

# Governing Committee

## Meeting Agenda

Date	Time	Location	Staff Contact
February 10, 2021	9:30 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: February 3, 2021

**This meeting is being held via webinar teleconference. This meeting is Open to the Public.**

Please register at: <https://attendee.gotowebinar.com/register/5285382494277515792>

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

**I. Approval of Minutes**

Meeting held December 9, 2020

**II. Additions to the Agenda**

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

Classification and Rating Committee Meeting Held October 13, 2020 (without attachments)

**IV. Unfinished Business**

None

**V. New Business**

September 1, 2021 Regulatory Filing

**VI. Next Meeting Dates:**

A. March 11, 2021 Annual Meeting of WCIRB Membership

B. April 21, 2021 WCIRB Governing Committee Meeting

**VII. Adjournment**

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# Classification and Rating Committee

## Meeting Minutes

Date	Time	Location	Staff Contact
October 13, 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: October 19, 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  
Eric Riley  
Laura Carstensen  
Mary Corning  
Brian Gray  
Carrie Kosnik  
Allison Lightfoot  
Kristen Marsh

\* Attended part of the meeting

The meeting of the Classification and Rating Committee was called to order at 9:45 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 webinar teleconference meeting held on August 7, 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**

### **Physical Audit Threshold**

WCIRB staff reminded the Committee that the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) requires that all policies that generate a final premium at or above a specific threshold amount are subject to physical audit. The threshold has historically been set at a level that corresponds approximately with eligibility for experience rating so that the vast majority of payroll reflected in an experience rating calculation is subject to physical audit. The threshold has been reviewed on a regular basis and adjusted as appropriate to maintain the same approximate volume of policies subject to the audit requirement.

The Committee was advised that the USRP audit threshold is intended to be changed on a relatively infrequent basis. Nevertheless, the WCIRB reviews the physical audit threshold level annually. The audit threshold was last changed to \$10,500 effective January 1, 2020.

WCIRB staff explained the process and two methods used to evaluate the audit threshold in preparation for the September 1, 2021 Regulatory Filing. Staff noted that both methods produce an indicated physical audit threshold for policies incepting on or after September 1, 2021 of approximately \$9,500. However, since the threshold was last changed effective January 1, 2020 and is intended to be changed relatively infrequently, and since there is significant uncertainty as to future changes in wages and rates with the COVID-19 pandemic and resultant economic slowdown, staff recommended maintaining the current premium audit threshold of \$10,500 for September 1, 2021. The Committee agreed with staff's recommendation that the premium audit threshold should not be revised effective September 1, 2021.

## Item III-B Payroll Limitations

The Committee was reminded that each year, WCIRB staff reviews current wage and payroll limits in the *California Worker's Compensation Uniform Statistical Reporting Plan—1995* (USRP) in light of projected wage inflation. Typically, the WCIRB's approach includes (a) projecting wage inflation from the period the current limit is in effect to the period the proposed limit will be applicable and (b) applying the projected wage inflation to the current limit. The wage inflation projection is based on the average of the UCLA Anderson School of Business and California Department of Finance wage model forecasts. However, since it is unclear whether the wage inflation projection made prior to the COVID-19 pandemic and used to derive the current limits effective January 1, 2020 is reasonable given the uncertainty of wages during the pandemic period, WCIRB staff recommended using the limits effective January 1, 2019 as the base, rather than the current (2020) limits, and the most current available wage growth forecasts to derive each indicated wage and payroll limit to be effective September 1, 2021. Based on this projection, the WCIRB staff recommended the following revised wage and payroll limitations to be effective September 1, 2021.

Table 1 – Wage and Payroll Limitation Recommendations					
Class Code	Phraseology	Current		Recommended for September 1, 2021	
		Payroll Minimum	Payroll Maximum	Payroll Minimum	Payroll Maximum
7365	<i>Taxicab Operations</i> (per year per taxicab)	\$38,400	N/A	\$39,700	N/A
8039	<i>Stores – department stores – retail</i> (per year)	\$1,100,000	N/A	\$1,200,000	N/A
7607(1)	<i>Video Post-Production</i> (per year per employee)	N/A	\$139,100	N/A	\$144,300
7607(2)	<i>Audio Post-Production</i> (per year per employee)	N/A	\$139,100	N/A	\$144,300
7610	<i>Radio, Television or Commercial Broadcasting Stations</i> (on-air personalities, entertainers and musicians/per year per person)	N/A	\$139,100	N/A	\$144,300
8743	<i>Mortgage Brokers</i> (per year per employee)	N/A	\$139,100	N/A	\$144,300
8803	<i>Auditing, Accounting or Management Consulting Services</i> (per year per employee)	N/A	\$139,100	N/A	\$144,300
8820	<i>Law Firms</i> (per year per employee)	N/A	\$139,100	N/A	\$144,300

Table 1 – Wage and Payroll Limitation Recommendations					
Class Code	Phraseology	Current		Recommended for September 1, 2021	
		Payroll Minimum	Payroll Maximum	Payroll Minimum	Payroll Maximum
8859(1)	<i>Computer Programming or Software Development</i> (per year per employee)	N/A	\$139,100	N/A	\$144,300
8859(2)	<i>Internet or Web-Based Application Development or Operation</i> (per year per employee)	N/A	\$139,100	N/A	\$144,300
9151	<i>Theaters – musical entertainment</i> (performers and directors of performers/per year per person)	N/A	\$139,100	N/A	\$144,300
9156	<i>Theaters – dance, opera and theater companies</i> (performers and directors of performers/per year per person)	N/A	\$139,100	N/A	\$144,300
9181	<i>Athletic Teams or Athletic Facilities – players, umpires, referees and game officials</i> (per season per player)	N/A	\$139,100	N/A	\$144,300
9610	<i>Motion Pictures – production</i> (actors, musicians, producers and the motion picture director/per year per person)	N/A	\$139,100	N/A	\$144,300
N/A	Executive Officers, Partners, Individual Employers and Members of a Limited Liability Company	\$54,600	\$139,100	\$55,900	\$144,300

Following staff's presentation, a motion was made, seconded and unanimously passed to recommend that the proposed changes be included in the WCIRB's September 1, 2021 Regulatory Filing.

### Item III-C Potential Classification Studies

The Committee was reminded that the objectives of the WCIRB's classification research process are to (1) provide insightful tools and analytics to facilitate decision making, identify emerging trends and understand system implications, and (2) continually improve the Standard Classification System to facilitate advisory pure premium rates that provide the basis for an equitable distribution of costs among policyholders. Toward this end, WCIRB staff analyzes existing classifications to ensure they appropriately group businesses with similar exposure to workers' compensation losses and that they remain reasonably easy to administer. To further this goal, WCIRB staff identified a number of potential classification studies for the Committee's consideration. The following list is a compilation of suggestions from the Committee, various stakeholders and staff.

Staff summarized the studies proposed as classification research projects to be conducted in consideration of the September 1, 2022 Regulatory Filing. The Committee was advised that, in part, these proposed studies reflected the first phase of a process to use analytical analyses to help identify classifications that may include significantly non-homogeneous segments or potentially involve other areas of concern.

A Committee member inquired about a potential study of the cannabis industry, which was not one of the studies proposed to be completed in 2022. Staff indicated that the WCIRB assessed the most common operations and business models in the cannabis industry and has provided direction on how to apply existing classifications to these operations. Staff also indicated that the WCIRB will continue to closely monitor the cannabis industry to ensure the continued relevance of the existing classification procedures.

Another Committee member inquired if the WCIRB intended to study the private schools classifications. Staff acknowledged that the existing private schools classifications are not very homogeneous but reminded the Committee that a large study of these classifications was conducted in 2018. Although the California Department of Insurance staff's Proposed Decision on the January 1, 2019 Regulatory Filing recommended adoption of these proposed changes, the Insurance Commissioner's Decision rejected them.

Following staff's presentation and the Committee's discussion, the consensus of the Committee was that the following classification studies should be conducted in 2020-2021 in consideration of the September 1, 2022 Regulatory Filing.

<b>Classification Research Projects</b>	<b>Anticipated Commitment (L,M,H)<sup>1</sup></b>
Computer Programming	High
Classification Enhancements	Low
Hospitality and Resort Industry	High
Food and Beverage Classifications	High
Review Classifications in Order to Determine Inclusion of Clerical Office, Clerical Telecommuter and Outside Sales Activities	Moderate
Low Credibility Classification Studies:	
• Mining Classifications	Low to Moderate
• Circus and Carnival	Low to Moderate
Dual Wage Classifications	High
Kitchen and Bath Finish Materials	Low

<sup>1</sup> Estimated WCIRB staff resource commitment: "Low" corresponds to an estimate of below 50 hours, "Moderate" corresponds to an estimate of between 50 and 200 hours, and "High" corresponds to an estimate in excess of 200 hours.



## **Item III-D**

### **Ownership Rules**

The Committee was reminded that the *California Workers' Compensation Experience Rating Plan—1995* (ERP) contains the regulations used to analyze how a risk's ownership impacts experience rating. The Committee was informed that, based on feedback, staff reviewed the rules involving changes in status and combination of entities and determined that clarifying changes to these rules would assist in understanding their application.

#### Change in Status

Section IV, *Change in Status and Combination of Entities*, Rule 1, *Change in Status (Ownership, Operations and Employees)*, of the ERP provides that if an employer undergoes a material change in ownership, the employer's past experience will continue to be used to calculate future experience modifications, unless the material change in ownership is accompanied by a material change in employees or a material change in operations. A material change in employees is determined by examining the identified characteristics and employment status of employees during the ninety (90) days before and after the change in ownership. An ownership interest acquired by a member of the immediate family of a prior owner is treated the same as though the ownership interest was acquired by the prior owner.

The definition of Change in Ownership is currently located in Section II, *Definitions*. As a result, the rules are not as clear as they could be that, before evaluating materiality, the first step in the analysis is to determine whether a change in ownership actually occurred. Staff recommended moving the description of when a change in ownership occurs from the *Definitions* to Rule 1 to clarify the required first step in the analysis.

In addition, when evaluating whether a change in employees is material, different rules apply depending on whether all or a portion of the risk undergoes the material change in ownership. Staff recommended adding headings to clearly differentiate these rules and recommended other organizational and clarifying changes in order to direct readers through each step in the analysis.

Further, Section II, *Definitions*, Rule 6, *Immediate Family*, defines immediate family for the purpose of experience rating as "father, mother, husband, wife, registered domestic partner, son, daughter, stepson, stepdaughter, grandson or granddaughter." As grandson and granddaughter are included, staff recommended adding grandmother and grandfather to the definition of *Immediate Family* for completeness.

#### Combination of Entities

Section IV, *Change in Status and Combination of Entities*, Rule 2, *Combination of Entities*, of the ERP (Rule 2) states that separate entities are combined for experience rating purposes when the same person or persons own a majority interest in each of the entities.

Staff recommended changes to Rule 2 to indicate that, when evaluating whether entities are combinable for experience rating purposes, a determination must be made as to whether the same person, or a *combination of persons*, owns a majority interest in each of the entities. Additional changes were also recommended to Rule 2 for clarity.

Following staff's presentation, a motion was made, seconded and unanimously approved to recommend that the proposed changes be included in the September 1, 2021 Regulatory Filing.

## **Item III-E**

### **Iron or Steel Erection Study**

**5040(1), *Iron or Steel Erection – structural and exterior installation***

**5040(2), *Bridge Building – metal***

**5040(3), *Painting – steel structures or bridges***

**5057, *Iron or Steel Erection – N.O.C.***

**5059, *Iron or Steel Erection – structural***

**5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural***

**5102(3), *Floor Installation – elevated***

The Committee was advised that WCIRB staff conducted a study of the referenced iron or steel erection classifications and prepared a report that detailed staff's findings and recommendations. A copy of the report was provided to the Committee prior to the meeting. The objective of the study was to clarify the scope of each iron or steel erection classification, provide direction as to their application, and eliminate redundancy in classification descriptions to promote consistency in data reporting.

Staff summarized the study's findings for the Committee and noted that there is a clear line of demarcation between structural and non-structural iron or steel erection operations. Additionally, the study revealed that the classifications applicable to structural iron or steel erection operations have significant operational overlap and are therefore good candidates for consolidation. Similarly, the classifications applicable to non-structural iron or steel erection operations are operationally similar and the scope of each classification somewhat overlaps so these classifications are also good candidates for consolidation. Finally, the study found that that the wrecking or demolition and raising or moving of steel buildings, structures, tanks, towers or ships is more similar to structural rather than non-structural iron or steel erection operations.

Based on the study findings detailed in the report, staff recommended the following amendments to Part 3, Standard Classification System, of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*.

#### **I. Structural Iron or Steel Erection Operations**

1. Amend Classification 5040(1), *Iron or Steel Erection – structural and exterior installation*, to Classification 5040, *Iron or Steel Erection – structural*, and include all structural iron or steel erection operations, including bridge building and the painting of steel structures and bridges, and non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel erection at the same job or location.
2. Eliminate Classifications 5040(2), *Bridge Building – metal*, 5040(3), *Painting – steel structures or bridges*, and 5059, *Iron or Steel Erection – structural*, and assign their constituents to Classification 5040, *Iron or Steel Erection – structural*.

