

Governing Committee

Meeting Agenda

Date	Time	Location	Staff Contact
February 13, 2025	9:30 AM	Microsoft Teams Webinar	Kristen Marsh

1901 Harrison Street, 17th Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com

Released: February 6, 2025

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

This meeting is Open to the Public.

Please use this [link](#) to register for the meeting webinar. After registering, you will receive a confirmation email containing information about the meeting.

I. Approval of Minutes

Meeting held December 11, 2024

II. Additions to the Agenda

III. Ratification of Actions of WCIRB Committees

A. Classification and Rating Committee Meeting Held November 12, 2024

IV. Unfinished Business

V. New Business

A. September 1, 2025 Regulatory Filing

VI. Next Meeting Date: April 16, 2025

VII. Adjournment

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Classification and Rating Committee

Meeting Minutes

Date	Time	Location	Staff Contact
November 12, 2024	9:30 AM	Microsoft Teams Webinar	Kristen Marsh

1901 Harrison Street, 17th Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com

Released: November 25, 2024

Members:

National Union Fire Insurance Company of Pittsburgh PA
Preferred Employers Insurance Company
Security National Insurance Company
State Compensation Insurance Fund
Travelers Property Casualty Company of America
Truck Insurance Exchange
Zenith Insurance Company

Represented By:

Sara VanWyk
Christine Glynn
Matt Zender
Not Present
Peter Gunn
Jennifer Fortin*
Sarah Elston

California Department of Insurance

Yvonne Hauscarriague
Margaret Hosel

WCIRB

Kristen Marsh, Chair
Laura Carstensen
Andrea Coleman
Esther Li
Allison Lightfoot
Tony Milano
Bill Mudge
Hester Nguyen
Eric Riley
Angela Sundin
Julia Zhang, PhD

After a reminder of the antitrust restrictions, the meeting of the Classification and Rating Committee was called to order at 9:30 AM with Ms. Kristen Marsh, Senior Vice President and Chief Legal Officer, presiding.

* * * * *

Approval of Minutes

The Minutes of the meeting held on August 6, 2024 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

Draft Report on Universal Extension of Payroll Limitations

The Committee was reminded that for many years, payroll limitations on an individual's payroll have been included for highly compensated employees including executive officers, partners, individual employers, members of limited liability companies as well as employees in several classifications related to the entertainment and athletic industries. The Committee was further reminded that in 2018, the WCIRB found that at very high wage levels there is no evidence of increasing exposure to workers' compensation losses with increasing wage levels. As a result, the Insurance Commissioner approved the extension of these payroll limitations to five additional classifications effective January 1, 2020, seven additional classifications effective September 1, 2022 and six additional classifications effective January 1, 2024.

As part of the WCIRB's ongoing efforts to analyze payroll as the basis of workers' compensation premium, the WCIRB completed a draft study this year included in the Agenda regarding a universal extension of payroll limitations. Following the presentation of the draft study, the Committee was in general consensus with the WCIRB's recommendations to delay implementation of a universal payroll limitation until after the extension of advisory pure premium rates and expected loss rates to three decimal places is implemented.

Report on Universal Extension of Payroll Limitations

Background and Objective

Payroll, also referred to as remuneration, is used for ratemaking and experience rating purposes as a proxy for measuring exposure to workers' compensation losses. In general, remuneration is reasonably correlated with losses and can be audited and validated against other information reported to state or federal government agencies.

However, given the wide dispersion of payroll among highly compensated employees and concerns as to the lack of correlation between exposure and loss at very high wage levels, the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) includes limitations on an individual's annual payroll for certain types of highly compensated employees. For many years, these included executive officers, partners, individual employers and members of a limited liability company as well as employees in several classifications related to the entertainment industry and athletic teams.

As part of the WCIRB's continuing efforts to analyze payroll as the basis of workers' compensation premium, in 2018 the WCIRB found that at very high wage levels there is no evidence of increasing exposure to workers' compensation losses with increasing wage levels. As a result, the WCIRB recommended and the Insurance Commissioner approved the application of payroll limitations to classifications that (a) have unusually high levels of employees with wages above the current USRP annual payroll maximum, (b) have relatively low advisory pure premium rates that are likely driven by the high wage levels in the industry and (c) include all employees so that any payroll limitation could be administered in a relatively straightforward manner. As a result, payroll limitations were extended to five additional classifications effective January 1, 2020, seven additional classifications effective September 1, 2022 and six additional classifications effective September 1, 2024.

Analysis

For this year's study, WCIRB staff investigated the feasibility of extending payroll limitations to all classifications. The WCIRB conducted outreach to better understand the impact that payroll limitations have on the premium audit process and updated its analysis of the relationship between losses and remuneration.

Feedback from premium auditors indicated that, while a universal payroll limitation would add time to premium audits, most employers already provide, as part of the insurers' premium audits, individual payroll detail necessary to apply a payroll limitation. Premium auditors noted, however, that they would need additional time to work with insureds who do not currently provide individual payroll detail.

Figure 1 shows the average indemnity claim severity for injured workers at various wage levels based on WCIRB Unit Statistical Report (USR) data from policy years (PY) 2019 through 2021. Consistent with the findings in the 2018 study, average indemnity claim severity generally increases as wages increase, up to the approximate level of the current USRP payroll limitation. However, claim severity does not continue to increase for wage levels above the current payroll maximum.

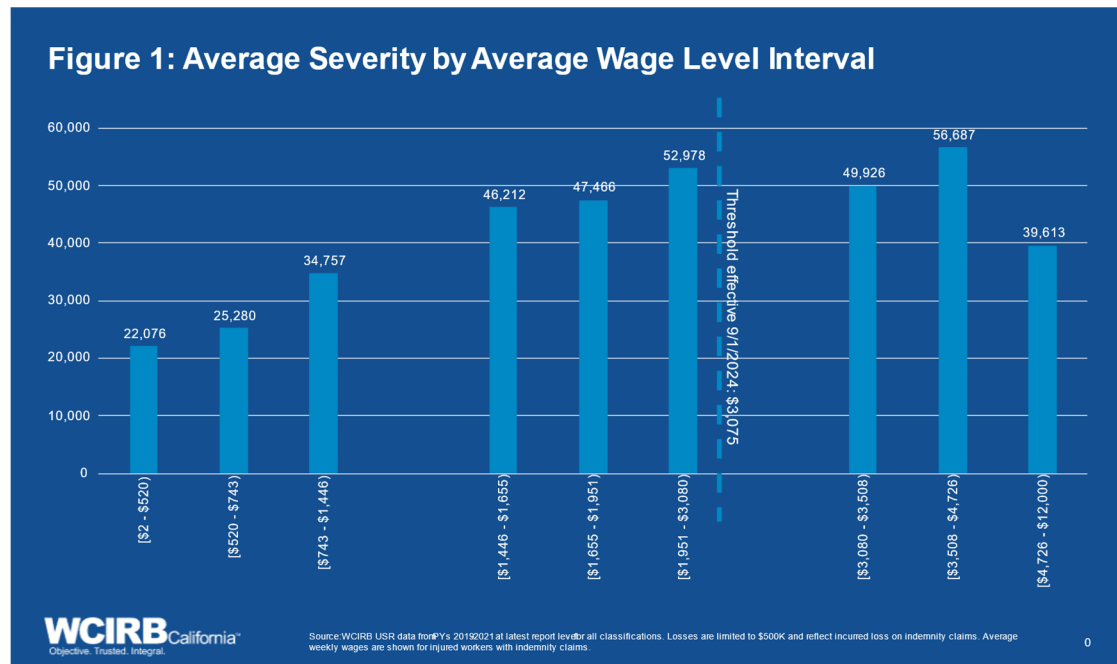


Figure 2 shows an estimated distribution of total losses on indemnity claims per the American Community Survey’s (ACS) payroll by wage level interval for all classifications based on ACS and USR data. As shown, when considering the impact of claim frequency differences, claim costs generally decreased as wage levels increased, particularly at high wage levels.

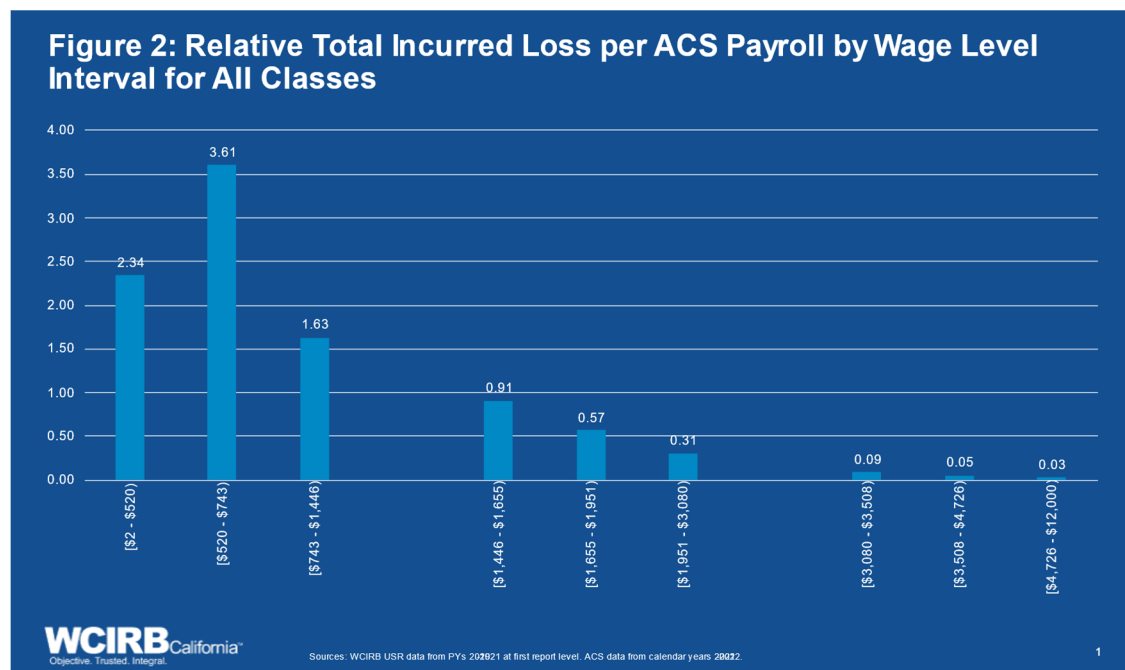


Figure 3 shows the estimated share of total employees whose remuneration would be capped under a universal payroll limitation based on ACS data. Remuneration would be limited for approximately 6.7% of all employees. As of September 1, 2024, payroll limitations already apply to 2.5% of these employees and would apply to an additional 4.2% under a universal payroll limitation.

Figure 3: Share of Employees Expected to be Capped under a Universal Payroll Threshold

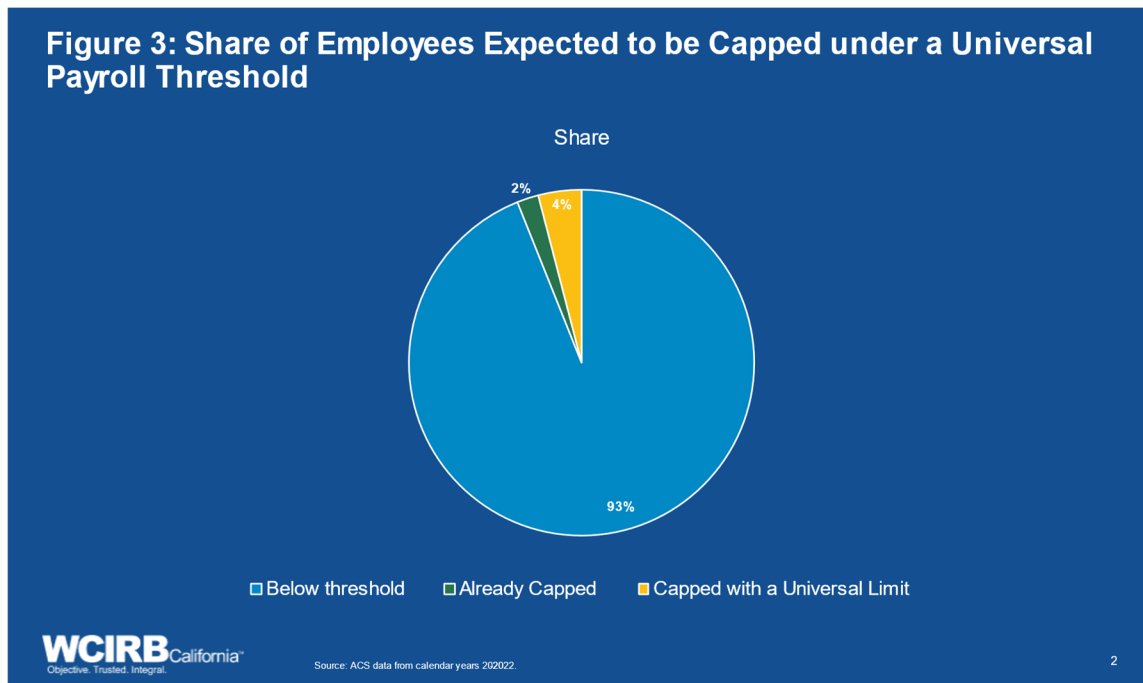
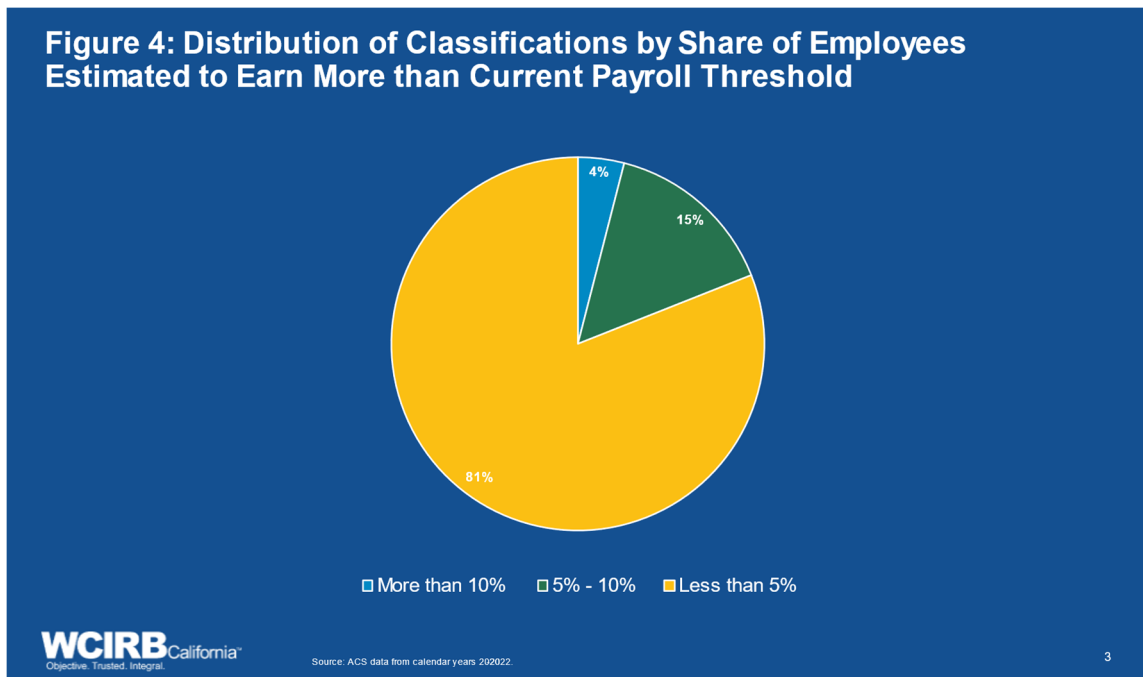


Figure 4 shows the distribution of classifications by share of employees whose remuneration would be capped under a universal payroll limitation. For the vast majority of classifications, the limit would affect the remuneration for less than 10% of employees. Remuneration would be limited for fewer than 5% of employees in 81% of the classifications, and conversely, remuneration would be limited for more than 10% of employees for only 4% of the classifications.

Figure 4: Distribution of Classifications by Share of Employees Estimated to Earn More than Current Payroll Threshold



Decimal Rate Extension

The advisory pure premium rates (PPRs) and expected loss rates (ELRs) for some low hazard classifications are so low that their PPRs and ELRs can be mathematically constrained to be adjusted up or down from year to year or can create dislocations when they are changed. One way to alleviate this constraint is to publish PPRs and ELRs to three decimal places.

To maintain consistency with other rating bureaus, the WCIRB is planning to publish ELRs and PPRs to three decimal places beginning with the September 1, 2026 Regulatory and Pure Premium Rate Filings. Stakeholders feel strongly that the WCIRB should implement this change for consistency with other states.

Recommendation

Based on the feedback and analysis summarized above, the WCIRB has found that a universal payroll limitation is feasible and would improve the alignment between remuneration and exposure to loss. However, given that the WCIRB plans to implement the decimal rate extension as part of the September Filings, WCIRB staff recommends deferring further consideration until after that time.

Item III-B Payroll Limitations

The Committee was reminded that each year WCIRB staff reviews current wage and payroll limits in the *California Worker's Compensation Uniform Statistical Reporting Plan—1995* (USRP) in light of projected wage inflation. The Committee was advised that wage inflation for September 1, 2025¹ is projected to be approximately 3.2%. This wage inflation projection is based on the average of the UCLA Anderson School of Business and California Department of Finance wage forecasts as of June 2024 and April 2024, respectively.

Executive Officers, Partners, Individual Employers and Members of a Limited Liability Company

The Committee reviewed staff recommendation that the current maximum remuneration of \$159,900 (\$3,075 per week) be increased to \$165,100 (\$3,175 per week) and the current minimum of \$62,400 (\$1,200 per week) be increased to \$63,700 (\$1,225 per week) for executive officers, partners, individual employers, and members of a limited liability company (LLC).

Classification 7365, Taxicab Operations – all employees

The Committee reviewed staff's recommendation that the minimum payroll be increased from \$43,800 to \$45,200 per annum per taxicab.²

Classification 8039, Stores – department stores – retail

The Committee reviewed staff's recommendation that there be no change to the current threshold of \$1,300,000 for department stores.

Classifications with Payroll Limitations

The Committee reviewed staff's recommendation that the maximum payroll for all employees in the following classifications be increased from \$159,900 to \$165,100:

- 4297(1) *Electronic Pre-Press (per year per employee)*
- 4297(2) *Graphic Design (per year per employee)*
- 4512 *Biomedical Research Laboratories (per year per employee)*
- 7607(1) *Video Post-Production (per year per employee)*
- 7607(2) *Audio Post-Production (per year per employee)*
- 7610 *Radio, Television or Commercial Broadcasting Stations (on-air personalities, entertainers and musicians/per year per person)*
- 8601(1) *Engineers (per year per employee)*
- 8601(2) *Oil or Gas Geologists or Scouts (per year per employee)*
- 8601(4) *Forest Engineers (per year per employee)*
- 8741 *Real Estate Agencies (per year per employee)*
- 8743 *Mortgage Brokers (per year per employee)*
- 8749 *Mortgage Bankers (per year per employee)*
- 8801 *Credit Unions (per year per employee)*
- 8803 *Auditing, Accounting or Management Consulting Services (per year per employee)*
- 8807 *Newspaper, Magazine or Book Publishing (per year per employee)*
- 8808 *Banks (per year per employee)*
- 8820 *Law Firms (per year per employee)*
- 8822 *Insurance Companies (per year per employee)*
- 8834 *Physician's Practices and Outpatient Clinics (per year per employee)*

¹ The wage inflation is based on the average inflation from policies incepting between September 1, 2024 and August 31, 2025 to policies incepting between September 1, 2025 and August 31, 2026.

² Computation is based on the prior unrounded value and the estimated wage inflation with the final recommendation rounded to the nearest \$100.

- 8839 *Dental or Orthodontia Practices (per year per employee)*
- 8859(1) *Computer Programming or Software Development (per year per employee)*
- 8859(2) *Internet or Web-Based Application Development or Operation (per year per employee)*
- 8874(1) *Instrument Mfg. – electronic – professional or scientific – hardware or software design or development (per year per employee)*
- 8874(2) *Computer or Computer Peripheral Equipment Mfg. – hardware or software design or development (per year per employee)*
- 8874(3) *Telecommunications Equipment Mfg. – hardware or software design or development (per year per employee)*
- 8874(4) *Audio/Video Electronic Products Mfg. – hardware or software design or development (per year per employee)*
- 8874(5) *Integrated Circuit and Semiconductor Wafer Mfg. – hardware or software design or development (per year per employee)*
- 8874(6) *Medical Instrument Mfg. – electronic – diagnostic or treatment – hardware or software design or development (per year per employee)*
- 8874(7) *Instrument Mfg. – non-electronic – scientific or medical – hardware or software design or development (per year per employee)*
- 9043 *Hospitals (per year per employee)*
- 9151 *Theaters – musical entertainment (performers and directors of performers/per year per person)*
- 9156 *Theaters – dance, opera and theater companies (performers and directors of performers/per year per person)*
- 9181 *Athletic Teams or Athletic Facilities – players, umpires, referees and game officials (per season per player)*
- 9610 *Motion Pictures – production (actors, musicians, producers and the motion picture director/per year per person)*

Following staff's presentation, a motion was made, seconded and unanimously passed to propose to the WCIRB's Governing Committee that the above referenced increases to the payroll maximums and minimums be included in the September 1, 2025 Regulatory Filing.

Item III-C

Physical Audit Threshold

The Committee was reminded that the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) requires that all policies that generate a final premium at or above a specific threshold amount are subject to physical audit.¹ The threshold has historically been set at a level that corresponds approximately with eligibility for experience rating so that the vast majority of payroll reflected in an experience rating calculation is subject to physical audit. The threshold has been reviewed on a regular basis and adjusted as appropriate to maintain the same approximate volume of policies subject to the audit requirement. The Committee was reminded that the audit threshold was last changed to \$10,500 effective January 1, 2020.

WCIRB staff summarized the two standard analytical approaches for computing the indicated level of the physical audit threshold for the September 1, 2025 Regulatory Filing. Based on the approximate average of these two indications, the indicated physical audit threshold for policies incepting on or after September 1, 2025 is approximately \$10,000. Since this estimate is generally consistent with the current threshold and the threshold is intended to be changed relatively infrequently, staff recommended maintaining the current physical audit threshold of \$10,500. Following the discussion, a motion was made, seconded and unanimously passed to recommend to the Governing Committee that the physical audit threshold be maintained at \$10,500 for inclusion in the September 1, 2025 Regulatory Filing.

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

Item III-D

Draft Food and Beverage Manufacturing or Processing Industry

Not Otherwise Classified (N.O.C.) Food Products Mfg. or Processing Bakeries or Cracker Mfg.

The Committee was reminded that in 2023, the WCIRB initiated a multi-year effort to holistically review the 22 classifications in the food and beverage manufacturing or processing industry (Industry) to evaluate the efficacy of the current classification procedures for the Industry.¹

The Committee was reminded that the first phase of the study developed an analysis framework to identify key classification issues for the Industry and recommended future classification studies to address these issues. Classifications 6504, *Food Products Mfg. or Processing – N.O.C.*, and 2003, *Bakeries or Cracker Mfg.*, the two largest classifications that collectively accounted for 42% of the Industry's payroll in policy year 2021, were identified as classifications that potentially include employers with nonhomogeneous operations. Therefore, as part of the second phase of the study, the WCIRB continued its analysis of the Industry and performed an in-depth operational and data review of the two classifications to determine:

1. Whether operations assigned to Classification 6504 continue to be homogenous or if any distinct segments should be assigned to new or existing classification(s); and
2. Whether operations assigned to Classification 2003 continue to be homogeneous or if any distinct segments should be assigned to new or existing classification(s) and whether doughnut shops, currently assigned to Classification 9079(1), *Restaurants or Taverns*, should be combined with Classification 2003.

Not Otherwise Classified (N.O.C.) Food Products Mfg. or Processing Study (Classification 6504)

The key findings included:

1. Four segments with distinct operations assigned to Classification 6504 were identified for further review: coffee bean roasting, vape juice blending, candy and chocolate manufacturing, and meals and food products manufacturing. The 5-year loss to payroll ratios for the coffee bean roasting and vape juice blending segments are significantly lower than those for the remaining operations in Classification 6504. The experience for the candy and chocolate manufacturing and meals and food products manufacturing segments are more similar to the remaining operations in Classification 6504.
2. The coffee bean roasting segment shares business operations and loss and payroll experience that are more similar to Classification 0096 than to Classification 6504. Both types of employers roast, and may also clean, grind and flavor their respective food products. The loss to payroll ratios and claim frequency of leading causes of injury for the coffee bean roasting segment are more similar to those for Classification 0096 than those for Classification 6504. Reassigning coffee bean cleaning, roasting or grinding operations from Classification 6504 to Classification 0096 would lead to a significant decrease (-32.7%) in the selected loss to payroll ratio for coffee bean roasting employers, and a decrease (-2.6%) in the selected loss to payroll ratio for employers currently assigned to Classification 0096.

¹ The identified 22 food and beverage manufacturing or processing classifications are part of the NAICS food and beverage manufacturing groups and/or the *California Workers' Compensation Uniform Statistical Reporting Plan—1995's* (USRP) Food Packaging and Processing Industry Group. See also Item III-B, *Draft Food and Beverage Manufacturing or Processing Industry Study – Phase I (Analysis Framework and Study Plan)*, of the August 8, 2023 WCIRB Classification and Rating Committee Minutes.

3. The vape juice blending segment shares business operations and loss and payroll experience that are more similar to Classification 4611 than Classification 6504. Both types of employers perform mixing, blending and heating, but not manufacturing, of the ingredients. The loss to payroll ratios and claim frequency of the leading causes of injury for vape juice blending are more similar to those for Classification 4611 than those for Classification 6504. Reassigning vape juice blending operations from Classification 6504 to Classification 4611 would lead to a significant decrease (-79.1%) in the selected loss to payroll ratio for vape juice blending employers, and a slight decrease (-0.2%) in the selected loss to payroll ratio for employers currently assigned to Classification 4611.
4. Candy and chocolate manufacturing operations are easily identifiable in Classification 6504. However, both the year-to-year loss to payroll ratios and leading causes of injury for the candy and chocolate manufacturing segment are very similar to those for Classification 6504, suggesting similar levels of risk exposure between candy and chocolate manufacturing operations and the remaining operations in Classification 6504. In addition, as the four largest employers account for over half of the segment's payroll, the segment's experience can be largely influenced by a few large employers in California.
5. The business operations contemplated in the meals and food products manufacturing segment may continue to evolve and become overly broad over time. The loss and payroll experience of this segment is also similar to that of Classification 6504.
6. The remaining operations in Classification 6504 account for 67% of the reported payroll in Classification 6504 and comprise a wide variety of food manufacturing and food processing operations with different types of food products. None of the individual manufacturing or processing of food products alone constitute a substantial part of Classification 6504 employers.
7. The selected loss to payroll ratio for Classification 6504 would increase slightly by 3.8% after reassigning the better experience of coffee bean roasting employers and vape juice blending employers from Classification 6504 to their destination classifications.

Based on these findings, WCIRB staff recommended:

1. Amending Classification 0096, *Nut Hulling, Shelling or Processing*, to include coffee bean cleaning, roasting or grinding operations, and amending the phraseology to 0096, *Nut or Coffee Bean Processing*.
2. Amending Classification 4611, *Drug, Medicine or Pharmaceutical Preparations Mfg.*, to include vape juice blending operations.
3. Amending Classification 6504, *Food Products Mfg. or Processing – N.O.C.*, to remove coffee bean cleaning, roasting or grinding operations and clarify its intended application.

Bakeries or Cracker Mfg. Study (Classification 2003)

The key findings included:

1. Two segments with distinct operations were identified in Classification 2003: the wholesale bakery segment that includes employers that manufacture baked goods sold primarily to wholesale customers and the retail bakery segment that includes employers that manufacture baked goods sold primarily to retail customers.
2. The wholesale and retail segments are operationally distinct based on the scale of production, type of baking equipment and type of customers. The loss to payroll ratios between the wholesale and retail segments are also different, with the ratio of the wholesale segment being much higher than that of

the retail segment. The difference is mostly driven by higher average claim severity across all leading causes of injuries, a higher share of indemnity claims and higher average incurred cost of indemnity claims for the wholesale segment. Establishing a new classification for employers with primarily wholesale bakery operations would lead to an increase (9.5%) in the selected loss to payroll ratio for these wholesale bakery employers and a decrease (-18.6%) in the selected loss to payroll ratio for retail bakery employers that will remain in Classification 2003.

3. The business operations of retail bakeries in Classification 2003 and doughnut shop employers in Classification 9079(1) are different due to a different mix of counter and serving operations. The loss to payroll ratio for the retail segment is significantly higher than that for doughnut shop employers in Classification 9079(1).

Based on these findings, WCIRB staff recommended:

1. Establishing a new classification, Classification 2004, *Baked Goods Mfg. – wholesale*, which will be included in the Food Packaging and Processing Industry Group, to apply to employers that manufacture baked goods that are sold primarily (over 50% of gross receipts) to wholesale customers; and
2. Amending Classification 2003, *Bakeries or Cracker, Mfg.*, to apply to employers that manufacture baked goods that are sold primarily (over 50% of gross receipts) to retail customers and amending the phraseology to Classification 2003, *Baked Goods Mfg. – retail*.

In response to a question from a Committee member regarding whether the trend for the meals and food products manufacturing segment in Classification 6504, *Food Products Mfg. or Processing – N.O.C.*, has changed during the pandemic period, it was explained that a large portion of the meals and food products manufacturing segment was airline meals manufacturing, which remained consistent during the pandemic. Furthermore, staff confirmed after the meeting that the payroll and number of employers in the meals and food product manufacturing segment continued to increase during the pandemic. Staff plans to continue to monitor this segment and conduct additional analyses in the future as necessary.

In response to a question from a Committee member regarding the impact of reassigning coffee bean roasting and vape juice blending employers currently assigned to Classification 6504 on experience modifications for these employers, it was explained that the new experience modification will be based on the expected loss rate and D-Ratio of the destination classification.

In response to a question from a Committee member regarding the potential of including counter experience of retail bakeries in the retail segment of Classification 2003, *Bakeries or Cracker Mfg.*, it was explained that the counter operations in support of the 2003 retail baking operations are currently assigned to Classification 8017, and their loss and payroll experience is significantly different from that of the retail baking operations in Classification 2003. It was also stated that for employers that perform both baking and counter operations, some may divide their payroll and have payroll reported separately in Classifications 2003 and 8017(1). If complete and accurate payroll records are not kept, the payroll of employees who perform both baking and counter operations will be reported in Classification 2003, the higher rated classification. Therefore, Classification 2003 may already include some counter experience. In other instances where retail bakeries complete all of their baking in the early morning and only conduct sales operations the rest of the day, there would be no overlap between the baking and counter operations. In addition, the retail segment also includes retail bakeries in grocery stores, which may include some counter operations in Classification 2003 or Classification 8006(1), *Stores – groceries – retail*, as part of the store operations.

In response to a question from a Committee member regarding the remaining 9% of the reported payroll in Classification 2003, *Bakeries or Cracker Mfg.*, that was not included in either of the two segments, it was explained that employers assigned to the wholesale and retail segments were determined based on a review of WCIRB Classification Inspection Reports and policy data. Therefore, 9% of the reported

payroll was for employers whose operations could not yet be definitively identified in the available data as belonging to one of the study segments. However, the impact of the remaining 9% of the reported payroll on either segment should be minimal.

Following staff's presentation and discussion, a motion was made, seconded and unanimously passed to recommend to the Governing Committee that the proposed changes be included in the September 1, 2025 Regulatory Filing.

Not Otherwise Classified (N.O.C.) Food Products Mfg. or Processing Study

6504, Food Products Mfg. or Processing – N.O.C.

I. Introduction and Study Objective

Classification 6504, *Food Products Mfg. or Processing – N.O.C.*, is one of the largest classifications in the food and beverage manufacturing or processing industry (Industry), comprising about 22% of the Industry's payroll in policy year (PY) 2021, and is fully credible with three years of experience.¹ The approved advisory pure premium rate (PPR) for Classification 6504, as of September 1, 2024, is \$6.06 per \$100 of payroll. Classification 6504 contemplates a variety of food product manufacturing or processing operations that are not more accurately described by another Food Packaging and Processing Industry Group classification. Classification 6504 employers perform various food processing operations, including preparing ingredients to form complete food products or meals and packaging final products. Some emerging food and beverage manufacturing or processing operations, such as the processing of ingredients to manufacture meal kits, are also included in this classification.

In the first phase of the study conducted in 2023, the WCIRB determined Classification 6504 may have become overly broad with the inclusion of disparate operations. Therefore, as part of the second phase of the study, the WCIRB performed an in-depth review of the operations and loss and payroll experience of Classification 6504 to determine whether operations assigned to Classification 6504 continue to be homogenous or if any distinct segments should be assigned to new or existing classification(s).

II. Analysis Results

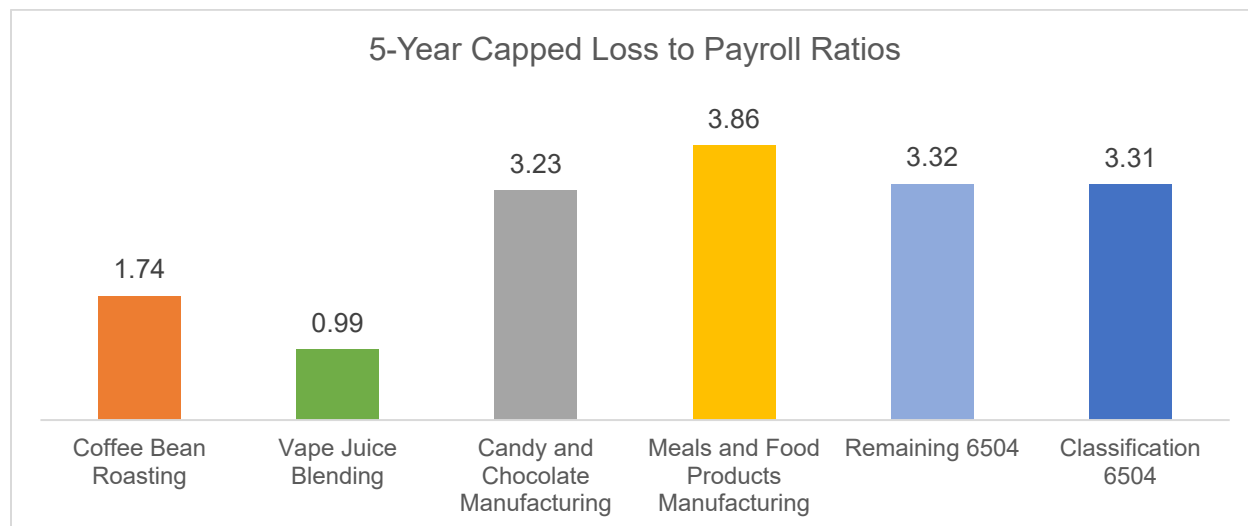
The WCIRB has identified four potential distinct segments in Classification 6504: (1) coffee bean roasting; (2) vape juice or e-liquid (collectively, vape juice) blending; (3) candy and chocolate manufacturing and (4) meals and food products manufacturing.²

As shown in Figure 1, the 5-year loss to payroll ratios of the coffee bean roasting and vape juice blending segments are significantly lower than those of the remaining operations in Classification 6504, by 47% and 70% respectively, suggesting significant differences in risk exposures between the two segments and the remaining operations in Classification 6504. The loss to payroll ratios of the candy and chocolate manufacturing and meals and food products manufacturing segments are more similar to those of the remaining 6504 operations.

