

July 13, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

NCCI Item B-1435 – Revision to North Carolina Basic Manual -
Part II Classifications, Including Trucking and Towing

The North Carolina Rate Bureau has filed and the North Carolina Commissioner of Insurance has approved revisions to the North Carolina Basic Manual for Workers Compensation and Employers Liability. The approved revisions are related to NCCI Item B-1435 - *Revisions to Basic Manual Classifications and Appendix E – Classifications by Hazards Group, Including Trucking and Towing*. The approved changes will be applicable to all new and renewal policies effective on or after April 1, 2018.

For detailed information on these changes please review the following attachments:

- NCRB Filing Memorandum
- NCRB Exhibits 1-11
- NCCI B-1435 NC Modified

If you have questions, contact the NCRB Information Center at 919-582-1056 or via email at winfo@ncrb.org.

Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:ko

Attachment

C-17-8

FILING MEMORANDUM**RE: NCCI Item B-1435****REVISIONS TO NORTH CAROLINA BASIC MANUAL
Part II CLASSIFICATIONS, INCLUDING TRUCKING AND TOWING****PURPOSE**

The purpose of this filing is to:

- eliminate national and state special classifications with low credibility
- revise treatment of the trucking industry operations
- establish a new national classification for trucking operations
- establish a new classification specific to the towing industry
- revise Assigned Carrier Performance Standards to eliminate or add class codes based on the changes referenced above

This filing will revise, establish, and eliminate certain classifications in the:

- ***NC Basic Manual for Workers Compensation and Employers Liability Insurance (NCBM)***
- ***Assigned Carrier Performance Standards (ACPS)***

BACKGROUND

NCCI performed an analysis of the classification system and identified certain classifications with low credibility. The NCCI has recommended that these classifications be eliminated and their operations be reassigned to other national or state special classifications with similar operations. NCCI uses the term “low credibility” to identify classifications that are too small to develop meaningful data for ratemaking purposes.

NCCI also performed an analysis of the classification treatment of the trucking industry. Their review found that the use of the 200 mile driving radius to distinguish between local and long haul trucking was not a useful distinction for classification purposes. Their analysis of the trucking industry also revealed the need to establish a separate classification for towing operations to ensure a fair and equitable treatment of the industry.

Classifications with Low Credibility to Be Eliminated

In item B-1435 NCCI explains that the workers compensation classification system groups employers with similar operations by classification so that loss costs and rates can be calculated to reflect overall employee exposure to injury. NCCI periodically reviews individual classifications, on a statewide and national basis, to determine which, if any, should be considered for elimination because of low credibility.

This filing categorizes the classifications being eliminated, due to low credibility, into groups. The groups applicable to North Carolina are as follows:

National classifications with low credibility – No Transition Program (See **NCRB Exhibit 1**)

National classifications with low credibility, eliminate with a Two-Phase Transition Program (**NCRB Exhibit 1-A**) (See **NCCI Exhibit 9** for explanation of Two-Phase Transition Program)

State special classifications with low credibility – No Transition Program (**NCRB Exhibit 3**)

The classifications proposed for elimination are not exclusive to a single industry group. They represent a

FILING MEMORANDUM**RE: NCCI Item B-1435****REVISIONS TO NORTH CAROLINA BASIC MANUAL
Part II CLASSIFICATIONS, INCLUDING TRUCKING AND TOWING**

variety of groups which includes, but is not limited to, construction, retail, farming, and manufacturing.

Alternate classifications are assigned to ensure the proper transition from the eliminated code to an existing code. This is referred to as code mapping.

The guidelines below are used for code mapping:

- The proposed classification to be eliminated has an identical match to an existing classification. The only difference is the code number under which the data will be reported.
- In cases where the proposed classification to be eliminated does not map directly to an existing classification an alternate classification is identified that most closely describes the business.
- Some eliminated classifications may map to multiple classifications. In these instances, there is not a single classification that best describes the business. Multiple classifications must be considered, depending on the operations of the employer.

Trucking and Towing

North Carolina uses national trucking classifications 7228 and 7229. The current national classification treatment for the trucking industry uses a 200 mile driving radius to distinguish between local and long haul trucking. NCCI's review of the trucking industry found that driving radius is not a useful distinction for classification purposes. The reasons cited by the NCCI are as follows:

1. Common causes of injury and loss costs have not indicated either local or long haul trucking are more hazardous
2. It is a challenge to audit driving logs to confirm appropriate classification assignment because many companies and drivers perform both local and long haul trucking
3. While the geographic distance driven may be greater for long haul trucking, the time spent behind the wheel may be similar
4. Local versus long haul trucking does not necessarily distinguish between interstate and intrastate driving

Towing has historically been included in national trucking classifications 7228 and 7229. NCCI's research of the trucking industry has determined that the classification treatment for towing should be revised and a classification be established for towing operations to ensure fair and equitable treatment of the industry.

See **NCCI Fact Sheet 5** for a detailed explanation of their findings and proposed changes for the trucking industry operations.

PROPOSAL

This item is presented with a modified version of NCCI Item B-1435 that includes NCCI Exhibits and Fact Sheets applicable to North Carolina. A summary of North Carolina Rate Bureau (NCRB) Exhibits detailing changes to the NCBM and the ACPS is as follows:

- **NCRB Exhibit 1-** National Classifications With Low Credibility – Proposed National Classifications - No Transition Program
- **NCRB Exhibit 1-A** - National Classifications With Low Credibility – Proposed National

FILING MEMORANDUM

RE: NCCI Item B-1435

REVISIONS TO NORTH CAROLINA BASIC MANUAL
Part II CLASSIFICATIONS, INCLUDING TRUCKING AND TOWING

- Classifications - Two-Phase Transition Program
- **NCRB Exhibit 2** - National Classifications with Low Credibility to be Eliminated - NCBM
 - **NCRB Exhibit 2-A** - National Classifications with Low Credibility to be Eliminated - Two-Phase Transition Program - NCBM
 - **NCRB Exhibit 3** - National Classifications Revisions and Additions - NCBM
 - **NCRB Exhibit 4** - NC State Special Classifications With Low Credibility – Proposed National Classifications - No Transition Program
 - **NCRB Exhibit 5** - NC State Special Classification to be Eliminated - NCBM
 - **NCRB Exhibit 6** - Trucking & Towing Industry - National Classifications to be Eliminated - NCBM
 - **NCRB Exhibit 7** – Trucking & Towing Industry – National Classifications to be revised - NCBM
 - **NCRB Exhibit 8** - Trucking & Towing Industry National Classifications to be Established - NCBM
 - **NCRB Exhibit 9** – Trucking & Towing Industry – NC Special Classification Notes to be Established – NCBM – Switcher Operations
 - **NCRB Exhibit 10** – Update - NCBM Rule 3.A.7 (Update Class Code References)
 - **NCRB Exhibit 11** – Update - Assigned Carrier Performance Standards

The NCRB recommends that all changes impacting North Carolina, as proposed by way of NCCI B-1435, be approved.

IMPACTLow Credibility Code Elimination

The impact on individual employers will vary depending on the employer's operation. Transition programs for the elimination of codes 1741, 1853, 4053 and 4061 are needed to minimize the impact of these changes.

Trucking Industry

The impact on individual employers will vary depending on the employer's operation. As a result of the proposed changes it is possible that payroll from towing related classification will transfer to the newly established Code 7225 and result in a premium change for those employers.

Overall

Statewide premium impact will vary for both the elimination of low credibility classifications and trucking industry classification changes.

IMPLEMENTATION

This item is applicable to new and renewal policies with an effective date on or after April 1, 2018.

**National Classifications With Low Credibility- Proposed National Classifications
No Transition Program**

Effective April 1, 2018

No Transition Program	
National Classifications to Be Eliminated	Proposed National Classification
1655 —Lime Mfg.—Quarry—Surface—& Drivers 1655—Quarry—Limestone—Surface-& Drivers	1642—Lime Mfg.—Quarry—Surface 1642—Quarry—Limestone—Surface 7380—Drivers, Chauffeurs, Messengers, and Their Helpers NOC—Commercial
1860—Abrasive Paper or Cloth Preparation	4279—Abrasive Paper or Cloth Preparation
2534—Feather or Flower Mfg.—Artificial 2534—Flower or Feather Mfg.—Artificial 2534—Hair Goods Mfg.	2501—Feather or Flower Mfg.—Artificial 2501—Flower or Feather Mfg.—Artificial 2501—Hair Goods Mfg
3175—Heater or Radiator Mfg. 3175—Radiator or Heater Mfg.	3169—Heater or Radiator Mfg.
3223—Lamp or Portable Lantern Mfg. 3223—Portable Lantern or Lamp Mfg.	3180—Lamp or Portable Lantern Mfg.
4113—Glass Mfg.—Cut	4111—Glass Mfg.—Cut
4282—Boot or Shoe Pattern Mfg. 4282—Dress Pattern Mfg.—Paper 4282—Music Roll Mfg.—Perforated Paper 4282—Shoe or Boot Pattern Mfg.	4279—Boot or Shoe Pattern Mfg. 4279—Dress Pattern Mfg.—Paper 4279—Music Roll Mfg.—Perforated Paper 4279—Shoe or Boot Pattern Mfg.
4439—Lacquer or Varnish Manufacturing	4558—Lacquer or Varnish Manufacturing
5069—Iron or Steel—Erection—Construction of Dwellings Not Over Two Stories in Height 5069—Military Reservation—Construction—Iron or Steel Erection—Not Over Two Stories in Height	5059—Iron or Steel—Erection—Construction of Dwellings Not Over Two Stories in Height 5059—Military Reservation—Construction—Iron or Steel Erection—Not Over Two Stories in Height
6017—Dam or Lock Construction—Concrete Work—All Operations	5213—Dam or Lock Construction—Concrete Work—All Operations

**National Classifications With Low Credibility- Proposed National Classifications
Two-Phase Transition Program**

Effective April 1, 2018

National Classifications to Be Eliminated	Proposed National Classification
1741—Flint or Spar Grinding & Drivers	1701—Flint or Spar Grinding
1741—Silica Grinding & Drivers	1701—Silica Grinding
1741—Spar or Flint Grinding & Drivers	1701—Spar or Flint Grinding
	7380—Drivers, Chauffeurs, Messengers, and Their Helpers NOC—Commercial
1853—Mica Goods Mfg. & Mica Preparing	1701—Mica Goods Mfg. & Mica Preparing
4053—Pottery Mfg.—China or Tableware	4062—Pottery Mfg.—China or Tableware
4053—Terra-Cotta Mfg.	4062—Terra-Cotta Mfg.
4061—Pottery Mfg.—Earthenware—Glazed or Porcelain—Hand Molded or Cast	4062—Pottery Mfg.—Earthenware—Glazed or Porcelain—Hand Molded or Cast

National Classifications With Low Credibility to be Eliminated - North Carolina Basic Manual

No Transition Program

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
1655	Lime Mfg.—Quarry—Surface—& Drivers		E	5	Includes construction, repair or maintenance of all buildings, structures or equipment, installation of machinery. Applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime manufacture. If more than 25% of the quarry output is used for other than lime mfg., such operations shall be classified under Code 1624 - Quarry NOC.
1655	Quarry—Limestone—Surface & Drivers		E	5	Includes construction, repair or maintenance of all buildings, structures or equipment, installation of machinery. Applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime manufacture. If more than 25% of the quarry output is used for other than lime mfg., such operations shall be classified under Code 1624 - Quarry NOC.
1860	Abrasive Paper or Cloth Preparation		B	4	Paper or cloth mfg. to be separately rated.
2534	Feather or Flower Mfg.—Artificial		B	4	
2534	Flower or Feather Mfg.—Artificial		B	4	
2534	Hair Goods Mfg.		B	4	Applies to products made from human hair.
3175	Heater or Radiator Mfg.		C	4	Applies to cast iron heaters or radiators.
3175	Radiator or Heater Mfg.		C	4	Applies to cast iron heaters or radiators.
3223	Lamp or Portable Lantern Mfg.		A	4	Shall not be assigned to a risk engaged in the operations described by another classification unless the operations subject to Code 3223 are conducted as a separate and distinct business.
3223	Portable Lantern or Lamp Mfg.		A	4	Shall not be assigned to a risk engaged in the operations described by another classification unless the operations subject to Code 3223 are conducted as a separate and distinct business.
4113	Glass Mfg.—Cut		C	4	
4282	Boot or Shoe Pattern Mfg.		B	4	Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 4282 are conducted as a separate and distinct business.

National Classifications With Low Credibility to be Eliminated - North Carolina Basic Manual

No Transition Program

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
4282	Dress Pattern Mfg.—Paper		B	4	Includes designers, drafting employees, cutters. Magazine printing to be separately rated as Code 4299—Printing.
4282	Music Roll Mfg.—Perforated Paper		B	4	Paper mfg. to be separately rated as Code 4239.
4282	Shoe or Boot Pattern Mfg.—		B	4	Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 4282 are conducted as a separate and distinct business.
4439	Lacquer or Varnish Manufacturing		D	4	Includes mixing of thinners or solvents but no nitrocellulose manufacturing. Assign risks that manufacture nitrocellulose, thinners, or solvents to the appropriate chemical classification, Code 4828 or Code 4829.
5069	Iron or Steel—Erection—Construction of Dwellings Not Over Two Stories in Height		G	2	
5069	Military Reservation—Construction—Iron or Steel—Erection—Not Over Two Stories in Height		G	2	Applies to the construction or repair of buildings designed for the housing, welfare, and keep of personnel. All other operations in the construction or repair of such buildings and all other construction or repair in connection with military reservations must be assigned to the appropriate classifications.
6017	Dam or Lock Construction—Concrete Work—All Operations		E	2	Includes work on foundations, or the making, setting up or taking down of forms, scaffolds, false work or concrete distributing apparatus. With respect to non-pneumatic caisson or non-pneumatic cofferdam operations, the appropriate caisson or cofferdam classification shall apply only to the construction, maintenance or removal of the caisson or cofferdam.—Excavation, pile driving, shaft sinking, tunneling, caisson or cofferdam work to be separately rated.

National Classifications With Low Credibility to be Eliminated - North Carolina Basic Manual
Two-Phase Transition Program

Part II - Classifications
Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
1741	Flint or Spar Grinding & Drivers		G	4	Digging, mining, or quarrying, to be separately rated.
1741	Silica Grinding & Drivers		G	4	Digging, mining, or quarrying, to be separately rated.
1741	Spar or Flint Grinding & Drivers		G	4	Digging, mining, or quarrying, to be separately rated.
1853	Mica Goods Mfg. & Mica Preparing		D	4	Mining to be separately rated.
4053	Pottery Mfg.—China or Tableware		C	4	Mining, quarrying or clay digging to be separately rated.
4053	Terra-Cotta Mfg.		C	4	Mining, quarrying or clay digging to be separately rated.
4061	Pottery Mfg.—Earthenware—Glazed or Porcelain—Hand-Molded or Cast		B	4	Codes 4061 and 4062—Pottery Mfg.—Porcelain Ware Mechanical Press Forming shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Mining, quarrying or clay digging to be separately rated.

