



2018 Workers' Compensation & Safety Update

July 1, 2018 – Pure Premium Rate Decrease

On May 29, 2018, insurance commissioner, Dave Jones approved a 10% reduction in pure premium rates for policies renewing on or after July 1, 2018. Not all insurers will update existing rates, however, market competition will continue to drive down workers' compensation costs due to lower taxes, quicker closing of claims and lower loss ratios.

Keep in mind that pure premium rates are not market rates, they are simply the amount the WCIRB expects insurers to pay for claims, and loss adjustment expenses. Insurers will add in overhead and profit costs. Market rates typically range 10-15% higher than pure premium rates.

See the table of updated construction pure premium rates on Page 2.

2019 Experience Rating Formula Change

The insurance commissioner adopted changes to the experience rating plan to simplify the calculation and to eliminate the first \$250 of each claim from the experience modification calculator. The new formula for Experience Modification Rate (EMR) calculations in 2019 is:

$$\frac{\text{Actual Primary Losses} + \text{Expected Excess Losses}}{\text{Expected Losses}}$$

The expectation is that employers will now report all claims, including first aid claims, as the first \$250 will be deducted from all claims for EMR calculation purposes.

We expect the EMR software will be available in the next 90 days to allow us to estimate January 1, 2019 experience modifications.

Update to Owner/Shareholder Exclusion

SB189 goes into effect July 1, 2018, which allows eligible owners with at least 10% ownership in their company or LLC to exclude themselves from workers' compensation. This update reduces the threshold from 15% to 10% ownership to be excluded, and includes any corporate officer or director who owns at least 1% of the stock, (if the officer's or director's parent, sibling, grandparent, spouse or child owns at least 10% of the stock).

No action is needed if there is no change from a previously accepted waiver of coverage.

