



PentaRisk Perspectives

PentaRisk Insurance Services Newsletter – Volume 7 Issue 1 California January 2020

2020 Workers' Compensation Proposed Changes

The insurance commissioner approved lower rates to be effective for policies renewing on January 1, 2020 or thereafter.

HIGHLIGHTS IMPACTING CONTRACTORS:

- Overall the pure premium rate for all construction classifications is on average 9.26% less than last year's rates. We track 69 construction classification codes and they decreased 50.64% since 1/1/2015.
- Pure premium rates only contemplate the claims cost for insurers and not the added costs of overhead and sales expenses. Market rates charged by insurance companies will be on average 15% to 25% higher than the pure premium rates.
- Many construction dual wage thresholds have increased \$1-\$3 per hour starting 1/1/2020

| Dual Wage Classification Recommendations | | | |
|---|----------------|--------------------|---------------------|
| Dual Wage Classifications | 2019 Threshold | 2020 Change Amount | 2020 Wage Threshold |
| 5027/5028, Masonry | \$27 | +\$1 | \$28 |
| 5190/5140, Electrical Wiring | \$32 | No change | \$32 |
| 5183/5187, Plumbing, Heating, Refrigeration | \$26 | +\$2 | \$28 |
| 5185/5186, Automatic Sprinkler Installation | \$27 | +\$2 | \$29 |
| 5201/5205, Concrete /Cement Work | \$25 | +\$3 | \$28 |
| 5403/5432, Carpentry | \$32 | +\$3 | \$35 |
| 5446/5447, Wallboard Installation | \$34 | +\$2 | \$36 |
| 5467/5470, Glaziers | \$32 | +\$1 | \$33 |
| 5474/5482, Painting/ Waterproofing | \$26 | +\$2 | \$28 |
| 5484/5485, Plastering/Stucco Work | \$29 | +\$3 | \$32 |
| 5538/5542, Sheet Metal Work | \$27 | No change | \$27 |
| 5552/5553, Roofing | \$25 | +\$2 | \$27 |
| 5632/5633, Steel Framing | \$32 | +\$3 | \$35 |
| 6218/6220, Excavation/Grading | \$31 | +\$3 | \$34 |
| 6307/6308, Sewer Construction | \$31 | +\$3 | \$34 |
| 6315/6316, Water/ Gas Mains | \$31 | +\$3 | \$34 |

- The 2020 minimum / maximum remuneration for owners and officers included in coverage are:

| | 2019 | 2020 |
|---------|-----------|-----------|
| Minimum | \$52,000 | \$54,600 |
| Maximum | \$133,900 | \$139,100 |

- Definition of payroll/remuneration was updated to include stock options, equity based compensation, profit sharing, and stock purchase plans.
- Total Assessments in 2020 will increase to 3.4% of premium from 2.8% in 2019.