#### **II. Non-Structural Iron or Steel Erection Operations**

1. Amend Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*, to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*, and include the installation or erection of all non-structural iron, steel, brass, bronze or aluminum metal work, including elevated floor installation.
2. Eliminate Classifications 5102(3), *Floor Installation – elevated*, and 5057, *Iron or Steel Erection – N.O.C.*, and assign their constituents to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*.

3. Amend the *Special Industry Classification Procedures for Wrecking or Demolition and Building Raising or Moving* to direct that wrecking or demolition and raising or moving of steel buildings (not concrete encased steel), structures, tanks towers or ships (of any size) is assignable to Classification 5040, *Iron or Steel Erection – structural*.

Following staff's presentation, a motion was made, seconded and unanimously passed to recommend that the proposed changes be included in the WCIRB's September 1, 2021 Regulatory Filing.

### **Item III-F**

## **Multiple Enterprises Rule and Interchange of Labor Study**

The Committee was advised that WCIRB staff conducted a study of the Multiple Enterprises Rule (Rule)<sup>1</sup> and prepared a report that detailed staff's findings and recommendations. A copy of the report was provided to the Committee prior to the meeting. The study evaluated the extent to which the Rule: (1) ensures that businesses performing two or more distinct operations are assigned to the classification(s) that most accurately reflect the risk's exposure to hazard, (2) provides clarity regarding the rules and definitions applicable to operations that constitute multiple enterprises, and (3) provides clear and consistent direction for classifying these businesses.

Staff summarized the study's findings that, in certain limited and defined circumstances, the Rule produces an outcome that may not accurately reflect the employer's actual exposures to hazard. The study found that the current Rule would be improved by simplifying:

1. The classification of operations that are and are not *Physically Separated*;
2. The division of an employee's payroll when the employee interchanges between or among more than one classifiable operation; and
3. The classification of Miscellaneous Employees.

Based on the study findings detailed in the report, staff recommended the following amendments to Part 3, *Standard Classification System*, of the USRP.

1. Require that distinct operations be *Physically Separated* to be separately classified.
2. Allow the payroll of employees who perform activities that are integral to more than one separately classifiable operation to be divided between the applicable classifications, provided complete and accurate payroll records are maintained.
3. Consolidate the definition of Miscellaneous Employees and clarify its intended application.
4. Update the examples for consistency with the proposed changes.

WCIRB staff indicated that if the proposed rules are approved for inclusion in the September 1, 2021 Regulatory Filing, staff would conduct extensive outreach and education regarding the proposed changes. The Committee members indicated that the proposed revisions helped clarify the Rule and would therefore promote consistency when classifying these businesses.

Following staff's presentation, a motion was made, seconded and unanimously passed to recommend that the proposed changes be included in the WCIRB's September 1, 2021 Regulatory Filing.

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<sup>1</sup> See Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 3 of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP).

## Item III-G Hospitality and Resort Industry

The Committee was reminded that the WCIRB is conducting a multi-year study reviewing the efficacy of the classification procedures relative to the hospitality and resort industry, including recreational, personal care and leisure services performed in connection with this industry. The Committee reviewed a staff report that found that employers assigned to Classification 9050, *Hotels, Motels or Short-Term Residential Housing*, increasingly provide recreational, personal care and leisure services such as spas, golf courses, casinos and health club services. Historically, these additional operations have been assigned in accordance with the Multiple Enterprises Rule when conducted in connection with a hotel.

Staff summarized the report's finding that recreational, personal care and leisure services performed in connection with the hospitality and resort industry often are not physically separated. Since the WCIRB is recommending that the Multiple Enterprises Rule be amended to establish *Physical Separation* as the threshold for separately classifying distinct operations, this report found that a concurrent change to provide specific direction for separately classifying recreational, personal care and leisure operations when operated in connection with a hotel was warranted to ensure a consistent approach to their assignment.

Staff further advised the Committee that the next phase of its review of the hospitality industry will be to assess the extent to which operations conducted within this industry – particularly food service and retail store activities – are sufficiently homogeneous to warrant a more uniform classification approach.

Based on the findings detailed in the report, staff recommended the following amendments to Part 3, Standard Classification System, of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*.

1. Amend Classification 9050, *Hotels, Motels or Short-Term Residential Housing*, to direct that:
  - a. Recreational, leisure or resort operations, including but not limited to golf courses, casinos, gaming clubs, spas, baths, health clubs, gyms, barber shops or hair salons shall be separately classified.
  - b. The payroll of employees who alternate between two or more separately classifiable operations shall be assigned in accordance with Section V, Rule 3, *Division of Single Employee's Payroll*.
  - c. If an employer within the hospitality industry engages in separately classifiable operations, the payroll of employees, such as supervisors, maintenance workers, security guards, shipping and receiving clerks and yard employees who provide general support to more than one operation, shall be assigned to the *Governing Classification* of the group of classifications to which their work pertains.
2. Remove the *all employees* and *all operations* terminology in Classifications 9050, *Hotels, Motels, or Short-Term Residential Housing*, 9060, *Clubs – country or golf*, 9069, *Clubs – gaming*, 9586, *Barber Shops, Hair Styling Salons and Personal Appearance Services*, and 9184, *Ski Resort – Alpine*, and add footnotes to clarify:
  - a. Which operations are specifically included within the scope of each classification; and
  - b. The classification treatment for an employer with operations that include multiple recreational, leisure or resort classifications.

Following staff's presentation, a motion was made, seconded and unanimously passed to recommend that the proposed changes be included in the WCIRB's September 1, 2021 Regulatory Filing.

### **Item III-H**

#### **Proposed Classification Enhancements to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995***

The Committee was reminded that the WCIRB continually reviews the standard classifications contained in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* to ensure that the intended application of each classification is comprehensive and clear. WCIRB staff identified several classifications that could be clarified and, therefore, proposed revisions for clarity, consistency and to provide direction about how related operations are classified.

Committee members questioned the original intent of including *inside salespersons* in Classification 8046, *Stores – automobile or truck parts or accessories*, as this verbiage was proposed for deletion. Following a brief discussion of store salespersons and the fact that the term *inside salespersons* often refers to call center employees who sometimes qualify as clerical office employees, the committee members agreed that Classification 8046 should not include inside salespersons.

Following the discussion, a motion was made, seconded and unanimously approved to recommend that the proposed changes be included in the September 1, 2021 Regulatory Filing.

### **Item III-I**

#### **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 *Miscellaneous Regulations for the Recording and Reporting of Data—1995* (Misc. Regs) for clarity, internal consistency and consistency with the California Insurance Code.

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 Misc. Regs be included in the WCIRB's September 1, 2021 Regulatory Filing.

### **Item III-J**

#### **WCIRB Transaction Data Quality Program**

The Committee was advised that staff proposed replacing the Medical Transaction Data Quality Program with a Transaction Data Quality Program that would incorporate both medical and indemnity transaction data and focus primarily on completeness and accuracy. Staff noted that the proposed program provides time for members to respond to potential completeness or accuracy issues prior to the time any fines would be issued.

The Committee was further advised that the proposed program contemplates that the current Medical Transaction Data Quality Program would sunset for transactions after December 31, 2021 if the proposed Program is approved by the WCIRB's Governing Committee. Exhibits from the new Transaction Data Quality Program would be provided to members beginning with transactions from April 1, 2021 and potential fines based on the Program would be effective beginning with transactions as of January 1, 2022.

The Committee did not express any concerns with this proposed program and was advised that it will be proposed to the Governing Committee for adoption in December.



### **Item III-K**

#### **2021 Schedule of Meetings**

The following schedule of Classification and Rating Committee meetings for the coming year was presented to the Committee members and approved.

<b>Day of Week</b>	<b>Date &amp; Time</b>	<b>Content</b>
Tuesday	February 2, 2021 at 9:30 AM	Review classification relativities for September 1, 2021 Regulatory Filing
Tuesday	May 11, 2021 at 9:30 AM	Review September 1, 2022 Regulatory Filing matters
Wednesday	September 22, 2021 at 9:30 AM	Review September 1, 2022 Regulatory Filing matters
Tuesday	October 26, 2021 at 9:30 AM	Review September 1, 2022 Regulatory Filing matters

**Additional dates to note:**

Tuesday	March 2021	Annual Meeting of the Membership
Thursday	September 23, 2021 (tentative)	Annual WCIRB Conference

The meeting was adjourned at 12:40 PM.

\* \* \* \* \*

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for February 2, 2021 for approval and/or modification.

## **Item V**

### **September 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), *Miscellaneous Regulations for the Recording and Reporting of Data—1995* (Miscellaneous Regulations) and *California Workers' Compensation Experience Rating Plan—1995* (ERP) for inclusion in the WCIRB's September 1, 2021 Regulatory Filing. The changes, if approved, would take effect September 1, 2021 with the exception of the proposed changes to limit payroll for pure premium ratemaking purposes in several additional classifications that would take effect September 1, 2022.

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 February.

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

In preparation for the September 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. Iron or Steel Erection**

The WCIRB reviewed the iron or steel erection classifications to clarify the scope of each classification, provide clear direction as to their application and eliminate redundancy in classification descriptions to promote consistency in data reporting. Based on the study's findings, the C & R Committee is recommending consolidating the classifications studied into two classifications – one for structural and one for non-structural iron or steel operations.

##### **2. Multiple Enterprises Rule and Interchange of Labor**

WCIRB staff reviewed the Multiple Enterprises Rule to evaluate the extent to which it ensured that businesses performing two or more distinct operations were assigned to the classification that most accurately reflected the risk's exposure to hazard; provided clarity regarding the rules and definitions applicable to operations that constitute multiple enterprises; and provided clear and consistent direction for classifying these businesses. Based on the findings of the study, the C & R Committee is recommending amendments to the Multiple Enterprises Rule to (1) require that distinct operations be Physically Separated to be separately classified, (2) allow the payroll of employees who perform activities integral to more than one separately classifiable operation to be divided between the applicable classifications, provided complete and accurate payroll records are maintained, (3) consolidate the definition of Miscellaneous Employees and clarify its intended application and (4) update the examples for consistency with the proposed changes.

##### **3. Hospitality and Resort Industry**

In light of the recommended changes to the Multiple Enterprises Rule, the C & R Committee is recommending changes to clarify the application of Classification 9050, *Hotels, Motels or Short-Term Residential Housing*, since employers in this classification increasingly provide recreational, personal care and leisure services that have been historically assigned in accordance with the Multiple Enterprises Rule. Since WCIRB staff determined that recreational, personal care and leisure services performed in connection with the hospitality and resort industry often are not physically separated, the C & R Committee is recommending amendments to Classification 9050 to direct that these activities shall be separately classified and to otherwise clarify the classification of these operations. In

addition, the C & R Committee is recommending changes to remove the *all employees* and *all operations* terminology in Classifications 9050, 9060, *Clubs – country or golf*, 9069, *Clubs – gaming*, 9586, *Barber Shops, Hair Styling Salons and Personal Appearance Services*, and 9184, *Ski Resorts – Alpine*, to add footnotes to clarify which operations are specifically included within the scope of each classification; and to clarify the classification treatment for an employer with operations that include multiple recreational, leisure or resort classifications.

#### **4. Classification Enhancements**

The C & R Committee is also recommending amendments to clarify the application of numerous classifications as a result of the WCIRB's continual effort to review standard classifications definitions 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 ERP to clarify the Change in Status and Combination of Entities rules, (3) amend the Miscellaneous Regulations for consistency with the California Insurance Code and the USRP, (4) amend the USRP to clarify that premium charges related to Coronavirus 2019 (COVID-19) are included in the reported Final Premium for policies incepting on or after January 1, 2021 with a required date of reporting on or after September 1, 2022,<sup>1</sup> and (5) make non-substantive amendments for clarity and consistency with related regulations.

The C & R Committee is also recommending amendments to the minimum and maximum payroll limitations for executive officers, partners, individual employers and members of a limited liability company, as well as other payroll limitations relevant to specific classifications to reflect the increase in wage levels that has occurred since the minimum and maximum payroll limitations were last amended in 2020. Additionally, the C & R Committee is recommending an increase to the minimum annual payroll per taxicab from \$38,400 to \$39,700 and the minimum payroll to qualify for Classification 8039, *Stores – department stores*, from \$1,100,000 to \$1,200,00 to reflect wage inflation since the minimum was last amended. Finally, the C & R Committee also recommended that maximum payroll limits apply to eight additional classifications to be included in the September 1, 2021 Regulatory Filing to be effective September 1, 2022.<sup>2</sup>

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<sup>1</sup> The language for this proposed change was not finalized at the time this Agenda was issued but staff anticipates that the language will be finalized and approved by the C & R Committee before the Governing Committee meeting.

<sup>2</sup> The proposed payroll limitations apply to Classifications 8601(1), *Engineers*; 8601(2), *Oil or Gas Geologists or Scouts*; 8601(4), *Forest Engineers*; 8741, *Real Estate Agencies*; 8749, *Mortgage Bankers*; 8801, *Credit Unions*; 8808, *Banks*; and 8822, *Insurance Companies*.

