

Henderson Brothers, Inc. White Paper

California Workers' Compensation Insurance Rating Bureau Proposes Rule Changes In Response To COVID-19

Workers' Compensation Rating Bureaus nationwide are exploring a variety of rule change proposals for experience modification ratings in response to the COVID-19 outbreak and its impact on employers and workers. The Workers' Compensation Insurance Rating Bureau of California (WCIRB) Governing Committee submitted its proposal to the California Insurance Commissioner with intentions to pass rule changes to the California Workers' Compensation Uniform Statistical Reporting Plan-1995 (USRP) and the California Workers' Compensation Experience Rating Plan-1995 (ERP).



As Workers' Compensation Rating Bureaus nationwide look to manage the impact employers are facing in light of the recent COVID-19 outbreak, the Workers' Compensation Insurance Rating Bureau of California (WCIRB) has taken steps to move closer to finalizing rule changes to its reporting and rating plans. If approved by the California Insurance Commissioner, these rule changes will have a significant effect on forthcoming statistical rating and experience rating plans.

This proposal is outlined by three significant rule changes:

Exclude COVID-19 Claims

WCIRB of California will exclude all claims arising from a positive diagnosis of COVID-19 with an accident date on or after December 1, 2019. This means that all claims resulting from a COVID-19 diagnosis will not be included in the calculation of employers' Experience Modification Ratings. This proposed rule change is intended to alleviate COVID-19's impact on an insured's losses on the experience modification rating calculation in order to maintain alignment with the intended goal of predicting an employer's future workers' compensation costs.

Exclude Payments Made to Furloughed Employees

Many employers have been forced to place employees on leave, while still compensating said employees. These payments will be excluded from the premium calculations starting from the day California issued a statewide stay-at-home order (3/19/2020) until 30 days after the stay-at-home order is officially lifted. In order for an employee to qualify for this exclusion, the employee must not be engaging in any form of work-related duties during the aforementioned period.

Allow Employers To Reclassify Employees to 8810 Class Code

Following the statewide stay-at-home orders issued on 3/19/2020, many employees have seen a shift in the nature of their work duties. As a result of this, WCIRB of California is proposing to allow employers to reclassify their employees from their original class code, to class code 8810 (Clerical Office Employees). This rule change would apply while California's stay-at-home order remains in place and for up to 60 days thereafter so long as the employee continues to meet the definition of a Clerical Office Employee. In order for an employee to qualify for this reclassification, the employee must meet two conditions:

- 1). The employee's duties must meet the definition of a Clerical Office Employee.
- 2). The class code originally assigned to the employee must not already entail clerical office duties.

For further explanation regarding the proposed rule changes by the WCIRB of California, please visit the following link: <https://www.wcirb.com/news/wcirb-governing-committee-approves-special-regulatory-filing-response-covid-19>