

Retrospective Rating – Business and Industry Category Guide

This guide has been prepared as a supplement to the business and industry table (categories) contained in RCW 51.18.040(2) and WAC 296-17-90421(2).

The primary purpose of this guide is to assist our business partners in determining if a prospective employer qualifies for their retrospective rating group program.

Under Washington law (RCW 51.18.040(1)) organizations that sponsor retrospective rating groups are required to select a business and industry category that reflects the core business activities of the employer group members. This process is intended to ensure that the retrospective rating group is composed of employer members that are substantially similar when the services and activities of their employees are considered.

In most cases, it is easy to determine if a prospective employer's operations fall within the selected business and industry category. For a few businesses, the answer is less clear. An overview of the classification evaluation process that Labor & Industries uses can be found at the end of this guide.

NOTE: Information presented in this guide is subject to change.

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1. Agriculture and related services

Applies to establishments engaged in raising crops, animals, finfish and shellfish as a primary business undertaking.

Crops

Scope – The work activities and services provided by employees of employers engaged in raising crops (i.e. tree fruit, berries, vegetables, nuts, wheat, corn, etc.) will vary from crop to crop, but will usually include operating farm or earth moving equipment (tractors, plows, tillers, front end loaders, etc.) moving mechanical watering systems, caring for crops (i.e. applying fertilizer, weeding, bracing tree branches, thinning plants, pruning trees, etc.) and harvesting either by hand or machine. Crops can also be grown hydroponically (in water), in greenhouses (tomatoes and raspberries) or temperature-controlled buildings (mushrooms). In some cases like hops and mint, the operations may include a drying or distillation process to make the crop marketable. Employees will routinely be involved in maintenance work like repairing fences, working on equipment, fixing pumps or minor assembly work (i.e. nailing wooden fruit boxes and or shipping pallets together).

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

4304	4802	4803
4805	4806	4808
4809	4810	4811
4813	6107	6903
7307		

Sub classifications:

1507-01	6708-01
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Animals

Scope – The work activities and services provided by employees of employers engaged in raising animals (i.e. cows, pigs, horses, dogs, cats, rabbits, birds, etc.) will vary with each type of animal being raised, but will generally include some animal care i.e. feeding, watering and cleaning. In some cases the employer will have acreage devoted to crops used for feed or a pasture for grazing animals. When crops are raised you will encounter the use of farm or earth moving equipment (tractors, plows, tillers, front end loaders, etc.), mechanical watering systems, caring for crops (i.e. applying fertilizer, weeding, bracing, thinning, pruning, etc.) and harvesting either by hand or machine. Employees will routinely do maintenance work like repairing fences, barns and out buildings, and also work on equipment.

The following risk classifications include operations applicable to this business and industry category:

4804	7301	7302
7308		

Finfish and shellfish

Scope – The work activities and services provided by employees of employers engaged in aquaculture (i.e. raising finfish such as trout and salmon and shellfish such as clams and

oysters) will vary but will generally include aquatic farming operations (i.e. floating pens, rearing ponds and tanks). Floating barges with dredging apparatus or vacuum systems may be used to collect shellfish from below the water surface, or harvesting may be done by hand when the tide is out. Oysters are routinely raised in a suspended bag system making the harvest similar to drawing in a fishing net. Establishments engaged in aquaculture will routinely have laboratory type operations to propagate and care for the aquatic product being raised.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

4812

Sub classifications:

4805-07

4805-08

4808-10

NOTE: Related services for this business and industry category include operations such as contractors that spread fertilizer on a farmers fields, operations of roadside stands or booths at markets where products grown at the farm are sold, crop dusting, egg candling, distillation of mint leaves, shucking and packaging of oysters and fresh fruit packing warehouses. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

2. **Automotive, truck and boat manufacturing, sales, repair and related services**

Applies to establishments engaged in the sales, service, repair and manufacturing of vehicles and motorized equipment such as, but not limited to passenger cars, motorcycles, heavy equipment (i.e. bulldozers, backhoes, front end loaders) farm equipment (i.e. tractors, bailers), forklifts, trucks, recreational vehicles, boats and airplanes as a primary business undertaking.

