



## 2019 Workers' Compensation and Safety Update

For the fifth year in a row, insurance commissioner, Dave Jones, has requested decreases averaging 17.85% in the loss cost rate for 69 construction classifications that we track.

The 2019 average construction rate of \$6.32 is 43% lower than the \$11.11 average rate in 2015.

The loss cost rates are used by insurers to develop final market rates—which typically are 10-20% higher than the loss cost rates shown on page 2 of this article. Insurers 'mark up' the loss cost rates to include overhead, profit and broker commission expenses.

Ultimately, your final rates are determined based on your five year performance. For most contractors with premiums over \$50,000, underwriters will do a five year loss review to determine their pricing of your policy.

### 2019 Experience Modification Update

Starting January 1, 2019, the first \$250 of every claim is excluded from the EMR calculation. The goal set by the Workers' Compensation Insurance Rating Bureau (WCIRB) is to encourage reporting of small first aid claims. See the end of this newsletter for the definition of first aid claims.

If you report a \$1,000 claim, it will go into the Experience Modification Rating formula at \$750.

Below are selected primary individual claim thresholds based on your expected losses for 2019:

Primary Claim Threshold	Expected Losses Range
\$4,500	\$0 - \$9,877
\$10,000	\$21,598 - \$23,048
\$15,000	\$39,514 - \$41,814
\$20,000	\$68,861 - \$72,765
\$25,000	\$120,656 - \$131,616
\$30,000	\$213,369 - \$242,111
\$35,000	\$408,877 - \$467,147
\$40,000	\$784,129 - \$885,390
\$50,000	\$2,123,286 - \$2,287,752
\$75,000	\$6,859,612 and over

Your expected losses are the total losses expected for businesses of similar size in your industry.

### Other Changes for 2019:

- The wage threshold for glaziers increases to \$32/hour in 2019.
- The minimum officer/owner wage is \$52,000 and maximum is \$133,900.

