

# DISCUSSION PAPER

## 1. TITLE

Multiple Classification

## 2. ISSUES

Multiple classification policy outlines how WorkSafeBC (“WCB”) assigns classification units to employers who conduct business in multiple industrial operations. At issue are two aspects of the multiple classification policy.

The first issue involves the classification of employers engaged in multiple industrial activities into a single classification unit (“CU”). Current policy is silent concerning how to assign a single CU to an employer that does not meet the requirements for multiple classification but conducts operations that span more than one CU.

The second issue involves the special hazard operations aspect of the policy. A review of certain CUs reveals that some of the assessment rates for special hazard activities are now lower than non-special hazard activities not included on the list. This issue may be creating inequities between employers in the marketplace.

## 3. BACKGROUND

The *Workers Compensation Act* (“Act”) provides the WCB with the authority to classify industries for the purpose of assessment in order to maintain the accident fund. The *Act* provides that the WCB may “assign an employer, independent operator or industry to one or more classes or subclasses.”<sup>1</sup>

### 3.1 Assessment Policy and Practice

Policy in the *Assessment Manual* outlines the framework for classifying employers into multiple classification units.<sup>2</sup> The policy sets out a presumption that an employer active in multiple industrial operations will receive a single classification for its entire business based on the industry in which it operates. However, this does not apply if:

- the employer’s multiple industrial activities are distinct and independent operations, demonstrated by satisfying four criteria in the policy; or

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<sup>1</sup> Section 37(2)(d) of the *Act*.

<sup>2</sup> Item AP1-37-2 *Classification – Multiple*.

- a firm's activities fall into the special hazard operations exception.

### **3.1.2 Assignment of Single Classification**

Currently, the multiple classification policy begins with the presumption that employers be assigned a single classification. This policy arose from the 2003 editorial consolidation of the former *Assessment Policy Manual*. Prior to the consolidation, former Assessment policy set out a framework that established how multiple operations were to be “assessed in one classification at one rate”.<sup>3</sup>

The former framework provided that single classification was to be based on “the industry classification with the highest assessment rate for the operations undertaken provid[ed] the highest rated category represents at least 25% of the firms operations” (the “25% rule”). In cases where the employer's operations did not account for “25% of the firm's operations” the operation coming closest to the 25% figure was used.

The single classification framework was deleted during the consolidation, and the revised policy now simply states that an “employer is assigned to a single classification unit based on the industry in which the employer is operating”. In practice, the WCB still follows the former Assessment policy framework for single classification.

### **3.1.3 Classification of Special Hazard Operations**

In 1998 the WCB added the special hazard operations exception to the multiple classification policy. This exception allows the WCB to assign special classifications to selected high-risk industrial activities, and assess them at different rates. Where an employer conducts operations in a designated special hazard activity, the WCB adds the appropriate CU, and payroll attributable to the special hazard operation is assessed in that separate CU. These CUs can be applied to an employer's account regardless of whether the employer's activities satisfy the four multiple classification criteria.

In order to avoid applying the special hazard operations exception too widely, practice sets a threshold payroll value, below which a multiple classification for the special hazard operation would not be assigned. This threshold amount is four times the maximum wage rate for the year in question.

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<sup>3</sup> Policy No. 30:20:20.

## **4. DISCUSSION**

### **4.1 Assignment of Single Classification**

The Review Division has identified that “current policy does not discuss how to assign a single classification to an employer that does not meet the requirements for multiple classification but conducts operations that span more than one classification unit.”<sup>4</sup>

This lack of clarity has yielded inconsistent applications of policy. The current Assessment Department practice has been to apply the guidance of the 25% rule from the old policy. The Assessment Department views the 25% rule as both an incentive and disincentive for employers with operations in more than one industrial undertaking. The incentive is that an employer, by maintaining proper payroll records, may qualify for classification in each of its industrial undertakings and therefore maintain parity with others with the same industrial operations. The disincentive is to reduce situations where an employer operating in more than one industrial undertaking can be classified differently from its peers and competitors into a lower rated class.

