



**Michael Craddock**  
Regulatory Division

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## Montana Workers Compensation Classification Review Committee

### Meeting Agenda

Agenda Tracking No.: MT-01-2020

Prepared by Michael Craddock, NCCI, Inc.

Date of Meeting: April 28, 2020

Schedule Release Date: April 3, 2020

Meeting information: The Montana Workers Compensation Classification Review Committee (Committee) will conduct its next meeting at 1:00 p.m. Mountain Daylight Time, on April 28, 2020. The meeting will be conducted via teleconference only.

Teleconference Information: To participate by telephone, dial 1-800-525-8529 and enter Conference ID 737 288 699.

Members:

Name	Representing	Voting? Y/N	Present? Y/N	Substitute
William Anderson – Vice Chair	Montana State Fund	Y		
Greg Roadifer - Chair	Associated Employers	Y		
Linsey Lockner	Employers Insurance	Y		
Brenda Miller	Liberty Mutual	Y		
David Seitz	Seitz Insurance	Y		

## Agenda

Time	Issue	Resolution
1:00 p.m.	<b>Approval of the Draft Minutes for the Montana Workers Compensation Classification Review Committee meeting held on August 13, 2019.</b>	
1:15 p.m.	<b>Approval of the Draft Minutes for the Montana Workers Compensation Classification Review Committee meeting held on December 11, 2019.</b>	
1:30 p.m.	<p><b>Presentation of NCCI Item B-1438—Revisions to Basic Manual Classifications for Oil and Gas Field Operations with a proposed effective date of July 1, 2021.</b></p> <p>Administrative Rules- Rulemaking- Proposed supplements to NCCI’s <i>Basic Manual for Workers Compensation and Employers Liability Insurance</i> incorporated by reference in ARM 6.6.8301 Establishment of Classification for Compensation Plan No. 2 and Plan No. 3</p> <ul style="list-style-type: none"> <li>a. Public Comment</li> <li>b. Committee Action/Vote</li> </ul>	
2:15 p.m.	<p><b>Presentation of NCCI Item B-1439—Revisions to Basic Manual Classifications and Appendix E including Construction Salespersons and Estimators with a proposed effective date of July 1, 2021.</b></p> <p>Administrative Rules- Rulemaking- Proposed supplements to NCCI’s <i>Basic Manual for Workers Compensation and Employers Liability Insurance</i> incorporated by reference in ARM 6.6.8301 Establishment of Classification for Compensation Plan No. 2 and Plan No. 3</p> <ul style="list-style-type: none"> <li>a. Public Comment</li> <li>b. Committee Action/Vote</li> </ul>	
3:00 p.m.	<p><b>Presentation of NCCI Item B-1440—Revisions to Basic Manual, Reformatting, The preface, and Appendix G.</b></p> <p>Administrative Rules- Rulemaking- Proposed supplements to NCCI’s <i>Basic Manual for Workers Compensation and Employers Liability Insurance</i> incorporated by reference in ARM 6.6.8301 Establishment of Classification for Compensation Plan No. 2 and Plan No. 3</p> <ul style="list-style-type: none"> <li>a. Public Comment</li> <li>b. Committee Action/Vote</li> </ul>	
3:15 p.m.	<b>Presentation of NCCI Item 01-MT-2020—Revisions to Basic Manual Classifications for Irrigation Pipe Installation in Montana.</b>	

	Administrative Rules- Rulemaking- Proposed supplements to NCCI's <b><i>Basic Manual for Workers Compensation and Employers Liability Insurance</i></b> incorporated by reference in ARM 6.6.8301 Establishment of Classification for Compensation Plan No. 2 and Plan No. 3  a. Public Comment b. Committee Action/Vote	
3:45 p.m.	<b>New Business, if any</b>	
4:00 p.m.	<b>Public Comments</b>	

Distribution:

Committee Members

Montana Classification Review Committee Interested Parties

NCCI

Office of the Montana State Auditor, Commissioner of Securities and Insurance

## **August 2019 Minutes**



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**Montana Workers Compensation Classification Review Committee**

**Draft Meeting Minutes**

Agenda Tracking No.: MT-01-2019

Prepared by Michael Craddock, NCCI, Inc.

Date of Meeting: August 13, 2019

Meeting information: The Montana Workers Compensation Classification Review Committee met at 10:30 a.m., Mountain Standard Time, on Tuesday, August 13, 2019. The meeting was held at the Helena Great Northern Hotel, 835 Great Northern Blvd., Helena, Montana 59601 and by teleconference.

Members:

Name	Representing	Voting? Y/N	Present? Y/N	Substitute
Jay Duce	Montana State Fund	Y	Y	
Greg Roadifer*	Associated Employers	Y	Y	
Linsey Lockner	Employers Insurance	Y	Y	
Brenda Miller	Liberty Mutual	Y	Y	
David Seitz*	Seitz Insurance	Y	Y	

Others in attendance

Bruce Spencer	Law Offices of Bruce M. Spencer, PLLC
Peter Strauss	Montana State Fund
Shaunna Berglund	Montana State Fund
Lance Zanto	Bureau Chief – State of Montana
Kerri Emmons	Independent Insurance Agents
Pam Koeing	Office of the Montana State Auditor, Commissioner of Securities and Insurance
Mari Kindberg	Office of the Montana State Auditor, Commissioner of Securities and Insurance
Peter Van Nice	Montana Department of Labor and Industry
Bob Biskupiak	Deputy Insurance Commissioner, Office of the Montana State Auditor
Todd Johnson	National Council on Compensation Insurance
Michael Craddock	National Council on Compensation Insurance
Bill Dodds*	National Council on Compensation Insurance
Lesley O'Brien*	National Council on Compensation Insurance
Adam Levell*	National Council on Compensation Insurance
Nicone Gordon*	National Council on Compensation Insurance

\*participated via teleconference

## Agenda

Time	Issue	Resolution
10:00 a.m.	<b>Committee Orientation</b>  Bruce Spencer, NCCI outside counsel, presented an overview of the Committee process. Michael Craddock of NCCI provided additional information regarding the workers compensation classification system.	
10:20 a.m.	<b>Election of Committee Chair and Vice Chair</b>  The Committee nominated Greg Roadifer to continue as Chair of the Committee. Jay Duce was nominated to serve as Vice-Chair.	Both nominations were seconded and approved by the Committee.
10:30 a.m.	<b>Approval of the Draft Minutes for the Montana Workers Compensation Classification Review Committee meeting held on July 23, 2018.</b>	Minutes were approved as presented.
10:45 p.m.	<b>Approval of the Draft Minutes for the Montana Workers Compensation Classification Review Committee meeting held on October 23, 2018.</b>	Minutes were approved as presented.

