

Classification and Rating Committee

Meeting Agenda

Date	Time	Location	Staff Contact
October 26, 2021	9:30 AM	Webinar Teleconference	Brenda Keys
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To Members of the Classification and Rating Committee, WCIRB Members and All Interested Parties:

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I. Approval of Minutes

Meeting held September 22, 2021

II. Unfinished Business

III. New Business

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IV. Matters Arising at Time of Meeting

V. Next Meeting Date: February 1, 2022 (tentative)

VI. Adjournment

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Item III-A

Review of Dual Wage Classification Thresholds

In 2016, the Classification and Rating (C & R) Committee adopted a modified process for the analysis of dual wage classification thresholds that includes an analytical review of the wage thresholds for each of the dual wage classifications every other year. The analytical approaches are based on a review of unit statistical data and external wage data from published government sources. The most recent comprehensive review of all dual wage thresholds was conducted in 2019 with updated thresholds effective January 1, 2020.

Staff has completed its initial review of all dual wage classification thresholds for changes recommended effective September 1, 2022. Staff's findings and recommendations are included in the attached draft report.

Review of Dual Wage Classification Thresholds

Background

In 1986, the Dual Classification by Wage Level Program (Program) was adopted by the California Insurance Commissioner following a WCIRB study initiated to address employer concerns about potential inequities in premiums paid due to variations in wage levels for construction employees. The Program was established for construction classifications that were large enough to be segregated into two statistically credible classifications and for which survey results showed (a) a significant variation in wages paid by employers and (b) a significant disparity in claim costs per \$100 of payroll by wage level. The Program involves segregating a classification into two distinct (dual) classifications based on the hourly wages paid by employers assigned to the classification. The wage threshold for each classification was established at a level so that (a) both the high and low wage dual classifications would have credible experience, (b) relatively few employees in the classifications were paid wages at a level close to the threshold and (c) there was a significant differential indicated between the losses per \$100 of payroll among employers with average wages below the threshold and those with average wages above the threshold.

For a number of years, the WCIRB reviewed and adjusted dual wage thresholds regularly to reflect several measures of wage inflation in construction. However, beginning in 2010, threshold adjustments were not made for several years due to concerns that these measures of wage inflation were not accurately reflecting shifts in the structure of the construction industry in California resulting from the Great Recession. As a result of these and other concerns, in 2012, the WCIRB conducted a comprehensive review of the dual wage system.

The 2012 comprehensive study recommended that the dual wage system be retained in California. In addition, the study recommended that in order to maintain the integrity of the dual wage classifications, the wage thresholds should be reviewed regularly for inflation as well as for structural changes in the construction industry. Since that time, the WCIRB has regularly reviewed the threshold amounts for specific dual wage classifications in accordance with the schedule adopted by the C & R Committee. The most recent comprehensive review of all dual wage classifications was conducted in 2019 and the resulting changes to the thresholds took effect January 1, 2020. Exhibit 1 shows a history of the thresholds underlying each pair of dual wage classifications by policy year.

This study of dual wage classifications thresholds is based on an analytical review of WCIRB unit statistical data and external wage data from published government sources. The unit statistical data reviewed was based on information from policies incepting in 2018 and prior as reported to the WCIRB. Wage data was primarily based on information obtained from the Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) program. Other published sources of wages for construction occupations were also reviewed. For each pair of dual wage classifications, the dual wage thresholds indicated by several alternative analytical methods using different assumptions were reviewed to determine the proposed threshold for the classifications to be effective September 1, 2022. These approaches are described in detail in Appendix I. The results of the review are discussed below.

Pandemic Period Considerations

The COVID-19 pandemic led to a significant slowdown in California's economy beginning in the second quarter of 2020. The WCIRB reviewed the impact of the economic slowdown on the construction industry and in particular the impact on the dual wage classification threshold analysis. Exhibit 2 shows changes in employment by industry and wage level quartile from 2019 to 2020 based on the Current Population Survey data compiled by the Economic Policy Institute.¹ Similar to other industries, employment for lower wage workers in the construction industry decreased in 2020. However, employment for construction industry workers making \$27 per hour and above increased in 2020. Given that the lowest dual wage classification threshold effective in 2020 was \$27 per hour, this suggests that the job losses in 2020 were

¹ Current Population Survey Extracts, Economic Policy Institute, Version 1.0.15, 2021, <https://microdata.epi.org>.

not as significant for workers with wages close to the threshold levels. Many economists believe that much of the lower wage employment that was lost during the pandemic will eventually return but may not reach pre-pandemic levels for a number of years while some of the job losses may be permanent. If the dual wage classification thresholds are not adjusted, the loss of lower wage employment may result in deterioration in the statistical credibility of the low wage classifications and the thresholds may not keep pace with wage inflation for workers with wages close to the threshold levels.

Exhibit 3 shows changes in average wage levels for the construction industry and all industries combined based on BLS Quarterly Census of Employment and Wages data. The shift in the mix of industries and distribution of workers by wage level in 2020 pushed measures of statewide average wages artificially upward in 2020. For the construction industry, the preliminary estimated growth in average wage levels in 2020 is 4.7%. Although decreases in lower wage employment in the construction industry in 2020 is likely inflating this number to some degree, it is not significantly different from the typical rate of growth of 3% to 5% per year in construction. In addition, a review of wage level changes in 2020 by occupation and wage level percentile based on the OEWS data as well as prevailing wage increases adopted by the Department of Industrial Relations (DIR) did not show any significant distortions resulting from the pandemic and generally suggest continued wage inflation across occupations at around the dual wage threshold levels.

Based on these considerations, the WCIRB believes adjusting the dual wage classification thresholds for September 1, 2022 continues to be appropriate based on the analytical approaches discussed in Appendix I and used in the 2017 and 2019 studies.

Dual Wage Classification Study Results

Classifications 5027/5028, *Masonry*

The current threshold for Classifications 5027/5028, *Masonry*, is \$28. This threshold was adopted effective in 2020, which is selected as the “base year” for this study. The approximate wage percentile corresponding to the \$28 dual wage threshold effective in 2020 is 46% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5027/5028 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 10.7% over the entire period (see Exhibit 6.1). Applying the estimated wage inflation to the current \$28 threshold results in an indicated threshold of \$31.

Under the supplemental method, a \$31 threshold is estimated to improve the low wage payroll share from 33% to 42% and keep the loss to payroll differential flat at 211% (see Exhibit 6.2). A significant improvement in the loss to payroll differential under this method is indicated one dollar higher at a \$32 threshold. The \$32 threshold also indicates a relatively lower concentration of employees around the threshold level compared to a \$31 threshold (4.2% compared to 7.6%).

Although the primary method using a 2020 base year suggests a \$31 threshold may be appropriate, the \$32 threshold is strongly supported by the supplemental method. The WCIRB reviewed estimated inflation from alternative “base years” (2016 and 2018) which also supported a higher increase in the threshold. As a result, the WCIRB recommends an increase in the threshold for Classifications 5027/5028 from \$28 to \$32.

Classifications 5190/5140, *Electrical Wiring*

The current threshold for Classifications 5190/5140, *Electrical Wiring*, is \$32. This threshold was adopted effective in 2018, which is selected as the “base year” for this study. The approximate wage percentile corresponding to the \$32 dual wage threshold effective in 2018 is 52% based on the OEWS wage distribution in 2018. Wage inflation for Classifications 5190/5140 workers with wages approximated at the threshold level from policy year 2018 to the policy period incepting September 1, 2022 is estimated to be 7.5% over the entire period (see Exhibit 7.1). Applying the estimated wage inflation to the current \$32 threshold results in an indicated threshold of \$34.

Under the supplemental method, a \$34 threshold is estimated to sustain a loss to payroll differential of 221% and improve the concentration of wages within one dollar of the threshold compared to the current \$32 threshold (see Exhibit 7.2). Some moderate additional improvement in the loss to payroll ratio differential is indicated with a slightly higher threshold of \$35.

Given the modest changes in wage levels around the threshold level in these classifications since 2018 and that the primary method indication of \$34 is well supported by the supplemental method, the WCIRB recommends an increase in the threshold for Classifications 5190/5140 from \$32 to \$34.

Classifications 5183/5187, *Plumbing*

The current threshold for Classifications 5183/5187, *Plumbing*, is \$28. This threshold was adopted effective in 2020, which is selected as the “base year” for this study. The approximate wage percentile corresponding to the \$28 dual wage threshold effective in 2020 is 43% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5183/5187 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 10.6% over the entire period (see Exhibit 8.1). Applying the estimated wage inflation to the current \$28 threshold results in an indicated threshold of \$31.

Under the supplemental method, a \$31 threshold is estimated to improve the low wage payroll share from 26% to 34% and the loss to payroll differential from 238% to 248% (see Exhibit 8.2). The maximum incremental improvement in the loss to payroll differential under this method is obtained one dollar higher at a \$32 threshold. As also shown in Exhibit 8.2, either a \$31 or \$32 threshold is estimated to improve the concentration of wages within one dollar of the threshold based on the distribution of claimants’ average weekly wage reported in unit statistical data.

Although the supplemental method suggests a modestly larger increase to a \$32 threshold for these classifications may be appropriate, the primary method indication of \$31 is also well supported by the supplemental method. As a result, the WCIRB recommends an increase in the threshold for Classifications 5183/5187 from \$28 to \$31.

Classifications 5185/5186, *Automatic Sprinkler Installation*

The current threshold for Classifications 5185/5186, *Automatic Sprinkler Installation*, is \$29. This threshold was adopted effective in 2020, which is selected as the “base year” for this study. The approximate wage percentile corresponding to the \$29 dual wage threshold effective in 2020 is 46% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5185/5186 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 11.6% over the entire period (see Exhibit 9.1). Applying the estimated wage inflation to the current \$29 threshold results in an indicated threshold of \$32.

Under the supplemental method, a \$32 threshold is estimated to improve the low wage payroll share from 30% to 36% and the loss to payroll differential from 212% to 241% (see Exhibit 9.2), while the maximum incremental improvement in the loss to payroll differential under this method is obtained two dollars higher at a \$34 threshold. However, prior to 2020, the threshold for these classifications had not changed since 2009 and recent wage inflation in these classifications has been moderate. As also shown in Exhibit 9.2, there does not appear to be a significant concentration of wages within one dollar of either the \$32 or \$34 thresholds based on the distribution of claimants’ average weekly wage reported in unit statistical data.

Given that the primary method indication of \$32 is well supported by the supplemental method, the WCIRB recommends an increase in the threshold for Classifications 5185/5186 from \$29 to \$32.

Classifications 5201/5205, *Concrete or Cement Work*

The current threshold for Classifications 5201/5205, *Concrete or Cement Work*, is \$28. This threshold was adopted effective in 2020, which is selected as the “base year” for this study. The approximate wage percentile corresponding to the \$28 dual wage threshold effective in 2020 is 50% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5201/5205 workers with wages approximated

at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 15.8% over the entire period (see Exhibit 10.1). Applying the estimated wage inflation to the current \$28 threshold results in an indicated threshold of \$32.

Under the supplemental method, a \$32 threshold is estimated to improve the low wage payroll share from 26% to 35% while maintaining a loss to payroll differential at around 193% (see Exhibit 10.2). Although the maximum incremental improvement in the loss to payroll differential under this method is obtained at a \$33 threshold, this threshold is significantly higher than the current \$28 threshold. As also shown in Exhibit 10.2, \$32 has a lower concentration of wages within one dollar of the threshold based on the distribution of claimants' average weekly wage reported in unit statistical data.

Although the supplemental method suggests a modestly larger increase to a \$33 threshold may be appropriate, the primary method indication of a \$32 threshold is supported by the recent wage inflation in these classifications and is not contra-indicated by the supplemental method. As a result, the WCIRB recommends an increase in the threshold for Classifications 5201/5205 from \$28 to \$32.

Classifications 5403/5432, *Carpentry*, and 5632/5633, *Steel Framing*

Classifications 5632/5633, *Steel Framing*, do not produce sufficient experience to be fully credible on their own and, as a result, are included with Classifications 5403/5432, *Carpentry*, experience for the purpose of classification ratemaking and this analysis of dual wage thresholds. The current threshold for Classifications 5403/5432 and 5632/5633 is \$35. The threshold was adopted effective in 2020, which is selected as the "base year" for this study. The approximate wage percentile corresponding to the \$35 dual wage threshold effective in 2020 is 63% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5403/5432 and 5632/5633 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 11.1% over the entire period (see Exhibit 11.1). Applying the estimated wage inflation to the current \$35 threshold results in an indicated threshold of \$39.

Under the supplemental method, a \$39 threshold is estimated to improve low wage payroll share from 31% to 39% and the loss to payroll differential from 238% at the current threshold to 267% (see Exhibit 11.2), and the maximum incremental improvement in the loss to payroll differential under this method is obtained at that same \$39 threshold. Also, as shown in Exhibit 11.2, there does not appear to be a significant concentration of wages within one dollar of the \$39 threshold based on the distribution of claimants' average weekly wage reported in unit statistical data.

As the primary method indication of \$39 is well supported by the supplemental method, the WCIRB recommends an increase in the threshold for Classifications 5403/5432 and 5632/5633 from \$35 to \$39.

Classifications 5446/5447, *Wallboard Installation*

The current threshold for Classifications 5446/5447, *Wallboard Installation*, is \$36. The threshold was adopted effective in 2020, which is selected as the "base year" for this study. The approximate wage percentile corresponding to the \$36 dual wage threshold effective in 2020 is 74% based on the OEWS wage distribution in 2020. Changes in wage levels around the threshold for 2018 and 2019 based on the OEWS data for these classifications are atypical, with some negative inflation in those years (see Exhibit 12.1). Extrapolating this data to the future in the primary method suggests no change in the threshold for these classifications. However, the recent negative wage inflation may not be indicative of future wage inflation for these classifications.

The WCIRB reviewed alternative wage sources for these classifications including prevailing wage determinations made by the DIR. This information suggests modest growth in wages for these classifications with some further growth projected (see Exhibit 12.1). Based on the DIR's prevailing wage information, wage inflation for Classifications 5446/5447 workers approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 5.8% over the entire period (see Exhibit 12.2). Applying the estimated wage inflation to the current \$36 threshold results in an indicated threshold of \$38.

Under the supplemental method, a \$38 threshold is estimated to retain the robust low wage payroll share for these classifications and improve the loss to payroll differential from 250% to 277% (see Exhibit 12.3), while also attaining the maximum incremental improvement in the loss to payroll differential. As also shown in Exhibit 12.3, there is a low concentration of wages within one dollar of the \$38 threshold based on the distribution of claimants' average weekly wage reported in unit statistical data.

Although the primary method based on OEWS data suggests no change in the threshold for these classifications, the anomalous wage inflation in the OEWS data for 2018 and 2019 may not be appropriate to project into the future for these classifications. The supplemental method supports a \$38 threshold which is also supported by the alternative wage inflation based on DIR prevailing wages. As a result, the WCIRB recommends an increase in the threshold for Classifications 5446/5447 from \$36 to \$38.

Classifications 5467/5470, *Glaziers*

The current threshold for Classifications 5467/5470, *Glaziers*, is \$33. The threshold was adopted effective in 2020, which is selected as the "base year" for this study. The approximate wage percentile corresponding to the \$33 dual wage threshold effective in 2020 is 56% based on the estimated OEWS wage distribution in 2020. Wage inflation for Classifications 5467/5470 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 10.6% (see Exhibit 13.1). Applying the estimated wage inflation to the current \$33 threshold results in an indicated threshold of \$36.

Under the supplemental method, a \$36 threshold is estimated to improve the low wage payroll share from 31% to 35% and the loss to payroll differential from 226% to 255% (see Exhibit 13.2). As also shown in Exhibit 13.2, there does not appear to be a significant concentration of wages within one dollar of the \$36 threshold based on the distribution of claimants' average weekly wage reported in unit statistical data.

Given that the primary method indication of \$36 is well supported by the supplemental method, the WCIRB recommends an increase in the threshold for Classifications 5467/5470 from \$33 to \$36.

Classifications 5474/5482, *Painting/Waterproofing*

The current threshold for Classifications 5474/5482, *Painting/Waterproofing*, is \$28. The threshold was adopted effective in 2020, which is selected as the "base year" for this study. The approximate wage percentile corresponding to the \$28 dual wage threshold effective in 2020 is 62% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5474/5482 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 10.8% over the entire period (see Exhibit 14.1). Applying the estimated wage inflation to the current \$28 threshold results in an indicated threshold of \$31.

Under the supplemental method, a \$31 threshold is estimated to improve the low wage payroll share from 38% to 49% and loss to payroll differential from 214% to 251% (see Exhibit 14.2), with some further improvement in the loss to payroll ratio at a \$32 threshold. As also shown in Exhibit 14.2, there appears to be a fairly significant concentration of wages (11%) within one dollar of the \$31 threshold based on the distribution of claimants' average weekly wage reported in unit statistical data. However, there is not a significant improvement in the concentration of workers at alternative thresholds.

Given that the primary method indication of \$31 is well supported by the supplemental method, the WCIRB recommends an increase in the threshold for Classifications 5747/5482 from \$28 to \$31.

Classifications 5484/5485, *Plastering or Stucco Work*

The current threshold for Classifications 5484/5485, *Plastering or Stucco Work*, is \$32. The threshold was adopted effective in 2020, which is selected as the "base year" for this study. The approximate wage percentile corresponding to the \$32 dual wage threshold effective in 2020 is 73% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5484/5485 workers with wages approximated

at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 11.5% over the entire period (see Exhibit 15.1). Applying this estimated wage inflation to the current \$32 threshold results in an indicated threshold of \$36.

Under the supplemental method, a \$36 threshold is estimated to improve the loss to payroll differential from 178% to 203% (see Exhibit 15.2), with some further improvement in the loss to payroll ratio at a \$37 threshold. As also shown in Exhibit 15.2, there does not appear to be a significant concentration of wages within one dollar of the \$36 or \$37 threshold based on the distribution of claimants' average weekly wage reported in unit statistical data.

Although the supplemental method suggests a modestly higher increase to a \$37 threshold is appropriate, the primary method indication of \$36 based on recent wage inflation in these classifications is also well supported by the supplemental method. As a result, the WCIRB recommends an increase in the threshold for Classifications 5484/5485 from \$32 to \$36.

Classifications 5538/5542, Sheet Metal Work

The current threshold for Classifications 5538/5542, *Sheet Metal Work*, is \$27. The threshold was adopted effective in 2014. However, these classifications were last studied for 2020 and no changes to the threshold were indicated during that review. As a result, 2020 is selected as the "base year" for this study. The approximate wage percentile corresponding to the \$27 dual wage threshold effective in 2020 is 40% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5538/5542 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 8.4% over the entire period (see Exhibit 16.1). Applying this estimated wage inflation to the current \$27 threshold results in an indicated threshold of \$29. The WCIRB reviewed other sources of wage inflation for these classifications such as prevailing wage increases adopted by the DIR that suggest a similar modest increase.

Under the supplemental method, a \$29 threshold is estimated to maintain the current loss to payroll differential and improve the low wage payroll share from 30% to 36% (see Exhibit 16.2). The loss to payroll ratio differential is estimated to improve at a \$32 threshold, which is a \$5 increase from the current \$27 threshold. As also shown in Exhibit 16.2, there does not appear to be a significant concentration of wages within one dollar of the \$29 or \$32 thresholds based on the distribution of claimants' average weekly wage reported in unit statistical data.

Although the supplemental method suggests a significant increase in the threshold to \$32 may be appropriate, wage growth in this classification has been modest based on a review of the OEWS data and DIR prevailing wage data. In addition, these classifications were previously reviewed for 2018 and 2020 with no increases indicated. As a result, the WCIRB recommends an increase in the threshold for Classifications 5538/5542 from \$27 to \$29 based on the primary method.

Classifications 5552/5553, Roofing

The current threshold for Classifications 5552/5553, *Roofing*, is \$27. The threshold was adopted effective in 2020, which is selected as the "base year" for this study. The approximate wage percentile corresponding to the \$27 dual wage threshold effective in 2020 is 49% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 5552/5553 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 9.0% over the entire period (see Exhibit 17.1). Applying this estimated wage inflation to the current \$27 threshold results in an indicated threshold of \$29. The WCIRB reviewed other sources of wage inflation for these classifications such as prevailing wage increases adopted by the DIR that suggest a similar modest increase.

Under the supplemental method, a \$29 threshold is estimated to improve the low wage payroll share from 18% to 23% and the loss to payroll differential from 226% to 234% (see Exhibit 17.2). Some further improvement is estimated at higher thresholds with the maximum improvement indicated at a \$31 threshold. As also shown in Exhibit 17.2, there does not appear to be a significant concentration of wages

within one dollar of the \$29 or \$31 thresholds based on the distribution of claimants' average weekly wage reported in unit statistical data.

Given that the primary method indication of \$29 is well supported by the supplemental method, the WCIRB recommends an increase in the threshold for Classifications 5552/5553 from \$27 to \$29.

Classifications 6218/6220, *Excavation/Grading/Land Leveling*, 6307/6308, *Sewer Construction*, and 6315/6316, *Water/Gas Mains*

In 2006, as part of the dual wage threshold study for Classifications 6307/6308, *Sewer Construction*, and 6315/6316, *Water/Gas Mains*, WCIRB staff noted that it was not unusual for employers to engage in operations using the same employees assignable to Classifications 6218/6220, *Excavation/Grading/Land Leveling*, and 6307/6308 and/or 6315/6316. Given concerns over disparate thresholds potentially applicable to the same workers engaged in more than one of these types of operations, the experience of Classifications 6307/6308 and 6315/6316 were included with the experience of Classifications 6218/6220 in subsequent dual wage threshold analyses and a single threshold is applied to all of these classifications.

The current threshold for Classifications 6218/6220, 6307/6308 and 6315/6316 is \$34. The threshold was adopted effective in 2020, which is selected as the "base year" for this study. The approximate wage percentile corresponding to the current dual wage threshold effective in 2020 is 41% based on the OEWS wage distribution in 2020. Wage inflation for Classifications 6218/6220, 6307/6308 and 6315/6316 workers with wages approximated at the threshold level from policy year 2020 to the policy period incepting September 1, 2022 is estimated to be 14.5% over the entire period (see Exhibit 18.1). Applying this estimated wage inflation to the current \$34 threshold results in an indicated threshold of \$39. Given the magnitude of the increase, the WCIRB reviewed the indicated threshold for an alternative "base year" of 2018 which produced a similar result.

Under the supplemental method, a \$39 threshold is estimated to improve the low wage payroll share from 22% to 31% and the loss to payroll differential from 200% to 210% (see Exhibit 18.2). As also shown in Exhibit 18.2, there is a significantly smaller concentration of wages within one dollar of the \$39 threshold compared to lower thresholds.

Given that the primary method indication of \$39 is well supported by the supplemental method, the WCIRB recommends an increase in the threshold for Classifications 6218/6220, 6307/6308 and 6315/6316 from \$34 to \$39.

Table 1 summarizes the dual wage classification threshold recommendations to be effective September 1, 2022.

Table 1 – Dual Wage Classification Threshold Recommendations				
Dual Wage Classifications	Current Threshold Effective Year	Current Threshold	9/1/2022 Recommended Threshold Change	9/1/2022 Recommended Threshold
5027/5028, <i>Masonry</i>	2020	\$28	+\$4	\$32
5190/5140, <i>Electrical Wiring</i>	2018	\$32	+\$2	\$34
5183/5187, <i>Plumbing</i>	2020	\$28	+\$3	\$31
5185/5186, <i>Automatic Sprinkler Installation</i>	2020	\$29	+\$3	\$32
5201/5205, <i>Concrete or Cement Work</i>	2020	\$28	+\$4	\$32
5403/5432, <i>Carpentry</i>	2020	\$35	+\$4	\$39
5446/5447, <i>Wallboard Installation</i>	2020	\$36	+\$2	\$38
5467/5470, <i>Glaziers</i>	2020	\$33	+\$3	\$36
5474/5482, <i>Painting/Waterproofing</i>	2020	\$28	+\$3	\$31
5484/5485, <i>Plastering or Stucco Work</i>	2020	\$32	+\$4	\$36
5538/5542, <i>Sheet Metal Work</i>	2014	\$27	+\$2	\$29
5552/5553, <i>Roofing</i>	2020	\$27	+\$2	\$29
5632/5633, <i>Steel Framing</i>	2020	\$35	+\$4	\$39
6218/6220, <i>Excavation/Grading/Land Leveling</i>	2020	\$34	+\$5	\$39
6307/6308, <i>Sewer Construction</i>	2020	\$34	+\$5	\$39
6315/6316, <i>Water/Gas Mains</i>	2020	\$34	+\$5	\$39

Technical Overview of Methods

A variety of data and approaches in this study of dual wage classifications were reviewed. The primary method used to determine the indicated dual wage threshold for each classification was based on adjusting the classification's current threshold to the projected wage level underlying policies incepting between September 1, 2022 and August 31, 2023 based on the changes in the distribution of wages by occupation. A supplemental method was used to determine the indicated threshold by analyzing unit statistical payroll and loss data to project changes in the statistical viability of the classification at different thresholds. For each method, alternative assumptions and sources of wage inflation were also reviewed for sensitivity testing. Each of the methods reviewed are summarized below.

Primary Method – Changes in Wage Levels

Prior studies of dual wage classification thresholds have included an analysis of various wage inflation measures for the construction sector in California. In many cases, this data was based on average wages for the construction sector in California as a whole or for select occupations within each classification and did not contemplate how structural changes within the classification may impact the wages within the classification and the indicated dual wage threshold. For example, during the Great Recession, a disproportionate reduction in the number of lower wage construction employees shifted the total wage distribution upward which resulted in increases in measures of aggregate average wages, even if the typical worker was not experiencing increased wages. A similar shift in the wage distribution occurred during the COVID-19 economic slowdown in 2020.

The OEWS data published by the BLS includes wage information for a variety of construction occupations within California. The data is published by various wage percentiles, which allows for an analysis of the distribution of wages within an occupation in addition to average wages. The data is also available to the public and relatively current, with the most recent data including wage information through May of 2020.² Other sources of wage inflation such as average annual wages based on information published by the BLS, changes in prevailing wage determinations made by the DIR, and annual wage forecasts published by the UCLA Anderson School of Business were also reviewed. In general, these other sources of wage information were not as comprehensive, consistent or readily available as the OEWS data.

