



2017 Workers' Compensation Mid-Year Update

The insurance commissioner approved an average rate decrease of 7.8% to be effective 7/1/17 for all new and renewing policies after this date. Several insurers have filed lower rates as of 7/1/17, and will continue to take clients' loss history into consideration when determining final net rates. See the loss cost rate summary by construction classification code on page 3.

Dual Wage Classes Increases - Proposed for 1/1/18

The Workers' Compensation Insurance Rating Bureau is proposing increases in the wage threshold for construction industry dual wage classifications. The proposed increases range from \$1 to \$2 per hour to keep the thresholds in line with wage inflation. See the chart for the expected changes.

Dual Wage Thresholds Classification	Current Threshold	Recommended Threshold	Threshold Difference	Last Changed
5027/5028 Masonry	\$27	\$27	\$0	2013
5190/5140 Electrical Wiring	\$30	\$32	\$2	2014
5183/5187 Plumbing	\$26	\$26	\$0	2014
5185/5186 Automatic Sprinkler Installation	\$27	\$27	\$0	2009
5201/5205 Concrete or Cement Work	\$24	\$25	\$1	2009
5403/5432 Carpentry	\$30	\$31 ¹	TBD	2016
5446/5447 Wallboard Application	\$33	\$34	\$1	2016
5467/5470 Glaziers	\$31	\$31	\$0	2016
5474/5482 Painting/Waterproofing	\$24	\$26	\$2	2009
5484/5485 Plastering or Stucco Work	\$27	\$29	\$2	2014
5538/5542 Sheet Metal Work	\$27	\$27	\$0	2014
5552/5553 Roofing	\$23	\$25	\$2	2009
5632/5633 Steel Framing	\$30	\$31	\$1	2016
6218/6220 Excavation/Grading/Land Leveling	\$30	\$31	\$1	2014
6307/6308 Sewer Construction	\$30	\$31	\$1	2014
6315/6316 Water/Gas Mains	\$30	\$31	\$1	2014

¹ The Bureau is also planning to study the high and low wage classifications for Glaziers over the next year to determine if the dual wage system is still appropriate for this industry sector.

The Bureau is also continuing discussions with the Carpentry industry before settling on the size of the increase in its threshold. The initial indication is for a \$1 increase to \$31 per hour, but the final recommendation could very well be an additional \$1 higher to \$32 per hour.

Simplified X-Mod Formula for 2019 Being Studied by WCIRB

The current formula includes actual excess losses, expected primary losses, and credibility values for primary and excess losses. These components are no longer needed.

The Workers' Compensation Insurance Rating Bureau will propose simplifying the state's experience rating formula in 2019 to just three components--actual primary losses, expected excess losses, and total expected losses. The change, says the Bureau, will not have any impact on computed mods as the current calculation already gives no weight to an employer's actual excess losses.

More Changes with Respect to "First Aid Claims" for 2019

The Bureau is expected to propose the elimination of the first \$250 of every medical only claim to encourage the reporting of small medical only (First Aid) claims that employers may currently be paying out of pocket and not reporting to their workers' comp carrier.

If both changes are adopted as proposed, then the rating formula would be actual primary losses plus expected excess losses divided by total expected losses. The primary loss would be the value of each claim up to the individual employer's primary threshold minus \$250. So an employer with a \$10,000 threshold claim would have primary losses for rating purposes of \$9,750.

If these changes are adopted, then about two-thirds of the experience rated employers will see a 1 point or less change in their X-Mod.

California's Top 10 Workers' Compensation Carriers for 2016

The ten largest insurance groups in the California workers' comp market remained the same in 2016, but several carriers swapped positions. The report also shows that, despite decreasing rates, California's net written premiums last year grew by 5.1% or \$628 million to nearly \$13 billion.

Overall, the ten largest carrier groups wrote \$8.6 billion in California workers' comp premium last year for a market share of 66.1%.