<p>11:00 a.m.</p>	<p><b>Presentation of ITEM B-1437—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group, Including Aircraft Maintenance</b></p> <p>Administrative Rules- Rulemaking- Proposed supplements to NCCI’s <b><i>Basic Manual for Workers Compensation and Employers Liability Insurance</i></b> incorporated by reference in ARM 6.6.8301 Establishment of Classification for Compensation Plan No.2 and Plan No. 3</p> <p>The Item filing consisted of two main parts:</p> <ul style="list-style-type: none"> <li>• The elimination of national and state special classifications with low credibility and</li> <li>• A revision of the classification treatment of the aircraft maintenance and repair industry.</li> </ul> <p>There was a question regarding the elimination of the national Code 5508 - Street or Road Construction - Rock Excavation &amp; Drivers. The phraseology is being assigned to Code 5507. A question was raised about the lack of a transition program for the change. A transition program is not needed since the change will result in a decrease for affected policyholders.</p> <p>A national code, Code 4360 – Motion Picture – Development of Negatives, Printing, and All subsequent Operations is being eliminated and the phraseology is being assigned to Code 7610. This change will not affect the Montana State Special, Code 9610 – Motion Picture Production—In Studios or Outside—All Operations Up to the Development of Negatives &amp; Drivers.</p>	<p>A motion was made, seconded and passed by unanimous vote, and it was <b>RESOLVED</b>, that Item B-1437 is accepted by the Committee as presented by NCCI and further the Committee approves proceeding to rulemaking.</p>
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	<p>Regarding the revisions to the classification treatment of aircraft maintenance and repair, two issues were discussed:</p> <ol style="list-style-type: none"> <li>1. Is Code 7403 Aviation—Airport or Heliport Operator—All Employees &amp; Drivers – applicable to airport maintenance operations? The answer was yes.</li> <li>2. Code 5474 is assigned to the painting of aircraft and shop operations. Is there a height restriction within the Code? The answer was no. Code 5474 is applicable to aircraft painting regardless of height.</li> </ol> <p>a. Public Comment – No comments</p>	
11:30 a.m.	<p><b>New Business, if any.</b></p> <p>A question was raised by a Committee member regarding Committee members proposing agenda items regarding classification changes and/or revisions. Bruce Spencer, NCCI Outside Counsel, advised the Committee members may propose agenda items related to classifications however the committee needs to be mindful of legal requirements so as not to discuss carrier specific issues or rates.</p> <p>Lesley O'Brien of NCCI previewed possible Item filings for 2020. Possible filings may include:</p> <ul style="list-style-type: none"> <li>• Construction Estimators</li> <li>• Social Services</li> <li>• Treatment of Oil and Gas Classification Codes</li> <li>• Clubs specifically Ski Clubs</li> </ul>	
	<p><b>Public Comment Period:</b> No comments.</p>	

Distribution:  
Committee Members  
Montana Classification Review Committee Interested Parties  
NCCI  
Office of the Montana State Auditor, Commissioner of Securities and Insurance

## **December 2019 Minutes**



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## Montana Workers Compensation Classification Review Committee

### Draft Meeting Minutes

Agenda Tracking No.: MT-02-2019

Meeting Date: December 11, 2019

Prepared by Michael Craddock

Meeting information: The Montana Workers Compensation Classification Review Committee met at 10:30 a.m., Mountain Standard Time, on Wednesday, December 11, 2019. The meeting was held at the Office of the Montana State Auditor, basement conference room, 840 Helena Ave., Helena, Montana 59601 and by teleconference.

Members:

Name	Representing	Voting? Y/N	Present? Y/N	Substitute
William Anderson*	Montana State Fund	Y	Y	
Greg Roadifer, Chair	Associated Employers	Y	N	
Linsey Lockner*	Employers Insurance	Y	Y	
Brenda Miller*	Liberty Mutual	Y	Y	
David Seitz*	Seitz Insurance	Y	Y	

Others in attendance

Name	Representing
Todd Johnson*	National Council on Compensation Insurance
Michael Craddock*	National Council on Compensation Insurance
Lesley O'Brien*	National Council on Compensation Insurance
Adam Levell*	National Council on Compensation Insurance
Bruce Spencer	Law Offices of Bruce M. Spencer, PLLC
Pam Koeing	Office of the Montana State Auditor, Commissioner of Securities and Insurance
Mike Windsor	Office of the Montana State Auditor, Commissioner of Securities and Insurance

\*participated via teleconference

## Agenda

<b>Time</b>	<b>issue</b>	
10:30 a.m.	<p>Election of Vice Chair</p> <p>It was necessary to elect a new chair as William Anderson replaced Jay Duce as the Montana State Fund representative. Jay Duce was the former Vice Chair.</p> <p style="padding-left: 40px;">a. Committee Action/Vote</p>	<p>Mr. William Anderson, representing the Montana State Fund, was nominated for the position of Vice-Chair. The nomination was seconded and approved by the Committee.</p>

Time	Issue	
10:35 a.m.	<p>Proposed Adoption of Amendments to the below Administrative Rules of Montana, as set forth in MAR Notice No. 6-260, published on September 20, 2019, at page 1548 of the 2019 Montana Administrative Register, Issue Number 18.</p> <p><i>ARM 6.6.8301 - Establishment of Classification for Compensation Plan No. 2 and Plan No. 3.</i></p> <p>The Notice of Public Hearing on Proposed Amendment, MAR Notice 6-260, published on September 20, 2019, at page 1548 of the 2019 Montana Administrative Register, Issue Number 18, the Notice of Amendment, published on December 27, 2019 at page 2339 of the Montana Administrative Register, Issue No. 24 and the Adoption Order dated September 10, 2019 are attached and incorporated in these minutes by reference.</p> <p>a. Public Comment: None</p>	<p>A motion was made, seconded and passed by majority vote, and it was</p> <p><b>RESOLVED</b>, that the Committee approved supplementing the <b>Basic Manual</b> with Item B-1437—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group, Including Aircraft Maintenance with an effective date of July 1, 2020.</p> <p>The Committee further approves proceeding with the Notice of Amendment and the Adoption Order.</p>

10:40 a.m.	<p><b>New Business, If Any.</b></p> <p>None</p>
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10:45 a.m.	<p><b>Public Comment Period.</b></p> <p>None</p>
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Distribution:  
Committee Members  
Montana Classification Review Committee Interested Parties  
NCCI



BEFORE THE CLASSIFICATION REVIEW COMMITTEE

In the matter of the amendment of ) AMENDED NOTICE OF  
ARM 6.6.8301 pertaining to ) AMENDMENT  
establishment, deletion, or revision of )  
classifications for various industries )  
for supplementing the NCCI Basic )  
Manual for Workers' Compensation )  
and Employers Liability )

TO: All Concerned Persons

1. On September 20, 2019, the Classification Review Committee published MAR Notice No. 6-260 pertaining to the public hearing on the proposed amendment of the above-stated rules at page 1548 of the 2019 Montana Administrative Register, Issue Number 18.