In order to project how changes in the wage distribution impact the dual wage threshold for a classification, a “base year” was selected for each classification to form the basis from which the changes will apply. For the majority of classifications, the “base year” was the year in which the classification's current dual wage threshold became effective. For some classifications, a different “base year” was selected based on studies of the classification subsequent to the year the threshold became effective in which no change to the threshold was recommended or other criteria determined based on the unique characteristics of the classification. Alternative “base years” for classifications were also reviewed for sensitivity testing. The “base year” selected for each classification is shown in Exhibit 4 and discussed in more detail by classification in the Dual Wage Classification Study Results section.

The OEWS data is on an occupation basis. As a result, to use this information each dual wage classification was mapped to one or more of the occupations published in the OEWS data. This mapping is shown in Exhibit 5. For classifications that mapped to more than one OEWS occupation, a wage distribution for the classification as a whole was determined based on a weighted average of the OEWS wages for each of the mapped occupations using OEWS employment counts for the occupations as the weights.

² The OEWS data is published each March based on data up through May of the preceding year. The data is based on a semiannual survey of occupational employment and wage rates. Each data update is based on three survey years; however, prior survey years are adjusted to the most recent survey level. See www.bls.gov/OES/home.htm for more information.

The approximate wage percentile corresponding to the current dual wage threshold for each classification was determined based on the OEWS wage distribution for the classification's "base year" using linear interpolation. The impact of changes in the wage distribution on the dual wage threshold was projected based on changes in the wage corresponding to that percentile from the "base year" through 2020. In other words, each dual wage threshold was inflated by a weighted average inflation factor determined by changes in the wage levels for the published OEWS wage percentiles immediately above and below the percentile corresponding to base year dual wage threshold. In this way, each dual wage threshold is adjusted by changes in wage levels for workers close to the threshold level based on changes in the distribution of wages rather than relying on all-worker aggregate averages.

The dual wage classification thresholds proposed in this study will be proposed to become effective September 1, 2022. However, the OEWS data and other historical wage data is only available through 2020. If the proposed dual wage threshold for the classification is not adjusted for estimated wage inflation through 2022 and 2023, the viability of the threshold may already have eroded once it becomes effective. A number of sources of future wage projections were reviewed, including (a) linear extrapolation of the OEWS data from 2020 to September 1, 2023 (the approximate midpoint of exposure from policies incepting between September 1, 2022 and August 31, 2023), (b) predetermined increases in prevailing wage determinations made by the DIR³ and (c) predictive wage models developed by the WCIRB for research and classification ratemaking purposes. Many of these sources were based on aggregate wages for all workers in the industry and did not contemplate wage inflation at or near the dual wage threshold for the classification, which can differ significantly by occupation. As a result, wage inflation from 2020 through September 1, 2023 was projected primarily based on a review of recent growth in wages at the OEWS percentile mapped to that classification. For the majority of classifications, future projected growth in wages was based on the average annual rate of growth in 2018 and 2019 using linear extrapolation.⁴ For other classifications in which wage growth at the mapped percentiles was inconsistent in the recent history, the alternative wage inflation methods were relied upon more heavily. The actual wage inflation projected for each classification is discussed in more detail in the Dual Wage Classification Study Results section.

The results for this method for each classification are summarized in Exhibits 6 through 18 and discussed in the Dual Wage Classification Study Results section.

Supplemental Method – Unit Statistical Payroll and Loss Analysis

The supplemental method used to provide validation and support of the proposed dual wage threshold for each pair of dual wage classifications is based on a detailed analysis of how changes in the thresholds would directly impact various characteristics of the classifications using unit statistical payroll, loss, and wage information reported to the WCIRB. This method is comparable in approach to the method used in prior WCIRB studies of dual wage thresholds that were based on employer wage survey data. It differs from the prior studies in that reported claimant weekly wages were used in lieu of employer surveyed wage information for all the employer's employees in the dual wage classifications. In addition, this approach allows for an analysis of a broader group of employers within all dual wage classifications rather than a small select group of employers from which surveys were received.

Unit statistical report payroll, loss, and wage data from the most recent four policy years (2015 through 2018) were contemplated for each dual wage classification. For smaller classifications for which four years of data was not statistically credible, up to three additional policy years (2012 through 2014) were used to ensure the loss and payroll data was fully credible for the analysis. In order to compare the data on a consistent level, reported payroll and claimant wages were adjusted to the level underlying policies incepting between September 1, 2022 and August 31, 2023. Wage inflation was based on changes in the distribution of wages in the OEWS data rather than using a single wage inflation factor; that is, lower

³ Each year, the DIR sets prevailing wages for construction workers employed in public works projects. The rates may also include future predetermined increases based on collective bargaining agreements. These rates differ widely by region and occupation. When reviewing prevailing wages for the alternative inflation method, the rates were weighted to best reflect the distribution of exposures by region and occupation present in WCIRB data.

⁴ Due to the potential impact of the COVID-19 pandemic on the wage distribution, 2020 was excluded from the linear extrapolation.

wages were adjusted by changes at lower wage percentiles while higher wages were adjusted by changes at higher wage percentiles. Losses were developed to a tenth unit statistical report level and adjusted to a consistent (policy year 2018) benefit level.⁵ Losses were also capped at \$500,000 per claim in order to limit the impact of large claims in the analysis. Each of these adjustments was sensitivity tested to ensure that it did not materially affect the overall results.

Payroll and losses are reported to the WCIRB in the low or high wage classification based on the threshold in effect for that year. While the dual wage threshold is based on an hourly wage, claimant wages are reported to the WCIRB at an average weekly wage level. In order to translate the hourly wage threshold into a weekly wage equivalent, distributions of claimant weekly wages reported in the low wage and high wage classifications were compared. For each pair of classifications, there existed a distinct weekly wage cutoff point which maximized the proportion of claims reported in the low wage classification below this wage and the proportion of claims reported in the high wage classification above this wage. This wage level was determined to be the “modal” weekly wage corresponding to the dual wage threshold in effect for that year for that classification. The corresponding number of hours worked at the hourly dual wage threshold required to produce this weekly wage was found to be generally comparable to average numbers of hours worked per week in the construction sector based on BLS data.

For the dual wage classifications, changes to the dual wage threshold occurred over time in the data used for this analysis. In order to analyze the impact of changes to the current threshold in this method, each historical policy year’s data was adjusted to the current threshold level. For claim data, the weekly wage reported on the claim was compared to the estimated weekly wage corresponding to the current threshold. Claims with wages that fell below the current threshold were then assigned to the low wage classification. For payroll, the distribution of payroll between the low wage and high wage classifications was compared to the distribution of total claimant wages between the low wage and high wage classifications. Although a significantly higher proportion of claimant wages are reported in the low wage classification, the relative difference (relativity) between the claimant wage and overall employee payroll distributions was generally consistent over time. As a result, the payroll distribution was adjusted to the current dual wage threshold level based on applying that relativity to the distribution of claimant wages after adjusting the claims to the current threshold level for each policy year.

In some cases, workers making at or close to the dual wage threshold hourly rate will have reported weekly wages below or above the “modal” weekly wage corresponding to the dual wage threshold due to working a number of hours fewer than or greater than those needed to generate the “modal” weekly wage during the week of injury. Losses with this characteristic were adjusted for changes in the dual wage threshold based on the proportion of data adjusted at the “modal” weekly wage level. This refinement to the method was sensitivity tested and had an overall minor impact on the results.

Once losses and payroll were adjusted to the current dual wage threshold level, the amounts were further adjusted to reflect estimated wage inflation from the year they were reported to the projected level underlying policies incepting between September 1, 2022 and August 31, 2023. Each claim’s reported weekly wage was adjusted to the projected level based on changes in the distribution of wages in the OEWS data, which allowed for different wage inflation factors to be applied at different wage levels rather than using a single wage inflation factor. If the claimant’s weekly wage adjusted to the projected level was above the current dual wage threshold, the claim was assigned to the high wage classification. Part-time and overtime wages were also adjusted based on the process described above. Payroll was likewise adjusted based on the relativity of the payroll distribution compared to the injured worker wage distribution, as described above.

Once losses and payroll had been adjusted to the current dual wage threshold level and the projected wage level, information on (a) the proportion of payroll in the low and high wage classifications, (b) the loss to payroll ratio differential between the low and high wage classifications and (c) the approximate

⁵ Loss development and benefit level adjustment factors were based on those underlying that classification’s relativity in the WCIRB’s September 1, 2021 Regulatory Filing. See Part A, Section C, Appendix C of that filing for more information.

concentration of wages at the threshold were compiled. These statistics at the current threshold were compared to their equivalents at the dual wage threshold indicated by the primary method as well as potential alternative thresholds (the process for adjusting the data to an alternative dual wage threshold is identical to the process for adjusting to the current threshold described above). In general, alternative thresholds were reviewed to ensure (a) a credible distribution of payroll between the low wage and high wage classifications, (b) maximization of the incremental improvement in the loss to payroll ratio differential and (c) no significant concentration of worker wages around the threshold.

The results for this method for each classification are summarized in Exhibits 6 through 18 and discussed in the Dual Wage Classification Study Results section.

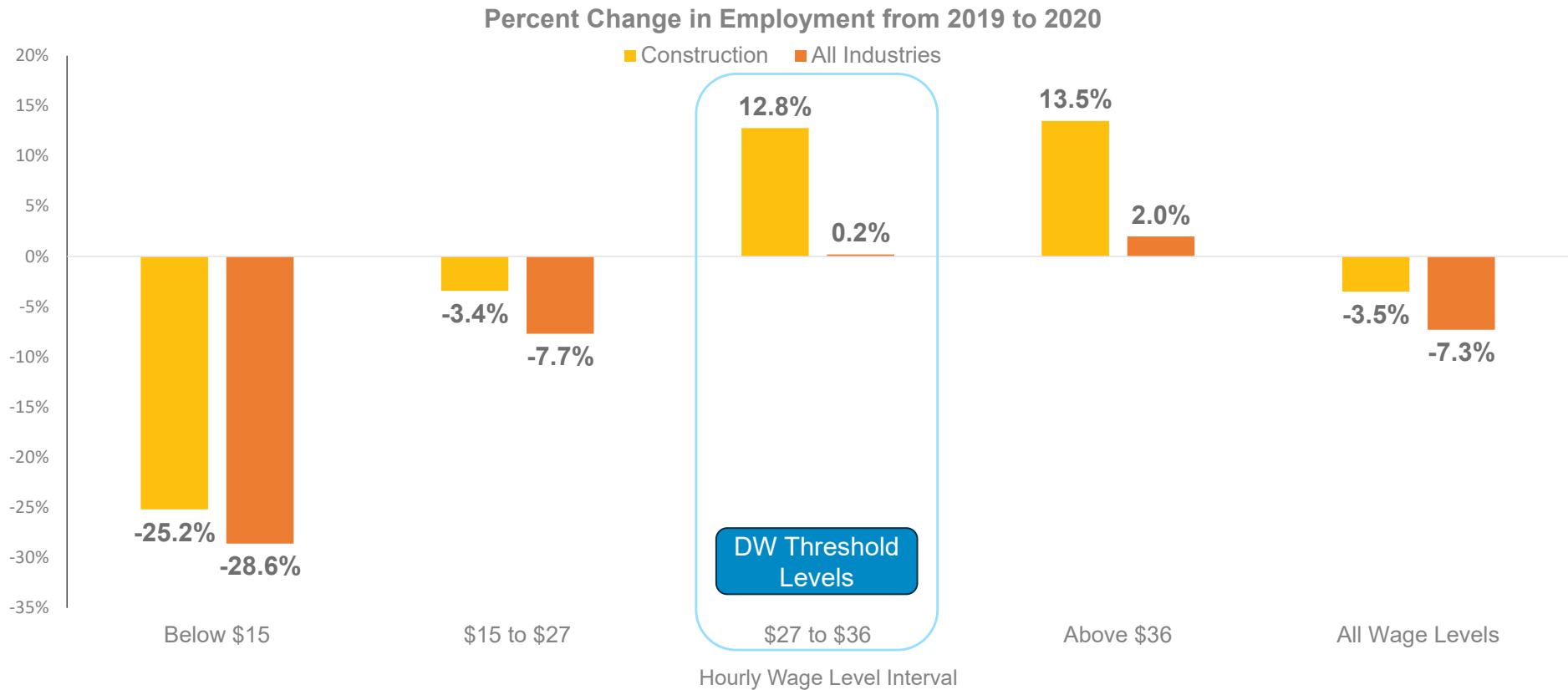
Dual Wage Classification Thresholds by Year

Year	Classifications																	
	5027	5140	5183	5185	5201	5403	5446	5467	5474	5484	5538	5552	5630	5632	5645	6218	6307	6315
	5028	5190	5187	5186	5205	5432	5447	5470	5482	5485	5542	5553	5631	5633	5697	6220	6308	6316
2021	\$28	\$32	\$28	\$29	\$28	\$35	\$36	\$33	\$28	\$32	\$27	\$27	n/a	\$35	n/a	\$34	\$34	\$34
2020	\$28	\$32	\$28	\$29	\$28	\$35	\$36	\$33	\$28	\$32	\$27	\$27	n/a	\$35	n/a	\$34	\$34	\$34
2019	\$27	\$32	\$26	\$27	\$25	\$32	\$34	\$32	\$26	\$29	\$27	\$25	n/a	\$32	n/a	\$31	\$31	\$31
2018	\$27	\$32	\$26	\$27	\$25	\$32	\$34	\$31	\$26	\$29	\$27	\$25	n/a	\$32	n/a	\$31	\$31	\$31
2017	\$27	\$30	\$26	\$27	\$24	\$30	\$33	\$31	\$24	\$27	\$27	\$23	n/a	\$30	n/a	\$30	\$30	\$30
2016	\$27	\$30	\$26	\$27	\$24	\$30	\$33	\$31	\$24	\$27	\$27	\$23	n/a	\$30	n/a	\$30	\$30	\$30
2015	\$27	\$30	\$26	\$27	\$24	\$29	\$31	\$29	\$24	\$27	\$27	\$23	n/a	\$29	n/a	\$30	\$30	\$30
2014	\$27	\$30	\$26	\$27	\$24	\$29	\$31	\$29	\$24	\$27	\$27	\$23	n/a	\$29	n/a	\$30	\$30	\$30
2013	\$27	\$28	\$24	\$27	\$24	\$29	\$31	\$29	\$24	\$25	\$25	\$23	\$26	\$29	n/a	\$26	\$26	\$26
2012	\$24	\$28	\$24	\$27	\$24	\$26	\$26	\$26	\$24	\$25	\$25	\$23	\$26	\$26	n/a	\$26	\$26	\$26
2011	\$24	\$28	\$24	\$27	\$24	\$26	\$26	\$26	\$24	\$25	\$25	\$23	\$26	\$26	\$26	\$26	\$26	\$26
2010	\$24	\$28	\$24	\$27	\$24	\$26	\$26	\$26	\$24	\$25	\$25	\$23	\$26	\$26	\$26	\$26	\$26	\$26
2009	\$24	\$28	\$24	\$27	\$24	\$26	\$26	\$26	\$24	\$25	\$25	\$23	\$26	\$26	\$26	\$26	\$26	\$26
2008	\$23	\$27	\$24	\$26	\$23	\$25	\$25	\$25	\$23	\$24	\$24	\$22	\$25	\$25	\$25	\$25	\$25	\$25
2007	\$22	\$26	\$23	\$25	\$22	\$24	\$24	\$24	\$22	\$23	\$23	\$21	\$24	\$24	\$24	\$25	\$24	\$24
2006	\$21	\$25	\$23	\$24	\$21	\$23	\$23	\$23	\$21	\$22	\$22	\$20	\$23	\$23	\$23	\$25	\$23	\$23
2005	\$21	\$25	\$23	\$24	\$21	\$23	\$23	\$23	\$21	\$22	\$22	\$20	\$23	\$23	\$23	\$25	\$23	\$23
2004	\$21	\$25	\$23	\$24	\$21	\$23	\$23	\$23	\$20	\$22	\$22	\$20	\$23	\$23	\$23	\$25	\$23	\$23
2003	\$20	\$24	\$22	\$23	\$20	\$22	\$22	\$22	\$20	\$21	\$21	\$20	\$22	\$22	\$22	\$24	\$22	\$22
2002	\$20	\$23	\$22	\$23	\$20	\$22	\$22	\$22	\$19	\$21	\$21	\$20	\$22	\$22	\$22	\$24	\$22	\$22
2001	\$19	\$22	\$21	\$22	\$19	\$21	\$21	\$21	\$19	\$20	\$20	\$19	\$21	\$21	\$21	\$23	\$21	\$21
2000	\$19	\$22	\$21	\$22	\$19	\$21	\$21	\$21	\$19	\$20	\$20	\$19	\$20	\$20	\$21	\$23	\$21	\$21
1999	\$18	\$21	\$20	\$21	\$18	\$20	\$20	\$20	\$19	\$19	\$19	\$18	\$20	\$20	\$20	\$22	\$20	\$20
1998	\$18	\$21	\$20	\$21	\$18	\$20	\$20	\$20	\$19	\$19	\$19	\$18	\$20	\$20	\$20	\$22	\$20	\$20
1997	\$18	\$21	\$20	\$21	\$18	\$20	\$20	\$20	\$19	\$19	\$19	\$18	\$20	\$20	\$20	\$22	\$20	\$20
1996	\$17	\$21	\$20	\$21	\$17	\$20	\$19	\$19	\$18	\$18	\$19	\$17	\$20	\$20	\$20	\$21	\$19	\$19
1995	\$17	\$20	\$19	\$21	\$17	\$19	\$19	\$19	\$18	\$18	\$18	\$17	n/a	n/a	\$19	\$21	\$19	\$19
1994	\$17	\$20	\$19	n/a	\$17	\$19	\$19	\$19	\$18	\$18	\$18	\$17	n/a	n/a	\$19	\$21	\$19	\$19
1993	\$17	\$20	\$19	n/a	\$17	\$19	\$19	\$19	\$18	\$18	\$18	\$17	n/a	n/a	\$19	\$21	\$19	\$19
1992	\$17	\$19	\$18	n/a	\$17	\$19	\$19	\$19	\$18	\$18	\$17	\$17	n/a	n/a	\$19	\$21	\$19	\$19
1991	n/a	\$19	\$18	n/a	n/a	\$18	n/a	n/a	\$18	n/a	\$17	n/a	n/a	n/a	\$18	n/a	n/a	n/a
1990	n/a	\$18	\$18	n/a	n/a	\$17	n/a	n/a	\$17	n/a	\$16	n/a	n/a	n/a	\$17	n/a	n/a	n/a
1989	n/a	\$18	\$18	n/a	n/a	\$17	n/a	n/a	\$17	n/a	\$16	n/a	n/a	n/a	\$17	n/a	n/a	n/a
1988	n/a	\$18	\$17	n/a	n/a	\$17	n/a	n/a	\$17	n/a	\$16	n/a	n/a	n/a	\$17	n/a	n/a	n/a

Exhibit 2

Pandemic Considerations: 2020 Change in Construction Employment

As of June 2021

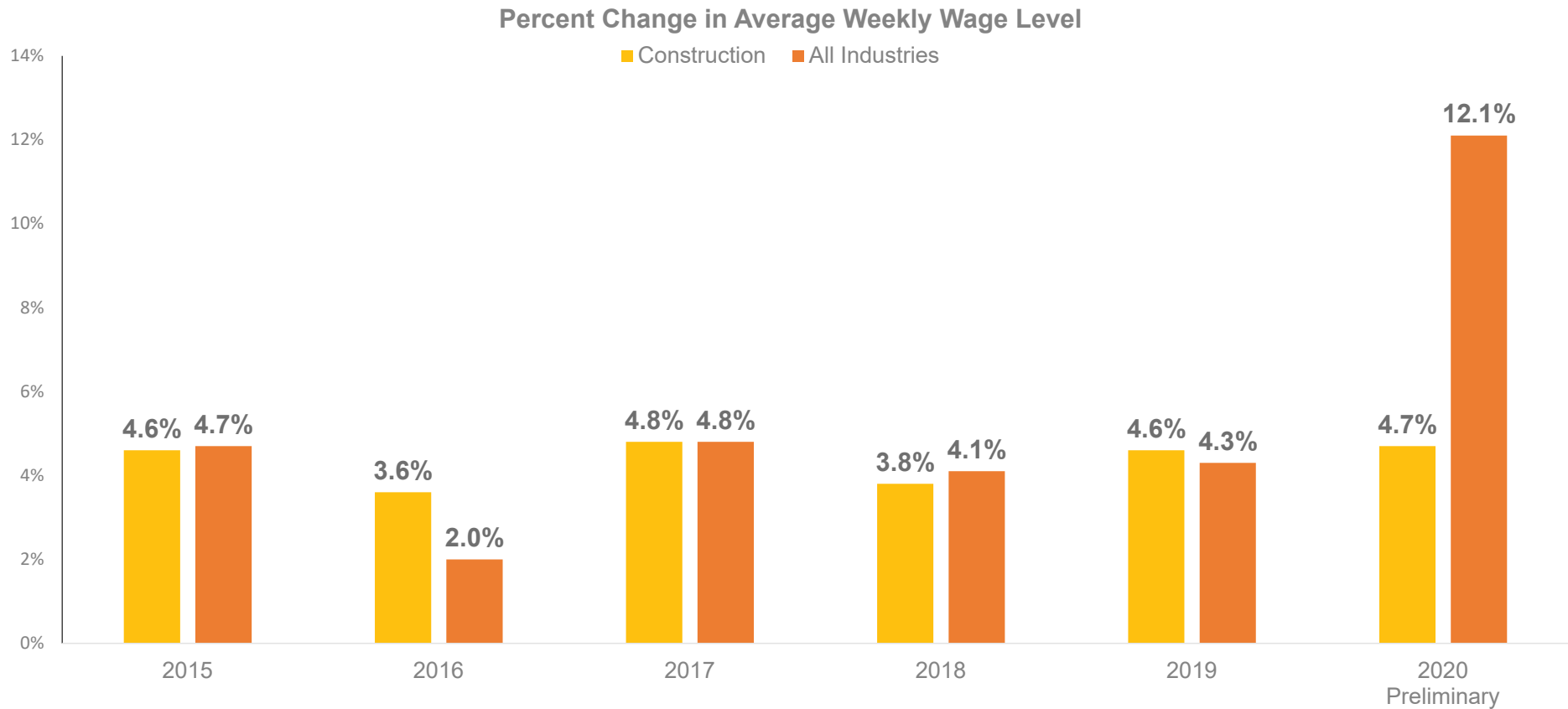


Source: Economic Policy Institute and UCLA Anderson School of Business

Exhibit 3

Pandemic Considerations: Change in Construction Wage Levels

As of August 2021



Source: BLS Quarterly Census of Employment and Wages

Selected "Base Year" for Each Dual Wage Classification Pair

Dual Wage Classifications	Base Year	Rationale for Selection
5027/5028, <i>Masonry</i>	2020	Effective year for which most recent threshold was adopted.
5190/5140, <i>Electrical Wiring</i>	2018	Effective year for which most recent threshold was adopted.
5183/5187, <i>Plumbing</i>	2020	Effective year for which most recent threshold was adopted.
5185/5186, <i>Automatic Sprinkler Installation</i>	2020	Effective year for which most recent threshold was adopted.
5201/5205, <i>Concrete or Cement Work</i>	2020	Effective year for which most recent threshold was adopted.
5403/5432, <i>Carpentry</i>	2020	Effective year for which most recent threshold was adopted.
5446/5447, <i>Wallboard Installation</i>	2020	Effective year for which most recent threshold was adopted.
5467/5470, <i>Glaziers</i>	2020	Effective year for which most recent threshold was adopted.
5474/5482, <i>Painting/Waterproofing</i>	2020	Effective year for which most recent threshold was adopted.
5484/5485, <i>Plastering or Stucco Work</i>	2020	Effective year for which most recent threshold was adopted.
5538/5542, <i>Sheet Metal Work</i>	2020	Threshold effective year reviewed in the latest dual wage study performed for this class, although no change was recommended.
5552/5553, <i>Roofing</i>	2020	Effective year for which most recent threshold was adopted.
5632/5633, <i>Steel Framing</i>	2020	Effective year for which most recent threshold was adopted.
6218/6220, <i>Excavation/Grading/Land Leveling</i>	2020	Effective year for which most recent threshold was adopted.
6307/6308, <i>Sewer Construction</i>	2020	Effective year for which most recent threshold was adopted.
6315/6316, <i>Water/Gas Mains</i>	2020	Effective year for which most recent threshold was adopted.

