



STATE OF WASHINGTON

DEPARTMENT OF LABOR AND INDUSTRIES

PO Box 44000 • Olympia, Washington 98504-4000

February 15, 2016

<Insert contact name/address>

<insert account Id>

<Insert Address>

<Insert Address>

<Insert Address>

Re: Possible changes for workers' compensation store risk classifications: **6309**, **6406**, and **6407**

Dear Employer,

I am sending you this letter because you have one or more of the above risk classifications assigned to your account. The Department of Labor and Industries (L&I) is considering classification and rating changes for some store types included in these risk classifications. Reclassifying businesses can affect the rates for those being reclassified and for the businesses remaining in the current classification.

L&I must consider when changes are necessary to ensure our classification plan fairly rates businesses:

- with similar operations and levels of risk together, and
- based on the actual level of losses for their industry.

A recent review found significant differences in the costs of claims between various store types grouped in classifications **6406** and **6309**. We are reviewing options for reclassifying some lower hazard stores from both of these store classifications. If we proceed with this rulemaking, stores that are reclassified will have lower rates. Stores not reclassified will most likely see a small increase in their rates. The rates for all of the stores will better reflect the stores' actual level of losses.

Some store types currently in classification **6406** that we're considering for reclassification to a new, lower hazard store risk classification include:

6406 Subclassification

6406-01
6406-03
6406-14
6406-19
6406-20
6406-24
6406-25
6406-27

Store Description

Cameras
News and magazines
Wind and string musical instruments
Coins, stamps, and collector cards
Books, records, and videos
Smoke shops
Telephones
Stereo components

There are also store types currently in classification **6309** with loss rates lower than those for **6309** overall. Some of these stores have operations that are similar to stores already classified in **6406**. For these reasons, we're considering these **6309** store types for reclassification to the lower rated store classification **6406**:

| 6309 Subclassification | Store Description |
|-------------------------------|-----------------------------|
| 6309-09 | Architect/surveyor supplies |
| 6309-11 | Stained glass supply |
| 6309-17 | Sporting goods |
| 6309-21 | Hobbies and crafts |

The effect of these reclassifications would be that the rates for all stores in these risk classifications would more fairly reflect actual level of losses experienced by the stores.

We will also consider two other store risk classification updates, which will apply to a small number of employers:

- Better distinguishing between risk classifications **6309-13** (hardware stores) and **2009-03** (lumber or building supply dealers) to ensure these store types are properly rated in a fair manner.
- Reclassifying large, stand-alone distribution centers out of classification **6406** and into the wholesale store classification **6407**, because these distribution centers have similar operations and risks as those of wholesale stores.

Preliminary drafts of what these possible updates may look like are available at: www.lni.wa.gov/RiskClassRules

Before we decide whether to proceed with formal rulemaking to implement these changes, we will hold three informational meetings to discuss why we believe these changes are needed and answer your questions.

The meeting schedule is:

| <u>City</u> | <u>Day and time</u> | <u>Location</u> |
|--------------------|-------------------------------|--|
| Vancouver | Monday 03/28/2016 9:00 a.m. | L&I service location in Vancouver, WA - 312 SE Stonemill Dr. |
| Tukwila | Tuesday 03/29/2016 9:00 a.m. | L&I service location in Tukwila, WA - 12806 Gateway Dr. S. |
| Spokane | Thursday 03/31/2016 9:00 a.m. | Centerplace - 2426 N. Discovery Place Spokane Valley, WA |

If we pursue formal rulemaking to implement these changes, we will send additional notifications to you, as well as hold formal public hearings. This process allows us to consider all views, incorporate feedback, and identify issues needing mitigation or that may affect the proposal. To allow time for this process, we anticipate the implementation of any of the changes discussed in this letter would not take place before January 1, 2018.

Please let me know if you have any comments concerning the rulemaking or draft rules discussed in this letter. My contact information is below.

Regards,

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