

May 14, 2010

Circular Letter to All Member Companies

Re: Workers Compensation Insurance

NCCI Item B-1417-Revisions to Basic Manual
Classifications and Rules

The North Carolina Rate Bureau has adopted and the North Carolina Commissioner of Insurance has approved the adoption of changes to ***NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance***. The approval is effective April 1, 2011, and will impact all new and renewal voluntary and assigned risk business written in class codes for specific industries.

The three industries impacted are shown in the table below:

Title	Fact Sheet	Exhibit	Page
Construction	1	1	5-8
Wallboard Installation & Plastering	2	2	9-13
Painting	3	3	14-28

The attached exhibits explain in more detail the changes.

Contact the Information Center at 919-582-1056 or via email at winfo@ncrb.org, if you require additional information.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

Attachments

C-10-7



Amy Quinn
State Relations Executive
Regulatory Service Division

July 29, 2009

Ms. Susan M. Taylor
Director of Workers Compensation
North Carolina Rate Bureau
5401 Six Forks Road
Raleigh, North Carolina 27609

Re: Item B-1417—Revisions to Basic Manual Classifications and Rules

Dear Ms. Taylor:

We are filing the above captioned item in a number of NCCI jurisdictions. The attached filing memorandum describes the proposed changes.

This filing memorandum is proprietary and copyrighted by NCCI. NCCI grants your organization permission to copy, use and modify the filing memorandum as necessary for filing in your jurisdiction on the condition that the materials are reprinted for distribution or sale only to members of your organization and only for use in your state. In addition, the modified pages must bear the following copyright legend:

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NCCI maintains a report for use by our common members that contains the approval status of national and state item filings (*Status of Item Filings Circular*). Please notify Joe Volman by phone (561-893-3046) or e-mail (joe_volman@ncci.com) if your organization files and receives approval of this item. This information will be reflected in the *Status of Item Filings Circular*, which is located on our web site and to which you have been given access.

Sincerely,

A handwritten signature in black ink that reads "A Quinn". The signature is written in a cursive, flowing style.

Amy Quinn
State Relations Executive

AQ:ah

Attachment

FILING MEMORANDUM

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

PURPOSE

The purpose of this item is to clarify certain classifications and classification rules in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* to reflect current business and industry needs. The three industries impacted are shown in the table below.

Title	Fact Sheet	Exhibit
Construction Yard	1	1
Wallboard Installation & Plastering	2	2
Painting	3	3
State Special Exhibits		4

BACKGROUND

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's classification system. This process ensures that the classification system remains healthy, viable, and responsive to the needs of various industry stakeholders. This process also ensures that the system reflects the responses that various industries and their operations make to technological, competitive, and regulatory changes.

Classifications and industry-grouped classifications are analyzed to determine which, if any, should be considered for modernization, consolidation, elimination, or clarification. This item includes proposals for the individual classifications identified in each exhibit.

Another objective of the classification project is to simplify the classification section of NCCI's *Basic Manual* by eliminating redundant phraseologies or streamlining current phraseologies with **format-only** changes. For example, in this filing, section headings are removed and added to the underlying code-specific phraseologies, such as Painting—Metal Bridges & Shop Operations, Drivers in Exhibit 3.

NCCI's analysis of the classification system is national in scope, and the recommendations within this item are being proposed in all NCCI states. NCCI recognizes the occasional need for state-specific classification treatments to reflect geographical differences, and such treatments are also included in this filing.

PROPOSAL

It is proposed that the classifications indicated in the attached exhibits be clarified as shown.

This item is broken out in sections as enumerated in the table shown on Page 1. Each section contains a fact sheet outlining the proposals relating to the section, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation. Each section also contains exhibits detailing the changes being proposed to NCCI's *Basic Manual*.

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FILING MEMORANDUM

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

IMPACT

This item will foster the uniform and equitable treatment of risks within each industry. NCCI recognizes that some of our recommendations, such as moving a specific operation from one classification to another, may have a premium impact for particular risks. The industry fact sheets outline the potential impacts specific to each of the proposed changes.

IMPLEMENTATION

In order to implement this item, the attached exhibits detail the changes required in NCCI's *Basic Manual*.

This item is applicable to new and renewal voluntary and assigned risk policies, and it will become effective concurrently with each state's approved rate/loss cost filing for the 2011¹ filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date. If there is no rate/loss cost filing for a state in a given year, this item will take effect on that state's "normal" rate effective date. (The "normal" rate effective date is the anniversary date of the state's previous years rate effective date).