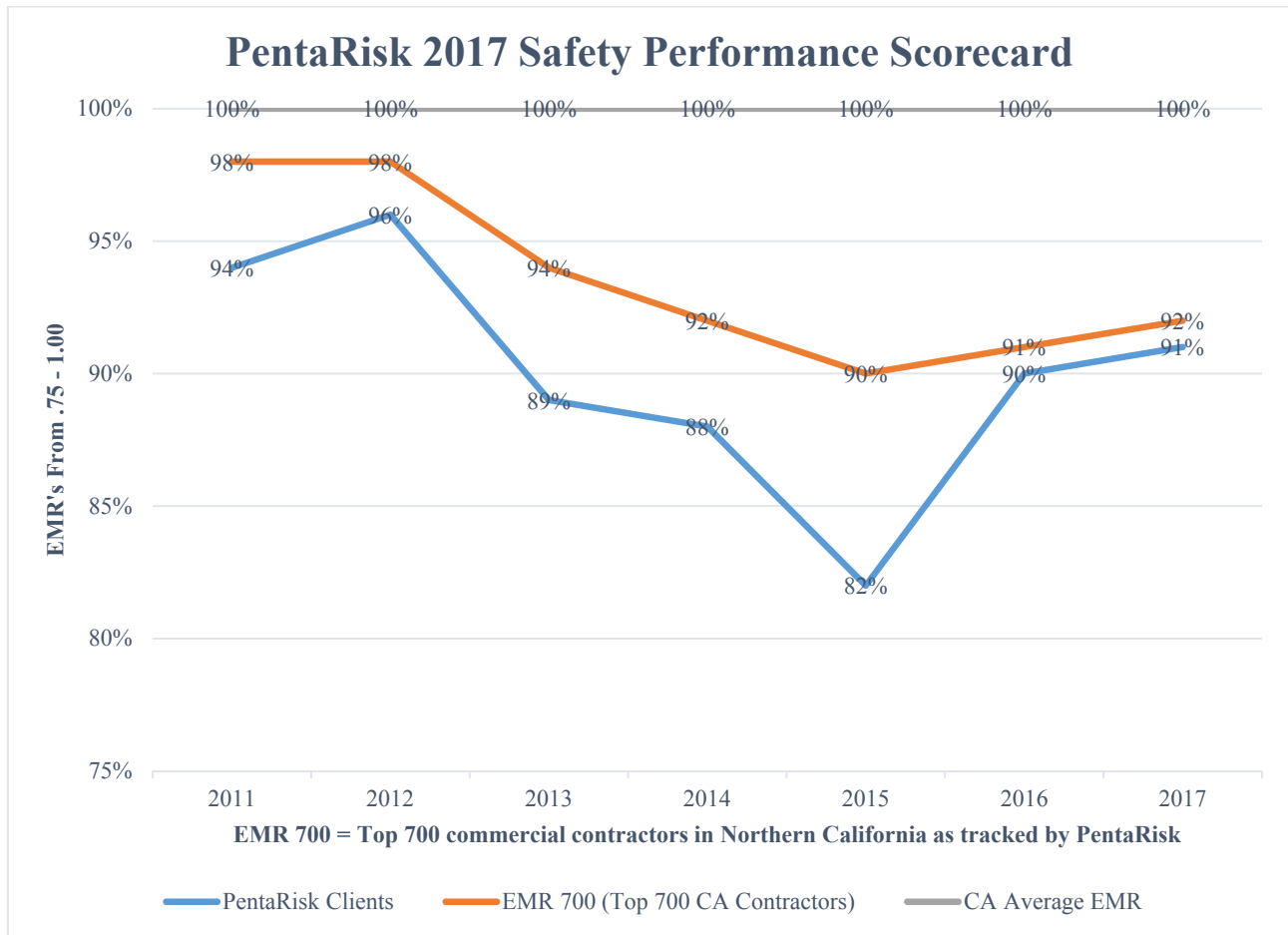
	2016 Premium	2016 Market Share	2015 Premium	2015 Market Share	% Change in Premium 2015-16
State Compensation Insurance Fund	\$1,612,049,875	12.4%	\$1,638,849,156	13.3%	-1.6%
Berkshire Hathaway Group	\$1,410,855,028	10.9%	\$1,333,631,446	10.8%	5.85%
AmTrust Group	\$1,122,274,836	8.7%	\$845,706,121	6.9%	32.7%
American Assets Group/ICW	\$773,735,123	6.0%	\$674,775,277	5.5%	14.7%
Travelers Group	\$707,254,890	5.5%	\$735,827,780	6.0%	-3.9%
Zurich Insurance Group	\$677,856,010	5.2%	\$636,289,197	5.2%	6.5%
Hartford Fire & Casualty	\$670,534,113	5.2%	\$654,063,247	5.3%	2.5%
Chubb Ltd.	\$660,349,417	5.1%	\$580,369,158	4.7%	13.8%
Fairfax Financial Group	\$496,492,056	3.8%	\$468,878,212	3.8%	5.9%
American International Group	\$435,845,480	3.4%	\$498,923,493	4.0%	-12.6%

