\* \* \* \* \*

Amend Classification 9410, *Municipal, State or Other Public Agency Employees – not engaged in manual labor, or direct supervision of construction or erection work*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include employees engaged in determining the eligibility of properties owned and operated by separate parties for rental subsidies.

PROPOSED

**MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

**MUNICIPAL, STATE OR OTHER PUBLIC AGENCY EMPLOYEES – not engaged in manual labor, or direct supervision of construction or erection work – N.O.C. 9410**

This classification includes mayors, city council members, elected officials, judges, hearing officers, district attorneys, courthouse clerks and public records clerks, employees engaged in laboratory work, health inspectors, building inspectors, engineers not engaged in actual construction or operation, meter readers other than water meter readers and similar occupations.

This classification includes housing authority employees engaged in determining the eligibility of properties owned and operated by separate parties for rental subsidies.

This classification also includes recreation and park department operations that are performed by recreation leaders, coaches, instructors, referees, and officials; daycare/babysitting; activity supervisors; and similar operations that do not involve manual labor.

Also refer to companion Classification 9420, *Municipal, State or Other Public Agency Employees – all other employees*.

\* \* \* \* \*

Amend Classification 8875(1), *Public Colleges or Schools*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### **MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

#### **PUBLIC COLLEGES OR SCHOOLS – all employees – including cafeteria, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** **8875(1)**

This classification applies to all operations of public colleges or schools, including but not limited to instruction, dormitories, cafeterias, book stores, transportation services, counseling, building and landscape maintenance, janitorial, libraries, athletic programs, parking, security, administration, clerical office employees and outside salespersons. This classification includes day care, preschools and before or after school programs operated by public colleges or schools.

This classification also applies to the operation of charter schools.

This classification also applies to state or county vocational schools or training programs and to school counselors who are provided to public schools by separate concerns under contract.

Private college or school operations shall be classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, and 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers or academic professional employees*.

Day care, preschools or before or after school programs operated by separate employers at public school locations shall be classified as 9059, *Day Care Centers*.

\* \* \* \* \*



Amend Classification 8875(2), *Superintendent of Public Schools Office*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

**MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

**SUPERINTENDENT OF PUBLIC SCHOOLS OFFICE – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8875(2)**

This classification applies to the operation of a county or district superintendent of public schools office. This classification includes but is not limited to curriculum development, instruction oversight, cafeteria operation oversight, facility maintenance oversight, funding review, and meeting with union representatives, the Board of Education and similar governmental or parental organizations. This classification includes oversight operations performed in connection with charter schools operating under charters granted by the superintendent of public schools office.

Public schools or charter school operations, including but not limited to instruction, cafeteria operations, facility maintenance, bus operations and library activities shall be classified as 8875(1), *Public Colleges or Schools*.

\* \* \* \* \*

Amend Classification 8838, *Museums*, to include Clerical Telecommuter Employees and clarify its intended application.

PROPOSED

**MUSEUMS – all employees other than those engaged in the operation of restaurants or retail stores – including Clerical Office Employees and Clerical Telecommuter Employees 8838**

This classification applies to employers that display art objects, natural science exhibits, antiquities ~~and/or~~ objects of historical or cultural significance for viewing by the general public. This classification also applies to ~~public aquariums, botanical gardens, and planetariums or public aquariums and includes veterinarians employed by public aquariums.~~

Retail store or restaurant operations shall be separately classified.

Art galleries that display art objects for sale to the walk-in trade shall be classified as 8017(1), *Stores – retail*.

Zoos shall be classified as 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices*, and 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores*.

~~Retail store or restaurant operations shall be separately classified.~~

\* \* \* \* \*

Amend Classification 0005, *Nurseries*, to move this classification to the *Farms* Industry Group and clarify its intended application.

PROPOSED

**FARMS**

**NURSERIES – propagation and cultivation of nursery stock**

**0005**

This classification applies to the propagation and cultivation of nursery stock, bedding plants, vegetable plants, bulbs or trees that are sold for outdoor planting or decorative purposes. This classification also applies to the cultivation and harvesting of grass sod for sale to separate concerns.

This classification includes the growing of seedlings, clones or starter plants for sale to separate concerns, including but not limited to farms.

This classification also applies to the raising of bees for sale, honey production or rental to other concerns for pollinating crops. The processing of honey shall be separately classified as 6504, *Food Products Mfg. or Processing*.

The cultivation of flowers, potted flower plants, ferns or similar potted plants that are sold for indoor decorative purposes, as well as herbs, edible flowers or ~~marijuana~~, microgreens or cannabis shall be classified as 0035, *Florists*.

The operation of a garden supply store shall be separately classified as 8004, *Stores – garden supplies*.

\* \* \* \* \*

Amend Classification 8601(2), *Oil or Gas Geologists or Scouts*, which is part of the *Petroleum Industry* Group, to include Clerical Telecommuter Employees.

PROPOSED

**PETROLEUM INDUSTRY**

**OIL OR GAS GEOLOGISTS OR SCOUTS – including mapping of subsurface areas – including ~~Outside Salespersons and Clerical Office Employees~~, Clerical Telecommuter Employees and Outside Salespersons**

**8601(2)**

This classification applies to geologists or scouts who travel to potential oil drilling sites to observe and gather data that is compiled into reports that describe the probability that oil or gas deposits are present. This classification includes analyzing technical data from monitoring instruments and analyzing drilling mud or well cuttings to identify the types of subsurface formations in the region and the presence of hydrocarbons. This classification also applies to the geophysical exploration of subsurface areas using physical methods, including but not limited to seismic, gravitational, magnetic, electrical and electromagnetic methods to measure the physical properties of rock.

Consulting engineers, including but not limited to civil, electrical, mechanical and mining engineers who do not perform oil or gas related operations as described above shall be classified as 8601(1), *Engineers*.

Geologists or scouts who perform outside operations in connection with oil or gas well drilling or redrilling, oil or gas lease operations, or oil or gas pipeline operations by the employer shall be assigned to the applicable *Petroleum* Industry Group classification.

\* \* \* \* \*

Amend Classification 8813(2), *Bookbinding Operation*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### **BOOKBINDING OPERATION – editing, designing, proofreading and photographic composing 8813(2) – including Clerical Office Employees and Clerical Telecommuter Employees**

This classification applies to pre-bindery activities and Clerical Office Employees of employers engaged in bookbinding or binder manufacturing operations. Pre-bindery activities include but are not limited to editing, designing, proofreading, and photographic composition including negative stripping and plate making.

Also refer to companion Classification 4299(2), *Bookbinding Operation – all other employees*.

\* \* \* \* \*

Amend Classification 8019(2), *Document Duplication or Photocopying Service*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### **DOCUMENT DUPLICATION OR PHOTOCOPYING SERVICE – all employees – including 8019(2) Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons**

This classification applies to locations at which document duplication or photocopying services are performed on a fee basis using electrostatic copiers, scanners, ink jet or laser printers on paper of any size, and includes self-serve duplication or photocopying services. This classification includes incidental bindery operations in support of duplication and photocopying services.