California Workers' Compensation Pure Premium Rates

| Code | Classification | 1/1/15 | 7/1/15 | 1/1/16 | 7/1/16 | 1/1/17 | 7/1/17 | 1/1/18 | 7/1/18 | 1/1/19 | 1/1/20 | % Change 1/1/19- 1/1/20 |
|------|--|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------------|
| 5473 | Asbestos Abatement | 16.99 | 15.25 | 15.51 | 14.75 | 13.95 | 12.87 | 14.38 | 12.90 | 11.57 | 10.30 | -10.97% |
| 5185 | Automatic Sprinkler Installation <\$29 Hour | 10.51 | 9.44 | 10.70 | 10.17 | 7.86 | 7.25 | 8.16 | 7.32 | 6.39 | 5.25 | -17.84% |
| 5186 | Automatic Sprinkler Installation >\$29 Hour | 3.42 | 3.07 | 2.72 | 2.59 | 2.50 | 2.31 | 2.48 | 2.22 | 2.15 | 2.18 | 1.39% |
| 9015 | Building Operations Burglar/Fire/Sound System Installation | 8.90 | 7.99 | 7.09 | 6.74 | 6.92 | 6.38 | 7.22 | 6.48 | 5.16 | 4.25 | -17.63% |
| 7605 | Cabinet/Fixtures Installation | 5.76 | 5.17 | 4.42 | 4.20 | 3.55 | 3.27 | 3.56 | 3.19 | 3.15 | 2.88 | -8.57% |
| 5146 | Carpentry <\$35 Hour | 9.05 | 8.13 | 8.44 | 8.02 | 7.27 | 6.71 | 6.26 | 5.61 | 5.12 | 4.60 | -10.15% |
| 5403 | Carpentry >\$35 Hour | 22.44 | 20.15 | 18.29 | 17.38 | 16.51 | 15.23 | 15.80 | 14.17 | 13.04 | 11.62 | -10.88% |
| 5432 | Ceiling Installation | 7.75 | 6.96 | 6.79 | 6.45 | 6.22 | 5.74 | 5.83 | 5.23 | 4.74 | 4.27 | -14.81% |
| 5020 | Communications Cabling | 6.23 | 5.59 | 6.01 | 5.71 | 5.33 | 4.92 | 5.84 | 5.24 | 4.38 | 3.77 | -13.92% |
| 5195 | Clerical Office Employees | 9.87 | 8.86 | 8.62 | 8.19 | 6.90 | 6.36 | 5.66 | 5.08 | 4.08 | 3.21 | -21.32% |
| 8810 | Concrete Construction-Bridges, Culverts or Chimneys | 0.52 | 0.47 | 0.46 | 0.44 | 0.40 | 0.37 | 0.35 | 0.31 | 0.27 | 0.23 | -11.11% |
| 5222 | Concrete Construction- Foundations, Formwork | 10.07 | 9.04 | 6.69 | 6.36 | 5.10 | 4.70 | 5.71 | 5.12 | 5.20 | 4.99 | -4.03% |
| 5213 | Concrete or Cement Work <\$28 Hour | 8.25 | 7.41 | 8.40 | 7.98 | 7.81 | 7.20 | 7.29 | 6.54 | 4.90 | 4.41 | -10.00% |
| 5201 | Concrete or Cement Work >\$28 Hour | 13.51 | 12.13 | 11.89 | 11.30 | 11.00 | 10.15 | 9.72 | 8.72 | 7.46 | 6.96 | -6.70% |
| 5205 | Concrete or Cement Work-Precast Panels | 7.67 | 6.89 | 6.28 | 5.97 | 5.99 | 5.53 | 5.80 | 5.20 | 5.13 | 4.72 | -7.99% |
| 5214 | Concrete Pumping | 7.14 | 6.41 | 6.17 | 5.86 | 5.50 | 5.07 | 5.26 | 4.72 | 4.65 | 4.43 | -4.73% |
| 5212 | Conduit Construction | 17.32 | 15.55 | 13.45 | 12.78 | 10.49 | 9.68 | 7.98 | 7.16 | 6.68 | 6.31 | -5.53% |
| 6325 | Contractors - Executive Supervisors | 6.94 | 6.23 | 5.93 | 5.64 | 4.94 | 4.56 | 4.70 | 4.22 | 3.48 | 2.96 | -14.94% |
| 5606 | Contractors - Permanent Yards | 1.53 | 1.37 | 1.12 | 1.06 | 0.93 | 0.86 | 0.89 | 0.80 | 0.74 | 0.75 | 1.35% |
| 8227 | Contractors - Subcontracted Work | 7.33 | 6.58 | 6.56 | 6.23 | 5.79 | 5.34 | 5.80 | 5.20 | 4.99 | 4.46 | -10.62% |
| 5610 | Door/Pre-Glazed Window Install | | | | | 4.78 | 4.41 | 4.09 | 3.67 | 3.58 | 3.51 | -1.95% |
| 5107 | Door Installation - Overhead | | | | | | | | | 5.79 | 4.42 | -23.66% |
| 5108 | Drilling | 15.81 | 14.19 | 14.77 | 14.04 | 12.27 | 11.32 | 11.83 | 10.61 | 9.65 | 9.12 | -5.49% |