Mapping of Dual Wage Classification to OES Occupations

Dual Wage Classifications	Mapped OES Occupations
5027/5028, <i>Masonry</i>	47-2021, Brickmasons and Blockmasons 47-2022, Stonemasons
5190/5140, <i>Electrical Wiring</i>	47-2111, Electricians
5183/5187, <i>Plumbing</i>	47-2152, Plumbers, Pipefitters, and Steamfitters
5185/5186, <i>Automatic Sprinkler Installation</i>	47-2151, Pipelayers 47-2152, Plumbers, Pipefitters, and Steamfitters
5201/5205, <i>Concrete or Cement Work</i>	47-2051, Cement Masons and Concrete Finishers
5403/5432, <i>Carpentry</i>	47-2031, Carpenters
5446/5447, <i>Wallboard Installation</i>	47-2081, Drywall and Ceiling Tile Installers 47-2082, Tapers
5467/5470, <i>Glaziers</i>	47-2121, Glaziers
5474/5482, <i>Painting/Waterproofing</i>	47-2141, Painters, Construction and Maintenance 47-2142, Paperhangers
5484/5485, <i>Plastering or Stucco Work</i>	47-2161, Plasterers and Stucco Masons
5538/5542, <i>Sheet Metal Work</i>	47-2211, Sheet Metal Workers
5552/5553, <i>Roofing</i>	47-2181, Roofers
5632/5633, <i>Steel Framing</i>	47-2031, Carpenters (Data is combined with Carpentry)
6218/6220, <i>Excavation/Grading/Land Leveling</i>	47-2073, Operating Engineers and Other Construction Equipment Operators
6307/6308, <i>Sewer Construction</i>	47-2151, Pipelayers (Data is combined with Excavation)
6315/6316, <i>Water/Gas Mains</i>	47-2151, Pipelayers (Data is combined with Excavation)

Classifications 5027/5028, Masonry
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$28
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	46%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	10.7%
Primary Method Indicated Threshold (d):	\$31

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5027/5028, Masonry
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$28
Weekly Wage Corresponding to Current Threshold (a): \$985

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$26	\$915	9.1%	27.5%	2.8%	201%	11.2%
\$27	\$950	6.1%	30.9%	3.3%	203%	2.6%
\$28	\$985	8.3%	33.1%	2.2%	210%	6.3%
\$29	\$1,020	7.7%	35.7%	2.6%	213%	3.8%
\$30	\$1,056	7.6%	38.9%	3.2%	210%	-2.9%
\$31	\$1,091	7.6%	41.7%	2.9%	211%	0.9%
\$32	\$1,126	4.2%	44.6%	2.9%	225%	14.1%

Supplementary Method Indicated Threshold (c): **\$32**

Source: WCIRB unit statistical data from policy years 2010 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5190/5140, Electrical Wiring
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$32
Selected "Base Year" (a):	2018
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	52%
Wage Inflation at Percentile from 2018 to 9/1/2022 (c):	7.5%
Primary Method Indicated Threshold (d):	\$34

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5190/5140, Electrical Wiring
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$32
Weekly Wage Corresponding to Current Threshold (a): \$1,225

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$30	\$1,148	6.8%	28.4%	1.7%	212%	5.7%
\$31	\$1,187	6.0%	30.1%	1.6%	211%	-1.0%
\$32	\$1,225	6.6%	31.8%	1.7%	219%	7.4%
\$33	\$1,263	4.8%	33.5%	1.7%	214%	-5.0%
\$34	\$1,302	3.4%	36.7%	3.3%	221%	7.7%
\$35	\$1,340	3.2%	38.7%	2.0%	230%	8.9%
\$36	\$1,378	3.2%	40.1%	1.4%	233%	3.4%

Supplementary Method Indicated Threshold (c): **\$34**

Source: WCIRB unit statistical data from policy years 2013 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5183/5187, Plumbing
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$28
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	43%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	10.6%
Primary Method Indicated Threshold (d):	\$31

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5183/5187, Plumbing
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$28
Weekly Wage Corresponding to Current Threshold (a): \$1,077

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$26	\$1,000	7.2%	20.7%	2.6%	223%	0.5%
\$27	\$1,038	5.7%	23.9%	3.2%	231%	8.6%
\$28	\$1,077	9.0%	26.2%	2.3%	238%	6.6%
\$29	\$1,115	8.4%	28.7%	2.6%	238%	-0.3%
\$30	\$1,154	6.7%	31.7%	3.0%	243%	5.5%
\$31	\$1,192	6.6%	34.4%	2.8%	248%	5.1%
\$32	\$1,231	6.6%	36.7%	2.3%	257%	8.2%

Supplementary Method Indicated Threshold (c): **\$31**

Source: WCIRB unit statistical data from policy years 2013 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5185/5186, Automatic Sprinkler Installation
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$29
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	46%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	11.6%
Primary Method Indicated Threshold (d):	\$32

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5185/5186, Automatic Sprinkler Installation
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$29
Weekly Wage Corresponding to Current Threshold (a): \$1,074

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$27	\$1,000	5.3%	24.2%	1.8%	200%	6.5%
\$28	\$1,037	6.6%	27.0%	2.8%	209%	9.0%
\$29	\$1,074	6.8%	29.6%	2.6%	212%	2.7%
\$30	\$1,111	8.7%	31.6%	2.0%	219%	6.8%
\$31	\$1,148	7.8%	34.3%	2.7%	227%	8.6%
\$32	\$1,185	6.5%	35.9%	1.6%	241%	14.2%
\$33	\$1,222	5.3%	38.5%	2.6%	247%	5.4%
\$34	\$1,259	4.2%	39.8%	1.3%	263%	16.4%
\$35	\$1,296	4.9%	40.4%	0.7%	262%	-0.9%

Supplementary Method Indicated Threshold (c): **\$32**

Source: WCIRB unit statistical data from policy years 2010 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5201/5205, Concrete or Cement Work
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$28
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	50%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	15.8%
Primary Method Indicated Threshold (d):	\$32

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5201/5205, Concrete or Cement Work
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$28
Weekly Wage Corresponding to Current Threshold (a): \$1,064

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$26	\$988	9.7%	21.7%	1.7%	196%	2.9%
\$27	\$1,026	8.7%	24.5%	2.8%	192%	-4.4%
\$28	\$1,064	8.4%	26.4%	1.9%	190%	-2.0%
\$29	\$1,102	7.8%	28.3%	1.9%	193%	3.0%
\$30	\$1,140	9.0%	31.1%	2.9%	191%	-1.4%
\$31	\$1,178	6.3%	33.6%	2.4%	194%	2.8%
\$32	\$1,216	5.7%	34.9%	1.3%	193%	-1.3%
\$33	\$1,254	7.2%	37.8%	2.9%	209%	16.1%
\$34	\$1,292	6.3%	40.1%	2.3%	216%	6.9%

Supplementary Method Indicated Threshold (c): **\$33**

Source: WCIRB unit statistical data from policy years 2013 through 2018.

Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.

Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5403/5432, Carpentry and 5632/5633, Steel Framing
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$35
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	63%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	11.1%
Primary Method Indicated Threshold (d):	\$39

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5403/5432, Carpentry and 5632/5633, Steel Framing
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$35
Weekly Wage Corresponding to Current Threshold (a): \$1,203

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$33	\$1,134	7.5%	28.0%	1.4%	234%	1.5%
\$34	\$1,169	6.8%	29.3%	1.3%	232%	-1.4%
\$35	\$1,203	4.3%	31.3%	2.1%	238%	5.4%
\$36	\$1,238	5.9%	32.8%	1.4%	243%	5.3%
\$37	\$1,272	5.7%	35.0%	2.2%	249%	6.4%
\$38	\$1,306	6.2%	36.5%	1.6%	255%	6.0%
\$39	\$1,341	5.5%	38.6%	2.1%	267%	11.7%
\$40	\$1,375	2.8%	40.3%	1.6%	276%	8.4%
\$41	\$1,409	3.1%	41.4%	1.2%	280%	4.6%

Supplementary Method Indicated Threshold (c): **\$39**

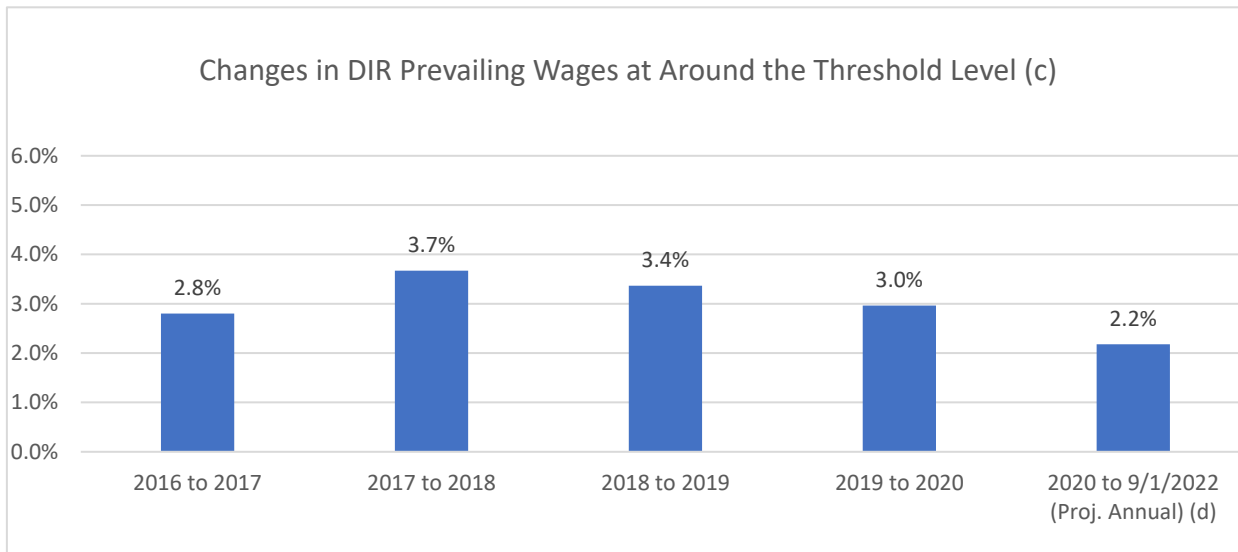
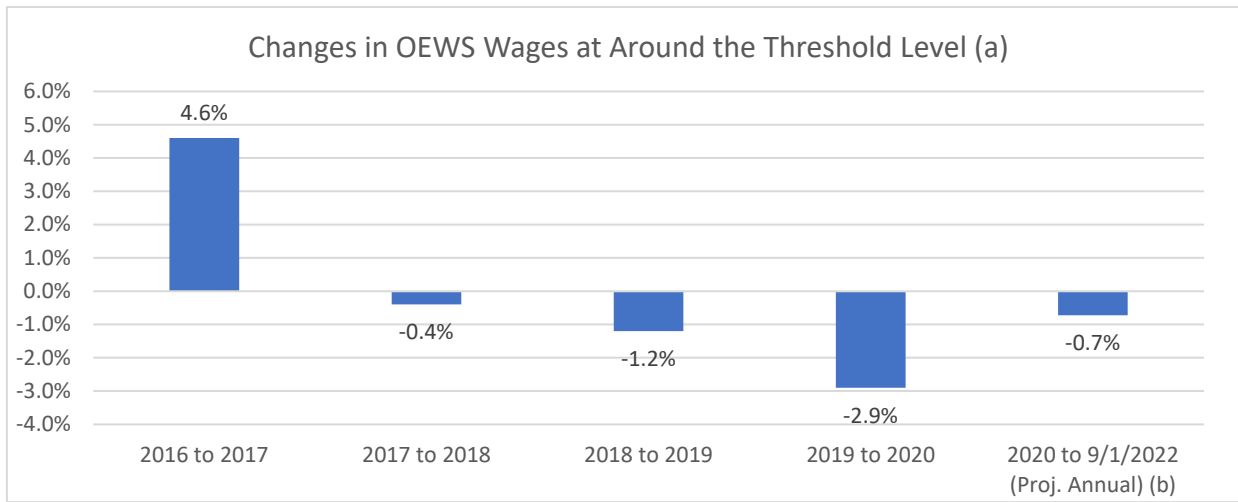
Source: WCIRB unit statistical data from policy years 2013 through 2018.

Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.

Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5446/5447, Wallboard Installation
Changes in OEWS/DIR Prevailing Wage at Around the Threshold Level



- (a) Based on the current dual wage threshold of \$36 mapped to the 74th percentile based on the BLS OEWS data (see Exhibit 12.2).
- (b) Projected annual changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019 using linear extrapolation.
- (c) Based on prevailing wage determinations adopted by the Department of Industrial Relations (DIR). The rates may also include future predetermined increases based on collective bargaining agreements. These rates were weighted by region and occupation to best reflect the distribution of exposures by region and occupation for the classification.
- (d) Projected annual changes from 2020 to effective date 9/1/2022 are estimated based on the weighted predetermined increases in prevailing wages made by the DIR.

Classifications 5446/5447, Wallboard Installation
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$36
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	74%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	5.8%
Primary Method Indicated Threshold (d):	\$38

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change of the prevailing wage by the DIR.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5446/5447, Wallboard Installation
Supplemental Method: Unit Statistical Payroll and Loss
Analysis

Current Dual Wage Threshold: \$36
Weekly Wage Corresponding to Current Threshold (a): \$1,271

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$34	\$1,200	3.1%	44.0%	1.1%	242%	3.7%
\$35	\$1,235	3.5%	45.4%	1.4%	248%	5.9%
\$36	\$1,271	2.6%	46.5%	1.1%	250%	1.7%
\$37	\$1,306	1.4%	47.4%	0.9%	261%	11.1%
\$38	\$1,341	1.1%	48.1%	0.7%	277%	16.0%
\$39	\$1,376	1.0%	48.5%	0.4%	279%	1.7%
\$40	\$1,412	1.2%	49.4%	0.9%	290%	10.9%

Supplementary Method Indicated Threshold (c): **\$38**

Source: WCIRB unit statistical data from policy years 2013 through 2018.

Claims are adjusted to tenth unit statistical report level and a policy year 2016 benefit level.

Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5467/5470, Glaziers
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$33
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	56%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	10.6%
Primary Method Indicated Threshold (d):	\$36

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5467/5470, Glaziers
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$33
Weekly Wage Corresponding to Current Threshold (a): \$1,304

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$31	\$1,225	7.7%	27.8%	1.5%	227%	1.9%
\$32	\$1,265	4.4%	29.2%	1.5%	226%	-1.7%
\$33	\$1,304	6.4%	30.6%	1.4%	226%	0.4%
\$34	\$1,344	5.4%	32.2%	1.6%	231%	4.4%
\$35	\$1,383	4.6%	34.1%	1.9%	244%	14.0%
\$36	\$1,423	4.8%	35.4%	1.3%	255%	10.3%
\$37	\$1,462	4.2%	36.9%	1.5%	264%	9.3%

Supplementary Method Indicated Threshold (c): **\$36**

Source: WCIRB unit statistical data from policy years 2010 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5474/5482, Painting
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$28
Selected "Base Year" (a):	2020
Proposed Threshold Effective Date:	9/1/2022
Threshold Wage Percentile at Base Year (b):	62%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	10.8%
Primary Method Indicated Threshold (d):	\$31

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5474/5482, Painting
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$28
Weekly Wage Corresponding to Current Threshold (a): \$1,023

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$26	\$950	9.5%	30.1%	3.0%	200%	4.1%
\$27	\$987	10.7%	34.7%	4.6%	210%	9.8%
\$28	\$1,023	9.0%	38.0%	3.3%	214%	3.7%
\$29	\$1,060	10.2%	43.2%	5.3%	231%	17.4%
\$30	\$1,096	11.0%	46.5%	3.3%	242%	11.0%
\$31	\$1,133	11.1%	49.1%	2.5%	251%	8.8%
\$32	\$1,169	9.8%	51.4%	2.3%	264%	13.6%

Supplementary Method Indicated Threshold (c): **\$31**

Source: WCIRB unit statistical data from policy years 2013 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5484/5485, Plastering or Stucco Work
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$32
Selected "Base Year" (a):	2020
Proposed Threshold Effective Policy Year:	9/1/2022
Threshold Wage Percentile at Base Year (b):	73%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	11.5%
Primary Method Indicated Threshold (d):	\$36

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment and Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5484/5485, Plastering or Stucco Work
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$32
Weekly Wage Corresponding to Current Threshold (a): \$1,076

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$30	\$1,009	11.0%	40.9%	2.3%	178%	4.1%
\$31	\$1,042	10.8%	43.6%	2.8%	178%	0.8%
\$32	\$1,076	6.3%	45.6%	2.0%	178%	-0.7%
\$33	\$1,109	10.6%	48.5%	2.8%	195%	17.6%
\$34	\$1,143	10.0%	51.6%	3.1%	200%	5.1%
\$35	\$1,177	5.0%	53.2%	1.7%	201%	0.3%
\$36	\$1,210	7.2%	55.3%	2.1%	203%	2.7%
\$37	\$1,244	6.3%	57.8%	2.5%	217%	13.8%
\$38	\$1,278	4.0%	59.3%	1.5%	239%	21.9%

Supplementary Method Indicated Threshold (c): **\$37**

Source: WCIRB unit statistical data from policy years 2012 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5538/5542, Sheet Metal Work
Primary Method: Changes in Wage Levels

Current Dual Wage Threshold:	\$27
Selected "Base Year" (a):	2020
Proposed Threshold Effective Policy Year:	9/1/2022
Threshold Wage Percentile at Base Year (b):	40%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	8.4%
Primary Method Indicated Threshold (d):	\$29

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment and Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

**Classifications 5538/5542, Sheet Metal Work
Supplemental Method: Unit Statistical Payroll and Loss Analysis**

Current Dual Wage Threshold: \$27
Weekly Wage Corresponding to Current Threshold (a): \$1,000

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$25	\$926	10.2%	24.5%	3.7%	188%	15.6%
\$26	\$963	8.8%	26.7%	2.2%	188%	-0.5%
\$27	\$1,000	5.0%	30.1%	3.4%	187%	-0.7%
\$28	\$1,037	7.7%	33.0%	2.9%	185%	-1.5%
\$29	\$1,074	6.4%	35.9%	2.9%	187%	1.4%
\$30	\$1,111	5.6%	38.2%	2.4%	194%	7.4%
\$31	\$1,148	5.5%	40.5%	2.3%	206%	12.1%
\$32	\$1,185	6.4%	42.7%	2.2%	220%	14.1%
\$33	\$1,222	6.1%	44.8%	2.2%	228%	7.5%

Supplementary Method Indicated Threshold (c): **\$32**

Source: WCIRB unit statistical data from policy years 2015 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Classifications 5552/5553, Roofing
Primary Method: Changes in Wage Levels - Using Prevailing Wage Data

Current Dual Wage Threshold:	\$27
Selected "Base Year" (a):	2020
Proposed Threshold Effective Policy Year:	9/1/2022
Threshold Wage Percentile at Base Year (b):	49%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	9.0%
Wage Inflation Factor (1 + Wage Inflation %):	1.090
Primary Method Indicated Threshold (d):	\$29

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment and Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

Classifications 5552/5553, Roofing
Supplemental Method: Unit Statistical Payroll and Loss Analysis

Current Dual Wage Threshold: \$27
Weekly Wage Corresponding to Current Threshold (a): \$891

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$25	\$825	2.7%	14.1%	1.3%	226%	4.7%
\$26	\$858	5.3%	15.9%	1.8%	219%	-7.1%
\$27	\$891	5.6%	17.9%	2.1%	226%	6.8%
\$28	\$924	5.2%	20.7%	2.8%	222%	-3.8%
\$29	\$957	8.7%	23.1%	2.3%	234%	12.2%
\$30	\$990	7.7%	27.5%	4.5%	246%	11.7%
\$31	\$1,023	6.6%	31.0%	3.5%	259%	13.5%
\$32	\$1,056	7.5%	34.4%	3.4%	272%	12.2%

Supplementary Method Indicated Threshold (c): **\$29**

Source: WCIRB unit statistical data from policy years 2015 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

**Classifications 6218/6220, Excavation,
6307/6308, Sewer Construction, and 6315/6316, Water/Gas Mains
Primary Method: Changes in Wage Levels**

Current Dual Wage Threshold:	\$34
Selected "Base Year" (a):	2020
Proposed Threshold Effective Policy Year:	9/1/2022
Threshold Wage Percentile at Base Year (b):	41%
Wage Inflation at Percentile from 2020 to 9/1/2022 (c):	14.5%
Primary Method Indicated Threshold (d):	\$39

- (a) See Exhibit 4.
- (b) Based on wage distributions from the Occupational Employment and Wage Statistics (OEWS) data published by the Bureau of Labor Statistics for the occupations mapped to the classification (see Exhibit 5). Differences between published percentiles determined based on linear interpolation.
- (c) Based on changes in the OEWS wage at the current threshold's percentile from the Base Year to 2020. Changes from 2020 to effective date 9/1/2022 are estimated based on the average annual wage change observed in 2018 and 2019.
- (d) Equal to the current threshold adjusted by the estimated wage inflation.

**Classifications 6218/6220, Excavation, 6307/6308, Sewer Construction,
and 6315/6316, Water/Gas Mains
Supplemental Method: Unit Statistical Payroll and Loss Analysis**

Current Dual Wage Threshold: \$34
Weekly Wage Corresponding to Current Threshold (a): \$1,179

Threshold	Corresponding Weekly Wage	Proportion of Claims within \$1 of Threshold	Low Wage Payroll Share	Incremental Change	Loss to Payroll Differential (b)	Incremental Change
\$32	\$1,110	4.6%	18.8%	2.0%	210%	2.6%
\$33	\$1,144	5.0%	20.0%	1.1%	212%	2.2%
\$34	\$1,179	6.7%	22.0%	2.0%	200%	-12.1%
\$35	\$1,214	6.8%	23.8%	1.8%	202%	2.4%
\$36	\$1,248	3.4%	25.8%	2.0%	204%	1.5%
\$37	\$1,283	7.1%	28.0%	2.2%	201%	-2.4%
\$38	\$1,318	6.7%	29.4%	1.4%	201%	-0.7%
\$39	\$1,352	2.9%	30.6%	1.2%	210%	9.7%
\$40	\$1,387	6.3%	32.6%	2.0%	213%	2.5%

Supplementary Method Indicated Threshold (c): **\$39**

Source: WCIRB unit statistical data from policy years 2015 through 2018.
Claims are adjusted to tenth unit statistical report level and a policy year 2018 benefit level.
Payroll and wages are adjusted to a September 1, 2022 wage level.

- (a) Based on an analysis of claimant weekly wage distributions for the low wage and high wage classifications. Selected weekly wage corresponds to the largest gap in the cumulative distribution functions for the two classifications.
- (b) Equal to the loss to payroll ratio for the low wage classification divided by the loss to payroll ratio for the high wage classification based on the given threshold. Losses are limited to \$500,000 per claim.
- (c) Indicated threshold generally represents the threshold at which future increases would result in diminishing returns in the improvement of the loss to payroll differential, while also considering the other criteria.

Item III-B Payroll Limitations

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. The WCIRB is projecting that wage inflation from the current limits effective for policies incepting between September 1, 2021 and August 31, 2022 to the level underlying policies incepting between September 1, 2022 and August 31, 2023 will be approximately 3.4%. This wage inflation projection is based on the average of the UCLA Anderson School of Business and California Department of Finance wage forecasts. Based on this projection, the WCIRB recommends the following revisions to the USRP to be effective September 1, 2022.

- WCIRB staff reviewed the minimum and maximum reportable payrolls for executive officers, partners, individual employers, and members of a limited liability company (LLC), so that these thresholds in the USRP reflect prospective economic conditions. To reflect the projected wage inflation of approximately 3.4%, the WCIRB recommends that the current maximum remuneration of \$144,300 (\$2,775 per week) be increased to \$149,500 (\$2,875 per week) and the current minimum of \$55,900 (\$1,075 per week) be increased to \$57,200 (\$1,100 per week).
- WCIRB staff also reviewed the salary and payroll limitations for employees in the classifications listed in Table 1 below that are subject to limitation. To reflect the projected wage inflation of approximately 3.4% and to remain consistent with adjustments to the payroll limitations for executive officers, partners, individual employers and members of an LLC, the WCIRB recommends that the maximum payroll relative to the specified employees in the listed classifications be increased from \$144,300 to \$149,500.
- Beginning September 1, 2022, an individual employee's annual payroll developed in 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*, will be subject to an annual payroll limitation. To be consistent with the payroll limitations for executive officers, partners, individual employers, and members of an LLC and other classifications subject to maximum payroll limitation, the WCIRB recommends that the payroll limitation for each of these classifications be set at \$149,500 per year per employee.
- To reflect the approximate 3.4% projected wage inflation, the WCIRB recommends that the minimum payroll per taxicab that is contained in the footnote to Classification 7365, *Taxicab Operations*, be increased from \$39,700 to \$41,000 per annum per taxicab.

The results of the WCIRB's review of the current wage and payroll limits are detailed in Table 1 below for each classification or type of employee.

Table 1 – Wage and Payroll Limitation Recommendations					
Class Code	Phraseology	Current		Recommended for September 1, 2022	
		Payroll Minimum	Payroll Maximum	Payroll Minimum	Payroll Maximum
7365	<i>Taxicab Operations</i> (per year per taxicab)	\$39,700	N/A	\$41,000	N/A
7607(1)	<i>Video Post-Production</i> (per year per employee)	N/A	\$144,300	N/A	\$149,500
7607(2)	<i>Audio Post-Production</i> (per year per employee)	N/A	\$144,300	N/A	\$149,500
7610	<i>Radio, Television or Commercial Broadcasting Stations</i> (on-air personalities, entertainers and musicians/per year per person)	N/A	\$144,300	N/A	\$149,500
8601(1)	<i>Engineers</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8601(2)	<i>Oil or Gas Geologists or Scouts</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8601(4)	<i>Forest Engineers</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8741	<i>Real Estate Agencies</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8743	<i>Mortgage Brokers</i> (per year per employee)	N/A	\$144,300	N/A	\$149,500
8749	<i>Mortgage Bankers</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8801	<i>Credit Unions</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8803	<i>Auditing, Accounting or Management Consulting Services</i> (per year per employee)	N/A	\$144,300	N/A	\$149,500
8808	<i>Banks</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8820	<i>Law Firms</i> (per year per employee)	N/A	\$144,300	N/A	\$149,500

Table 1 – Wage and Payroll Limitation Recommendations					
Class Code	Phraseology	Current		Recommended for September 1, 2022	
		Payroll Minimum	Payroll Maximum	Payroll Minimum	Payroll Maximum
8822	<i>Insurance Companies</i> (per year per employee)	N/A	N/A	N/A	\$149,500
8859(1)	<i>Computer Programming or Software Development</i> (per year per employee)	N/A	\$144,300	N/A	\$149,500
8859(2)	<i>Internet or Web-Based Application Development or Operation</i> (per year per employee)	N/A	\$144,300	N/A	\$149,500
9151	<i>Theaters – musical entertainment</i> (performers and directors of performers/per year per person)	N/A	\$144,300	N/A	\$149,500
9156	<i>Theaters – dance, opera and theater companies</i> (performers and directors of performers/per year per person)	N/A	\$144,300	N/A	\$149,500
9181	<i>Athletic Teams or Athletic Facilities – players, umpires, referees and game officials</i> (per season per player)	N/A	\$144,300	N/A	\$149,500
9610	<i>Motion Pictures – production</i> (actors, musicians, producers and the motion picture director/per year per person)	N/A	\$144,300	N/A	\$149,500
N/A	Executive Officers, Partners, Individual Employers and Members of a Limited Liability Company	\$55,900	\$144,300	\$57,200	\$149,500

Item III-C

Physical Audit Threshold

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.¹ 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 is reviewed on a regular basis and adjusted as appropriate to maintain the same approximate volume of policies subject to the audit requirement.

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 reviewed the audit threshold in preparation for the September 1, 2022 Regulatory Filing. As in the past, the indication is based on the average of the results of two methods. First, insurer rates have on average decreased approximately 11.9% from the amount contemplated in the current \$10,500 threshold. Since the threshold was last changed in 2020, the average wage level (as forecast based on the average of UCLA Anderson School of Business and California Department of Finance wage model forecasts) is projected to increase by approximately 8.0%. As a result, combining the impact of wage inflation and further insurer rate changes, a decrease in the threshold to \$10,000 is indicated.

