

Governing Committee

Meeting Agenda

Date	Time	Location	Staff Contact
December 14, 2022	9:30 AM	Microsoft Teams	Kristen Marsh
1901 Harrison Street, 17 th Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: December 7, 2022

To Members of the Governing Committee, WCIRB Members and All Interested Parties:

This meeting is Open to the Public.

Please [register](#) in advance of the meeting. After registering, you will receive a confirmation email containing information about joining the webinar.

I. Approval of Minutes

Meeting held September 21, 2022

II. Additions to the Agenda

III. Ratification of Actions of WCIRB Committees

- A. Actuarial Committee Meeting Held September 13, 2022
- B. Classification and Rating Committee Meeting Held August 9, 2022

IV. Unfinished Business

V. New Business

- A. Potential 2023 Actuarial and Research Projects
- B. WCIRB Policy Data Quality Program Revisions
- C. Schedule of 2023 Meetings

VI. Next Meeting Date: February 8, 2023 (tentative)

VII. Adjournment

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Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
September 13, 2022	9:00 AM	Microsoft Teams Webinar	David M. Bellusci

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Released: October 31, 2022

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Republic Indemnity Company of America
American International Group
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State Compensation Insurance Fund
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Sarah Ye
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WCIRB

Bill Mudge
David Bellusci
Laura Carstensen
Lucy Chen
Jacob Kingsley
Tony Milano
Julia Zhang

The meeting of the Actuarial Committee was called to order at 9:00 AM following a reminder of applicable antitrust restrictions, with Mr. David Bellusci, Executive Vice President and Chief Actuary, presiding.

* * * * *

Approval of Minutes

The Minutes of the meeting held on June 28, 2022, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item II

Working Group Meeting Summaries

The summary of the Actuarial Research Working Group meeting held on August 1, 2022 was included in the Agenda for the Committee's review and was accepted by the Committee.

Item AC21-03-03 COVID-19 Claim Diagnostics

Staff summarized a number of COVID-19 claim-related diagnostics based on the WCIRB's most recent aggregate financial data calls, unit statistical reports and indemnity transaction data related to COVID-19. Staff presented diagnostics showing the patterns of COVID-19 indemnity claims by accident month and industry. It was noted that, since the Omicron surge in the fourth quarter of 2021 and early 2022, the number of reported COVID-19 claims had decreased later in 2022.

Staff presented estimates of the incurred severity for accident years 2020 and 2021 COVID-19 and non-COVID-19 indemnity claims. Staff showed that the industry with the highest share of COVID-19 claims throughout the pandemic has been Healthcare but that, starting in the fourth quarter of 2021, the share of reported claims from industries such as Retail and Hospitality has increased while the share from Manufacturing has decreased.

Staff noted that unlike non-COVID-19 indemnity claims, a significant share of COVID-19 indemnity claims have incurred indemnity loss but no medical loss at first unit statistical report and that this pattern continued at second report. Staff shared a comparison of incurred indemnity and incurred medical severities on COVID-19 and non-COVID-19 claims by open/closed status and by medical-only/indemnity-only/indemnity-medical claim type. Staff showed that, while the estimated medical severity on COVID-19 indemnity claims is significantly lower than for non-COVID-19 indemnity claims, the estimated medical severity on open COVID-19 indemnity-medical claims is higher than that for non-COVID-19 indemnity-medical claims.

Staff showed the distributions of incurred losses for both COVID and non-COVID claims and shared that, while most COVID-19 claims have incurred losses less than \$5,000, the share of COVID-19 claims over \$500,000 continues to be four times the share for non-COVID-19 claims. Staff discussed that COVID-19 claims tend to have either very low or very high severity with a small share of claims representing the majority of overall costs.

Staff showed average the paid and incurred severities for both COVID-19 and non-COVID-19 claims that were reported at the second unit statistical report but not at the first report. While the average severity on late reported claims is higher for both types, COVID-19 claims are significantly more costly when reported later than non-COVID-19 claims.

Item AC22-09-01

Third Quarter 2022 Review of Claim Diagnostics

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

1. The Committee was advised that there was a decrease in both medical-only claims and some smaller indemnity claims in 2020 and that this trend began to reverse itself in 2021.
2. The Committee discussed the latest information on lien filings. Staff noted that the Claims Working Group suggested there could be a continued reduction in the number of liens filed by interpreters and copy services as these providers were seeking resolution of their dispute as part of the resolution of the claim at the Workers' Compensation Appeals Board (WCAB).
3. The Committee reviewed the claim settlement rate patterns through the second quarter of 2022. It was noted that current claim settlement rates are showing signs of plateauing and beginning to rise following a decline during the pandemic. The Committee was advised that the Claims Working Group noted significant improvement in backlogs being resolved at WCAB offices. However, Claims Working Group members noted that qualified medical evaluator (QME) concerns are continuing to cause some more complicated litigated claims to stay open longer and concern was expressed with the elimination of virtual settlement walk-throughs at WCAB offices.
4. The Committee discussed the increase in cumulative trauma (CT) claims in 2020. It was noted that some of the increase in the proportion of indemnity claims that were CT claims was due to a drop in specific injuries during the pandemic with many "white collar" employees working at home. The Committee was advised that a Claims Working Group member suggested that since many CT claims result from long-term exposure, such claims could be less affected by shorter-term changes in working conditions. It was also noted that a Claims Working Group member suggested that a continuing aging workforce with many employees taking on different and more varied job responsibilities during the pandemic could also be a factor increasing CT claims.
5. The Committee also discussed increasing average indemnity severities. In addition to sharply increasing wage levels, it was noted that there are indicators of increasing temporary disability duration. The Committee was advised that among the drivers of increasing temporary disability duration suggested by Claims Working Group members were increased use of telemedicine, expiration of supplemental paid leave programs and slowdowns in the medical-legal process on some claims.

Item AC22-09-02 6/30/2022 Experience Review

Staff presented a summary of the analysis of statewide accident year experience evaluated as of June 30, 2022, which was included in the Agenda. It was noted that the projected loss ratio for policies incepting between September 1, 2022 and August 31, 2023 based on June 30, 2022 experience was approximately one point lower than the projection included in the September 1, 2022 Pure Premium Rate Filing which reflected December 31, 2021 experience and modestly higher than the projection based on March 31, 2022 experience. During the discussion, the Committee noted the following:

- Loss development emerging in the second quarter of 2022 was generally stable and consistent with projections.
- Incremental indemnity claim settlement rates continue to increase moderately from the lows experienced during the early pandemic period.
- Estimated changes in the statewide average weekly wage (SAWW) in 2022 suggest an increase in temporary disability (TD) weekly maximums that is higher than the typical increase. (By statute, the Division of Workers' Compensation increases the TD weekly minimum and maximum each year based on changes in the SAWW.)
- Estimated indemnity claim frequency changes for accident years 2020 and 2021 (excluding COVID-19 claims) are generally consistent with those reflected in the September 1, 2022 Pure Premium Rate Filing. The estimated indemnity claim frequency change for the first half of accident year 2022 compared to the first half of 2021 shows a modest increase generally consistent with the annualized projection reflected in the September 1, 2022 Pure Premium Rate Filing.
- Average on-level indemnity and medical severities are generally consistent with reviews of experience conducted earlier this year.
- Paid ALAE development is continuing to increase in the second quarter of 2022. This is likely related to claims activity continuing to increase following the pandemic period during which claim processes slowed.

Item AC22-09-03

Pandemic Impact on Classification Relativities

Staff noted that the COVID-19 pandemic and stay-at-home orders significantly impacted exposure and loss levels in 2020 and that the impact was disproportionate by industry classification. It was also noted that the latest year of unit statistical data available for the September 1, 2023 classification relativities would include policies incepting between December 1, 2019 and November 30, 2020 which includes significant exposure during the early pandemic period. Staff raised concern as to giving significant weight to this pandemic period data in the classification ratemaking methodology, particularly for two-year credible classifications, as some of the shifts in costs by classification during the pandemic may be temporary and not indicative of pure premium rate relationships in 2023 and later.

Staff presented potential several options to mitigate the impact of the pandemic period data on the classification relativities, including setting the minimum number of years used at three, increasing the number of years used by one for each classification (up to five maximum), or not including the latest (most pandemic-impacted) year. Staff noted that its preliminary recommendation would be to increase the number of years used by one for each classification as it mitigates the impact of the pandemic-period data for most classifications while still utilizing the latest available experience. The majority of Committee members agreed this option seems most appropriate. Staff noted that, based on the September 1, 2022 relativities, this option results in modest impacts to most classifications. A member suggested reviewing the impact of the options discussed on classification relativities that include some of the 2020 data.

After discussion, the Committee recommended this item be reviewed again at the next meeting for resolution prior to beginning the September 1, 2023 classification relativities process.

Item AC22-09-04

Medical Characteristics of Cumulative Trauma Claims

Staff summarized the preliminary findings of the study of medical characteristics of cumulative trauma (CT) claims. Staff noted that CT claims were more likely to involve indemnity benefits, potentially related to litigation. Several committee members suggested comparing litigation rates between CT and non-CT indemnity claims as litigation rate differentials may be related to regional differences in CT claims. Staff agreed to further explore the litigation and regional differences. Staff also noted that CT indemnity claims had higher payment shares and average payments per claim for medical liens and medical-legal services than non-CT claims, largely driven by higher utilization of those services.

Staff also summarized the leading early primary diagnoses for CT indemnity claims and noted that a third of these claims had a different primary medical diagnosis when the claim closed. Staff also noted that the initial medical services on CT indemnity claims tend to be much later than on non-CT claims, with a higher proportion having medical liens or medical-legal as the initial medical service.

Lastly, staff found that post-termination CT claims had higher payment shares for medical liens, medical-legal and interpreter services and received initial medical services much later than regular CT claims. One Committee member suggested exploring medical diagnoses of post-termination CT claims and was interested particularly in the share of claims involving psychological-related diagnoses. Staff agreed to further explore the medical diagnoses for post-termination CT claims and noted that early diagnosis information may be limited on post-termination CT claims as many do not have medical treatment in the first 90 days of service.

After discussion, the Committee accepted staff's findings. The Committee was advised that staff intends to finalize the report for publication in the fourth quarter.

Item AC22-09-05

Study of California Claim Duration

In the WCIRB's 2021 report on Friction in the California Compensation System, the longer average duration of claims in California was identified as a primary driver of the higher frictional costs in California. Staff summarized a study of the drivers of longer claim duration in California, a draft of which was included in the Agenda. Staff noted that four "duration drivers" most impact the longer claim duration in California, including a higher share of permanent partial disability claims, a higher share of claims involving cumulative trauma injury, a higher prevalence of medical-legal services, and regional differences within California. In particular, feedback from the Claims Working Group suggested that the medical-legal process is a significant driver of claims remaining open longer in California. It was also noted that recent increases in claim settlement rates in California have been more significant for lower wage workers.

After discussion, the Committee accepted staff's findings. Staff noted that the full report will be published in November.

Item AC22-09-06

WCIRB Permanent Disability Claim Survey

Staff provided a brief background of the WCIRB's permanent disability (PD) claim survey, which has been collected annually since the late 1990s. Staff noted that the PD claim survey process is very manual and labor intensive, both for WCIRB staff and member insurer claims departments. Staff noted that the WCIRB indemnity transaction data that is being collected on a mandatory basis since 2020 includes information that overlaps with what is currently requested on the PD claim survey. The transaction data is also more contemporaneous and complete than the PD claim survey as it is reported on all claims electronically on a monthly basis. Although some of the PD claim survey information is not included in the transaction data, this information is generally used infrequently and only for periodic research studies.

Given the availability of contemporaneous transaction data, staff recommended and the Committee agreed to discontinue the annual PD claim survey requirement. Staff noted that, with consultation from the Actuarial Committee and Claims Working Group, supplemental claim surveys may be issued when the need for data not included in other WCIRB datasets arises.

The meeting was adjourned at 12:15 PM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for December 6, 2022 for approval and/or modification.

Classification and Rating Committee

Meeting Minutes

Date	Time	Location	Staff Contact
August 9, 2022	9:30 AM	Microsoft Teams Webinar	Kristen Marsh
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Released: August 29, 2022

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California Department of Insurance

Yvonne Hauscarriague
Brentley Yim

WCIRB

Kristen Marsh, Chair
David Bellusci
Carrie Kosnik
Esther Li
Bill Mudge
Eric Riley
Angela Sundin
Julia Zhang

The meeting of the Classification and Rating Committee was called to order at 9:31 AM followed by a reminder of applicable antitrust restrictions, with Ms. Kristen Marsh, Senior Vice President and Chief Legal Officer, presiding.

* * * * *

Approval of Minutes

The Minutes of the meeting held on May 17, 2022 were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item III-A

Not Otherwise Classified (N.O.C.) Study – Clubs

9061, Clubs – N.O.C. – all employees – including front desk employees and restaurant or tavern employees

9048(1), Camps – recreational or educational – all operations – including Clerical Office Employees at camp locations

9060, Clubs – country or golf – including front desk employees and restaurant or tavern employees

The Committee was advised that club operations assigned to Classification 9061 may have become overly broad with inclusion of disparate groups of club operations. Therefore, the WCIRB reviewed the operations, payroll and loss experience and characteristics of claims assigned to Classification 9061 to determine whether the assigned operations continue to be homogeneous or if this classification should be modified to reassign some operations to a new or existing classification(s). Based on this review, WCIRB staff determined that:

1. Two segments with distinct operations were identified from the operations assigned to Classification 9061: retreat facilities and yacht clubs. The remaining operations assigned to Classification 9061 include predominantly social or community service membership clubs. Retreat facilities have dissimilar operations from the remaining N.O.C. clubs, particularly in that retreat facilities typically provide overnight lodging for participants compared to only a small fraction of the remaining N.O.C. clubs that provide those operations. Retreat facilities in rural areas, in particular, tend to have resident employees with 24-hour exposure to workplace hazards, while the remaining N.O.C. clubs are typically located in urban areas and do not retain resident employees. The loss to payroll ratios of retreat facilities were consistently lower than those of the remaining N.O.C. clubs, which is reflective of a different level of risk exposure. While yacht clubs have operations and loss to payroll ratios similar to the remaining N.O.C. clubs, yacht clubs are more comparable to country and golf clubs and in other jurisdictions are assigned to the same classifications as country or golf clubs.
2. Retreat facilities have generally similar operations to camps, which are assigned to Classification 9048(1), *Camps*. Similar to camps, retreat facilities provide food and lodging, and host programs which specialize in providing instruction or guidance through a scheduled agenda of activities or workshops to promote participants' wellness or personal, spiritual or professional growth. Additionally, due to the nature of these programs and the location of the facilities, it is common for retreat facilities to employ staff who reside at the facility, similar to camps. The job duties of clerical employees who work at retreat facilities are similar to those of clerical employees at camp locations. While there were challenges in determining the experience of clerical operations that support retreat facilities relative to other separately classifiable operations, a comparison of loss to payroll ratios and typical causes of injuries between non-clerical retreat facility operations and camp operations yielded similar patterns.
3. Reclassifying retreat facility operations and the clerical operations at retreat facility locations to Classification 9048(1) would lead to an average of 4.2% decline in the selected loss to payroll ratios for retreat facility employers, while camp employers in Classification 9048(1) would experience a 5.2% decline in the selected loss to payroll ratios. The decreases in selected loss to payroll ratios for both groups were mostly driven by the relatively good experience of retreat facilities and their clerical operations.
4. Yacht clubs are more similar to country clubs and golf clubs assigned to Classification 9060, *Clubs – country or golf*, than to the remaining N.O.C. club operations in Classification 9061. Other jurisdictions classify yacht clubs in their respective country or golf club classifications. The loss to payroll experience of yacht clubs was similar to that of both Classifications 9061 and 9060.

Therefore, reclassifying yacht clubs to Classification 9060 would facilitate assigning homogenous operations to the same classification and improve alignment with other jurisdictions.

5. Given similar risk exposure between yacht clubs and country or golf clubs, reassigning yacht club operations to Classification 9060 would have a small impact on the selected loss to payroll ratios for both yacht club employers (2.8% decrease) and country and golf club employers (2.6% increase).
6. After reclassifying retreat facilities and yacht clubs to other classifications, the remaining N.O.C. club operations appear more homogeneous and the scope of Classification 9061 is more narrowly defined. The selected loss to payroll ratio for the remaining N.O.C. club employers would only be minimally impacted by the exclusion of retreat facilities and yacht clubs from Classification 9061 (0.6% increase).
7. Given that it is not practical to establish a classification to specifically describe the operations of every type of club in California, there remains a need to have an N.O.C. classification for any club operation that is not more specifically described by the other nine club classifications. This N.O.C. classification ensures a uniform approach to classifying those club operations. Additionally, the USRP directs that any business or operation not described by a classification shall be assigned to the classification most analogous from the standpoint of process and hazard. However, this requires a detailed analysis, performed on a case-by-case basis. Without the N.O.C. classification and a specific classification assignment, there may be an increased likelihood of similar operations being assigned differently. In view of the above, keeping the N.O.C. designation for Classification 9061 is appropriate.

Based on the study findings detailed in the report, the WCIRB recommended:

1. Amending Classification 9061, *Clubs – N.O.C.*, to remove retreat facility and yacht club operations.
2. Amending Classification 9048(1), *Camps*, to include retreat facility operations and onsite clerical employees of retreat facilities.
3. Amending Classification 9060, *Clubs – country or golf*, to include yacht club operations.

In response to a question from a Committee member regarding the increasing loss to payroll ratios in recent years for Classification 9061, staff clarified that the faster growing loss to payroll ratio for Classification 9061 was relative to the Arts and Entertainment industry and was considered as an indicator for potential changes in the operations or mix of employers assigned to the classification. Another Committee member asked if experience modifications for the impacted employers would change based on the proposed changes and staff confirmed that would be the case.

Following staff's presentation and the Committee's discussion, a motion was made, seconded and unanimously passed to recommend that the proposed changes be included in the September 1, 2023 Regulatory Filing.

Not Otherwise Classified (N.O.C.) Study – Clubs

9061, Clubs – N.O.C. – all employees – including front desk employees and restaurant or tavern employees

9048(1), Camps – recreational or educational – all operations – including Clerical Office Employees at camp locations

9060, Clubs – country or golf – including front desk employees and restaurant or tavern employees

Executive Summary

Objective

The Not Otherwise Classified (N.O.C.) classifications in the Standard Classification System are typically used when multiple classifications are applicable to an industry, but none of these classifications more accurately describes an employer's business. As a result, N.O.C. classifications may, over time, become overly broad with the inclusion of disparate businesses. In 2021, the California Department of Insurance recommended that the WCIRB review the N.O.C. classifications to assess whether some of these classifications are overly broad and, if appropriate, recommend changes to those N.O.C. classifications.

Based on the metrics in the WCIRB's Classification Health Check,¹ Classification 9061, *Clubs – N.O.C.*, was selected for review and to establish a pilot analysis framework for use in a systematic review of other N.O.C. classifications. In addition to being an N.O.C. classification, Classification 9061 also has loss to payroll ratios that have been growing significantly faster than those of other classifications in the Arts and Entertainment industry group² in recent years, potentially indicating changes in the operations or mix of employers assigned to this classification. Therefore, the WCIRB reviewed the operations, payroll and loss experience and characteristics of claims assigned to Classification 9061 to determine whether the assigned operations continue to be homogeneous or if this classification should be modified to reassign some operations to a new or existing classification(s).

Findings

The key findings of this study include:

1. Two segments with distinct operations were identified from the operations assigned to Classification 9061: retreat facilities and yacht clubs. The remaining operations assigned to Classification 9061 include predominantly social or community service membership clubs. Retreat facilities have dissimilar operations from the remaining N.O.C. clubs, particularly in that retreat facilities typically provide overnight lodging for participants compared to only a small fraction of the remaining N.O.C. clubs that provide those operations. Retreat facilities in rural areas, in particular, tend to have resident employees with 24-hour exposure to workplace hazards, while the remaining N.O.C. clubs are typically located in urban areas and do not retain resident employees. The loss to payroll ratios of retreat facilities were consistently lower than those of the remaining N.O.C. clubs, which is reflective of a different level of risk exposure. While yacht clubs have operations and loss to payroll ratios similar to the remaining N.O.C. clubs, yacht clubs are more comparable to country and golf clubs and in other jurisdictions are assigned to the same classifications as country or golf clubs.
2. Retreat facilities have generally similar operations to camps, which are assigned to Classification 9048(1), *Camps*. Similar to camps, retreat facilities provide food and lodging, and host programs which specialize in providing instruction or guidance through a scheduled agenda of activities or workshops to promote participants' wellness or personal, spiritual or professional growth. Additionally, due to the nature of these programs and the location of the facilities, it is common for

¹ The WCIRB's Classification Health Check tool is used to identify classifications for which in-depth study may be appropriate. The results of the WCIRB Classification Health Check for 2021 were presented at the October 26, 2021 Classification and Rating Committee meeting.

² Based on a mapping between classifications and the North American Industry Classification System (NAICS) industry sectors.

retreat facilities to employ staff who reside at the facility, similar to camps. The job duties of clerical employees who work at retreat facilities are similar to those of clerical employees at camp locations. While there were challenges in determining the experience of clerical operations that support retreat facilities relative to other separately classifiable operations, a comparison of loss to payroll ratios and typical causes of injuries between non-clerical retreat facility operations and camp operations yielded similar patterns.

3. Reclassifying retreat facility operations and the clerical operations at retreat facility locations to Classification 9048(1) would lead to an average of 4.2% decline in the selected loss to payroll ratios for retreat facility employers, while camp employers in Classification 9048(1) would experience a 5.2% decline in the selected loss to payroll ratios. The decreases in selected loss to payroll ratios for both groups were mostly driven by the relatively good experience of retreat facilities and their clerical operations.
4. Yacht clubs are more similar to country clubs and golf clubs assigned to Classification 9060, *Clubs – country or golf*, than to the remaining N.O.C. club operations in Classification 9061. Other jurisdictions classify yacht clubs in their respective country or golf club classifications. The loss to payroll experience of yacht clubs was similar to that of both Classifications 9061 and 9060. Therefore, reclassifying yacht clubs to Classification 9060 would facilitate assigning homogenous operations to the same classification and improve alignment with other jurisdictions.
5. Given similar risk exposure between yacht clubs and country or golf clubs, reassigning yacht club operations to Classification 9060 would have a small impact on the selected loss to payroll ratios for both yacht club employers (2.8% decrease) and country and golf club employers (2.6% increase).
6. After reclassifying retreat facilities and yacht clubs to other classifications, the remaining N.O.C. club operations appear more homogeneous and the scope of Classification 9061 is more narrowly defined. The selected loss to payroll ratio for the remaining N.O.C. club employers would only be minimally impacted by the exclusion of retreat facilities and yacht clubs from Classification 9061 (0.6% increase).
7. Given that it is not practical to establish a classification to specifically describe the operations of every type of club in California, there remains a need to have an N.O.C. classification for any club operation that is not more specifically described by the other nine club classifications. This N.O.C. classification ensures a uniform approach to classifying those club operations. Additionally, the USRP directs that any business or operation not described by a classification shall be assigned to the classification most analogous from the standpoint of process and hazard. However, this requires a detailed analysis, performed on a case-by-case basis. Without the N.O.C. classification and a specific classification assignment, there may be an increased likelihood of similar operations being assigned differently. In view of the above, keeping the N.O.C. designation for Classification 9061 is appropriate.

Recommendations

Based on these findings, the WCIRB recommends:

1. Amending Classification 9061, *Clubs – N.O.C.*, to remove retreat facility and yacht club operations.
2. Amending Classification 9048(1), *Camps*, to include retreat facility operations and onsite clerical employees of retreat facilities.
3. Amending Classification 9060, *Clubs – country or golf*, to include yacht club operations.

I. Introduction

The Not Otherwise Classified (N.O.C.) qualification in the Standard Classification System is typically used when multiple classifications are applicable to an industry, but none of these classifications more accurately describes an employer's business.³ As a result, N.O.C. classifications may, over time, become overly broad with the inclusion of disparate businesses. In 2021, the California Department of Insurance recommended that the WCIRB review the N.O.C. classifications to assess whether some of these classifications are overly broad and, if appropriate, recommend changes to those N.O.C. classifications. Through the use of the WCIRB's Classification Health Check (Health Check), an analytical tool that identifies potentially "unhealthy" classifications for which in-depth studies may be appropriate, the WCIRB has begun identifying N.O.C. classifications that may have become overly broad.

Based on the metrics in the WCIRB's Health Check, Classification 9061, *Clubs – N.O.C.*, was selected for review and to establish a pilot analysis framework for use in a systematic review of other N.O.C. classifications. In addition to being an N.O.C. classification, Classification 9061 also has loss to payroll ratios that have been growing significantly faster than those of other classifications in the Arts and Entertainment industry group⁴ in recent years, potentially indicating changes in the operations or mix of employers assigned to this classification. Therefore, the WCIRB reviewed the operations, payroll and loss experience and characteristics of claims of Classification 9061 to determine whether the assigned operations continue to be homogeneous or if this classification should be modified to reassign some operations to a new or existing classification(s).

II. Analysis Approach

The WCIRB analyzed the business operations and payroll and claim experience of employers that operate N.O.C. clubs or retreat facilities and of employers with similar operations using both qualitative and quantitative data from a variety of sources.

Classification Inspection Reports: The WCIRB reviewed the Classification Inspection Reports of employers with payroll reported in Classification 9061, including retreat facilities and yacht clubs, to better understand these club operations.

Industry Outreach: The WCIRB contacted members of the industry, including employers operating retreat facilities and camps, as well as insurers that underwrite significant components of the N.O.C. clubs industry, to gain insight into the operational characteristics of retreat facilities and yacht clubs.

Unit Statistical Reports: The WCIRB analyzed historical Unit Statistical Report (USR) data at the latest USR report level between policy years 2000 and 2019 for Classification 9061, including employers' payroll and loss experience and claim characteristics. Losses were limited to \$500,000 per claim to minimize large swings in the loss to payroll ratios over time.

Other Jurisdictions: The WCIRB reviewed and discussed classification procedures for retreat facilities and yacht clubs with rating organizations in other jurisdictions to understand how these operations are classified.⁵

Similar Classifications: Analyzing the same data sources and methodology used in the review of Classification 9061, the WCIRB reviewed several classifications that have relatively similar operations to retreat facilities and yacht clubs, including those related to camps and country or golf clubs.

Classification Relativity Data: Classification relativities submitted as part of the WCIRB's September 1, 2021 Regulatory Filing were used to analyze the impact of the potential classification changes on retreat

³ The Standard Classification System is contained in Part 3 of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP).

⁴ Based on a mapping between classifications and the North American Industry Classification System (NAICS) industry sectors.

⁵ A summary of how other jurisdictions classify retreat facilities and yacht clubs is in Appendix II.

facility and yacht club employers, the remaining employers in Classification 9061 and the employers whose operations are currently assigned to the potential destination classifications.

III. Analysis Results

1. Potential Distinct Segments in Classification 9061 – Retreat Facilities and Yacht Clubs

a) Operational Characteristics of Retreat Facilities and Yacht Clubs

Classification 9061 applies to employers operating membership clubs that are not more accurately described by another club classification, including but not limited to business clubs, fraternal orders, yacht clubs, faculty clubs, professional clubs and employer-sponsored clubs. It also applies to employers operating retreat facilities that provide meeting space, food and lodging to retreat program participants. Based on a review of the Classification Inspection Reports of employers assigned to Classification 9061, the WCIRB identified two distinct segments within Classification 9061, retreat facilities and yacht clubs, that were operationally distinct from the remaining N.O.C. club operations.

The retreat facilities segment of Classification 9061 includes retreat facilities that operate retreat programs for participants on their premises and may also rent out their facility, including the provision of food, lodging and meeting space, to third parties to host their own retreat programs (“retreat facilities”). Retreat programs provide instruction or guidance to promote participants’ wellness or personal, spiritual or professional growth through a scheduled program of activities or workshops. Typical retreat programs include religious or spiritual retreats, corporate retreats and summer programs for school-aged children or families. While retreat facilities are specifically included in the scope of Classification 9061, retreat facilities are not membership clubs and do not have operations similar to the remaining N.O.C. clubs assigned to Classification 9061. Specifically, in addition to specializing in providing instruction and guidance, retreat facilities provide overnight lodging to participants due to the length of the program (which ranges from days to months) or the location of the facility (which could be in rural or urban areas). In contrast, only a small share (about 20%) of the remaining N.O.C. clubs provide lodging to members.⁶ Also, retreat facilities in rural areas may have resident employees who have 24-hour exposure to workplace hazards. The remaining N.O.C. clubs, conversely, tend to be located in urban areas and do not typically have resident employees. Operations of retreat facilities are similar to those of camps. The operational comparison between retreat facilities and camps is subsequently detailed in this report.