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

State	Proposed* Effective Date
Alabama	March 1, 2011
Alaska	January 1, 2011
Arizona	January 1, 2011
Arkansas	July 1, 2011
Colorado	January 1, 2011
Connecticut	January 1, 2011
District of Columbia	November 1, 2011
Florida	The effective date of this item will depend on the date regulatory approval is granted. If the item is approved on or before July 1, 2010, it will become effective January 1, 2011. If it is approved after July 1, 2010, it will become effective January 1, 2012.
Georgia	March 1, 2011

¹ Unless otherwise noted.

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State	Proposed* Effective Date
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2011. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2011
Illinois	January 1, 2011
Indiana	January 1, 2011
Iowa	January 1, 2011
Kansas	January 1, 2011
Kentucky	October 1, 2011
Louisiana	May 1, 2011
Maine	January 1, 2011
Maryland	January 1, 2011
Mississippi	March 1, 2011
Missouri	All rate changes related to this filing are proposed to be effective January 1, 2011 for the voluntary and assigned risk market.
Montana	July 1, 2011
Nebraska	February 1, 2011
Nevada	March 1, 2011
New Hampshire	January 1, 2011
New Mexico	January 1, 2011
North Carolina	April 1, 2011
Oklahoma	January 1, 2011
Oregon	January 1, 2011
Rhode Island	June 1, 2011

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State	Proposed* Effective Date
South Carolina	If there is no rate/loss cost filing for South Carolina in a given year, this item will take effect on South Carolina's "normal" rate effective date. (The "normal" rate effective date is the anniversary date of the state's previous approved rate/loss cost filing.)
South Dakota	July 1, 2011
Tennessee	March 1, 2011
Utah	December 1, 2011
Vermont	April 1, 2011
Virginia	April 1, 2011
West Virginia	November 1, 2011

* Subject to change

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ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 1—FACT SHEET**CONSTRUCTION YARD****PROPOSAL**

The focus of the proposed changes for this industry is to clarify when it is appropriate to classify employees to Code 8227 for construction yards.

NCCI recommends the following national treatment for classifications:

1. Revise the phraseology note of Code 8227—Construction or Erection Permanent Yard to include incidental pickup or delivery of parts. Also, revise the phraseology note of Code 8227 to discontinue the division of payroll for a single employee with any other classification during a single day.
2. Revise *Basic Manual* Rule 2-F-2—Wages Paid to Key Employees to remove superintendents, forepersons, and engineers to allow the insured to determine who is a key employee. Also, revise exception to Rule 2-F-2 to replace “project manager, construction executive, construction manager, or construction superintendent” who qualifies for Code 5606 with “an employee” who qualifies for Code 5606.

Oregon Specific:

NCCI recommends that Oregon revise the state special phraseology for Code 8227—Construction or Erection Permanent Yard to discontinue the division of payroll for a single employee with any other classification on a daily basis. **Note:** Oregon state special phraseology for Code 8227 already allows for the incidental pickup of parts for yard operation.

Also, discontinue Oregon State Rule Exception to *Basic Manual* Rule 2-F-2—Wages Paid to Key Employees.

BACKGROUND AND BASIS FOR CHANGE

Code 8227—Construction or Erection Permanent Yard applies to employees who store and maintain equipment for construction firms at a permanent yard. Code 8227 is a national code that became effective in March 1917. In September 1933, Code 8227 could only be assigned with the approval of the appropriate rating organization. This treatment was used due to the perceived difficulties in properly assigning Code 8227 to construction risks (this treatment was reversed or discontinued in November 1988). In September 1973, it was determined to allow the use of Code 8227 in all instances where a “bona-fide permanent yard” is maintained. It was also determined that it is appropriate to use Code 8227 when “all operations” is included in the phraseology of the governing classification. In November 1989, it was determined that maintenance or repairs to vehicles or equipment of the insured by employees of the risks’ permanent yard would be classified to Code 8227. In addition, maintenance or repairs to vehicles or equipment of the insured by employees classified to Code 7380, or a construction code if it includes drivers, would be classified to the appropriate drivers’ code.

The responsibilities of yard personnel will vary greatly depending on the type of construction or erection risk they are employed with. These employees are responsible for storing and maintaining materials and equipment. Duties may range from loading and unloading materials, cleaning and oiling equipment, to repairing equipment. Repairs and maintenance may range from changing oil and other equipment fluids to overhauling engines, hydraulic systems, welding broken pieces, etc.