**Part A****Section A**

**Recommended Amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995***  
**Title 10, California Code of Regulations, Section 2318.6**  
**Effective September 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 September 1, 2021 and applied to a policy with an effective date on or after September 1, 2021.

**Part 1 — General Provisions**

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

PROPOSED**Section I — Introduction**

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**3. Effective Date**

The provisions of this Plan are effective at 12:01 AM, ~~January~~September 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.

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## Part 3 — Standard Classification System

Amend Section II, *Classification Terminology*, Rule 1, *Interchange of Labor*, for clarity.

### PROPOSED

#### Section II – Classification Terminology

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##### 11. Interchange of Labor

Exists when employees, other than Miscellaneous Employees or employees engaged in operations described by a General Inclusion, either: (a) alternate between or among two or more separately classifiable operations, or (b) engage in a single activity or work in a single department that is integral to two or more separately classifiable ~~activities~~ operations. The payroll for such employees represents a blend of separately classifiable operations. In such cases, the payrolls may be divided between two or more classifications provided (a) such division is not prohibited by the classification(s) or rules contained in this Plan, and (b) the payroll earned in the various activities is segregated in accordance with Section V, Rule 3, *Division of Single Employee's Payroll*. Otherwise, the payrolls for such employees are assigned to the highest-rated classification applicable to any part of the work performed by the employee.

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Amend Section III, *General Classification Procedures*, Rule 3, *Multiple Enterprises*, to clarify the rules and definitions applicable to operations that constitute Multiple Enterprises to facilitate consistent outcomes and better align with the objectives of the Standard Classification System.

### PROPOSED

#### Section III – General Classification Procedures

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##### 3. Multiple Enterprises

If the employer's business, conducted at one or more locations, consists of two or more distinct operations that do not normally prevail in the business described by a single classification, then the distinct operations shall be ~~separately~~ classified in accordance with the following rules:

a. ~~If the distinct operations are pPhysically sSeparated and there is no interchange of labor in accordance with Section II, Rule 21, *Physical Separation or Physically Separated*, each distinct operation shall be separately classified.~~

~~(1) The payroll for employees (exclusive of Miscellaneous Employees) who perform activities integral to separately classified operations shall be divided between or among the applicable classifications, provided complete and accurate payroll records are maintained pursuant to Section V, Rule 3, *Division of Single Employee's Payroll*.~~

~~(2) The payroll of Miscellaneous Employees shall be classified pursuant to 3.d, below.~~

a.b. ~~If two or more of the distinct operations are not pPhysically sSeparated, or if an interchange of labor exists, the such operations shall be assigned to the highest-rated classification applicable to the distinct operations conducted in the common workspace.~~

~~(1) If the operation that develops the most payroll (exclusive of Miscellaneous Employees) is described by a classification that has the higher pure premium rate, then all operations shall be assigned to the higher-rated classification.~~

~~(2) If the operation that develops the most payroll (exclusive of Miscellaneous Employees) is described by a classification that has the lower pure premium rate, then the higher-rated classification shall be assigned to all employees, except as provided below:~~

~~(a) The employees engaged solely in activities described by the lower-rated classification and who do not interchange with activities described by the higher-rated classification shall be assigned to the classification that carries the lower pure premium rate; or~~

~~(b) The payroll for employees (exclusive of Miscellaneous Employees) whose activities interchange with the higher-rated activity shall be divided between the applicable classifications, provided complete and accurate payroll records are maintained pursuant to Section V, Rule 3, *Division of Single Employee's Payroll*.~~

~~(3) If the distinct operations are described by classifications having the same pure premium rate, then each operation shall be separately classified.~~

b.c. ~~The above paragraphs notwithstanding, division of payroll is permitted only if:~~

~~(1) The operation is not described by any of the General Inclusions;~~

~~(2) The division is not contrary to classification phraseology; and~~

~~(3) The division is not contrary to any other provisions contained herein this Plan.~~

e.d. ~~Miscellaneous Employees do not engage in operations that are integral to each classifiable operation, but perform operations in general support of more than one classifiable operation and cannot properly be classified in accordance with a single classification. Examples of Miscellaneous Employees include but are not limited to supervisors, maintenance employees, power plant employees, laboratory researchers, security guards, shipping and receiving clerks, and yard employees.~~

~~If, pursuant to this rule, the operations at any location are classified on a divided payroll basis, the payroll of all Unless otherwise directed in this Plan, Miscellaneous Employees who cannot properly be classified in accordance with a specific classification shall be assigned to the gGoverning eClassification of the group of classifications to which their work pertains.~~

### Example 1

The employer operates a factory that manufactures uniforms, described by Classification 2501(1), *Clothing Mfg.*, with a hypothetical pure premium rate of \$5.00. The employer adds a distinct operation to manufacture pillows, described by Classification 2571, *Pillow, Quilt, Comforter or Cushion Mfg.*, with a hypothetical pure premium rate of \$7.00. ~~Interchange of labor does not exist since employees~~

do not alternate between the two separately classifiable operations. Payroll for the uniform manufacturing department is \$100,000. Payroll for the pillow department is \$25,000. Because the most payroll is developed in the lower pure premium rated classification, the Both operations are conducted on the same floor of a building with no permanent walls separating the workspaces. Because the operations are not physically separated, the operations shall be separately classified whether or not there is physical separation assigned to the highest-rated classification. This example is illustrated in the table below.

Operation	Physical Separation	Potential Classification	Hypothetical Pure Premium Rate	Assigned Classification	USRP Rule
Uniform Manufacturing	Not Applicable	2501(1), <u>Clothing Mfg.</u>	\$5.00	2501(1), <del>Clothing Mfg.</del> , 2571, Pillow, Quilt, Comforter or Cushion Mfg.	Section III, Rule 3a or 3b(2)(a)
Pillow Manufacturing	Not Applicable	2571, Pillow, Quilt, Comforter or Cushion Mfg.	\$7.00	2571, Pillow, Quilt, Comforter or Cushion Mfg.	Section III, Rule 3a or 3b(2)(a)

### Example 2

The employer from Example 1 reorganizes its staff so that all employees alternate between the two separately classifiable operations. As such, an interchange of labor exists. However, the employer maintains complete and accurate payroll segregations in accordance with Section V, Rule 3, *Division of Single Employee's Payroll*. Because the most payroll is developed in the lower pure premium rated classification, the operations shall be separately classified with no need for physical separation business so that the uniform manufacturing and pillow manufacturing operations are now in different buildings. Because the operations are physically separated, both classifications are assignable. This example is illustrated in the table below.

Operation	Physical Separation	Potential Classification	Hypothetical Pure Premium Rate	Assigned Classification	USRP Rule
Uniform Manufacturing	<del>Not Applicable</del> Yes	2501(1), <u>Clothing Mfg.</u>	\$5.00	2501(1), <u>Clothing Mfg.</u>	Section III, Rule 3b(2)(b) 3a
Pillow Manufacturing	<del>Not Applicable</del> Yes	2571, Pillow, Quilt, Comforter or Cushion Mfg.	\$7.00	2571, Pillow, Quilt, Comforter or Cushion Mfg.	Section III, Rule 3b(2) 3a

### Example 3

The employer from Example 1, which maintains its uniform and pillow manufacturing operations in different buildings, establishes a separate department to cut fabric in support of both the uniform and pillow manufacturing operations. As such, an interchange of labor exists since the fabric cutting department is physically separated from the uniform and pillow manufacturing operations but is integral to two or more both of these separately classifiable activities operations. Assuming it is not feasible to accurately segregate the fabric cutting payroll between that developed in support of uniform manufacturing and that developed in support of pillow manufacturing, the fabric cutting department is assigned to the highest rated applicable classification. The uniform manufacturing, however, remains assignable to Classification 2501(1). This example is illustrated in the table below:



Operation	Physical Separation	Potential Classification	Hypothetical Pure Premium Rate	Assigned Classification	USRP Rule
Uniform Manufacturing	<del>Not Applicable</del> <u>Yes</u>	<u>2501(1), Clothing Mfg.</u>	<u>\$5.00</u>	<u>2501(1), Clothing Mfg.</u>	Section III, Rule <del>3b(2)(a)</del> <u>3a</u>
Pillow Manufacturing	<del>Not Applicable</del> <u>Yes</u>	<u>2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	<u>\$7.00</u>	<u>2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	Section III, Rule <del>3b(2)</del> <u>3a</u>
Fabric Cutting	<del>Not Applicable</del> <u>Yes</u>	<u>2501(1), Clothing Mfg., or 2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	<u>\$5.00 or \$7.00</u>	<u>2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	Section III, Rule <del>3b(2)</del> <u>3a(1)</u>

**Example 3a**

Conversely, if the employer is able to accurately segregate the fabric cutting payroll developed in support of each operation, the fabric cutting payroll can be divided between Classifications 2501(1) and 2571. For example, the department may have specific days or shifts devoted to fabric cutting in support of uniform manufacturing which are separate from those in support of fabric cutting for pillow manufacturing. This example is illustrated in the table below:

Operation	Physical Separation	Potential Classification	Hypothetical Pure Premium Rate	Assigned Classification	USRP Rule
Uniform Manufacturing	<u>Yes</u>	<u>2501(1), Clothing Mfg.</u>	<u>\$5.00</u>	<u>2501(1), Clothing Mfg.</u>	Section III, Rule <u>3a</u>
Pillow Manufacturing	<u>Yes</u>	<u>2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	<u>\$7.00</u>	<u>2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	Section III, Rule <u>3a</u>
Fabric Cutting	<u>Yes</u>	<u>2501(1), Clothing Mfg., or 2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	<u>\$5.00 or \$7.00</u>	<u>2501(1), Clothing Mfg., or and 2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	Section III, Rule <u>3a(1)</u>

**Example 4**

The employer from Example 1 moves to a new facility and adds a new operation, sewing canvas boat covers, described by Classification 2576, Awning, Tarp or Canvas Goods Mfg., with a hypothetical pure premium rate of \$4.00. At the new facility, the pillow manufacturing operations will be physically separated from all other operations, and the uniform manufacturing and boat cover manufacturing operations will be performed in the same workspace with no physical separation. In this case, the physically separated pillow manufacturing is separately classified as 2571. Because (1) the boat cover and uniform manufacturing operations are not physically separated from one another and (2) Classification 2501(1) is the higher-rated classification, these operations are both assigned to Classification 2501(1). This example is illustrated in the table below:

<u>Operation</u>	<u>Physical Separation</u>	<u>Potential Classification</u>	<u>Hypothetical Pure Premium Rate</u>	<u>Assigned Classification</u>	<u>USRP Rule</u>
<u>Pillow Manufacturing</u>	<u>Yes (separate from all other operations.)</u>	<u>2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	<u>\$7.00</u>	<u>2571, Pillow, Quilt, Comforter or Cushion Mfg.</u>	<u>Section III, Rule 3a</u>
<u>Uniform Manufacturing</u>	<u>Yes (separate from Pillow Mfg.)</u> <u>No (not separated from Canvas Boat Cover Mfg.)</u>	<u>2501(1), Clothing Mfg.</u>	<u>\$5.00</u>	<u>2501(1), Clothing Mfg.</u>	<u>Section III, Rule 3a</u>
<u>Canvas Boat Cover Mfg.</u>	<u>Yes (separate from Pillow Mfg.)</u> <u>No (not separated from Uniform Mfg.)</u>	<u>2576, Awning, Tarp or Canvas Goods Mfg. or 2501(1), Clothing Mfg.</u>	<u>\$4.00 or \$5.00</u>	<u>2501(1), Clothing Mfg.</u>	<u>Section III, Rule 3b</u>

**Example 4**

The employer manufactures fiber reinforced plastic products to customers' specifications. These operations are described by Classification 4497, *Plastics—fiber reinforced plastic products mfg.—N.O.C.*, with a hypothetical pure premium rate of \$8.00. The employer also assembles fishing poles. These operations are described by Classification 3574(2), *Golf Club or Fishing Rod Mfg., Repair or Assembly*, with a hypothetical pure premium rate of \$6.00. Interchange of Labor does not exist since employees do not alternate between the two separately classifiable operations. Payroll developed in the manufacture of fiber reinforced plastic products is \$200,000. Payroll developed in the fishing pole department is \$50,000. Because the most payroll is developed in the higher pure premium rated classification, the lower pure premium rated classification may be used for the fishing pole assembly operation only if it is physically separated from the fiber reinforced plastic products manufacturing and if there is no interchange of labor between the operations. This example is illustrated in the table below.

<u>Operation</u>	<u>Payroll</u>	<u>Interchange of Labor</u>	<u>Physical Separation</u>	<u>Assigned Classification</u>	<u>Hypothetical Pure Premium Rate</u>	<u>USRP Rule</u>
Fiber reinforced plastic products manufacturing	\$200,000	No	Yes	4497, <i>Plastics—fiber reinforced plastic products mfg.—N.O.C.</i>	\$8.00	Section III, Rule 3a
Fishing pole assembly	\$50,000	No	Yes	3574(2), <i>Golf Club or Fishing Rod Mfg., Repair or Assembly</i>	\$6.00	Section III, Rule 3a

**Example 5**

The employer from Example 4 removes the physical separation between the distinct operations. Absent physical separation, the smaller, lower rated operation must be assigned to the larger, higher rated classification. This example is illustrated in the table below.