For example, if 45% of an employer’s activities take place in CU “H” which has a base rate of \$10 and the remaining 55% of its activities take place in CU “L” which has a base rate of \$3, a “50% rule” would mean that the employer’s high-risk activity in CU “H” would be included within the lower risk activity of CU “L”. This creates inequity in assessments and impedes both the planning and execution of the Board’s prevention mandate as the employer’s lower rate would not provide the same incentive to invest in occupational health and safety as the employer’s peers. Here, the 25% rule would incent the employer to distinguish between its industrial undertakings in order to realize the lower rate in CU “L”.

The lack of a single classification framework in policy also poses the problem of not providing guidance for clients who meet the multiple classification requirements for some of their operations but have other operations that need to be classified in a single CU.

A possible solution to these issues would be to reincorporate the old language from the former *Assessment Policy Manual* into current policy to provide clarity.

### **4.2 Classification of Special Hazard Operations**

The special hazard operations policy was initially created to address inequities in the marketplace. Before the introduction of the policy, some firms were gaining a competitive advantage when their payroll attributable to high cost industrial

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<sup>4</sup> Review Decision #3876.

activities was assessed at a lower rate because those activities did not meet the criteria to be classified as multiple operations.

The list of special hazard operations was compiled based on historical base rates in the years leading up to the 1998 policy change. Since the introduction of this current policy, base rates have declined due to improvements in cost rates. As a result, the list of activities originally identified as special hazard operations in the policy is no longer reflective of current realities. For example, House Raising or Structural Moving of Buildings or Heavy Equipment, had a 1997 base rate of \$17.50. Currently the base rate is \$3.61.<sup>5</sup>

New inequities in the marketplace are created by the policy when special hazard operation base rates are lower than other high cost non-special hazard activities not included on the list. For example, an employer engaged in the high cost non-special hazard activity Steep Slope Roofing (with a base rate of \$12.98), gains a competitive advantage when their payroll attributable to Steep Slope Roofing is assessed at a lower rate. This would occur in cases where the high cost industrial activities are not the employer's primary operation and the employer does not meet the four criteria to be classified as multiple operations.<sup>6</sup>

A possible solution would be to replace the list of special hazard operations in the policy with a reference to the *Classification and Rate List*. This would ensure that rates and activities designated as special hazard operations are kept current and reviewed annually by the BOD.

### **4.3 Application of Criteria for Multiple Classification**

The current language of the multiple classification policy requires the four multiple classification criteria to be applied in all cases. Situations may arise where a multiple classification should be applied to employers not meeting all four criteria. For example, consider an accountant who operates an accounting business out of home but also employs a full time nanny. In this example, the employer would not meet the four multiple classification criteria, as the nanny activity does not generate revenue. Flexibility is needed to ensure that accounting and nanny activities can be assigned to the appropriate CUs representing those industries. A possible solution would be to amend the restrictive language in the policy to accommodate these exceptional circumstances.

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<sup>5</sup> See the attached Appendix A for an illustration of how special hazard operations base rates have changed through the years 1997, 2003 and 2008.

<sup>6</sup> See the attached Appendix A for a list of high cost industrial activities that are not listed as special hazard operations.

## 5. OTHER JURISDICTIONS

### 5.1 Assignment of Single Classification

The majority of Canadian jurisdictions have policies describing how employers engaged in more than one industrial operation are assigned to a single CU. A scan of the jurisdictions reveals that there is no consensus on how to quantify an employer's primary operation for the purposes of single classification. For example,

- Policy in Nova Scotia and the Northwest Territories, as is British Columbia's practice, uses the highest rated category representing 25% of firms operations;
- Saskatchewan, while having no formal policy, in practice considers the employer's primary undertaking;
- Policy in Manitoba, considers the employer's main industry;
- Policy in Ontario considers primary undertaking if activities are in the same rate group, however if they are not in the same rate group, then Ontario will use the business activity with the highest rate;
- Policy in Alberta and practice in Newfoundland uses the business with the highest rate;
- Policy in New Brunswick uses the highest rate as long as it accounts for 40% of intermingled activities; and
- Policy in Yukon uses the highest rate so long as it accounts for at least 40% of the assessable payroll.<sup>7</sup>

### 5.2 Classification of Special Hazard Operations

Only Manitoba and Ontario have policies similar to British Columbia's special hazard operations policy. Policy in Manitoba allows for an employer to be assigned into multiple subgroups when the employer is "performing a secondary activity which is incidental to the primary industry but which involves significantly higher risk than the primary activity".<sup>8</sup> What is meant by "significantly higher risk" is not defined nor is a list of high risk activities provided in policy. However, in practice, activities are designated as "high risk" if the secondary activity is in a higher risk category percentage than the primary industry.

