

Report on the Review of Computer and Computer Peripheral Definitions

Excerpts from the WCIRB Classification and Rating Committee Minutes
August 9, 2022

About this Report

The WCIRB prepares and presents reports to the WCIRB's Classification and Rating Committee to assist in the formulation of proposed changes to the Insurance Commissioner's regulations. Once adopted by the Classification and Rating Committee, the recommendations contained in the report are provided to the WCIRB Governing Committee and may be included in a WCIRB regulatory filing that is submitted to the Insurance Commissioner for approval.

About the WCIRB

The WCIRB is California's trusted, objective provider of actuarially-based information and research, advisory pure premium rates, and educational services integral to a healthy workers' compensation system. Learn more at www.wcirb.com.

Notice

This Report was developed by the Workers' Compensation Insurance Rating Bureau of California (WCIRB) to assist in the formulation of proposed changes to the Insurance Commissioner's regulations. The WCIRB has made reasonable efforts to ensure the accuracy of this Report. You must make an independent assessment regarding the use of this Report based upon your particular facts and circumstances.

© 2022 Workers' Compensation Insurance Rating Bureau of California. All rights reserved.

No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including, without limitation, photocopying and recording, or by any information storage or retrieval system without the prior written permission of the Workers' Compensation Insurance Rating Bureau of California (WCIRB), unless such copying is expressly permitted in this copyright notice or by federal copyright law. No copyright is claimed in the text of statutes and regulations quoted within this work.

Each WCIRB member company, including any registered third party entities, (Company) is authorized to reproduce any part of this work solely for the following purposes in connection with the transaction of workers' compensation insurance: (1) as necessary in connection with Company's required filings with the California Department of Insurance; (2) to incorporate portions of this work, as necessary, into Company manuals distributed at no charge only to Company employees; and (3) to the extent reasonably necessary for the training of Company personnel. Each Company and all agents and brokers licensed to transact workers' compensation insurance in the state of California are authorized to physically reproduce any part of this work for issuance to a prospective or current policyholder upon request at no charge solely for the purpose of transacting workers' compensation insurance and for no other purpose. This reproduction right does not include the right to make any part of this work available on any website or any form of social media.

Workers' Compensation Insurance Rating Bureau of California, WCIRB, WCIRB California, WCIRB Connect, WCIRB Inquiry, WCIRB CompEssentials, X-Mod Direct, eSCAD, Comprehensive Risk Summary, X-Mods and More, Annual Business Comparative and the WCIRB California logo (WCIRB Marks) are registered trademarks or service marks of the WCIRB. WCIRB Marks may not be displayed or used in any manner without the WCIRB's prior written permission. Any permitted copying of this work must maintain any and all trademarks and/or service marks on all copies.

To seek permission to use any of the WCIRB Marks or any copyrighted material, please contact the WCIRB at customerservice@wcirb.com.

Review of Computer and Computer Peripheral Definitions

**8062, Stores – computer – wholesale or retail – including Outside Salespersons
3681(2), Computer or Computer Peripheral Equipment Mfg. – N.O.C.
5193, Computer or Telephone System or Equipment Installation, Service or Repair**

I. Background

As requested by the California Department of Insurance (CDI)¹, the WCIRB reviewed Classifications 8062, *Stores – computer*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, to determine if the *California Workers' Compensation Uniform Statistical Reporting Plan—1995 (USRP)*:

1. Sufficiently defines the terms *computer* and *computer peripheral*, and
2. Consistently uses the terms *computer* and *computer peripheral* across classifications that contemplate the manufacture, installation and sale of computers or computer peripherals.

II. Analysis

1. Definition of Computers

Classification 8062, *Stores – computer*, applies to stores that sell *computers, computer peripheral items, computer software, computer accessories, computer parts and computer supplies* that equal or exceed 75% of gross receipts; and not less than 10% of gross receipts must be from the sale of computers.