The yacht clubs segment of Classification 9061 includes predominantly yacht clubs (more than 80% of operations in the segment), but also rowing and sailing clubs since they operate almost identically to yacht clubs (“yacht clubs”). Yacht clubs are membership clubs that provide members with a place to socialize with others who have a similar interest in the operation of aquatic vessels. These clubs may offer rental of equipment, use of vessels, use or rental of marinas or slips, instruction on the operation and care of aquatic vessels and preparation for competitions. While the operations of yacht clubs are somewhat similar to those of the remaining N.O.C. clubs, including the existence of onsite restaurants or bars and kitchen staff,⁷ yacht clubs are more likely to also have employees who serve food or drinks. In addition, yacht clubs do not typically provide overnight lodging, while some N.O.C. clubs (about 20%) provide overnight lodging. Yacht club operations are more similar to those of country and golf clubs and are often classified in country or golf club classifications in other jurisdictions. The operational comparison between yacht clubs and country and golf clubs is subsequently detailed in this report.

b) Loss and Payroll Experience for Retreat Facilities and Yacht Clubs

Retreat facilities account for 9% of statewide payroll reported in Classification 9061, while yacht clubs account for 18%.⁸ As shown in Figure 1, the long-term loss to payroll ratios for retreat facilities are

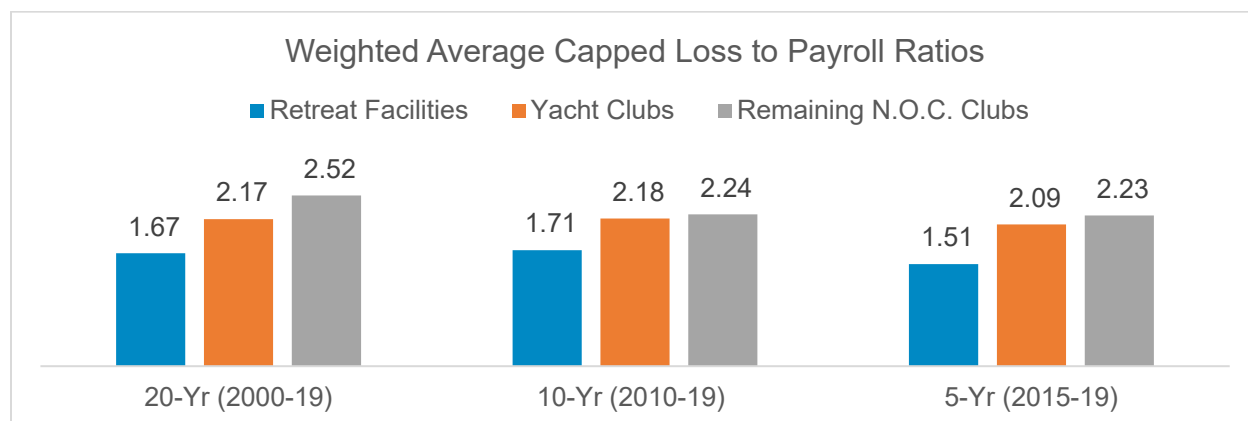
⁶ Of the remaining N.O.C. clubs that provide overnight lodging, half were sorority houses, which account for a small number of policies and a small share of statewide payroll reported in Classification 9061.

⁷ About 70% of yacht clubs whose Classification Inspection Reports were reviewed had onsite restaurants.

⁸ Of all employers with payroll reported in Classification 9061, 63 retreat facility employers were identified. The payroll share was calculated using aggregated payroll from policy years 2015 to 2019 at the latest report level.

significantly lower than those for the remaining N.O.C. clubs assigned to Classification 9061, with a 32% differential in the most recent five years. The differences in the loss and payroll experience between retreat facilities and the remaining N.O.C. clubs suggest different risk exposures in their operations. Yacht clubs, on the other hand, have similar historical loss to payroll ratios to the remaining N.O.C. clubs.

Figure 1. Long-Term Capped Loss to Payroll Ratios for Retreat Facilities, Yacht Clubs and the Remaining N.O.C. Clubs assigned to Classification 9061⁹



2. Retreat Facilities and the Potential Destination Classification 9048(1), *Camps – recreational or educational – all operations – including Clerical Office Employees at camp locations*

a) Operational Similarities between Retreat Facilities and Camps

The WCIRB identified Classification 9048(1), *Camps*, as the potential destination classification for retreat facilities because retreat facility operations are similar to recreational and educational camp operations (Table 1). Specifically, camps offer their own camp programs to campers on their premises and may also rent out their facilities, providing access to campgrounds, dining facilities and lodging, to third parties to host their own camp programs. Similar to retreat programs, camp programs provide participants with predetermined recreational or educational activities with guidance or counseling services. Both camps and retreat facilities provide overnight lodging and food services to participants. In addition, camps are typically located in rural areas and often retain resident employees who likely have an increased risk of injury due to their 24-hour exposure at campgrounds. Similarly, retreat facilities in rural areas often retain resident employees who have 24-hour exposure to workplace hazards. One difference between the operations of camps and retreat facilities is that camp programs often operate seasonally, particularly during the summer for school-aged children, and therefore may employ seasonal staff.

⁹ The weighted average loss to payroll ratio was calculated as the aggregate losses at the last report level over the past 20, 10 and 5 policy years divided by the aggregate payroll during the same period. The same methodology was used for Figures 4 and 7.

Table 1. Operational Comparison among Retreat Facilities, Camps and the Remaining N.O.C. Clubs Assigned to Classification 9061

Operational Comparison		Remaining N.O.C. Clubs (excl. retreat facilities and yacht clubs)	Retreat Facilities	Camps
Location	Rural areas		X	X
	Urban areas	X	X	
Food and Lodging Services	Food preparation	Majority	100%	100%
	Overnight lodging	~20%	100%	100%
Program Activities	Provide recreational activities in a structured program		X	X
	Provide instruction on a specific topic		X	X
Types of Employees	Seasonal employees			X
	Resident employees		X	X
	Non-resident employees, depending on location	X	X	X

A distinction in the current classification procedures for retreat facilities compared to camps is the treatment of clerical office employees at facility locations. Clerical office employees who support camp operations and work at camp locations are assigned to Classification 9048(1), while clerical office employees who support camp operations but do not work at camp locations are assigned to Classification 8810, *Clerical Office Employees – N.O.C.* Clerical office employees who support retreat facility operations, regardless of where they work, are assigned to Classification 8810. Employer outreach and a review of the Classification Inspection Reports indicated that most retreat facilities have clerical office employees at only retreat facility locations and, depending on the location of the facility and the type of retreat program offered, these clerical office employees may also reside at the facility.

The operations performed by clerical employees at retreat facility locations include scheduling, payroll, accounting and customer service via phone or email, which are similar to the operations performed by clerical employees at camp locations. In addition, outreach to both camp and retreat facility employers indicated that the share of payroll for clerical employees at retreat facility locations relative to non-clerical employees is consistent with that of camp operations. Industry feedback also indicated that clerical employees at both retreat facility locations and camp locations may not have purely clerical job duties and may have some exposure to the non-clerical operations of the business, such as providing tours of the facility or grounds or greeting customers. In addition, the latest five-year loss to payroll ratio for the clerical operations at retreat facility locations was almost four times that of the statewide clerical experience, indicating a significantly higher risk exposure than typical clerical operations. Therefore, assigning clerical and non-clerical operations at retreat facility locations to the same classification may more accurately reflect retreat facilities' workers' compensation risk exposure.

The WCIRB also compared retreat facilities' operations to hotel operations as other jurisdictions classify retreat facilities, in particular religious or spiritual retreat facilities, in their respective hotel classifications.¹⁰ Hotels, classified as 9050, *Hotels, Motels or Short-Term Residential Housing*, primarily provide lodging and may offer separately classifiable recreational, leisure or resort operations that are available to guests. However, employer outreach and a review of the Classification Inspection Reports indicated that retreat facilities do not operate like hotels, primarily in that retreat program participants are expected to engage in personal or professional growth activities or workshops provided by instructors, and the cost of the retreat program includes lodging, food and meeting space for the activities and workshops. At retreat facilities, participants register for the retreat program in order to utilize the lodging and amenities provided by the

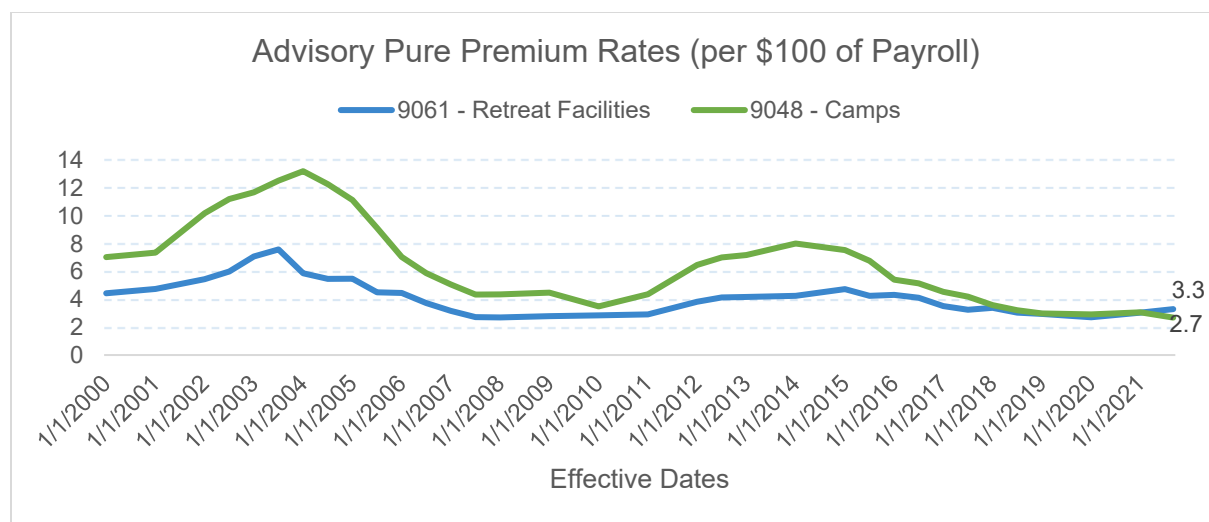
¹⁰ These jurisdictions include Massachusetts, New York and Pennsylvania. The National Council on Compensation Insurance, Inc. (NCCI) may classify retreat facilities in their respective hotel classification based on the employer that is operating the facility. For more information see Appendix II.

retreat facilities. Additionally, the historical advisory pure premium rates and loss and payroll experience for retreat facilities are quite different from those for hotels. Therefore, analysis of both California hotel operations and loss experience does not support Classification 9050 as a potential destination for retreat facilities.

b) Similar Loss and Payroll Experience between Retreat Facilities and Camps

The WCIRB compared the historical pure premium rates for Classification 9061 to those for Classification 9048. As shown in Figure 2, Classification 9061 has historically had lower advisory pure premium rates than Classification 9048, but the rates of the two classifications have converged since 2018.

Figure 2. Historical Advisory Pure Premium Rates of Retreat Facilities and Camps¹¹



Given the challenges in determining the experience of clerical operations that support retreat facilities relative to other separately classifiable operations, the WCIRB compared the loss to payroll ratios and typical causes of injuries between non-clerical retreat facility operations and camp operations.

Overall, the historical loss to payroll ratios for retreat facilities were more volatile than those for camps, mostly driven by limited exposure for retreat facilities (Figure 3). While retreat facilities had significantly lower loss to payroll ratios than Classification 9048 before 2011, since then the loss and payroll experience for retreat facilities has become more comparable to that of Classification 9048 suggesting that their risk exposures have become more similar. In particular, as shown in Figure 4, over the last ten years the loss to payroll ratios for camps became more similar to those for retreat facilities.

¹¹ CDI Decision on the WCIRB September 1, 2021 Pure Premium Rate Filing. Same for Figure 5.

Figure 3. Historical Capped Loss to Payroll Ratios¹² Comparing Retreat Facilities¹³ to Camps

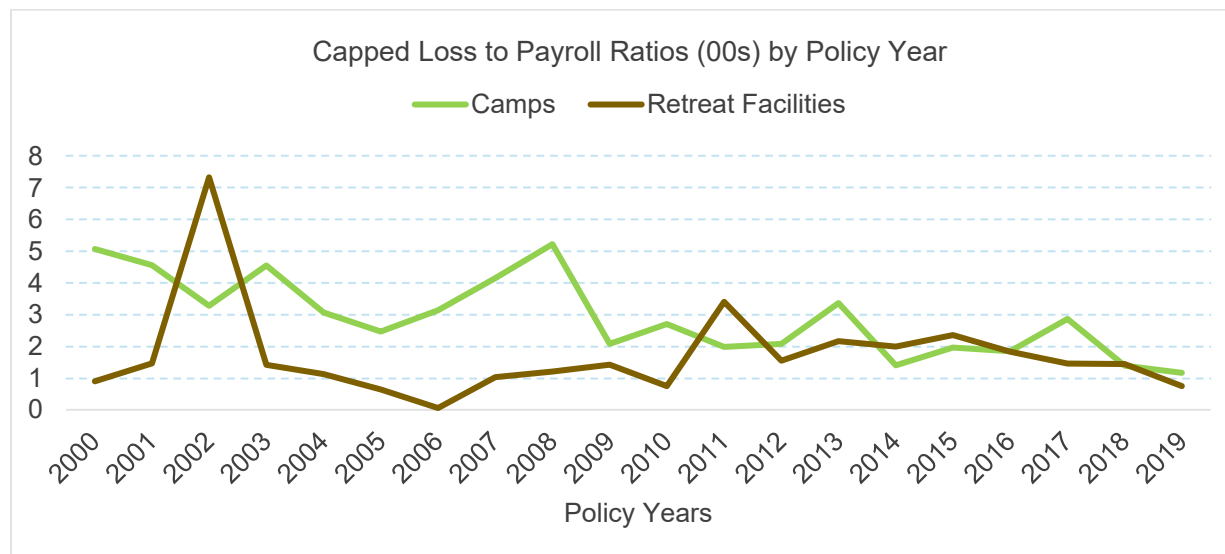
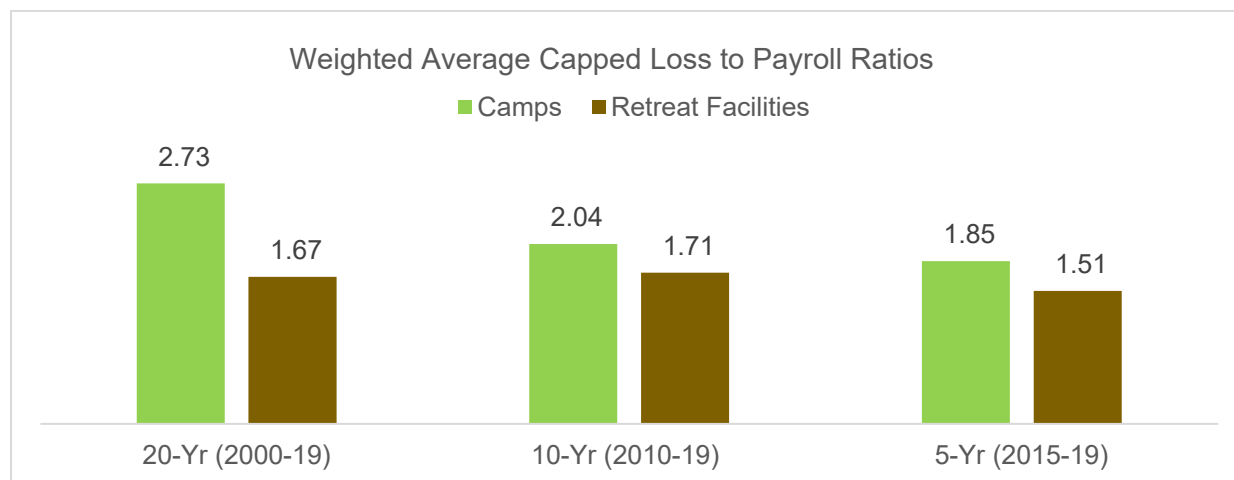


Figure 4. Long-Term Loss to Payroll Ratios Comparing Retreat Facilities to Camps



While the number of indemnity claims reported for retreat facilities was relatively small, the leading two causes of injuries were strain injuries and fall, slip or trip injuries, which are similar to the leading causes of injuries for camps.

In summary, given that retreat facilities and camps share similar operational characteristics, payroll and loss experience and typical causes of injury, the WCIRB recommends reclassifying retreat facilities in Classification 9048(1). Since clerical employees who work at camp locations are also included in Classification 9048(1) and most retreat facilities have clerical employees who only work at facility locations and whose job duties and operations appear to be similar to those of clerical employees at camp locations, the WCIRB also recommends reassigning clerical employees who work at retreat facility

¹² Loss to payroll ratios were calculated using losses capped at \$500,000 per claim and payroll reported at the latest report level. The same methodology was used for Figure 6.

¹³ The retreat facilities experience shown in Figures 3 and 4 includes only the non-clerical experience of retreat facilities assigned to Classification 9061 and does not include clerical operations at retreat facility locations (currently assigned to Classification 8810) due to challenges in determining the payroll for clerical operations supporting retreat facilities that have other separately classifiable operations.

locations from Classification 8810 to Classification 9048(1).¹⁴ The impacts of the recommended changes on retreat facilities, camps and statewide clerical experience are detailed in the Impact Analysis section.

3. Yacht Clubs and the Potential Destination Classification 9060

a) Operational Similarities between Yacht Clubs and Country or Golf Clubs

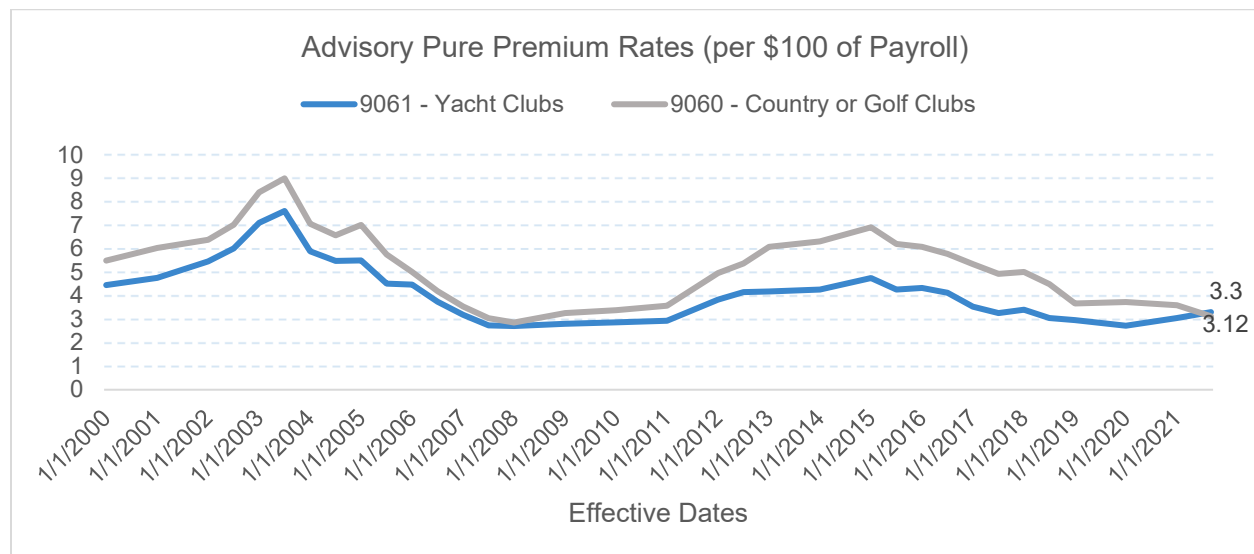
The WCIRB identified Classification 9060, *Clubs – country or golf*,¹⁵ as the potential destination classification for yacht clubs as country and golf clubs operate similarly to yacht clubs. All of these clubs are membership clubs that provide members with a place to socialize with others who have similar interests in golf, tennis, swimming, yachting or other recreational activities. These clubs may also provide instruction, operate tournaments and pro shops, maintain facilities and grounds for recreational activities and provide services to maintain equipment for members. These clubs typically have an onsite restaurant or bar where hot food and alcoholic drinks are prepared and served to club members. Yacht clubs and country or golf clubs do not typically provide lodging to members.

Other jurisdictions classify yacht clubs in their respective country or golf club classifications.¹⁶ The assignment of these clubs to these classifications is predicated on whether a majority of employees (excluding restaurant or bar employees) work outdoors engaged in activities associated with outdoor sports. Since yacht clubs are more similar to country or golf clubs than they are to the remaining N.O.C. clubs (as described above), reclassifying yacht clubs to Classification 9060 would facilitate grouping homogeneous operations in the same classification and improve alignment with other jurisdictions.

b) Loss and Payroll Experience for Yacht Clubs and Country or Golf Clubs

As shown in Figure 5, the historical advisory pure premium rates for Classification 9061 had generally been slightly lower than those for Classification 9060. However, the advisory pure premium rates of the two classifications have converged in the most recent year. The similar rates for the two classifications indicate a small impact to employers in both classifications if yacht clubs were to be reclassified to 9060.

Figure 5. Historical Advisory Pure Premium Rates for Yacht Clubs and Country or Golf Clubs



¹⁴ If a retreat facility also retains clerical employees who do not work at retreat facility locations, these clerical employees would continue to be assigned to Classification 8810.

¹⁵ This classification also applies to the operation of public golf courses. These golf courses are open to the general public and do not require a membership.

¹⁶ These jurisdictions include the NCCI jurisdictions, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Pennsylvania and Wisconsin. For more information see Appendix II.

Since yacht clubs account for only 18% of the statewide Classification 9061 payroll, the historical loss to payroll ratio trend for this segment has been volatile. Compared to Classification 9060, yacht clubs had generally lower loss to payroll ratios before 2015, though since then the loss to payroll ratios for yacht clubs have been slightly higher than those for country or golf clubs (Figure 6). A comparison of long-term loss to payroll ratios shows that the loss to payroll experience of yacht clubs has been comparable to that of Classification 9060 for the last five to ten years (Figure 7). As discussed earlier, the loss to payroll experience of yacht clubs was also similar to that of the remaining N.O.C. club operations (see Figure 1); therefore, the potential reassignment of yacht clubs to the country or golf club classification would largely be based on a better fit of operational characteristics.

Figure 6. Historical Capped Loss to Payroll Ratios Comparing Yacht Clubs to Country or Golf Clubs

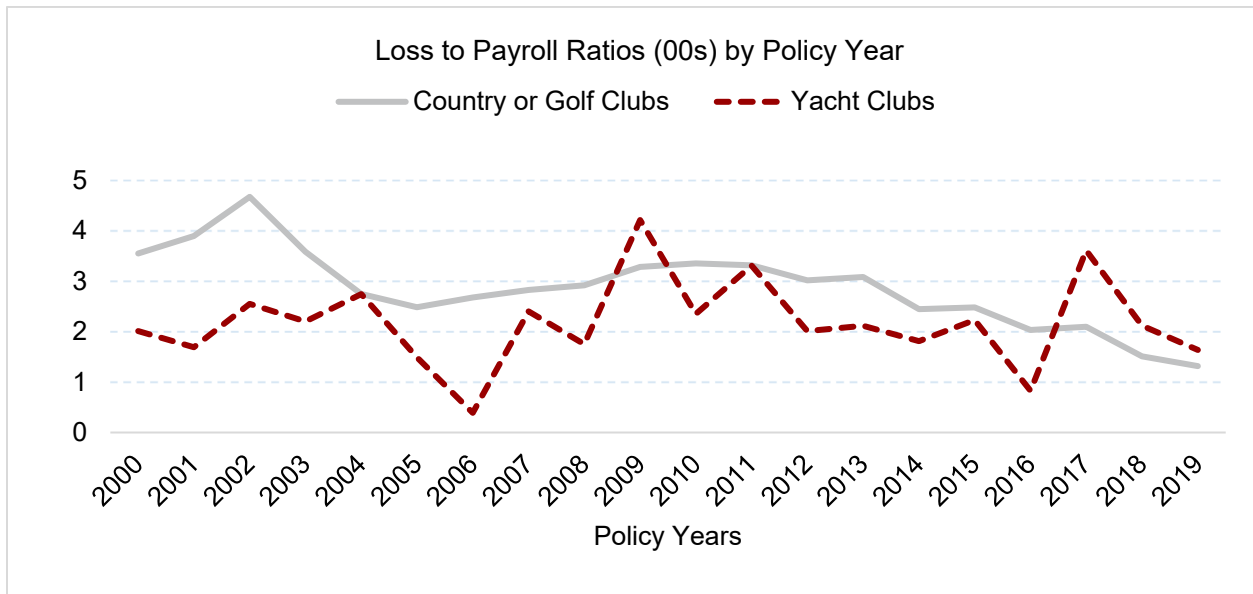
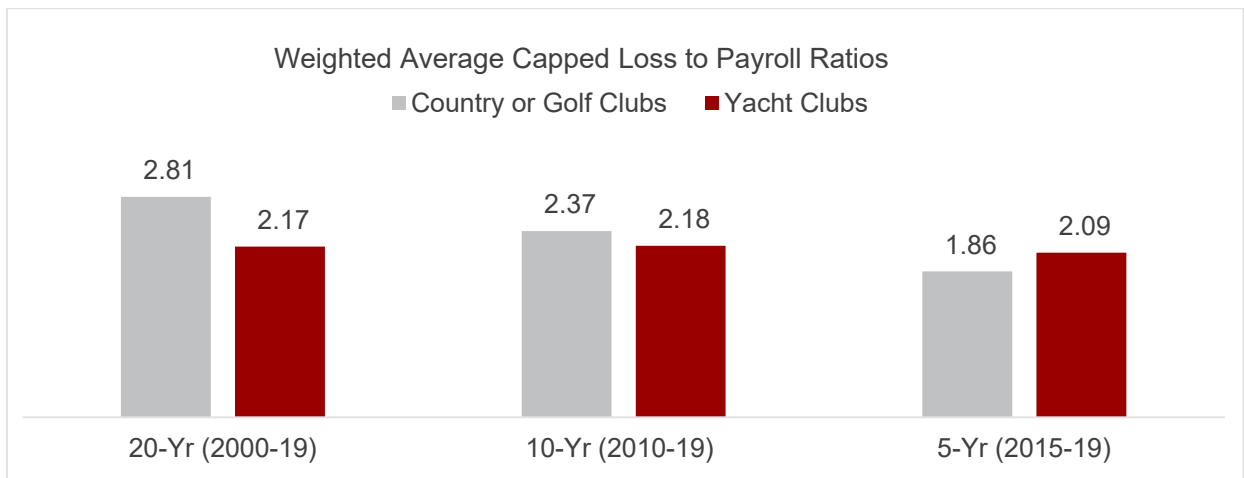


Figure 7. Long-Term Loss to Payroll Ratios Comparing Yacht Clubs to Country or Golf Clubs



In summary, yacht clubs have similar loss and payroll experience to both country and golf clubs and the remaining N.O.C. clubs in Classification 9061. However, yacht clubs operate more similarly to country and golf clubs than to the remaining N.O.C. clubs in Classification 9061. In addition, other jurisdictions assign yacht clubs to the same classification as country or golf clubs. Therefore, given the operational similarities and the benefits of alignment with other jurisdictions, the WCIRB recommends reclassifying yacht clubs to Classification 9060. The impacts of the recommended changes on yacht clubs and country and golf clubs are detailed in the Impact Analysis section.

4. Analysis of the Remaining N.O.C. Club Operations in Classification 9061

Based on a review of the Classification Inspection Reports, the remaining N.O.C. club operations assigned to Classification 9061 include predominantly social clubs, followed by community service clubs, cultural clubs, fraternal orders and fraternity and sorority houses. These remaining N.O.C. clubs provide members with a place to socialize with others who have similar interests and may have onsite restaurants or bars where hot food and alcoholic drinks are prepared and served to club members. Except for fraternity and sorority houses, lodging is not a common characteristic as lodging is provided by only 20% of the remaining N.O.C. clubs. Reclassifying retreat facilities to Classification 9048(1) and yacht clubs to Classification 9060 makes the remaining operations assigned to Classification 9061 more homogenous and defines the scope of the classification more narrowly. In addition, the remaining N.O.C. club operations would still constitute sufficient payroll and losses for a classification with high credibility (approximately 0.98). As such, the WCIRB recommends continuing to assign the remaining N.O.C. club operations to Classification 9061.

The WCIRB also reviewed whether the N.O.C. designation for Classification 9061 should be maintained. Given that it is not practical to establish a classification to specifically describe the operations of every type of club in California, there remains a need to provide N.O.C. classification direction for any club operation that is not more specifically described by the other nine club classifications. This N.O.C. classification ensures a uniform approach to classifying those club operations. Additionally, the USRP directs that any business or operation not described by a classification shall be assigned to the classification most analogous from the standpoint of process and hazard. However, classification by analogy requires a detailed analysis, performed on a case-by-case basis. In addition, without the N.O.C. classification and a specific classification assignment, these case-by-case assignments may increase the likelihood of similar operations being classified differently. In view of the above, the WCIRB recommends keeping the N.O.C. designation for Classification 9061.

IV. Impact Analysis

The WCIRB evaluated the impact of reclassifying retreat facilities and yacht clubs on Classifications 9048, 9060, 9061 and 8810, as well as on employers operating retreat facilities and yacht clubs. Classification relativities for the destination classes are included in Appendix III.

1. Impact on Camp Employers in Classification 9048

Table 2 shows that the selected loss to payroll ratio for Classification 9048 would decrease moderately by 5.2% after including the experience of the retreat facilities currently assigned to Classification 9061 and the clerical employees at retreat facility locations currently assigned to Classification 8810.¹⁷ The reduction in the selected loss to payroll ratio for Classification 9048 is mostly driven by the slightly better experience of retreat facilities and their clerical operations at retreat facility locations compared to camp operations.

¹⁷ The experience of clerical employees at retreat facility locations was identified for retreat facilities that were principally engaged in retreat operations (payroll reported for retreat facilities was greater than the total payroll reported in other classifications that do not include clerical employees). Based on operational analysis and industry feedback, the analysis assumes that all clerical operations of retreat facilities that were principally engaged in retreat operations were performed at retreat facility locations.

