Workers' Compensation Insurance Rating Bureau of California

Report on the Iron or Steel Erection Study

Excerpt from the WCIRB Classification and Rating Committee Minutes
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About this Report
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Iron or Steel Erection Study

5040(1), *Iron or Steel Erection – structural and exterior installation*
5040(2), *Bridge Building – metal*
5040(3), *Painting – steel structures or bridges*
5057, *Iron or Steel Erection – N.O.C.*
5059, *Iron or Steel Erection – structural*
5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*
5102(3), *Floor Installation – elevated*

Executive Summary

Objective

The WCIRB performed a comprehensive review of the above-referenced iron or steel erection classifications. The objective of this study is to clarify the scope of each iron or steel erection classification, provide clear direction as to their application, and eliminate redundancy in classification descriptions to promote consistency in data reporting.

Findings

Based on staff's review of these iron or steel erection classifications, the WCIRB determined:

I. Structural vs. Non-Structural Iron or Steel Erection Operations

1. There is a clear line of demarcation between structural and non-structural operations. Employers that specialize in non-structural or decorative iron or steel erection operations typically do not also perform structural iron or steel construction operations. Employers that specialize in structural iron or steel erection operations typically do not also perform non-structural iron or steel erection as a separate specialty operation, and any non-structural iron or steel work that these employers perform is typically performed as a minor operation in connection with structural steel erection at the same job or location.

II. Structural Iron or Steel Erection Operations

1. Classifications 5040(1), *Iron or Steel Erection – structural and exterior installation,* and 5059, *Iron or Steel Erection – structural*, have significant operational overlap, are rated in the same hazard group,[1] have relatively similar loss to payroll ratios and when combined are fully credible for both indemnity and medical.

2. Classifications 5040(2), *Bridge Building – metal*, and 5040(3), *Painting – steel structures or bridges*, have low credibility because very few employers are assigned to these classifications and they are thus unlikely to be developed as separate classifications in the future. In addition, these alternate wordings do not provide underwriting clarity.

III. Non-Structural Iron or Steel Erection Operations

1. Classification 5057, *Iron or Steel Erection – N.O.C.*, is difficult to differentiate from Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural,* as they are operationally similar and the scope of each classification somewhat overlaps. In addition, these classifications are rated in the same hazard group, until recently the loss to payroll ratios for these classifications were reasonably similar, and when combined these classifications are fully credible for both indemnity and medical.

[1] The WCIRB assigns classifications to hazard groups based on the propensity for claim amounts of different sizes in the classification; therefore, the classifications in each hazard group have relatively similar expected loss factors. Hazard groups are used by the WCIRB in both classification ratemaking and retrospective rating and are rated on a scale of 1-7, with Group 7 being the most hazardous.

2. Classification 5102(3), *Floor Installation – elevated*, has low credibility because very few employers are assigned to this classification and it is thus unlikely to be developed as a separate classification in the future; this alternate wording also does not provide underwriting clarity.

3. The wrecking or demolition and raising or moving of steel buildings, structures, tanks, towers or ships, currently assigned to Classification 5057, is more similar to structural steel framing or the erection of steel structures than to non-structural or ornamental metal work.

Recommendations
Based on the findings, the WCIRB recommends consolidating the classifications studied into two classifications, one for structural and one for non-structural iron or steel operations as follows:

I. Structural Iron or Steel Erection Operations

1. Amend Classification 5040(1), *Iron or Steel Erection – structural and exterior installation,* to Classification 5040, *Iron or Steel Erection – structural,* and include all structural iron or steel erection operations, including bridge building and the painting of steel structures and bridges, and non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel erection at the same job or location.

2. Eliminate Classifications 5040(2), *Bridge Building – metal*, 5040(3), *Painting – steel structures or bridges,* and 5059, *Iron or Steel Erection – structural*, and assign their constituents to Classification 5040, *Iron or Steel Erection – structural.*

II. Non-Structural Iron or Steel Erection Operations

1. Amend Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*, to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural,* and include the installation or erection of all non-structural iron, steel, brass, bronze or aluminum metal work, including elevated floor installation.

2. Eliminate Classifications 5102(3*), Floor Installation – elevated*, and 5057, *Iron or Steel Erection – N.O.C.,* and assign their constituents to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*.

3. Amend the *Special Industry Classification Procedures* for *Wrecking or Demolition and Building Raising or Moving* to direct that wrecking or demolition and raising or moving of steel buildings (not concrete encased steel), structures, tanks towers or ships (of any size) is assignable to Classification 5040, *Iron or Steel Erection – structural*.

I. Introduction and Background

The Classification and Rating Committee requested that the WCIRB study the referenced iron or steel erection classifications to clarify the classification procedures.[2] Staff analyzed whether the described industries still meet the criteria for separate and distinct classifications and whether the alternate wording classifications should be retained.[3] The objective of this study is to clarify the scope of each iron or steel erection classification, provide clear direction as to their application, and eliminate redundancy in classification descriptions to promote consistency in data reporting.

Alternate wording classifications, identified by a suffix after the four digit class code, have historically been created for two reasons: (1) to provide clarity to underwriters regarding the assignment of a specific operation, and (2) to facilitate identification of the payroll and loss data of their constituents to determine whether the establishment of a new classification is warranted. However, if these constituencies are not large enough to warrant a unique four-digit classification, consideration should be given to consolidating them when they aren't needed to clarify the assignment of a specific operation.

II. Structural vs. Non-Structural Iron or Steel Erection Operations

Classifications 5040(1), 5040(2), 5040(3) and 5059 all describe structural iron or steel erection operations, while Classifications 5102(1), 5102(3) and 5057 generally describe non-structural iron or steel erection operations. The WCIRB found that employers specializing in non-structural or decorative iron or steel erection operations typically do not also perform structural iron or steel construction. Similarly, employers that perform structural iron or steel erection operations typically specialize in structural work and do not also install or erect non-structural or decorative metal work as a separate specialty operation. Any non-structural iron or steel work that these employers perform is typically performed as a minor operation in connection with structural steel erection at the same job or location.[4]

Industry stakeholders also advised that there is a relatively clear line of demarcation between structural and non-structural iron or steel erection operations as employers usually specialize in one trade or the other and typically don't have the capacity or skillset to perform both types of iron or steel construction as significant operations. Feedback from the industry confirmed that non-structural metal work often involves the installer performing complex mathematical calculations to create intricate architectural designs and ornamental railings, whereas structural metal work is heavily focused on certified welding operations and the accurate placement of heavy steel structural components in coordination with separate crane operators and riggers, and most calculations are performed by separate engineers. Additionally, the types of materials handled are different, as non-structural iron or steel work usually involves materials that are lighter in weight compared to structural iron or steel work, which involves large and heavy "I" or "H" beams; this results in different types of claims and injuries sustained during the course of each type of work.

The classifications applicable to structural iron or steel erection operations are rated in the highest California Hazard Group, Group 7, while the non-structural Iron or Steel Erection Classifications are rated in Group 6; this indicates the propensity for larger claims in the structural classifications. The most common injury type for all four Iron or Steel Erection Classifications is "Fall, Slip or Trip Injury". However, fall injuries associated with structural iron or steel erection operations are at a higher frequency and are predominately reported in the sub-category of "Fall – from different level (elevation)" and "Fall – from ladder or scaffolding", which result in more severe injuries and larger losses.[5] Conversely, non-structural

[2] A timeline of the significant changes to the scope and application of the relevant classifications is contained in Appendix I.

[3] Staff also considered how other jurisdictions classify iron and steel erection operations and determined that they are similar to the WCIRB's current procedures. A comparison between WCIRB and NCCI jurisdictions' iron or steel erection operation classifications is contained in Appendix II.

[4] This minor amount of non-structural work is generally reflected in the footnote to Classification 5059 which states, "[t]his classification includes non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel framing of buildings not exceeding two stories in height at the same job or location."

