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Report on the Food Processing Industry  
Final Report – July 28, 2009

2111(1), Canneries – N.O.C. – including fruit preserving  
6504, Confections and Food Sundries Mfg. or Processing – N.O.C.

Executive Summary

Objective
At the request of the Manual Subcommittee, the WCIRB reviewed the scope and application of Classification 2111(1), Canneries – N.O.C., and 6504, Confections and Food Sundries Mfg. or Processing – N.O.C. In the course of this review, staff evaluated the following:

1. Whether there is sufficient distinction between the contemplated operations for Classifications 2111(1), Canneries, and 6504, Confections and Food Sundries Mfg.;

2. Whether Classification 6504, Confections and Food Sundries Mfg. or Processing, as a broadly defined N.O.C. (not otherwise classified) classification includes distinct industries that meet the criteria to be broken out for unique classifications; and

3. Whether administration of the Standard Classification System could be clarified by establishing a more standardized approach to classification phraseologies and by grouping all food packaging and processing classifications under a common heading within the California Workers’ Compensation Uniform Statistical Reporting Plan—1995 (USRP).

Findings
Based upon a review of classification procedures applicable to firms assigned to Classifications 2111(1) and 6504, the WCIRB finds the following:

1. Classification 2111(1), Canneries – N.O.C., contemplates a distinct and identifiable group of employers engaged in a relatively homogenous set of operations that is distinguishable from those contemplated under other classifications applicable to the food processing industry. As such, there is no compelling reason to amend the current approach of classifying food processing operations based on a combination of product and process.

2. Classification 6504, Confections and Food Sundries Mfg. or Processing, is a broadly defined "N.O.C." classification that, in addition to contemplating a broadly defined food product industry, also includes two distinct and identifiable industries that meet the criteria for a unique classification:
   a. “Ready-to-eat” fruit and vegetable processors, and
   b. Nut hullers and processors.

3. The scope and application of Classifications 2111(1) and 6504 should be clarified by amending the phraseologies to more precisely describe the intended scope.

4. The scope and application of numerous additional classifications applicable to the packaging and processing of food could be clarified by developing a more standardized approach to the classification phraseologies and footnotes; and

5. Determining the proper standard classification for employers in the food processing industry would be facilitated by grouping all food processing classifications under a common heading within the USRP.
Recommendation
In view of the above, the WCIRB recommends the following:

1. Establish a new classification for the processing and packaging of “ready-to-eat” fruits and vegetables;

2. Establish a new classification for the hulling, shelling or processing of nuts;

3. Amend the following classifications to clarify their intended applications:
   a. 2095, Meat Products Mfg. – N.O.C. – including canning
   b. 2107, Fruit – fresh fruit packing and handling – including storage
   c. 2108, Fruit – citrus fruit packing and handling – including storage
   d. 2111(1), Canneries – N.O.C. – including fruit preserving
   e. 2113, Canneries – fish
   f. 2117, Vegetable or Fruit Processors – frozen
   g. 6504, Confections and Food Sundries Mfg. or Processing – N.O.C.
   h. 8209, Vegetables – fresh vegetable and tomato packing and handling – including storage

4. Establish an industry grouping for all food packaging and processing classifications under a common heading within the USRP.
Introduction
In the course of reviewing the WCIRB’s 2008 Report on the olive growing and olive oil manufacturing industry, the Manual Subcommittee questioned: (1) the scope and wording of Classification 2111(1), Canneries – N.O.C., and (2) the potential overlap in scope of Classifications 2111(1) and 6504, Confections and Food Sundries Mfg. or Processing – N.O.C. In view of this, the Subcommittee directed the WCIRB to study the issues and present its findings and recommendations in preparation for the January 1, 2010 pure premium rate filing.

Pursuant to the Subcommittee’s directive, this report focuses on the following issues:

1. Whether Classifications 2111(1), Canneries, and 6504, Confections and Food Sundries Mfg. or Processing, should be clarified to better define their intended scope;
2. Whether Classification 6504, Confections and Food Sundries Mfg. or Processing, as a broadly defined N.O.C. (not otherwise classified) classification includes distinct industries that meet the criteria to be broken out for unique classifications; and
3. Whether administration of the Standard Classification System for the food processing industries could be clarified by establishing a more standardized approach to classification phraseologies and by grouping all food packaging and processing classifications under a common heading within the USRP.

Classification History
Presented below is a timeline of the significant changes to the scope and application of the relevant classifications:

- **1915**: Classification 2111, Canneries – N.O.C., established.
- **1915**: Classification 6504, Food Sundries, established.
- **1925**: Classification 2052, Nuts – handling, cleaning, shelling and packing (N.P.D.), established.
- **1940**: Classification 6504 amended to read Confections or Food Sundries Mfg. or Processing. Classification 2052 eliminated and nut processors were reassigned to Classification 6504.
- **1985**: The Classification and Rating Committee reviewed a WCIRB study on jam, jelly and preserve manufacturing and voted to continue assigning these operations to Classification 2111, Canneries – N.O.C.
- **1993**: Classification 2117(2), Potato Processors – fresh or frozen, was eliminated and its constituents reassigned to Classification 6504.
- **2009**: Classifications 2106(1) Olive Handling – sorting, curing, packing and canning, and 2106(2), Pickle Mfg, were eliminated. Classifications 2111(2), Olive Handling, and 2111(3), Pickle Mfg, were established as alternate wordings to Classification 2111.
Description of Operations
Following is a summary of the operations currently assigned to Classifications 2111(1), Canneries – N.O.C., and 6504, Confections and Food Sundries Mfg. or Processing:

**CANNERIES — N.O.C. — including fruit preserving 2111(1)**

Frozen vegetable or fruit processors, fresh or frozen potato processors, fruit juice or concentrate manufacturing, and can manufacturing shall be separately classified.

While generally titled “Canneries,” Classification 2111(1) is limited to the processing and packaging of fruits and vegetables in a manner that permits them to be stored without refrigeration for an extended period of time. This classification is primarily comprised of operations that can or otherwise preserve fruits and vegetables such as peaches, apricots, pears, strawberries, cherries, tomatoes, and pineapples. Classification 2111(1) is also assigned to the processing of applesauce, tomato paste, jam, jelly and fruit preserves. Classification 2111(1) does not apply to the processing of frozen fruits and vegetables, fresh or frozen potatoes, the manufacture of fruit juice, or to dehydrating produce – as these operations are assignable to other specific classifications.

The primary operations assigned to Classification 2111(1) include:

**Fruit and Vegetable Preserving and Canning:** Fresh fruits and vegetables are received in field bins, transferred to receiving bins, and conveyed through processing machines to be washed, cut, blanched, and peeled and/or pitted. The processed produce, along with syrup or other additives, is filled into cans, after which lids are applied. The cans are then cooked, labeled, cased and stored pending shipment.