Ontario recognizes special operations as having a special status when performed as part of another business activity.<sup>9</sup> A list is provided in policy which includes: high-rise forming, demolition, construction of large bridges, garages for motor vehicle service and repair among others.

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<sup>7</sup> An overview of each of these jurisdictions is set out in Appendix B.

<sup>8</sup> Assessments Policy #35.20.10, Classification of Employers into Subgroups.

<sup>9</sup> Policy #14-01-01, *The Classification Scheme*.

California and Washington also exclude certain operations from their multiple classification policy because they present a unique exposure to hazard that is not common or prevalent in most industries. Both California and Washington list these activities in policy. They include: aircraft operations, foundry operations, asbestos abatement, diving operations, new construction or alterations of the business premises among others.<sup>10</sup>

## **6. OPTIONS AND IMPLICATIONS**

### **Option 1: Status quo.**

Under this option, amendments would not be made to the multiple classification policy. The WCB would continue to assign CUs in accordance with the current policy.

#### *Implications*

- Some employers engaged in high cost non-special hazard operations would continue to have cost savings;
- Reduced rates for special hazard operations would have negative impacts on the collection of assessment premiums because employers would not be paying rates that reflect their operations;
- There would be lack of clarity in policy for stakeholders; and
- There would be a possibility for a prevention disincentive to employers engaged in secondary high-risk activities incidental to their main low-risk activities because the rates employers pay would not be reflective of their operations.

### **Option 2: Amend the multiple classification policy.**

Under this option, policy would be amended by reinserting the single classification framework contained in former policy. Also, policy would be amended by deleting the list of activities designated as special hazard operations and inserting a reference to the annual *Classification and Rate List* so that rates and activities designated as special hazard operations are kept current and reviewed annually by the BOD. And finally, restrictive language in the policy would be amended. Draft policy amendments reflecting this option are attached as Appendix C.

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<sup>10</sup> *California's Workers' Compensation Uniform Statistical Reporting Plan* 1995, Part 3, Section III (6) and Washington WAC 296-17-31018, Exception Classifications.

### *Implications*

- Activities designated as special hazard operations would be assigned to the appropriate CU;
- Cost savings to employers engaged in high cost non-special hazard activities identified in Option 1 would be remedied.
- Activities designated as special hazard operations would be reviewed annually by the BOD;
- Policy would provide increased clarity to stakeholders;
- Employers engaged in secondary high risk activities incidental to their main business would be provided with increased incentive for occupational health and safety; and
- Exceptions where multiple classification is applied to employers not meeting all four criteria would be accommodated.

## **7. CONSULTATION**

Stakeholders are invited to provide feedback on the discussion paper, options, draft policy, and any additional comments that may be relevant to the issue.

Stakeholder comments will be accepted until **June 10, 2008**. When responding, please provide your name, organization, and address. Comments may be sent by mail, fax or e-mail to:

By mail: Valerie Vojnic  
Policy Analyst  
Policy and Research Division  
WorkSafeBC  
P.O. Box 5350, Stn. Terminal  
Vancouver, B.C. V6B 5L5

By fax: (604) 279-7599

By e-mail: [policy@worksafebc.com](mailto:policy@worksafebc.com)

WorkSafeBC's governing body, the Board of Directors, will consider the options expressed by stakeholders before it adopts any amendments to the current policies.

Please note that all comments become part of the Policy and Research Division's database and may be published, including the identity of organizations and those participating on behalf of organizations. The identity of those who have

participated on their own behalf will be kept confidential according to the provisions of the *Freedom of Information and Protection of Privacy Act*.