Table 2. Changes in the Selected (Unlimited) Loss to Payroll Ratio for Classification 9048 Under Proposed Recommendation

Classification 9048 (A)	Classification 9048 + Retreat Facility Operations and Clerical Operations at Retreat Facility Locations (B)	% Difference (B/A-1)
2.043	1.937	-5.2%

2. Impact on Retreat Facility Employers

The WCIRB analyzed the impact of the proposed recommendations on retreat facilities employers. Given that both clerical employees at retreat facility locations and non-clerical employees of retreat facilities would be reassigned to Classification 9048(1), the impact on individual employers would depend on the mix of clerical and non-clerical employees at retreat facility locations. Based on payroll and loss experience data, a review of the Classification Inspection Reports and feedback from retreat facility employers, the WCIRB estimated that, on average, about 20% of retreat facility payroll was generated by clerical employees and 80% by non-clerical employees at retreat facility locations.¹⁸ Therefore, based on this estimate of payroll share, retreat facility employers would have, on average, a moderate decline (-4.2%) in their selected loss to payroll ratio after being reclassified to Classification 9048 (Table 3).

Table 3. Estimated Average Impact to the Selected (Unlimited) Loss to Payroll Ratio for Retreat Facility Employers Under Proposed Recommendation

Average Payroll Split		Current Selected Loss to Payroll Ratio for Retreat Facility Employers ¹⁹ (A)	Selected Loss to Payroll Ratio for Retreat Facility Employers Under the Proposed Changes ²⁰ (B)	% Difference (B/A-1)
Clerical Employees at Retreat Facility Locations	Other Retreat Facility Employees			
20%	80%	2.022	1.937	-4.2%

3. Impact on Statewide Classification 8810

As shown in Table 4, after excluding the loss and payroll experience of the clerical operations at retreat facility locations, the statewide experience in Classification 8810 would have a minimal decrease (-0.3%) in the selected loss to payroll ratio. The minimal decrease is mostly due to the relatively small proportion of Classification 8810 payroll for retreat facility clerical employees who tend to have higher risk exposure than the statewide clerical experience.

Table 4. Changes in the Selected (Unlimited) Loss to Payroll Ratio for Classification 8810 Under Proposed Recommendation

Classification 8810 (A)	Classification 8810 excluding Clerical Operations at Retreat Facility Locations (B)	% Difference (B/A-1)
0.160	0.160	-0.3%

¹⁸ Industry feedback confirmed that the payroll split between clerical and other non-clerical employees of camps is similar to the estimated payroll split for retreat facilities.

¹⁹ The selected loss to payroll ratio under the current classification structure was calculated as weighting the selected loss to payroll ratio for Classification 8810 (0.160) for clerical employees at retreat facility locations and that for Classification 9061 (2.488) for other retreat facility employees by the estimated average payroll split between the clerical (20%) and other non-clerical operations (80%) at retreat facility locations.

²⁰ The selected loss to payroll ratio under the proposed changes was based on the experience for Classification 9048, experience for clerical employees at retreat facility locations in Classification 8810 and experience for non-clerical retreat facility employees in Classification 9061.

4. Impact on Country and Golf Club Employers in Classification 9060

Table 5 shows that the selected loss to payroll ratio for Classification 9060 would increase slightly by 2.6% after the inclusion of yacht club employers. The loss to payroll experience of yacht clubs is generally similar to that of country and golf clubs.

Table 5. Changes in the Selected (Unlimited) Loss to Payroll Ratio for Classification 9060 Under Proposed Recommendation

Classification 9060 (A)	Classification 9060 + Yacht Clubs (B)	% Difference (B/A-1)
2.356	2.418	2.6%

5. Impact on Yacht Club Employers

The WCIRB also analyzed the impact of the proposed change on yacht club employers. As shown in Table 6, the loss to payroll ratio for yacht club employers would drop by 2.8% after being reclassified to Classification 9060.

Table 6. Changes in the Selected (Unlimited) Loss to Payroll Ratio for Yacht Club Employers Under Proposed Recommendation

Classification 9061 (A)	Classification 9060 + Yacht Clubs (B)	% Difference (B/A-1)
2.488	2.418	-2.8%

6. Impact on Employers in Classification 9061

For the remaining N.O.C. club employers that will continue to be assigned to Classification 9061, the selected loss to payroll ratio would increase slightly by 0.6% after the reclassification of retreat facilities to Classification 9048(1) and yacht clubs to Classification 9060. This increase is driven by the relatively good experience of retreat facilities and yacht clubs being moved out of Classification 9061 (Table 7).

Table 7. Changes in the Selected (Unlimited) Loss to Payroll Ratio for Classification 9061 Under Proposed Recommendation

Classification 9061 (A)	Classification 9061 excluding Retreat Facilities and Yacht Clubs (B)	% Difference (B/A-1)
2.488	2.503	0.6%

V. Findings

Based on this review, the WCIRB has determined:

1. Two segments with distinct operations were identified from the N.O.C. club operations assigned to Classification 9061, retreat facilities and yacht clubs. The remaining N.O.C. club operations assigned to Classification 9061 include predominantly social or community service membership clubs. Retreat facilities have dissimilar operations from the remaining N.O.C. clubs, particularly in that retreat facilities typically provide overnight lodging for participants compared to only a small fraction of the remaining N.O.C. clubs that provide those operations. Retreat facilities in rural areas, in particular, tend to have resident employees with 24-hour exposure to workplace hazards, while the remaining N.O.C. clubs are typically located in urban areas and do not retain resident employees. The loss to payroll ratios of retreat facilities were consistently lower than

those of the remaining N.O.C. clubs, which is reflective of a different level of risk exposure. While yacht clubs have operations and loss to payroll ratios similar to the remaining N.O.C. clubs, yacht clubs are more comparable to country and golf clubs and in other jurisdictions are assigned to the same classifications as country or golf clubs.

2. Retreat facilities have generally similar operations to camps, which are assigned to Classification 9048(1), *Camps*. Similar to camps, retreat facilities provide food and lodging, and host programs which specialize in providing instruction or guidance through a scheduled agenda of activities or workshops to promote participants' wellness or personal, spiritual or professional growth. Additionally, due to the nature of these programs and the location of the facilities, it is common for retreat facilities to employ staff who reside at the facility, similar to camps. The job duties of clerical employees who work at retreat facilities are similar to those of clerical employees at camp locations. While there were challenges in determining the experience of clerical operations that support retreat facilities relative to other separately classifiable operations, a comparison of loss to payroll ratios and typical causes of injuries between non-clerical retreat facility operations and camp operations yielded similar patterns.
3. Reclassifying retreat facility operations and the clerical operations at retreat facility locations to Classification 9048(1) would lead to an average of 4.2% decline in the selected loss to payroll ratios for retreat facility employers, while camp employers in Classification 9048(1) would experience a 5.2% decline in the selected loss to payroll ratios. The decreases in selected loss to payroll ratios for both groups were mostly driven by the relatively good experience of retreat facilities and their clerical operations.
4. Yacht clubs are more similar to country clubs and golf clubs assigned to Classification 9060, *Clubs – country or golf*, than to the remaining N.O.C. club operations in Classification 9061. Other jurisdictions classify yacht clubs in their respective country or golf club classifications. The loss to payroll experience of yacht clubs was similar to that of both Classifications 9061 and 9060. Therefore, reclassifying yacht clubs to Classification 9060 would facilitate assigning homogenous operations to the same classification and improve alignment with other jurisdictions.
5. Given similar risk exposure between yacht clubs and country or golf clubs, reassigning yacht club operations to Classification 9060 would have a small impact on the selected loss to payroll ratios for both yacht club employers (2.8% decrease) and country and golf club employers (2.6% increase).
6. After reclassifying retreat facilities and yacht clubs to other classifications, the remaining N.O.C. club operations appear more homogeneous, and the scope of Classification 9061 is more narrowly defined. The selected loss to payroll ratio for the remaining N.O.C. club employers would only be minimally impacted by the exclusion of retreat facilities and yacht clubs from Classification 9061 (0.6% increase).
7. Given that it is not practical to establish a classification to specifically describe the operations of every type of club in California, there remains a need to have an N.O.C. classification for any club operation that is not more specifically described by the other nine club classifications. This N.O.C. classification ensures a uniform approach to classifying those club operations. Additionally, the USRP directs that any business or operation not described by a classification shall be assigned to the classification most analogous from the standpoint of process and hazard. However, this requires a detailed analysis, performed on a case-by-case basis. Without the N.O.C. classification and a specific classification assignment, there may be an increased likelihood of similar operations being assigned differently. In view of the above, keeping the N.O.C. designation for Classification 9061 is appropriate.

VI. Recommendations

Based on these findings, the WCIRB recommends:

1. Amending Classification 9061, *Clubs – N.O.C.*, to remove retreat facility and yacht club operations.
2. Amending Classification 9048(1), *Camps*, to include retreat facility operations and onsite clerical employees of retreat facilities.
3. Amending Classification 9060, *Clubs – country or golf*, to include yacht club operations.

Appendix I: History of Classifications 9061, 9048(1) and 9060

Following is a timeline of significant changes to the scope and application of **Classification 9061, Clubs – N.O.C.**:

- **1920:** Classification 9059, *Clubs – (N.O.C.) excluding power laundries*, was established to apply to clubs that could not be otherwise classified.
- **1930:** Classification 9061 was established and included clerical office employees.
 - Classification 9059, *Clubs – (N.O.C.) excluding power laundries*, was eliminated and its constituents were reassigned to Classification 9061.
- **1947:** Classification 9061 was amended to include salesmen, drivers, chauffeurs and their helpers.
- **1968:** A new classification was established under Classification 9061, *Y.M.C.A. or Y.W.C.A. Institutions – all employees – including teachers; instructors; Clerical Office Employees, Salesmen and Drivers, Chauffeurs and their Helpers*, to apply to Y.M.C.A. and Y.W.C.A. institutions.
 - Classification 9063, which previously applied to Y.M.C.A. or Y.W.C.A. Institutions, was eliminated and its constituents were reassigned to Classification 9061.
- **1990:** Classification 9061(1), *Clubs – N.O.C.*, was amended to exclude clerical office employees and include restaurant or tavern employees.
- **1995:** Classification 9061(2), *Y.M.C.A. or Y.W.C.A. Institutions – all employees – including teachers and instructors*, was eliminated and its constituents were reassigned to newly established Classification 9067(2), *Clubs – boys and girls – all employees – including teachers and instructors*.
- **2013:** Classification 9061 was amended to include front desk employees.
- **2017:** Classification 9061 was amended to include examples of membership clubs, including retreat facilities.

Following is a timeline of significant changes to the scope and application of **Classification 9048(1), Camps – recreational or educational**:

- **1975:** Classification 9048(1) was established to apply to the operation of recreational or educational camps as a result of a 1975 WCIRB classification study.
- **2003:** Classification 9048(1) was amended to clarify that it applies to camps that provide supervised recreational or educational activities and guidance or counseling services, with overnight facilities for camp participants.

Following is a timeline of significant changes to the scope and application of **Classification 9060, Clubs – country or golf**:

- **1930:** Classification 9060 was established to apply to country clubs, golf clubs, fishing clubs and yacht clubs.
- **1968:** Classification 9060 was amended to exclude fishing clubs and include swimming clubs and tennis clubs as a result of a 1968 WCIRB classification study.
- **1970:** Classification 9060 was amended to include restaurant or tavern employees and exclude clerical office employees.
- **1985:** Classification 9060 was amended to exclude swimming clubs, tennis clubs and yacht clubs as a result of a 1984 WCIRB classification study.
 - This study indicated that clubs operating golf courses presented exposures that were significantly different from tennis clubs, swimming clubs and yacht clubs. The predominant activities and employments for yacht clubs involved the operation of a restaurant and cocktail lounge. However, yacht clubs did not generate sufficient data to develop sufficient credibility to warrant a separate classification and therefore were assigned by analogy to an existing classification. It was the Manual Subcommittee's position that, while not identical, yacht clubs were very similar to social clubs, assigned to Classification 9061, *Clubs – N.O.C.*, and could therefore be afforded similar classification treatment.
- **2013:** Classification 9060 was amended to include front desk employees.
- **2017:** Classification 9060 was amended to clarify that it applies to the operation of private golf and country clubs and public golf courses.

Appendix II: Classification of Retreat Facilities and Yacht Clubs in Other Jurisdictions

Retreat Facilities

The Workers' Compensation Rating and Inspection Bureau of Massachusetts, New York Compensation Insurance Rating Board and Pennsylvania Compensation Rating Bureau direct that retreat facilities are classified in each jurisdiction's respective hotel classification(s).

NCCI directs that retreat facilities are classified based on the employer that is providing the service. For example, a retreat facility operated by a social services organization is classified in the social services classification, whereas a spiritual retreat facility is classified in NCCI's hotel classifications, depending on specific employee's job duties.

The Minnesota Workers' Compensation Insurers Association, Inc. directs that retreat facilities are classified in school classifications, depending on specific employee's job duties.

Yacht Clubs

In general, yacht clubs are classified in Classification 9060, which includes country clubs, golf clubs and fishing clubs. For NCCI jurisdictions, the Workers' Compensation Rating and Inspection Bureau of Massachusetts, the Minnesota Workers' Compensation Insurers Association, Inc., the New Jersey Compensation Rating and Inspection Bureau, the New York Compensation Insurance Rating Board, the North Carolina Rate Bureau and the Wisconsin Compensation Rating Bureau, Classification 9060 also includes clerical office employees.

The Compensation Advisory Organization of Michigan classifies yacht clubs in Classification 9060, which also includes fishing clubs but not clerical office employees.

The Pennsylvania Compensation Rating Bureau classifies yacht clubs in Classification 944, which also includes country clubs and golf clubs.

Appendix III: Classification Relativities

Table 1: Classification 9061 – Classification Relativity at the Policy Year 2021 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2015	254,290,298	2,433,327	2,499,587	4,932,914	1.940
2016	270,036,390	2,005,226	3,104,847	5,110,073	1.892
2017	273,159,020	2,637,862	4,081,736	6,719,598	2.460
2018	287,620,496	3,868,568	3,694,456	7,563,024	2.630
Total	1,085,106,204	10,944,983	13,380,627	24,325,610	

Adjusted Loss to Payroll Ratio 2.242
Selected (Unlimited) Loss to Payroll Ratio 2.488

Credibility	
Indemnity	Medical
1	1

Table 2: Classification 9061 **Excluding Retreat Facilities and Yacht Clubs – Classification Relativity at the Policy Year 2021 Level**

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2014	184,692,939	1,364,296	2,537,050	3,901,346	2.112
2015	188,320,047	1,894,704	1,944,653	3,839,357	2.039
2016	201,063,049	1,676,734	2,453,199	4,129,933	2.054
2017	202,534,337	1,701,992	2,787,974	4,489,966	2.217
2018	209,549,836	3,044,765	2,833,717	5,878,482	2.805
Total	986,160,209	9,682,491	12,556,592	22,239,083	

Adjusted Loss to Payroll Ratio 2.255
Selected (Unlimited) Loss to Payroll Ratio 2.503

Credibility	
Indemnity	Medical
0.98	0.99

Table 3: Classification 9048 – Classification Relativity at the Policy Year 2021 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2014	134,397,556	579,242	1,006,580	1,585,822	1.180
2015	139,647,593	808,698	1,760,685	2,569,383	1.840
2016	149,652,091	948,196	1,602,517	2,550,713	1.704
2017	155,676,162	1,848,564	2,508,320	4,356,884	2.799
2018	166,415,989	1,108,035	1,455,463	2,563,498	1.540
Total	745,789,391	5,292,735	8,333,566	13,626,300	

Adjusted Loss to Payroll Ratio 1.827
Selected (Unlimited) Loss to Payroll Ratio 2.043

Credibility	
Indemnity	Medical
0.82	0.93

Table 4: Classification 9048 Including Retreat Facilities and Clerical Employees at Retreat Facility Locations – Classification Relativity at the Policy Year 2021 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2014	171,642,116	806,337	1,398,679	2,205,016	1.285
2015	174,276,221	1,048,722	2,055,359	3,104,081	1.781
2016	183,650,978	1,062,706	1,843,864	2,906,570	1.583
2017	190,121,877	2,022,581	2,753,439	4,776,020	2.512
2018	206,451,527	1,398,366	1,677,158	3,075,524	1.490
Total	926,142,719	6,338,712	9,728,498	16,067,211	

Adjusted Loss to Payroll Ratio 1.735
Selected (Unlimited) Loss to Payroll Ratio 1.937

Credibility	
Indemnity	Medical
0.89	1

Table 5: Classification 8810 – Classification Relativity at the Policy Year 2021 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2017	189,497,179,829	130,397,794	139,291,542	269,689,336	0.142
2018	203,366,292,609	140,978,895	150,029,132	291,008,027	0.143
Total	392,863,472,438	271,376,689	289,320,674	560,697,363	

Adjusted Loss to Payroll Ratio 0.143
Selected (Unlimited) Loss to Payroll Ratio 0.16

Credibility	
Indemnity	Medical
1	1

Table 6: Classification 8810 Excluding the Experience of Clerical Employees at Retreat Facility Locations – Classification Relativity at the Policy Year 2021 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2017	189,484,884,752	130,329,201	139,466,469	269,795,670	0.142
2018	203,353,238,482	140,895,219	149,996,981	290,892,200	0.143
Total	392,838,123,233	271,224,420	289,463,450	560,687,870	

Adjusted Loss to Payroll Ratio 0.143
Selected (Unlimited) Loss to Payroll Ratio 0.16

Credibility	
Indemnity	Medical
1	1

Table 7: Classification 9060 – Classification Relativity at the Policy Year 2021 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2017	912,754,076	8,191,074	12,103,175	20,294,249	2.223
2018	970,923,074	9,117,388	9,116,514	18,233,902	1.878
Total	1,883,677,151	17,308,462	21,219,689	38,528,152	

Adjusted Loss to Payroll Ratio 2.045
Selected (Unlimited) Loss to Payroll Ratio 2.356

Credibility	
Indemnity	Medical
1	1

Table 8: Classification 9060 Including Yacht Clubs – Classification Relativity at the Policy Year 2021 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2017	959,633,882	8,938,932	13,122,764	22,061,696	2.299
2018	1,020,336,525	9,730,767	9,760,929	19,491,696	1.910
Total	1,979,970,407	18,669,700	22,883,692	41,553,392	

Adjusted Loss to Payroll Ratio 2.099
Selected (Unlimited) Loss to Payroll Ratio 2.418

Credibility	
Indemnity	Medical
1	1

Recommendation

Amend Classification 9048(1), *Camps*, to include retreat facilities and provide direction as to how related operations should be classified.

PROPOSED

CAMPS OR RETREAT FACILITIES – ~~recreational or educational~~ – all operations – including 9048(1)
Clerical Office Employees at camp or retreat locations

This classification applies to all operations of overnight camps that provide supervised recreational or educational activities with guidance or counseling services and overnight lodging for camp participants. This classification also applies to all operations of overnight retreat facilities that specialize in providing instruction or guidance through a scheduled program of activities or workshops structured to promote wellness or personal, spiritual or professional growth for retreat participants.

This classification also applies to overnight camps or retreat facilities operated by religious organizations. Churches, temples, mosques or synagogues shall be separately classified as 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir*, and 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.*

The operation of short-term lodging facilities that do not specialize in providing instruction or guidance through a scheduled program of activities or workshops structured to promote wellness or personal, spiritual or professional growth shall be classified as 9050, *Hotels, Motels or Short-Term Residential Housing.*

Recreational or educational day camps that do not include overnight lodging shall be classified as 9059, *Day Care Centers*.

Nonmedical residential care facilities providing services in a group setting to persons who are capable of meeting their life support needs independently, but who temporarily need assistance, guidance or counseling shall be classified as 8804(1), *Substance Use Disorder Recovery Homes – all employees.*

* * * * *

Recommendation

Amend Classification 9060, *Clubs – country or golf*, to include yacht clubs and provide direction as to how related operations should be classified.

PROPOSED

CLUBS – country, ~~or golf~~ or yacht – including front desk employees and restaurant or tavern employees 9060

This classification applies to the operation of private golf or country clubs, ~~or~~ public golf courses or yacht clubs, including restaurant, tavern or event facilities at the club location and additional fitness or recreational facilities that may be operated in connection with the club. This

classification includes the maintenance of golf courses or equipment, including golf carts; golf instruction; tournament operations; all course club facility or golf cart maintenance; and the operation of pro shops or driving ranges, or restaurant, tavern or event facilities at the club location. This classification also includes additional fitness or recreational facilities that may be operated in connection with the golf course.

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

Driving ranges that are not operated by golf courses or country clubs shall be classified as 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores.*

Boat marina or boat rental facilities that are not operated by a yacht club shall be classified as 9016(4), Boat Marina and Boat Rental Operation.

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

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

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

* * * * *

Recommendation

Amend Classification 9061, *Clubs – N.O.C.*, to (1) reassign yacht club operations to Classification 9060, *Clubs – country or golf*, (2) reassign retreat facility operations to Classification 9048(1), *Camps*, and (3) for consistency with other proposed changes.

PROPOSED

CLUBS – N.O.C. – all employees – including front desk employees and restaurant or tavern employees 9061

This classification applies to the operation of membership clubs that are not specifically described by another classification, including but not limited to ~~business~~ social clubs, cultural clubs, professional clubs, community service clubs, fraternal orders, yacht clubs, faculty clubs, professional clubs and employer-sponsored clubs or fraternity or sorority houses and includes overnight lodging provided to members in connection with club operations. This classification also applies to the operation of retreat facilities that provide meeting space, food and lodging to participants.

Overnight camps or retreat facilities shall be classified as 9048(1), Camps or Retreat Facilities.

Non-profit community health and wellness clubs shall be classified as 9067(1), *Clubs – community health and wellness.*

Boys and girls clubs shall be classified as 9067(2), *Clubs – boys and girls.*

Country clubs, ~~and~~ golf clubs or yacht clubs shall be classified as 9060, *Clubs – country, ~~or~~ golf or yacht*.

Casinos ~~and~~ gaming clubs shall be classified as 9069, *Clubs – gaming*.

Equestrian clubs shall be classified as 7207(2), *Clubs – riding*.

Shooting clubs shall be classified as 9180(2), *Shooting Clubs or Shooting Ranges*.

Swimming clubs shall be classified as 9053(3), *Swimming Pools or Swimming Clubs*.

* * * * *

Cross-Reference Updates

Recommendation

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

PROPOSED

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

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

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

This classification also applies to automobile or horse racetrack operations by employers that are not public agencies.

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

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

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

Traveling carnivals shall be classified as 9185, *Carnivals*.

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

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

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

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

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

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

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

Restaurants, retail stores or hotels shall be separately classified.

* * * * *

Recommendation

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

PROPOSED

BOAT MARINA AND BOAT RENTAL OPERATION

9016(4)

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

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

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

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

Yacht clubs shall be classified as ~~9064~~9060, *Clubs – ~~N.O.C.~~country, golf or yacht*.

Restaurants, retail stores or hotels shall be separately classified.

* * * * *

Recommendation

Amend 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*, for consistency with other proposed changes.

PROPOSED

CHURCHES, TEMPLES, MOSQUES AND SYNAGOGUES – all employees other than clergy, professional assistants, organists, members of choir, Clerical Office Employees or Clerical Telecommuter Employees **9015(4)**

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

Classification 9015(4) includes but is not limited to maintenance employees, janitors, custodians, gardeners, security personnel, drivers and parking lot attendants.

Overnight camps ~~operated by the employer~~ or retreat facilities shall be separately classified as 9048(1), *Camps or Retreat Facilities*. 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 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 rules~~ 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*.

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

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

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

Also refer to companion Classification 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir*.

If an employee who performs duties described by Classification 9015(4) also performs duties described by Classification 8840, the payroll of that employee may be divided between Classifications 9015(4) and 8840, 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.

* * * * *

Recommendation

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

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 or support for their congregations. Employees include but are not limited to clergy, organists, choir directors or members, audio/video technicians, youth directors, Sunday school teachers, religious studies instructors, pastoral counselors, and clerical office or clerical telecommuter staff.

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

Overnight camps ~~operated by the employer~~ or retreat facilities shall be separately classified as 9048(1), *Camps or Retreat Facilities*. The operation of child day care centers where 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 rules 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*.

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

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.

* * * * *

Recommendation

Amend Classification 9067(2), *Clubs – boys and girls*, for consistency with other proposed changes-

PROPOSED

CLUBS – boys and girls – all employees – including front desk employees, teachers and instructors 9067(2)

This classification applies to clubs ~~and/or~~ programs that provide supplemental after school and recreational activities, including but not limited to homework assistance, games, arts and crafts, athletics and computer training for school age children on an elective or drop-in basis.

Overnight Ccamps operations or retreat facilities shall be separately classified as 9048(1), Camps or Retreat Facilities.

Child day care centers engaged in the provision of supervised care and custody of children that do not operate on an elective or drop-in basis shall be classified as 9059, *Day Care Centers*.

* * * * *

Recommendation

Amend Classification 9067(1), *Clubs – community health and wellness*, for consistency with other proposed changes.

PROPOSED

CLUBS – community health and wellness – all employees – including front desk employees, teachers and instructors 9067(1)

This classification applies to non-profit community associations, including but not limited to YMCAs, YWCAs and Jewish Community Centers that provide exercise or aquatic facilities to promote health and physical fitness and programs for social, recreational, educational and cultural engagement.

Preschool ~~and/or~~ child day care operations shall be separately classified as 9059, *Day Care Centers*.

Nonmedical Residential care facilities for adults needing social rehabilitation, including but not limited to psychiatric, pre-parole or probation halfway houses that provide services in a group setting to persons who are capable of meeting their life support needs independently, but who

temporarily need assistance, guidance or counseling shall be separately classified as 8804(2), *Social Rehabilitation Facilities for Adults*.

Overnight Camps operations or retreat facilities shall be separately classified as 9048(1), *Camps or Retreat Facilities*.

Health clubs or gyms that do not operate non-profit community associations for social, recreational, educational or cultural engagement shall be classified as 9053(2), *Health Clubs or Gyms*.

Fitness studios that are not non-profit community associations operating programs for social, recreational, educational or cultural engagement shall be classified as 8870, *Fitness Instruction Programs or Studios*.

Boys and girls clubs shall be classified as 9067(2), *Clubs – boys and girls*.

Non-profit community associations that do not operate physical fitness facilities shall be classified based on the operations performed.

* * * * *

Recommendation

Amend Classification 9053(5), *Clubs – racquet sports*, for consistency with other proposed changes.

PROPOSED

CLUBS – racquet sports – including restaurant employees, retail store employees and receptionists

9053(5)

This classification applies to racquet clubs that provide membership and access to court facilities for playing racquet sports, including but not limited to tennis, racquetball, badminton and squash, as a primary benefit of membership. This classification includes additional fitness and recreational facilities that may be operated in connection with the racquet court facilities. This classification includes coaching teams and instructing, supervising and operating competitive leagues or events.

This classification also applies to the operation of clubs or facilities for handball, pickleball, table tennis or similar racquet or paddle sports.

~~Golf or Country clubs, golf clubs or yacht clubs~~ shall be classified as 9060, *Clubs – country, or golf or yacht*.

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

Non-profit community health and wellness clubs shall be classified as 9067(1), *Clubs – community health and wellness*.

Health clubs or gyms engaged in operating facilities that provide space and exercise equipment, including but not limited to cardiovascular equipment, weight machines and free weights available for at-will use by clients for the majority of operating hours, including tennis,

racquetball, handball or squash operations provided in connection therewith, shall be classified as 9053(2), *Health Clubs or Gyms*.

The operation of fitness studios or fitness training programs primarily offering scheduled fitness classes where space and exercise equipment is not available for use by clients at-will during the majority of operating hours shall be classified as 8870, *Fitness Instruction Programs or Studios*.

* * * * *

Recommendation

Amend Classification 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, to clarify the intended application and provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

COLLEGES OR SCHOOLS – private – not automobile schools – professors, teachers or academic professional employees 8868

Academic professional employees consist of, but are not limited to, deans, chancellors, vice chancellors, directors, principals, assistant principals, presidents, vice presidents, librarians, registrars, curriculum developers, psychologists, speech therapists and counselors. The responsibilities of such employees typically include planning, directing, administering, counseling or curriculum development. This classification includes day care, preschools or before or after school programs operated by private colleges or schools.

This classification also applies to teachers' aides, tutors, nurses, athletic team coaches or library employees.

This classification also applies to Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers.

The operation of religious organizations, including but not limited to churches, temples, mosques and synagogues shall be separately classified ~~in accordance with the provisions of the Multiple Enterprises rules~~ as 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir*, and 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*.

Overnight camps or retreat facilities shall be separately classified as 9048(1), *Camps or Retreat Facilities*.

Supported Living Services (SLS) provided to developmentally disabled individuals or In-Home Support Services (IHSS) shall be separately classified as 8827(1), *Home Care Services*.

The operation of colleges or schools by municipal, state or other public agencies shall be classified as 8875(1), *Public Colleges or Schools*.

Also refer to companion Classification 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers or academic professional employees – including cafeterias*.

If an employee who performs duties described by Classification 8868 also performs duties described by Classification 9101, the payroll of that employee may be divided between Classifications 8868 and 9101, provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Part 3, Section V, Rule 3.