## 2019 California Workers' Compensation Construction Loss Cost Rate Comparison \*

Code	Classification	1/1/11	1/1/12	1/1/13	1/1/14	1/1/15	1/1/16	1/1/17	7/1/17	1/1/18	7/1/18	1/1/19	% Change 1/1/18-1/1/19
5473	Asbestos Abatement			13.06	14.37	16.99	15.51	13.95	12.87	14.38	12.90	11.57	-19.54%
5185	Automatic Sprinkler Installation <\$27 Hour	5.26	7.22	9.10	9.86	10.51	10.70	7.86	7.25	8.16	7.32	6.39	-21.69%
5186	Automatic Sprinkler Installation >\$27 Hour	2.07	2.65	2.78	3.05	3.42	2.72	2.50	2.31	2.48	2.22	2.15	-13.31%
9015	Building Operations	5.87	7.37	7.31	7.84	8.90	7.09	6.92	6.38	7.22	6.48	5.16	-28.53%
7605	Burglar/Fire/Sound System Installation	3.04	4.15	5.57	5.94	5.76	4.42	3.55	3.27	3.56	3.19	3.15	-11.52%
5146	Cabinet/Fixtures Installation	5.54	7.09	8.40	8.19	9.05	8.44	7.27	6.71	6.26	5.61	5.12	-18.21%
5403	Carpentry <\$32 Hour	11.28	15.36	17.34	19.55	22.44	18.29	16.51	15.23	15.80	14.17	13.04	-17.47%
5432	Carpentry >\$32 Hour	4.59	6.49	7.47	7.67	7.75	6.79	6.22	5.74	5.83	5.23	4.74	-18.70%
5020	Ceiling Installation	4.05	5.30	6.15	6.68	6.23	6.01	5.33	4.92	5.84	5.24	4.38	-25.00%
8810	Clerical Office Employees	0.35	0.49	0.53	0.55	0.52	0.46	0.40	0.37	0.35	0.31	0.27	-22.86%
5195	Communications Cabling			10.13	10.48	9.87	8.62	6.90	6.36	5.66	5.08	4.08	-27.92%
5222	Concrete Construction-Bridges, Culverts or Chimneys	7.80	9.92	10.24	9.67	10.07	6.69	5.10	4.70	5.71	5.12	5.20	-8.93%
5213	Concrete Construction-Foundations, Formwork	5.89	7.64	8.23	7.60	8.25	8.40	7.81	7.20	7.29	6.54	4.90	-32.78%
5201	Concrete or Cement Work <\$25 Hour	5.10	7.69	10.42	12.98	13.51	11.89	11.00	10.15	9.72	8.72	7.46	-23.25%
5205	Concrete or Cement Work >\$25 Hour	3.83	5.32	6.62	7.27	7.67	6.28	5.99	5.53	5.80	5.20	5.13	-11.55%
5214	Concrete or Cement Work-Precast Panels	3.28	4.60	5.77	6.45	7.14	6.17	5.50	5.07	5.26	4.72	4.65	-11.60%
5212	Concrete Pumping	6.98	10.32	14.13	16.04	17.32	13.45	10.49	9.68	7.98	7.16	6.68	-16.29%
6325	Conduit Construction	4.38	5.93	7.31	7.29	6.94	5.93	4.94	4.56	4.70	4.22	3.48	-25.96%
5606	Contractors - Executive Supervisors	0.92	1.37	1.47	1.20	1.53	1.12	0.93	0.86	0.89	0.80	0.74	-16.85%
8227	Contractors - Permanent Yards	5.79	6.34	7.33	7.92	7.33	6.56	5.79	5.34	5.80	5.20	4.99	-13.97%
5610	Contractors - Subcontracted Work							4.78	4.41	4.09	3.67	3.58	-12.47%
5108	Door Installation - Overhead	8.71	12.02	12.56	13.66	15.81	14.77	12.27	11.32	11.83	10.61	9.65	-18.43%
6204	Drilling	8.63	11.67	12.32	13.92	14.44	13.82	11.69	10.78	11.95	10.72	8.94	-25.19%
3724	Electrical Machinery Installation							5.32	4.91	4.96	4.45	3.99	-19.56%
5190	Electrical Wiring - Within Buildings <\$32 Hour	4.03	5.49	6.60	7.15	7.56	6.64	5.85	5.40	5.61	5.03	4.24	-24.42%
5140	Electrical Wiring - Within Buildings >\$32 Hour	2.58	3.09	3.13	3.62	3.39	2.82	2.77	2.55	2.37	2.13	1.88	-20.68%
6218	Excavation/Grading <\$31 Hour	5.50	6.70	9.27	11.29	11.28	9.32	7.57	6.98	6.87	6.16	5.57	-18.92%
6220	Excavation/Grading >\$31 Hour	3.02	5.00	6.43	6.62	6.86	5.13	5.10	4.70	5.01	4.49	3.88	-22.55%
6400	Fence Construction - Metal or Wood	5.70	8.08	10.44	12.01	12.32	11.34	9.43	8.70	8.22	7.37	6.37	-22.51%
9521	Floor Covering Installation	4.37	6.25	7.71	9.61	9.76	7.85	6.87	6.34	5.96	5.35	5.63	-5.54%
6258	Foundation Preparation Work	4.94	6.34	6.90	7.27	8.35	8.04	7.10	6.55	7.50	6.73	6.17	-17.73%
5467	Glaziers - Away From Shop <\$32 Hour - New	8.34	11.73	12.00	14.35	14.64	13.53	10.84	10.00	10.34	9.27	9.21	-10.93%
5470	Glaziers - Away From Shop >\$32 Hour - New	5.93	7.19	8.02	7.67	7.24	5.31	4.62	4.26	4.11	3.69	3.18	-22.63%
5479	Insulation Work	5.41	6.71	8.19	9.92	9.98	9.32	9.14	8.43	7.22	6.48	5.78	-19.94%
5057	Iron or Steel Erection	7.13	8.62	9.80	10.12	11.34	9.48	7.87	7.26	7.43	6.66	6.33	-14.80%