Locations at which offset printing is performed shall be classified as 4299(1), *Printing Operation – all other employees*, or 8019(1), *Printing – quick printing*.

Employers that provide legal support services, including document duplication or scanning in connection therewith, on a fee basis shall be classified as 8821, *Law Firm Support Services*.

\* \* \* \* \*

Amend Classification 4297(1), *Electronic Pre-Press*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

#### **ELECTRONIC PRE-PRESS – all operations – including Clerical Office Employees and Clerical Telecommuter Employees 4297(1)**

This classification applies to the production of computer generated typeset materials or color separations, including all incidental camera work, that are used by separate concerns in connection with commercial printing operations.

This classification does not apply when electronic pre-press operations are performed by an employer in connection with its own operations. Such operations shall be assigned to the applicable classification.

\* \* \* \* \*

Amend Classification 4297(2), *Graphic Design*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

#### **GRAPHIC DESIGN – all operations – including Clerical Office Employees and Clerical Telecommuter Employees 4297(2)**

This classification applies to the production of camera-ready layouts by combining text, photographs, artwork and graphics for use in commercial printing operations performed by separate concerns.

This classification does not apply when graphic design operations are performed by an employer in connection with its own operations. Such operations shall be assigned to the applicable classification.

\* \* \* \* \*

Amend Classification 8807, *Newspaper, Magazine or Book Publishing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

**PRINTING, PUBLISHING AND DUPLICATING**

**NEWSPAPER, MAGAZINE OR BOOK PUBLISHING – no printing or distribution – editing, designing, proofreading, and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees** **8807**

This classification applies to pre-press activities and Clerical Office Employees of employers engaged in publishing printed newspapers, magazines or books where all printing and distribution is conducted by separate concerns. Pre-press activities include editing, designing, proofreading, and photographic composing, including negative stripping and plate making.

Newspaper reporters, photographers and advertising or circulation solicitors employed by newspaper publishers or printers shall be separately classified as 8746, *Newspaper Publishing or Printing – reporters or photographers – including Outside Salespersons*.

Newspaper printing operations shall be classified as 4304, *Newspaper Publishing or Printing – all other employees*, or 8818, *Newspaper Publishing or Printing – editing, designing, proofreading and photographic composing*.

Magazine or book printing operations shall be classified as 4299(1), *Printing Operation – all other employees*, or 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*.

\* \* \* \* \*

Amend Classification 8818, *Newspaper Publishing or Printing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

**PRINTING, PUBLISHING AND DUPLICATING**

**NEWSPAPER PUBLISHING OR PRINTING – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees** **8818**

This classification applies to pre-press activities and Clerical Office Employees of employers engaged in publishing or printing newspapers. Pre-press activities include editing, designing, proofreading, and photographic composition including negative stripping and plate making.

Newspaper reporters, advertising or circulation solicitors shall be separately classified as 8746, *Newspaper Publishing or Printing – reporters or photographers*.

Also refer to companion Classification 4304, *Newspaper Publishing or Printing – all other employees*.

\* \* \* \* \*

Amend Classification 8019(1), *Printing – quick printing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

**PRINTING, PUBLISHING AND DUPLICATING**

**PRINTING – quick printing – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8019(1)**

This classification applies to job printing at locations where the operations are performed using sheet-fed offset printing presses on paper not exceeding 18" x 24". This classification includes incidental bindery activities in support of the printing operations.

Printing operations that use roll-fed presses or where the paper fed to the presses exceeds 18" x 24" shall be classified as 4299(1), *Printing Operation – all other employees*.

Document duplication or photocopying by use of equipment other than offset printing presses, including but not limited to electrostatic copiers, scanners, and ink jet and laser printers shall be classified as 8019(2), *Document Duplication or Photocopying Service*.

Employers that provide legal support services, including document duplication or scanning in connection therewith, on a fee basis shall be classified as 8821, *Law Firm Support Services*.

Employers engaged in the printing of signs, banners and related commercial advertising products shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

\* \* \* \* \*

Amend Classification 4299(1), *Printing Operation – all other employees*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

PROPOSED

**PRINTING, PUBLISHING AND DUPLICATING**

**PRINTING OPERATION – all other employees – including counterpersons and drivers and their helpers – N.O.C. 4299(1)**

This classification applies to employers engaged in commercial offset printing using methods, including but not limited to lithography, flexography, rotogravure, hot stamp or letterpress to produce printed matter such as business forms, stationery, greeting cards, labels, bumper stickers, bar codes, playing cards, bank checks, books and magazines. This classification includes incidental bindery and die cutting activities in support of the printing operations.

This classification does not apply when printing operations are performed by an employer in connection with its own operations. Such operations shall be assigned to the applicable classification of the employer.

~~Employees engaged in sales, collection or public relations work in support of commercial printing operations shall be separately classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Section III, Rule 4, Standard Exceptions.~~

Locations at which job printing is exclusively performed with sheet-fed offset printing presses on paper not exceeding 18" x 24" shall be classified as 8019(1), *Printing – quick printing*.

Publishing or printing of newspapers, tabloids or advertising newspapers or newspaper inserts shall be classified as 4304, *Newspaper Publishing or Printing – all other employees*, or 8818, *Newspaper Publishing or Printing – editing, designing, proofreading and photographic composing*.

Screen printing shall be classified as 4295(1), *Printing Operation – screen printing – all other employees*, or 8846(1), *Printing Operation – screen printing – editing, designing, proofreading and photographic composing*.

Document duplication or photocopying by use of equipment, including but not limited to electrostatic copiers, scanners, and ink jet and laser printers shall be classified as 8019(2), *Document Duplication or Photocopying Service*.

Employers engaged in the printing of signs, banners and related commercial advertising products shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

Also refer to companion Classification 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*.

\* \* \* \* \*

Amend Classification 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees and remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

## PROPOSED

### **PRINTING, PUBLISHING AND DUPLICATING**

#### **PRINTING OPERATION – editing, designing, proofreading and photographic composing – 8813(1) including Clerical Office Employees and Clerical Telecommuter Employees**

This classification includes pre-press activities and clerical office employees of employers engaged in commercial off-set printing. Pre-press activities include but are not limited to editing, designing, proofreading and photographic composition, including negative stripping and plate making.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, Salespersons – Outside, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, Standard Exceptions.~~

Also refer to companion Classification 4299(1), *Printing Operation – all other employees*.

\* \* \* \* \*

Amend Classification 4295(1), *Printing Operation – screen printing – all other employees*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

PROPOSED

**PRINTING, PUBLISHING AND DUPLICATING**

**PRINTING OPERATION – screen printing – all other employees**

**4295(1)**

This classification applies to fee-based screen printing of a variety of items, including but not limited to clothing, banners, wallpaper, business cards, plastic, glass and metal containers and various parts received from customers. This classification also applies to pad printing.