Scope – The work activities and services provided by employees of employers engaged in operations covered by this business and industry category will vary by type of equipment and vehicle and by the type of service provided. In some cases, the service offered by establishments covered by this business and industry category will be limited to a specialty like tires, transmissions or mufflers while others will offer general repair services covering all aspects of the vehicle and/or equipment. Although manufacturing is included in this business and industry category most true manufacturing with the exception of boats is done in another state or the business is self-insured. Boats can be made of wood, metal, fiberglass, rubber and even concrete. Most of the aircraft manufacturing is done by a self-insured business but several smaller local companies build ultralite aircraft, or rebuild older planes. Establishments covered by this business and industry category will routinely employ service technicians, machine operators and mechanics.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

1104	3309	3403
3405	3406	3411
3412	3414	3605
5109	6405	6408
6409	6802	6804

Sub classifications:

1108-04	1108-05	3402-48
3402-29	3402-77	3402-85
3402-86	3402-94	3402-96
3402-93	3407-00	6309-08
6603-00		

NOTE: Related services for this business and industry category include such things as towing operations, replacement part stores, upholstery shops, glass dealers, equipment and machinery rental stores, welding services, auto detailing and self-service gas stations. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

3. Construction and related services

Applies to establishments engaged in all aspect of construction related services and activities such as, but not limited to roads, land development, placement of utilities, building bridges, buildings and dwellings, excavation work and tower erection, as a primary business undertaking.

Scope – The work activities and services provided by employees of employers engaged in construction work covered by this business and industry category will vary by type and phase of construction. This business and industry category includes activities such as, construction of buildings and dwellings; bridges; above and below ground storage tanks; roads; dams and towers and services such as plumbing, electrical and roofing. Businesses covered by this business and industry category routinely employ workers in trades such as, but not limited to carpenters, plumbers, millwrights, electricians, roofers, ironworkers and equipment operators.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

0101	0103	0104
0105	0107	0108
0112	0201	0202
0210	0212	0214
0217	0219	0301
0302	0303	0306
0307	0308	0403
0502	0504	0506
0507	0508	0509
0510	0511	0512
0513	0514	0516

0517	0518	0519
0521	0524	0526
0527	0528	0529
0530	0531	0532
0533	0534	0540
0541	0550	0551
0601	0602	0603
0606	0608	0701
0901	1303	1305
1507	1702	1703
1704	2907	2908
3101	3105	3415
3506	4900	4901
4910	5208	

Sub classifications:

0607-16	0607-17	0607-18
0607-19	1108-03	1108-05
1501-09	2903-08	2903-21
2903-28	3402-40	4903-06
4903-07	4903-08	4903-10
5206-79	6601-04	

NOTE: Related services for this business and industry category include operations such as, a crane that hoists roof trusses, beams and air conditioning units to a rooftop; glass dealers that replace broken window glass away from the shop; turf farms where the operations are identical to landscape construction, project engineers that are on-site and exposed to the hazards of the job-site, trucking risks that haul and dump gravel or asphalt on road jobs and concrete redi-mix dealers that deliver concrete to construction sites. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

4. Distillation, chemicals, food and related services

Applies to establishments engaged in a variety of manufacturing, mixing, blending and packaging processes as a primary business undertaking.

Scope – The work activities and services provided by employees of employers covered by this business and industry category will vary by the product produced. Some operations will be extremely hazardous, such as bottling of chlorine bleach and packaging of caustic chemicals. Others will consist of sorting and packaging operations such as those found in a fruit packing plant. Establishments covered by this business and industry category are generally not involved in metal, glass, wood and plastic manufacturing processes that are assigned to the manufacturing, processing, mining, quarrying and related services category. This business and industry category covers operations such as canneries, breweries, hop extract plants, sugar refining, commercial bakeries and dairies and manufacturing of products like bleach, toothpaste, vitamins and candy.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

2007	2104	2106
2201	2202	3103
3303	3304	3407
3408	3701	3702
3901	3902	3903
3906	4002	4301
4302	4401	4402
4404	4501	6909

Sub classifications:

2101-00	2101-05	3104-08
3104-52	3708-16	

NOTE: Related services for this business and industry category include tasting rooms and gift shops where wine and beer are sampled or sold, restaurants, plant maintenance by contractor, delivery of products and freight handlers. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization.