National Classification Revisions and Additions – North Carolina Basic Manual

Part II Classifications

Effective April 1, 2018

CLASS CODE	PHRASEOLOGY	FN ID	Hazard Group	Industry Group	NOTES
1642	Lime Mfg.		E	1	Excavation or digging, mining, or quarrying to be separately rated. Includes surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime manufacture. If more than 25% of the quarry output is used for other than lime mfg., such operations will be classified under Code 1624—Quarry NOC.
<u>1642</u>	<u>Lime Mfg.—Quarry—Surface</u>		<u>E</u>	<u>1</u>	<u>Includes construction, repair, or maintenance of all buildings, structures, or equipment; installation of machinery. Applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime manufacture. If more than 25% of the quarry output is used for other than lime mfg., such operations will be classified under Code 1624-Quarry NOC.</u>
<u>1642</u>	<u>Quarry—Limestone—Surface</u>		<u>E</u>	<u>1</u>	<u>Includes construction, repair, or maintenance of all buildings, structures, or equipment, installation of machinery; and is applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime mfg. If more than 25% of the quarry output is used for other than lime mfg., such operations will be classified under Code 1624—Quarry NOC.</u>
<u>1701</u>	<u>Flint or Spar Grinding</u>		<u>E</u>	<u>1</u>	<u>Digging, mining, or quarrying to be separately rated.</u>
<u>1701</u>	<u>Spar or Flint Grinding</u>		<u>E</u>	<u>1</u>	<u>Digging, mining, or quarrying to be separately rated.</u>
<u>1701</u>	<u>Silica Grinding</u>		<u>E</u>	<u>1</u>	<u>Digging, mining, or quarrying to be separately rated.</u>
<u>1701</u>	<u>Mica Goods Mfg. & Mica Preparing</u>		<u>E</u>	<u>1</u>	<u>Mining to be separately rated.</u>

National Classification Revisions and Additions – North Carolina Basic Manual

Part II Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	Hazard Group	Industry Group	NOTES
<u>4279</u>	<u>Abrasive Paper or Cloth Preparation</u>		C	1	<u>Paper or cloth mfg. to be separately rated.</u>
<u>2501</u>	<u>Feather or Flower Mfg.—Artificial</u>		C	1	
<u>2501</u>	<u>Flower or Feather Mfg.—Artificial</u>		C	1	
<u>2501</u>	<u>Hair Goods Mfg.</u>		C	1	<u>Applies to products made from human hair.</u>
3169	Heater or Radiator Mfg.		C	1	<u>Applies to cast iron heaters or radiators.</u>
3169	Radiator or Heater Mfg.		C	1	<u>Applies to cast iron heaters or radiators.</u>
<u>3180</u>	<u>Lamp or Portable Lantern Mfg.</u>		B	1	<u>Will not be assigned to an employer engaged in the operations described by another classification unless the operations subject to Code 3180 are conducted as a separate and distinct business.</u>
<u>3180</u>	<u>Portable Lantern or Lamp Mfg.</u>		B	1	<u>Will not be assigned to an employer engaged in the operations described by another classification unless the operations subject to Code 3180 are conducted as a separate and distinct business.</u>
<u>4062</u>	<u>Pottery Mfg.—China or Tableware</u>		C	1	<u>Mining, quarrying, or clay digging to be separately rated.</u>
<u>4062</u>	<u>Terra-Cotta Mfg.</u>		C	1	<u>Applies to decorative or architectural terra-cotta. Mining, quarrying, or clay digging to be separately rated.</u>

National Classification Revisions and Additions – North Carolina Basic Manual

Part II Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	Hazard Group	Industry Group	NOTES
<u>4062</u>	<u>Pottery Mfg.—Earthenware—Glazed or Porcelain—Hand Molded or Cast</u>		<u>C</u>	<u>1</u>	<u>Mining, quarrying, or clay digging to be separately rated.</u>
<u>4111</u>	<u>Glass Mfg.—Cut</u>		<u>B</u>	<u>1</u>	
<u>4279</u>	<u>Boot or Shoe Pattern Mfg.</u>		<u>C</u>	<u>1</u>	<u>Must not be assigned to an employer performing operations described by another classification unless the operations subject to Code 4279 are conducted as a separate and distinct business</u>
<u>4279</u>	<u>Dress Pattern Mfg.—Paper</u>		<u>C</u>	<u>1</u>	<u>Includes designers, drafting employees, and cutters. Magazine printing to be separately rated as Code 4299</u>
<u>4279</u>	<u>Music Roll Mfg.—Perforated Paper</u>		<u>C</u>	<u>1</u>	<u>Paper mfg. to be separately rated as Code 4239.</u>
<u>4279</u>	<u>Shoe or Boot Pattern Mfg.</u>		<u>C</u>	<u>1</u>	<u>Must not be assigned to an employer performing operations described by another classification unless the operations subject to Code 4279 are conducted as a separate and distinct business</u>
<u>4558</u>	<u>Lacquer or Varnish Manufacturing</u>		<u>C</u>	<u>1</u>	<u>Includes mixing of thinners or solvents but not nitrocellulose manufacturing. Assign employers that manufacture nitrocellulose, thinners, or solvents to the appropriate chemical classification, Code 4828 or Code 4829.</u>
<u>5059</u>	<u>Iron or Steel—Erection—Construction of Dwellings Not Over Two Stories in Height</u>		<u>G</u>	<u>2</u>	

National Classification Revisions and Additions – North Carolina Basic Manual

Part II Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	Hazard Group	Industry Group	NOTES
<u>5059</u>	<u>Military Reservation—Construction—Iron or Steel Erection—Not Over Two Stories in Height</u>		<u>G</u>	<u>2</u>	<u>Applies only to the construction or repair of buildings designed for the housing and welfare of personnel. All other operations in the construction or repair of such buildings and all other construction or repair in connection with military reservations must be assigned to the appropriate classifications.</u>
<u>5213</u>	<u>Dam or Lock Construction—Concrete Work—All Operations</u>		<u>F</u>	<u>2</u>	<u>Includes work on foundations, or making, setting up, or taking down of forms, scaffolds, false-work, or concrete-distributing apparatus. With respect to nonpneumatic caisson or nonpneumatic cofferdam operations, the appropriate caisson or cofferdam classification will apply only to the construction, maintenance, or removal of the caisson or cofferdam. Excavation, pile driving, shaft sinking, tunneling, caisson, or cofferdam work to be separately rated.</u>
5223	Swimming Pool construction – Not Iron or Steel & Drivers	●	2	E	Code 5213 - Concrete Construction NOC shall not be assigned at the same job or location to which Code 5223 applies. Excavation to be separately rated as Code 6217 - Excavation NOC. Construction of iron or steel pools to be separately rated as Code 5069 5059 - Iron or Steel Erection. Maintenance work to be separately rated as Code 9014 - Buildings - Operation by Contractors provided the operations described by Codes 5223 and 9014 are conducted by separate crews with no interchange of labor and separate payroll records are maintained.

**North Carolina State Special Classifications With Low Credibility- Proposed National Classifications
No Transition Program**

Effective April 1, 2018

NC State Special Classifications to Be Eliminated	Proposed National Classification
2386-Lace Mfg.*	<u>2501-Cloth, Canvas and Related Products Mfg. NOC*</u>

* The proposed national phraseology currently applies in NC. Therefore, no exhibit is being filed for approval.

State Special Classification with Low Credibility to be Eliminated from the North Carolina Basic Manual

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	Hazard Group	Industry Group	NOTES
2386	Lace Mfg		B	4	

Trucking and Towing Industry National Classifications to be Eliminated - North Carolina Basic Manual

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
7228	TRUCKING - LOCAL HAULING ONLY - ALL EMPLOYEES & DRIVERS	X	E	5	<p>The term "local hauling" as used in this classification means hauling within a radius of two hundred (200) miles from the point of principal garaging. The term "principal garaging" as used above means base terminal. When a base terminal is not utilized, principal garaging means a permanent maintenance garage where vehicles are serviced or stored on a regular basis. When a permanent maintenance garage is not utilized, principal garaging means the residence of the employee. Storage warehouse employees to be separately rated.</p>
7228	AUTOMOBILE - HAULAWAY OR DRIVEAWAY - LOCAL HAULING ONLY - ALL EMPLOYEES & DRIVERS	X	E	5	
7228	AUTOMOBILE - TOWING COMPANIES - LOCAL HAULING ONLY - NO OTHER OPERATIONS - ALL EMPLOYEES & DRIVERS	X	E	5	
7228	SCAFFOLDING - DELIVERY OF MATERIALS ONLY - LOCAL HAULING ONLY - NO INSTALLATION, REPAIR OR REMOVAL - ALL EMPLOYEES & DRIVERS	X	E	5	
7228	SNOW REMOVAL - HAULING SNOW UNDER CONTRACT - LOCAL HAULING ONLY - NO SNOW CLEARING - ALL EMPLOYEES & DRIVERS	X	E	5	
7228	TRUCKING - HAULING EXPLOSIVES OR AMMUNITION - LOCAL HAULING ONLY - ALL EMPLOYEES & DRIVERS	X	E	5	
7229	TRUCKING - LONG DISTANCE HAULING - ALL EMPLOYEES & DRIVERS	X	F	5	
7229	AUTOMOBILE - HAULAWAY OR DRIVEAWAY - LONG DISTANCE HAULING - ALL EMPLOYEES & DRIVERS	X	F	5	<p>The term "long distance hauling" as used in this classification means hauling outside a radius of two hundred (200) miles from the point of principal garaging. The term "principal garaging" as used above means base terminal. When a base terminal is not utilized, principal garaging means a permanent maintenance garage where vehicles are serviced or stored on a regular basis. When a permanent maintenance garage is not utilized, principal garaging means the residence of the employee. Storage warehouse employees to be separately rated.</p>

Trucking and Towing Industry National Classifications to be Eliminated - North Carolina Basic Manual

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
7229	AUTOMOBILE - TOWING COMPANIES - LONG HAUL - NO OTHER OPERATIONS - ALL EMPLOYEES & DRIVERS	X	F	5	
7229	SCAFFOLDING - DELIVERY OF MATERIALS ONLY - LONG DISTANCE HAULING - NO INSTALLATION, REPAIR OR REMOVAL - ALL EMPLOYEES & DRIVERS	X	F	5	
7229	SNOW REMOVAL - HAULING SNOW UNDER CONTRACT - LONG DISTANCE HAULING - NO SNOW CLEARING - ALL EMPLOYEES & DRIVERS	X	F	5	
7229	TRUCKING - HAULING EXPLOSIVES OR AMMUNITION - LONG DISTANCE HAULING - ALL EMPLOYEES & DRIVERS	X	F	5	

Trucking and Towing Industry National Classifications to be Revised – North Carolina Basic Manual

Part II Classifications

Effective April 1, 2018

CLASS CODE	PHRASEOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
8380	AIR CONDITIONING SYSTEMS— AUTOMOBILE—INSTALLATION, SERVICE OR REPAIR & DRIVERS		4	D	<u>Towing for others and roadside assistance to be separately rated.</u>
8393	AUTOMOBILE-BODY REPAIR & <u>DRIVERS</u>		4	C	Applies to the repair of metal, fiberglass and plastic automobile bodies and includes upholstering and painting. Codes 8393 and 3822 and , 3824 —Automobile Body Mfg. , and 3808 —Automobile Mfg. , and 8380 —Automobile Service or Repair Center shall <u>must</u> not be assigned to the same <u>employer risk</u> unless the operations described by these classifications are conducted as separate and distinct businesses. <u>Towing for others and roadside assistance to be separately rated.</u>
8380	AUTOMOBILE - CAR WASH & DRIVERS		4	D	Includes incidental greasing, polishing and servicing. Codes 8380 and 8392-Automobile storage garage must <u>shall</u> not be assigned to the same <u>employer risk</u> unless the operations described by these classifications are conducted as separate and distinct businesses. <u>Towing for others and roadside assistance to be separately rated.</u>
8380	AUTOMOBILE - LEASING COMPANY - LONG-TERM - ALL OTHER EMPLOYEES & DRIVERS		4	D	<u>Towing for others and roadside assistance to be separately rated.</u>
8380	AUTOMOBILE –MUFFLER- INSTALLATION OR REPAIR & DRIVERS		4	D	<u>Towing for others and roadside assistance to be separately rated.</u>
8380	AUTOMOBILE-SALES OR SERVICE AGENCY & PARTS DEPARTMENT EMPLOYEES		4	D	Automobile salespersons to be separately rated as Code 8748. <u>Towing for others and roadside assistance to be separately rated.</u>

Trucking and Towing Industry National Classifications to be Revised – North Carolina Basic Manual

Part II Classifications

Effective April 1, 2018

CLASS CODE	PHRASEOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
8380	AUTOMOBILE - SERVICE OR REPAIR CENTER & DRIVERS		4	D	Includes parts department employees. Automobile salespersons to be separately rated as 8748. Codes 8380 and 8392-Automobile storage garage must shall not be assigned to the same employerrisk unless the operations described by these classifications are conducted as separate and distinct businesses. <u>Towing for others and roadside assistance to be separately rated.</u>
8232	CONCRETE READY-MIX DEALER & YARD EMPLOYEES, DRIVERS	<input type="checkbox"/>	4	E	Delivery of concrete not owned by the insured either in storage or while in transit including all operations incidental to the loading of trucks and delivery of such concrete shall must be assigned to Codes 7228 and 7229 -- Trucking the appropriate trucking classification.
8380	GASOLINE STATION NOC - RETAIL & DRIVERS		4	D	Includes retail diesel stations and gasoline stations providing full services such as, but not limited to, pumping gasoline, checking fluid levels, attended car washing service, and automobile maintenance or repair, or towing services . Codes 8380 and 8392- Automobile Storage Garage must shall not be assigned to the same employerrisk unless the operations described by these classifications are conducted as separate and distinct businesses. <u>Towing for others and roadside assistance to be separately rated.</u>
7360	REFRIGERATOR CAR LOADING OR UNLOADING		5	E	Includes caring for freight in cars during transit. Stevedoring to be separately rated. Drivers to be separately rated <u>to the appropriate trucking classification</u> as Codes 7228 or 7229 -- Trucking.
8380	RUBBER TIRE DEALER-RETAIL & DRIVERS		4	D	Includes repairing, vulcanizing, and the adjustment of tires to vehicles away from the premises of insured. Codes 8380 and 8392-Automobile Storage Garage must shall not be assigned to the same riskemployer unless the operations described by these classifications are conducted as separate and distinct businesses. <u>Towing for others and roadside assistance to be separately rated.</u>

Trucking and Towing Industry National Classifications to be Revised – North Carolina Basic Manual

Part II Classifications

Effective April 1, 2018

CLASS CODE	PHRASEOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
	STEVEDORING				Any or all of the following operations conducted by employees not members of crews of vessels shall be classified as "Stevedoring": 1.Loading or unloading, stowing, shifting, or trimming of cargo, supplies, and materials on board vessels. 2.Transfer of cargo, supplies, and materials between vessels and pier, irrespective of the necessity of work on board vessels by employees of the insured. 3.Transfer between string piece and point of deposit on dock or adjacent warehouses - including tiering, sorting, and breaking down. Operations of all mechanical equipment, including dock tractors, in connection with the above. Any or all operations as above defined shall be assigned to code 7309F if the operations described by Item 2 above, whether conducted by one or more concerns, require the use of hoisting equipment except as provided under Code 7327F. All other operations shall be assigned to Code 7317F. Drivers not conducting stevedoring operations as above defined shall be assigned to codes 7228 and 7229 <u>7219</u> .
8380	STORAGE BATTERY SERVICE STATION & DRIVERS		4	D	Codes 8380 and 8392- Automobile Storage Garage shall <u>must</u> not be assigned to the same <u>employerrisk</u> unless the operations described by these classifications are conducted as separate and distinct businesses. <u>Towing for others and roadside assistance to be separately rated.</u>
8292	STORAGE WAREHOUSE NOC		4	C	Applies to general merchandise. Drivers to be separately rated as Codes 7228 and 7229 - Trucking to the appropriate trucking classification.
8380	TRUCK-LEASING-LONG TERM-ALL OTHER EMPLOYEES & DRIVERS		4	D	<u>Towing for others and roadside assistance to be separately rated.</u>
8292	WAREHOUSING NOC		4	E	Applies to general merchandise. Drivers to be separately rated <u>to the appropriate trucking classification</u> as Codes 7228 or 7229 - Trucking.