5059	Iron or Steel Erection	13.74	20.30	21.26	22.46	23.19	18.05	13.41	12.37	12.33	11.06	9.47	-23.20%
5040	Iron or Steel Erection - Bridge Building	12.70	13.67	17.55	15.59	16.83	14.07	11.95	11.02	11.42	10.24	10.08	-11.73%
9008	Janitorial Services - By Contractors	7.04	9.64	12.51	13.61	13.80	12.61	11.86	10.94	10.75	9.64	9.16	-14.79%
0042	Landscape Gardening	4.77	7.24	8.16	9.32	9.32	9.02	8.45	7.79	7.95	7.13	6.28	-21.01%
5443	Lathing	4.89	7.48	8.87	9.76	10.06	8.80	7.18	6.62	6.31	5.66	5.92	-6.18%
5027	Masonry <\$27 Hour	8.45	10.72	12.48	16.25	17.06	17.10	16.06	14.81	15.00	13.45	12.68	-15.47%
5028	Masonry >\$27 Hour	4.43	6.51	7.08	8.45	8.38	8.73	7.28	6.71	6.40	5.74	5.20	-18.75%
5102	Non-Structural Metal Installation within Buildings	6.89	6.90	9.16	11.46	10.72	9.33	7.25	6.69	7.59	6.81	7.29	-3.95%
5474	Painting, Paperhanging, Waterproofing <\$26 Hour	6.43	9.83	11.72	13.34	15.07	13.73	11.32	10.44	10.94	9.81	8.67	-20.75%
5482	Painting, Paperhanging, Waterproofing >\$26 Hour	4.21	5.96	6.94	6.71	7.64	6.83	5.87	5.41	5.38	4.83	4.07	-24.35%
6003	Pile Driving, Timber Wharf or Bridge Construction	7.12	9.48	11.53	12.65	15.93	14.24	13.80	12.73	13.39	12.01	12.64	-5.60%
5484	Plastering or Stucco Work <\$29 Hour	9.28	12.11	17.41	19.27	21.62	19.48	16.07	14.82	15.10	13.54	12.25	-18.87%
5485	Plastering or Stucco Work >\$29 Hour	5.12	7.19	9.60	11.03	12.16	10.73	8.64	7.97	7.71	6.92	7.25	-5.97%
5183	Plumbing <\$26 Hour / 5183 (3) HVAC Equipment Instal.	5.20	6.91	8.69	10.28	10.20	8.20	7.14	6.59	6.97	6.25	5.76	-17.36%
5187	Plumbing >\$26 Hour / 5187 (3) HVAC Equipment Instal.	3.78	5.01	6.66	6.41	5.56	4.47	4.66	4.30	4.18	3.75	2.88	-31.10%
3039	Reinforcing Steel Fabrication	6.51	8.53	10.90	12.04	11.86	9.48	9.12	8.41	7.67	6.88	6.33	-17.47%
5225	Reinforcing Steel Installation	7.42	11.14	13.33	11.08	12.92	9.49	7.82	7.21	7.49	6.72	5.45	-27.24%
5552	Roofing <\$25 Hour	19.56	28.54	35.26	36.04	46.14	39.85	29.32	27.04	28.57	25.62	26.15	-8.47%
5553	Roofing >\$25 Hour	8.78	13.59	18.37	17.67	19.78	17.81	15.67	14.45	13.18	11.82	10.10	-23.37%
8742	Sales Person - Outside	0.42	0.55	0.70	0.69	0.67	0.57	0.51	0.47	0.45	0.40	0.38	-15.56%
6307	Sewer Construction <\$31 Hour	8.11	11.29	12.10	15.01	16.09	13.25	11.43	10.54	9.88	8.86	7.97	-19.33%
6308	Sewer Construction >\$31 Hour	4.25	5.85	8.56	9.62	9.58	8.33	7.05	6.50	6.55	5.87	5.03	-23.21%
5538	Sheet Metal Work <\$27 Hour 5538(2) HVAC Ductwork	5.88	8.62	9.34	8.81	9.66	8.82	7.73	7.13	7.55	6.77	5.70	-24.50%
5542	Sheet Metal Work >\$27 Hour 5542(2) HVAC Ductwork	4.01	4.45	5.35	5.33	5.82	4.96	4.54	4.19	3.95	3.54	3.30	-16.46%
5632	Steel Framing <\$32 Hour	11.28	15.36	17.34	19.55	22.44	18.29	16.51	15.23	15.80	14.17	13.04	-17.47%
5633	Steel Framing >\$32 Hour	4.59	6.49	7.47	7.67	7.75	6.79	6.22	5.74	5.83	5.23	4.74	-18.70%
5507	Street or Road Construction - Grading	2.75	3.84	5.32	5.50	5.60	5.78	5.17	4.77	5.52	4.95	4.60	-16.67%
5506	Street or Road Construction - Paving	4.18	6.25	9.00	10.96	11.92	11.36	9.86	9.09	7.31	6.56	5.35	-26.81%
5348	Tile, Stone, Mosaic, or Terrazzo Work	3.75	5.42	7.27	8.11	8.85	7.74	8.05	7.43	6.56	5.88	4.80	-26.83%
5446	Wallboard Application <\$34 Hour	5.81	7.43	9.31	11.25	11.02	9.78	8.73	8.05	7.96	7.14	6.79	-14.70%
5447	Wallboard Application >\$34 Hour	3.65	4.95	6.32	6.88	5.94	4.92	4.53	4.18	4.70	4.22	3.39	-27.87%
6315	Water or Gas Main Construction <\$31 Hour	6.34	8.79	10.65	11.31	11.90	10.72	7.89	7.28	6.86	6.15	5.46	-20.41%
6316	Water or Gas Main Construction >\$31 Hour	3.84	5.45	6.00	6.33	6.97	5.98	5.55	5.12	6.08	5.45	5.51	-9.38%
3365	Welding or Cutting	5.78	7.37	8.08	8.10	7.71	6.69	6.08	5.61	5.57	5.00	4.89	-12.21%
	<b>Total Average Rates</b>	<b>5.87</b>	<b>7.95</b>	<b>9.60</b>	<b>10.39</b>	<b>11.11</b>	<b>9.69</b>	<b>8.24</b>	<b>7.60</b>	<b>7.70</b>	<b>6.90</b>	<b>6.32</b>	<b>-17.85%</b>