~~Recreational or educational day camps that do not include overnight lodging for camp participants shall be classified as 9059, *Day Care Centers*.~~

~~Overnight camps shall be separately classified as 9048(1), *Camps*.~~

Automobile driving schools shall be classified as follows:

- Driving or classroom instruction – 8748, *Automobile or Truck Dealers – vehicle salespersons*
- Vehicle maintenance or repair – 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*

~~Supported Living Services (SLS) provided to developmentally disabled individuals or In Home Support Services (IHSS) shall be separately classified as 8827(1), *Home Care Services*. Child care or supervisory services, including but not limited to day care, preschools, kindergartens and before or after school programs not in connection with public or private schools which provide instruction for first grade and higher shall be classified as 9059, *Day Care Centers*.~~

Recreational or educational day camps that do not include overnight lodging for camp participants shall be classified as 9059, *Day Care Centers*.

* * * * *

Recommendation

Amend Classification 9059, *Day Care Centers*, for consistency with other proposed changes.

PROPOSED

DAY CARE CENTERS – child – not residential care facilities – all employees – including receptionists

9059

This classification applies to child day care centers that provide nonmedical care and supervision for children ranging from infancy to 17 years of age for periods of less than 24 hours; preschool programs; or before or after school programs that are not operated in connection with public or private schools operated by the same employer.

This classification also applies to recreational or educational day camps that do not include overnight lodging for camp participants.

This classification also applies to day care services provided by employers primarily for the use of their employees' dependents, in accordance with the General Exclusions rule. See Section III, Rule 6, *General Exclusions*.

~~Recreational or educational Overnight camps that include overnight lodging or retreat facilities shall be classified as 9048(1), *Camps or Retreat Facilities*.~~

This classification does not apply to child care or supervisory services, including but not limited to day care, preschools, kindergartens and before or after school programs, that are operated by the same employer in connection with public or private schools which provide instruction for first grade and higher; such operations shall be classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers, or academic professional employees*, or 8875(1), *Public Colleges or Schools*.

Boys and girls clubs that provide supplemental after school or recreational activities for school age children on an elective or drop-in basis shall be classified as 9067(2), *Clubs – boys and girls*.

* * * * *

Recommendation

Amend Classification 8870, *Fitness Instruction Programs or Studios*, for consistency with other proposed changes.

PROPOSED

FITNESS INSTRUCTION PROGRAMS OR STUDIOS – all employees – including receptionists 8870

This classification applies to fitness instruction programs or fitness studios that provide scheduled fitness or training classes, including but not limited to martial arts, gymnastics, dance and yoga. This classification is limited to fitness instruction where facility space and exercise equipment is not available for use by clients on an at-will basis during the majority of operating hours. This classification also applies to fitness-based classes or training sessions, including but not limited to personal training and specialized coaching by employers not engaged in any facility operations, such as independent golf and tennis instructors.

Health clubs or gyms operating facilities that provide space and exercise equipment, including but not limited to cardiovascular equipment, weight machines and free weights available for at-will use by clients for the majority of operating hours, including scheduled classes and fitness training programs provided in connection therewith, shall be classified as 9053(2), *Health Clubs or Gyms*.

The operation of athletic teams or athletic facilities shall be classified as 9182, *Athletic Teams or Athletic Facilities – all employees other than players, umpires, referees and game officials*.

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

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

Country clubs, ~~or~~ golf courses or yacht clubs shall be classified as 9060, *Clubs – country, ~~or~~ golf or yacht*.

Non-profit community health and wellness clubs shall be classified as 9067(1), *Clubs – community health and wellness*.

Water-based athletic or fitness instructional programs at locations other than swimming pools, including but not limited to surfing, scuba, kayaking, paddle boarding and kite surfing lessons

and tours on lakes, bays, rivers or oceans shall be classified as 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices.*

* * * * *

Recommendation

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

PROPOSED

HOTELS, MOTELS OR SHORT-TERM RESIDENTIAL HOUSING

9050

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

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

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

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

Recreation, leisure or resort operations, including but not limited to country clubs, golf courses, yacht clubs, casinos, gaming clubs, spas, baths, health clubs, gyms, barber shops or hair salons shall be separately classified.

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

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

Overnight retreat facilities that specialize in providing instruction or guidance through a scheduled program of activities or workshops structured to promote wellness or personal,

spiritual or professional growth for participants shall be classified as 9048(1), *Camps or Retreat Facilities*.

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

* * * * *

Recommendation

Amend Part 3, Section VIII, *Abbreviated Classifications – Numeric Listing*, for consistency with other proposed changes.

PROPOSED

-
-
-
- 9048(1) Camps/Retreat Facilities
-
-
-
- 9060 Clubs–country/golf/yacht
-
-
-

* * * * *

Item III-B

Standard Exception Study – Automobile or Truck Dealership Vehicle Salespersons

8748, *Automobile or Truck Dealers – vehicle salespersons*

8810, *Clerical Office Employees – N.O.C.*

8742, *Salespersons – Outside*

The Committee was reminded that WCIRB staff is conducting a multi-year effort to review classifications to identify those that would be improved by the inclusion of clerical office, clerical telecommuter or outside sales activities. Classification 8748, *Clerical Telecommuter Employees*, was selected to review in 2022. Based on this review WCIRB staff determined that:

1. There is little to no overlap between the job duties of automobile or truck dealer vehicle salespersons assigned to Classification 8748 and automobile or truck dealer outside salespersons assigned to Classification 8742. In addition, it is rare for automobile or truck dealers to employ both vehicle salespersons and outside salespersons. The line of demarcation between operations assigned to Classifications 8748 and 8742 is clear.
2. The long-term loss to payroll ratios and typical causes of injury for vehicle salespersons assigned to Classification 8748 differed from those for automobile or truck dealer outside salespersons assigned to Classification 8742. In particular, the outside salespersons had a much higher share of indemnity claims involving motor vehicle accidents than Classification 8748, indicating a potential higher likelihood of severe claims.
3. Clerical employees of automobile or truck dealers assigned to Classification 8810 typically perform general administrative duties in support of dealership operations and finance and insurance-related duties in support of vehicle sales operations. The majority of Classification 8810 clerical employees' job duties do not overlap with those of vehicle salespersons assigned to Classification 8748. The line of demarcation between operations assigned to Classifications 8748 and 8810 is clear.
4. The loss to payroll ratios and typical causes of injury for automobile or truck dealer clerical operations assigned to Classification 8810 were different from Classification 8748 experience and more comparable to statewide Classification 8810 experience. In addition, the proportion of Classification 8810 exposure varies significantly across the employers with the most payroll reported in Classifications 8748 and 8810, indicating disproportional Classification 8810 risk exposure across different employers. The underlying hazards and claim experience of vehicle salespersons employed by automobile or truck dealers assigned to Classification 8748 are different from those of the dealers' clerical employees assigned to Classification 8810.

Based on the study findings detailed in the report, the WCIRB does not recommend including Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons¹ in Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*.

A Committee member asked whether the WCIRB had evaluated as part of this study whether service writers and estimators assignable to Classification 8391, *Automobile Dealers – all employees other than vehicle salespersons*, were potentially being misassigned to Classification 8748. Staff indicated that they had not specifically evaluated that issue but agreed to review test audit data to see if that was a common test audit error. Following the meeting, staff reviewed the relevant test audit data and confirmed that there does not appear to be an issue of misclassification between Classifications 8391 and 8748.

¹ Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons are defined in Part 3, *Standard Classification System, Section III, General Classification Procedures, Rule 4, Standard Exceptions*, of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995 (USRP)*.

One Committee member raised a question regarding the impact of the evolving online motor vehicle marketplace on the motor vehicle accident risk exposure. Staff explained that there is limited data on the emerging online motor vehicle marketplace, which was partly why the WCIRB does not recommend any changes to Classification 8748 at this time. The online marketplace is a relatively new type of business with potential for future growth; as a result, the operations performed by vehicle salespersons may evolve over time. The WCIRB will continue to monitor the industry.

Following staff's presentation and the Committee's discussion, a motion was made, seconded and unanimously passed to adopt the report.

Standard Exception Study – Automobile or Truck Dealership Vehicle Salespersons

8748, *Automobile or Truck Dealers – vehicle salespersons*

8810, *Clerical Office Employees – N.O.C.*

8742, *Salespersons – Outside*

Executive Summary

Objectives

For most classifications, an employer's clerical or outside sales employees are separately assigned to Classifications 8810, *Clerical Office Employees – N.O.C.*, 8742, *Salespersons – Outside*, or, beginning in 2021, 8871, *Clerical Telecommuter Employees*, pursuant to the Standard Exceptions rule. Other classifications are structured to explicitly include clerical or outside sales operations when the employees' exposures to work-related hazards are relatively similar to those of the core classification and it is difficult to clearly distinguish an employer's primary operations from those that would otherwise be considered clerical or outside sales in nature.

In 2021, the WCIRB initiated 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.¹ This year, the WCIRB selected Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*, and evaluated the business operations and the payroll and claim experience of employers currently assigned to Classification 8748 to determine if their clerical or outside sales operations are distinct and easily identifiable or if some or all of their clerical or outside sales operations should be included in Classification 8748.

Findings

The key findings of this study include:

1. There is little to no overlap between the job duties of automobile or truck dealer vehicle salespersons assigned to Classification 8748 and automobile or truck dealer outside salespersons assigned to Classification 8742. In addition, it is rare for automobile or truck dealers to employ both vehicle salespersons and outside salespersons. The line of demarcation between operations assigned to Classifications 8748 and 8742 is clear.
2. The long-term loss to payroll ratios and typical causes of injury for vehicle salespersons assigned to Classification 8748 differed from those for automobile or truck dealer outside salespersons assigned to Classification 8742. In particular, the outside salespersons had a much higher share of indemnity claims involving motor vehicle accidents than Classification 8748, indicating a potential higher likelihood of severe claims.
3. Clerical employees of automobile or truck dealers assigned to Classification 8810 typically perform general administrative duties in support of dealership operations and finance and insurance related duties in support of vehicle sales operations. The majority of Classification 8810 clerical employees' job duties do not overlap with those of vehicle salespersons assigned to Classification 8748. The line of demarcation between operations assigned to Classifications 8748 and 8810 is clear.
4. The loss to payroll ratios and typical causes of injury for automobile or truck dealer clerical operations assigned to Classification 8810 were different from Classification 8748 experience and more comparable to statewide Classification 8810 experience. In addition, the proportion of Classification 8810 exposure varies significantly across the employers with the most payroll reported in Classifications 8748 and 8810, indicating disproportional Classification 8810 risk

¹ The pilot review in 2021 resulted in the inclusion of clerical office and clerical telecommuter employees in Classification 4512, *Biomedical Research Laboratories*.

exposure across different employers. The underlying hazards and claim experience of vehicle salespersons employed by automobile or truck dealers assigned to Classification 8748 are different from those of the dealers' clerical employees assigned to Classification 8810.

Recommendations

Based on these findings, the WCIRB does not recommend including Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons² in Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*.

I. Introduction

For most classifications, an employer's clerical or outside sales employees are separately assigned to Classifications 8810, *Clerical Office Employees*, 8742, *Salespersons – Outside*, or 8871, *Clerical Telecommuter Employees*,³ collectively referred to herein as the Standard Exception classifications, pursuant to the Standard Exceptions rule.⁴ Other classifications are structured to explicitly include clerical office, clerical telecommuter or outside sales operations. This typically occurs when employees' exposures to workplace hazards are relatively similar to those of the core classification and it is difficult to clearly distinguish an employer's primary operations from those that would otherwise be considered clerical or outside sales in nature.

As it is often challenging to determine whether individual employees meet the narrowly defined criteria for Standard Exception Employees, in 2021, the WCIRB initiated 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.⁵

The WCIRB followed the framework established in 2021 and selected Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*, for review as that classification met the following criteria:

- The classification has relatively low pure premium rates;
- The core business operations are relatively similar to clerical or outside sales activities; and
- The line of demarcation between clerical or outside sales activities and other employee activities may not always be clear.

As shown in Figure 1, Classification 8748 historically has had relatively low advisory pure premium rates (\$0.86 per \$100 of payroll in the most recent year) compared to the statewide average advisory pure premium rates (\$1.41 per \$100 of payroll in the most recent year). Compared to the Standard Exception classifications; however, Classification 8748 has had significantly higher advisory pure premium rates.

Both Classification 8748 and the Standard Exception classifications are fully credible.⁶ For employers with payroll reported in Classification 8748, only 1% of their payroll was reported in Classification 8742, whereas around 27% of their payroll was reported in Classification 8810. Therefore, it is rare for automobile or truck dealers to have dedicated outside salespersons with payroll assigned to Classification 8742 and more likely for these employers to have clerical employees with payroll assigned to Classification 8810.

² Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons are defined in Part 3, *Standard Classification System, Section III, General Classification Procedures, Rule 4, Standard Exceptions*, of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995 (USRP)*.

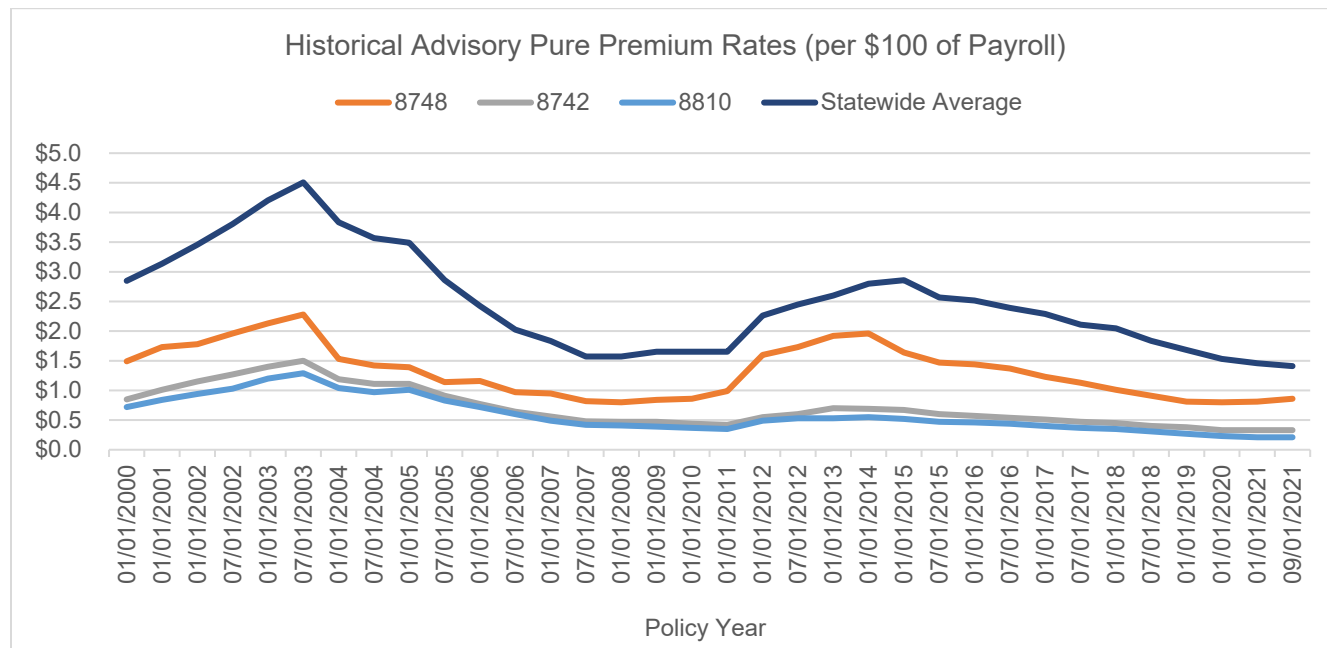
³ Classification 8871, *Clerical Telecommuter Employees*, was established effective January 1, 2021.

⁴ USRP, Part 3, *Standard Classification System, Section III, General Classification Procedures, Rule 4, Standard Exceptions*.

⁵ The pilot review in 2021 resulted in the inclusion of clerical office and clerical telecommuter employees in Classification 4512, *Biomedical Research Laboratories*.

⁶ The indemnity and medical credibility of Classifications 8748, 8810 and 8742 were 1.00 in the September 1, 2021 Regulatory Filing.

Figure 1. Historical Advisory Pure Premium Rates



	9/1/2021 Approved Advisory Pure Premium Rate (per \$100 of payroll) ⁷
Classification 8748	\$0.86
Classification 8742	\$0.33
Classification 8810	\$0.21
Statewide Average	\$1.41

The WCIRB analyzed the business operations, payroll and claim experience of employers currently assigned to Classification 8748 to determine if their clerical or outside sales operations are distinct and easily identifiable or if some or all of the clerical or outside sales operations should be included in Classification 8748.

II. Analysis Approach

The WCIRB analyzed business operations and payroll and claim experience of automobile and truck dealers and their clerical or outside sales operations using both qualitative and quantitative data from a variety of sources.

Classification Inspection Reports: The WCIRB reviewed Classification Inspection Reports that assigned employers' operations to Classifications 8748, 8742 and 8810 to better understand these employers' vehicle sales, outside sales and clerical office activities.

Industry Outreach: The WCIRB contacted members of the industry, including automobile and truck

⁷ CDI Decision on the WCIRB September 1, 2021 Pure Premium Rate Filing.

dealers⁸ and insurers that underwrite significant components of this industry to gain insights into the operational characteristics of vehicle salespersons.

Unit Statistical Reports: The WCIRB analyzed historical Unit Statistical Report (USR) data at the latest USR report level between policy years 2010 and 2019 for Classifications 8748, 8742 and 8810, including employers' payroll and loss experience and injury characteristics of claims. Losses were limited to \$500,000 per claim to minimize large swings in the loss to payroll ratios over time.

Other Jurisdictions: The WCIRB reviewed other jurisdictions' classification procedures for vehicle salespersons employed by automobile or truck dealers to understand how these operations are classified.⁹

III. Analysis Results

1. Comparison of Vehicle Salesperson Operations Assigned to Classification 8748 and Outside Sales Operations Assigned to Classification 8742

- **Operations of Vehicle Salespersons and Outside Salespersons**

Classification 8748¹⁰ applies to employees that conduct sales, leasing or rental of motor vehicles for automobile or truck dealers.¹¹ Vehicle sales operations contemplated within Classification 8748 include showing available vehicles to customers, discussing prices and features, accompanying customers on test drives and negotiating and finalizing deals. Classification 8748 also applies to vehicle salespersons working for online motor vehicle marketplace employers, and these salespersons may travel to customer locations to perform vehicle sale or purchasing operations. However, online vehicle marketplaces are a relatively new type of business with potential for future growth, and as a result the operations performed by vehicle salespersons may evolve over time.

Automobile or truck dealer outside salespersons assigned to Classification 8742 typically perform general or parts outside sales operations, marketing or public relations work, or clerical office activities with travel in connection with their job duties. It is unusual for automobile or truck dealers to have employees assigned to Classification 8748 and Classification 8742, as there are very few employers with reported payroll in both classifications. Those that do have both classifications tend to be large employers with robust business operations which necessitates having outside sales employees, or with a commercial parts department which necessitates having parts outside sales employees.

There is little to no overlap between the job duties of employees assigned to Classification 8748 and of those assigned to Classification 8742. These two groups of employees are not cross trained to provide back up for one another and they work within separate reporting structures. It does not appear that there have been significant challenges to or confusion regarding the assignment of operations to Classifications 8748 or 8742 for automobile or truck dealers. Further, vehicle salespersons and outside salespersons employed by automobile or truck dealers have dissimilar

⁸ Specifically, the WCIRB met with employers that operate commercial and public automobile and truck dealerships and online motor vehicle marketplaces.

⁹ A summary of how other jurisdictions classify vehicle salespersons employed by automobile or truck dealers is in Appendix II.

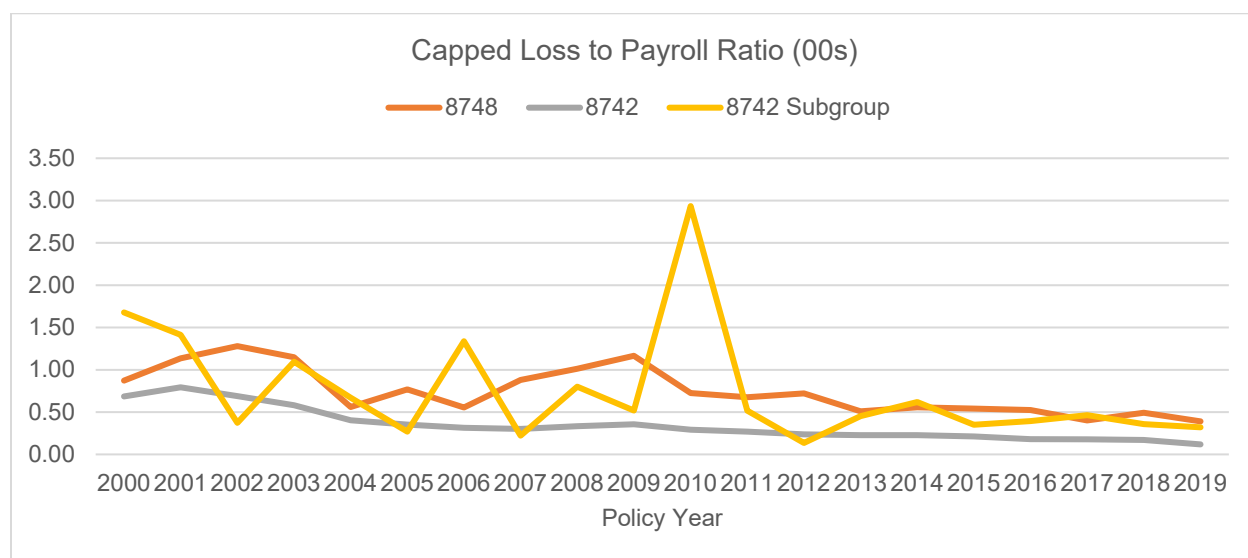
¹⁰ Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*, is the companion classification for Classification 8748. It applies to estimators, service writers, vehicle maintenance and repair, shuttle drivers, accessory or spare parts sales and the transporting of vehicles that are owned by the employer.

¹¹ These automobile or truck dealers are typically engaged in the sale of automobiles, trucks, buses, forklift trucks, golf carts, recreational vehicles, motor homes and trailers. Classification 8748 also applies to vehicle auctioneers and auction sales assistants who work for employers that operate vehicle auctions, and to driving or classroom instructors who work for employers that operate automobile or truck driving schools. However, Classification 8748 primarily consists of vehicle salespersons employed by automobile or truck dealers.

average weekly wages.¹² Therefore, the line of demarcation between operations assigned to Classifications 8748 and 8742 is clear.

- Payroll and Claim Experience of Vehicle Salespersons and the Outside Sales Subgroup**
 Given that only 1% of automobile and truck dealership payroll was reported in Classification 8742, the loss to payroll ratios for the outside sales operations of employers assigned to Classification 8748 (Classification 8742 subgroup) are much more volatile than those for the statewide Classifications 8748 and 8742 (Figure 2). The 20-year weighted average loss to payroll ratio for Classification 8748 is about 37% higher than that for the Classification 8742 subgroup, whereas the long-term loss to payroll ratio for statewide Classification 8742 is about 40% lower than that for the Classification 8742 subgroup. However, the loss to payroll ratios for Classification 8748 and the Classification 8742 subgroup appear to be converging in recent years.

Figure 2. Historical Loss to Payroll Ratios Comparing Classification 8748, Classification 8742 and the Classification 8742 Subgroup



	20-Year Loss to Payroll Ratio (00s) (PY2000-PY2019) ¹³	5-Year Loss to Payroll Ratio (00s) (PY2015-PY2019) ¹⁴
Classification 8748	0.71	0.47
Classification 8742 Subgroup	0.52	0.38
Classification 8742	0.31	0.17

The typical causes of injury were also dissimilar between claims reported for the Classification 8742 subgroup and those reported for Classification 8748 (Figure 3). Outside salespersons employed by automobile or truck dealers have a lower share of indemnity claims involving fall, slip or trip injuries but a significantly higher share involving strain injuries than vehicle salespersons. In addition, while motor

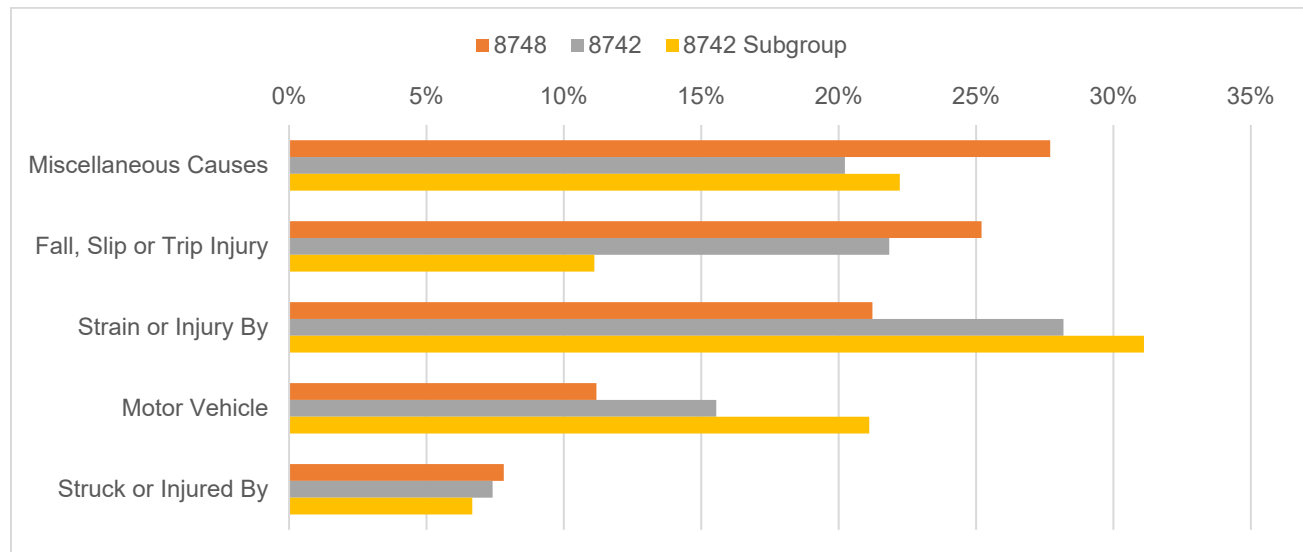
¹² Wage information is from the 2021 Wage, Payroll and Exposure Report for California Workers' Compensation. The full-time average weekly wage was \$793 for Classification 8748 and \$1,172 for Classification 8742, adjusted for the industry mix for automobile or truck dealers.

¹³ The weighted average loss to payroll ratio was calculated as the aggregate losses over the policy year period from 2000 to 2019 divided by the aggregate payroll during the same period. The loss to payroll ratio in policy year 2010 was driven by large claim frequency and low payroll exposure which was atypical and unrepresentative of the actual payroll and loss experience. Therefore, payroll and losses for policy year 2010 were excluded from the calculation.

¹⁴ The weighted average loss to payroll ratio was calculated as the aggregate losses over the policy year period from 2015 to 2019 divided by the aggregate payroll during the same period.

vehicle accidents are a unique risk exposure for both vehicle salespersons and outside salespersons, the share of claims involving motor vehicle accidents for the Classification 8742 subgroup is twice as high as that for Classification 8748. This difference indicates significantly different levels of motor vehicle risk exposure and different likelihoods of serious claims between the two groups. Lastly, the typical causes of injuries for the Classification 8742 subgroup are generally comparable to those for statewide Classification 8742.

Figure 3. Share of Indemnity Claims for Top 5 Causes of Injury for Policy Years 2015-2019



In summary, the business operations, underlying hazards and claim experience indicate that the line of demarcation between vehicle sales operations assigned to Classification 8748 and outside sales operations of automobile or truck dealers assigned to Classification 8742 is clear. In addition, the growing prevalence of online vehicle marketplaces may lead to changes in the vehicle sales industry. Therefore, the WCIRB does not recommend including outside sales employees within the scope of Classification 8748 and recommends that these outside salespersons continue to be assigned to Classification 8742.

2. Comparison of Vehicle Salesperson Operations Assigned to Classification 8748 and Clerical Operations Assigned to Classification 8810¹⁵

• Operations of Vehicle Salespersons and Clerical Office Employees

Clerical office employees employed by automobile or truck dealers who are assigned to Classification 8810 usually perform general administrative duties (e.g., human resources, payroll, billing) in support of dealership operations and finance and insurance related duties in support of vehicle sales operations. Automobile or truck dealers may also employ clerical office employees who perform customer service, dispatch, inside sales, purchasing, cashiering in a clerical space, online sales without test drives and marketing or public relations without travel.