2018 California Workers' Compensation Construction Pure Premium Rate Comparison *

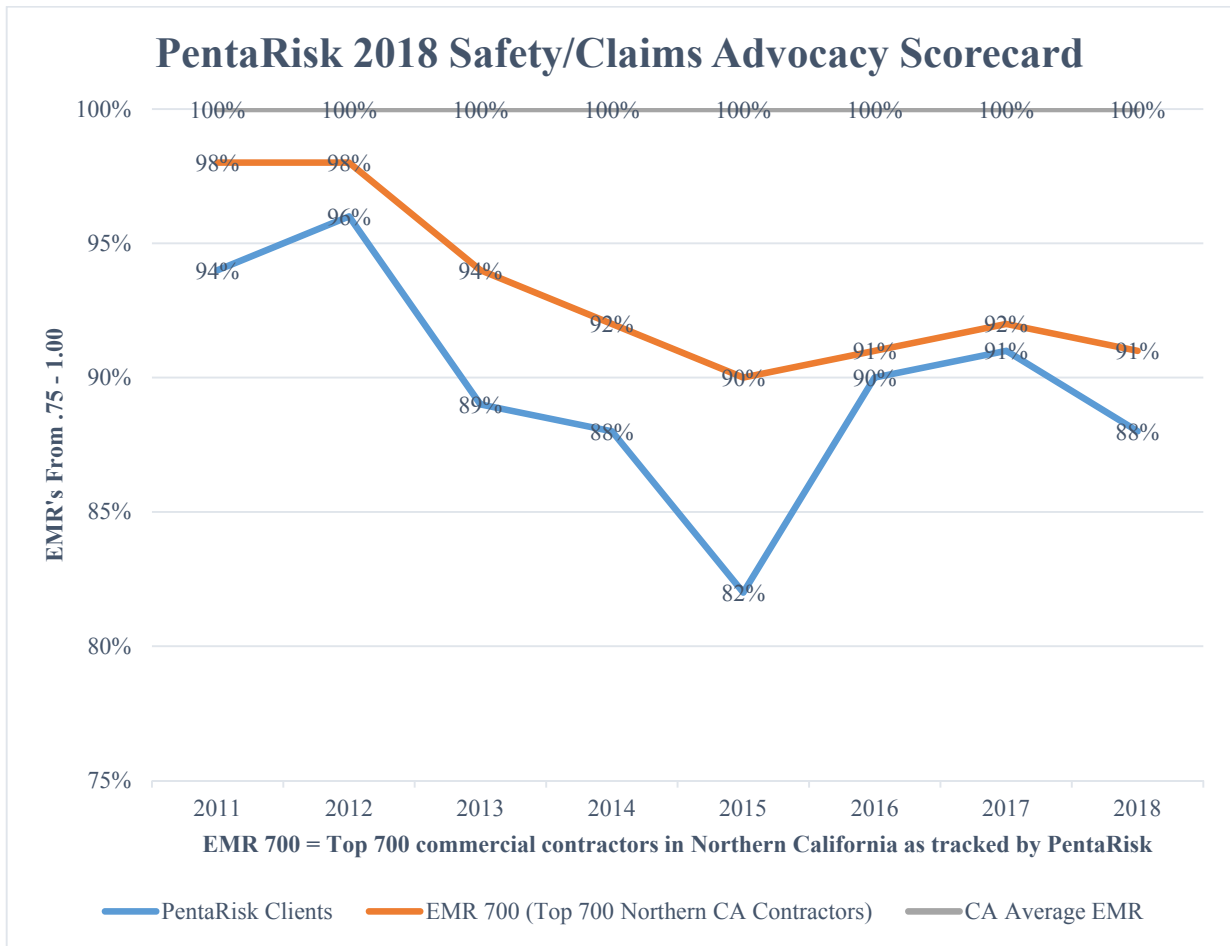
Code	Classification	1/1/11	1/1/12	1/1/13	1/1/14	1/1/15	7/1/15	1/1/16	7/1/16	1/1/17	7/1/17	1/1/18	7/1/18	% Change 1/1/18-7/1/18
5473	Asbestos Abatement			13.06	14.37	16.99	15.25	15.51	14.75	13.95	12.87	14.38	12.90	-10.29%
5185	Automatic Sprinkler Installation <\$27 Hour	5.26	7.22	9.10	9.86	10.51	9.44	10.70	10.17	7.86	7.25	8.16	7.32	-10.29%
5186	Automatic Sprinkler Installation >\$27 Hour	2.07	2.65	2.78	3.05	3.42	3.07	2.72	2.59	2.50	2.31	2.48	2.22	-10.48%
9015	Building Operations	5.87	7.37	7.31	7.84	8.90	7.99	7.09	6.74	6.92	6.38	7.22	6.48	-10.25%
7605	Burglar/Fire/Sound System Installation	3.04	4.15	5.57	5.94	5.76	5.17	4.42	4.20	3.55	3.27	3.56	3.19	-10.39%
5146	Cabinet/Fixtures Installation	5.54	7.09	8.40	8.19	9.05	8.13	8.44	8.02	7.27	6.71	6.26	5.61	-10.38%
5403	Carpentry <\$32 Hour	11.28	15.36	17.34	19.55	22.44	20.15	18.29	17.38	16.51	15.23	15.80	14.17	-10.32%
5432	Carpentry >\$32 Hour	4.59	6.49	7.47	7.67	7.75	6.96	6.79	6.45	6.22	5.74	5.83	5.23	-10.29%
5020	Ceiling Installation	4.05	5.30	6.15	6.68	6.23	5.59	6.01	5.71	5.33	4.92	5.84	5.24	-10.27%
5195	Communications Cabling			10.13	10.48	9.87	8.86	8.62	8.19	6.90	6.36	5.66	5.08	-10.25%
8810	Clerical Office Employees	0.35	0.49	0.53	0.55	0.52	0.47	0.46	0.44	0.40	0.37	0.35	0.31	-11.43%
5222	Concrete Construction-Bridges, Culverts or Chimneys	7.80	9.92	10.24	9.67	10.07	9.04	6.69	6.36	5.10	4.70	5.71	5.12	-10.33%
5213	Concrete Construction-Foundations, Formwork	5.89	7.64	8.23	7.60	8.25	7.41	8.40	7.98	7.81	7.20	7.29	6.54	-10.29%
5201	Concrete or Cement Work <\$25 Hour	5.10	7.69	10.42	12.98	13.51	12.13	11.89	11.30	11.00	10.15	9.72	8.72	-10.29%
5205	Concrete or Cement Work >\$25 Hour	3.83	5.32	6.62	7.27	7.67	6.89	6.28	5.97	5.99	5.53	5.80	5.20	-10.34%
5214	Concrete or Cement Work-Precast Panels	3.28	4.60	5.77	6.45	7.14	6.41	6.17	5.86	5.50	5.07	5.26	4.72	-10.27%
5212	Concrete Pumping	6.98	10.32	14.13	16.04	17.32	15.55	13.45	12.78	10.49	9.68	7.98	7.16	-10.28%
6325	Conduit Construction	4.38	5.93	7.31	7.29	6.94	6.23	5.93	5.64	4.94	4.56	4.70	4.22	-10.21%
5606	Contractors - Executive Supervisors	0.92	1.37	1.47	1.20	1.53	1.37	1.12	1.06	0.93	0.86	0.89	0.80	-10.11%
8227	Contractors - Permanent Yards	5.79	6.34	7.33	7.92	7.33	6.58	6.56	6.23	5.79	5.34	5.80	5.20	-10.34%
5610	Contractors - Subcontracted Work									4.78	4.41	4.09	3.67	-10.27%
5108	Door Installation - Overhead	8.71	12.02	12.56	13.66	15.81	14.19	14.77	14.04	12.27	11.32	11.83	10.61	-10.31%
6204	Drilling	8.63	11.67	12.32	13.92	14.44	12.96	13.82	13.13	11.69	10.78	11.95	10.72	-10.29%