¹ Based on September 1, 2024 classification relativities.

² Employers assigned to each segment were determined based on a review of WCIRB Classification Inspection Reports and policy data.

Figure 1. 5-Year Capped Loss to Payroll Ratios by Segment (PYs 2017-2021 at Latest Report Levels)³



A comprehensive review of the business operations and loss and payroll experience of these segments and the remaining operations in Classification 6504 is shown in each of the sections below.

1. Coffee Bean Roasting Segment and Potential Destination Classification 0096

a. Operational Comparison

Operations contemplated in the coffee bean roasting segment of Classification 6504 include cleaning beans, loading raw green coffee beans into coffee roasting machinery, grinding roasted coffee beans and adding flavoring to coffee beans or ground coffee. However, some coffee bean roasting employers may not flavor or grind coffee. Coffee bean roasting operations may be performed as a standalone operation or performed in connection with coffee shop operations at the same location or at a separate location from the coffee shop, which are assignable to Classification 8078(2), *Beverage Preparation Shops – not restaurants, bars or taverns*.

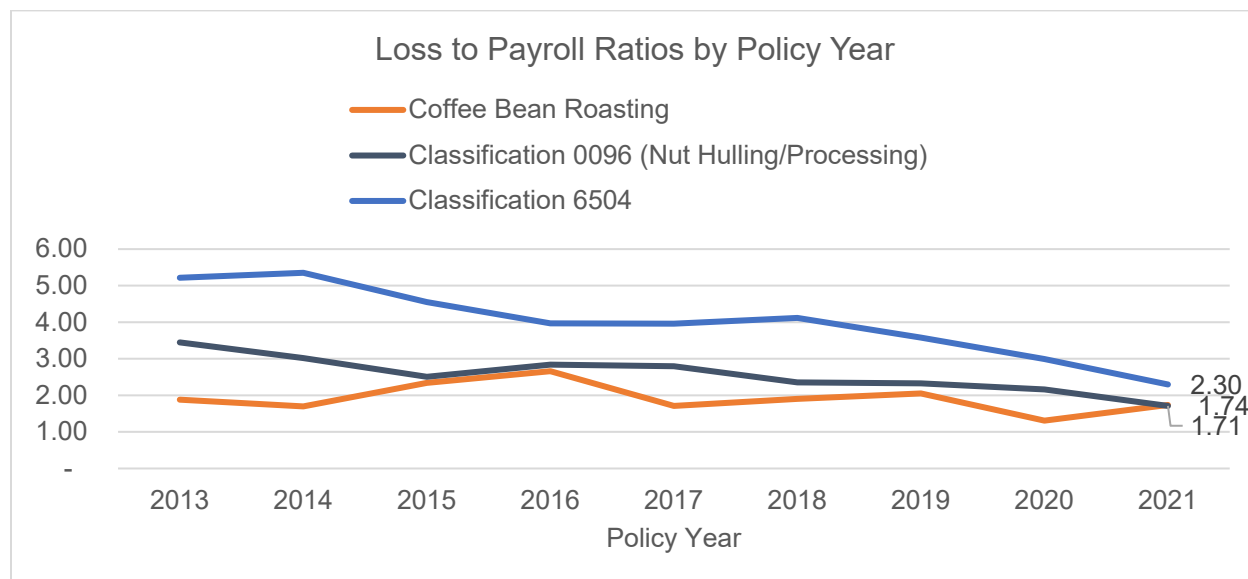
Classification 0096, *Nut Hulling, Shelling or Processing*, applies to employers engaged in nut hulling, shelling, cleaning, drying, sorting or packaging, as well as nut processing such as roasting, smoking, salting or flavoring and grinding. Both coffee bean roasting employers and 0096 employers roast their food products using an enclosed roaster and may also clean, grind and flavor their respective food products, which aligns with employer feedback gathered during outreach.

³ The 5-year loss to payroll ratio was calculated using the aggregate losses between PYs 2017 and 2021 divided by the aggregate payroll during the same period. Losses were evaluated at the latest report level.

b. Loss and Payroll Experience Comparison

The coffee bean roasting segment comprises a small share (3%) of the reported payroll in Classification 6504⁴ due to the small average payroll size of coffee bean roasting employers. The historical year-to-year loss to payroll ratios between PYs 2013 and 2021 for the coffee bean roasting segment are consistently much lower than those for Classification 6504 and more similar to those for Classification 0096⁵ (Figure 2). The 5-year loss to payroll ratio⁶ for the coffee bean roasting segment (\$1.74 per \$100 of payroll) is significantly lower, by 47%, than that of Classification 6504 (\$3.31 per \$100 of payroll) and much more similar to Classification 0096 (\$2.23 per \$100 of payroll).

Figure 2. Loss to Payroll Ratios by Policy Year for the Coffee Bean Roasting Segment and Classifications 0096 and 6504 (PYs 2013-2021 at Latest Report Levels)



The differences in the loss to payroll ratios are mainly driven by differences in claim frequency. As shown in Figure 3, the overall claim frequency for the coffee bean roasting segment is much more similar to that of Classification 0096 than to that of Classification 6504, and this is generally consistent for the leading causes of injury in the coffee bean roasting segment.

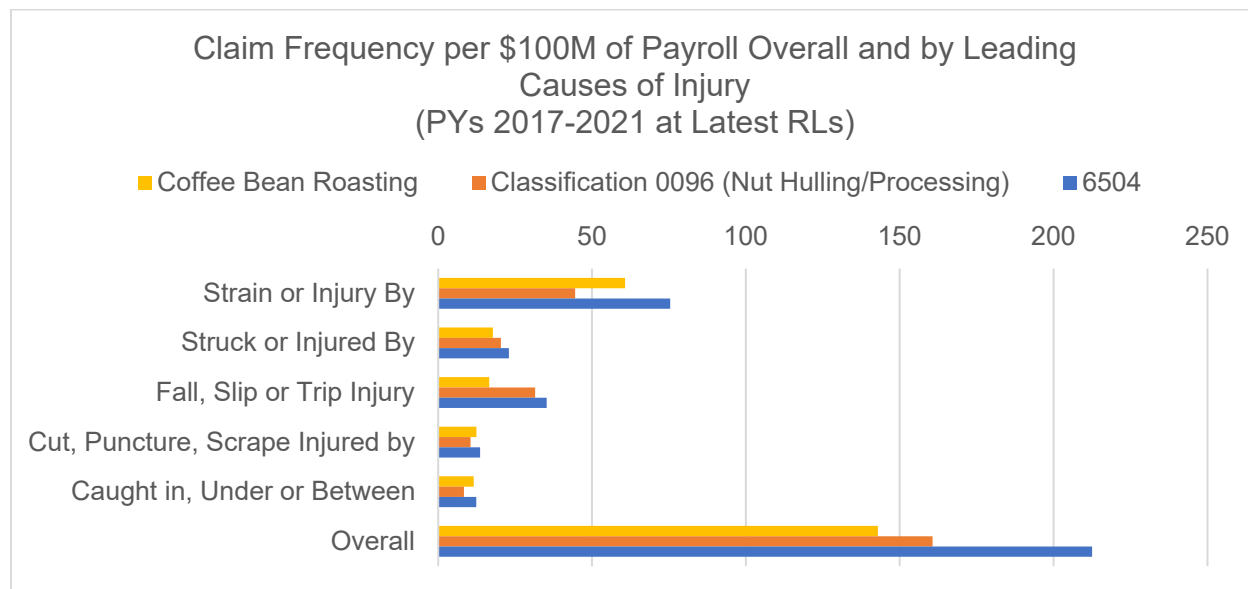
All of these factors suggest a more similar level of risk exposure between the coffee bean roasting segment and nut processing operations in Classification 0096. The dissimilar level of risk exposure between the coffee bean roasting segment and the remaining operations in Classification 6504 can be potentially related to a wide variety of operations performed by employers assigned to Classification 6504.

⁴ The payroll share for the coffee bean roasting segment is calculated based on the reported payroll for coffee bean roasting employers identified in Classification 6504 over the total reported payroll in Classification 6504 between PYs 2017 and 2021.

⁵ The PPR for Classification 0096 is \$4.20 per \$100 of payroll and is fully credible with three years of experience based on September 1, 2024 classification relativities.

⁶ The 5-year loss to payroll ratio was calculated using the aggregate losses between PYs 2017 and 2021 divided by the aggregate payroll during the same period. Losses were evaluated at the latest report level.

Figure 3. Claim Frequency per \$100M of Payroll Overall and by Leading Causes of Injury for the Coffee Bean Roasting Segment and Classifications 0096 and 6504 (PYs 2017-2021 at Latest Report Levels)



In summary, the business operations and loss and payroll experience of the coffee bean roasting segment are more similar to those of Classification 0096 than to those of Classification 6504. Therefore, WCIRB staff recommends reassigning coffee bean cleaning, roasting or grinding operations from Classification 6504 to Classification 0096.

Relatedly, it is typical for coffee shops to conduct some on-site coffee bean roasting, with a growing trend for some of these coffee shops to showcase, without any physical separation, the coffee bean roasting or processing operations as part of the shop’s aesthetic. The Multiple Enterprises rule⁷ provides for separate classification of a business’ distinct operations if those operations do not normally prevail in the business described by a single classification. On-site roasting or processing of coffee beans at coffee shops is generally not a district operation as it is common for coffee shops to engage in roasting or processing beans that are used by or sold through the coffee shop. However, it is uncommon for coffee shops to sell coffee beans roasted on-site commercially. As such, the WCIRB recommends clarifying that: (1) the on-site cleaning, roasting or grinding of coffee beans exclusively used at or sold to the general public through beverage shops operated by the same employer are included in Classification 8078(2); and (2) if any of the on-site cleaning, roasting or grinding operations are for coffee beans that are sold commercially, then the entire coffee bean processing operation shall be separately assigned to Classification 0096 with the remaining coffee shop operations assigned to Classification 8078(2). Under the second scenario, physical separation is not required for both Classifications 8078(2) and 0096 to apply, and payroll can potentially be divided for employees that split their time between coffee bean roasting and beverage preparation operations.⁸ The impact of this recommendation on Classifications 8078, 0096 and 6504 will be minimal given the small amount of payroll associated with coffee shop employers with on-site roasting or processing operations.

⁷ See *California Workers’ Compensation Uniform Statistical Reporting Plan—1995 (USRP)*, Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 3, *Multiple Enterprises*. Under a Multiple Enterprises rule analysis, if the coffee shop counter operations are not physically separated from the roasting operations, all coffee shop operations, including the counter operations (such as baristas and cashiers) that do not conduct any coffee bean roasting, are assignable to the highest rated classification applicable to the district operations, which is currently Classification 6504.

⁸ See USRP, Part 3, Section V, *Payroll – Remuneration*, Rule 3, *Division of Single Employee’s Payroll*.

The impact of reassigning coffee bean cleaning, roasting or grinding operations from Classification 6504 to Classification 0096 is shown in the Impact Analysis section below.

2. Vape Juice Blending Segment and Potential Destination Classification 4611

a. Operational Comparison

Vape juice blending operations are a distinct segment in Classification 6504. These operations include blending and heating purchased ingredients, such as liquid nicotine, glycerin, propylene glycol and flavorings. The final product is consumable although not an edible food product. Vape juice blending employers do not manufacture the ingredients used in their vape juice blending operations.

Classification 4611, *Drug, Medicine or Pharmaceutical Preparations Mfg. – compounding, blending or packaging only – not manufacturing ingredients – N.O.C.*, applies to employers engaged in the compounding, blending or packaging of drugs, medicines or pharmaceutical preparations that are intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease. This includes the blending of cannabis extracts, as cannabis is a drug that may be used for medicinal purposes.

Classification 6504 vape juice blending operations are similar to Classification 4611 mixing, blending and heating operations. Neither type of employer manufactures ingredients used in their blending operations, but they do mix and blend ingredients as well as heat ingredients. Additionally, unlike other final products in the remaining 6504 segment, vape juice is not an edible food product. The National Council on Compensation Insurance, Inc. (NCCI) assigns vape juice blending operations to Classification 4611, *Drug, Medicine or Pharmaceutical Preparation – Compounding or Blending – No Mfg. of Ingredients*, which is comparable to Classification 4611 in California.⁹

b. Loss and Payroll Experience Comparison

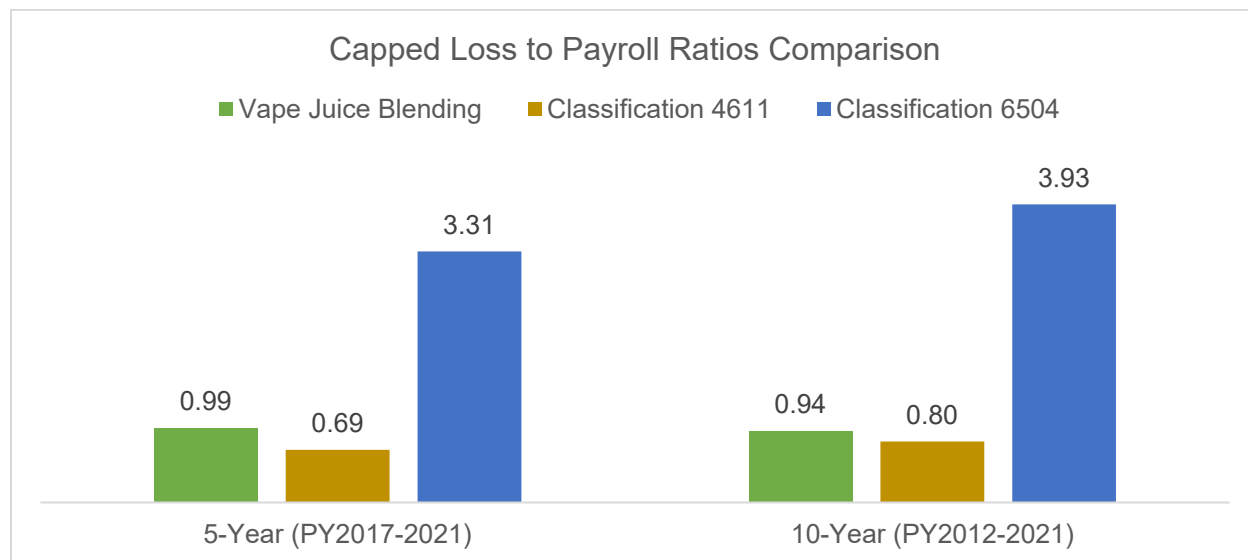
The vape juice blending segment is the smallest distinct segment identified within Classification 6504, which accounts for only 2% of the reported payroll in Classification 6504¹⁰, due to the limited number of vape juice blending employers in California. On average, about 27 vape juice blending employers were identified with payroll reported between PYs 2017 and 2021. The historical loss to payroll ratios showed year-to-year volatility due to low levels of payroll. Therefore, the WCIRB compared both the 5-year and 10-year loss-to-payroll ratios. Both ratios for the vape juice blending segment are much more similar to those of Classification 4611¹¹ than to those of Classification 6504 (Figure 4).

⁹ Full analysis of how other jurisdictions classify the food products manufacturing or processing operations discussed in this Study is included in Appendix III.

¹⁰ The payroll share for the vape juice blending segment is calculated based on the reported payroll for vape juice blending employers identified in Classification 6504 over the total reported payroll in Classification 6504 between PYs 2017 and 2021.

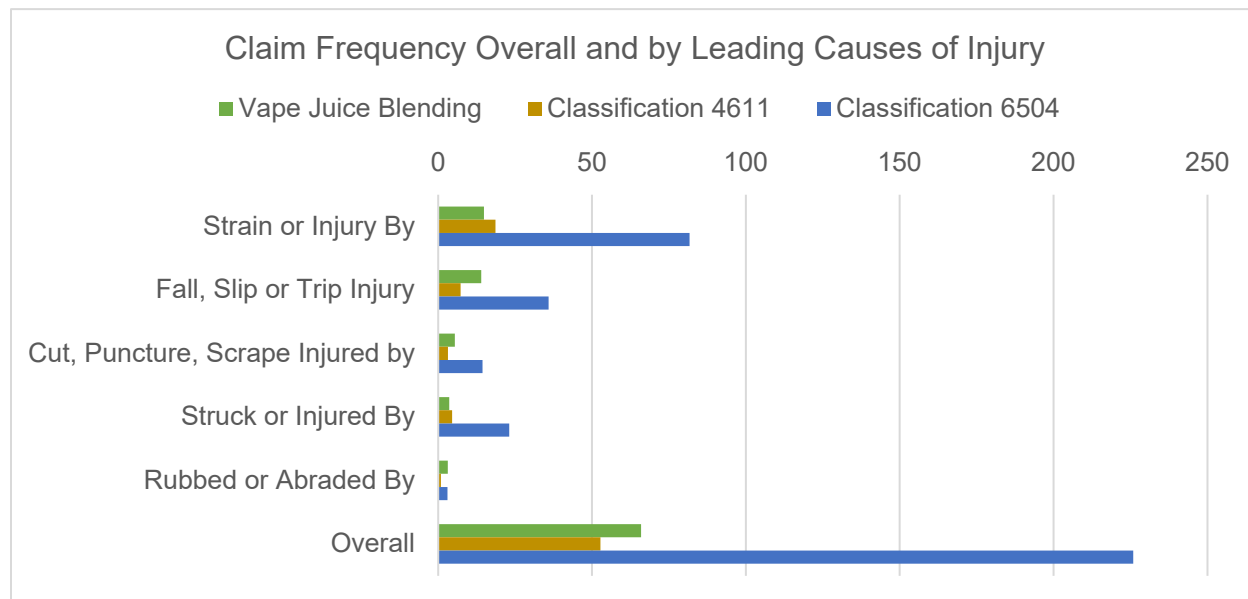
¹¹ The PPR for Classification 0096 is \$1.27 per \$100 of payroll and is fully credible with three years of experience based on the September 1, 2024 classification relativities.

Figure 4. 5-Year and 10-Year Loss to Payroll Ratios for the Vape Juice Blending Segment and Classifications 4611 and 6504 (Latest Report Levels)¹²



The significant differences in the loss to payroll ratios were mostly driven by differences in claim frequency. As shown in Figure 5, the overall claim frequency for the vape juice blending segment is much more similar to that of Classification 4611 than that of Classification 6504, and this is consistent across all leading causes of injury in the vape juice blending segment. All of these factors suggest a more similar level of risk exposure between the vape juice blending segment and Classification 4611, as the operations in both classifications involve mixing, blending and heating but not manufacturing ingredients.

Figure 5. Claim Frequency per \$100M of Payroll Overall and by Leading Causes of Injury for the Vape Juice Blending Segment and Classifications 4611 and 6504 (PYs 2012-2021 at Latest Report Levels)



¹² The loss to payroll ratio was calculated using the aggregate losses over the specified period divided by the aggregate payroll during the same period. Losses were evaluated at the latest report level.

In summary, the business operations and loss and payroll experience for the vape juice blending segment are more similar to those for Classification 4611 than those for Classification 6504. Therefore, WCIRB staff recommends reassigning vape juice blending operations from Classification 6504 to Classification 4611. The impact of this recommendation on employers with reported payroll in Classification 6504 and employers with reported payroll in Classification 4611 is shown in the Impact Analysis section below.

3. Candy and Chocolate Manufacturing Segment

a. Operational Analysis

The candy and chocolate manufacturing segment of Classification 6504 includes employers that manufacture sweet or sour candy, chocolate confections, caramel, licorice, jelly beans, gummies, brittle, cotton candy and other similar products that are easily identifiable. Operations contemplated in this segment include roasting and liquefying cocoa beans; combining and heating ingredients or tempering chocolate; pouring mixtures into molds; and dipping fruit, coffee beans, cookies or other items into melted chocolate. These employers may use large, automated equipment or small batch equipment to make their products. These products may be sold to commercial customers for resale purposes or to the general public through retail store counters or farmers' market stalls. Other jurisdictions assign candy and chocolate manufacturing operations to a separate classification (see Appendix III).

b. Loss and Payroll Experience

The 5-year loss to payroll ratios¹³ for the candy and chocolate manufacturing segment (\$3.23 per \$100 of payroll) are comparable to those for Classification 6504 (\$3.31 per \$100 of payroll). In addition, the historical loss-to-payroll ratios for the candy and chocolate manufacturing segment follow a very similar trend as those for Classification 6504 (Figure 6). While the candy and chocolate manufacturing segment is credible and comprises about 9% of the reported payroll in Classification 6504¹⁴, the four largest employers account for over half of the segment's payroll. Therefore, the loss and payroll experience of this segment can be volatile as it is heavily influenced by a few large employers. Also, the typical causes of injury between the candy and chocolate manufacturing segment and statewide experience of Classification 6504 were generally comparable (Figure 7). These similarities suggest that candy and chocolate manufacturing operations share similar levels of risk exposure with the remaining operations in Classification 6504.

¹³ The 5-year loss to payroll ratio was calculated using the aggregate losses between PYs 2017 and 2021 divided by the aggregate payroll during the same period. Losses were evaluated at the latest report level.

¹⁴ The payroll share for the candy and chocolate manufacturing segment is calculated based on the reported payroll for candy and chocolate manufacturing employers identified in Classification 6504 over the total reported payroll in Classification 6504 between PYs 2017 and 2021.

Figure 6. Loss to Payroll Ratios by Policy Year for the Candy and Chocolate Manufacturing Segment and Classification 6504 (PYs 2012-2021 at Latest Report Levels)

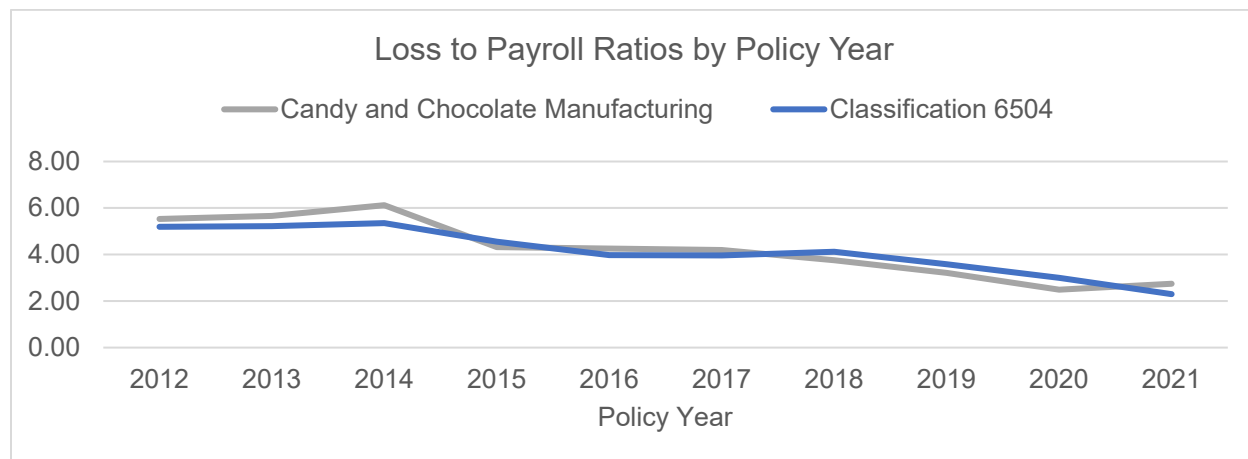
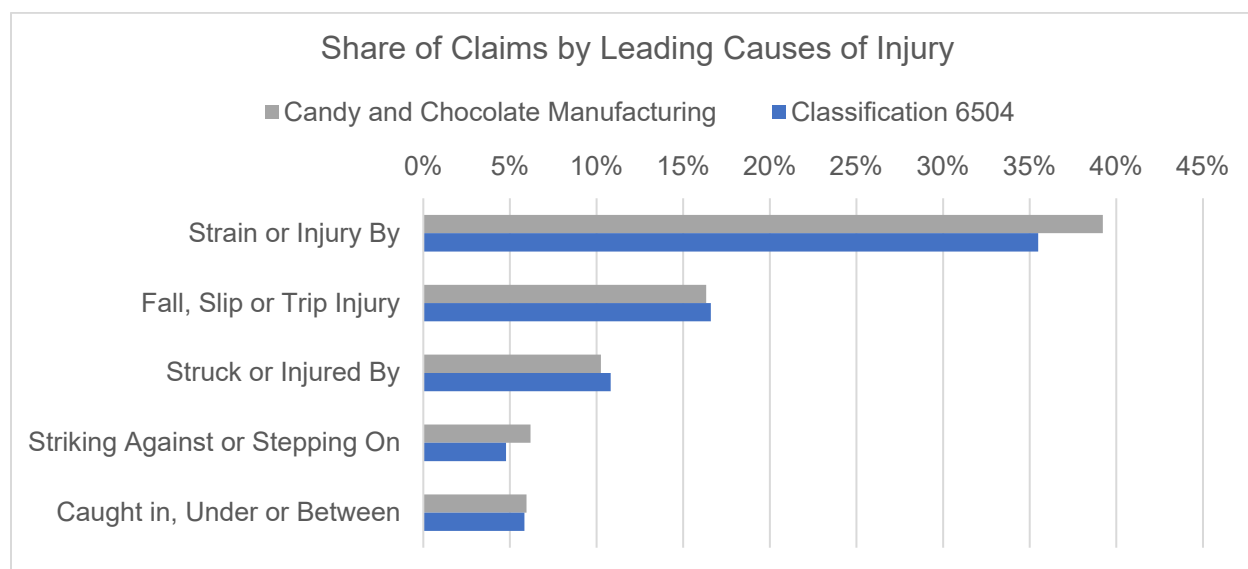


Figure 7. Share of Claims by Leading Causes of Injury Comparing the Candy and Chocolate Manufacturing Segment and Classification 6504 (PYs 2017-2021 at Latest Report Levels)



In summary, while the manufacturing operations of candy and chocolate are easily identifiable in Classification 6504, the loss and payroll experience for the candy and chocolate segment is very similar to that of Classification 6504. In addition, the segment's experience can be heavily influenced by a few large employers in California, which could result in undue volatility in the year-to-year advisory pure premium rate if the candy and chocolate segment were assigned to a separate classification. Given these reasons, WCIRB staff recommends keeping candy and chocolate manufacturing in Classification 6504.

4. Meals and Food Products Manufacturing Segment

a. Operational Analysis

The meals and food products manufacturing segment includes employers that manufacture airline meals, subscription or customer-ordered meals, ready-to-eat food products and frozen food products. Operations contemplated in this segment include cutting and chopping ingredients, mixing ingredients, heating or cooking ingredients to create meals or food products and flash freezing final products, as needed. Meals

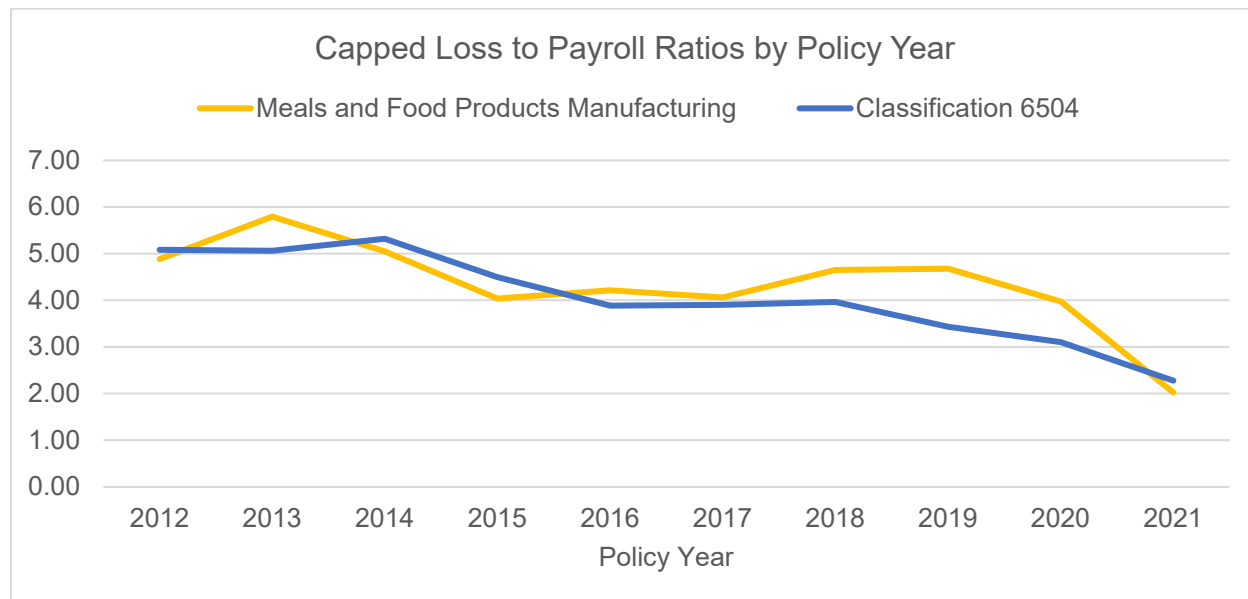
and food products manufacturing employers may individually plate or package food, deliver meals or food products to customers or flash freeze cooked food products.

However, the manufacture of subscription or customer-ordered meals is an emerging operation and has growing payroll in California in the past few years. Therefore, the operations and products contemplated in this segment may continue to evolve and become overly broad over time to include disparate operations.

b. Loss and Payroll Experience

The meals and food products manufacturing segment constitutes the largest share (18%) of reported payroll in Classification 6504¹⁵ because it includes different types of manufacturing operations. As shown in Figure 8, the historical year-to-year loss to payroll ratios were generally comparable between the meals and food products manufacturing segment and statewide experience of Classification 6504. In addition, the meals and food products manufacturing segment and Classification 6504 share similar leading causes of injury. The similarities in loss and payroll experience between the segment and its statewide experience suggest similar levels of risk exposure.

Figure 8. Loss to Payroll Ratios by Policy Year for the Meals and Food Products Manufacturing Segment and Classification 6504 (PYs 2012-2021 at Latest Report Levels)



In summary, the business operations contemplated in the meals and food products manufacturing segment may continue to evolve and may become overly broad over time. As the loss and payroll experience between the segment and Classification 6504 is also similar, WCIRB staff recommends keeping the meals and food products manufacturing segment in Classification 6504.¹⁶

¹⁵ The payroll share for the meals and food products manufacturing segment is calculated based on the reported payroll for meals and food products manufacturing employers identified in Classification 6504 over the total reported payroll in Classification 6504 between PYs 2017 and 2021.

¹⁶ The WCIRB also evaluated Classifications 9082, *Caterers – not restaurants*, and 9081(1), *Restaurants – N.O.C.*, as potential destination classifications for meals and food products manufacturing employers. Based on operational and data analyses, WCIRB staff determined that the operations and loss and payroll experience assigned to Classifications 9082 and 9081(1) are dissimilar from those of the meals and food products manufacturing segment. Therefore, neither Classifications 9082 nor 9081(1) appear to be a good fit for meals and food products manufacturing employers.

5. Remaining Operations in Classification 6504

The remaining operations in Classification 6504 account for 67% of reported payroll in Classification 6504 and comprise a wide variety of food manufacturing and food processing operations.¹⁷ Examples of the remaining food products include soup and bone broth, frozen raw dough, food or beverage flavoring, salad dressing and condiments, dips and salsas, sauces and marinades, and nutrition bars and chips. Individual employers engaged in the manufacture or processing of these types of food products do not constitute a substantial portion of the reported payroll in Classification 6504 (on average, 1.7% of the statewide payroll in Classification 6504), and their operations do not differ significantly. Some of these employers manufacture a variety of food products, making it challenging to appropriately assign their operations to a single operational segment.

Based on the recommendations discussed above, reassigning coffee bean roasting operations to Classification 0096 and vape juice blending operations to Classification 4611 would make the remaining operations assigned to Classification 6504 more homogenous and define the scope of the classification more narrowly. In addition, Classification 6504 would still remain a fully credible classification as the remaining food products manufacturing or processing operations generate sufficient payroll and loss experience. Therefore, WCIRB staff recommends that the remaining N.O.C. food products manufacturing or processing operations continue to be assigned to Classification 6504 but the list of food products manufacturing or processing operations should be updated to minimize redundancy and more accurately reflect the operations being performed in California.

The WCIRB also reviewed whether the N.O.C designation for Classification 6504 should be maintained. Given that it is not practical to establish a classification to specifically describe the operations of every type of food product manufacturing or processing in California, there remains a need to provide N.O.C. classification direction for food product manufacturing or processing operations that are not more accurately described by another Food Packaging and Processing Industry Group classification. This N.O.C. classification ensures a uniform approach to classifying those food manufacturing or processing operations. In view of the above, the WCIRB recommends keeping the N.O.C. designation for Classification 6504.

III. Impact Analysis

The WCIRB evaluated the impact of reassigning Classification 6504 coffee bean roasting operations to Classification 0096 and Classification 6504 vape juice blending operations to Classification 4611. Classification relativities for Classifications 6504, 0096 and 4611 are included in Appendix IV.

1. Impact on Coffee Bean Roasting Employers and Classification 0096

Table 1 shows that the selected loss to payroll ratio for coffee bean roasting employers currently assigned to Classification 6504 would decrease by 32.7% under the proposed recommendation. Employers in Classification 0096 would experience a reduction in the selected loss to payroll ratio driven by the better experience of coffee bean roasting operations.

¹⁷ The payroll share for remaining operations in Classification 6504 is calculated based on the reported payroll for employers with remaining operations in Classification 6504 over the total reported payroll in Classification 6504 between PYs 2017 and 2021. The remaining operations in Classification 6504 also include employers whose operations could not be definitively identified as belonging to one of the study segments based on available data and, therefore, were not included in any of the segments discussed above but remained in Classification 6504.

Table 1. Changes in Selected (Unlimited) Loss to Payroll Ratio for Coffee Bean Roasting Employers and Classification 0096

Classification/ Segment	Current Selected Loss to Payroll Ratio (A)	Selected Loss to Payroll Ratio Under Proposed Recommendation (B)	% Difference (B/A-1)
Coffee Bean Roasting	4.490	3.022	-32.7%
0096	3.102	3.022	-2.6%

2. Impact on Vape Juice Blending Employers and Classification 4611

As shown in Table 2, the selected loss to payroll ratio for vape juice blending employers currently assigned to Classification 6504 would decrease significantly by 79.1% and Classification 4611 would experience a slight decrease of 0.2% under the proposed recommendation.