Commercial printing operations shall be classified as 4299(1), *Printing Operation – all other employees*, 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*, or 8019(1), *Printing – quick printing*.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.~~

Also refer to companion Classification 8846(1), *Printing Operation – screen printing – editing, designing, proofreading and photographic composing*.

\* \* \* \* \*

Amend Classification 8846(1), *Printing Operation – screen printing – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees and remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

PROPOSED

**PRINTING, PUBLISHING AND DUPLICATING**

**PRINTING OPERATION – screen printing – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees**

**8846(1)**

This classification applies to pre-press activities and clerical office employees of employers engaged in fee-based screen printing. Pre-press activities include but are not limited to the design and development of artwork and the preparation of screens. This classification also includes the post-printing cleaning of screens.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.~~



Also refer to companion Classification 4295(1), *Printing Operation – screen printing – all other employees*.

\* \* \* \* \*

Amend Classification 4295(2), *Screen Printed Merchandise Dealers – all other employees*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to remove the footnote assigning sales, collection or public relations work to Classification 8742, *Salespersons – Outside*, as it is duplicative of general classification procedures and not unique to this classification.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### SCREEN PRINTED MERCHANDISE DEALERS – all other employees

4295(2)

This classification applies to the screen printing or pad printing of merchandise, including but not limited to clothing, advertising novelties, balloons and souvenirs, where not less than 75% of gross receipts are developed through the sale of items printed by the employer.

Retail store operations shall be separately classified.

~~Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.~~

Also refer to companion Classification 8846(2), *Screen Printed Merchandise Dealers – editing, designing, proofreading and photographic composing*.

\* \* \* \* \*

Amend Classification 8846(2), *Screen Printed Merchandise Dealers – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### SCREEN PRINTED MERCHANDISE DEALERS – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees

8846(2)

This classification applies to the pre-press operations and clerical office employees of screen printed merchandise dealers. Pre-press activities include but are not limited to the design and development of artwork and the preparation of screens. This classification also includes the post-printing cleaning of screens.

Also refer to companion Classification 4295(2), *Screen Printed Merchandise Dealers – all other employees*.

\* \* \* \* \*

Amend Classification 8741, *Real Estate Agencies*, which is part of the *Property Management/Operation* Industry Group, to include Clerical Telecommuter Employees.

### PROPOSED

#### PROPERTY MANAGEMENT/OPERATION

##### **REAL ESTATE AGENCIES – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** 8741

This classification applies to real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions.

The operation or management of rental property, construction and remodeling operations shall be separately classified.

This classification also applies to non-residing leasing agents of a property management company who are engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind except clerical office work and the property management company retains separate employees to manage the property.

Employers that specialize in residential and commercial mortgage brokerage or mortgage banking operations that do not engage in the direct lending of mortgage funds shall be classified as 8743, *Mortgage Brokers*.

Employers that specialize in the direct lending of funds for residential and commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

\* \* \* \* \*

Amend Classification 7610, *Radio, Television or Commercial Broadcasting Stations*, to include Clerical Telecommuter Employees.

### PROPOSED

##### **RADIO, TELEVISION OR COMMERCIAL BROADCASTING STATIONS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons** 7610

The entire remuneration of on-air personalities, entertainers and musicians shall be included subject to a maximum of \$139,100 per year per person. When such employees do not work the entire year, the payroll limitation shall be prorated based upon the number of weeks in which such employees worked during the policy period.

This classification applies to Federal Communications Commission licensed radio, television or commercial wireless broadcasting stations. This classification also applies to contract video duplication, television studios that are operated by cable television companies, or the operation of music recording studios.

The dissemination of audio or video programming exclusively over the internet shall be classified as 8859(2), *Internet or Web-Based Application Development or Operation*.

Employers licensed by the Federal Communications Commission that provide cable or satellite television connectivity services or internet connectivity using cable or satellite infrastructure shall be classified as 7600, *Communication Service Providers*.

Computer or electronic video or audio post-production for other concerns on a contract basis shall be classified as 7607(1), *Video Post-Production*, or 7607(2), *Audio Post-Production*, respectively.

Motion picture production shall be classified as 9610, *Motion Pictures – production*.

\* \* \* \* \*

Amend Classifications 5183(2)/5187(2), *Refrigeration Equipment*, to provide direction as to how related operations should be classified.

### PROPOSED

**REFRIGERATION EQUIPMENT – not household units – installation, service or repair – including shop, yard or storage operations – employees whose regular hourly wage does not equal or exceed \$28.00 per hour – N.O.C. 5183(2)**

This classification applies to the installation, service or repair of commercial refrigeration systems or equipment, including but not limited to walk-in refrigerators, commercial refrigerators or freezers, refrigerated display cases, refrigerated drinking fountains and ice makers.

The manufacture of commercial refrigeration systems or equipment, or shop repair of commercial refrigeration systems or equipment by employers that do not perform installation, service or repair at customers' locations shall be classified as 3165(1), *Air Conditioning or Refrigeration Equipment Mfg.*

The installation, service or repair of ~~household refrigeration equipment~~ self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets, other than shop repair by the manufacturer, shall be classified as 9519(1), *Household Appliances*.

The shop repair of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets by the manufacturer shall be classified as 3165(2), Refrigerator Mfg.

**REFRIGERATION EQUIPMENT – not household units – installation, service or repair – including shop, yard or storage operations – employees whose regular hourly wage equals or exceeds \$28.00 per hour – N.O.C. 5187(2)**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$28.00 per hour. The payroll of an**

**employee whose regular hourly wage is not shown to equal or exceed \$28.00 per hour shall be classified as 5183(2), *Refrigeration Equipment*.**

This classification applies to the installation, service or repair of commercial refrigeration systems or equipment, including but not limited to walk-in refrigerators, commercial refrigerators or freezers, refrigerated display cases, refrigerated drinking fountains and ice makers.

The manufacture of commercial refrigeration systems or equipment, or shop repair of commercial refrigeration systems or equipment by employers that do not perform installation, service or repair at customers' locations shall be classified as 3165(1), *Air Conditioning or Refrigeration Equipment Mfg.*

The installation, service or repair of ~~household refrigeration equipment~~ self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets, other than shop repair by the manufacturer, shall be classified as 9519(1), *Household Appliances*.

The shop repair of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets by the manufacturer shall be classified as 3165(2), *Refrigerator Mfg.*

\* \* \* \* \*

Amend Classification 3165(2), *Refrigerator Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **REFRIGERATOR MFG. – metal**

**3165(2)**

This classification applies to the manufacture ~~or shop repair~~ of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets; ~~and includes shop repair by the manufacturer.~~

The manufacture of metal refrigerator cabinets or enclosure panels that do not include refrigeration equipment shall be classified as 3076(1), *Furniture Mfg. – metal*.