2. The committee has amended the above-stated rule as proposed.

3. No comments or testimony were received.

4. The effective date of the amendment is July 1, 2020.

5. This Amended Notice is necessary because the July 1, 2020 effective date was not included in the first Notice of Amendment or Order of Amendment filed with this rule change, the effective date was included in the notice of rulemaking.

/s/ Michael Windsor  
Michael Windsor  
Rule Reviewer

/s/ Greg Roadifer  
Greg Roadifer  
Committee Chair

Certified to the Secretary of State January 7, 2020.

BEFORE THE CLASSIFICATION REVIEW COMMITTEE

In the matter of the amendment of	)	CORRECTED NOTICE OF
ARM 6.6.8301 pertaining to	)	AMENDMENT
establishment, deletion, or revision of	)	
classifications for various industries	)	
for supplementing the NCCI Basic	)	
Manual for Workers' Compensation	)	
and Employers Liability	)	

TO: All Concerned Persons

1. On September 20, 2019, the Classification Review Committee published MAR Notice No. 6-260 pertaining to the public hearing on the proposed amendment of the above-stated rule at page 1548 of the 2019 Montana Administrative Register, Issue Number 18. On December 27, 2019, the committee published the notice of amendment of the above-stated rule at page 2339 of the 2019 Montana Administrative Register, Issue Number 24.

2. This corrected notice is necessary because the July 1, 2020 effective date for the rule was not included in the notice of amendment. The effective date was included in the notice of proposed amendment.

3. The effective date of the rule amendment is July 1, 2020.

/s/ Michael Winsor  
Michael Winsor  
Rule Reviewer

/s/ Greg Roadifer  
Greg Roadifer  
Committee Chair

Certified to the Secretary of State January 7, 2020.

BEFORE THE CLASSIFICATION REVIEW COMMITTEE

In the matter of the amendment of ) NOTICE OF AMENDMENT  
 ARM 6.6.8301 pertaining to )  
 establishment, deletion, or revision of )  
 classifications for various industries )  
 for supplementing the NCCI Basic )  
 Manual for Workers' Compensation  
 and Employers Liability

TO: All Concerned Persons

1. On September 20, 2019, the Classification Review Committee published MAR Notice No. 6-260 pertaining to the public hearing on the proposed amendment of the above-stated rules at page 1548 of the 2019 Montana Administrative Register, Issue Number 18.
2. The Committee has amended the above-stated rule as proposed.
3. No comments or testimony were received.

/s/ Mike Winsor  
 Mike Winsor  
 Rule Reviewer

/s/ Greg Rodifer  
 Greg Rodifer  
 Committee Chair

Certified to the Secretary of State December 17, 2019



BEFORE THE CLASSIFICATION REVIEW COMMITTEE

In the matter of the amendment of	)	NOTICE OF PUBLIC HEARING ON
ARM 6.6.8301 pertaining to	)	PROPOSED AMENDMENT
establishment, deletion, or revision of	)	
classifications for various industries	)	
for supplementing the NCCI Basic	)	
Manual for Workers' Compensation	)	
and Employers Liability	)	

TO: All Concerned Persons

1. On October 16, 2019, at 11:00 a.m., the Classification Review Committee will hold a public hearing in the basement conference room of the Montana Commissioner of Securities and Insurance, at Helena, Montana, to consider the proposed amendment of the above-stated rule.

2. The Classification Review Committee will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the Classification Review Committee no later than 5:00 p.m. on October 1, 2019, to advise us of the nature of the accommodation that you need. Please contact Ramona Bidon, CSI, 840 Helena Avenue, Helena, Montana, 59601; telephone (406) 444-2726; TDD (406) 444-3246; fax (406) 444-3499; or e-mail rbidon@mt.gov.

3. The affected rule is shown below and no changes will be made to that rule. However, the Basic Manual for Workers' Compensation and Employers Liability (Basic Manual) incorporated by reference in this rule is supplemented by classification codes that are established, deleted, or revised in accordance with (2) of the rule and 33-16-1023(3), MCA.

6.6.8301 ESTABLISHMENT OF CLASSIFICATION FOR COMPENSATION PLAN NO. 2 AND PLAN NO. 3 (1) and (2) remain the same.

AUTH: 33-16-1012, MCA  
IMP: 2-4-103, 33-1-115, 33-16-1012, MCA

REASON: It is necessary to supplement the NCCI Basic Manual incorporated by reference in ARM 6.6.8301 by establishing, deleting, or revising classification codes in the Basic Manual that apply to various industries, through rulemaking procedures. The Classification Review Committee approved proceeding to rulemaking to supplement the Basic Manual with Item Filing B-1437- Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group, including Aircraft Maintenance; Wool Spinning and Weaving; Yarn Manufacturing; Glove Manufacturing; Motion Picture Negative Development, Printing, and Subsequent Operations; Duplication and Replication of Prerecorded Audio, Video or

Data; Cottonseed Oil Manufacturing; Street or Road Construction, Rock Excavation and Drivers; proposed to be effective July 1, 2020.

For additional details, see the filing, executive summary, and the classifications to be established, deleted, or revised in the filing as approved by the Montana Workers Compensation Classification Review Committee, at: [https://csimt.gov/wp-content/uploads/MT-Item-B-1437-Revised-Exhibit\\_Final-004.xlsx](https://csimt.gov/wp-content/uploads/MT-Item-B-1437-Revised-Exhibit_Final-004.xlsx).

4. Concerned persons may submit their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to the CR Committee attention of: Michael Craddock, Regulatory Disputes Consultant, NCCI, c/o Regulatory Operations Department, 901 Peninsula Corporate Circle, Boca Raton FL 33487-1362; telephone (561) 893-3820; fax (561) 893-5365; or e-mail [Michael\\_Craddock@NCCI.com](mailto:Michael_Craddock@NCCI.com), and must be received no later than 5:00 p.m. MST, October 24, 2019.

5. Mike Winsor, State Auditor's Office, has been designated to preside over and conduct this hearing.

6. The Classification Review Committee maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this committee. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 4 above or may be made by completing a request form at any rules hearing held by the committee.

7. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

8. With regard to the requirements of 2-4-111, MCA, the Classification Review Committee has determined that the supplementing of the above-referenced rule will not significantly and directly impact small businesses.

/s/ Mike Winsor  
Mike Winsor  
Rule Reviewer

/s/ Greg Roadifer  
Greg Roadifer  
Committee Chair

Certified to the Secretary of State September 10, 2019.

**Executive Summary for Item B-1438 and  
Proposed Draft Motion and Resolution**

## Montana Workers Compensation Classification Review Committee

### Executive Summary

#### **Item B-1438—Revisions to Basic Manual Classifications for Oil and Gas Field Operations**

This item addresses the classification treatment for oil and gas field operations in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*.