Table 2. Changes in Selected (Unlimited) Loss to Payroll Ratio for Vape Juice Blending and Classification 4611

Classification/ Segment	Current Selected Loss to Payroll Ratio (A)	Selected Loss to Payroll Ratio Under Proposed Recommendation (B)	% Difference (B/A-1)
Vape Juice Blending	4.490	0.940	-79.1%
4611	0.942	0.940	-0.2%

3. Impact on Remaining Employers in Classification 6504

Table 3 shows that the selected loss to payroll ratio for the remaining employers in Classification 6504 would increase slightly by 3.8%. The increase is mainly driven by reassigning the better experience of coffee bean roasting employers and vape juice blending employers from Classification 6504 to their respective destination classifications under the proposed recommendation. Classification 6504 would remain statistically credible after reassigning coffee bean roasting employers and vape juice blending employers as they only account for 5% of the reported payroll in Classification 6504.

Table 3. Changes in Selected (Unlimited) Loss to Payroll Ratio for Classification 6504

Classification	Current Selected Loss to Payroll Ratio (A)	Selected Loss to Payroll Ratio Under Proposed Recommendation (B)	% Difference (B/A-1)
6504	4.490	4.663	3.8%

IV. Findings

Based on this review, the WCIRB has determined:

1. Four segments with distinct operations assigned to Classification 6504's N.O.C. food products manufacturing or processing operations were identified for further review: coffee bean roasting, vape juice blending, candy and chocolate manufacturing, and meals and food products manufacturing. The 5-year loss to payroll ratios for the coffee bean roasting and vape juice blending segments are significantly lower than those for the remaining operations in Classification 6504. The experience for the candy and chocolate manufacturing and meals and food products manufacturing segments are more similar to the remaining operations in Classification 6504.

2. The coffee bean roasting segment shares business operations and loss and payroll experience that are more similar to Classification 0096 than to Classification 6504. Both types of employers roast, and may also clean, grind and flavor their respective food products. The loss to payroll ratios and claim frequency of leading causes of injury for the coffee bean roasting segment are more similar to those for Classification 0096 than those for Classification 6504. Reassigning coffee bean cleaning, roasting or grinding operations from Classification 6504 to Classification 0096 would lead to a significant decrease (-32.7%) in the selected loss to payroll ratio for coffee bean roasting employers, and a decrease (-2.6%) in the selected loss to payroll ratio for employers currently assigned to Classification 0096.
3. The vape juice blending segment shares business operations and loss and payroll experience that are more similar to Classification 4611 than Classification 6504. Both types of employers perform mixing, blending and heating, but not manufacturing, of the ingredients. The loss to payroll ratios and claim frequency of the leading causes of injury for vape juice blending are more similar to those for Classification 4611 than those for Classification 6504. Reassigning vape juice blending operations from Classification 6504 to Classification 4611 would lead to a significant decrease (-79.1%) in the selected loss to payroll ratio for vape juice blending employers, and a slight decrease (-0.2%) in the selected loss to payroll ratio for employers currently assigned to Classification 4611.
4. Manufacturing of candy and chocolate operations are easily identifiable in Classification 6504. However, both the year-to-year loss to payroll ratios and leading causes of injury for the candy and chocolate manufacturing segment are very similar to those for Classification 6504, suggesting similar levels of risk exposure between candy and chocolate manufacturing operations and the remaining operations in Classification 6504. In addition, as the four largest employers account for over half of the segment's payroll, the segment's experience can be largely influenced by a few large employers in California.
5. The business operations contemplated in the meals and food products manufacturing segment may continue to evolve and become overly broad over time. The loss and payroll experience of this segment is also similar to that of Classification 6504.
6. The remaining operations in Classification 6504 account for 67% of the reported payroll in Classification 6504 and comprise a wide variety of food manufacturing and food processing operations with different types of food products. None of the individual manufacturing or processing of food products alone constitute a substantial part of Classification 6504 employers.
7. The selected loss to payroll ratio for Classification 6504 would increase slightly by 3.8% after reassigning the better experience of coffee bean roasting employers and vape juice blending employers from Classification 6504 to their destination Classifications.

V. Recommendations

Based on these findings, WCIRB staff recommends:

1. Amending Classification 0096, *Nut Hulling, Shelling or Processing*, to include coffee bean cleaning, roasting or grinding operations, and amending the phraseology to 0096, *Nut or Coffee Bean Processing*.
2. Amending Classification 4611, *Drug, Medicine or Pharmaceutical Preparations Mfg.*, to include vape juice blending operations.
3. Amending Classification 6504, *Food Products Mfg. or Processing – N.O.C.*, to remove coffee bean cleaning, roasting or grinding operations and clarify its intended application.

Appendix I – Analysis Approach

The WCIRB analyzed the business operations and payroll and claim experience of employers with payroll reported in Classifications 6504, 0096, 4611 and 9079 using both qualitative and quantitative data from a variety of sources.

Classification Inspection Reports: The WCIRB reviewed Classification Inspection Reports for employers with payroll reported in Classification 6504, 0096 or 4611 to better understand these employers' business operations.

Industry Outreach: The WCIRB contacted members of the industry and insurers that underwrite policies in this industry, including coffee bean roasting employers and candy and chocolate manufacturing employers, to gain insight into the operational characteristics of those operations.

Unit Statistical Reports: The WCIRB analyzed historical Unit Statistical Report data at the first report level and latest report level, 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 and discussed classification procedures for coffee bean roasting, vape juice blending, candy and chocolate manufacturing and meals and food products manufacturing with rating organizations in other jurisdictions to understand how these operations are classified.

Classification Relativity Data: Classification relativity data as reflected in the WCIRB's September 1, 2024 Regulatory Filing were used to analyze the impact of the potential classification changes on coffee bean roasting employers, vape juice blending employers, employers in Classifications 0096 and 4611, and remaining employers in Classification 6504.

Appendix II – History of Classification 6504

Following is a timeline of significant changes to the scope and application of **Classification 6504, Food Products Mfg. or Processing – N.O.C.:**

- **1920:** Classification 6504, *Food Sundries Mfg. (N.O.C.)*, was established to apply to the cleaning, grinding, sorting, mixing and packing of coffee, sugars, confections, pastry flours, spices and nuts.
- **1947:** Classification 6504 phraseology was amended to *Confections and Food Sundries Mfg. or Processing – N.O.C.*
- **2010:** Classification 6504 was included in the newly established *Food Packaging and Processing Industry Group* and its phraseology was amended to *Food Products Mfg. or Processing – N.O.C.*

Appendix III – Other Jurisdictions

The WCIRB reviewed how other jurisdictions classify coffee bean roasting, vape juice blending and candy and chocolate manufacturing operations.

1. Coffee Bean Roasting

NCCI, the Workers' Compensation Rating and Inspection Bureau of Massachusetts, the Compensation Advisory Organization of Michigan, 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 direct that coffee bean roasting be assigned to Classification 6504, *Food Products Mfg. N.O.C.*¹⁸

The Pennsylvania Compensation Rating Bureau directs that coffee bean roasting be classified in Classification 104, *Food Products Mfg. N.O.C.*

2. Vape Juice Blending

NCCI directs that vape juice blending be assigned to Classification 4611, *Drug, Medicine or Pharmaceutical Preparation – Compounding or Blending – No Mfg. of Ingredients.*

3. Candy/Chocolate Mfg.

NCCI, the Workers' Compensation Rating and Inspection Bureau of Massachusetts, the Compensation Advisory Organization of Michigan, 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 direct that candy, chocolate and confection manufacturing be assigned to Classification 2041, *Candy, Chocolate and Confection Mfg.*¹⁹

The Pennsylvania Compensation Rating Bureau directs that candy, chocolate and confectionery manufacturing be assigned to Classification 107, *Candy, Chocolate or Chewing Gum Mfg.*

¹⁸ This phraseology is utilized by NCCI, though other jurisdictions use similar language.

¹⁹ This phraseology is utilized by NCCI, though other jurisdictions use similar language.

Appendix IV – Classification Relativities

Table 1: Classification 6504 – Classification Relativity at Policy Year 2024 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2019	1,946,448,065	36,579,395	34,525,525	71,104,920	3.653
2020	2,061,443,922	41,930,412	36,906,673	78,837,085	3.824
2021	2,417,224,965	58,542,942	48,203,262	106,746,204	4.416
Total	6,425,116,952	137,052,749	119,635,460	256,688,209	

Adjusted Loss to Payroll Ratio 3.995
Selected Loss to Payroll Ratio 4.490

Credibility	
Indemnity	Medical
1.00	1.00

Table 2: Classification 0096 – Classification Relativity at Policy Year 2024 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2019	477,228,462	5,389,943	5,651,739	11,041,682	2.314
2020	525,645,047	6,511,794	6,908,467	13,420,261	2.553
2021	590,241,916	6,566,706	8,871,744	15,438,450	2.616
Total	1,593,115,425	18,468,442	21,431,950	39,900,392	

Adjusted Loss to Payroll Ratio 2.505
Selected Loss to Payroll Ratio 3.102

Credibility	
Indemnity	Medical
1.00	1.00

Table 3: Classification 4611 – Classification Relativity at Policy Year 2024 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2019	1,447,861,715	5,413,175	4,595,367	10,008,542	0.691
2020	1,553,984,483	7,211,404	6,468,974	13,680,378	0.880
2021	1,648,013,076	7,323,195	6,743,586	14,066,781	0.854
Total	4,649,859,274	19,947,775	17,807,928	37,755,703	

Adjusted Loss to Payroll Ratio 0.812
Selected Loss to Payroll Ratio 0.942

Credibility	
Indemnity	Medical
1.00	1.00

Table 4: Classification 6504 Under the Proposed Change – Classification Relativity at Policy Year 2024 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2019	1,806,127,449	35,565,583	33,623,887	69,189,471	3.831
2020	1,931,031,878	41,277,241	36,357,131	77,634,372	4.020
2021	2,300,598,811	56,901,502	46,772,979	103,674,481	4.506
Total	6,037,758,138	133,744,327	116,753,997	250,498,324	

Adjusted Loss to Payroll Ratio 4.149
Selected Loss to Payroll Ratio 4.663

Credibility	
Indemnity	Medical
1.00	1.00

Table 5: Classification 0096 Under the Proposed Change – Classification Relativity at Policy Year 2024 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2019	547,614,988	6,145,925	6,352,730	12,498,655	2.282
2020	598,549,982	7,054,314	7,398,920	14,453,235	2.415
2021	665,205,406	7,543,519	9,752,291	17,295,810	2.600
Total	1,811,370,376	20,743,758	23,503,942	44,247,700	

Adjusted Loss to Payroll Ratio 2.443
Selected Loss to Payroll Ratio 3.022

Credibility	
Indemnity	Medical
1.00	1.00

Table 6: Classification 4611 Under the Proposed Change – Classification Relativity at Policy Year 2024 Level

Policy Year	Adjusted Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Adjusted Loss to Payroll Ratio (00s)
2019	1,518,644,779	5,633,300	4,778,082	10,411,382	0.686
2020	1,612,960,595	7,237,581	6,508,727	13,746,308	0.852
2021	1,691,452,680	7,693,645	7,214,639	14,908,285	0.881
Total	4,823,058,054	20,564,527	18,501,448	39,065,975	

Adjusted Loss to Payroll Ratio 0.810
Selected Loss to Payroll Ratio 0.940

Credibility	
Indemnity	Medical
1.00	1.00

Recommendation

Amend Classification 4611, *Drug, Medicine or Pharmaceutical Preparations Mfg.*, to include the blending of vape juice or e-liquid used in electronic cigarettes or vaporizing instruments.

PROPOSED

DRUG, MEDICINE OR PHARMACEUTICAL PREPARATIONS MFG. – compounding, blending or packaging only – not manufacturing ingredients – N.O.C. 4611

This classification applies to the manufacturing, blending or packaging of drugs, medicines or pharmaceutical preparations that are intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease. This classification also applies to the blending or packaging of vape juice or e-liquid used in electronic cigarettes or vaporizing instruments. This classification also applies to the manufacture of reagents, testing solutions, enzymes, peptides, culture media, dental preparations (impression compounds, denture adhesives, or tooth restoration materials), contact lens solutions or orthopedics' coating materials.

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

The manufacture of cosmetics or personal care products, such as makeup, lotions, perfumes and colognes, as well as products such as fluoride toothpaste, antidandruff shampoo, sun block and antiperspirant that possess characteristics of drugs or medicinal preparations shall be classified as 4623, *Cosmetic, Personal Care or Perfumery Products Mfg.*

The manufacture of vitamins or food supplements shall be classified as 4831, *Vitamin or Dietary Supplement Mfg.*

The manufacture of test kits utilized for the diagnosis of medical conditions shall be classified as 5951, *Serum, Antitoxin or Virus Mfg.*

* * * * *

Recommendation

Amend Classification 8078(2), *Beverage Preparation Shops*, which is part of the Food and Beverage Service Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

FOOD AND BEVERAGE SERVICE

BEVERAGE PREPARATION SHOPS – not restaurants, bars or taverns 8078(2)

This classification applies to preparing and serving beverages such as coffee; coffee-based beverages such as mochas, cappuccinos, lattes or espressos; tea or tea-based beverages; or juice drinks such as juice blends, smoothies or lemonade for consumption by the walk-in trade on or away from the premises. This classification applies to each separate and distinct department where 50% or more of the gross receipts are generated from the sale of prepared nonalcoholic beverages for consumption on or away from the premises. This classification includes on-site

cleaning, roasting or grinding of coffee beans that are exclusively used or sold to the general public through beverage preparation shops operated by the same employer. This classification also includes the sale of additional items, including but not limited to muffins, pastries and other baked goods.

Shops that prepare and sell a combination of (1) cold items such as sandwiches, wraps and salads; (2) coffee, tea or other nonalcoholic beverages and (3) individual servings of ice cream, gelato or frozen yogurt shall be assigned to Classifications 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, based on the category of items with the highest percentage of sales.

The cleaning, roasting or grinding of coffee beans away from the beverage preparation shop or the processing of coffee beans that are not exclusively used at or sold to the general public through beverage preparation shops operated by the same employer shall be separately classified as 0096, *Nut or Coffee Bean Processing*.

The bottling or canning of beverages or the manufacture of concentrates shall be separately classified.

~~This classification does not apply to locations that: (1) prepare~~The preparation and serveserving of hot food or ~~(2)the pouring and serveserving~~of alcoholic beverages for consumption by the walk-in trade. Such operations shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Recommendation

Amend Classification 8078(3), *Ice Cream or Frozen Yogurt Shops*, which is part of the Food and Beverage Service Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

FOOD AND BEVERAGE SERVICE

ICE CREAM OR FROZEN YOGURT SHOPS – not restaurants, bars or taverns

8078(3)

This classification applies to the sale of individual servings of ice cream, gelato or frozen yogurt for consumption by the walk-in trade on or away from the premises. This classification applies to each separate and distinct department where 50% or more of the gross receipts are generated from the sale of individual servings of ice cream, gelato or frozen yogurt for consumption on or away from the premises. This classification includes the incidental sale of hand-packed ice cream or prepackaged ice cream confections sold as such.

Shops that prepare and sell a combination of (1) cold items such as sandwiches, wraps and salads; (2) coffee, tea or other nonalcoholic beverages and (3) individual servings of ice cream, gelato or frozen yogurt shall be assigned to Classifications 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, based on the category of items with the highest percentage of sales.

~~This classification does not apply to locations that: (1) prepare~~The preparation and serveserving of hot food or ~~(2)the pouring and serveserving~~of alcoholic beverages for consumption by the

walk-in trade. Such operations shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Recommendation

Amend Classification 8078(1), *Sandwich Shops*, which is part of the Food and Beverage Service Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

FOOD AND BEVERAGE SERVICE

SANDWICH SHOPS – N.O.C. – not restaurants, bars or taverns

8078(1)

This classification applies to the preparation, serving or sale of cold food items such as sandwiches, wraps or salads that are prepared for consumption by the walk-in trade. This classification applies to each separate and distinct department where 50% or more of the gross receipts are generated from the sale of prepared cold food items for consumption on or away from the premises and where no hot food or alcoholic beverages are prepared or poured and served.

Cold food items include:

- foods that are prepared and served cold;
- foods that are cooked in advance of orders, allowed to cool and served cold or warmed using microwave ovens, sandwich presses, toaster ovens or heat lamps;
- sandwiches prepared with meats that are cooked in advance of orders and kept warm; and
- fresh, unbaked pizzas.

Shops that prepare and sell a combination of (1) cold items such as sandwiches, wraps and salads; (2) coffee, tea or other nonalcoholic beverages and (3) individual servings of ice cream, gelato or frozen yogurt shall be assigned to Classifications 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, based on the category of items with the highest percentage of sales.

Employers that do not operate sandwich shops but manufacture or process individually packaged meals or salads that are not prepared and served to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

~~This classification does not apply to locations that: (1) prepare~~ The preparation and serving ~~of hot food or (2) the pouring and serving of alcoholic beverages for consumption by the walk-in trade shall be assigned to the applicable *Food and Beverage Service Industry Group classification*.~~ Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbeques, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. Except for the cold food items listed above, this also includes foods that are cooked in advance and served from a warming tray or similar device.

~~Refer to the *Food and Beverage Service Industry Group* for a complete list of classifications applicable to the preparation or serving of hot food or pouring and serving of alcoholic beverages.~~

* * * * *

Recommendation

Amend Classification 6504, *Food Products Mfg. or Processing*, which is part of the Food Packaging and Processing Industry Group, to remove coffee bean cleaning, roasting or grinding as these operations are being reassigned to Classification 0096, *Nut Hulling, Shelling or Processing*, clarify its intended application, provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

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

6504

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

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

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

The preparation or serving of hot or cold food items or the pouring and serving of alcoholic beverages for consumption by the walk-in trade on or away from the premises shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Recommendation

Amend Classification 0096, *Nut Hulling, Shelling or Processing*, which is part of the Food Packaging and Processing Industry Group, to include coffee bean cleaning, roasting or grinding and provide direction as to how related operations should be classified.

PROPOSED

FOOD PACKAGING AND PROCESSING

NUT HULLING, SHELLING OR COFFEE BEAN PROCESSING

0096

This classification applies to the processing of nuts, including but not limited to peanuts, almonds, walnuts, pecans, pistachios and cashews. Nut processing includes but is not limited to hulling, shelling, cleaning, drying, sorting, or packaging of nuts, including but not limited to peanuts, almonds, walnuts, pecans, pistachios and cashews. This classification also applies to nut processing, including but not limited to roasting, smoking, salting, or flavoring or packaging; the manufacture of peanut butter or other nut butters; or grinding nuts to produce meal or pastes for baking.

This classification also applies to the processing of coffee beans, including but not limited to cleaning, roasting or grinding.

The on-site processing of coffee beans at beverage preparation shop locations where the coffee beans are exclusively used at or sold to the general public through beverage preparation shops operated by the same employer shall be classified as 8078(2), *Beverage Preparation Shops*.

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

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

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

* * * * *

Recommendation

Amend Classification 0045, *Orchards – nut crops*, which is part of the Farms Industry Group, for consistency with other proposed changes.

PROPOSED

FARMS

ORCHARDS – nut crops

0045

This classification applies to all acreage devoted to the cultivation and harvesting of nut tree crops, including but not limited to almonds, walnuts and pistachios.

Hulling, shelling or processing nuts shall be separately classified as 0096, ~~Nut Hulling, Shelling~~
or Coffee Bean Processing.

The cultivation and harvesting of peanuts shall be classified as 0041, *Potato Crops*.

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

* * * * *

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

PROPOSED

Section VIII – Abbreviated Classifications – Numeric Listing

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-
-
-
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0096 ~~Nut Hulling/Shelling~~Coffee Bean/Processing

* * * * *

Bakeries or Cracker Mfg. Study

2003, Bakeries or Cracker Mfg.

I. Introduction and Study Objective

Classification 2003, *Bakeries or Cracker Mfg.*, is one of the largest classifications in the food and beverage manufacturing or processing industry (Industry), comprising about 20% of the Industry's payroll in policy year (PY) 2021, and is fully credible with three years of experience.¹ The approved advisory pure premium rate (PPR) for Classification 2003, as of September 1, 2024, is \$5.44 per \$100 of payroll. This classification applies to the manufacture of baked goods, doughnuts, vegetable or corn chips, and filled pasta by wholesale or retail bakeries.

Based on a review conducted in the first phase of the Food and Beverage Manufacturing or Processing Industry Study, the WCIRB determined Classification 2003 may include employers with non-homogeneous operations, such as the mass production of baked goods in large wholesale bakeries and small batch production of baked goods in retail bakeries. In addition, the WCIRB Classification and Rating Committee recommended evaluating whether doughnut shops that prepare and serve doughnuts and beverages for consumption on the premises, assigned to Classification 9081(1), *Restaurants – N.O.C.*,² may be operationally similar to retail bakeries.

Therefore, as part of the second phase of the study, the WCIRB performed an in-depth review of the operations and loss and payroll experience of Classification 2003 in order to determine whether: (1) operations assigned to this classification continue to be homogenous or if any distinct segments should be reassigned to new or existing classification(s), and (2) doughnut shops should be combined with retail bakeries in Classification 2003.

II. Analysis Results

1. Wholesale Bakery Segment and Retail Bakery Segment in Classification 2003

Classification 2003 applies to employers engaged in the manufacture of baked goods, doughnuts, vegetable or corn chips or filled pasta. Employers assigned to this classification typically manufacture bread, tortillas, cakes, cookies and pastries. Based on a review of WCIRB Classification Inspection Reports and policy data of employers assigned to Classification 2003, the WCIRB identified two operationally distinct segments with credible data: wholesale bakeries (wholesale) and retail bakeries (retail).

a. Operational Comparison

The wholesale segment is defined as bakeries at baked goods manufacturing facilities where the primary bakery operation is selling to wholesale customers, such as restaurants, grocery stores or other dealers for resale. This segment includes employers that manufacture baked goods in large batches within a commercial facility. These facilities typically have large equipment operated by employees, with limited hands-on tasks, such as kneading dough.

¹ Based on September 1, 2024 Classification Relativities.

² Effective September 1, 2024, Classification 9079(1) will be divided into six new classifications. Doughnut shops will be assigned to Classification 9081(1), *Restaurants – N.O.C.* The historical loss and payroll experience for employers in the newly established Classification 9081 were reported in Classification 9079. Therefore, employers in Classification 9081 and their loss and payroll experience were determined based on a review of WCIRB Classification Inspection Report and historical policy data in Classification 9079.

The retail segment is defined as bakeries at baked goods manufacturing facilities where the primary bakery operation is selling to the general public or where baked goods are transferred to locations operated by the same employer such as retail shops, restaurants or sandwich shops that then sell the baked goods to the general public. For example, a retail bakery may have a retail counter at the same location or transfer the baked goods to be sold at a standalone retail shop and/or used in sandwich shop or restaurant operations at other locations.

This segment includes employers that manufacture baked goods in small batches and typically use small equipment for baking production with some employee supervision over the baking production process. For example, these employees may also perform some hands-on operations, such as kneading dough by hand. A review of WCIRB Classification Inspection Reports indicated retail bakery employers primarily sell their baked goods to retail customers at a counter. These employers include local bakeries that have a display of baked goods for customers to view and select for purchase, and bakery departments within retail grocery stores.

Therefore, the wholesale and retail segments are operationally distinct based on the scale of production, type of baking equipment and the type of customers to whom the baked goods are sold.

b. Loss and Payroll Experience Comparison

The wholesale segment and retail segment account for 67% and 24%, respectively, of the reported payroll in Classification 2003 between PYs 2017 and 2021.³ However, during such period, only 9% of employers with reported payroll in Classification 2003 were assigned to the wholesale segment, which suggests wholesale employers are typically much larger than retail employers.

As shown in Figure 1, the 5-year loss to payroll ratio for the wholesale segment is significantly higher (by 44%) than that for the retail segment. The experience for the wholesale segment is more similar to that for Classification 2003 as a whole, as the wholesale segment accounts for the majority of the reported payroll in Classification 2003. The large difference between the wholesale and retail segments is mostly driven by the difference in claim severity. Figure 2 shows that claim severity for the wholesale segment is about 50% higher than that for the retail segment, while claim frequency for the wholesale segment is slightly lower (-4%). This suggests different levels of risk exposure between the wholesale segment and retail segment, potentially due to different processes and types of equipment used for different scales of baking productions.

³ Employers assigned to the wholesale and retail segments were determined based on a review of WCIRB Classification Inspection Reports and policy data. Employers whose operations could not be definitively identified in the available data as belonging to one of the study segments accounted for 9% of the reported payroll in Classification 2003 and were not included in either of the two segments for this study.

Figure 1. 5-Year Loss to Payroll Ratio by Segment (PYs 2017-2021 at Latest Report Level)⁴

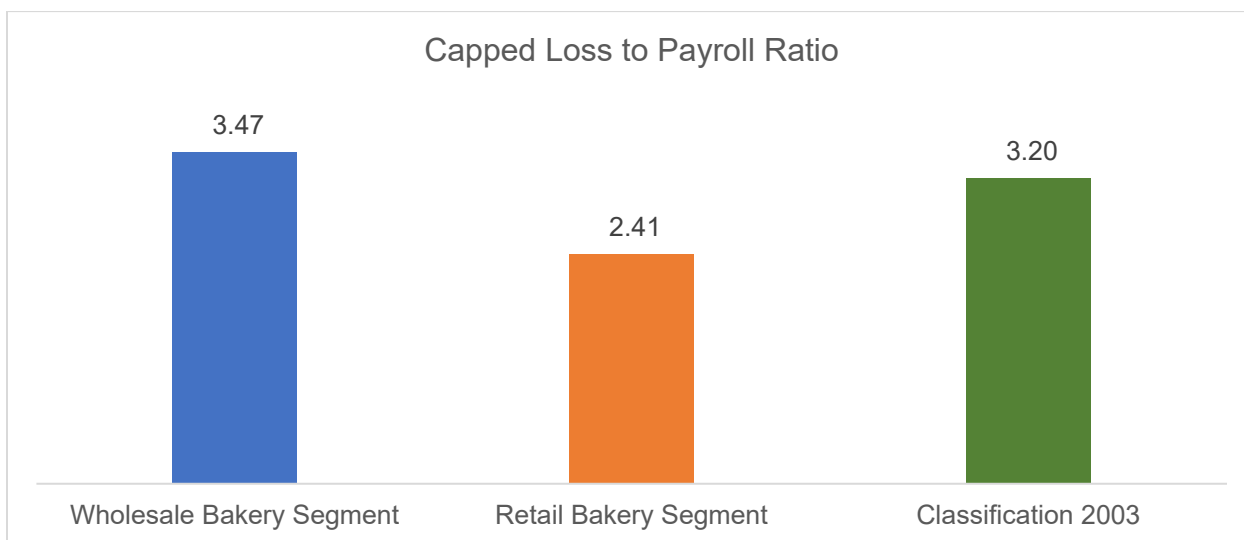


Figure 2. Claim Frequency per \$100M of Payroll and Average Claim Severity Comparisons between the Wholesale and Retail Bakery Segments (PYs 2017-2021 at Latest Report Level)

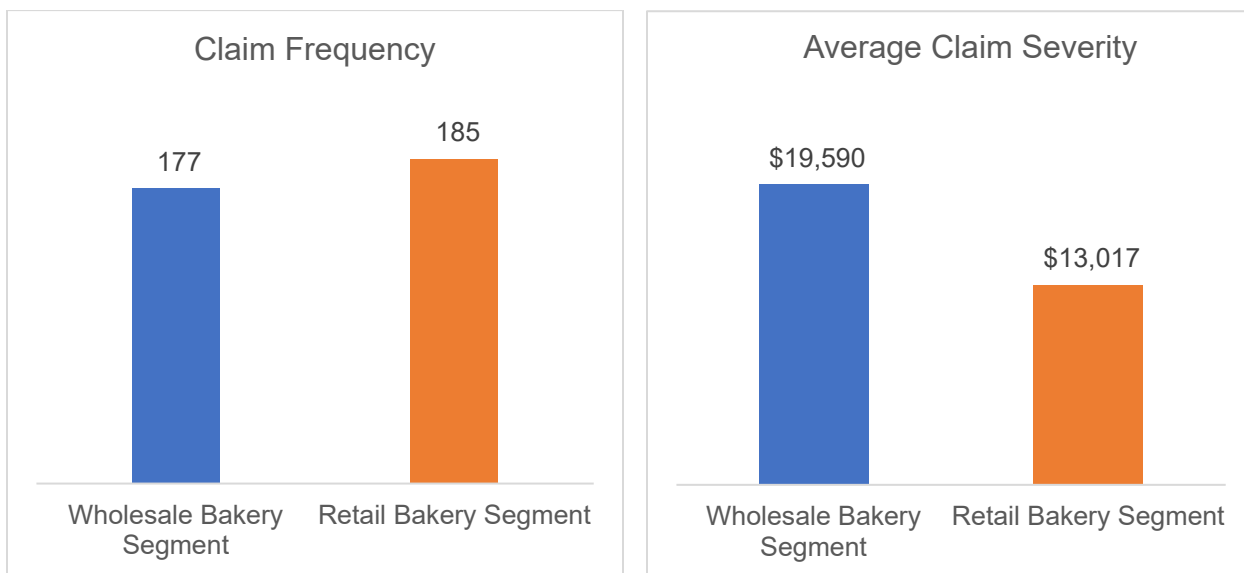


Figure 3 shows the comparison of claim frequency by leading causes of injury between the wholesale and retail segments. Frequency of claims involving strain, struck and caught in injuries is higher for the wholesale segment, likely due to more lifting and loading operations related to the use of large equipment in mass baking productions, while frequency of claims involving cut, puncture and scrape is higher for the retail segment, likely related to more hands-on manual processes in the baking operations at retail bakeries. The large difference in overall average claim severity is consistent for all leading causes of injuries (Figure 4).

⁴ The 5-year loss to payroll ratio was calculated using the aggregate losses between PYs 2017 and 2021 divided by the aggregate payroll during the same period. Losses were evaluated at the latest report level.

Figure 3. Claim Frequency per \$100M of Payroll by Leading Causes of Injury (PYs 2017-2021 at Latest Report Level)

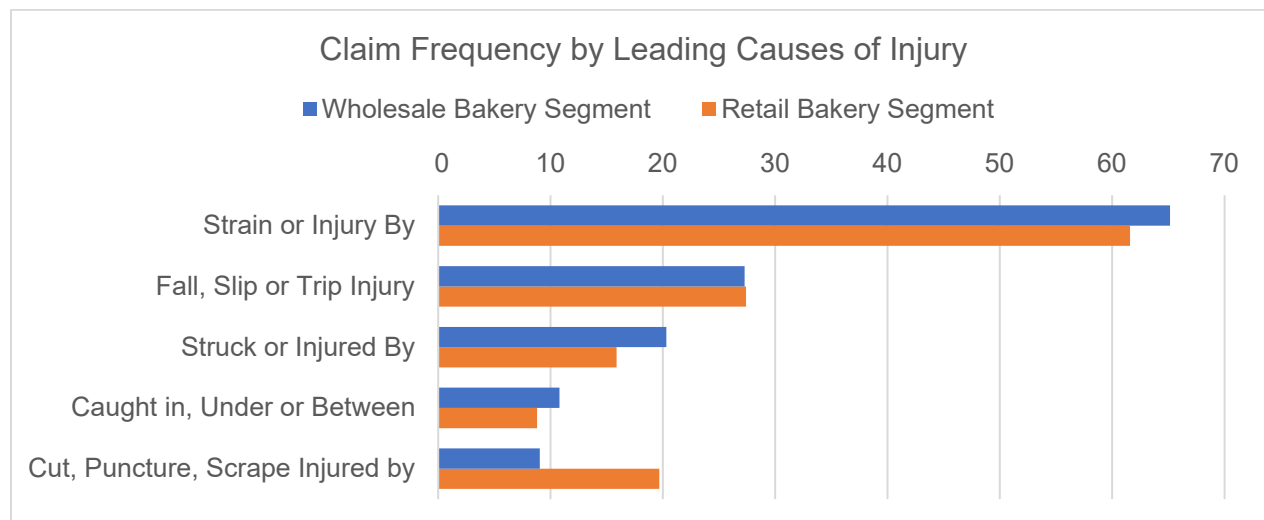
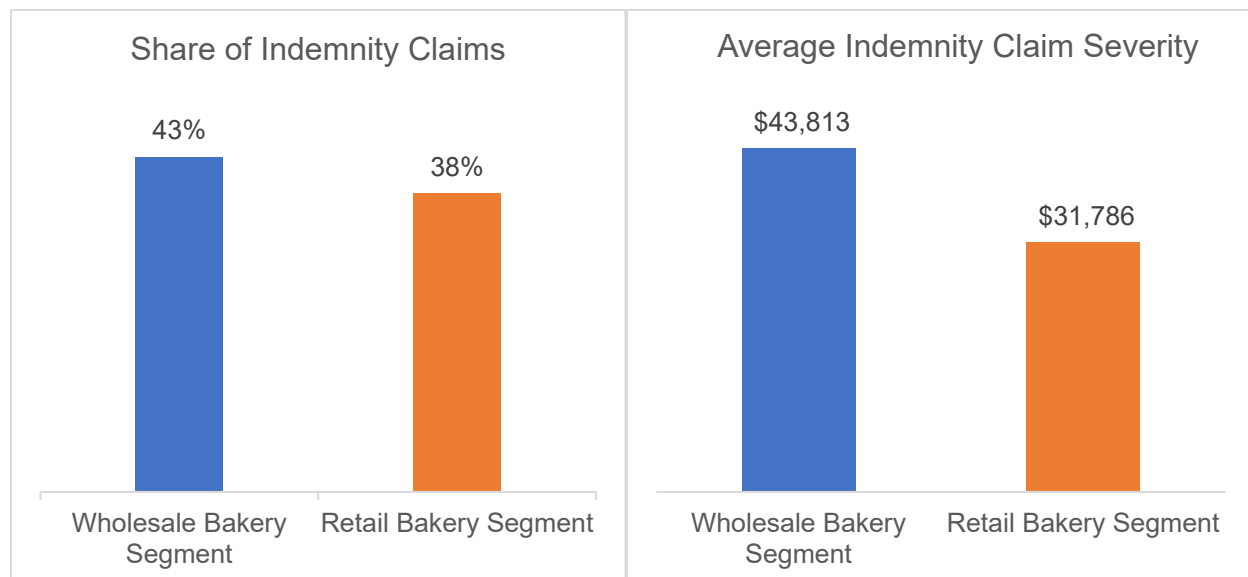


Figure 4. Claim Severity by Leading Causes of Injury (PYs 2017-2021 at Latest Report Level)



The WCIRB further identified that the higher claim severity for the wholesale segment is mainly driven by indemnity claims. The wholesale segment has a higher share of indemnity claims with a much higher average incurred cost than the retail segment (Figure 5).

Figure 5. Share of Indemnity Claims and Average Indemnity Claim Severity by Segment (PYs 2017-2021 at Latest Report Level)



All of these influencing factors suggest that wholesale bakery operations tend to have a lower likelihood of injuries, but a higher likelihood of more severe injuries as compared to retail bakery operations. Therefore, the overall level of hazards at wholesale baked goods manufacturing facilities may be higher than that at retail baked goods manufacturing facilities.