5. Entertainment, hospitality and related services

Applies to establishments that offer food, lodging and entertainment to patrons as a primary business undertaking.

Entertainment

Scope – The work activities and services provided by employees of employers covered by this business and industry category will vary by service provided. This business and industry sub category includes operations such as bowling centers, golf courses, sports arenas, theatres, plays, gymnasiums, fitness centers, marinas, skating rinks, carnivals and race tracks.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

3901	4504	5207
6203	6204	6205
6206	6207	6208
6209	6403	6605
6620	6705	6706
6707		

Sub classifications:

4502-03	6103-05	6103-12
6104-05	7102-00	

Hospitality

Scope – The work activities and services provided by employees of employers covered by this business and industry sub category will vary by service provided. This business and

industry category includes campgrounds, RV parks, hotels, motels, bed and breakfast inns and restaurants.

The following risk classifications include operations applicable to this business and industry category:

3905	3909	4905
6501	6509	6607

NOTE: Related services for this business and industry category includes entertainers, musicians, actors, limo drivers, photographers, gift stores, grocery stores, florists, barber shops and beauty salons, laundry and janitorial services. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

6. Facilities, property management, maintenance and related services

Applies to establishments that manage or care for properties and facilities as a primary business undertaking.

Scope – The work activities and services provided by employees of employers covered by this business and industry category will vary by service provided. This business and industry category includes warehouses, shopping centers, apartments, sport facilities, ski lodges, campgrounds and storage facilities. Employees of employers covered by this business and industry category include janitors, groundskeepers, security guards, maintenance personnel and customer service representatives.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

0606	0607	0608
2007	2008	2102
2202	4109	4305
4401	4404	4504
4905	4910	5207
6202	6203	6206
6208	6209	6602
6608	6704	6705
6706		

Sub classifications:

0308-00	0308-01	0403-10
0403-11	0504-18	0601-15
0603-07	6601-01	6601-02

NOTE: Related services for this business and industry category include property inspectors, surveyors, security guards, childcare and realtors. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do

not approve the classification for general marketing by the organization sponsoring the group.

7. Government, utilities, schools, health care and related services

Applies to state and local governmental agencies that provide a variety of services such as health care, law enforcement, utilities and recreation; private and public schools and colleges and universities and native-American tribal council enterprises.

Scope – The work activities and services provided by employees of employers covered by this business and industry category will vary by service provided. This business and industry category includes all state and local government operations, schools, universities and colleges and also nonprofit hospitals and private schools, colleges and universities.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

0803	1301	1303
1304	1305	1501
1507	3408	4201
4305	4812	4902
4906	4907	4908
4909	5305	5306
5307	6801	6802
6901	6904	6905
6906	7103	7201

Sub classifications:

1404-06	6601-00	6601-01
6601-02	6601-06	

NOTE: Related services for this business and industry category include inspectors, surveyors, sport arenas, childcare centers, casinos and recycle centers. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

8. Grocery stores, grocery distribution centers, bakeries, milk and dairy products processing, delivery to customers and related services

Applies to establishments engaged in a variety of grocery store, grocery distribution and food processing operations as a primary business undertaking.

Scope – The work activities and services provided by employees of employers covered by this business and industry category will vary by operation. The general model used for defining the scope of this business and industry category is a large chain store operation like Safeway, Albertson's or Fred Meyer. Using this model you find a mixture of store, process, warehouse, transportation and manufacturing operations. Employees of employers covered by this business and industry category include cashiers, meat cutters,

bakers, stockers, janitors, groundskeepers, security guards, maintenance personnel and customer service representatives.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

2002	2104	2105
3303	3304	3702
3901	3902	3903
3906	4002	4301
4302	4401	4402
4404	6305	6402
6403	6404	6406
6407		

Sub classifications:

0606-01	0606-03	0606-12
2102-11	3905-04	3905-12
3905-13	3905-14	

NOTE: Related services for this business and industry category include childcare, caterers, photo developing, garden centers, home delivery and espresso stands. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

9. Healthcare, pharmaceutical, laboratories and related services

Applies to establishments engaged in a variety of healthcare, research and testing lab operations as a primary business undertaking.