Specialist contractors are classified to Code 6216—Oil or Gas—Lease Work NOC—By Specialist Contractor & Drivers unless they are designated to be separately rated to other oil and gas classifications. Some of their services are performed prior to rig erection, drilling, fracturing, or other oil and gas operations. This drill site preparation includes but is not limited to clearing land; building lease roads, slush pits, levees, or firewalls; and lease beautification or dirt work.

NCCI has determined that drill site preparation services performed by specialist contractors prior to rig erection must be separately rated to the appropriate construction classifications. NCCI has also determined that the proper classification treatment for flowback services must be addressed in NCCI's *Basic Manual*. These recommendations will impact multiple rules and classifications in NCCI's *Basic Manual*.

#### **Suggested Motion/Resolution for Agenda Item B-1438:**

Following review and discussion, upon motion duly made, seconded and unanimously approved, it is **RESOLVED**, that Item B-1438 is accepted by the Committee as presented by NCCI and further the Committee approves proceeding to rulemaking.

**ITEM B-1438—REVISIONS TO BASIC MANUAL  
CLASSIFICATIONS FOR OIL AND GAS FIELD  
OPERATIONS**

## FILING MEMORANDUM

### ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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#### PURPOSE

This item addresses the classification treatment for oil and gas field operations in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*.

#### BACKGROUND

The oil and gas drilling industry in the United States has evolved over the years. A technique more common today, hydraulic fracturing ("fracking"), involves well stimulation in which rock is fractured by a pressurized liquid. With the expansion of fracking activities, there is an increased demand for skilled employees in oil and gas field service industries, particularly well drilling and completion, and transportation. Single contractors no longer provide all of the services related to drilling. The drilling process is being subdivided among specialty contractors who do a portion of the work but not the entire job.

Flowback service providers are one such specialty contractor. Flowback refers to a process by which the fluid used for fracturing a shale formation is recovered from the well at the surface. This is done in preparation for a subsequent phase of treatment, or to clean up and transition the well to a production stage. The providers on an active drill site must ensure that sudden pressure fluctuations do not disrupt the formation and that the reclaimed fluid is properly disposed of for environmental reasons. Currently, there is no mention of flowback service providers in NCCI's *Basic Manual*.

Specialist contractors are classified to Code 6216—Oil or Gas—Lease Work NOC—By Specialist Contractor & Drivers unless they are designated to be separately rated to other oil and gas classifications. Some of their services are performed prior to rig erection, drilling, fracturing, or other oil and gas operations. This drill site preparation includes but is not limited to clearing land; building lease roads, slush pits, levees, or firewalls; and lease beautification or dirt work.

NCCI has determined that drill site preparation services performed by specialist contractors prior to rig erection must be separately rated to the appropriate construction classifications. NCCI has also determined that the proper classification treatment for flowback services must be addressed in NCCI's *Basic Manual*. These recommendations will impact multiple rules and classifications in NCCI's *Basic Manual*.

#### PROPOSAL

This item proposes the following in NCCI's *Basic Manual*:

1. Revise the following rules to clarify that oil and gas operations are treated the same as construction or erection operations (*refer to Exhibits 1, 2, and 3*):
  - Rule 1-C-2-f—"No" or "Not"
  - Rule 1-D-3-b—Insured conducting one or more of the following operations
  - Rule 1-D-3-d—Construction or Erection Operations
  - Rule 1-F—Changes or Corrections in Classifications
2. Revise the following phraseologies to address flowback services (*refer to Exhibits 4 and 7*):
  - Code 6206—Oil or Gas—Well—Acidizing—All Employees & Drivers

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## **FILING MEMORANDUM**

### **ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

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- Code 6206—Oil or Gas—Well—Cementing & Drivers
  - Code 6235—Drilling or Redrilling of Oil or Gas Wells & Installation of Casing, Drivers
  - Code 6235—Oil or Gas—Well—Drilling or Redrilling & Drivers
  - Code 6235—Oil or Gas—Well—Shooting & Drivers
  - Code 6237—Oil or Gas—Well—Instrument Logging or Survey Work & Drivers
3. Revise the following two phraseologies to address drill site preparation (*refer to Exhibits 5 and 6*):
- Code 6216—Gas or Oil—Lease Work NOC—Natural Gas—By Specialist Contractor & Drivers
  - Code 6216—Oil or Gas—Lease Work NOC—By Specialist Contractor & Drivers
4. Revise Appendix E—Classifications by Hazard Group to indicate that Code 8353 is applicable in New Mexico (*refer to Exhibit 8*)

#### **IMPACT**

Due to the multiple classification codes where payroll can be reassigned, the exact impact to overall statewide premium cannot be determined. Individual employers may see a premium increase or decrease depending on the loss cost/rate of the code where the payroll is reassigned in relation to the loss cost/rate of the code the payroll is coming from. There will be negligible statewide premium impact as a result of the changes proposed in this item.

#### **STATE-SPECIFIC PROPOSALS AND IMPACTS**

##### **Alaska Proposal:**

NCCI is proposing all exhibits in Alaska except for Exhibit 6.

NCCI proposes that Alaska adopt the additional language for drill site preparation in Alaska special Code 6216—Oil or Gas Lease Work NOC—By Contractor & Drivers.

##### **Alaska Impact:**

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

##### **Florida Proposal:**

NCCI is proposing all exhibits in Florida except for Exhibits 3 and 6.

NCCI proposes that Florida adopt the additional language for oil and gas field operations in its exception to Rules 1-D-3-d and 1-F.

NCCI proposes that Florida adopt the additional language for drill site preparation in Florida special Code 6216—Oil or Gas—Lease Work NOC—By Contractor & Drivers.

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**FILING MEMORANDUM**

**ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

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**Florida Impact:**

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

**Missouri Proposal:**

NCCI is proposing all exhibits in Missouri.

NCCI proposes that Missouri update its exception to Rule 1-D-3-d to, "Construction, Erection, or Oil and Gas Field Operations," which will reflect the nationally proposed title for Rule 1-D-3-d.

**Missouri Impact:**

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

**New Mexico Proposal:**

NCCI is proposing all exhibits in New Mexico except for Exhibits 5 and 6.

NCCI proposes that New Mexico update its exception to Rule 1-D-3-d to, "Construction, Erection, or Oil and Gas Field Operations," which will reflect the nationally proposed title for Rule 1-D-3-d.

NCCI proposes that New Mexico adopt the additional language for drill site preparation in New Mexico special Codes 6216—Oil or Gas—Lease Work NOC—Natural Gas—By Contractor & Drivers and 6216—Oil or Gas—Lease Work NOC—By Contractor & Drivers.