2017 California Workers Compensation Construction Pure Premium Rate Comparison *

Code	Classification	1/1/10	1/1/11	1/1/12	1/1/13	1/1/14	1/1/15	7/1/15	1/1/16	7/1/16	1/1/17	7/1/17	% Change 1/1/17-07/1/17
5473	Asbestos Abatement				13.06	14.37	16.99	15.25	15.51	14.75	13.95	12.87	-7.74%
5185	Automatic Sprinkler Installation <\$27 Hour	5.37	5.26	7.22	9.10	9.86	10.51	9.44	10.70	10.17	7.86	7.25	-7.76%
5186	Automatic Sprinkler Installation >\$27 Hour	2.06	2.07	2.65	2.78	3.05	3.42	3.07	2.72	2.59	2.50	2.31	-7.60%
9015	Building Operations	4.68	5.87	7.37	7.31	7.84	8.90	7.99	7.09	6.74	6.92	6.38	-7.80%
7605	Burglar/Fire/Sound System Installation	3.06	3.04	4.15	5.57	5.94	5.76	5.17	4.42	4.20	3.55	3.27	-7.89%
5146	Cabinet/Fixtures Installation	4.76	5.54	7.09	8.40	8.19	9.05	8.13	8.44	8.02	7.27	6.71	-7.70%
5403	Carpentry <\$30 Hour	12.49	11.28	15.36	17.34	19.55	22.44	20.15	18.29	17.38	16.51	15.23	-7.75%
5432	Carpentry >\$30 Hour	4.91	4.59	6.49	7.47	7.67	7.75	6.96	6.79	6.45	6.22	5.74	-7.72%
5020	Ceiling Installation	4.55	4.05	5.30	6.15	6.68	6.23	5.59	6.01	5.71	5.33	4.92	-7.69%
5195	Communications Cabling				10.13	10.48	9.87	8.86	8.62	8.19	6.90	6.36	-7.83%
8810	Clerical Office Employees	0.37	0.35	0.49	0.53	0.55	0.52	0.47	0.46	0.44	0.40	0.37	-7.50%
5222	Concrete Construction-Bridges, Culverts or Chimneys	7.83	7.80	9.92	10.24	9.67	10.07	9.04	6.69	6.36	5.10	4.70	-7.84%
5213	Concrete Construction-Foundations, Formwork	5.50	5.89	7.64	8.23	7.60	8.25	7.41	8.40	7.98	7.81	7.20	-7.81%
5201	Concrete or Cement Work <\$24 Hour	5.54	5.10	7.69	10.42	12.98	13.51	12.13	11.89	11.30	11.00	10.15	-7.73%
5205	Concrete or Cement Work >\$24 Hour	3.95	3.83	5.32	6.62	7.27	7.67	6.89	6.28	5.97	5.99	5.53	-7.68%
5214	Concrete or Cement Work-Precast Panels	3.20	3.28	4.60	5.77	6.45	7.14	6.41	6.17	5.86	5.50	5.07	-7.82%
5212	Concrete Pumping	6.32	6.98	10.32	14.13	16.04	17.32	15.55	13.45	12.78	10.49	9.68	-7.72%
6325	Conduit Construction	4.12	4.38	5.93	7.31	7.29	6.94	6.23	5.93	5.64	4.94	4.56	-7.69%
5606	Contractors - Executive Supervisors	0.93	0.92	1.37	1.47	1.20	1.53	1.37	1.12	1.06	0.93	0.86	-7.53%
8227	Contractors - Permanent Yards	5.41	5.79	6.34	7.33	7.92	7.33	6.58	6.56	6.23	5.79	5.34	-7.77%
5610 New	Contractors - Subcontracted Work										4.78	4.41	-7.74%
5108	Door Installation - Overhead	8.90	8.71	12.02	12.56	13.66	15.81	14.19	14.77	14.04	12.27	11.32	-7.74%
6204	Drilling	10.60	8.63	11.67	12.32	13.92	14.44	12.96	13.82	13.13	11.69	10.78	-7.78%
3724(2)	Electrical Machinery Installation									5.65	5.32	4.91	-7.71%
5190	Electrical Wiring - Within Buildings <\$30 Hour	3.65	4.03	5.49	6.60	7.15	7.56	6.79	6.64	6.31	5.85	5.40	-7.69%
5140	Electrical Wiring - Within Buildings >\$30 Hour	2.89	2.58	3.09	3.13	3.62	3.39	3.04	2.82	2.68	2.77	2.55	-7.94%