## APPENDIX A

<b>SPECIAL HAZARD OPERATIONS RATE HISTORY</b>				
Classification Unit Code	Industrial Undertaking	Base Rate for 1997	Base Rate for 2003	Base Rate for 2008
722001	Bridge, Overpass, or Viaduct Construction or Repair	17.50 <sup>11</sup>	12.65	8.96
722002	House Raising or Structural Moving of Buildings or Heavy Equipment	17.50 <sup>12</sup>	12.65	3.61
722003	Pier, Wharf, or Dry Dock Construction or Repair	17.50 <sup>13</sup>	12.65	4.22
722004	Piledriving	17.50 <sup>14</sup>	12.65	4.22
722005	Steel Frame Erection or Structural Repair of Steel Frames	17.50 <sup>15</sup>	12.65	13.34
722006	Steel Frame Painting, Bridge Painting, or Bridge Cleaning	17.50 <sup>16</sup>	12.65	8.96
722007	Structural Concrete Reservoir, Flume, Dyke, Causeway or Jetty Construction Repair	17.50 <sup>17 18</sup>	12.65	13.34
722008	Tunneling	17.50 <sup>19</sup>	12.65	n/a <sup>20</sup>
722009	Cut and Cover Tunnel Construction	17.50 <sup>21</sup>	12.65	3.79
722010	Mechanized Tunnel Boring Construction	17.50 <sup>22</sup>	12.65	8.51
7220011	Tunneling (not elsewhere specified)	17.50 <sup>23</sup>	12.65	13.34

<b>OTHER HIGH COST INDUSTRIAL OPERATIONS NOT INCLUDED AS SPECIAL HAZARD OPERATIONS</b>				
Classification Unit Code	Industrial Undertaking	Base Rate for 1997	Base Rate for 2003	Base Rate for 2008
703013	Manual Tree Falling	8.19 <sup>24</sup>	10.79	8.93
714023	Shake or Shingle Mill	11.07 <sup>25</sup>	11.72	8.42
721012	Concrete Reinforcing	6.38 <sup>26</sup>	11.73	8.63
721051	Steep Slope Roofing	6.38 <sup>27</sup>	12.66	12.98
764062	Tree Services (not directly related to forestry)	4.21 <sup>28</sup>	8.86	9.38

<sup>11</sup> Bridge Construction, Overpass Construction, Viaduct Construction, Former Classification Number 072507 (1997).

<sup>12</sup> House Moving or Raising, Former Classification Number 072511 (1997).

<sup>13</sup> Pier Construction, Wharf Construction, Dry Docks Construction, Former Classification Number 072501 (1997).

<sup>14</sup> Piledriving, Former Classification Number 072502 (1997).

<sup>15</sup> Steel Frame Erection or Repairs, Former Classification Number 072509 (1997).

<sup>16</sup> Steel Frame Painting, Former Classification Number 072510 (1997).

<sup>17</sup> Reservoir, Flume Construction, Former Classification Number 072500 (1997). Jetties or Causeway Construction, Former Classification Number 072505 (1997).

<sup>18</sup> Dyke Construction or Repair, Former Classification Number 07603 was separate with a Base Rate of 4.21 (1997).

<sup>19</sup> Tunneling, N.E.S., Former Classification Number 072504 (1997).

<sup>20</sup> Effective January 1, 2006 Tunneling was split into 3 classifications to better represent the different exposures associated with different forms of tunneling. Special Hazard policy does not distinguish between the different forms of tunneling.

<sup>21</sup> Tunneling, N.E.S., Former Classification Number 072504 (1997).

<sup>22</sup> Tunneling, N.E.S., Former Classification Number 072504 (1997).

<sup>23</sup> Tunneling, N.E.S., Former Classification Number 072504 (1997).

<sup>24</sup> Logging, Former Classification Number 010200 (1997).

<sup>25</sup> Shingle or Shake Mill, Former Classification Number 010900 (1997).

<sup>26</sup> Concrete Work Reinforcement, N.E.S., Former Classification Number 070604 (1997).

<sup>27</sup> Roofing Contractors, Former Classification Number 070600 (1997).

<sup>28</sup> Tree Service, Former Classification Number 072608 (1997).