3724	Electrical Machinery Installation								5.65	5.32	4.91	4.96	4.45	-10.28%
5190	Electrical Wiring - Within Buildings <\$32 Hour	4.03	5.49	6.60	7.15	7.56	6.79	6.64	6.31	5.85	5.40	5.61	5.03	-10.34%
5140	Electrical Wiring - Within Buildings >\$32 Hour	2.58	3.09	3.13	3.62	3.39	3.04	2.82	2.68	2.77	2.55	2.37	2.13	-10.13%
6218	Excavation/Grading <\$31 Hour	5.50	6.70	9.27	11.29	11.28	10.13	9.32	8.89	7.57	6.98	6.87	6.16	-10.33%
6220	Excavation/Grading >\$31 Hour	3.02	5.00	6.43	6.62	6.86	6.16	5.13	4.88	5.10	4.70	5.01	4.49	-10.38%
6400	Fence Construction - Metal or Wood	5.70	8.08	10.44	12.01	12.32	11.06	11.34	10.78	9.43	8.70	8.22	7.37	-10.34%
9521	Floor Covering Installation	4.37	6.25	7.71	9.61	9.76	8.76	7.85	7.46	6.87	6.34	5.96	5.35	-10.23%
6258	Foundation Preparation Work	4.94	6.34	6.90	7.27	8.35	7.50	8.04	7.64	7.10	6.55	7.50	6.73	-10.27%
5467	Glaziers - Away From Shop <\$31 Hour	8.34	11.73	12.00	14.35	14.64	13.14	13.53	12.86	10.84	10.00	10.34	9.27	-10.35%
5470	Glaziers - Away From Shop >\$31 Hour	5.93	7.19	8.02	7.67	7.24	6.50	5.31	5.05	4.62	4.26	4.11	3.69	-10.22%
5479	Insulation Work	5.41	6.71	8.19	9.92	9.98	8.96	9.32	8.86	9.14	8.43	7.22	6.48	-10.25%
5059	Iron or Steel Erection	13.74	20.30	21.26	22.46	23.19	20.82	18.05	17.15	13.41	12.37	12.33	11.06	-10.30%
5057	Iron or Steel Erection	7.13	8.62	9.80	10.12	11.34	10.18	9.48	9.01	7.87	7.26	7.43	6.66	-10.36%
5040	Iron or Steel Erection - Bridge Building	12.70	13.67	17.55	15.59	16.83	15.11	14.07	13.37	11.95	11.02	11.42	10.24	-10.33%
9008	Janitorial Services - By Contractors	7.04	9.64	12.51	13.61	13.80	12.39	12.61	11.98	11.86	10.94	10.75	9.64	-10.33%
0042	Landscape Gardening	4.77	7.24	8.16	9.32	9.32	8.83	9.02	8.57	8.45	7.79	7.95	7.13	-10.31%
5443	Lathing	4.89	7.48	8.87	9.76	10.06	9.03	8.80	8.36	7.18	6.62	6.31	5.66	-10.30%
5027	Masonry <\$27 Hour	8.45	10.72	12.48	16.25	17.06	15.32	17.10	16.25	16.06	14.81	15.00	13.45	-10.33%
5028	Masonry >\$27 Hour	4.43	6.51	7.08	8.45	8.38	7.52	8.73	8.30	7.28	6.71	6.40	5.74	-10.31%
5102	Non-Structural Metal Installation within Buildings	6.89	6.90	9.16	11.46	10.72	9.62	9.33	8.87	7.25	6.69	7.59	6.81	-10.28%
5474	Painting, Paperhanging, Waterproofing <\$26 Hour	6.43	9.83	11.72	13.34	15.07	13.53	13.73	13.05	11.32	10.44	10.94	9.81	-10.33%
5482	Painting, Paperhanging, Waterproofing >\$26 Hour	4.21	5.96	6.94	6.71	7.64	6.86	6.83	6.49	5.87	5.41	5.38	4.83	-10.22%
6003	Pile Driving, Timber Wharf or Bridge Construction	7.12	9.48	11.53	12.65	15.93	14.30	14.24	13.53	13.80	12.73	13.39	12.01	-10.31%