In summary, the business operations and loss and payroll experience for the wholesale segment are significantly different from those for the retail segment. In addition, the wholesale segment accounts for 67% of the reported payroll in Classification 2003 and is statistically credible on its own.

Therefore, WCIRB staff recommends (1) establishing Classification 2004, *Baked Goods Mfg. – wholesale*, to include employers currently assigned to Classification 2003 that manufacture baked goods that are primarily (over 50% of gross receipts) sold to wholesale customers, such as restaurants, grocery stores or other dealers for resale, and (2) amending Classification 2003 to include employers that manufacture baked goods that are primarily (over 50% of gross receipts) sold to retail customers, such as the general public, or transferred to other retail stores or Food and Beverage Service Industry group classification locations operated by the same employer. The threshold will determine the applicable classification at each location where baking is conducted.

It is typical for restaurants to bake goods that are used or sold at their own restaurant location(s). For consistency, WCIRB staff also recommends applying the same over 50% of gross receipts threshold to determine the primary operation at each restaurant location where baking is also conducted. If the baked goods are primarily (over 50% of gross receipts) used or sold at restaurant operations operated by the same employer, the baking operations would be assignable to the applicable Food and Beverage Service Industry Group classification.⁵

Although wholesale bakery employers account for the majority of the reported payroll in Classification 2003, only 9% of the employers with reported payroll in Classification 2003 were assigned to the wholesale segment. For ratemaking purposes, establishing a new classification for these wholesale

⁵ If the baked goods are not primarily (less than 50% of gross receipts) sold or used at restaurant locations operated by the same employer and instead primarily (over 50% of gross receipts) sold to wholesale customers, then the baking operations are potentially assignable to Classification 2004, *Baked Goods Mfg. – wholesale*, in accordance with the Multiple Enterprises rule. See *California Workers' Compensation Uniform Statistical Reporting Plan—1995*, Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 3, *Multiple Enterprises*.

bakery employers would result in fewer employers moving from Classification 2003 to Classification 2004. The impact of this recommendation on wholesale bakery employers, and retail bakery employers that will remain in Classification 2003, is shown in the Impact Analysis section below.

2. Comparison of the Retail Bakery Segment and Doughnut Shops

The WCIRB analyzed the business operations and loss and payroll experience for the retail segment and doughnut shops.

Classification 9081(1) applies to the preparation and serving of hot and cold food for consumption on or away from the premises for operations that are not more specifically described by another Food and Beverage Service Industry Group classification, including doughnut shops that prepare and serve doughnuts and beverages for consumption on the premises. The WCIRB identified a credible sample of doughnut shop employers for the purpose of this study.⁶ Doughnut shop operations include mixing ingredients to form a dough, baking or frying dough and serving and selling finished products to the general public.

While the operations contemplated in the retail segment also include mixing and baking dough, counter operations (such as greeting customers, assisting customers with product selection and completing transactions) are not included in Classification 2003, but are separately classified as Classification 8017(1), *Stores – retail – N.O.C.* For employees involved in both baking and counter operations, some employers may be able to divide their payroll and have payroll reported separately in Classifications 2003 and 8017(1). However, if complete and accurate payroll records are not kept, the payroll of these employees is reported in Classification 2003, the higher rated classification.⁷ In other instances where retail bakeries complete all of their baking in the early morning and only conduct sales operations the rest of the day, there would be no overlap between the baking and counter operations.⁸ As such, the operations contemplated in the retail segment and doughnut shops include a different mix of operations and may have a different mix of risk exposure.

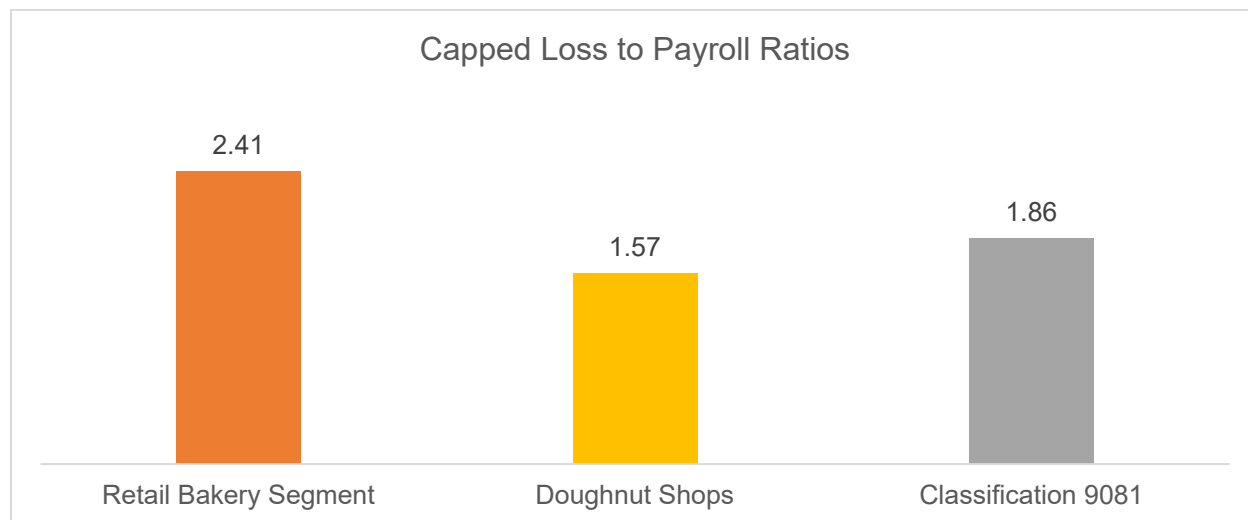
These operational differences potentially drive the differences in the loss and payroll experience: the 5-year loss to payroll ratio for the retail segment is 53% higher than that for doughnut shops in Classification 9081 and 30% higher than that for Classification 9081 as a whole (Figure 6). Therefore, WCIRB staff does not recommend combining retail bakeries and doughnut shops in the same classification.

⁶ Doughnut shop employers were determined based on a review of WCIRB Classification Inspection Reports and policy data.

⁷ See Section V, Part II, *Remuneration*, Rule 3, *Division of Single Employee's Payroll*.

⁸ The WCIRB found that the loss and payroll experience of the counter operations in support of the 2003 retail baking operations assigned to Classification 8017 is significantly different from that of the retail baking segment in Classification 2003. The combined experience of retail baking operations and their counter operations is dissimilar to that of doughnut shops in Classification 9081(1). This suggests different levels of risk exposure between the retail segment and doughnut shops.

Figure 6. 5-Year Loss to Payroll Ratio for the Retail Bakery Segment, Doughnut Shops and Classification 9081 (PYs 2017-2021 at Latest Report Level)⁹



III. Impact Analysis

The WCIRB evaluated the impact of establishing Classification 2004 to include employers with wholesale bakery operations. Classification relativities for Classifications 2003 and 2004 are included in Appendix IV.

1. Impact on Wholesale Bakery Employers

Table 1 shows that the selected loss to payroll ratio for wholesale bakery employers currently assigned to Classification 2003 would increase by 9.5% under the proposed recommendation. Since the wholesale segment accounts for a large share of the reported payroll in Classification 2003, the newly established Classification 2004 would be statistically credible.

Table 1. Changes in Selected (Unlimited) Loss to Payroll Ratio for Wholesale Bakery Employers

Classification	Current Selected Loss to Payroll Ratio (A)	Selected Loss to Payroll Ratio Under Proposed Recommendation (B)	% Difference (B/A-1)
2004	4.029	4.413	9.5%

2. Impact on Classification 2003

As shown in Table 2, the selected loss to payroll ratio for Classification 2003, after reassigning wholesale bakery employers to the new Classification 2004, would decrease by 18.6% under the proposed recommendation. Classification 2003 would remain statistically credible.

⁹ The 5-year loss to payroll ratio was calculated using the aggregate losses between PYs 2017 and 2021 divided by the aggregate payroll during the same period. Losses were evaluated at the latest report level.

Table 2. Changes in Selected (Unlimited) Loss to Payroll Ratio for Classifications 2003

Classification	Current Selected Loss to Payroll Ratio (A)	Selected Loss to Payroll Ratio Under Proposed Recommendation (B)	% Difference (B/A-1)
2003	4.029	3.279	-18.6%

IV. Findings

Based on this review, the WCIRB determined:

1. Two segments with distinct operations were identified in Classification 2003: the wholesale bakery segment that includes employers that manufacture baked goods sold primarily to wholesale customers and the retail bakery segment that includes employers that manufacture baked goods sold primarily to retail customers.
2. The wholesale and retail segments are operationally distinct based on the scale of production, type of baking equipment and type of customers. The loss to payroll ratios between the wholesale and retail segments are also different, with the ratio of the wholesale segment being much higher than that of the retail segment. The difference is mostly driven by higher average claim severity across all leading causes of injuries, a higher share of indemnity claims and higher average incurred cost of indemnity claims for the wholesale segment. Establishing a new classification for employers with primarily wholesale bakery operations would lead to an increase (9.5%) in the selected loss to payroll ratio for these wholesale bakery employers and a decrease (-18.6%) in the selected loss to payroll ratio for retail bakery employers that will remain in Classification 2003.
3. The business operations of retail bakeries in Classification 2003 and doughnut shop employers in Classification 9079(1) are different due to a different mix of counter and serving operations. The loss to payroll ratio for the retail segment is significantly higher than that for doughnut shop employers in Classification 9079(1).

V. Recommendations

Based on these findings, WCIRB staff recommends:

1. Establishing a new classification, Classification 2004, *Baked Goods Mfg. – wholesale*, which will be included in the Food Packaging and Processing Industry Group, to apply to employers that manufacture baked goods that are sold primarily (over 50% of gross receipts) to wholesale customers; and
2. Amending Classification 2003, *Bakeries or Cracker, Mfg.*, to apply to employers that manufacture baked goods that are sold primarily (over 50% of gross receipts) to retail customers and amending the phraseology to Classification 2003, *Baked Goods Mfg. – retail*.

Appendix I – Analysis Approach

The WCIRB analyzed the business operations and payroll and claim experience of employers with payroll reported in Classifications 2003, 8017 and 9079 using both qualitative and quantitative data from a variety of sources.

Classification Inspection Reports: The WCIRB reviewed Classification Inspection Reports for employers with reported payroll in Classification 2003 to better understand these employers' business operations.

Industry Outreach: The WCIRB contacted members of the industry, including wholesale bakery employers and retail bakery employers, to gain insight into the operational characteristics of those activities.

Unit Statistical Reports: The WCIRB analyzed historical Unit Statistical Report data at the first report level and latest report level, 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 and discussed classification procedures for wholesale bakery operations and retail bakery operations with rating organizations in other jurisdictions to understand how these operations are classified.

Classification Relativity Data: Classification relativity data as reflected in the WCIRB's September 1, 2024 Regulatory Filing were used to analyze the impact of the potential classification changes on wholesale bakery and retail bakery employers.

Appendix II – History of Classification 2003

Following is a timeline of significant changes to the scope and application of **Classification 2003, Bakeries or Cracker Mfg.:**

- **1915:** Classification 2000, *Bakeries*, is an original Manual of Compensation and Liability Insurance classification
- **1947:** Bakeries were reassigned to newly established classification, Classification 2003, *Bakeries and Cracker Mfg.*
- **2010:** Classification 2003 was included in the newly established Food Packaging and Processing Industry Group

Appendix III – Other Jurisdictions

The WCIRB reviewed how other jurisdictions classify bakery operations.

The National Council on Compensation Insurance, Inc. (NCCI)¹⁰, the Workers' Compensation Rating and Inspection Bureau of Massachusetts, the Compensation Advisory Organization of Michigan, 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 direct that bakery operations be classified in Classification 2003, *Bakery—Salespersons & Drivers*.¹¹

The Pennsylvania Compensation Rating Bureau directs that retail bakery shop operations be classified in Classification 918, *Bakery Shop – Retail, Including On-Site Preparation, All Employees Except Office*, and wholesale bakery operations be classified in Classification 105, *Bakery, Wholesale*.

¹⁰ Montana assigns retail bakeries and wholesale bakeries to two separate classifications, Classification 2003, *Bakery – Wholesale & Drivers*, and Classification 2004, *Bakery – Retail – All Operations*. All other NCCI states assign bakery operations to Classification 2003, *Bakery—Salespersons & Drivers*.

¹¹ This phraseology is utilized by NCCI, though other jurisdictions use similar language.

Appendix IV – Classification Relativities

Table 1: Classification 2003 – Classification Relativity at Policy Year 2024 Level

Year	Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Loss to Payroll Ratio
2019	2,042,581,115	34,026,508	31,331,995	65,358,503	3.200
2020	2,077,678,348	40,330,708	36,230,104	76,560,812	3.685
2020	2,190,268,955	44,865,056	39,339,810	84,204,866	3.844
Total	6,310,528,418	119,222,272	106,901,909	226,124,180	

Adjusted Loss to Payroll Ratio 3.583
 Selected Loss to Payroll Ratio 4.029

Credibility	
Indemnity	Medical
1.00	1.00

Table 2: Classification 2003 Under the Proposed Change – Classification Relativity at Policy Year 2024 Level

Year	Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Loss to Payroll Ratio
2019	692,155,116	8,700,396	8,990,287	17,690,663	2.556
2020	692,397,799	10,136,297	11,260,288	21,396,585	3.090
2021	751,154,977	10,621,997	12,279,542	22,901,539	3.049
Total	2,135,707,892	29,458,690	32,530,117	61,988,807	

Adjusted Loss to Payroll Ratio 2.902
 Selected Loss to Payroll Ratio 3.279

Credibility	
Indemnity	Medical
1.00	1.00

Table 3: Classification 2004 Under the Proposed Change – Classification Relativity at Policy Year 2024 Level

Year	Payroll	Adjusted Indemnity Losses	Adjusted Medical Losses	Adjusted Total Losses	Loss to Payroll Ratio
2019	1,350,425,999	25,326,112	22,341,707	47,667,819	3.530
2020	1,385,280,549	30,194,410	24,969,816	55,164,226	3.982
2021	1,439,113,978	34,243,059	27,060,268	61,303,328	4.260
Total	4,174,820,526	89,763,581	74,371,791	164,135,373	

Adjusted Loss to Payroll Ratio 3.932
 Selected Loss to Payroll Ratio 4.413

Credibility	
Indemnity	Medical
1.00	1.00

Recommendation

Amend Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 2, *Single Enterprise*, for consistency with other proposed changes.

PROPOSED

Section III – General Classification Procedures

-
-
-

2. Single Enterprise

-
-
-

Example

The employer operates a full service restaurant. Employees are retained as chefs, bakers, dishwashers, wait staff, hosts and hostesses, wine stewards, bartenders, janitors, car parking valets, coat check clerks, manager and assistant manager. In addition, a storage facility is operated at an additional location where restaurant supplies are stored pending use in the restaurant. The activities, duties, hazards and pay scales vary among positions. Classifications such as 2003, ~~*Bakeries or Cracker*~~*Baked Goods Mfg. – re-tail*, 9008, *Janitorial Services – by contractors*, and 8392, *Automobile or Truck Storage Garages or Parking Stations or Lots*, describe some of the employees’ activities. However, the restaurant bakery only produces goods served in the restaurant; the janitors only clean the restaurant; the parking valets only park the vehicles of restaurant customers; and the storage facility only stores materials used in the restaurant. All of these operations normally prevail in the operation of a full service restaurant and, therefore, Classification 9080, *Restaurants – full service*, applies to all of the employees.

* * * * *

Recommendation

Amend Classification 2003, *Bakeries or Cracker Mfg.*, which is part of the Food Packaging and Processing Industry Group (1) to reassign the manufacture of baked goods that are primarily sold to wholesale customers to newly established Classification 2004, *Baked Goods Mfg. – wholesale*, and clarify its application, (2) to provide direction as to how related operations are classified and (3) for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

~~BAKERIES OR CRACKER~~BAKED GOODS MFG. – retail

2003

This classification applies to the manufacture of baked goods, including but not limited to bread, bagels, cakes, pastries, pies, empanadas, cookies, crackers and tortillas ~~by commercial or retail bakeries. This classification also applies to the manufacture of~~ doughnuts (baked or fried); vegetable or corn chips; or filled pasta, ~~including but not limited to~~ such as ravioli and tortellini, at baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to the general public or transferred to other retail stores or Food and Beverage Service Industry Group classification locations operated by the same employer.

This classification also applies to bakery departments within grocery stores.

The manufacture of unfilled pasta, including but not limited to macaroni, spaghetti, penne, rigatoni, rotini, linguini, and egg or rice noodles, shall be classified as 2002, *Macaroni Mfg.*

Doughnut shops that prepare and serve doughnuts and beverages or food for consumption on the premises shall be classified as 9081(1), *Restaurants – N.O.C.*

The manufacture of baked goods at baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to wholesale customers shall be classified as 2004, *Baked Goods Mfg. – wholesale.*

Retail store operations shall be separately classified.

The manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, by restaurants to be used or sold primarily (over 50% of gross receipts) at restaurant locations operated by the same employer shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Recommendation

Establish Classification 2004, *Baked Goods Mfg. – wholesale*, to be included as part of the Food Packaging and Processing Industry Group, to apply to the manufacture of baked goods that are sold primarily to wholesale customers.

PROPOSED

FOOD PACKAGING AND PROCESSING

BAKED GOODS MFG. – wholesale

2004

This classification applies to the manufacture of baked goods, including but not limited to bread, bagels, cakes, pastries, pies, empanadas, cookies, crackers and tortillas; doughnuts (baked or fried); vegetable or corn chips; or filled pasta, such as ravioli and tortellini, at baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to wholesale customers.

The manufacture of unfilled pasta, including but not limited to macaroni, spaghetti, penne, rigatoni, rotini, linguini and egg or rice noodles, shall be classified as 2002, *Macaroni Mfg.*

Doughnut shops that prepare and serve doughnuts and beverages or food for consumption on the premises shall be classified as 9081(1), *Restaurants – N.O.C.*

The manufacture of baked goods at baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to the general public or transferred to other retail stores or *Food and Beverage Service* Industry Group classification locations operated by the same employer shall be classified as 2003, *Baked Goods Mfg. – retail.*

Bakery departments within grocery stores shall be classified as 2003, *Baked Goods Mfg. – retail.*

Retail store operations shall be separately classified.

The manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, by restaurants to be used or sold primarily (over 50% of gross receipts) at restaurant locations operated by the same employer shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Recommendation

Amend Classification 9083, *Restaurants – fast food or fast casual*, which is part of the Food and Beverage Service Industry Group, for consistency with other proposed changes.

PROPOSED

FOOD AND BEVERAGE SERVICE

RESTAURANTS – fast food or fast casual

9083

This classification applies to each separate and distinct restaurant that prepares hot and cold food and may pour and serve alcoholic beverages for consumption by the walk-in trade on or away from the premises with limited table service, such that customers are required to:

- order food at a counter or through a drive through window, kiosk or web-based application;
- pay at the time of order; and
- seat themselves if dining on-site.

Fast food or fast casual restaurants may conduct limited table service including bringing paid orders to tables, refilling beverages or clearing tables.

Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbeques, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. This also includes foods that are cooked in advance and served from a warming tray or similar device.

This classification also applies to restaurants that engage in on-site beer brewing operations where the beer brewed is primarily (over 50% of gross receipts) sold at restaurant locations operated by the same employer for on-site consumption. If 50% or more of the beer brewed on-site is sold for off-site consumption, the brewing operations shall be separately classified as 2121, *Breweries*.

This classification also applies to restaurants that engage in the manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, that are primarily (over 50% of gross receipts) sold or used at restaurant locations operated by the same employer. If more than 50% of gross receipts are derived from the manufacture sale of baked goods, doughnuts or filled pasta that are not used or sold at restaurant locations operated by the same employer to wholesale customers, the baking operations shall be classified as 20032004, ~~Bakeries or Cracker~~ *Baked Goods Mfg. – wholesale*.

Restaurants providing full table service shall be classified as 9080, *Restaurants – full service*. Full table service includes but is not limited to greeting customers upon arrival, managing reservations, seating customers, taking orders, serving food or beverages, clearing tables and collecting payment upon completion of meal service.

Employers that do not operate restaurants but manufacture or process individually packaged meals or salads that are not cooked to order, kept warm or served hot to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

The preparation, serving or sale of cold food items such as sandwiches, salads and side dishes that are prepared for consumption by the walk-in trade shall be classified as 8078(1), *Sandwich Shops*.

Mobile food vendors that prepare hot food shall be classified as 9081(1), *Restaurants – N.O.C.* Mobile food vendors that do not prepare hot food shall be classified as 8017(1), *Stores – retail*, 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, depending on the products sold.

App-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals on a fee basis shall be classified as 7198(1), *Parcel Delivery and Messenger Service Companies*.

Refer to the *Food and Beverage Service Industry Group* for a complete list of classifications applicable to the preparation or serving of food or beverages.

* * * * *

Recommendation

Amend Classification 9080, *Restaurants – full service*, which is part of the Food and Beverage Service Industry Group, for consistency with other proposed changes.

PROPOSED

FOOD AND BEVERAGE SERVICE

RESTAURANTS – full service

9080

This classification applies to each separate and distinct restaurant with full table service that prepares and serves hot and cold food and may pour and serve alcoholic beverages for consumption by the walk-in trade on or away from the premises.

Full table service includes but is not limited to:

- greeting customers and managing reservations;
- seating customers at tables;
- taking or receiving orders at tables;
- serving food or beverages;
- clearing tables; and
- collecting payment upon completion of meal service.

Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbeques, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. This also includes foods that are cooked in advance and served from a warming tray or similar device.

This classification includes musicians and entertainers employed by the restaurant.

This classification also applies to restaurants that engage in on-site beer brewing operations where the beer brewed is primarily (over 50% of gross receipts) sold at restaurant locations operated by the same employer for on-site consumption. If 50% or more of the beer brewed on-site is sold for off-site consumption, the brewing operations shall be separately classified as 2121, *Breweries*.

This classification also applies to restaurants that engage in the manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, that are primarily (over 50% of gross receipts) not used or sold or used at restaurant locations operated by the same employer. If more than 50% of gross receipts are derived from the sale of baked goods to wholesale customers, the baking operations shall be classified as 20032004, ~~Bakeries or Cracker~~ *Baked Goods Mfg. – wholesale*.

Fast food or fast casual restaurants with limited table service shall be classified as 9083, *Restaurants – fast food or fast casual*.

Employers that do not operate restaurants but manufacture or process individually packaged meals or salads that are not cooked to order, kept warm or served hot to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

Mobile food vendors that prepare hot food shall be classified as 9081(1), *Restaurants – N.O.C.* Mobile food vendors that do not prepare hot food shall be classified as 8017(1), *Stores – retail*, 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, depending on the products sold.

App-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals on a fee basis shall be classified as 7198(1), *Parcel Delivery and Messenger Service Companies*.

Refer to the *Food and Beverage Service* Industry Group for a complete list of classifications applicable to the preparation or serving of food or beverages.

* * * * *

Recommendation

Amend Classification 9081(1), *Restaurants – N.O.C.*, which is part of the Food and Beverage Service Industry Group, to clarify its application and for consistency with other proposed changes.

PROPOSED

FOOD AND BEVERAGE SERVICE

RESTAURANTS – N.O.C.

9081(1)

This classification applies to restaurants that prepare and serve hot and cold food and may pour and serve alcoholic beverages for consumption by the walk-in trade on or away from the premises, and that are not more specifically described by another *Food and Beverage Service* Industry Group classification.

This classification includes but is not limited to:

- hot food departments within grocery stores;
- mobile food vending operations involving the use of food trucks, trailers, carts or temporary booths wherein hot food is prepared for sale to customers;
- doughnut shops that prepare and serve doughnuts and beverages or food for consumption on the premises; and
- food or beverage operations conducted by amusement, recreational or athletic facilities.

Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbeques, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. This also includes foods that are cooked in advance and served from a warming tray or similar device.

This classification includes musicians and entertainers employed by the restaurant.

This classification also applies to restaurants that engage in the manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, that are not used primarily (over 50% of gross receipts) sold or used at restaurant locations operated by the same employer. If more than 50% of gross receipts are

derived from the sale of baked goods to wholesale customers, the baking operations shall be classified as 2003~~2004~~, ~~Bakeries or Cracker~~Baked Goods Mfg.– wholesale.

Employers that do not operate restaurants but manufacture or process individually packaged meals or salads that are not cooked to order, kept warm or served hot to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

Mobile food vendors, including food trucks, trailers, carts or temporary booths, that do not prepare hot food shall be classified as 8017(1), *Stores – retail*, 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, depending on the products sold.

App-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals on a fee basis shall be classified as 7198(1), *Parcel Delivery and Messenger Service Companies*.

Employers that operate under concessionary agreements to sell prepared or prepackaged hot or cold food or beverages, including but not limited to hot dogs, hamburgers, pretzels, french fries, popcorn, nachos, ice cream, candy, funnel cakes, soft drinks and alcoholic beverages at ball-parks, racetracks, theaters, concert venues or amusement or recreational facilities shall be classified as 9081(2), *Concessionaires*.

Refer to the *Food and Beverage Service Industry Group* for a complete list of classifications applicable to the preparation or serving of food or beverages.

* * * * *

Recommendation

Amend Classification 2002, *Macaroni Mfg.*, which is part of the Food Packaging and Processing Industry Group, for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

MACARONI MFG.

2002

This classification applies to the manufacture and packaging of unfilled pasta products, including but not limited to macaroni, spaghetti, penne, rigatoni, rotini, linguini and egg or rice noodles.

The manufacture of filled pasta, including but not limited to ravioli and tortellini, shall be classified as 2003, ~~Bakeries or Cracker~~Baked Goods Mfg. – retail, or 2004, Baked Goods Mfg. – wholesale, depending on whether gross receipts are primarily (over 50%) derived from the sale of filled pasta to the general public or to wholesale customers.

* * * * *

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

PROPOSED

Section VIII – Abbreviated Classifications – Numeric Listing

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- 2003 ~~Bakeries or Cracker~~ Baked Goods Mfg–retail
- 2004 Baked Goods Mfg–wholesale
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-
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Item III-E

Draft Review of Sheltered Workshops or Work Activity Centers

8806, Sheltered Workshops or Work Activity Centers – all employees – including supervisors, educational instructors, counselors, production managers and vocational evaluators

The Committee was reminded that WCIRB staff reviewed Classification 8806, *Sheltered Workshops or Work Activity Centers*, to determine whether this classification should be amended or eliminated to align with the passage of California Senate Bill No. 639 (2021-2022, Durazo) (SB 639).¹ SB 639 prohibits the issuance of subminimum wage certificates to nonprofit organizations that operate supported employment programs as of January 1, 2025, permits individual employee licenses to be renewed only for existing license holders that meet required benchmarks and prohibits paying an employee with a disability less than the legal minimum wage commencing January 1, 2025.

The Committee discussed the WCIRB recommendations in amending Classification 8806, *Sheltered Workshops or Work Activity Centers*, to:

1. Remove the requirement to be certified as exempt from the minimum wage law for sheltered workshops or work activity centers;
2. Update the list of the supported employment programs to more accurately reflect the operations of the industry; and
3. Clarify the type of organizations that operate supported employment programs and how these programs are funded.

Following the Committee's discussion, a motion was made, seconded and unanimously passed to recommend to the Governing the proposed changes to the USRP be included in the WCIRB's September 1, 2025 Regulatory Filing.

¹ SB 639 amends California Labor Code Section 1191 and amends and repeals Section 1191.5.

Review of Sheltered Workshops or Work Activity Centers

8806, Sheltered Workshops or Work Activity Centers – all employees – including supervisors, educational instructors, counselors, production managers and vocational evaluators

I. Background

The WCIRB reviewed Classification 8806, *Sheltered Workshops or Work Activity Centers*, to determine whether this classification should be amended or eliminated to align with the passage of California Senate Bill No. 639 (2021-2022, Durazo) (SB 639).¹ SB 639 prohibits the issuance of subminimum wage certificates to nonprofit organizations that operate supported employment programs as of January 1, 2025, permits individual employee licenses to be renewed only for existing license holders that meet required benchmarks and prohibits paying an employee with a disability less than the legal minimum wage commencing January 1, 2025.

II. Analysis

Classification 8806, *Sheltered Workshops or Work Activity Centers*, applies to employers that operate sheltered workshops, work activity centers or rehabilitation facilities (collectively, supported employment programs) certified as exempt from the minimum wage law by the U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division (Section 14(c) Certificate), or the California Department of Industrial Relations, Division of Labor Standards Enforcement (DLSE). Supported employment programs are vocation training programs that employ individuals with developmental or other disabilities. Classification 8806 directs that supported employment programs that are not exempt from the minimum wage law by the U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division, or the California Department of Industrial Relations, DLSE must be separately classified.

Historically, employers that operate supported employment programs could pay individuals with disabilities less than the minimum wage if the employer maintained a subminimum wage certificate.² However, SB 639 prohibits the issuance of any new special subminimum wage certificates by the DLSE. Further, although employers may still retain Section 14(c) Certificates, SB 639 will require employees with disabilities to be paid at least the legal minimum wage starting January 1, 2025. As a result, the current description of Classification 8806 will no longer reflect the operations of this industry.

The WCIRB conducted outreach with a disability rights group and several employers operating supported employment programs to better understand how these programs currently operate, any defining characteristics and the impact of the legislative changes.

Defining Characteristics of Supported Employment Programs

- **Non-Profit Organizations and Funding**

Supported employment programs are operated by non-profit organizations and administered with funding provided by the California Department of Developmental Services (DDS) through state-contracted Regional Centers or by the California Department of Rehabilitation (DOR).

¹ SB 639 amends California Labor Code Section 1191 and amends and repeals Section 1191.5.

² Section 14(c) of the Federal Fair Labor Standards Act allows employers that meet certification requirements to pay workers with disabilities below minimum wage. California law currently includes similar exemptions in Labor Code Sections 1191 and 1191.5. According to the DLSE, it issues such licenses pursuant to Section 6 of the Industrial Welfare Commission (Commission) Wage Orders and Labor Code Sections 1191 and 1191.5.

- **Types of Supported Employment Programs**

- **Sheltered Workshops:** Work activity programs where individuals with disabilities are commonly paid below minimum wage to complete work, usually within the employer's facility, based on a service contract with a provider.³ For example, a fulfillment company may contract with a sheltered workshop to package kits of hardware or perform packaging or labeling of products. The type of work conducted by these individuals is not necessarily centered around their skills or desires, and they only work with other individuals with disabilities. The existence of these work activity programs has declined as there is an increasing focus on providing Individual or Group Supported Employment and Paid Internship Programs. However, as this term is still referenced in California statutes, it remains relevant for discussion.
- **Individual or Group Supported Employment:** Individuals with disabilities work off-site performing various duties that can be customized based on their individualized program plans (IPPs).⁴ They may be placed individually or within a group or work crew, usually under the supervision of a job coach. For example, individuals with disabilities may be assigned to work at a grocery store stocking shelves or landscaping company blowing leaves. These individuals are provided the opportunity to work within the community alongside other employees with and without disabilities. As these individuals become more proficient with the work, the support services are gradually phased out.
- **Paid Internship Programs:** Individuals with disabilities work in temporary positions that are offered by contracted employers to increase vocational skills under the guidance of a job coach. The goal for these individuals is to gain work experience and develop skills and good work habits for future paid employment or that lead to employment at the same job.

- **Job Coaching**

An important component of supported employment programs is the availability of job coaches to support individuals with disabilities in learning and performing their job duties either in a group setting or on an individual basis. Job coaches will meet with these individuals regularly to assist with learning the necessary skills and behaviors to work independently. As the individual begins to learn the job, job coaching services may gradually be reduced, allowing the individual to work independently with the goal of transitioning individuals with disabilities from supported employment programs into Competitive Integrated Employment (CIE).⁵

With CIE, individuals with disabilities are referred to and hired by separate companies that are the employer of record. If an individual with disabilities requires additional support while in CIE, the DDS or DOR may provide additional funding for vocational rehabilitation services, including job coaching from supported employment providers to continue to monitor and work with these individuals depending on their needs.

Although the individual with disabilities working in CIE is employed by a separate company, covered under that company's workers' compensation insurance policy and assigned to that employer's applicable classification, the employee of the supported employment provider performing job coaching and vocational rehabilitative services would continue to be assigned to Classification 8806.

³ Providers of supported employment programs are authorized vendors of state-contracted Regional Centers.

⁴ An IPP is a written agreement between the individual with disabilities and the Regional Center that identifies the needs, goals and preferences of the individual.

⁵ CIE is defined as work for which an individual is paid at or above minimum wage and is comparable to wages paid to employees with or without disabilities when they are doing similar work. Additionally, the same level of benefits and opportunities for advancement are provided to employees with and without disabilities in similar positions and is at a location where employees with disabilities interact with individuals without disabilities. U.S. Department of Labor, <https://www.dol.gov/agencies/odep/program-areas/cie>.

- **Additional Training**

In addition to performing work-related tasks, individuals with disabilities may also attend independent living skills (ILS) instructional programs or participate in social activities where no wages are earned by these individuals. Supported employment providers may also be authorized by state-contracted Regional Centers to provide ILS instruction or these services may be provided by separate vendors. ILS programs are designed to provide functional life skills training to people with disabilities and assist them with starting or maintaining a sustainable and independent living environment for themselves and/or their families. Some examples of functional life skills training include helping these individuals with money management, using public transportation, shopping, washing laundry and developing social skills. Since the individuals with disabilities are not employed or earning wages during these services, these operations are separately assigned to Classification 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*.

- **Payment At or Above Minimum Wage**

Classification 8806 employers will be required to pay employees with disabilities the legal minimum wage commencing on January 1, 2025. In advance of the legislative changes taking effect, outreach feedback indicated that many employers that operate supported employment programs have already transitioned to paying these individuals at or above minimum wage such that paying subminimum wages is no longer a defining characteristic that accurately describes the operations of supported employment programs. Removing this characteristic would have a minimum impact on employers currently assigned to Classification 8806.

Although there is consensus from stakeholders that maintaining a subminimum wage certificate and paying subminimum wages are no longer defining characteristics that accurately describe the operations of supported employment programs, employers that operate supported employment programs continue to operate similarly and therefore the WCIRB does not recommend eliminating Classification 8806. Instead, Classification 8806 should be amended for clarity and consistency to reflect the defining characteristics and operations of these employers.

III. Findings

Based on this review, the WCIRB has determined:

1. Employers that operate supported employment programs continue to be a distinct and identifiable group of employers regardless of whether they maintain a subminimum wage certificate.
2. While employers that operate supported employment programs continue to operate similarly, Classification 8806, *Sheltered Workshops or Work Activity Centers*, no longer accurately describes industry operations and the types of supported employment programs these employers offer.
3. Employers that operate supported employment programs are characterized by being non-profit organizations that are funded by the Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation.

IV. Recommendation

Based on these findings, the WCIRB recommends amending Classification 8806, *Sheltered Workshops or Work Activity Centers*, to:

1. Remove the requirement to be certified as exempt from the minimum wage law for sheltered workshops or work activity centers;
2. Update the list of the supported employment programs to more accurately reflect the operations of the industry; and
3. Clarify the type of organizations that operate supported employment programs and how these programs are funded.