[5] This analysis is based on incurred losses reported from 2013 to 2017. Refer to Appendix III for more detail.

iron or steel erection operations are not typically performed at an elevation and therefore have less severe injuries from falls and not as many large claims.[6]

In short, these structural iron or steel erection classifications describe operations that have exposures different from those described by the non-structural iron or steel erection classifications and there is a clear line of demarcation between these types of operations. Given the clear distinction between operations, staff analyzed the structural and non-structural iron or steel erection operations separately.

III. Structural Iron or Steel Erection

A. Scope of Classifications

Following is a summary of the scope of the structural Iron or Steel Erection Classifications:

Classification 5040(1), *Iron or Steel Erection – structural and exterior installation*
This classification applies to the structural and exterior steel framing of buildings that equal or exceed three stories in height and involves materials such as large and heavy steel members, including those commonly referred to as "I" beams or "H" beams. The classification also applies to the erection of steel structures at any height, including but not limited to elevated tanks and structural frame members of bridges.

Classification 5040(1) also applies to specialty contractors that perform welding or cutting of structural members at construction sites in connection with iron or steel erection operations that are assignable to Classification 5040(1).

Classification 5040(2), *Bridge Building – metal*
This classification is an alternate wording and applies to the construction, erection, repair or retrofitting of metal bridges, elevated metal roadways or trestles and provides specification regarding clearance and distance. These operations also use structural steel materials including but not limited to "I" beams or "H" beams.

Classification 5040(3), *Painting – steel structures or bridges*
This classification is an alternate wording and applies to the painting of steel buildings, bridges and structures, and also includes sandblasting steel structures or bridges for other concerns on a fee basis. These operations have similar operational exposures as those assigned to Classifications 5040(1) or 5040(2).

Classification 5059, *Iron or Steel Erection – structural*
This classification applies to the structural steel framing of buildings that do not exceed two stories in height.[7] This classification also applies to specialty contractors welding or cutting structural steel at construction sites in connection with the above operations, as well as non-structural iron or steel erection operations performed by the same employer at the same job or location, as long as the steel framing does not exceed two stories in height. These operations use structural steel materials including but not limited to "I" beams or "H" beams.

B. Analysis of Operations

In order to determine whether the structural iron or steel erection classifications discussed above meet the criteria for separate and distinct classifications, staff considered whether each class represents a clearly identifiable industry engaged in a relatively homogenous set of operations that generates sufficient payroll to produce a statistically credible pure premium rate.

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[6] This is further demonstrated by the Selected (Unlimited) Loss to Payroll Ratio for the combination of classifications applicable to structural iron or steel erection operations, which is 7.197 (shown in Section III, Part D), as compared to that of the classifications applicable to non-structural iron or steel erection operations, which is 5.084 (shown in Section IV, Part D).

[7] There is no standard height that equates to a building story.

Classifications 5040(1) and 5059 both contemplate erection operations using structural steel. While Classification 5040(1) is for the erection of steel-framed buildings three stories or higher, there are also steel operations, such as bridge construction, that are assigned to Classification 5040 irrespective of the structure's height. And while Classification 5059 applies to structural and exterior iron or steel erection for buildings less than three stories in height, both Classifications 5040(1) and 5059 involve placing and welding large, heavy steel members, such as those commonly referred to as "I" beams or "H" beams, regardless of the building height. Additionally, injuries related to falling from a different level (elevation) and from a ladder or scaffolding are the most common claims reported in both classifications. Further, the frequency and severity of losses in both classifications, and the fact that they are both in the same hazard group, indicates that these classifications may be suitable candidates for consolidation.

The WCIRB also found that employers that perform structural iron or steel erection operations typically specialize in structural work. As noted previously, structural iron or steel erection operations are heavily focused on certified welding operations and the accurate placement of heavy steel structural components in coordination with separate crane operators and riggers. Approximately 20% of inspected employers that perform structural iron or steel work have both Classifications 5040 and 5059 assigned on the WCIRB Classification Inspection Report. In most cases, however, insurers report payroll in only one of these classes, suggesting that it is difficult to divide payroll between these operations.

With respect to the operations assigned to alternate wording Classifications 5040(2) or 5040(3), there are few employers assigned to either classification. Of the 576 employers assigned by the WCIRB to either 5040(1), 5040(2) or 5040(3), only 2.3% are assigned to Classification 5040(2), and only 1% are assigned to Classification 5040(3). Additionally, feedback from the industry confirmed that despite the specific phraseologies and limited scope of these classifications, their operations are similar in exposure to other structural iron or steel erection operations, and these alternate wording classifications do not provide clarity that could not otherwise be achieved in a footnote directive contained within a single structural iron or steel erection classification.

Considering the similarity in operations, equipment, tools, raw materials, and employee skills sets, the operations assigned to Classifications 5040 and 5059 do not represent distinct and identifiable industries with operations that differ significantly from one another. In addition, there appears little cause to retain the alternate wording classifications for the very small constituencies described by Classifications 5040(2) and 5040(3). As such, they no longer meet the criteria for maintaining separate classifications.

Staff therefore analyzed the payroll and loss experience developed in these classifications to determine the feasibility of creating a single classification to apply to all structural iron or steel erection operations.

C. Statistical Analysis

Table 1 depicts the Classification Relativity[8] Data for all of Classification 5040 as it is currently defined:

[8] The Classification Relativities used in this study are from statewide ratemaking data from the WCIRB's January 1, 2020 Regulatory Filing.

Table 1: Classification 5040
Classification Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Loss to Payroll Ratio
2012	97,970,138	5,687,094	5.805
2013	76,911,532	4,330,461	5.630
2014	99,761,918	4,687,107	4.698
2015	104,211,245	5,441,383	5.221
2016	107,456,735	4,693,618	4.368
	486,311,568	24,839,664	

Five-Year Average Loss to Payroll Ratio: 5.108
Selected (Unlimited) Loss to Payroll Ratio[9]: 7.151

Credibility	
Indemnity	**Medical**
100%	93%

Table 2 depicts the Classification Relativity Data for Classification 5059 as it is currently defined:

Table 2: Classification 5059
Classification Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Loss to Payroll Ratio
2012	47,575,136	3,226,386	6.782
2013	40,035,767	1,573,666	3.931
2014	42,433,636	2,117,533	4.990
2015	48,476,517	1,430,539	2.951
2016	52,248,080	3,574,523	6.841
	230,769,137	11,922,647	

Five-Year Average Loss to Payroll Ratio: 5.166
Selected (Unlimited) Loss to Payroll Ratio: 7.287

Credibility	
Indemnity	**Medical**
83%	71%

[9] The Selected (Unlimited) Loss to Payroll Ratio is the basis of the pure premium rate and the expected loss rate for the classification(s). It is derived from the loss to payroll experience from the latest two-, three-, four- or five-year periods by taking into account the following: previous year's pure premium rate, credibility, and the impact of atypically large claims, etc.

Table 3 depicts the Classification Relativity Data for all of Classification 5040 combined with 5059:

Table 3: Classifications 5040 and 5059
Classification Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Loss to Payroll Ratio
2012	145,539,475	8,931,118	6.137
2013	116,980,058	5,880,400	5.027
2014	142,161,898	6,721,747	4.728
2015	152,683,318	6,672,259	4.370
2016	159,707,291	8,165,396	5.113
	717,072,041	36,370,921	

Five-Year Average Loss to Payroll Ratio: 5.072
Selected (Unlimited) Loss to Payroll Ratio: 7.197

Credibility	
Indemnity	**Medical**
100%	100%

As shown in Table 3, the five-year loss to payroll ratio for Classification 5040 when combined with Classification 5059 is similar to the loss to payroll ratio for each classification individually. The combined experience is fully credible in five years for indemnity and for medical.

D. Impact Analysis

Table 4 estimates the impact to the classification relativities for the affected classifications if Classification 5059 is combined with all of Classification 5040.