Second, experience rating eligibility is determined based on the total payroll reported for the experience period multiplied by the current expected loss rates. In contrast, the audit threshold is based on insurer "final premium." Based on December 31, 2020 experience, insurer final premium for 2020 was approximately 22.6% higher than premium at the pure premium rate level, and the average January 1, 2021 advisory pure premium rate is approximately 101% higher than the average of the January 1, 2021 expected loss rates. As a result, assuming a three-year experience rating period, the current September 1, 2021 experience rating eligibility threshold of \$9,500, which is set at the September 1, 2021 expected loss rate level and applies to the September 1, 2017 to August 31, 2020 projected payroll level, would correspond to a single year average insurer premium level of approximately \$9,000, after adjusting for estimated wage inflation (13%).

Based on the approximate average of these two indications, the indicated physical audit threshold for policies incepting on or after September 1, 2022 is approximately \$9,500. However, since the threshold was last changed for January 1, 2020 and is intended to be changed relatively infrequently and there is significant uncertainty to the future economic recovery after the COVID-19 pandemic, staff recommends maintaining the current premium audit threshold of \$10,500 for September 1, 2022.

¹ See Part 3, *Standard Classification System*, Section VI, *Administration of Classification System*, Rule 4, *Audit of Payroll*.

Item III-D

COVID-19 Claims in Experience Rating

Workers' compensation is a no-fault system. As a result, in general, all workers' compensation claims regardless of consideration of fault are reflected in experience rating. However, at the April 14, 2020 meeting, given the unique nature of the COVID-19 exposure and the emerging pandemic, the Classification and Rating (C & R) Committee recommended that claims arising directly from a COVID-19 diagnosis be excluded from the experience modification computation. This recommendation was reflected in the WCIRB's July 1, 2020 Regulatory Filing and adopted by the Insurance Commissioner.

While the Governing Committee approved making this recommendation to the Insurance Commissioner at the April 17, 2020 meeting, a Committee member noted that there is a safety component related to the occurrence of COVID-19 claims at an employer's workplace and that it would be appropriate to consider removing the COVID-19 experience rating exclusion at some point after the initial emergency period. As a result, staff began reviewing whether COVID-19 claims incurred in the future should continue to be excluded from experience rating.

The COVID-19 workers' compensation claim environment has changed significantly since the experience rating exclusion of COVID-19 claims was first recommended and ultimately adopted. In the early months of the pandemic, relatively little was known about how COVID-19 was transmitted, there was little in the way of widely accepted workplace safety protocols and tens of thousands of COVID-19 workers' compensation claims were being filed. Also, at the time, it was unclear the extent to which some COVID-19 illnesses would be "presumed compensable" and, with some segments of the economy largely shutdown, the exposure to workplace COVID-19 varied dramatically by industry and within industry segment depending as to whether the industry was deemed "essential" and how widely its workers were exposed to the public and other workers. In contrast, at this time, more than a year since the pandemic began, transmission of the virus is much better understood, workplace safety protocols in consideration of the widespread availability of COVID-19 vaccines are available, the number of COVID-19 infections and workers' compensation claim filings are dropping, California Senate Bill No. 1159 has been in effect since September 2020 specifying when a worker has a rebuttable presumption of compensability that their COVID-19 infection is work-related and most businesses have re-opened or will be re-opening soon.

Earlier this year, the Policy Research Advisory Committee¹ (PRAC) discussed the potential sunset of the exclusion of COVID-19 claims from experience rating that had been adopted in each jurisdiction. While each PRAC member company has its own committee and regulatory process, the PRAC did not express concern with sunset of the exclusion and suggested that there were significant stakeholder advantages if any sunset of the exclusion was relatively consistent across the country, prospective in nature and that the removal of the exclusion is clear and date specific as to its timing rather than event specific.

Given the role of experience rating in providing a safety incentive, the changing nature of the COVID-19 exposure in California as well as feedback from PRAC on a national perspective, staff is recommending the attached changes to the *California Workers' Compensation Experience Rating Plan—1995* be included in the September 1, 2022 Regulatory Filing to sunset the exclusion of COVID-19 claims from experience rating.

¹ The Policy Research Advisory Committee is a committee of the Workers' Compensation Insurance Organizations consisting of representatives of the National Council on Compensation Insurance and independent rating bureaus to share best practices and promote consistency, to the extent appropriate, in payroll reporting and classification procedures.

Recommendation

Amend Section IV, Rule 2, *Actual Losses and Actual Primary (Ap) Losses*, to exclude COVID-19 claims with accident dates from December 1, 2019 through August 31, 2022 from the computation of experience modifications.

PROPOSED

Section VI – Rating Procedure

2. Actual Losses and Actual Primary (Ap) Losses

Unless otherwise noted in this Rule, Actual Losses shall be the sum of the indemnity incurred loss and medical incurred loss on each claim, with the sum limited to the Maximum Loss Value shown in Table II of this Plan.

The experience rating calculation uses the primary component of Actual Losses, or Actual Primary Losses. Actual Primary Losses for each claim represents the more predictive and controllable portion of the claim and varies with a risk's Expected Losses. Unless otherwise noted in this Rule, Actual Primary Losses for each claim is determined by the formula:

Actual Primary Losses = \$0 if Actual Losses is \$250 or less;
= Actual Losses less \$250, if Actual Losses is more than \$250 but no more than the Primary Threshold applicable to the risk;
= Primary Threshold less \$250, if Actual Losses is more than the Primary Threshold applicable to the risk.

The Primary Threshold applicable to the risk is based on the risk's total Expected Losses for the experience period and is shown in Table II of this Plan.

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- j. Claims directly arising from a diagnosis of Coronavirus disease 2019 (COVID-19), reported with a Catastrophe Number 12 pursuant to the Uniform Statistical Reporting Plan and an accident date on or after December 1, 2019 up to August 31, 2022, shall not be reflected in the computation of the experience modification.

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Item III-E

COVID-19 – Basis of Payroll

In 2020, the Insurance Commissioner adopted two regulations that provided for special treatment of payroll during the California statewide stay-at-home order that resulted from the COVID-19 pandemic. The first allowed for the reassignment of payroll to Classification 8810, *Clerical Office Employees*, if the employee met the definition of a clerical office employee and the payroll for the balance of the policy period could not be assigned to a standard classification that specifically includes clerical office employees. The second provided that payments made while the employee was not performing any duties in the service of the employer could be excluded from remuneration. The Governor issued an Executive Order on June 11, 2021 that rescinded the California statewide stay-at-home order and each rule provided that the rules would conclude within specified periods (60 and 30 days respectively) of the stay-at-home order being lifted.

As a result, WCIRB staff is recommending that the elimination of these rules be proposed in the September 1, 2022 Regulatory Filing.

Recommendation

Amend Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, to eliminate Rule 7, *Coronavirus Disease 2019 (COVID-19)* as the rule is no longer necessary.

PROPOSED

Section III – General Classification Procedures

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7. ~~Coronavirus Disease 2019 (COVID-19)~~

- a. ~~Effective as of the date of a California statewide stay-at-home order and concluding sixty (60) days after the order is lifted, the payroll of an employee who meets the definition of a Clerical Office Employee, as detailed in Rule 4a, *Classifications 8810, Clerical Office Employees, and 8871, Clerical Telecommuter Employees*, and whose payroll for the balance of the policy period is not assignable to a standard classification that specifically includes Clerical Office Employees, shall be assigned to Classification 8810, *Clerical Office Employees*.~~

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

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

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Recommendation

Amend Part 4, *Unit Statistical Reporting Requirements*, Section IV, *Exposure Information*, Rule 1, *Classification Code*, and Rule 4, *Exposure Amount*, to remove references to Part 3, Section III, *General Classification Procedures*, Rule 7, *Coronavirus Disease 2019 (COVID-19)*, as the rule is no longer necessary.

PROPOSED

Section IV – Exposure Information

All exposure-related fields shall be reported as required for California in WCSTAT except as indicated below.

1. Classification Code

Report the appropriate 4-digit California standard classification code. ~~Report code 0012 for payments excluded from remuneration pursuant to Part 3, *Standard Classification System*, Section III, *General*~~

~~Classification Procedures, Rule 7, Coronavirus Disease 2019 (COVID-19), subrule b.~~ All records containing “Exposure Amount” must be assigned to a standard classification code developed in accordance with the provisions of this Plan ~~or code 0012.~~

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

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4. Exposure Amount

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

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Recommendation

Amend Appendix II, *Payroll/Remuneration Table*, to remove a reference to Part 3, Section III, *General Classification Procedures, Rule 7, Coronavirus Disease 2019 (COVID-19)*, as the rule is no longer necessary.

PROPOSED

Appendix II

Payroll/Remuneration Table

Type of Compensation	Is Payment Included as Payroll?	Exception or Comment
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•		
Coronavirus Disease 2019 (COVID-19): Payments Made During a Statewide California Stay-at-Home Order		See USRP, Part 3, Section III, Rule 7
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Item III-F

Food Packaging and Processing – Container Manufacturing

2163, *Bottling – beverages – no spirituous liquors, wine or beer*
2063, *Dairy Products or Ice Mfg.*
2113, *Fish or Seafood Products Mfg. – including packaging*
2116, *Fruit or Vegetable Juice or Concentrate Mfg.*
2111(3), *Fruit or Vegetable Pickling*
2111(1), *Fruit or Vegetable Preserving – including canning*
2117, *Fruit or Vegetable Processing – frozen*
2095, *Meat Products Mfg.*
2111(2), *Olive Handling – sorting, curing and canning*
4831, *Vitamin or Dietary Supplement Mfg. – compounding, blending or packaging only – not manufacturing ingredients*
2142(1), *Wineries*
2121, *Breweries*
2142(2), *Distilling*
2142(3), *Vinegar Mfg.*

Objective

The WCIRB reviewed the 29 classifications in the *Food Packaging and Processing* Industry Group to evaluate the differentiated classification treatment for the manufacture of containers when performed by employers that also package or process food. There are currently three different classification approaches reflected: (1) footnotes directing that the manufacture of containers be treated as a General Inclusion, (2) footnotes directing that bottle or can manufacturing shall be separately classified or (3) no specific direction – thus indicating that the General Inclusions rule applies (see Exhibit 1).

In view of the different treatment of operations within the same Industry Group, staff evaluated the appropriate classification treatment for the manufacture of containers when performed by employers assigned to the *Food Packaging and Processing* Industry Group classifications to determine whether a uniform classification treatment could be established that is consistent with the General Inclusions rule and the unnecessary footnotes could be eliminated.

Background

The General Inclusions rule was established in 1934 to direct that “any operation normally prevailing in the business covered by the governing classification as defined, cannot be treated as a separate enterprise within the meaning of the rule.”¹ The underlying rationale is to recognize those operations that, while potentially assignable to another classification, should be considered as part of the overall operation when conducted in support of an employer’s primary business. Currently, the General Inclusions rule directs that, unless otherwise indicated in a classification’s phraseology, certain specified operations “[a]re included in all classifications other than Standard Exception classifications.” Among those operations delineated in the General Inclusions rule is the “manufacturing of containers such as bags, barrels, bottles, boxes, cans, cartons or packing cases.”² Absent specific direction to the contrary, the manufacture of containers in connection with an employer’s primary operations is not separately classified.³

¹ *California Compensation Manual* (1934), *Payroll Rules*, Rule 3, *Division of Payroll*.

² *California Workers’ Compensation Uniform Statistical Reporting Plan—1995* (USRP), Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 5, *General Inclusions*.

³ The General Inclusions rule also states that “[a]ny operation described by a general inclusion shall nevertheless be subject to division of payroll if conducted as a separate and distinct enterprise and having no relation to the operations described by any other classification.”

The treatment of container manufacturing has been a particular focus within the *Food Packaging and Processing* Industry Group classifications as most packaged or processed foods require some type of container. This issue was addressed on numerous occasions during the 1960s, 1970s and 1980s when employers requested that their container manufacturing operations be separately classified. As a result, footnotes were added to 10 classifications directing that the manufacture of cans or bottles be separately classified based on a finding that it was not typical or usual for employers within these classifications to manufacture their own cans or bottles and therefore such operation should not be considered a general inclusion.

Analysis

To assess the propriety of the existing disparate treatment of container manufacturing within the *Food Packaging and Processing* Industry Group, staff assessed the frequency with which industry employers engage in container manufacturing and whether there is a difference between the operations of classifications where container manufacturing is separately classified and those where it is not.

With respect to employers with payroll reported in classifications directing that container manufacturing shall be separately classified (see Exhibit 1), a review of the Classification Inspection Reports for those employers found no instances of employers manufacturing their own cans, bottles or other containers and no payroll was reported in Classifications 3220, *Can Mfg.*, or 4114, *Glassware Mfg.*⁴ Thus, while container manufacturing has never been a prevalent operation within these classifications, or the food processing and packaging industry in general, based on a review of how the industry currently operates, employers assigned to classifications directing that container manufacturing shall be separately classified no longer manufacture their own containers.

With respect to employers with payroll reported in classifications that treat, either explicitly or implicitly, container manufacturing as a General Inclusion (see Exhibit 1), a review of the Inspection Reports found only two employers across all 29 classifications manufacturing their own containers – one is assigned to Classification 2121, *Breweries*, and the other to Classification 2163, *Bottling*. Container manufacturing was not separately classified on any of the Inspection Reports.

In summary, the WCIRB's review of employers assigned to the *Food Packaging and Processing* Industry Group classifications found:

- Only two employers across all 29 classifications were engaged in container manufacturing and such operations were treated as a General Inclusion.
- There was no notable frequency differential with respect to container manufacturing between those classifications that treat container manufacturing as a General Inclusion and those that direct container manufacturing to be separately classified.
- There were no instances where treating container manufacturing as a General Inclusion for all *Food Packaging and Processing* Industry Group classifications would require a WCIRB reassignment of operations.

Accordingly, there appears to be no compelling reason for the continued disparate treatment of can and bottle manufacturing within the *Food Packaging and Processing* Industry Group. While establishing a uniform treatment across the Industry Group will not result in the reclassification of any employer's operations, it will advance the goal of having a consistent set of rules for the Industry Group. In view of the above, staff recommends that the *Food Packaging and Processing* Industry Group classifications be updated to remove any reference to either the separate classification of container manufacturing or the General Inclusions rule. This will meet the objectives of: (1) establishing a uniform classification treatment for container manufacturing associated with food packaging and processing; (2) remaining consistent with the General Inclusions rule; and (3) eliminating unnecessary footnotes referencing the General Inclusion rule as this rule already applies to all classifications.

⁴ Staff reviewed Unit Statistical Reports (USRs) for policies incepting January 1, 2016 and later.

Lastly, staff also reviewed a footnote in Classification 2113, *Fish or Seafood Products Mfg.*, which, in addition to requiring that can manufacturing be separately classified, also requires that the rendering of fish oil be separately classified.⁵ While this footnote refers to rendering, this is not the exclusive method to produce fish oil. Further, review of Inspection Reports and Unit Statistical Reports did not find any instance where employers that process or package fish and seafood also render or otherwise manufacture fish oil. Additionally, the manufacture of a fish oil product may be assignable to other classifications, not strictly 2113.⁶ In that this footnote no longer reflects current operations, the WCIRB also recommends that it be deleted.

Recommendations

Based on these findings, the WCIRB recommends:

1. Eliminating the footnotes in the *Food Packaging and Processing* Industry Group classifications directing that can and bottle manufacturing shall be separately classified.
2. Eliminating the footnotes in the *Food Packaging and Processing* Industry Group classifications directing that the manufacture of containers in connection with the employer's operations shall be classified in accordance with Section III, Rule 5, *General Inclusions*.
3. Eliminating the footnote in Classification 2113, *Fish or Seafood Products Mfg.*, directing that the rendering of fish oil shall be separately classified.
4. Amending the footnotes in each of the subject classifications to clarify the intended application and provide direction as to how related operations should be classified, and for consistency with other changes.

⁵ The footnote addressing fish oil rendering in Classification 2113 was added following the WCIRB's review of fish canneries in 1945. At that time, it was determined that operations at fish canneries varied depending upon either the market or the demand for the canned fish products versus that for fish oil or fish meal. The 1945 review stated that under normal circumstances the rendering of trimmings from a fish canning plant would purely be a byproduct operation and considered incidental, but according to the information supplied to the WCIRB, rendering had become a large or primary operation of some fish cannery employers.

⁶ Fish oil used in dietary supplements is most often produced by pressing or solvent extraction, not by rendering.

Exhibit 1: Food Packaging and Processing Classifications

- I. Classifications with footnotes directing that the manufacture of containers shall be separately classified

Code	Phraseology
2063	<i>Dairy Products or Ice Mfg.</i>
2142(2)	<i>Distilling</i>
2113	<i>Fish or Seafood Products Mfg.</i>
2116	<i>Fruit or Vegetable Juice or Concentrate Mfg.</i>
2111(1)	<i>Fruit or Vegetable Preserving</i>
2117	<i>Fruit or Vegetable Processing – frozen</i>
2095	<i>Meat Products Mfg.</i>
2111(2)	<i>Olive Handling – sorting, curing and canning</i>
2142(3)	<i>Vinegar Mfg.</i>
2142(1)	<i>Wineries</i>

- II. Classifications with footnotes directing, either explicitly or implicitly, that the manufacture of containers be treated as a General Inclusion

Code	Phraseology
2163	<i>Bottling</i>
2121	<i>Breweries</i>
4831	<i>Vitamin or Dietary Supplement Mfg.</i>

- III. Classifications with no specific direction – thus indicating that the General Inclusion rule applies

Code	Phraseology
2003	<i>Bakeries or Cracker Mfg.</i>
4717	<i>Butter Substitutes Mfg.</i>
4683(2)	<i>Cottonseed Oil Mfg. or Refining</i>
6504	<i>Food Products Mfg. or Processing – N.O.C.</i>
2108	<i>Fruit – citrus fruit packing and handling – including storage</i>
2109	<i>Fruit – dried fruit packing and handling</i>
2107	<i>Fruit – fresh fruit packing and handling</i>
2102	<i>Fruit or Vegetable Evaporation or Dehydrating</i>
2111(3)	<i>Fruit or Vegetable Pickling</i>
2123	<i>Fruit or Vegetable Processing – fresh – ready-to-eat</i>
2014(1)	<i>Grain or Rice Milling</i>
2002	<i>Macaroni Mfg.</i>
0096	<i>Nut Hulling, Shelling or Processing</i>
2030	<i>Sugar Mfg. or Refining – beet or cane – including beet dumps</i>
4686(1)	<i>Vegetable Oil Mfg. or Refining – N.O.C.</i>
8209	<i>Vegetables – fresh vegetable or tomato packing and handling</i>

Recommendation

Amend Classification 2163, *Bottling*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference to the General Inclusions rule, clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

FOOD PACKAGING AND PROCESSING

BOTTLING – beverages – no spirituous liquors, wine or beer

2163

This classification applies to the bottling or packaging of non-alcoholic beverages, including but not limited to soft drinks, sports drinks, coffee, tea and water. This classification includes the blending of purchased fruit juice or juice concentrates with water ~~and/or~~ flavorings to produce ~~fruit flavored drinks~~ beverages.

~~The manufacture of containers, including but not limited to cans, bottles and boxes in connection with the employer's beverage bottling or packaging operations shall be classified in accordance with Section III, Rule 5, *General Inclusions*.~~

~~The production and bottling or canning~~ manufacture of non-alcoholic ~~fruit or vegetable juice, cider or juice concentrates~~ from fruit, vegetables, nuts or seeds shall be classified as 2116, ~~*Fruit or Vegetable Juice or Juice Concentrate Mfg.*~~

The production and bottling of wine, sparkling wine or alcoholic cider shall be classified as 2142(1), *Wineries*.

The production and bottling of distilled spirits shall be classified as 2142(2), *Distilling*.

The production and bottling or canning of beer or similarly brewed beverages shall be classified as 2121, *Breweries*.

~~The production and bottling or canning of milk or~~ manufacturing or processing, including pasteurization, of dairy products shall be separately classified as 2063, *Dairy Products or Ice Mfg.*

* * * * *

Recommendation

Amend Classification 2121, *Breweries*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference to the General Inclusions rule.

PROPOSED

FOOD PACKAGING AND PROCESSING

BREWERIES

2121

This classification applies to the production of beer or similarly brewed beverages, including but not limited to ale, lager, porter, stout and malt liquor. This classification includes the production of sake, the sale of brewing by-products, including but not limited to wet or dry feed grains and

brewer's yeast, and the distribution of beer or similarly brewed beverages in connection with the employer's production operations.

This classification also includes employees who provide tours of the production operations, including tours where product tasting samples are provided to customers not in connection with taproom, tasting room, retail store, or restaurant or tavern operations.

~~The manufacture of containers, including but not limited to cans and bottles in connection with the employer's production operations shall be classified in accordance with Section III, Rule 5, General Inclusions.~~

Taprooms, tasting rooms, restaurants, taverns or the preparation and serving of hot food, shall be separately classified as 9079(1), *Restaurants or Taverns*.

Beer brewing operations at restaurants where the beer brewed on-site is primarily (over 50% of gross receipts) sold to restaurant customers for on-site consumption shall be classified as 9079(1), *Restaurants or Taverns*.

The distribution of beer or similarly brewed beverages that were not produced by the employer to retailers or commercial users shall be classified as 7392, *Beer Dealers*.

The production of wine, sparkling wine or alcoholic cider shall be classified as 2142(1), *Wineries*.

The production of distilled spirits shall be classified as 2142(2), *Distilling*.

Retail stores shall be separately classified.

* * * * *

Recommendation

Amend Classification 2063, *Dairy Products or Ice Mfg.*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that can manufacturing shall be separately classified and provide direction as to how related operations should be classified.

PROPOSED

FOOD PACKAGING AND PROCESSING

DAIRY PRODUCTS OR ICE MFG.

2063

This classification applies to the manufacturing or processing, including pasteurization, of dairy products, including but not limited to milk, evaporated milk, dairy beverages, powdered milk, cheese, ice cream, yogurt, whipped cream and butter, and includes the incidental packaging of products in containers, including but not limited to bottles, boxes, plastic containers and metal or paper cans. This classification also applies to route drivers who deliver bottled milk to customers and perform no other duties on the farm premises.

This classification also applies to the manufacture of ice or the purchase and resale of ice.

This classification also applies to the manufacture of sorbet, gelato or sherbet, as well as frozen dairy or nondairy novelty treats, including but not limited to ice pops, fruit juice bars, ice cream bars and ice cream sandwiches.

The manufacture of non-alcoholic juice or juice concentrates from fruit, vegetables, nuts or seeds shall be separately classified as 2116, *Juice or Juice Concentrate Mfg.*

The sale of individual servings of ice cream or frozen yogurt for consumption by the walk-in trade on or away from the premises, including the incidental sale of hand packed ice cream or prepackaged ice cream confections sold as such, shall be classified as 8078(3), *Ice Cream or Frozen Yogurt Shops*, at each separate location at which the sale of individual servings of ice cream or frozen yogurt for consumption on or away from the premises equals or exceeds 50% of gross receipts.

The manufacture of dry ice shall be classified as 4635, *Oxygen or Hydrogen Mfg.*

The mixing or packaging of artificial (blue) ice shall be classified as 4828, *Chemical Mixing or Repackaging*.

The manufacture of butter substitutes shall be classified as 4717, *Butter Substitutes Mfg.*

The bottling or packaging of nondairy, nonalcoholic beverages shall be classified as 2163, *Bottling*.

~~Can manufacturing shall be separately classified.~~

* * * * *

Recommendation

Amend Classification 2142, *Distilling – N.O.C.*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that bottle manufacturing shall be separately classified.

PROPOSED

FOOD PACKAGING AND PROCESSING

DISTILLING – N.O.C.

2142(2)

This classification applies to the production of distilled spirits, including but not limited to vodka, rum, whiskey, brandy, tequila and liqueurs.

This classification includes employees who provide tours of the production operations, including tours where product tasting samples are provided to customers not in connection with tasting room, retail store, or restaurant or tavern operations.

Tasting rooms, restaurants, taverns or the preparation and serving of hot food shall be separately classified as 9079(1), *Restaurants or Taverns*.

The production of wine, sparkling wine or alcoholic cider shall be classified as 2142(1), *Wineries*.

The production of vinegar shall be classified as 2142(3), *Vinegar Mfg.*

The production of beer or similarly brewed beverages shall be classified as 2121, *Breweries*.

Blending and bottling purchased wine or distilled spirits shall be classified as 8041, *Stores – wine or spirits – wholesale*.

~~Bottle manufacturing shall be separately classified.~~

Retail stores shall be separately classified.

* * * * *

Recommendation

Amend Classification 2113, *Fish or Seafood Products Mfg. – including packaging.*, which is part of the *Food Packaging and Processing* Industry Group, to remove the references that can manufacturing and rendering of fish oil shall be separately classified and clarify the intended application.

PROPOSED

FISH OR SEAFOOD PRODUCTS MFG. – including packaging

2113

This classification applies to the processing and packaging of fish ~~and~~ seafood, including but not limited to tuna, salmon, cod, halibut, herring, white fish, mackerel, eel, shrimp, abalone, crab, scallops, caviar and oysters. Processing operations include but are not limited to steaming, smoking, curing, blending, mixing, breading, cooking and canning. This classification also applies to the manufacture of fish ~~and~~ seafood products, including but not limited to fish sticks, fish cakes, crab cakes, breaded fish fillets and imitation crab meat.

Employers engaged in the purchase, cutting, trimming, deboning and resale of fish shall be classified as 8021, *Stores – meat, fish or poultry – wholesale*, or 8031, *Stores – meat, fish or poultry – retail*.

~~Can manufacturing and the rendering of fish oil shall be separately classified.~~

* * * * *

Recommendation

Amend Classification 2116, *Fruit or Vegetable Juice or Concentrate Mfg.*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that bottle or can manufacturing shall be separately classified, clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

FOOD PACKAGING AND PROCESSING

~~FRUIT OR VEGETABLE JUICE OR~~ JUICE CONCENTRATE MFG.

2116

This classification applies to the manufacture of non-alcoholic ~~fruit or vegetable juice, cider or juice concentrates from fresh fruit, or vegetables, nuts or seeds.~~

The manufacturing or processing, including pasteurization, of dairy products shall be separately classified as 2063, *Dairy Products or Ice Mfg.*

Blending ~~purchased fruit juice or juice~~ concentrates with water ~~and/or~~ flavorings to produce non-alcoholic ~~fruit flavored drinks~~ beverages shall be classified as 2163, *Bottling*.

The production of wine, sparkling wine or alcoholic cider shall be classified as 2142(1), *Wineries*.