6218	Excavation/Grading <\$30 Hour	5.67	5.50	6.70	9.27	11.29	11.28	10.13	9.32	8.89	7.57	6.98	-7.79%
6220	Excavation/Grading >\$30 Hour	2.93	3.02	5.00	6.43	6.62	6.86	6.16	5.13	4.88	5.10	4.70	-7.84%
6400	Fence Construction - Metal or Wood	7.24	5.70	8.08	10.44	12.01	12.32	11.06	11.34	10.78	9.43	8.70	-7.74%
9521	Floor Covering Installation	4.27	4.37	6.25	7.71	9.61	9.76	8.76	7.85	7.46	6.87	6.34	-7.71%
6258	Foundation Preparation Work	5.11	4.94	6.34	6.90	7.27	8.35	7.50	8.04	7.64	7.10	6.55	-7.75%
5467	Glaziers - Away From Shop <\$31 Hour	7.08	8.34	11.73	12.00	14.35	14.64	13.14	13.53	12.86	10.84	10.00	-7.75%
5470	Glaziers - Away From Shop >\$31 Hour	5.30	5.93	7.19	8.02	7.67	7.24	6.50	5.31	5.05	4.62	4.26	-7.79%
5479	Insulation Work	5.80	5.41	6.71	8.19	9.92	9.98	8.96	9.32	8.86	9.14	8.43	-7.77%
5059	Iron or Steel Erection	13.68	13.74	20.30	21.26	22.46	23.19	20.82	18.05	17.15	13.41	12.37	-7.76%
5057	Iron or Steel Erection	6.44	7.13	8.62	9.80	10.12	11.34	10.18	9.48	9.01	7.87	7.26	-7.75%
5040	Iron or Steel Erection - Bridge Building	10.56	12.70	13.67	17.55	15.59	16.83	15.11	14.07	13.37	11.95	11.02	-7.78%
9008	Janitorial Services - By Contractors	6.96	7.04	9.64	12.51	13.61	13.80	12.39	12.61	11.98	11.86	10.94	-7.76%
0042	Landscape Gardening	5.07	4.77	7.24	8.16	9.32	9.32	8.83	9.02	8.57	8.45	7.79	-7.81%
5443	Lathing	5.57	4.89	7.48	8.87	9.76	10.06	9.03	8.80	8.36	7.18	6.62	-7.80%
5027	Masonry <\$27 Hour	8.88	8.45	10.72	12.48	16.25	17.06	15.32	17.10	16.25	16.06	14.81	-7.78%
5028	Masonry >\$27 Hour	5.49	4.43	6.51	7.08	8.45	8.38	7.52	8.73	8.30	7.28	6.71	-7.83%
5102	Non-Structural Metal Installation within Buildings	6.61	6.89	6.90	9.16	11.46	10.72	9.62	9.33	8.87	7.25	6.69	-7.72%
5474	Painting, Paperhanging, Waterproofing <\$24 Hour	6.87	6.43	9.83	11.72	13.34	15.07	13.53	13.73	13.05	11.32	10.44	-7.77%
5482	Painting, Paperhanging, Waterproofing >\$24 Hour	4.44	4.21	5.96	6.94	6.71	7.64	6.86	6.83	6.49	5.87	5.41	-7.84%
6003	Pile Driving, Timber Wharf or Bridge Construction	6.50	7.12	9.48	11.53	12.65	15.93	14.30	14.24	13.53	13.80	12.73	-7.75%
5484	Plastering or Stucco Work <\$27 Hour	9.34	9.28	12.11	17.41	19.27	21.62	19.41	19.48	18.51	16.07	14.82	-7.78%
5485	Plastering or Stucco Work >\$27 Hour	4.80	5.12	7.19	9.60	11.03	12.16	10.92	10.73	10.20	8.64	7.97	-7.75%
5183 (1)	Plumbing <\$26 Hour / 5183 (3) HVAC Equipment Instal.	5.46	5.20	6.91	8.69	10.28	10.20	9.16	8.20	7.79	7.14	6.59	-7.70%
5187 (1)	Plumbing >\$26 Hour / 5187 (3) HVAC Equipment Instal.	3.12	3.78	5.01	6.66	6.41	5.56	4.99	4.47	4.25	4.66	4.30	-7.73%
3039	Reinforcing Steel Fabrication	6.19	6.51	8.53	10.90	12.04	11.86	10.65	9.48	9.01	9.12	8.41	-7.79%
5225	Reinforcing Steel Installation	6.40	7.42	11.14	13.33	11.08	12.92	11.60	9.49	9.02	7.82	7.21	-7.80%
5552	Roofing <\$23 Hour	21.61	19.56	28.54	35.26	36.04	46.14	41.42	39.85	37.87	29.32	27.04	-7.78%