## APPENDIX B

<b>INTERJURISDICTIONAL COMPARISON</b>	
<b>Alberta</b>	If multiple classification conditions are not met, “the WCB normally assigns an industry classification which provides the best fit.” This is based on information provided by the employer. If multiple classification conditions are met “but the employer refuses to separate insurable earnings for each business, the WCB may assign a single industry classification based on the business with the highest rate.” (Policy 07-01 Part II <i>Pricing- Classification</i> )
<b>Saskatchewan</b>	Saskatchewan does not consider single classification of multiple operations in policy. In practice, if an employer does not meet the criteria for segregated operations, then the Board assigns a CU by discussing with the employer what they would consider to be their primary industrial undertaking.
<b>Manitoba</b>	“Except as provided for in this policy, individual employers are assigned to only one sub-group. The employer’s sub-group is determined by the employer’s main industry.” (Policy 35.20.10 <i>Classification of Employers into Sub-Groups</i> )
<b>Ontario</b>	<p>“An employer carrying on two or more business activities is considered to have an aggregated (or combined) payroll when proper documentation does not exist to support the clear separation of wage records based on the direct labor time expended on each business activity.”</p> <ul style="list-style-type: none"> <li>• “If an employer has an aggregated payroll for two or more different business activities which the classification scheme includes under separate CUs in the same rate group, the WSIB classifies the employer in the CU for the predominant business activity.”</li> <li>• “If an employer has an aggregated payroll for two or more different business activities which the classification scheme includes under different CUs in different rate groups, the WSIB classifies the employer in the CU (and rate group) for the business activity with the highest premium rate.” (Policy 14-01-04 <i>Aggregated Payroll</i>)</li> </ul>
<b>New Brunswick</b>	“When two or more business activities cannot be classified separately because of personnel intermingling, they will be combined into one classification. The highest rated classification will be used if it accounts for at least 40% of the intermingled group of activities.” (Policy 23-300 <i>Employer Classification</i> )
<b>Nova Scotia</b>	“If a firm with multiple operations does not meet the eligibility criteria for separate classifications, all payroll will be assessed at one rate. Classification will be based on the industry classification with the highest assessment rate for the operations undertaken, providing the highest-rated category represents at least 25% of the firm’s operations. If this is not the case, the next highest classification will be assigned.” (Policy 9.2.2 <i>Classification of Firms not Eligible for Multiple Classification</i> )
<b>Newfoundland &amp; Labrador</b>	Newfoundland does not consider single classification of multiple operations in policy. In practice, the employer will be classified in the Newfoundland Industrial Classification Code (“NIC”) that provides coverage for both industries (usually the highest rated NIC code). In Newfoundland each case is individually evaluated.

## APPENDIX B

INTERJURISDICTIONAL COMPARISON	
<b>Northwest Territories &amp; Nunavut</b>	"If the employer has operations in more than one industry, they will be classified according to the higher risk operation if it exceeds 25% of the total operations' payroll." (Policy 01.01 <i>Industry Classification</i> )
<b>Yukon</b>	"When two or more businesses of the same employer cannot be classified separately because of intermingling, they will be combined into one classification. The highest rated classification will be used if it accounts for at least 40% of the assessable payroll of the intermingled business." (Policy As-25 <i>Employers in More than One Industry</i> )

## APPENDIX C

### Additions in Bold, Deletions Struckthrough



WORKERS' COMPENSATION BOARD OF BC

## ASSESSMENT MANUAL

**RE: Classification – Multiple Industrial Operations      ITEM: AP1-37-2**

### **BACKGROUND**

#### **1. Explanatory Notes**

Usually, when an employer registers with the Board, the employer is assigned to a single classification unit based on the industrial activity of the employer's business. On occasion the employer's business may involve more than one industrial activity, or the employer may, after the initial registration, establish a new business involving another industrial activity. In either of these situations, the Board must determine ~~whether the additional industrial activity is assigned to the original classification unit, or whether a separate classification unit is justified~~ **which classification unit is assigned to the whole of the employer's operations or whether more than one classification unit should be assigned.** The multiple classification policy assists in determining the circumstances in which the employer must be assigned to more than one classification unit.

#### **2. The Act**

Section 37:

- (2) The Board may do one or more of the following:
  - (a) create new classes in addition to those referred to in subsection (1);
  - (b) divide classes into subclasses and divide subclasses into further subclasses;
  - (c) consolidate or rearrange any existing classes and subclasses;
  - (d) assign an employer, independent operator or industry to one or more classes or subclasses;
  - (e) withdraw from a class
    - (i) an employer, independent operator or industry;

## APPENDIX C

### Additions in Bold, Deletions Struckthrough



WORKERS' COMPENSATION BOARD OF BC

## ASSESSMENT MANUAL

- (ii) a part of the class; or
- (iii) a subclass or a part of a subclass;  
and transfer it to another class or subclass, or form it into a separate class or subclass;
- (f) withdraw from a subclass
  - (i) an employer, independent operator or industry,
  - (ii) a part of the subclass, or
  - (iii) another subclass or part of another subclass,  
and transfer it to another class or subclass or form it into a separate class or subclass, and
- (3) If the Board exercises authority under subsection (2), it may make the adjustment and disposition of the funds, reserves and accounts of the classes and subclasses affected that the Board considers just and expedient.