~~Bottle or can manufacturing shall be separately classified.~~

* * * * *

Recommendation

Amend Classification 2111 (3), *Fruit or Vegetable Pickling*, which is part of the *Food Packaging and Processing* Industry Group, to clarify the intended application, provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

FRUIT OR VEGETABLE PICKLING

2111(3)

This classification applies to the curing ~~or~~, pickling ~~and canning~~ of vegetables ~~and/or~~ fruits, including but not limited to cucumbers, onions, garlic, cabbage, chilies, peppers, beets and apples.

The washing, sorting, grading, curing ~~and/or~~ canning of olives shall be classified as 2111(2), *Olive Handling*.

The preserving ~~and/or~~ canning of fruits ~~and/or~~ vegetables that are not cured or pickled shall be classified as 2111(1), *Fruit or Vegetable Preserving*.

Growing or harvesting, including field packing, of crops, shall be assigned to the applicable *Farms* Industry Group classification.

* * * * *

Recommendation

Amend Classification 2111(1), *Fruit or Vegetable Preserving*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that can manufacturing shall be separately classified, provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

FRUIT OR VEGETABLE PRESERVING – including canning

2111(1)

This classification applies to the preserving or canning of fruits ~~and/or~~ vegetables, including but not limited to oranges, apples, peaches, cherries, blackberries, strawberries, plums, prunes, figs, tomatoes and beans. This classification also applies to the production of jams, jellies, applesauce, tomato sauce ~~and/or~~ tomato paste.

The processing of “ready-to-eat” fruits ~~and/or~~ vegetables that are packaged as “ready-to-eat” or “pre-washed” and sold for immediate consumption without need for further peeling, trimming, washing or cooking shall be classified as 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*.

The processing ~~and/or~~ canning of olives shall be classified as 2111(2), *Olive Handling*.

The curing or, pickling ~~and canning~~ of vegetables ~~and/or~~ fruits shall be classified as 2111(3), *Fruit or Vegetable Pickling*.

Frozen fruit or vegetable processing shall be classified as 2117, *Fruit or Vegetable Processing – frozen*.

The drying of fruit or vegetables shall be classified as 2102, *Fruit or Vegetable Evaporation or Dehydrating*.

~~Fruit or vegetable~~ The manufacture of non-alcoholic juice or juice concentrates manufacturing from fruit, vegetables, nuts or seeds shall be classified as 2116, *Fruit or Vegetable Juice or Juice Concentrate Mfg*.

~~Can manufacturing shall be separately classified.~~

Growing or harvesting, including field packing, of crops, shall be assigned to the applicable *Farms* Industry Group classification.

* * * * *

Recommendation

Amend Classification 2117, *Fruit or Vegetable Processing – frozen*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that can manufacturing shall be separately classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

FRUIT OR VEGETABLE PROCESSING – frozen

2117

This classification applies to the freezing and processing of fresh produce, including but not limited to the steaming, blanching, cooking, cutting, slicing and packaging of fresh frozen produce, including but not limited to broccoli, cauliflower, zucchini, squash, carrots, bell peppers, potatoes, peas, lima beans, peaches, apricots and berries.

The preserving and canning of fruits and/or vegetables shall be separately classified as 2111(1), *Fruit or Vegetable Preserving*.

The drying of fruit or vegetables shall be separately classified as 2102, *Fruit or Vegetable Evaporation or Dehydrating*.

~~Can manufacturing shall be separately classified.~~

Growing or harvesting, including field packing of crops, shall be assigned to the applicable *Farms* Industry Group classification.

* * * * *

Recommendation

Amend Classification 2095, *Meat Products Mfg.*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that can manufacturing shall be separately classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

MEAT PRODUCTS MFG.

2095

This classification applies to the manufacture of meat products, including but not limited to sausage; bacon; hot dogs; hamburger patties; ground meat; bologna; jerky and cured, smoked, dried or canned meats. This classification also applies to the manufacture of pet food from meat products.

Employers engaged in the cutting of sides or quarters of beef to produce steaks, roasts, chops and/or other meat portions, including ground meat in connection therewith, for sale to others shall be classified as 8021, *Stores – meat, fish or poultry – wholesale*, or 8031, *Stores – meat, fish or poultry – retail*.

~~Can manufacturing shall be separately classified.~~

* * * * *

Recommendation

Amend Classification 2111 (2), *Olive Handling – sorting, curing and canning*, which is part of the *Food Packaging and Processing* Industry Group, to clarify the intended application, remove the reference that can manufacturing shall be separately classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

OLIVE HANDLING – sorting, curing ~~and/or~~ canning

2111(2)

This classification applies to the processing of olives, including but not limited to washing, sorting, grading, pitting, stuffing, curing, ~~and/or~~ canning ~~or bottling of olives~~.

The preserving ~~and/or~~ canning, of fruits ~~and/or~~ vegetables shall be classified as 2111(1), *Fruit or Vegetable Preserving*.

The curing ~~or~~, pickling ~~and canning~~ of vegetables ~~and/or~~ fruits shall be classified as 2111(3), *Fruit or Vegetable Pickling*.

The extraction and refining of olive oil shall be classified as 4683(1), *Vegetable Oil Mfg. or Refining*.

~~Can manufacturing shall be separately classified.~~

Growing or harvesting of olives shall be classified as 0016, *Orchards – citrus or deciduous fruits*.

* * * * *

Recommendation

Amend Classification 2142 (3), *Vinegar Mfg.*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that bottle manufacturing shall be separately classified.

PROPOSED

FOOD PACKAGING AND PROCESSING

VINEGAR MFG.

2142(3)

This classification applies to the manufacture of various types of vinegar, including but not limited to distilled, cider, malt, balsamic, rice and wine vinegar.

The production of wine, sparkling wine or alcoholic cider shall be classified as 2142(1), *Wineries*.

The production of distilled spirits shall be classified as 2142(2), *Distilling*.

~~Bottle manufacturing shall be separately classified.~~

* * * * *

Recommendation

Amend Classification 4831, *Vitamin or Dietary Supplement Mfg.*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that container manufacturing is included in the classification and clarify the intended application.

PROPOSED

FOOD PACKAGING AND PROCESSING

VITAMIN OR DIETARY SUPPLEMENT MFG. – compounding, blending or packaging only – not 4831 manufacturing ingredients

This classification applies to the production or packaging of vitamins or dietary supplements involving mixing, blending, forming or packaging purchased dietary ingredients, including but not limited to vitamins, minerals, herbs or other botanicals, enzymes and amino acids. Vitamins and dietary supplements have only negligible caloric value and are not a substitute for food. Vitamins or dietary supplements may be produced in various forms, including but not limited to tablet, caplet, capsule, powder or liquid form. ~~Vitamins and dietary supplements have only negligible caloric value and are not a substitute for food. This classification includes the manufacture of containers that are used in the employer's production operations.~~

This classification also applies to the growing, harvesting and processing of algae to produce algae-based dietary supplements.

The manufacture or processing of food products shall be classified as 6504, *Food Products Mfg. or Processing*, unless the operations are more specifically described by another *Food Packaging and Processing* Industry Group classification.

The manufacturing, blending or packaging of drugs, medicines or pharmaceutical preparations that are intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease shall be classified as 4611, *Drug, Medicine or Pharmaceutical Preparations Mfg.*

Compounding pharmacies that combine, mix or alter ingredients in response to a prescription to create a medication tailored to the medical needs of an individual patient shall be classified as 8017(1), *Stores – retail*.

The production or packaging of products intended to be rubbed, poured, sprinkled or sprayed on, or otherwise applied to, the human body for cleansing, beautifying, promoting attractiveness or altering appearance shall be classified as 4623, *Cosmetic, Personal Care or Perfumery Products Mfg.*

* * * * *

Recommendation

Amend Classification 2142(1), *Wineries*, which is part of the *Food Packaging and Processing* Industry Group, to remove the reference that bottle manufacturing shall be separately classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

WINERIES

2142(1)

This classification applies to the production of wine, sparkling wine or alcoholic cider.

This classification includes employees who provide tours of the production operations, including tours where product tasting samples are provided to customers not in connection with tasting room, retail store, or restaurant or tavern operations.

Tasting rooms shall be separately classified as 8060, *Stores – wine, beer or spirits – retail*.

Restaurants, taverns or the preparation and serving of hot food shall be separately classified as 9079(1), *Restaurants or Taverns*.

The production of beer or similarly brewed beverages shall be classified as 2121, *Breweries*.

The production of distilled spirits shall be classified as 2142(2), *Distilling*.

The manufacture of vinegar shall be classified as 2142(3), *Vinegar Mfg.*

~~The production/manufacture of nonalcoholic fruit juice or cider juice concentrates from fruit, vegetables, nuts, or seeds shall be classified as 2116, *Fruit or Vegetable Juice or Juice Concentrate Mfg.*~~

Blending and bottling purchased wine or distilled spirits shall be classified as 8041, *Stores – wine or spirits – wholesale*.

~~Bottle manufacturing shall be separately classified.~~

Retail stores shall be separately classified.

Growing or harvesting, including field packing, of crops shall be assigned to the applicable *Farms* Industry Group classification.

* * * * *

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

PROPOSED

Abbreviated Classifications – Numeric Listing

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2116 Fruit/Vegetable Juice/Juice Concentrate Mfg

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Item III-G

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

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 has identified several classifications that could be clarified and, therefore, the following revisions are proposed for clarity, consistency and to provide direction about how related operations are classified.

Recommendation

Amend Classification 3828, *Automobile or Truck Parts Rebuilding*, which is part of the *Automotive Industry Group*, to provide direction as to how related operations should be classified.

PROPOSED

AUTOMOTIVE INDUSTRY

AUTOMOBILE OR TRUCK PARTS REBUILDING – including incidental machining

3828

This classification applies to employers engaged in the machining and rebuilding of automobile, truck or motorcycle parts. The operations include but are not limited to engine rebuilding, cylinder reboring, valve grinding, turning down brake drums or rotors, rebabbiting, carburetor ~~and~~ alternator rebuilding, and fuel ~~and~~ water pump rebuilding. This classification does not apply to employers that remove or install parts or otherwise perform repair work directly upon automobiles, trucks or motorcycles on a fee basis. Automobile or truck service or repair facilities shall be assigned to the applicable *Automotive Industry Group* classification.

This classification does not apply to automobile or truck parts machining and rebuilding operations that are performed in connection with the service or repair of automobiles or trucks by the employer; such operations shall be assigned to the applicable *Automotive Industry Group* classification.

Motorcycle service or repair facilities shall be classified as 8400, *Motorcycle Dealers or Repair Facilities*.

Payroll of a parts department, when more than 50% of the parts are sold commercially and are not machined or rebuilt by the employer nor used in the employer's machining or rebuilding operations, shall be separately classified as 8046, *Stores – automobile or truck parts or accessories*.

The manufacture of automobile parts shall be classified as 3840, *Automobile, Truck or Motorcycle Parts Mfg.*

* * * * *

Recommendation

Amend Classification 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir*, to clarify the intended application, provide direction as to how related operations should be classified and for consistency with previously approved changes.

PROPOSED

CHURCHES, TEMPLES, MOSQUES AND SYNAGOGUES – clergy, professional assistants, organists or members of choir – including Clerical Office Employees and Clerical Telecommuter Employees

8840

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

Employees assigned to this classification provide spiritual leadership, teaching, counseling, guidance ~~and/or~~ support for their congregations. Employees include but are not limited to clergy, organists, choir directors ~~and/or~~ members, audio video technicians, youth directors, Sunday school teachers, religious studies instructors ~~for religious studies~~, pastoral counselors, and clerical office ~~employees~~ clerical telecommuter staff.

This classification also applies to nursery attendants, childcare employees ~~and/or~~ baby-sitters provided their duties are restricted to providing care for children or infants during religious services.

Overnight camps operated by the employer shall be separately classified as 9048(1), *Camps*. The operation of child day care centers where ~~by~~ services are provided to the public for a fee shall be separately classified as 9059, *Day Care Centers*.

The operation of retail stores for the display and sale of merchandise to congregation members or the general public shall be separately classified.

The operation of shops for the preparation and sale of coffee, tea or other nonalcoholic beverages to congregation members or the general public shall be separately classified as 8078(2), *Beverage Preparation Shops*.

The operation of academic schools for educating children in subjects, including but not limited to reading, language arts, mathematics, science, arts, history and geography shall be ~~separately~~ classified in accordance with the provisions of the Multiple Enterprises rule.

Also refer to companion Classification 9015(4), *Churches, Temples, Mosques and Synagogues* – all employees other than clergy, professional assistants, organists, members of choir, Clerical Office Employees or Clerical Telecommuter Employees.

If an employee who performs duties described by Classification 8840 also performs duties described by Classification 9015(4), the payroll of that employee may be divided between Classifications 8840 and 9015(4), provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Part 3, Section V, Rule 3.

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Recommendation

Amend Classifications 5195, *Communications Cabling*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

COMMUNICATIONS CABLING – within buildings – including shop, yard or storage operations 5195

This classification applies to the installation or repair of low voltage cable for voice or data transmission or the splicing of fiber optic cable or low voltage wire within buildings, utility vaults or boxes. This classification also applies to splicing fiber optic cables at ground level for other concerns on a fee basis.

Classification 5195 does not apply when the low voltage cable is installed or repaired in connection with the installation or repair of equipment or systems, including but not limited to instruments, controls, telecommunication antennas, computers or telephone systems, cable or satellite television systems, building automation or energy management control systems and

sound or alarm systems by the same employer. In such cases, all operations shall be assigned to the appropriate installation classification.

The installation or repair of computer or telephone systems or equipment shall be classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

The installation or repair of television, video, audio or radio equipment shall be classified as 9516, *Television, Video, Audio or Radio Equipment Installation, Service or Repair*.

The installation or repair of security alarm, fire alarm or life safety systems shall be classified as 7605, *Security Alarm, Fire Alarm or Life Safety Systems Installation, Service or Repair*.

The installation or repair of programmable industrial controls shall be classified as 5130(1), *Programmable Industrial Controls Installation, Service or Repair*.

The installation or repair of building automation or energy management control systems shall be classified as 5130(2), *Building Automation or Energy Management Control Systems Installation, Service or Repair*.

The installation or repair of telecommunication antennas or antenna equipment that are located on rooftops, towers, structures or other exterior locations shall be classified as 9531(1), *Telecommunication Antenna Equipment Installation, Service or Repair*.

The installation or repair of satellite or non-satellite antennas or antenna equipment for television or internet connectivity shall be classified as 9531(2), *Satellite Television or Internet Antenna Equipment Installation, Service or Repair*.

The installation or repair of underground cabling shall be classified as 6325, *Conduit Construction or Underground Wiring*.

The installation or repair of aerial cabling shall be classified as 7601, *Aerial Line Construction*.

* * * * *

Recommendation

Amend Classifications 6325, *Conduit Construction or Underground Wiring*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

CONDUIT CONSTRUCTION OR UNDERGROUND WIRING – including tunneling at street crossings

6325

This classification applies to the construction or repair of conduit for underground electric power cables or wires, or for low voltage or fiber optic networks for telephone, television, communication, data, fire alarm or similar networks. This classification also applies to the installation or repair of underground cabling within existing conduit, the installation or repair of underground cabling without conduit or the splicing of underground cabling. This classification also applies to the installation or repair of street lighting systems, traffic signal systems or commercial parking lot lighting systems. This classification includes excavation operations performed by the same employer in support of its conduit construction, repair or underground wiring operations.

All tunneling other than at street crossings shall be separately classified.

~~Splicing fiber optic cables at ground level for other concerns on a fee basis shall be classified as 5195, *Communications Cabling*.~~

Aerial line construction or repair for telephone, television, communication, data, fire alarm or similar low voltage or fiber optic networks shall be separately classified as 7601, *Aerial Line Construction*.

Aerial electric power line construction or repair shall be separately classified as 7538, *Electric Power Line Construction*.

Splicing fiber optic cables at ground level for other concerns on a fee basis shall be classified as 5195, *Communications Cabling*.

* * * * *

Recommendation

Amend Classification 2589(2), *Dry Cleaning – N.O.C.*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

DRY CLEANING – ~~N.O.C-commercial~~ – including repairing or pressing, and cash and carry departments on plant premises **2589(2)**

This classification applies to locations at which 50% or more of gross receipts are derived from the dry cleaning of garments, linens or other household items that are owned by commercial customers rather than the general public.

Locations at which more than 50% of gross receipts are derived from the dry cleaning or laundering of garments, linens or other household items that are owned by the general public shall be classified as 2589(1), *Dry Cleaning or Laundry*.

Commercial laundry operations, including the rental and laundering of clothing, towels, linens, diapers ~~and~~ or similar items shall be classified as 2585(1), *Laundries*.

* * * * *

Recommendation

Amend Classifications 5190/5140, *Electrical Wiring*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

ELECTRICAL WIRING – within buildings – including installation or repair of electrical fixtures ~~or appliances~~ – including shop, yard or storage operations – employees whose regular hourly wage does not equal or exceed \$32.00 per hour **5190**

This classification applies to the installation or repair of electrical wiring, circuit breaker panels, switches, outlets, lighting fixtures or related electrical wiring system components within buildings. This classification includes the installation and connection of electrical appliances when performed in connection with electrical wiring. This classification also applies to the installation of lighting fixtures onto exterior building surfaces or the maintenance of interior or exterior lighting.

~~The installation of electrical machinery or auxiliary apparatus shall be separately classified.~~

The installation or repair of aerial electric power lines shall be classified as 7538, *Electric Power Line Construction*.

The installation or repair of electrical wiring underground, including trenching and the placement of conduit, shall be classified as 6325, *Conduit Construction or Underground Wiring*.

The installation or repair of exterior pole mounted lighting, including but not limited to street lights and traffic signals, shall be classified as 6325, *Conduit Construction or Underground Wiring*.

The installation or repair of low voltage communications cabling within buildings for voice or data transmission shall be classified as 5195, *Communications Cabling*.

The installation or repair of photovoltaic solar panels, electrical machinery or auxiliary apparatus shall be separately classified as 3724(2), *Electrical Machinery or Auxiliary Apparatus*.

ELECTRICAL WIRING – within buildings – including installation or repair of electrical fixtures ~~or appliances~~ – including shop, yard or storage operations – employees whose regular hourly wage equals or exceeds \$32.00 per hour **5140**

Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$32.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$32.00 per hour shall be classified as 5190, *Electrical Wiring*.

This classification applies to the installation or repair of electrical wiring, circuit breaker panels, switches, outlets, lighting fixtures or related electrical wiring system components within buildings. This classification includes the installation and connection of electrical appliances when performed in connection with electrical wiring. This classification also applies to the installation of lighting fixtures onto exterior building surfaces or the maintenance of interior or exterior lighting.

~~The installation of electrical machinery or auxiliary apparatus shall be separately classified.~~

The installation or repair of aerial electric power lines shall be classified as 7538, *Electric Power Line Construction*.

The installation or repair of electrical wiring underground, including trenching and the placement of conduit, shall be classified as 6325, *Conduit Construction or Underground Wiring*.

The installation or repair of exterior pole mounted lighting, including but not limited to street lights and traffic signals, shall be classified as 6325, *Conduit Construction or Underground Wiring*.

The installation or repair of low voltage communications cabling within buildings for voice or data transmission shall be classified as 5195, *Communications Cabling*.

The installation or repair of photovoltaic solar panels, electrical machinery or auxiliary apparatus shall be separately classified as 3724(2), *Electrical Machinery or Auxiliary Apparatus*.

* * * * *

Recommendation

Amend Classification 3643(1), *Electric Power or Transmission Equipment Mfg.*, which is part of the *Electronics* Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

ELECTRONICS INDUSTRY

ELECTRIC POWER OR TRANSMISSION EQUIPMENT MFG. – N.O.C.

3643(1)

This classification applies to the manufacture or shop repair of electric power or transmission equipment, including but not limited to generators, converters, electromagnetic components, solenoids, turbines, transformers and power supplies with a power rating of 746 watts (one horsepower) or more that is not specifically described by another classification.

The manufacture or shop repair of generators, converters, or transformers ~~and power supplies~~ rated at less than 746 watts shall be classified as 3179, *Electrical Apparatus Mfg.* The manufacture or repair of electric or power transmission equipment that is rated both at less than 746 watts and at 746 watts and above shall be classified based on the primary (over 50% of shop time) operation.

The manufacture or shop repair of power supplies rated at less than 746 watts shall be classified as 3573, *Power Supply Mfg.*

The manufacture or ~~shop~~ repair of electric motors shall be classified as 3569, *Electric Motor Mfg. or Repair*.

The installation or repair of generators, converters, transformers ~~and~~ or power supplies away from the shop shall be classified as 3724(2), *Electrical Machinery or Auxiliary Apparatus*.

* * * * *

Recommendation

Amend Classification 8827(2), *Nursing Care*, to clarify the intended application.

PROPOSED

HEALTH AND HUMAN SERVICES

NURSING CARE – in private residences – all employees

8827(2)

This classification applies to home care agencies that provide registered nurses, licensed vocational nurses or certified nursing assistants to deliver in-home nursing care services to patients. This classification includes the provision of nonmedical services, including but not limited to companionship and assistance with meals, dressing, ~~companionship~~, housekeeping and/or personal hygiene in connection with in-home nursing care.

This classification also includes home infusion therapy services when performed in connection with in-home nursing care services. Home infusion therapy services that are not performed in connection with in-home nursing care services shall be classified as 8852, *Home Infusion Therapists*.

Employers that provide in-home personal care services, including but not limited to companionship and assistance with meals, dressing, personal hygiene, or housekeeping and ~~companionship~~ for customers who are in need of such services due to age, illness or disability shall be classified as 8827(1), *Home Care Services*.

Private residence cleaning services that are not performed in connection with in-home nursing care services shall be classified as 9096, *Residential Cleaning Services*.

* * * * *

Recommendation

Amend Classification 8720(1), *Inspection for Insurance, Safety or Valuation Purposes*, to provide direction as to how related operations should be classified and for consistency with previously approved changes.

PROPOSED

INSPECTION FOR INSURANCE, SAFETY OR VALUATION PURPOSES – N.O.C. – including Outside Salespersons

8720(1)

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

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

Insurance claims or insurance fraud investigation companies that exclusively perform investigations that do not require surveillance of persons without their knowledge shall be classified as 8742, *Salespersons – Outside*, ~~or~~ 8810, *Clerical Office Employees*, or 8871.

Clerical Telecommuter Employees, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*. Insurance claims investigations performed by insurance companies shall be classified as 8822, *Insurance Companies*.

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

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

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

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

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

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

* * * * *

Recommendation

Amend Classification 2585(1), *Laundries*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

LAUNDRIES – N.O.C. commercial – all employees – ~~including cash and carry departments on the premises~~ 2585(1)

This classification applies to the washing and pressing of fabric items, including but not limited to clothing, uniforms, draperies, diapers and linens for commercial customers on a fee basis. ~~This classification also applies to specialty processing by stone washing, bleaching or hand sanding and dyeing of clothing items.~~ This classification also applies to the rental and laundering of clothing, towels, linens, diapers and clothing or similar items.

This classification also applies to the commercial processing of cow hide.

Stone washing, bleaching, sanding or dyeing clothing when performed for other concerns on a fee basis and not in connection with clothing manufacturing operations by the same employer shall be classified as 2585(2), *Dyeing*.

The rental of fabric items, including but not limited to towels, linens, gowns, scrubs and lab coats shall be classified as 8017(8), *Linen Rental or Restroom Supply Services*, provided no laundry operations are performed by the employer.

Locations at which more than 50% of gross receipts are derived from the dry cleaning or laundering of garments, linens and/or other household items that are owned by the general public shall be classified as 2589(1), *Dry Cleaning or Laundry*.

Self-service laundries that retain attendants to perform wash and fold activities shall be classified as 2589(1), *Dry Cleaning or Laundry*.

~~Cash and carry facilities, situated away from the dry cleaning or laundry location, that solely engage in the receipt and distribution of items to be cleaned shall be classified as 8017(1), Stores – retail.~~
Locations at which 50% or more of gross receipts are derived from the dry cleaning of garments, linens or other household items that are owned by commercial customers rather than the general public shall be classified as 2589(2), *Dry Cleaning – commercial*.

~~Self-service laundries that retain attendants to perform “fluff and fold” activities shall be classified as 2589(1), *Dry Cleaning or Laundry*.~~
Cash and carry facilities, situated away from the dry cleaning or laundry location, that solely engage in the receipt and distribution of items to be cleaned shall be classified as 8017(1), *Stores – retail*.

Self-service laundries that do not retain attendants to perform “~~fluff~~wash and fold” activities shall be classified 8017(1), *Stores – retail*.

~~Dyeing of textile, bleaching, mercerizing or finishing fabrics raw materials,~~ not finished garments or other finished fabric products, shall be classified as 2413, *Textiles*.

* * * * *

Recommendation

Amend Classification 8821, *Law Firm Support Services*, to provide direction as to how related operations should be classified.

PROPOSED

LAW FIRM SUPPORT SERVICES – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons

8821

This classification applies to employers providing legal support services to attorneys ~~and/or~~ law firms on a fee basis, including but not limited to process serving summonses, complaints ~~and/or~~ subpoenas, preparing ~~and/or~~ filing court documents and the photocopying, scanning ~~and/or~~ ~~microfilming~~imaging of documents by registered professional photocopiers.

Licensed attorneys ~~and/or~~ law firms that provide legal services to clients on a fee or pro bono basis shall be classified as 8820, *Law Firms*.

The video ~~taping~~recording of depositions ~~and/or~~ courtroom proceedings shall be separately classified as 9610, *Motion Pictures – production*.

* * * * *

Recommendation

Amend Classification 9015(5), *Libraries – private – all employees other than librarians, professional assistants, Clerical Office Employees or Clerical Telecommuter Employees*, for consistency with previously approved changes.

PROPOSED

LIBRARIES – private – all employees other than librarians, professional assistants, Clerical Office Employees ~~or~~ and Clerical Telecommuter Employees **9015(5)**

This classification applies to employees other than librarians, professional assistants₂ and clerical office ~~employees~~ employees or clerical telecommuter staff, including but not limited to janitorial, maintenance, delivery and security personnel.

Also refer to companion Classification 8811, *Libraries – private – librarians or professional assistants*.

* * * * *

Recommendation

Amend Classification 8811, *Libraries – private – librarians or professional assistants*, for consistency with previously approved changes.