**Applesauce, Jam, Jelly and Tomato Paste:** Fruits and vegetables are received, graded, washed, and peeled. The produce is chopped or blended as required and cooked to remove excess water and to sterilize the product. The processed fruits or vegetables are packaged into cans, jars or similar containers to allow for a stable shelf life and subsequently cooked, labeled, cased and stored pending shipment.

**CONFECTIONS AND FOOD SUNDRIES MFG. OR PROCESSING — N.O.C. 6504**

Classification 6504 is an N.O.C. (not otherwise classified) classification that contemplates a wide array of food products manufacturing and processing operations that are not more specifically described by another classification. The WCIRB’s 671 classification inspection reports assigning Classification 6504 are grouped as follows:

<table>
<thead>
<tr>
<th>Product</th>
<th>Number of Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nut hullers or processors</td>
<td>146</td>
</tr>
<tr>
<td>“Ready-to-eat” meals (fresh)</td>
<td>83</td>
</tr>
<tr>
<td>Chocolate, candy, confections, health food bars</td>
<td>76</td>
</tr>
<tr>
<td>Spices, seasoning, herbs and dry mixes</td>
<td>63</td>
</tr>
<tr>
<td>Condiments and salad dressings</td>
<td>63</td>
</tr>
<tr>
<td>Coffee beans – roasted</td>
<td>58</td>
</tr>
<tr>
<td>Food flavorings and fillings</td>
<td>51</td>
</tr>
<tr>
<td>Washed and packaged “ready-to-eat” fruits or vegetables</td>
<td>42</td>
</tr>
<tr>
<td>“Ready-to-eat” meals (frozen)</td>
<td>25</td>
</tr>
<tr>
<td>Tofu products</td>
<td>16</td>
</tr>
<tr>
<td>Pet food</td>
<td>10</td>
</tr>
<tr>
<td>Ready-to-bake doughs</td>
<td>8</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>30</td>
</tr>
</tbody>
</table>

As indicated above, operations assigned to Classification 6504 can be separated into two broad categories: (1) food products that require the combining of multiple ingredients to produce a “ready-to-eat” processed food; and (2) value-added processing of an identifiable agricultural commodity. Below is a summary of the operations conducted within each category:

1 Classification 2111 has two alternate wordings: 2111(2), Olive Handling – sorting, curing, packing and canning, and 2111(3), Pickle Mfg.
Processed Food Products
Operations include mixing, blending and otherwise combining various meats, dairy products, produce, cereal grains and flavoring ingredients. The mixtures may be formed, cooked, heated, cooled and processed to produce a perishable food product. Some of the products may be frozen. The food products are placed into various types of packaging containers that are further consolidated, boxed and set aside pending shipment. This includes the following:

- **Meal Preparation and Food Product Mfg.:** Products manufactured by firms assigned to this group include pizza, pot pies, macaroni salad, potato and pasta salads, sandwiches, sushi, egg rolls, dumplings, tacos, taquitos, boxed meals, or food trays and other similar meals or food products.

- **Chocolate, Candy and Confections Mfg.:** Products manufactured by firms in this group include chocolate and candy bars, individual chocolate or candy pieces, chocolate or candy coated fruits, cakes, puddings, gelatins and other similar products.

- **Spices, Seasoning, Herbs and Dry Mixes:** Products manufactured by firms assigned to this group include a variety of spices, herbs, seasonings and dry mixes. In addition, several firms assigned to this group only mix or blend these products prior to repackaging. Firms in this group also make bakery ingredients, coffee and tea dry mixes, dry food powders, and other similar products.

- **Condiments and Salad Dressings:** Products manufactured by firms in this group include ketchup, mustard, relish, barbecue sauces, salad dressings, honey, horseradish, mayonnaise, salsa, dips, tomato sauces, oil-based food additives and other similar products.

- **Food Flavorings and Fillings:** Products produced by firms in this group include a variety of food flavorings or fillings that may be processed, mixed or blended prior to packaging.

Value-Added Processing of Agricultural Commodities

- **Nut Hulling, Shelling, or Processing:** Nuts, such as almonds, pistachios, cashews, and walnuts are received from brokers and growers. Almond processing involves feeding the almonds into an automatic almond-hulling machine that consists of conveyors, rollers, screens and shakers. The hull, shell and meat of the almonds are separated from one another. The hull is typically sold to farmers for cattle feed, and the nutmeat is inspected and packaged for human consumption. Walnut hulling operations are conducted in a similar manner. Processing operations involve blanching the nuts by passing them through heated water. The nuts may be sliced, slivered or remain whole. The nuts may be salted, roasted, passed through oils or have additional flavoring added. The processed nuts are then inspected, filled into containers and sealed. The packaged nuts are set aside pending shipment to customers.

- **“Ready-to-Eat” Fruits or Vegetables:** Firms producing “ready-to-eat” fruits and vegetables receive produce from separate concerns. The produce is washed, sorted and graded by hand or by conveying the produce through automated machinery. The produce may be further processed by cutting, slicing, peeling or trimming. The final products, including lettuce mixes; sliced, peeled or trimmed fruits and vegetables; and fruit vegetable salad mixes are packaged into plastic bags or containers as a “ready-to-eat” food product. The “ready-to-eat” fresh pack items are stored in refrigerators or cold storage rooms pending shipment to customers. The California Department of Public Health (CDPH) defines “ready-to-eat” produce as products meant to be sold for immediate consumption without further peeling, trimming, washing or cooking by the consumer. The CDPH lists four conditions necessary for produce sold at food facilities other than restaurants to be considered “ready-to-eat”: 2

  1. The produce is pre-washed to remove soil and other contaminants;

2. The produce is in a form that can be consumed without further peeling or trimming;

3. The produce is in a package that serves to protect the food from contamination during transportation and storage; and

4. The package label declares the product “ready-to-eat” or “pre-washed”.

- **Coffee Roasting**: Operations involve receiving green coffee beans in bulk form. The beans are passed through a cleaning process for the removal of debris, conveyed into roasters and roasted. The beans are removed from the roaster, cooled and packaged. Coffee beans may be ground prior to packaging.

### Classification Analysis
Based upon the above, WCIRB staff analyzed whether: (1) the operations contemplated by Classifications 2111(1) and 6504 are sufficiently distinct from one another; and (2) the scope of Classification 6504 may encompass two or more separate and distinct industries that could merit one or more additional classifications.