The shop repair of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets by repair shops that are not the manufacturer shall be classified as 9519(1), *Household Appliances*.

The installation, service or repair of self-contained metal refrigerators, refrigerated drink dispensing machines or refrigerated ice cream cabinets away from the shop shall be separately classified as 9519(1), *Household Appliances*.

\* \* \* \* \*

Amend Classification 4000(1), *Sand or Gravel Digging*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**SAND OR GRAVEL DIGGING – including construction, repair or maintenance of all buildings, structures or equipment and installation of machinery** **4000(1)**

~~This classification applies to sand or gravel digging and includes the processing of the sand or gravel, including but not limited to washing, screening, stockpiling or bagging, when 25% or less of the excavated material is crushed or ground, all sand or gravel processing, including but not limited to crushing, grinding, washing, screening and bagging, shall be classified as 4000(1).~~

If more than 25% of the excavated material is crushed or ground, all sand, ~~or gravel~~ or clay processing, including but not limited to crushing, grinding, washing, screening and bagging, shall be separately classified as 1710, *Stone Crushing*, unless all crushed product will pass through an 8-mesh or finer screen, in which case the operations shall be separately classified as 1741(1), *Silica Grinding*.

Canal, sewer or cellar excavation or mining shall be separately classified.

Employees engaged exclusively in the delivery of the finished product shall be separately classified as 8232(2), *Building Material Dealers*.

\* \* \* \* \*

Amend Classification 2806(2), *Shutter Mfg.*, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

**SHUTTER MFG. – wood or plastic** **2806(2)**

This classification applies to the manufacture of interior or exterior shutters from wood, synthetic wood ~~and~~ or plastic materials.

The installation of shutters shall be classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

The manufacture of metal, wood, fabric or plastic window coverings, including but not limited to mini blinds, vertical blinds, louvered blinds and window shades shall be classified as 2852, *Window Blind Mfg. or Assembly*.

The manufacture of wood doors or windows, or wood framed screen doors or window screens shall be classified as 2806(1), *Door, Sash or Window Mfg. – wood*.

When an employer deals in any lumber or building materials or in any fuel and materials in addition to products manufactured, yard operations, including drivers and their helpers, shall be separately classified as 8232(1), *Lumberyards*, 8232(2), *Building Material Dealers*, or 8232(3), *Fuel and Material Dealers*, depending on the products sold.

~~The manufacture of wood doors and windows shall be classified as 2806(1), *Door, Sash or Window Mfg. — wood.*~~

\* \* \* \* \*

Amend Classification 1741(1), *Silica Grinding*, to provide direction as to how related operations should be classified and for clarity.

### PROPOSED

#### **SILICA GRINDING**

**1741(1)**

This classification applies to the crushing or grinding of excavated or quarried materials to produce products that will pass through an 8-mesh screen. If the crushed or ground material is retained on an 8-mesh screen, the crushing or grinding operations shall be classified as 1710, *Stone Crushing*.

Silica grinding that is performed in connection with sand, gravel or clay digging shall be separately classified as 4000(1), *Sand or Gravel Digging*, or 4000(2), *Clay Digging*, if 25% or less of the excavated material is crushed or ground. If more than 25% of the excavated material is crushed or ground, all crushing ~~and~~ grinding activities shall be separately classified as 1741(1) or 1710, *Stone Crushing*.

Mining or quarrying operations shall be separately classified.

Employees engaged exclusively in delivery of the finished product shall be separately classified as 8232(2), *Building Material Dealers*.

\* \* \* \* \*

Amend Classification 2222, *Spinning or Weaving*, to include felting manufacturing; cotton batting, wadding or waste manufacturing; and wool combing and scouring operations.

### PROPOSED

#### **SPINNING, OR WEAVING OR FIBER PROCESSING – natural ~~and~~ synthetic fibers – N.O.C.**

**2222**

This classification applies to spinning ~~and~~ weaving natural ~~and~~ synthetic fibers to produce yarn, thread or fabric, but not limited to cotton, jute, wool, nylon or polyester, ~~to produce yarn, thread or fabric~~. This classification also applies to the manufacture of wool or synthetic felt; jute or hemp carpets or rugs; natural cotton, kapok or synthetic fiber batting, wadding or waste; or spun or woven products, including but not limited to braid, silk fly fishing lines, webbing, rope, carpet seam tape, cloth labels, fire hose, not carpet seam tape, silk fly fishing lines and plush or velvet fabric. This classification also applies to the ~~manufacture of jute or hemp carpets or rugs~~ processing of natural or synthetic fibers, including but not limited to the preparation of raw wool by combing or scouring.

The extrusion of plastic to produce plastic strands for spinning or weaving shall be classified as 4495, *Plastics – extrusion molded products mfg.*

Knitting operations shall be classified as 2362, *Knitting.*

The bleaching, dyeing, mercerizing ~~and/or~~ finishing of textile fabrics shall be classified as 2413, *Textiles.*

\* \* \* \* \*

Amend Classifications 5632/5633, *Steel Framing*, which are part of the *Construction and Erection* Industry Group, to clarify the intended application and for consistency with other proposed changes.

### PROPOSED

**STEEL FRAMING – light gauge – including the incidental installation of interior trim, ~~builders~~ finish, doors and cabinet work – employees whose regular hourly wage does not equal or exceed \$35.00 per hour** **5632**

This classification applies to the structural framing of buildings using cold formed, light gauge steel studs and joists that are #15 gauge or lighter.

This classification also applies to incidental carpentry operations, including but not limited to the installation of interior trim, ~~builders finish, doors and/or~~ cabinets; the installation of shingle roofing; and the installation or application of insulation materials in buildings or within building walls, but only if such work is performed by the same employer ~~who that~~ performs light gauge steel framing in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The assembly of light gauge steel building components, including but not limited to wall panels and trusses at a permanent shop or yard location shall be classified as 3066(1), *Sheet Metal Products Mfg.*

The erection of steel structures constructed from steel beams shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation*, or 5059, *Iron or Steel Erection – structural – in the construction of buildings not over two stories in height.*

**STEEL FRAMING – light gauge – including the incidental installation of interior trim, ~~builders~~ finish, doors and cabinet work – employees whose regular hourly wage equals or exceeds \$35.00 per hour** **5633**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$35.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$35.00 per hour shall be classified as 5632, *Steel Framing.***

This classification applies to the structural framing of buildings using cold formed, light gauge steel studs and joists that are #15 gauge or lighter.