Scope – The work activities and services provided by employees of employers covered by this business and industry category will vary by operation. This business and industry category includes medical clinics, hospitals, all medical specialties, nursing homes, home healthcare, pharmaceutical companies and research and testing labs.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

3701	6105	6108
6109	6110	6509
6511	6909	

Sub classifications:

6303-21	6308-01	6308-02
6406-16		

NOTE: Related services for this business and industry category include operations such as medic and ambulance services, cabulance, air transport, hearing aid dispensers and manufacturers, optical stores, vocational and rehabilitation counselors, orphanages, fitting artificial limbs and prosthesis, dental labs, wheelchair and crutch rentals and drug stores.

If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

10. Logging and wood products manufacturing and related services

Applies to establishments engaged in a variety of logging and wood products manufacturing operations as a primary business undertaking.

Logging

Scope – The work activities and services provided by employees of employers covered by this business and industry sub category will vary by operation. This business and industry category includes operations such as preparation of land, planting of trees, thinning tree stands, road construction, felling trees, transporting logs to storage yard or mill and forest fire fighting.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

1004	5001	5002
5003	5004	5005
5006	6902	6903
7307		

Sub classifications:

0101-00	0101-01	0101-02
0101-03	0101-04	0101-16
0101-17	0101-36	0101-40
1007-15	1007-16	1007-18
1007-19	1007-20	1007-21
3402-26	4805-05	4805-09
5206-78	6601-03	

NOTE: Related services for this business and industry sub category include operations such as log home building, tree topping, chemical spraying, stump grinding, security guards, saw blade sharpening, transporting equipment to logging side, picking forest products, fire fighters and animal trapping. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

Wood products manufacturing

Scope – The work activities and services provided by employees of employers covered by this business and industry sub category will vary by operation. This business and industry category includes operations such as sawmills, shake and shingle mills, furniture manufacturing, boat building, plywood mills, cabinet shops, paper goods and cardboard box manufacturing.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

1002	1003	1005
2401	2903	2904
2905	2906	2907
2908	2909	4101
4103		

Sub classifications:

1103-02	1103-06
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NOTE: Related services for this business and industry sub category include operations such as plant maintenance by contractor, painting, delivery and equipment repair. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

11. Manufacturing, processing, mining, quarrying and related services

Applies to establishments engaged in a variety of manufacturing, mining or processing operations as a primary business undertaking.

Manufacturing

Scope – The work activities and services provided by employees of employers covered by this business and industry sub category will vary by product produced. Operations can be highly computerized such as those used in the manufacture of parts for the aerospace industry or rely primarily on manual processes such as those found in a foundry operation. Establishments covered by this business and industry category routinely buy parts or components from other suppliers and merely assemble the parts or components into a finished product i.e. the computer industry. Some manufacturing operations are more artistic in nature i.e. jewelry and fishing lure manufacturing.

The following risk classifications include operations applicable to this business and industry category:

1002	1003	1005
2401	2903	2904
2905	2906	2907
2908	2909	3102
3105	3402	3403
3404	3405	3501
3503	3509	3510
3511	3512	3513
3602	3603	3604
3708	3802	4101
4601	5101	5103
5106	5108	5109
5201	5204	5208
5209	6604	6908

Processing

Scope – The work activities and services provided by employees of employers covered by this business and industry sub category will vary by product produced. Operations generally involve production of a raw product that must be further processed by another establishment, or a sorting, grading or mixing operation. A business covered by this sub category might produce lead or aluminum ingots that are then sold to a can or battery manufacturer; use a system of conveyors to sort, grade and store grain and seed; or bundle, crush and sort recycle material or mix products like a concrete redi mix batch plant.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

0604	1801	1802
2004	2007	3101
3103	3104	3407
3701	3702	3808

Sub classifications:

1103-04	1108-02	1108-03
1108-05	1108-06	2101-00
2101-05	2102-04	

Mining

Scope – Operations involve extracting ore, rock and minerals from the surface of the ground (surface mining) or via tunnels and shafts sunk into the earth’s core.