Operation	Payroll	Interchange of Labor	Physical Separation	Assigned Classification	Hypothetical Pure Premium Rate	USRP Rule
Fiber reinforced plastic products manufacturing	\$200,000	No	No	4497, <i>Plastics—fiber reinforced plastic products mfg.—N.O.C.</i>	\$8.00	Section III, Rule 3a
Fishing pole assembly	\$50,000	No	No	4497, <i>Plastics—fiber reinforced plastic products mfg.—N.O.C.</i>	\$8.00	Section III, Rule 3a

**Example 6**

The employer from Example 4 maintains the physical separation between departments, but reorganizes its staff so that all employees alternate between the two separately classifiable operations. As such, an interchange of labor exists. The employer does not maintain complete and accurate records segregating the payroll earned in various activities—thereby making it impossible to determine which operation develops the most payroll. Accordingly, all employees are assigned to the highest rated applicable classification in accordance with Section V, Rule 3, *Division of Single Employee's Payroll*. This example is illustrated in the table below.

Operation	Payroll	Interchange of Labor	Physical Separation	Assigned Classification	Hypothetical Pure Premium Rate	USRP Rule
Fiber reinforced plastic products manufacturing	\$250,000 (Breakdown by operation is not possible because there is no segregation of payrolls.)	Yes	Yes	4497, <i>Plastics—fiber reinforced plastic products mfg.—N.O.C.</i>	\$8.00	Section V, Rule 3
Fishing pole assembly		Yes	Yes	4497, <i>Plastics—fiber reinforced plastic products mfg.—N.O.C.</i>	\$8.00	Section V, Rule 3

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Amend Section IV, *Special Industry Classification Procedures*, Rule 7, *Wrecking or Demolition and Building Raising or Moving*, for consistency with other proposed changes.

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

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**7. Wrecking or Demolition and Building Raising or Moving**

- a. In classifying wrecking or demolition work where a building or structure is razed or where a floor or exterior wall is removed, all operations at the wrecking or demolition site, including welding or

cutting, breaking up concrete foundations, sidewalks or floor slabs, and removing or loading debris, shall be assigned to one of the classifications listed in (1) through (5), below.

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(3) Classification ~~50575040, Iron<sub>2</sub> or Steel Erection – *N.O.-Cstructural*~~. This classification shall be assigned to wrecking or demolition and raising or moving of steel buildings (not concrete encased steel), structures, tanks, towers or ships (of any size).

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Amend Section V, *Payroll – Remuneration*, Rule 1, *Payroll – Remuneration*, Subrule j, *Executive Officers*, Subrule k, *Partners*, Subrule l, *Individual Employers*, and Subrule m, *Members of a Limited Liability Company*, to adjust the minimum and maximum payroll limitations for executive officers, partners, individual employers, and members of a limited liability company to reflect wage inflation since the minimum and maximum payroll limitations were last amended in 2020.

## PROPOSED

### Section V – Payroll – Remuneration

#### 1. Payroll – Remuneration

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##### j. Executive Officers

The entire remuneration earned by each executive officer during the policy period shall be used as the payroll, subject to a minimum remuneration of ~~\$54,600~~\$55,900 per annum and a maximum remuneration of ~~\$139,100~~\$144,300 per annum for each executive officer covered under the policy.

This provision also applies to executive officers of a corporation while the corporation is covered as a member of a partnership or joint venture operation and to executive officers of a limited liability company.

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##### k. Partners

If the policy covers one or more partners as employee(s) during the policy period, the entire remuneration earned by such partner(s) during such coverage (including the annual amount of wages, salary, emoluments or profits of each such partner) shall be included in the payroll, subject to a minimum remuneration of ~~\$54,600~~\$55,900 per annum and a maximum remuneration of ~~\$139,100~~\$144,300 per annum for each partner so included. This provision also applies to partners of a partnership while such partnership is covered as a member of another partnership or joint venture.

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### I. Individual Employers

If an individual employer is covered under the policy, the entire remuneration earned by such person during the policy period (including the annual amount of wages, salary, emoluments or profits of such person) shall be included in payroll, subject to a minimum remuneration of ~~\$54,600~~\$55,900 per annum and a maximum remuneration of ~~\$139,100~~\$144,300 per annum for such person.

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### m. Members of a Limited Liability Company

If the policy covers one or more members as employee(s) during the policy period, the entire remuneration earned by such member(s) during such coverage (including the annual amount of wages, salary, emoluments or profits of each such member) shall be included in the payroll, subject to a minimum remuneration of ~~\$54,600~~\$55,900 per annum and a maximum remuneration of ~~\$139,100~~\$144,300 per annum for each member so included. This provision also applies to managers of a limited liability company when the limited liability company is manager-managed.

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### Examples – for subrules j, k, l and m

A person joined a partnership as a partner effective week 27 of a 52-week policy period. The person did not work as an employee prior to becoming partner. The partner drew only \$400 per week as partner and no other earnings were distributed to the partner. (\$400 x 26, or \$10,400, was drawn during the policy period.) The prorated weekly minimum payroll for partners based upon Subrule k, above, is more than \$10,400 (~~\$54,600~~\$55,900 ÷ 52 x 26 = ~~\$27,300~~\$27,950). The reportable payroll for this partner must therefore be increased by ~~\$16,900~~\$17,550 to equal the prorated minimum remuneration for this person's 26 weeks as partner (\$10,400 + ~~\$16,900~~\$17,550 = ~~\$27,300~~\$27,950).

An employee is promoted to an executive officer position effective week 40 during a 52-week policy period. The individual was paid an annual salary of \$150,000 for the policy period. Payroll for weeks 1 through 39 is \$112,500. The earnings for the 13-week period as executive officer are reduced to the prorated executive officer maximum remuneration based upon Subrule j above (~~\$139,100~~\$144,300 ÷ 52 x 13 = ~~\$34,775~~\$36,075). The total reportable payroll for this individual is \$112,500 + ~~\$34,775~~\$36,075 = ~~\$147,275~~\$148,575.

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

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*, for consistency with other proposed changes.

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.

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, retail stores or hotels shall be separately classified.

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Amend Classification 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices – including ticket collectors connected therewith*, for consistency with other proposed changes.

### PROPOSED

#### **AMUSEMENT OR RECREATIONAL FACILITIES – N.O.C. – operation or maintenance of amusement devices – including ticket collectors connected therewith 9180(1)**

This classification applies to the operation or maintenance of amusement devices at 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 and laser tag, airsoft or paintball facilities.

This classification also applies to guided tours for water-based activities or water-based athletic or fitness instructional programs at locations other than swimming pools, including but not limited to surfing, scuba, kayaking, paddle boarding or kite surfing on lakes, bays, rivers or oceans.

This classification also applies to guided wilderness expeditions; motorsports operations; or ski instructors, ski patrol personnel or employees engaged in ski trail grooming at ski resort locations that exclusively provide Nordic (cross-country) skiing activities. This classification also applies to the detonation of fireworks for pyrotechnic displays.

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

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

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*.

The operation of Alpine (downhill) ski resorts, including the operation of Nordic (cross-country) ski trails at Alpine ski resort locations, shall be classified as 9184, *Ski Resorts – Alpine*.

Also refer to companion 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*.

If an employee who performs duties described by Classification 9180(1) also performs duties described by Classification 9016(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 or hotels shall be separately classified.

\* \* \* \* \*

Amend Classification 9181, *Athletic Teams or Athletic Facilities – players, umpires, referees and game officials*, to increase the payroll limitation for players from \$139,100 to \$144,300 per player per season to reflect wage inflation since the payroll limitation was last amended in 2020.

### PROPOSED

#### **ATHLETIC TEAMS OR ATHLETIC FACILITIES – players, umpires, referees and game officials 9181**

**The entire remuneration of each player shall be included, subject to a maximum of ~~\$139,100~~\$144,300 per season. When a player works for two or more teams in the same sport during the season, the ~~\$139,100~~\$144,300 per player maximum shall be prorated.**

This classification applies to the players, playing managers, and umpires, referees and game officials who monitor play, of professional and amateur athletic teams, including all players on the salary list of the insured whether regularly played or not. This classification also applies to umpires, referees and game officials in connection with youth or recreational athletic teams or facilities.

Season shall include preseason and postseason exposure.

Also refer to companion Classification 9182, *Athletic Teams or Athletic Facilities – all employees other than players, umpires, referees and game officials*.

If an employee who performs duties described by Classification 9181 also performs duties described by Classification 9182, 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 Section V, Rule 3, *Division of Single Employee's Payroll*.

\* \* \* \* \*

Amend Classification 7607(2), *Audio Post-Production*, to increase the annual payroll limitation from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

### PROPOSED

#### **AUDIO POST-PRODUCTION – computer or electronic – all employees – including Clerical Office Employees and Outside Salespersons 7607(2)**

**The entire remuneration of each employee shall be included, subject to a maximum of ~~\$139,100~~\$144,300 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 increase the annual payroll limitation from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

### PROPOSED

#### **AUDITING, ACCOUNTING OR MANAGEMENT CONSULTING SERVICES – all employees – including Clerical Office Employees 8803**

**The entire remuneration of each employee shall be included, subject to a maximum of ~~\$139,100~~\$144,300 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.

\* \* \* \* \*

Amend Classification 2576, *Awning, Tarp or Canvas Goods Mfg. – N.O.C.*, for consistency with other proposed changes.

PROPOSED

**AWNING, TARP OR CANVAS GOODS MFG. – N.O.C. – shop only**

**2576**

This classification applies to the manufacture of fabric goods, including but not limited to awnings, tarps, canopies, tents, automobile covers, boat covers, pool covers and sails.

The manufacture of framework for products, including but not limited to tents, canopies or awnings shall be separately classified.

The erection, removal or repair of awnings away from the shop shall be separately classified as 5102(4), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

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

\* \* \* \* \*

Amend Classification 9586, *Barber Shops, Hair Styling Salons and Personal Appearance Services*, to clarify the application.

PROPOSED

**BARBER SHOPS, HAIR STYLING SALONS AND PERSONAL APPEARANCE SERVICES—~~all~~  
employees – including receptionists**

**9586**

This classification applies to employers that provide hair cutting, styling, massage ~~and/or~~ other personal appearance services, including but not limited to manicures, pedicures, facial treatments, tattoos, piercing, tanning and hair removal.

This classification also applies to fee-based salon services provided by barber ~~and/or~~ cosmetology schools.

The operation of spa or bath facilities that include saunas, steam baths, hydrotherapy baths, cryotherapy, natural springs, mud baths or soaking tubs, including massage or personal appearance services provided in connection therewith, shall be classified as 9054, *Spas or Baths*.

The operation of health clubs or gyms, including massage or personal appearance services provided in connection therewith, shall be classified as 9053(2), *Health Clubs or Gyms*.

\* \* \* \* \*

Amend Classification 6834, *Boat Building or Repairing*, for consistency with other proposed changes.

PROPOSED

**BOAT BUILDING OR REPAIRING – including shop and yard work**

**6834**

This classification applies to the manufacture or repair of noncommercial boats of any size and commercial boats not exceeding 150 feet in length, provided such operations are not subject to the United States Longshore and Harbor Workers' Compensation Act (USL&H Act). This classification applies to boats made of materials, including but not limited to wood, metal and fiber reinforced plastic.

The sale of new or used boats, including the service or repair of boats when performed by the boat dealer, shall be classified as 8057, *Boat Dealers*.

Boat marina and boat rental operators shall be classified as 9016(4), *Boat Marina and Boat Rental Operation*.

The demolition of ships shall be classified as ~~5057~~5040, *Iron or Steel Erection – ~~N.O.C. Structural~~*. See Part 3, Section IV, Rule 7, *Wrecking or Demolition and Building Raising or Moving*.

For boat building or repair operations subject to the USL&H Act, refer to the Advisory California Rules for the Recording and Reporting of United States Longshore and Harbor Workers' Compensation Act Coverage.

\* \* \* \* \*

Amend Classification 9016(4), *Boat Marina and Boat Rental Operation*, for consistency with other proposed changes.

PROPOSED

**BOAT MARINA AND BOAT RENTAL OPERATION**

**9016(4)**

This classification applies to boat marina ~~and/or~~ boat rental operators, including but not limited to the maintenance of marina facilities, maintenance ~~and/or~~ repair of rental boats, fuel sales, and the rental of boat slips ~~and/or~~ dry storage space.

Fee-based instruction ~~and/or~~ guided expeditions shall be separately classified as 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices*.

~~The operation of restaurants and retail stores shall be separately classified.~~

Boat dealers shall be classified as 8057, *Boat Dealers*.

Boat repair facilities shall be classified as 6834, *Boat Building or Repairing*.

Yacht clubs shall be classified as 9061, *Clubs – N.O.C.*

Restaurants, retail stores or hotels shall be separately classified.

\* \* \* \* \*

Amend Classification 3726, *Boiler Installation, Service or Repair – steam or hot water*, for consistency with other proposed changes.

