

NORTH CAROLINA RATE BUREAU

POST OFFICE BOX 176010
RALEIGH, NORTH CAROLINA 27619-6010

JOHN W. WATKINS
General Manager

5401 SIX FORKS ROAD
RALEIGH, NORTH CAROLINA 27609-4435

TELEPHONE (919) 783-9790
FACSIMILE (919) 783-7467

JERRY G. HAMRICK
Workers Compensation Manager

F. TIMOTHY LUCAS
Personal Lines Manager

DAVID E. SINK, JR.
Accounting Manager

March 10, 2000

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Workers Compensation Insurance
Item B-1359(NC)- Elimination or Enhancement
of Selected Basic Manual Classifications and Basic Manual Classification Advisory Notes**

The Bureau has adopted and the North Carolina Commissioner of Insurance has approved a proposal to eliminate or enhance selected Basic Manual classifications and Basic Manual classification advisory notes.

The attached Filing Memorandum describes the changes which have been approved to become effective April 1, 2000, applicable to new and renewal business only.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:dg

Enclosure

C-00-2

FILING MEMORANDUM

ITEM B-1359 (NC)—Elimination or Enhancement of Selected Basic Manual Classifications and Basic Manual Classification Advisory Notes

(To be effective 12:01 a.m. on April 1, 2000, applicable to new and renewal business only.)

PURPOSE:

The purpose of this item is to eliminate or enhance selected Basic Manual classifications and Basic Manual classification advisory notes to reflect current business needs relative to these items.

BACKGROUND:

The workers compensation system groups employers with similar operations so that loss costs or rates may be promulgated to reflect overall employee exposure to injury. NCCI periodically reviews individual classifications and groups of classifications by industry to determine which, if any, should be considered for elimination, phraseology modernization or phraseology clarification. In the recent past, industry groups such as admiralty classifications, chemical manufacturing classifications and explosives manufacturing classes were enhanced. In this Item, we concentrate on individual classifications and propose to eliminate or upgrade those classifications identified. We additionally propose to eliminate or upgrade certain non-classification-specific advisory notes contained in the Classifications section of the Basic Manual.

Attached are fact sheets which identify and provide the basis for NCCI's action as respects the described items. These informational sheets contain the following headers:

FACT SHEET 1: THE MODERNIZATION OR CLARIFICATION OF CERTAIN WORKERS COMPENSATION

CLASSIFICATION PHRASEOLOGIES.

FACT SHEET 2: THE MODERNIZATION, CLARIFICATION OR ELIMINATION OF CERTAIN WORKERS

COMPENSATION CLASSIFICATION ADVISORY NOTES.

Following these fact sheets are two exhibits that indicate the exact changes that will take place in the Basic Manual.

PROPOSAL:

It is proposed that the classifications and classification advisory notes indicated in the attached exhibits be updated as shown.

IMPACT:

No significant premium increases or decreases are expected to occur as a result of this filing.

IMPLEMENTATION:

To implement this proposal, information described on the attached Exhibits 1 and 2 will be entered as indicated in the *Basic Manual for Workers Compensation and Employers Liability Insurance*.

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Basic Manual Classification Advisory Notes

FACT SHEET 1

THE MODERNIZATION OR CLARIFICATION OF CERTAIN WORKERS COMPENSATION

CLASSIFICATION PHRASEOLOGIES.

Code 2114: Present Phraseology: Oystermen Applies to shore or dock work only. Includes sorting, shucking, washing or packing. Codes 2114 and 2111—Cannery shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

Code 2114: Proposed Phraseology: Oyster Processing Applies to shore or dock work only. Includes sorting, shucking, washing or packing. Codes 2114 and 2111—Cannery shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

Note: This change eliminates gender reference.

Code 3581: Present Phraseology: Carburetor Mfg.

Code 3581: Proposed Phraseology: Fuel Injection Device Mfg.: Includes the manufacture of devices used in vehicles or other equipment to monitor, meter or distribute fuel such as but not limited to carburetors, fuel pumps, super chargers, turbo chargers and throttle bodies.

Note: Carburetors are now being manufactured on a limited basis having been replaced for the most part by fuel injection devices.

Code 4432: Present Phraseologies: Fountain Pen Mfg.; Pen Mfg-Fountain or Ballpoint

Code 4432: Proposed Phraseology: Pen Mfg.: Includes the manufacture of all types of handwriting implements that use ink or similar fluids.

Note: The term "Pen Mfg" is all inclusive. The references to fountain pen manufacturing are dated and unnecessary. Code 4432's cross-reference to Pencil Mfg.-Mechanical remains unaltered.

Code 4611: Present Phraseology: Drug, Medicine Or Pharmaceutical Preparation—No Mfg. Of Ingredients.: Applies to compounding, blending or packing operations only. Codes 4611 and 4825—Drug, Medicine or Pharmaceutical Preparation Mfg. & Incidental Mfg. of Ingredients shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Metal container mfg. to be separately rated as 3220—Can Mfg.

Code 4611: Proposed Phraseology: Drug, Medicine Or Pharmaceutical Preparation, Compounding or Blending —No Mfg. Of Ingredients.: Codes 4611 and 4825—Drug, Medicine or Pharmaceutical Preparation Mfg. & Incidental Mfg. of Ingredients shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Metal container mfg. to be separately rated as 3220—Can Mfg.