Recommendation

Amend Classification 8806, *Sheltered Workshops or Work Activity Centers – all employees – including supervisors, educational instructors, counselors, production managers and vocational evaluators*, to remove the requirement that employers be certified as exempt from the minimum wage law, clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

~~SHELTERED WORKSHOPS OR WORK ACTIVITY CENTERS~~ OR SUPPORTED EMPLOYMENT PROGRAMS – all employees – including supervisors, educational instructors, job coaches, counselors, production managers and vocational evaluators 8806

~~This classification applies to each location of these non-profit organizations that operate work activity or supported employment programs, including but not limited to sheltered workshops, or rehabilitation facilities certified as exempt from the minimum wage law by the United States Department of Labor, Employment Standards Administration, Wage and Hour Division, or the California Department of Industrial Relations, Division of Labor Standards Enforcement individual supported employment, group supported employment and paid internship programs. Sheltered workshops and work activity centers are facilities that or supported employment programs employ clients/individuals with developmental or other disabilities and are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation. In addition to performing work related tasks, clients may also attend independent living skills classes and participate in recreational activities.~~

This classification also applies to non-profit organizations that provide vocational rehabilitative services, including job coaching, to individuals with developmental or other disabilities in Competitive Integrated Employment (CIE) with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation.

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.

Independent Living Skills (ILS) instructional programs that are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers shall be separately classified as 8868, Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees.

Supported employment programs that are not exempt from the minimum wage law by the United States Department of Labor, Employment Standards Administration, Wage and Hour Division, or the California Department of Industrial Relations, Division of Labor Standards Enforcement do not employ individuals with developmental or other disabilities and are not administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation shall be separately classified.

Retail store operations shall be separately classified using the applicable Stores Industry Group classification.

* * * * *

Recommendation

Amend Classification 8827(1), *Home Care Services – all employees*, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

HOME CARE SERVICES – all employees

8827(1)

This classification applies to employers that provide in-home personal care services, including but not limited to assistance with meals, dressing, personal hygiene, housekeeping and companionship for customers who are in need of such services due to age, illness or disability. This classification includes Supported Living Services (SLS) provided to developmentally disabled individuals or In-Home Support Services (IHSS).

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

Employers that provide registered nurses, licensed vocational nurses or certified nursing assistants to deliver in-home nursing care services to patients shall be classified as 8827(2), *Nursing Care – in private residences*.

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

Independent Living Skills (ILS) instructional programs that are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*.

Work activity or supported employment programs that employ individuals with developmental or other disabilities that are operated by non-profit organizations and administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation shall be separately classified as Classification 8806. *Work Activity or Supported Employment Programs*.

* * * * *

Recommendation

Amend Classification 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, to 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 with funding provided by the California Department of Developmental Services through state-contracted Regional Centers.

Work activity or supported employments programs that employ individuals with developmental or other disabilities that are operated by non-profit organizations and are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation shall be separately classified as Classification 8806, Work Activity or Supported Employment Programs.

The operation of religious organizations, including but not limited to churches, temples, mosques and 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*.

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.

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*

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*.

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Recommendation

Amend Classification 9085, *Residential Care Facilities for The Developmentally Disabled – including supervisors and receptionists*, for consistency with other proposed changes.

PROPOSED

RESIDENTIAL CARE FACILITIES FOR THE DEVELOPMENTALLY DISABLED – including supervisors and receptionists **9085**

This classification applies to residential facilities that provide care and supervision for children or adults who are developmentally disabled. The term developmental disability refers to a severe and chronic disability that is attributable to a mental or physical impairment that begins before an individual reaches adulthood.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees who provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification also applies to intermediate care facilities that may retain nursing staff to provide intermittent skilled nursing services (not continuous skilled nursing care) for developmentally disabled children or adults. Facilities that provide 24-hour continuous skilled nursing care for residents shall be classified as 8829(1), *Skilled Nursing Facilities*.

Operating schools, or Independent Living Skills (ILS) instructional programs that are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers, shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers, or academic professional employees*. The provision of Supported Living Services (SLS) to developmentally disabled individuals or In-Home Support Services (IHSS) shall be classified as 8827(1), *Home Care Services*.

Residential facilities that provide nonmedical care and supervision for children (not developmentally disabled) shall be classified as 8823, *Residential Care Facilities for Children*.

Residential facilities that provide assisted care and supervision for adults (not developmentally disabled) shall be classified as 9070(3), *Residential Care Facilities for Adults*.

Residential facilities that provide assisted care and supervision for the elderly (not developmentally disabled) shall be classified as 9070(1), *Residential Care Facilities for the Elderly*.

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Recommendation

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

PROPOSED

Section VIII – Abbreviated Classifications – Numeric Listing

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- 8806 ~~Sheltered Workshops~~ Work Activity/Supported Employment Programs
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Item III-F Potential Classification Studies

WCIRB staff summarized the potential studies proposed to be conducted in 2024-2025 for inclusion in the September 1, 2026 Regulatory Filing. The Committee was advised that these recommendations are the result of input provided by the California Department of Insurance (CDI), Committee members, stakeholders and staff.

Following staff's presentation, the consensus of the Committee was that the following classification studies should be completed in 2024-2025 for consideration for inclusion in the September 1, 2026 Regulatory Filing.

**Table 1
Recommended Classification Research Studies
September 1, 2026 Regulatory Filing**

Potential Classification Studies	Anticipated Commitment ¹
Property Management Industry Review (Phase I)	High
Dual Wage Classification Thresholds	Moderate
Food and Beverage Manufacturing or Processing Industry (Phase III) <ul style="list-style-type: none">• 2102, <i>Fruit or Vegetable Evaporation or Dehydrating</i>, and 2109, <i>Fruit – dried fruit packing and handling</i>	Low
Mining, Quarrying and Oil and Gas Extraction Industry (Phase I) <ul style="list-style-type: none">• 1122, <i>Mining – surface</i>, and 1452, <i>Mining – ore milling</i>	Low

¹ Estimated WCIRB staff resource commitment: "Low" corresponds to an estimate of below 100 hours, "Moderate" corresponds to an estimate of between 101 and 250 hours, and "High" corresponds to an estimate between 251 and 400 hours.

Item III-G

Proposed Non-Substantive Amendments

The Committee was advised that WCIRB staff were proposing several non-substantive amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* and the *Miscellaneous Regulations for the Recording and Reporting of Data—1995* for clarify and consistency with previously approved changes.

As there were no questions about the proposed changes, a motion was made, seconded and unanimously passed to recommend to the WCIRB Governing Committee that the proposed changes to the USRP and Miscellaneous Regulations be included in the September 1, 2025 Regulatory Filing.

Recommendation

Amend Classification 3830(1), *Aircraft or Spacecraft Mfg.*, for consistency with previously approved changes.

PROPOSED

AIRCRAFT OR SPACECRAFT MFG. – including foundry operations

3830(1)

This classification applies to the manufacture of aircraft, including but not limited to fixed wing airplanes and helicopters. This classification also applies to the manufacture of aerospace products, including but not limited to missiles, rockets and other spacecraft. This classification also applies to the manufacture of light sport aircraft or hang gliders.

This classification includes foundry operations performed in connection with the aircraft or spacecraft manufacturing operations.

All members of the flying crew for aircraft operations, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 6, *General Exclusions*.

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

The manufacture of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

The manufacture of communication satellites shall be classified as 3681(3), *Telecommunications Equipment Mfg. – all other employees*.

Aircraft engine manufacturing or rebuilding not in connection with aircraft manufacturing by the same employer shall be classified as 3805(1), *Aircraft Engine Mfg. or Rebuilding*.

Employers that are approved by the Federal Aviation Administration and manufacture or repair machined aircraft components or accessories (not aircraft engines) shall be classified as 3831, *Machine Shops – aircraft components*, provided the employer does not perform such operations directly on the aircraft or remove and reinstall the components or accessories.

The repair, rebuilding or modification of aircraft components or accessories, including aircraft engines, when performed directly on the aircraft or in connection with the removal and reinstallation of components or accessories by the same employer shall be classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

Aircraft operation, demonstration or flight testing shall be separately classified.

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Recommendation

Amend Classification 8370, *Automobile or Truck Radio, Alarm or Electronic Equipment Installation, Service or Repair*, which is part of the Automotive Industry Group, for consistency with previously approved changes.

PROPOSED

AUTOMOTIVE

AUTOMOBILE OR TRUCK RADIO, ALARM OR ELECTRONIC EQUIPMENT INSTALLATION, SERVICE OR REPAIR – shop or outside **8370**

This classification applies to the installation, service or repair of electronic equipment, including but not limited to audio systems, alarms, ignition interlock devices, vehicle locating systems, navigation systems and entertainment systems in automobiles, trucks or vans. This classification also applies to the installation of electronic systems, including but not limited to marine communication and navigation equipment on boats.

Mechanical repair or modification operations and the installation of bolt-on accessories shall be classified as 8389, *Automobile or Truck Repair Facilities*.

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

The application of window film, glass tinting, vehicle wraps or adhesive graphics shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The installation, modification or repair of automobile, truck or van upholstery shall be classified as 9522(3), *Automobile Upholstering*.

Employers engaged in the conversion or customizing of automobiles, trucks or vans by performing a combination of mechanical, chassis, body, paint, upholstery, electronic system or accessory installation work shall be classified as 8390, *Automobile, Truck or Van Conversion or Customizing*.

The manufacture of automobile sound systems shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees*.

Store operations shall be separately classified.

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Recommendation

Amend Classification 5130(2), *Building Automation or Energy Management Control Systems Installation, Service or Repair*, for consistency with previously approved changes.

PROPOSED

BUILDING AUTOMATION OR ENERGY MANAGEMENT CONTROL SYSTEMS INSTALLATION, SERVICE OR REPAIR – including shop, yard or storage operations 5130(2)

This classification applies to the installation, service or repair of programmable building automation or energy management control systems, including but not limited to those that monitor, control or automate heating, ventilation, air conditioning, blinds, lighting or other environmental factors within buildings. This classification also applies to the installation, service or repair of card activated or electronic access controls that are not integrated with security alarm, fire alarm or life safety systems. This classification includes the installation of low voltage cabling that is performed in connection with system installation, service or repair operations by the same employer.

The installation, service or repair of card activated or electronic access control systems that are integrated with security systems shall be classified as 7605, *Security Alarm, Fire Alarm or Life Safety Systems Installation, Service or Repair*.

The manufacture of building automation or programmable energy management control systems or shop repair by the manufacturer shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

The installation of low voltage cabling within buildings that is not performed in connection with the installation, service or repair of programmable building automation or energy management control systems 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*.

The installation, service or repair of fire suppression systems shall be classified as 5185/5186, *Automatic Sprinkler Installation*.

The installation or repair of heating or air conditioning equipment where ductwork installation is performed by the employer at the same job or location shall be classified as 5538(2)/5542(2), *Heating or Air Conditioning Ductwork*.

The installation or repair of heating or air conditioning equipment where no ductwork installation is performed by the employer at the same job or location shall be classified as 5183(3)/5187(3), *Heating or Air Conditioning Equipment*.

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Recommendation

Amend Classification 3383(2), *Clock Mfg.*, for consistency with previously approved changes.

PROPOSED

CLOCK MFG. – including foundry operations

3383(2)

This classification applies to the manufacture and repair of mechanical clocks, including but not limited to payroll time clocks, mantle clocks, grandfather clocks and wall clocks. This classification includes the fabrication of clock enclosures or housings when performed by the same employer that manufactures the clock.

The manufacture of electronic digital clocks shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

* * * * *

Recommendation

Amend Classification 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, for consistency with previously approved changes.

PROPOSED

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

5193

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 or computer peripheral equipment such as monitors, desktop printers or scanners or computer mice, keyboards, webcams, disk drives, external storage devices, motherboards, 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. – all other employees.*

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. – all other employees.*

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 8874(4), *Audio/Video Electronic Products Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

AUDIO/VIDEO ELECTRONIC PRODUCTS MFG. – hardware or software design or development 8874(4) – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons

The entire remuneration of each employee shall be included, subject to a maximum of \$159,900 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer's consumer or professional electronic audio or video products manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic audio or video equipment or prototypes in connection with the employer's manufacturing operations.

Also refer to companion Classification 3681(4), *Audio/Video Electronic Products Mfg. – all other employees.*

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Recommendation

Amend Classification 3070, *Computer Memory Disk Mfg.*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

COMPUTER MEMORY DISK MFG. – rigid

3070

This classification applies to the manufacture of rigid computer memory disks used within computer hard disk drives to store data.

The manufacture of computer disk drives shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg. – all other employees.*

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Recommendation

Amend Classification 8874(2), *Computer or Computer Peripheral Equipment Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

COMPUTER OR COMPUTER PERIPHERAL EQUIPMENT MFG. – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons – N.O.C.

8874(2)

The entire remuneration of each employee shall be included, subject to a maximum of \$159,900 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer's computer or computer peripheral equipment manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of computer hardware, computer peripheral equipment or prototypes in connection with the employer's manufacturing operations.

Also refer to companion Classification 3681(2), *Computer or Computer Peripheral Equipment Mfg. – all other employees.*

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Recommendation

Amend Classification 3643(2), *Electric Control Panel or Switchgear Mfg.*, which is part of the Electronics Industry Group, for clarity and consistency with previously approved changes.

PROPOSED

ELECTRONICS

ELECTRIC CONTROL PANEL OR SWITCHGEAR MFG.

3643(2)

This classification applies to the manufacture or shop repair of electric control panels, switchboards, circuit breakers, switches ~~and~~ switchgear apparatus with a power rating of 746 watts (one horsepower) or more.

The manufacture of electrical-mechanical control panels and switchboards rated at less than 746 watts (one horsepower) shall be classified as 3179, *Electrical Apparatus Mfg.* The manufacture of electrical-mechanical control panels and switchboards 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 of electronic programmable controls shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The installation or repair of electric control panels and switchboards away from the shop shall be classified as 3724(2), *Electrical Machinery or Auxiliary Apparatus.*

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Recommendation

Amend Classification 3178, *Electronic Element Mfg.*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

ELECTRONIC ELEMENT MFG. – N.O.C.

3178

This classification applies to the manufacture of electronic elements with a power rating of less than 746 watts (one horsepower) used to receive, store, govern or direct the flow of current within an electrical circuit. Electronic elements assigned to this classification include but are not limited to transistors, resistors, capacitors, diodes, light emitting diodes (LED), coils, transformers, filters, magnetic recording heads, potentiometers and transducers.

The manufacture of electronic elements used to receive, store, govern or direct the flow of current within an electrical circuit 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 of electronic elements 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 of electronic elements for inclusion in an electrical or electronic product manufactured by the employer shall be assigned to the applicable electrical or electronic product manufacturing classification.

The manufacture of electronic integrated circuit chips or semiconductor wafers shall be classified as 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees.*

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Recommendation

Amend Classification 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

INSTRUMENT MFG. – electronic – professional or scientific – all other employees – N.O.C.

3681(1)

This classification applies to the manufacture or shop repair of electronic instruments that are not specifically described by another classification, including but not limited to electronic altimeters, air speed indicators and telemetry instruments, electronic centrifuges, cell sequencers, bio-sensor equipment, mass spectrometers, electronic scales, programmable electronic control systems, electronic point of sale (POS) systems, calculators, electron or laser microscopes, electron accelerators or fraction collectors, electronic toxic gas or vapor detection systems, radiation monitoring equipment, ohm meters, frequency synthesizers and printed circuit board test

equipment. This classification also applies to the manufacture of electronic or electronically controlled manufacturing equipment for the semiconductor industry, including but not limited to vapor ovens, wafer inspection stations, wafer probe systems, wet processing equipment, photo mask inspection equipment, diffusion etching machines, wafer cleaning equipment, wafer dicing saws and plasma etching machines.

This classification also applies to the manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

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

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

The manufacture of electronic medical equipment used for diagnostic or treatment purposes shall be classified as 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees.*

The manufacture of non-electronic instruments shall be classified as 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees.*

The manufacture of industrial robotic systems shall be classified as 3560(2), *Machinery Mfg. – industrial*, or 3560(3), *Machinery Mfg. – material handling equipment*.

Also refer to companion Classification 8874(1), *Instrument Mfg. – electronic – professional or scientific – hardware or software design or development*.

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Recommendation

Amend Classification 8874(1), *Instrument Mfg. – electronic – professional or scientific – hardware or software design or development*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

INSTRUMENT MFG. – electronic – professional or scientific – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8874(1)

The entire remuneration of each employee shall be included, subject to a maximum of \$159,900 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer's electronic instrument manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic instruments or prototypes in connection with the employer's manufacturing operations.

Also refer to companion Classification 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

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Recommendation

Amend Classification 8874(5), *Integrated Circuit and Semiconductor Wafer Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

INTEGRATED CIRCUIT AND SEMICONDUCTOR WAFER MFG. – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8874(5)

The entire remuneration of each employee shall be included, subject to a maximum of \$159,900 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer's integrated circuit or semiconductor wafer manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of integrated circuits or semiconductor wafers or prototypes in connection with the employer's manufacturing operations.

Also refer to companion Classification 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees*.

* * * * *

Recommendation

Amend Classification 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

MEDICAL INSTRUMENT MFG. – electronic – diagnostic or treatment – all other employees 3572

This classification applies to the manufacture or shop repair of electronic medical instruments used for diagnostic or treatment purposes, including but not limited to medical X-ray equipment, blood pressure monitors, pulse monitors, magnetic resonance imaging (MRI) equipment, heart scan systems, ophthalmology diagnostic or eye surgery equipment, endoscopes, vital sign monitoring equipment, radiation treatment equipment, blood or gas analyzers, brain analyzers, surgical lasers, computerized axial tomography (CAT) scanners, ultrasound imagers or defibrillators.

The installation or repair of instruments away from the shop shall be separately classified as 5128, *Instrument Installation, Service or Repair*.

The manufacture of non-electronic medical instruments shall be classified as 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees*.

Also refer to companion Classification 8874(6), *Medical Instrument Mfg. – electronic – diagnostic or treatment – hardware or software design or development*.

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Recommendation

Amend Classification 8874(6), *Medical Instrument Mfg. – electronic – diagnostic or treatment – hardware or software design or development*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

MEDICAL INSTRUMENT MFG. – electronic – diagnostic or treatment – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8874(6)

The entire remuneration of each employee shall be included, subject to a maximum of \$159,900 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer's electronic medical instrument manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic medical instruments or prototypes in connection with the employer's manufacturing operations.

Also refer to companion Classification 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees.*

* * * * *

Recommendation

Amend Classification 3681(3), *Telecommunications Equipment Mfg. – all other employees*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

TELECOMMUNICATIONS EQUIPMENT MFG. – all other employees

3681(3)

This classification applies to the manufacture of electronic telecommunications equipment, including but not limited to telephones, cellular telephones, telephone equipment, telephone answering systems, military communication equipment, professional broadcasting/receiving equipment, wireless communication equipment, and related equipment used to transmit, receive, route or amplify data. This classification includes the shop repair of telecommunications equipment by the manufacturer.

The installation or repair of telecommunications equipment away from the shop shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair.*

The manufacture of consumer or professional audio or video equipment shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees.*

Also refer to companion Classification 8874(3), *Telecommunications Equipment Mfg. – hardware or software design or development.*

* * * * *

Recommendation

Amend Classification 8874(3), *Telecommunications Equipment Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

**TELECOMMUNICATIONS EQUIPMENT MFG. – hardware or software design or development – 8874(3)
including Clerical Office Employees, Clerical Telecommuter Employees and Outside
Salespersons**

The entire remuneration of each employee shall be included, subject to a maximum of \$159,900 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer's electronic telecommunications equipment manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic telecommunications equipment or prototypes in connection with the employer's manufacturing operations.

Also refer to companion Classification 3681(3), *Telecommunications Equipment Mfg. – all other employees.*

* * * * *

Recommendation

Amend Classification 5128, *Instrument Installation, Service or Repair*, for clarity and consistency with previously approved changes.

PROPOSED

**INSTRUMENT INSTALLATION, SERVICE OR REPAIR – medical, professional or scientific – 5128
away from shop – not office machines**

This classification applies to the installation, service or repair of electronic instruments used in the medical, biomedical or healthcare industries, including but not limited to medical imaging and scanning equipment, health monitors, surgical or treatment equipment and sample analyzers. This classification also applies to the installation, service or repair of professional or scientific instruments used for research, testing, measuring or calibration in the geological, petroleum, biomedical, pharmaceutical, aerospace or defense industries or by other military or governmental entities. This classification includes the installation of low voltage cabling that is performed in connection with instrument installation, service or repair operations by the same employer.

This classification also applies to the fee-based repair away from the shop of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds.

The manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be separately classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The installation, service or repair of machinery, equipment or instruments used in the manufacturing or processing of integrated circuit chips or semiconductor wafers shall be classified as 5129, *Integrated Circuit or Semiconductor Processing Equipment Installation, Service or Repair.*

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

The installation of low voltage communications cabling within buildings that is not performed in connection with the installation, service or repair of instruments 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 manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be separately classified as 3681(1), *Instrument Mfg. – electronic.*~~

~~The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed in connection with repair or by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions.*~~

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

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

The manufacture or shop repair of electronic professional or scientific instruments other than medical instruments shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The manufacture of electronic medical instruments used for diagnostic or treatment purposes shall be classified as 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees.*

The manufacture of non-electronic scientific or medical instruments shall be classified as 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees.*

~~The shop repair of instruments shall be assigned to the applicable instrument manufacturing classification.~~

The installation or repair of industrial machinery, including but not limited to pumps, generators, printing presses, sawmill equipment and food processing equipment away from the shop shall be classified as 3724(1), *Millwright Work.*

The installation, service or repair of computers, servers or computer peripheral equipment shall be classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

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

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed in connection with repair or by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

The shop repair of instruments shall be assigned to the applicable instrument manufacturing classification.

* * * * *

Recommendation

Amend Classification 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees*, for consistency with previously approved changes.

PROPOSED

INSTRUMENT MFG. – non-electronic – scientific or medical – all other employees – N.O.C. 3682

This classification applies to the manufacture or shop repair of non-electronic instruments, including but not limited to micrometers, surveying levels, sighting rods, hypodermic syringes, scalpels and microscopes. This classification also applies to the manufacture of catheters, binoculars, compasses, telescopes, implantable medical devices, orthodontic components, medical hand tools, non-electronic scales, measuring tapes or rifle scopes.

This classification also applies to employers that design proprietary, non-electronic instruments and subcontract manufacturing to other concerns provided the employer also:

1. Manufactures the prototype or subcontracts the manufacture of the prototype; or
2. Receives the manufactured product and performs quality control operations prior to shipment.

Employers that neither design nor manufacture the product, but purchase products from manufacturers for resale purposes, shall be assigned to the applicable *Stores* Industry Group classification notwithstanding that they may engage in some product preparation or quality control operations.

The manufacture of electronic medical instruments shall be classified as 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees*.

The manufacture of electronic professional or scientific instruments shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

The repair of instruments away from the shop shall be separately classified.

Also refer to companion Classification 8874(7), *Instrument Mfg. – non-electronic – scientific or medical – hardware or software design or development*.

* * * * *

Recommendation

Amend Classification 8874(7), *Instrument Mfg. – non-electronic – scientific or medical – hardware or software design or development*, for consistency with previously approved changes.

PROPOSED

INSTRUMENT MFG. – non-electronic – scientific or medical – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons – N.O.C. 8874(7)

The entire remuneration of each employee shall be included, subject to a maximum of \$159,900 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s non-electronic instrument manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of non-electronic instruments or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees*.

* * * * *

Recommendation

Amend Classification 5129, *Integrated Circuit or Semiconductor Processing Equipment Installation, Service or Repair*, for consistency with previously approved changes.

PROPOSED

INTEGRATED CIRCUIT OR SEMICONDUCTOR PROCESSING EQUIPMENT INSTALLATION, SERVICE OR REPAIR – away from shop 5129

This classification applies to the installation, service or repair of machinery, equipment or instruments used in the manufacturing or processing of semiconductor wafers, including but not limited to vapor ovens, wafer inspection stations, wafer probe systems, wet processing equipment, photo mask inspection equipment, diffusion etching machines, wafer cleaning equipment, wafer dicing saws and plasma etching machines. This classification also applies to the installation, service or repair of machinery used to manufacture or process integrated circuit chips. This classification includes the installation of low voltage cabling that is performed in connection with equipment installation, service or repair operations by the same employer.

The installation of low voltage communications cabling within buildings that is not performed in connection with the installation, service or repair of equipment 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 manufacture or shop repair of electronic or electronically controlled manufacturing equipment for the integrated circuit or semiconductor industry shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

The manufacture of electronic integrated circuit chips or semiconductor wafers shall be classified as 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees*.

* * * * *

Recommendation

Amend Classification 2923, *Musical Instrument Mfg.*, for consistency with previously approved changes.

PROPOSED

MUSICAL INSTRUMENT MFG. – other than metal – N.O.C.

2923

This classification applies to the manufacture or repair of non-metal musical instruments, including but not limited to pianos, guitars, violins, cellos, violas, harps, banjos, organs and drums.

The manufacture of electronic music instruments, synthesizers, amplifiers and musical instrument digital interface (MIDI) equipment shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees*.

The manufacture or repair of metal musical instruments shall be assigned to the applicable *Metal Working* Industry Group classification.

* * * * *

Recommendation

Amend Classification 5130(1), *Programmable Industrial Controls Installation, Service or Repair*, for clarity and consistency with previously approved changes.

PROPOSED

PROGRAMMABLE INDUSTRIAL CONTROLS INSTALLATION, SERVICE OR REPAIR – including shop, yard or storage operations

5130(1)

This classification applies to the installation, service or repair of programmable industrial controls, including but not limited to programmable logic controllers, human machine interfaces used to operate or automate industrial processes and data acquisition systems used in the automation of manufacturing or processing equipment. This classification includes the installation of low voltage cabling that is performed in connection with controls installation, service or repair operations by the same employer.

The manufacture or shop repair of non-programmable electrical control panels, switchboards or circuit breaker apparatus with a power rating of 746 watts (one horsepower) or more shall be separately classified as 3643(2), *Electric Control Panel or Switchgear Mfg.*

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

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

The installation, service or repair of medical, professional or scientific instruments shall be classified as 5128, *Instrument Installation, Service or Repair*.

The installation, service or repair of machinery, equipment or instruments used in the manufacturing or processing of integrated circuit chips or semiconductor wafers shall be classified as 5129, *Integrated Circuit or Semiconductor Processing Equipment Installation, Service or Repair*.

The installation of low voltage cabling within buildings that is not performed in connection with the installation, service or repair of controls 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 manufacture of programmable industrial controls or shop repair by the manufacturer shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

~~The manufacture or shop repair of non-programmable electrical control panels, switchboards or circuit breaker apparatus with a power rating of 746 watts (one horsepower) or more shall be separately classified as 3643(2), *Electric Control Panel or Switchgear Mfg.*~~

* * * * *

Recommendation

Amend Classification 3165(3), *Solar Panel Mfg.*, for consistency with previously approved changes.

PROPOSED

SOLAR PANEL MFG.

3165(3)

This classification applies to the manufacture or shop repair of photovoltaic solar panels that are used to generate electricity or solar collection panels that are used to heat water.

The manufacture of photovoltaic cells shall be classified as 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees*.

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

The installation or repair of solar collection panels, when any portion of these operations is performed away from the shop, shall be classified as 5183(1)/5187(1), *Plumbing*.

* * * * *

Recommendation

Amend Classification 3683, *Speaker Mfg.*, for clarity and consistency with previously approved changes.

PROPOSED

SPEAKER MFG.

3683

This classification applies to the manufacture or assembly of electronic audio speakers, including but not limited to speakers used in connection with stereo systems, home theater systems, automobile sound systems, professional audio systems and computer systems.

The manufacture of wood cabinetry shall be separately classified as 2883, Furniture Mfg. – wood.

The manufacture of consumer and professional electronic audio and video equipment other than audio speakers shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees.*

The manufacture of computer equipment other than audio speakers shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg. – all other employees.*

~~The manufacture of wood cabinetry shall be separately classified as 2883, Furniture Mfg. – wood.~~

* * * * *

Recommendation

Amend Classification 8062, *Stores – computer*, for consistency with previously approved 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 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, servers or tablets. 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 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. – all other employees.*

* * * * *

Recommendation

Amend Classification 3830(2), *Unmanned Aircraft System Mfg.*, for clarity and consistency with previously approved changes.

PROPOSED

UNMANNED AIRCRAFT SYSTEM MFG. – aircraft system and payload total combined weight of 55 pounds or heavier 3830(2)

This classification applies to the manufacture of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier. This classification includes the shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier when performed by the manufacturer.

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

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

The manufacture and fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flights performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

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

* * * * *

Recommendation

Amend Part 4, *Excess Insurance*, Section I, *Specific Excess (Straight Excess)*, and Section II, *Aggregate Excess (Stop Loss)*, for consistency with current procedures.

PROPOSED

Part 4 – Excess Insurance

The provisions governing the writing of specific excess (straight excess) insurance or aggregate excess insurance set forth in this rule apply in lieu of any other regulations regarding workers' compensation insurance.

Section I – Specific Excess (Straight Excess)

Policies may be issued only to an employer qualified as a self-insurer by having a certificate of consent issued by the Director of Industrial Relations. Such policies are subject to the following conditions:

1. The policy must provide that it covers loss in excess of a fixed amount per event or claim.
2. The policy must be on an annual basis or subject to cancellation on no more than thirty (30) days' notice or must contain a clause providing for a change of policy terms to conform to subsequent legislation and subsequent rules and regulations.
3. ~~An hard-copy~~ electronic version (digital image or PDF) of each such policy written by a WCIRB member and all endorsements applicable thereto must be submitted to the WCIRB for examination.

Section II – Aggregate Excess (Stop Loss)

Policies may be issued only to an employer qualified as a self-insurer by having a certificate of consent issued by the Director of Industrial Relations. Such policies are subject to the following conditions:

1. The policy must provide that it covers loss in excess of a fixed amount.
2. The policy must be on an annual basis or subject to cancellation on no more than thirty (30) days' notice or must contain a clause providing for a change of policy terms to conform to subsequent legislation and subsequent rules and regulations.
3. ~~An hard-copy~~ electronic version (digital image or PDF) of each such policy written by a WCIRB member and all endorsements applicable thereto must be submitted to the WCIRB for examination.

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Item III-H

2025 Schedule of Meetings

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

Day of Week	Date & Time	Content
Thursday	January 30, 2025 at 9:30 AM	Review classification relativities for September 1, 2025 Regulatory Filing
Tuesday	May 20, 2025 at 9:30 AM	Review September 1, 2026 Regulatory Filing matters
Tuesday	August 5, 2025 at 9:30 AM	Review September 1, 2026 Regulatory Filing matters
Tuesday	November 11, 2025 at 9:30 AM	Review September 1, 2026 Regulatory Filing matters

Classification and Rating Committee
Meeting Minutes for November 12, 2024

The meeting was adjourned at 10:52 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 January 30, 2025 for approval and/or modification.

Item V-A

September 1, 2025 Regulatory Filing

The Classification and Rating (C & R) Committee is recommending changes to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP), *Miscellaneous Regulations for the Recording and Reporting of Data—1995* (Miscellaneous Regulations) and *California Workers' Compensation Experience Rating Plan—1995* (ERP) for inclusion in the WCIRB's September 1, 2025 Regulatory Filing. The changes, if approved, would take effect September 1, 2025.

A copy of the draft Regulatory Filing, excluding the proposed 2025 experience rating eligibility threshold, classification relativities, Table I, *Expected Loss Rates and D-Ratios*, and Table II, *Primary Thresholds*, is being provided to the Governing Committee for review and approval. (These tables of values, for which methodologies underlying their development are separately reviewed by the C & R or Actuarial Committees, have been excluded from the Agenda due to their voluminous nature.) If the Governing Committee approves the draft filing, the WCIRB anticipates submitting it to the California Department of Insurance by the end of February.

A. WCIRB Classification Research and Studies

In preparation for the September 1, 2025 Regulatory Filing, WCIRB staff conducted classification studies which resulted in proposed USRP changes that the C & R Committee is recommending for clarity and consistency and to restructure classifications into more homogenous statistically credible classifications that are reflective of current industry operations.

1. Food and Beverage Manufacturing or Processing Industry Study

As part of a multi-year effort, the WCIRB completed additional phases of a comprehensive review of the 22 classifications in the Food and Beverage Manufacturing or Processing industry. The WCIRB completed a study to determine whether low credibility Classifications 2030, *Sugar Mfg. or Refining – beet or cane – including beet dumps*, 4717, *Butter Substitutes Mfg.*, 4683(1), *Vegetable Oil Mfg. or Refining – N.O.C.*, and 4683(2), *Cottonseed Oil Mfg. or Refining – during both active and dormant seasons – including installation or repair equipment; yard employees; seed or fuel haulers*, should continue to be stand-alone classifications or if some or all of the operations should be combined with operations in other classifications. In addition, the WCIRB completed a study to determine whether operations assigned to Classifications 6504, *Food Products Mfg. or Processing – N.O.C.*, and 2003, *Bakeries or Cracker Mfg.*, continue to be homogenous or if any distinct segments should be assigned to new or existing classifications.

Based on the findings of the studies, the C & R Committee is recommending:

- a. Eliminating Classification 2030, *Sugar Mfg. or Refining*, and establishing Classification 4683(3), *Sugar Mfg. or Refining*, to include sugar manufacturing or refining operations.
- b. Eliminating Classification 4683(2), *Cottonseed Oil Mfg. or Refining*, and amending Classification 4683(1) to include cottonseed oil manufacturing or refining operations.
- c. Eliminating Classification 4717, *Butter Substitutes Mfg.*, and amending Classification 2063, *Dairy Products or Ice Mfg.* to include butter substitute manufacturing operations.
- d. Amending Classification 0096, *Nut Hulling, Shelling or Processing*, to include coffee bean cleaning, roasting or grinding operations.
- e. Amending Classification 4611, *Drug, Medicine or Pharmaceutical Preparations Mfg.* to include vape juice blending operations.

- f. Establishing Classification 2004, *Baked Goods Mfg. – wholesale*, which will be included in the Food Packaging and Processing Industry Group, to apply to employers that manufacture baked goods that are sold primarily (over 50% of gross receipts) to wholesale customer.
- g. Amending Classification 2003, *Bakeries or Cracker Mfg.*, to apply to employers that manufacture baked goods that are not sold primarily (over 50% of gross receipts) to retail customers.

2. Sheltered Workshops or Work Activity Centers

The WCIRB completed a review of Classification 8806, *Sheltered Workshops or Work Activity Centers*, in light of recent changes to California law. As a result of the analysis, the C & R Committee is recommending amendments to Classification 8806 to remove the requirement to be certified as exempt from minimum wage laws, update the list of supported employment programs to more accurately reflect the operations of the industry and clarify the types of organizations that operate supported employment programs and how they are funded.