NCCI focused its review of Code 8227 on the following items:

- The eligibility of Code 8227 for division of payroll as with any other construction code
- The treatment for vehicle maintenance/repair

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 1—FACT SHEET (CONT'D)

- The treatment for drivers
- The treatment for yard employees provided by a temporary/staffing/leasing agency

Per **Basic Manual** Rule 2-F-2, wages paid to key employees of construction, erection, or stevedoring risks must be assigned to the classification applicable to the work that each one actually performs during any period where no jobs are in progress. In addition, **Basic Manual** Rule 1-D-3-d allows risks to classify construction or erection operations to the class that specifically describes the operation if separate payroll records are maintained. Code 8227 is not intended to be eligible for division of an employee's payroll during a single day, and the loading and unloading of materials by construction site workers is incidental to the overall construction operations taking place.

It is appropriate to classify all vehicle maintenance or repair to Code 7380—Drivers, Chauffeurs, Messengers, and Their Helpers NOC—Commercial or the individual employee's classification if it includes drivers. The intent of Code 8227 is to include vehicle maintenance or repair if the work is done by an employee currently assigned to Code 8227. Claims data was reviewed for Code 8227, which showed a significant cause of injury to be motor vehicle: collision or sideswipe with another vehicle. Additional causes of injury for Code 8227 included motor vehicle: collision with a fixed object, crash of airplane, crash of water vehicle, motor vehicle NOC, and vehicle upset were also found. Based on the claims data, there is enough driving exposure to include incidental pickup of parts for the yard operation in the phraseology note of Code 8227.

The issue of yard employees provided by a staffing/leasing agency is addressed in **Basic Manual** Rule 1-D-3-f. Employees provided by a leasing agency to perform construction yard operations are properly classified to Code 8227 if the operations being performed qualify as Code 8227 operations.

IMPACT

The changes to this industry consist of revisions to phraseologies in Code 8227. This portion of the proposal is not expected to result in any reclassification of risk payroll or change in loss cost, rate, or premium.

Oregon Specific:

This Item proposes that Oregon revise their state special phraseology for Code 8227 to be more consistent with the national phraseology changes. This portion of the proposal is not expected to result in any reclassification of risk payroll or change in loss cost, rate, or premium.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and is proposed to become effective concurrently with each state's approved rate/loss cost filing for the 2011² filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

² Unless otherwise noted.

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**EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CONSTRUCTION YARD
CLASSIFICATIONS**

8227• CONSTRUCTION OR ERECTION PERMANENT YARD—

Applies only to a permanent yard maintained by a construction or erection risk for the storage of material or the storage and maintenance of equipment. Code 8227 includes incidental pickup or delivery of parts. Not available at a construction site. Code 8227 is not available for division of a single employees payroll during a single day. Operations such as loading and unloading materials, equipment, and tools, performing maintenance on equipment or vehicles, and prefabrication work performed by construction site workers is incidental to the overall construction operation and must not be assigned to Code 8227. Mill operations or fabrication to be separately rated.

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**EXHIBIT 1—NATIONAL RULES
BASIC MANUAL—2001 EDITION
RULE 2—PREMIUM BASIS AND PAYROLL ALLOCATION
F. WAGES FOR TIME NOT WORKED**

2. Wages Paid to Key Employees

Wages paid to key employees of construction, erection or stevedoring risks, ~~such as superintendents, forepersons or engineers,~~ must be assigned to the classification applicable to the work that each one actually performs during any period where no jobs are in progress.

Exception to F-2 Above:

If such work consists exclusively of drafting or other office work, or if such employee is completely idle, the wages must be assigned to Code 8810. However, Code 8810 is not available for office time of an ~~employee~~ project manager, construction executive, construction manager, or construction superintendent who qualifies for Code 5606. It is normally expected that such an employee will spend a considerable portion of time engaged in office work.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 2—FACT SHEET**WALLBOARD INSTALLATION & PLASTERING****PROPOSAL**

The focus of the proposed changes for this industry is to clarify the treatment of contractors that specialize in either drywall framing or drywall finishing and consolidate cross-reference phraseologies into the note of the main phraseology for Code 5445—Wallboard Installation—Within Buildings & Drivers.