Table 4: Classifications 5040 and 5059
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2020 Level

Classification 5040	Classifications 5040 and 5059 Combined	Difference
7.151	7.197	+0.046 (0.64%)
Classification 5059	**Classifications 5040 and 5059 Combined**	**Difference**
7.287	7.197	-0.090 (-1.24%)

As shown in Table 4, based on current data, combining the experience of Classifications 5040 and 5059 into a single classification would have little impact on the classification relativity for their constituencies. Employers currently assigned to Classification 5040 would see an increase of less than 1% (0.64%) while those currently assigned to Classification 5059 would see a decrease of just over 1% (1.24%). Further, combining the payroll and loss data for the two classifications would reduce the year-to-year volatility in pure premium rates (see Table 5). This would also promote consistent data reporting and experience rating for employers within the structural iron or steel erection industry.

Table 5: Classifications 5040 and 5059
Comparison of Approved Pure Premium Rates

PP Rate Effective	Classification 5040	Classification 5059	Difference
01/01/2020	9.18	9.33	-1.6%
01/01/2019	10.08	9.47	6.1%
01/01/2018	11.42	12.33	-8.0%
01/01/2017	11.95	13.41	-12.2%
01/01/2016	14.07	18.05	-28.3%

E. Findings

Based on staff's review of the classifications applicable to the structural iron or steel erection industry, the WCIRB determined:

1. Classifications 5040(1), *Iron or Steel Erection – structural and exterior installation,* and 5059, *Iron or Steel Erection – structural*, have significant operational overlap, are rated in the same hazard group, have relatively similar loss to payroll ratios and when combined are fully credible for both indemnity and medical.

2. Classifications 5040(2), *Bridge Building – metal*, and 5040(3), *Painting – steel structures or bridges*, have low credibility because very few employers are assigned to these classifications and they are thus unlikely to be developed as separate classifications in the future. In addition, these alternate wordings do not provide underwriting clarity.

F. Recommendations

Based on these findings, the WCIRB recommends the following:

1. Amend Classification 5040(1), *Iron or Steel Erection – structural and exterior installation,* to Classification 5040, *Iron or Steel Erection – structural,* and include all structural iron or steel erection operations, including bridge building and the painting of steel structures and bridges, and non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel erection at the same job or location.

2. Eliminate Classifications 5040(2), *Bridge Building – metal*, 5040(3), *Painting – steel structures or bridges,* and 5059, *Iron or Steel Erection – structural*, and assign their constituents to Classification 5040, *Iron or Steel Erection – structural*.

IV. Non-Structural Iron or Steel Erection

A. Scope of Classifications

Following is a summary of the scope of the non-structural Iron or Steel Erection Classifications:

Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*
Although not designated as a *not otherwise classified* (N.O.C.) classification, this classification applies to the installation of a broad variety of non-structural or decorative metal work, including but not limited to handrails, grille work, bumper rails, curtain walls and trim work. It also applies to the installation of architectural metal work and unglazed metal window frames, generally involving the use of lighter weight metal. This classification also applies to the erection of commercial or residential greenhouses or solariums, including the installation of pre-glazed windows or wall panels conducted by the same employer at the same job or location.

Non-structural metal work components, consisting of materials including but not limited to bar stock, wrought iron, channel iron, tube stock, angle iron, aluminum extrusions and similar metal stock are assembled with nuts, bolts, screws, brackets and by welding, as needed. The metal components are secured onto walls, floors and exterior building surfaces. Steel is the most common material used in these operations, but nonferrous metals are also used and are listed in the classification phraseology.

Classification 5102(3), *Floor Installation – elevated*
This classification applies to the installation of elevated floors, such as data center floors. Lightweight adjustable metal standards approximately 12" to 24" in height are fastened to existing floor surfaces and connected to metal tracks to form a grid that supports removable floor panels. Steps and handrails to access the elevated surface may also be installed. The activities contemplated by this classification are similar to Classification 5102(1) and the installation of other non-structural metal work.

Classification 5057, *Iron or Steel Erection – N.O.C.*
This classification is designated as an N.O.C. or *not otherwise classified* classification and so it applies to a broad variety of iron or steel erection operations that are not more specifically described by another classification, including but not limited to the erection of non-structural metal work such as staircases, handrails, monorails, metal burners and exterior tanks that are not elevated on steel structures. Operations involve placing prefabricated iron or steel components and securing them to building members using metal hardware, welding and lag bolts. Individual components are assembled by welding, as required. Additional bracing, supports and stair treads are secured to complete. This classification also applies to wrecking or demolition and raising or moving of steel buildings (not concrete encased steel), structures, tanks, towers or ships (of any size) per the *Special Industry Classification Procedures* for *Wrecking or Demolition and Building Raising or Moving.*

B. Analysis of Operations
Similar to the above assessment of the structural iron or steel erection industry, staff evaluated the scope of the classifications applicable to non-structural iron or steel erection operations to determine whether Classifications 5102 and 5057 continue to meet the criteria for unique classifications or whether they should be combined. Staff therefore analyzed whether each class represents a clearly identifiable industry engaged in a relatively homogenous set of operations that generates sufficient payroll to produce a statistically credible pure premium rate.

Classifications 5102(1) and 5057 both contemplate overlapping non-structural iron or steel erection operations. While Classification 5057 does not distinctly state in its phraseology or description that it applies to *non-structural* erection operations, the examples provided in its description are non-structural. Staff's review of the scope of the operations described by these classifications found significant areas of overlap. Classification 5057 contains an N.O.C. designation; however, the operations assigned to that classification appear to overlap with the iron and steel operations listed in Classification 5102(1). Classification 5102(1) does not have an N.O.C. designation but has a broad description and an open-ended *including but not limited to* list of operations.

Classifications 5102(1) and 5057 generally involve the use of lighter weight iron or steel metal components similarly placed and connected by hardware or welding, as needed. Classification 5102(1), however, also includes additional non-ferrous metals. Similar metal cutting and forming tools, welding equipment and processes are used in both types of operations. In addition, as discussed above, the WCIRB found that employers that specialize in non-structural or decorative iron or steel erection operations require employees with distinct skills. Feedback from the industry confirmed that non-structural metal work often requires the installer to perform complex mathematical calculations to create intricate architectural designs and ornamental railings. Additionally, the levels of frequency and severity of losses associated with these classifications and that they are rated in the same hazard group indicate that these classifications may be suitable candidates for consolidation.

Based on its N.O.C. designation, however, Classification 5057 has also been assigned to the wrecking or demolition of steel buildings and structures. In most cases, the basis for this assignment is directed by the *Special Industry Classification Procedures* for *Wrecking or Demolition and Building Raising or Moving*,

which generally provides that wrecking or demolition operations are assigned to the classification that best describes the construction of the structure being demolished. Wrecking or demolition of steel buildings or structures is more similar to the erection of steel structures than to the erection of non-structural or ornamental metal work. Therefore, wrecking or demolition and raising or moving of steel buildings, structures, tanks, towers or ships should be assigned to a classification that contemplates structural steel framing or the erection of steel structures.

The WCIRB is aware of only two employers assigned to Classification 5102(3), *Floor Installation – elevated*. Classification 5102(3) is operationally similar to other operations assignable to Classification 5102(1), and this alternate wording classification does not provide clarity that could not otherwise be achieved in a footnote directive contained within a single nonstructural iron or steel erection classification.

In consideration of the similarity in operations, hazard group, equipment, tools, raw materials and employees' skill sets, the operations assigned to Classifications 5102 and 5057 generally do not represent distinct and identifiable industries with operations that differ significantly from one another. Currently, these similarities cause confusion when determining the applicable classification. Approximately 11% of inspected employers that perform non-structural iron or steel work have both Classifications 5102 and 5057 assigned on the WCIRB Classification Inspection Report. In most cases, however, insurers report payroll in only one of these classes, suggesting that it is difficult to divide payroll between these operations. In addition, there appears little cause to retain the alternate wording classification for the very small number of employers described by Classification 5102(3). As such these classifications no longer meet the criteria for maintaining separate classifications.