This classification also applies to incidental carpentry operations, including but not limited to the installation of interior trim, ~~builders finish, doors and~~ cabinets; the installation of shingle roofing; and the installation or application of insulation materials in buildings or within building walls, but only if such work is performed by the same employer ~~who~~ that performs light gauge steel framing in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The assembly of light gauge steel building components, including but not limited to wall panels and trusses at a permanent shop or yard location shall be classified as 3066(1), *Sheet Metal Products Mfg.*

The erection of steel structures constructed from steel beams shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation*, or 5059, *Iron or Steel Erection – structural – in the construction of buildings not over two stories in height.*

\* \* \* \* \*

Amend Classification 1710, *Stone Crushing*, to provide direction as to how related operations should be classified and for clarity.

### PROPOSED

#### **STONE CRUSHING – including construction, repair or maintenance of all buildings, structures or equipment and the installation of machinery**

**1710**

This classification applies to the crushing or grinding of excavated or quarried materials, used asphalt or used concrete to produce products that will be retained on an 8-mesh screen.

If the crushed or ground products pass through an 8-mesh or finer screen, the crushing or grinding operations shall be separately classified as 1741(1), *Silica Grinding*.

Stone crushing or silica grinding that is performed in connection with sand, gravel or clay digging shall be separately classified as 4000(1), *Sand or Gravel Digging*, or 4000(2), *Clay Digging*, if 25% or less of the excavated material is crushed or ground. If more than 25% of the excavated material is crushed or ground, all crushing and grinding activities shall be separately classified as 1710 or 1741(1), *Silica Grinding*.

Mining or quarrying operations shall be separately classified.

Employees engaged exclusively in delivery of the finished product shall be separately classified as 8232(2), *Building Material Dealers*.

\* \* \* \* \*



Amend Classification 8039, *Stores – department stores*, which is part of the *Stores* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

**STORES**

**STORES – department stores – retail – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons**

**8039**

This classification applies to each store location at which all the following conditions exist:

1. The payroll subject to this classification is at least \$1,100,000 per annum.
2. The merchandise handled must include:
  - (a) Wearing Apparel
  - (b) Linens
  - (c) House Furnishings (other than furniture)
  - (d) One or more of the following:
    - Cosmetics
    - Drugs
    - Furniture
    - Groceries
    - Hardware
    - Jewelry
    - Luggage
    - Musical Instruments
    - Sporting Goods
    - Toys
3. The total annual sales of items (a), (b) and (c), above, must exceed 50% of the total annual sales.

This classification also applies to the installation of house furnishings and household appliances that have been sold by the store and to satellite warehouse or clerical office locations.

\* \* \* \* \*

Amend Classification 8013(2), *Stores – eyewear*, which is part of the *Stores* Industry Group, for clarity.

PROPOSED

**STORES**

**STORES – eyewear – wholesale or retail**

**8013(2)**

This classification applies to stores engaged in the sale of prescription ~~and~~ non-prescription eyeglasses, contact lenses ~~and~~ sunglasses, including fitting and minor repair operations. This classification also applies to dispensing opticians.

Optometrists' practices, including the sale of eyeglasses exclusively to patients, shall be classified as 8834, *Physicians' Practices and Outpatient Clinics*.

Lens manufacturing ~~and/or~~ the grinding or cutting of lens blanks shall be separately classified as 4150(2), *Lens Mfg.*

The manufacture of optical goods other than lenses shall be classified as 4150(1), *Optical Goods Mfg.*

\* \* \* \* \*

Amend Classification 8015, *Stores – furniture*, which is part of the *Stores* Industry Group, to provide direction as to how related operations should be classified.

### PROPOSED

#### STORES

##### STORES – furniture – wholesale or retail

**8015**

This classification applies to stores engaged in the sale or rental of furniture, including but not limited to couches, chairs, tables, dressers, bed frames, desks and bookcases. This classification also applies to furniture auctioneers.

This classification also applies to the operation of furniture galleries or showrooms that display samples of furniture for viewing and direct sale to customers. Such operations include but are not limited to the sale of furniture by salespersons, interior decorators or designers retained by the employer, and furniture shipping, receiving and delivery. This classification includes travel to customers' locations by salespersons, interior decorators or designers to gather information ~~and/or~~ provide advice in support of furniture sales.

This classification does not apply to the operation of furniture galleries or showrooms that sell exclusively from samples to buyers for stores (no direct sales) and where no inventory (exclusive of showroom samples) is maintained at the gallery or showroom location. Such gallery or showroom salespersons shall be classified as 8742, *Salespersons – Outside*, provided they have no other duties of any kind in the service of the employer except clerical work or outside sales. See Part 3, Section IV, Rule 6, *Stores*.

Stores engaged only in the sale of mattresses or box springs shall be classified as 8017(1), *Stores – retail*.

The installation, service or repair of household appliances shall be separately classified as 9519(1), *Household Appliances*.

The installation of linoleum, vinyl, ~~carpet, rugs or cork~~, asphalt or rubber tile, or laminate (not hardwood) flooring within buildings, as well as the laying of carpets or rugs, shall be separately classified as 9521(2), *Floor Covering – installation*.

The installation of hardwood ~~flooring or bamboo floors~~, including baseboard molding installed in connection therewith, shall be separately classified as 5436, *Hardwood Floor Laying*.

The installation of window coverings ~~and~~, including associated hardware, within buildings shall be separately classified as 9521(3), *Window Covering*.

~~Stores engaged in the sale of mattresses and box springs only shall be classified as 8017(1), *Stores – retail*.~~

\* \* \* \* \*

Amend Classification 8013(1), *Stores – jewelry*, which is part of the *Stores* Industry Group, to clarify its intended application.

PROPOSED

**STORES – jewelry – wholesale or retail**

**8013(1)**

This classification applies to stores primarily (over 50% of gross receipts) engaged in the sale of jewelry items intended for personal adornment, including but not limited to rings, earrings, bracelets, necklaces, watches and costume jewelry ~~that are intended for personal adornment~~. This classification includes repairing, polishing or engraving jewelry when performed by a retail jewelry store for individual customers.

This classification also applies to stores primarily (over 50% of gross receipts) engaged in the sale of gems and precious and semiprecious stones; hearing aids; coins; and trophies, badges and medals ~~coins, trophies, badges, medals, hearing aids, gems or precious or semiprecious stones~~.

This classification also applies to retail stores that assemble or engrave trophies, plaques or novelty statuettes from purchased components.

\* \* \* \* \*

Amend Classification 8018, *Stores – wholesale*, which is part of the *Stores* Industry Group, for clarity.

PROPOSED

**STORES**

**STORES – wholesale – N.O.C.**

**8018**

This classification applies to wholesale stores engaged in the sale of merchandise not more specifically described by another store classification, including but not limited to electrical or electronic components, industrial parts, janitorial supplies, restaurant supplies, appliances, cosmetics or beauty supplies, pharmaceuticals, toys, vitamins or food supplements, packaging materials and specialty foodstuffs.

