



May 19, 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Item B-1387 - Revisions of Basic Manual  
Classifications for the Bottling Industry  
(2156 and 2157)

The Bureau has adopted and the North Carolina Department of Insurance has approved the filing for combining class codes 2156 and 2157. The effective date of this filing is October 1, 2005 however no changes will occur until April 1, 2006, when class codes 2156 and 2157 will be assigned the same loss cost and assigned risk rate. Class code 2156 will be discontinued effective October 1, 2007.

The attached NCCI B-1387 filing memorandum provides specific detail.

Sincerely,

Sue Taylor

Director of Workers Compensation

ST:dg

C-05-4

## FILING MEMORANDUM

### REVISIONS OF BASIC MANUAL CLASSIFICATIONS FOR THE BOTTLING INDUSTRY

(To be effective 12:01 a.m. on October 1, 2005, applicable to new and renewal business only.)

#### PURPOSE

The purpose of this item is to amend the classification treatment of the following industry with the execution of a rate/loss cost and rating values transition program:

##### Bottling Operations

- Eliminate Code 2156—Bottling—Not Carbonated Liquids—Or Spirituous Liquors—& Route Supervisors, Drivers and combine these operations with amended Code 2157—Bottling—All Operations & Route Supervisors, Drivers

#### BACKGROUND, PROPOSAL, IMPACT, AND EXHIBITS

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#### IMPLEMENTATION

In order to implement this item, the attached exhibits outline the changes required in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*, the *Retrospective Rating Plan Manual*, and the *Scopes® of Basic Manual Classifications*.

#### BACKGROUND

Currently, there are three codes used for bottling beverages:

1. Code 2131—Spirituous Liquor Bottling is applicable to insureds engaged in bottling, labeling, packaging, and warehousing of distilled spirituous liquors. Spirituous liquors include whiskey, gin, rum, vodka, scotch, etc.
2. Code 2156—Bottling—Not Carbonated Liquids—Or Spirituous Liquids—& Route Supervisors, Drivers is applicable to the bottling or canning of noncarbonated liquids such as wine, cider, and vinegar.
3. Code 2157—Bottling NOC & Route Supervisors, Drivers applies to the bottling or canning of carbonated liquids as well as carbonated wine, beer, and ale.

NCCI recently conducted a review of the bottling industry. Although Code 2131 is a bottling code, the process and hazards are not consistent with Codes 2156 and 2157. The only difference between Codes 2156 and 2157 is the end product. The processes, materials, and equipment used in bottling carbonated and noncarbonated liquids are very similar. Bottling operations have changed over the years. The term "bottling" is somewhat of a misnomer for the industry since about 1% of soft drinks are actually packaged in glass bottles. Today most beverages are packaged in aluminum or steel cans and polyethylene terephthalate (PET) plastic bottles. Many bottling companies package both carbonated and noncarbonated liquids including soft drinks, fruit juices, iced teas, seltzers, and bottled water. Some of the materials and equipment in common are filling machines, bottle washers, storage tanks, cappers, labeling and coding machines, charcoal filtration, carbon dioxide, conveyors, etc.

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**REVISIONS OF BASIC MANUAL CLASSIFICATIONS FOR THE BOTTLING INDUSTRY**

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**BACKGROUND (cont'd)**

The object of the classification system is to group employers into classifications so that the rate for each classification reflects the exposures common to those employers. When one considers the similarity of operations between bottling noncarbonated liquids and carbonated liquids, it is clear that it is appropriate to combine these operations for classification and ratemaking purposes to simplify the classification system.

**PROPOSAL**

It is proposed that:

1. Effective 12:01 a.m., October 1, 2005 for new and renewal business, an internal transition program be executed to provide a rate/loss cost and rating value transition for Codes 2156 and 2157. The transition program will be implemented beginning with the North Carolina rate filing on April 1, 2006.
2. Effective 12:01 a.m., October 1, 2007 for new and renewal businesses, Code 2156 be discontinued and all insureds having operations previously under Code 2156 be reassigned to Code 2157.

The rating organization will administer a transition program through the rate filing process.

Following are the rules of the transition program implementing the rates/loss costs and rating values for Codes 2156 and 2157.

- A. Risks will continue to be classified to either Code 2156 or 2157 as appropriate until the elimination of Code 2156 on October 1, 2007.
- B. As part of any rate/loss cost filings with effective dates on or after October 1, 2005 and on or before October 1, 2007, the payroll weighted rate/loss cost of Codes 2156 and 2157 will be calculated using the latest available year's payroll and the standard calculated rates/loss costs of the two individual codes. Each of the classification codes will take on the rate/loss cost of this payroll weighted rate/loss cost. Rating values will be determined by the same payroll weighting.
- C. Effective 12:01 a.m. October 1, 2007 for new and renewal business, Code 2156 will be eliminated.

**IMPACT**

This item will foster the uniform and equitable treatment of risks within the bottling industry. There will be no statewide premium impact due to the transition program.

**BOTTLING OPERATIONS**

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**EXHIBIT 1**

**BASIC MANUAL**

Effective 12:01 a.m., October 1, 2007

**CLASSIFICATIONS**

**2157 BEVERAGE MFG.—CARBONATED—NOC & ALL OPERATIONS, ROUTE SUPERVISORS, & DRIVERS**

**BOTTLING**

**2156** ~~Not Carbonated Liquids or Spirituous Liquors & Route Supervisors, Drivers.~~ Includes sign erection or repair. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 2156 are conducted as a separate and distinct business.

**2157** **NOC—ALL OPERATIONS & ROUTE SUPERVISORS, DRIVERS.** Includes sign erection or repair. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 2157 are conducted as a separate and distinct business. Refer to Code 2131 for bottling spirituous liquors.

**CANNING OR BOTTLING CARBONATED BEVERAGES:**  
**See Carbonated Beverage Mfg. NOC or Bottling NOC.**

**2157** **CARBONATED BEVERAGE MFG. NOC—ALL OPERATIONS & ROUTE SUPERVISORS, DRIVERS.** Includes sign erection or repair.

**BOTTLING OPERATIONS**

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**EXHIBIT 2**

**BASIC MANUAL**

Effective 12:01 a.m., October 1, 2007

**Deductible Insurance**

**Table of Classifications by Hazard Group**

<b>Code No.</b>	<b>Hazard Group</b>
2156	II
2157	II

**RETROSPECTIVE RATING PLAN MANUAL**

Effective 12:01 a.m., October 1, 2007

**Part Four F**

**Table of Classifications by Hazard Group**

<b>Code No.</b>	<b>Hazard Group</b>
2156	II
2157	II