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March 10, 2000

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Workers Compensation Insurance
Item B-1363 - Air Carrier Classifications
Amended Phraseologies**

The Bureau has adopted and the North Carolina Commissioner of Insurance has approved a proposal to amend the classification phraseologies for Codes 7403, 7405, 7423 and 7431 to maintain consistency with their original intent subsequent to changes in Federal Aviation Regulations.

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

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:dg

Enclosure

C-00-5

FILING MEMORANDUM

PHRASEOLOGIES

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

PURPOSE

This filing proposes to amend classification phraseologies for Codes 7403—Aircraft or Helicopter Operation: Air Carrier—Scheduled or Supplemental: All Other Employees & Drivers; 7405—Aircraft or Helicopter Operation: Air Carrier—Scheduled or Supplemental: Flying Crew; 7423—Aircraft or Helicopter Operation: Air Carrier—Commuter: All Other Employees & Drivers; and 7431—Aircraft or Helicopter Operation: Air Carrier—Commuter: Flying Crew to maintain the proper classification assignments of these codes.

BACKGROUND

The current phraseologies for Classification Codes 7403, 7405, 7423 and 7431 are no longer consistent with their original intent due to changes in Federal Aviation Regulations (F.A.R.). When these codes were originally approved, the phraseologies referenced regulations that were applicable at the time to the air carriers that were to be contemplated by these classifications. However, there has been a change in part 121 of the F.A.R. These changes do not affect the day-to-day operations of the commuter air carriers, but rather the maintenance guidelines and rules used for the operation of their aircraft.

Previously all aircraft operated by air carriers with seating for 30 or fewer passengers were subject to F.A.R. 135. Due to changes in the regulations, many of those aircraft are now subject to the more stringent safety rules found in F.A.R. 121. Operations with the following types of aircraft now fall under F.A.R. 121:

Turbojet engine powered airplanes having a passenger seating configuration of 1–30 seats.

Transport category turbo-propeller powered airplanes that have a passenger seating configuration of 20–30 seats.

Non-Transport category turbo-propeller powered airplanes that have a passenger seating configuration of 10–19 seats.

However, operations using the types of aircraft listed above are still considered to be commuter air carriers by the FAA.

When the current phraseologies for these codes were erected, the classification approach was designed to track the applicable federal regulations. The possibility of changes to the F.A.R. regulations mentioned within the phraseologies of these codes was considered, but was dismissed because it was felt that the chance of this occurring was remote. However, the F.A.R. rules have changed, thus necessitating the need for this item to keep these codes in line with their original intent.

ITEM B-1363—CODES 7403, 7405, 7423 AND 7431—AIR CARRIER CLASSIFICATIONS — AMENDED PHRASEOLOGIES

PROPOSAL

It is proposed that Codes 7403—Aircraft or Helicopter Operation: Air Carrier—Scheduled or Supplemental: All Other Employees & Drivers; 7405—Aircraft or Helicopter Operation: Air Carrier—Scheduled or Supplemental: Flying Crew; 7423—Aircraft or Helicopter Operation: Air Carrier—Commuter: All Other Employees & Drivers; and 7431—Aircraft or Helicopter Operation: Air Carrier—Commuter: Flying Crew be amended by adding new classification phraseologies to these classifications.

IMPACT

This item should not impact current premium levels. It will facilitate the proper assignment of these codes.

IMPLEMENTATION

The attached exhibit outlines the necessary changes for *Basic Manual for Workers Compensation and Employers Liability Insurance*.

ITEM B-1363—CODES 7403, 7405, 7423 AND 7431—AIR CARRIER CLASSIFICATIONS — AMENDED PHRASEOLOGIES

EXHIBIT

BASIC MANUAL

CLASSIFICATIONS

Air carrier—commuter. Applies to commuter air carriers operating under Part 121, Part 127 or Part 135 of the Federal Aviation Regulations, that use aircraft seating 30 or fewer passengers or payloads less than 7,500 pounds and which conduct at least five round trips per week between two or more points and publish flight schedules that specify the times and days of the week and places between which such flights are performed. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical.

7431 Flying crew. Code 7453 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 7453 is not subject to experience rating or retrospective rating.

7423 All other employees & drivers

Air carrier—scheduled or supplemental. Applies to scheduled or commercial air carriers, including cargo carriers, certificated as such ~~and operating that~~

conduct operations under Part 121 of the Federal Aviation Regulations and use aircraft that are capable of handling more than 30 passengers and/or a payload of 7,500 pounds or more. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical.

7405 **Flying crew.** Code 7445 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 7445 is not subject to experience rating or retrospective rating.

7403 **All other employees & drivers**