This classification also applies to:

- the provision of in-office coffee and tea supplies to customers on a fee basis;
- the sale and servicing of fire extinguishers;
- packaging and fulfillment services on a fee basis;
- purchase and resale of prepackaged meats when no handling of unpackaged fresh meat and no processing, including but not limited to cutting, trimming, deboning, grinding or repackaging, is performed; and
- egg processing (candling) and packaging (not in connection with farms).

\* \* \* \* \*

Amend Classification 3169(1), *Stove or Oven Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**STOVE OR OVEN MFG. – gas or electric**

**3169(1)**

This classification applies to the manufacture of gas or electric commercial or household stoves or ovens used in cooking ~~and/or~~ baking food, and includes shop repair by the manufacturer. This classification also applies to the manufacture of wood burning stoves.

The ~~installation or shop~~ repair of gas or electric ~~household or~~ household stoves or ovens by shops that are not the manufacturer shall be classified as 9519(1), *Household Appliances.*

~~The installation or repair of gas or electric commercial stoves or ovens shall be classified as 3724(1), Millwright Work.~~

The manufacture of industrial ovens shall be classified as 3175, *Furnace or Heater Mfg.*

The manufacture of commercial food processing equipment or machinery, including food conveyors and conveyor ovens, shall be classified as 3560(1), *Machinery Mfg. – commercial food processing equipment.*

The manufacture of microwave ovens ~~and/or~~ portable electric cooking appliances, including but not limited to toaster ovens, waffle irons and crock pots shall be classified as 3570, *Electric Appliance Mfg.*

The installation, service or repair of gas or electric household stoves or ovens away from the shop shall be separately classified as 9519(1), Household Appliances.

The installation or repair of gas or electric commercial stoves or ovens away from the shop shall be separately classified as 3724(1), Millwright Work.

The installation or repair of wood burning stoves away from the shop shall be separately classified.

\* \* \* \* \*

Amend Classification 3099, *Tool Mfg.*, for clarity and to provide direction as to how related operations should be classified.

PROPOSED

**TOOL MFG. – N.O.C.**

**3099**

This classification applies to tool manufacturing ~~and/or~~ maintenance operations that are not specifically described by another manufacturing or assembling classification. This classification includes the manufacture and maintenance of products, including but not limited to non-powered hand tools, cutting and machining tools, abrasive sanding disks and belts, dies, molds, and jigs and fixtures used to position materials for machining.

This classification also applies to the sharpening of knives, blades ~~and/or~~ cutting tools.

Classification 3099 shall be assigned to the payroll of a tool and die department operated by a plastic products manufacturer provided certain conditions are met. Refer to the Plastic Products Manufacturing Industry Group. For all other types of manufacturers, the payroll of a tool and die department shall ~~by~~ be classified as 3099 when more than 50% of the tools ~~and~~ or dies are sold commercially and are not used in any way in the employer's production operations. Otherwise, the payroll of a tool and die department shall be assigned to the governing classification. (See Section II, *Classification Terminology*, for the definition of "Governing Classification.")

~~The hot forming of metal to produce tool parts, including but not limited to gears, shafts and blades shall be separately classified as 3110(1), *Forging Works*.~~

The manufacture or shop repair of portable power tools shall be classified as 3501(1), *Machinery Mfg. – portable tools*.

The hot forming of metal to produce tool parts, including but not limited to gears, shafts and blades shall be separately classified as 3110(1), *Forging Works*.

\* \* \* \* \*

Amend Classification 9522(5), *Upholstering – wheelchair*, for consistency with other proposed changes.

#### PROPOSED

#### **UPHOLSTERING – wheelchair**

**9522(5)**

This classification applies to the upholstering of wheelchair or mobility scooter seats or backs.

The manufacture or assembly of metal wheelchairs shall be classified as 3076(6), *Wheelchair Mfg.*

The repair of motorized wheelchairs or mobility scooters, other than shop repair by the manufacturer, shall be classified as 9519(1), *Household Appliances*.

\* \* \* \* \*

Amend Classification 7607(1), *Video Post-Production*, to include Clerical Telecommuter Employees.

#### PROPOSED

#### **VIDEO POST-PRODUCTION – computer or electronic – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons**

**7607(1)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to employers engaged exclusively in computer or electronic video post-production operations for other concerns in connection with motion pictures, television features, commercials or similar productions, on a contract basis.

This classification does not apply to computer or electronic video post-production operations performed in connection with motion pictures, television features, commercials or similar productions by the same employer; such operations shall be classified as 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Non-computer or non-electronic post-production operations, including but not limited to developing film, production of prints by exposing raw film stock, or editing film prints by cutting or splicing shall be classified as 4362, *Motion Pictures – negative and print processors, distributors and film exchanges*.

Audio post-production operations performed on a contract basis in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions shall be classified as 7607(2), *Audio Post-Production*.

Audio or music recording studios or contract video duplication shall be classified as 7610, *Radio, Television or Commercial Broadcasting Stations*.

\* \* \* \* \*

Amend Classification 0400, *Warehouses – cotton*, for consistency with other proposed changes.

### PROPOSED

#### **WAREHOUSES – cotton – including cotton compressing**

**0400**

This classification applies to the storage of cotton for other concerns on a fee basis and includes incidental cotton compressing. This classification also applies to cotton dealers or merchants.

This classification does not apply to cotton gin operations; all operations, including the storage, compressing, sale and distribution of cotton in connection with cotton gin operations shall be classified as 0401, *Cotton Gin Operation*.

Cotton batting manufacturing shall be classified as ~~2211(1), Cotton Batting, Wadding or Waste Mfg~~ 2222, Spinning, Weaving or Fiber Processing.

The cultivation and harvesting of cotton shall be separately classified as 0044, *Cotton Farms*.

\* \* \* \* \*

Amend Classification 8292, *Warehouses – general merchandise*, to clarify its intended application.

PROPOSED

**WAREHOUSES – general merchandise – N.O.C.**

**8292**

This classification applies to the storage of general merchandise, including new furniture, for separate concerns on a fee basis when no other classification more specifically describes the operations. This classification also applies to document storage, the storage of portable storage units regardless of their contents, and the crating of merchandise on a fee basis.

~~Truck pick up or delivery of freight or stored merchandise shall be separately classified as 7219(1), *Trucking Firms*.~~

~~The storage of household goods or furniture (not new furniture for furniture stores or manufacturers) for separate concerns on a fee basis shall be classified as 8293(1), *Warehouses – furniture*.~~

Warehouses that provide climate controlled storage maintaining below ambient temperatures to prevent spoilage or preserve the integrity of the stored merchandise shall be classified as 8291(1), *Warehouses – cold storage*, or 8291(2), *Warehouses – climate controlled storage*.

~~The operation of self-storage warehouses or facilities shall be classified as 8290, *Warehouses – self-storage – all other employees*.~~

Pick up or delivery of freight or stored merchandise shall be separately classified as 7219(1), *Trucking Firms*.

\* \* \* \* \*

Amend Classification 7520, *Water Companies*, to include meter reading activities.