| 6204 | Electrical Machinery Installation | 14.44 | 12.96 | 13.82 | 13.13 | 11.69 | 10.78 | 11.95 | 10.72 | 8.94 | 7.50 | -16.10% |
| 3724 | Electrical Wiring - Within Buildings <\$32 Hour | | | | 5.65 | 5.32 | 4.91 | 4.96 | 4.45 | 3.99 | 3.71 | -7.01% |
| 5190 | Electrical Wiring - Within Buildings >\$32 Hour | 7.56 | 6.79 | 6.64 | 6.31 | 5.85 | 5.40 | 5.61 | 5.03 | 4.24 | 4.15 | -2.12% |
| 5140 | Excavation/Grading <\$34 Hour | 3.39 | 3.04 | 2.82 | 2.68 | 2.77 | 2.55 | 2.37 | 2.13 | 1.88 | 1.73 | -7.97% |
| 6218 | Excavation/Grading >\$34 Hour | 11.28 | 10.13 | 9.32 | 8.89 | 7.57 | 6.98 | 6.87 | 6.16 | 5.57 | 5.15 | -7.54% |
| 6220 | Fence Construction - Metal or Wood | 6.86 | 6.16 | 5.13 | 4.88 | 5.10 | 4.70 | 5.01 | 4.49 | 3.88 | 3.03 | -21.90% |
| 6400 | Floor Covering Installation | 12.32 | 11.06 | 11.34 | 10.78 | 9.43 | 8.70 | 8.22 | 7.37 | 6.37 | 5.40 | -15.22% |
| 9521 | Foundation Preparation Work | 9.76 | 8.76 | 7.85 | 7.46 | 6.87 | 6.34 | 5.96 | 5.35 | 5.63 | 4.29 | -23.80% |
| 6258 | Glaziers - Away From Shop <\$33 Hour | 8.35 | 7.50 | 8.04 | 7.64 | 7.10 | 6.55 | 7.50 | 6.73 | 6.17 | 5.80 | -5.99% |
| 5467 | Glaziers - Away From Shop >\$33 Hour | 14.64 | 13.14 | 13.53 | 12.86 | 10.84 | 10.00 | 10.34 | 9.27 | 9.21 | 8.74 | -5.10% |
| 5470 | Insulation Work | 7.24 | 6.50 | 5.31 | 5.05 | 4.62 | 4.26 | 4.11 | 3.69 | 3.18 | 3.38 | 6.28% |
| 5479 | Iron or Steel Erection | 9.98 | 8.96 | 9.32 | 8.86 | 9.14 | 8.43 | 7.22 | 6.48 | 5.78 | 5.05 | -12.62% |
| 5059 | Iron or Steel Erection - Bridge Building | 23.19 | 20.82 | 18.05 | 17.15 | 13.41 | 12.37 | 12.33 | 11.06 | 9.47 | 9.33 | -1.47% |
| 5057 | Iron or Steel Erection - Bridge Building | 11.34 | 10.18 | 9.48 | 9.01 | 7.87 | 7.26 | 7.43 | 6.66 | 6.33 | 5.78 | 868.00% |
| 5040 | Janitorial Services - By Contractors | 16.83 | 15.11 | 14.07 | 13.37 | 11.95 | 11.02 | 11.42 | 10.24 | 10.08 | 9.18 | -8.92% |
| 9008 | Landscaping Gardening | 13.80 | 12.39 | 12.61 | 11.98 | 11.86 | 10.94 | 10.75 | 9.64 | 9.16 | 8.73 | -4.69% |
| 0042 | Lathing | 9.32 | 8.83 | 9.02 | 8.58 | 8.45 | 7.79 | 7.95 | 7.13 | 6.28 | 5.41 | -13.85% |
| 5443 | Masonry <\$28 Hour | 10.06 | 9.03 | 8.80 | 8.36 | 7.18 | 6.62 | 6.31 | 5.66 | 5.92 | 4.84 | -18.24% |
| 5027 | Masonry >\$28 Hour | 17.06 | 15.32 | 17.10 | 16.25 | 16.06 | 14.81 | 15.00 | 13.45 | 12.68 | 10.44 | -17.66% |
| 5028 | Non-Structural Metal Installation within Buildings | 8.38 | 7.52 | 8.73 | 8.30 | 7.28 | 6.71 | 6.40 | 5.74 | 5.20 | 4.61 | -11.34% |
| 5102 | Painting, Paperhanging, Waterproofing <\$28 | 10.72 | 9.62 | 9.33 | 8.87 | 7.25 | 6.69 | 7.59 | 6.81 | 7.29 | 7.03 | -3.56% |
| 5474 | Painting, Paperhanging, Waterproofing >\$28 | 15.07 | 13.53 | 13.73 | 13.05 | 11.32 | 10.44 | 10.94 | 9.81 | 8.67 | 7.86 | -9.34% |
| 5482 | Pile Driving, Timber Wharf or Bridge Construction | 7.64 | 6.86 | 6.83 | 6.49 | 5.87 | 5.41 | 5.38 | 4.83 | 4.07 | 3.43 | -15.72% |
| 6003 | Plastering or Stucco Work <\$32 Hour | 15.93 | 14.30 | 14.24 | 13.53 | 13.80 | 12.73 | 13.39 | 12.01 | 12.64 | 14.42 | -14.08% |