The following risk classifications generally apply to mining operations covered by this business and industry category:

1701	1702	1703
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Quarrying

Scope – Operations involve exposing stone with use of a dragline, power shovel, scraper or other earth moving equipment. In some instances stone blasting is used to loosen or break stone material from a hillside and crushing material into crushed rock. Quarried material can also be cut into blocks for buildings or structures.

The following risk classification covers quarrying operations applicable to this business and industry category:

1704

NOTE: Related services for this business and industry category generally involve taking a product produced by another establishment and further processing the product such as glass tempering and etching and frosting glass; providing a service that directly supports an operation covered by this business and industry grouping such as machinery installation, product testing and plant maintenance by contractor or adding finishing or detail work like upholstery, engraving and painting. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization.

12. Retail and wholesale stores and professional services such as banks and law firms and related services

Applies to establishments engaged in various store operations such as books, clothing, furniture and gifts or providing professional services like accounting, law, human resources, insurance and finance as a primary business undertaking.

Scope – The work activities and services provided by employees of employers covered by this business and industry category will vary by type of store and products sold or by type of professional service offered. This business and industry category includes stores that sell items such as clothing, shoes, furniture, books, china, hand and power tools, gift cards and jewelry and service providers such as insurance brokers, real estate agents, law practices, architects and accountants. Businesses covered by this business and industry category routinely employ accountants, personnel officers, computer programmers, travel agents, cashiers, product merchandisers, warehouse workers and delivery drivers.

The following risk classifications (and sub classifications) include operations applicable to this business and industry category:

2009	2204	3303
3409	3410	4107
4108	4504	5301
6302	6304	6305
6306	6308	6309
6402	6403	6404
6406	6407	6410
6501	6502	6503
6504	6506	7202

Sub classifications:

3902-14	4502-03	6301-06
6301-07	6303-03	6603-01

NOTE: Related services for this business and industry category would include operations such as inter store delivery by store employees, delivery of goods from the store to customers, repair of desk top computers, quick print services, jewelry repair and custom jewelry making by store employees, lunch counters in stores, security guards and custodial employees in malls and shopping centers and child care centers. Care should be taken to not include operations simply because they involve a retail or wholesale transaction. For example glass dealers, motorcycle and car dealers and tire service centers are involved in retail sales but the activities of employees primarily involve mechanic and construction related risks.

13. Temporary help and related services

Applies to establishments that provide employees to clients on a temporary, short term or project basis.

Scope – The work activities and services provided by employees of employers covered by this business and industry will vary by client and client needs. Employers covered by this business and industry category can offer specialty services like nursing, engineering or construction workers to clients or offer staffing for any type of business situation. Employees of employers covered by this category are usually assigned to client to meet peak or cyclical demands of the client (Christmas for retail, harvest for growers, laborers for contraction deadline) or to fill in while staff are on vacation or on extended medical leave.

The following risk classifications include operations applicable to this business and industry category:

7104	7110	7116
7105	7111	7117
7106	7112	7118
7107	7113	7119
7108	7114	7120
7109	7115	7121

NOTE: Related services for this business and industry category are limited but include employee-leasing situations and contract labor crews such as those used in seasonal fruit and vegetable harvesting. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

14. Transportation, recycle, warehousing, facility maintenance and related services

Applies to establishments engaged in a wide variety of delivery and warehouse operations or maintaining facilities as a primary business undertaking.

Transportation, warehousing and recycle

Scope – The work activities and services provided by employees of employers covered by this business and industry sub category will vary by operation. This business and industry sub category includes operations such as interstate and intrastate trucking, moving and storage, bus, scenic railways, air services and refuse hauling. Some elements that distinguish transportation and warehouse activities covered by this business and industry sub category from all others are:

- The primary focus of the business is transportation, delivery and/or warehousing for others.
- The transporting company does not generally own goods being transported or stored.

- Fees and fares are charged for delivery and transportation and for the warehousing service.