3. Other Classification Changes

The C & R Committee is also recommending amendments to clarify the application of multiple classifications as a result of the WCIRB's continual effort to review the standard classifications to ensure that the intended application of each classification is comprehensive and clear. The C & R Committee is also recommending amendments to the minimum and maximum payroll limitations for executive officers, partners, individual employers and members of a limited liability company, as well as other payroll limitations relevant to specific classifications to reflect the increase in wage levels that has occurred since the minimum and maximum payroll limitations were last amended in 2024. Additionally, the C & R Committee is recommending an increase to the minimum annual payroll per taxicab from \$43,800 to \$45,200.

B. Additional Recommended Amendments

In addition to the changes noted above, the C & R Committee is recommending changes to update the expected loss rates in the Experience Rating Plan corresponding to each primary threshold to reflect the most current available experience. Finally, the C & R Committee is also recommending changes to update the WCIRB's mailing address.

Proposed Regulatory Changes Effective September 1, 2025

The WCIRB is recommending:

1. Amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (Title 10, California Code of Regulations, Section 2318.6), to be effective September 1, 2025 and applied to a policy with an effective date on or after September 1, 2025 (Section A);
2. Amendments to the *Miscellaneous Regulations for the Recording and Reporting of Data—1995* (Title 10, California Code of Regulations, Section 2354), to be effective September 1, 2025 and applied to a policy with an effective date on or after September 1, 2025 (Section B); and
3. Amendments to the *California Workers' Compensation Experience Rating Plan—1995* (Title 10, California Code of Regulations, Section 2353.1), to be effective September 1, 2025 and applied as of the first rating effective date of a risk on or after September 1, 2025 (Section C).

Section A
Recommended Amendments to the *California Workers’ Compensation Uniform Statistical Reporting Plan—1995*
Title 10, California Code of Regulations, Section 2318.6
Effective September 1, 2025

The WCIRB recommends that the following amendments to the *California Workers’ Compensation Uniform Statistical Reporting Plan—1995* (Uniform Statistical Reporting Plan) be approved effective September 1, 2025 and applied to a policy with an effective date on or after September 1, 2025.

Part 1 — General Provisions

Amend Section I, *Introduction*, Rule 3, *Effective Date*, to show that the effective date of the amended Uniform Statistical Reporting Plan is 12:01 AM, September 1, 2025.

PROPOSED

Section I — Introduction

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3. Effective Date

The provisions of this Plan are effective at 12:01 AM, September 1, ~~2024~~2025. When an amendment to this Plan is approved, a notice summarizing the amendment and its effective date, as specified by the Insurance Commissioner, will be published by the WCIRB.

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

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Amend Section V, *Inquiries, Complaints and Requests for Action, Reconsideration and Appeals*, Rule 3, *Complaints and Requests for Action*, to update the WCIRB’s mailing address.

PROPOSED

Section V – Inquiries, Complaints and Requests for Action, Reconsideration and Appeals

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3. Complaints and Requests for Action

An insured employer, insurer, or other aggrieved person seeking review of the WCIRB’s decision, action, or omission to act, or review of the manner in which this Plan, or any other applicable regulations of the Insurance Commissioner, has been applied in connection with its workers’ compensation insurance shall serve the WCIRB with a written Complaint and Request for Action pursuant to the regulations found at Title 10, California Code of Regulations, Sections 2509.40 *et seq.* Complaints and Requests for Action must be served on the WCIRB at the following address:

WCIRB
~~1901 Harrison Street, 17th Floor~~ One Montgomery Street, Suite 400
~~Oakland~~ San Francisco, CA ~~94612~~ 94104
Attention: Complaints and Reconsideration
Fax 415.371.5204
customerservice@wcirb.com

Upon receipt of a Complaint and Request for Action, the WCIRB shall respond in accordance with the regulations found at Title 10, California Code of Regulations, Sections 2509.40 *et seq.* Any change resulting from such response shall be applied in accordance with the rules of this Plan or other applicable statutes or regulations. If a loss correction is required pursuant to the Revision of Losses rule, the current experience rating for purposes of the application of that rule shall be the experience modification in effect on the day the initial request for review was received by the WCIRB.

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Part 3 — Standard Classification System

Amend Section III, *General Classification Procedures*, Rule 2, *Single Enterprise*, for consistency with other proposed changes.

PROPOSED

Section III – General Classification Procedures

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2. Single Enterprise

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Example

The employer operates a full service restaurant. Employees are retained as chefs, bakers, dishwashers, wait staff, hosts and hostesses, wine stewards, bartenders, janitors, car parking valets, coat check clerks, manager and assistant manager. In addition, a storage facility is operated at an additional location where restaurant supplies are stored pending use in the restaurant. The activities, duties, hazards and pay scales vary among positions. Classifications such as 2003, ~~*Bakeries or Cracker*~~*Baked Goods Mfg. – re-tail*, 9008, *Janitorial Services – by contractors*, and 8392, *Automobile or Truck Storage Garages or Parking Stations or Lots*, describe some of the employees’ activities. However, the restaurant bakery only produces goods served in the restaurant; the janitors only clean the restaurant; the parking valets only park the vehicles of restaurant customers; and the storage facility only stores materials used in the restaurant. All of these operations normally prevail in the operation of a full service restaurant and, therefore, Classification 9080, *Restaurants – full service*, applies to all of the employees.

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Amend Section III, Rule 5, *General Inclusions*, subrule d, for consistency with commonly used terminology.

PROPOSED

Section III – General Classification Procedures

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5. General Inclusions

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

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d. ~~Plant dispensaries~~ First aid dispensary and tool cribs.

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Amend Section IV, *Special Industry Classification Procedures*, Rule 5, *Stores*, subrule h, for clarity.

PROPOSED

Section IV – Special Industry Classification Procedures

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5. Stores

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h. If a store engages in the sale of gasoline or automobile services, the appropriate store classification shall apply at each location wherein the sale of merchandise in the store, other than gasoline or automobile services, exceeds twenty-five percent (25%) of the total annual receipts for the location. Employees engaged in the fueling, service or repair of automobiles or trucks shall be ~~assigned~~ separately classified to the applicable gasoline station classification. Cashiers who work within the store and accept payments for store merchandise and automobile services shall be assigned to the applicable store classification.

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Amend Section V, *Payroll – Remuneration*, Rule 1, *Payroll – Remuneration*, Subrule j, *Executive Officers*, Subrule k, *Partners*, Subrule l, *Individual Employers*, and Subrule m, *Members of a Limited Liability Company*, to adjust the minimum and maximum payroll limitations for executive officers, partners, individual employers and members of a limited liability company to reflect wage inflation since the minimum and maximum payroll limitations were last amended in 2024.

PROPOSED

Section V – Payroll – Remuneration

1. Payroll – Remuneration

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j. Executive Officers

The entire remuneration earned by each executive officer during the policy period shall be used as the payroll, subject to a minimum remuneration of ~~\$62,400~~63,700 per annum and a maximum remuneration of ~~\$159,900~~165,100 per annum for each executive officer covered under the policy. This provision also applies to executive officers of a corporation while the corporation is covered as a member of a partnership or joint venture operation and to executive officers of a limited liability company.

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k. Partners

If the policy covers one or more partners as employee(s) during the policy period, the entire remuneration earned by such partner(s) during such coverage (including the annual amount of wages, salary, emoluments or profits of each such partner) shall be included in the payroll, subject to a minimum remuneration of ~~\$62,400~~63,700 per annum and a maximum remuneration of ~~\$159,900~~165,100 per annum for each partner so included. This provision also applies to partners of a partnership while such partnership is covered as a member of another partnership or joint venture.

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l. Individual Employers

If an individual employer is covered under the policy, the entire remuneration earned by such person during the policy period (including the annual amount of wages, salary, emoluments or profits of such person) shall be included in payroll, subject to a minimum remuneration of ~~\$62,400~~63,700 per annum and a maximum remuneration of ~~\$159,900~~165,100 per annum for such person.

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m. Members of a Limited Liability Company

If the policy covers one or more members as employee(s) during the policy period, the entire remuneration earned by such member(s) during such coverage (including the annual amount of wages, salary, emoluments or profits of each such member) shall be included in the payroll, subject to a minimum remuneration of ~~\$62,400~~63,700 per annum and a maximum remuneration of ~~\$159,900~~165,100 per annum for each member so included. This provision also applies to managers of a limited liability company when the limited liability company is manager-managed.

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Examples – for subrules j, k, l and m

A person joined a partnership as a partner effective week 27 of a 52-week policy period. The person did not work as an employee prior to becoming partner. The partner drew only \$400 per week as partner and no other earnings were distributed to the partner. (\$400 x 26, or \$10,400, was drawn during the policy period.) The prorated weekly minimum payroll for partners based upon Subrule k, above, is more than \$10,400 ($\frac{\$62,400}{52} \times 26 = \$31,200$). The reportable payroll for this partner must therefore be increased by $\frac{\$62,400}{52} \times 26 = \$31,200$ to equal the prorated minimum remuneration for this person’s 26 weeks as partner ($\$10,400 + \$20,800 = \$31,200$).

An employee is promoted to an executive officer position effective week 40 during a 52-week policy period. The individual was paid an annual salary of \$200,000 for the policy period. Payroll for weeks 1 through 39 is \$112,500. The earnings for the 13-week period as executive officer are reduced to the prorated executive officer maximum remuneration based upon Subrule j above ($\frac{\$159,900}{52} \times 13 = \$39,975$). The total reportable payroll for this individual is $\$112,500 + \$39,975 = \$152,475$.

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Amend Section VI, *Administration of Classification System*, Rule 1, *Inspection of Employer’s Premises*, to update the WCIRB’s mailing address.

PROPOSED

Section VI – Administration of Classification System

1. Inspection of Employer’s Premises

- e. The WCIRB has authority to inspect the premises of any employer for classification assignment purposes.
- f. The WCIRB shall be responsible for conducting a comprehensive inspection program to ensure that insurers use the proper classifications in reporting payroll and losses.
- g. Questions concerning the WCIRB’s inspection program may be directed to:

WCIRB Customer Service
~~1901 Harrison Street, 17th Floor~~ One Montgomery Street, Suite 400
~~Oakland~~ San Francisco, CA 94112
 888.229.2472 (CAWCIRB)
 Fax 415.778.7272
 customerservice@wcirb.com

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

Amend Classification 3830(1), *Aircraft or Spacecraft Mfg.*, for consistency with previously approved changes.

PROPOSED

AIRCRAFT OR SPACECRAFT MFG. – including foundry operations

3830(1)

This classification applies to the manufacture of aircraft, including but not limited to fixed wing airplanes and helicopters. This classification also applies to the manufacture of aerospace products, including but not limited to missiles, rockets and other spacecraft. This classification also applies to the manufacture of light sport aircraft or hang gliders.

This classification includes foundry operations performed in connection with the aircraft or spacecraft manufacturing operations.

All members of the flying crew for aircraft operations, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 6, *General Exclusions*.

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

The manufacture of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The manufacture of communication satellites shall be classified as 3681(3), *Telecommunications Equipment Mfg. – all other employees.*

Aircraft engine manufacturing or rebuilding not in connection with aircraft manufacturing by the same employer shall be classified as 3805(1), *Aircraft Engine Mfg. or Rebuilding.*

Employers that are approved by the Federal Aviation Administration and manufacture or repair machined aircraft components or accessories (not aircraft engines) shall be classified as 3831, *Machine Shops – aircraft components*, provided the employer does not perform such operations directly on the aircraft or remove and reinstall the components or accessories.

The repair, rebuilding or modification of aircraft components or accessories, including aircraft engines, when performed directly on the aircraft or in connection with the removal and reinstallation of components or accessories by the same employer shall be classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies.*

Aircraft operation, demonstration or flight testing shall be separately classified.

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Amend Classification 9181, *Athletic Teams or Athletic Facilities – players, umpires, referees and game officials*, to increase the annual payroll limitation for players from \$159,900 to \$165,100 per player per season to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

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

The entire remuneration of each player shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per season. When a player works for two or more teams in the same sport during the season, the ~~\$159,900~~\$165,100 per player maximum shall be prorated.

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

Season shall include preseason and postseason exposure.

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

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

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Amend Classification 7607(2), *Audio Post-Production*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

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

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employers engaged exclusively in computer or electronic audio post-production operations for other concerns in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions, including dubbing type work and incidental studio recording, on a contract basis.

This classification does not apply to computer or electronic audio post-production operations performed in connection with audio duplication on a contract basis. This classification also does not apply to computer or electronic audio post-production operations performed by the same employer in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions.

Video post-production operations performed in connection with motion pictures, television features, commercials or similar productions for other concerns on a contract basis shall be classified as 7607(1), *Video Post-Production*.

Audio or music recording studios shall be classified as 7610, *Radio, Television or Commercial Broadcasting Stations*.

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Amend Classification 8803, *Auditing, Accounting or Management Consulting Services*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

AUDITING, ACCOUNTING OR MANAGEMENT CONSULTING SERVICES – all employees – including Clerical Office Employees and Clerical Telecommuter Employees 8803

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to the provision of accounting or auditing services to other concerns on a fee basis, including but not limited to traveling to customers' locations, reviewing records, inventorying assets, preparing tax documents, providing accounting advice and ensuring regulatory compliance of financial records. This classification also applies to consulting firms that provide managerial advice to other concerns on a fee basis.

Consulting firms providing services limited to computer programming or software development to other concerns on a fee basis shall be classified as 8859(1), *Computer Programming or Software Development*.

Law firms that provide legal services on a fee basis shall be classified as 8820, *Law Firms*.

This classification does not apply to accounting, auditing or management consulting operations performed by the same employer in connection with its other separately classified operations.

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Amend Classification 8370, *Automobile or Truck Radio, Alarm or Electronic Equipment Installation, Service or Repair*, which is part of the Automotive Industry Group, for consistency with previously approved changes.

PROPOSED

AUTOMOTIVE

AUTOMOBILE OR TRUCK RADIO, ALARM OR ELECTRONIC EQUIPMENT INSTALLATION, SERVICE OR REPAIR – shop or outside **8370**

This classification applies to the installation, service or repair of electronic equipment, including but not limited to audio systems, alarms, ignition interlock devices, vehicle locating systems, navigation systems and entertainment systems in automobiles, trucks or vans. This classification also applies to the installation of electronic systems, including but not limited to marine communication and navigation equipment on boats.

Mechanical repair or modification operations and the installation of bolt-on accessories shall be classified as 8389, *Automobile or Truck Repair Facilities*.

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

The application of window film, glass tinting, vehicle wraps or adhesive graphics shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The installation, modification or repair of automobile, truck or van upholstery shall be classified as 9522(3), *Automobile Upholstering*.

Employers engaged in the conversion or customizing of automobiles, trucks or vans by performing a combination of mechanical, chassis, body, paint, upholstery, electronic system or accessory installation work shall be classified as 8390, *Automobile, Truck or Van Conversion or Customizing*.

The manufacture of automobile sound systems shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees*.

Store operations shall be separately classified.

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Amend Classification 8808, *Banks*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

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

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to the operation of depository financial institutions that are licensed to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency. This classification also applies to depository financial institutions that operate entirely online or through electronic transactions.

The operation of properties away from the bank premises, including but not limited to trusts, re-possessed properties and other business properties shall be separately classified.

Mortgage brokers shall be classified as 8743, *Mortgage Brokers*.

Mortgage bankers shall be classified as 8749, *Mortgage Bankers*.

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

Check cashing locations at which the fees charged for check cashing, deferred deposit transactions, money orders and wire transfers equal or exceed 75% of gross receipts shall be classified as 8850, *Check Cashers*.

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Amend Classification 4512, *Biomedical Research Laboratories*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

BIOMEDICAL RESEARCH LABORATORIES – all employees – including Clerical Office Employees and Clerical Telecommuter Employees **4512**

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to biomedical research, including outside operations, in fields such as medicine, pharmacology, pathology, toxicology and microbiology. The research may be performed on a contract basis or in connection with the proprietary development of new products, medications or procedures to treat or cure diseases or conditions that cause illness.

This classification does not apply when the biomedical research is in connection with, or in support of, the commercial production of products or medications by the employer. Biomedical research in connection with other operations of the same employer is a General Inclusion. See Section III, Rule 5, *General Inclusions*.

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

The manufacture of serums, antitoxins, viruses or medical diagnostic test kits shall be classified as 5951, *Serum, Antitoxin or Virus Mfg.*

The diagnostic testing of human tissues, blood or other biologic specimens on a fee basis shall be classified as 8834, *Physicians' Practices and Outpatient Clinics*.

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Amend Classification 5130(2), *Building Automation or Energy Management Control Systems Installation, Service or Repair*, for consistency with previously approved changes.

PROPOSED

BUILDING AUTOMATION OR ENERGY MANAGEMENT CONTROL SYSTEMS INSTALLATION, SERVICE OR REPAIR – including shop, yard or storage operations 5130(2)

This classification applies to the installation, service or repair of programmable building automation or energy management control systems, including but not limited to those that monitor, control or automate heating, ventilation, air conditioning, blinds, lighting or other environmental factors within buildings. This classification also applies to the installation, service or repair of card activated or electronic access controls that are not integrated with security alarm, fire alarm or life safety systems. This classification includes the installation of low voltage cabling that is performed in connection with system installation, service or repair operations by the same employer.

The installation, service or repair of card activated or electronic access control systems that are integrated with security systems shall be classified as 7605, *Security Alarm, Fire Alarm or Life Safety Systems Installation, Service or Repair*.

The manufacture of building automation or programmable energy management control systems or shop repair by the manufacturer shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

The installation of low voltage cabling within buildings that is not performed in connection with the installation, service or repair of programmable building automation or energy management control systems 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*.

The installation, service or repair of fire suppression systems shall be classified as 5185/5186, *Automatic Sprinkler Installation*.

The installation or repair of heating or air conditioning equipment where ductwork installation is performed by the employer at the same job or location shall be classified as 5538(2)/5542(2), *Heating or Air Conditioning Ductwork*.

The installation or repair of heating or air conditioning equipment where no ductwork installation is performed by the employer at the same job or location shall be classified as 5183(3)/5187(3), *Heating or Air Conditioning Equipment*.

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Amend Classification 3383(2), *Clock Mfg.*, for consistency with previously approved changes.

PROPOSED

CLOCK MFG. – including foundry operations

3383(2)

This classification applies to the manufacture and repair of mechanical clocks, including but not limited to payroll time clocks, mantle clocks, grandfather clocks and wall clocks. This classification includes the fabrication of clock enclosures or housings when performed by the same employer that manufactures the clock.

The manufacture of electronic digital clocks shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

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Amend Classification 2501(1), *Clothing Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified and for clarity.

PROPOSED

CLOTHING MFG. – including embroidery manufacturing

2501(1)

This classification applies to the manufacture of clothing ~~and to~~ the sewing of clothing for other concerns on a fee basis. This classification also applies to the manufacture of leather garments. This classification also applies to specialty operations, including but not limited to:

- Embroidery work,
- Attaching labels, trim, buttons, snaps and zippers onto clothing,
- Cutting clothing parts, and
- Inspecting and repairing new clothing.

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

This classification includes clothing manufacturers that design garments, even if some or all of the sample making, production sewing or assembling operations are subcontracted. Employers that do not design or manufacture the garments in California, but purchase garments for wholesale distribution shall be classified as 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*.

This classification also applies to the manufacture of water-bed bladders, inflatable mattresses and sewn products not specifically described by another classification.

The manufacture of hats and/or helmets shall be classified as 2501(2), *Hat Mfg.*

The manufacture of custom-tailored garments or altering garments for other concerns on a fee basis shall be classified as 2501(4), *Tailoring.*

The manufacture of pillows, quilts, comforters, cushions, stuffed animals, sleeping bags and/or similar non-clothing products that are filled with insulation such as batting or down shall be classified as 2571, *Pillow, Quilt, Comforter or Cushion Mfg.*

The spinning or weaving of natural or synthetic fibers shall be classified as 2222, *Spinning, Weaving or Fiber Processing.*

Machine knitting operations shall be classified as 2362, *Knitting.*

The bleaching, dyeing, mercerizing and/or finishing of fabric shall be classified as 2413, *Textiles.*

The manufacture of fabric goods, including but not limited to awnings, tarps, canopies, tents, automobile covers, boat covers and sails shall be classified as 2576, *Awning, Tarp or Canvas Goods Mfg.*

The manufacture of leather goods other than clothing shall be classified as 2688, *Leather Goods Mfg.*

Clothing manufacturers that only maintain a distribution center in California and employers that do not manufacture but prepare clothing for final sale by labeling, tagging, pressing, packaging or placing on hangers for clothing retailers on a fee basis shall be classified as 8032, *Stores – clothing, shoes, linens or fabric products – wholesale.*

* * * * *

Amend Classification 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, to 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 with funding provided by the California Department of Developmental Services through state-contracted Regional Centers.

Work activity or supported employments programs that employ individuals with developmental or other disabilities that are operated by non-profit organizations and are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation shall be separately classified as Classification 8806, *Work Activity or Supported Employment Programs*.

The operation of religious organizations, including but not limited to churches, temples, mosques and 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*.

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.

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*

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*.

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Amend Classification 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, for consistency with previously approved changes.

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 or computer peripheral equipment such as monitors, desktop printers or scanners or computer mice, keyboards, webcams, disk drives, external storage devices, motherboards, 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. – all other employees*.

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. – all other employees*.

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*.

* * * * *

Amend Classification 8859(1), *Computer Programming or Software Development*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

COMPUTER PROGRAMMING OR SOFTWARE DEVELOPMENT – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8859(1)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to those employers that engage in the development or customization of computer programs or software for other concerns on a contract basis, as well as the development of standard (“generic”) programs for use by other concerns.

This classification does not apply to employers that engage in computer programming or software development in support of the employer’s operations, which includes but is not limited to the development of programs for integration into a hardware product sold by the employer.

* * * * *

Amend Classification 0401, *Cotton Gin Operation*, to include cotton dealers or merchants and cotton warehousing and clarify the intended application.

PROPOSED

~~COTTON GIN OPERATION~~PROCESSING OR WAREHOUSES – ~~during both active and dormant seasons — including installation or repair of equipment; yard employees; seed or fuel haulers~~all operations 0401

This classification applies to the ginning (removing cotton fibers from their seeds) or processing of cotton during both active and dormant seasons, including but not limited to drying, raking, compressing and/or baling of cotton, when performed for other concerns on a fee basis or when performed in connection with the purchase and sale of cotton. This classification also applies to cotton dealers or merchants or the storage of cotton for other concerns on a fee basis.

The cultivation and harvesting of cotton shall be separately classified as 0171, *Field Crops*.

~~The contract storage of baled cotton or purchase and sale of cotton, including cotton compressing, when no ginning operations are performed, shall be classified as 0400, *Warehouses—cotton*.~~

Cotton batting manufacturing shall be classified as 2222, *Spinning, Weaving or Fiber Processing*.

* * * * *

Amend Classification 8801, *Credit Unions*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

CREDIT UNIONS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8801

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to not-for-profit, member-owned depository financial institutions that are chartered as federal or state credit unions providing financial services, including but not limited to share draft accounts, individual retirement accounts, savings accounts, travelers' checks and consumer and commercial loans.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers*.

Companies that specialize in direct lending of funds for residential or commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency shall be classified as 8808, *Banks*.

The operation of properties away from the credit union premises, including but not limited to trusts, repossessed properties and other business properties shall be separately classified.

* * * * *

Amend Classification 4611, *Drug, Medicine or Pharmaceutical Preparations Mfg.*, to include the blending of vape juice or e-liquid used in electronic cigarettes or vaporizing instruments.

PROPOSED

DRUG, MEDICINE OR PHARMACEUTICAL PREPARATIONS MFG. – compounding, blending or packaging only – not manufacturing ingredients – N.O.C. 4611

This classification applies to the manufacturing, blending or packaging of drugs, medicines or pharmaceutical preparations that are intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease. This classification also applies to the blending or packaging of vape juice or e-liquid used in electronic cigarettes or vaporizing instruments. This classification also applies to the manufacture of reagents, testing solutions, enzymes, peptides, culture media, dental preparations (impression compounds, denture adhesives, or tooth restoration materials), contact lens solutions or orthopedics' coating materials.

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

The manufacture of cosmetics or personal care products, such as makeup, lotions, perfumes and colognes, as well as products such as fluoride toothpaste, antidandruff shampoo, sun block and antiperspirant that possess characteristics of drugs or medicinal preparations shall be classified as 4623, *Cosmetic, Personal Care or Perfumery Products Mfg.*

The manufacture of vitamins or food supplements shall be classified as 4831, *Vitamin or Dietary Supplement Mfg.*

The manufacture of test kits utilized for the diagnosis of medical conditions shall be classified as 5951, *Serum, Antitoxin or Virus Mfg.*

* * * * *

Amend Classification 8874(4), *Audio/Video Electronic Products Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024 and for consistency with previously approved changes.

PROPOSED

ELECTRONICS

**AUDIO/VIDEO ELECTRONIC PRODUCTS MFG. – hardware or software design or development 8874(4)
– including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons**

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~ \$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s consumer or professional electronic audio or video products manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic audio or video equipment or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 3681(4), *Audio/Video Electronic Products Mfg. – all other employees.*

* * * * *

Amend Classification 3070, *Computer Memory Disk Mfg.*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

COMPUTER MEMORY DISK MFG. – rigid

3070

This classification applies to the manufacture of rigid computer memory disks used within computer hard disk drives to store data.

The manufacture of computer disk drives shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg. – all other employees.*

* * * * *

Amend Classification 8874(2), *Computer or Computer Peripheral Equipment Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024 and for consistency with previously approved changes.

PROPOSED

ELECTRONICS

COMPUTER OR COMPUTER PERIPHERAL EQUIPMENT MFG. – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons – N.O.C.

8874(2)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s computer or computer peripheral equipment manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of computer hardware, computer peripheral equipment or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 3681(2), *Computer or Computer Peripheral Equipment Mfg. – all other employees.*

* * * * *

Amend Classification 3643(2), *Electric Control Panel or Switchgear Mfg.*, which is part of the Electronics Industry Group, for clarity and consistency with previously approved changes.

PROPOSED

ELECTRONICS

ELECTRIC CONTROL PANEL OR SWITCHGEAR MFG.

3643(2)

This classification applies to the manufacture or shop repair of electric control panels, switchboards, circuit breakers, switches ~~and~~or switchgear apparatus with a power rating of 746 watts (one horsepower) or more.

The manufacture of electrical-mechanical control panels and switchboards rated at less than 746 watts (one horsepower) shall be classified as 3179, *Electrical Apparatus Mfg.* The manufacture of electrical-mechanical control panels and switchboards 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 of electronic programmable controls shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The installation or repair of electric control panels and switchboards away from the shop shall be classified as 3724(2), *Electrical Machinery or Auxiliary Apparatus.*

* * * * *

Amend Classification 3178, *Electronic Element Mfg.*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

ELECTRONIC ELEMENT MFG. – N.O.C.

3178

This classification applies to the manufacture of electronic elements with a power rating of less than 746 watts (one horsepower) used to receive, store, govern or direct the flow of current within an electrical circuit. Electronic elements assigned to this classification include but are not limited to transistors, resistors, capacitors, diodes, light emitting diodes (LED), coils, transformers, filters, magnetic recording heads, potentiometers and transducers.

The manufacture of electronic elements used to receive, store, govern or direct the flow of current within an electrical circuit 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 of electronic elements 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 of electronic elements for inclusion in an electrical or electronic product manufactured by the employer shall be assigned to the applicable electrical or electronic product manufacturing classification.

The manufacture of electronic integrated circuit chips or semiconductor wafers shall be classified as 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees.*

* * * * *

Amend Classification 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

INSTRUMENT MFG. – electronic – professional or scientific – all other employees – N.O.C. 3681(1)

This classification applies to the manufacture or shop repair of electronic instruments that are not specifically described by another classification, including but not limited to electronic altimeters, air speed indicators and telemetry instruments, electronic centrifuges, cell sequencers, biosensor equipment, mass spectrometers, electronic scales, programmable electronic control systems, electronic point of sale (POS) systems, calculators, electron or laser microscopes, electron accelerators or fraction collectors, electronic toxic gas or vapor detection systems, radiation monitoring equipment, ohm meters, frequency synthesizers and printed circuit board test equipment. This classification also applies to the manufacture of electronic or electronically controlled manufacturing equipment for the semiconductor industry, including but not limited to vapor ovens, wafer inspection stations, wafer probe systems, wet processing equipment, photo mask inspection equipment, diffusion etching machines, wafer cleaning equipment, wafer dicing saws and plasma etching machines.

This classification also applies to the manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

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

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

The manufacture of electronic medical equipment used for diagnostic or treatment purposes shall be classified as 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees.*

The manufacture of non-electronic instruments shall be classified as 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees.*

The manufacture of industrial robotic systems shall be classified as 3560(2), *Machinery Mfg. – industrial*, or 3560(3), *Machinery Mfg. – material handling equipment*.

Also refer to companion Classification 8874(1), *Instrument Mfg. – electronic – professional or scientific – hardware or software design or development.*

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Amend Classification 8874(1), *Instrument Mfg. – electronic – professional or scientific – hardware or software design or development*, which is part of the Electronics Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024 and for consistency with previously approved changes.

PROPOSED

ELECTRONICS

INSTRUMENT MFG. – electronic – professional or scientific – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8874(1)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~ \$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s electronic instrument manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic instruments or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

* * * * *

Amend Classification 8874(5), *Integrated Circuit and Semiconductor Wafer Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024 and for consistency with previously approved changes.

PROPOSED

ELECTRONICS

INTEGRATED CIRCUIT AND SEMICONDUCTOR WAFER MFG. – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8874(5)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~ \$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s integrated circuit or semiconductor wafer manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of integrated circuits or semiconductor wafers or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees.*

* * * * *

Amend Classification 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

MEDICAL INSTRUMENT MFG. – electronic – diagnostic or treatment – all other employees 3572

This classification applies to the manufacture or shop repair of electronic medical instruments used for diagnostic or treatment purposes, including but not limited to medical X-ray equipment, blood pressure monitors, pulse monitors, magnetic resonance imaging (MRI) equipment, heart scan systems, ophthalmology diagnostic or eye surgery equipment, endoscopes, vital sign monitoring equipment, radiation treatment equipment, blood or gas analyzers, brain analyzers, surgical lasers, computerized axial tomography (CAT) scanners, ultrasound imagers or defibrillators.

The installation or repair of instruments away from the shop shall be separately classified as 5128, *Instrument Installation, Service or Repair.*

The manufacture of non-electronic medical instruments shall be classified as 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees.*

Also refer to companion Classification 8874(6), *Medical Instrument Mfg. – electronic – diagnostic or treatment – hardware or software design or development.*

* * * * *

Amend Classification 8874(6), *Medical Instrument Mfg. – electronic – diagnostic or treatment – hardware or software design or development*, which is part of the Electronics Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024 and for consistency with previously approved changes.

PROPOSED

ELECTRONICS

MEDICAL INSTRUMENT MFG. – electronic – diagnostic or treatment – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8874(6)**

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~**\$165,100** per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s electronic medical instrument manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic medical instruments or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees*.

* * * * *

Amend Classification 3681(3), *Telecommunications Equipment Mfg. – all other employees*, which is part of the Electronics Industry Group, for consistency with previously approved changes.

PROPOSED

ELECTRONICS

TELECOMMUNICATIONS EQUIPMENT MFG. – all other employees **3681(3)**

This classification applies to the manufacture of electronic telecommunications equipment, including but not limited to telephones, cellular telephones, telephone equipment, telephone answering systems, military communication equipment, professional broadcasting/receiving equipment, wireless communication equipment, and related equipment used to transmit, receive, route or amplify data. This classification includes the shop repair of telecommunications equipment by the manufacturer.

The installation or repair of telecommunications equipment away from the shop shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

The manufacture of consumer or professional audio or video equipment shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees.*

Also refer to companion Classification 8874(3), *Telecommunications Equipment Mfg. – hardware or software design or development.*

* * * * *

Amend Classification 8874(3), *Telecommunications Equipment Mfg. – hardware or software design or development*, which is part of the Electronics Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024 and for consistency with previously approved changes.

PROPOSED

ELECTRONICS

**TELECOMMUNICATIONS EQUIPMENT MFG. – hardware or software design or development – 8874(3)
including Clerical Office Employees, Clerical Telecommuter Employees and Outside
Salespersons**

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~ \$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s electronic telecommunications equipment manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of electronic telecommunications equipment or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 3681(3), *Telecommunications Equipment Mfg. – all other employees.*

* * * * *

Amend Classification 8601(1), *Engineers*, to increase the annual payroll limitation from \$159,900 to \$165,100 per person to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

ENGINEERS – consulting – mechanical, civil, electrical or mining engineers or architects – not engaged in actual construction or operation – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8601(1)**

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~**\$165,100** per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to engineering or architectural consultants who provide technical advice to construction companies, land development companies, building contractors or similar concerns on a fee basis, or to the testing of construction building materials in connection with consulting engineering performed by the same employer. This classification also applies to land surveying prior to or during construction for separate concerns on a fee basis.

Engineering, when performed in support of an employer’s own manufacturing, processing or construction operations, is assigned to the applicable manufacturing, processing or construction classification or to the applicable Standard Exception classification.

This classification also applies to fee-based construction management companies that do not engage in or supervise construction operations, but serve as an intermediary between the general contractor and project owner, or otherwise provide expertise regarding a construction project.

Forest engineers shall be classified as 8601(4), *Forest Engineers*.

Oil or gas geologists or scouts shall be classified as 8601(2), *Oil or Gas Geologists or Scouts*.

Fee-based testing operations, including but not limited to the testing of air, water, soil, metal, concrete and other building materials not resulting in recommendations, remediation options or design advice shall be classified as 4511, *Analytical or Testing Laboratories*.

* * * * *

Amend Classification 0171, *Field Crops*, which is part of the Farms Industry Group, for consistency with other proposed changes and to provide direction as to how related operations should be classified.

PROPOSED

FARMS

FIELD CROPS

0171

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

~~Cotton dealers or merchants, cotton ginning or processing operations, including cotton compressing or storage of cotton for other concerns on a fee basis shall be separately classified as 0401, Cotton Gin Operation Processing or Warehouses.~~

~~The contract storage of baled cotton or the purchase and sale of cotton, including cotton compressing, when no ginning operations are performed, shall be classified as 0400, Warehouses cotton.~~

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

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

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

* * * * *

Amend Classification 0045, *Orchards – nut crops*, which is part of the Farms Industry Group, for consistency with other proposed changes.

PROPOSED

FARMS

ORCHARDS – nut crops

0045

This classification applies to all acreage devoted to the cultivation and harvesting of nut tree crops, including but not limited to almonds, walnuts and pistachios.

Hulling, shelling or processing nuts shall be separately classified as 0096, ~~Nut Hulling, Shelling~~ or Coffee Bean Processing.

The cultivation and harvesting of peanuts shall be classified as 0041, *Potato Crops*.

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

* * * * *

Amend Classification 6400, *Fence Construction*, to provide direction as to how related operations should be classified.