The New Mexico Office of Superintendent of Insurance has requested that liquid propane gas dealers be separately rated from dealers of other gas products. NCCI proposes that New Mexico adopt state special Code 8353—Gas Dealer—Liquefied Petroleum Gas & Salespersons, Drivers. As a result, national Code 8350—Gas Dealer—Liquefied Petroleum Gas & Drivers will no longer be applicable in New Mexico. Please note that only this specific phraseology will be eliminated. Code 8350 will remain applicable in New Mexico for other types of gas dealers and related services.

**New Mexico Impact:**

The initial loss cost/rate for Code 8353 will be the loss cost/rate for Code 8350 until Code 8353 develops data to determine its own loss cost/rate. Rating values will be calculated according to NCCI's standard procedure. The impact from this change should be negligible on a statewide basis.

Individual risks with payroll in Code 8350 that transfer into the new Code 8353 are not expected to see a change in premium since the initial loss cost/rate established in this item filing for use by Code 8353 is equivalent to the loss cost/rate currently approved for use for Code 8350.

The premium impact on a national basis for the recommendations in this item are expected to be the same in New Mexico.

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## FILING MEMORANDUM

### ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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#### Texas Proposal:

NCCI is proposing Exhibit 3, 8, and 9 in Texas.

NCCI proposes that Texas eliminate its exceptions to Rule 1-C-2-f and Rule 1-F-3-b and adopt the proposed national treatments because they will reflect the current Texas exceptions.

NCCI proposes to revise the following Texas special classifications to address flowback services:

- Code 6202—Drilling or Redrilling of Oil or Gas Wells & Drivers
- Code 6202—Oil or Gas Well—Drilling or Redrilling & Drivers
- Code 6202—Oil or Gas Well—Servicing & Drivers
- Code 6202—Oil or Gas Well—Shooting & Drivers
- Code 6206—Oil or Gas Well—Acidizing and Cementing & Drivers
- Code 6206—Oil or Gas Well—Fracturing & Drivers
- Code 6237—Oil or Gas Well—Instrument Logging, Radio Activity, or Survey Work in Wells & Drivers

NCCI proposes to revise the following Texas special phraseology to address drill site preparation:

- Code 6216—Oil or Gas Lease Work NOC—By Contractor & Drivers

NCCI proposes to eliminate the following Texas phraseology to eliminate redundancy with the Texas phraseology above:

- Code 6216—Gas or Oil Lease Work NOC—By Contractor & Drivers

As a result of the above proposal, NCCI proposes that Texas eliminate the state special phraseology for Code 6216—Drill Site Preparation—Oil or Gas Wells & Drivers.

#### Texas Impact:

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

#### Virginia Proposal:

NCCI proposes that Virginia adopt Exhibits 1, 2, 3, and 8, and that it adopt the proposed national treatment for Codes 6206, 6216, 6235, and 6237. Accordingly, the Virginia Special Classifications in NCCI's **Basic Manual** must be updated for the following codes:

- 6206—Oil or Gas Well—Cementing & Drivers
- 6206—Oil or Gas Well—Acidizing—All Employees & Drivers
- 6216—Oil or Gas Lease Work NOC—By Specialist Contractor & Drivers
- 6216—Gas or Oil Lease Work—NOC—Natural Gas—By Specialist Contractor & Drivers
- 6235—Oil or Gas Well—Drilling or Redrilling & Drivers

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FILING MEMORANDUM

**ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

- 6237—Oil or Gas Well—Instrument Logging or Survey Work & Drivers

**Virginia Impact:**

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment for Codes 6206, 6216, 6235, and 6237. The proposed updates to the Virginia Special Classifications in NCCI's *Basic Manual* descriptions are not expected to have an additional premium impact.

**IMPLEMENTATION**

This item applies to new and renewal policies only, and it will become effective concurrent with each state's approved loss cost/rate filing effective on and after October 1, 2020, unless otherwise noted. For example, this item will become effective January 1, 2021, for approved loss cost/rate filings that have a January 1, 2021 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.

**Anticipated Effective Dates by State**

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

State	Anticipated* Effective Date
Alabama	March 1, 2021
Alaska	January 1, 2021
Arizona	January 1, 2021
Arkansas	July 1, 2021
Colorado	January 1, 2021
Connecticut	January 1, 2021
District of Columbia	November 1, 2020
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, 2020, it will become effective on January 1, 2021. If it is approved after July 1, 2020, it will become effective on January 1, 2022.
Georgia	March 1, 2021

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FILING MEMORANDUM

**ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective on January 1, 2021. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2021
Illinois	January 1, 2021
Indiana	January 1, 2021
Iowa	January 1, 2021
Kansas	January 1, 2021
Kentucky	October 1, 2020
Louisiana	May 1, 2021
Maine	April 1, 2021
Maryland	January 1, 2021
Mississippi	March 1, 2021
Missouri	January 1, 2021
Montana	July 1, 2021
Nebraska	February 1, 2021
Nevada	March 1, 2021
New Hampshire	January 1, 2021
New Mexico	January 1, 2020**
Oklahoma	January 1, 2021
Oregon	January 1, 2021
Rhode Island	August 1, 2021
South Carolina	April 1, 2021
South Dakota	July 1, 2021
Tennessee	March 1, 2021
Texas	July 1, 2021
Utah	January 1, 2021
Vermont	April 1, 2021

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FILING MEMORANDUM

ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

Virginia	April 1, 2021
West Virginia	November 1, 2020

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

\*\* The New Mexico Office of Superintendent of Insurance has requested that the proposed effective date of this item be January 1, 2020, in New Mexico.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Details the revision to Rule 1-C-2-f in NCCI's <b>Basic Manual</b> .	Applies in all states except TX.
2	Details the revisions to Rules 1-D-3-b and 1-D-3-d in NCCI's <b>Basic Manual</b> .	Applies in all states except TX.
3	Details the revision to Rule 1-F in NCCI's <b>Basic Manual</b> .	Applies in all states except FL.
4	Details the revisions to two phraseologies for Code 6206 in NCCI's <b>Basic Manual</b> .	Applies in all states except TX and VA.
5	Details the revisions to Code 6216—Gas or Oil—Lease Work NOC—Natural Gas—By Specialist Contractor & Drivers in NCCI's <b>Basic Manual</b> .	Applies in all states except NM, TX, and VA.
6	Details the revisions to Code 6216—Oil or Gas—Lease Work NOC—By Specialist Contractor & Drivers in NCCI's <b>Basic Manual</b> .	Applies in all states except AK, FL, NM, TX, and VA.
7	Details the revisions to phraseologies under Codes 6235 and 6237 in NCCI's <b>Basic Manual</b> .	Applies in all states except TX and VA.
8	Details the revision to Code 8353 in Appendix E of NCCI's <b>Basic Manual</b> .	Applies in all states.
9	Details the revisions to state special rules and classifications in NCCI's <b>Basic Manual</b> .	Applies in AK, FL, MO, NM, TX, and VA.