NCCI recommends the following national treatment for classifications:

1. Revise the phraseology of Code 5445—Wallboard Installation—Within Buildings & Drivers to Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation Within Buildings & Drivers.
2. Add a phraseology note for Code 5445 that includes the taping of seams or joints, application of joint compound, sanding, and installation of light gauge steel by contractors engaged in wallboard installation as well as drywall framing specialists.
3. Discontinue the cross-reference phraseology of Code 5445—Iron or Steel: Erection: Steel Frame—Interior—Light Gauge Steel: By Contractors Engaged in Wallboard Installation & Drivers. These operations will continue to be assigned to Code 5445. This is being recommended to discontinue redundant phraseologies.
4. Discontinue the cross-reference phraseology of Code 5445—Sheetrock Installation Within Buildings & Drivers. These operations will continue to be assigned to Code 5445. This is being recommended to discontinue redundant phraseologies.

Arizona Specific:

NCCI recommends that Arizona discontinue their state special phraseology for Code 5474—Wallboard Taping, Sanding and Texturizing Within Buildings and adopt the proposed national phraseology and treatment for Code 5445. All other national proposals are recommended in Arizona.

Florida Specific:

NCCI does not recommend that Florida adopt any of the changes proposed for the wallboard installation and plastering industry.

Oregon Specific:

NCCI does not recommend that Oregon adopt any of the changes proposed for the wallboard installation and plastering industry.

Virginia Specific:

NCCI recommends that Virginia update the descriptions for Code 5102 and Code 5474 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

Code 5445—Wallboard Installation Within Buildings & Drivers is a national code, established in July 1958, that applies to the installation of drywall, plasterboard, and sheetrock in private residences or commercial buildings. Code 5480—Plastering NOC & Drivers is a national code that applies to specialist contractors engaged in interior plastering operation not otherwise classified in the *Basic Manual*.

The term *wallboard* refers to any acceptable material used to form finished walls in a building but is often used interchangeably with drywall, sheetrock, plasterboard, or paneling and is commonly defined as the gypsum-based drywall sheets most commonly used in home construction. Wallboard is installed by screwing or nailing panels into studs. Holes for outlets, wall switches, light fixtures, etc. can be made by simply cutting the wallboard with a keyhole saw. There are three main phases or steps common to wallboard installation:

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 2—FACT SHEET (CONT'D)

drywall framing, drywall hanging, and drywall finishing. Drywall framing involves the installation of light gauge aluminum or steel for the purpose of securing the drywall in place. Drywall hanging involves screwing or nailing panels into existing studs or the previously installed drywall framing. Drywall finishing involves taping, filling, and sanding of drywall joints and screw or nail holes.

Plastering involves the mixing of plaster with water and the hand application of the mixture by use of a trowel to interior walls or partitions.

IMPACT

The changes to this industry consist of revisions to phraseologies in Code 5445. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost, rate, or premium.

Arizona Specific:

This Item proposes that Arizona continue state special treatment for Code 5474, but discontinue their state special cross-reference relating to wallboards as it will now be classified under the proposed national Code 5445. The amount of payroll transferred cannot be identified using current industry data sources. The impact to individual risks will depend upon the amount of payroll (if any) that transfers from Code 5474 into redefined Code 5445. All other national proposals are recommended in Arizona.

Virginia Specific:

NCCI recommends that Virginia update the descriptions for Code 5102 and Code 5474 to reflect the changes being made.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and is proposed to become effective concurrently with each state's approved rate/loss cost filing for the 2011³ filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

³ Unless otherwise noted.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
WALLBOARD INSTALLATION & PLASTERING
CLASSIFICATIONS**

**5445• WALLBOARD, SHEETROCK, DRYWALL, PLASTERBOARD, OR CEMENT BOARD
INSTALLATION—WITHIN BUILDINGS & DRIVERS**

Includes the taping of seams or joints, application of joint compound and sanding, as well as the installation of light gauge steel by contractors engaged in wallboard installation. This includes specialist contractors that strictly perform drywall framing or finishing operations.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
WALLBOARD INSTALLATION & PLASTERING
CLASSIFICATIONS

5445• ~~IRON OR STEEL—Erection—Steel Frame—Interior—Light Gauge Steel—By Contractors—
Engaged in Wallboard Installation & Drivers~~

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**EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
WALLBOARD INSTALLATION & PLASTERING
CLASSIFICATIONS**

5445• ~~SHEETROCK INSTALLATION—WITHIN BUILDINGS & DRIVERS~~

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 3—FACT SHEET**PAINTING****PROPOSAL**

The focus of the proposed changes for this industry is to allow painting and paperhanging operations to be separately classified when conducted at the same location. In addition, wording will be added to clarify that automobile painting cannot be separately rated by risks that also perform automobile body repair.

