



STATE OF WASHINGTON

DEPARTMENT OF LABOR AND INDUSTRIES

PO Box 44000 • Olympia, Washington 98504-4000

March 1, 2017

<Insert contact name/address>

<insert account Id>

<Insert Address>

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Re: Possible reclassification of stores in risk classifications **6304** to classifications **6309** and **6504**:

- [Classification 6304](#) Stores-Department, Retail
- [Classification 6309](#) Stores-Wholesale, Retail
- [Classification 6504](#) Store-Charitable or Welfare

Dear Employer,

You are receiving this letter because you have one or more of the above risk classifications assigned to your account. **This letter is only informational. We have made no changes to your account, and there is nothing you need to do at this time.**

This is the second and last recommendation from a recent study of retail stores by the Department of Labor & Industries (L&I).

L&I is considering reclassification and rating changes for stores currently assigned classification **6304**. Classification **6304** includes thrift stores, most antique stores, and variety stores that sell a significant amount of merchandise generally associated with classification **6309**, such as; hardware, auto supplies, bicycles, paint and painting supplies, guns, lawn and garden supplies, furniture kits, sewing machines, and vacuum cleaners. Classification **6304** has two subclassifications sharing a common premium rate, subclassification **6304-00** (department stores) and **6304-01** (antique variety stores).

A review of classification **6304** found material disparities in injury rates and claim costs between stores in subclassifications **6304-00** and subclassification **6304-01**. Stores in subclassification **6304-01** had injury rates and claim costs more similar to stores in the lower-rated classification **6309** than stores in subclassification **6304-00**. Further findings that most stores in subclassification **6304-00** were thrift stores, selling used clothing and merchandise in the same manner as non-profit charitable stores classified in **6504**. The injury rate and the cost of injuries for thrift stores were also very similar to the higher-rated **6504**. The smaller number of non-thrift stores in subclassification **6504-00** had injury rates and claim costs more similar to those in classification **6309**.

Reclassifying these stores will affect the rates of businesses being reclassified from **6304**, and to a lesser extent, businesses already in classifications **6309** and **6504**.

If L&I proceeds with rulemaking, we will propose reclassifying thrift stores, currently assigned classification **6304**, to the higher-rated classification, **6504** (charitable stores) and reclassifying the rest of the stores in **6304** to the lower-rated **6309** classifications. We do not expect the rates for classifications **6504** or **6309** to be significantly affected by this proposal. Reclassifying means the rates for stores, currently assigned classification **6304**, will more fairly reflect their actual level of losses, and similar stores will be rated the together.

If we pursue formal rulemaking to implement these change, we will send additional notifications to you, solicit public comment, and hold formal public hearings. This process allows us to consider all views, and identify issues that may affect the proposal. To allow time for this process, we anticipate proposed changes, if adopted, would be effective on or after January 1, 2019.

You can follow proposals and classification rulemaking at: www.lni.wa.gov/RiskClassRules .

Please let me know if you have any comments concerning the potential rulemaking discussed in this letter.

Regards,

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