For the majority of employers assigned to Classification 8748, there is no overlap between the job duties of their vehicle salespersons and clerical employees. However, for certain types of automobile or truck dealers, there may be an overlap between the job duties of employees assigned to Classification 8748 and of those assigned to Classification 8810 who perform finance and insurance operations. For example, vehicle salespersons who work for luxury automobile dealerships or for small or specialty motor vehicle dealerships, such as golf cart or recreational vehicle dealers, may perform finance and insurance operations in addition to their sales duties due to limited staff

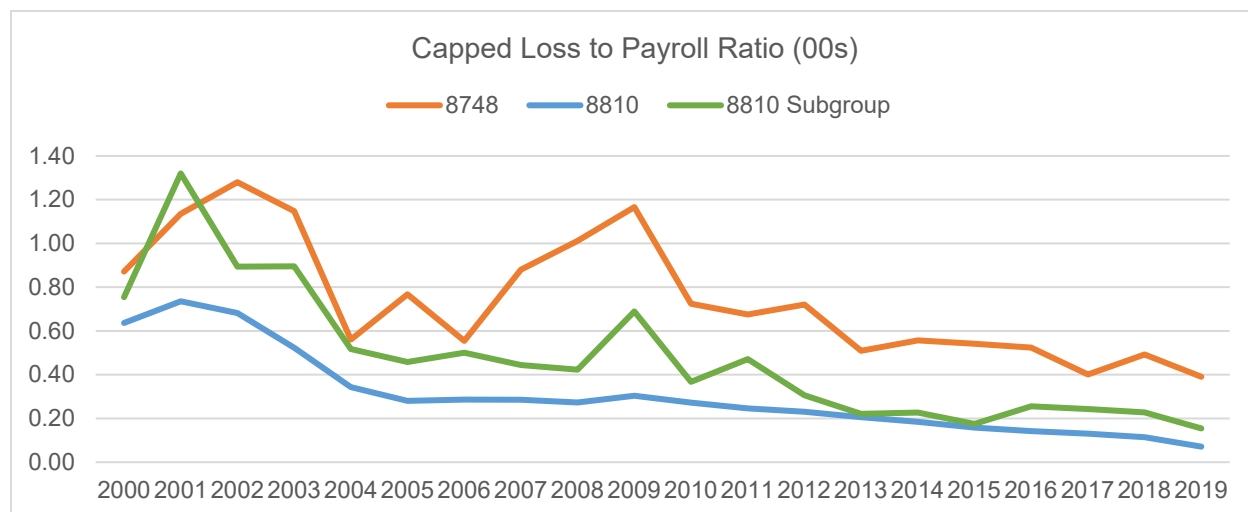
¹⁵ Clerical telecommuters assigned to Classification 8871 are not included in the analysis as the classification was established effective January 1, 2021 and there was not much information at the time of this study.

availability (for small or specialty dealerships) or customer request (for luxury dealerships). However, since the majority of employers assigned to Classification 8748 do not operate these types of dealerships, the overlap between clerical employees who perform finance and insurance operations and employees assigned to Classification 8748 is minimal. In addition, it does not appear that there have been significant challenges to, or confusion regarding, the assignment of operations to Classifications 8748 or 8810 for automobile or truck dealers.

Furthermore, vehicle salespersons and clerical employees employed by automobile or truck dealers have dissimilar average weekly wages.¹⁶ This is likely attributable in part to the assignment of higher salaried clerical employees in management roles to Classification 8810. Therefore, the line of demarcation between operations assigned to Classifications 8748 and 8810 is clear.

- **Payroll and Claim Experience of Vehicle Salespersons and the Clerical Subgroup**
As shown in Figure 4, loss to payroll ratios for clerical office employees of automobile or truck dealers (Classification 8810 subgroup) were much lower than those for Classification 8748 and more comparable to those for the statewide Classification 8810, especially after policy year 2006.¹⁷

Figure 4. Historical Loss to Payroll Ratios Comparing Classification 8748, Classification 8810 and the Classification 8810 Subgroup



	20-Year Loss to Payroll Ratio (00s) (PY2000-PY2019) ¹⁸	5-Year Loss to Payroll Ratio (00s) (PY2015-PY2019) ¹⁹
Classification 8748	0.71	0.47
Classification 8810 Subgroup	0.41	0.21
Classification 8810	0.28	0.12

¹⁶ Wage information is from the 2021 Wage, Payroll and Exposure Report for California Workers' Compensation. The full-time average weekly wage was \$793 for Classification 8748 and \$1,168 for Classification 8810, adjusted for the industry mix for automobile or truck dealers.

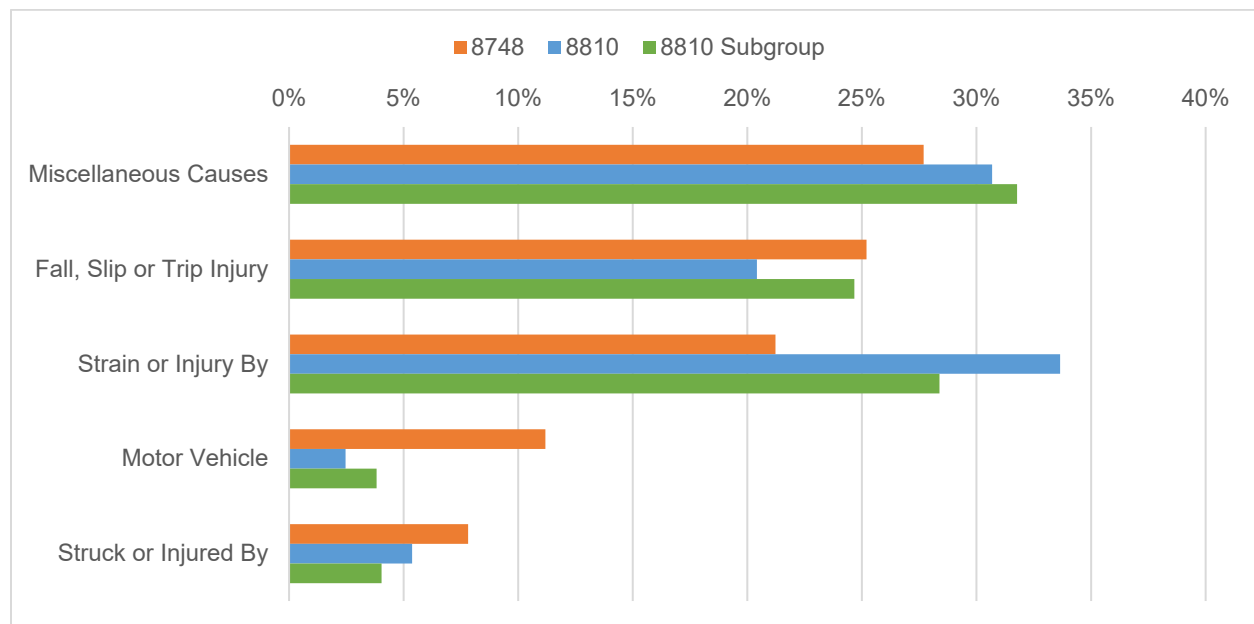
¹⁷ Clerical telecommuters assigned to Classification 8871 are not included in the analysis as the classification was established effective January 1, 2021 and there was no payroll reported in Classification 8871 at the time of this study.

¹⁸ The weighted average loss to payroll ratio was calculated as the aggregate losses over the policy year period from 2000 to 2019 divided by the aggregate payroll during the same period.

¹⁹ The weighted average loss to payroll ratio was calculated as the aggregate losses over the policy year period from 2015 to 2019 divided by the aggregate payroll during the same period.

The WCIRB also compared the typical causes of injury for clerical employees and vehicle salespersons. As shown in Figure 5, only the fall, slip or trip injuries category had consistent shares of indemnity claims for clerical employees and vehicle salespersons employed by automobile or truck dealerships, while other leading causes of injury differed. For example, the share of indemnity claims involving strain injuries for the Classification 8810 subgroup is much higher than that for Classification 8748, while the share of indemnity claims involving motor vehicle accidents for the Classification 8810 subgroup is lower than that for Classification 8748. The different patterns of leading causes of injury are driven by the different operational characteristics of vehicle sales and clerical operations. Vehicle salespersons often accompany customers on test drives, while clerical employees do not have exposure to motor vehicles but have higher risk of strain injuries consistent with work that is clerical in nature. Lastly, the leading causes of injuries for the Classification 8810 subgroup are generally more comparable to those for statewide Classification 8810.

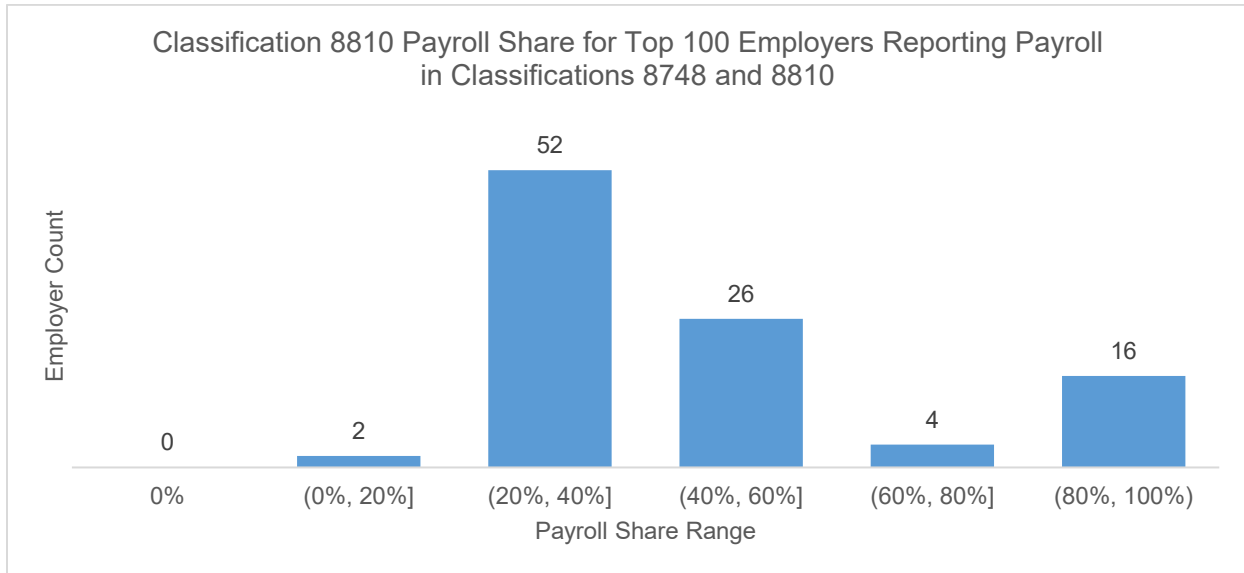
Figure 5. Share of Indemnity Claims for Top 5 Causes of Injury for Policy Years 2015-2019



The WCIRB also reviewed the payroll distribution for Classification 8810 across the 100 largest employers with the most payroll reported in Classifications 8748 and 8810 to assess if the top employers in Classification 8748 had a relatively consistent share of Classification 8810 exposure.²⁰ The disparity in payroll and claim characteristics among operational segments of a classification is less of a concern if the payroll split between the two segments is relatively consistent among policyholders within the classification. As shown in Figure 6, the relative share of reported payroll in Classification 8810 for these employers differed sharply. While the majority of the largest employers had 20% to 60% of their payroll reported in Classification 8810, some (16%) had more than 80% of their payroll reported in Classification 8810.

²⁰ The payroll distribution for Classification 8810 is calculated based on the reported payroll in Classification 8810 divided by the total reported payroll in both Classifications 8810 and 8748 for employers with reported payroll in Classification 8748. The majority of payroll for the 100 largest employers was reported in Classification 8748, its companion code, Classification 8391, and Classification 8810. Therefore, all of the payroll assigned to Classification 8810 is included in the payroll distribution calculation, assuming those clerical operations are performed in connection with vehicle sales operations.

Figure 6. Share of Classification 8810 Payroll for Top Vehicle Salesperson Employers in Policy Year 2015-2019



In summary, the business operations, underlying hazards and claim experience of vehicle salespersons assigned to Classification 8748 are different from those of clerical employees of automobile or truck dealers assigned to Classification 8810. In addition, the proportion of Classification 8810 exposure varies significantly among the top employers in Classification 8748. Therefore, the WCIRB does not recommend including clerical employees within the scope of Classification 8748 and recommends that these clerical employees continue to be assigned to Classification 8810.

IV. Findings

Based on this review, the WCIRB has determined:

1. There is little to no overlap between the job duties of automobile or truck dealer vehicle salespersons assigned to Classification 8748 and automobile or truck dealer outside salespersons assigned to Classification 8742. In addition, it is rare for automobile or truck dealers to employ both vehicle salespersons and outside salespersons. The line of demarcation between operations assigned to Classifications 8748 and 8742 is clear.
2. The long-term loss to payroll ratios and typical causes of injury for vehicle salespersons assigned to Classification 8748 differed from those for automobile or truck dealer outside salespersons assigned to Classification 8742. In particular, the outside salespersons had a much higher share of indemnity claims involving motor vehicle accidents than Classification 8748, indicating a potential higher likelihood of severe claims.
3. Clerical employees of automobile or truck dealers assigned to Classification 8810 typically perform general administrative duties in support of dealership operations and finance and insurance related duties in support of vehicle sales operations. The majority of Classification 8810 clerical employees' job duties do not overlap with those of vehicle salespersons assigned to Classification 8748. The line of demarcation between operations assigned to Classifications 8748 and 8810 is clear.
4. The loss to payroll ratios and typical causes of injury for automobile or truck dealer clerical operations assigned to Classification 8810 were different from Classification 8748 experience and more comparable to statewide Classification 8810 experience. In addition, the proportion of Classification 8810 exposure varies significantly across the employers with the most payroll reported in Classifications 8748 and 8810, indicating disproportional Classification 8810 risk.

exposure across different employers. The underlying hazards and claim experience of vehicle salespersons employed by automobile or truck dealers assigned to Classification 8748 are different from those of the dealers' clerical employees assigned to Classification 8810.

V. Recommendations

Based on these findings, the WCIRB does not recommend including Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons in Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*.

Appendix I – History of Classification 8748

Following is a timeline of significant changes to the scope and application of Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*:

- **1943:** Classification 8748, *Automobile Salesmen – new or used cars*, was established to apply to automobile salesmen of automobile dealers.
- **1947:** Classification 8748 was amended to specify that it only applies to those concerns having a clerical office force and a regular sales force exclusively engaged in the demonstration and sale of automobiles (exclusive of proprietors) with or without a service or repair department.
- **1987:** Classification 8748 was amended to include automobile truck salespersons.
- **2005:** Classification 8748 was amended to include a cross reference to Classification 8391 as its companion code.
- **2014:** Classification 8748 was amended to specify that it also applies to vehicle salespersons of employers that operate auctions for the sale of automobiles and trucks.
- **2015:** The Automotive Industry group was established, which included Classification 8748.
- **2015:** Classification 8748 was amended to specify that it applies to salespersons of dealers of motor vehicles, including but not limited to automobiles, trucks, buses, forklift trucks, golf carts, recreational vehicles and motor homes and trailers.
- **2021:** Classification 8748 was amended to specify that it also applies to driving or classroom instruction performed in connection with the operation of automobile driving schools.

Appendix II – Other Jurisdictions

The WCIRB reviewed how other jurisdictions classify vehicle salespersons. The National Council on Compensation Insurance, Inc., the Workers' Compensation Rating and Inspection Bureau of Massachusetts, the Minnesota Workers' Compensation Insurers Association, Inc. and the North Carolina Rate Bureau direct that vehicle salespersons be assigned to Classification 8748, which is subject to the Standard Exception rule except for delivery operations.

The Compensation Advisory Organization of Michigan and the Wisconsin Compensation Rating Bureau direct that vehicle salespersons be assigned to Classification 8748, which is either a Special Classification as it is an extension of Classification 8742 or should be treated the same as Classification 8742 with respect to classifying employees.

The New Jersey Compensation Rating and Inspection Bureau and the New York Compensation Insurance Rating Board direct that vehicle salespersons be assigned to Classification 8748, but do not consider it to be a Standard Exception classification.

The Pennsylvania Compensation Rating Bureau utilizes one classification for all operations of an automobile or truck dealer, including clerical and vehicle sales, service and repair. A separate classification is utilized for automobile auction operations and driving school instruction.

Item III-C

Review of Computer and Computer Peripheral Definitions

**8062, Stores – computer – wholesale or retail – including Outside Salespersons
3681(2), Computer or Computer Peripheral Equipment Mfg. – N.O.C.
5193, Computer or Telephone System or Equipment Installation, Service or Repair**

Staff summarized its review of Classifications 8062, *Stores – computer*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, to determine if the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP):

1. Sufficiently defines the terms *computer* and *computer peripheral*, and
2. Consistently uses the terms *computer* and *computer peripheral* across classifications that contemplate the manufacture, installation and sale of computers or computer peripherals.

Staff advised that although technology has advanced, the definitions of computer and computer peripheral for classification purposes are consistent with the commonly understood definitions of computer and computer peripherals. Additionally, the manufacture, installation and sale of computers or computer peripherals are consistently assigned to the appropriate classification. While the term computer peripheral is used in Classifications 8062, 3681(2) and 5193, and is intended to have the same meaning consistent with the commonly understood definition, the classification footnotes are not consistent with respect to cited examples of computer peripherals. Therefore, staff did not recommend expanding the definitions of computer and computer peripherals in these classifications, other than to update them for clarity and consistency.

Based on these findings, staff recommended amending Classifications 8062, 3681(2) and 5193 for consistency and to provide a uniform list of products included in the scope of computer peripheral items.

As there were no questions about the proposed changes, a motion was made, seconded and unanimously passed to recommend that the proposed changes be included in the September 1, 2023 Regulatory Filing.

Review of Computer and Computer Peripheral Definitions

8062, Stores – computer – wholesale or retail – including Outside Salespersons
3681(2), Computer or Computer Peripheral Equipment Mfg. – N.O.C.
5193, Computer or Telephone System or Equipment Installation, Service or Repair

I. Background

As requested by the California Department of Insurance (CDI)¹, the WCIRB reviewed Classifications 8062, *Stores – computer*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, to determine if the *California Workers' Compensation Uniform Statistical Reporting Plan—1995 (USRP)*:

1. Sufficiently defines the terms *computer* and *computer peripheral*, and
2. Consistently uses the terms *computer* and *computer peripheral* across classifications that contemplate the manufacture, installation and sale of computers or computer peripherals.

II. Analysis

1. Definition of Computers

Classification 8062, *Stores – computer*, applies to stores that sell *computers, computer peripheral items, computer software, computer accessories, computer parts and computer supplies* that equal or exceed 75% of gross receipts; and not less than 10% of gross receipts must be from the sale of computers.

As commonly understood, a computer is a programmable electronic device designed to accept data, perform prescribed mathematical and logical operations at high speed, and display the results of these operations. Computers are made up of several core hardware components, including the housing which holds the computer's processor (CPU), motherboard, memory, storage, communication ports and power supply. Computers are designated as mainframes, servers, personal computers, laptops or tablets based on their computing power, capacity, mobility, etc. Computers use software to receive, encode, store and process information.² Consistent with the commonly understood definition of computers, Classification 8062 defines computers for classification purposes to include laptops, personal computers, servers, tablets and notebooks. Similar consistent definitions of computers can be found in Classifications 3681(2), *Computer or Computer Peripheral Equipment Mfg.*,³ and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

2. Definition of Computer Peripherals

A computer peripheral is commonly known as an input or output device and is used to either enter instructions into a computer, such as typing with a computer keyboard, or translate digital signals into output recognizable by people, such as monitors that convert digital video signals into recognizable images. Computer peripherals can be connected to and work with computers, but do not comprise the core components of a computer like a CPU or contain a power supply unit. Examples of other input devices include mice and webcams, while output devices include printers and headsets. Computer peripherals can also include external storage devices like flash memory (e.g., thumb drives), external disks or other auxiliary storage drives.⁴ Some peripheral devices may perform both input and output functions simultaneously, such as an external hard drive that receives data to be written and sends data to the computer.

¹ This request was included in the CDI's Order Adopting Proposed Decision for File No. AHB-WCA-18-37.

² Technopedia, <https://www.technopedia.com/definition/4607/computer> (as of April 27, 2022).

³ Classification 3681(2) includes "mainframe" in the definition of computer; however, stores classified as 8062 do not typically sell mainframes as these computers are generally purchased from the manufacturer.

⁴ Encyclopedia Britannica, <https://www.britannica.com/technology/input-output-device> (as of April 27, 2022).

The term *computer peripheral* is used in Classifications 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, and 3681(2), *Computer or Computer Peripheral Equipment Mfg. – N.O.C.*, in reference to the installation, service and manufacture of equipment, respectively.

- Classification 5193 specifically includes repairing or servicing computer peripheral equipment identified as “monitors, terminals, computer mouse devices, keyboards and computer modems.”⁵
- Classification 3681(2) specifically identifies electronic computer peripheral equipment to include “monitors, terminals, printers, computer mouse devices, keyboards, disk drives, logic boards, motherboards and computer modems.”⁶

While the specific items listed in each classification are somewhat different, both classifications identify computer peripherals as similar types of devices, and these devices are consistent with the commonly understood definition of computer peripherals.

Classification 8062 references “computer peripherals,” but does not delineate examples of what is considered a computer peripheral. This, however, has not created confusion with respect to the scope of the classification or what is intended by the term computer peripheral. Based on the WCIRB’s review of inquiries received, there were very few questions related to the administration of Classification 8062 and its scope, as it is narrowly defined by the percentage restrictions for sales of computer and computer peripheral products.⁷

As technology has advanced, many consumer and professional electronic products now connect to some type of computing or smart technology which may resemble a computer or computer peripheral equipment. The inclusion of digital technology, such as components or operating systems that may be associated with some computers, and the potential ability of these products to send or receive data with computer networks, however, does not redefine these products as computers or computer peripherals. For example, many refrigerators are now equipped with “smart technology” including a built-in tablet interface that connects wirelessly to the internet so that contents within the refrigerator can be monitored, temperature can be controlled from a smartphone or connections can be made to various web-based applications for messaging, entertainment and social media directly from the refrigerator. While it has a component that is considered a computer, these features do not make this appliance a computer. The purpose of the appliance is still to refrigerate food.

Although technology has advanced, the definitions of computer and computer peripheral for classification purposes are consistent with the commonly understood definitions of computer and computer peripherals and therefore the WCIRB does not recommend expanding the definition of these terms in Classifications 8062, *Stores – computer*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, other than to update the definitions for clarity and consistency.

III. Findings

Based on this review, the WCIRB has determined:

1. The USRP’s definitions of **computer** and **computer peripheral** are sufficient as: (a) they are consistent with the common understanding of these terms; and (b) the manufacture, installation

⁵ Employers that sell computer or computer peripheral equipment also offer installation, service or repair services, which are separately classified in Classification 5193.

⁶ The manufacture of computers and computer peripheral equipment is assigned to Classification 3681(2).

⁷ Most of the inquiries were related the installation, service or repair of computers and servers. This is presumably because Classification 5193 is a relatively new classification, as it was established in 2018. The only case where the definition of computer peripheral was disputed arose as part of an appeal which resulted in the CDI recommending this review.

and sale of computers or computer peripherals are consistently assigned to the appropriate classification.

2. While the term *computer peripheral* is used in Classifications 8062, 3681(2) and 5193, and is intended to have the same meaning consistent with the commonly understood definition, the classification footnotes are not consistent with respect to cited examples of computer peripherals.

IV. Recommendation

Based on these findings, the WCIRB recommends amending Classifications 8062, *Stores – computer*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, for consistency and to provide a uniform list of products included in the scope of computer peripheral items.

Recommendation

Amend Classification 8062, *Stores – computer*, which is part of the Stores 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

STORES

STORES – computer – wholesale or retail – including Outside Salespersons

8062

This classification applies to each location of an employer at which the sale of computers, computer peripheral ~~item~~equipment, computer software, computer accessories, computer parts and computer supplies equals or exceeds 75% of gross receipts and not less than 10% of gross receipts is derived from the sale of computers, which include but are not limited to desktops, laptops, personal computers, servers, or tablets and notebooks. Computer peripheral equipment includes but is not limited to monitors, printers, scanners, or computer mice, keyboards, webcams, disk drives, external storage devices, motherboards, modems or routers. For purposes of administering this classification, cellular telephones are not computers or computer peripheral ~~item~~equipment. Refer to Classification 8017(1), *Stores – retail*.

The installation, service or repair of computers, computer systems or computer peripherals at the store or at customers' locations shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

The manufacture of computers or computer peripheral equipment, or shop repair of computers or computer peripheral equipment by the manufacturer, shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg.*

~~The installation, service or repair of computers or computer systems at the store or at customers' locations shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.~~

* * * * *

Recommendation

Amend Classification 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, to clarify the intended application.

PROPOSED

COMPUTER OR TELEPHONE SYSTEM OR EQUIPMENT INSTALLATION, SERVICE OR REPAIR 5193 – shop or outside

This classification applies to the installation, service or repair of computer or telephone systems or equipment, including but not limited to phone speakers, cellular telephones, Voice Over Internet Protocol equipment and desktops, laptops, servers, tablets and computer peripheral equipment such as monitors, ~~terminals, desktop~~ printers or scanners or computer ~~mouse device~~ mice, keyboards, webcams, disk drives, external storage devices, motherboards, and computer ~~modems or routers~~. This classification includes the installation of communications cabling

performed in connection with computer or telephone system installation, service or repair operations by the same employer. This classification includes the installation, service or repair of audio or video teleconferencing equipment that is connected to telephone or computer networks. Repair operations may be performed at the shop or at customers' locations.

This classification also applies to the installation, service or repair of computer or telephone systems or equipment in connection with the operation of data center colocation facilities where business customers rent space for their servers and other computing hardware or rent space on the facility's servers. The management and operation of commercial properties as data center colocation facilities shall be separately classified as 9009/8740(2), *Commercial Properties*.

The manufacture of computers or computer peripheral equipment, or shop repair of computer or computer peripheral equipment by the manufacturer, shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg.*

The manufacture of telephones or telephone equipment, or shop repair of telephones or telephone equipment by the manufacturer, shall be classified as 3681(3), *Telecommunications Equipment Mfg.*

The installation, service or repair of audio/video systems shall be classified as 9516, *Television, Video, Audio or Radio Equipment Installation, Service or Repair*.

The construction of aerial telephone lines shall be classified as 7601, *Aerial Line Construction*. The construction of underground telephone lines shall be classified as 6325, *Conduit Construction or Underground Wiring*.

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

The installation, service or repair of office or point of sale machines shall be classified as 5191, *Office Machine or Point of Sale Equipment Installation, Service or Repair*.

The installation, service 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*.

Employers licensed by the Federal Communications Commission that provide wireline, long distance, cellular, radio paging or mobile radio services for customers on a fee basis shall be classified as 7600, *Communication Service Providers*.

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Recommendation

Amend Classification 3681(2), *Computer or Telephone Peripheral Equipment Mfg.*, which is part of the Electronics Industry Group, to clarify the intended application and for consistency with other proposed changes.

PROPOSED

ELECTRONICS

COMPUTER OR COMPUTER PERIPHERAL EQUIPMENT MFG. – all other employees – N.O.C. 3681(2)

This classification applies to the manufacture of ~~personal~~, desktop, laptop, ~~notebook~~, tablet or mainframe computers or servers. This classification also applies to the manufacture of ~~electronic~~ computer peripheral equipment, ~~including but not limited to~~ such as monitors, ~~terminals~~, printers, ~~scanners or computer mouse devices~~ mice, keyboards, ~~webcams~~, disk drives, ~~logic boards~~ external storage devices, motherboards, ~~and computer modems or routers~~. This classification includes shop repair of computer or computer peripheral equipment by the manufacturer.

The installation, service or repair ~~or installation~~ of computer or computer peripheral equipment by the manufacturer away from the shop or at customers' locations shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

Also refer to companion Classification 8874(2), *Computer or Computer Peripheral Equipment Mfg. – hardware or software design or development*.

* * * * *

Recommendation

Amend Classification 5191, *Office Machine or Point of Sale Equipment Installation, Service or Repair – N.O.C. – shop or outside*, for consistency with other proposed changes.

PROPOSED

OFFICE MACHINE OR POINT OF SALE EQUIPMENT INSTALLATION, SERVICE OR REPAIR – N.O.C. – shop or outside 5191

This classification applies to the installation, service or repair of office machines, including but not limited to printers, copiers, scanners, coin counting and wrapping machines and mail room equipment. This classification also applies to the installation, service or repair of point of sale or transactional machines, including but not limited to automated teller machines, credit card readers, payment terminals, electronic cash registers and other electronic transaction devices. This classification also applies to the installation, service or repair of slot machines and electronic gaming machines. This classification includes the installation of low voltage cabling that is performed in connection with machine installation, service or repair operations by the same employer. Repair operations may be performed at a shop location or at customers' locations.

This classification also applies to piano tuning.

~~The manufacture of office machines shall be separately classified.~~

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

The installation of electrical wiring within buildings shall be classified as 5140/5190, *Electrical Wiring – within buildings*.

The installation, service or repair of commercial printing equipment, including but not limited to offset printers and printing presses shall be classified as 3724(1), *Millwright Work*.

The installation, service or repair of computers, telephones, telephone systems, ~~or desktop printers or scanners or other~~ computer peripheral equipment shall be classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

The installation, service or repair of vending machines shall be classified as 5192, *Vending or Coin-Operated Machines*.

The manufacture of office machines shall be separately classified.

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Item III-D

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

The Committee was reminded that staff 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. Staff identified several classifications that could be clarified and, therefore, proposed revisions for clarity, consistency and to provide direction about how related operations are classified.

In response to a question from a Committee member regarding whether Classification 3569, *Electric Motor Mfg. or Repair*, would contemplate repair away from the shop, or if a footnote should be added to direct that a different classification would apply, staff agreed to evaluate the issue. Following the meeting, staff determined that an additional footnote would provide for greater clarity and the proposed language will be reviewed by the C&R Committee at the next meeting.

Following this discussion, a motion was made, seconded and unanimously passed to recommend that the proposed changes, with the exception noted above, be included in the September 1, 2023 Regulatory Filing.

Recommendation

Amend Section IV, *Special Industry Classification Procedures*, Rule 5, *Stores*, Subrule e to clarify its intended application.

PROPOSED

Section IV – Special Industry Classification Procedures

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5. Stores

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- e. If a store maintains a department for the preparation and sale of hot foods, such operations shall be separately classified as 9079(1), *Restaurants or Taverns*. The payroll of employees that interchange between store operations and the department engaged in the preparation and sale of hot foods shall be assigned in accordance with Section V, Rule 3, *Division of Single Employee's Payroll*.

