

WAC 296-17-31011 Classification system and plan. Washington law (RCW 51.16.035) requires us to classify occupations or industries by their level of hazard, in accordance with recognized principles of workers' compensation insurance which encourage safety and facilitate premium collection. The classification system and plan in Washington are based on insurance principles similar to those in other states and also reflect Washington's industries and workers' compensation laws.

(1) **What is the workers' compensation classification system?**

The rules in **chapter 296-17 WAC** are the workers' compensation classification system. These rules:

- Define how we apply the classification plan to classify businesses by their degree of hazard.
- Assign premium rates that fairly represent employers' risks so that the premiums we collect cover all claim costs.

Our classification system follows recognized insurance principles described in **WAC 296-17-31029 Insurance principles**. These principles help ensure that employers are properly grouped and fairly rated.

We group industries that share similar risks together for common rating. Employers with similar risks tend to have workplace injuries with similar frequency, severity, and cause. Higher hazard industries are more likely to have workplace injuries, and the injuries are more likely to be severe.

By analyzing the history of injuries and costs for each classification grouping, we can reliably project future costs of claims for a classification. We adjust premium rates yearly so that we collect enough premiums to pay for these projected costs. Employers engaged in higher hazard industries, such as logging, will pay higher premium rates than employers engaged in lower hazard businesses, such as retail store operations.

The workers' compensation classification system rules apply to all businesses unless another treatment is specifically provided for in the classification plan (see subsection (2) of this section).

(2) **What is a workers' compensation classification plan?**

The rules in **chapter 296-17A WAC** are the workers' compensation plan. These rules group employers into risk classifications based on the nature of a business. We do not classify and rate individual jobs or occupations (see **Example 2, WAC 296-17-31015 General inclusions**). Instead, each classification describes the types of businesses and operations it includes, and the classification is a blend of exposures and risks representing the combined work for all of the businesses in the classification. Sometimes a classification may also reference certain operations (tasks, processes, activities, etc.) excluded from the classification. We refer to the boundary between what is included in and excluded from a classification as the "**scope**" of the classification.

The classification plan in **chapter 296-17A WAC** provides descriptions and scopes for businesses and industries found in the state of Washington.

Classifying by the nature of business:

- Makes our classification plan responsive to industry innovation and change.

Note: When businesses in a particular industry are grouped together in the same classification and new practices or technological improvements change the level of hazard for the industry, the classification's rates automatically adjust in response to the changes.

- Ensures our classifications represent businesses with similar levels of hazard, which in turn promotes fair and equitable rates.

[Statutory Authority: RCW 51.04.020 and 51.16.035. WSR 16-14-085, § 296-17-31011, filed 7/5/16, effective 1/1/17. Statutory Authority: RCW 51.06.035, 51.08.010, 51.04.020. WSR 07-12-045, § 296-17-31011, filed 5/31/07, effective 7/1/07. Statutory Authority: RCW 51.16.035, 51.04.020. WSR 00-14-052, § 296-17-31011, filed 7/1/00, effective 7/1/00. Statutory Authority: RCW 51.16.035. WSR 98-18-042, § 296-17-31011, filed 8/28/98, effective 10/1/98.]