PROPOSED

FENCE CONSTRUCTION – metal or wood

6400

This classification applies to the construction of metal or wood fences, including but not limited to chain link, corral-type and wrought iron fences. This classification also applies to the installation of fences constructed from synthetic materials. This classification also applies to the construction of street or road guardrails when performed by specialty contractors not engaged in street or road construction.

The installation of automatic gate openers shall be separately classified as 3724(1), Millwright Work.

The construction of street or road fences or guardrails by employers engaged in street or road construction shall be classified as 5506, *Street or Road Construction – paving or repaving, surfacing or resurfacing or scraping.*

~~The installation of automatic gate openers shall be separately classified as 3724(2), Electrical Machinery or Auxiliary Apparatus.~~

The construction of stone, brick or concrete block fences or walls shall be classified as 5027/5028, *Masonry.*

The rental, delivery or set up of temporary chain-link fences shall be classified as 8028, *Equipment or Machinery Rental Yards.*

* * * * *

Amend Classification 8078(2), *Beverage Preparation Shops*, which is part of the Food and Beverage Service Industry Group, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

FOOD AND BEVERAGE SERVICE

BEVERAGE PREPARATION SHOPS – not restaurants, bars or taverns

8078(2)

This classification applies to preparing and serving beverages such as coffee; coffee-based beverages such as mochas, cappuccinos, lattes or espressos; tea or tea-based beverages; or juice drinks such as juice blends, smoothies or lemonade for consumption by the walk-in trade on or away from the premises. This classification applies to each separate and distinct department where 50% or more of the gross receipts are generated from the sale of prepared nonalcoholic beverages for consumption on or away from the premises. This classification includes on-site cleaning, roasting or grinding of coffee beans that are exclusively used or sold to the general public through beverage preparation shops operated by the same employer. This classification also includes the sale of additional items, including but not limited to muffins, pastries and other baked goods.

Shops that prepare and sell a combination of (1) cold items such as sandwiches, wraps and salads; (2) coffee, tea or other nonalcoholic beverages and (3) individual servings of ice cream, gelato or frozen yogurt shall be assigned to Classifications 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, based on the category of items with the highest percentage of sales.

The cleaning, roasting or grinding of coffee beans away from the beverage preparation shop or the processing of coffee beans that are not exclusively used at or sold to the general public through beverage preparation shops operated by the same employer shall be separately classified as 0096, *Nut or Coffee Bean Processing*.

The bottling or canning of beverages or the manufacture of concentrates shall be separately classified.

~~This classification does not apply to locations that: (1) prepare~~The preparation and serve~~of hot food or (2) the pouring and serve~~of alcoholic beverages for consumption by the walk-in trade. Such operations shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Amend Classification 8078(3), *Ice Cream or Frozen Yogurt Shops*, which is part of the Food and Beverage Service Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

FOOD AND BEVERAGE SERVICE

ICE CREAM OR FROZEN YOGURT SHOPS – not restaurants, bars or taverns

8078(3)

This classification applies to the sale of individual servings of ice cream, gelato or frozen yogurt for consumption by the walk-in trade on or away from the premises. This classification applies to each separate and distinct department where 50% or more of the gross receipts are generated from the sale of individual servings of ice cream, gelato or frozen yogurt for consumption on or away from the premises. This classification includes the incidental sale of hand-packed ice cream or prepackaged ice cream confections sold as such.

Shops that prepare and sell a combination of (1) cold items such as sandwiches, wraps and salads; (2) coffee, tea or other nonalcoholic beverages and (3) individual servings of ice cream, gelato or frozen yogurt shall be assigned to Classifications 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, based on the category of items with the highest percentage of sales.

~~This classification does not apply to locations that: (1) prepare~~The preparation and serve~~of hot food or (2) the pouring and serve~~of alcoholic beverages for consumption by the walk-in trade. Such operations shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Amend Classification 9083, *Restaurants – fast food or fast casual*, which is part of the Food and Beverage Service Industry Group, for consistency with other proposed changes.

PROPOSED

FOOD AND BEVERAGE SERVICE

RESTAURANTS – fast food or fast casual

9083

This classification applies to each separate and distinct restaurant that prepares hot and cold food and may pour and serve alcoholic beverages for consumption by the walk-in trade on or away from the premises with limited table service, such that customers are required to:

- order food at a counter or through a drive through window, kiosk or web-based application;
- pay at the time of order; and
- seat themselves if dining on-site.

Fast food or fast casual restaurants may conduct limited table service including bringing paid orders to tables, refilling beverages or clearing tables.

Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbecues, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. This also includes foods that are cooked in advance and served from a warming tray or similar device.

This classification also applies to restaurants that engage in on-site beer brewing operations where the beer brewed is primarily (over 50% of gross receipts) sold at restaurant locations operated by the same employer for on-site consumption. If 50% or more of the beer brewed on-site is sold for off-site consumption, the brewing operations shall be separately classified as 2121, *Breweries*.

This classification also applies to restaurants that engage in the manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, that are primarily (over 50% of gross receipts) sold or used at restaurant locations operated by the same employer. If more than 50% of gross receipts are derived from the manufacture of baked goods, doughnuts or filled pasta that are not used or sold at restaurant locations operated by the same employer to wholesale customers, the baking operations shall be classified as 20032004, ~~Bakeries or Cracker~~ *Baked Goods Mfg. – wholesale*.

Restaurants providing full table service shall be classified as 9080, *Restaurants – full service*. Full table service includes but is not limited to greeting customers upon arrival, managing reservations, seating customers, taking orders, serving food or beverages, clearing tables and collecting payment upon completion of meal service.

Employers that do not operate restaurants but manufacture or process individually packaged meals or salads that are not cooked to order, kept warm or served hot to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

The preparation, serving or sale of cold food items such as sandwiches, salads and side dishes that are prepared for consumption by the walk-in trade shall be classified as 8078(1), *Sandwich Shops*.

Mobile food vendors that prepare hot food shall be classified as 9081(1), *Restaurants – N.O.C.* Mobile food vendors that do not prepare hot food shall be classified as 8017(1), *Stores – retail*, 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, depending on the products sold.

App-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals on a fee basis shall be classified as 7198(1), *Parcel Delivery and Messenger Service Companies*.

Refer to the *Food and Beverage Service* Industry Group for a complete list of classifications applicable to the preparation or serving of food or beverages.

* * * * *

Amend Classification 9080, *Restaurants – full service*, which is part of the Food and Beverage Service Industry Group, for consistency with other proposed changes.

PROPOSED

FOOD AND BEVERAGE SERVICE

RESTAURANTS – full service

9080

This classification applies to each separate and distinct restaurant with full table service that prepares and serves hot and cold food and may pour and serve alcoholic beverages for consumption by the walk-in trade on or away from the premises.

Full table service includes but is not limited to:

- greeting customers and managing reservations;
- seating customers at tables;
- taking or receiving orders at tables;
- serving food or beverages;
- clearing tables; and
- collecting payment upon completion of meal service.

Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbecues, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. This also includes foods that are cooked in advance and served from a warming tray or similar device.

This classification includes musicians and entertainers employed by the restaurant.

This classification also applies to restaurants that engage in on-site beer brewing operations where the beer brewed is primarily (over 50% of gross receipts) sold at restaurant locations operated by the same employer for on-site consumption. If 50% or more of the beer brewed on-site is sold for off-site consumption, the brewing operations shall be separately classified as 2121, Breweries.

This classification also applies to restaurants that engage in the manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, that are primarily (over 50% of gross receipts) not used or sold or used at restaurant locations operated by the same employer. If more than 50% of gross receipts are derived from the sale of baked goods to wholesale customers, the baking operations shall be classified as 20032004, ~~Bakeries or Cracker~~ Baked Goods Mfg. – wholesale.

Fast food or fast casual restaurants with limited table service shall be classified as 9083, *Restaurants – fast food or fast casual*.

Employers that do not operate restaurants but manufacture or process individually packaged meals or salads that are not cooked to order, kept warm or served hot to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

Mobile food vendors that prepare hot food shall be classified as 9081(1), *Restaurants – N.O.C.* Mobile food vendors that do not prepare hot food shall be classified as 8017(1), *Stores – retail*, 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, depending on the products sold.

App-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals on a fee basis shall be classified as 7198(1), *Parcel Delivery and Messenger Service Companies*.

Refer to the *Food and Beverage Service Industry Group* for a complete list of classifications applicable to the preparation or serving of food or beverages.

* * * * *

Amend Classification 9081(1), *Restaurants – N.O.C.*, which is part of the Food and Beverage Service Industry Group, to clarify its application and for consistency with other proposed changes.

PROPOSED

FOOD AND BEVERAGE SERVICE

RESTAURANTS – N.O.C.

9081(1)

This classification applies to restaurants that prepare and serve hot and cold food and may pour and serve alcoholic beverages for consumption by the walk-in trade on or away from the premises, and that are not more specifically described by another *Food and Beverage Service Industry Group* classification.

This classification includes but is not limited to:

- hot food departments within grocery stores;
- mobile food vending operations involving the use of food trucks, trailers, carts or temporary booths wherein hot food is prepared for sale to customers;
- doughnut shops that prepare and serve doughnuts and beverages or food for consumption on the premises; and
- food or beverage operations conducted by amusement, recreational or athletic facilities.

Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbecues, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. This also includes foods that are cooked in advance and served from a warming tray or similar device.

This classification includes musicians and entertainers employed by the restaurant.

This classification also applies to restaurants that engage in the manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, that are not used or primarily (over 50% of gross receipts) sold or used at restaurant locations operated by the same employer. If more than 50% of gross receipts are derived from the sale of baked goods to wholesale customers, the baking operations shall be classified as 20032004, *Bakeries or Cracker Baked Goods Mfg. – wholesale*.

Employers that do not operate restaurants but manufacture or process individually packaged meals or salads that are not cooked to order, kept warm or served hot to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

Mobile food vendors, including food trucks, trailers, carts or temporary booths, that do not prepare hot food shall be classified as 8017(1), *Stores – retail*, 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, depending on the products sold.

App-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals on a fee basis shall be classified as 7198(1), *Parcel Delivery and Messenger Service Companies*.

Employers that operate under concessionary agreements to sell prepared or prepackaged hot or cold food or beverages, including but not limited to hot dogs, hamburgers, pretzels, french fries, popcorn, nachos, ice cream, candy, funnel cakes, soft drinks and alcoholic beverages at ball-parks, racetracks, theaters, concert venues or amusement or recreational facilities shall be classified as 9081(2), *Concessionaires*.

Refer to the *Food and Beverage Service* Industry Group for a complete list of classifications applicable to the preparation or serving of food or beverages.

* * * * *

Amend Classification 8078(1), *Sandwich Shops*, which is part of the Food and Beverage Service Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

FOOD AND BEVERAGE SERVICE

SANDWICH SHOPS – N.O.C. – not restaurants, bars or taverns

8078(1)

This classification applies to the preparation, serving or sale of cold food items such as sandwiches, wraps or salads that are prepared for consumption by the walk-in trade. This classification applies to each separate and distinct department where 50% or more of the gross receipts are generated from the sale of prepared cold food items for consumption on or away from the premises and where no hot food or alcoholic beverages are prepared or poured and served.

Cold food items include:

- foods that are prepared and served cold;
- foods that are cooked in advance of orders, allowed to cool and served cold or warmed using microwave ovens, sandwich presses, toaster ovens or heat lamps;
- sandwiches prepared with meats that are cooked in advance of orders and kept warm; and
- fresh, unbaked pizzas.

Shops that prepare and sell a combination of (1) cold items such as sandwiches, wraps and salads; (2) coffee, tea or other nonalcoholic beverages and (3) individual servings of ice cream, gelato or frozen yogurt shall be assigned to Classifications 8078(1), *Sandwich Shops*, 8078(2), *Beverage Preparation Shops*, or 8078(3), *Ice Cream or Frozen Yogurt Shops*, based on the category of items with the highest percentage of sales.

Employers that do not operate sandwich shops but manufacture or process individually packaged meals or salads that are not prepared and served to the walk-in trade shall be classified as 6504, *Food Products Mfg. or Processing*.

This classification does not apply to locations that: (1) prepare and serve serving of hot food or (2) the pouring and serve serving of alcoholic beverages for consumption by the walk-in trade shall be assigned to the applicable *Food and Beverage Service* Industry Group

classification. Hot food items are foods that are cooked to order from a raw or partially cooked state to a safe consumable minimum internal temperature using cooking equipment, including but not limited to deep fryers, ovens, stovetops, griddles, barbeques, grills, hot plates and pressure or steam cookers and served hot for consumption by the walk-in trade. Except for the cold food items listed above, this also includes foods that are cooked in advance and served from a warming tray or similar device.

~~Refer to the *Food and Beverage Service Industry Group* for a complete list of classifications applicable to the preparation or serving of hot food or pouring and serving of alcoholic beverages.~~

* * * * *

Amend Classification 2003, *Bakeries or Cracker Mfg.*, which is part of the Food Packaging and Processing Industry Group (1) to reassign the manufacture of baked goods that are primarily sold to wholesale customers to newly established Classification 2004, *Baked Goods Mfg. – wholesale*, and clarify its application, (2) to provide direction as to how related operations are classified and (3) for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

BAKERIES OR CRACKERBAKED GOODS MFG. – retail

2003

This classification applies to the manufacture of baked goods, including but not limited to bread, bagels, cakes, pastries, pies, empanadas, cookies, crackers and tortillas; ~~by commercial or retail bakeries. This classification also applies to the manufacture of doughnuts (baked or fried); vegetable or corn chips; or filled pasta, including but not limited to such as ravioli and tortellini, at~~ baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to the general public or transferred to other retail stores or *Food and Beverage Service Industry Group* classification locations operated by the same employer.

This classification also applies to bakery departments within grocery stores.

The manufacture of unfilled pasta, including but not limited to macaroni, spaghetti, penne, rigatoni, rotini, linguini, and egg or rice noodles, shall be classified as 2002, *Macaroni Mfg.*

Doughnut shops that prepare and serve doughnuts and beverages or food for consumption on the premises shall be classified as 9081(1), *Restaurants – N.O.C.*

The manufacture of baked goods at baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to wholesale customers shall be classified as 2004, *Baked Goods Mfg. – wholesale.*

Retail store operations shall be separately classified.

The manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, by restaurants to be used or sold primarily (over 50% of gross receipts) at restaurant locations operated by the same employer shall be assigned to the applicable *Food and Beverage Service Industry Group* classification.

* * * * *

Establish Classification 2004, *Baked Goods Mfg. – wholesale*, to be included as part of the Food Packaging and Processing Industry Group, to apply to the manufacture of baked goods that are sold primarily to wholesale customers.

PROPOSED

FOOD PACKAGING AND PROCESSING

BAKED GOODS MFG. – wholesale

2004

This classification applies to the manufacture of baked goods, including but not limited to bread, bagels, cakes, pastries, pies, empanadas, cookies, crackers and tortillas; doughnuts (baked or fried); vegetable or corn chips; or filled pasta, such as ravioli and tortellini, at baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to wholesale customers.

The manufacture of unfilled pasta, including but not limited to macaroni, spaghetti, penne, rigatoni, rotini, linguini and egg or rice noodles, shall be classified as 2002, *Macaroni Mfg.*

Doughnut shops that prepare and serve doughnuts and beverages or food for consumption on the premises shall be classified as 9081(1), *Restaurants – N.O.C.*

The manufacture of baked goods at baked goods manufacturing facilities where gross receipts are primarily (over 50%) derived from the sale of baked goods to the general public or transferred to other retail stores or *Food and Beverage Service* Industry Group classification locations operated by the same employer shall be classified as 2003, *Baked Goods Mfg. – retail.*

Bakery departments within grocery stores shall be classified as 2003, *Baked Goods Mfg. – retail.*

Retail store operations shall be separately classified.

The manufacture of baked goods, doughnuts (baked or fried), vegetable or corn chips or filled pasta, including but not limited to ravioli and tortellini, by restaurants to be used or sold primarily (over 50% of gross receipts) at restaurant locations operated by the same employer shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Amend Classification 2163, *Bottling*, which is part of the Food Packaging and Processing Industry Group, for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

BOTTLING – beverages – no spirituous liquors, wine or beer

2163

This classification applies to the bottling or packaging of nonalcoholic beverages, including but not limited to soft drinks, sports drinks, coffee, tea and water. This classification includes the blending of purchased juice or juice concentrates with water or flavorings to produce beverages.

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

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

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

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

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

* * * * *

Eliminate Classification 4717, *Butter Substitutes Mfg.*, which is part of the Food Packaging and Processing Industry Group, due to its low statistical credibility and reassign the operations described by this classification to Classification 2063, *Dairy Products or Ice Mfg.*

PROPOSED

~~FOOD PACKAGING AND PROCESSING~~

~~BUTTER SUBSTITUTES MFG.~~

~~4717~~

~~This classification applies to the manufacture of butter substitutes, including but not limited to margarine, shortening and lard.~~

~~The manufacture of butter shall be classified as 2063, *Dairy Products or Ice Mfg.*~~

* * * * *

Eliminate Classification 4683(2), *Cottonseed Oil Mfg. or Refining*, which is part of the Food Packaging and Processing Industry Group, due to its low statistical credibility and reassign the operations described by this classification to Classification 4683(1), *Vegetable Oil Mfg. or Refining.*

PROPOSED

~~FOOD PACKAGING AND PROCESSING~~

~~COTTONSEED OIL MFG. OR REFINING — during both active and dormant seasons — including installation or repair of equipment; yard employees; seed or fuel haulers~~ **4683(2)**

~~This classification applies to the extraction and refining of cottonseed oil.~~

~~The extraction and refining of oil from vegetables, seeds (other than cottonseed) and nuts, including but not limited to olives, peanuts, safflower seed, coconut meat and soy beans shall be classified as 4683(1), *Vegetable Oil Mfg. or Refining.*~~

* * * * *

Amend Classification 2063, *Dairy Products or Ice Mfg.*, which is part of the Food Packaging and Processing Industry Group, to include the manufacture of butter substitutes and nondairy gelato and for clarity and consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

DAIRY PRODUCTS OR ICE MFG.

2063

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

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

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

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

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

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

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

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

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

* * * * *

Amend Classification 6504, *Food Products Mfg. or Processing*, which is part of the Food Packaging and Processing Industry Group, to remove coffee bean cleaning, roasting or grinding as these operations are being reassigned to Classification 0096, *Nut Hulling, Shelling or Processing*, clarify its intended application, provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

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

6504

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

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

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

The preparation or serving of hot or cold food items or the pouring and serving of alcoholic beverages for consumption by the walk-in trade on or away from the premises shall be assigned to the applicable *Food and Beverage Service* Industry Group classification.

* * * * *

Amend Classification 2002, *Macaroni Mfg.*, which is part of the Food Packaging and Processing Industry Group, for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

MACARONI MFG.

2002

This classification applies to the manufacture and packaging of unfilled pasta products, including but not limited to macaroni, spaghetti, penne, rigatoni, rotini, linguini and egg or rice noodles.

The manufacture of filled pasta, including but not limited to ravioli and tortellini, shall be classified as 2003, ~~*Bakeries or Cracker*~~ *Baked Goods Mfg. – retail*, or 2004, *Baked Goods Mfg. – wholesale*, depending on whether gross receipts are primarily (over 50%) derived from the sale of filled pasta to the general public or to wholesale customers.

* * * * *

Amend Classification 0096, *Nut Hulling, Shelling or Processing*, which is part of the Food Packaging and Processing Industry Group, to include coffee bean cleaning, roasting or grinding and provide direction as to how related operations should be classified.

PROPOSED

FOOD PACKAGING AND PROCESSING

NUT HULLING, SHELLING OR COFFEE BEAN PROCESSING

0096

This classification applies to the processing of nuts, including but not limited to peanuts, almonds, walnuts, pecans, pistachios and cashews. Nut processing includes but is not limited to hulling, shelling, cleaning, drying, sorting, or packaging of nuts, including but not limited to peanuts, almonds, walnuts, pecans, pistachios and cashews. This classification also applies to nut processing, including but not limited to roasting, smoking, salting, or flavoring or packaging; the manufacture of peanut butter or other nut butters; or grinding nuts to produce meal or pastes for baking.

This classification also applies to the processing of coffee beans, including but not limited to cleaning, roasting or grinding.

The on-site processing of coffee beans at beverage preparation shop locations where the coffee beans are exclusively used at or sold to the general public through beverage preparation shops operated by the same employer shall be classified as 8078(2), *Beverage Preparation Shops*.

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

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

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

* * * * *

Eliminate Classification 2030, *Sugar Mfg. or Refining*, which is part of the Food Packaging and Processing Industry Group, due to its low statistical credibility and reassign the operations described by this classification to Classification 4683(3), *Sugar Mfg. or Refining*.

PROPOSED

FOOD PACKAGING AND PROCESSING

SUGAR MFG. OR REFINING – beet or cane – including beet dumps **2030**

~~This classification applies to the manufacture or refining of sugar, including granulated, powdered, raw, brown and liquid sugar and molasses.~~

* * * * *

Establish Classification 4683(3), *Sugar Mfg. or Refining – N.O.C.*, to be included as part of the Food Packaging and Processing Industry Group, to apply to manufacturing or refining of sugar cane or beet sugar operations previously described by Classification 2030, *Sugar Mfg. or Refining*.

PROPOSED

FOOD PACKAGING AND PROCESSING

SUGAR MFG. OR REFINING – N.O.C. **4683(3)**

This classification applies to the manufacture or refining of sugar, including granulated, powdered, raw, brown and liquid sugar or molasses from beets or cane.

* * * * *

Amend Classification 4683(1), *Vegetable Oil Mfg. or Refining*, which is part of the Food Packaging and Processing Industry Group, to include the extraction and refining of oil from cottonseed and for consistency with other proposed changes.

PROPOSED

FOOD PACKAGING AND PROCESSING

VEGETABLE OIL MFG. OR REFINING – N.O.C. **4683(1)**

This classification applies to the extraction and refining of oil from vegetables, seeds (~~not cottonseed~~) and nuts, including but not limited to olives, peanuts, safflower seed, cottonseed, coconut meat and soy-beans.

This classification also applies to processing and refining waste cooking oil to produce fuel oil, including biodiesel.

The extraction and refining of cottonseed oil shall be classified as ~~4683(2), Cottonseed Oil Mfg. or Refining.~~

* * * * *

Amend Classification 8601(4), *Forest Engineers*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

FOREST ENGINEERS – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8601(4)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to forest engineers performing forest management related duties in support of the employer's own operations or on a consulting basis. Such duties include but are not limited to developing or reviewing logging plans, computing the value of standing timber and planning extensions of fire roads constructed in connection with logging operations.

This classification includes timber cruising.

Commercial timber harvesting shall be separately classified as 2702(1), *Logging*.

* * * * *

Amend Classification 8839, *Dental or Orthodontia Practices*, which is part of the Health and Human Services Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

HEALTH AND HUMAN SERVICES

DENTAL OR ORTHODONTIA PRACTICES – including Clerical Office Employees and Clerical Telecommuter Employees 8839

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to dental practices or clinics that provide general, restorative or cosmetic dental services or teeth whitening or straightening procedures. This classification also applies to periodontal or oral surgery practices. This classification includes the manufacture or customization of dental products, including but not limited to crowns, dentures, inlays and bridges when performed in connection with the dental services provided.

Physicians' practices or clinics that provide outpatient medical services shall be classified as 8834, *Physicians' Practices and Outpatient Clinics*.

The manufacture of dental products primarily for other concerns shall be separately classified as 4692, *Dental Laboratories*.

* * * * *

Amend Classification 8827(1), *Home Care Services – all employees*, which is part of the Health and Human Services Industry Group, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

HEALTH AND HUMAN SERVICES

HOME CARE SERVICES – all employees

8827(1)

This classification applies to employers that provide in-home personal care services, including but not limited to assistance with meals, dressing, personal hygiene, housekeeping and companionship for customers who are in need of such services due to age, illness or disability. This classification includes Supported Living Services (SLS) provided to developmentally disabled individuals or In-Home Support Services (IHSS).

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

Employers that provide registered nurses, licensed vocational nurses or certified nursing assistants to deliver in-home nursing care services to patients shall be classified as 8827(2), *Nursing Care – in private residences*.

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

Independent Living Skills (ILS) instructional programs that are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*.

Work activity or supported employment programs that employ individuals with developmental or other disabilities that are operated by non-profit organizations and administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation shall be separately classified as Classification 8806, *Work Activity or Supported Employment Programs*.

* * * * *

Amend Classification 9043, *Hospitals*, which is part of the Health and Human Services Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

HEALTH AND HUMAN SERVICES

HOSPITALS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **9043**

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~ \$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

The payroll for student nurses and interns shall be included at an average wage of at least \$100 per week.

This classification applies to facilities that are licensed by the California Department of Public Health as a General Acute Care Hospital, Acute Psychiatric Hospital or Special Hospital. Hospitals retain medical staff with the capability to provide 24-hour inpatient care. This classification includes skilled nursing facilities operated by the acute care hospital when both facilities operate under a single license as an acute care hospital.

Skilled nursing facilities operated under a separate license shall be classified as 8829(1), *Skilled Nursing Facilities*.

A medical clinic that operates at a location separate from the hospital shall be classified as 8834, *Physicians' Practices and Outpatient Clinics*, provided the clinic does not provide 24-hour inpatient care.

Hospitals operated by municipal, state or other public agencies shall be classified as 8830, *Institutional Employees*.

Hospitals operated in connection with jails or prisons shall be classified as 7720, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – including deputies – not volunteers*.

* * * * *

Amend Classification 8834, *Physician’s Practices and Outpatient Clinics*, which is part of the Health and Human Services Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

HEALTH AND HUMAN SERVICES

PHYSICIANS’ PRACTICES AND OUTPATIENT CLINICS – all employees – including Clerical Office Employees and Clerical Telecommuter Employees 8834

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to physicians’ practices or clinics that provide outpatient medical services that are less than 24 hours in duration to treat patients for illness, disease or disorders. Outpatient medical services also include but are not limited to surgery; medical weight loss treatment; physical therapy; acupuncture; chiropractic care; dialysis; X-ray laboratory services; and blood, body fluid or tissue collection or testing. This classification includes the dispensing or provision of medication or medical equipment exclusively to patients by physicians’ practices or outpatient clinics, including but not limited to eyeglasses, braces, supports, mobility aids and home testing or monitoring equipment.

This classification also applies to blood banks or blood donor centers.

Physicians employed by facilities, including but not limited to hospitals, skilled nursing facilities and residential care facilities shall be assigned to the classification applicable to the facility.

* * * * *

Amend Classification 9085, *Residential Care Facilities for the Developmentally Disabled – including supervisors and receptionists*, which is part of the Health and Human Services Industry Group, for consistency with other proposed changes.

PROPOSED

HEALTH AND HUMAN SERVICES

RESIDENTIAL CARE FACILITIES FOR THE DEVELOPMENTALLY DISABLED – including supervisors and receptionists 9085

This classification applies to residential facilities that provide care and supervision for children or adults who are developmentally disabled. The term developmental disability refers to a severe and chronic disability that is attributable to a mental or physical impairment that begins before an individual reaches adulthood.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees who provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification also applies to intermediate care facilities that may retain nursing staff to provide intermittent skilled nursing services (not continuous skilled nursing care) for developmentally disabled children or adults. Facilities that provide 24-hour continuous skilled nursing care for residents shall be classified as 8829(1), *Skilled Nursing Facilities*.

Operating schools, or Independent Living Skills (ILS) instructional programs that are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers, shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers, or academic professional employees*. The provision of Supported Living Services (SLS) to developmentally disabled individuals or In-Home Support Services (IHSS) shall be classified as 8827(1), *Home Care Services*.

Residential facilities that provide nonmedical care and supervision for children (not developmentally disabled) shall be classified as 8823, *Residential Care Facilities for Children*.

Residential facilities that provide assisted care and supervision for adults (not developmentally disabled) shall be classified as 9070(3), *Residential Care Facilities for Adults*.

Residential facilities that provide assisted care and supervision for the elderly (not developmentally disabled) shall be classified as 9070(1), *Residential Care Facilities for the Elderly*.

* * * * *

Amend Classification 8806, *Sheltered Workshops or Work Activity Centers – all employees – including supervisors, educational instructors, counselors, production managers and vocational evaluators*, which is part of the Health and Human Services Industry Group, to remove the requirement that employers be certified as exempt from the minimum wage law, clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

HEALTH AND HUMAN SERVICES

SHELTERED WORKSHOPS OR WORK ACTIVITY CENTERS OR SUPPORTED EMPLOYMENT PROGRAMS – all employees – including supervisors, educational instructors, job coaches, counselors, production managers and vocational evaluators 8806

This classification applies to ~~each location of these~~ non-profit organizations that operate work activity or supported employment programs, including but not limited to sheltered workshops, or rehabilitation facilities certified as exempt from the minimum wage law by the United States Department of Labor, Employment Standards Administration, Wage and Hour Division, or the California Department of Industrial Relations, Division of Labor Standards Enforcement individual supported employment, group supported employment and paid internship programs. Sheltered workshops and w Work activity centers are facilities that or supported employment programs employ clients individuals with developmental or other disabilities and are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation. In addition to performing work related tasks, clients may also attend independent living skills classes and participate in recreational activities.

This classification also applies to non-profit organizations that provide vocational rehabilitative services, including job coaching, to individuals with developmental or other disabilities in Competitive Integrated Employment (CIE) with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation.

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.

Independent Living Skills (ILS) instructional programs that are administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers shall be separately classified as 8868, Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees.

Supported employment programs that are not exempt from the minimum wage law by the United States Department of Labor, Employment Standards Administration, Wage and Hour Division, or the California Department of Industrial Relations, Division of Labor Standards Enforcement do not employ individuals with developmental or other disabilities and are not administered with funding provided by the California Department of Developmental Services through state-contracted Regional Centers or by the California Department of Rehabilitation shall be separately classified.

Retail store operations shall be separately classified ~~using~~to the applicable Stores Industry Group classification.

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Amend Classification 9521(1), *House Furnishings*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

HOUSE FURNISHINGS – installation – including upholstering – N.O.C.

9521(1)

This classification applies to the installation or placement of house furnishings, including but not limited to freestanding furniture, fireplace hardware, wall padding, wall upholstery, upholstered acoustical wall panels and decorative accessories when there is no other classification that more accurately describes the operations. This classification also applies to home staging, picture hanging or artwork installation services for separate concerns on a fee basis.

Stores engaged in the sale or rental of furniture shall be separately classified as 8015, Stores – furniture – wholesale or retail.

The installation of cabinets, fixtures, paneling, shutters, sliding wardrobe doors, accordion doors, bathtub enclosures, interior trim, display racks, exhibit booths, restaurant or store fixtures, theatrical scenery, modular office partitions or laminate, wood or plastic countertops shall be classified as 5146(1), *Cabinet, Fixture or Trim Installation*.

Window covering installation other than shutters within buildings shall be classified as 9521(3), *Window Covering*.

The installation, service or repair of household appliances shall be classified as 9519(1), *Household Appliances*.

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

Transporting household goods, furniture, office furniture or fixtures for separate concerns on a fee basis shall be classified as 8293(2), *Furniture Moving*.

Floor covering or light fixture installation shall be separately classified.

* * * * *

Amend Classification 5128, *Instrument Installation, Service or Repair*, for clarity and consistency with previously approved changes.

PROPOSED

INSTRUMENT INSTALLATION, SERVICE OR REPAIR – medical, professional or scientific – away from shop – not office machines **5128**

This classification applies to the installation, service or repair of electronic instruments used in the medical, biomedical or healthcare industries, including but not limited to medical imaging and scanning equipment, health monitors, surgical or treatment equipment and sample analyzers. This classification also applies to the installation, service or repair of professional or scientific instruments used for research, testing, measuring or calibration in the geological, petroleum, biomedical, pharmaceutical, aerospace or defense industries or by other military or governmental entities. This classification includes the installation of low voltage cabling that is performed in connection with instrument installation, service or repair operations by the same employer.

This classification also applies to the fee-based repair away from the shop of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds.

The manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be separately classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The installation, service or repair of machinery, equipment or instruments used in the manufacturing or processing of integrated circuit chips or semiconductor wafers shall be classified as 5129, *Integrated Circuit or Semiconductor Processing Equipment Installation, Service or Repair.*

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

The installation of low voltage communications cabling within buildings that is not performed in connection with the installation, service or repair of instruments 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 manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be separately classified as 3681(1), *Instrument Mfg. – electronic.*~~

~~The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed in connection with repair or by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions.*~~

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

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

The manufacture or shop repair of electronic professional or scientific instruments other than medical instruments shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

The manufacture of electronic medical instruments used for diagnostic or treatment purposes shall be classified as 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees*.

The manufacture of non-electronic scientific or medical instruments shall be classified as 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees*.

~~The shop repair of instruments shall be assigned to the applicable instrument manufacturing classification.~~

The installation or repair of industrial machinery, including but not limited to pumps, generators, printing presses, sawmill equipment and food processing equipment away from the shop shall be classified as 3724(1), *Millwright Work*.

The installation, service or repair of computers, servers or computer peripheral equipment shall be classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

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

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed in connection with repair or by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

The shop repair of instruments shall be assigned to the applicable instrument manufacturing classification.

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Amend Classification 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees*, for consistency with previously approved changes.

PROPOSED

INSTRUMENT MFG. – non-electronic – scientific or medical – all other employees – N.O.C. 3682

This classification applies to the manufacture or shop repair of non-electronic instruments, including but not limited to micrometers, surveying levels, sighting rods, hypodermic syringes, scalpels and microscopes. This classification also applies to the manufacture of catheters, binoculars, compasses, telescopes, implantable medical devices, orthodontic components, medical hand tools, non-electronic scales, measuring tapes or rifle scopes.

This classification also applies to employers that design proprietary, non-electronic instruments and subcontract manufacturing to other concerns provided the employer also:

1. Manufactures the prototype or subcontracts the manufacture of the prototype; or
2. Receives the manufactured product and performs quality control operations prior to shipment.

Employers that neither design nor manufacture the product, but purchase products from manufacturers for resale purposes, shall be assigned to the applicable *Stores* Industry Group classification notwithstanding that they may engage in some product preparation or quality control operations.

The manufacture of electronic medical instruments shall be classified as 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment – all other employees.*

The manufacture of electronic professional or scientific instruments shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The repair of instruments away from the shop shall be separately classified.

Also refer to companion Classification 8874(7), *Instrument Mfg. – non-electronic – scientific or medical – hardware or software design or development.*

* * * * *

Amend Classification 8874(7), *Instrument Mfg. – non-electronic – scientific or medical – hardware or software design or development*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024 and for consistency with previously approved changes.

PROPOSED

INSTRUMENT MFG. – non-electronic – scientific or medical – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons – N.O.C. 8874(7)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employees engaged exclusively in hardware or software design or development, computer aided design, or clerical or outside sales operations in connection with the employer’s non-electronic instrument manufacturing operations.

This classification does not apply to employees engaged in the manufacture, assembly, repair, testing or otherwise handling of non-electronic instruments or prototypes in connection with the employer’s manufacturing operations.