#### Classifications 2111(1) and 6504 Scope
Staff contacted the California League of Food Processors (CLFP) to solicit feedback about whether they thought the operations contemplated by Classifications 2111(1) and 6504 are adequately distinct and identifiable. The CLFP indicated that it is “not aware of any problems with how fruit and vegetable processing firms are presently classified.” The CLFP affirmed that the distinguishing characteristic between “fresh” and “processed” produce is the subjecting of the food product to some form of thermal treatment. This is consistent with the current classification approach wherein fruits and vegetables are classified largely based upon the method of processing:

<table>
<thead>
<tr>
<th>Level of Processing</th>
<th>Class</th>
<th>Phraseology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canned/bottled (preserved)</td>
<td>2111(1)</td>
<td>Canneries – N.O.C. – including fruit preserving.</td>
</tr>
<tr>
<td>Packaged as “ready-to-eat”</td>
<td>6504</td>
<td>Confections and Food Sundries Mfg. or Processing – N.O.C.</td>
</tr>
<tr>
<td>Frozen</td>
<td>2117</td>
<td>Vegetable or Fruit Processors – frozen</td>
</tr>
<tr>
<td>Dehydrated</td>
<td>2102</td>
<td>Fruit or Vegetable Evaporation or Dehydrating</td>
</tr>
<tr>
<td>Vegetables – Field Packed</td>
<td>8209</td>
<td>Vegetables – fresh vegetable and tomato packing and handling – including storage</td>
</tr>
<tr>
<td>Fruit – Field Packed</td>
<td>2107</td>
<td>Fruit – fresh fruit packing and handling – including storage</td>
</tr>
</tbody>
</table>

In that (1) the WCIRB has been able to administer the above distinctions in a consistent and uniform manner and (2) the industry association expressed no concern with the existing classification process, the WCIRB finds no compelling reason to alter the current scope of Classification 2111(1). In short, the current procedure for classifying food processing operations, i.e., based on a combination of product and process, appears to be effective and efficient.

However, WCIRB staff determined that the existing wordings for Classifications 2111(1), Canneries, and 6504, Confections and Food Sundries Mfg. or Processing, should be clarified to more accurately describe the intended scope.

Staff noted that the current phraseology for Classification 2111(1), *Canneries – N.O.C – including fruit preserving*, could suggest that the classification applies primarily to canning of products other than fruits and vegetables when, in fact, virtually the entire constituency of the classification is made up of employers engaged in fruit and vegetable preserving. Indeed, because the only other “canneries” classification, 2113, *Canneries – fish*, is expressly limited to the processing of fish and seafood products, Classification 2111(1), as a N.O.C. classification, may suggest a scope that is broader than that intended. This could create confusion with respect to the classification of canned goods such as soups, sauces,
processed meats and “ready-to-eat” pastas in sauce, which are neither produce nor fish products. Staff recommends that the phraseology for Classification 2111(1) be amended to better describe its contemplated operations. Staff further recommends that the phraseology for Classification 2113 be similarly amended to change the emphasis from “canning” to the processing of fish and other seafood products.

Classification 6504
Staff reviewed Classification 6504 to assess whether (1) its scope is overly broad, i.e., whether there are two or more identifiable industries that meet the criteria for separate classifications; and (2) its phraseology should be clarified to better describe its contemplated scope.

Review of 6504 Scope: As indicated above, Classification 6504 carries a “not otherwise classified” qualifier and its scope spans a multitude of food industry operations. While virtually all products assigned to 6504 can be considered “ready-to-eat” foods, staff assessed whether any of the business activities included within the scope of 6504 are sufficiently distinct to meet the criteria for a unique classification. Based upon a review of both the operation and end product, staff identified three industries with operations and end product that differ sufficiently from the remainder of Classification 6504 that warranted further review. These include:

(1) “Ready-to-Eat” Produce
(2) Nut Processing
(3) Coffee Roasting

Unlike other operations assigned to Classification 6504 products, these industries are essentially all engaged in the value-added processing of an identifiable agricultural commodity. Following is an analysis of the extent to which these industries meet the criteria for a distinct classification:

“Ready-to-Eat” Fruit and Vegetable Processors: These firms comprise a distinct and identifiable industry engaged in a relatively homogeneous set of operations: the grading, washing, cutting, and packing of “ready-to-eat” produce. There is virtually no overlap between the operations of employers processing “ready-to-eat” produce and the remainder of firms assigned to Classification 6504. Further, these products and processes are distinguishable from those completed under the other produce processing and handling classifications.

WCIRB staff isolated the data for firms that produced “ready-to-eat” fruits and vegetables currently assigned to Classification 6504. The WCIRB identified 42 firms conducting these operations where the end product was fresh and “ready-to-eat” packaged fruit or vegetables – including lettuce salad mixes:
Table 1: “Ready-to-Eat” Fruits and Vegetables
Loss to Payroll Ratio at Policy Year 2009 Level

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Reports</th>
<th>Payroll</th>
<th>Losses</th>
<th>Loss to Payroll Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>29</td>
<td>87,873,383</td>
<td>4,035,855</td>
<td>4.593</td>
</tr>
<tr>
<td>2002</td>
<td>34</td>
<td>97,836,724</td>
<td>4,852,006</td>
<td>4.959</td>
</tr>
<tr>
<td>2003</td>
<td>38</td>
<td>93,606,306</td>
<td>3,127,547</td>
<td>3.341</td>
</tr>
<tr>
<td>2004</td>
<td>43</td>
<td>112,044,540</td>
<td>4,559,650</td>
<td>4.069</td>
</tr>
<tr>
<td>2005</td>
<td>43</td>
<td>179,765,690</td>
<td>4,857,771</td>
<td>2.702</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>571,126,643</td>
<td>21,432,829</td>
<td>3.753</td>
</tr>
</tbody>
</table>

Credibility

<table>
<thead>
<tr>
<th>Indemnity</th>
<th>Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.94</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Below is a comparison of the “ready-to-eat” produce industry to the remainder of Classification 6504.

Table 2: Comparison of Loss to Payroll Ratio at Policy Year 2009 Level

<table>
<thead>
<tr>
<th>Classification 6504</th>
<th>“Ready-to-Eat” Fruit and Vegetable Processing Study Group (6504)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.730</td>
<td>3.753</td>
<td>+0.023 (+0.6%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Residual of Classification 6504</th>
<th>“Ready-to-Eat” Fruit and Vegetable Processing Study Group (6504)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.803</td>
<td>3.753</td>
<td>-0.050 (-1.3%)</td>
</tr>
</tbody>
</table>

As indicated above, not only is the “ready-to-eat” produce industry of sufficient size to generate a nearly fully credible pure premium rate, but its payroll has grown significantly over the past few years. (Exhibit 1 shows the complete classification relativities used in Table 2 above.) While the demonstrated experience generated by the “ready-to-eat” produce industry is comparable to that developed by the remainder of risks assigned Classification 6504, the distinctly different nature of both the processes involved and the end product merits the establishment of a unique classification. Further, the current similarity in loss experience would have the benefit of minimizing any dislocations caused by the establishment of a new classification.