As commonly understood, a computer is a programmable electronic device designed to accept data, perform prescribed mathematical and logical operations at high speed, and display the results of these operations. Computers are made up of several core hardware components, including the housing which holds the computer's processor (CPU), motherboard, memory, storage, communication ports and power supply. Computers are designated as mainframes, servers, personal computers, laptops or tablets based on their computing power, capacity, mobility, etc. Computers use software to receive, encode, store and process information.² Consistent with the commonly understood definition of computers, Classification 8062 defines computers for classification purposes to include laptops, personal computers, servers, tablets and notebooks. Similar consistent definitions of computers can be found in Classifications 3681(2), *Computer or Computer Peripheral Equipment Mfg.*,³ and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

2. Definition of Computer Peripherals

A computer peripheral is commonly known as an input or output device and is used to either enter instructions into a computer, such as typing with a computer keyboard, or translate digital signals into output recognizable by people, such as monitors that convert digital video signals into recognizable images. Computer peripherals can be connected to and work with computers, but do not comprise the core components of a computer like a CPU or contain a power supply unit. Examples of other input devices include mice and webcams, while output devices include printers and headsets. Computer peripherals can also include external storage devices like flash memory (e.g., thumb drives), external disks or other auxiliary storage drives.⁴ Some peripheral devices may perform both input and output functions simultaneously, such as an external hard drive that receives data to be written and sends data to the computer.

¹ This request was included in the CDI's Order Adopting Proposed Decision for File No. AHB-WCA-18-37.

² Technopedia, <https://www.technopedia.com/definition/4607/computer> (as of April 27, 2022).

³ Classification 3681(2) includes "mainframe" in the definition of computer; however, stores classified as 8062 do not typically sell mainframes as these computers are generally purchased from the manufacturer.

⁴ Encyclopedia Britannica, <https://www.britannica.com/technology/input-output-device> (as of April 27, 2022).

The term *computer peripheral* is used in Classifications 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, and 3681(2), *Computer or Computer Peripheral Equipment Mfg. – N.O.C.*, in reference to the installation, service and manufacture of equipment, respectively.

- Classification 5193 specifically includes repairing or servicing computer peripheral equipment identified as “monitors, terminals, computer mouse devices, keyboards and computer modems.”⁵
- Classification 3681(2) specifically identifies electronic computer peripheral equipment to include “monitors, terminals, printers, computer mouse devices, keyboards, disk drives, logic boards, motherboards and computer modems.”⁶

While the specific items listed in each classification are somewhat different, both classifications identify computer peripherals as similar types of devices, and these devices are consistent with the commonly understood definition of computer peripherals.

Classification 8062 references “computer peripherals,” but does not delineate examples of what is considered a computer peripheral. This, however, has not created confusion with respect to the scope of the classification or what is intended by the term computer peripheral. Based on the WCIRB’s review of inquiries received, there were very few questions related to the administration of Classification 8062 and its scope, as it is narrowly defined by the percentage restrictions for sales of computer and computer peripheral products.⁷

As technology has advanced, many consumer and professional electronic products now connect to some type of computing or smart technology which may resemble a computer or computer peripheral equipment. The inclusion of digital technology, such as components or operating systems that may be associated with some computers, and the potential ability of these products to send or receive data with computer networks, however, does not redefine these products as computers or computer peripherals. For example, many refrigerators are now equipped with “smart technology” including a built-in tablet interface that connects wirelessly to the internet so that contents within the refrigerator can be monitored, temperature can be controlled from a smartphone or connections can be made to various web-based applications for messaging, entertainment and social media directly from the refrigerator. While it has a component that is considered a computer, these features do not make this appliance a computer. The purpose of the appliance is still to refrigerate food.

Although technology has advanced, the definitions of computer and computer peripheral for classification purposes are consistent with the commonly understood definitions of computer and computer peripherals and therefore the WCIRB does not recommend expanding the definition of these terms in Classifications 8062, *Stores – computer*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, other than to update the definitions for clarity and consistency.