PROPOSED

**WATER COMPANIES – all employees – including construction or extension of lines**

**7520**

This classification applies to the operations of publicly or privately operated water companies that supply potable water to communities. This classification includes but is not limited to the construction, maintenance or repair of water mains and lateral lines, the treatment of water, the operation and maintenance of pumping stations and the reading, installation or repair of water meters.

The construction of aqueducts, buildings, dams or reservoirs shall be separately classified.

~~Employees engaged exclusively in meter reading activities (or in combination with clerical office activities) shall be classified as 8742, *Salespersons – Outside*.~~

The construction of cross-country water pipelines by separate concerns shall be classified as 6361(2), *Cross-Country Water Pipeline Construction*.

The construction of water mains along streets or roads by separate concerns shall be classified as 6315(1)/6316(1), *Water Mains or Connections Construction*.

The delivery and spraying of water at construction sites by water truck service companies shall be classified as 7272, *Water Truck Service Companies*.

The operation of hydroelectric power plants shall be classified as 7539, *Electric Power Companies*.

\* \* \* \* \*

Amend Classification 3076(6), *Wheelchair Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **WHEELCHAIR MFG. – metal**

**3076(6)**

This classification applies to the manufacture of metal wheelchairs, including motorized wheelchairs and mobility scooters. This classification includes the shop repair of metal wheelchairs by the manufacturer.

~~Upholstery operations shall be separately classified as 9522(5), *Upholstering – wheelchair*.~~

The manufacture of metal furniture shall be classified as 3076(1), *Furniture Mfg. – metal*.

The shop repair of motorized wheelchairs or mobility scooters by repair shops that are not the manufacturer shall be classified as 9519(1), *Household Appliances*.

Upholstery operations shall be separately classified as 9522(5), *Upholstering – wheelchair*.

The repair of motorized wheelchairs ~~and~~ mobility scooters away from the shop shall be separately classified as 9519(1), *Household Appliances*.

\* \* \* \* \*

Amend Classification 9521(3), *Window Covering*, for consistency with other proposed changes.

### PROPOSED

#### **WINDOW COVERING – installation – within buildings**

**9521(3)**

This classification applies to the installation of window coverings, including but not limited to blinds, shades and draperies, within buildings.

The installation of wooden or plastic shutters ~~and~~ window screens shall be classified as 5146(1), *Cabinet, or Fixtures or Trim Installation*.

The manufacture or assembly of window coverings, including blinds, and shades, and wooden shutters shall be classified as 2852, *Window Blind Mfg. or Assembly*.

The manufacture of fabric curtains and draperies shall be classified as 2501(1), *Clothing Mfg.*



The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided no framing is performed by the employer at the same job or location.

The installation of window security bars and security shutters shall be classified as 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

The sale of window coverings shall be separately classified using the applicable Stores Industry Group classification.

\* \* \* \* \*

Eliminate Classification 2211(4), *Wool Combing or Scouring*, because it is no longer statistically credible and reassign the operations described by this classification to Classification 2222, *Spinning or Weaving*.

### PROPOSED

#### **WOOL COMBING OR SCOURING**

**2211(4)**

~~This classification applies to the preparation of raw wool by combing or scouring.~~

~~The manufacture of natural and synthetic batting, wadding and waste for use as pillow stuffing, furniture upholstery, quilt lining and clothing insulation shall be classified as 2211(1), *Cotton Batting, Wadding or Waste Mfg.*~~

~~The manufacture of wool or synthetic felt shall be classified as 2211(3), *Felting Mfg.*~~

~~The spinning or weaving of natural or synthetic fiber to produce yarn, thread or fabric shall be classified as 2222, *Spinning or Weaving*.~~

\* \* \* \* \*

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

### PROPOSED

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

|         |   |
|---------|---|
| •       |   |
| •       |   |
| •       |   |
| 2211(1) | <del>Cotton Batting/Wadding/Waste Mfg</del> |
| 2211(3) | <del>Felting Mfg</del>                      |
| 2211(4) | <del>Wool Combing/Scouring</del>            |
| 2222    | <u>Spinning/Weaving/Fiber Processing</u>    |

- 
- 
- 
- 3060(3) Door/Window Screen Mfg—screen
- 
- 
- 
- 5146(1) Cabinet/Fixtures/Trim Installation
- 
- 
- 
- 8871 Clerical Telecommuter Employees
- 
- 
- 

\* \* \* \* \*

## Part 4 — Unit Statistical Report Filing Requirements

Amend Section I, *General Instructions*, Rule 1, *Scope*, for clarity.

PROPOSED**Section I – General Instructions****1. Scope**

Insurers shall provide unit statistical report data for every workers' compensation insurance policy extending coverage under the workers' compensation laws of California, including California coverage by endorsement on a policy primarily covering another state, which must be reported by electronic submission to the WCIRB in accordance with the provisions of this Plan and the reporting requirements for California described in the Workers Compensation Insurance Organizations (WCIO) Workers Compensation Statistical Reporting Specifications (WCSTAT). Each electronic submission must contain an Electronic Transmittal Record as provided in the WCIO Electronic Transmittal Record Specifications (ETR). On multi-state policies, data pertaining only to California coverage shall be submitted.

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Amend Section II, *Definitions*, Rule 12, *Final Premium(s)*, to update the citation to the federal Terrorism Risk Insurance Program.

PROPOSED**Section II – Definitions**

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**12. Final Premium(s)**

Reported in the "Standard Premium Total" field on the unit statistical report, this is the total premium charged to the policyholder, EXCEPT that it does not include the following:

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- f. Premium charges arising from the Terrorism Risk Insurance Program established by the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015 and any amendments thereof,

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The following hypothetical examples illustrate how final premiums on two large policies are to be determined (assuming, for simplicity, that retrospective rating adjustments and policyholder dividends do not apply to these two policies, but a charge arising from the Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015 and any amendments thereof, does apply):

|      |  | Example One | Example Two |
|------|--|-------------|-------------|
| (1)  | Subject Premium<br>(Based on exposure and insurer's rates)   | \$5,000     | \$200,000   |
| (2)  | Experience Rating Credit   | —           | 20,000      |
| (3)  | Experience Rating Debit  | —           | —           |
| (4)  | Deductible Credit  | —           | 50,000      |
| (5)  | Premium Discount   | —           | 10,000      |
| (6)  | Expense Constant   | 50          | —           |
| (7)  | Other Credit Adjustments*  | 100         | 2,000       |
| (8)  | Other Debit Adjustments**  | 75          | 3,000       |
| (9)  | Charge for <u>Terrorism Risk Insurance Act of 2002 as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2015 and any amendments thereof</u> | 40          | 1,500       |
| (10) | Actual Premium Charged<br>[ (1) + (3) + (6) + (8) + (9) ] – [ (2) + (4) + (5) + (7) ]  | 5,065       | 122,500     |
| (11) | <b>Final Premium to be Reported</b><br>[ (1) + (3) + (6) + (8) ] – [ (2) + (5) + (7) ], or simply (10) + (4) – (9)   | \$5,025     | \$171,000   |

\* schedule rating credits, merit rating credits, Insolvent Insurer Rating Adjustment Factor credits, etc., if applicable.