Trucking and Towing Industry National Classifications to be Established - North Carolina Basic Manual

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASEOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTE
<u>7219</u>	<u>AUTOMOBILE-HAULAWAY OR DRIVEAWAY-ALL EMPLOYEES & DRIVERS</u>		<u>E</u>	<u>5</u>	
<u>7219</u>	<u>TRUCKING-HAULING EXPLOSIVIVES OR AMMUNITION-ALL EMPLOYEES & DRIVERS</u>		<u>E</u>	<u>5</u>	<u>Truckers engaged in hauling under contract, whether for one or more individuals or concerns, must under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification. Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 1-E. Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers. Storage warehouse employees to be separately rated.</u>
<u>7219</u>	<u>TRUCKING-NOC-ALL EMPLOYEES & DRIVERS</u>		<u>E</u>	<u>5</u>	<u>Truckers engaged in hauling under contract, whether for one or more individuals or concerns, must under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification. Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 1-E. Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers. Storage warehouse employees to be separately rated.</u>
<u>7219</u>	<u>SCAFFOLDING-DELIVERY OF MATERIALS ONLY-NO INSTALLATION,REPAIR,OR</u>		<u>E</u>	<u>5</u>	
<u>7219</u>	<u>SNOW REMOVAL - HAULING SNOW UNDER CONTRACT - LOCAL HAULING ONLY - NO SNOW CLEARING - ALL EMPLOYEES & DRIVERS</u>		<u>E</u>	<u>5</u>	

Trucking and Towing Industry National Classifications to be Established - North Carolina Basic Manual

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASEOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTE
7225	AUTOMOBILE-TOWING & DRIVERS		<u>E</u>	<u>5</u>	<u>Includes towing or wrecker companies, road rangers, or freeway patrol companies providing towing, roadside service, or repairs, and automobile recovery or repossession companies. Includes mechanics and the operation of an impound lot operated by a towing company.</u>
7225	ROADSIDE ASSISTANCE & DRIVERS		<u>E</u>	<u>5</u>	<u>Includes operations such as road rangers or freeway patrol companies providing roadside service, repairs, or assistance regardless of whether or not towing services are offered.</u>

Trucking and Towing Industry NC Special Classification Notes to be Established - North Carolina Basic Manual

Switcher Operations

Part II - Classifications

Effective April 1, 2018

CLASS CODE	PHRASEOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTE
<u>7219</u>	<u>TRUCKING-HAULING EXPLOSIVES OR AMMUNITION-ALL EMPLOYEES & DRIVERS</u>		<u>E</u>	<u>5</u>	<u>Switcher operations in connection with a trucking operation are to be considered miscellaneous employees and assigned to the appropriate trucking classification. Employers that provide switcher operations to others thus not properly assigned to a trucking operation and not in support of their own business, are to be assigned to code 8292.</u>
<u>7219</u>	<u>TRUCKING-NOC-ALL EMPLOYEES & DRIVERS</u>		<u>E</u>	<u>5</u>	<u>Switcher operations in connection with a trucking operation are to be considered miscellaneous employees and assigned to the appropriate trucking classification. Employers that provide switcher operations to others thus not properly assigned to a trucking operation and not in support of their own business, are to be assigned to code 8292.</u>

North Carolina Basic Manual

Part 1

Rule 3 – Ratings and Application of Premium Elements

A. Explanation and Application

7. Disease Loading

a. Supplemental Disease Exposure

- 1) Premium for the disease exposures covered by the standard policy are included within the advisory loss cost and assigned risk rates.
- 2) Supplemental disease loading may be added to a rate applicable to an individual risk. The proposed supplemental disease loading will be based on the carrier's evaluation of the operations.

Atomic Energy Radiation Exposure NOC may be subject to a supplemental disease loading and is applicable for operations that involve radioactive material exposures that are not performed for, or under the direction of, the Nuclear Regulatory Commission or any governmental agency. Statistical code 9985 – Atomic Energy – Radiation Exposure NOC is used for reporting the radiation exposure.

3) Specific Disease Loading

- Classification code numbers that are followed by the letter "D" in the Classifications section include specific disease loadings within the advisory loss costs and assigned risk rates. These loadings reflect specific disease hazards involved in the operations assigned to those classifications.
- Any supplemental disease loading that is added to an advisory lost cost or assigned risk rate that includes a specific disease load must be for exposure not contemplated within the specific disease loading.
- The carrier may remove the specific disease loading from a rate when the substance for which the disease loading was established is not present or is determined by the carrier to be insignificant in the operations of the insured.

Exceptions:

For silicosis, the specific disease loading may be removed when not more than 5% free silica is present.

For Code ~~1744~~1701 - Flint or Spar Grinding, the specific disease loading must be reduced 15% for feldspar grinding and must be reduced 30% for mica grinding.

- 4) Partial application of a specific disease loading is permissible based on the carrier's evaluation of the operations.

b. Supplementary Disease

Supplementary disease advisory loss costs or assigned risk rates shown in the Miscellaneous Values section reflect hazards involved in foundry, abrasive, or sandblasting operations.

- i. Supplementary disease rates for Codes 0065 – Incidental Foundries – Steel, 0066 – Incidental Foundries - Non-Ferrous Metals and 0067 – Incidental Foundries - Iron must be applied to the payroll of employee's exposure to the foundry hazard, except employees assigned to Codes 3081, 3082, 3085, and ~~3175~~3169.
- ii. Supplementary disease rate Code 0059 – Abrasive or Sandblasting must be assigned to the payroll of employees exposed to these hazards.

**Assigned Carrier Performance Standards (ACPS)
Changes Impacting North Carolina
Effective April 1, 2018**

Performance Standard 4 - Loss Prevention

D. Qualifying Employers and Survey Location Determination

Premium Range
\$20,000 to \$49,999
Add Codes : 7219 & 7225
~~Delete Codes: 7228 & 7229~~

Performance Standard 6 - Audits

C. Qualifying Employers
1. Preliminary Physical Audits
a. New Business

Premium Range
\$5,000 to \$9,999
Add Codes : 7219 & 7225
~~Delete Codes: 7228 & 7229~~

Premium Range
\$10,000 to \$49,999
Add Codes : 7219 & 7225
~~Delete Codes: 7228 & 7229~~

Performance Standard 6 - Audits

C. Qualifying Employers
1. Final Physical Audits
a. New Business

Premium Range
\$1,000 to \$4,999
Add Codes : 7219 & 7225
~~Delete Codes: 7228 & 7229~~

Premium Range
\$5,000 to \$49,999
Add Codes : 7219 & 7225
~~Delete Codes: 7228 & 7229~~

Performance Standard 6 - Audits

C. Qualifying Employers
1. Final Physical Audits
a. Renew Business

Premium Range \$1,000 to \$19,999
Add Codes : 7219 & 7225
~~Delete Codes: 7228 & 7229~~

FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

PURPOSE

This item eliminates both national and state special classifications with low credibility. In addition, this item revises the classification treatment of the trucking industry and proposes a new classification specific to the towing industry.

The item will revise, establish, and eliminate certain classifications in NCCI's:

- ***Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)***
- ***Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)***
- ***Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)***
- ***Assigned Carrier Performance Standards (ACPS)***

BACKGROUND

An analysis of NCCI's classification system identified certain classifications with low credibility that are recommended to be eliminated and reassigned to other national or state special classifications with similar operations and, as applicable, certain statistical codes. NCCI uses the term "low credibility" to identify classifications that are too small to develop meaningful data for ratemaking purposes.

Additionally, the formatting of certain classifications in NCCI's ***Basic Manual*** must be revised to simplify their display and to improve online search results.

This item also includes proposals for the individual classifications identified in each exhibit, including **format and consistency-only** changes, if applicable.

Finally, this item revises the classification treatment of trucking and towing industries.

Classifications With Low Credibility to Be Eliminated

The workers compensation classification system groups employers with similar operations by classification so that loss costs and rates may be calculated to reflect overall employee exposure to injury. NCCI periodically reviews individual classifications, on a statewide and national basis, to determine which, if any, should be considered for elimination because of low credibility.

Credibility is the degree of reliance assigned to a certain body of data, expressed as a weight ranging from 0 to 1. NCCI applies credibility in its classification ratemaking methodology. A classification with low credibility has limited premium volume; therefore, it is too small to develop meaningful data for ratemaking purposes, even with the use of national experience in the ratemaking process. Because of the limited premium volume, a large loss in a classification with low credibility adversely affects the volatility of the loss cost or rate for the classification. Classifications with a high degree of credibility are more stable from a ratemaking perspective.

NCCI reviewed the credibility for all classifications based on the latest policy periods used for ratemaking in NCCI's 2015 loss cost and rate filing cycle. As a result of this review, NCCI identified a number of national

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

and state special classifications that have national and state credibility of 25% or less. NCCI considers these classifications to have low credibility.

When determining whether a classification with low credibility should be eliminated and reassigned to another classification with similar operations, NCCI considered:

- The amount of payroll in the classifications.
- The swing limits used for classification ratemaking within a particular state. (The swing limit constrains the percentage change, up or down, that the loss cost or rate for a classification may vary from the existing loss cost or rate for that classification. The purpose of the swing limit is to avoid extreme fluctuations in loss costs or rates from year to year.)

In general, the use and length of a transition program is determined in such a manner as to avoid having the rates/loss costs for codes exceed state swing limits to the extent possible while ensuring that the rates/loss costs are fully transitioned within a maximum of three phases. In cases where two codes are being eliminated and reassigned to the same retained code, a single transition length is determined to apply to both eliminated codes.

NCCI categorized the classifications with low credibility into the following groups, as provided in each fact sheet:

Fact Sheet 1: National classifications where most states have little to no payroll in the classifications and a small number of states have a limited amount of payroll in the classifications. For states with payroll in the classifications, some states require either a two- or three- phase transition program.

Fact Sheet 2: State special classifications with low credibility, to be eliminated without a transition program.

Fact Sheet 3: State special classifications with low credibility, to be eliminated with a two-phase transition program.

Fact Sheet 4: State special classifications with low credibility, to be eliminated with a three-phase transition program.

Low-credibility classifications are recommended for elimination because there are very few employers assigned to the code. In all cases, alternate codes in the classification system include the same or similar exposure as the classification being eliminated.

Classifications that are proposed for elimination are not unique to a single industry group. These classifications represent varied groups including, but not limited to, construction, retail, farming, and manufacturing. The decline in payroll and credibility in these classifications may be due to a number of economic factors. For example, in the manufacturing industry, some products may have simply diminished in popularity, technology has changed over the years, or production has moved overseas, resulting in classifications that are unstable for ratemaking purposes.

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ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

Eliminated classifications may have a small amount of remaining exposure, or the possibility of generating exposure in the future. Anticipating these situations, NCCI has assigned alternate classifications to ensure the proper transition from the eliminated code to an existing code. This is referred to as code mapping.

Below are the guidelines used by NCCI when determining code mapping:

- The proposed classification to be eliminated has an identical match to an existing classification. The only difference is the code number under which the data will be reported.
- In cases where the proposed classification to be eliminated does not map directly to an existing classification, NCCI has identified an alternate classification that most closely describes the business.
- Some eliminated classifications will map to multiple classifications. In these instances, there is not a single classification that best describes the business. Multiple classifications must be considered, depending on the operations of the employer.

Each fact sheet related to low-credibility code elimination includes a table that displays the code mapping. These tables are provided for informational purposes only. The corresponding exhibits display the classification proposed for each state.

Trucking and Towing

NCCI's current classification treatment for the trucking industry uses a 200 mile driving radius to distinguish between local and long haul trucking. A recent review of the trucking industry found several reasons why driving radius is not a useful distinction for classification purposes:

1. Common causes of injury and loss costs have not indicated either local or long haul trucking are more hazardous
2. It is a challenge to audit driving logs to confirm appropriate classification assignment because many companies and drivers perform both local and long haul trucking
3. While the geographic distance driven may be greater for long haul trucking, the time spent behind the wheel may be similar
4. Local versus long haul trucking does not necessarily distinguish between interstate and intrastate driving

Finally, research of the trucking industry has determined that the classification treatment for towing should be revised to ensure the fair and equitable treatment of the industry.

Fact Sheet 5: Trucking and Towing explains the elimination of current national trucking Codes 7228 and 7229 and the reestablishment of national Code 7219. In addition, Fact Sheet 5 explains the establishment of national Code 7225 for towing and roadside assistance.

PROPOSAL

This item is presented with fact sheets and exhibits as shown in the Exhibit Comments and Implementation Summary table. The fact sheet for each exhibit details the proposals relating to that exhibit, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation.

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

The proposed changes have been consolidated for display purposes only. Exhibits may display several revised, established, and eliminated phraseologies. These phraseologies should each be viewed as individual changes to **Basic Manual** content. The exhibit will show only the proposed changes for the classification impacted by this item. Routine revisions to incorporate plain language are also included in this item.

IMPACT

The fact sheet for each exhibit details the potential impacts specific to each of the proposed changes. NCCI recognizes that some recommendations, such as moving a specific operation from one classification to another, may have a premium impact for particular employers. Additionally, some of the changes proposed may have a loss cost/rate impact.

IMPLEMENTATION

This item is applicable to new and renewal policies only, and will become effective concurrent with each state's approved loss cost/rate filing effective on and after October 1, 2017, unless otherwise noted. For example, this item will become effective January 1, 2018, for approved loss cost/rate filings that have a January 1, 2018 effective date. If there is no loss cost/rate filing for a state in a given year, this item will take effect on that state's regular loss cost/rate effective date. The regular loss cost/rate effective date is the date of the state's previous year's loss cost/rate effective date.

Some of the proposals included in this item may require a transition program. Any such recommendations are limited to a maximum of a three-phase transition program. For state special classifications with low credibility to be eliminated, a:

- Two-phase transition program is proposed for Fact Sheet 3
- Three-phase transition program is proposed for Fact Sheet 4

Some proposals related to Fact Sheet 1, National Classifications with Low Credibility to be Eliminated, and Fact Sheet 5, Trucking and Towing, include a transition program, subject to a maximum of three phases. The details corresponding to the initiation and final implementation dates of the transition programs are provided in Exhibits 9-R and 10-R for the following states:

AL, AR, AZ, CO, CT, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, MO, MS, NM, NV, OK, OR, RI, SC, SD,
TN, TX, VA, VT, and WV.