| 5484 | Plastering or Stucco Work >\$32 Hour | 21.62 | 19.41 | 19.48 | 18.51 | 16.07 | 14.82 | 15.10 | 13.54 | 12.25 | 9.22 | -24.73% |
| 5485 | Plumbing <\$28 Hour / 5183 (3) HVAC Equipment Instal. | 12.16 | 10.92 | 10.73 | 10.20 | 8.64 | 7.97 | 7.71 | 6.92 | 7.25 | 6.44 | -11.17% |
| 5183 | Plumbing >\$28 Hour / 5187 (3) HVAC Equipment Instal. | 10.20 | 9.16 | 8.20 | 7.79 | 7.14 | 6.59 | 6.97 | 6.25 | 5.76 | 5.34 | -7.29% |
| 5187 | Reinforcing Steel Fabrication | 5.56 | 4.99 | 4.47 | 4.25 | 4.66 | 4.30 | 4.18 | 3.75 | 2.88 | 2.59 | -10.06% |
| 3039 | Reinforcing Steel Installation | 11.86 | 10.65 | 9.48 | 9.01 | 9.12 | 8.41 | 7.67 | 6.88 | 6.33 | 5.52 | -12.79% |
| 5225 | Roofing <\$27 Hour | 12.92 | 11.60 | 9.49 | 9.02 | 7.82 | 7.21 | 7.49 | 6.72 | 5.45 | 4.93 | -9.54% |
| 5552 | Roofing >\$27 Hour | 46.14 | 41.42 | 39.85 | 37.87 | 29.32 | 27.04 | 28.57 | 25.62 | 26.15 | 24.27 | -7.18% |
| 5553 | Sales Person - Outside | 19.78 | 17.76 | 17.81 | 16.93 | 15.67 | 14.45 | 13.18 | 11.82 | 10.10 | 8.52 | -15.64% |
| 8742 | Sewer Construction <\$34 Hour | 0.67 | 0.60 | 0.57 | 0.54 | 0.51 | 0.47 | 0.45 | 0.40 | 0.38 | 0.33 | -13.15% |
| 6307 | Sewer Construction >\$34 Hour | 16.09 | 14.45 | 13.25 | 12.59 | 11.43 | 10.54 | 9.88 | 8.86 | 7.97 | 7.76 | -2.63% |
| 6308 | Sheet Metal Work <\$27 Hour 5538(2) HVAC Ductwork | 9.58 | 8.60 | 8.33 | 7.92 | 7.05 | 6.50 | 6.55 | 5.87 | 5.03 | 3.73 | -25.84% |
| 5538 | Sheet Metal Work >\$27 Hour 5542(2) HVAC Ductwork | 9.66 | 8.67 | 8.82 | 8.38 | 7.73 | 7.13 | 7.55 | 6.77 | 5.70 | 4.92 | -13.68% |
| 5542 | Steel Framing <\$35 Hour | 5.82 | 5.23 | 4.96 | 4.71 | 4.54 | 4.19 | 3.95 | 3.54 | 3.30 | 3.07 | -6.96% |
| 5632 | Steel Framing >\$35 Hour | 22.44 | 20.15 | 18.29 | 17.32 | 16.51 | 15.23 | 15.80 | 14.17 | 13.04 | 11.62 | -10.88% |
| 5633 | Street or Road Construction - Grading | 7.75 | 6.96 | 6.79 | 6.45 | 6.22 | 5.74 | 5.83 | 5.23 | 4.74 | 4.27 | -9.91% |
| 5507 | Street or Road Construction - Paving | 5.60 | 5.03 | 5.78 | 5.49 | 5.17 | 4.77 | 5.52 | 4.95 | 4.60 | 4.58 | -0.43% |
| 5506 | Tile, Stone, Mosaic, or Terrazzo Work | 11.92 | 10.70 | 11.36 | 10.80 | 9.86 | 9.09 | 7.31 | 6.56 | 5.35 | 4.73 | -11.58% |
| 5348 | Wallboard Application <\$36 Hour | 8.85 | 7.95 | 7.74 | 7.36 | 8.05 | 7.43 | 6.56 | 5.88 | 4.80 | 4.40 | -8.33% |
| 5446 | Wallboard Application >\$36 Hour | 11.02 | 9.89 | 9.78 | 9.30 | 8.73 | 8.05 | 7.96 | 7.14 | 6.79 | 5.43 | -20.02% |
| 5447 | Water or Gas Main Construction <\$34 Hour | 5.94 | 5.33 | 4.92 | 4.68 | 4.53 | 4.18 | 4.70 | 4.22 | 3.39 | 2.92 | -13.86% |
| 6315 | Water or Gas Main Construction >\$34 Hour | 11.90 | 10.68 | 10.72 | 10.19 | 7.89 | 7.28 | 6.86 | 6.15 | 5.46 | 4.16 | -23.80% |
| 6316 | Welding or Cutting | 6.97 | 6.26 | 5.98 | 5.68 | 5.55 | 5.12 | 6.08 | 5.45 | 5.51 | 4.76 | -13.61% |
| 3365 | | 7.71 | 6.92 | 6.69 | 6.36 | 6.08 | 5.61 | 5.57 | 5.00 | 4.89 | 4.06 | -16.97% |
| | Total Average Rates | 11.11 | 9.98 | 9.69 | 9.15 | 8.24 | 7.60 | 7.70 | 6.90 | 6.05 | 5.49 | -9.26% |