\*\* schedule rating debits, surcharge for waiver of subrogation, surcharge for Coverage B increased limits, surcharge for policyholder audits authorized by Insurance Code Section 11665, additional premium estimated pursuant to Insurance Code Section 11760.1, Insolvent Insurer Rating Adjustment Factor debits, etc., if applicable.

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Amend Section III, *Link Data and Header Record Information*, Rule 2, *Policy Effective Date*, Subrules b and c, to remove outdated language and for consistency.

## PROPOSED

### Section III – Link Data and Header Record Information

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#### 2. Policy Effective Date

Report the inception date that corresponds exactly to that shown on the policy information page or the inception date changed by endorsement.

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~~b. Continuing Form Policies~~

~~For each successive annual period, treat the policy in the same manner as though it were an annual policy effective in the same month and on the same day of the month as the inception date of the annual period. If there has been a first period of coverage, which has been treated as a short-term policy in accordance with Part 2, Section II, Rule 2, *Continuing Form Policy or Fixed-Term Policy Written in Excess of One Year and Sixteen Days*, of this Plan, such first period shall also be treated as a separate short-term policy for reporting purposes under this Plan.~~

~~e.b. Continuing Form and Fixed-Term Policies~~

For each successive annual period, treat the policy in the same manner as though it were an annual policy effective in the same month and on the same day of the month as the inception date of the annual period. If there has been a first period or last period of coverage, which has been treated as a short-term policy in accordance with Part 2, Section II, Rule 2, *Continuing Form Policies* or *Fixed-Term Policies* Written in Excess of One Year and Sixteen (16) Days, of this Plan, such period shall also be treated as a separate short-term policy for reporting purposes under this Plan.

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Amend Appendix I, *Construction and Erection Classifications*, to revise Classification 5146(1), *Cabinet or Fixtures*, for consistency with other proposed changes.

PROPOSED

Appendix I

**Construction and Erection Classifications**

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- 5146(1) Cabinet/Fixtures/Trim Installation
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Amend the Back Wages/Back Pay entry in Appendix II, *Payroll Remuneration Table*, to clarify that back pay consists of amounts paid or awarded to employees where the employer corrects or is ordered to make up the difference between what the employee was paid and the amount the employee should have been paid, and for consistency with other proposed changes.

PROPOSED

Appendix II

**Payroll/Remuneration Table**

| Type of Compensation       | Is Payment Included as Payroll? | Exception or Comment  |
|----------------------------|---------------------------------|---|
| •                          |                                 |   |
| •                          |                                 |   |
| •                          |                                 |   |
| <b>Back Wages/Back Pay</b> |                                 | “Back Wages” or “Back Pay” refer to <del>payments made</del> <u>payroll amounts paid or awarded</u> to employees as part of a remedy for wage violations where the employer <u>corrects or is</u> ordered to make up the difference between what the employee was paid and the amount s/he should have been |

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PROPOSED

**Classifications Including Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons**

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## Section B

Recommended Amendments to the *Miscellaneous Regulations for the Recording and Reporting of Data—1995*

Title 10, California Code of Regulations, Section 2354

Effective January 1, 2021

The WCIRB recommends that the following amendment to the *Miscellaneous Regulations for the Recording and Reporting of Data—1995* (Miscellaneous Regulations) be approved effective January 1, 2021 and applied to a policy with an effective date on or after January 1, 2021.

## Part 1 – General Provisions

Amend Part 1, *General Provisions*, Section I, *Introduction*, Rule 2, *Effective Date*, to show that the effective date of the amended Miscellaneous Regulations is 12:01 AM, January 1, 2021.

PROPOSED**Section I – Introduction**

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**2. Effective Date**

This regulation is effective at 12:01 AM, January 1, ~~2020~~2021. When an amendment to this regulation is approved, a notice summarizing the amendment and its effective date, as specified by the Insurance Commissioner, will be published by the WCIRB.

This regulation and all amendments thereto, unless otherwise specifically provided, shall apply to a policy with an effective date on or after the effective date of the amendment.

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## Section C

Recommended Amendments to the *California Workers' Compensation Experience Rating Plan—1995*

Title 10, California Code of Regulations, Section 2353.1

Effective January 1, 2021

The WCIRB recommends that the following amendments to the *California Workers' Compensation Experience Rating Plan—1995* (Experience Rating Plan) be approved effective January 1, 2021 with respect to new and renewal policies as of the first rating effective date of a risk on or after January 1, 2021.

## Section I — General Provisions

Amend Section I, *General Provisions*, Rule 2, *Effective Date*, to show that the effective date of the amended Experience Rating Plan is 12:01 AM, January 1, 2021.

PROPOSED**Section I – General Provisions**

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**2. Effective Date**

The rules and rating values of this Plan are effective at 12:01 AM, January 1, ~~2020~~2021. When an amendment to this Plan is approved, a notice summarizing the amendment and its effective date, as specified by the Insurance Commissioner, will be published by the WCIRB.

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## Section II — Definitions

Amend Section II, *Definitions*, Rule 2, *Base Premium*, to update the citation to the federal Terrorism Risk Insurance Program.

### PROPOSED

#### Section II – Definitions

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#### 2. Base Premium

The amount derived from summing the application of the insurer classification rates to the payroll or other basis of exposure, excluding any premium charges arising from the Terrorism Risk Insurance Program established by the Terrorism Risk Insurance Act of 2002, ~~as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015 and any amendments thereof.~~

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## Section III — Eligibility and Experience Period

Amend Section III, *Eligibility and Experience Period*, Rule 1, *Eligibility Requirements for California Workers' Compensation Insurance*, to adjust the eligibility threshold from \$9,700 to \$X,XXX to reflect wage inflation and the proposed January 1, 2021 expected loss rates.

### PROPOSED

#### Section III – Eligibility and Experience Period

#### 1. Eligibility Requirements for California Workers' Compensation Insurance

A risk shall qualify for experience rating of its California workers' compensation insurance premium under this Plan if the amount produced by applying the approved expected loss rates shown in Table I of this Plan to the total remuneration that would be used in the experience rating calculation for the risk is greater than or equal to the eligibility threshold of ~~\$9,700~~ X,XXX. Only completed policy periods shall be used in determining eligibility. Any risk eligible for experience rating shall be experience rated.

A risk that does not meet the eligibility threshold will qualify for experience rating if the risk was experience rated during the immediately preceding year, unaudited payroll is excluded from the experience modification computation in accordance with Section III, Rule 3(g), and the resulting experience modification is greater than 100.

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