Also refer to companion Classification 3682, *Instrument Mfg. – non-electronic – scientific or medical – all other employees.*

* * * * *

Amend Classification 8822, *Insurance Companies*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

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

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employers licensed by the California Department of Insurance as insurance companies to underwrite a variety of commercial or personal coverages, including but not limited to health, disability, automobile, property, title, liability, workers' compensation, life and annuity insurance, and surety bonds.

Fee-based inspections for insurance, safety or valuation purposes shall be classified as 8720(1), *Inspection for Insurance, Safety or Valuation Purposes*.

The operations performed by insurance administrators, brokers, agents or adjustors who are not employed by a licensed insurance company shall be assigned to the employer's standard classification or to the applicable Standard Exception classification.

* * * * *

Amend Classification 5129, *Integrated Circuit or Semiconductor Processing Equipment Installation, Service or Repair*, for consistency with previously approved changes.

PROPOSED

INTEGRATED CIRCUIT OR SEMICONDUCTOR PROCESSING EQUIPMENT INSTALLATION, SERVICE OR REPAIR – away from shop 5129

This classification applies to the installation, service or repair of machinery, equipment or instruments used in the manufacturing or processing of semiconductor wafers, including but not limited to vapor ovens, wafer inspection stations, wafer probe systems, wet processing equipment, photo mask inspection equipment, diffusion etching machines, wafer cleaning equipment, wafer dicing saws and plasma etching machines. This classification also applies to the installation, service or repair of machinery used to manufacture or process integrated circuit chips. This classification includes the installation of low voltage cabling that is performed in connection with equipment installation, service or repair operations by the same employer.

The installation of low voltage communications cabling within buildings that is not performed in connection with the installation, service or repair of equipment 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 manufacture or shop repair of electronic or electronically controlled manufacturing equipment for the integrated circuit or semiconductor industry shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

The manufacture of electronic integrated circuit chips or semiconductor wafers shall be classified as 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees.*

* * * * *

Amend Classification 8859(2), *Internet or Web-Based Application Development or Operation*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

INTERNET OR WEB-BASED APPLICATION DEVELOPMENT OR OPERATION – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8859(2)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to firms that specialize in the development and operation of Internet or web-based applications and websites. This classification also applies to employers engaged in such operations for other concerns on a contract basis.

This classification does not apply to firms that operate as Internet Service Providers (ISP) or to firms that operate websites in connection with additional separately classified operations by the same employer.

* * * * *

Amend Classification 8820, *Law Firms*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

LAW FIRMS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8820

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to licensed attorneys and law firms that provide legal services to clients on a fee or pro bono basis, including but not limited to supplying legal advice and representation in civil and criminal litigation, administrative hearings, personal and business transactions and other legal matters.

The operations performed by legal staff who are not employed by a law firm shall be assigned to the standard classification assignable to the employer or to the applicable Standard Exception classification.

Employers providing legal support services to attorneys and law firms on a fee basis, including but not limited to process serving summonses, complaints and subpoenas, preparing or filing court documents and reproducing documents shall be classified as 8821, *Law Firm Support Services*.

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Amend Classification 3724(1), *Millwright Work*, to clarify its intended application.

PROPOSED

MILLWRIGHT WORK – N.O.C. – erection or repair of machinery or equipment at customers’ locations **3724(1)**

This classification applies to the operation, installation, service or repair of machinery or equipment, including but not limited to agricultural, construction, industrial, sawmill, food processing and commercial equipment at customers’ locations unless the work is specifically described by another classification. This classification also applies to the installation, service or repair of machinery or equipment, including but not limited to pumps (such as gasoline, oil or water pumps), conveyor systems, printing presses, automated “pick and place” machinery, industrial laundry equipment, filling and bottling equipment, industrial scales, escalators, automatic gate openers and air compressors, unless the work is specifically described by another classification. This classification also applies to stump grinding; rigging operations; or the installation or repair of spa or pool equipment when performed on a fee basis and not in connection with the employer’s other operations at the same job or location.

This classification does not apply to the operation, installation or repair of machinery or equipment at facilities both occupied and operated by the employer; such operations shall be classified based on the employer’s other classifiable operations.

The installation, service or repair of countertop appliances used in commercial kitchens shall be classified as 9519(1), *Household Appliances*.

Shop manufacturing or repair operations shall be separately classified.

* * * * *

Amend Classification 8749, *Mortgage Bankers*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

MORTGAGE BANKERS – all employees – including Clerical Office Employees, Clerical Tele-commuter Employees and Outside Salespersons 8749

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to companies that specialize in direct lending of funds for residential or commercial mortgages. This classification includes loaning money held on deposit and funding loans through a line of credit.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency, shall be classified as 8808, *Banks*.

* * * * *

Amend Classification 8743, *Mortgage Brokers*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

MORTGAGE BROKERS – no direct lending – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons 8743

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to commissioned loan brokers engaged in matching qualified mortgage applicants with lenders.

Companies that specialize in direct lending of funds for residential or commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency, shall be classified as 8808, *Banks*.

* * * * *

Amend Classification 9610, *Motion Pictures – production*, to increase the annual payroll limitation for actors, musicians, producers and the motion picture director from \$159,900 to \$165,100 per person to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

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

9610

The entire remuneration of actors, musicians, producers and the motion picture director shall be included subject to a maximum of ~~\$159,900~~ **\$165,100 per year per person. When such employees do not work the entire year, the payroll limitation shall be prorated based upon the number of weeks in which such employees worked during the policy period.**

This classification applies to companies that specialize in the production of motion pictures, television features, commercials, music videos, videotaped depositions, videotaped court proceedings or industrial films that are recorded on motion picture film stock, videotape, digital or other media.

Employees engaged exclusively in the electronic editing of digital files using computerized editing equipment are assignable to Classification 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Employees who create animation using computer or digital applications are assignable to Classification 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

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

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

* * * * *

Amend Classification 2923, *Musical Instrument Mfg.*, for consistency with previously approved changes.

PROPOSED

MUSICAL INSTRUMENT MFG. – other than metal – N.O.C.

2923

This classification applies to the manufacture or repair of non-metal musical instruments, including but not limited to pianos, guitars, violins, cellos, violas, harps, banjos, organs and drums.

The manufacture of electronic music instruments, synthesizers, amplifiers and musical instrument digital interface (MIDI) equipment shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees.*

The manufacture or repair of metal musical instruments shall be assigned to the applicable *Metal Working Industry Group* classification.

* * * * *

Amend Classification 7198(1), *Parcel Delivery and Messenger Service Companies*, to include employers that deliver newspapers on a fee basis to customers for their personal use and for consistency with previously approved changes.

PROPOSED

PARCEL DELIVERY AND MESSENGER SERVICE COMPANIES – including terminal employees and mechanics – no handling of bulk merchandise or freight

7198(1)

This classification applies to the delivery of lightweight parcels on a fee basis if (1) less than 10% of the individual parcels and packages delivered weigh in excess of one hundred pounds and (2) less than 10% of all deliveries have a total combined weight of all items delivered at any one stop exceeding two hundred pounds. This classification also applies to app-based on-demand Delivery Network Companies (DNC) that deliver restaurant meals, groceries or various store merchandise, or perform errands such as dropping off or picking up dry cleaning.

This classification applies to the delivery of newspapers, tabloids, advertising newspapers or specialty sections on a fee basis to customers for their personal use and not for resale.

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

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

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

* * * * *

Amend Classification 8601(2), *Oil or Gas Geologists or Scouts*, which is part of the Petroleum Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

PETROLEUM

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

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~ \$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to geologists or scouts who travel to potential oil drilling sites to observe and gather data that is compiled into reports that describe the probability that oil or gas deposits are present. This classification includes analyzing technical data from monitoring instruments and analyzing drilling mud or well cuttings to identify the types of subsurface formations in the region and the presence of hydrocarbons. This classification also applies to the geophysical exploration of subsurface areas using physical methods, including but not limited to seismic, gravitational, magnetic, electrical and electromagnetic methods to measure the physical properties of rock.

Consulting engineers, including but not limited to civil, electrical, mechanical and mining engineers who do not perform oil or gas related operations as described above shall be classified as 8601(1), *Engineers*.

Geologists or scouts who perform outside operations in connection with oil or gas well drilling or redrilling, oil or gas lease operations, or oil or gas pipeline operations by the employer shall be assigned to the applicable *Petroleum* Industry Group classification.

* * * * *

Amend Classification 4740(1), *Oil Refining*, which is part of the Petroleum Industry Group, for consistency with previously approved changes.

PROPOSED

PETROLEUM

OIL REFINING – petroleum 4740(1)

This classification applies to the processing and refining of crude oil ~~and/or~~ reclaimed oil through a series of operations such as heating, distilling, fractionating, vaporizing and condensing to produce products such as gasoline, diesel fuel, petroleum naphtha, kerosene, heating oil, asphalt base and liquefied petroleum gas.

~~Oil producing shall be separately classified.~~

The refining of vegetable oil or waste cooking oil shall be classified as 4683(1), *Vegetable Oil Mfg. or Refining*.

Oil producing shall be separately classified.

* * * * *

Amend Classification 4297(1), *Electronic Pre-Press*, which is part of the Printing, Publishing and Duplicating Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

ELECTRONIC PRE-PRESS – all operations – including Clerical Office Employees and Clerical Telecommuter Employees 4297(1)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~**165,100** per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to the production of computer generated typeset materials or color separations, including all incidental camera work, that are used by separate concerns in connection with commercial printing operations.

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

* * * * *

Amend Classification 4297(2), *Graphic Design*, which is part of the Printing, Publishing and Duplicating Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

GRAPHIC DESIGN – all operations – including Clerical Office Employees and Clerical Telecommuter Employees 4297(2)

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~**165,100** per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to the production of camera-ready layouts by combining text, photographs, artwork and graphics for use in commercial printing operations performed by separate concerns.

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

* * * * *

Amend Classification 8745, *News Agents or Distributors of Magazines or Other Periodicals*, which is part of the Printing, Publishing and Duplicating Industry Group, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWS AGENTS OR DISTRIBUTORS OF MAGAZINES OR OTHER PERIODICALS – not retail dealers – including Outside Salespersons 8745

This classification applies to the wholesale distribution of newspapers, magazines or periodicals.

The sale or delivery of newspapers, tabloids, advertising newspapers or specialty sections on a fee basis to customers for their personal use and not for resale shall be separately classified as 4312, *Newspaper Delivery* 7198(1), *Parcel Delivery and Messenger Service Companies*.

Employers engaged in the publishing or printing of newspapers, tabloids, advertising newspapers and specialty sections shall be classified as 4304, *Newspaper Publishing or Printing – all other employees*, and 8818, *Newspaper Publishing or Printing – editing, designing, proofreading or photographic composing*.

* * * * *

Consistent with the recommendations of the WCIRB’s 2022 Newspaper Delivery Study, eliminate Classification 4312, *Newspaper Delivery*, which is part of the Printing, Publishing and Duplicating Industry Group, as, after combining for ratemaking purposes due to low statistical credibility, its advisory pure premium rate has reached alignment with that of the destination classes, and reassign (1) the employers that deliver newspapers on a fee basis to customers for their personal use to Classification 7198(1), *Parcel Delivery and Messenger Service Companies*, and (2) the operations comprising the sale or delivery of newspapers by newspaper publishers or printers to customers for their personal use to Classification 4304, *Newspaper Publishing or Printing*.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWSPAPER DELIVERY

4312

~~This classification applies to the sale and/or delivery of newspapers to customers for their personal use and not for resale. This classification applies to such sale and delivery operations by employers engaged in the publishing or printing of newspapers, tabloids, advertising newspapers, and specialty sections, and to such operations performed on a fee basis.~~

* * * * *

Amend Classification 4304, *Newspaper Publishing or Printing*, which is part of the Printing, Publishing and Duplicating Industry Group, to include operations comprising the sale or delivery operations by newspaper publishers or printers to customers for their personal use and for consistency with other proposed changes.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWSPAPER PUBLISHING OR PRINTING – all other employees – including drivers and their helpers

4304

~~This classification applies to employers engaged in the publishing or printing of newspapers, tabloids, advertising newspapers, and specialty sections, including but not limited to the comics and television sections of newspapers. This classification includes sale or delivery operations by employers engaged in publishing or printing newspapers, tabloids, advertising newspapers and specialty sections.~~

This classification applies to newspaper publishers that assemble, bundle, label or distribute newspapers that are printed by other employers.

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

~~The sale or delivery of newspapers, tabloids, advertising newspapers or specialty sections on a fee basis to customers for their personal use and not for resale shall be separately classified as 4312, *Newspaper Delivery*, 7198(1), *Parcel Delivery and Messenger Service Companies*.~~

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

Also refer to companion Classification 8818, Newspaper Publishing or Printing – editing, designing, proofreading ~~and~~ photographic composing.

* * * * *

Amend Classification 8746, Newspaper Publishing or Printing, which is part of the Printing, Publishing and Duplicating Industry Group, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

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.

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 sale or delivery of newspapers, tabloids, advertising newspapers or specialty sections on a fee basis to customers for their personal use and not for resale shall be separately classified as 4312, Newspaper Delivery 7198(1), Parcel Delivery and Messenger Service Companies.

~~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.~~

Employers engaged in 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, ~~and~~ 8818, Newspaper Publishing or Printing – editing, designing, proofreading ~~and~~ photographic composing.

* * * * *

Amend Classification 8807, *Newspaper, Magazine or Book Publishing*, which is part of the Printing, Publishing and Duplicating Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

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

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

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

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

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

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

* * * * *

Amend Classification 5130(1), *Programmable Industrial Controls Installation, Service or Repair*, for clarity and consistency with previously approved changes.

PROPOSED

PROGRAMMABLE INDUSTRIAL CONTROLS INSTALLATION, SERVICE OR REPAIR – including shop, yard or storage operations 5130(1)

This classification applies to the installation, service or repair of programmable industrial controls, including but not limited to programmable logic controllers, human machine interfaces used to operate or automate industrial processes and data acquisition systems used in the automation of manufacturing or processing equipment. This classification includes the installation of low voltage cabling that is performed in connection with controls installation, service or repair operations by the same employer.

The manufacture or shop repair of non-programmable electrical control panels, switchboards or circuit breaker apparatus with a power rating of 746 watts (one horsepower) or more shall be separately classified as 3643(2), *Electric Control Panel or Switchgear Mfg.*

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

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

The installation, service or repair of medical, professional or scientific instruments shall be classified as 5128, *Instrument Installation, Service or Repair.*

The installation, service or repair of machinery, equipment or instruments used in the manufacturing or processing of integrated circuit chips or semiconductor wafers shall be classified as 5129, *Integrated Circuit or Semiconductor Processing Equipment Installation, Service or Repair.*

The installation of low voltage cabling within buildings that is not performed in connection with the installation, service or repair of controls 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 manufacture of programmable industrial controls or shop repair by the manufacturer shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees.*

~~The manufacture or shop repair of non-programmable electrical control panels, switchboards or circuit breaker apparatus with a power rating of 746 watts (one horsepower) or more shall be separately classified as 3643(2), *Electric Control Panel or Switchgear Mfg.*~~

* * * * *

Amend Classification 8741, *Real Estate Agencies*, which is part of the Property Management/Operation Industry Group, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

PROPERTY MANAGEMENT/OPERATION

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

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions.

The operation or management of rental property, construction and remodeling operations shall be separately classified.

This classification also applies to non-residing leasing agents of a property management company who are engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind except clerical office work and the property management company retains separate employees to manage the property.

Employers that specialize in residential and commercial mortgage brokerage or mortgage banking operations that do not engage in the direct lending of mortgage funds shall be classified as 8743, *Mortgage Brokers*.

Employers that specialize in the direct lending of funds for residential and commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

* * * * *

Amend Classification 7610, *Radio, Television or Commercial Broadcasting Stations*, to increase the annual payroll limitation for on-air personalities, entertainers and musicians from \$159,900 to \$165,100 per person to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

RADIO, TELEVISION OR COMMERCIAL BROADCASTING STATIONS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **7610**

The entire remuneration of on-air personalities, entertainers and musicians shall be included subject to a maximum of ~~\$159,900~~\$165,100** per year per person. When such employees do not work the entire year, the payroll limitation shall be prorated based upon the number of weeks in which such employees worked during the policy period.**

This classification applies to Federal Communications Commission licensed radio, television or commercial wireless broadcasting stations. This classification also applies to contract video duplication, television studios that are operated by cable television companies, or the operation of music recording studios.

The dissemination of audio or video programming exclusively over the internet shall be classified as 8859(2), *Internet or Web-Based Application Development or Operation*.

Employers licensed by the Federal Communications Commission that provide cable or satellite television connectivity services or internet connectivity using cable or satellite infrastructure shall be classified as 7600, *Communication Service Providers*.

Computer or electronic video or audio post-production for other concerns on a contract basis shall be classified as 7607(1), *Video Post-Production*, or 7607(2), *Audio Post-Production*, respectively.

Motion picture production shall be classified as 9610, *Motion Pictures – production*.

* * * * *

Amend Classification 3165(3), *Solar Panel Mfg.*, for consistency with previously approved changes.

PROPOSED

SOLAR PANEL MFG.

3165(3)

This classification applies to the manufacture or shop repair of photovoltaic solar panels that are used to generate electricity or solar collection panels that are used to heat water.

The manufacture of photovoltaic cells shall be classified as 4112, *Integrated Circuit and Semiconductor Wafer Mfg. – all other employees.*

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

The installation or repair of solar collection panels, when any portion of these operations is performed away from the shop, shall be classified as 5183(1)/5187(1), *Plumbing.*

* * * * *

Amend Classification 3683, *Speaker Mfg.*, for clarity and consistency with previously approved changes.

PROPOSED

SPEAKER MFG.

3683

This classification applies to the manufacture or assembly of electronic audio speakers, including but not limited to speakers used in connection with stereo systems, home theater systems, automobile sound systems, professional audio systems and computer systems.

The manufacture of wood cabinetry shall be separately classified as 2883, *Furniture Mfg. – wood.*

The manufacture of consumer and professional electronic audio and video equipment other than audio speakers shall be classified as 3681(4), *Audio/Video Electronic Products Mfg. – all other employees.*

The manufacture of computer equipment other than audio speakers shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg. – all other employees.*

~~The manufacture of wood cabinetry shall be separately classified as 2883, *Furniture Mfg. – wood.*~~

* * * * *

Amend Classification 8032, *Stores – clothing, shoes, linens or fabric products*, which is part of the Stores Industry Group, to clarify its intended application and how related operations should be classified.

PROPOSED

STORES

Refer to Section IV, *Special Industry Classification Procedures*, Rule 5, *Stores*.

STORES – clothing, shoes, linens or fabric products – wholesale

8032

This classification applies to wholesale stores engaged in the sale of clothing, shoes, linens ~~an~~
~~or~~ fabric products, including but not limited to curtains and draperies.

This classification also applies to employers that do not manufacture but prepare clothing for
~~display and final~~ sale by ~~sewing in labelings~~, tagging, pressing, packaging or placing on hangers
~~or packaging~~ for clothing retailers on a fee basis.

This classification also applies to employers that receive or purchase, sort, cut, launder, bundle
and resell wiping cloth or rag material.

Retail clothing stores shall be classified as 8008, *Stores – clothing, shoes, linens or fabric prod-
ucts – retail*.

Clothing manufacturing, including employers that design garments, even if some or all of the
production sewing or assembling operations are subcontracted, shall be classified as 2501(1),
Clothing Mfg. ~~Clothing manufacturers include employers who design garments, even if some or
all of the production sewing or assembling operations are subcontracted.~~

* * * * *

Amend Classification 8062, *Stores – computer*, for consistency with previously approved 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, com-
puter peripheral equipment, computer software, computer accessories, computer parts and
computer supplies equals or exceeds 75% of gross receipts and not less than 10% of gross re-
ceipts is derived from the sale of computers, which include but are not limited to desktops, lap-
tops, servers or tablets. Computer peripheral equipment includes but is not limited to monitors,
printers, scanners, or computer mice, keyboards, webcams, disk drives, external storage devic-
es, motherboards, modems or routers. For purposes of administering this classification, cellular
telephones are not computers or computer peripheral 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 Tele-
phone 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. – all other employees.*

* * * * *

Amend Classification 8015, *Stores – furniture*, which is part of the Stores Industry Group, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

STORES

STORES – furniture – wholesale or retail

8015

This classification applies to stores engaged in the sale or rental of furniture, including but not limited to couches, chairs, tables, dressers, bed frames, desks and bookcases. This classification also applies to furniture auctioneers. This classification includes the assembly or placement of furniture at customer locations in connection with the employer’s furniture sale or rental operations.

This classification also applies to the operation of furniture galleries or showrooms that display samples of furniture for viewing and direct sale to customers. Such operations include but are not limited to the sale of furniture by salespersons, interior decorators or designers retained by the employer, and furniture shipping, receiving and delivery. This classification includes travel to customers’ locations by salespersons, interior decorators or designers to gather information or provide advice in support of furniture sales.

This classification does not apply to the operation of furniture galleries or showrooms that sell exclusively from samples to buyers for stores (no direct sales) and where no inventory (exclusive of showroom samples) is maintained at the gallery or showroom location. Such gallery or showroom salespersons shall be classified as 8742, *Salespersons – Outside*, provided they have no other duties of any kind in the service of the employer except clerical work or outside sales. See ~~Part 3~~, Section IV, Rule 5, *Stores*.

~~Stores engaged only in the sale of mattresses or box springs shall be classified as 8017(1), *Stores – retail*.~~

~~Stores engaged in the sale of tile or cabinets, including but not limited to kitchen or bath cabinets shall be classified as 8059, *Stores – tile or cabinets – wholesale or retail*.~~

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

The installation, service or repair of household appliances shall be separately classified as 9519(1), *Household Appliances*.

The installation of linoleum, vinyl, cork, asphalt or rubber tile, or laminate (not hardwood) flooring within buildings, as well as the laying of carpets or rugs, shall be separately classified as 9521(2), *Floor Covering – installation*.

The installation of hardwood or bamboo floors, including baseboard molding installed in connection therewith, shall be separately classified as 5436, *Hardwood Floor Laying*.

The installation of window coverings, ~~including associated hardware~~, within buildings shall be separately classified as 9521(3), *Window Covering*.

Stores engaged only in the sale of mattresses or box springs shall be classified as 8017(1), *Stores – retail*.

Stores engaged in the sale of tile or cabinets, including but not limited to kitchen or bath cabinets shall be classified as 8059, *Stores – tile or cabinets – wholesale or retail*.

* * * * *

Amend Classification 8006(1), *Stores – groceries*, which is part of the Stores Industry Group, to clarify its intended application.

PROPOSED

STORES

STORES – groceries – retail

8006(1)

This classification applies to stores primarily (over 50% of gross receipts) engaged in the sale of grocery items, including but not limited to fresh or frozen produce, dairy products, cereals, canned goods, frozen foods, bread, condiments, herbal spices or flavorings, baking supplies, flour, soft drinks, coffee, tea, delicatessen style meats, salads, and cheeses. This classification includes the preparation or serving of delicatessen style meats, cheeses, sandwiches, salads or the preparation and sale of coffee, tea and other nonalcoholic beverages.

The following departments shall be separately classified:

- Fresh meat (cutting or wrapping)
- Bakery
- Hot food (preparation or serving)

This classification also applies to the operation of non-profit community food pantries engaged in distributing grocery items to the general public.

For purposes of determining gross receipts, only the portion of lottery ticket sales identified by the California State Lottery as commission shall be included in the calculation. Refer to Section IV, Rule 5, *Stores*.

Stores engaged in the sale of grocery, snack and convenience items, having less than 5,000 square feet devoted to the display and sale of merchandise and open after 11:00 PM any night of the week shall be classified as 8061, *Stores – convenience*.

Stores engaged in the sale of gasoline or automobile services shall be classified in accordance with Section IV, Rule 5, *Stores*.

* * * * *

Amend Classification 7365, *Taxicab Operations*, to increase the minimum annual payroll from \$43,800 to \$45,200 per taxicab to reflect wage inflation since the threshold was last amended in 2024.

PROPOSED

TAXICAB OPERATIONS – all employees

7365

Payroll shall include the entire remuneration earned by all taxicab drivers during the policy period. In the event an employer does not keep verifiable payroll records for all taxicab drivers, the minimum remuneration for taxicab drivers shall not be less than ~~\$43,800~~\$45,200 per annum per taxicab dispatched by or operated under the auspices of the insured. The minimum payroll amount is in consideration of taxicab downtime, vacation time or other periods during which the taxicab is not in operation, as well as the use of a single taxicab by multiple drivers. The per annum payroll amount shall be prorated only when the taxicab is not dispatched by or under the auspices of the insured or registered for the full policy period or when the policy period is less than one year.

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

Dispatchers engaged in clerical activities shall be separately classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

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

* * * * *

Amend Classification 9156, *Theaters – dance, opera or theater companies*, to increase the annual payroll limitation for performers and directors of performers from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

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

9156

The entire remuneration of performers and directors of performers shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year per person. When such employees do not work the entire year, the payroll limitation shall be prorated based upon the number of weeks in which such employees worked during the policy period.

This classification applies to the production of live musical, dance, opera, dramatic, comedic, circus or other theatrical presentations before a live audience. This classification includes all performers, directors and musicians in connection with the theater operations.

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

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

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

If an employee who performs duties described by Classification 9156 also performs duties described by Classification 9154, the payroll of that employee may be divided between Classifications 9154 and 9156, provided the employer maintains accurate records supported by time cards or time book entries that show such division. See Section V, Rule 3, *Division of Single Employee’s Payroll*.

* * * * *

Amend Classification 9151, *Theaters – musical entertainment*, to increase the annual payroll limitation for performers and directors of performers from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

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

The entire remuneration of performers and directors of performers shall be included subject to a maximum of ~~\$159,900~~ **\$165,100 per year per person. When such employees do not work the entire year, the payroll limitation shall be prorated based upon the number of weeks in which such employees worked during the policy period.**

This classification applies to employers that provide musical entertainment for a live audience. This classification includes but is not limited to orchestras, touring bands, casual or steady engagement music groups and event disc jockeys. This classification also applies to stage performers or dancers incidental to the musical performance.

Theatrical performers, directors or musicians engaged in dance, opera, dramatic, comedic, circus or other live theater performers shall be classified as 9156, *Theaters – dance, opera or theater companies*.

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

If an employee who performs duties described by Classification 9151 also performs duties described by Classification 9154, the payroll of that employee may be divided between Classifications 9151 and 9154 provided the employer maintains accurate records supported by time cards or time book entries that show such division. See Section V, Rule 3, *Division of Single Employee’s Payroll*.

* * * * *

Amend Classification 3830(2), *Unmanned Aircraft System Mfg.*, for clarity and consistency with previously approved changes.

PROPOSED

UNMANNED AIRCRAFT SYSTEM MFG. – aircraft system and payload total combined weight of 55 pounds or heavier **3830(2)**

This classification applies to the manufacture of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier. This classification includes the shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier when performed by the manufacturer.

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

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

The manufacture and fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be classified as 3681(1), *Instrument Mfg. – electronic – professional or scientific – all other employees*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flights performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

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

* * * * *

Amend Classification 7607(1), *Video Post-Production*, to increase the annual payroll limitation from \$159,900 to \$165,100 per employee to reflect wage inflation since the payroll limitation was last amended in 2024.

PROPOSED

VIDEO POST-PRODUCTION – computer or electronic – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **7607(1)**

The entire remuneration of each employee shall be included, subject to a maximum of ~~\$159,900~~\$165,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employers engaged exclusively in computer or electronic video post-production operations for other concerns in connection with motion pictures, television features, commercials or similar productions, on a contract basis.

This classification does not apply to computer or electronic video post-production operations performed in connection with motion pictures, television features, commercials or similar productions by the same employer; such operations shall be classified as 8810, *Clerical Office Employees*, or 8871, *Clerical Telecommuter Employees*, subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions*.

Non-computer or non-electronic post-production operations, including but not limited to developing film, production of prints by exposing raw film stock, or editing film prints by cutting or splicing shall be classified as 4362, *Motion Pictures – negative and print processors, distributors and film exchanges*.

Audio post-production operations performed on a contract basis in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions shall be classified as 7607(2), *Audio Post-Production*.

Audio or music recording studios or contract video duplication shall be classified as 7610, *Radio, Television or Commercial Broadcasting Stations*.

* * * * *

Consistent with the recommendations of the WCIRB’s 2019 Cotton Merchants and Warehouses Study, eliminate Classification 0400, *Warehouses – cotton*, as, after combining for ratemaking purposes due to low statistical credibility, its advisory pure premium rate has reached alignment with that of the destination classification, and reassign the operations described by this classification to Classification 0401, *Cotton Gin Operation*.

PROPOSED

~~**WAREHOUSES – cotton – including cotton compressing**~~ ~~**0400**~~

~~This classification applies to the storage of cotton for other concerns on a fee basis and includes incidental cotton compressing. This classification also applies to cotton dealers or merchants.~~

~~The cultivation and harvesting of cotton shall be separately classified as 0171, *Field Crops*.~~

~~This classification does not apply to cotton gin operations; all operations, including the storage, compressing, sale and distribution of cotton in connection with cotton gin operations shall be classified as 0401, *Cotton Gin Operation*.~~

~~Cotton batting manufacturing shall be classified as 2222, *Spinning, Weaving or Fiber Processing*.~~

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

PROPOSED

Section VIII – Abbreviated Classifications – Numeric Listing

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- 0096 ~~Nut-Hulling/Shelling~~Coffee Bean/Processing
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- 0400 ~~Warehouses – cotton – incl cotton compressing~~
- 0401 ~~Cotton Gin Operation~~Processing/Warehouses
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- 2003 ~~Bakeries or Cracker~~Baked Goods Mfg – retail
- 2004 Baked Goods Mfg – wholesale
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- 2030 ~~Sugar Mfg/Refining~~
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- 4312 ~~Newspaper Delivery~~
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- 4683(2) ~~Cottonseed Oil Mfg/Refining~~
- 4683(3) Sugar Mfg/Refining
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- 4717 ~~Butter Substitutes Mfg~~
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- 8806 ~~Sheltered Workshops~~ Work Activity/Supported Employment Programs
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Section B

Recommended Amendments to the *Miscellaneous Regulations for the Recording and Reporting of Data—1995*

**Title 10, California Code of Regulations, Section 2354
Effective September 1, 2025**

The WCIRB recommends that the following amendments to the *Miscellaneous Regulations for the Recording and Reporting of Data—1995* (Miscellaneous Regulations) be approved effective September 1, 2025 and applied to a policy with an effective date on or after September 1, 2025.

Part 1 — General Provisions

Amend Section I, *Introduction*, Rule 2, *Effective Date*, to show that the effective date of the amended Miscellaneous Regulations is 12:01 AM, September 1, 2025.

PROPOSED

Section I — Introduction

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2. Effective Date

This regulation is effective at 12:01 AM, September 1, ~~2024~~2025. When an amendment to this regulation is approved, a notice summarizing the amendment and its effective date, as specified by the Insurance Commissioner, will be published by the WCIRB.

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

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Part 4 – Excess Insurance

Amend Section I, *Specific Excess (Straight Excess)*, and Section II, *Aggregate Excess (Stop Loss)*, for consistency with current procedures.

PROPOSED

Section I – Specific Excess (Straight Excess)

Policies may be issued only to an employer qualified as a self-insurer by having a certificate of consent issued by the Director of Industrial Relations. Such policies are subject to the following conditions:

1. The policy must provide that it covers loss in excess of a fixed amount per event or claim.

2. The policy must be on an annual basis or subject to cancellation on no more than thirty (30) days' notice or must contain a clause providing for a change of policy terms to conform to subsequent legislation and subsequent rules and regulations.
3. ~~An hard-copy~~ electronic version (digital image or PDF) of each such policy written by a WCIRB member and all endorsements applicable thereto must be submitted to the WCIRB for examination.

Section II – Aggregate Excess (Stop Loss)

Policies may be issued only to an employer qualified as a self-insurer by having a certificate of consent issued by the Director of Industrial Relations. Such policies are subject to the following conditions:

1. The policy must provide that it covers loss in excess of a fixed amount.
2. The policy must be on an annual basis or subject to cancellation on no more than thirty (30) days' notice or must contain a clause providing for a change of policy terms to conform to subsequent legislation and subsequent rules and regulations.
3. ~~An hard-copy~~ electronic version (digital image or PDF) of each such policy written by a WCIRB member and all endorsements applicable thereto must be submitted to the WCIRB for examination.

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Section C

Recommended Amendments to the *California Workers' Compensation Experience Rating Plan—1995*

**Title 10, California Code of Regulations, Section 2353.1
Effective September 1, 2025**

The WCIRB recommends that the following amendments to the *California Workers' Compensation Experience Rating Plan—1995* (Experience Rating Plan) be approved effective September 1, 2025 with respect to new and renewal policies as of the first rating effective date of a risk on or after September 1, 2025.

Amend Section I, *General Provisions*, Rule 2, *Effective Date*, to show that the effective date of the amended Experience Rating Plan is 12:01 AM, September 1, 2025.

PROPOSED

Section I – General Provisions

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2. Effective Date

The rules and rating values of this Plan are effective at 12:01 AM, September 1, ~~2024~~2025. When an amendment to this Plan is approved, a notice summarizing the amendment and its effective date, as specified by the Insurance Commissioner, will be published by the WCIRB.

This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first rating effective date of the risk, as established by the WCIRB, which occurs on or after the effective date of the amendment. (See Section II, *Definitions*, for the definition of “Risk”, and Section V, *Application of Experience Modification*, Rule 1, *General Application of Experience Modification*, for information on the rating effective date). No policy may be cancelled or rewritten to avoid application of this provision.

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Amend Section III, *Eligibility and Experience Period*, Rule 1, *Eligibility Requirements for California Workers' Compensation Insurance*, to adjust the eligibility threshold from \$10,400 to \$XX,XXX to reflect wage inflation and the proposed September 1, 2025 expected loss rates.

PROPOSED

Section III – Eligibility and Experience Period

- 1. **Eligibility Requirements for California Workers' Compensation Insurance.** A risk shall qualify for experience rating of its California workers' compensation insurance premium under this Plan if not less than ~~\$10,400~~XX,XXX is produced by applying expected loss rates to the total remuneration that would be used in the experience rating calculation for the risk. Only completed policy periods shall be used in determining eligibility. Any risk eligible for experience rating shall be experience rated.

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Amend Section VII, *Inquiries, Complaints and Requests for Action, Reconsideration and Appeals*, Rule 3, *Complaints and Requests for Action*, to update the WCIRB's mailing address.

PROPOSED

Section VII – Inquiries, Complaints and Requests for Action, Reconsideration and Appeals

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3. Complaints and Requests for Action

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WCIRB
~~1901 Harrison Street, 17th Floor~~ One Montgomery Street, Suite 400
~~Oakland~~ San Francisco, CA 94612 94104
 Attention: Complaints and Reconsideration
 Fax: 415.371.5204
 customerservice@wcirb.com

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