2020 Officer/Owner: Minimum payroll is \$54,600 & Maximum payroll is \$139,100

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

Lost Time Claims Frequency Trends

Lost time injuries vary dramatically by county and region in California. The WCIRB tracks the indemnity (lost time), cause, and frequency. Many insurers now adjust their pricing based on your work location. Silicon Valley and Sacramento continue as the lowest claim frequency, and Los Angeles and Long Beach are the highest. See the lost time claim frequency by region below:

| Region | Region Name | Indemnity Claim Frequency |
|--------|-----------------------------------|---------------------------|
| 1 | Yuba City/ Redding/ Far North | 0.883 |
| 2 | Sonoma/ Napa | 0.871 |
| 3 | Sacramento | 0.823 |
| 4 | Stockton/ Modesto/ Merced | 0.937 |
| 5 | Fresno/ Madera | 0.879 |
| 6 | Bay Area | 0.838 |
| 7 | Peninsula/ Silicon Valley | 0.756 |
| 8 | Santa Cruz/ Monterey / Salinas | 1.040 |
| 9 | SLO/ Santa Barbara | 0.862 |
| 10 | Bakersfield | 0.997 |
| 11 | Tulare/ Inyo | 1.022 |
| 12 | Ventura | 1.083 |
| 13 | Santa Monica/ San Fernando Valley | 1.081 |
| 14 | San Bernardino/ West Riverside | 1.080 |
| 15 | LA/Long Beach | 1.321 |
| 16 | San Gabriel Valley/ Pasadena | 1.139 |
| 17 | Orange County | 1.121 |
| 18 | Imperial/ Riverside | 0.963 |
| 19 | San Diego | 0.867 |

Cal/OSHA Modifies Reporting Requirements for Serious Occupational Injuries or Illness

California passed **Assembly Bill (AB) 1805** on August 30, 2019 to revise the definition of a "serious injury or illness" for reporting purposes. The changes appear to be designed to bring Cal/OSHA's reporting requirement in line with federal OSHA's hospitalization and amputation reporting rule.

California employers must report by phone or email to the nearest District Office of Cal/OSHA any serious injury, illness, or death of an employee occurring at a place of employment or in connection with any employment. A serious injury or illness is inclusive of:

- Requiring inpatient hospitalization, for other than medical observation or diagnostic testing; or
- Resulting in any amputation, loss of an eye or any serious degree of permanent disfigurement.

The report must be made within 8 hours of when the employer knew, or with diligent inquiry should have known, about the serious injury, illness, or fatality. Due to the "diligent inquiry" component, employers should monitor an injured employee's condition and hospitalization following an incident to determine whether the injury or illness is or becomes reportable. It is important to note that any qualifying injury, illness, or fatality is reportable when occurs at the workplace, even if the cause is considered non-occupational, such as a heart attack or stroke.

If you are unsure of when to report or have further questions regarding Cal/OSHA's reporting requirements, please call your Broker/Safety expert for clarification.

For more information please contact Jim Untiedt (juntiedt@pentarisk.com). 408.418.2734 You can visit our website at www.pentarisk.com.