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ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
RULE 1—CLASSIFICATION ASSIGNMENT  
C. CLASSIFICATION WORDING  
2. WORDS AND PHRASES

(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, VA, VT, WV)

f. “No” or “Not”

A classification that includes a restrictive phrase beginning with “no” or “not” must not apply to any ~~risk~~ employer that conducts any operation described in the restrictive phrase.

*Refer to **User's Guide** for an example.*

**Exception:**

For mercantile, mining, ~~or~~ construction, or oil and gas field operations, this rule applies to each job or location.

**ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

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**EXHIBIT 2**  
**BASIC MANUAL—2001 EDITION**  
**RULE 1—CLASSIFICATION ASSIGNMENT**  
**D. CLASSIFICATION PROCEDURES**

**(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, VA, VT, WV)**

**3. Assignment of More Than One Basic Classification**

More than one basic classification may be assigned to an employer that meets conditions a, b, or c below. Operation means activities, enterprises, processes, secondary businesses or undertakings.

- a. The insured's principal business is described by a basic classification that requires certain operations or employees to be separately rated.

*Refer to **User's Guide** for an example.*

- b. The insured conducts one or more of the following operations:

- Construction or erection
- Farming
- Employee leasing, labor contracting, temporary labor services
- Mercantile business
- Oil and gas field operations

- c. The insured conducts more than one operation in a state.

- (1) For purposes of this rule, an insured is conducting more than one operation in a state if portions of the insured's operations in that state are not encompassed by the classification applicable to the insured's principal business. To qualify for a separate classification, the insured's additional operation must meet all of the following conditions:

- Be able to exist as a separate business if the insured's principal business in the state ceased to exist.
- Be located in a separate building, or on a separate floor in the same building, or on the same floor physically separated from the principal business by structural partitions. Employees engaged in the principal business must be protected from the operating hazards of the separate additional operations.
- Maintain proper payroll records. *Refer to Rule 2-G for the description of proper payroll records.*

*Refer to **User's Guide** for an example.*

- (2) If the separate additional operation is not encompassed in the classification applicable to the insured's principal business and meets all the conditions listed above in c (1), the insured is considered to be engaged in an additional operation. If this is the case, a separate basic classification may be assigned to each operation that qualifies as a separate additional operation.

- (3) If the additional operation does not meet all conditions listed above in c (1) and is not encompassed in the classification applicable to the insured's principal business and has a rate:

- *Lower* than the insured's principal business, assign the additional operation to the same classification as the insured's principal business
- *Higher* than or equal to the insured's principal business, assign the additional operation to the classification that describes the additional operation

- (4) Policies with more than one classification may include employees working under several classifications. Payroll assignment for these employees is subject to the Interchange of Labor rule. *Refer to Rule 2-G.*

**ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

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**EXHIBIT 2 (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**RULE 1—CLASSIFICATION ASSIGNMENT**  
**D. CLASSIFICATION PROCEDURES**

**(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, VA, VT, WV)**

**Note:** If the insured does not maintain verifiable payroll records specific to the additional higher rated operation, then assign the principal and the additional operation to the higher rated classification, (*Refer to Rule 2-G-2 for the description of proper payroll records.*)

**d. Construction, ~~or~~ Erection, or Oil and Gas Field Operations**

These operations are identified by a ● immediately following the code number.

Each distinct type of construction, ~~or~~ erection, or oil and gas field operation must be assigned to the class that specifically describes the operation only if separate payroll records are maintained for each operation.

If separate payroll records are not maintained for any construction, ~~or~~ erection, or oil and gas field operation, the highest rated classification that applies to the job or location where the operation is performed must be assigned.

If a construction, ~~or~~ erection, or oil and gas field operation is included in the scope of another classification, a separate code must not be assigned.

**(1) Insured Subcontractors**

An insured subcontractor who performs a single type of work on a construction project or job must be classified based on the classification that describes the particular type of work involved.

*Refer to **User's Guide** for an example.*

**Exception to 1-D-3-d(1) above:**

All operations in conjunction with concrete construction including making and erecting forms, placing reinforcing steel and stripping forms, when done by subcontractors, must be assigned to the appropriate concrete construction classification.

**(2) Uninsured Subcontractors**

Uninsured subcontractors covered under the principal or general contractor's policy are classified on the basis of the classifications that would apply if the work were performed by the principal's or general contractor's own employees.

*Refer to **User's Guide** for an example.*

**e. Farm Operations**

These operations are identified by a ■ immediately following the code number.

A farm is defined as any parcel(s) of land used for the purpose of agriculture, horticulture, viticulture, dairying, or stock or poultry raising as a business or commercial venture.

If separate payroll records are maintained, a division of payroll is allowed for each separate and distinct type of commercial farm operation.

If payroll records of the farm classification are not clear, and separate payroll records are not maintained, the entire payroll of the farm must be segregated on the basis of proportionate acreages.

Each farm classification includes:

- All employees
- Drivers

**ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

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**EXHIBIT 2 (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**RULE 1—CLASSIFICATION ASSIGNMENT**  
**D. CLASSIFICATION PROCEDURES**

**(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, VA, VT, WV)**

- All normal repair and maintenance of buildings or equipment performed by the employees of the insured
- Operations usual and incidental to a farm, such as:
  - Maintenance of cows, hogs or chickens for family use
  - A family orchard or truck garden
  - Hay or grain crops raised for the purpose of maintaining work animals on the farm
  - Outside domestic workers at the farm location

Each farm classification excludes inside domestic workers at the farm location.

**f. Employee Leasing Firms, Labor Contractors, Professional Employer Organization, and Temporary Labor Services**

- (1) Workers assigned to clients must be classified the same as direct employees of the client performing the same or similar duties.
- (2) If the client has no direct employees performing the same or similar duties, leased employees are classified as if they were direct employees of the client entity.

*Refer to NCCI's **User's Guide** for an example.*

**g. Mercantile Businesses**

These operations are identified by a ♦ immediately following the code number.

A Mercantile Business is any store or dealer engaged in the sale of goods or merchandise, or in the sale of services.

For mercantile businesses, the classification is assigned separately for each location.

Store operations are classified based on the principal type of merchandise sold and whether the operations are wholesale or retail. For purposes of this rule, principal means more than 50% of gross receipts, excluding receipts derived from the sale of lottery tickets.

The following definitions and instructions must be used to determine the appropriate store classification.

**(1) Type of Merchandise Sold**

If a store sells a variety of goods, each of which may be subject to a different classification, the store must be assigned to the classification that best describes the merchandise that generates more than 50% of the gross receipts.