PROPOSED

**BOILER INSTALLATION, SERVICE OR REPAIR – steam or hot water**

**3726**

This classification applies to the installation, service, repair or cleaning of industrial or commercial boilers or heat exchangers at customers' locations. This classification includes the repair or replacement of worn or damaged plate steel components, including but not limited to tanks, casings, chambers, ducting, piping and tubing.

This classification also applies to the erection of metal tanks within buildings.

The repair or replacement of mechanical components, including but not limited to pumps, turbines, generators, oil compressors, gearboxes, motors and blowers shall be separately classified as 3724(1), *Millwright Work*.

The repair or replacement of gas burners, burner dampers, air diffusers or burner rings shall be separately classified as 5183(1)/5187(1), *Plumbing*.

The installation of insulation material onto steam pipes or boilers shall be separately classified as 5184, *Steam Pipe or Boiler Insulation*.

The installation of refractory brick shall be separately classified as 5027/5028, *Masonry*.

The lining of refractory chambers or metal tanks with concrete or the construction of concrete foundations shall be separately classified as 5213, *Concrete Construction – N.O.C.*

Boiler manufacturing or shop repair shall be classified as 3620(1), *Boiler Mfg.*, if more than 50% of the metal used is #9 gauge or heavier. If 50% or more of the metal used is lighter than #9 gauge, boiler manufacturing or shop repair shall be classified as 3169(2), *Water Heater Mfg.*

The erection of exterior metal tanks at ground level or on roof surfaces shall be classified as ~~5057, Iron or Steel Erection – N.O.C.~~ 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*. The erection of exterior elevated metal tanks on support structures shall be classified as 5040(1), *Iron or Steel Erection – structural* ~~and exterior installation~~.

\* \* \* \* \*

Eliminate Classification 5040(2), *Bridge Building*, as an alternate phraseology to Classification 5040, *Iron or Steel Erection – structural*, and reassign the operations described by this classification to Classification 5040, *Iron or Steel Erection – structural*.

PROPOSED

**BRIDGE BUILDING – metal**

**5040(2)**

~~This classification applies to the construction, erection, repair or retrofitting of metal bridges and the erection of elevated metal roadways or trestles where the clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet. This classification~~

~~also applies to welding or cutting of bridge road gratings, plates or structural members by contractors at construction sites.~~

~~The construction of wood bridges or trestles shall be classified as 6003(3), *Bridge or Trestle Construction – wood*.~~

~~Excavation, concrete work and reinforcing steel installation in connection with concrete work shall be separately classified.~~

\* \* \* \* \*

Amend Classification 6003(3), *Bridge or Trestle Construction – wood*, for consistency with other proposed changes.

### PROPOSED

#### **BRIDGE OR TRESTLE CONSTRUCTION – wood – all operations**

**6003(3)**

This classification applies to the construction of wood bridges or trestles, including incidental pile driving, where the clearance is more than 10 feet at any point or the entire distance between terminal abutments is more than 20 feet.

The construction of wood bridges or trestles where the clearance is 10 feet or less for the entire bridge or trestle at any point or the entire distance between terminal abutments is 20 feet or less shall be classified as 5403/5432, *Carpentry*.

The construction of metal bridges shall be classified as 5040, *Iron or Steel Erection – structural*.

Excavation, concrete work and reinforcing steel installation in connection with concrete work shall be separately classified.

\* \* \* \* \*

Amend Classification 5222(2), *Chimney Construction*, for consistency with other proposed changes.

### PROPOSED

#### **CHIMNEY CONSTRUCTION – industrial – stone, brick or concrete**

**5222(2)**

This classification applies to the construction of stone, brick or concrete industrial chimneys and smokestacks. This classification includes the incidental construction and removal of forms and the installation of reinforcing steel and lining materials.

The erection of brick or stone chimneys in connection with residential buildings shall be classified as 5027/5028, *Masonry*.

The erection of iron or steel smokestacks shall be classified as 5040(4), *Iron or Steel Erection – structural and exterior installation*.

\* \* \* \* \*

Amend Classification 9060, *Clubs – country or golf*, to clarify the application.

PROPOSED

**CLUBS – country or golf—~~all employees~~ – including front desk employees and restaurant or tavern employees** **9060**

This classification applies to the operation of private golf or country clubs or public golf courses. This classification includes golf instruction; tournament operations; ~~golf~~ course, club facility ~~and~~ or golf cart maintenance; and the operation of pro shops, driving ranges, ~~and/or~~ restaurant, tavern ~~and/or~~ event facilities at the club location. This classification also includes additional fitness ~~and/or~~ recreational facilities that may be operated in connection with the golf course.

Hotel operations shall be separately classified as 9050, *Hotels, Motels or Short-Term Residential Housing*.

Driving ranges that are not operated by golf courses or country clubs 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*.

Tennis or racquetball clubs shall be classified as 9053(5), *Clubs – racquet sports*.

Public or private swimming pools shall be classified as 9053(3), *Swimming Pools or Swimming Clubs*.

Clubs that are not more specifically described by any other classification shall be classified as 9061, *Clubs – N.O.C.*

\* \* \* \* \*

Amend Classification 9069, *Clubs – gaming*, to clarify its application and provide direction as to how related operations should be classified.

PROPOSED

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

This classification applies to the operation of casinos ~~and/or~~ gaming houses, including but not limited to card rooms and bingo parlors.

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

Hotel operations shall be separately classified as 9050, *Hotels, Motels or Short-Term Residential Housing*.

\* \* \* \* \*

Amend Classification 8859(1), *Computer Programming or Software Development*, to increase the annual payroll limitation from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

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~~**\$144,300** 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 5222(1), *Concrete Construction – in connection with bridges or culverts where clearance exceeds 10 feet at any point or entire distance between terminal abutments exceeds 20 feet*, for consistency with other proposed changes.

PROPOSED

**CONCRETE CONSTRUCTION – in connection with bridges or culverts where clearance exceeds 10 feet at any point or entire distance between terminal abutments exceeds 20 feet** **5222(1)**

This classification applies to the construction of concrete bridges or culverts. This classification includes the incidental pouring or finishing of concrete decks (roadways), sidewalks, retaining walls and support structures. This classification also includes the incidental construction and removal of forms, falsework or concrete distributing apparatus by the employer engaged in the construction of concrete bridges or culverts.

The construction of concrete bridges that do not have a clearance that exceeds 10 feet at any point or the entire distance between terminal abutments does not exceed 20 feet shall be classified as 5506, *Street or Road Construction – paving or repaving, surfacing or resurfacing or scraping*, or 5507, *Street or Road Construction – grading*.

The construction of metal bridges shall be classified as 5040(2), ~~*Bridge Building – metal*~~*Iron or Steel Erection – structural*.

The construction of wood bridges shall be classified as 6003(3), *Bridge or Trestle Construction – wood*.

Excavation, reinforcing steel installation, pile driving and all work in tunnels, subways, caissons or cofferdams shall be separately classified.

\* \* \* \* \*

Amend Classification 3060(2), *Door or Window Frame Mfg. – metal or plastic*, 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 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(4), *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*.

\* \* \* \* \*



Amend Classifications 6218(1)/6220(1), *Excavation*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

**EXCAVATION – N.O.C. – including borrowing, filling or backfilling – employees whose regular hourly wage does not equal or exceed \$34.00 per hour 6218(1)**

This classification applies to the excavation of land to prepare sites for the construction of buildings or structures, including but not limited to residential ~~and~~ commercial buildings, bridges, aerial line towers, driveways, parking lots and swimming pools. This classification includes incidental grading operations. This classification also applies to excavation for removal of contaminated soil.

This classification also applies to off-street snow removal using vehicles or construction equipment, including but not limited to plows, excavators or loaders.

Snow removal from public streets or highways shall be classified as 9403(2), *Street Sweeping Service Companies*.

Excavation in connection with the construction of streets, roads, highways or airport runways, or the excavation of all other areas in preparation for asphalt paving shall be classified as 5507, *Street or Road Construction – grading*.

Trenching operations conducted in connection with the construction of canals, irrigation systems, cross-country water pipelines, oil or gas pipelines or sewers shall be assigned to the applicable construction classification.

Mass rock excavation, pile driving, shaft sinking, caisson or cofferdam work shall be separately classified.

**EXCAVATION – N.O.C. – including borrowing, filling or backfilling – employees whose regular hourly wage equals or exceeds \$34.00 per hour 6220(1)**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$34.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$34.00 per hour shall be classified as 6218(1), *Excavation – N.O.C.***

This classification applies to the excavation of land to prepare sites for the construction of buildings or structures, including but not limited to residential ~~and~~ commercial buildings, bridges, aerial line towers, driveways, parking lots and swimming pools. This classification includes incidental grading operations. This classification also applies to excavation for removal of contaminated soil.

This classification also applies to off-street snow removal using vehicles or construction equipment, including but not limited to plows, excavators or loaders.

Snow removal from public streets or highways shall be classified as 9403(2), *Street Sweeping Service Companies*.

Excavation in connection with the construction of streets roads, highways or airport runways, or the excavation of all other areas in preparation for asphalt paving shall be classified as 5507, *Street or Road Construction – grading*.

Trenching operations conducted in connection with the construction of canals, irrigation systems, cross-country water pipelines, oil or gas pipelines or sewers shall be assigned to the applicable construction classification.

Mass rock excavation, pile driving, shaft sinking, or caisson or cofferdam work shall be separately classified.

\* \* \* \* \*

Amend Classification 0171, *Field Crops*, which is part of the *Farms* Industry Group, for consistency with existing classification phraseology.

### PROPOSED

#### **FARMS**

##### **FIELD CROPS**

**0171**

This classification applies to all acreage devoted to the cultivation and harvesting of hay; alfalfa; flax; safflower; maize; all sorghums; or all the cereal grains, including but not limited to wheat, barley, rice, ~~feed~~field corn and oats.

The cultivation and harvesting, including field packing, of sweet (edible) corn shall be classified as 0172, *Truck Farms*.

The cultivation and harvesting of grass sod for use in landscaping shall be classified as 0005, *Nurseries*.

Providing machinery and operating crews to conduct mechanized farming or harvesting operations for separate concerns on a fee basis shall be classified as 0050, *Farm Machinery Operation*.

\* \* \* \* \*

Eliminate Classification 5102(3), *Floor Installation*, as an alternate phraseology to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*, and reassign the operations described by this classification to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*.

### PROPOSED

#### **~~FLOOR INSTALLATION – elevated~~**

**~~5102(3)~~**

~~This classification applies to the installation of elevated floors, including but not limited to data center floors, and the installation of access steps, ramps and railings in connection therewith.~~

\* \* \* \* \*

Amend Classification 6504, *Food Products Mfg. or Processing*, which is part of the *Food Packaging and Processing* Industry Group, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

**FOOD PACKAGING AND PROCESSING**

**FOOD PRODUCTS MFG. OR PROCESSING – N.O.C.**

**6504**

This classification applies to the manufacture of food products that are not described by another *Food Packaging and Processing* Industry Group classification, including but not limited to candy, chocolate, cocoa, condiments, sauces, seasoning, barbecue sauce, breakfast cereals, energy and nutrition bars, food extracts, flavored cooking oil (not oil extraction or refining), food coloring, glucose, ~~milk powder~~, frozen pizza, unbaked dough and pies, salad dressing, potato, fruit and pasta salads, bean cakes, bouillon cubes, burritos and enchiladas, pudding, edible cake decoration, food grade starch, syrup, tofu, yeast, chewing gum and fish food. This classification also includes but is not limited to coconut shredding; coffee bean cleaning, roasting or grinding; bean sorting; tea blending or packaging; flour mixing, sifting or packaging; baking powder mixing; spice milling; cake mix (dry ingredients) blending; flavored cooking oil processing; gelatin mixing, blending or grinding; honey processing; and egg dehydrating or freezing. This classification includes incidental packaging in containers, including but not limited to bottles, boxes, plastic containers and metal or paper cans.

Nut processing, including but not limited to hulling, shelling, cleaning, drying, sorting, roasting, flavoring, grinding and packaging, or the manufacture of peanut butter or other nut butters shall be classified as 0096, *Nut Hulling, Shelling or Processing*.

The production or packaging of vitamins or dietary supplements shall be classified as 4831, *Vitamin or Dietary Supplement Mfg.*

\* \* \* \* \*

Amend Classification 9050, *Hotels, Motels or Short-Term Residential Housing*, to provide direction as to how related operations should be classified.

PROPOSED

**HOTELS, MOTELS OR SHORT-TERM RESIDENTIAL HOUSING—~~all employees other than employees exclusively engaged in restaurant or tavern operations~~**

**9050**

**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 the operation of hotels, motels or short-term residential housing. This classification includes all employees other than employees exclusively engaged in restaurant or tavern operations. Front desk, cashiering, concierge or retail store operations, and facility tours, including but not limited to tours for marketing or inspection purposes, are included in this classification.

Short term residential housing, including but not limited to vacation rentals and timeshare properties, is defined as housing units that are rented for not more than 30 consecutive days. The operation of residential housing where more than 75% of units are rented for longer than 30 consecutive days shall be assigned to the applicable *Property Management/Operation* Industry Group classification.

