

# Governing Committee

## Meeting Minutes

Date	Time	Location	Staff Contact
February 10, 2021	9:30 AM	Webinar Teleconference	Eric S. Riley

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Diana Rich  
Jeremy Smith  
Mitch Steiger

### California Department of Insurance

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Brentley Yim

### WCIRB

Bill Mudge  
David Bellusci  
Roger Cottman  
Brenda Keys  
Eric Riley

### Public Members' Staff

Mark Priven

### Counsel

Dan Brown, McDermott Will & Emery

### Represented by

David Sandler  
Gretchen Thompson  
Tom Collins  
Dennis Levesque  
Vernon Steiner  
Eric Belk  
Paul Ramont  
Susan Gordon

### Representing

Insured Employers  
Insured Employers  
Organized Labor  
Organized Labor

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The meeting of the Governing Committee was called to order at 9:30 AM following a reminder of applicable antitrust restrictions, with Chair Paul Ramont presiding.

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### **Approval of the Minutes**

The Minutes of the Governing Committee meeting held via webinar teleconference on December 9, 2020 were distributed to Committee members in advance of the meeting for review. As there was no discussion or corrections to the Minutes, a motion was made, seconded and unanimously passed to adopt the Minutes as written.

### **Item II**

#### **Additions to the Agenda**

The Chair asked the Committee members and staff if there were any items to be added to the Agenda. Hearing none, the Chair accepted the Agenda as published.

### **Item III**

#### **Ratification of Actions of WCIRB Committees**

The Minutes of the Classification and Rating Committee meeting held on October 13, 2020 were provided to Committee members in advance of the meeting for review. As there were no questions or discussion regarding the information, a motion was made, seconded and unanimously passed to ratify the actions of the Classification and Rating Committee.

### **Item V**

#### **September 1, 2021 Regulatory Filing**

Brenda Keys, WCIRB Senior Vice President and Chief Legal Officer, presented a summary of the amendments that the Classification and Rating Committee (C & R) recommended be made 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. Once approved by the Committee, the WCIRB anticipates submitting the proposed September 1, 2021 changes to the California Department of Insurance before the end of February.

Ms. Keys highlighted the key September 1, 2021 USRP amendments recommended by C & R Committee including: (1) consolidating the two classifications applicable to structural iron or steel erection into a single classification as well as the two classifications applicable to non-structural iron or steel erection into a single classification; (2) simplifying the Multiple Enterprises rule to require that distinct operations be Physically Separated to be separately classified and to clarify circumstance in which the payroll of employees who perform activities integral to more than one separately classifiable operation may be divided between the applicable classifications; (3) clarifying the application of Classification 9050, *Hotels, Motels or Short-Term Residential Housing*, to clarify which operations are separately classified; and (4) revising numerous classifications to clarify their application.

Ms. Keys also summarized for the Committee the following C & R Committee recommendations to: (1) update the expected loss ranges in the ERP 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 to be 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 and (5) make numerous non-substantive amendments for clarity and consistency with related regulations.

Ms. Keys also advised that the C & R Committee is recommending: (1) amending 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; (2) increasing the minimum annual payroll per taxicab and to the minimum payroll to qualify for Classification 8039, *Stores – department stores*; and (3) applying maximum payroll limits to eight additional classifications to be included in the September 1, 2021 Regulatory Filing to be effective September 1, 2022.

Ms. Keys advised the Committee that WCIRB staff had done extensive outreach on the proposed changes and that none of the recommendations appear to be opposed by any of the affected industries.

In the ensuing discussion of the Regulatory Filing, a Committee member asked if the addition of more payroll limited classifications would impact the overall pure premium ratemaking or experience rating process. In response, staff advised that limiting the payroll in a classification is intended to be pure premium neutral in that the proposed pure premium rates for the limited classifications are adjusted to reflect the payroll limitation.

A Public Member of the Governing Committee asked a question regarding the outreach the WCIRB conducted in preparing the recommendations pertaining to the iron or steel erection classifications. Staff responded that they had contacted contractors in the industry as well as insurers that underwrite these contractors. The Public Member responded that, while in agreement with the recommendations, the WCIRB should also consider contacting employee associations that engage in the subject activities, and that as a Public Member of the Governing Committee, he could help facilitate this outreach. Staff agreed that additional outreach with employee associations would be beneficial to the process and that WCIRB staff would reach out as appropriate to solicit assistance.

At the conclusion of the discussion, a motion was made and seconded to include all the recommended changes to the USRP, Miscellaneous Regulations and ERP in the WCIRB's September 1, 2021 Regulatory Filing. There being no further questions or discussion, the motion passed unanimously.

#### **Next Meeting Dates**

The Committee noted that WCIRB's Annual Meeting is March 11, 2021 at 8:00 AM and the next meeting of the Governing Committee is scheduled for April 21, 2021 via webinar teleconference.

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There being no further business to come before the Committee, the meeting was adjourned at 9:50 AM.

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Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for April 21, 2021 for approval and/or modification.