PROPOSED

LIBRARIES – private – librarians or professional assistants – including Clerical Office Employees and Clerical Telecommuter Employees **8811**

This classification applies to librarians, professional library assistants₂ and clerical office ~~employees~~ employees or clerical telecommuter staff who engage in activities, including but not limited to conducting research, ordering books ~~and~~ or publications, maintaining reference systems, assisting customers to locate ~~and~~ or check out materials and performing general clerical ~~and~~ or administrative functions in support of the library.

With the exception of a single permanent job reassignment, it is not permissible to divide a single employee's payroll, within a single policy period, between this classification and any other classification.

Also refer to companion Classification 9015(5), *Libraries – private – all employees other than librarians, professional assistants, Clerical Office Employees or Clerical Telecommuter Employees*.

Public libraries shall be classified as 8812, *Libraries – public – librarians or professional assistants*.

* * * * *

Recommendation

Amend Classification 3030, *Iron or Steel Works – structural*, which is part of the *Metal Working Classifications* Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

METAL WORKING CLASSIFICATIONS

IRON OR STEEL WORKS – structural – shop – fabricating or assembling girders, beams, columns, trusses, stringers or other structural iron or steel **3030**

This classification applies to the fabrication of structural iron or steel components, including but not limited to girders, beams, columns, trusses, communications towers, light standards and stringers from materials such as “I”, “H” ~~and/or~~ “C” beams; channel, angle ~~and/or~~ bar stock; pipe; tubing; and sheet plate.

The erection of structural steel shall be separately classified.

Employers engaged in the fabrication of both structural and non-structural iron or steel products shall be classified as 3030 if 50% or more of the shop time is devoted to the fabrication of structural iron or steel products. If more than 50% of the shop time is devoted to the fabrication of non-structural iron or steel products, the operations shall be classified as 3040, *Iron or Steel Works – non-structural*.

The fabrication of miscellaneous non-structural metal products shall be classified as 3620(2), *Plate Steel Products Fabrication*, if more than 50% of the metal used is #9 gauge or heavier.

The cutting, bending, forming ~~and/or~~ assembly of reinforcing steel at a permanent shop or yard shall be classified as 3039, *Reinforcing Steel Fabrication*.

* * * * *

Recommendation

Amend Classification 3647(2), *Lead Mfg., Reclaiming or Alloying*, which is part of the *Metal Working Classifications* Industry Group, to clarify the intended application.

PROPOSED

METAL WORKING CLASSIFICATIONS

LEAD MFG., RECLAIMING OR ALLOYING – including litharge and lead oxide manufacturing **3647(2)**

This classification applies to the extraction and processing of lead or the reclaiming of lead from used lead-based batteries or other scrap materials.

* * * * *

Recommendation

Amend Classification 3039, *Reinforcing Steel Fabrication*, which is part of the *Metal Working Classifications* Industry Group, to clarify the intended application.

PROPOSED

METAL WORKING CLASSIFICATIONS

REINFORCING STEEL FABRICATION – at permanent shop or yard location

3039

This classification applies to the cutting, bending, forming ~~and/or~~ assembly of reinforcing steel at a permanent shop or yard location.

The fabrication of reinforcing steel at job sites shall be assigned to the appropriate construction classification.

* * * * *

Recommendation

Amend Classification 8812, *Libraries – public – librarians or professional assistants*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, to clarify the intended application and for consistency with previously approved changes.

PROPOSED

MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

LIBRARIES – public – librarians or professional assistants – including Clerical Office Employees and Clerical Telecommuter Employees

8812

This classification applies to librarians, professional library assistants, and clerical office ~~employees or clerical telecommuter staff~~ who engage in activities, including but not limited to conducting research, ordering books ~~and/or~~ publications, maintaining reference systems, assisting customers to locate ~~and/or~~ check out materials and performing general clerical ~~and/or~~ administrative functions ~~in support of the public library~~.

With the exception of a single permanent job reassignment, it is not permissible to divide a single employee's payroll, within a single policy period, between this classification and any other classification.

Employees other than librarians, professional assistants, and clerical office ~~employees or clerical telecommuter staff~~, including but not limited to janitorial, maintenance, delivery and security personnel, shall be classified as 9420, *Municipal, State or Other Public Agency Employees – all other employees*.

Private libraries shall be classified as 8811, *Libraries – private – librarians or professional assistants*.

* * * * *

Recommendation

Amend Classification 8813(2), *Bookbinding Operation – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, for consistency with previously approved changes and for clarity.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

BOOKBINDING OPERATION – editing, designing, proofreading ~~and or~~ photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees 8813(2)

This classification applies to pre-bindery activities ~~and Clerical Office Employees~~ of employers engaged in bookbinding or binder manufacturing operations. Pre-bindery activities include but are not limited to editing, designing, proofreading, and photographic composition, including negative stripping and plate making.

Also refer to companion Classification 4299(2), *Bookbinding Operation – all other employees*.

* * * * *

Recommendation

Amend Classification 8807, *Newspaper, Magazine or Book Publishing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, for consistency with previously approved changes and for clarity.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWSPAPER, MAGAZINE OR BOOK PUBLISHING – no printing or distribution – editing, designing, proofreading, ~~and or~~ photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees 8807

This classification applies to pre-press activities ~~and Clerical Office Employees~~ of employers engaged in publishing printed newspapers, magazines or books where all printing and distribution is conducted by separate concerns. Pre-press activities include editing, designing, proofreading, and photographic composing, including negative stripping and plate making.

Newspaper reporters, photographers and advertising or circulation solicitors employed by newspaper publishers or printers shall be separately classified as 8746, *Newspaper Publishing or Printing – reporters or photographers – including Outside Salespersons*.

Newspaper printing operations shall be classified as 4304, *Newspaper Publishing or Printing – all other employees*, or 8818, *Newspaper Publishing or Printing – editing, designing, proofreading and photographic composing*.

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

* * * * *

Recommendation

Amend Classification 8818, *Newspaper Publishing or Printing – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, for consistency with previously approved changes and for clarity.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWSPAPER PUBLISHING OR PRINTING – editing, designing, proofreading ~~and/or~~ photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees 8818

This classification applies to pre-press activities ~~and Clerical Office Employees~~ of employers engaged in publishing or printing newspapers. Pre-press activities include editing, designing, proofreading, and photographic composition including negative stripping and plate making.

Newspaper reporters, advertising or circulation solicitors shall be separately classified as 8746, *Newspaper Publishing or Printing – reporters or photographers*.

Also refer to companion Classification 4304, *Newspaper Publishing or Printing – all other employees*.

* * * * *

Recommendation

Amend Classification 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, for consistency with previously approved changes and for clarity.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

PRINTING OPERATION – editing, designing, proofreading ~~and/or~~ photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees 8813(1)

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

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

* * * * *

Recommendation

Amend Classification 8846(1), *Printing Operation – screen printing – editing, designing, proofreading and photographic composing*, which is part of the *Printing, Publishing and Duplicating* Industry Group, for consistency with previously approved changes and for clarity.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

**PRINTING OPERATION – screen printing – editing, designing, proofreading ~~and/or~~ 8846(1)
photographic composing – including Clerical Office Employees and Clerical
Telecommuter Employees**

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

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

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Recommendation

Amend Classification 8846(2), *Screen Printed Merchandise Dealers*, which is part of the *Printing, Publishing and Duplicating* Industry Group, for consistency with previously approved changes and for clarity.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

**SCREEN PRINTED MERCHANDISE DEALERS – editing, designing, proofreading ~~and/or~~ 8846(2)
photographic composing – including Clerical Office Employees and Clerical
Telecommuter Employees**

This classification applies to the pre-press operations ~~and clerical office employees~~ of screen printed merchandise dealers. Pre-press activities include but are not limited to the design ~~and/or~~ development of artwork and the preparation of screens. This classification also includes the post-printing cleaning of screens.

Also refer to companion Classification 4295(2), *Screen Printed Merchandise Dealers – all other employees*.

* * * * *

Recommendation

Amend Classification 8875(1), *Public Colleges or Schools – all employees*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, for consistency with previously approved changes.

PROPOSED

PUBLIC COLLEGES OR SCHOOLS – all employees – including cafeteria, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8875(1)

This classification applies to all operations of public colleges or schools, including but not limited to instruction, dormitories, cafeterias, book stores, transportation services, counseling, building ~~and/or~~ landscape maintenance, janitorial, libraries, athletic programs, parking, security, and administration, ~~clerical office employees and outside salespersons~~. This classification includes day care, preschools and before or after school programs operated by public colleges or schools.

This classification also applies to the operation of charter schools.

This classification also applies to state or county vocational schools or training programs and to school counselors who are provided to public schools by separate concerns under contract.

Private college or school operations shall be classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, and 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers or academic professional employees*.

Day care, preschools or before or after school programs operated by separate employers at public school locations shall be classified as 9059, *Day Care Centers*.

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Recommendation

Amend Classification 5225, *Reinforcing Steel Installation*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

REINFORCING STEEL INSTALLATION – placing for concrete construction 5225

This classification applies to the installation of reinforcing steel, including but not limited to rebar, welded wire mesh and post tension cables in connection with concrete construction operations, except when performed by the same employer in connection with operations assigned to Classifications 5201(1)/5205(1), *Concrete or Cement Work – pouring or finishing of concrete sidewalks, driveways, patios, curbs or gutters*; 5201(2)/5205(2), *Concrete or Cement Work – pouring or finishing of concrete floor slabs, poured in place and on the ground, and concrete slab-type foundations, for other than concrete buildings or structural steel buildings of multi-story construction*; or 5222(2), *Chimney Construction*. Reinforcing steel installation is included in these classifications.

Reinforcing steel installation ~~performed by specialty contractors in connection with the canal construction of canal, irrigation or drainage systems, or cross-country water pipelines, sewers, tunnels, caissons and dams or with operations assigned to Classification 5201(1)/5205(1), Concrete or Cement Work, and 5201(2)/5205(2), Concrete or Cement Work,~~ shall be assigned to the classification describing the construction with which such reinforcing steel installation is connected shall be classified as 6361(1), *Canal Construction* or 6361(2), *Cross-Country Water Pipeline Construction*.

The cutting, bending, forming ~~and/or~~ assembly of reinforcing steel at a permanent shop or yard location shall be classified as 3039, *Reinforcing Steel Fabrication*.

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Recommendation

Amend Classification 7721(1), *Detective or Private Investigative Agencies*, to provide direction as to how related operations should be classified.

PROPOSED

DETECTIVE OR PRIVATE INVESTIGATIVE AGENCIES

7721(1)

This classification applies to private investigators or detectives who are retained by clients to conduct investigations of matters, including but not limited to individuals' backgrounds, personal ~~and/or~~ business disputes, theft, embezzlement and fraud. These operations involve surveillance of persons without their knowledge.

This classification also applies to ~~employers engaged on a contract basis in~~ asset repossession or airport baggage inspection on a contract basis.

Employees who solely conduct investigations by researching documents ~~and/or~~ conducting interviews at locations away from the employer's premises shall be classified as 8742, *Salespersons – Outside*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

Insurance claims investigation shall be separately classified as 8720(1), *Inspection for Insurance, Safety or Valuation Purposes*.

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Recommendation

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

PROPOSED

SMELTING, SINTERING, REFINING OR ALLOYING – metal – not lead – N.O.C.

1438

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

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

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Recommendation

Amend Classification 9529(3), *Tent – erection, removal or repair*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

TENT – erection, removal or repair – away from shop

9529(3)

This classification applies to the installation, removal or repair of tents at customer locations.
This classification also applies to the covering of silage piles on a fee basis.

~~The Tent manufactureing 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 sStores for the purpose of the sale that sell or rental of tents shall be classified in accordance with Section IV, *Special Industry Classification Procedures*, Rule 6, Stores.~~

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Recommendation

Amend Classification 5650, *Termite Control Work*, to provide direction as to how related operations should be classified.

PROPOSED

TERMITE CONTROL WORK – all operations – including shop, yard or storage operations, Outside Salespersons and estimators 5650

This classification applies to the control ~~and/or~~ extermination of termites ~~and/or~~ other wood-destroying pests ~~and/or~~ organisms by any method, including but not limited to fumigation, spraying insecticides and applying orange oil ~~and/or~~ hot or cold thermal treatments. This classification also applies to structural repair operations that are conducted incidental to termite control work. This classification also applies to the application of insecticides onto soil ~~and/or~~ structures to control termites in connection with new construction.

The control ~~and/or~~ extermination of pests, including but not limited to rodents and insects other than termites or other wood-destroying pests shall be separately classified as 9031, *Pest or Nuisance Wildlife Control*.

The structural repair of wood framed buildings that is not incidental to termite control work at a particular job or location shall be classified as 5403/5432, *Carpentry*.

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

PROPOSED

Section I – Abbreviated Classifications – Numeric Listing

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- 3647(2) Lead Mfg/Reclaiming/Alloying
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Item III-H

Proposed Non-Substantive Amendments

California Workers' Compensation Uniform Statistical Reporting Plan—1995 (USRP)

Part 2 of the USRP contains the requirements for reporting policy information. The WCIRB is proposing changes to the following rule for consistency with the Workers Compensation Insurance Organizations' (WCIO) Worker Compensation Policy Reporting Specifications (WCPOLS):

- Section III, *Reporting Requirements*, Rule 1, *Header Record (Record 01)*, Subrule a, *Legal Nature of Insured Code*

Part 3 of the USRP contains the standard classification rules and phraseology and footnotes for the standard classifications. The WCIRB is proposing changes to the following rules for clarity and consistency with previously approved changes:

- Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions*, Subrule c, *Standard Exception Classification Procedures*
- Section III, *General Classification Procedures*, Rule 5, *General Inclusions*, Subrule k
- Section III, *General Classification Procedures*, Rule 6, *General Exclusions*, Subrule g
- Section IV, *Special Industry Classification Procedures*, Rule 2, *Construction or Erection Work*
- Section IV, *Special Industry Classification Procedures*, Rule 8, *Labor Contractors*
- Cross-reference to Classification 9011(2), *Commercial and Residential Mixed-Use Building Operation – not Homeowners Associations – all other employees*
- 1803, *Stone Cutting or Fabrication*
- 4492, *Sign Mfg. – metal, plastic or wood – N.O.C.*
- 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*
- 7365, *Taxicab Operations*
- 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*
- 7428(1), *Aircraft Operation – other than agricultural or scheduled air carriers – not members of the flying crew*
- 7607(1), *Video Post-Production*
- 8290, *Warehouses – self-storage – all other employees*
- 8720(4), *Unmanned Aircraft System Operation – aircraft system and payload total combined weight of less than 55 pounds*
- 8850, *Check Cashers*
- 9007, *Apartment or Condominium Complex Operation for Seniors – age restricted – not Congregate Living Facilities or Homeowners Associations – all other employees*
- 9010, *Mobile Home Park Operation – all other employees*
- 9011(1), *Apartment or Condominium Complex Operation – N.O.C. – not Homeowners Associations – all other employees*
- 9011(2), *Commercial and Residential Mixed-Use Building Operation – not Homeowners Associations – all other employees*
- 9507, *Sign Painting or Lettering and Quick Sign Shops*
- 9610, *Motion Pictures – production*

Part 4 of the USRP contains the requirements for reporting unit statistical data on every workers' compensation insurance policy extending coverage under the workers' compensation laws of California to the WCIRB. The WCIRB is proposing changes to the following rules for consistency with the California Department of Industrial Relations' Fiscal Year Assessments and Workers Compensation Policy Reporting Specifications:

- Section II, *Definitions*, Rule 12, *Final Premium(s)*, Subrule h
- Section V, *Loss Information*, Subsection B, *Loss Data Elements*, Rule 6, *Type of Settlement*

Appendix III of the USRP contains the injury description codes needed to report the applicable unit statistical data to the WCIRB. The WCIRB is proposing changes to the following Appendices for clarity and consistency with the codes adopted by the Workers Compensation Insurance Organizations:

- Appendix III, *Injury Description Codes*, Section B, *Nature of Injury (Positions 3-4)*
- Appendix III, *Injury Description Codes*, Section C, *Cause of Injury (Positions 5-6)*

California Workers' Compensation Experience Rating Plan—1995 (ERP)

Section II of the ERP contains the definitions of the terms and phrases used in the ERP. The WCIRB is proposing changes to the following definition to use gender-neutral terminology:

- Rule 6, *Immediate Family*

Proposed Non-Substantive Amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*

Recommendation

Amend Part 2, *Policy Reporting Requirements*, Section III, *Reporting Requirements*, Rule 1, *Header Record (Record 01)*, Subrule a, *Legal Nature of Insured Code*, for consistency with the Workers Compensation Insurance Organizations' (WCIO) Workers Compensation Policy Reporting Specifications (WCPOLS).

PROPOSED

Section III – Reporting Requirements

1. Header Record (Record 01)

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

a. Legal Nature of Insured Code

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

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

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

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

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

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Recommendation

Amend Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions*, Subrule c, *Standard Exception Classification Procedures*, for consistency with previously approved changes.

PROPOSED

Section III – General Classification Procedures

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4. Standard Exceptions

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c. Standard Exception Classification Procedures

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- (2) Where a classification phraseology specifically includes Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons, ~~or both~~, such employees shall be assigned to that classification regardless of whether their work is conducted at the same or at a separate location.

A list of classifications that include Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons, ~~or both~~, can be found in Appendix IV.

Example

An employer operates as a physicians' practice at 1534 Elm Street, employing doctors, nurses and receptionists. All operations at this location are assignable to Classification 8834, *Physicians' Practices and Outpatient Clinics – all employees – including Clerical Office Employees and Clerical Telecommuter Employees*. At a separate location, 3415 Oak Street, the employer maintains a clerical office staff who conduct all of the billing and scheduling in support of the Elm Street operations. Since the Oak Street operations support the employer's Elm Street medical office (assigned to Classification 8834), the operations at the separate Oak Street location are also assignable to Classification 8834.

- (3) When an employer's clerical office staff meet the definition of Clerical Office Employees, are engaged in operations in connection with other operations performed by the employer and such other operations are assigned to two or more classifications, one or more of which includes Clerical Office Employees and one or more of which does not include Clerical Office Employees, the payroll of the clerical office staff shall be assigned in accordance with the following:

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- (d) The procedures stated above for classifying an employer's clerical office staff shall also apply when classifying an employer's clerical telecommuter staff, as well as its outside salespersons staff (see example below).

Example

At location 1, an employer operates an outpatient clinic assigned to Classification 8834, *Physicians' Practices and Outpatient Clinics – all employees – including Clerical Office Employees and Clerical Telecommuter Employees*. At location 2, the same employer operates a convalescent nursing facility – assigned to Classification 8829(2), *Convalescent Nursing Facilities – including supervisors and receptionists*. In an area that is separate from all other work-places, the employer maintains clerical and administrative office staff who work exclusively at the office to conduct payroll and billing activities in support of both the outpatient clinic and the convalescent nursing facility. Under Scenario A (below), the convalescent nursing facility assigned to Classification 8829 (which does not specifically include Clerical Office Employees/Clerical Telecommuter Employees) generates more payroll than the outpatient clinic and, therefore, the clerical office staff working in support of both operations are assignable to Classification 8810. Under Scenario B, since the outpatient clinic generates more payroll than the convalescent nursing facility, the clerical office staff working in support of both operations are assignable to Classification 8834. In both scenarios, regardless of which operation generates more payroll, the clerical office staff working exclusively in support of the convalescent nursing facility are assignable to Classification 8810, and the clerical office staff working exclusively in support of the outpatient clinic are assignable to Classification 8834.

Scenario	Location 1: Outpatient Clinic Payroll	Location 2: Convalescent Nursing Facility Payroll	Clerical Employees Working in Support of Both the Outpatient Clinic and the Convalescent Nursing Facility
A	\$200,000	\$655,000	8810, <i>Clerical Office Employees</i>
B	\$750,000	\$655,000	8834, <i>Physicians' Practices and Outpatient Clinics – all employees – including Clerical Office Employees and Clerical Telecommuter Employees</i>

Example

An employer operates an automobile and truck parts store, assignable to Classification 8046, *Stores – automobile or truck parts or accessories – wholesale or retail – including ~~Inside Salespersons or~~ Outside Salespersons*. This employer also maintains a department for the repair of automobiles or trucks on a fee basis, and employees engaged in these operations are assignable to Classification 8389, *Automobile or Truck Repair Facilities*. The employer maintains outside sales staff to conduct marketing and outside sales operations in support of the automobile and truck parts store and promote the service and repair operations. Under Scenario C (below), the vehicle repair operations assigned to Classification 8389 (which do not specifically include Outside Salespersons) generate more payroll than the auto parts store operations assigned to Classification 8046 and, therefore, the outside sales staff working in support of both operations are assignable to Classification 8742. Under Scenario D, since the auto parts store operations generate more payroll than the vehicle repair operations, the outside sales staff working in support of both operations are assignable to Classification 8046. In both scenarios, regardless of which operation generates more payroll, outside sales staff working exclusively in support of the repair operations are assignable to Classification 8742, and outside sales staff working exclusively in support of the auto parts store operations are assignable to Classification 8046.

Scenario	Auto Parts Store Payroll	Vehicle Repair Payroll	Assigned Classification for Outside Salespersons Working in Support of Both the Auto Parts Store and Vehicle Repair
C	\$200,000	\$655,000	8742, Salespersons – Outside
D	\$750,000	\$655,000	8046, Stores – automobile or truck parts or accessories – wholesale or retail – including inside Salespersons or Outside Salespersons

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Recommendation

Amend Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 5, *General Inclusions*, Subrule k, and Rule 6, *General Exclusions*, Subrule g, for consistency with previously approved changes.

PROPOSED

Section III – General Classification Procedures

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5. General Inclusions

The operations listed below are included in all classifications other than Standard Exception classifications. Except as provided in Section VII, *Standard Classifications*, general inclusions shall not be separately classified, all other provisions contained herein notwithstanding. Any operation described by a general inclusion shall nevertheless be subject to division of payroll if conducted as a separate and distinct enterprise and having no relation to the operations described by any other classification.

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- k. Unmanned Aircraft System (aerial drone) operation – aircraft system and payload total combined weight of less than 55 pounds – all members of the operating crew. Operations performed in support of the employer's Construction or Erection operations shall be classified in accordance with Part 3, Section IV, Rule 2, *Construction or Erection Work*. Operating crew members working remotely from a home or office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule.

6. General Exclusions

Subject to division of payroll rules, the following operations are excluded from all classifications, including Standard Exceptions, unless specifically included in the language of the classification. Operations

described by general exclusions shall require division of payroll, notwithstanding that the classification wording may include the term *all* as in such phrases as *all employees*, *all operations*, etc.

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- g. Unmanned Aircraft System (aerial drone) operation – aircraft system and payload total combined weight of 55 pounds or heavier – all members of the operating crew. Operating crew members working remotely from ~~an~~ home or office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule.

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Recommendation

Amend Part 3, Section IV, *Special Industry Classification Procedures*, Rule 2, *Construction or Erection Work*, and Rule 8, *Labor Contractors*, for consistency with previously approved changes and clarity.

PROPOSED

Section IV – Special Industry Classification Procedures

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2. Construction or Erection Work

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When an employer retains one or more employees as members of a crew that operates Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds in connection with its construction or erection operations, such members of the Unmanned Aircraft System (aerial drone) operating crew shall be classified as 8720(4), *Unmanned Aircraft System Operation*, provided they are engaged exclusively in such operations, or are engaged in such work for any portion of their time and devote the balance of their time to clerical office duties or outside sales. Employees who are members of an Unmanned Aircraft System (aerial drone) operating crew and also perform or supervise construction or erection operations shall be classified based on the construction or erection operations they supervise or perform. Operating crew members working remotely from ~~an~~ home or office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule.

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8. Labor Contractors

The classification of workers provided to a client under any type of employee leasing arrangement (temporary or otherwise) shall be determined as though the workers are employees of the client. The limitations and conditions of the classification(s) so assigned and all Standard Classification System rules pertaining thereto shall be applicable.

Clerical office staff retained by the labor contractor to conduct its ~~internal office~~ own clerical functions shall be assigned to Classification 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule, notwithstanding that temporary or leased workers are assigned to classifications that specifically include Clerical Office Employees or Clerical Telecommuter Employees.

Examples

A labor contractor provides a shipping clerk to a client that operates a woodworking shop that produces furniture and cabinets. The woodworking shop operations are assigned to Classifications 2883, *Furniture Mfg. – wood*, and 2812, *Cabinet Mfg. – wood*. The shipping clerk works exclusively in the cabinet department (2812) preparing cabinets for shipment. The shipping clerk is assigned to Classification 2812.

A labor contractor staffs an administrative office for a client operating a hospital. The hospital operations are assigned to Classification 9043, *Hospitals – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons*. Normally, an administrative office would be assigned to Classification 8810, *Clerical Office Employees*; however, the phraseology of Classification 9043 includes Clerical Office Employees. Therefore, the administrative office staff provided to the hospital is assigned to Classification 9043.

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Recommendation

Amend Classification 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, for consistency with previously approved changes.

PROPOSED

AIRCRAFT OPERATION

AIRCRAFT OPERATION – agricultural – dusting, spraying or seeding – not members of the flying crew 7410

This classification applies to the ground operations of employers engaged in the aerial application of materials, including but not limited to pesticides, insecticides, fungicides, fertilizers, herbicides and seeds onto farmlands. This classification also includes the ground operations of employers engaged in the aerial application of insecticides for mosquito control purposes. Ground operations include but are not limited to mixing and loading materials onto the aircraft, directing pilots during application of materials and aircraft fueling, service and repair.

This classification also applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying and seeding, in accordance with the General Exclusions rule. See Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier used for other than agricultural operations shall be separately classified as 7428(1), *Aircraft Operation – other than agricultural or scheduled air carriers – not members of the flying crew*, in accordance with the General Exclusions rule. See Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

The shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier by the manufacturer shall be classified as 3830(2), *Unmanned Aircraft System Mfg.*

The repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier on a fee basis, or repair work performed by the manufacturer away from shop shall be classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

Unmanned Aircraft Systems (aerial drones) operating crew members working remotely from an home or office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Also refer to companion Classification 7409, *Aircraft Operation – agricultural – dusting, spraying or seeding – members of flying crew*.

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Recommendation

Amend Classification 7428(1), *Aircraft Operation – other than agricultural or scheduled air carriers – not members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, for consistency with previously approved changes.