#### Section 42:

The Board must establish subclassifications, differentials and proportions in the rates as between the different kinds of employment in the same class as may be considered just ....

### POLICY

~~An employer is assigned to a single classification unit based on the industry in which the employer is operating unless this policy applies.~~

## APPENDIX C

### Additions in Bold, Deletions Struckthrough



WORKERS' COMPENSATION BOARD OF BC

## ASSESSMENT MANUAL

### (a) Assignment of multiple classifications

#### ~~(a)~~ (1) Policy intent

The intent of the multiple classification policy is to support the purpose of the employer classification system, which is to classify employers into groups that can be used to set fair and equitable base rates. Towards this purpose, the multiple classification policy is designed to ensure that employers who operate several lines of business in different industries:

- are of sufficient size to be a significant competitor with other employers carrying on those lines of business;
- are assigned to the classification units representing those industries; and
- pay the same base assessment rates as their competitors.

#### ~~(b)~~ (2) Responsibility for obtaining multiple classification

It is the responsibility of each employer to apply to the Board for a multiple classification, or to remove a multiple classification designation, when the employer's business operation changes. The Board may, however, based on available information, assign more than one classification unit to an employer.

#### ~~(c)~~ (3) Multiple classification criteria

In order for an employer to qualify for more than one classification unit, the industrial activities identified for separate classification must be distinct and independent operations. To demonstrate this requirement, the **Board shall apply the** following criteria ~~must be satisfied~~:

- ~~(1)~~(i) Each industrial activity must be separate so that it does not contribute to the risk of injury or occupational disease in another industrial activity of the employer. The Board may consider this requirement to be met for the purpose of this policy if the industrial activity under consideration for a separate classification is:
- ~~(i)~~• performed by specific personnel as their sole employment function at any one time, and no personnel are engaged in more than one industrial activity simultaneously; or

## APPENDIX C

### Additions in Bold, Deletions Struckthrough



WORKERS' COMPENSATION BOARD OF BC

## ASSESSMENT MANUAL

- (ii)• conducted at a separate location from other industrial activities of the employer; or
  - (iii)• conducted at the same location as other industrial activities of the employer, but at a different time.
- (2)(ii) The industrial activity in question must not simply be to assist, support or service the employer's main industry. This means that multiple classification will not normally be granted for such activities as clerical, accounting or marketing. (However, there may be circumstances when such activities do not simply exist to assist, support or service the main industry.)
- (3)(iii) At least 50 percent of the product or service from the industrial activity, measured by the volume of the annual output or the revenue from the annual output, must be sold to unaffiliated customers or clients who operate at arm's length.
- (4)(iv) Each industrial activity must meet at least one of the following conditions:
- (i)• generate an annual assessable payroll of at least four times the maximum wage rate; or
  - (ii)• generate an annual assessable payroll that is at least 25 percent of the gross annual assessable payroll of all the employer's industrial activities; or
  - (iii)• generate an annual revenue that is at least 25 percent of the gross annual revenue of all the employer's industrial activities.

**If an employer is assigned more than one classification unit as a result of applying the multiple classification criteria, any of the firm's industrial activities for which a classification unit could be assigned that do not meet these criteria are assigned to the classification unit with the highest assessment rate in accordance with section (b) of this policy.**

- (b) Assignment of a single classification to employers with multiple industrial operations**

## APPENDIX C

### Additions in Bold, Deletions Struckthrough



WORKERS' COMPENSATION BOARD OF BC

## ASSESSMENT MANUAL

If an employer has business operations in more than one industrial undertaking and the industrial undertakings are distinct and independent but do not satisfy the multiple classification criteria, then the firm will be classified as follows:

- (1) if one or more industrial undertaking represents at least 25% of the firm's operations, in the classification unit that has the highest assessment rate and represents at least 25% of the firm's operations,
- (2) if no industrial undertaking represents at least 25% of the firm's operations, in the classification unit coming closest to the 25% figure, and
- (3) in the case of two or more industrial undertakings representing the same percentage coming closest to the 25% figure, in the classification unit with the higher assessment rate.