Staff analyzed the payroll and loss experience developed in these classifications to determine the feasibility of creating a single classification to apply to all non-structural iron or steel erection operations.

C. Statistical Analysis

Table 6 depicts the Classification Relativity[10] Data for all of Classification 5102 as it is currently defined at policy year 2020 level:

Table 6: Classification 5102
Classification Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Loss to Payroll Ratio
2014	209,862,482	9,540,573	4.546
2015	237,766,645	11,822,899	4.972
2016	270,869,663	10,147,800	3.746
	718,498,790	31,511,271	

Three-Year Average Loss to Payroll Ratio: 4.386
Selected (Unlimited) Loss to Payroll Ratio: 5.480

Credibility	
Indemnity	**Medical**
100%	100%

Table 7 depicts the Classification Relativity Data for Classification 5057 as it is currently defined at policy year 2020 level:

[10] The Classification Relativities used in this study are from statewide ratemaking data from the WCIRB's January 1, 2020 Regulatory Filing.

Table 7: Classification 5057
Classification Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Loss to Payroll Ratio
2012	52,149,917	2,321,381	4.510
2013	60,623,385	1,628,844	2.687
2014	48,749,185	2,182,550	4.477
2015	64,011,152	2,071,940	3.237
2016	60,773,102	1,868,061	3.074
	286,306,740	10,072,776	

Five-Year Average Loss to Payroll Ratio: 3.518
Selected (Unlimited) Loss to Payroll Ratio: 4.498

Credibility	
Indemnity	**Medical**
84%	66%

Table 8 depicts the Classification Relativity Data for all of Classification 5102 combined with 5057 at policy year 2020 level:

Table 8: Classifications 5102 and 5057 Combined
Classification Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Loss to Payroll Ratio
2015	301,772,231	13,803,519	4.574
2016	331,659,351	11,900,571	3.588
	633,659,351	25,704,091	

Two-Year Average Loss to Payroll Ratio: 4.058
Selected (Unlimited) Loss to Payroll Ratio: 5.084

Credibility	
Indemnity	**Medical**
100%	100%

The loss to payroll ratio for Classification 5102 is somewhat higher (25%) than for Classification 5057. However, given the overlap and similarity in operations and potential misassignment of operations between the two classifications, the WCIRB believes that combination of these two classifications may be appropriate. As shown in Table 8, the payroll and loss experience for Classification 5102 when combined with Classification 5057 is fully credible in two years for indemnity and for medical. Additionally, the combination of these classifications would ensure consistent data reporting and promote statistical accuracy for the non-structural iron or steel erection industry.

D. Impact Analysis
Table 9 depicts the impact on affected policyholders if Classifications 5102 and 5057 are combined.

Table 9: Classifications 5102 and 5057
Comparison of Selected (Unlimited) Loss to Payroll Ratio at Policy Year 2020 Level

Classification 5102	Classifications 5102 and 5057 Combined	Difference
5.480	5.084	-0.396 (-7.25%)
Classification 5057	**Classifications 5102 and 5057 Combined**	**Difference**
4.498	5.084	+0.586 (13.03%)

As shown in Table 9, using the most current data, combining Classifications 5102 and 5057 would result in a 7.25% decrease in the classification relativity for Classification 5102 and a 13% increase for the former constituents of Classification 5057. While this potential impact is not insignificant, as shown in Table 10, the differential appears to be a recent relativity change, as up until two years ago the approved premium rates for the two classifications were quite similar. Combining the payroll and loss data for the two classifications would reduce both the year-to-year volatility in pure premium rates as well as the incentive to assign operations based on the relative rates. This would also promote consistent data reporting and experience rating for employers within the non-structural iron or steel erection industry.

Table 10: Classifications 5102 and 5057
Comparison of Approved Pure Premium Rates

PP Rate Effective	Classification 5057	Classification 5102	Difference
01/01/2020	5.78	7.03	-21.63%
01/01/2019	6.33	7.29	-15.17%
01/01/2018	7.43	7.59	-2.15%
01/01/2017	7.87	7.25	7.88%
01/01/2016	9.48	9.33	1.58%

E. Findings

Based on staff's review of the classifications applicable to the non-structural iron or steel erection industry, the WCIRB determined:

1. Classification 5057, *Iron or Steel Erection – N.O.C.*, is difficult to differentiate from Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural,* as they are operationally similar and the scope of each classification somewhat overlaps. In addition, these classifications are rated in the same hazard group, until recently the loss to payroll ratios for these classifications were reasonably similar, and when combined these classifications are fully credible for both indemnity and medical.

2. Classification 5102(3), *Floor Installation – elevated*, has low credibility because very few employers are assigned to this classification and it is thus unlikely to be developed as a separate classification in the future; this alternate wording also does not provide underwriting clarity.

3. The wrecking or demolition and raising or moving of steel buildings, structures, tanks, towers or ships, currently assigned to Classification 5057, is more similar to structural steel framing or the erection of steel structures, than to non-structural or ornamental metal work.

F. Recommendations

Based on these findings, the WCIRB recommends the following:

1. Amend Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural,* to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural,* and include the installation or erection of all non-structural iron, steel, brass, bronze or aluminum metal work, including elevated floor installation.

2. Eliminate Classifications 5102(3*), Floor Installation – elevated*, and 5057, *Iron or Steel Erection – N.O.C.*, and assign their constituents to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*.

3. Amend the *Special Industry Classification Procedures* for *Wrecking or Demolition and Building Raising or Moving* to direct that wrecking or demolition and raising or moving of steel buildings (not concrete encased steel), structures, tanks towers or ships (of any size) is assignable to Classification 5040, *Iron or Steel Erection – structural*.

Appendix I

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

1942: Effective January 1, 1942, Classification 5038, *Painting – steel structures or bridges,* was established to apply to the painting of steel structures or bridges and direct that the painting of oil or gasoline storage tanks was to be separately classified as the painting of storage tanks did not warrant an assignment to the rate applicable to the erection of steel structures or bridges. Additionally, Classification 5474, *Painting – oil or gasoline storage tanks – including shop operations; Drivers, Chauffeurs and th*eir *Helpers,* was established as a cross reference phraseology to 5474, *Painting.*

1955: The Insurance Commissioner issued a Decision regarding the following Manual classification changes:

- The wording for Classification 5040, *Iron or Steel Erection – erecting iron or steel frame structures*, was amended.
- Classification 5103, *Iron, Brass or Bronze Work – ornamental – including metal door, frame or sash erection, within buildings*, was eliminated.
- The following classifications were established:
  - 5040, *Iron or Steel Erection – iron work on outside of buildings – including erection of balconies, fire escapes, staircases, fireproof shutters*
  - 5040, *Iron or Steel Erection – erecting iron or steel radio or television towers, water towers, smokestacks, gas holders or overhead crane supports*
  - 5102, *Door, Door Frame or Sash Erection – metal or metal covered*
  - 5102, *Iron, Brass or Bronze Erection – non-structural – within buildings*
  - 5102, *Iron, Brass or Bronze Erection – decorative or artistic*
  - 5059, *Iron or Steel Erection – iron or steel frame structures not over two stories in height N.P.D with 5040 "Iron or Steel Erections – iron or steel frame structures"*
  - 5069, *Iron or Steel Erection in the construction of private residences not exceeding two stories in height*

1963: The Insurance Commissioner approved changes to the Manual phraseologies for the following classifications:

- 5040, *Iron or Steel Erection – structural and exterior installation*
- 5057, *Iron or Steel Erection – N.O.C.*
- 5059, *Iron or Streel Erection – structural*
- 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural – within buildings*

These changes also included the elimination of Classification 5069, *Iron or Steel Erection in the construction of private residences not exceeding two stories in height*, and three alternate wordings for Classification 5040.

1970: WCIRB staff presented exhibits and an oral report to the Classification and Rating Committee pertaining to Classifications 5040, 5057 and 5059 wherein it was stated that over the past 15 years, the rate relativities for these classifications varied significantly.