NCCI recommends the following national treatment for classifications:

1. Revise Code 5474—Painting or Paperhanging NOC & Shop Operations, Drivers to remove paperhanging. The proposed phraseology is, Painting NOC & Shop Operations, Drivers.
2. Revise the phraseology note under Code 5491—Paperhanging & Drivers to allow **Basic Manual** rules regarding multiple classification assignment for construction or erection risks to be applicable when Code 5474 and Code 5491 operations are performed at the same job or location.
3. Revise the phraseology note of Code 9501—Sign Painting or Lettering—Inside of Buildings & Drivers to remove paperhanging from reference to Code 5474.
4. Revise the phraseology note of Code 5037—Painting—Metal Structures—Over Two Stories in Height & Drivers to remove paperhanging from reference to Code 5474.
5. Revise the phraseology note of Code 9505—Painting: Automobile or Carriage Bodies to clarify that Code 9505 must not be used at the same location as Code 8393—Automobile Body Repair. This should allow NCCI to collect data based strictly on Automobile Painting (no body repair influencing data) and eventually determine if Code 9505 should be discontinued and combined with Code 9501.

Hawaii Specific:

NCCI recommends that Hawaii revise the state special phraseology under Code 9501—Sign Painting or Lettering—Inside of Buildings & Drivers to remove paperhanging from reference to Code 5474.

Oregon Specific:

NCCI recommends that Oregon maintain its state special phraseology under Code 5474. The Oregon state special phraseology allows Code 5474 for painting operations and Code 5491 for paperhanging operations when performed at the same job or location. In addition, the Oregon state special under Code 5474 includes the painting of metal structures over two stories in height. NCCI does not propose that Oregon adopt the newly proposed phraseology for Code 5037 since this code is not applicable in Oregon.

NCCI recommends that Oregon discontinue state special phraseology for Code 5491—Paperhanging & Drivers and adopt the proposed national phraseology. The proposed national phraseology adopts Oregon's current treatment and allows for the assignment of both Code 5491 and Code 5474 at the same job or location making this state special phraseology redundant.

Virginia Specific:

NCCI recommends that Virginia update the descriptions for Codes 2916, 5445, 6874F, and 6884, to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE**Current Code Phraseologies:**

Code 5474—Painting or Paperhanging NOC and Shop Operations, Drivers. Includes the painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames or sash. Painting ship hulls, metal structures over two stories in height or bridges to be separately rated.

Code 5491—Paperhanging and Drivers. Applies only to insureds engaged exclusively in paperhanging.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 3—FACT SHEET (CONT'D)

Code 5474—Painting or Paperhanging shall not be assigned at the same job or location to which Code 5491 applies. Insureds engaged in general painting or interior decorating to be separately rated.

Code 5037—Painting: Metal Structures—Over Two Stories in Height—and Drivers. Includes shop operations. The painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames or sash to be separately rated as 5474—Painting NOC.

Code 9501—Painting: Shop Only and Drivers. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 9501 are conducted as a separate and distinct business.

Code 9505—Painting: Automobile or Carriage Bodies. Codes 9505 and 3808—Automobile Mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

Interior painting or paperhanging work may involve the moving of furniture, pictures, and other fixtures while exterior work may involve the protection of trees, shrubs, landscaping, lighting fixtures, lawn furniture, pools, etc. Items such as shutters, gutters, and drainpipes may need to be loosened or removed. Surface preparation may involved powerwashing, sandblasting, steaming/soaking, scraping, sanding, chemical strippers or solvents, and heat guns. Further preparation may involve spackle, putty, and/or caulk for cracks and holes in walls. Once the surface is prepared, primer is often sprayed, rolled, or brushed on. The primer seals the surface so the applied coating will adhere better and prevent prior coatings from bleeding through the new coating. As with primer, paint is sprayed, rolled, or brushed on depending on the size of the area, the surface, and the desired finish.

Paperhanging requires accurate measuring and cutting due to windows, cabinets, doors, fireplaces, irregularities in wall and ceiling, etc., especially if the wallpaper is patterned. Paperhangers will cut a sheet and apply the glue or paste to the back of the sheet. If the wallpaper is prepasted, water is added to activate the adhesive. The sheet is then folded or booked and put aside for a few minutes to allow the paper to soften. The sheet is then positioned on the wall and flattened with a wallpaper brush to allow the paste to bond and to remove any air bubbles.