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Recommendation

Amend Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*, which is part of the Automotive Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

AUTOMOTIVE INDUSTRY

AUTOMOBILE OR TRUCK DEALERS – all employees other than vehicle salespersons – 8391
including estimators, service writers, vehicle maintenance and repair, shuttle drivers,
accessory or spare parts sales and the transporting of vehicles that are owned by the
employer

This classification applies to dealers of motor vehicles, including but not limited to automobiles, trucks, buses, forklift trucks, golf carts, recreational vehicles, motor homes and trailers. This classification applies only to those employers having, in addition to proprietors, a regular sales force engaged exclusively in the demonstration and sale of vehicles and separate clerical staff.

If these conditions do not exist, Classification 8391 does not apply. If Classification 8391 does not apply and the employer performs vehicle repair work, assign the applicable vehicle repair classification(s) and, if the employer performs no vehicle repair, assign Classification 8392, *Automobile or Truck Storage Garages or Parking Stations or Lots*, to employees who perform activities such as cleaning or washing vehicles, changing tires or recharging batteries.

This classification also applies to yard or repair employees who work for employers that operate vehicle auctions. Vehicle auctioneers or auction sales assistants shall be classified as 8748, *Automobile or Truck Dealers – vehicle salespersons*.

This classification also applies to yard, repair or maintenance employees who work for employers engaged in automobile or truck rental, automobile or truck driving schools, or the transport of individual automobiles or trucks between locations (“Driveaway” companies). Rental agents who work for employers engaged in automobile or truck rental and greet customers, check vehicles in or out, collect payment or assist customers in completing the rental process shall be classified as 8748, Automobile or Truck Dealers – vehicle salespersons.

Towing, roadside assistance or freeway service patrol operations conducted on vehicles not owned by the employer shall be separately classified as 7227, *Automobile or Truck Towing, Roadside Assistance or Freeway Service Patrol*.

“Roadside assistance” refers to services provided to the vehicle owner under an agreement with a third party (such as a motor club or law enforcement agency). Contemplated services include changing tires, jump-starting batteries, replacing batteries, supplying a small amount of gasoline or performing minor vehicle repairs such as reattaching ignition wires or battery cables.

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

Also refer to companion Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*.

* * * * *

Recommendation

Amend Classification 8748, *Automobile or Truck Dealers*, which is part of the Automotive Industry Group, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

AUTOMOTIVE INDUSTRY

AUTOMOBILE OR TRUCK DEALERS – vehicle salespersons

8748

This classification applies to salespersons employed by dealers of motor vehicles, including but not limited to automobiles, trucks, buses, forklift trucks, golf carts, recreational vehicles, motor homes and trailers.

This classification also applies to vehicle auctioneers or auction sales assistants who work for employers that operate vehicle auctions.

This classification also applies to rental agents who work for employers engaged in automobile or truck rental and greet customers, check vehicles in or out, collect payment or assist

customers in completing the rental process. Yard, repair or maintenance employees who work for automobile or truck rental employers shall be classified as 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons.*

This classification also applies to driving or classroom instruction performed in connection with the operation of automobile or truck driving schools. Vehicle maintenance or repair operations performed in connection with the operation of automobile or truck driving schools shall be classified as 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons.*

Also refer to companion Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons.*

* * * * *

Recommendation

Amend Classification 3179, *Electrical Apparatus Mfg. – N.O.C.*, which is part of the *Electronics* Industry group, to clarify the intended application.

PROPOSED

ELECTRONICS

Refer to Section IV, *Special Industry Classification Procedures*, Rule 3, *Electronic Products Design and Manufacturing*.

ELECTRICAL APPARATUS MFG. – N.O.C.

3179

This classification applies to the manufacture or shop repair of electrical apparatus, including but not limited to electric controls, switchboard assemblies, solenoids, electrical-mechanical switches, actuators and relays with a power rating of less than 746 watts (one horsepower) that is not specifically described by another classification. This classification also applies to the manufacture of dry cell batteries.

The installation or repair of electrical apparatus away from the shop shall be classified as 3724(2), *Electrical Machinery or Auxiliary Apparatus.*

The manufacture or shop repair of electrical apparatus, including but not limited to electric controls, switchboard assemblies, solenoids, electrical-mechanical switches and relays with a power rating of 746 watts or more shall be classified as 3643(1), *Electric Power or Transmission Equipment Mfg.*, or 3643(2), *Electric Control Panel or Switchgear Mfg.* The manufacture or shop repair of electrical apparatus that are 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 electric motors shall be classified as 3569, *Electric Motor Mfg. or Repair.*

The manufacture of portable electric appliances that are not specifically described by another classification shall be classified as 3570, *Electric Appliance Mfg.*

~~The installation or repair of electrical apparatus away from the shop shall be classified as 3724(2), *Electrical Machinery or Auxiliary Apparatus.*~~

* * * * *

Recommendation

Amend Classification 3339, *Foundries – investment casting*, for consistency with other proposed changes.

PROPOSED

FOUNDRIES – investment casting – ferrous or nonferrous – all operations – including pattern and mold mfg. 3339

This classification applies to the manufacture of metal castings, either ferrous or nonferrous, by the lost wax or investment process.

Foundry operations are General Exclusions; therefore, unless specifically included in the phraseology/language of a classification, foundry operations shall be separately classified. See Part 3, Section III, Rule 6, *General Exclusions*.

The manufacture of metal castings, either ferrous or nonferrous, by die casting shall be classified as 1925, *Die Casting Mfg.*

The manufacture of iron castings by methods other than die casting or the lost wax or investment process shall be classified as 3081, *Foundries – iron*.

The manufacture of steel castings by methods other than die casting or the lost wax or investment process shall be classified as 3082, *Foundries – steel castings*.

The manufacture of castings from nonferrous metals, including but not limited to aluminum, brass, zinc or bronze by methods other than die casting or the lost wax or investment process shall be classified as 3085, *Foundries – nonferrous*.

* * * * *

Recommendation

Amend Classification 3081, *Foundries – iron*, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

FOUNDRIES – iron – N.O.C. 3081

This classification applies to foundries that produce iron castings, including incidental processing operations such as the removal of gates, risers, burrs and flash.

This classification includes the manufacture of foundry sand cores that are used in the employer's foundry operations.

~~The machining and assembly of castings to produce finished parts or products, including but not limited to water meter covers, pump housings, fire grates, weights, bolt anchors and gas burners shall be separately classified.~~ Foundry operations are General Exclusions; therefore, unless specifically included in the language of a classification, foundry operations shall be separately classified. See Part 3, Section III, Rule 6, *General Exclusions*.

The manufacture of patterns for use in foundry operations shall be separately classified as 2790, *Pattern or Model Mfg.*

The casting of nonferrous metal shall be ~~separately~~ classified as 3085, *Foundries – nonferrous*, in accordance with the provisions of the Multiple Enterprises rule.

The casting of steel shall be ~~separately~~ classified as 3082, *Foundries – steel castings*, in accordance with the provisions of the Multiple Enterprises rule.

Die casting shall be classified as 1925, *Die Casting Mfg.*

The manufacture of metal castings, either ferrous or nonferrous, by the lost wax or investment process shall be classified as 3339, *Foundries – investment casting*.

The machining and assembly of castings to produce finished parts or products, including but not limited to water meter covers, pump housings, fire grates, bolt anchors, gas burners and weights shall be separately classified.

* * * * *

Recommendation

Amend Classification 3085, *Foundries – nonferrous*, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

FOUNDRIES – nonferrous – N.O.C.

3085

This classification applies to foundries that produce nonferrous castings from metals, including but not limited to aluminum, brass, zinc, bronze and precious metals. This classification includes incidental processing operations such as the removal of gates, risers, burrs and flash.

This classification includes the manufacture of foundry sand cores that are used in the employer's foundry operations.

~~The machining and assembly of castings to produce finished parts or components, including but not limited to skateboard trucks, propellers, fittings, pump housings, billets, pulleys and valves shall be separately classified.~~ Foundry operations are General Exclusions; therefore, unless specifically included in the language of a classification, foundry operations shall be separately classified. See Part 3, Section III, Rule 6, *General Exclusions*.

The manufacture of patterns for use in foundry operations shall be separately classified as 2790, *Pattern or Model Mfg.*

The casting of steel shall be ~~separately~~ classified as 3082, *Foundries – steel castings*, in accordance with the provisions of the Multiple Enterprises rule.

The casting of iron shall be ~~separately~~ classified as 3081, *Foundries – iron*, in accordance with the provisions of the Multiple Enterprises rule.

Smelting, sintering, refining or alloying metals shall be classified as 1438, *Smelting, Sintering, Refining or Alloying*.

The machining and assembly of castings to produce finished parts or components, including but not limited to skateboard trucks, pump housings, propellers, fittings, billets, pulleys and valves shall be separately classified.

* * * * *

Recommendation

Amend Classification 3082, *Foundries – steel castings*, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

FOUNDRIES – steel castings

3082

This classification applies to foundries that produce steel castings, including incidental processing operations such as the removal of gates, risers, burrs and flash.

This classification includes the manufacture of foundry sand cores that are used in the employer's foundry operations.

~~The machining and assembly of castings to produce finished parts or products, including but not limited to suspension components, impellers, hinges, golf club heads, valves and rods shall be separately classified.~~ Foundry operations are General Exclusions; therefore, unless specifically included in the language of a classification, foundry operations shall be separately classified. See Part 3, Section III, Rule 6, *General Exclusions*.

The manufacture of patterns for use in foundry operations shall be separately classified as 2790, *Pattern or Model Mfg.*

The casting of nonferrous metal shall be ~~separately~~ classified as 3085, *Foundries – nonferrous*, in accordance with the provisions of the Multiple Enterprises rule.

The casting of iron shall be ~~separately~~ classified as 3081, *Foundries – iron*, in accordance with the provisions of the Multiple Enterprises rule.

Die casting shall be classified as 1925, *Die Casting Mfg.*

The manufacture of metal castings, either ferrous or nonferrous, by the lost wax or investment process shall be classified as 3339, *Foundries – investment casting*.

The machining and assembly of castings to produce finished parts or products, including but not limited to water meter covers, pump housings, fire grates, bolt anchors, gas burners and weights shall be separately classified.

* * * * *

Recommendation

Amend Classification 9008, *Janitorial Services – by contractors*, to clarify the intended application and provide direction as to how related operations are classified.

PROPOSED

JANITORIAL SERVICES – by contractors

9008

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

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

This classification does not apply at a location where the employer provides property management services; such operations shall be assigned to the applicable *Property Management/Operation* Industry Group classification.

The interior general cleaning of occupied or vacant residences for other concerns on a fee basis shall be separately classified as 9096, *Residential Cleaning Services*.

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

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

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

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

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

* * * * *

Recommendation

Amend Classification 2702(2), *Land Clearing*, to clarify the intended application and provide direction as to how related operations should be classified.

PROPOSED

LAND CLEARING – all operations

2702(2)

This classification applies to the removal of trees, brush ~~and/or~~ vegetation in connection with the preparation of land for construction operations or the clearing of land to create firebreaks. This classification also applies to the removal of orchards ~~and/or~~ vineyards prior to replanting. This

classification also includes wood chipping and land ripping operations when performed by the same employer in connection with land clearing operations.

The grading or leveling of land shall be separately classified as 6218(2)/6220(2), *Grading Land*, or 6218(3)/6220(3), *Land Leveling*.

Weed abatement for fire hazard control purposes not in connection with land clearing shall be classified as 0042, *Landscape Gardening*.

* * * * *

Recommendation

Amend Classification 0042, *Landscape Gardening*, to provide direction as to how related operations are classified.

PROPOSED

LANDSCAPE GARDENING – including maintenance of gardens

0042

This classification applies to the construction, maintenance, repair or installation of landscape systems or facilities designed for public or private gardens or other areas in order to aesthetically, architecturally, horticulturally or functionally improve the grounds within or surrounding a structure or a tract or plot of land. This classification includes the preparation and grading of plots or areas of land for the installation of landscaping; pruning, repairing or trimming trees or hedges when none of the operations at a particular job or location require elevation, including but not limited to using ladders, lifts or by climbing; or chipping operations performed in connection with landscape gardening. This classification also applies to spraying or spreading lawn fertilizers or herbicides, or weed abatement for fire hazard control purposes not in connection with land clearing.

When performed by the same employer that is primarily (over 50% of employee time) engaged in landscape work at a particular job or location, this classification also applies to the construction or installation of hardscape features, including but not limited to fountains, statuary, monuments, decorative pools, garden furniture, garden accent lighting and drainage or sprinkler systems.

This classification also applies to reforestation operations to plant new trees or timber growth management operations to control or remove brush or overgrowth when performed for other concerns on a fee basis and not in connection with logging operations performed by the same employer. Reforestation or timber growth management operations when performed in connection with logging operations by the same employer shall be classified as 2702(1), *Logging*.

Pruning, repairing or trimming trees or hedges, including ground crew operations, when any portion of the operations at a particular job or location requires elevation, including but not limited to using ladders, lifts or by climbing, shall be separately classified as 0106, *Tree Pruning, Repairing or Trimming*.

Excavating, transporting and transplanting trees using mobile cranes shall be separately classified as 7219(3), *Mobile Crane and Hoisting Service Contractors*.

The clearing of land to create firebreaks through the removal of trees, brush or vegetation shall be classified as 2702(2), *Land Clearing – all operations*.

* * * * *

Recommendation

Amend Classification 8232(1), *Lumberyards – commercial – including counterpersons*, for clarity and consistency with other proposed changes.

PROPOSED

LUMBERYARDS – commercial – including counterpersons

8232(1)

This classification applies to commercial lumberyards engaged in the sale of lumber, plywood, moldings, paneling or incidental building materials. This classification includes incidental cutting of lumber to length and handling, stocking or delivery of lumber.

When, at a single location, the sale of store merchandise, including but not limited to tile, cabinets or hardware, electrical or plumbing supplies exceeds 25% of gross receipts, employees engaged in selling, stocking, handling or delivery of store merchandise shall be separately classified to the applicable *Stores* Industry Group classification; refer to Section IV, *Special Industry Classification Procedures*, Rule 5, *Stores*. Cashiers who process store merchandise sales in addition to building material sales shall also be assigned to the applicable *Stores* Industry Group classification.

The processing of logs into shingles or rough lumber shall be separately classified as 2710(1), *Sawmills or Shingle Mills*.

Planing of lumber to produce finished lumber, flooring or unassembled millwork shall be separately classified as 2731, *Planing or Molding Mills*.

The application of preservative treatments to logs or lumber shall be separately classified as 2710(3), *Wood Treating or Preserving*.

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

Dealers of solid combustible fuel materials or soil amendments shall be classified as 8232(3), *Fuel and Material Dealers*.

The processing of logs into shingles or rough lumber shall be separately classified as 2710(1), *Sawmills or Shingle Mills*.

Planing of lumber to produce finished lumber, flooring or unassembled millwork shall be separately classified as 2731, *Planing or Moulding Mills*.

The application of preservative treatments to logs or lumber shall be separately classified as 2710(3), *Wood Treating or Preserving*.

* * * * *

Recommendation

Amend Classification 8746, *Newspaper Publishing or Printing – reporters or photographers*, which is part of the Printing, Publishing and Duplicating Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWSPAPER PUBLISHING OR PRINTING – reporters or photographers – including Outside Salespersons 8746

This classification applies to reporters, photographers and advertising or circulation salespersons employed by newspaper publishers or printers.

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.

The sale or delivery of newspapers to customers for their personal use and not for resale shall be separately classified as 4312, Newspaper Delivery.

Pre-press activities of employers engaged in publishing printed newspapers, magazines or books where all printing and distribution is conducted by separate concerns shall be separately classified as 8807, Newspaper, Magazine or Book Publishing – no printing or distribution.

The publishing or printing of newspapers, tabloids, advertising newspapers, and specialty sections, including but not limited to the comics and television sections of newspapers shall be classified as 4304, *Newspaper Publishing or Printing – all other employees*, or 8818, *Newspaper Publishing or Printing – editing, designing, proofreading and photographic composing*.

~~The sale or delivery of newspapers to customers for their personal use and not for resale shall be separately classified as 4312, Newspaper Delivery.~~

* * * * *

Recommendation

Amend Classification 9096, *Residential Cleaning Services – by contractors*, for clarity and consistency with other proposed changes.

PROPOSED

RESIDENTIAL CLEANING SERVICES – by contractors 9096

This classification applies to the interior general cleaning of occupied or vacant residences for other concerns on a fee basis. Painting, remodeling or repair operations shall be separately classified.

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

~~Contract~~ When conducted for other concerns on a fee basis, janitorial services performed at commercial or industrial buildings or facilities; or specialty cleaning operations (such as window cleaning; mold abatement; ~~exterior post-construction~~ job site clean-up; fire, smoke; or water

damage clean-up; sanitizing or disinfecting services; or metal, glass or stone buffing or polishing) performed at commercial or industrial facilities or residential locations shall be separately classified as 9008, *Janitorial Services*.

* * * * *

Recommendation

Amend Classification 2501(4), *Tailoring*, to clarify the intended application.

PROPOSED

TAILORING – custom exclusively

2501(4)

This classification applies to the tailoring ~~and/or~~ alteration of garments for other concerns on a fee basis. This classification also applies to the manufacture of custom-tailored clothing ~~and/or~~ costumes.

Clothing alterations or repairs performed by retail dry cleaners or laundries shall be classified as 2589(1), *Dry Cleaning or Laundry*.

Clothing alterations or repairs performed by retail clothing stores shall be classified as 8008, *Stores – clothing, shoes, linens or fabric products – retail*.

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Classification and Rating Committee
Meeting Minutes for August 9, 2022

The meeting was adjourned at 11:10 AM.

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Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for November 1, 2022 for approval and/or modification.

Item V-A

Potential 2023 Actuarial and Research Projects

Potential actuarial and medical research studies under consideration for 2023 are shown below. Also shown for each potential study is staff's assessment of the current status of the study. Exhibit 1 provides a tabular summary of these potential studies along with high level resource commitment estimates for 2023.

Committee input is being solicited as to the completeness and relative priority of these potential studies. These potential studies have been reviewed by the Actuarial Committee at the December 6, 2022 meeting.

A. Studies Arising Out of California Department of Insurance (CDI) Directives and Decisions

1. Indemnity Claim Frequency Model Projections. In the CDI Decision on the January 1, 2017 Pure Premium Rate Filing, the CDI recommended that the WCIRB review its frequency projection model in light of the continued increases in indemnity claim frequency. At the Public Hearings on the September 1, 2021 and September 1, 2022 Pure Premium Rate Filings, the CDI raised several questions related to the claim frequency projections.

Project Status: The WCIRB regularly reviews its frequency projection model and has made a number of enhancements over the years. Staff completed a comprehensive study of the frequency projection model in 2021 with recommended methodology enhancements approved by the Actuarial Committee at the December 9, 2021 meeting. While most of the enhancements were adopted by the Committee for use in the September 1, 2022 Pure Premium Rate Filing, implementation of several were deferred due to the anomalous impact of some of the emerging post-pandemic data on the model. Staff anticipates presenting a review of these additional potential frequency model enhancements with an additional year of data in the first quarter of 2023 for possible inclusion in the September 1, 2023 Pure Premium Rate Filing.

2. Terrorism Data Reporting. The CDI has directed staff to provide information to both the National Association of Insurance Commissioners (NAIC) and the Federal Insurance Office (FIO) related to terrorism exposure in California workers' compensation.

Project Status: Staff anticipates providing the annual updates to the NAIC and FIO by the first and second quarters of 2023.

3. Collection of COVID-19 Premium Data. In the CDI Decision on the January 1, 2021 Pure Premium Rate Filing, the Insurance Commissioner directed the WCIRB to collect information on insurer premium charges related to COVID-19.

Project Status: WCIRB aggregate data calls were modified in 2021 to collect information on insurer premium charges related to COVID-19. A summary of the premium information collected for 2021 and 2022 will be summarized for the Actuarial Committee in the second quarter of 2023.

B. Studies/Projects Directed by Legislation

1. Statewide Paid Costs. Section 11759.1 of the Insurance Code requires the WCIRB to report annually on workers' compensation costs paid during the preceding calendar year. The 2022 calendar year report is required to be completed by June 2023.

Project Status: Staff anticipates publishing the required report by the end of the second quarter of 2023. In addition, as in the last several years, staff anticipates compiling information from this report and other WCIRB reports into a high level “executive summary” of the state of the California workers’ compensation system to be published by the third quarter of 2023.

2. Policyholder Dividends. Section 11739 of the Insurance Code requires the WCIRB to collect information on policyholder dividends in California and prepare an annual report to the Insurance Commissioner.

Project Status: Staff anticipates providing the report on 2022 dividends to the CDI by the third quarter of 2023.

3. Report on Roofing Industry. Section 11665 of the Insurance Code requires the WCIRB to annually compile and report the payroll and loss data reported in the roofing classification for employers holding C-39 licenses from the Contractors State License Board as well as the payroll and loss information by employer payroll size interval.

Project Status: Staff anticipates providing this annual report to the CDI by the second quarter of 2023.

C. COVID-19 Pandemic Related Research

1. Projected Cost of Future COVID-19 Claims. Approximately 300,000 workers’ compensation claims have been filed in the state. Beginning in mid-2020, the Actuarial Committee has been reviewing the potential impact of COVID-19 claims on advisory pure premium rates.

Project Status: In 2020, the WCIRB published several evaluations of prospective and adopted presumptions of compensability for specified COVID-19 claims. The WCIRB’s Amended January 1, 2021 Pure Premium Rate Filing included an evaluation of the cost impact on COVID-19 claims on 2021 policies that contemplated the impact of the presumption in Senate Bill No. 1159. Based on updated projections of COVID-19 infection rates available at the time, the WCIRB’s September 1, 2021 Pure Premium Rate Filing did not include a provision for potential COVID-19 future claims. However, based on updated forecasts of infection and fatality rates, the WCIRB included a provision for future COVID-19 claims in the September 1, 2022 Pure Premium Rate Filing. Staff anticipates updating the cost evaluation of potential future COVID-19 claims as part of the September 1, 2023 Pure Premium Rate Filing process in the second quarter of 2023.

2. Impact of Pandemic-Related Recession on Wage and Claim Projections. Unemployment in California increased sharply during the pandemic and resultant stay-at-home orders resulting in many business slowdowns and closures. The impacts of the recession varied dramatically by industry sector and wage level and the economic recovery over the last two years has been uneven. Sharp economic shifts can significantly impact future changes in wage levels, claim frequency and claim severity.

Project Status: In 2020, the WCIRB published a research brief on the impact of economic downturns on indemnity claim frequency. In early 2021 and early 2022, staff presented updated analyses of the impacts of the pandemic on wages, premiums, claim frequencies and claim severities and many of those projected impacts were reflected in the September 1, 2021 and September 1, 2022 Pure Premium Rate Filings. Staff anticipates updating these projections in consideration of the September 1, 2023 Pure Premium Rate Filing in the first and second quarters of 2023.

3. COVID-19 Claim Indicators. The COVID-19 pandemic is having a significant impact on emerging costs. Among the areas potentially impacted include claim frequency, medical treatment levels, COVID-19 diagnosis claims, claim settlement rates, litigation rates, cumulative trauma claims, post-termination claims and temporary disability duration.

Project Status: In 2020, the WCIRB initiated a COVID-19 cost monitoring process using indemnity transaction data, medical transaction data, unit statistical data, information from the Division of Workers' Compensation (DWC), special surveys as needed and other information to develop early indicators of experience emerging during the pandemic. Staff provided summaries of this information at several Actuarial Committee meetings and published research briefs summarizing the latest available information in October 2021 and October 2022. Staff anticipates further regular updates to the Actuarial Committee in 2023 and publishing an updated research brief on COVID-19 claim characteristics by the third quarter of 2023.

4. Countrywide COVID-19 Claim Information. While there have been a number of state-specific analyses of the impact of COVID-19 claims on the workers' compensation system, limited analyses published from a nationwide perspective have been published. In 2021, the WCIRB, NCCI and a number of other independent bureaus have discussed preparing an analysis summarizing the nationwide impact of COVID-19 claims as well as highlighting state differentials.

Project Status: Staff collaborated with a team of actuaries from other rating bureaus to prepare an analysis of the nationwide patterns of COVID-19 claim characteristics based on aggregate data evaluated as of December 31, 2020. The report was published on December 15, 2021. An updated study based on aggregate financial data as of December 31, 2021 as well as unit statistical data was published on November 15, 2022 with a webinar summarizing the results scheduled for January 2023. No further work on this nationwide analysis is anticipated for 2023.

5. COVID-19 Claim Severity and "Long COVID". Extensive information is available on the number of COVID-19 claims. However, given how recently these claims have occurred, the nature of the more severe claims and typical lags in the reporting of hospital payments, limited information has been summarized on the cost and treatment patterns of COVID-19 claims. Similarly, there is limited information available on the potential impact of post-acute sequelae SARS-CoV-2 (commonly referred to as "long COVID") claims on the workers' compensation system.

Project Status: An analysis of the cost and treatment patterns of severe COVID-19 claims based on data from both the workers' compensation system and the group health system was published on March 2, 2022. An update is being presented to the Actuarial Committee for review at the December 8, 2022 meeting with publication anticipated in the first quarter of 2023. Another update of the Long COVID component of the study based on an additional year of experience is anticipated to be presented to the Actuarial Committee in the fourth quarter of 2023.

6. Telemedicine. With the COVID-19 pandemic and resultant stay-at-home orders, the use of telemedicine in workers' compensation has increased. While the level of telemedicine services has declined somewhat from the early months of the pandemic, it appears that telemedicine will remain a permanent component of the workers' compensation system. At the November 4, 2021 meeting, the Medical Analytics Working Group (MAWG) recommended that the WCIRB complete an in-depth analysis of the use of telemedicine in workers' compensation.

Project Status: In 2020 and 2021, staff has presented regular summaries of costs reported in telemedicine codes to the Actuarial Committee. Staff is presenting an in-depth analysis

of telemedicine for review of the Actuarial Committee at the December 8, 2022 meeting with a report to be published by the first quarter of 2023.

7. Telecommuting. With the COVID-19 pandemic and resultant stay-at-home orders, many employees have begun working from home and a significant level of telecommuting is likely to continue beyond the pandemic. A new classification for telecommuting was proposed by the WCIRB and adopted by the Insurance Commissioner effective January 1, 2021.

Project Status: At the August 4, 2020 Actuarial Committee and August 7, 2020 Classification and Rating (C & R) Committee meetings, the Committees agreed that the advisory pure premium rate for the new classification being proposed to be initially equal to that for the clerical classification. Both Committees also recommended that preliminary experience emerging in the new classification be reviewed as soon as initially available to assess whether there is a significant differential in experience between the new classification and the clerical classification. Staff anticipates presenting a preliminary analysis of emerging experience in the new classification for telecommuting to the Actuarial Committee and the C & R Committee by the first quarter of 2023 for consideration in the September 1, 2023 Regulatory and Pure Premium Rate Filings.

8. Impact of Pandemic on Classification Relativities. While COVID-19 claims have been excluded from classification relativities as from experience rating and overall pure premium ratemaking, the indirect pandemic impacts have affected different classifications in different ways. As a result, staff is reviewing potential adjustments to the classification ratemaking process to correct for any potential distortions caused by the pandemic.

Project Status: Staff presented an initial analysis of alternative approaches at the September 13, 2022 meeting and is presenting final recommendations with respect to the September 1, 2023 Regulatory and Pure Premium Rate Filings at the December 6, 2022 meeting. Staff anticipates reviewing adjustments, as appropriate, with respect to the September 1, 2024 filings by the third and fourth quarter of 2023.

9. Future Pandemic Losses. With the COVID-19 pandemic emerging in 2020 and generating approximately 300,000 workers' compensation claims in California the Actuarial Committee has discussed analyses of the potential system costs of future pandemics.

Project Status: Staff has begun discussions with a catastrophe modeler who has developed a pandemic model and are building out the workers' compensation component of the model. Staff does not anticipate further analysis of this issue in 2023 but suggests that consideration be given as to whether a study in the future may be appropriate.

D. Cost Impact of Legislative and Regulatory Changes

1. 2021 Fee Schedule Changes. Effective March 1, 2021, the DWC adopted changes to the Evaluation and Management Section of California's Official Medical Fee Schedule (OMFS) to conform to recent changes to Medicare that included significant changes to the values and structure of the Schedule. Effective April 1, 2021, the DWC adopted significant changes to California's Medical-Legal Fee Schedule intended to increase the reimbursement rate for medical-legal reports while eliminating the increased hourly billing provisions.

Project Status: The WCIRB's evaluation of the impact of the 2021 fee schedule changes was included in the WCIRB's September 1, 2021 Pure Premium Rate Filing. Staff's initial retrospective evaluation of these two fee schedule changes were reviewed by the Actuarial Committee at the April 14, 2022 meeting with updated estimates reflected in the September 1, 2022 Pure Premium Rate Filing. Given that the impact of the Medical-Legal Fee Schedule change was much greater than originally estimated, staff anticipates

completing an updated retrospective evaluation of the impact of the April 1, 2021 Medical-Legal Fee Schedule for the Actuarial Committee to review in consideration of the September 1, 2023 Pure Premium Rate Filing by the second quarter of 2023.

2. Additional Fee Schedules. SB 863 provided for new fee schedules for interpreter and home health services to be promulgated.