5484	Plastering or Stucco Work <\$29 Hour	9.28	12.11	17.41	19.27	21.62	19.41	19.48	18.51	16.07	14.82	15.10	13.54	-10.33%
5485	Plastering or Stucco Work >\$29 Hour	5.12	7.19	9.60	11.03	12.16	10.92	10.73	10.20	8.64	7.97	7.71	6.92	-10.25%
5183	Plumbing <\$26 Hour / 5183 (3) HVAC Equipment Instal.	5.20	6.91	8.69	10.28	10.20	9.16	8.20	7.79	7.14	6.59	6.97	6.25	-10.33%
5187	Plumbing >\$26 Hour / 5187 (3) HVAC Equipment Instal.	3.78	5.01	6.66	6.41	5.56	4.99	4.47	4.25	4.66	4.30	4.18	3.75	-10.29%
3039	Reinforcing Steel Fabrication	6.51	8.53	10.90	12.04	11.86	10.65	9.48	9.01	9.12	8.41	7.67	6.88	-10.30%
5225	Reinforcing Steel Installation	7.42	11.14	13.33	11.08	12.92	11.60	9.49	9.02	7.82	7.21	7.49	6.72	-10.28%
5552	Roofing <\$25 Hour	19.56	28.54	35.26	36.04	46.14	41.42	39.85	37.87	29.32	27.04	28.57	25.62	-10.33%
5553	Roofing >\$25 Hour	8.78	13.59	18.37	17.67	19.78	17.76	17.81	16.93	15.67	14.45	13.18	11.82	-10.32%
8742	Sales Person - Outside	0.42	0.55	0.70	0.69	0.67	0.60	0.57	0.54	0.51	0.47	0.45	0.40	-11.11%
6307	Sewer Construction <\$31 Hour	8.11	11.29	12.10	15.01	16.09	14.45	13.25	12.59	11.43	10.54	9.88	8.86	-10.32%
6308	Sewer Construction >\$31 Hour	4.25	5.85	8.56	9.62	9.58	8.60	8.33	7.92	7.05	6.50	6.55	5.87	-10.38%
5538	Sheet Metal Work <\$27 Hour 5538(2) HVAC Ductwork	5.88	8.62	9.34	8.81	9.66	8.67	8.82	8.38	7.73	7.13	7.55	6.77	-10.33%
5542	Sheet Metal Work >\$27 Hour 5542(2) HVAC Ductwork	4.01	4.45	5.35	5.33	5.82	5.23	4.96	4.71	4.54	4.19	3.95	3.54	-10.38%
5632	Steel Framing <\$32 Hour	11.28	15.36	17.34	19.55	22.44	20.15	18.29	17.32	16.51	15.23	15.80	14.17	-10.32%
5633	Steel Framing >\$32 Hour	4.59	6.49	7.47	7.67	7.75	6.96	6.79	6.45	6.22	5.74	5.83	5.23	-10.29%
5507	Street or Road Construction - Grading	2.75	3.84	5.32	5.50	5.60	5.03	5.78	5.49	5.17	4.77	5.52	4.95	-10.33%
5506	Street or Road Construction - Paving	4.18	6.25	9.00	10.96	11.92	10.70	11.36	10.80	9.86	9.09	7.31	6.56	-10.26%
5348	Tile, Stone, Mosaic, or Terrazzo Work	3.75	5.42	7.27	8.11	8.85	7.95	7.74	7.36	8.05	7.43	6.56	5.88	-10.37%
5446	Wallboard Application <\$34 Hour	5.81	7.43	9.31	11.25	11.02	9.89	9.78	9.30	8.73	8.05	7.96	7.14	-10.30%
5447	Wallboard Application >\$34 Hour	3.65	4.95	6.32	6.88	5.94	5.33	4.92	4.68	4.53	4.18	4.70	4.22	-10.21%
6315	Water or Gas Main Construction <\$31 Hour	6.34	8.79	10.65	11.31	11.90	10.68	10.72	10.19	7.89	7.28	6.86	6.15	-10.35%
6316	Water or Gas Main Construction >\$31 Hour	3.84	5.45	6.00	6.33	6.97	6.26	5.98	5.68	5.55	5.12	6.08	5.45	-10.36%
3365	Welding or Cutting	5.78	7.37	8.08	8.10	7.71	6.92	6.69	6.36	6.08	5.61	5.57	5.00	-10.23%
	Total Average Rates	5.87	7.95	9.60	10.39	11.11	9.98	9.69	9.15	8.24	7.60	7.70	6.90	-10.31%