The payroll of employees engaged exclusively in connection with restaurant or tavern operations shall be separately classified as 9079(1), *Restaurants or Taverns*. This includes employees who work in food or beverage departments, prepare or serve hot food in connection with complimentary breakfasts, or provide room service, including delivering food or restocking in-room refrigerators, provided such employees perform no hotel duties. Employees who perform hotel, motel or short-term residential housing operations and restaurant or tavern operations shall be assigned to Classification 9050.

~~Golf course operations shall be separately classified as 9060, *Clubs—country or golf*. Recreation, leisure or resort operations, including but not limited to country clubs, golf courses, casinos, gaming clubs, spas, baths, health clubs, gyms, barber shops or hair salons shall be separately classified.~~

The payroll of employees who alternate between two or more separately classifiable operations shall be assigned in accordance with Section V, Rule 3, *Division of Single Employee's Payroll*.

The payroll of employees who do not engage in operations that are integral to each classifiable operation but perform operations in general support of more than one classifiable operation shall be assigned to the *Governing Classification* of the group of classifications to which their work pertains. Employees who perform general support operations include but are not limited to supervisors, maintenance workers, security guards, shipping and receiving clerks and yard employees.

Nonmedical residential care facilities, including but not limited to psychiatric, pre-parole or probation halfway houses that provide services in a group setting to persons who are capable of meeting their life support needs independently, but who temporarily need assistance, guidance and counseling shall be classified as 8804(2), *Social Rehabilitation Facilities for Adults*.

\* \* \* \* \*

Amend Classification 8859(2), *Internet or Web-Based Application Development or Operation*, to increase the annual payroll limitation from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

### 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~~\$144,300 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.

\* \* \* \* \*

Eliminate Classification 5057, *Iron or Steel Erection – N.O.C.*, to clarify the classifications applicable to non-structural iron or steel erection operations and reassign the operations described by this classification to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*.

### PROPOSED

#### **~~IRON OR STEEL ERECTION – N.O.C.~~**

**5057**

~~This classification applies to the erection of staircases, handrails, monorails, metal burners, exterior tanks that are not elevated on steel structures, and other non-structural iron or steel erection operations that are not more specifically described by another classification.~~

~~This classification also applies to specialty contractors performing welding or cutting at construction sites in connection with operations described by Classification 5057.~~

~~The erection of elevated tanks on steel structures shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation*.~~

~~Non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel framing of buildings not exceeding two stories in height at the same job or location shall be classified as 5059, *Iron or Steel Erection – structural – in the construction of buildings not over two stories in height*.~~

~~Non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel framing of buildings that equal or exceed three stories in height at the same job or location shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation*.~~

~~Structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.~~

\* \* \* \* \*

Eliminate Classification 5059, *Iron or Steel Erection – structural*, to clarify the classifications applicable to structural iron or steel erection operations and reassign the operations described by this classification to Classification 5040, *Iron or Steel Erection – structural*.

PROPOSED

**~~IRON OR STEEL ERECTION – structural – in the construction of buildings not over two stories in height~~** **5059**

~~This classification applies to the structural steel framing of buildings that do not exceed two stories in height.~~

~~This classification also applies to specialty contractors engaged in welding or cutting structural steel at construction sites in connection with the steel framing of buildings that do not exceed two stories in height.~~

~~This classification includes non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel framing of buildings not exceeding two stories in height at the same job or location.~~

~~Structural steel framing of buildings that equal or exceed three stories in height shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation*.~~

~~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 5040(1), *Iron or Steel Erection – structural and exterior installation*, to apply to all structural iron or steel erection operations and non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel erection at the same job or location and to provide direction as to how related operations should be classified.

PROPOSED

**~~IRON OR STEEL ERECTION – structural and exterior installation~~** **5040(1)**

~~This classification applies to the structural steel framing of buildings that equal or exceed three stories in height. This classification also applies to the erection of steel structures of any height, including but not limited to penstocks, smokestacks, gas holders, elevated tanks, fire escapes, and radio and/or television towers, and structural frame members of bridges. This classification also applies to welding or cutting structural members by specialty contractors at construction sites in connection with iron or steel erection operations.~~

This classification includes non-structural iron or steel erection operations when performed by the same employer in connection with structural iron or steel erection at the same job or location.

This classification includes specialty contractors performing welding or cutting at construction sites in connection with operations described by Classification 5040.

This classification also applies to the construction, erection, repair or retrofitting of metal bridges, elevated metal roadways or trestles where the clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet.

~~Structural steel framing of buildings that do not exceed two stories in height shall be classified as 5059, *Iron or Steel Erection – structural*. This classification also applies to the painting or sandblasting of steel buildings, bridges or structures for other concerns on a fee basis.~~

Structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

Pile driving operations shall be classified as 6003(1), *Pile Driving*.

Painting of water, oil or gasoline storage tanks shall be classified as 5474(3)/5482(3), *Painting – water, oil or gasoline storage tanks*.

Building foundation preparation work, including but not limited to the drilling of foundation holes and subsequent construction of poured in place foundation piers to completion of the substructure, including incidental pile driving, shall be classified as 6258, *Foundation Preparation Work*.

Excavation ~~and/or~~ concrete work shall be separately classified.

\* \* \* \* \*

Amend Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection*, to apply to the installation or erection of all non-structural iron, steel, brass, bronze or aluminum metal work, including elevated floor installation, and for clarity.

### PROPOSED

#### **IRON, STEEL, BRASS, BRONZE OR ALUMINUM ERECTION – non-structural**

**5102(4)**

This classification applies to the installation of non-structural ~~or decorative architectural or ornamental~~ metal work, including but not limited to hand-rails, balcony rails, grille work, bumper rails, curtain walls and trim work, window guards, staircases, awnings, metal burners, free-standing mezzanines, exterior metal tanks that are not elevated on steel structures and other non-structural iron or steel erection. This classification also applies to the installation of non-structural metal work, including but not limited to awnings, window guards, walkway railings and balcony rails, on to building exteriors curtain wall panels.

This classification includes specialty contractors performing welding or cutting at construction sites in connection with operations described by Classification 5102.

This classification also applies to the erection of commercial or residential greenhouse or solarium metal framing. ~~It also applies to,~~ or the installation of pre-glazed windows or wall panels if installed by the same employer that erects the greenhouse or solarium metal framing at the same job or location.

This classification includes the installation of elevated floors, including but not limited to data center floors, or the installation of access steps, ramps or railings.

This classification also applies to the installation of unglazed metal window frames.

Non-structural iron or steel erection operations when performed by the same employer in connection with structural steel erection at the same job or location shall be classified as 5040, *Iron or Steel Erection – structural*.

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 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.

Structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

~~The erection of staircases shall be separately classified.~~

\* \* \* \* \*

Amend Classification 9008, *Janitorial Services*, to clarify the intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **JANITORIAL SERVICES – by contractors**

**9008**

This classification applies to employers that provide contract janitorial services at commercial or industrial buildings or facilities and includes restocking restroom supplies, ~~carpet~~-cleaning carpets, changing light bulbs or touch-up painting when performed in connection with the janitorial services.

This classification also applies to specialty cleaning operations performed at commercial or industrial facilities or at residential locations, including but not limited to window cleaning; mold abatement; exterior post-construction clean-up; fire, smoke or water damage clean-up; or metal, glass or stone buffing or polishing. This classification also applies to off-street sweeping or snow removal using hand or portable power tools or equipment in areas that include but are not limited to walkways, parking lots and private driveways.

~~The interior general cleaning of occupied or vacant residential dwellings shall be separately classified as 9096, *Residential Cleaning Services*.~~

Off-street snow removal using vehicles or construction equipment, including but not limited to plows, excavators or loaders shall be classified as 6218(1)/6220(1), *Excavation – N.O.C.*

Sweeping or snow removal operations on public streets or highways shall be classified as 9403(2), *Street Sweeping Service Companies*.

Carpet cleaning that is performed as a specialty operation and not in connection with general cleaning services shall be classified as 2584, *Carpet, Rug or Upholstery Cleaning*.

This classification does not apply at a location where the employer provides property management services.



The interior general cleaning of occupied or vacant residential dwellings shall be separately classified as 9096, *Residential Cleaning Services*.

\* \* \* \* \*

Amend Classification 8820, *Law Firms*, to increase the annual payroll limitation from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

### PROPOSED

#### **LAW FIRMS – all employees – including Outside Salespersons and Clerical Office Employees 8820**

**The entire remuneration of each employee shall be included, subject to a maximum of ~~\$139,100~~\$144,300 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 8743, *Mortgage Brokers*, to increase the annual payroll limitation from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

### 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~~\$144,300 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 9610, *Motion Pictures – production*, to increase the annual payroll limitation for actors, musicians, producers and the motion picture director from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

### PROPOSED

#### **MOTION PICTURES – production – in studios and outside – all employees**

**9610**

**The entire remuneration of actors, musicians, producers and the motion picture director shall be included subject to a maximum of ~~\$139,100~~ \$144,300 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 companies that specialize in the production of motion pictures, television features, commercials, music videos, videotaped depositions, videotaped court proceedings or industrial films that are recorded on motion picture film stock, videotape, digital or other media.

Employees engaged exclusively in the electronic editing of digital files using computerized editing equipment are assignable to Classification 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Employees who create animation using computer or digital applications are assignable to Classification 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

The payroll limitation of this classification is applicable to the director responsible for all aspects of production. The payroll for all other directors such as assistant and associate directors is not subject to limitation.

The payroll limitation also applies to motion picture producers responsible for overseeing the financial, administrative or creative aspects of a motion picture.

\* \* \* \* \*

Amend Classification 4635, *Oxygen or Hydrogen Mfg.*, for consistency with other proposed changes.

PROPOSED

**OXYGEN OR HYDROGEN MFG. – including tank charging**

**4635**

This classification applies to the manufacture, mixing or blending of gases, including but not limited to oxygen, hydrogen, acetylene, carbonic acid, nitrogen, nitrous oxide, helium and arsine. This classification also applies to the manufacture of liquefied hydrogen or nitrogen, or dry ice. This classification includes the refilling of tanks with gas for customers.

The manufacture of propane, butane or liquefied petroleum gas shall be classified as 4740(3), *Gasoline Recovery*.

The sale of gases for use in welding or medical purposes shall be classified as ~~8440~~8010, *Stores — ~~welding hardware, electrical or plumbing supplies.~~*

\* \* \* \* \*

Eliminate Classification 5040(3), *Painting – steel structures or bridges*, as an alternate phraseology to Classification 5040, *Iron or Steel Erection – structural*, and reassign the operations described by this classification to Classification 5040.

PROPOSED

**~~PAINTING — steel structures or bridges~~**

**~~5040(3)~~**

~~This classification applies to the painting of steel buildings, bridges and structures, including but not limited to aerial line towers, cranes, stationary industrial equipment, conveyors and concrete batch plants.~~

~~This classification also applies to the sandblasting of steel structures or bridges for other concerns on a fee basis.~~

~~Painting of water, oil or gasoline storage tanks shall be classified as 5474(3)/5482(3), *Painting — water, oil or gasoline storage tanks.*~~

\* \* \* \* \*

Amend Classification 7198(1), *Parcel Delivery and Messenger Service Companies*, to clarify the intended application.

PROPOSED

**PARCEL DELIVERY AND MESSENGER SERVICE COMPANIES – including terminal employees and mechanics – no handling of bulk merchandise or freight 7198(1)**

This classification ~~does not apply to the delivery of lightweight parcels on a fee basis if (1) if less than 10% or more of the individual parcels and packages delivered weigh in excess of one hundred pounds; and (2) if the total combined weight of all items delivered at any one stop exceeds two hundred pounds for less than 10% or more of all deliveries; have a total combined weight of all items delivered at any one stop exceeding two hundred pounds. This classification also applies to app-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals, groceries or various store merchandise, or perform errands such as dropping off or picking up dry cleaning.~~

When employees furnish the vehicles utilized in ~~the delivery of parcels;~~ these operations the determination of reportable remuneration shall be made in accordance with Section V, Rule 4, *Drivers' and Their Helpers' Payroll*.

~~The~~ Transport of the United States mail under contract to the United States Postal Service shall be classified as 7232, *Mail Delivery Service Companies*.

\* \* \* \* \*

Amend Classification 4299(1), *Printing Operation – all other employees*, which is part of the *Printing, Publishing and Duplicating Industry Group*, to clarify the intended application.

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~~ printing operations that are not more specifically described by another classification, including but not limited to commercial offset printing using methods, including but not limited to sublimation, 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~~ applicable classification ~~of applicable to~~ the employer.

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~~ fusing equipment, including but not limited to electro-static copiers, scanners, and ink jet ~~and/or~~ laser printers shall be classified as 8019(2), *Document Duplication or Photocopying Service.*

Employers engaged in the printing of signs, banners ~~and/or~~ 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 7610, *Radio, Television or Commercial Broadcasting Stations*, to increase the annual payroll limitation for on-air personalities, entertainers and musicians from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

#### 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~~ \$144,300 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 Classification 5146(2), *Sign Installation or Repair – interior or affixed to building surfaces*, which is part of the *Sign* Industry Group, for consistency with other proposed changes.