Anticipated Effective Dates by State

The following chart shows the anticipated effective dates for each state:

State	Anticipated* Effective Date
Alabama	March 1, 2018
Alaska	January 1, 2018

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

Arizona	January 1, 2018
Arkansas	July 1, 2018
Colorado	January 1, 2018
Connecticut	January 1, 2018
District of Columbia	November 1, 2017
Florida	The effective date of this item depends on the date that regulatory approval is granted. If the item is approved on or before July 1, 2017, it will become effective on January 1, 2018. If it is approved after July 1, 2017, it will become effective on January 1, 2019.
Georgia	March 1, 2018
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective on January 1, 2018. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2018
Illinois	January 1, 2018
Indiana	January 1, 2018
Iowa	January 1, 2018
Kansas	January 1, 2018
Kentucky	October 1, 2017
Louisiana	May 1, 2018
Maine	April 1, 2018
Maryland	January 1, 2018
Mississippi	March 1, 2018
Missouri	January 1, 2018
Montana	July 1, 2018
Nebraska	February 1, 2018
Nevada	March 1, 2018
New Hampshire	January 1, 2018

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

New Mexico	January 1, 2018
Oklahoma	January 1, 2018
Oregon	January 1, 2018
Rhode Island	August 1, 2018
South Carolina	September 1, 2018
South Dakota	July 1, 2018
Tennessee	March 1, 2018
Texas	July 1, 2018
Utah	December 1, 2017
Vermont	April 1, 2018
Virginia	April 1, 2018
West Virginia	November 1, 2017

* Subject to change, depending upon the approved effective date of the loss cost/rate filing if a loss cost/rate filing has been submitted for a state.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibits		Fact Sheet	Exhibit #	Proposal Applicable in:
Basic Manual	National Classifications With Low Credibility to Be Eliminated	1	1A-R	All States Except TX, VA
			1B-R	All States Except TX, VA
			1C-R	All States Except TX, VA
			1D-R	All States Except TX, VA
			1E-R	All States Except TX, VA
			1F-R	All States Except VA
			1G-R	All States Except TX, VA

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

Exhibits		Fact Sheet	Exhibit #	Proposal Applicable in:
			1H-R	All States Except TX, VA
			1I-R	All States Except TX, VA
			1J-R	All States Except TX, VA
			1K-R	All States Except OR, TX, VA
			1L-R	All States Except OR, VA
			1M-R	All States Except TX, VA
			1N-R	All States Except VA
			1O-R	All States Except NM, OR, TX, VA
			1P-R	All States Except NM, OR, VA
			1Q-R	All States Except TX, VA
			1R-R	All States Except TX, VA
			1S-R	All States Except VA
			1T-R	All States Except VA
			1U-R	All States Except FL, TX, VA
			1V-R	All States Except CO, OR, TX, VA
			1W-R	All States Except TX, VA
			1X-R	All States Except LA, MO, RI, TX, VA

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ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

Exhibits	Fact Sheet	Exhibit #	Proposal Applicable in:	
		1Y-R	All States Except TX, VA	
		8-R	LA, NM, OR, TX, VA	
	State Special Classifications With Low Credibility to Be Eliminated—No Transition Program	2	2-R	AL, CO, FL, GA, HI, ID, IL, KS, KY, LA, MO, MT, OK, OR, SC, TN, TX
			8-R	VA
	State Special Classifications With Low Credibility to Be Eliminated—Two-Phase Transition Program	3	3-R	AZ, GA, IL, MO, OK, RI, TN
	State Special Classifications With Low Credibility to Be Eliminated—Three-Phase Transition Program	4	4-R	CT, GA, IN, KS, LA, MO, NM, OK, SC, SD, TN, TX, VT
			8-R	VA
	Trucking and Towing	5	5A-R	All States Except HI, LA, MO, OK, OR, RI, TX, VA
			5B-R	All States Except CT, HI, LA, MO, OK, OR, RI, TX, VA
			5C-R	All States Except AK, CT, HI, LA, MO, OK, OR, RI, TN, TX, VA
			5D-R	All States Except CT, HI, LA, MO, OK, RI, TX, VA
			5E-R	All States Except AK, FL, ID, LA, MO, MT, OR, TX, VA
			5F-R	All States Except VA
			5G-R	All States Except AK, CO, FL, ID, LA, MO, MT, OR, TX, VA

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

Exhibits		Fact Sheet	Exhibit #	Proposal Applicable in:
			5H-R	All States Except VA
			5I-R	All States Except AK, FL, ID, LA, MT, NM, OR, TX, VA
			5J-R	All States Except HI, LA, MO, OK, OR, RI, TX, VA
			5K-R	All States Except AK, FL, ID, LA, MT, OR, TX, VA
			5L-R	All States Except HI, LA, MO, OK, OR, RI, TX, VA
			5M-R	All States Except AK, FL, ID, LA, MT, OR, TX, VA
			5N-R	All States Except VA
			5O-R	All States Except AK, FL, ID, LA, MT, OR, TX, VA
			5P-R	All States Except VA
			5Q-R	All States Except HI, LA, MO, OK, OR, RI, TX, VA
			5R-R	All States Except AK, FL, ID, LA, MT, OR, TX, VA
			5S-R	All States Except AK, AZ, FL, ID, LA, MO, MT, OR, TX, VA
			5T-R	All States Except VA
			5U-R	All States Except HI, LA, MO, OK, OR, RI, TX, VA

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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Exhibits	Fact Sheet	Exhibit #	Proposal Applicable in:	
		5V-R	All States Except AK, AR, FL, ID, LA, MO, MT, OR, SD, TX, VA	
		5W-R	All States Except AR, MO, OR, SD, VA	
		5X-R	All States Except AK, FL, ID, LA, MT, OR, TX, VA	
		8-R	AK, AR, AZ, CO, CT, FL, HI, ID, IN, LA, MO, MT, NM, OK, OR, RI, SD, TN, TX, VA	
	Appendix E—Table of Classifications by Hazard Group	1, 2, 3, 4, 5	6-R	All States
	CCPAP Exhibits	1, 2, 4	7-R	AK, CT, FL, HI, IL, MD, MO, MT, NE, NM, OK, OR, VA
Additional State-Specific Exhibits	1, 5	8-R	AK, AR, AZ, CO, CT, FL, HI, ID, IN, LA, MO, MT, NM, OK, OR, RI, SD, TN, TX, VA	
Two-Phase Transition Program Details	1, 3, 5	9-R	AL, AR, AZ, CO, FL, GA, HI, IA, ID, IL, IN, KS, KY, MD, MO, MS, NV, OK, OR, RI, SC, TN, VA	
Three-Phase Transition Program Details	1, 4	10-R	AL, AR, AZ, CT, FL, GA, IL, IN, KS, LA, MO, NM, OK, OR, SC, SD, TN, TX, VA, VT, WV	
<i>Statistical Plan Coding Values</i>	2	11-R	AZ, CO, GA, MO	
<i>Assigned Carrier Performance Standards</i>	2, 3, 5	12-R	AK, AR, GA, IN, KS, MS, NH, OR, SD	

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FILING MEMORANDUM

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

Exhibits	Fact Sheet	Exhibit #	Proposal Applicable in:
<i>New Mexico Workers' Compensation Assigned Risk Pool Manual</i>	5	12-R	NM
<i>Forms Manual</i>	1, 2	13-F	FL, VA

Note: Form and rule filings must be filed separately in Florida. For filing purposes, this memorandum and applicable fact sheets are being provided for both the rule and form exhibits. The rule exhibits are filed with the regulatory authority as Item B-1435-R. The form exhibit is filed with the regulatory authority as Item B-1435-F.

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ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1—FACT SHEET

NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED

PURPOSE

The purpose of the proposed changes for this industry is to eliminate certain national classifications that have low credibility.

BACKGROUND

NCCI has identified a number of national classifications that have low credibility. Low credibility refers to classifications with insufficient premium to develop meaningful data for ratemaking purposes.

These national classifications must be eliminated and reassigned to other classifications with similar operations. The reassignment of these classifications to existing, analogous classifications will result in the use of more credible data from which to calculate loss costs and rates.

The national classifications to be eliminated are listed in the Proposal section of this fact sheet. For those states where the difference between the loss costs or rates for the eliminated classification and the proposed classification exceeds the swing limits used for ratemaking within the state, a transition program, subject to a three-phase maximum, is being proposed. States with a transition program are indicated in the following table. Details of the transition programs are provided in Exhibits 9-R and 10-R.

PROPOSAL

This item proposes to:

1. Eliminate and revise national classifications as indicated in the following table and exhibits. Refer to the following table and Exhibits 8-R, 9-R, and 10-R for state-specific information.
2. Revise Appendix E—Table of Classifications by Hazard Group to show the codes being eliminated or added. Refer to Exhibit 6-R.
3. Revise state-specific contracting classification credit programs for Alaska, Connecticut, Florida, Hawaii, Illinois, Maryland, Missouri, Montana, Nebraska, New Mexico, Oklahoma, Oregon, and Virginia to show the classifications being eliminated. Refer to Exhibit 7-R.

National Classification to Be Eliminated	Proposed National Classification (Unless Otherwise Noted)	States With Two-Phase Transition Program*	States With Three-Phase Transition Program**
1655—Lime Mfg.—Quarry—Surface—& Drivers 1655—Quarry—Limestone—Surface—& Drivers	1642—Lime Mfg.—Quarry—Surface 1642—Quarry—Limestone—Surface 7380—Drivers, Chauffeurs, Messengers, and Their Helpers NOC—Commercial***	MS, OK	FL, MO
1741—Flint or Spar Grinding & Drivers 1741—Silica Grinding & Drivers 1741—Spar or Flint Grinding & Drivers	1701—Flint or Spar Grinding 1701—Silica Grinding 7380—Drivers, Chauffeurs, Messengers, and Their Helpers NOC—Commercial***	AL, GA, KY, MO	KS, VA, WV

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1—FACT SHEET (CONT'D)

National Classification to Be Eliminated	Proposed National Classification (Unless Otherwise Noted)	States With Two-Phase Transition Program*	States With Three-Phase Transition Program**
1853—Mica Goods Mfg. & Mica Preparing	1701—Mica Goods Mfg. & Mica Preparing	AL, GA, KY, MO	KS, VA, WV
1860—Abrasive Paper or Cloth Preparation	4279—Abrasive Paper or Cloth Preparation	CO, IN, KS, KY, MO, NV, SC	AZ, FL, IL, OR, VT
2534—Feather or Flower Mfg.—Artificial 2534—Flower or Feather Mfg.—Artificial 2534—Hair Goods Mfg.	2501—Feather or Flower Mfg.—Artificial 2501—Hair Goods Mfg.	CO, FL, IA, IN, OR, RI	AL, CT, GA, SC, VA
3175—Heater or Radiator Mfg. 3175—Radiator or Heater Mfg.	3169—Heater or Radiator Mfg.	None	None
3223—Lamp or Portable Lantern Mfg. 3223—Portable Lantern or Lamp Mfg.	3180—Lamp or Portable Lantern Mfg.	None	None
4053—Pottery Mfg.—China or Tableware 4053—Terra-Cotta Mfg.	4062—Pottery Mfg.—China or Tableware 4062—Terra-Cotta Mfg.	MD	IN
4061—Pottery Mfg.—Earthenware—Glazed or Porcelain—Hand Molded or Cast	4062—Pottery Mfg.—Earthenware—Glazed or Porcelain—Hand Molded or Cast	MD	IN
4113—Glass Mfg.—Cut	4111—Glass Mfg.—Cut	IN, KY	GA, VT, WV
4282—Boot or Shoe Pattern Mfg. 4282—Dress Pattern Mfg.—Paper 4282—Music Roll Mfg.—Perforated Paper 4282—Shoe or Boot Pattern Mfg.	4279—Boot or Shoe Pattern Mfg. 4279—Dress Pattern Mfg.—Paper 4279—Music Roll Mfg.—Perforated Paper	CO, IN, KS, KY, MO, NV, SC	AZ, FL, IL, OR, VT
4439—Lacquer or Varnish Manufacturing	4558—Lacquer or Varnish Manufacturing	None	TX
5069—Iron or Steel—Erection—Construction of Dwellings Not Over Two Stories in Height 5069—Military Reservation—Construction—Iron or Steel Erection—Not Over Two Stories in Height	5059—Iron or Steel—Erection—Construction of Dwellings Not Over Two Stories in Height 5059—Military Reservation—Construction—Iron or Steel Erection—Not Over Two Stories in Height	HI, TN, VA	FL
6017—Dam or Lock Construction—Concrete Work—All Operations	5213—Dam or Lock Construction—Concrete Work—All Operations	ID, IL, OR	AR, FL, OK

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 1—FACT SHEET (CONT'D)

* The listed states have a two-phase transition program; refer to Exhibit 9-R for details.

** The listed states have a three-phase transition program; refer to Exhibit 10-R for details.

*** The proposed national phraseology currently applies in this state. Therefore, no national exhibit is proposed for approval.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 1—FACT SHEET (CONT'D)

IMPACT

NCCI conducted a review of the latest policy periods used for ratemaking in NCCI's 2015 loss cost and rate filing cycle to determine if a transition program was needed to minimize the impact of these proposed changes. Based on the result of this review, codes in most states will receive no transition and codes in some states will receive a two-phase or three-phase transition program. Where applicable, using a transition program will help minimize the impact to both individual employer premium charges and overall statewide premium. Historical experience from the discontinued national codes will be reassigned to the corresponding national codes when the eliminated code maps primarily to one corresponding national code. The loss costs/rates and rating values for the national codes will be based on the combined historical data of the discontinued codes and the corresponding national codes. Negligible impact to overall statewide premium is expected as a result of these changes.

STATE-SPECIFIC PROPOSALS AND IMPACTS

Colorado Proposal:

NCCI is proposing all exhibits in Colorado except Exhibit 1V-R. Although Code 5069 does not apply in Colorado, NCCI is proposing that national Code 5059 (Exhibit 1W-R) be adopted in Colorado to be consistent with the national treatment. National Code 5059—Iron or Steel—Erection—Frame Structures Not Over Two Stories in Height already applies in Colorado. Therefore, this proposal will not result in a change in classification treatment.

Colorado Impact:

Because NCCI is proposing all exhibits in Colorado except Exhibit 1V-R, the national impact detailed above applies in Colorado. Because Code 5059 already applies in Colorado, no premium impact is expected as a result of not proposing Exhibit 1V-R.

Florida Proposal:

NCCI is proposing all exhibits in Florida except Exhibit 1U-R. Exhibit 1U-R is not being proposed because:

- Code 4439 does not apply in Florida
- Current Florida state special for Code 4558—Paint, Lacquer or Varnish Manufacturing will be maintained.

In addition, Form 09-4D—Florida Contracting Classification Premium Adjustment Program (CCPAP) Workers Compensation Premium Credit Application will be updated to reflect the elimination of Codes 5069 (Exhibit 1V-R) and 6017 (1X-R). Refer to Exhibit 13-F for details.

Florida Impact:

Because NCCI is proposing all exhibits in Florida except Exhibit 1U-R, the national impact detailed above applies in Florida. Because Code 4558 already applies in Florida, no premium impact is expected as a result of not proposing Exhibit 1U-R or proposing Exhibit 13-F.

Louisiana Proposal:

NCCI is proposing all exhibits in Louisiana except Exhibit 1X-R because Louisiana has a state special phraseology for Code 6017. NCCI proposes that Louisiana discontinue state special Code 6017—Dam or Lock Construction—Concrete Work—All Operations and adopt the proposed national phraseology for

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—FACT SHEET (CONT'D)

Code 5213 detailed in Exhibit 1Y-R. National Code 5213—Concrete Construction NOC currently applies in Louisiana. Also, refer to Exhibit 8-R for Louisiana state special phraseology details.

Louisiana Impact:

Because NCCI is proposing all exhibits in Louisiana except Exhibit 1X-R (but is proposing Exhibit 8-R in its place), the national impact detailed above applies in Louisiana. The premium impact in Louisiana is also expected to be the same as the proposed national treatment for Exhibits 1X-R and 1Y-R because national Code 5213 already applies in Louisiana.

Missouri Proposal:

NCCI is proposing all exhibits in Missouri except Exhibit 1X-R, which discontinues national Code 6017. Although Code 6017 is not applicable in Missouri, NCCI is proposing that national Code 5213—Dam or Lock Construction—Concrete Work—All Operations (Exhibit 1Y-R) be adopted to be consistent with the proposed national treatment. Code 5213—Concrete Construction NOC currently applies in Missouri with a state special note.

Missouri Impact:

Because NCCI is proposing all exhibits in Missouri except Exhibit 1X-R, the national impact detailed above applies in Missouri. Because Code 5213 already applies in Missouri, no premium impact is expected as a result of not proposing Exhibit 1X-R.