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4 The relativity for each classification in the upcoming policy year is determined based on a comparison between that classification’s actual losses per $100 of payroll and the ratio of losses per $100 of payroll underlying the current pure premium rate. The "credibilities" assigned to a classification are the statistical weights assigned to that classification’s experience as a predictor of future claim experience relative to the loss per $100 of payroll underlying the classification’s current pure premium rate. The predictability or credibilities assigned to a classification’s recent historical experience depends on the volume of indemnity and medical claims incurred during the experience period. The WCIRB strives to have classifications that are fully, or 100%, statistically credible based on historical experience over five or fewer years, which means that the classification’s relativity in the upcoming policy year can be best estimated using only the loss per $100 of payroll experience from the latest two-, three-, four- or five-year periods. Although there is no established minimum acceptable credibility, classifications with credibilities less than one-half have a five-year experience period that is less.
Establishing a unique classification for the “ready-to-eat” produce industry would create four distinct classifications for fruit and vegetables processing operations: fresh, frozen, canned/preserved, and dehydrated.

**Nut Hullers and Processors:** These firms constitute a distinct and identifiable industry engaged in a relatively homogeneous set of operations: processing nuts such as almonds, pistachios, cashews and walnuts for their hulls or the nutmeat. There is virtually no overlap between the operations of employers processing nuts and almonds and the remainder of firms assigned to Classification 6504. Further, these products and processes are distinguishable from those completed under the other produce processing and handling classifications.

The WCIRB isolated the payroll and loss data for nut hulling, shelling and processing assigned to Classification 6504. The data is reflected below in Table 3:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Reports</th>
<th>Payroll</th>
<th>Losses</th>
<th>Loss to Payroll Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>112</td>
<td>77,756,971</td>
<td>4,112,592</td>
<td>5.289</td>
</tr>
<tr>
<td>2002</td>
<td>147</td>
<td>83,169,987</td>
<td>1,708,197</td>
<td>2.054</td>
</tr>
<tr>
<td>2003</td>
<td>140</td>
<td>88,564,403</td>
<td>2,429,721</td>
<td>2.743</td>
</tr>
<tr>
<td>2004</td>
<td>152</td>
<td>94,533,237</td>
<td>3,856,780</td>
<td>4.080</td>
</tr>
<tr>
<td>2005</td>
<td>156</td>
<td>98,291,467</td>
<td>3,173,398</td>
<td>3.229</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>442,316,065</strong></td>
<td><strong>15,280,688</strong></td>
<td><strong>3,455</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Table 4:**

<table>
<thead>
<tr>
<th>Classification 6504</th>
<th>Nut Hulling and Processing Study Group (6504)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.730</td>
<td>3.455</td>
<td>-0.275 (-7.4%)</td>
</tr>
</tbody>
</table>

As indicated above, the nut processing industry is of sufficient size to generate a nearly fully credible pure premium rate.

**Coffee Roasters:** Another significant component of Classification 6504 is coffee roasters. Similar to the previous groups, these employers are identifiable and engage in a relatively homogeneous set of operations.
operations – the roasting of coffee beans. The WCIRB isolated the payroll and loss data for coffee bean roasting assigned to Classification 6504. The data is reflected below in Table 5:

**Table 5: Coffee Bean Roasting**  
**Loss to Payroll Ratio at Policy Year 2009 Level**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Reports</th>
<th>Payroll</th>
<th>Losses</th>
<th>Loss to Payroll Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>45</td>
<td>18,125,721</td>
<td>487,991</td>
<td>2.692</td>
</tr>
<tr>
<td>2002</td>
<td>47</td>
<td>18,683,514</td>
<td>342,839</td>
<td>1.835</td>
</tr>
<tr>
<td>2003</td>
<td>56</td>
<td>21,290,001</td>
<td>254,032</td>
<td>1.193</td>
</tr>
<tr>
<td>2004</td>
<td>55</td>
<td>22,498,529</td>
<td>1,058,098</td>
<td>4.703</td>
</tr>
<tr>
<td>2005</td>
<td>61</td>
<td>24,511,053</td>
<td>1,225,078</td>
<td>4.998</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>105,108,818</td>
<td>3,368,038</td>
<td>3.204</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indemnity</td>
</tr>
<tr>
<td>Medical</td>
</tr>
</tbody>
</table>

While coffee roasters engage in a distinct and identifiable set of operations, as an industry, they are not of sufficient size to generate a statistically credible pure premium rate.

**Review of 6504 Phraseology:** With respect to the phraseology for Classification 6504, *Confections and Food Sundries Mfg. or Processing – N.O.C.*, staff noted that this wording – established in 1940 – is antiquated and should be updated to better describe the contemplated operations.

**Impact Analysis**

In view of the findings that both the “ready-to-eat” produce and the nut processing industries each meet the criteria for a unique classification, staff evaluated the impact establishing these unique classifications would have on the classification relativities – and thus the associated pure premium rates – for the affected policyholders.

Table 6 compares the current selected loss to payroll ratio for Classification 6504 with the selected loss to payroll ratio for the “ready-to-eat” produce study group:

**Table 6: All of 6504 vs. “Ready-to-Eat” Produce Study Group**  
**Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2009 Level**

<table>
<thead>
<tr>
<th>Classification 6504</th>
<th>“Ready-to-Eat” Study Group (6504)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.741</td>
<td>3.760</td>
<td>+0.019 (+0.5%)</td>
</tr>
</tbody>
</table>

Table 7 compares the current selected loss to payroll ratio for Classification 6504 with the residual for 6504 after removing the study group.

**Table 7: All of 6504 vs. 6504 less “Ready-to-Eat” Produce Study Group**  
**Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2009 Level**
Table 8: All of 6504 vs. Nut Hullers Study Group  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2009 Level

<table>
<thead>
<tr>
<th>Classification 6504</th>
<th>Nut Hulling and Processing Study Group (6504)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.741</td>
<td>3.468</td>
<td>-0.273 (-7.3%)</td>
</tr>
</tbody>
</table>

Table 9: All of 6504 vs. 6504 less Nut Hullers Study Group  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2009 Level

<table>
<thead>
<tr>
<th>Classification 6504</th>
<th>Classification 6504 less Nut Hulling and Processing Study Group (6504)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.741</td>
<td>3.749</td>
<td>+0.008 (+0.2%)</td>
</tr>
</tbody>
</table>

Table 10 compares the current selected loss to payroll ratio for Classification 6504 with the residual of Classification 6504 when both the “ready-to-eat” and nut hulling study groups are removed.

Table 10: All of 6504 vs. 6504 less “Ready-to Eat” and Nut Hullers Study Groups  
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2009 Level

<table>
<thead>
<tr>
<th>Classification 6504</th>
<th>Classification 6504 less both “Ready-to-Eat” and Nut Hulling Study Groups (6504)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.741</td>
<td>3.831</td>
<td>+0.090 (+2.4%)</td>
</tr>
</tbody>
</table>

Creating an Industry Grouping for Food Processing Classifications:  
The USRP contains 26 standard classifications applicable to produce and/or food processing operations. Given the number of available classifications and the sometimes fine distinctions in scope among two or more classifications that might apply in a given situation, locating the correct classification would be facilitated by grouping all food processing classifications under a common heading within the USRP.
Clarifying Classification 2113, Canneries – fish:
In addition to establishing a grouping for all food products classifications, staff also noted two classifications that — while describing comparable operations — are constructed very differently:

CANNERIES — fish 2113
Can manufacturing and the rendering of fish oil shall be separately classified.