III. Findings

Based on this review, the WCIRB has determined:

1. The USRP’s definitions of **computer** and **computer peripheral** are sufficient as: (a) they are consistent with the common understanding of these terms; and (b) the manufacture, installation

⁵ Employers that sell computer or computer peripheral equipment also offer installation, service or repair services, which are separately classified in Classification 5193.

⁶ The manufacture of computers and computer peripheral equipment is assigned to Classification 3681(2).

⁷ Most of the inquiries were related the installation, service or repair of computers and servers. This is presumably because Classification 5193 is a relatively new classification, as it was established in 2018. The only case where the definition of computer peripheral was disputed arose as part of an appeal which resulted in the CDI recommending this review.

and sale of computers or computer peripherals are consistently assigned to the appropriate classification.

2. While the term *computer peripheral* is used in Classifications 8062, 3681(2) and 5193, and is intended to have the same meaning consistent with the commonly understood definition, the classification footnotes are not consistent with respect to cited examples of computer peripherals.

IV. Recommendation

Based on these findings, the WCIRB recommends amending Classifications 8062, *Stores – computer*, 3681(2), *Computer or Computer Peripheral Equipment Mfg.*, and 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, for consistency and to provide a uniform list of products included in the scope of computer peripheral items.

Recommendation

Amend Classification 8062, *Stores – computer*, which is part of the Stores Industry Group, to clarify the intended application, provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

STORES

STORES – computer – wholesale or retail – including Outside Salespersons

8062

This classification applies to each location of an employer at which the sale of computers, computer peripheral ~~item~~equipment, computer software, computer accessories, computer parts and computer supplies equals or exceeds 75% of gross receipts and not less than 10% of gross receipts is derived from the sale of computers, which include but are not limited to desktops, laptops, personal computers, servers, or tablets and notebooks. Computer peripheral equipment includes but is not limited to monitors, printers, scanners, or computer mice, keyboards, webcams, disk drives, external storage devices, motherboards, modems or routers. For purposes of administering this classification, cellular telephones are not computers or computer peripheral ~~item~~equipment. Refer to Classification 8017(1), *Stores – retail*.

The installation, service or repair of computers, computer systems or computer peripherals at the store or at customers' locations shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

The manufacture of computers or computer peripheral equipment, or shop repair of computers or computer peripheral equipment by the manufacturer, shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg.*

~~The installation, service or repair of computers or computer systems at the store or at customers' locations shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.~~

* * * * *

Recommendation

Amend Classification 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*, to clarify the intended application.

PROPOSED

COMPUTER OR TELEPHONE SYSTEM OR EQUIPMENT INSTALLATION, SERVICE OR REPAIR – shop or outside

5193

This classification applies to the installation, service or repair of computer or telephone systems or equipment, including but not limited to phone speakers, cellular telephones, Voice Over Internet Protocol equipment and desktops, laptops, servers, tablets and/or computer peripheral equipment such as monitors, terminals, desktop printers or scanners or computer mouse devices, mice, keyboards, webcams, disk drives, external storage devices, motherboards, and computer modems or routers. This classification includes the installation of communications cabling

performed in connection with computer or telephone system installation, service or repair operations by the same employer. This classification includes the installation, service or repair of audio or video teleconferencing equipment that is connected to telephone or computer networks. Repair operations may be performed at the shop or at customers' locations.

This classification also applies to the installation, service or repair of computer or telephone systems or equipment in connection with the operation of data center colocation facilities where business customers rent space for their servers and other computing hardware or rent space on the facility's servers. The management and operation of commercial properties as data center colocation facilities shall be separately classified as 9009/8740(2), *Commercial Properties*.

The manufacture of computers or computer peripheral equipment, or shop repair of computer or computer peripheral equipment by the manufacturer, shall be classified as 3681(2), *Computer or Computer Peripheral Equipment Mfg.*

The manufacture of telephones or telephone equipment, or shop repair of telephones or telephone equipment by the manufacturer, shall be classified as 3681(3), *Telecommunications Equipment Mfg.*

The installation, service or repair of audio/video systems shall be classified as 9516, *Television, Video, Audio or Radio Equipment Installation, Service or Repair*.