Project Status: At this time, the DWC has not promulgated final schedules for interpreter or home health services. If any of those fee schedules are finalized or significant changes are made to an existing fee schedule, working with the Claims Working Group, Medical Analytics Working Group and Actuarial Committee, staff anticipates completing its analysis of the pure premium rate impact of the new fee schedules within 120 days of the final values being promulgated.

3. Adjustments to Loss Development Projections for Reforms. In that legislative and regulatory reforms can not only impact overall cost levels but also the rate at which claims are paid, the WCIRB often adjusts loss development patterns for the impact of the reforms.

Project Status: The WCIRB regularly reviews the adjustments to loss development for reform impacts as part of the annual pure premium rate process. Staff is anticipating presenting a review of the continued appropriateness of current loss development adjustments for the Actuarial Committee's review by the second quarter of 2023.

E. Other Studies Directly Impacting Pure Premium Rates and Rate Level Projections

1. Classification Ratemaking Methodologies. Although the WCIRB has reflected refinements to the classification ratemaking loss development process in 2012 as well as adjustments for differences in wage levels by classification in 2016, a comprehensive review of the classification ratemaking methodologies has not been undertaken for a number of years.

Project Status: Staff completed a comprehensive study of loss development as the first phase of a multi-year comprehensive study of classification ratemaking methodologies with the results included in the September 1, 2022 Regulatory Filing. The second phase of the study, which focuses on payroll on-leveling for the impact of wage growth was reviewed by the Actuarial Committee at the December 9, 2021 meeting and reflected in the September 1, 2022 Regulatory Filing. Staff is presenting the results of the third phase of the comprehensive review focusing on pure premium ratemaking for smaller classifications at the December 6, 2022 Actuarial Committee meeting. In 2023, staff anticipates continuing its analysis of small classification ratemaking with recommended methodology enhancements to be presented to the Actuarial Committee by the fourth quarter of 2023.

2. Study of Dual Wage Thresholds. In 2017, the C & R Committee recommended that a comprehensive study of the dual wage classification thresholds be conducted every two years.

Project Status: Staff anticipates completing the next comprehensive review of the dual wage thresholds for the C & R Committee's review by the fourth quarter of 2023 in preparation for the September 1, 2024 Regulatory Filing.

3. Payroll Limitations for Classification Ratemaking. At the March 21, 2017 meeting, the Actuarial Committee noted that total costs per \$100 of payroll declined at higher wage levels and it was agreed that staff begin to explore expanding the number of classifications subject to an employee annual payroll limitation.

Project Status: In the January 1, 2019 Regulatory Filing, the CDI approved the WCIRB's proposal to limit an employee's payroll to the amount used to limit the payroll of executive officers for five classifications effective January 1, 2020. The CDI approved payroll limitations for six additional classifications as part of the September 1, 2021 Regulatory Filing to be effective September 1, 2022. Pure premium rates for these classifications reflected estimated adjustments for the impacts of the limitations on payroll. In 2022, staff validated the reasonability of initial pure premium rate adjustment factors by completing a survey of payroll audits to help analyze the accuracy of the advisory pure premium rate adjustment factors to reflect payroll limitations that have been applied. At the May 17, 2022 C & R Committee meeting, the Committee approved recommending establishing payroll limitations for six additional classifications to be included in the September 1, 2023 Regulatory filing to be effective September 1, 2024. In the third and fourth quarters of 2023, staff anticipates exploring a further broadening of the payroll limited classifications.

4. Loss Development Analysis. While the WCIRB regularly reviews the accuracy of alternative loss development methodologies, at the April 14, 2022 meeting, the Committee noted the recent diverging of paid and incurred methodology projections. As a result, a more in-depth exploration of recent paid and incurred patterns was suggested.

Project Status: Staff anticipates presenting an initial analysis comparing paid and incurred loss development patterns at the December 8, 2022 Actuarial Committee meeting with additional analysis anticipated for the first and second quarters of 2023.

5. Allocated Loss Adjustment Expense (ALAE) Development. At the April 14, 2022 Actuarial Committee meeting, the Committee noted that after an extended period of decline, ALAE development has begun to increase with the pandemic-related slowdown in claim settlement. While the last several filings included adjustments to ALAE development for changing settlement patterns, the Committee suggested that the paid ALAE development methodology should be reviewed.

Project Status: Staff anticipates presenting an analysis of ALAE development patterns and methodologies for the Actuarial Committee's review in the first and second quarters of 2023.

F. Other Studies Indirectly Impacting Rate Level Projections

1. Analysis of Very Large Claims. Given recent patterns of medical treatment and shifts in mortality estimates, including that for impaired individuals, it has been suggested that the WCIRB undertake a comprehensive analysis of the frequency and characteristics of very large or "jumbo" claims in the California workers' compensation system.

Project Status: On August 31, 2020, the WCIRB in collaboration with rating bureaus in other jurisdictions published a national study on the basic demographics of "mega claims" (claims which exceed \$3 million in incurred value on an on-level and trended basis). Staff does not anticipate further studies on mega claims in 2023, but is conducting some internal analyses exploring machine learning techniques to identify drivers of what makes certain relatively small claims increase into very large claims.

2. Medicare "Set-Asides" (MSAs). At the July 28, 2015 meeting, the Claims Working Group recommended that consideration be given to conducting a more in-depth study of MSAs.

Project Status: In 2016, the Claims Working Group and Actuarial Committee reviewed some initial work in this area which included the development differences between

compromise and release settled claims and stipulated award settled claims. Staff does not anticipate further work on this issue in 2023.

3. Analysis of Cumulative Trauma Claims. Recent Actuarial Committee analyses of claim frequency changes have indicated that cumulative trauma claims are increasing and are a significant factor driving many of the key cost trends in California.

Project Status: The WCIRB published a comprehensive report on cumulative trauma claims in October of 2018. Staff's analysis of the medical characteristics of cumulative trauma claims was presented to the Actuarial Committee at the September 13, 2022 meeting with the report to be published in the fourth quarter of 2022.

4. Analysis of Claim Duration. Despite improvement over the last decade, average claim duration in California is significantly higher than in most other jurisdictions and a significant driver of the higher-than-average premium rates in the state.

Project Status: Staff's analysis of the key drivers of the extended claim duration in California was presented to the Actuarial Committee at the September 13, 2022 meeting with a report to be published in the fourth quarter of 2022.

5. Analysis of Work-Related Violence in the Workers' Compensation System. Worker injuries resulting from workplace violence has become a significant component of the California workers' compensation system. Staff has identified over 100,000 claims involving workplace violence injuries between 1993 and 2019.

Project Status: Staff has entered into a partnership with researchers at Johns Hopkins University to jointly study workplace violence claims in California. Staff anticipates presenting the preliminary results of the first of three research objectives by the fourth quarter of 2023.

6. Impact of Employee Tenure on Claim Frequency. A number of studies have indicated that newer workers are more likely to be injured on the job than more experienced workers. Increases in new hires as the economy began to recover from the pandemic-related downturn has been suggested as a driver of the sharp increase in claim frequency in 2021.

Project Status: Staff anticipates undertaking a comprehensive study of the impact of changing employee tenure on claim frequency attempting to differentiate between workers new to the employer and those new to the job function and compare changes of tenure among injured workers and those of the general worker population in California. Staff anticipates presenting the results to the Actuarial Committee by the fourth quarter of 2023 with a report published by the first quarter of 2024.

7. Analysis of Economic Factors on Wages, Premiums and Claim Costs. In recent periods, economic shifts in wage levels and employments levels in California by industry and statewide have had significant impacts on the pure premium rate projections.

Project Status: Staff anticipates completing a pilot analysis on the impact of economic factors on wages, premiums claim frequency and claim severity for publication by the third quarter of 2023.

G. Studies Related to Rating Plans

1. Experience Rating Eligibility. At the October 22, 2014 meeting, the Actuarial Research Working Group discussed changes to the experience rating eligibility criteria in light of other changes to

the Experience Rating Plan being adopted and noted that staff had not completed a comprehensive review of experience rating eligibility in a number of years.

Project Status: In 2020 and early 2021, staff completed a review of the eligibility threshold for experience rating that showed that the threshold could be reduced and was accepted by the Actuarial Committee at the December 11, 2020 meeting and by the C & R Committee at the May 18, 2021 meeting. Staff began some initial outreach to stakeholders on reducing the experience rating threshold but has deferred further activity until the WCIRB's analysis of the efficacy of experience rating as a safety incentive is completed and additional stakeholder input obtained.

2. Experience Rating Parameters. Until 2020, it had been several years since the parameters of the WCIRB's variable split Experience Rating Plan (Plan) had been updated. In order to keep the Plan values current and to avoid wide fluctuations in values, the experience rating parameters should be updated at regular intervals.

Project Status: Staff completed a comprehensive analysis of the Experience Rating Plan parameters with recommended changes approved by the Actuarial Committee at the April 2, 2020 meeting for inclusion in the January 1, 2021 Regulatory Filing. As recommended in the analysis, staff now develops regular annual changes to the primary threshold intervals and D-ratio credibility constants in the Plan for inclusion in subsequent regulatory filings. Staff is also specifically reviewing the D-ratio credibility methodology in light of recent volatility in experience and anticipates presenting an analysis to the Actuarial Committee in the first quarter of 2023.

3. Impact of Experience Rating on Workplace Safety. The statutory goal of experience rating in California is to incentivize a safe workplace. Although experience rating seems to create significant financial incentives and receives significant attention from many employers, there is limited research on its effectiveness as a safety incentive.

Project Status: Staff is completing a study on the impact of experience rating on the frequency of workplace with a report to be published in the second quarter of 2023.

4. Development of Experience Rating Expected Loss Rates. The Actuarial Committee annually reviews the WCIRB's methodology to compute the experience rating expected loss rates proposed to the CDI each year but a comprehensive analysis has not been undertaken for some time. The methodology used for this process was adopted by the Actuarial Committee at the June 11, 2008 meeting.

Project Status: Staff anticipates beginning a comprehensive analysis of the expected loss rate projection methodology in 2023 with initial results presented to the Actuarial Committee in the fourth quarter of 2023.

5. Retrospective Rating Plan Values. In 2018, the WCIRB completed a comprehensive update to the advisory *California Retrospective Rating Plan* values, including hazard group assignments, insurance charges and loss elimination ratios, to be effective January 1, 2019.

Project Status: Staff annually updates loss elimination ratios for purposes of classification ratemaking and anticipates providing the update needed for the September 1, 2023 Regulatory Filing by the first quarter of 2023. Staff has begun the multi-year effort of comprehensively reviewing the Retrospective Rating Plan values with a summary of the updated loss development process being presented at the December 8, 2022 meeting. Staff anticipates continuing work on this process in 2023 and 2024 with the objective of updating advisory plans in early 2024 to be effective September 1, 2024.

H. Other Potential Studies

1. Analysis of California Regional Differences. Recent WCIRB analyses of claim frequency, cumulative injuries, liens, allocated loss adjustment and other system components have suggested that there are significant regional differences across California.

Project Status: Staff uses a wide range of available information to prepare analyses of regional differences in components such as frequency, severity and permanent disability patterns. The WCIRB's latest report on regional differences was published in November 2022. Staff anticipates continuing this work in 2023 with the annual update report to be published by the fourth quarter of 2023.

2. Wage Data Analysis. Early in 2017, staff developed a comprehensive data cube and wage report for members with detailed information on various wage distributions by industry, classification and occupation as well as other wage related information. The information relates historical and projected wage levels by classification to industries, recognizing differences in payroll exclusions in developing insured exposures and in the allocation of standard exception classifications.

Project Status: Staff completed a comprehensive update to this wage information based on updated source information in November 2019 with an update provided to the Actuarial Committee at the December 5, 2019 meeting. Staff anticipates updating the components of this analysis needed for classification ratemaking in the first quarter of 2023 with a comprehensive update anticipated by the third quarter of 2023.

3. Comparison of Workers' Compensation Medical Costs to Group Health Costs. At the May 27, 2009 meeting, the Claims Working Group suggested that consideration be given to conducting a research study comparing occupational and non-occupational medical treatment cost data for a similar mix of injuries.

Project Status: In 2021 staff has acquired a comprehensive dataset of group health transaction data to facilitate this type of comparative analysis with an update to the dataset acquired in 2022. In 2021 and 2022, staff used this data to better understand the severity of COVID-19 claims and "long COVID." In future years, staff anticipates using this information to study potential cost shifting between systems and differences in treatment patterns between workers' compensation and group health.

4. Terrorism Losses. In early 2003, the WCIRB contracted with EQECAT to help estimate potential terrorism losses with respect to the Terrorism Risk Insurance Act of 2002. In 2018, the WCIRB contracted with Risk Management Solutions (RMS) to conduct an analysis of potential statewide workers' compensation exposure arising from terrorism. The results of the study were presented to the Actuarial Committee at the December 5, 2018 meeting and published in January 2019.

Project Status: Staff does not anticipate further analysis of this issue in 2023.

5. Earthquake Losses. In July 2002, EQECAT completed a report estimating the average annual expected costs arising from California earthquakes. In 2003, EQECAT completed a follow-up study to address some of the issues raised by the CDI in reviewing the 2002 study. Based on the results of these studies, the WCIRB included a provision to reflect expected earthquake losses in the January 1, 2004 Pure Premium Rate Filing. In the Decision on that filing, the CDI rejected this provision based on concerns as to the underlying loss distribution projected by the model and the lack of a mechanism to fund the cost of a major earthquake if one were to occur. In 2007, the WCIRB contracted with EQECAT to update the California earthquake studies. The updated report was published in June 2007. In December 2017, the WCIRB in partnership with RMS published a

further updated analysis on potential statewide workers' compensation exposure arising from an earthquake.

Project Status: At the June 14, 2019 meeting, the Actuarial Committee discussed whether a pure premium rate adjustment to reflect the long-term average expected losses arising from an earthquake based on the recent RMS study would be appropriate. Given the CDI's concerns in prior decisions and that including a long-term average provision for earthquake and terrorism exposure in advisory pure premium rates may create administrative issues for some insurers, the Committee agreed that the WCIRB's proposed advisory pure premium rates should not reflect a provision for earthquake and terrorism losses at this time. Several Committee members did suggest that published information on the potential statewide exposure of these events is of value and should be updated on a regular basis. Staff does not anticipate further analysis of this issue in 2023.

Summary of Potential 2023 Actuarial and Research Projects

Potential Actuarial Research/Medical Analytics Projects	Anticipated WCIRB Staff 2023 Resource Commitment (L,M,H) ¹	2023 Quarters of Staff Activity			
		1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
A. Studies/Projects Arising Out of Recent CDI Directives					
Indemnity Claim Frequency Model Projection	Low	✓	✓		
Terrorism Data Reporting	Medium	✓	✓		
Collection of COVID-19 Premium Data	Medium	✓	✓✓		
B. Studies/Projects Directed by Legislation					
Statewide Paid Costs	Medium		✓		
Policyholder Dividends	Low			✓	
Roofing Report	Medium		✓		
C. COVID-19 Pandemic Related Research					
Projected Cost of COVID-19 Claims	Low	✓	✓		
Impact of Pandemic-Related Recession on Projections	Medium	✓	✓		
COVID-19 Claim Indicators	Medium	✓	✓	✓	
Long-COVID	High	✓	✓	✓	✓
Telemedicine	Medium	✓	✓		
Telecommuting	Low	✓			
Impact of Pandemic Data on Class Relativities	Low	✓			✓
D. Cost Impact of Legislative and Regulatory Changes					
2021 Fee Schedule Changes – Update on Med-Legal	Low	✓			
Adjustments to Loss Development for Impact of Reforms	Low	✓	✓		
E. Other Studies Directly Impacting Pure Premium Rates and Rate Level Projections					
Classification Ratemaking Methodologies – Small Classes	Medium	✓	✓	✓	✓
Dual Wage Thresholds Update	High	✓	✓	✓	✓
Classification Payroll Limitations	Low			✓	
Loss Development Analysis	Medium	✓	✓		
ALAE Development Study	Low	✓	✓		
F. Other Studies Indirectly Impacting Rate Level Projections					
Workplace Violence	Medium	✓	✓	✓	✓
Impact of Tenure on Claims Frequency	High		✓	✓	✓
Analysis of Economic Factors on Wages, Premiums & Losses	Medium		✓	✓	
G. Studies Related to Rating Plans					
Experience Rating Parameters -D-Ratio Credibility	Low	✓			
Impact of Experience Rating on Workplace Safety	Low	✓			
Expected Loss Rate Methodology	High	✓	✓	✓	✓
Retrospective Rating Plan Update	High	✓	✓	✓	✓
H. Other Potential Studies					
Analysis of California Regional Differences	High		✓	✓	✓
Wage Data Analysis	Medium	✓	✓	✓	

¹ Estimated WCIRB staff resource commitment: "Low" corresponds to an estimate of below 50 hours; "Medium" corresponds to an estimate of between 50 and 200 hours; and "High" corresponds to an estimate in excess of 200 hours.

Item V-B

WCIRB Policy Data Quality Program Enhancements

As part of the WCIRB's ongoing effort to improve the effectiveness of its data quality programs, the WCIRB is proposing the following enhancements to the *WCIRB Policy Data Quality Program* (PDQP) to be effective January 1, 2023:

1. Establish governing timelines by when an insurer must become fully approved for electronic reporting of policy information and remediation process;
2. Change the *Experience Modification Reporting Success – Policy Transactions* data quality metric tolerance from 10% to 5% to reflect the importance of applying the correct experience modification to policies and in view of the tools now available to enable successful reporting; and
3. Incorporate editorial changes to improve clarity.

A detailed description of the substantive changes is outlined below.

I. Policy Reporting Electronic Submissions

The *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) requires all insurers to submit policy data electronically no later than 30 days subsequent to the inception date for new or renewal policies and 30 days subsequent to the issuance of all other policy transactions.

The reporting of policy information must comply with California requirements described in the Workers Compensation Insurance Organizations' Workers Compensation Policy Reporting Specifications (WCPOLS) and USRP. To ensure specifications are met, the WCIRB must approve all insurers prior to submitting policy data electronically.

Currently, the PDQP does not have established governing time frames by when an insurer must become fully approved for electronic reporting. While the WCIRB encourages insurers to complete testing as soon as possible, with most insurers receiving approval within 180 days from when they start testing, some insurers have taken close to or over a year to complete testing.

To ensure the timely approval of electronic reporting of policy data, maintain data integrity of policy reporting and minimize risks associated with manual data entries, the WCIRB proposes the following revisions to the PDQP:

1. Establish a prescribed timeframe by when an insurer must be approved for electronic reporting.
2. If the insurer is unable to meet the established timeframe:
 - a. Impose a one-time fine on the insurer;
 - b. Refer the insurer to the Classification and Rating Committee; and
 - c. Increase the fee for keying policy documents from \$25 to \$250 per document.

A. Timeframe to Complete Testing

The WCIRB recommends establishing a deadline of 180 days¹ from the Testing Commencement Date for insurers to complete testing. The Testing Commencement Date shall be based on the earlier of (1) the date that the insurer provides notice to the WCIRB that they have met all pre-testing requirements and are ready to start testing or (2) the 30th day after the inception date of the first policy document received by the WCIRB from the insurer.

¹ Based on a review of insurers who completed testing during a 12-month period, on average, insurers were able to complete testing within a 180-day period.

To facilitate the testing process with the WCIRB, the insurer will be required to designate a coordinator to receive communication regarding the testing progress and potential issues. To assist insurers, the WCIRB will provide pre-testing requirements, recommended testing benchmarks and guidelines in advance.

B. Remediation Actions

In consideration of the importance of successfully transitioning to electronic reporting, the WCIRB recommends establishing a remediation process similar to that currently in place in other WCIRB data quality programs. If the insurer is not approved for reporting within 180 days of the Testing Commencement Date, the following will occur:

- (1) the insurer's designated officer will meet with the WCIRB staff to explain why the insurer has not met the deadline and provide their plan and timeline for achieving success;
- (2) the insurer will be subject to an increased processing fee from \$25 to \$250 per document until the insurer completes testing and receives approval for all policy transaction types²;
- (3) the insurer will be fined an amount equal to 1/100 of 1% of the most recent certified calendar year written pure premium, subject to a minimum of \$5,000 and a maximum of \$50,000;
- (4) the issuer will be cited to the Classification and Rating Committee; and
- (5) the next deadline of 180 days will be set by which the insurer is expected to receive approval or be referred to the WCIRB Governing Committee.

C. Notice of Changes

The proposed changes will become effective January 1, 2023. Insurers actively testing before January 1, 2023 will be given at least 30 days' notice before changes are in effect and the WCIRB will communicate expectations to complete testing in accordance with the proposed changes. Insurers that start testing on or after January 1, 2023 will be immediately subject to the recommended changes.

II. Experience Modification Reporting Success Tolerance Changes

The WCIRB reviews all policy transactions pursuant to the data quality measurements outlined in the PDQP. An insurer's success in applying the correct modification³ is measured by the *Experience Modification Reporting Success – Policy Transactions* data quality metric. The percentage of initial policies reported with an incorrect experience modification is determined by dividing the number of initial policies with unresolved experience modification audit errors 60 days after receipt of the initial policy by the total number of initial policies with published experience modifications.

The WCIRB proposes changing this metric's tolerance from 10%, which was set when the PDQP was first established in 2018, to 5% as the application of the correct experience modification is essential to California policyholders. The reduction will also provide early identification of insurers with experience modification reporting issues and allow the WCIRB an opportunity to provide coaching to those insurers and help them utilize the available electronic reporting tools provided by the WCIRB. This will also better align the PDQP *Experience Modification Reporting Success – Policy Transactions* metric with the *WCIRB Unit Statistical Data Quality Program's USRs with Inaccurate Experience Modification* data quality metric, which is set at 5%, as many insurers' unit statistical data reporting systems extract experience modification information from their policy reporting system.

² Exceptions may be made for data submitters who are (i) approved to submit electronically for all transaction types, but due to system limitations or capabilities, submitting electronic copies of certain hard copy policy documents is the only reasonable way to provide the required information to the WCIRB or (ii) unable to complete testing due to causes beyond reasonable control (such as acts of nature, fire or casualty or malfunction of public utilities, communications or computer services). In either instance, the insurer will continue to be subject to the \$25 per electronic copy fee.

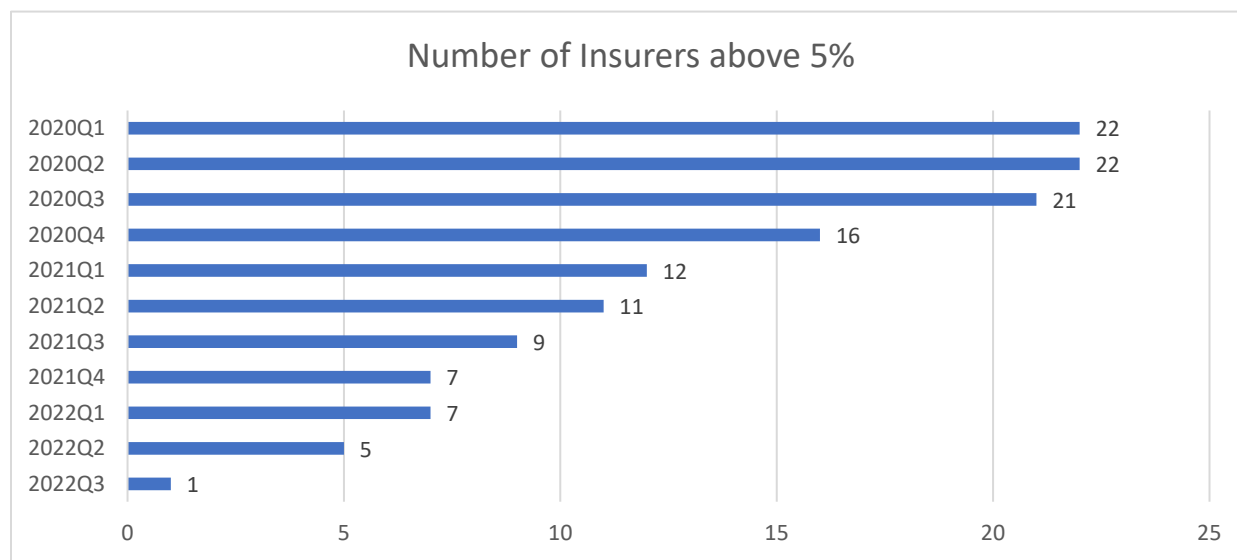
³ An "initial policy" is the first of any of the following WCPOLS transactions received by the WCIRB: New Policy, Renewal Policy, Annual Rerate Endorsement and Renewal Certificate/Renewal Agreement.

Due to an increased usage of electronic reporting tools that facilitate the accurate capturing and reporting of experience modification, the WCIRB has observed a steady improvement in insurers' success in applying the correct experience modification. The statewide average for each year is provided below for reference.

Experience Modification Reporting Success – Policy Transactions Metric – Tolerance: 10%

Reporting Period	Policies with Unresolved X-Mod Errors	Total Policies	Percent
2018	7,995	134,733	5.93%
2019	7,082	166,611	4.25%
2020	5,256	164,618	3.19%
2021	4,839	165,935	2.92%
2022 (as of Sept 30)	3,387	161,905	2.09%

In reviewing the 3rd Quarter 2022 rolling four-quarter data, 98% of insurers in the PDQP were below the proposed 5% threshold, with only 2% above 5% (1 out of 55).



The WCIRB also reviewed insurers' historical performance and over the last 11 quarters, only 3 insurers would have been impacted by the reduction of the metric tolerance from 10% to 5% and subjected to remedial procedures according to the PDQP provisions.

If approved, outreach will be conducted to insurers immediately and insurers will have four quarters starting January 1, 2023 to meet the new standard.

WCIRB Policy Data Quality Program

Effective January ~~2022~~2023

Notice

This *WCIRB Policy Data Quality Program* was developed by the Workers' Compensation Insurance Rating Bureau of California for the convenience and guidance of its members. It does not bear the official approval of the Insurance Commissioner and is not a regulation.

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Table of Contents

I. Background and Purpose	1
II. Eligibility and Participation Requirements	1
III. Policy Reporting Electronic Submissions	1
A. Submissions Requirements	1
B. Timeliness Standards	2
C. Electronic Versions of Policy Documents and Processing Fees	2
D. Remediation Procedures	2
IV. Administration and Monitoring of Data Accuracy	4
A. Accuracy of Electronic Reporting	4
1. Selection of Policy Transactions	4
2. Comparison of Hard Copy to Electronic Transactions	5
B. Data Quality Metrics	6
1. <i>Submission Timeliness – Policies</i>	6
2. <i>Submission Timeliness – Cancellations/Reinstatements</i>	7 6
3. <i>Responsiveness to Policy Work Items</i>	7 7
4. <i>Unmatched Policy Transactions – Cancellations/Reinstatements</i>	7
5. <i>Unmatched USRs</i>	7
6. <i>Experience Modification Reporting Success – Policy Transactions</i>	8 7
7. <i>Forms Compliance</i>	8 8
C. Review of Data Quality Metric Results	8
D. Remedial Procedures	9 9
Appendix	<u>13</u> 13

Background and Purpose

I. Background and Purpose

Timely, complete and accurate policy data is critical to the development of correct experience modifications and the provision of accurate policyholder coverage information, as well as to ensure the proper and complete use of approved policy forms. The *WCIRB Policy Data Quality Program* (Program) is intended to assist and encourage insurers in identifying and, as appropriate, modifying their data reporting procedures, thereby enhancing the timeliness, completeness and accuracy of their policy submissions to the WCIRB and minimizing any adverse impact from the inaccurate or untimely submission of data on the overall quality of WCIRB data.

II. Eligibility and Participation Requirements

- A. This Program is administered on an insurer group basis. For purposes of the Program, an insurer group (hereinafter collectively referred to as "insurer") is based on the ownership groups designated by the National Association of Insurance Commissioners (NAIC).¹
- B. All insurers are subject to Part III of the Program.
- C. Insurers that wrote at least 100 policies and \$35 million² in total California workers' compensation written pure premium in the latest available calendar year³ will be subject to Part IV and will remain so even if the insurer's premium volume or policy count falls below the eligibility threshold while the insurer is subject to the Remedial Procedures detailed in Part IV, Sections C and D. Notwithstanding the above, the WCIRB reserves the right to include any other insurer in Part IV.
- D. Insurers must designate a primary authorized individual to act as the Program Coordinator to receive all correspondence related to the Program.⁴ An insurer shall immediately notify the WCIRB of any change in the designated Program Coordinator or their contact information by emailing pdqp@wcirb.com. Failure to provide the WCIRB with proper notification of any change prevents an insurer from asserting that it did not receive written notifications related to the Program, including for purposes of waiving fines.

III. Policy Reporting Electronic Submissions

Pursuant to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995 (USRP)*, insurers must report policy information for every workers' compensation insurance policy extending insurance coverage under California's workers' compensation laws by electronic submission to the WCIRB in accordance with the reporting requirements of the USRP and those described in the *Workers Compensation Insurance Organizations' Workers Compensation Policy Reporting Specifications (WCPOLS)*.

A. Submissions Requirements

The USRP requires that insurers receive the WCIRB's approval to submit data electronically. Insurers must receive approval when:

- preparing to write California workers' compensation insurance policies;
- developing a new policy reporting system; and
- changing or adding a Data Submitter⁵ to report policy data on their behalf.

¹ In some instances, to reflect insurers' business operations, insurers within a particular NAIC group may be grouped into separate subgroups for purposes of the Program.

² This amount is subject to change by the WCIRB President based on significant changes in the average statewide rate level.