New Mexico Proposal:

NCCI is proposing all exhibits in New Mexico except Exhibits 1O-R and 1P-R. New Mexico has a state special phraseology for Code 4061 in place of the national phraseology for Code 4061. National Code 4061 is being discontinued as shown in Exhibit 1O-R and being replaced with Code 4062. As a result, NCCI proposes that New Mexico discontinue their phraseology for Code 4061 and establish a new state special phraseology for Code 4062 in place of the national phraseology proposed in Exhibit 1P-R. Refer to Exhibit 8-R for New Mexico's Code 4062 phraseology.

New Mexico Impact:

Because NCCI is proposing all exhibits in New Mexico except Exhibits 1O-R and 1P-R, the national impact detailed above applies in New Mexico. The premium impact in New Mexico is expected to be the same as the proposed national treatment for Exhibits 1O-R and 1P-R.

Oregon Proposal:

This item proposes Exhibits 1A-R through 1J-R, 1M-R, 1N-R, 1Q-R through 1U-R, 1W-R through 1Y-R, and 8-R in Oregon. Below is an explanation about why certain exhibits are not proposed in Oregon and why state-specific Exhibit 8-R is being proposed.

1. Exhibits 1K-R and 1O-R are not being proposed in Oregon because Oregon has state special phraseologies for Codes 4053 and 4061, respectively, in place of the national phraseologies for both codes. Both national Codes 4053 and 4061 are being discontinued (Exhibits 1K-R and 1O-R) and being reassigned to national Code 4062 (Exhibits 1L-R and 1P-R). However, NCCI is proposing that Oregon:
 - Discontinue their state special phraseologies for Codes 4053 and 4061 (Exhibit 8-R)
 - Establish state special phraseologies for Code 4062 (Exhibit 8-R) in place of the proposed national phraseologies for Code 4062

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—FACT SHEET (CONT'D)

National Code 4062—Pottery Mfg.—Porcelain Ware—Mechanical Press Forming currently applies in Oregon.

2. Exhibit 1V-R is not being proposed in Oregon because Code 5069 is not applicable in Oregon. Although Code 5069 is not applicable, NCCI is proposing that national Code 5059 (Exhibit 1W-R) be adopted in Oregon to be consistent with the national treatment. Code 5059 already applies in Oregon with the following phraseologies, which NCCI is not proposing to change:

- Iron Or Steel—Erection—Frame Structures Not Over Two Stories In Height (national)
- Iron or Steel Erection—One- to Two-Story Frame Structures Including Dwellings (Oregon state-special phraseology)
- Swimming Pool—Construction—Iron or Steel Erection—One- to Two-Story Frame Structure—applies to construction of iron or steel swimming pools (Oregon state-special phraseology)

Because Code 5069 is not applicable in Oregon, this proposal will not change the classification treatment for Oregon employers.

Oregon Impact:

Because NCCI is proposing all exhibits in Oregon except Exhibits 1K-R, 1L-R, 1O-R, 1P-R, and 1V-R, the national impact detailed above applies in Oregon. Because Codes 4062 and 5059 already apply in Oregon, no premium impact is expected as a result of proposing Exhibit 8-R.

Rhode Island Proposal:

NCCI is proposing all exhibits in Rhode Island except Exhibit 1X-R, which discontinues national Code 6017. Although Code 6017 is not applicable in Rhode Island, NCCI is proposing that national Code 5213—Dam or Lock Construction—Concrete Work—All Operations (Exhibit 1Y-R) be adopted to be consistent with the proposed national treatment. National Code 5213—Concrete Construction NOC currently applies in Rhode Island.

Rhode Island Impact:

Because NCCI is proposing all exhibits in Rhode Island except Exhibit 1X-R, the national impact detailed above applies in Rhode Island. Because Code 5213 already applies in Rhode Island, no premium impact is expected as a result of not proposing Exhibit 1X-R.

Texas Proposal:

This item proposes Exhibits 1F-R, 1L-R, 1N-R, 1P-R, 1S-R, 1T-R, and 8-R in Texas. Below is a list of all exhibits addressed in Fact Sheet 1 explaining why certain exhibits are not proposed in Texas or why state-specific Exhibit 8-R is proposed.

1. Exhibit 1A-R is not proposed because Codes 1655 and 1642 do not apply in Texas. NCCI is not proposing any changes to lime manufacturing or limestone quarry operations in Texas. 1A-R is not being proposed because Codes 1655 and 1642 are not applicable in Texas.
2. Exhibits 1B-R and 1C-R are not proposed because Code 1741 does not apply in Texas. Flint, spar, and silica grinding are assigned to Code 1701 in Texas, which NCCI is not proposing to change.
3. Exhibit 1D-R is not proposed because Code 1853 does not apply in Texas. Mica goods manufacturing and mica preparing are assigned to Code 1701 in Texas, which NCCI is not proposing to change.
4. Exhibit 1E-R is not proposed because Code 1860 does not apply in Texas. However, Exhibit 1F-R is being proposed in Texas to clarify that these employers should be classified under Code 4279.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—FACT SHEET (CONT'D)

5. Exhibits 1G-R and 1H-R are not proposed in Texas. It is proposed that Texas retain their current Code 2534 state special phraseologies. It is also proposed that Texas retain existing national phraseologies for artificial feather or flower manufacturing as state special phraseologies. Refer to Exhibit 8-R for details.
6. Exhibit 1I-R is not proposed in Texas because Codes 3175 and 3169 do not apply in Texas. NCCI is not proposing any changes to the assignment of heater or radiator manufacturing or stove manufacturing in Texas.
7. Exhibit 8-R is proposed in place of Exhibit 1J-R in Texas. NCCI proposes that Texas:
 - Discontinue Code 3223 and its three state special phraseologies of Lamp Mfg. & Repair, Lantern or Lamp Mfg. NOC, and Lantern or Lamp Mfg. NOC.
 - Establish two state special phraseologies for national Code 3179 instead of the national treatment detailed in Exhibit 1H-R; Code 3179 currently applies in Texas with state special phraseology: Electric or Gas Lighting Fixtures Mfg.
8. Exhibits 1K-R, 1M-R, and 1O-R are not being proposed in Texas because Code 4053 and Code 4061 do not apply in Texas. Texas has similar state special phraseologies for Code 4062. Both national Codes 4053 and 4061 are being discontinued (Exhibits 1K-R, 1M-R, and 1O-R) and reassigned to national Code 4062 (Exhibits 1L-R, 1N-R, and 1P-R). However, NCCI is proposing that Texas:
 - Discontinue their two state special phraseologies for Code 4062 (Exhibit 8-R).
 - Adopt the national pottery and terra cotta manufacturing classification treatment for Code 4062 (Exhibits 1L-R, 1N-R, and 1P-R).
9. Exhibit 1Q-R is not proposed in Texas because Codes 4111 and 4113 do not apply in Texas.
10. Exhibit 1R-R is not proposed in Texas because these phraseologies are not applicable in Texas. Texas has similar state special phraseologies for Code 4282. However, NCCI is proposing that Texas:
 - Discontinue its boot, dress, and shoe pattern manufacturing state special Code 4282 phraseologies (Exhibit 8-R).
 - Discontinue national Code 4282—Music Roll Mfg.—Perforated Paper (Exhibit 1S-R).
 - Adopt the three proposed national Code 4279 phraseologies detailed in Exhibit 1T-R.
11. Exhibit 1U-R is not proposed in Texas because the national phraseology, Lacquer or Varnish Manufacturing for Code 4439 is not applicable in Texas. Texas has four different state special phraseologies for Code 4439. However, it is proposed that Texas:
 - Discontinue its lacquer, spirit, and varnish manufacturing state special Code 4439 phraseologies (Exhibit 8-R).
 - Establish four new state specials for Code 4558 detailed in Exhibit 8-R.
12. Exhibits 1V-R and 1W-R are not proposed in Texas because Codes 5059 and 5069 do not apply in Texas. In Texas, iron or steel dwelling erection/construction is assigned based on the height of the dwelling not being over three stories in height. This is unlike the national requirement of not being over two stories in height. NCCI is not proposing a change to the current Texas classification treatment of these operations.
13. Exhibits 1X-R and 1Y-R are not proposed in Texas because Code 6017—Dam or Lock Construcion—Concrete Work—All Operations does not apply in Texas. Texas has a state special phraseology for dam construction for Code 6045 which NCCI is not proposing to change.

Texas Impact:

The national impact detailed above applies in Texas. Because some of the national codes either already apply in Texas, or certain changes are not being made, no premium impact is expected as a result of not proposing the exhibits detailed above.

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EXHIBIT 1—FACT SHEET (CONT'D)**Virginia Proposal:**

NCCI proposes that Virginia adopt the treatments detailed in Exhibit 8-R. Refer to the table shown in the Proposal section of Fact Sheet 1 for a list of the classifications revised in Exhibit 8-R. In addition, the following codes will also be revised in Exhibit 8-R because they refer to the codes shown in the table in the proposal section of Fact Sheet 1:

- Code 1016—Coal Mining—NOC
- Code 1164—Mining NOC—Not Coal—Underground—& Drivers
- Code 1165—Mining NOC—Not Coal—Surface & Drivers
- Code 1624—Quarry NOC & Drivers
- Code 2651—Shoe Stock Mfg.
- Code 2660—Boot or Shoe Mfg. NOC
- Code 2790—Pattern Making NOC
- Code 3224—Enamel Ware Mfg.
- Code 4021—Brick or Clay Products Mfg. NOC & Drivers
- Code 4114—Glassware Mfg. NOC
- Code 4828—Chemical Blending or Mixing NOC—All Operations and Drivers
- Code 4829—Chemical Mfg. NOC—All Operations & Drivers—Includes Blending or Mixing
- Code 6217—Excavation & Drivers

Accordingly, the Virginia Special Classifications in NCCI's *Basic Manual* will be updated to reflect the approved revisions.

In addition, Form 45-3D—Virginia Contracting Classification Premium Adjustment Program (CCPAP) Workers Compensation Premium Credit Application (Exhibit 13-F) will be updated to reflect the elimination of Codes 5069 and 6017 (Exhibit 8-R).

Virginia Impact:

Because NCCI is proposing the same changes in Virginia as what is being proposed nationally but in a different format, the national impact detailed above applies in Virginia. The proposed updates to the Virginia Special Classifications in NCCI's *Basic Manual* descriptions are not expected to have an additional premium impact.

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**EXHIBIT 1A-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION****FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4655 QUARRY—LIMESTONE—SURFACE & DRIVERS

~~Includes construction, repair, or maintenance of all buildings, structures, or equipment; installation of machinery; and is applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime mfg. If more than 25% of the quarry output is used for other than lime mfg., such operations shall then be classified under Code 1624—Quarry NOC.~~

1642 LIME MFG.

Excavation or digging, mining, or quarrying to be separately rated. Includes surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime manufacture. If more than 25% of the quarry output is used for other than lime mfg., such operations will be classified under Code 1624—Quarry NOC.

4655

~~**Quarry—Surface & Drivers.** Includes construction, repair, or maintenance of all buildings, structures, or equipment; installation of machinery. Applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime manufacture. If more than 25% of the quarry output is used for other than lime mfg., such operations shall then be classified under Code 1624—Quarry NOC.~~

1642 LIME MFG.—QUARRY—SURFACE

Includes construction, repair, or maintenance of all buildings, structures, or equipment; installation of machinery. Applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime manufacture. If more than 25% of the quarry output is used for other than lime mfg., such operations will be classified under Code 1624—Quarry NOC.

1642 QUARRY—LIMESTONE—SURFACE

Includes construction, repair, or maintenance of all buildings, structures, or equipment; installation of machinery; and is applicable only to surface quarries operated by lime manufacturers, provided that at least 75% of the stone quarried is used in the actual lime mfg. If more than 25% of the quarry output is used for other than lime mfg., such operations will be classified under Code 1624—Quarry NOC.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1B-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

- 4744** ~~FLINT OR SPAR GRINDING & DRIVERS-~~
Digging, mining, or quarrying to be separately rated.
- 4744** ~~SILICA GRINDING & DRIVERS-~~
Digging, mining, or quarrying to be separately rated.
- 4744** ~~SPAR OR FLINT GRINDING & DRIVERS-~~
Digging, mining, or quarrying to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1C-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

- 1701** **FLINT OR SPAR GRINDING**
Digging, mining, or quarrying to be separately rated.
- 1701** **SILICA GRINDING**
Digging, mining, or quarrying to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1D-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4853 **~~MICA GOODS MFG. & MICA PREPARING.~~**

~~Mining to be separately rated.~~

1701 **MICA GOODS MFG. & MICA PREPARING**

Mining to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1E-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4860 ABRASIVE PAPER OR CLOTH PREPARATION

Paper or cloth mfg. to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1F-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

4279 ABRASIVE PAPER OR CLOTH PREPARATION

Paper or cloth mfg. to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1G-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

2534 ~~FEATHER OR FLOWER MFG.—ARTIFICIAL~~

2501 ~~FEATHER OR FLOWER MFG.—ARTIFICIAL~~

2534 ~~FLOWER OR FEATHER MFG.—ARTIFICIAL~~

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1H-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

- 2534** **HAIR GOODS MFG.**
Applies to products made from human hair.
- 2501** **HAIR GOODS MFG.**
Applies to products made from human hair.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 11-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

- ~~3475~~ ~~HEATER OR RADIATOR MFG.~~
Applies to cast iron heaters or radiators.
- 3169 HEATER OR RADIATOR MFG.
Applies to cast iron heaters or radiators.
- ~~3475~~ ~~RADIATOR OR HEATER MFG.~~
Applies to cast iron radiators or heaters.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1J-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

3223 ~~LAMP OR PORTABLE LANTERN MFG.~~

~~Shall not be assigned to a risk engaged in the operations described by another classification unless the operations subject to Code 3223 are conducted as a separate and distinct business.~~

3223 ~~PORTABLE LANTERN OR LAMP MFG.~~

~~Shall not be assigned to a risk engaged in the operations described by another classification unless the operations subject to Code 3223 are conducted as a separate and distinct business.~~

3180 LAMP OR PORTABLE LANTERN MFG.

Will not be assigned to an employer engaged in the operations described by another classification unless the operations subject to Code 3180 are conducted as a separate and distinct business.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1K-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VT, WV)

4053 ~~POTTERY MFG.—CHINA OR TABLEWARE~~

~~Mining, quarrying, or clay digging to be separately rated.~~

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1L-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, TX, UT, VT, WV)

4062 **POTTERY MFG.—CHINA OR TABLEWARE**

Mining, quarrying, or clay digging to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1M-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4053 ~~TERRA-COTTA MFG.~~

~~Applies to decorative or architectural terra-cotta. Mining, quarrying, or clay digging to be separately rated.~~

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1N-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

4062 **TERRA-COTTA MFG.**

Applies to decorative or architectural terra-cotta. Mining, quarrying, or clay digging to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 10-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NV, OK, RI, SC, SD, TN, UT, VT, WV)

4064 ~~POTTERY MFG.—EARTHENWARE—GLAZED OR PORCELAIN—HAND MOLDED OR CAST~~
Codes 4064 and 4062—Pottery mfg.—porcelain ware—mechanical press forming shall not be
assigned to the same risk unless the operations described by these classifications are conducted
as separate and distinct businesses. Mining, quarrying, or clay digging to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1P-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NV, OK, RI, SC, SD, TN, TX, UT, VT, WV)

4062 **POTTERY MFG.—EARTHENWARE—GLAZED OR PORCELAIN—HAND MOLDED OR CAST**
Mining, quarrying, or clay digging to be separately rated.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1Q-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4443 **GLASS MFG.—GUT**

4111 **GLASS MFG.—CUT**

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1R-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION

FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4282 ~~BOOT OR SHOE PATTERN MFG.~~

Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 4282 are conducted as a separate and distinct business.