5553	Roofing >\$23 Hour	10.19	8.78	13.59	18.37	17.67	19.78	17.76	17.81	16.93	15.67	14.45	-7.79%
8742	Sales Person - Outside	0.44	0.42	0.55	0.70	0.69	0.67	0.60	0.57	0.54	0.51	0.47	-7.84%
6307	Sewer Construction <\$30 Hour	8.32	8.11	11.29	12.10	15.01	16.09	14.45	13.25	12.59	11.43	10.54	-7.79%
6308	Sewer Construction >\$30 Hour	4.22	4.25	5.85	8.56	9.62	9.58	8.60	8.33	7.92	7.05	6.50	-7.80%
5538	Sheet Metal Work <\$27 Hour 5538(2) HVAC Ductwork	7.07	5.88	8.62	9.34	8.81	9.66	8.67	8.82	8.38	7.73	7.13	-7.76%
5542	Sheet Metal Work >\$27 Hour 5542(2) HVAC Ductwork	4.17	4.01	4.45	5.35	5.33	5.82	5.23	4.96	4.71	4.54	4.19	-7.71%
5632	Steel Framing <\$30 Hour	12.49	11.28	15.36	17.34	19.55	22.44	20.15	18.29	17.32	16.51	15.23	-7.75%
5633	Steel Framing >\$30 Hour	4.91	4.59	6.49	7.47	7.67	7.75	6.96	6.79	6.45	6.22	5.74	-7.72%
5507	Street or Road Construction - Grading	2.26	2.75	3.84	5.32	5.50	5.60	5.03	5.78	5.49	5.17	4.77	-7.74%
5506	Street or Road Construction - Paving	4.61	4.18	6.25	9.00	10.96	11.92	10.70	11.36	10.80	9.86	9.09	-7.81%
5348	Tile, Stone, Mosaic, or Terrazzo Work	3.38	3.75	5.42	7.27	8.11	8.85	7.95	7.74	7.36	8.05	7.43	-7.70%
5446	Wallboard Application <\$33 Hour	6.62	5.81	7.43	9.31	11.25	11.02	9.89	9.78	9.30	8.73	8.05	-7.79%
5447	Wallboard Application >\$33 Hour	3.42	3.65	4.95	6.32	6.88	5.94	5.33	4.92	4.68	4.53	4.18	-7.73%
6315	Water or Gas Main Construction <\$30 Hour	5.92	6.34	8.79	10.65	11.31	11.90	10.68	10.72	10.19	7.89	7.28	-7.73%
6316	Water or Gas Main Construction >\$30 Hour	3.32	3.84	5.45	6.00	6.33	6.97	6.26	5.98	5.68	5.55	5.12	-7.75%
3365	Welding or Cutting	6.90	5.78	7.37	8.08	8.10	7.71	6.92	6.69	6.36	6.08	5.61	-7.73%
	Total Average Rates	5.95	5.87	7.95	9.60	10.39	11.11	9.98	9.69	9.15	8.24	7.60	-7.76%

2017 Officer/Owner: Minimum payroll is \$48,100 & Maximum payroll is \$122,200

*Pure Premium Rates do not include insurer overhead or profit expenses, so market rates will be higher.



Every year we track the average EMRs of PentaRisk clients to the 700 commercial contractors in northern California. We have found that our clients embrace the best safety and performance practices to continue to earn a safety advantage over their peers.

2017 Safety Excellence Winners

We are pleased to recognize three of our clients who have earned the lowest possible experience modification rating:

AccuBore Directional Drilling & Veteran Power, Inc. ★ .52

TCG Builders, Inc. dba The Core Group ★ .63

Hillhouse Construction Company, Inc. ★ .74

For these three clients, safety is not just a slogan, but a daily habit!

For more information, please contact Jim Untiedt (juntiedt@pentarisk.com, 408.418.2734), or your PentaRisk broker or account executive. You may visit our website at <http://pentarisk.com/>.

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