2019 Officer/Owner: Minimum payroll is \$52,000 & Maximum payroll is \$133,900

## 2018 OSHA Top 10 Violations

OSHA recently revealed its preliminary *2018 Top 10 Most Cited Safety Violations* in the workplace. In general, the number of workplace safety violations has increased overall. Number 10 on this year's list, Eye & Face Protection, is new to the Top 10 and was not on the 2017 list. There was an estimated total of 32,266 violations in these 10 categories in fiscal year 2018. That is a 12.1% increase in violations versus 2017.

Top 10 Violations	Regulation Code	# of Cases	Increase vs. 2017
Fall Protection (General Req)	1926.501	7,720	19.73%
Hazard Communication	1910.1200	4,552	9.0%
Scaffolding	1926.451	3,336	1.46%
Respiratory Protection	1910.134	3,118	<1.0%
Lockout/Tagout	1910.147	2,944	2.33%
Ladders	1926.1053	2,812	25.48%
Power Industrial Trucks	1910.178	2,294	6.11%
Fall Protection (Training Req)	1926.503	1,972	2.02%
Machine Guarding	1910.212	1,982	30.14%
Eye & Face Protection	1926.102	1,536	N/A
<b>Total</b>		<b>32,266</b>	

Not only have the number of violations increased over the years, but also the fines for these violations. OSHA increased its fines in 2016 by a whopping 78%. A serious OSHA violation now costs \$12,934, and the cost of a willful or repeat violation is \$129,336—a cost that can easily be avoided.

Type of Violation	2015	2016	2017	2018	2019
Serious or other-than-serious posting requirements	\$7,000	\$12,471	\$12,675	\$12,934	Increase?
Failure to abate beyond initial violation date (per day)	\$7,000	\$12,471	\$12,675	\$12,934	Increase?
Willful or repeat violations	\$70,000	\$124,709	\$126,749	\$129,336	Increase?

The OSHA Top 10 Violations list is helpful to determine which incidents occur most frequently in your operations, and to focus your workforce training and safety meetings in these specific areas.

## 2019 Policy Assessments Lower for 2019

California's insured employers will pay less in assessments next year thanks to the absence of an assessment by the California Insurance Guarantee Association (CIGA).

Earlier this year, the CIGA board of directors announced that they would not be adding an assessment in 2019, for the first time this century. The association that takes on the workers' compensation claims left behind by failed insurance carriers, is projecting that it has enough cash and investments on hand to pay off its workers' compensation liabilities.

The total policy premium assessment costs for 2019 are going down as shown in the table below:

<b>Fund</b>	<b>2019 Factor</b>	<b>2018 Factor</b>
Workers' Compensation Administration Revolving fund (WCARF)	0.014479	0.008146
Uninsured Employers Benefits trust Fund (UEBTF)	0.000831	0.00573
Subsequent Injuries Benefits Trust Fund (SIBTF)	0.002737	0.003599
Occupational Safety and Health Fund (OSHF)	0.003765	0.002655
Labor Enforcement and Compliance Fund (LECF)	0.003431	0.00215
Workers' Compensation Fraud Account (FRAUD)	0.002878	0.00255
California Insurance Guarantee Association (CIGA)	0	0.02
<b>Total</b>	0.028121	0.039673

**As a reminder, first aid treatments include:**

- Administering tetanus immunizations
- Cleaning, flushing or soaking wounds on the skin surface
- Using wound coverings, such as bandages, Band-Aids, gauze pads or Steri-Strips (thin adhesive strips which can be used to close small wounds)
- Use of hot or cold therapy
- Using a totally non-rigid means of support, such as elastic bandages, wraps and non-rigid back belts
- Using temporary immobilization devices while transferring an accident victim (splints, slings, neck collars or back boards)
- Drilling a fingernail or toenail to relieve pressure; draining fluids from blisters
- Using simple irrigation, tweezers, cotton swab or other simple means to remove splinters or foreign material from areas other than the eye
- Using finger guards
- Using massages
- Drinking fluids to relieve heat stress
- Application of antiseptics (on first visit to a doctor or nurse)
- Burns of first degree; skin unbroken and no blisters
- Ointments applied to abrasions to prevent drying or cracking
- Hospitalization for observation (no treatment other than first aid)
- X-Ray that is negative
- Using medications at non-prescription strength

**Contact Jim Untiedt at 408.418.2734, [juntiedt@pentarisk.com](mailto:juntiedt@pentarisk.com), or your PentaRisk broker or account executive for more information. Visit our website at <http://pentarisk.com/>.**

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