IMPACT

This Item proposes to remove paperhanging from Code 5474 and transfer all paperhanging operations to redefined national Code 5491. No modification is proposed to the loss cost/rate for Codes 5474 or 5491. The amount of payroll transferred cannot be identified using current industry data sources. The impact to individual risks will depend upon the amount of payroll (if any) that transfers from Code 5474 into re-defined Code 5491.

The additional changes being proposed for this industry relate to revision to phraseologies and phraseology notes for Codes 5037, 5491, 9501, and 9505. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss costs, rates, or premium.

Hawaii Specific:

This item proposes that Hawaii continue state special treatment for Code 9501, but revise their phraseology note. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss costs, rates, or premium. All other national proposals are recommended in Hawaii.

Oregon Specific:

This Item proposes that Oregon discontinue state special phraseology for Code 5491 and adopt the proposed national phraseology. It also proposes that Oregon continue their state special treatment for Code 5474. Note that Oregon will not adopt the national proposal for Code 5037 as it is not applicable in Oregon. All other national proposals are recommended in Oregon.

Virginia Specific:

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EXHIBIT 3—FACT SHEET (CONT'D)

NCCI recommends that Virginia update the descriptions for Codes 2916, 5445, 6874F, and 6884, to reflect the changes being made.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and is proposed to become effective concurrently with each state's approved rate/loss cost filing for the 2011⁴ filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

⁴ Unless otherwise noted.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

5474• ~~PAINTING OR PAPERHANGING~~ NOC & SHOP OPERATIONS, DRIVERS—

Includes the painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or sash. Painting ship hulls, metal structures over two stories in height, or bridges to be separately rated.

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

5491• PAPERHANGING & DRIVERS—

~~Applies only to insureds engaged exclusively in paperhanging. Code 5474—Painting or paperhanging NOC shall not be assigned at the same job or location to which Code 5491 applies.~~
Insureds engaged in general painting or interior decorating to be separately rated.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

~~PAINTING~~

- 9505** ~~**Automobile or Carriage Bodies.** Codes 9505 and 3808—Automobile mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~
- 5037•** ~~**Metal Bridges & Shop Operations, Drivers**~~
- 5037•** ~~**Metal Structures Over Two Stories in Height & Drivers.** Includes shop operations. The painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or eash to be separately rated as Code 5474—Painting or paperhanging NOC.~~
- ~~**Ship Hulls:**~~
- 6874F** ~~**Coverage Under U.S. Act**~~
- 6884** ~~**Coverage Under State Act Only**~~
- 9501** ~~**Shop Only & Drivers.** Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9501 are conducted as a separate and distinct business.~~

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

9505 PAINTING—AUTOMOBILE OR CARRIAGE BODIES

Codes 9505 and 3808—~~Automobile mfg. shall~~ must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Code 9505 must not be used at the same location as Code 8393.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

5037• PAINTING—METAL BRIDGES & SHOP OPERATIONS, DRIVERS

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

- 5037• PAINTING—METAL STRUCTURES—OVER TWO STORIES IN HEIGHT & DRIVERS**
Includes shop operations. The painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or sash to be separately rated as Code 5474. ~~Painting or paperhanging NOC.~~

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS

6874F PAINTING—SHIP HULLS—COVERAGE UNDER U.S. ACT

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS

6884 PAINTING—SHIP HULLS—COVERAGE UNDER STATE ACT ONLY

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

9501 PAINTING—SHOP ONLY & DRIVERS

Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9501 are conducted as a separate and distinct business.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

~~SIGN PAINTING OR LETTERING~~

- 9501** ~~Inside of Buildings & Drivers.~~ Includes shop operations. Codes 9501 and 9554 Sign painting or lettering outside of buildings or structures, or 5474 Painting or paperhanging shall not be assigned at the same job or location.
- 9554** ~~Outside of Buildings or Structures & Drivers.~~ Code 9554 shall not be assigned at the same job or location to which Code 9501 Sign painting or lettering inside of buildings applies.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

9501 SIGN PAINTING OR LETTERING—INSIDE OF BUILDINGS & DRIVERS

Includes shop operations. Codes 9501 and 9554—~~Sign painting or lettering outside of buildings or structures, or 5474—Painting or paperhanging shall~~must not be assigned at the same job or location.

ITEM B-1417—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND RULES

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PAINTING
CLASSIFICATIONS**

9554 SIGN PAINTING OR LETTERING—OUTSIDE OF BUILDINGS OR STRUCTURES & DRIVERS

Code 9554 shall not be assigned at the same job or location to which Code 9501—Sign painting or lettering inside of buildings applies.