PROPOSED

**SIGN INDUSTRY**

**SIGN INSTALLATION OR REPAIR – interior or affixed to building surfaces**

**5146(2)**

This classification applies to the installation, service or repair of signs that are affixed directly to interior or exterior building surfaces, including but not limited to cabinet signs, channel letters, three dimensional letters, directional signs and neon signs. This classification includes electrical wiring activities within 6 feet of the sign when performed in connection with sign installation.

If electrical wiring activities performed in connection with sign installation are not within 6 feet of the sign, the electrical wiring operations shall be separately classified as 5140/5190, *Electrical Wiring – within buildings*, or 6325, *Conduit Construction or Underground Wiring*.

The installation, service or repair of permanent signs that are not affixed directly to building surfaces, including but not limited to pole signs, tower signs, monument signs and street signs (not in connection with street or road construction) shall be classified as 9552, *Sign Erection or Repair*. The installation of street signs, when conducted by employers engaged in street or road construction or asphalt paving operations at the same job or location, shall be classified as 5506, *Street or Road Construction – paving or repaving, surfacing or resurfacing or scraping*.

The installation of temporary signs, including but not limited to real estate and construction site signs shall be classified as 8028, *Equipment or Machinery Rental Yards*.

The installation of signs by employers selling space for advertising purposes shall be classified as 9549, *Advertising Companies*.

The operation of mobile billboard trucks (mobile advertising signs) shall be classified as 9549, *Advertising Companies*.

The installation of awnings shall be classified as 5102(4), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

\* \* \* \* \*

Amend Classification 1741(1), *Silica Grinding*, to provide direction as to how related operations should be classified.

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 separately 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 or 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 9184, *Ski Resorts – Alpine*, for consistency with other proposed changes.

### PROPOSED

#### **SKI RESORTS – Alpine—~~all operations~~ – including the operation of Nordic ski trails at Alpine ski resort locations 9184**

This classification applies to all operations of Alpine (downhill) ski resorts, including but not limited to trail maintenance, snow grooming, snowmaking, ticket sales, general building maintenance, parking lot attendants, security staff, ski school operations and the operation of gondolas, rope tows, chair ~~and/or~~ T-bar lifts. This classification also applies to the operation ~~and/or~~ maintenance of Nordic (cross-country) ski trails at Alpine ski resort locations.

Ski resorts that exclusively provide Nordic (cross-country) skiing shall be classified as 9016(1)/9180(1), *Amusement or Recreational Facilities – N.O.C.*

Ski equipment rental shops engaged in the rental or sale of skis, boots, poles, gloves, goggles ~~and/or~~ related accessories shall be separately classified as 8017(1), *Stores – retail*.

Restaurants, retail stores ~~and/or~~ hotels shall be separately classified.

\* \* \* \* \*

Amend Classifications 5632/5633, *Steel Framing – light gauge*, 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 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 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(4), *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 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(4), *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 8046, *Stores – automobile or truck parts or accessories*, which is part of the *Stores* Industry Group, to clarify the intended application.

PROPOSED

**STORES**

**STORES – automobile or truck parts or accessories – wholesale or retail – including inside Salespersons or Outside Salespersons 8046**

This classification applies to stores engaged in the sale of automobile or truck parts ~~and~~ or accessories, including but not limited to spark plugs, condensers, points, ignition wires, fuel filters, heater hoses, fan belts, gaskets, water pumps, alternators, carburetors, batteries, transmission fluid, oil, oil additives, windshield wipers or replacement blades, mechanic's tools, car waxes ~~and~~ or cleaners, seat covers, tire chains and mirrors. This classification also applies to stores engaged in the sale of automobile or truck batteries.

Recapping or retreading of tires shall be separately classified.

The machining and rebuilding of used automobile parts shall be separately classified as 3828, *Automobile or Truck Parts Rebuilding*.

Automobile or truck parts or accessories stores at which the sale of rubber tires exceeds 10% of the total gross receipts shall be classified as 8388, *Rubber Tire Dealers*.

This classification does not apply to the sale of used automobile or truck parts or accessories that were dismantled by the employer. Such operations shall be classified as 3821, *Automobile or Truck Dismantling*.

This classification does not apply to an automobile or truck dealer that maintains a department for the sale of parts or accessories. Such operations shall be classified as 8391, *Automobile or Truck Dealers*.

\* \* \* \* \*

Amend Classification 8039, *Stores – department stores*, which is part of the *Stores* Industry Group, to increase the minimum annual payroll from \$1,100,000 to \$1,200,000 to reflect wage inflation since the threshold was last amended in 2019.

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~~ \$1,200,000 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 8010, *Stores – hardware, electrical or plumbing supplies*, which is part of the *Stores* Industry Group, to clarify that it includes the sale of welding supplies and welding or medical gases, as Classification 8110, *Stores – welding supplies*, is being eliminated, and provide direction as to how related operations should be classified.

### PROPOSED

#### **STORES**

##### **STORES – hardware, electrical or plumbing supplies – wholesale or retail**

**8010**

This classification applies to the sale of hardware, electrical or plumbing supplies, including but not limited to nails, screws and threaded fasteners; hand or power tools; door or lock hardware; electrical wire, conduit, switches, outlets and circuit breakers; new or used gas or water fittings, pipe, valves, faucets and filters; bathroom fixtures, water heaters, boilers, insulation and ventilating ducts. This classification also applies to the sale of oil, gas or water well supplies, such as pipe (new or used), tubing, flanges, fittings and valves, and includes incidental cleaning operations to prepare the pipe for sale. This classification also applies to the sale of welding supplies, including but not limited to welding rods, torch tips, gauges, electrode holders, welding generators, electric welders, protective clothing or eyewear, and welding gases such as oxygen, argon, carbon dioxide, nitrogen, or helium, including recharging bottles or tanks with gas. This classification also applies to stores engaged in the sale of medical gases.

This classification also applies to locksmith operations performed at fixed or outside locations.

When lumber sales exceed 10% of gross receipts, employees, other than store cashiers, engaged in handling or delivering lumber shall be separately classified as 8232(1), *Lumberyards*.

When building material sales exceed 10% of gross receipts, employees, other than store cashiers, engaged in handling or delivering building materials shall be separately classified as 8232(2), *Building Material Dealers*.

Dealers of oil or gas well machinery or equipment shall be classified as 8107, *Machinery and Equipment Dealers – N.O.C.*, or 8267, *Machinery and Equipment Dealers – secondhand*.

The manufacture of welding gases shall be classified as 4635, *Oxygen or Hydrogen Mfg.*

\* \* \* \* \*

Eliminate Classification 8110, *Stores – welding supplies*, which is part of the *Stores* Industry Group, and reassign the operations described by this classification to Classification 8010, *Stores – hardware, electrical or plumbing supplies*, as these employers are contemplated within the proposed definition of Classification 8010.

### PROPOSED

#### STORES

**~~STORES – welding supplies – wholesale or retail – including the charging of welding cylinders~~** **8110**

~~This classification applies to stores engaged in the sale of welding supplies, including but not limited to welding rods, torch tips, gauges, electrode holders, welding generators, electric welders, protective clothing and eyewear, and welding gases such as oxygen, argon, carbon dioxide, nitrogen, and helium, including recharging bottles or tanks with gas.~~

~~This classification also applies to stores engaged in the sale of medical gases, including recharging bottles or tanks with gas.~~

~~The manufacture of welding gases shall be classified as 4635, *Oxygen or Hydrogen Mfg.*,~~

\* \* \* \* \*

Amend Classification 7365, *Taxicab Operations*, to increase the minimum annual payroll per taxicab from \$38,400 to \$39,700 to reflect wage inflation since the threshold was last amended in 2020.

### PROPOSED

#### TAXICAB OPERATIONS – all employees

**7365**

**Payroll shall include the entire remuneration earned by all taxicab drivers during the policy period. In the event an employer does not keep verifiable payroll records for all taxicab drivers, the minimum remuneration for taxicab drivers shall not be less than ~~\$38,400~~**\$39,700** per annum per taxicab dispatched by or operated under the auspices of the insured. The minimum payroll amount is in consideration of taxicab downtime, vacation time or other periods during which the taxicab is not in operation, as well as the use of a single taxicab by multiple drivers. The per annum payroll amount shall be prorated only when the taxicab is not dispatched by or under the auspices of the insured or registered for the full policy period or when the policy period is less than one year.**

This classification applies to the operation of taxicab services engaged in transporting the general public on a fee basis. Taxicab operations provide passenger transportation services that are available for immediate hire with fares that must be determined by either zone or meter. This

classification includes the maintenance and repair of vehicles in connection with taxicab operations by the same employer.

Dispatchers engaged in clerical activities shall be separately classified as 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Transportation services provided to passengers exclusively on a scheduled route, charter or other pre-arranged basis, including Transportation Network Companies (TNC) that employ drivers, shall be classified as 7382, *Bus, Shuttle Van or Limousine Operations*.

\* \* \* \* \*

Amend Classification 9531(1), *Telecommunication Antenna Equipment Installation, Service or Repair – including shop, yard or storage operations*, for consistency with other proposed changes.

### PROPOSED

#### **TELECOMMUNICATION ANTENNA EQUIPMENT INSTALLATION, SERVICE OR REPAIR – including shop, yard or storage operations** **9531(1)**

This classification applies to the installation, service or repair of telecommunication antenna equipment located on towers, roofs or balconies of commercial or residential buildings and other exterior locations. This classification includes the installation, service or repair of switching equipment, repeaters, radios and similar electronic equipment and low voltage coaxial cable installation within buildings when performed in connection with telecommunication antenna installation by the same employer. This classification also applies to deployment of temporary, portable cellular antennas.

The installation of low voltage cabling within buildings that is not performed in connection with the installation, service or repair of telecommunication antenna equipment by the same employer shall be classified as 5195, *Communications Cabling*.

Erection of structural steel cellular towers shall be classified as 5040(4), *Iron or Steel Erection – structural and exterior installation*.

Operations performed by Federal Communications Commission licensed telecommunications companies shall be classified as 7600, *Communication Service Providers*.

Telecommunication equipment installation within buildings shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

Store operations shall be separately classified.

\* \* \* \* \*

Amend Classification 9529(3), *Tent – erection, removal or repair*, for consistency with other proposed changes.

PROPOSED

**TENT – erection, removal or repair – away from shop**

**9529(3)**

The manufacture of tents shall be classified as 2576, *Awning, Tarp or Canvas Goods Mfg.*

The erection, removal or repair of awnings away from the shop shall be separately classified as 5102(4), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

The operations of a store for the purpose of the sale or rental of tents shall be classified in accordance with Section IV, *Special Industry Classification Procedures*, Rule 6, *Stores*.

\* \* \* \* \*

Amend Classification 9156, *Theaters – dance, opera and theater companies*, to increase the annual payroll limitation for performers and directors of performers from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

PROPOSED

**THEATERS – dance, opera or theater companies – all performers and directors of performers – N.O.C.**

**9156**

**The entire remuneration of performers and directors of performers shall be included, subject to a maximum of ~~\$139,100~~ **\$144,300** 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 the production of dance, opera, dramatic, comedic or other theatrical presentations before a live audience. This classification includes all stage performers, directors and musicians in connection therewith.

Musical entertainers who are not employees of dance, opera or theater companies, but who provide entertainment for a live audience, including but not limited to orchestras, touring bands, casual or steady engagement music groups and event disc jockeys, shall be classified as 9151, *Theaters – musical entertainment*.

The operation of motion picture theaters shall be classified as 9155, *Theaters – motion picture*.

Also refer to companion Classification 9154, *Theaters – not motion picture – all employees other than performers and directors of performers*.

If an employee who performs duties described by Classification 9156 also performs duties described by Classification 9154, the payroll of that employee may be divided between Classifications 9154 and 9156, 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*.

\* \* \* \* \*

Amend Classification 9151, *Theaters – musical entertainment*, to increase the annual payroll limitation for performers and directors of performers from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

PROPOSED

**THEATERS – musical entertainment – live performances – all performers and directors of performers 9151**

**The entire remuneration of performers and directors of performers shall be included subject to a maximum of ~~\$139,100~~ \$144,300 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 employers that provide musical entertainment for a live audience. This classification includes but is not limited to orchestras, touring bands, casual or steady engagement music groups and event disc jockeys. This classification also applies to stage performers and dancers incidental to the musical performance.

Dance, opera, ballet or live theater performers including musicians shall be classified as 9156, *Theaters – dance, opera or theater companies*.

Also refer to companion Classification 9154, *Theaters – not motion picture – all employees other than performers and directors of performers*.

If an employee who performs duties described by Classification 9151 also performs duties described by Classification 9154, the payroll of that employee may be divided between Classifications 9151 and 9154 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*.

\* \* \* \* \*

Amend Classification 3383(4), *Trophy Mfg.*, to clarify the intended application.

PROPOSED

**TROPHY MFG. – including foundry operations 3383(4)**

This classification applies to the manufacture of trophies, plaques ~~and~~ or novelty statuettes.