The following risk classifications (and sub classification) include operations applicable to this business and industry category:

1101	1102	1105
1109	1401	1404
1405	1407	2002
2007	2008	2102
2105	3407	4201
4305	4404	6801
6802	6803	6804
6907		

Sub classification:

6601-05

NOTE: Related services for this business and industry sub category may include crop dusting, contract mail delivery, hot air balloon rides, driving instructors and examiners and boat excursions. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group. Care should be taken when considering a business for this sub category, as all other business and industry categories can include delivery and warehousing risks.

Facility Maintenance

The work activities and services provided by employees of employers covered by this business and industry sub category are limited to establishments that perform maintenance work on buildings and/or properties generally owned by others. This business and industry sub category includes caring for landscaping, performing maintenance work on buildings or plant equipment and janitorial work.

The following risk classifications (and sub classification) include operations applicable to this business and industry category:

4910	6201	6209
6602		

Sub classification:

5206-80

NOTE: Related services for this business and industry sub category include swimming pool maintenance, lawn care, security guards, information booth attendants, parking lot operations, parking lot sweeping and snow removal. If the related service activity is assigned a separate risk classification not listed above, the operation would be eligible to participate in the group by exception. This means that the business can enroll in the group, but we do not approve the classification for general marketing by the organization sponsoring the group.

Overview of classification procedure

By law (RCW 51.18.040 (5)) L&I must follow the same classification procedure used to assign workers' compensation insurance classes to a business.

The first step in this process is to determine the nature of the employer's business. This is accomplished through an evaluation of the core or primary business activities of the employer. In most cases the core activities generate the majority of the business's annual income.

The next step is then to look for a business and industry category that directly matches the identified core or primary business activities.

Example:

- *Employer A* operates a strawberry farm. The nature of the business is farming, the crop raised is strawberries, and the business income is derived from the sales of the strawberries. This business falls appropriately in the "Agriculture and related services category."
- *Employer B* operates a quick lube and oil changing business. The nature of business is automobile maintenance, the service is changing oil and lubing vehicles, and the business income is derived from the servicing of vehicles. This business falls appropriately in the "Automobile sales, service and repair category."
- *Employer C* is engaged in framing wood structures. The nature of business is construction, the service is framing and the business income is derived from carpentry work. This business falls appropriately in the "Construction and related services category."

In establishing the business and industry categories found in WAC 296-17-90421(2) L&I has made certain that all businesses will fall within at least one category. This does not mean, however, that a retro group will exist for each business and industry category.

Since organizations that sponsor retro groups are free to select the business and industry category for the group they sponsor, some business and industry categories go unselected. As a result, a clear group option will not exist for some employers.

When an employer wishes to participate in a retro group, but a retro group that covers the employer's type of business does not exist, L&I will apply a special method of evaluation referred to as *classification by analogy*.

By analogy follows the same initial procedure of determining the nature of the employers business. Once the nature of business has been determined the remainder of the evaluation is limited to comparing the business operations of the employer to the core operations of each existing retro group. L&I will contact the retro group or groups having reasonably similar business operations closest to those of the employer. When a retro

group is identified that will accept the business, L&I will notify the employer of the potential group option.

Example:

- *Employer D* manufactures video games and sells these games to several distributors. The Washington State operations are limited to warehousing and shipping games and office support. Although this business is a manufacturer the operations in Washington are warehousing, shipping and office support.

NOTE: Some operations such as office support and maintenance work are common to most businesses, therefore, they are not considered in the group decision evaluation. To do otherwise would create a retro group made up of dissimilar risks. Because the only remaining operations are warehousing and shipping, for our purposes the nature of business will be selling computer games and the service is warehousing and shipping. This business can participate in a transportation and warehousing group or a wholesale store retro group. This approval would be by exception based on the services and activities of the employer's employees.

- *Employer E* is a hay dealer and buys hay directly from the grower and sells the hay directly to dairy farms. The employer has several employees that drive the transport and delivery trucks. The nature of business is a feed dealer and the service is delivery. This business can participate in a transportation and delivery group by exception, based on the service and activities of the employer's employees.

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