1993: An Advisory Rulings and Interpretations (R & I) entry was established following a study of greenhouse and solarium erection. The study determined that employers engaged in the erection of commercial or residential greenhouses and solariums develop insufficient payroll and losses to sustain a statistically credible rate and, therefore, a new classification could not be established for this industry. Operations most common to greenhouse erection, including the assignment of commercial or residential greenhouse metal framing, were assigned to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection.*

1994: A review of Classifications 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection*, and 5102(2), *Door, Door Frame or Sash Erection*, was conducted because it was brought to staff's attention that these operations were dissimilar and may warrant separate classifications. Staff recommended establishing a new classification for the installation, service or repair of overhead doors and eliminating Classification 5102(2), and these proposals were included in the January 1, 1995 pure premium rate filing and adopted by the Commissioner.

1996: Based on a 1995 study of Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection*, and operations related to the installation of elevated "office floors," it was concluded that these operations involve the erection of non-structural metal components; however, this industry lacked statistical credibility to establish a separate classification. Therefore, Classification 5102(3), *Floor Installation – elevated*, was established to include the installation of elevated access floors, including the installation of access steps, ramps and railings in connection therewith.

2002: Classification 5059, *Iron or Steel Erection*, among many additional classifications, was amended to remove the "No Payroll Division" (N.P.D.) restriction in the phraseology and, instead, incorporate the rule into the phraseology in order to simplify the application of classification phraseology.

2013: Based on an R & I entry that was established in 1993, Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection*, was amended to include the erection of commercial or residential greenhouse or solarium metal framing and the installation of pre-glazed windows or wall panels if installed by the same employer that erects the metal framing at the same job or location.

2017: The following classifications were amended to clarify the intended application and provide direction as to how related operations are classified: 5040(2), *Bridge Building – metal,* 5040(3), *Painting – steel structures or bridges*, and 5102(3), *Floor Installation – elevated*.

2018: The following classifications were amended to clarify the intended application and provide direction as to how related operations are classified: 5040(1), *Iron or Steel Erection – structural,* 5057, *Iron or Steel Erection – N.O.C.,* 5059, *Iron or Steel Erection* – structural, and 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*. The Classification and Rating Committee instructed the WCIRB to study the iron and steel industries at the 2017 meeting at which it approved the proposed changes for inclusion in the WCIRB's January 1, 2018 Regulatory Filing.

Appendix II

Other Jurisdictions
Below is a comparison between WCIRB classifications and those maintained by the National Council on Compensation Insurance, Inc. (NCCI) jurisdictions for iron or steel erection operations.

WCIRB	NCCI – National Scopes Manual[11]
5040(1), *Iron or Steel Erection – structural and exterior installation* 5040(2), *Bridge Building – metal* 5040(3), *Painting – steel structures or bridges*	5040, *Iron or Steel – Erection – Frame Structures* 5040, *Iron or Steel – Erection – Metal Bridges* 5040, *Iron or Steel – Erection –Iron – Exterior* 5040, *Iron or Steel – Erection – Radio, Television or Water Towers, Smokestacks or Gas Holders*
5059, *Iron or Steel Erection – structural*	5059, *Iron or Steel – Erection – Frame Structures Not Over Two Stories in Height* 5059, *Iron or Steel – Erection – Construction of Dwellings Not Over Two Stories in Height*
5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural* 5102(3), *Floor Installation – elevated*	5102, *Iron or Steel – Erection – Iron, Brass or Bronze – Decorative or Artistic* 5102, *Iron or Steel – Erection – Iron, Brass or Bronze – Non-Structural – Interior*
5057, *Iron or Steel Erection – N.O.C.*	5057, *Iron or Steel – Erection – NOC* 5057, *Construction – Elevator or Hod Hoist Installation, Repair, or Removal & Drivers – Iron or Steel Buildings or Structures*

Like the WCIRB, NCCI has four main classifications for structural and non-structural iron or steel erection operations. However, NCCI maintains additional classification wordings for each classification, which NCCI refers to as a "cross-ref". NCCI's "cross-ref" Classification 5040, *Iron or Steel – Erection – Iron–Exterior* is noted to include work on balconies, fire escapes, staircases and fireproof shutters. In contrast, the USRP directs that some of these operations are non-structural and would be assigned to either Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*, or Classification 5057, *Iron or Steel Erection – N.O.C.*

One notable difference is that NCCI includes some non-structural metal work within Classification 5040, such as balconies, fire escapes, staircases and fireproof shutters, whereas California considers these to be non-structural and assignable to either Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural* or Classification 5057, *Iron or Steel Erection – N.O.C.* NCCI's Scopes Manual maintains a note in Classification 5059 which states that Classification 5040 shall not be assigned at the same job or location to which code 5059 applies. In contrast, the USRP contains a directive in Classification 5059 that it includes non-structural iron or steel erection operations when performed by the same employer in connection with structural framing of buildings at the same job or location.

Both NCCI and the WCIRB currently use a threshold of two stories when classifying the construction of structural iron or steel framing for buildings or dwellings. However, there is no standard measure of the height equivalent to a *story*.

[11] NCCI's Scopes Manual may contain additional "cross-ref" wording for the classifications provided in the chart. This chart includes only classification wordings that are pertinent to this study.

Appendix III

Percentage of Incurred Losses by Causes of Injury (2013-2017) for Each Class

	Structural Iron/Steel		Non-Structural Iron or Steel		
Cause of Injury Code and Description	**5040**	**5059**	**5057**	**5102**	**Grand Total**
I. Burn or Scald – Heat or Cold Exposures – Contact With	**0.30%**	**0.83%**	**49.33%**	**0.59%**	**6.05%**
III. Cut, Puncture, Scrape Injured by	**2.20%**	**2.57%**	**3.88%**	**6.33%**	**4.15%**
IV. Fall, Slip or Trip Injury	**53.52%**	**70.35%**	**15.72%**	**37.94%**	**46.04%**
25 - Fall - From Different Level (Elevation)	*40.79%*	*23.32%*	*2.98%*	*5.31%*	*18.67%*
26 - Fall - From Ladder or Scaffolding	*4.09%*	*40.02%*	*8.21%*	*11.60%*	*14.42%*
27 - Fall - From Liquid or Grease Spills	*0.00%*	*0.00%*	*0.01%*	*0.74%*	*0.30%*
28 - Fall - Into Openings	*1.93%*	*1.77%*	*0.02%*	*0.44%*	*1.07%*
29 - Fall - On Same Level	*1.82%*	*1.79%*	*2.04%*	*14.66%*	*7.11%*
30 - Slip or Trip But Did Not Fall	*0.49%*	*0.86%*	*0.09%*	*0.15%*	*0.37%*
31 - Fall, Slip or Trip Injury, NOC	*2.77%*	*2.00%*	*2.37%*	*4.43%*	*3.26%*
32 - Fall - On Ice or Snow	*0.00%*	*0.45%*	*0.00%*	*0.00%*	*0.08%*
33 - Fall - On Stairs	*1.62%*	*0.15%*	*0.00%*	*0.61%*	*0.75%*
IX. Rubbed or Abraded by	**0.82%**	**0.30%**	**0.00%**	**1.06%**	**0.73%**
V. Motor Vehicle	**1.42%**	**0.00%**	**0.35%**	**1.86%**	**1.21%**
VI. Strain or Injury by	**18.28%**	**9.55%**	**14.81%**	**28.17%**	**20.30%**
VII. Striking Against or Stepping on	**2.39%**	**0.99%**	**3.01%**	**1.75%**	**1.94%**
VIII. Struck or Injured by	**14.95%**	**8.88%**	**6.73%**	**10.14%**	**10.91%**
X. Miscellaneous Causes	**6.11%**	**6.52%**	**6.15%**	**12.16%**	**8.68%**
Grand Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Recommendation
Eliminate Classification 5040(2), *Bridge Building,* and assign its constituents to Classification 5040, *Iron or Steel Erection – structural.*