4282 ~~DRESS PATTERN MFG.—PAPER~~

Includes designers, drafting employees, and cutters. Magazine printing to be separately rated as Code 4299—Printing.

4282 ~~SHOE OR BOOT PATTERN MFG.~~

Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 4282 are conducted as a separate and distinct business.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 1S-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

4282 ~~MUSIC ROLL MFG.—PERFORATED PAPER.~~
Paper mfg. to be separately rated as Code 4239.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 1T-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION**

**FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

4279 BOOT OR SHOE PATTERN MFG.

Must not be assigned to an employer performing operations described by another classification unless the operations subject to Code 4279 are conducted as a separate and distinct business.

4279 DRESS PATTERN MFG.—PAPER

Includes designers, drafting employees, and cutters. Magazine printing to be separately rated as Code 4299.

4279 MUSIC ROLL MFG.—PERFORATED PAPER

Paper mfg. to be separately rated as Code 4239.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 1U-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION**

**FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

4439 LACQUER OR VARNISH MANUFACTURING

~~Includes mixing of thinners or solvents but not nitrocellulose manufacturing. Assign risks that manufacture nitrocellulose, thinners, or solvents to the appropriate chemical classification, Code 4828 or Code 4829.~~

4558 LACQUER OR VARNISH MANUFACTURING

Includes mixing of thinners or solvents but not nitrocellulose manufacturing. Assign employers that manufacture nitrocellulose, thinners, or solvents to the appropriate chemical classification, Code 4828 or Code 4829.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 1V-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION**

**FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

(Applies in: AK, AL, AR, AZ, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,
MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VT, WV)

**5069 • ~~IRON OR STEEL—ERECTION—CONSTRUCTION OF DWELLINGS NOT OVER TWO
STORIES IN HEIGHT~~**

**5069 • ~~MILITARY RESERVATION—CONSTRUCTION—IRON OR STEEL ERECTION—NOT OVER
TWO STORIES IN HEIGHT~~**

~~Applies only to the construction or repair of buildings designed for the housing, welfare, and keep
of personnel. All other operations in the construction or repair of such buildings and all other
construction or repair in connection with military reservations must be assigned to appropriate
classifications.~~

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 1W-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION**

**FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

(Applies in: AK, AL, AR, AZ, CT, CO, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

**5059• IRON OR STEEL—ERECTION—CONSTRUCTION OF DWELLINGS NOT OVER TWO
STORIES IN HEIGHT**

**5059• MILITARY RESERVATION—CONSTRUCTION—IRON OR STEEL ERECTION—NOT OVER
TWO STORIES IN HEIGHT**

Applies only to the construction or repair of buildings designed for the housing and welfare of
personnel. All other operations in the construction or repair of such buildings and all other
construction or repair in connection with military reservations must be assigned to the appropriate
classifications.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 1X-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION**

**FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT,
NE, NH, NM, NV, OK, OR, SC, SD, TN, UT, VT, WV)**

6047• DAM OR LOGG CONSTRUCTION—CONCRETE WORK—ALL OPERATIONS

~~Includes work on foundations, or the making, setting up, or taking down of forms, scaffolds, falsework, or concrete distributing apparatus. With respect to non-pneumatic caisson or non-pneumatic cofferdam operations, the appropriate caisson or cofferdam classification shall apply only to the construction, maintenance, or removal of the caisson or cofferdam. Excavation, pile driving, shaft sinking, tunneling, caisson or cofferdam work to be separately rated.~~

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 1Y-RULE—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION**

**FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

5213• DAM OR LOCK CONSTRUCTION—CONCRETE WORK—ALL OPERATIONS

Includes work on foundations, or the making, setting up, or taking down of forms, scaffolds, falsework, or concrete-distributing apparatus. With respect to nonpneumatic caisson or nonpneumatic cofferdam operations, the appropriate caisson or cofferdam classification will apply only to the construction, maintenance, or removal of the caisson or cofferdam. Excavation, pile driving, shaft sinking, tunneling, caisson, or cofferdam work to be separately rated.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 5—FACT SHEET**TRUCKING AND TOWING****PURPOSE**

The purpose of the proposed changes for this industry is to revise the classification treatment for trucking and establish a new classification for towing operations.

BACKGROUND

Item B-1331—Revisions of Basic Manual Classifications and Related Rules discontinued Code 7219—Trucking NOC—All Employees & Drivers in most NCCI states. Code 7219 was replaced with Code 7228—Trucking—Local Hauling Only—All Employees & Drivers and Code 7229—Trucking—Long Distance Hauling—All Employees & Drivers. Item B-1331 became effective in 1996. The established distinction between local and long-distance hauling was a driving radius of 200 miles.

A recent review of the trucking industry found that driving radius is not a useful distinction for classification purposes. Local and long haul trucking have common causes of injury and loss costs do not indicate either as being more hazardous than the other. In addition, it is a challenge to audit driving logs to confirm appropriate classification assignment because many companies and drivers perform both local and long haul trucking.

In addition, while the geographic distance driven may be greater for long haul trucking, the time spent behind the wheel may be similar. Also, local versus long haul trucking does not necessarily distinguish between interstate and intrastate driving.

In addition to trucking, NCCI reviewed the towing industry, which is currently included in the trucking classifications. NCCI found that the “no other operations” restriction was causing primarily towing operations to be assigned to the automobile repair codes. Also, there were several questions regarding what comprised other operations. (For example, roadside assistance is a service provided by wrecker or towing operators and should not be assigned to Code 8380 when performed by towing operators). There was also concern that the towing industry wasn’t being classified consistently, which may create a competitive advantage or disadvantage for some employers in the same business.

PROPOSAL

This item proposes to:

1. Eliminate national Code 7228—Trucking—Local Hauling Only—All Employees & Drivers and associated phraseologies and reassign these operations to Code 7219.
2. Eliminate national Code 7229—Trucking—Long Distance Hauling—All Employees & Drivers and associated phraseologies and reassign these operations to Code 7219.
3. Reestablish national Code 7219—Trucking NOC—All Employees & Drivers and several cross-reference phraseologies nationally. Existing Code 7219 state special phraseologies may be eliminated or revised.
4. Establish national Code 7225—Automobile Towing & Drivers and cross-reference phraseology Roadside Assistance & Drivers.
5. Revise Code 8380—Automobile Service or Repair Center & Drivers and associated phraseologies to separately rate towing for others and roadside assistance.
6. Revise Code 8393—Automobile Body Repair to include drivers and to separately rate towing for others and roadside assistance.
7. Revise Appendix E—Table of Classifications by Hazard Group to show codes being eliminated or added. Refer to Exhibit 6-R.
8. Revise **Assigned Carrier Performance Standards** to show classifications being eliminated or added. Refer to Exhibit 12-R.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 5—FACT SHEET (CONT'D)

In some cases, the classification being eliminated or revised is referenced in other classifications. Any national and state special classifications including these references will be revised for consistency. Refer to Exhibits 5-R and 8-R.

IMPACT

NCCI conducted a review of the latest policy periods used for ratemaking in NCCI's 2015 loss cost and rate filing cycle to determine if a transition program was needed to minimize the impact of discontinuing Codes 7228 and 7229 and combining the data into Code 7219. Based on the result of this review, no transition program is required nationally. Historical experience from the discontinued national codes will be reassigned to the corresponding national codes when the eliminated code maps primarily to one corresponding national code. The loss costs/rates and rating values for the national codes will be based on the combined historical data of the discontinued codes and the corresponding national codes. Negligible impact to overall statewide premium is expected as a result of these changes.

In addition, this item proposes to establish national Code 7225. Experience from discontinued Code 7228 will not be reassigned to Code 7225. For AK, FL, ID, LA, MT, OR and TX, the initial loss cost/rate and rating values for new Code 7225 will be established at the same loss cost/rate and rating values of Code 7219 until the new Code 7225 develops data to determine its own loss cost/rate. Experience from Code 7219 will not be reassigned to Code 7225. For all other states, the initial loss cost/rate and rating values for new Code 7225 will be established at the same loss cost/rate and rating values of discontinued Code 7228 until new Code 7225 develops data to determine its own loss cost/rate.

It is possible that some payroll from other towing-related classifications will transfer to the newly established Code 7225 as a result of this change. The amount of payroll transferred cannot be identified using current industry data sources. The impact to individual employers will depend on the amount of payroll (if any) that transfers from all towing-related classifications as well as their associated loss cost/rate compared to the newly defined classification's proposed loss cost/rate. Negligible impact to overall statewide premium is expected as a result of these changes.

STATE-SPECIFIC PROPOSALS AND IMPACTS**Alaska Proposal:**

NCCI proposes that Alaska:

- Eliminate Alaska special phraseologies for Code 7219 and adopt the newly proposed national treatment for trucking under Code 7219
- Eliminate several other Alaska state specials that existed only because they referred to Code 7219
- Revise Code 8380 state special phraseologies to separately rate towing for others and roadside assistance

NCCI proposes that Alaska adopt all other national proposals for this industry.

Alaska Impact:

Because Code 7219 currently applies in Alaska, no premium impact is expected as a result of the trucking proposal. The premium impact for the towing proposal in Alaska is expected to be the same as the proposed national treatment.

Arizona Proposal:

NCCI proposes that Arizona discontinue state special Code 7250—Trucking—Hauling Explosives or Ammunition—All Employees due to low credibility and assign these operations to reestablished national Code 7219 for trucking. In addition, NCCI proposes that Statistical Code 0790—For Reporting Nonratable Portion of Rate for Code 7250 be eliminated. Refer to Exhibit 11-R for details on the elimination of Statistical Code 0790.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 5—FACT SHEET (CONT'D)

NCCI proposes that Arizona adopt all other national Fact Sheet 5 exhibits.

Arizona Impact:

Historical experience from Codes 7228, 7229 and 7250 will be reassigned to reestablished national Code 7219. The rates and rating values for Code 7219 will be based on the payroll weighted rates of Codes 7228, 7229 and 7250. It is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll to the proposed national classification. The impact to individual employers will depend on the amount of historical payroll, if any, that transfers from the discontinued codes to the national codes.

In addition, there will no longer be a statistical code for reporting the nonratable portion of a rate because there is no load and therefore no reason to report it. Finally, there was only one policy in Arizona from 2009 - 2013 using Code 0790.

Arkansas Proposal:

NCCI proposes that Arkansas eliminate its special phraseologies for Codes 7228 and 7229 for Trucking—Local Hauling and Trucking—Long Distance Hauling, respectively, and establish a new state special for trucking under Code 7219. The Arkansas state special phraseology will continue to include contract requirements currently included in Code 7228.

NCCI proposes that Arkansas adopt all other national Fact Sheet 5 exhibits.

In addition, NCCI proposes that Arkansas implement a two-phase transition program as described in Exhibit 9-R.

Arkansas Impact:

NCCI conducted a review using the latest approved experience filing to determine the need for a loss cost transition program to minimize the impact of eliminating Codes 7228 and 7229 and reestablishing Code 7219. Based on the result of this review, a two-phase transition program is being proposed for Arkansas as described in Exhibit 9-R. Using a transition program will help minimize the impact to individual employer premium charges and overall statewide premium. Rating values will be calculated according to the standard procedure.

Colorado Proposal:

NCCI proposes that Colorado discontinue its special phraseologies for Tow Truck Operators under Codes 7228 and 7229 and adopt the newly proposed national treatment for towing under Code 7225.

NCCI proposes that Colorado adopt all other national proposals for this industry.

Colorado Impact:

The premium impact in Colorado is expected to be the same as the proposed national treatment.

Connecticut Proposal:

NCCI proposes that Connecticut revise its special phraseologies for Codes 8380 and 8393 to separately rate towing for others and roadside assistance.

NCCI proposes that Connecticut adopt all other national proposals for this industry.

Connecticut Impact:

The premium impact in Connecticut is expected to be the same as the proposed national treatment.

Florida Proposal:

NCCI proposes that Florida:

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EXHIBIT 5—FACT SHEET (CONT'D)

- Eliminate Florida special phraseologies for Code 7219 and adopt the newly proposed national treatment for trucking under Code 7219
- Eliminate several other state special phraseologies that existed only because they referred to Code 7219 for trucking
- Revise special phraseologies for Code 8393 to separately rate towing for others and roadside assistance

NCCI proposes that Florida adopt all other national proposals for this industry.

Florida Impact:

No premium impact is expected as a result of the trucking recommendation in Florida. The premium impact for towing in Florida is expected to be the same as the proposed national treatment.

Hawaii Proposal:

Code 8380 is not applicable in Hawaii. NCCI proposes that Hawaii revise special phraseologies for Codes 8387, 8391, and 8393 to separately rate towing for others and roadside assistance.

NCCI proposes that Hawaii adopt all other national proposals for this industry.

Hawaii Impact:

The premium impact in Hawaii is expected to be the same as the proposed national treatment.

Idaho Proposal:

NCCI proposes that Idaho eliminate:

- Special phraseologies for Code 7219 and adopt the newly proposed national treatment for trucking under Code 7219
- Several other state special phraseologies that existed only because they referred to Code 7219 for trucking

NCCI proposes that Idaho adopt all other national proposals for this industry.

Idaho Impact:

No premium impact is expected as a result of the trucking recommendation in Idaho. The premium impact for towing in Idaho is expected to be the same as the proposed national treatment.

Indiana Proposal:

NCCI proposes that Indiana revise its special phraseologies for Code 8393 to separately rate towing for others and roadside assistance.

NCCI proposes that Indiana adopt all other national proposals for this industry.

Indiana Impact:

The premium impact in Indiana is expected to be the same as the proposed national treatment.

Kentucky Proposal:

NCCI proposes that Kentucky adopt the national proposals and that Kentucky implement a two-phase transition program, as described in Exhibit 9-R, for the elimination of Codes 7228 and 7229 and reestablishment of Code 7219.

Kentucky Impact:

NCCI conducted a review using the latest approved experience filing to determine the need for a loss cost transition program to minimize the impact of this proposed change. Based on the result of this review, a

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 5—FACT SHEET (CONT'D)

two-phase transition program is being proposed for Kentucky. Using a transition program will help minimize the impact to individual employer premium charges and overall statewide premium. Rating values will be calculated according to the standard procedure.

Louisiana Proposal:

NCCI proposes that Louisiana:

- Eliminate special phraseologies for Code 7219 and adopt the newly proposed national treatment for trucking under Code 7219
- Eliminate several other state specials that existed only because they referred to Code 7219 for trucking
- Revise special phraseologies for Code 8393 to separately rate towing for others and roadside assistance

In addition, because Code 8380 is not applicable in Louisiana, NCCI proposes that Louisiana revise special phraseologies for Codes 8387 and 8391 to separately rate towing for others and roadside assistance.

NCCI proposes that Louisiana adopt all other national proposals for this industry.

Louisiana Impact:

No premium impact is expected as a result of the trucking recommendation in Louisiana. The premium impact for towing in Louisiana is expected to be the same as the proposed national treatment.