**(2) Wholesale vs. Retail**

Retail applies to the sale of merchandise to the general public for personal or household consumption or use and not for resale.

Wholesale applies to the sale of merchandise for resale to others; or sale to manufacturers, builders, contractors, or others for use in their business or as raw materials.

**Exception:**

If a store's sales are clearly retail in nature, the appropriate retail store classification may be assigned regardless of the definition of retail above.

ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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EXHIBIT 2 (CONT'D)  
BASIC MANUAL—2001 EDITION  
RULE 1—CLASSIFICATION ASSIGNMENT  
D. CLASSIFICATION PROCEDURES

(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, VA, VT, WV)

*Refer to **User's Guide** for an example.*

**(3) Combination of Retail and Wholesale**

A store that sells merchandise on a combined wholesale and retail basis must be assigned to the appropriate store classification depending on whether the majority of gross receipts come from wholesale or retail sales.

**ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS**

**EXHIBIT 3  
BASIC MANUAL—2001 EDITION  
RULE 1—CLASSIFICATION ASSIGNMENT**  
(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, TX, UT, VA, VT, WV)

**F. CHANGES OR CORRECTIONS IN CLASSIFICATIONS**

1. Changes in classification due to changes in an employer’s operations will be applied as of the date the change in operations occurred.
2. Corrections in classifications that result in a *decrease* in premium, whether determined during the policy period or at audit, must be applied retroactively to the inception of the policy.
3. Corrections in classifications that result in an *increase* in premium must be applied as follows:

If the correction in classification is effective . . .	Then the correction is applied . . .
During the first 120 days of the policy term . . .	Retroactively to the inception of the policy.
After the first 120 days of the policy term, but before the final 90 days . . .	As of the date the company discovers the cause for that correction.
During the last 90 days of the policy term . . .	Only to a renewal policy, if any.

The effective date of change, for purposes of the time periods noted in the table above, is the date a carrier applies a classification change.

**Exceptions to the table above:**

- a. If the correction in classification is the result of a misrepresentation or omission by the employer, its agents, employees, officers, or directors, then the correction must be applied from the date on which the change would have applied if such misrepresentation omission had not been made.
  - b. The above rules do not apply to the following types of operations; therefore, classifications are assigned and applied at any time during the term of the policy or at audit:
    - Construction or erection
    - Oil and gas field operations
    - Employee leasing
    - Labor contracting
    - Temporary labor services
    - Professional employer organizations (PEOs)
    - Operations assigned to standard exception classifications
    - General exclusions
4. For purposes of Rule 1-F the reallocation of payroll among classifications on the policy is not considered a change or correction in classification(s).  
*Refer to NCCI’s **User’s Guide** for an example.*

ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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EXHIBIT 4

BASIC MANUAL—2001 EDITION

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)

**6206● Oil or Gas—Well—Acidizing—All Employees & Drivers**

Code 6206 must not be assigned at the same job or location to which Code 6235 applies because acidizing would be considered incidental to drilling operations. Includes flowback services when performed in support of fracturing operations.

**6206● Oil or Gas—Well—Cementing & Drivers**

Code 6206 must not be assigned at the same job or location to which Code 6235 or Code 6236 applies because cementing would be considered incidental to drilling operations or the installation of casing. Includes flowback services when performed in support of fracturing operations.

ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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EXHIBIT 5

BASIC MANUAL—2001 EDITION  
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, OR, RI, SC, SD, TN, UT, VT, WV)

- 6216● Gas or Oil—Lease Work NOC—Natural Gas—By Specialist Contractor & Drivers**  
Includes ~~clearing land; building lease roads, slush pits, levees, or fire walls;~~ laying or taking up flow lines and water lines; tank truck operations servicing gas or oil well sites; and installing central pumping units; and lease beautification work. The following operations are not included in Code 6216 and must be separately rated: pipeline construction, tank building, rig or derrick erecting or dismantling, installing or recovering casing, drilling, cementing, cleaning and swabbing wells, or well shooting. Not applicable to owner/operators of a gas or oil lease operation, or to a risk under contract with the lease owner that performs all operations necessary to work a gas or oil lease.  
Drill site preparations including but not limited to clearing land; building lease roads, slush pits, levees, or fire walls; and lease beautification or dirt work performed by a specialist contractor are classified to codes applicable to these operations, provided the services are performed prior to rig erection. Specialist contractors who perform these services during or after rig erection are assigned to Code 6216.

ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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EXHIBIT 6

BASIC MANUAL—2001 EDITION  
PART TWO—CLASSIFICATIONS

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

**6216● Oil or Gas—Lease Work NOC—By Specialist Contractor & Drivers**

Includes ~~clearing land; building lease roads; slush pits; levees; or fire walls;~~ laying or taking up flow lines and water lines; installing central pumping units; and tank truck operations servicing oil or gas well sites; ~~and lease beautification work.~~ The following operations are not included in Code 6216 and must be separately rated: pipeline construction, tank building, rig or derrick erecting or dismantling, installation or recovery of casing, drilling, cementing, cleaning and swabbing of wells, or well shooting. Not applicable to owner/operators of an oil or gas lease operation, or to a risk under contract with the lease owner that performs all operations necessary to work an oil or gas lease.

Drill site preparations including but not limited to clearing land; building lease roads, slush pits, levees, or fire walls; and lease beautification or dirt work performed by a specialist contractor are classified to codes applicable to these operations, provided the services are performed prior to rig erection. Specialist contractors who perform these services during or after rig erection are assigned to Code 6216.

ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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EXHIBIT 7

BASIC MANUAL—2001 EDITION  
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)

- 6235● Drilling or Redrilling of Oil or Gas Wells & Installation of Casing, Drivers**  
Includes flowback services when performed during drilling or redrilling operations.
- 6235● Oil or Gas—Well—Drilling or Redrilling & Drivers**  
Code 6235 ~~is applicable~~ applies to drilling or redrilling oil or gas wells and includes erection or dismantling of drilling rigs, formation fracturing, cementing, ~~and~~ installation of casing, and flowback services when such operations are performed by employees of the drilling company. Cleaning or swabbing of a new well that has not yet been completed is included ~~under~~ in Code 6235 whether performed by employees of the driller or by a specialist contractor.
- 6235● Oil or Gas—Well—Shooting & Drivers**  
Includes flowback services when performed during drilling or redrilling operations.
- 6237● Oil or Gas—Well—Instrument Logging or Survey Work & Drivers**  
Not applicable to wire line-type work that involves the installation, repair, or servicing of equipment used for drilling purposes. Includes flowback engineers who only monitor and log flowback pressure.

ITEM B-1438—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR OIL AND GAS FIELD OPERATIONS

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EXHIBIT 8

BASIC MANUAL—2001 EDITION  
APPENDIX E  
CLASSIFICATIONS BY HAZARD GROUP

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In:±	Discontinued In:	Hazard Group A–G
8353	AL, AZ, FL, LA, MS, MO, OK <u>01/01/2020: NM</u>		E

± Upon approval of this item, each state will have its state-specific effective date indicated.