PROPOSED

~~**BRIDGE BUILDING – metal**~~ ~~**5040(2)**~~

~~This classification applies to the construction, erection, repair or retrofitting of metal bridges and the erection of elevated metal roadways or trestles where the clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet. This classification also applies to welding or cutting of bridge road gratings, plates or structural members by contractors at construction sites.~~

~~The construction of wood bridges or trestles shall be classified as 6003(3), *Bridge or Trestle Construction – wood*.~~

~~Excavation, concrete work and reinforcing steel installation in connection with concrete work shall be separately classified.~~

* * * * * * *

Recommendation
Eliminate Classification 5102(3), *Floor Installation,* and assign its constituents to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural.*

PROPOSED

~~**FLOOR INSTALLATION – elevated**~~ ~~**5102(3)**~~

~~This classification applies to the installation of elevated floors, including but not limited to data center floors, and the installation of access steps, ramps and railings in connection therewith.~~

* * * * * * *

Recommendation
Eliminate Classification 5057, *Iron or Steel Erection – N.O.C.,* and assign its constituents to Classification 5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural.*

PROPOSED

~~**IRON OR STEEL ERECTION – N.O.C.**~~ ~~**5057**~~

~~This classification applies to the erection of staircases, handrails, monorails, metal burners, exterior tanks that are not elevated on steel structures, and other non-structural iron or steel erection operations that are not more specifically described by another classification.~~

~~This classification also applies to specialty contractors performing welding or cutting at construction sites in connection with operations described by Classification 5057.~~

~~The erection of elevated tanks on steel structures shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation.*~~

~~Non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel framing of buildings not exceeding two stories in height at the same job or location shall be classified as 5059, *Iron or Steel Erection – structural – in the construction of buildings not over two stories in height.*~~

~~Non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel framing of buildings that equal or exceed three stories in height at the same job or location shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation.*~~

~~Structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.~~

* * * * * * *

Recommendation
Eliminate Classification 5059, *Iron or Steel Erection – structural,* and assign its constituents to Classification 5040, *Iron or Steel Erection – structural.*

PROPOSED

~~IRON OR STEEL ERECTION – structural – in the construction of buildings not over two stories in height~~ **~~5059~~**

~~This classification applies to the structural steel framing of buildings that do not exceed two stories in height.~~

~~This classification also applies to specialty contractors engaged in welding or cutting structural steel at construction sites in connection with the steel framing of buildings that do not exceed two stories in height.~~

~~This classification includes non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel framing of buildings not exceeding two stories in height at the same job or location.~~

~~Structural steel framing of buildings that equal or exceed three stories in height shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation.*~~

~~Structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.~~

* * * * * * *

Recommendation
Amend Classification 5040(1), *Iron or Steel Erection – structural and exterior installation,* to apply to all structural iron or steel erection operations and non-structural iron or steel erection operations when performed by the same employer in connection with the structural steel erection at the same job or location and to provide direction as to how related operations should be classified.

PROPOSED

IRON OR STEEL ERECTION – structural ~~and exterior installation~~ **5040~~(1)~~**

This classification applies to the structural steel framing of buildings ~~that equal or exceed three stories in height. This classification also applies to~~or the erection of steel structures of any height, including but not limited to penstocks, smokestacks, gas holders, elevated tanks, fire escapes, and radio ~~and~~or television towers. ~~and structural frame members of bridges. This classification also applies to welding or cutting structural members by specialty contractors at construction sites in connection with iron or steel erection operations.~~

This classification includes non-structural iron or steel erection operations when performed by the same employer in connection with structural iron or steel erection at the same job or location.

This classification includes specialty contractors performing welding or cutting at construction sites in connection with operations described by Classification 5040.

This classification also applies to the construction, erection, repair or retrofitting of metal bridges, elevated metal roadways or trestles where the clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet.

~~Structural steel framing of buildings that do not exceed two stories in height shall be classified as 5059, *Iron or Steel Erection – structural.*~~This classification also applies to the painting or sandblasting of steel buildings, bridges or structures for other concerns on a fee basis.

Structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

Pile driving operations shall be classified as 6003(1), *Pile Driving*.

Painting of water, oil or gasoline storage tanks shall be classified as 5474(3)/5482(3), *Painting – water, oil or gasoline storage tanks*.

Building foundation preparation work, including but not limited to the drilling of foundation holes and subsequent construction of poured in place foundation piers to completion of the substructure, including incidental pile driving, shall be classified as 6258, *Foundation Preparation Work*.

Excavation ~~and~~or concrete work shall be separately classified.

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Recommendation
Amend Classification 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection,* to apply to the installation or erection of all non-structural iron, steel, brass, bronze or aluminum metal work, including elevated floor installation, and for clarity.

PROPOSED

IRON, STEEL, BRASS, BRONZE OR ALUMINUM ERECTION – non-structural **5102~~(1)~~**

This classification applies to the installation of non-structural ~~or decorative~~architectural or ornamental metal work, including but not limited to hand-rails, balcony rails, grille work, bumper rails, ~~curtain walls and trim work~~window guards, staircases, awnings, metal burners, free-standing mezzanines, exterior metal tanks that are not elevated on steel structures and other non-structural iron or steel erection. This classification also applies to the installation of ~~non-structural metal work, including but not limited to awnings, window guards, walkway railings and balcony rails, on to building exteriors~~curtain wall panels.

This classification includes specialty contractors performing welding or cutting at construction sites in connection with operations described by Classification 5102.

This classification also applies to the erection of commercial or residential greenhouse or solarium metal framing~~. It also applies to~~, or the installation of pre-glazed windows or wall panels if installed by the same employer that erects the greenhouse or solarium metal framing at the same job or location.

This classification includes the installation of elevated floors, including but not limited to data center floors, or the installation of access steps, ramps or railings.

This classification also applies to the installation of unglazed metal window frames.

Non-structural iron or steel erection operations when performed by the same employer in connection with structural steel erection at the same job or location shall be classified as 5040, *Iron or Steel Erection – structural.*

The installation of glass panes or insulated glass units within framework ~~in connection with~~at residential or commercial buildings, including the incidental installation of framework and glass cutting at the job site, shall be classified as 5467/5470, *Glaziers*.

The installation of pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location.

Structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

~~The erection of staircases shall be separately classified.~~

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Recommendation
Eliminate Classification 5040(3), *Painting – steel structures or bridges,* and assign its constituents to Classification 5040, *Iron or Steel Erection – structural.*

PROPOSED

~~**PAINTING – steel structures or bridges**~~ ~~**5040(3)**~~

~~This classification applies to the painting of steel buildings, bridges and structures, including but not limited to aerial line towers, cranes, stationary industrial equipment, conveyors and concrete batch plants.~~

~~This classification also applies to the sandblasting of steel structures or bridges for other concerns on a fee basis.~~

~~Painting of water, oil or gasoline storage tanks shall be classified as 5474(3)/5482(3), *Painting – water, oil or gasoline storage tanks*.~~

* * * * * * *

Recommendation
Amend Classification 2576, *Awning, Tarp or Canvas Goods Mfg. – N.O.C.*, for consistency with other proposed changes.

PROPOSED

AWNING, TARP OR CANVAS GOODS MFG. – N.O.C. – shop only **2576**

This classification applies to the manufacture of fabric goods, including but not limited to awnings, tarps, canopies, tents, automobile covers, boat covers, pool covers and sails.

The manufacture of framework for products, including but not limited to tents, canopies or awnings shall be separately classified.

The erection, removal or repair of awnings away from the shop shall be separately classified as 5102~~(1)~~, *Iron, Steel, Brass, Bronze or Aluminum Erection.*

The erection, removal or repair of tents away from the shop shall be separately classified as 9529(3), *Tent – erection, removal or repair*.