PROPOSED

AIRCRAFT OPERATION

AIRCRAFT OPERATION – other than agricultural or scheduled air carriers – not members of the flying crew – including gate and ticket counter personnel at airports – N.O.C. 7428(1)

This classification applies to the ground operations of employers engaged in aircraft operations not more specifically described by another *Aircraft Operation* Industry Group classification, including but not limited to charter passenger or cargo air transport; air ambulance services; air freight services (nonscheduled); aerial firefighting; aerial exhibitions; aerial patrol; aerial advertising, skywriting, sightseeing or survey work; aerial log lifting and transport; and aerial news reporting. Ground operations include but are not limited to loading or unloading baggage or freight; assisting passengers with boarding or disembarking the aircraft; assisting passengers with ticket information or checking baggage; and aircraft fueling, service or repair.

This classification also applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier used

for other than agricultural operations, in accordance with the General Exclusions rule. See Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying or seeding, shall be separately classified as 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*, in accordance with the General Exclusions rule. See Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

The shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier by the manufacturer shall be classified as 3830(2), *Unmanned Aircraft System Mfg.*

The repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier on a fee basis, or repair work performed by the manufacturer away from shop shall be classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

Unmanned Aircraft Systems (aerial drones) operating crew members working remotely from a home or office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Instructors who are not members of the flying crew shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, and ground photographic laboratory employees shall be separately classified as 4361(1), *Photographers*.

Also refer to companion Classification 7424(1), *Aircraft Operation – other than agricultural or scheduled air carriers – members of the flying crew*.

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Recommendation

Amend Classification 8850, *Check Cashers*, for consistency with previously approved changes.

PROPOSED

CHECK CASHERS – all employees – including tellers, guards, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8850

This classification applies to each separate check cashing or money transfer location at which the fees charged for check cashing, deferred deposit transactions, payday loans, remittances, money orders or wire transfers equal or exceed 75% of gross receipts. ~~This classification includes Clerical Office Employees and Outside Salespersons at the same location or at separate locations.~~

Check cashing operations performed by retail stores where fees charged for check cashing, deferred deposit transactions, payday loans, remittances, money orders or wire transfers do not

equal or exceed 75% of gross receipts shall be assigned to the applicable retail Stores Industry Group classification.

Banks shall be classified as 8808, *Banks*.

Credit unions shall be classified as 8801, *Credit Unions*.

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Recommendation

Amend the cross-reference for Classification 9011(2), *Commercial and Residential Mixed-Use Building Operation – not Homeowners Associations – all other employees*, for consistency with other proposed changes.

PROPOSED

COMMERCIAL AND RESIDENTIAL MIXED-USE BUILDING OPERATION – not Homeowners Associations – all other employees – including resident employees and, resident Clerical Office Employees and resident Clerical Telecommuter Employees

See Property Management/Operation.

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Recommendation

Amend Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*, for clarity.

PROPOSED

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

5102

This classification applies to the installation of non-structural architectural or ornamental metal work, including but not limited to handrails, balcony rails, grille work, bumper rails, 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 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, 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; ~~and~~ the installation of access steps, ramps or railings installed in connection with the elevated floors.

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 at 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.*

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Recommendation

Amend Classification 9610, *Motion Pictures – production*, for consistency with previously approved changes.

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 \$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*, or 8871, *Clerical Telecommuter 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*, or 8871, *Clerical Telecommuter 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.

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Recommendation

Amend Classification 9011(1), *Apartment or Condominium Complex Operation – N.O.C. – not Homeowners Associations – all other employees*, which is part of the *Property Management/Operation* Industry Group, for consistency with previously approved changes.

PROPOSED

PROPERTY MANAGEMENT/OPERATION

APARTMENT OR CONDOMINIUM COMPLEX OPERATION – N.O.C. – not Homeowners Associations – all other employees – including resident employees, and resident Clerical Office Employees and resident Clerical Telecommuter Employees 9011(1)

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 employers engaged in the management and operation of residential apartment or condominium complexes comprised of one or more multi-unit buildings with four or more units per building. This classification includes property managers engaged in the direct supervision of employees engaged in the operation, maintenance and care of properties. Such operations include but are not limited to cleaning and maintaining lobbies and common areas, maintaining ventilation and heating systems, changing door locks and directories, interior remodeling, exterior landscape maintenance, swimming pool maintenance, security and the operation of parking facilities.

Also refer to companion Classification 8740(1), *Apartment or Condominium Complex Operation – N.O.C. – not Homeowners Associations – property management supervisors*. Classification 8740(1) applies to non-residing property management supervisors who exercise direction through maintenance or operations supervisors who directly supervise employees engaged in the operation, maintenance and care of properties. Classification 8740(1) also applies to non-residing property management supervisors who oversee apartment or condominium complexes at which all operation, maintenance and care activities are conducted by separate concerns and no payroll is assignable to 9011(1). Property managers not meeting the above conditions shall be classified as 9011(1).

Non-residing employees engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind in the service of the employer except clerical office work shall be separately classified as 8741, *Real Estate Agencies*, provided separate employees are retained to manage the property.

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

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

The management and operation of individual apartment or condominium units (not apartment or condominium complexes), single-family residences, duplexes, triplexes and other residential

properties consisting of not more than three units per building shall be classified as 9015(1), *Building Operation – N.O.C. – all other employees.*

The management and operation of properties, including but not limited to residential homes and apartment or condominium complexes, by homeowners associations shall be classified as 9066, *Homeowners Associations and Housing Cooperatives.*

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Recommendation

Amend Classification 9007, *Apartment or Condominium Complex Operation for Seniors – age restricted – not Congregate Living Facilities or Homeowners Associations – all other employees*, which is part of the *Property Management/Operation* Industry Group, for consistency with previously approved changes.

PROPOSED

PROPERTY MANAGEMENT/OPERATION

APARTMENT OR CONDOMINIUM COMPLEX OPERATION FOR SENIORS – age restricted – not 9007
Congregate Living Facilities or Homeowners Associations – all other employees – including resident employees, and resident Clerical Office Employees and resident Clerical Telecommuter Employees

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 employers engaged in the management and operation of apartment or condominium complexes comprised of one or more multi-unit buildings with four or more units per building that, in compliance with state or federal housing laws, restrict tenancy to persons who have reached a minimum age (typically either 55 or 62 depending on the type of facility). This classification includes property managers engaged in the direct supervision of employees engaged in the operation, maintenance and care of properties. Such operations include but are not limited to cleaning and maintaining lobbies and common areas, maintaining ventilation and heating systems, changing door locks and directories, interior remodeling, exterior landscape maintenance, swimming pool maintenance, security and the operation of parking facilities.

Also refer to companion Classification 8740(6), *Apartment or Condominium Complex Operation for Seniors – age-restricted – not Congregate Living Facilities or Homeowners Associations – property management supervisors*. Classification 8740(6) applies to non-residing property management supervisors who exercise direction through maintenance or operations supervisors who directly supervise employees engaged in the operation, maintenance and care of properties. Classification 8740(6) also applies to non-residing property management supervisors who oversee such apartment or condominium complexes for seniors at which all operation, maintenance and care activities are conducted by separate concerns and no payroll is assignable to 9007. Property managers not meeting the above conditions shall be classified as 9007.

Non-residing employees engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind in the service of the employer except clerical office work shall be separately classified as 8741, *Real Estate Agencies*, provided separate employees are retained to manage the property.

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

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

Those facilities that, for a single monthly fee, provide a service package that typically includes a living unit, one to three meals a day, in-unit housekeeping and personal laundry service shall be classified as 8851, *Congregate Living Facilities for the Elderly*.

The management and operation of individual apartment or condominium units (not apartment or condominium complexes), single-family residences, duplexes, triplexes and other residential properties consisting of not more than three units per building shall be classified as 9015(1), *Building Operation – N.O.C. – all other employees*.

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Recommendation

Amend Classification 9011(2), *Commercial and Residential Mixed-Use Building Operation – not Homeowners Associations – all other employees*, which is part of the *Property Management/Operation* Industry Group, for consistency with previously approved changes.

PROPOSED

PROPERTY MANAGEMENT/OPERATION

COMMERCIAL AND RESIDENTIAL MIXED-USE BUILDING OPERATION – not Homeowners Associations – all other employees – including resident employees and, resident Clerical Office Employees and resident Clerical Telecommuter Employees 9011(2)

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 employers engaged in the management and operation of combined commercial and residential mixed-use multi-unit properties comprised of one or more mixed-use multi-unit buildings with four or more units per building. This classification includes property managers engaged in the direct supervision of employees engaged in the operation, maintenance and care of properties. Such operations include but are not limited to cleaning and maintaining lobbies and common areas, maintaining ventilation and heating systems, changing door locks and directories, interior remodeling, exterior landscape maintenance, swimming pool maintenance, security and the operation of parking facilities.

Also refer to companion Classification 8740(7), *Commercial and Residential Mixed-Use Building Operation – not Homeowners Associations – property management supervisors*. Classification 8740(7) applies to property management supervisors who exercise direction through maintenance or operations supervisors who directly supervise employees engaged in the operation, maintenance and care of commercial and residential mixed-use buildings. Classification 8740(7) also applies to non-residing property management supervisors who oversee commercial and residential mixed-use buildings at which all operation, maintenance and care activities are conducted by separate concerns and no payroll is assignable to 9011(2). Property managers not meeting the above conditions shall be classified as 9011(2).

Non-residing employees engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind in the service of the employer except clerical office work

shall be separately classified as 8741, *Real Estate Agencies*, provided separate employees are retained to manage the property.

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

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

The management and operation of only the residential portion of a commercial and residential mixed-use building where a separate concern manages the commercial portion shall be classified as 9011(1), *Apartment or Condominium Complex Operation – N.O.C. – not Homeowners Associations – all other employees*.

The management and operation of only the commercial portion of a commercial and residential mixed-use building where a separate concern manages the residential portion shall be classified as 9009, *Commercial Properties – N.O.C. – all other employees*.

The management and operation of individual apartment or condominium units (not apartment or condominium complexes), single-family residences, duplexes, triplexes and other residential properties consisting of not more than three units per building shall be classified as 9015(1), *Building Operation – N.O.C. – all other employees*.

The management and operation of properties, including but not limited to residential homes and apartment or condominium complexes by homeowners associations shall be classified as 9066, *Homeowners Associations and Housing Cooperatives*.

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Recommendation

Amend Classification 9010, *Mobile Home Park Operation – all other employees*, which is part of the *Property Management/Operation Industry Group*, for consistency with previously approved changes.

PROPOSED

PROPERTY MANAGEMENT/OPERATION

**MOBILE HOME PARK OPERATION – all other employees – including resident employees and, 9010
resident Clerical Office Employees and resident Clerical Telecommuter Employees**

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 employers engaged in the management and operation of mobile home parks where tenants are provided with a space for the placement of the mobile home and utility services. The mobile home unit may be owned by the tenant or the mobile home may be owned by the park owner and rented or leased to the resident. Spaces are rented on a month-to-month or extended lease basis. This classification includes property managers engaged in the direct supervision of employees engaged in the operation, maintenance and care of mobile home parks. Such operations include but are not limited to cleaning and maintaining restrooms, lobbies, swimming pools and common areas, general property repairs, exterior landscape maintenance and security.

Also refer to companion Classification 8740(4), *Mobile Home Park Operation – property management supervisors*. Classification 8740(4) applies to non-residing property management supervisors who exercise direction through maintenance or operations supervisors who directly supervise employees engaged in the operation, maintenance and care of mobile home parks. Classification 8740(4) also applies to non-residing property management supervisors who oversee mobile home parks at which all operation, maintenance and care activities are conducted by separate concerns and no payroll is assignable to 9010. Mobile home park property managers not meeting the above conditions shall be classified as 9010.

Non-residing employees engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind in the service of the employer except clerical office work shall be separately classified as 8741, *Real Estate Agencies*, provided separate employees are retained to manage the property.

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

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

The management and operation of recreational vehicle parks and campgrounds shall be classified as 9015(1), *Building Operation – N.O.C. – all other employees*.

* * * * *

Recommendation

Amend Classification 8290, *Warehouses – self-storage – all other employees*, for consistency with previously approved changes.

PROPOSED

PROPERTY MANAGEMENT/OPERATION

WAREHOUSES – self-storage – all other employees – including resident employees, and-resident Clerical Office Employees and resident Clerical Telecommuter Employees 8290

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 employers engaged in the operation of self-storage warehouses. This classification includes self-service warehouse managers engaged in the direct supervision of employees engaged in the operation, maintenance and care of self-storage warehouses. Such operations include but are not limited to opening and closing access gates, directing customers to storage spaces, maintaining common areas and landscaping, security and repairing or maintaining storage units, and working at the front counter to rent or sell supplies, including but not limited to storage, shipping and moving boxes, packaging tape, security locks, rope, dollies and moving tools.

Also refer to companion Classification 8740(5), *Warehouses – self-storage – property management supervisors*. Classification 8740(5) applies to non-residing property management supervisors who exercise direction through maintenance or operations supervisors who directly supervise employees engaged in the operation, maintenance and care of self-storage

warehouses. Classification 8740(5) also applies to non-residing property management supervisors who oversee self-storage warehouses at which all operation, maintenance and care activities are conducted by separate concerns and no payroll is assignable to Classification 8290. Self-storage warehouse property managers not meeting the above conditions shall be classified as 8290.

* * * * *

Recommendation

Amend Classification 4492, *Sign Mfg.*, which is part of the *Sign Industry Group*, for consistency with previously approved changes.

PROPOSED

SIGN INDUSTRY

SIGN MFG. – metal, plastic or wood – N.O.C.

4492

This classification applies to the manufacture of metal, plastic or wood signs, including but not limited to cabinet signs or sign backings, channel letter signs, two-dimensional signs and three-dimensional signs, involving the fabrication and assembly of sign parts. This classification includes sign painting or the application of painted, printed or adhesive lettering or graphics onto signs manufactured by the employer.

Employees engaged exclusively in the design or production of adhesive lettering or graphics using office type computers or plotters/printers shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Employers engaged in the fee-based production of signs, banners and related products by application of painted, printed or adhesive lettering or graphics onto surfaces, including but not limited to purchased sign blanks shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

Neon tube fabrication shall be separately classified as 4111(2), *Incandescent Lamp and Fluorescent Tube Mfg.*

Sign erection, installation or repair away from the shop shall be separately classified.

* * * * *

Recommendation

Amend Classification 9507, *Sign Painting or Lettering and Quick Sign Shops*, which is part of the *Sign Industry Group*, for consistency with previously approved changes.

PROPOSED

SIGN INDUSTRY

SIGN PAINTING OR LETTERING AND QUICK SIGN SHOPS – shop or outside – including counterpersons 9507

This classification applies to employers that apply painted, printed or adhesive lettering or graphics onto surfaces on a fee basis, including but not limited to customers' buildings, structures, windows, banners and purchased sign blanks. This classification includes the application of painted, printed or adhesive lettering, signage, striping, adhesive wraps or window tint film onto automobiles, trucks or buses by employers not engaged in automobile, truck or bus painting or body repairing.

Employees engaged exclusively in the design or production of painted, printed or adhesive lettering or graphics using office type computers or plotters/printers shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*. The application of painted, printed or adhesive lettering or graphics onto a surface shall be classified as 9507.

The manufacture of metal, plastic or wood signs involving the fabrication and assembly of sign parts and associated sign painting or application of painted, printed or adhesive lettering or graphics onto signs manufactured by the employer shall be classified as 4492, *Sign Mfg. – metal, plastic or wood*.

The production of signs, banners and related products or the application of painted, printed or adhesive lettering or graphics onto surfaces at customers' locations or onto customers' vehicles by advertising companies shall be classified as 9549, *Advertising Companies*.

* * * * *

Recommendation

Amend Classification 1803, *Stone Cutting or Fabrication*, for consistency with previously approved changes.

PROPOSED

STONE CUTTING OR FABRICATION – shop 1803

This classification applies to the cutting or fabrication of stone slabs, including but not limited to granite, marble, travertine, quartz, limestone and onyx to produce products such as countertops, backsplashes, cemetery monuments, ceiling and wall veneer, mantels, floor tile, tabletops and exterior building panels or components.

Employees engaged exclusively in the design or production of stencils using office type computers or plotters/printers shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical*

Telecommuter Employees, subject to the Standard Exceptions rule. See Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions*.

The installation of architectural non-load bearing stone products, such as countertops, back-splashes, ceiling and wall veneer, mantels, and tile, including stone cutting or fabrication at the installation site, shall be classified as 5348, *Tile, Stone, Mosaic or Terrazzo Work*.

The installation of cemetery monuments, including stone cutting or fabrication at the installation site, shall be classified as 5027/5028, *Masonry*.

Quarrying or stone cutting in quarries shall be classified as 1624(1), *Quarries*.

* * * * *

Recommendation

Amend Classification 7365, *Taxicab Operations*, for consistency with previously approved changes.

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 \$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*, or 8871, *Clerical Telecommuter 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*.

* * * * *

Recommendation

Amend Classification 8720(4), *Unmanned Aircraft System Operation – aircraft system and payload total combined weight of less than 55 pounds*, for consistency with previously approved changes.

PROPOSED

UNMANNED AIRCRAFT SYSTEM OPERATION – aircraft system and payload total combined weight of less than 55 pounds – including Outside Salespersons 8720(4)

This classification applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds that are operated on a fee basis. This classification includes shop or field repair of Unmanned Aircraft Systems (aerial drones) in connection with such operations.

This classification also applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds that are operated in support of the employer's construction or erection operations, provided the operating crew members are engaged exclusively in such operations, or are engaged in such work for any portion of their time and devote the balance of their time to clerical office duties or outside sales. Employees who are members of an Unmanned Aircraft Systems (aerial drone) operating crew and also perform or supervise construction or erection operations shall be classified based on the construction or erection operations they supervise or perform. See Section IV, Rule 2, *Construction or Erection Work*.

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

Operation of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier shall be classified in accordance with Section III, Rule 6, *General Exclusions*. The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier used for other than agricultural operations shall be separately classified as 7428(1), *Aircraft Operation – other than agricultural or scheduled air carriers – not members of the flying crew*. The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying and seeding, shall be separately classified as 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*.

Unmanned Aircraft Systems (aerial drones) operating crew members working remotely from an home or office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

The fee-based repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds away from shop shall be separately classified as 5128, *Instrument Installation, Service or Repair*.

* * * * *

Recommendation

Amend Classification 7607(1), *Video Post-Production*, for consistency with previously approved changes.

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 \$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*, or 8871, *Clerical Telecommuter 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*.

* * * * *

Recommendation

Amend Part 4, *Unit Statistical Reporting Requirements*, Section II, *Definitions*, Rule 12, *Final Premium(s)*, Subrule h, for consistency with the California Department of Industrial Relations' Fiscal Year Assessments.

PROPOSED

Section II – Definitions

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12. Final Premium(s)

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

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- h. Policy assessments, including but not limited to California Insurance Guarantee Association (CIGA) assessments, California Workers' Compensation Administration Revolving Fund assessments, California ~~w~~Workers' ~~e~~Compensation ~~f~~Fraud ~~s~~urcharges Account assessments, 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.

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Recommendation

Amend Part 4, *Unit Statistical Reporting Requirements*, Section V, *Loss Information*, Subsection B, Loss Data Elements, Rule 6, *Type of Settlement*, for consistency with Workers Compensation Policy Reporting Specifications (WCPOLS).

PROPOSED

Section V – Loss Information

B. Loss Data Elements

All loss-related fields shall be reported on all claims as required for California in WCSTAT except as indicated below.

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6. Type of Settlement Code

Report the code that identifies the certain settlement situation for the claim.

Code	Description
00	Claim Not Subject to Settlement
03	Stipulated Award*
04	Findings and Award*
05	Non-Compensable**
06	Compromise and Release*
09	All Other Settlements

* See Section II, *Definitions*, for definitions as applicable to this Plan.

** See Section II, *Definitions*, Rule 27, *Non-Compensable Claim(s)*, for definition of a non-compensable claim. The insurer shall submit a statement to the WCIRB when a non-compensable claim meets the requirements of California Labor Code Section 3761 (d).

* * * * *

Recommendation

Amend Appendix III, *Injury Description Codes*, Section B, *Nature of Injury (Positions 3-4)* and Section C, *Cause of Injury (Positions 5-6)*, to add a Nature of Injury code to address any adverse reaction to any vaccination and update the wording for the related Cause of Injury Code and the Pandemic Cause of Injury Code.

PROPOSED

Appendix III

Injury Description Codes

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B. Nature of Injury (Positions 3-4)

Code	Narrative Description
I. Specific Injury	
•	
•	
•	
38. <u>Adverse Reaction to a Vaccination or Inoculation</u>	
•	
•	
•	
•	
•	
•	
C. Cause of Injury (Positions 5-6)	
X. Miscellaneous Causes	
82. Absorption, Ingestion or Inhalation, NOC	Not Otherwise Classified in Any Other Code. Applies Only to Non-Impact Cases in Which the Injury Resulted from Inhalation, Absorption (Skin Contact), or Ingestion of Harmful Substances, <u>or Vaccinations</u>

83. Pandemic

~~A disease outbreak affecting large populations or a whole region, country or continent~~
Includes Disease Epidemic that has Spread Across a Large Region

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Proposed Non-Substantive Amendments to the *California Workers' Compensation Experience Rating Plan—1995*

Recommendation

Amend Section II, *Definitions*, Rule 6, *Immediate Family*, to update the language with gender-neutral terms.

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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6. Immediate Family

For the purpose of experience rating, immediate family shall mean ~~father, mother, husband, wife, parent, spouse, registered domestic partner, son, daughter, stepson, stepdaughter, grandson, granddaughter, grandfather or grandmother, child, stepchild, grandchild and grandparent.~~

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Item III-I Potential Classification Studies

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) improve the Standard Classification System to facilitate advisory pure premium rates and experience rating values that provide the basis for an equitable distribution of costs among policyholders. To further this objective, WCIRB staff analyzes existing classifications to ensure they appropriately group businesses with similar exposure to workers' compensation losses and are of sufficient size to develop credible advisory pure premium rates and that they remain reasonably easy to administer. WCIRB staff has identified several potential classification studies for the Committee's consideration.

Staff recommends that the classification studies summarized in Table 1 be conducted in 2021-2022 for inclusion in the September 1, 2023 Regulatory Filing. These recommendations include the continuation of multi-year initiatives, a comprehensive review of analytical information on each classification, as well as input provided from the California Department of Insurance (CDI), Committee, stakeholders and staff. Table 1 also includes a rough estimate of the resource commitment for each study.

Table 1
Recommended Classification Research Studies
September 1, 2023 Regulatory Filing

Potential Classification Studies	Anticipated Commitment (L,M,H) ¹
Food and Beverage Classifications	Very High
Review Classifications in Order to Determine Inclusion of Clerical Office, Clerical Telecommuter and Outside Sales Activities:	
• Classification 8748, <i>Automobile or Truck Dealers – vehicle salespersons</i>	Moderate
Not Otherwise Classified (N.O.C.) Classifications:	
• Classification 9061, <i>Clubs – N.O.C.</i>	High
Low Credibility Classification Studies:	
• Classification 4312, <i>Newspaper Delivery</i>	Low to Moderate
Classification Payroll Limitations – Additional Classifications	Low
Electronics Industry Group	Low

Staff is seeking the Committee's input regarding the list of potential classification studies as well as staff's proposed prioritization of studies to be completed in preparation for the September 1, 2023 Regulatory Filing.

¹ Estimated WCIRB staff resource commitment: "Low" corresponds to an estimate of below 100 hours, "Moderate" corresponds to an estimate of between 100 and 250 hours, "High" corresponds to an estimate between 251-400 hours, and "Very High" corresponds to an estimate in excess of 400 hours.

A. Staff Recommended 2021-2022 Classification Studies

1. Food and Beverage Classifications

Source: WCIRB Staff

The purpose of this study is to review the efficacy of the classification procedures for employers that prepare and serve food and beverages to the public to (1) determine if the constituents should be divided into separate classifications; (2) clarify their operations and provide direction as to their assignment; (3) provide the industry insights about the differentiated cost drivers across industry segments; (4) assess whether employer controlled tips and service charges should be included in the basis of payroll; and (5) recommend changes to the classification procedures for the food and beverage industry if supported by the study findings.

Staff initiated this study in 2019 to determine if: (a) operations assigned to Classifications 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, and 8078(3) *Ice Cream or Frozen Yogurt Shops*, are sufficiently differentiated from those assigned to Classification 9079(1), *Restaurant or Taverns*; and (b) the food and beverage operations conducted by hotels should continue to be separately classified as 9079(1). Based upon preliminary 2020 findings, staff determined that further research was warranted and over the past year began assessing if there are distinct segments within the restaurant industry with sufficiently different operations, claim patterns and loss experience to warrant the establishment of new classifications. As part of this assessment, staff met with various stakeholder groups in the restaurant industry to gain insight into the industry segments and cost drivers. Based on this preliminary analysis and stakeholder feedback, staff identified several potentially distinct segments (e.g., fast food, bars and taverns) warranting further research in 2022.

In subsequent years, staff plans to review the classification procedures applicable to food and beverage operations in connection with both the hospitality industry and when incidental to other operations such as grocery stores.

2. Standard Exception Study

Source: Underwriting Working Group/WCIRB Staff

In 2021, the WCIRB began a multi-year effort to systematically review classifications to identify those that would be improved by the inclusion of clerical office, clerical telecommuter or outside sales activities and completed an evaluation of Classification 4512, *Biomedical Research Laboratories*, with recommended changes for inclusion in the September 1, 2022 Regulatory Filing. For 2022, staff recommends reviewing Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*, to assess whether Standard Exception Employees should be included within the definition of the classification. This classification has a relatively low advisory pure premium rate (see Exhibit 1) and there is often confusion as to whether an individual employee in the industry should be assigned to Classifications 8748, 8810, *Clerical Office Employees*, or 8742, *Salespersons – Outside*.

3. Not Otherwise Classified (N.O.C.) Classifications

Source: CDI

The CDI has recommended that the WCIRB evaluate whether any Not Otherwise Classified (N.O.C.) classifications are too broad, resulting in disparate groups of employers being combined into a single class. Based on the results of the Classification Health Check tool² as well as the particularly volatile loss to payroll ratios for this classification (see Exhibit 2), WCIRB staff recommends a comprehensive review of Classification 9061, *Clubs – N.O.C.*.

² The Classification Health Check tool is a recently developed data-driven analytical framework.

