

**Underwriting Working Group**

# Meeting Summary

To: Participants of the Underwriting Working Group  
Date: September 25, 2023

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**RE: Summary of the September 18, 2023 Meeting**

## Discussion Topics

At the meeting, the following topics were discussed.

### A. Physical Audit Threshold

The Working Group reviewed and provided feedback on staff's recommendation to maintain for September 1, 2024 the current physical audit threshold of \$10,500 found in Part 3, *Standard Classification System*, Section VI, *Administration of Classification System*, Rule 4, *Audit of Payroll*, of the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP).

### B. Draft Electronics Industry Study

The Working Group reviewed and provided feedback on three Electronics Industry Group studies and staff's recommendations to:

#### 1. Companion Classification Study

- A. Establish two alternate phraseologies (or suffixes) to Classification 8874 to apply to the hardware and software design and development, clerical and outside sales operations performed in connection with manufacturing operations assigned to Classifications 3572, *Medical Instrument Mfg. – electronic – diagnostic or treatment*, and 3682, *Instrument Mfg. – non-electronic – scientific or medical – N.O.C.*;
  - Classification 8874(6), *Medical Instrument Mfg. – electronic – diagnostic or treatment – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons*, which will be included in the Electronics Industry Group; and
  - Classification 8874(7), *Instrument Mfg. – non-electronic – scientific or medical – hardware or software design or development – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons – N.O.C.*, which will not be included in the Electronics Industry Group.

- B. Amend Classifications 3572 and 3682 to reference the corresponding companion classifications.

#### 2. Low Credibility Study – Computer Memory Disk Mfg.

- A. Combine Classification 3070, *Computer Memory Disk Mfg.*, with Classification 3681(2), *Computer or Computer Peripheral Equipment Mfg. – all other employees*, for ratemaking purposes and limit the advisory pure premium rate relativity change for constituents of Classification 3070 to 25% each year until the advisory pure premium rate for

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Classification 3070 better aligns with that of Classification 3681, at which time Classification 3070 would be eliminated and 3070 employers would be assigned to Classification 3681(2).

- B. In conjunction with the elimination of Classification 3070 and assignment of Classification 3070 employers to Classification 3681(2), reassign the hardware and software design and development, clerical and outside sales operations performed in connection with computer memory disk manufacturing operations assigned to Classification 3070 from Classifications 8810, *Clerical Office Employees*, 8871, *Clerical Telecommuter Employees*, and 8742, *Salespersons – Outside*, to 8874(2), *Computer or Computer Peripheral Equipment Mfg. – hardware or software design or development*.

### 3. Low Credibility Study – Power Supply Mfg.

- A. Maintain Classification 3573, *Power Supply Mfg.*, as a stand-alone classification and not reassign its constituents to Classification 3643(1), *Electric Power or Transmission Equipment Mfg. – N.O.C.*

### C. Draft Review of Dual Wage Thresholds

The Working Group reviewed and provided feedback on staff's recommended changes to the dual wage classification thresholds to be effective September 1, 2024.

### D. Proposed Classification Enhancements to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*

The Working Group reviewed and provided feedback on proposed changes to enhance Rule 5, *Stores*, of the *Special Industry Classification Procedures* and 7 classifications for consistency and to clarify their intended application and provide direction as to how related operations are classified.

### E. Proposed Non-Substantive Amendments

The Working Group reviewed the proposed non-substantive amendments to the USRP.