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Recommendation
Amend Classification 6834, *Boat Building or Repairing*, for consistency with other proposed changes.

PROPOSED

BOAT BUILDING OR REPAIRING – including shop and yard work **6834**

This classification applies to the manufacture or repair of noncommercial boats of any size and commercial boats not exceeding 150 feet in length, provided such operations are not subject to the United States Longshore and Harbor Workers' Compensation Act (USL&H Act). This classification applies to boats made of materials, including but not limited to wood, metal and fiber reinforced plastic.

The sale of new or used boats, including the service or repair of boats when performed by the boat dealer, shall be classified as 8057, *Boat Dealers*.

Boat marina and boat rental operators shall be classified as 9016(4), *Boat Marina and Boat Rental Operation.*

The demolition of ships shall be classified as ~~5057~~5040, *Iron or Steel Erection – ~~N.O.C~~structural.* See Part 3, Section IV, Rule 7, *Wrecking or Demolition and Building Raising or Moving*.

For boat building or repair operations subject to the USL&H Act, refer to the Advisory California Rules for the Recording and Reporting of United States Longshore and Harbor Workers' Compensation Act Coverage.

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Recommendation
Amend Classification 3726, *Boiler Installation, Service or Repair – steam or hot water*, for consistency with other proposed changes.

PROPOSED

BOILER INSTALLATION, SERVICE OR REPAIR – steam or hot water **3726**

This classification applies to the installation, service, repair or cleaning of industrial or commercial boilers or heat exchangers at customers' locations. This classification includes the repair or replacement of worn or damaged plate steel components, including but not limited to tanks, casings, chambers, ducting, piping and tubing.

This classification also applies to the erection of metal tanks within buildings.

The repair or replacement of mechanical components, including but not limited to pumps, turbines, generators, oil compressors, gearboxes, motors and blowers shall be separately classified as 3724(1), *Millwright Work.*

The repair or replacement of gas burners, burner dampers, air diffusers or burner rings shall be separately classified as 5183(1)/5187(1), *Plumbing*.

The installation of insulation material onto steam pipes or boilers shall be separately classified as 5184, *Steam Pipe or Boiler Insulation*.

The installation of refractory brick shall be separately classified as 5027/5028, *Masonry*.

The lining of refractory chambers or metal tanks with concrete or the construction of concrete foundations shall be separately classified as 5213, *Concrete Construction – N.O.C*.

Boiler manufacturing or shop repair shall be classified as 3620(1), *Boiler Mfg.*, if more than 50% of the metal used is #9 gauge or heavier. If 50% or more of the metal used is lighter than #9 gauge, boiler manufacturing or shop repair shall be classified as 3169(2), *Water Heater Mfg*.

The erection of exterior metal tanks at ground level or on roof surfaces shall be classified as ~~5057, *Iron or Steel Erection – N.O.C*~~5102, *Iron, Steel, Brass, Bronze or Aluminum Erection – non-structural*. The erection of exterior elevated metal tanks on support structures shall be classified as 5040~~(1)~~, *Iron or Steel Erection – structural ~~and exterior installation~~.*

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Recommendation
Amend Classification 6003(3), *Bridge or Trestle Construction – wood*, for consistency with other proposed changes.

PROPOSED

BRIDGE OR TRESTLE CONSTRUCTION – wood – all operations **6003(3)**

This classification applies to the construction of wood bridges or trestles, including incidental pile driving, where the clearance is more than 10 feet at any point or the entire distance between terminal abutments is more than 20 feet.

The construction of wood bridges or trestles where the clearance is 10 feet or less for the entire bridge or trestle at any point or the entire distance between terminal abutments is 20 feet or less shall be classified as 5403/5432, *Carpentry*.

The construction of metal bridges shall be classified as 5040, *Iron or Steel Erection – structural*.

Excavation, concrete work and reinforcing steel installation in connection with concrete work shall be separately classified.

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Recommendation
Amend Classification 5222(2), *Chimney Construction*, for consistency with other proposed changes.

PROPOSED

CHIMNEY CONSTRUCTION – industrial – stone, brick or concrete **5222(2)**

This classification applies to the construction of stone, brick or concrete industrial chimneys and smokestacks. This classification includes the incidental construction and removal of forms and the installation of reinforcing steel and lining materials.

The erection of brick or stone chimneys in connection with residential buildings shall be classified as 5027/5028, *Masonry*.

The erection of iron or steel smokestacks shall be classified as 5040~~(1)~~, *Iron or Steel Erection – structural ~~and exterior installation~~*.

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Recommendation
Amend Classification 5222(1), *Concrete Construction – in connection with bridges or culverts where clearance exceeds 10 feet at any point or entire distance between terminal abutments exceeds 20 feet*, for consistency with other proposed changes.

PROPOSED

CONCRETE CONSTRUCTION – in connection with bridges or culverts where clearance exceeds 10 feet at any point or entire distance between terminal abutments exceeds 20 feet **5222(1)**

This classification applies to the construction of concrete bridges or culverts. This classification includes the incidental pouring or finishing of concrete decks (roadways), sidewalks, retaining walls and support structures. This classification also includes the incidental construction and removal of forms, falsework or concrete distributing apparatus by the employer engaged in the construction of concrete bridges or culverts.

The construction of concrete bridges that do not have a clearance that exceeds 10 feet at any point or the entire distance between terminal abutments does not exceed 20 feet shall be classified as 5506, *Street or Road Construction – paving or repaving, surfacing or resurfacing or scraping*, or 5507, *Street or Road Construction – grading*.

The construction of metal bridges shall be classified as 5040~~(2)~~, ~~*Bridge Building – metal*~~*Iron or Steel Erection – structural*.

The construction of wood bridges shall be classified as 6003(3), *Bridge or Trestle Construction – wood.*

Excavation, reinforcing steel installation, pile driving and all work in tunnels, subways, caissons or cofferdams shall be separately classified.

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Recommendation
Amend Classification 3060(2), *Door or Window Frame Mfg. – metal or plastic*, for consistency with other proposed changes.

PROPOSED

DOOR OR WINDOW FRAME MFG. – metal or plastic **3060(2)**

This classification applies to the manufacture of metal or plastic door or window frames. This classification also applies to the manufacture of metal or plastic frames or components for use in

the manufacture of mirrors, skylights, screen doors, window screens, patio covers or sunroom enclosures.

The installation of screen doors or window screens shall be separately classified as 5146(1), *Cabinet or Fixtures*.

The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg.*

The manufacture of metal, plastic or combination metal, plastic or glass doors or windows shall be classified as 3060(1), *Door or Window Mfg. – metal or plastic.*

The manufacture of metal or plastic framed screen doors or window screens shall be classified as 3060(3), *Door or Window Mfg. – screen.*

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation,* provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing at the same job or location, the installation of prefabricated doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of unglazed metal window frames shall be classified as 5102~~(1)~~, *Iron, Steel, Brass, Bronze or Aluminum Erection.*

The installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings, including the incidental installation of framework and glass cutting at the job site, shall be classified as 5467/5470, *Glaziers*.

* * * * * * *

Recommendation
Amend Classification 5146(2), *Sign Installation or Repair – interior or affixed to building surfaces*, which is part of the *Sign* Industry Group, for consistency with other proposed changes.

PROPOSED

SIGN INDUSTRY

SIGN INSTALLATION OR REPAIR – interior or affixed to building surfaces **5146(2)**

This classification applies to the installation, service or repair of signs that are affixed directly to interior or exterior building surfaces, including but not limited to cabinet signs, channel letters, three dimensional letters, directional signs and neon signs. This classification includes electrical wiring activities within 6 feet of the sign when performed in connection with sign installation.

If electrical wiring activities performed in connection with sign installation are not within 6 feet of the sign, the electrical wiring operations shall be separately classified as 5140/5190, *Electrical Wiring – within buildings*, or 6325*, Conduit Construction or Underground Wiring*.