MEAT PRODUCTS MFG. — N.O.C. — including canning 2095
Can manufacturing shall be separately classified.

Both Classifications 2113 and 2095 apply to firms engaged in the processing and/or packaging of various meats (2095), fish (2113), or poultry (2095) products. Further, like firms assigned to Classification 2095, few firms assigned to Classification 2113 engage in actual “canning” operations. Subsequent to the establishment of Classification 2113 in the 1940s, the industry evolved to include primarily fish and seafood product manufacturers as opposed to just fish canneries.

Staff recommends clarifying the scope of Classification 2113 by amending the phraseology to emphasize the end product rather than the process. Staff also recommends amending Classification 2095 to replace the term “canning” with the more generic term “packaging”. Towards this end, staff proposes that (1) the classification wording for 2113 be amended to read: Fish or Seafood Products Mfg. – including packaging; and (2) the classification wording for 2095 be amended to read: Meat Products Mfg. – including packaging. The proposed changes would not require the reassignment of any employer currently assigned to Classifications 2113 or 2095.

Conclusion and Recommendation
Based on its review of classification procedures applicable to firms assigned to Classifications 2111(1) and 6504, WCIRB staff finds the following:

1. Classification 2111(1), Canneries – N.O.C., contemplates a distinct and identifiable group of employers engaged in a relatively homogenous set of operations that is distinguishable from those contemplated under other classifications applicable to the food processing industry. As such, there is no compelling reason to amend the current approach of classifying food processing operations based on a combination of product and process.

2. Classification 6504, Confections and Food Sundries Mfg. or Processing, is a broadly defined “N.O.C.” classification that, in addition to contemplating a broadly defined food product industry, also includes two distinct and identifiable industries that each meet the criteria for a unique classification:

   a. “Ready-to-eat” fruit and vegetable processors represent a distinct and clearly identifiable industry, with operations that are relatively homogenous with respect to exposures to hazards, which are clearly different from employers assigned to other classifications and with data of sufficient size to develop a statistically credible rate; and

   b. Nut hullers and processors represent a distinct and clearly identifiable industry, with operations that are relatively homogenous with respect to exposures to hazards, which

---

5 Classification 2095 applies to the manufacture of meat products such as smoked and cured meats, sausage, frankfurters, hams, hamburger patties, and sandwich meat.

6 Classification 2113 applies to the manufacture or processing of fish and seafood products such as canned tuna, smoked and cured fish, breaded fish sticks, fish cakes, shrimp, imitation crab, and caviar.

7 The scope of Classification 2113 was the subject of a recent appeal before the California Department of Insurance. An employer manufacturer of “artificial crab” from purchased fish paste argued that since the product was not “canned”, Classification 2113 could be assigned. The Insurance Commissioner sustained the WCIRB’s finding that Classification 2113 applied to the manufacture of processed fish products.
are clearly different from employers assigned to other classifications and with data of sufficient size to develop a statistically credible rate.

3. The scope and application of Classifications 2111(1) and 6504 should be clarified by amending the phraseologies to more precisely describe the intended operations;

4. The scope and application of numerous additional classifications applicable to the packaging and processing of food would be clarified by developing a more standard approach to the classification phraseologies and footnotes; and

5. Determining the proper standard classification for employers in the food processing industry would be facilitated by grouping all food packaging and processing classifications under a common heading within the USRP.

The only policyholders that would be reclassified if the above changes are adopted include: (1) “ready-to-eat” produce processors, which would be reassigned from Classification 6504 to the newly established classification, and (2) nut processors, which would be reassigned from Classification 6504 to the newly established classification.

In view of the above, the WCIRB recommends the following:

1. Establish a new classification for the processing and packaging of “ready-to-eat” fruits and vegetables;

2. Establish a new classification for the hulling, shelling or processing of nuts;

3. Amend the following classifications for consistency and to clarify their intended applications:
   a. 2095, Meat Products Mfg. – N.O.C. – including canning
   b. 2107, Fruit – fresh fruit packing and handling – including storage
   c. 2108, Fruit – citrus fruit packing and handling – including storage
   d. 2111(1), Canneries – N.O.C. – including fruit preserving
   e. 2113, Canneries – fish
   f. 2117, Vegetable or Fruit Processors – frozen
   g. 6504, Confections and Food Sundries Mfg. or Processing – N.O.C.
   h. 8209, Vegetables – fresh vegetable and tomato packing and handling – including storage

4. Establish an industry grouping for all food packaging and processing classifications under a common heading within the USRP.

Implementing the foregoing recommendations would require that the following changes to Part 3 of the USRP be included at the time of the next pure premium rate filing:
Proposed Changes to the California Workers’ Compensation Uniform Statistical Reporting Plan—1995 Related to:

2111(1), Canneries – N.O.C. – including fruit preserving
6504, Confections and Food Sundries Mfg. or Processing – N.O.C.

Recommendation
Amend Part 3, Standard Classification System, Section VII, Standard Classifications, Rule 1, Classification Section, paragraph a, Industry Groups, to reflect the proposed establishment of Food Packaging and Processing as an industry group and to renumber the subsequent listings in the Rule.

PROPOSED

Section VII — Standard Classifications

1. Classification Section
   •
   •
   •
   a. Industry Groups
      Some classifications are grouped alphabetically under industry groupings to assist users in identifying and assigning classifications within similar industries. Construction-related classifications are listed in Appendix II, Construction and Erection Classifications. The following other industry groups are incorporated into the classifications listed below:

(1) Electronics Industry
(2) Farms
(3) Food Packaging and Processing
(3)(4) Health and Human Services
(4)(5) Metal Working Classifications
(5)(6) Municipal, State or Other Public Agencies
(6)(7) Petroleum Industry
(7)(8) Printing, Publishing and Duplicating
(8)(9) Property Management/Operation
(9)(10) Salvage Material Dealers
(10)(11) Sign Industry
   •
   •
   •

Recommendation
Amend Classification 2113, Canneries – fish, to clarify its intended application.
PROPOSED

CANNERS — Fish, Fish or Seafood Products Mfg. — including packaging 2113

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

* * * * * * *

Recommendation
Amend Classification 2111(1), Canners — N.O.C. — including fruit preserving, to clarify its intended application.

PROPOSED

CANNERS — N.O.C. — including fruit preserving Fruit or Vegetable Preserving — 2111(1)

including packaging

This classification does not contemplate the processing of “ready-to-eat” fruits and vegetables that are described by Classification 2123, Fruit or Vegetable Processing — fresh — ready-to-eat.