The assembly ~~and~~ or engraving of trophies, plaques ~~and~~ or novelty statuettes from purchased components when performed by a retail store for individual customers shall be classified as 8013(1), *Stores – jewelry*.

\* \* \* \* \*

Amend Classification 7607(1), *Video Post-Production*, to increase the annual payroll limitation from \$139,100 to \$144,300 per person to reflect wage inflation since the payroll limitation was last amended in 2020.

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~~**\$144,300** 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 9521(3), *Window Covering – installation*, 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*.

The manufacture of window blinds, 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 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(4), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

The sale of window coverings shall be separately classified using the applicable *Stores* Industry Group classification.

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

### PROPOSED

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

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- 5040(4) Iron/Steel Erection–structural
- 5040(2) Bridge Building–metal
- 5040(3) Painting–steel structures/bridges
- 5057 Iron/Steel Erection–N.O.C.
- 5059 Iron/Steel Erection–buildings less than 3 stories
- 5102(4) Iron/Steel Erection–non-structural
- 5102(3) Floor Installation

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- 8110 Stores–welding supplies
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**Part 4 — Unit Statistical Report Filing Requirements**

Amend Section II, *Definitions*, Rule 12, *Final Premium*, to clarify in the example that premium charges related to Coronavirus 2019 (COVID-19) are included in the reported Final Premium for policies incepting on or after January 1, 2021 with a required date of reporting on or after September 1, 2022.

PROPOSED**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:

- a. Reinsurance assumed,
- b. Adjustment for reinsurance ceded,
- c. Retrospective rating adjustments,
- d. Policyholder dividends,
- e. Application of deductible credits,
- f. Premium charges arising from the Terrorism Risk Insurance Program established by the Terrorism Risk Insurance Act of 2002, and any amendments thereof,
- g. The costs incurred by the insurer in unsuccessfully attempting to perform a payroll audit that are reimbursable pursuant to Insurance Code Section 11760.1, and
- h. Policy assessments, including but not limited to California Insurance Guarantee Association (CIGA) assessments, California Workers' Compensation Revolving Fund assessments, California workers' compensation fraud surcharges, Uninsured Employers Benefits Trust Fund assessments, Occupational Safety and Health Fund assessments, Labor Enforcement and Compliance Fund assessments, and Subsequent Injuries Benefits Trust Fund assessments.

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 Program, and any amendments thereof, does apply):

		Example One	Example Two
(1)	Subject Premium (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 the Terrorism Risk Insurance Program and any amendments thereof	40	1,500

(10)	Actual Premium Charged [ (1) + (3) + (6) + (8) + (9) ] – [ (2) + (4) + (5) + (7) ]	5,065	122,500
(11)	<b>Final Premium to be Reported</b> [ (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, premium charges not included in insurer's filed rates related to Coronavirus 2019 (COVID-19), etc., if applicable.

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Amend Appendix I, *Construction and Erection Classifications*, for consistency with other proposed changes.

PROPOSED

**Appendix I**

**Construction and Erection Classifications**

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5040(1) Iron/Steel Erection—structural  
5040(2) ~~Bridge Building—metal~~  
5040(3) ~~Painting—steel structures/bridges~~  
5057 ~~Iron/Steel Erection—N.O.C.~~  
5059 ~~Iron/Steel Erection—buildings less than 3 stories~~  
5102(1) Iron/Steel Erection—non-structural  
5102(3) ~~Floor Installation~~

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**Part A****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 September 1, 2021**

The WCIRB recommends that the following amendments to the *Miscellaneous Regulations for the Recording and Reporting of Data—1995* (Miscellaneous Regulations) be approved effective September 1, 2021 and applied to a policy with an effective date on or after September 1, 2021.

**Part 1 — General Provisions**

Amend Section I, *Introduction*, Rule 2, *Effective Date*, to show that the effective date of the amended Miscellaneous Regulations is 12:01 AM, September 1, 2021.

PROPOSED**Section I — Introduction**

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**2. Effective Date**

This regulation is effective at 12:01 AM, ~~January~~September 1, 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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## Part 2 — Workers' Compensation Forms and Coverage

Amend Part 2, *Workers' Compensation Forms and Coverage*, Section II, *Conformity with Insurance Code and California Code of Regulations*, to include policy requirements and for clarity and consistency with Insurance Code Section 381.

### PROPOSED

#### **Section II – Conformity with Insurance Code and California Code of Regulations**

Under no circumstances shall workers' compensation insurance be written under any policy, binder or other contract except in conformity with Insurance Code Sections 381, 382, 11657, 11658 and 11659 and with Article 7, Subchapter 2 (Sections 2250 *et. seq.*, regarding workers' compensation policy forms), and Article 9, Subchapter 3 (Sections 2500 *et. seq.*, regarding dividends to policyholders), of Chapter 5, Title 10, California Code of Regulations.

The policy shall include, at a minimum, the following:

1. **Policy number.** 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.
2. **Name of the insurer providing coverage (not insurer group name).**
3. **Complete legal name of all named insureds.**
4. **Type of entity insured.** The legal nature of the insured entity must be indicated, 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 or other.
5. **Complete address of the insured.**
6. **Dates of coverage.**
7. **The Risks Insured Against.** This includes but is not limited to a list of form number(s) for the policy conditions and every endorsement and ancillary agreement attached to the policy.
8. **Basis of Premium.** The basis and rates upon which the final premium is to be determined and paid, including but not limited to the applicable insurer classification(s) and experience modification(s). A tentative or estimated experience modification can be shown when the WCIRB has not published the experience modification. A tentative or estimated experience modification must be clearly identified as such.

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**Part A****Section C****Recommended Amendments to the *California Workers' Compensation Experience Rating Plan—1995*****Title 10, California Code of Regulations, Section 2353.1  
Effective September 1, 2021**

The WCIRB recommends that the following amendments to the *California Workers' Compensation Experience Rating Plan—1995* (Experience Rating Plan) be approved effective September 1, 2021 with respect to new and renewal policies as of the first rating effective date of a risk on or after September 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, September 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~~September 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 be applied as of the first rating effective date of the risk, as established by the WCIRB, which occurs on or after the effective date of the amendment. (See Section II, *Definitions*, for the definition of “Risk”, and Section V, *Application of Experience Modification*, Rule 1, *General Application of Experience Modification*, for information on the rating effective date). No policy may be cancelled or rewritten to avoid application of this provision.

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## Section II – Definitions

Amend Section II, *Definitions*, to move the Change in Ownership definition to Section IV, *Change in Status and Combination of Entities*, Rule 1, *Change in Status (Ownership, Operations and Employees)*, and include grandmother and grandfather in the definition of Immediate Family for completeness.

### PROPOSED

## Section II – Definitions

The definitions set forth in this Section shall govern the construction and meaning of the terms and phrases used in this Plan.

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### **3. ~~Change in Ownership~~**

~~For the purpose of experience rating, change in ownership is defined as follows:~~

- ~~a. All or a portion of the ownership in an entity is sold, transferred or conveyed from one person to another.~~
- ~~b. An entity is dissolved or non-operative and a new entity is formed.~~
- ~~c. Two or more corporations undergo a statutory merger or consolidation.~~
- ~~d. All or most of the tangible or intangible assets of an entity are sold, transferred or conveyed to another entity.~~
- ~~e. A trusteeship or receivership is set up, either voluntarily or at the direction of the courts, to operate a business.~~

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### **6. Immediate Family**

For the purpose of experience rating, immediate family shall mean father, mother, husband, wife, registered domestic partner, son, daughter, stepson, stepdaughter, grandson, granddaughter, grandfather or grandmother.

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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 \$9,900 to \$X,XXX to reflect wage inflation and the proposed September 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 ~~\$9,900~~ \$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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## Section IV — Change in Status and Combination of Entities

Amend Section IV, *Change in Status and Combination of Entities*, to include the description of when a change in ownership occurs and for clarity.

### PROPOSED

## Section IV – Change in Status and Combination of Entities

### 1. Change in Status (Ownership, Operations and Employees)

The following rules govern the use of past experience in future experience ratings whenever a change in ownership, ~~management, control, operations or employees~~ occurs. Experience of the past shall be used in future experience ratings, unless a material change in ownership, as specified in paragraph a(2), is accompanied by either a material change in operations, as specified in paragraph b, or employees, as specified in paragraph ~~bc~~.

#### a. Change in Ownership

##### (1) Types of Ownership Changes

For purposes of this Plan, a change in ownership occurs when:

- (a) All or a portion of the ownership in an entity is sold, transferred or conveyed from one person to another.
- (b) An entity is dissolved or non-operative and a new entity is formed.
- (c) Two or more corporations undergo a statutory merger or consolidation.
- (d) All or most of the tangible or intangible assets of an entity are sold, transferred or conveyed to another entity.
- (e) A trusteeship or receivership is set up, either voluntarily or at the direction of the courts, to operate a business.

##### (2) Material Change in Ownership

A change in ownership is material only if the owner or any combination of owners prior to the change in ownership own less than a one-half interest after the change in ownership. An ownership interest acquired by a member of the immediate family of a prior owner shall be treated the same as though the ownership interest was acquired by the prior owner.

#### b. Material Change in Operations or Employees

(1) A change in operations is material only if:

(a)(1) the operations (that underwent the material change in ownership) were changed during the first ninety (90) days following the material change in ownership to such an extent that the process and the hazard to which the employees (who conduct such operations) are exposed differ substantially from the process and the hazard to which they were exposed prior to the material change in ownership, and

(2) the change in operations results in a reclassification of the operations by the WCIRB.

#### c. Material Change in Employees

(1) All of the Risk Undergoes Material Change in Ownership

~~(2)~~ Where all of the risk undergoes a material change in ownership, a change in employees is material only if:

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(2) Less than All of the Risk Undergoes Material Change in Ownership

~~(3)~~ Where less than all of the risk undergoes a material change in ownership, a change in employees (with respect to that portion of the risk that underwent the material change in ownership) is material only if:

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Amend Section IV, *Rule 2, Combination of Entities*, for clarity.

## PROPOSED

### **Section IV – Change in Status and Combination of Entities**

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#### **2. Combination of Entities**

Separate entities shall be combined for experience rating purposes when the same person or combination of persons own a majority interest in each of the entities.

A risk in bankruptcy or receivership shall not be combined with any other entity for experience rating purposes, unless (a) the other entity is a part of the same bankruptcy or receivership proceeding and under the same trustee or receiver, or (b) the risk is being operated by the Debtor in Possession and the other entity is combinable with the debtor.

Except as specified in the immediately preceding paragraph, a trust shall not be combined with any entity for experience rating purposes except under the following circumstances: (a) if the parent or parents are the only trustees of a trust set up for the benefit of their minor children, the trust shall be combined with the operations of the trustee; ~~and/or~~ (b) two or more trusts having identical trustees and identical beneficiaries shall be combined.

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This Rule 2 applies only where the entities are, or have been, operating and insured concurrently in California. It does not apply where concurrent operations are for a short period of time, not exceeding one year, provided the operation of the original entity during the period both entities were operating was

restricted to the completion of contracts entered into prior to the new entity commencing operations. Rule 1 applies in all situations where this Rule 2 is not applicable.

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**Part B****Recommended Amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*****Title 10, California Code of Regulations, Section 2318.6****Effective September 1, 2022**

The WCIRB recommends that the following amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) be approved effective September 1, 2022 and applied to a policy with an effective date on or after September 1, 2022. These changes are being proposed to take effect September 1, 2022 to allow the WCIRB time to conduct a comprehensive outreach and education program and to refine the calculation of the appropriate pure premium adjustment to reflect the reduction in reported payrolls due to the limitation.

**Part 3 — Standard Classification System**

Amend Classification 8808, *Banks*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**BANKS – all employees – including appraisers, bank guards and attendants, field auditors, office machine repair, Clerical Office Employees and Outside Salespersons** **8808**

The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 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*.

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Amend Classification 8801, *Credit Unions*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**CREDIT UNIONS – all employees – including Clerical Office Employees and Outside Salespersons**

**8801**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 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 8601(1), *Engineers*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

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**

**8601(1)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 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 8601(4), *Forest Engineers*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

### PROPOSED

**FOREST ENGINEERS – including Outside Salespersons and Clerical Office Employees**

**8601(4)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 includes timber cruising.

\* \* \* \* \*

Amend Classification 8822, *Insurance Companies*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**INSURANCE COMPANIES – all employees – including Clerical Office Employees and Outside Salespersons 8822**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 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 adjusters 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 8749, *Mortgage Bankers*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**MORTGAGE BANKERS – all employees – including Clerical Office Employees and Outside Salespersons 8749**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 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 8601(2), *Oil or Gas Geologists or Scouts*, which is part of the *Petroleum Industry* Group, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

### PROPOSED

#### **PETROLEUM INDUSTRY**

**OIL OR GAS GEOLOGISTS OR SCOUTS – including mapping of subsurface areas – including Outside Salespersons and Clerical Office Employees** **8601(2)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 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.

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Amend Classification 8741, *Real Estate Agencies*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**REAL ESTATE AGENCIES – all employees – including Clerical Office Employees and Outside Salespersons 8741**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX 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 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*.

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