The installation, service or repair of permanent signs that are not affixed directly to building surfaces, including but not limited to pole signs, tower signs, monument signs and street signs (not in connection with street or road construction) shall be classified as 9552, *Sign Erection or Repair*. The installation of street signs, when conducted by employers engaged in street or road

construction or asphalt paving operations at the same job or location, shall be classified as 5506, *Street or Road Construction – paving or repaving, surfacing or resurfacing or scraping.*

The installation of temporary signs, including but not limited to real estate and construction site signs shall be classified as 8028, *Equipment or Machinery Rental Yards*.

The installation of signs by employers selling space for advertising purposes shall be classified as 9549, *Advertising Companies*.

The operation of mobile billboard trucks (mobile advertising signs) shall be classified as 9549, *Advertising Companies*.

The installation of awnings shall be classified as 5102~~(1)~~, *Iron, Steel, Brass, Bronze or Aluminum Erection.*

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Recommendation
Amend Classifications 5632/5633, *Steel Framing – light gauge*, for consistency with other proposed changes.

PROPOSED

STEEL FRAMING – light gauge – including the incidental installation of interior trim, builders finish, doors and cabinet work – employees whose regular hourly wage does not equal or exceed $35.00 per hour **5632**

This classification applies to the structural framing of buildings using cold formed, light gauge steel studs and joists that are #15 gauge or lighter.

This classification also applies to incidental carpentry operations, including but not limited to the installation of interior trim, builders finish, doors and cabinets; the installation of shingle roofing; and the installation or application of insulation materials in buildings or within building walls, but only if such work is performed by the same employer who performs light gauge steel framing in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The assembly of light gauge steel building components, including but not limited to wall panels and trusses at a permanent shop or yard location shall be classified as 3066(1), *Sheet Metal Products Mfg.*

The erection of steel structures constructed from steel beams shall be classified as 5040~~(1)~~, *Iron or Steel Erection – structural ~~and exterior installation,~~* or 5059, *~~Iron or Steel Erection – structural – in the construction of buildings not over two stories in height~~.*

STEEL FRAMING – light gauge – including the incidental installation of interior trim, builders finish, doors and cabinet work – employees whose regular hourly wage equals or exceeds $35.00 per hour **5633**

Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds $35.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed $35.00 per hour shall be classified as 5632, *Steel Framing.*

This classification applies to the structural framing of buildings using cold formed, light gauge steel studs and joists that are #15 gauge or lighter.

This classification also applies to incidental carpentry operations, including but not limited to the installation of interior trim, builders finish, doors and cabinets; the installation of shingle roofing; and the installation or application of insulation materials in buildings or within building walls, but only if such work is performed by the same employer who performs light gauge steel framing in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The assembly of light gauge steel building components, including but not limited to wall panels and trusses at a permanent shop or yard location shall be classified as 3066(1), *Sheet Metal Products Mfg.*

The erection of steel structures constructed from steel beams shall be classified as 5040~~(1)~~, *Iron or Steel Erection – structural ~~and exterior installation~~,* or 5059, *~~Iron or Steel Erection – structural – in the construction of buildings not over two stories in height~~.*

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Recommendation
Amend Classification 9531(1), *Telecommunication Antenna Equipment Installation, Service or Repair – including shop, yard or storage operations*, for consistency with other proposed changes.

PROPOSED

TELECOMMUNICATION ANTENNA EQUIPMENT INSTALLATION, SERVICE OR REPAIR – including shop, yard or storage operations **9531(1)**

This classification applies to the installation, service or repair of telecommunication antenna equipment located on towers, roofs or balconies of commercial or residential buildings and other exterior locations. This classification includes the installation, service or repair of switching equipment, repeaters, radios and similar electronic equipment and low voltage coaxial cable installation within buildings when performed in connection with telecommunication antenna installation by the same employer. This classification also applies to deployment of temporary, portable cellular antennas.

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

Erection of structural steel cellular towers shall be classified as 5040~~(1)~~, *Iron or Steel Erection – structural ~~and exterior installation~~.*

Operations performed by Federal Communications Commission licensed telecommunications companies shall be classified as 7600, *Communication Service Providers.*

Telecommunication equipment installation within buildings shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair.*

Store operations shall be separately classified.

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Recommendation
Amend Classification 9529(3), *Tent – erection, removal or repair*, for consistency with other proposed changes.

PROPOSED

TENT – erection, removal or repair – away from shop **9529(3)**

The manufacture of tents shall be classified as 2576, *Awning, Tarp or Canvas Goods Mfg.*

The erection, removal or repair of awnings away from the shop shall be separately classified as 5102~~(1)~~, *Iron, Steel, Brass, Bronze or Aluminum Erection*.

The operations of a store for the purpose of the sale or rental of tents shall be classified in accordance with Section IV, *Special Industry Classification Procedures*, Rule 6, *Stores.*

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Recommendation
Amend Classification 9521(3), *Window Covering – installation*, for consistency with other proposed changes.

PROPOSED

WINDOW COVERING – installation – within buildings **9521(3)**

This classification applies to the installation of window coverings, including but not limited to blinds, shades and draperies, within buildings.

The installation of wooden or plastic shutters and window screens shall be classified as 5146(1), *Cabinet or Fixtures.*

The manufacture of window blinds, shades and wooden shutters shall be classified as 2852, *Window Blind Mfg. or Assembly.*

The manufacture of fabric curtains and draperies shall be classified as 2501(1), *Clothing Mfg.*

The installation of doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided no framing is performed by the employer at the same job or location.

The installation of window security bars and security shutters shall be classified as 5102~~(1)~~, *Iron, Steel, Brass, Bronze or Aluminum Erection.*

The sale of window coverings shall be separately classified using the applicable *Stores* Industry Group classification.

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Recommendation
Amend Part 3, Section IV, *Special Industry Classification Procedures*, Rule 7*, Wrecking or Demolition and Building Raising or Moving*, for consistency with other proposed changes.

PROPOSED

Section IV – Special Industry Classification Procedures

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7. Wrecking or Demolition and Building Raising or Moving

a. In classifying wrecking or demolition work where a building or structure is razed or where a floor or exterior wall is removed, all operations at the wrecking or demolition site, including welding or cutting, breaking up concrete foundations, sidewalks or floor slabs, and removing or loading debris, shall be assigned to one of the classifications listed in (1) through (5), below.

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(3) Classification ~~5057~~5040, *Iron~~,~~ or Steel Erection – ~~N.O.C~~structural.* This classification shall be assigned to wrecking or demolition and raising or moving of steel buildings (not concrete encased steel), structures, tanks, towers or ships (of any size).

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

PROPOSED

Section VIII – Abbreviated Classifications – Numeric Listing

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5040~~(1)~~	Iron/Steel Erection–structural
~~5040(2)~~	~~Bridge Building–metal~~
~~5040(3)~~	~~Painting–steel structures/bridges~~
~~5057~~	~~Iron/Steel Erection–N.O.C.~~
~~5059~~	~~Iron/Steel Erection–buildings less than 3 stories~~
5102~~(1)~~	Iron/Steel Erection–non-structural
~~5102(3)~~	~~Floor Installation~~

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Recommendation
Amend Appendix I, *Construction and Erection Classifications*, for consistency with other proposed changes.

PROPOSED

Appendix I

Construction and Erection Classifications

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5040~~(1)~~	Iron/Steel Erection–structural
~~5040(2)~~	~~Bridge Building–metal~~
~~5040(3)~~	~~Painting–steel structures/bridges~~
~~5057~~	~~Iron/Steel Erection–N.O.C.~~
~~5059~~	~~Iron/Steel Erection–buildings less than 3 stories~~
5102~~(1)~~	Iron/Steel Erection–non-structural
~~5102(3)~~	~~Floor Installation~~

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1221 Broadway, Suite 900
Oakland, CA 94612

Voice 415.777.0777
Fax 415.778.7007

www.wcirb.com
wcirb@wcirb.com