Note: The first sentence of the current footnote (Applies to compounding, blending or packing operations only.) has been removed as it is felt that the present wording could be interpreted to mean that a risk providing only packaging operations of drugs, medicines or pharmaceuticals would qualify for Code 4611 instead of being assigned to Code 8047 where such operations are appropriately assigned. The words "compounding" and "blending" have been added to the phraseology preceding the footnote.

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FACT SHEET 1

Code 4825 Present Phraseology: Drug, Medicine Or Pharmaceutical Preparation Mfg. & Incidental Mfg. Of Ingredients. Codes 4825 and 4611—Drug, Medicine or Pharmaceutical Preparation—No Mfg. of Ingredients shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Mfg. of metal containers to be separately rated as 3220—Can Mfg.

Code 4825 Proposed Phraseology: Drug, Medicine Or Pharmaceutical Preparation Mfg.— Includes Mfg. of Ingredients.: Codes 4825 and 4611—Drug, Medicine or Pharmaceutical Preparation—No Mfg. of Ingredients shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Mfg. of metal containers to be separately rated as 3220—Can Mfg.

Note: This code's phraseology was changed to eliminate the word "incidental" as it is felt this word could be interpreted to mean that the amount of manufacturing of ingredients is in some way limited to what would be considered an "incidental" or small amount.

Code 3400 Present Phraseology: Metal Goods Mfg. NOC.

Code 3400 Present Phraseology: Metal Stamping Mfg.—Applicable to mass production manufacturing of stamped metal articles including, but not limited to, license plates, tags, toys, pie plates, buckets and waste baskets.

Code 3400 Proposed Phraseology: Metal Stamped Goods Mfg. NOC.

Code 3400 Proposed Phraseology: Metal Stamping Mfg. NOC—Applicable to mass production manufacturing of stamped metal articles including, but not limited to, license plates, tags, toys, pie plates, buckets and waste baskets.

Note: The phraseology Metal Goods Mfg. is too broad and can be construed to contemplate operations that manufacture metal goods on a much broader basis than is intended by this class. The addition of the word "stamped" limits the scope of this classification.

NOC is added to the cross-referenced phraseology to make it similar to its companion phraseology.

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FACT SHEET 2

THE MODERNIZATION, CLARIFICATION OR ELIMINATION OF CERTAIN WORKERS

COMPENSATION CLASSIFICATION ADVISORY NOTES.

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Present Phraseology: Flight testing by mfr. – prototype or experimental aircraft – flying crew. Refer to the rating organization having jurisdiction for the applicable classification.

Proposed Phraseology: Flight testing by mfr. – prototype or experimental aircraft – flying crew. Assign exposure to the one aircraft classification that best describes the nature of the aircraft being tested..

Note: "Refer to the rating organization having jurisdiction" is obsolete.

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Present Phraseology: Federal war housing dismantling or wrecking. See wrecking.

Proposed Phraseology: NONE

Note: This entry is obsolete.

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EXHIBIT 1

THE MODERNIZATION OR CLARIFICATION OF CERTAIN WORKERS COMPENSATION CLASSIFICATION PHRASEOLOGIES

BASIC MANUAL

CLASSIFICATIONS

2114 ~~Oystermen~~ Oyster Processing Applies to shore or dock work only. Includes sorting, shucking, washing or packing. Codes 2114 and 2111 – Cannery shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

3581 ~~Carburetor Mfg.~~ Fuel Injection Device Mfg. Includes the manufacture of devices used in vehicles or other equipment to monitor, meter or distribute fuel such as, but not limited to, carburetors, fuel pumps, super chargers, turbo chargers and throttle bodies.

~~Fountain Pen Mfg.~~

4432

4432 ~~Pen Mfg. Fountain or Ballpoint~~

4432 Pen Mfg. Includes the manufacture of all types of handwriting implements that use ink or similar fluids.

4611 Drug, Medicine Or Pharmaceutical Preparation, Compounding or Blending —No Mfg. Of Ingredients ~~Applies to compounding, blending or packing operations only.~~ Codes 4611 and 4825—Drug, Medicine or Pharmaceutical Preparation Mfg. & Incidental Mfg. of Ingredients shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Metal container mfg. to be separately rated as 3220—Can Mfg

Drug, Medicine Or Pharmaceutical Preparation Mfg. & Incidental

4825 Includes Mfg. Of Ingredients Codes 4825 and 4611—Drug, Medicine or Pharmaceutical Preparation—No Mfg. of Ingredients shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Mfg. of metal containers to be separately rated as 3220—Can Mfg.

Metal Stamped Goods Mfg. NOC

3400

3400 **Metal Stamping Mfg. NOC** Applicable to mass production manufacturing of stamped metal articles including, but not limited to, license plates, tags, toys, pie plates, buckets and waste baskets.

ITEM B-1359 (NC)—Elimination or Enhancement of Selected Basic Manual Classifications and Basic Manual Classification Advisory Notes

EXHIBIT 2

THE MODERNIZATION, CLARIFICATION OR ELIMINATION OF CERTAIN WORKERS COMPENSATION CLASSIFICATION ADVISORY NOTES

BASIC MANUAL

CLASSIFICATIONS

~~Flight testing by mfr. – prototype or experimental aircraft – flying crew. Refer to the rating organization having jurisdiction for the applicable classification. Assign exposure to the one aircraft classification that best describes the nature of the aircraft being tested.~~

~~Federal war housing dismantling or wrecking. See wrecking.~~