2018 Officer/Owner: Minimum payroll is \$50,700 & Maximum payroll is \$128,700

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

Top 18 Workers' Compensation Carriers for 2017 - Baseline National Written Premiums

Rank	Group/ Company Name	Direct Premium Written	Top 10 California Ranking
1	The Travelers Group	\$4,355,809,603	6
2	Hartford Fire & Casualty Group	\$3,406,849,487	5
3	Zurich Insurance Group	\$2,923,427,279	7
4	Berkshire Hathaway Group	\$2,802,215,913	1
5	Chubb Ltd Group	\$2,458,869,861	8
6	Liberty Mutual	\$2,446,891,528	
7	AmTrust Group	\$1,991,813,777	3
8	American International Group	\$1,758,580,865	
9	Old Republic Group	\$1,458,125,287	
10	WR Berkley Group	\$1,412,497,777	
11	American Financial Group	\$1,366,600,601	
12	State Compensation Insurance Fund	\$1,360,106,028	2
13	Fairfax Financial Group	\$951,811,402	9
14	ICW Group	\$930,754,853	4
15	CNA Insurance Group	\$737,873,110	
16	Employers Holdings Group	\$719,567,231	10
17	Starr Group	\$619,146,016	
18	Arch Insurance Group	\$560,084,777	



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.

2018 PentaRisk Safety Excellence Winners

We are pleased to recognize four of our clients who have earned the lowest possible Experience Modification Rating for having no reportable injuries over the last three years! They are:

AAA Fence Company ★ .64
California Trenchless, Inc. ★ .72
Minton Door Company ★ .62
Superior Tile and Stone ★ .58

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

BLDR Safety App – Free to PentaRisk Clients

As part of our commitment to your safety, we have expanded on our exclusive Safety Dashboard provided by BLDR. Effective May 1, 2028, PentaRisk began covering the cost of BLDR’s electronic safety meetings and implementation assistance for our clients.

How does this benefit you as a PentaRisk client?

1. Helps compliance with the OSHA regulations for tailgate/safety meetings, and provides OSHA 300 and 301 export features.
2. Streamline the safety meetings process by using the BLDR Safety Meeting app with 100+ Safety Meetings in both English and Spanish.
3. Avoid expensive claims and OSHA penalties by properly training and documenting your weekly safety efforts. Having evidence that you are properly training your employees could help you at claim or OSHA inspection time.
4. ICE (In Case of Emergency) contact information for insurers and broker/carrier contacts.
5. Help to lower your workers’ compensation premium costs by taking advantage of additional underwriter credits provided for safety documentation.
6. View policy information and other PDFs attached by our insurance team.

We are putting together an onboarding checklist/procedure for the whole Safety Dashboard implementation, along with Safety Meetings for credentials, implementation status, and user adoption for each client.

For more information, please contact Jim Untiedt (juntiedt@pentarisk.com, 408.418.2734), Cindy Castellano (ccastellano@pentarisk.com, 408.418.2735), or your PentaRisk broker. You may visit our website at <http://pentarisk.com/>.

California

PentaRisk Insurance Services
 2033 Gateway Pl Ste 150
 San Jose CA 95110
 p 408.418.2720 · f 408.418.-2721
 CA License Number 0G47886

Georgia

PentaRisk Insurance Specialists
 1870 The Exchange SE #100
 Atlanta GA 30339
 p 404.809.2530 · f 404.809.2531
 GA License Number 186880

Alabama

PentaRisk Associates of Alabama
 500 Office Park Dr Ste 420
 Birmingham AL 35223
 p 205.874.9700 · f 404.809.2531
 AL License Number 0415532

Illinois

PentaRisk Associates of Illinois
 600 Spring Hill Ring Ste 201
 West Dundee IL 60118
 p 847.649.5000 · f 847.836.1431
 IL License Number 100288418