This classification also does not contemplate frozen fruit or vegetable processors, fresh or frozen potato processors, fruit juice or concentrate manufacturing, and fruit and vegetable dehydrating.

Can manufacturing shall be separately classified.

* * * * * * *

Recommendation
Establish Classification 2123, Fruit or Vegetable Processing — fresh — ready-to-eat. The “ready-to-eat” produce industry constitutes a distinct and identifiable industry of sufficient size to generate a statistically credible pure premium rate.

PROPOSED

FRUIT OR VEGETABLE PROCESSING — fresh — ready-to-eat 2123

This classification applies to the processing of “ready-to-eat” fruits and vegetables that are packaged and sold for immediate consumption without further peeling, trimming, washing or cooking. Produce is considered “ready-to-eat” when:

1. The produce is pre-washed to remove soil and other contaminants;
2. The produce is in a form that can be consumed without further peeling or trimming;
3. The produce is in a package that serves to protect the food from contamination during transportation and storage; and
4. The package label declares the produce as “ready-to-eat” or “pre-washed”.

This classification does not contemplate the preparation or packing of produce that is pre-cut and sold from the open self-service bins or trays at grocery stores.

Growing or harvesting of crops shall be separately classified.

* * * * * * *

Recommendation
Amend Classification 2117, Vegetable or Fruit Processors — frozen, for consistency.
**VEGETABLE OR FRUIT OR VEGETABLE PROCESSORS PROCESSING — frozen** 2117

Can manufacturing shall be separately classified.
Growing or harvesting of crops shall be separately classified.

* * * * * * * *

**Recommendation**
Amend Classification 6504, *Confections and Food Sundries Mfg. or Processing – N.O.C.*, to clarify its intended application.

**PROPOSED**

**CONFECTIONS AND FOOD SUNDRIES PRODUCTS MFG. OR PROCESSING — N.O.C.** 6504

* * * * * * * *

**Recommendation**
Establish Classification 0096, *Nut Hulling, Shelling or Processing*. Nut processing constitutes a distinct and identifiable industry of sufficient size to generate a statistically credible pure premium rate.

**PROPOSED**

**NUT HULLING, SHELLING OR PROCESSING** 0096

Growing or harvesting of crops shall be separately classified.

* * * * * * * *
Recommendation
Amend the footnote to Classification 2108, *Fruit – citrus fruit packing and handling – including storage*, to clarify the distinction between Classification 2108 and Classification 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*.

PROPOSED

**FRUIT — citrus fruit packing and handling — including storage**

This classification does not contemplate the processing of “ready-to-eat” fruits and vegetables that are described by Classification 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*.

Growing or harvesting of crops shall be separately classified.

Recommendation
Amend Classification 2107, *Fruit – fresh fruit packing and handling – including storage*, to indicate that it is a “not otherwise classified” classification. In addition, amend the footnote and to clarify the distinction between Classification 2107 and Classification 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*.

PROPOSED

**FRUIT — fresh fruit packing and handling — including storage — N.O.C.**

This classification shall apply to the packing and handling of deciduous fruit, such as peaches, plums, pears, nectarines, apricots and apples, as well as the packing of melons, grapes, avocados, strawberries, figs and kiwi fruit.

This classification does not contemplate the processing of “ready-to-eat” fruits and vegetables that are described by Classification 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*.

Growing or harvesting of crops shall be separately classified.
Recommendation
Amend the footnote to Classification 8209, *Vegetables – fresh vegetable and tomato packing and handling – including storage*, to clarify the distinction between Classification 8209 and Classification 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*.

**PROPOSED**

**VEGETABLES — fresh vegetable and tomato packing and handling — including storage**

This classification shall apply to the packing of fresh vegetables, such as broccoli, asparagus, carrots, lettuce, potatoes, onions, garlic, celery, artichokes, cauliflower and peppers.

This classification does not contemplate the processing of “ready-to-eat” fruits and vegetables that are described by Classification 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*.

Growing or harvesting of crops shall be separately classified.

* * * * * * *

Recommendation
Amend Classification 2095, *Meat Products Mfg. – N.O.C. – including canning*, to remove the “not otherwise classified” indication and to clarify its intended application.

**PROPOSED**

**MEAT PRODUCTS MFG. — N.O.C. — including canning packaging**

Can manufacturing shall be separately classified.

* * * * * * *

Recommendation
Amend the footnote to Classification 8215(2), *Warehouses – grain or bean – including bean cleaning and handling*, to reflect changes proposed elsewhere in this Section.

**WAREHOUSES — grain or bean — including bean cleaning and handling**

Classification 8215(2) shall not be used for division of payroll in connection with Classification 8232(3), *Fuel and Material Dealers*, unless the operation described by Classification 8215(2) constitutes a separate and distinct enterprise having no connection with the operations covered by Classification 8232(3).

This classification contemplates the storage and cleaning of beans or grains that are sacked. The storage of grain or beans in bulk, where no sacking or handling of sacked products is performed, shall be classified as 8304, *Grain Elevators or Grain Storage Warehouses*. Hand sorting departments physically separated from other operations shall be separately classified as 6504, *Confections and Food Sundries Products Mfg. or Processing – N.O.C.*

* * * * * * *

If the Insurance Commissioner adopts the changes to the *California Workers’ Compensation Uniform Statistical Reporting Plan—1995 (USRP)* detailed above, the WCIRB intends to add the following cross-
references and group all of the following classifications into one industry grouping named Food Packaging and Processing. Set forth below are staff’s recommendations.

Recommendation
Establish a cross-reference to indicate that Classification 2003, Bakeries and Cracker Mfg., is listed under the Food Packaging and Processing Industry Group.

PROPOSED

**BAKERIES AND CRACKER MFG.\text{\texttt{2003}}**

*See Food Packaging and Processing.*

Recommendation
Establish a cross-reference to indicate that Classification 2163, Bottling – beverages – no spirituous liquors, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

**BOTTLING — beverages — no spirituous liquors\text{\texttt{2163}}**

*See Food Packaging and Processing.*

Recommendation
Establish a cross-reference to indicate that Classification 2121, Breweries or Malt Houses – including bottling or canning, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

**BREWERIES OR MALT HOUSES — inclu\texttt{ding bottling or canning\texttt{2121}}**

*See Food Packaging and Processing.*

Recommendation
Establish a cross-reference to indicate that Classification 4717, Butter Substitutes Mfg., is listed under the Food Packaging and Processing Industry Group.
PROPOSED

BUTTER SUBSTITUTES MFG. 4717
See Food Packaging and Processing.

* * * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 4683(2), Cottonseed Oil Mfg. or Refining – during both active and dormant seasons – including installation or repair of equipment; yard employees; seed or fuel haulers, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

COTTONSEED OIL MFG. OR REFINING — during both active and dormant seasons — including 4683(2) installation or repair of equipment; yard employees; seed or fuel haulers
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2063, Creameries and Dairy Products Mfg., is listed under the Food Packaging and Processing Industry Group.

PROPOSED

CREAMERIES AND DAIRY PRODUCTS MFG. 2063
See Food Packaging and Processing.

* * * * * * *
Recommendation
Establish a cross-reference to indicate that Classification 2142(2), Distilling – N.O.C., is listed under the Food Packaging and Processing Industry Group.

PROPOSED

DISTILLING — N.O.C. 2142(2)
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2113, Fish or Seafood Products Mfg. – including bottling and canning, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

FISH OR SEAFOOD PRODUCTS MFG. — including packaging 2113
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 6504, Food Products Mfg. or Processing – N.O.C., is listed under the Food Packaging and Processing Industry Group.

PROPOSED

FOOD PRODUCTS MFG. OR PROCESSING — N.O.C. 6504
See Food Packaging and Processing.

* * * * * * * *
Recommendation
Establish a cross-reference to indicate that Classification 2108, Fruit – citrus fruit packing and handling – including storage, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

FRUIT — citrus fruit packing and handling — including storage 2108
See Food Packaging and Processing.

* * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2109, Fruit – dried fruit packing and handling, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

FRUIT — dried fruit packing and handling 2109
See Food Packaging and Processing.

* * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2107, Fruit – fresh fruit packing and handling – including storage – N.O.C., is listed under the Food Packaging and Processing Industry Group.

PROPOSED

FRUIT — fresh fruit packing and handling — including storage — N.O.C. 2107
See Food Packaging and Processing.

* * * * * * *
Recommendation
Establish a cross-reference to indicate that Classification 2116, *Fruit Juice or Concentrate Mfg.*, is listed under the *Food Packaging and Processing* Industry Group.

PROPOSED

**FRUIT JUICE OR CONCENTRATE MFG.**  
2116
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2102, *Fruit or Vegetable Evaporation or Dehydrating*, is listed under the *Food Packaging and Processing* Industry Group.

PROPOSED

**FRUIT OR VEGETABLE EVAPORATION OR DEHYDRATING**  
2102
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2111(1), *Fruit or Vegetable Preserving – including bottling and canning*, is listed under the *Food Packaging and Processing* Industry Group.

PROPOSED

**FRUIT OR VEGETABLE PRESERVING – including packaging**  
2111(1)
See Food Packaging and Processing.

* * * * * * * *
Recommendation
Establish a cross-reference to indicate that Classification 2123, *Fruit or Vegetable Processing – fresh – ready-to-eat*, is listed under the *Food Packaging and Processing* Industry Group.

PROPOSED

**FRUIT OR VEGETABLE PROCESSING – fresh – ready-to-eat**  
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2117, *Fruit or Vegetable Processing – frozen*, is listed under the *Food Packaging and Processing* Industry Group.

PROPOSED

**FRUIT OR VEGETABLE PROCESSING — frozen**  
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2014(1), *Grain or Rice Milling*, is listed under the *Food Packaging and Processing* Industry Group.

PROPOSED

**GRAIN OR RICE MILLING**  
See Food Packaging and Processing.

* * * * * * * *
Recommendation
Establish a cross-reference to indicate that Classification 2002, Macaroni Mfg., is listed under the Food Packaging and Processing Industry Group.

PROPOSED

MACARONI MFG. 2002
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 2095, Meat Products Mfg. – including bottling and canning, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

MEAT PRODUCTS MFG. — including packaging 2095
See Food Packaging and Processing.

* * * * * * * *

Recommendation
Establish a cross-reference to indicate that Classification 0096, Nut Hulling, Shelling or Processing, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

NUT HULLING, SHELLING OR PROCESSING 0096
See Food Packaging and Processing.

* * * * * * * *
**Recommendation**

Establish a cross-reference to indicate that Classification 4683(1), *Oil Mfg. or Refining – vegetable – N.O.C.*, is listed under the *Food Packaging and Processing* Industry Group.

**PROPOSED**

**OIL MFG. OR REFINING — vegetable — N.O.C.**

See *Food Packaging and Processing*.

* * * * * * * *

**Recommendation**

Establish a cross-reference to indicate that Classification 2111(2), *Olive Handling – sorting, curing, packing and canning*, is listed under the *Food Packaging and Processing* Industry Group.

**PROPOSED**

**OLIVE HANDLING — sorting, curing, packing and canning**

See *Food Packaging and Processing*.

* * * * * * * *

**Recommendation**

Establish a cross-reference to indicate that Classification 2111(3), *Pickle Mfg.*, is listed under the *Food Packaging and Processing* Industry Group.

**PROPOSED**

**PICKLE MFG.**

See *Food Packaging and Processing*.

* * * * * * * *
**Recommendation**
Establish a cross-reference to indicate that Classification 2030, *Sugar Mfg. or Refining – beet or cane – including beet dumps*, is listed under the *Food Packaging and Processing* Industry Group.

**PROPOSED**

*SUGAR MFG. OR REFINING — beet or cane — including beet dumps*  
2030

See Food Packaging and Processing.

* * * * * * * *

**Recommendation**
Establish a cross-reference to indicate that Classification 8209, *Vegetables – fresh vegetable and tomato packing and handling – including storage*, is listed under the *Food Packaging and Processing* Industry Group.

**PROPOSED**

*VEGETABLES — fresh vegetable and tomato packing and handling — including storage*  
8209

See Food Packaging and Processing.

* * * * * * * *

**Recommendation**
Establish a cross-reference to indicate that Classification 2142(3), *Vinegar Mfg.*, is listed under the *Food Packaging and Processing* Industry Group.

**PROPOSED**

*VINEGAR MFG.*  
2142(3)

See Food Packaging and Processing.

* * * * * * * *
Recommendation
Establish a cross-reference to indicate that Classification 4831, Vitamin or Food Supplement Mfg. – compounding, blending or packaging only – not manufacturing ingredients, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

VITAMIN OR FOOD SUPPLEMENT MFG. — compounding, blending or packaging only — not manufacturing ingredients
4831
See Food Packaging and Processing.

Recommendation
Establish a cross-reference to indicate that Classification 2142(1), Wineries – all operations, is listed under the Food Packaging and Processing Industry Group.