³ This standard is based on direct written premium at the advisory pure premium rate level as reported on the WCIRB call for quarterly experience. This pure premium is after the application of experience modifications but prior to the application of deductible credits.

⁴ Insurers may designate different coordinators for Part III and Part IV.

⁵ A Data Submitter is a unique reporting entity registered as a Third Party Entity with the WCIRB and authorized to submit policy data on behalf of the insurer.

Policy Reporting Electronic Submissions

B. Timeliness Standards

1. Insurers or their Data Submitters must notify DataSubmissions@wcirb.com that their policy reporting system is ready for testing. Insurers or their Data Submitters should submit their first test submission file no later than 30 days prior to the inception date of the first workers' compensation insurance policy or issuance date for other policy transactions to be reported by the insurer or their Data Submitter.
2. Insurers or their Data Submitters must complete testing and receive approval by the WCIRB for all policy transaction types within 180 days from the Testing Commencement Date. The Testing Commencement Date is the earlier of: (1) the date the WCIRB acknowledges receipt of the notification that the policy reporting system is ready for testing or (2) the 30th day after the inception date of the first policy document received from the insurer or their Data Submitter. The WCIRB will advise insurers in writing of the Testing Commencement Date, subsequent deadlines and remediation procedures. Extensions to the 180-day deadline may be granted exclusively at the WCIRB's sole discretion.

C. Electronic Versions of Policy Documents and Processing Fees

1. Until approved for electronic policy submissions, insurers or their Data Submitters shall submit to the WCIRB electronic versions (digital images or PDFs) of policy, cancellation, reinstatement and endorsement documents provided to policyholders for processing and in accordance with the timing requirements of the USRP.
2. Insurers are subject to a processing fee of \$25 per electronic version of the policy, cancellation, reinstatement or endorsement document.

D. Remediation Procedures

If (1) the WCIRB does not approve an insurer or their Data Submitter for all policy transaction types within 180 days from the Testing Commencement Date or (2) the insurer or their Data Submitter continues to submit electronic versions of policy documents for policy transactions for which the insurer has already been approved, unless an extension (see Part III, Section B, Subsection 2 above) or an exception (see Part III, Section D, Subsection 3 below) has been granted by the WCIRB, then the following actions will be taken:

1. **WCIRB Staff:** The Program Coordinator will be notified in writing by the WCIRB within 30 days following the end of the 180-day deadline. Within 30 days of notice, the insurer must submit a detailed written statement explaining why the insurer or their Data Submitter has not met the deadline and including a remediation plan that describes:
 - The specific measures to be undertaken by the insurer,
 - The time frames during which the measures will be implemented, and
 - The date by which the insurer expects completion of Part III.The WCIRB will respond to the insurer within 30 days of receipt of the insurer's written explanation or remediation plan.
2. **Fine for Non-Compliance:** The insurer will be assessed a fine equal to 1/100 of 1% of the most recent certified calendar year written pure premium⁶, subject to a minimum of \$5,000 and a maximum of \$50,000.
3. **Increase in Document Processing Fees:** Insurers will be subject to an increased processing fee of \$250 per electronic version of the policy, cancellation, reinstatement or endorsement

⁶ Complete calendar year (January 1 to December 31) direct written premium at the pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the WCIRB *Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

Policy Reporting Electronic Submissions

document until the insurer or their Data Submitter completes testing and receives approval for all policy transaction types.

Upon request by the insurer, exceptions may be made for insurers who are: (i) approved to submit electronically for all transaction types, but due to system limitations or capabilities, submitting electronic versions of certain policy documents is the only reasonable way to submit policy transactions to the WCIRB or (ii) unable to complete testing due to causes beyond reasonable control (such as acts of nature, fire or casualty or malfunction of public utilities, communications or computer services). In either instance, the insurer will continue to be subject to the \$25 per electronic version document fee.

4. Classification and Rating Committee: The WCIRB will cite the insurer to the Classification and Rating (C&R) Committee that fails to meet the standards in Part III.
 - a. The remediation plan provided to the WCIRB above may be modified and updated by the insurer prior to the C&R Committee meeting.

An officer from the insurer will be required to meet with the C&R Committee to explain the insurer's non-compliance with Part III and the USRP's policy reporting requirements and to present the remediation plan.
 - b. At the meeting of the C&R Committee, the following actions will be taken:
 - The insurer's non-compliance will be reported to the C&R Committee.
 - Any additional lawful administrative actions the C&R Committee may deem necessary, reasonable or appropriate to facilitate or encourage the insurer's compliance with Part III and the USRP's policy reporting requirements.
 - c. The WCIRB will report the C&R Committee's findings and actions to the appropriate insurance company officer and advise that if the insurer is not approved for electronic reporting within the 180 days following the expiration of the first 180-day deadline, the insurer will be cited to the Governing Committee for further administrative action.
5. Governing Committee: If an insurer has not been approved for electronic reporting within 180 days following the expiration of the first 180-day deadline, the WCIRB will cite the insurer to the Governing Committee.
 - a. Within 30 days of notification of the citation to the Governing Committee, the insurer shall provide a new remediation plan that describes:
 - The specific measures to be undertaken by the insurer,
 - The time frames during which the measures will be implemented, and
 - The date by which the insurer expects completion of Part III.

A senior officer of the insurer will be required to meet with the Governing Committee to explain why the insurer's remediation plan submitted to the C&R Committee failed to achieve the desired results and to present the new remediation plan.
 - b. At the meeting of the Governing Committee, the following actions will be taken:
 - The insurer's non-compliance with the USRP will be reported to the Governing Committee.
 - A monthly fine equal to 1/100 of 1% of the most recent certified calendar year written pure premium⁷ at the time the insurer was notified that it had been cited to the C&R

⁷ Complete calendar year (January 1 to December 31) direct written premium at pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the WCIRB *Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

General Administration of the Program and Monitoring of Data Accuracy

Committee pursuant to Part III, Section D, Subsection 4 above, subject to a minimum of \$5,000 and a maximum of \$50,000, may be imposed. The monthly fine will continue until such time as the insurer has completed testing and receive approval for all policy transaction types.

- Any other additional lawful administrative actions the Governing Committee deems necessary, reasonable or appropriate to facilitate or encourage the insurer's compliance with Part III and the USRP's policy reporting requirements, including citation to the California Department of Insurance.
- c. The WCIRB will report the Governing Committee's findings and actions to the appropriate insurance company officer.
- d. If the insurer fails complete testing by the upon deadline, the insurer will be cited to the California Insurance Commissioner unless the Governing Committee instructs the WCIRB President otherwise.

II.IV. General Administration of the Program and Monitoring of Data Accuracy

A. Eligibility and Participation Requirements

1. ~~This Program is administered on an insurer group basis.~~
2. ~~Insurers that wrote at least 100 policies and \$35 million⁸ in total California workers' compensation written pure premium in the latest available calendar year⁹ will be subject to the Program.~~
3. ~~An insurer that is subject to the Remedial Procedures detailed in Part V, Section B, shall remain subject to the Program even if the insurer's premium volume or policy count falls below the eligibility standards noted above.~~
4. ~~Notwithstanding the above, the WCIRB reserves the right to include any insurer in the Program.~~

~~Insurers must designate a primary authorized individual to act as the Program Coordinator to receive all correspondence related to the Program. An insurer shall immediately notify the WCIRB of any change in the designated Program Coordinator or his/her contact information by emailing pdqp@wcirb.com. Failure to do so prevents an insurer from asserting that it did not receive written notifications related to the Program, including for purposes of waiving fines.~~

B.A. Accuracy of Electronic Reporting

1. Selection of Policy Transactions Subject to Part III of the Program

- a. Scheduling Insurer Review: The WCIRB will establish a schedule to ensure that each insurer subject to the Program Part IV will be issued a Selection List of policy documents to be submitted to the WCIRB for purposes of verifying the accuracy of electronically reported policy data at least once every three years. The WCIRB will notify each insurer of its schedule at least three months in advance of publishing the Selection List. The WCIRB reserves the right to initiate more frequent reviews based on the findings for an individual insurer.
- b. Quota: The minimum selection quota for each insurer is twenty policies, twenty endorsements and ten cancellation/reinstatement transactions. Based upon its initial review of the documents, and as necessary to conduct a complete and thorough analysis, the WCIRB may issue the insurer a supplemental Selection List of additional

⁸ This amount is subject to change by the WCIRB president based on significant changes in the average statewide rate level.

⁹ This standard is based on direct written premium at the advisory pure premium rate level as reported on the WCIRB call for quarterly experience. This pure premium is after the application of experience modifications but prior to the application of deductible credits.

General Administration of the Program and Monitoring of Data Accuracy

policy documents to be submitted to the WCIRB. The WCIRB reserves the right to adjust the selection minimum based on the findings for an individual insurer.

~~b.c.~~ Selection List(s): The WCIRB will issue each insurer scheduled for review a Selection List comprising a sample of the insurer's recently submitted policy transactions. The Selection List will indicate the insurer's California insurer code, policy number, and policy effective date.

~~c.d.~~ Providing Requested Materials: Within ~~thirty~~30 days following publication of the Selection List, the insurer shall submit electronic copies (~~print~~digital images or PDFs) of the ~~hard copy~~policy documents provided to policyholders, representing each of the requested policy transactions (~~"hard copy" or "hard copies"~~). Hard copy policy documents must be submitted electronically, and in the manner prescribed by the WCIRB.

~~d.e.~~ Fines for Delinquent Material: Submissions will not be considered received until all requested materials are provided to the WCIRB.

- i. If all of the requested materials are not received by the WCIRB within ~~thirty~~30 days following publication of the Selection List, the insurer will be charged a \$500 fine.
- ii. If all of the requested materials are still not received by the WCIRB within ~~sixty~~60 days following publication of the Selection List, the insurer will be charged another \$500 fine, and the WCIRB will provide the insurer with an updated Selection List that identifies a new sample of policy transactions.
 1. If all of the requested materials from the updated Selection List are not received by the WCIRB within ~~thirty~~30 days following publication of the updated Selection List, the insurer will be charged another \$1,000 fine.
 2. If all of the requested materials from the updated Selection List are still not received by the WCIRB within ~~sixty~~60 days following publication of the updated Selection List, the insurer will be charged another \$1,000 fine, and the insurer's results will be subject to remedial action as described in Part V, Sections C and B D.
- iii. Waivers of fines for delinquent materials may be granted at the WCIRB's sole discretion upon a demonstration of good cause, provided ~~an application~~ a request for waiver is received within ~~thirty~~30 days following publication of the Selection List or updated Selection List.

2. Comparison of Hard Copy to Electronic Transactions

The WCIRB will compare the following data elements submitted electronically with the corresponding information on the hard copy policy documents:

- a. Policyholder Name(s)
- b. Address – Mailing
- c. Address – Location(s)
- d. Classification(s)
- e. Coverage Dates
- f. Experience Modification(s)
- g. Form Number(s)
- h. Forms – Variable Text on Limiting and Restricting Endorsements

Based on its initial review, the WCIRB may determine that a complete and thorough analysis requires examination of additional information. If so, the WCIRB will send the insurer a

General Administration of the Program and Monitoring of Data Accuracy

request for additional documents and/or policy transactions. Submission of the requested hard copy policy documents to the WCIRB is subject to the same timeline(s) and fines as set forth in Part ~~III~~IV, Section A, Subsection 1, Rules ~~4d~~ and ~~5e~~, except that the time period will begin on the date the WCIRB issued its request or updated request for the additional information.

At the close of its review of all submitted documents, the WCIRB will advise the insurer of its findings:

- i. Subject to Part ~~III~~IV, Section A, Subsection 1, Rule ~~4~~a if there were no differences between the hard copy and electronic transactions, then no further action is needed until the next scheduled selection.
- j. If there were differences between the hard copy and electronic transactions, then the WCIRB will require the insurer to identify the root cause of each difference and submit a proposed time frame for remedying the identified cause(s), which will be subject to WCIRB approval. At the end of the agreed-upon time frame, the WCIRB will provide the insurer with a new Selection List of policy transactions, and submission of the requested hard copy policy documents to the WCIRB will be subject to the same timeline(s) and fines as set forth in Part ~~III~~IV, Section A, Subsection 1, Rules ~~4d~~ and ~~5e~~.
- i. Subject to Part ~~III~~IV, Section A, RuleSubsection 1, Rule a, if the WCIRB's review of these documents shows that the identified issues have been resolved, then no further action is needed until the next scheduled selection.
- ii. If the WCIRB determines that the identified issues have not been resolved by the agreed-upon time frame, the insurer's results will be subject to remedial action as described in Part IV, Sections C and DB.

C.B. Data Quality Metrics

All policy transactions will be reviewed using the data quality measurements outlined in this ~~Part~~therein. Within ~~thirty~~30 days from the end of each quarter, the WCIRB will publish for each participating insurer a report detailing the insurer's results with respect to policy transactions submitted to the WCIRB during the quarter as well as during the latest four-quarter period. Unless otherwise specified, if an insurer's results over a four-quarter period exceed the designated tolerance identified in the Appendix for one or more of the data quality measurements outlined in this ~~Part~~section, the insurer's results will be subject to remedial action pursuant to the ~~Administrative Procedures described in Part IV, Sections C and D~~, provided the established minimum volume during the four-quarter period is met.

Refer to the Appendix for the designated tolerance and minimum volume for each metric.

D. Timeliness

1. Submission Timeliness – Policies

The "Submission Timeliness – Policies" data quality metric measures an insurer's success in submitting all policies on a timely basis as specified in the ~~California Workers' Compensation Uniform Statistical Reporting Plan—1995~~ (USRP).¹⁰ Specifically, for each insurer, the percentage of policies¹¹ received more than ~~thirty~~30 days after the policy inception date is determined as follows for the time period under review:

Number of policies received more than ~~thirty~~30 days after the policy inception date

¹⁰ Pursuant to Part 2, Section 1, Rule 1a(1), of the USRP, policies are due to the WCIRB no later than ~~thirty~~30 days after policy inception.

¹¹ "Policies" includes the following WCPOLS transactions: New Policy, Renewal Policy, Annual Rating Endorsement, and Renewal Certificate/Renewal Agreement.

General Administration of the Program and Monitoring of Data Accuracy

Total number of policies received

2. Submission Timeliness – Cancellations/Reinstatements

The “Submission Timeliness – Cancellations/Reinstatements” data quality metric measures an insurer’s success in submitting all cancellations and reinstatements within ~~thirty~~30 days after the issuance date.¹² Specifically, for each insurer, the percentage of cancellations and reinstatements received more than ~~thirty~~30 days after the issuance date is determined as follows for the time period under review:

$$\frac{\text{Number of cancellations and reinstatements received more than ~~thirty~~30 days after the issuance date}}{\text{Total number of cancellations and reinstatements received}}$$

3. Responsiveness to Policy Work Items

The “Responsiveness to Policy Work Items” data quality metric measures an insurer’s success in responding on a timely and accurate basis to WCIRB policy work item inquiries related to verifying the accuracy of data reported on policies. This metric looks at the volume of work items that remain unresolved for more than ~~sixty~~60 days from issuance of the inquiry.¹³ Specifically, for each insurer, the responsiveness to policy work items percentage is determined as follows for the time period under review:

$$\frac{\text{Number of unresolved work items that have passed the ~~sixty~~60-day threshold^{14sixty60-day threshold plus the number of unresolved work items that have passed the ~~sixty~~60-day threshold}}}$$

4. Unmatched Policy Transactions – Cancellations/Reinstatements

The “Unmatched Policy Transactions – Cancellations/Reinstatements” data quality metric measures an insurer’s success in reporting required policy transactions to the WCIRB. This metric looks at the volume of cancellations and reinstatements reported to the WCIRB that are not matched within ~~sixty~~60 days to its corresponding policy. Specifically, for each insurer, the percentage of unmatched cancellations and reinstatements is determined as follows for the time period under review:

$$\frac{\text{Number of cancellations and reinstatements not matched within ~~sixty~~60 days}}{\text{Total number of cancellations and reinstatements received}}$$

5. Unmatched USRs

The “Unmatched USRs” data quality metric measures an insurer’s success in reporting required policy transactions to the WCIRB. This metric looks at the volume of original¹⁵ first report level unit statistical reports (USRs) reported to the WCIRB that are not matched within ~~sixty~~60 days to its corresponding policy. Specifically, for each insurer, the percentage of unmatched USRs is determined as follows for the time period under review:

¹² This requirement will ensure that cancellations and reinstatements are reported to the WCIRB in a timely manner after issuance of such transactions.

¹³ The date of issuance of the inquiry is the date the work item is generated by the WCIRB and the insurer is notified. This metric only considers the days a work item is assigned to the insurer and does not include the days a work item is pending with the WCIRB.

¹⁴ Work items unresolved within the ~~sixty~~60-day period are not counted in the metric because their responsiveness under the metric has not yet been determined. Any work items resolved after the ~~sixty~~60-day threshold would have already been counted in the rolling four-quarter metric results used to evaluate insurers.

¹⁵ An “original” USR refers to the first submission of the USR at a specific report level.

Administrative Procedures

Number of original first report level USRs not matched within ~~sixty~~60 days
Total number of original first report level USRs received

~~E. Completeness and Accuracy~~

~~4.6. Experience Modification Reporting Success – Policy Transactions~~

The “Experience Modification Reporting Success – Policy Transactions” data quality metric measures an insurer’s success in reporting its initial policies¹⁶ to the WCIRB with WCIRB published experience modification data within ~~sixty~~60 days of receipt of the initial policy. Specifically, for each insurer, the percentage of initial policies reported with experience modification audit errors is determined as follows for the time period under review:

Number of initial policies with unresolved experience modification audit errors
~~sixty~~60 days after receipt of the initial policy
Total number of initial policies with published experience modifications

~~2.7. Forms Compliance~~

The “Forms Compliance” data quality metric measures an insurer’s success related to the use of approved policy forms and the endorsement of provisions required by California law using approved forms. Specifically, for each insurer, all instances are identified where an unapproved form is used, along with a count of the number of policies impacted. In addition, all instances are identified where a policy is not endorsed with provisions required by California law using approved forms.

Insurer results for this metric are advisory only. However, an insurer may be subject to remedial action as described in Part IV, Sections C and D if deficiencies are identified.

~~III. Administrative Procedures~~

~~A.C. Review of Data Quality Metric Results from Part IV, Data Quality Metrics~~

Unless otherwise specified, if an insurer’s results over a four-quarter period exceeds the designated tolerance for one or more of the data quality measurements specified in Part IV, Section B, the insurer will be notified in writing by WCIRB staff within ~~thirty~~30 days following the end of the four-quarter period and requested to provide either an explanation for exceeding the designated tolerance or a remediation plan.

Within ~~thirty~~30 days of this notice, the insurer must submit either:

1. A detailed written explanation that includes sufficient documentation confirming that the data exceeding the designated tolerance is correct as reported and does not indicate a data and/or reporting deficiency, or
2. A remediation plan that describes the data and/or reporting deficiencies that caused the designated tolerance(s) to be exceeded, the actions the insurer has taken or will take to remedy the deficiencies, and the time frame by which the insurer expects all the deficiencies will be resolved and its performance will meet ~~Program~~Part IV, Section B tolerances.

Insurers shall provide, at the request of the WCIRB, all relevant documents required to validate the accuracy and completeness of reported data.

¹⁶ An “initial policy” is the first of any of the following WCPOLS transactions received by the WCIRB: New Policy, Renewal Policy, Annual Rate Endorsement and Renewal Certificate/Renewal Agreement.

Administrative Procedures

The WCIRB ~~president or his/her designated representative (hereafter collectively referred to as "the WCIRB")~~ will respond to the insurer within ~~thirty~~30 days of receipt of the insurer's written explanation or remediation plan.

The insurer will be subject to the Remedial Procedures described in Part IV, Section B if any of the following occurs:

1. No detailed written explanation or remediation plan is submitted by the insurer within ~~thirty~~30 days of the WCIRB's initial notice;¹⁷
2. The WCIRB determines the insurer's detailed written explanation does not provide sufficient documentation confirming that the data exceeding the designated tolerance is correct as reported;
3. The WCIRB determines that the insurer's data and/or reporting deficiencies have not been resolved and its results continue to exceed ~~the Program~~Part IV, Section B tolerances; or
4. Notwithstanding an insurer's results under ~~Parts I and IV of the Program~~, the WCIRB determines that an insurer has (1) systemic data and/or reporting deficiencies or (2) egregiously or persistently failed to timely, completely and satisfactorily respond to WCIRB requests for written explanation or documentation to validate the quality of reported data.

B.D. Remedial Procedures

1. Stage 1: WCIRB Staff. The following actions shall be taken when the WCIRB determines that an insurer must undergo Stage 1 remediation.
 - a. The WCIRB will notify the insurer that it is subject to Stage 1 remediation and determine the time frame by which all the deficiencies must be resolved and ~~the Program~~Part IV, Section B tolerances must be met (Remediation Evaluation Period) to avoid being cited to the ~~Classification and Rating~~C&R Committee for further administrative action as described in Stage 2. The Remediation Evaluation Period shall encompass a minimum of two quarters and may be subsequently extended until enough data has been attained to produce a credible determination of whether all the deficiencies have been remediated.
 - i. If the insurer does not make significant progress in resolving all the deficiencies and meeting ~~the Program~~Part IV, Section B tolerances during the Remediation Evaluation Period, the insurer will be cited to the ~~Classification and Rating~~C&R Committee for further administrative action as described in Stage 2.
 - ii. If significant progress is made in resolving all the deficiencies and results meet ~~the Program~~Part IV, Section B tolerances during the Remediation Evaluation Period, such performance must be sustained over the subsequent four consecutive quarters (Remediation Monitoring Period); otherwise, the insurer will be cited to the ~~Classification and Rating~~C&R Committee for further administrative action as described in Stage 2.
 - iii. If significant progress is made in resolving all the deficiencies and results meet ~~the Program~~Part IV, Section B tolerances during the Remediation Evaluation Period, and such performance is sustained through the Remediation Monitoring Period, the insurer will not be cited to the ~~Classification and Rating~~C&R Committee as described in Stage 2. If, following the Remediation Monitoring Period, (a) the insurer's results for one or more of the data quality metrics ~~specified in Part IV~~ exceed one or more of ~~the Program~~ tolerances specified in Part IV, Section B, (b) data and/or reporting

¹⁷ An extension of the deadline may be granted, provided the insurer requests an extension on or before the original deadline. All extensions are subject to written pre-approval by WCIRB staff on a case-by-case basis.

Administrative Procedures

deficiencies are identified, or (c) both types of issues are identified, the insurer's performance will again be subject to remedial action pursuant to Part IV, Sections C and D.

2. ~~Stage 2: Classification and Rating~~C&R Committee. If an insurer's results do not meet ~~the Program's~~Part IV, Section B tolerances and all deficiencies are not resolved after completion of Stage 1 as described above, the insurer will be subject to the following:
 - a. The WCIRB will cite the insurer to the ~~Classification and Rating~~C&R Committee.
 - b. Within ~~thirty~~30 days of notification of citation to the ~~Classification and Rating~~C&R Committee, the insurer shall provide a new remediation plan that describes:
 - i. The specific remedial measures to be undertaken by the insurer,
 - ii. The time frames during which the remedial measures will be implemented, and
 - iii. The date by which the insurer expects all of its data and/or reporting deficiencies will be resolved and its performance will meet ~~Program~~Part IV, Section B tolerances.
 - c. An officer of the insurer will be required to meet with the ~~Classification and Rating~~C&R Committee to explain why the insurer's remediation plan submitted in Stage 1 failed to achieve the desired results and to present the new remediation plan.
 - d. At the meeting of the ~~Classification and Rating~~C&R Committee, the following actions shall be taken:
 - i. The insurer's performance with respect to ~~this Part IV, the data quality metrics listed in Part IV,~~ and any other data quality concerns in other WCIRB data quality programs will be reported to the ~~Classification and Rating~~C&R Committee;
 - ii. A fine equal to 1/100 of 1% of the most recent certified calendar year written pure premium¹⁸ at the time the insurer was notified that it had been cited to the ~~Classification and Rating~~C&R Committee pursuant to Part IV, Section D, Subsection 2~~subparagraph a-~~, above, subject to a minimum of \$5,000 and a maximum of \$50,000, will be imposed; and
 - iii. A Remediation Evaluation Period will be established.
 - e. The ~~Classification and Rating~~C&R Committee may recommend any additional lawful administrative actions it deems necessary, reasonable or appropriate to facilitate or encourage the insurer's implementation of adequate remedial measures, including citation to the Governing Committee.
 - f. The WCIRB will report the ~~Classification and Rating~~C&R Committee's findings and actions to the appropriate insurance company officer and advise of the following:
 - i. If the insurer does not make significant progress in resolving all the deficiencies and meeting ~~the Program~~Part IV, Section B tolerances during the Remediation Evaluation Period, the insurer will be cited to the Governing Committee for further administrative action as described in Stage 3.
 - ii. If significant progress is made in resolving all the deficiencies and results meet ~~the Program~~Part IV, Section B tolerances during the Remediation Evaluation Period, such performance must be sustained through the Remediation Monitoring Period; otherwise, the insurer will be cited to the Governing Committee for further administrative action as described in Stage 3.

¹⁸ Complete calendar year (January 1 to December 31) direct written premium at the pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the *WCIRB Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

- ¹⁹ Complete calendar year (January 1 to December 31) direct written premium at pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the WCIRB *Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

Administrative Procedures

implementation of adequate remedial measures, including citation to the California Insurance Commissioner.

- f. The WCIRB will report the Governing Committee's findings and actions to the appropriate insurance company senior officer and advise of the following:
 - i. If the insurer does not make significant progress in resolving all the deficiencies and meeting ~~Program~~Part IV, Section B tolerances during Remediation Evaluation Period, the WCIRB ~~pPresident~~ will, unless instructed otherwise by the Governing Committee, cite the insurer to the California Insurance Commissioner for consideration of further remedial action, including but not limited to additional fines, penalties, and/or suspension of authority to transact workers' compensation insurance. The citation to the California Insurance Commissioner will include a report on the insurer's performance with respect to this Program and any other data quality concerns in other WCIRB data quality programs.
 - ii. If significant progress is made in resolving all the deficiencies, and results meet ~~the Program~~Part IV, Section B tolerances during the Remediation Evaluation Period, such performance must be sustained through the Remediation Monitoring Period; otherwise, the insurer will be cited to the California Insurance Commissioner unless the Governing Committee instructs the WCIRB ~~pPresident~~ otherwise.
 - iii. If significant progress is made in resolving all the deficiencies, results meet ~~the Program~~Part IV, Section B tolerances during the Remediation Evaluation Period, and such performance is sustained through the Remediation Monitoring Period, the insurer will not be cited to the California Insurance Commissioner. If, following the Remediation Monitoring Period, (a) the insurer's results exceed the ~~Program's~~ designated tolerances for one or more of the data quality metrics specified in Part IV, Section B, (b) data and/or reporting deficiencies are identified, or (c) both types of issues are identified, the insurer's performance will again be subject to remedial action pursuant to Part IV, Sections C and D.
4. An insurer whose results are approaching ~~Program~~Part IV, Section B tolerances or that has data and/or reporting deficiencies may be requested to meet periodically or correspond with the WCIRB for the purpose of outlining the remedial measures the insurer proposes to implement to improve performance.

Appendix

Appendix

Metric Tolerances

Unless otherwise specified:

- The data quality metrics in this Program are measured against specified tolerances defined below. The WCIRB evaluates each metric's tolerance from time to time, taking into consideration the distribution of statewide data.
- If an insurer exceeds a designated metric tolerance over a four-quarter period, the insurer's results will be subject to remedial action as described in Part IV, Sections C and D, provided the minimum volume for the metric is met during the four-quarter period.

Metric		Tolerance	Minimum Volume for Remediation	Other Criteria
Timeliness				
1	Submission Timeliness – Policies	5%	25 policies received more than thirty 30 days after the policy inception date	
2	Submission Timeliness – Cancellations/Reinstatements	5%	25 cancellations and/or reinstatements received more than thirty 30 days after the issuance date	
3	Responsiveness to Policy Work Items	20%	25 unresolved policy work items that passed the sixty 60-day threshold	
4	Unmatched Policy Transactions – Cancellations/Reinstatements	2%	25 cancellations and/or reinstatements not matched within sixty 60 days	
5	Unmatched USRs	2%	25 original first report level USRs not matched within sixty 60 days	
Completeness and Accuracy				
3 6	Experience Modification Reporting Success – Policy Transactions	10 5%	25 initial policies reported with experience modification audit errors within sixty 60 days of receipt of the initial policy	

Appendix

Metric		Tolerance	Minimum Volume for Remediation	Other Criteria
<u>4</u> <u>7</u>	Forms Compliance	N/A	N/A	Insurer results for this metric are advisory only. However, an insurer may be subject to remedial action as described in <u>Part IV, Sections C and D</u> if deficiencies are identified.



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Item V-C

Schedule of 2023 Meetings

Following is the proposed schedule of Governing Committee meetings for 2023. The WCIRB will continue to welcome all interested parties to attend the meetings virtually. In addition, fully vaccinated Committee members may attend either in person or virtually.

Day of Week	Date & Time	Comment
Wednesday	February 8, 2023 at 9:30 AM	Consideration of September 1, 2023 Regulatory Filing
Wednesday	April 19, 2023 at 9:30 AM	Consideration of September 1, 2023 Pure Premium Rate Filing
Wednesday	September 20, 2023 at 9:30 AM	
Wednesday	December 13, 2023 at 9:30 AM	
Additional date to note:		
Wednesday	March 16, 2023	Annual Meeting of the Membership (virtual)