In determining what constitutes 25% of the firm's operations, the Board may consider payroll, revenue, units of production and/or any other measure which the Board considers best represents a true picture of the firm's activity.

### **(d)(c) Assignment of Special hazard operations**

The following **Some** activities are designated as special hazard operations, and may attract higher assessment rates: and are listed in the ***Classification and Rate List***.

- Bridge, Overpass, or Viaduct Construction or Repair
- House Raising or Structural Moving of Buildings or Heavy Equipment
- Pier, Wharf, or Dry Dock Construction or Repair
- Piledriving
- Steel Frame Erection or Structural Repair of Steel Frames
- Steel Frame Painting, Bridge Painting, or Bridge Cleaning
- Structural Concrete Reservoir, Flume, Dam, Dyke, Causeway or Jetty Construction or Repair
- Tunneling

## APPENDIX C

### Additions in Bold, Deletions Struckthrough



WORKERS' COMPENSATION BOARD OF BC

## ASSESSMENT MANUAL

The preceding ~~multiple~~ classification criteria do not apply to special hazard operations. Instead, the following policies apply:

- the Board classifies and treats special hazard operations as separate industrial activities, although they may be ancillary to an employer's other industrial activities; and
- the Board assesses the payroll of special hazard operations, and activities that support them, at the rates ~~specified~~ **listed** for **special hazard operations** ~~the classification units in the *Classification and Rate List.*~~, **adjusted by experience rating as appropriate.**

**(d) Other considerations**

**(e) (1) Personal optional protection**

The multiple classification criteria outlined above do not apply to individuals with Personal Optional Protection.

**(f) (2) Effective dates**

The addition or deletion of a classification unit in accordance with this policy is a change in classification. For guidance concerning the effective date of a change in classification, see item AP1-37-3, Classification – Changes.

**(g) (3) Notification**

An employer must be informed when a classification has been added to or deleted from the employer's account.

## APPENDIX C

### Additions in Bold, Deletions Struckthrough



WORKERS' COMPENSATION BOARD OF BC

## ASSESSMENT MANUAL

### PRACTICE

Practice Directive "Multiple Classifications" - AP1-37-2 provides more information regarding the criteria by which an employer may be assigned to more than one classification. For this Practice Directive and any other relevant PRACTICE information, readers should consult the WCB website at [www.worksafebc.com/regulation\\_and\\_policy/practice\\_directives/assessment\\_and\\_revenue\\_services/default.asp](http://www.worksafebc.com/regulation_and_policy/practice_directives/assessment_and_revenue_services/default.asp).

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**EFFECTIVE DATE:**

**AUTHORITY:**

**CROSS REFERENCES:**

**HISTORY:**

**APPLICATION:**

ss. 37(2) and (3) and 42, *Workers Compensation Act*.

See also The Classification System (AP1-37-1) and with respect to management/administrative payroll, Payroll – Principles for Determining (AP1-38-3) in the *Assessment Manual*.

**The policy changes with respect to Personal Optional Protection apply to all existing Personal Optional Protection accounts, all new Personal Optional Protection coverage registrants, and all registrants who reapply for coverage, on or after January 1, 2004. The policy changes with respect to effective dates of classification changes, apply to all new decisions on or after January 1, 2004.**

This Item resulted from an editorial consolidation of the former *Assessment Policy Manual*, which was effective on January 1, 2003. The Policy in this Item continued the substantive requirements that existed before the consolidation, with any wording changes necessary to reflect legislative and other changes that had occurred. Policies No. 30:20:20, 30:20:21 and 30:20:30 in the former *Assessment Policy Manual* were replaced, in part, by this Item.

Consequential changes to this Item made as a result of the *Workers Compensation Amendment Act (No. 2), 2002* were effective on March 3, 2003.

~~The policy changes with respect to Personal Optional Protection apply to all existing Personal Optional Protection accounts, all new Personal Optional Protection coverage registrants, and all registrants who reapply for coverage, on or after January 1, 2004. The policy changes with respect to effective dates of classification changes, apply to all new decisions on or after January 1, 2004.~~