PROPOSED

WINERIES — all operations
2142(1)
See Food Packaging and Processing.
Proposed USRP Industry Group for Food Packaging and Processing

<table>
<thead>
<tr>
<th>FOOD PACKAGING AND PROCESSING</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BAKERIES AND CRACKER MFG.</td>
<td>2003</td>
</tr>
<tr>
<td>Store operations shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>BOTTLING — beverages — no spirituous liquors</td>
<td>2163</td>
</tr>
<tr>
<td>BREWERIES OR MALT HOUSES — including bottling or canning</td>
<td>2121</td>
</tr>
<tr>
<td>BUTTER SUBSTITUTES MFG.</td>
<td>4717</td>
</tr>
<tr>
<td>COTTONSEED OIL MFG. OR REFINING — during both active and dormant seasons —</td>
<td>4683(2)</td>
</tr>
<tr>
<td>including installation or repair of equipment; yard employees; seed or fuel haulers</td>
<td></td>
</tr>
<tr>
<td>CREAMERIES AND DAIRY PRODUCTS MFG.</td>
<td>2063</td>
</tr>
<tr>
<td>Can manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>DISTILLING — N.O.C.</td>
<td>2142(2)</td>
</tr>
<tr>
<td>Bottle manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>FISH OR SEAFOOD PRODUCTS MFG. — including packaging</td>
<td>2113</td>
</tr>
<tr>
<td>Can manufacturing and the rendering of fish oil shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>FOOD PRODUCTS MFG. OR PROCESSING — N.O.C.</td>
<td>6504</td>
</tr>
<tr>
<td>FRUIT — citrus fruit packing and handling — including storage</td>
<td>2108</td>
</tr>
<tr>
<td>This classification does not contemplate the processing of &quot;ready-to-eat&quot; fruits and vegetables that are described by Classification 2123, Fruit or Vegetable Processing – fresh – ready-to-eat. Growing or harvesting of crops shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>FRUIT — dried fruit packing and handling</td>
<td>2109</td>
</tr>
<tr>
<td>FRUIT — fresh fruit packing and handling — including storage — N.O.C.</td>
<td>2107</td>
</tr>
<tr>
<td>This classification does not contemplate the processing of &quot;ready-to-eat&quot; fruits and vegetables that are described by Classification 2123, Fruit or Vegetable Processing – fresh – ready-to-eat. Growing or harvesting of crops shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>FRUIT JUICE OR CONCENTRATE MFG.</td>
<td>2116</td>
</tr>
<tr>
<td>Can manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>FRUIT OR VEGETABLE EVAPORATION OR DEHYDRATING</td>
<td>2102</td>
</tr>
<tr>
<td>Growing or harvesting of crops shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>FRUIT OR VEGETABLE PRESERVING – including packaging</td>
<td>2111(1)</td>
</tr>
<tr>
<td>This classification also does not contemplate frozen fruit or vegetable processing, fresh or frozen potato processing, fruit juice or concentrate manufacturing, or fruit and vegetable dehydrating. Can manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>FRUIT OR VEGETABLE PROCESSING – fresh – ready-to-eat</td>
<td>2123</td>
</tr>
</tbody>
</table>
This classification applies to the processing of “ready-to-eat” fruits and vegetables that are packaged and sold for immediate consumption without further peeling, trimming, washing or cooking. Produce is considered “ready-to-eat” when:

1. The produce is pre-washed to remove soil and other contaminants;
2. The produce is in a form that can be consumed without further peeling or trimming;
3. The produce is in a package that serves to protect the food from contamination during transportation and storage; and
4. The package label declares the produce as “ready-to-eat” or “pre-washed”.

This classification does not contemplate the preparation or packing of produce that is pre-cut and sold from the open self-service bins or trays at grocery stores.

Growing or harvesting of crops shall be separately classified.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRUIT OR VEGETABLE PROCESSING — frozen</td>
<td>2117</td>
</tr>
<tr>
<td>Can manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>Growing or harvesting of crops shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>GRAIN OR RICE MILLING</td>
<td>2014(1)</td>
</tr>
<tr>
<td>MACARONI MFG.</td>
<td>2002</td>
</tr>
<tr>
<td>MEAT PRODUCTS MFG. — including packaging</td>
<td>2095</td>
</tr>
<tr>
<td>Can manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>NUT HULLING, SHELLING OR PROCESSING</td>
<td>0096</td>
</tr>
<tr>
<td>Growing or harvesting of crops shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>OIL MFG. OR REFINING — vegetable — N.O.C.</td>
<td>4683(1)</td>
</tr>
<tr>
<td>OLIVE HANDLING — sorting, curing, packing and canning</td>
<td>2111(2)</td>
</tr>
<tr>
<td>Can manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>PICKLE MFG.</td>
<td>2111(3)</td>
</tr>
<tr>
<td>SUGAR MFG. OR REFINING — beet or cane — including beet dumps</td>
<td>2030</td>
</tr>
<tr>
<td>VEGETABLES — fresh vegetable and tomato packing and handling — including storage</td>
<td>8209</td>
</tr>
<tr>
<td>This classification does not contemplate the processing of “ready-to-eat” fruits and vegetables that are described by Classification 2123, <em>Fruit or Vegetable Processing – fresh – ready-to-eat.</em></td>
<td></td>
</tr>
<tr>
<td>Growing or harvesting of crops shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>VINEGAR MFG.</td>
<td>2142(3)</td>
</tr>
<tr>
<td>Bottle manufacturing shall be separately classified.</td>
<td></td>
</tr>
<tr>
<td>VITAMIN OR FOOD SUPPLEMENT MFG. — compounding, blending or packaging only — not manufacturing ingredients</td>
<td>4831</td>
</tr>
<tr>
<td>WINERIES — all operations</td>
<td>2142(1)</td>
</tr>
<tr>
<td>Bottle manufacturing shall be separately classified.</td>
<td></td>
</tr>
</tbody>
</table>

* * * * * * * * *
Recommendation

PROPOSED

Section VIII — Abbreviated Classifications — Numeric Listing

0096 Nut Hulling, Shelling or Processing

2111(1) Canneries Fruit or Vegetable Preserving

2113 Canneries — fish Fish or Seafood Products Mfg.

2117 Vegetable or Fruit or Vegetable Processing – frozen

2123 Fruit or Vegetable Processing – fresh – ready-to-eat

6504 Confections and Food Sundries Products Mfg. or Processing
Recommendation
If the Insurance Commissioner adopts the proposed changes to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) detailed above, the WCIRB intends to update the *Rulings and Interpretations* Supplement to the USRP. Set forth below are staff's changes.

Appendix I – Standard Manufacturing Classifications

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0096</td>
<td>Nut Hulling, Shelling or Processing</td>
</tr>
<tr>
<td>2111(1)</td>
<td>Canneries, Fruit or Vegetable Preserving</td>
</tr>
<tr>
<td>2113</td>
<td>Canneries—fish, Fish or Seafood Products Mfg.</td>
</tr>
<tr>
<td>2117</td>
<td>Vegetable or Fruit or Vegetable Processing – frozen</td>
</tr>
<tr>
<td>2123</td>
<td>Fruit or Vegetable Processing – fresh – ready-to-eat</td>
</tr>
<tr>
<td>6504</td>
<td>Confections and Food Sundries Products Mfg. or Processing</td>
</tr>
</tbody>
</table>