4. Low Credibility Classification Studies

Source: Classification and Rating Committee/WCIRB Staff

WCIRB staff regularly reviews low credibility classifications to determine whether classifications with low and declining statistical credibility and undue advisory pure premium rate volatility should be eliminated and their constituents reassigned to one or more existing classifications. To help identify classifications with declining exposure and undue advisory pure premium rate volatility, staff reviewed information in the Classification Health Check tool and recommends reviewing Classification 4312, *Newspaper Delivery*. This classification has low credibility (0.39), declining payroll, a high capped loss to payroll ratio (\$4.43 per \$100 of payroll for policy years 2014-2018) and an increasing ratio of final premium to pure premium (see Exhibits 3, 4 and 5).

5. Expansion of Maximum Payroll Limitations to Additional Classifications

Source: WCIRB Staff

Over the last several years, the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) annual payroll limitation for executive officers, partners, individual employers and members of a limited liability company has been applied to a number of classifications that had a large volume of highly compensated employees and variability in wages among employees in the classification. Staff recommends evaluating whether payroll limitations should be applied to additional classifications.³

6. Electronics Industry Group

Source: Multiple

As a follow-up to the 2021 study of computer programming operations in connection with the electronics industry, in 2022 staff recommends a review of the *Electronics Industry* Group to assess which classifications belong in this group as well as to clarify the Special Industry Classification Procedures.

Staff also recommends initiating, as requested by the CDI, a review of the phrase “computer peripheral” used in Classification 3681(2), *Computer or Computer Peripheral Equipment Mfg.* (also in the Electronics Industry Group), as well as in Classifications 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, and 8062, *Stores – computer*, to determine if the definition of the phrase should be revised or expanded. Based upon the findings of this review, a future data driven study may be warranted.

B. Potential Future Classification Studies

1. Hospitality and Resort Industry

Source: Underwriting Working Group

This is a multi-year study reviewing the efficacy of the classification procedures relative to hospitality and resort industry operations, including the food and beverage, spa and other services performed in connection with these operations. The WCIRB began its review of this industry by studying Classifications 9050(1), *Hotels*, and 9050(2), *Motels*, and short-term housing operations. The proposed changes were included in the January 1, 2020 Regulatory Filing. The next phase of the study proposed changes to provide specific direction for separately classifying recreational, personal care and leisure operations when operated in connection with a hotel or club that were included in the September 1, 2021 Regulatory Filing.

The last projected phase of this study 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. Included in this will be a review of Classifications 9060, *Clubs – country or golf*, 9069, *Clubs – gaming*, 9054, *Spas or Baths*, 9586, *Barber Shops, Hair Styling Salons and Personal Appearance Services*, 9016(1), *Amusement or Recreational Facilities* –

³ Any changes proposed in the September 1, 2023 Regulatory Filing may be proposed to be effective September 1, 2024.

N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores, 9180(1), Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices, 9184, Ski Resorts, 9016(4), Boat Marina and Boat Rental Operation, and 9079(1), Restaurants or Taverns. Staff recommends that this phase of the study be conducted in concert with the next phase (in 2023) of the study of food and beverage classifications as discussed in item A1.

2. Electronics Industry/Computer Programming

Source: Underwriting Working Group/WCIRB Staff

Given the evolving nature of the computer programming industry and the increasingly blurred lines between employees specializing in software development and those developing software in support of their own hardware products, in 2021 staff completed a preliminary analysis of computer programming operations (assigned to Classifications 8859⁴ and 8810, *Clerical Office Employees*) of employers in the *Electronics Industry Group*. Staff also reviewed outside sales operations of these electronics manufacturers. The preliminary analysis indicated that computer programming operations of manufacturers assigned to Classifications 3681⁵ and 4112, *Integrated Circuit and Semiconductor Wafer Mfg.*, have loss to payroll experience more similar to computer programmers assigned to Classification 8859 than that for the statewide Classification 8810 experience, and the risk exposure for outside sales operations is consistent across top employers in these two classifications. Therefore, staff is recommending establishing a new companion classification procedure for software development and standard exception employees for Classifications 3681 and 4112 for inclusion in the September 1, 2022 Regulatory Filing. Subsequent phases of this study would include an in-depth data analysis of remaining classifications in the *Electronics Industry Group* to determine whether they warrant a similar classification treatment for their computer programmers and standard exception employees as for those employers assigned to Classifications 3681 and 4112.

3. Camps

Source: WCIRB Staff

Staff conducted a comprehensive review of the various metrics in the Classification Health Check tool, and based on this analysis, staff recommends that Classifications 9048(1), *Camps*, and 9048(2), *Boy and Girl Scout Councils – all camp operations*, be reviewed due to volatile loss to payroll experience and an atypical final premium to pure premium ratio distribution that may be indicative of the grouping of potentially non-homogeneous employer segments in this classification.

4. Classifications Combined for Ratemaking

Source: Classification and Rating Committee

In 2017, staff completed a study that resulted in the elimination of the alternative wordings to Classifications 8810, *Clerical Office Employees*, and 8742, *Salespersons – Outside*, and the establishment of unique classifications for four classifications that were then combined for ratemaking with Classifications 8810 and 8742 as applicable. Staff recommends evaluating whether the following classifications should continue to be combined:

- Classifications 8742, *Salespersons – Outside*, and 8744, *Boy and Girl Scout Councils – district executives*
- Classifications 8742, *Salespersons – Outside*, and 8746, *Newspaper Publishing or Printing – reporters or photographers*
- Classifications 8810, *Clerical Office Employees*, and 8811, *Libraries – private*
- Classifications 8810, *Clerical Office Employees*, and 8812, *Libraries – public*

⁴ Classifications 8859(1), *Computer Programming or Software Development*, and 8859(2), *Internet or Web-Based Application Development or Operation*.

⁵ Classifications 3681(1), *Instrument Mfg.*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, 3681(3), *Telecommunications Equipment Mfg.*, and 3681(4), *Audio/Video Electronic Products Mfg.*

5. Construction Material Dealers

Source: Underwriting Working Group

This study would review operations assigned to Classifications 8232(1), *Lumberyards*, 8232(2), *Building Material Dealers*, and 8232(3), *Fuel and Material Dealers*, to determine whether its constituents continue to represent employers engaged in a relatively homogenous set of operations that have relatively similar loss experience.

6. Amusement Industry

Source: Underwriting Working Group

As the next phase of the 2021 study on the carnival and circus industry, this study would review operations assigned to Classifications 9185, *Carnivals or Circuses*, 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*, and 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices*, to assess similarities in business operations and loss experience between traveling carnivals and aspects of the amusement industry. Staff anticipates conducting some initial discovery of the risks that are currently in these classifications to determine if there are clear operational distinctions and identifiable segments (e.g. traveling vs permanent location) within the industry. Based upon these initial findings, staff will assess if a future data driven study is warranted.

7. Manufacturing Classifications

Source: Underwriting Working Group

This study would review the manufacturing industries to determine how to classify distribution centers that are the only California operation (originally discussed in relation to Classification 2501(1), *Clothing Mfg.*).

8. Municipal, State or Other Public Agencies Industry Group Classifications

Source: WCIRB Staff

This study would review the schedule of municipal, state or other public agencies classifications to validate the need for the industry group and to clarify the application of the classifications.

9. Home Health Services

Source: WCIRB Staff

This study would review the operations assigned to Classifications 8827(1), *Home Care Services*, 8827(2), *Nursing Care*, and 8852, *Home Infusion Therapists*, to determine if any of these classifications should be amended to include additional in-home health care service providers such as respiratory, physical or occupational therapists.

10. Cannabis Industry

Source: Classification and Rating Committee

The business models that have emerged in the cannabis industry thus far have been assignable to existing classifications or classifications have been amended to reference cannabis operations. Staff will continue to monitor this industry for indications of differentiated loss experience and claim drivers. As indicated, there may be a need for a future study.

11. Social Services Agencies

Source: WCIRB Staff

This study would review the efficacy of the current classification procedures relative to the social services industry.

12. Aquariums

Source: Classification and Rating Committee

Aquariums are currently assigned to Classification 8838, *Museums*. This study would review whether there is a more appropriate assignment for this industry.

13. Classification of Responsible Managing Officers (RMO) in Construction

Source: Classification and Rating Committee

This study would evaluate the efficacy of the current classification procedures for RMOs and Responsible Managing Employees (RMEs), including whether to amend the USRP to specifically reference RMO/RMEs.

14. Online Product Promotion

Source: Auditing Industry

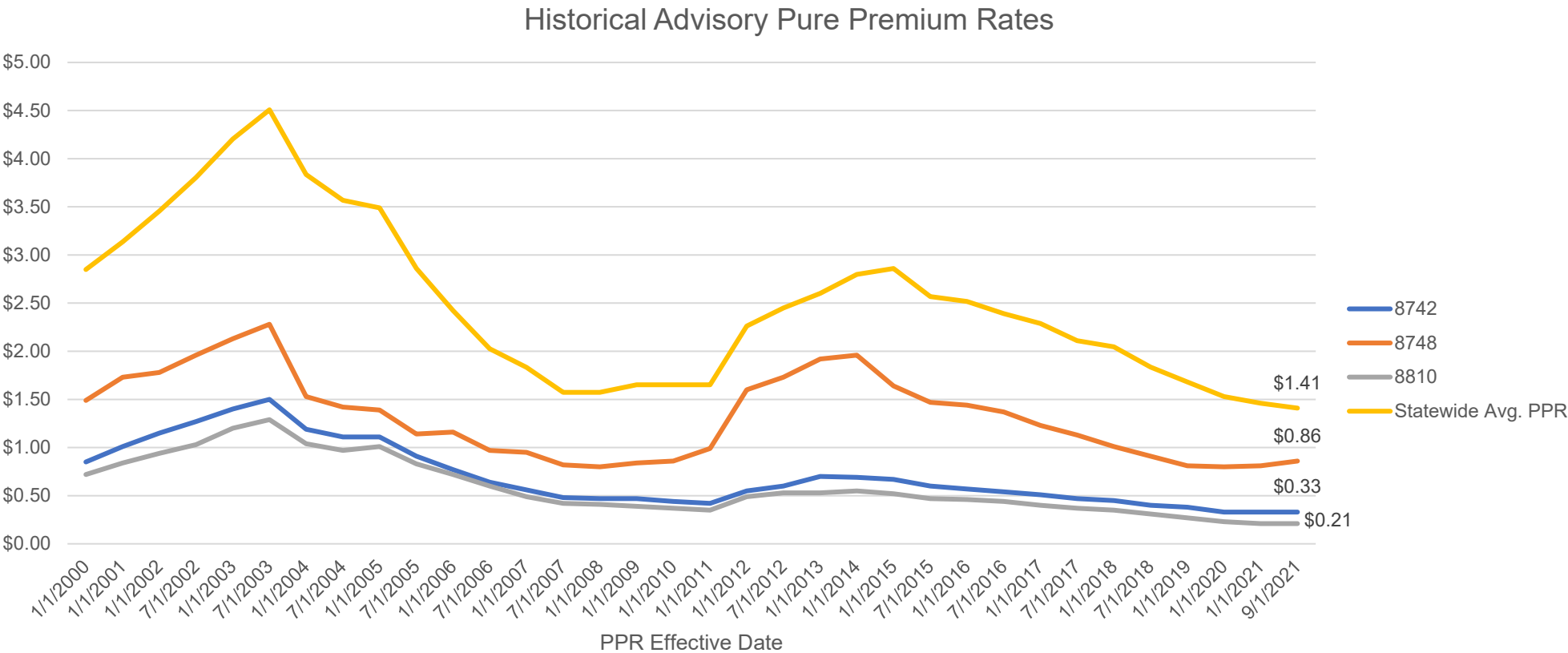
With the increased number of employers using the Internet to sell or promote products, it is becoming fairly common for employees of manufacturers, stores and dealers to take pictures or film videos of products for advertisement on the web. Staff has concluded that these operations do not qualify as Standard Exception activities and should be included in the classification(s) applicable to the business or operations of the employer. Staff will monitor this issue to see if this issue becomes problematic and a study is therefore warranted.

15. Significant Classification Differences Across Jurisdictions

Source: WCIRB Staff

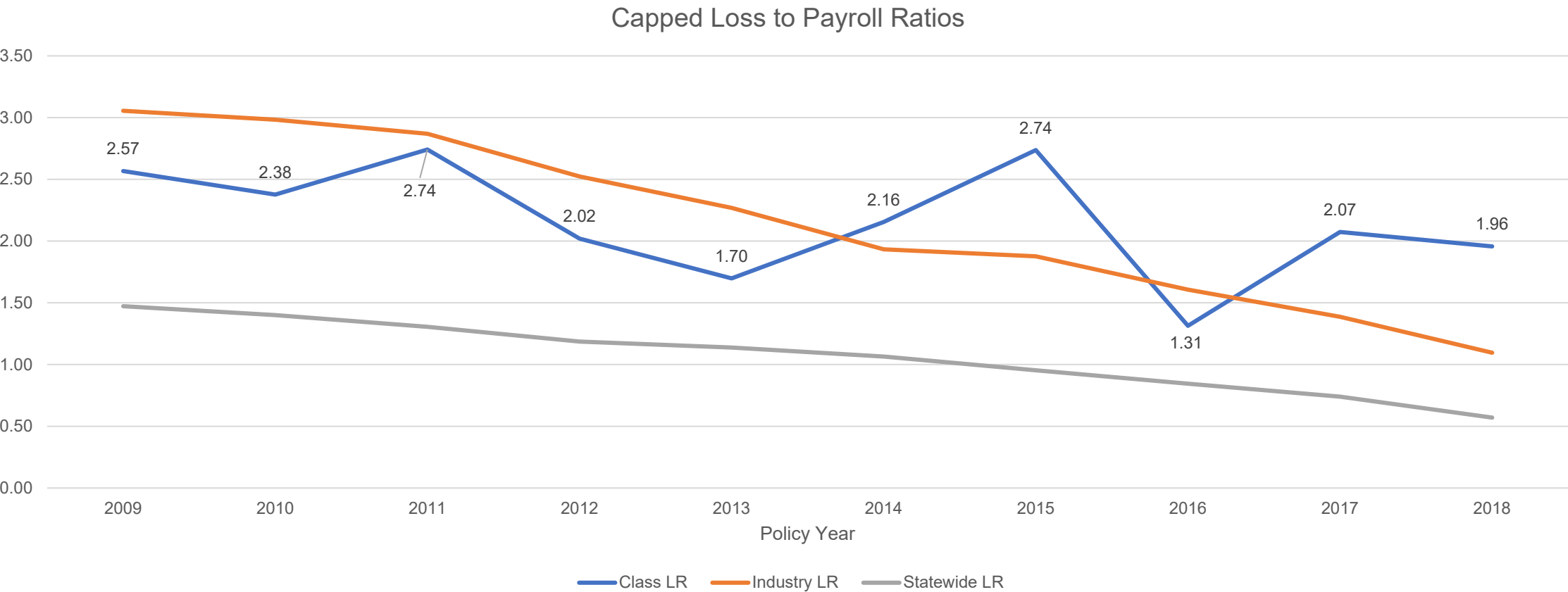
Jurisdictional differences in classification procedures can create challenges for policyholders and insurers that operate in multiple states. Staff plans to review significant classification differences in California relative to other jurisdictions and assess whether the differences are appropriate or if California classification rules should be modified to conform to the other jurisdictions more closely. WCIRB staff continues to chair the WCIO Policy Research Advisory Committee, which is the multi-jurisdictional effort to review basis of premium and classification procedures across the country for a number of industries with the goal of increasing consistency. Current classification issues under review include the restaurant and cannabis industries, telecommuting, construction estimators and the use of Classification 5606, *Contractors – construction or erection – executive level supervisors*.

Standard Exception Study: Classification 8748, *Auto or Truck Dealers – Salespersons*



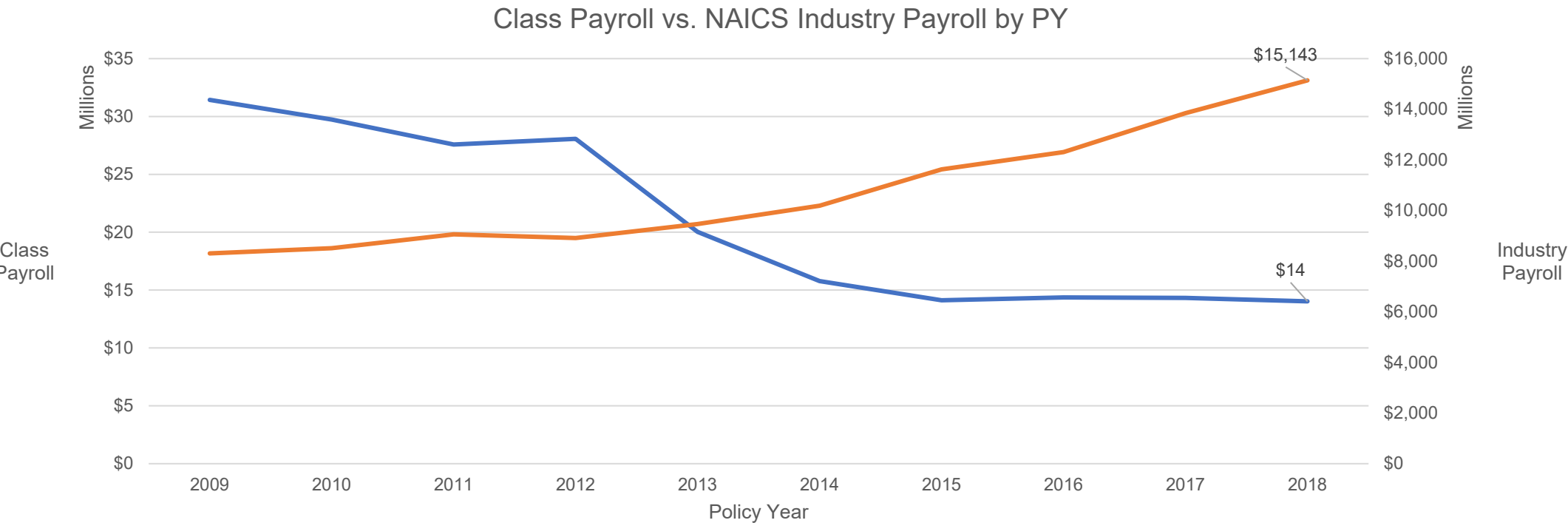
Source: CDI approved advisory pure premium rates

Review N.O.C. Classifications: Classification 9061, *Clubs – N.O.C.* (NAICS Industry: Arts and Entertainment)



Source: Unit statistical report data at latest report level for PYs 2009-2018

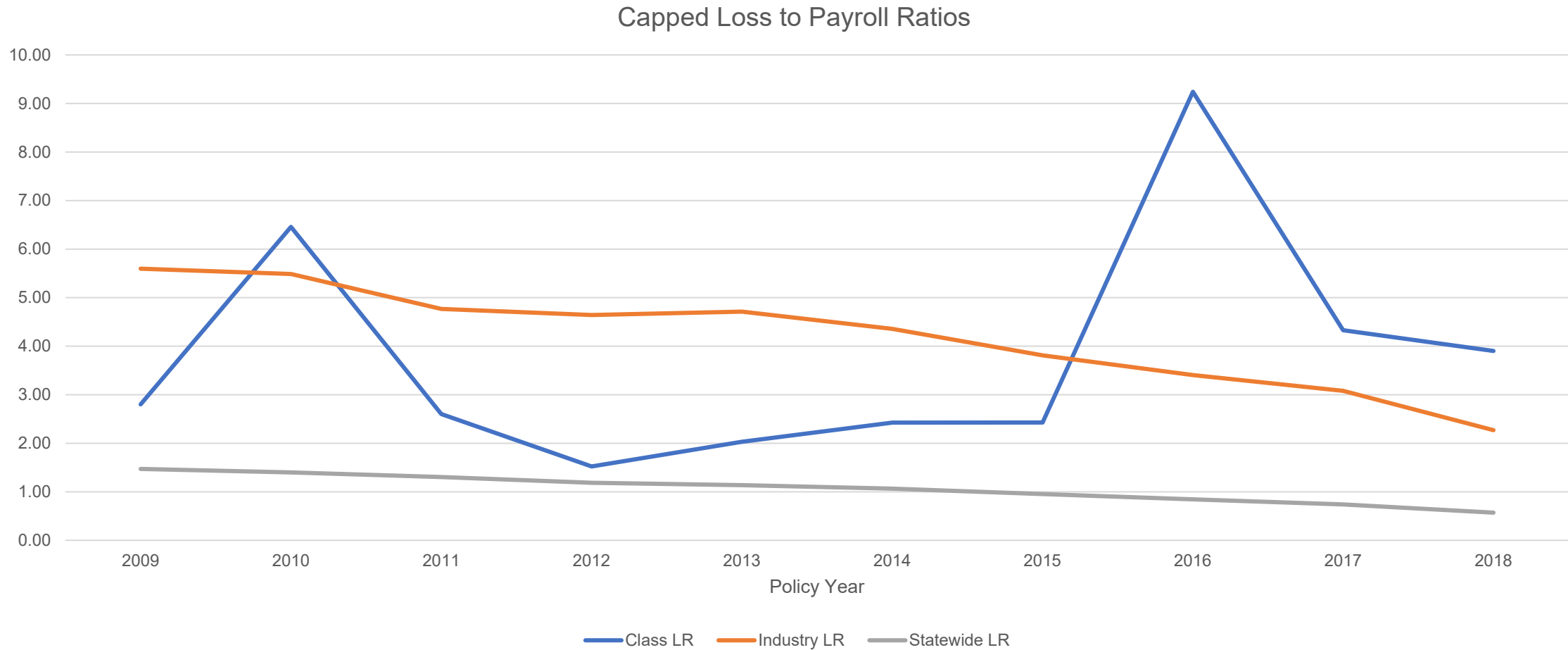
Low Credibility Study: Classification 4312, *Newspaper Delivery*, Compared to the NAICS Industry (Transportation and Warehousing)



Classification	Indemnity Credibility	Medical Credibility	Approximated Credibility
4312	0.38	0.40	0.39

Source: Unit statistical report data at latest report level for PYs 2009-2018
Credibility is from WCIRB's September 1, 2021 Regulatory Rate Filing

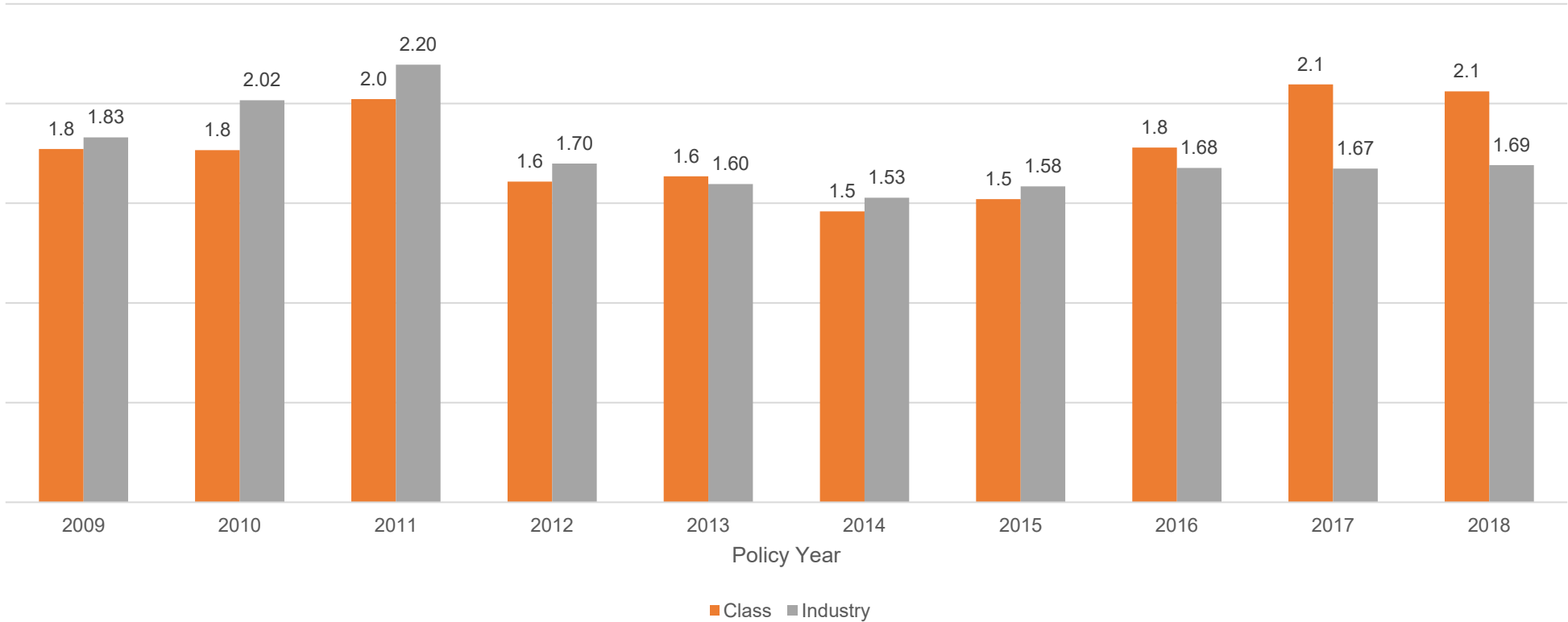
Capped Loss to Payroll Ratios for Classification 4312, *Newspaper Delivery* (NAICS Industry: Transportation and Warehousing)



Source: Unit statistical report data at latest report level for PYs 2009-2018

Median Final Premium to Pure Premium Ratios for Classification 4312, *Newspaper Delivery*, Compared to the NAICS Industry (Transportation and Warehousing)

Class vs. NAICS Industry Median Final Premium to Pure Premium Ratios



Source: Unit statistical report data at latest report level for PYs 2009-2018

Item III-J

2022 Schedule of Meetings

Following is a proposed schedule of Classification and Rating Committee meetings for the coming year. At this time, the WCIRB intends to hold hybrid meetings so that fully vaccinated Committee members may attend either in person or virtually.

Day of Week	Date & Time	Content
Tuesday	February 1, 2022 at 9:30 AM	Review classification relativities for September 1, 2022 Regulatory Filing
Tuesday	May 17, 2022 at 9:30 AM	Review September 1, 2023 Regulatory Filing matters
Tuesday	August 9, 2022 at 9:30 AM	Review September 1, 2023 Regulatory Filing matters
Tuesday	November 1, 2022 at 9:30 AM	Review September 1, 2023 Regulatory Filing matters

Additional dates to note:

March 2022 (date TBD)	Annual Meeting of the Membership
July 20-21, 2022	Annual WCIRB Conference