The construction of aerial telephone lines shall be classified as 7601, *Aerial Line Construction*. The construction of underground telephone lines shall be classified as 6325, *Conduit Construction or Underground Wiring*.

The installation of low voltage cabling within buildings that is not performed in connection with the installation, service or repair of computers or telephone systems by the same employer shall be classified as 5195, *Communications Cabling*.

The installation, service or repair of office or point of sale machines shall be classified as 5191, *Office Machine or Point of Sale Equipment Installation, Service or Repair*.

The installation, service or repair of telecommunication antennas or antenna equipment that are located on rooftops, towers, structures or other exterior locations shall be classified as 9531(1), *Telecommunication Antenna Equipment Installation, Service or Repair*.

Employers licensed by the Federal Communications Commission that provide wireline, long distance, cellular, radio paging or mobile radio services for customers on a fee basis shall be classified as 7600, *Communication Service Providers*.

* * * * *

Recommendation

Amend Classification 3681(2), *Computer or Telephone Peripheral Equipment Mfg.*, which is part of the Electronics Industry Group, to clarify the intended application and for consistency with other proposed changes.

PROPOSED

ELECTRONICS

COMPUTER OR COMPUTER PERIPHERAL EQUIPMENT MFG. – all other employees – N.O.C. 3681(2)

This classification applies to the manufacture of ~~personal, desktop, laptop, notebook, tablet or mainframe computers or servers.~~ This classification also applies to the manufacture of ~~electronic computer peripheral equipment, including but not limited to~~ such as monitors, ~~terminals, printers, scanners or computer mouse devices~~ mice, keyboards, ~~webcams, disk drives, logic boards~~ external storage devices, motherboards, ~~and computer modems or routers.~~ This classification includes shop repair of computer or computer peripheral equipment by the manufacturer.

The ~~installation, service or repair or installation~~ of computer or computer peripheral equipment by the manufacturer away from the shop or at customers' locations shall be separately classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair.*

Also refer to companion Classification 8874(2), *Computer or Computer Peripheral Equipment Mfg. – hardware or software design or development.*

* * * * *

Recommendation

Amend Classification 5191, *Office Machine or Point of Sale Equipment Installation, Service or Repair – N.O.C. – shop or outside*, for consistency with other proposed changes.

PROPOSED

OFFICE MACHINE OR POINT OF SALE EQUIPMENT INSTALLATION, SERVICE OR REPAIR – N.O.C. – shop or outside 5191

This classification applies to the installation, service or repair of office machines, including but not limited to printers, copiers, scanners, coin counting and wrapping machines and mail room equipment. This classification also applies to the installation, service or repair of point of sale or transactional machines, including but not limited to automated teller machines, credit card readers, payment terminals, electronic cash registers and other electronic transaction devices. This classification also applies to the installation, service or repair of slot machines and electronic gaming machines. This classification includes the installation of low voltage cabling that is performed in connection with machine installation, service or repair operations by the same employer. Repair operations may be performed at a shop location or at customers' locations.

This classification also applies to piano tuning.

~~The manufacture of office machines shall be separately classified.~~

The installation of low voltage cabling within buildings that is not performed in connection with the installation, service or repair of machines by the same employer shall be classified as 5195, *Communications Cabling*.

The installation of electrical wiring within buildings shall be classified as 5140/5190, *Electrical Wiring – within buildings*.

The installation, service or repair of commercial printing equipment, including but not limited to offset printers and printing presses shall be classified as 3724(1), *Millwright Work*.

The installation, service or repair of computers, telephones, telephone systems, ~~or desktop printers or scanners or other~~ computer peripheral equipment shall be classified as 5193, *Computer or Telephone System or Equipment Installation, Service or Repair*.

The installation, service or repair of vending machines shall be classified as 5192, *Vending or Coin-Operated Machines*.

The manufacture of office machines shall be separately classified.

* * * * *