Missouri Proposal:

NCCI proposes that Missouri:

- Eliminate its special phraseologies under Codes 7228 and 7229 and adopt a newly proposed special phraseology for trucking under Code 7219
- Eliminate state special Code 7250—Trucking—Hauling Explosives or Ammunition—All Employees & Drivers due to low credibility and assign these operations to reestablished national Code 7219 for trucking. In addition, NCCI proposes that Statistical Code 0790—For Reporting Nonratable Portion of Rate for Code 7250 be eliminated. Refer to Exhibit 11-R for details on the elimination of Statistical Code 0790.
- Revise special phraseologies for Code 8393 to separately rate towing for others and roadside assistance

In addition, because Code 8380 is not applicable in Missouri, NCCI proposes that Missouri revise special phraseologies for Codes 8387 and 8391 to separately rate towing for others and roadside assistance.

NCCI proposes that Missouri adopt all other national proposals for this industry.

Missouri Impact:

Historical experience from Codes 7228, 7229 and 7250 will be reassigned to reestablished national Code 7219. The loss cost and rating values for Code 7219 will be based on the payroll weighted loss cost of Codes 7228, 7229 and 7250. It is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll to the proposed national classifications. The impact to individual employers will depend on the amount of historical payroll, if any, that transfers from the discontinued codes to the national code.

In addition, there will no longer be a statistical code for reporting the nonratable portion of a rate because there is no load and therefore no reason to report it. Finally, there were only seven policies in Missouri from 2009 - 2013 using state Code 0790.

Montana Proposal:

NCCI proposes that Montana:

- Eliminate special phraseologies for Code 7219 and adopt the newly proposed national treatment for trucking under Code 7219

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 5—FACT SHEET (CONT'D)

- Eliminate several other state specials that existed only because they referred to Code 7219 for trucking
- NCCI proposes that Montana adopt all other national proposals for this industry.

Montana Impact:

No premium impact is expected as a result of the trucking recommendation in Montana. The premium impact for towing in Montana is expected to be the same as the proposed national treatment.

New Mexico Proposal:

NCCI proposes that New Mexico:

- Eliminate its special phraseology for Water Hauling Operations under Codes 7228 and 7229
- Establish a new state special for Water Hauling under Code 7219
- Revise its state special for Code 8393 to separately rate towing for others and roadside assistance

NCCI proposes that New Mexico adopt all other national proposals for this industry.

New Mexico Impact:

The premium impact in New Mexico is expected to be the same as the proposed national treatment.

Oklahoma Proposal:

Code 8380 is not applicable in Oklahoma. NCCI proposes that Oklahoma revise special phraseologies for Codes 8387, 8391, and 8393 to separately rate towing for others and roadside assistance.

NCCI proposes that Oklahoma adopt all other national proposals for this industry.

Oklahoma Impact:

The premium impact in Oklahoma is expected to be the same as the proposed national treatment.

Oregon Proposal:

NCCI proposes that Oregon:

- Discontinue special phraseologies for Code 7219 and adopt the newly proposed national treatments
- Retain 7219—Trucking NOC—Drivers and Their Helpers to reference existing state special Code 9328 for garage, dock, and warehouse employees
- Revise its note for the automobile codes to reference Code 7225 for towing operations and roadside assistance
- Maintain its state exceptions for Codes 8380, 3822, 3824, 8393, 8046, and 8748 because of the automobile note
- Eliminate several other state special phraseologies that existed only because they referred to Code 7219 for trucking

NCCI proposes that Oregon adopt all other national proposals for this industry.

Oregon Impact:

No premium impact is expected as a result of the trucking recommendation in Oregon. The premium impact for towing in Oregon is expected to be the same as the proposed national treatment.

Rhode Island Proposal:

Code 8380 is not applicable in Rhode Island. NCCI proposes that Rhode Island revise special phraseologies for Codes 8387, 8391, and 8393 to separately rate towing for others and roadside assistance.

NCCI proposes that Rhode Island adopt all other national proposals for this industry.

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E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 5—FACT SHEET (CONT'D)

Rhode Island Impact:

The premium impact in Rhode Island is expected to be the same as the proposed national treatment.

South Dakota Proposal:

NCCI proposes that South Dakota eliminate its special phraseologies for Codes 7228 and 7229 for Trucking—Local Hauling and Trucking—Long Distance Hauling, respectively, and establish a new state special for trucking under Code 7219.

NCCI proposes that South Dakota adopt all other national proposals for this industry.

South Dakota Impact:

The premium impact in South Dakota is expected to be the same as the proposed national treatment.

Tennessee Proposal:

NCCI proposes that Tennessee revise its special phraseology for Code 8380 to separately rate towing for others and roadside assistance. Also, this phraseology was revised to include the national note in addition to the Tennessee exception regarding tire salespersons for consistency of treatment.

NCCI proposes that Tennessee adopt all other national proposals for this industry.

Tennessee Impact:

The premium impact in Tennessee is expected to be the same as the proposed national treatment.

Texas Proposal:

NCCI proposes that Texas eliminate special phraseologies for Code 7219 and adopt the proposed national trucking Code 7219 treatment.

In addition, because Code 8380 is not applicable in Texas, NCCI proposes that Texas revise its special phraseologies for Codes 8387 and 8391 to separately rate towing for others and roadside assistance.

NCCI proposes that Texas adopt all other national Fact Sheet 5 exhibits.

Texas Impact:

No premium impact is expected as a result of the trucking recommendation in Texas. The premium impact for towing in Texas is expected to be the same as the proposed national treatment.

Virginia Proposal:

NCCI proposes that Virginia adopt the proposed national treatment for trucking. Accordingly, the Virginia Special Classifications in NCCI's *Basic Manual* will be updated for the following codes:

- Revise Code 3821—Automobile Recycling & Drivers
- Revise Code 5057—Iron or Steel—Erection NOC
- Revise Code 7133—Railroad Operation: NOC—All Employees & Drivers
- Revise Code 7151—Railroad Operation—All Employees Including Drivers—Program I
- Revise Code 7152—Railroad Operation—All Employees Including Drivers—Program II—USL Act Benefits
- Revise Code 7153—Railroad Operation—All Employees Including Drivers—Program II—State Act Benefits
- Reestablish Code 7219—Trucking NOC—All Employees & Drivers
- Establish Code 7225—Automobile Towing & Drivers and cross-reference phraseology, Roadside Assistance & Drivers

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 5—FACT SHEET (CONT'D)

- Eliminate Code 7228—Trucking: Local Hauling Only—All Employees and Drivers
- Eliminate Code 7229—Trucking: Long Distance Hauling—All Employees and Drivers
- Revise Code 7230—Trucking: Parcel or Package Delivery—All Employees & Drivers
- Revise Code 7231—Mail, Parcel or Package Delivery and Courier or Messenger Service Companies—All Employees & Drivers
- Revise Code 7232—Trucking: Mail, Parcel or Package Delivery—Under Contract With the US Postal Service—All Employees & Drivers
- Revise Code 7380—Drivers, Chauffeurs, Messengers, and Their Helpers NOC—Commercial
- Revise Code 7382—Bus Co.: All Other Employees & Drivers
- Revise Code 7390—Beer or Ale Dealer—Wholesale & Drivers
- Revise Code 7600—Telephone or Telegraph Co.: All Other Employees & Drivers
- Revise Code 7705—Ambulance Service Companies and EMS (Emergency Medical Service) Providers & Drivers
- Revise Code 7710—Firefighters & Drivers
- Revise Code 7711—Firefighters, Ambulance Service Companies, and EMS (Emergency Medical Service) Providers—All Employees & Drivers—Volunteer
- Revise Code 7720—Police Officers & Drivers
- Revise Code 8002—Automobile Rental Co.: All Other Employees & Counter Personnel, Drivers
- Revise Code 8232—Lumberyard—New Materials Only—All Other Employees & Yard, Warehouse, Drivers
- Revise Code 8292—Storage Warehouse NOC
- Revise Code 8350—Gasoline Dealer & Drivers
- Revise Code 8380 to separately rate towing for others and roadside assistance
- Revise Code 8385—Bus Co.: Garage Employees
- Revise Code 8393 to add drivers and to separately rate towing for others and roadside assistance
- Revise Code 9403—Garbage, Ashes or Refuse Collection & Drivers
- Revise Code 9534—Mobile Crane and Hoisting Service Contractors—NOC—All Operations—Including Yard Employees and Drivers

Virginia Impact:

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment. The proposed updates to the Virginia Special Classifications in NCCI's *Basic Manual* descriptions are not expected to have an additional premium impact.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 5A-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT,
NE, NH, NM, NV, SC, SD, TN, UT, VT, WV)

**8380 AIR CONDITIONING SYSTEMS—AUTOMOBILE—INSTALLATION, SERVICE OR REPAIR &
DRIVERS**

Towing for others and roadside assistance to be separately rated.

8380 AUTOMOBILE—CAR WASH & DRIVERS

Includes incidental greasing, polishing, and servicing. Codes 8380 and 8392—Automobile storage garage ~~must~~ shall not be assigned to the same employer risk unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.

**8380 AUTOMOBILE—LEASING COMPANY—LONG-TERM—ALL OTHER EMPLOYEES &
DRIVERS**

Towing for others and roadside assistance to be separately rated.

8380 AUTOMOBILE—MUFFLER—INSTALLATION OR REPAIR & DRIVERS

Towing for others and roadside assistance to be separately rated.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 5B-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

(Applies in: AK, AL, AR, AZ, CO, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT, NE, NH,
NM, NV, SC, SD, TN, UT, VT, WV)

**8380 AUTOMOBILE—SALES OR SERVICE AGENCY & PARTS DEPARTMENT EMPLOYEES,
DRIVERS**

Automobile salespersons to be separately rated as Code 8748. Towing for others and roadside assistance to be separately rated.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 5C-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

**(Applies in: AL, AR, AZ, CO, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT, NE, NH, NM,
NV, SC, SD, UT, VT, WV)**

8380 AUTOMOBILE—SERVICE OR REPAIR CENTER & DRIVERS

Includes parts department employees. Automobile salespersons to be separately rated as Code 8748. Codes 8380 and 8392—Automobile storage garage must ~~shall~~ not be assigned to the same employer risk unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.

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E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 5D-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT, NE,
NH, NM, NV, OR, SC, SD, TN, UT, VT, WV)

8393 **AUTOMOBILE—BODY REPAIR & DRIVERS**

Applies to the repair of metal, fiberglass, and plastic automobile bodies and includes upholstering and painting. Codes 8393, 3822, and 3824—Automobile body mfg., Code 3808—Automobile mfg., and Code 8380—Automobile service or repair center shall not be assigned to the same risk/employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.

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**EXHIBIT 5E-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MS, NE, NH, NM, NV,
OK, RI, SC, SD, TN, UT, VT, WV)

**7228 AUTOMOBILE—HAULAWAY OR DRIVEAWAY—LOCAL HAULING ONLY—ALL EMPLOYEES
& DRIVERS**

**7229 AUTOMOBILE—HAULAWAY OR DRIVEAWAY—LONG DISTANCE HAULING—ALL
EMPLOYEES & DRIVERS**

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EXHIBIT 5F-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

7219 AUTOMOBILE—HAULAWAY OR DRIVEAWAY—ALL EMPLOYEES & DRIVERS

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EXHIBIT 5G-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AL, AR, AZ, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MS, NE, NH, NM, NV,
OK, RI, SC, SD, TN, UT, VT, WV)

7228 ~~AUTOMOBILE—TOWING COMPANIES—LOCAL HAULING ONLY—NO OTHER
OPERATIONS—ALL EMPLOYEES & DRIVERS~~

7229 ~~AUTOMOBILE—TOWING COMPANIES—LONG HAUL—NO OTHER OPERATIONS—ALL
EMPLOYEES & DRIVERS~~

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 5H-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)**

7225 AUTOMOBILE TOWING & DRIVERS

Includes towing or wrecker companies, road rangers, or freeway patrol companies providing towing, roadside service, or repairs, and automobile recovery or repossession companies. Includes mechanics and the operation of an impound lot operated by a towing company.

7225 ROADSIDE ASSISTANCE & DRIVERS

Includes operations such as road rangers or freeway patrol companies providing roadside service, repairs, or assistance regardless of whether or not towing services are offered.

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EXHIBIT 5I-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MO, MS, NE, NH, NV,
OK, RI, SC, SD, TN, UT, VT, WV)

8232◆ CONCRETE READY-MIX DEALER & YARD EMPLOYEES, DRIVERS

Delivery of concrete not owned by the ~~employer, insured~~ either in storage or while in transit,
including all operations incidental to the loading of trucks and delivery of such concrete, ~~shall~~ must
be assigned to Codes ~~7228 and 7229~~—Trucking the appropriate trucking classification.

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EXHIBIT 5J-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT,
NE, NH, NM, NV, SC, SD, TN, UT, VT, WV)

8380 GASOLINE STATION NOC—RETAIL & DRIVERS

Includes retail diesel stations and gasoline stations providing full services such as, but not limited to, pumping gasoline, checking fluid levels, attended car washing service, and automobile maintenance or repair, ~~or towing services~~. Codes 8380 and 8392—Automobile storage garage must not be assigned to the same risk/employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.

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EXHIBIT 5K-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MO, MS, NE, NH, NM,
NV, OK, RI, SC, SD, TN, UT, VT, WV)

7360 REFRIGERATOR CAR LOADING OR UNLOADING-

Includes caring for freight in cars during transit. Stevedoring to be separately rated. Drivers to be separately rated to the appropriate trucking classification. as Codes 7228 and 7229—Trucking-

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EXHIBIT 5L-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT,
NE, NH, NM, NV, SC, SD, TN, UT, VT, WV)

8380 RUBBER TIRE DEALER—RETAIL & DRIVERS

Includes repairing, vulcanizing, and the adjustment of tires to vehicles away from the premises of the ~~insured~~ employer. Codes 8380 and 8392—Automobile storage garage ~~must~~ not be assigned to the same ~~risk~~ employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.

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EXHIBIT 5M-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MO, MS, NE, NH, NM,
NV, OK, RI, SC, SD, TN, UT, VT, WV)

7228 ~~SCAFFOLDING—DELIVERY OF MATERIALS ONLY—LOCAL HAULING ONLY—NO
INSTALLATION, REPAIR OR REMOVAL—ALL EMPLOYEES & DRIVERS~~

7229 ~~SCAFFOLDING—DELIVERY OF MATERIALS ONLY—LONG DISTANCE HAULING—NO
INSTALLATION, REPAIR OR REMOVAL—ALL EMPLOYEES & DRIVERS~~

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 5N-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)**

**7219 SCAFFOLDING—DELIVERY OF MATERIALS ONLY—NO INSTALLATION, REPAIR, OR
REMOVAL—ALL EMPLOYEES & DRIVERS**

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 50-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MO, MS, NE, NH, NM,
NV, OK, RI, SC, SD, TN, UT, VT, WV)

**7228 SNOW REMOVAL—HAULING SNOW UNDER CONTRACT—LOCAL HAULING ONLY—NO
SNOW CLEARING—ALL EMPLOYEES & DRIVERS**

**7229 SNOW REMOVAL—HAULING SNOW UNDER CONTRACT—LONG DISTANCE
HAULING—NO SNOW CLEARING—ALL EMPLOYEES & DRIVERS**

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 5P-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

7219 SNOW REMOVAL—HAULING SNOW UNDER CONTRACT—NO SNOW CLEARING—ALL
EMPLOYEES & DRIVERS

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 5Q-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT,
NE, NH, NM, NV, SC, SD, TN, UT, VT, WV)

8380 STORAGE BATTERY SERVICE STATION & DRIVERS-

Codes 8380 and 8392—~~Automobile storage garage~~ must ~~shall~~ not be assigned to the same ~~risk~~employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 5R-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MO, MS, NE, NH, NM,
NV, OK, RI, SC, SD, TN, UT, VT, WV)

8292 STORAGE WAREHOUSE NOC

Applies to general merchandise. Drivers to be separately rated as Codes 7228 and
7229—Trucking to the appropriate trucking classification.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 5S-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

**(Applies in: AL, AR, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MS, NE, NH, NM, NV,
OK, RI, SC, SD, TN, UT, VT, WV)**

**7228 TRUCKING—HAULING EXPLOSIVES OR AMMUNITION—LOCAL HAULING ONLY—ALL
EMPLOYEES & DRIVERS**

Truckers engaged in hauling under contract, whether for one or more individuals or concerns, shall under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification.

Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 4-E.

Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers.

**7229 TRUCKING—HAULING EXPLOSIVES OR AMMUNITION—LONG DISTANCE HAULING—ALL
EMPLOYEES & DRIVERS**

Truckers engaged in hauling under contract, whether for one or more individuals or concerns, shall under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification.

Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 4-E.

Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 5T-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

7219 **TRUCKING—HAULING EXPLOSIVES OR AMMUNITION—ALL EMPLOYEES & DRIVERS**

Truckers engaged in hauling under contract, whether for one or more individuals or concerns, must under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification. Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 1-E. Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 5U-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT,
NE, NH, NM, NV, SC, SD, TN, UT, VT, WV)

8380 TRUCK LEASING—LONG-TERM—ALL OTHER EMPLOYEES & DRIVERS
Towing for others and roadside assistance to be separately rated.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 5V-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS****(Applies in: AL, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MS, NE, NH, NM, NV,
OK, RI, SC, TN, UT, VT, WV)****7228 TRUCKING—LOCAL HAULING ONLY—ALL EMPLOYEES & DRIVERS**

The term "local hauling" as used in this classification means hauling within a radius of two hundred (200) miles from the point of principal garaging. The term "principal garaging" as used above means base terminal. When a base terminal is not utilized, principal garaging means a permanent maintenance garage where vehicles are serviced or stored on a regular basis. When a permanent maintenance garage is not utilized, principal garaging means the residence of the employee. Storage warehouse employees to be separately rated.

Truckers engaged in hauling under contract, whether for one or more individuals or concerns, shall under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification.

Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 4-E.

Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers.

7229 TRUCKING—LONG DISTANCE HAULING—ALL EMPLOYEES & DRIVERS

The term "long distance hauling" as used in this classification means hauling outside a radius of two hundred (200) miles from the point of principal garaging. The term "principal garaging" as used above means base terminal. When a base terminal is not utilized, principal garaging means a permanent maintenance garage where vehicles are serviced or stored on a regular basis. When a permanent maintenance garage is not utilized, principal garaging means the residence of the employee. Storage warehouse employees to be separately rated.

Truckers engaged in hauling under contract, whether for one or more individuals or concerns, shall under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification.

Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 4-E.

Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 5W-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

**(Applies in: AK, AL, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MS, MT,
NE, NH, NM, NV, OK, RI, SC, TN, TX, UT, VT, WV)**

7219 TRUCKING NOC—ALL EMPLOYEES & DRIVERS

Truckers engaged in hauling under contract, whether for one or more individuals or concerns, must under no circumstances be classified and rated except in accordance with the appropriate "Trucking" classification. Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Refer to Rule 1-E. Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers.

Storage warehouse employees to be separately rated.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

**EXHIBIT 5X-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 5—TRUCKING & TOWING
PART TWO—CLASSIFICATIONS**

(Applies in: AL, AR, AZ, CO, CT, DC, GA, HI, IA, IL, IN, KS, KY, MD, ME, MO, MS, NE, NH, NM,
NV, OK, RI, SC, SD, TN, UT, VT, WV)

8292 WAREHOUSING NOC

Applies to general merchandise. Drivers to be separately rated as Codes 7228 and
7229—Trucking to the appropriate trucking classification.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 9-RULE—STATE-SPECIFIC TRANSITION PROGRAM

TWO-PHASE TRANSITION PROGRAM

(Applies in: AL, AR, AZ, CO, FL, GA, HI, IA, ID, IL, IN, KS, KY, MD, MO, MS, NV, OK, OR, RI, SC, TN, VA)

The following details the two-phase transition program implementing the loss costs/rates and rating values for the code being discontinued and the acquiring code. NCCI will administer this program through each state's specific loss cost/rate classification experience filing revision process.

Phase 1 of the transition program will be made effective with each state's approved loss cost/rate filing effective on and after October 1, 2017 unless otherwise noted. For example, Phase 1 will become effective January 1, 2018 for approved loss cost/rate filings that have a January 1, 2018 effective date. If there is no loss cost/rate filing for a state in a given approved implementation year, Phase 1 will take effect on that state's regular loss cost/rate effective date. The regular loss cost/rate effective date is the anniversary date of the state's previous years' loss cost/rate effective date. The same rule would apply to Phase 2 in the following year.

The following details the steps needed to implement the loss costs/rates and rating values for the code being discontinued and the acquiring code, within each of the classification's loss cost/rate filings. An example of the two-phase transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit. Rating values, which will be based on the final NCCI proposed loss costs/rates, will be calculated according to the standard procedure.

- A. Risks will continue to be classified to either the code being discontinued or the acquiring code as appropriate until the second phase of the transition program.
- B. As part of Phase 1 of the two-phase transition program, the payroll-weighted loss cost/rate of the code being discontinued and the acquiring code will be calculated using the latest available year's payroll and the standard calculated loss cost/rate of the two individual codes. If the payroll-weighted loss cost/rate is within the swing limits determined for the code being discontinued and the acquiring code, then each of these codes will take on the payroll-weighted loss cost/rate.

If the payroll-weighted loss cost/rate is outside of the filing's swing limits for any of the codes, then the loss cost/rate for each of the codes will be determined by a methodology weighting together (1) the payroll-weighted loss cost/rate and (2) the standard calculated loss cost/rate for each code. The ratio used in this methodology will be first determined by calculating the maximum weighting value given to the payroll-weighted loss cost/rate in order to keep the loss costs/rates for the code being discontinued and the acquiring code within the swing limits of the filing. However, a 50% minimum weighting value must be used regardless of the swing limits to execute the transition program within two years.

- C. As part of Phase 2 of the two-phase transition program, the applicable code will be discontinued. All insured operations previously assigned to the code being discontinued will be assigned to the acquiring code. The loss cost/rate for the acquiring code will be the payroll-weighted loss cost/rate of the code being discontinued and the acquiring code, using the latest available year's payroll and the standard calculated loss cost/rate of the two individual codes.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 9-RULE—STATE-SPECIFIC TRANSITION PROGRAM

EXAMPLE OF TWO-PHASE TRANSITION PROGRAM CALCULATION

(Applies in: AL, AR, AZ, CO, FL, GA, HI, IA, ID, IL, IN, KS, KY, MD, MO, MS, NV, OK, OR, RI, SC, TN, VA)

Note: The loss costs/rates used in the following example are for illustration purposes only and are not the actual loss costs/rates in use, nor do they represent expected actual loss costs/rates for the codes indicated.

In the following example, the “Payroll-Weighted Loss Cost/Rate” for each year can be calculated by using the “NCCI Initially Calculated Loss Cost/Rate” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
Phase 1 Loss Cost/Rate	21.00	10.50	11.81
Phase 2 Loss Cost/Rate	19.78	12.25	11.57

(Payroll is assumed to remain constant throughout the transition period.)

The “Payroll-Weighted Loss Cost/Rate” is calculated as follows:

$$\frac{[(400,000 \times 21.00) + (700,000 \times 10.50) + (3,000,000 \times 11.81)]}{(400,000 + 700,000 + 3,000,000)} = 12.48$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Note:** The weight value used represents the largest possible value keeping the loss cost/rate changes within the swing limits. The weight value below is subject to a minimum of 0.50 for Phase 1 and 1.00 for Phase 2 without regard to swing limits in order to transition the loss costs/rates within two years.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	Weight Value	Class Code	Payroll-Weighted Loss Cost/Rate		NCCI Initially Calculated Loss Cost/Rate		Final NCCI Loss Cost/Rate
Filing Effective in Phase 1	0.57*	XXX1	(0.57 x 12.48)	+	(0.43 x 21.00)	=	16.14
		XXX2	(0.57 x 12.48)	+	(0.43 x 10.50)	=	11.63
		XXX3	(0.57 x 12.48)	+	(0.43 x 11.81)	=	12.19
Filing Effective in Phase 2	1.00	XXX1	(1.00 x 12.49)	+	(0.00 x 19.78)	=	12.49
		XXX2	(1.00 x 12.49)	+	(0.00 x 12.25)	=	12.49
		XXX3	(1.00 x 12.49)	+	(0.00 x 11.57)	=	12.49

* Refer to “Example of Two Phase Weight Value Calculation” on the following page.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 9-RULE—STATE-SPECIFIC TRANSITION PROGRAM (CONT'D)

EXAMPLE OF TWO-YEAR WEIGHT VALUE CALCULATION

(Applies in: AL, AR, AZ, CO, FL, GA, HI, IA, ID, IL, IN, KS, KY, MD, MO, MS, NV, OK, OR, RI, SC, TN, VA)

Note: The weight value calculation in the following example is for illustration purposes only and is not the actual weight value calculation in use, nor does it represent the expected actual weight value calculation for the codes indicated.

In the following example, the loss costs/rates are calculated for each class code by utilizing successively higher weight values until the largest weight value is found that keeps the loss costs/rates within swing limits. However, depending on which phase of the transition the filing is effective, this weight value is subject to minimums **without regard to swing limits**. These minimums are 0.50 for Phase 1 and 1.00 for Phase 2. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

The following assumptions are made for this example:

1. The swing limits are plus or minus 25%.
2. The loss costs/rates are as follows:

	Loss Cost/Rate for Code XXX1	Loss Cost/Rate for Code XXX2	Loss Cost/Rate for Code XXX3
Last Approved Filing	21.49	11.32	11.05
Phase 1	16.14	11.63	12.19

Phase 1	Code XXX1		Code XXX2		Code XXX3	
Weight Value	Calculated Loss Cost/Rate Given Weight Value	Loss Cost/Rate Change %	Calculated Loss Cost/Rate Given Weight Value	Loss Cost/Rate Change %	Calculated Loss Cost/Rate Given Weight Value	Loss Cost/Rate Change %
0.50	16.74	-22.1%	11.49	1.5%	12.15	10.0%
0.51	16.65	-22.5%	11.51	1.7%	12.15	10.0%
0.52	16.57	-22.9%	11.53	1.9%	12.16	10.0%
0.53	16.48	-23.3%	11.55	2.0%	12.17	10.1%
0.54	16.40	-23.7%	11.57	2.2%	12.17	10.1%
0.55	16.31	-24.1%	11.59	2.4%	12.18	10.2%
0.56	16.23	-24.5%	11.61	2.6%	12.19	10.3%
0.57	16.14	-24.9%	11.63	2.7%	12.19	10.3%
0.58	16.06	-25.3%	11.65	2.9%	12.20	10.4%
0.59	15.97	-25.7%	11.67	3.1%	12.21	10.5%
0.60	15.89	-26.1%	11.69	3.3%	12.21	10.5%
0.61	15.80	-26.5%	11.71	3.4%	12.22	10.6%
continues						

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 12-RULE

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 4—LOSS PREVENTION

(Applies in: AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, SC, SD, TN, VA, WV)

(Approval required in: AR, DE, GA, IN, KS, MS, NH, SD)

D. Qualifying Employers and Survey Location Determination

Loss Prevention Survey Table¹

Premium Range	Governing Classification Codes			
\$20,000 to \$49,999	<u>7219</u>	<u>7225</u>	7228 ²	7229 ²

¹ The content in this exhibit proposes to remove Codes 7228 and 7229 and replace them with Code 7219 in the Loss Prevention Survey Table. In addition, this exhibit proposes to add Code 7225 to the Loss Prevention Survey Table. The content is not a complete replacement of the existing Loss Prevention Survey Table content previously approved.

² Codes 7228 and 7229 will remain in the Loss Prevention Survey Table until the Arkansas transition program is complete, expected to be 7/1/2018 based on Arkansas' current approved loss cost/rate filing effective date. Once complete, NCCI will update the Loss Prevention Survey Table to remove Codes 7228 and 7229.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 12-RULE

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

(Applies in: AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, TN, VA, VT, WV)

(Approval required in: AR, DE, GA, IN, KS, MS, NH, OR, SD)

C. Qualifying Employers

1. Preliminary Physical Audits (PPA)

a. New Business

PPAs must be completed in accordance with the PPA—New Business Table.

PPA—New Business Table¹

Premium Range	Governing Classification Codes			
\$10,000 to \$49,999	<u>7219</u>	<u>7225</u>	7228 ²	7229 ²
\$5,000 to \$9,999	<u>7219</u>	<u>7225</u>	7228 ²	7229 ²

¹ The content in this exhibit proposes to remove Codes 7228 and 7229 and replace them with Code 7219. In addition, this exhibit proposes to add Code 7225 to the PPA—New Business Table. The content is not a complete replacement of the existing PPA—New Business Table content previously approved.

² Codes 7228 and 7229 will remain in the PPA—New Business Table until the Arkansas transition program is complete, expected to be 7/1/2018 based on Arkansas’ current approved loss cost/rate filing effective date. Once complete, NCCI will update the PPA—New Business Table to remove Codes 7228 and 7229.

ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING

EXHIBIT 12-RULE

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

(Applies in: AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, TN, VA, VT, WV)

(Approval required in: AR, DE, GA, IN, KS, MS, NH, OR, SD)

C. Qualifying Employers

2. Final Physical Audits

a. New Business

Final physical audits must be completed in accordance with the Final Physical Audit—New Business Table.

Final Physical Audit—New Business Table¹

Premium Range	Governing Classification Codes			
\$5,000 to \$49,999	<u>7219</u>	<u>7225</u>	7228 ²	7229 ²
\$1,000 to \$4,999	<u>7219</u>	<u>7225</u>	7228 ²	7229 ²

¹ The content in this exhibit proposes to remove Codes 7228 and 7229 and replace them with Code 7219. In addition, this exhibit proposes to add Code 7225 to the Final Physical Audit—New Business Table. The content is not a complete replacement of the existing Final Physical Audit—New Business Table content previously approved.

² Codes 7228 and 7229 will remain in the Final Physical Audit—New Business Table until the Arkansas transition program is complete, expected to be 7/1/2018 based on Arkansas’ current approved loss cost/rate filing effective date. Once complete, NCCI will update the Final Physical Audit—New Business Table to remove Codes 7228 and 7229.

**ITEM B-1435—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING TRUCKING AND TOWING**

EXHIBIT 12-RULE

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

(Applies in: AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, SC, SD, TN, VA, VT, WV)

(Approval required in: AR, DE, GA, IN, KS, MS, NH, SD)

C. Qualifying Employers

2. Final Physical Audits

c. Renewal Business

Final physical audits must be completed in accordance with the Final Physical Audit—Renewal Business Table.

Final Physical Audit—Renewal Business Table¹

Premium Range	Governing Classification Codes			
\$1,000 to \$19,999	<u>7219</u>	<u>7225</u>	7228 ²	7229 ²

¹ The content in this exhibit proposes to remove Codes 7228 and 7229 and replace them with Code 7219. In addition, this exhibit proposes to add Code 7225 to the Final Physical Audit—Renewal Business Table. The content is not a complete replacement of the existing Final Physical Audit—Renewal Business Table content previously approved.

² Codes 7228 and 7229 will remain in the Final Physical Audit—Renewal Business Table until the Arkansas transition program is complete, expected to be 7/1/2018 based on Arkansas' current approved loss cost/rate filing effective date. Once complete, NCCI will update the Final Physical Audit—Renewal Business Table to remove Codes 7228 and 7229.