**Executive Summary for Item B-1439 and  
Proposed Draft Motion and Resolution**

## Montana Workers Compensation Classification Review Committee

### Executive Summary

#### **Item B-1439—Revisions to Basic Manual Classifications and Appendix E Including Construction Salespersons and Estimators**

This item proposes the following for NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*:

- Eliminate national and state special classifications with low credibility
- Establish a classification treatment for construction job site salespersons and estimators

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.

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. NCCI uses the term "low credibility" to identify classifications that are too small to develop meaningful data for ratemaking purposes.

This item also revises the classification treatment of construction job site salespersons and estimators.

In addition, this item includes proposals for the individual classifications identified in each exhibit, including format changes and consistency-only changes, where applicable.

#### **Suggested Motion/Resolution for Agenda Item B-1439:**

Following review and discussion, upon motion duly made, seconded and unanimously approved, it is **RESOLVED**, that Item B-1439 is accepted by the Committee as presented by NCCI and further the Committee approves proceeding to rulemaking.

**ITEM B-1439—REVISIONS TO BASIC MANUAL  
CLASSIFICATIONS AND APPENDIX E, INCLUDING  
CONSTRUCTION SALESPERSONS AND  
ESTIMATORS**

## FILING MEMORANDUM

### **ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

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#### **PURPOSE**

The item proposes the following for NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*:

- Eliminate national and state special classifications with low credibility
- Establish a classification treatment for construction job site salespersons and estimators

#### **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. NCCI uses the term "low credibility" to identify classifications that are too small to develop meaningful data for ratemaking purposes.

This item also revises the classification treatment of construction job site salespersons and estimators.

In addition, this item includes proposals for the individual classifications identified in each exhibit, including format changes and consistency-only changes, where applicable.

#### **PROPOSAL**

##### **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 2018 loss cost and rate filing cycle. As a result of this review, NCCI identified some classifications that have state credibility of 25% or less in a majority of NCCI states. 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.

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## **FILING MEMORANDUM**

### **ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

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- 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.

Low-credibility classifications are recommended for elimination because very few employers are 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, 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.

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.

Fact Sheets 1 and 2, related to low-credibility code elimination, include 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.

#### **Construction Job Site Salespersons and Estimators**

Job site salespersons and estimators for construction operations such as roofing, carpentry, electrical wiring, and insulation may be exposed to some of the hazards of these construction operations. This would include accessing confined spaces, using ladders, and inspecting electrical circuits and circuit-breaker boxes. In some cases, such as roofing, the construction job site salesperson or estimator is currently assigned to the roofing code if they access the roof as part of their sales assessment. This recommended item will provide a consistent and clear assignment of these employees.

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Fact Sheet 3 explains the establishment of and revisions to classifications that address construction job site salespersons and estimators.

#### **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.

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.

#### **IMPACT**

This item will support the uniform and equitable treatment of employers within each industry. 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 proposed changes will have a loss cost/rate impact. The fact sheet for each exhibit details the potential impacts specific to each of the proposed changes.

#### **IMPLEMENTATION**

This item is applicable to new and renewal policies, and it will become effective concurrent with each state's approved loss cost/rate filing effective on and after October 1, 2020, unless otherwise noted. For example, this item will become effective January 1, 2021, for approved loss cost/rate filings that have a January 1, 2021 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 anniversary date of the state's previous year's loss cost/rate effective date.

#### **Transition Programs**

The proposals related to Fact Sheet 1, National Classifications With Low Credibility to Be Eliminated, include a transition program, subject to a maximum of two phases. The details corresponding to the initiation and final implementation dates of the transition programs are provided in Exhibit 6 for the following states:

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, VA, VT, WV

For the Illinois special classification with low credibility to be eliminated (Fact Sheet 2), a three-phase transition program is proposed (Exhibit 7).

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 INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**Anticipated Effective Dates by State**

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

State	Anticipated* Effective Date
Alabama	March 1, 2021
Alaska	January 1, 2021
Arizona	January 1, 2021
Arkansas	July 1, 2021
Colorado	January 1, 2021
Connecticut	January 1, 2021
District of Columbia	November 1, 2020
Florida	The effective date of this item will depend on the date that regulatory approval is granted. If the item is approved on or before July 1, 2020, it will become effective January 1, 2021. If it is approved after July 1, 2020, it will become effective January 1, 2022.
Georgia	March 1, 2021
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2021. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2021
Illinois	January 1, 2021
Indiana	January 1, 2021
Iowa	January 1, 2021
Kansas	January 1, 2021
Kentucky	October 1, 2020
Louisiana	May 1, 2021
Maine	April 1, 2021
Maryland	January 1, 2021
Mississippi	March 1, 2021

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Missouri	January 1, 2021
Montana	July 1, 2021
Nebraska	February 1, 2021
Nevada	March 1, 2021
New Hampshire	January 1, 2021
New Mexico	January 1, 2021
Oklahoma	January 1, 2021
Oregon	January 1, 2021
Rhode Island	August 1, 2021
South Carolina	April 1, 2021
South Dakota	July 1, 2021
Tennessee	March 1, 2021
Texas	July 1, 2021
Utah	January 1, 2021
Vermont	April 1, 2021
Virginia	April 1, 2021
West Virginia	November 1, 2020

\* Subject to change, depending on 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:
NCCI's <i>Basic Manual</i>	National Classifications With Low Credibility to Be Eliminated—Two-Phase Transition Program	1	1-A	All states except TX, VA
			1-B	All states except TX, VA
			5	TX, VA
	Illinois Special Classification With Low Credibility to Be Eliminated—Three-Phase Transition Program	2	2-A	IL
			2-B	IL

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Exhibits		Fact Sheet	Exhibit #	Proposal Applicable in:
	Construction Job Site Salespersons and Estimators	3	3-A	All states except FL
			3-B	All states
			3-C	All states except VA
			3-D	All states except TX, VA
			5	AZ, FL, NM, OK, OR, TX, VA
	Appendix E—Table of Classifications by Hazard Group	1, 2	4	All states
	Two-Phase Transition Program Rules	1	6	All states
	Three-Phase Transition Program Rules	2	7	IL

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**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**EXHIBIT FACT SHEET 1**

**NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED—TWO-PHASE  
TRANSITION PROGRAM**

**PURPOSE**

The proposed changes in this fact sheet eliminate certain national classifications that have low credibility.

**BACKGROUND**

NCCI has identified some 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 all states, the difference between the loss costs or rates for the eliminated classification and the proposed classification exceeds the swing limits used for ratemaking within each state. As a result, a two-phase transition program is proposed. Details of the transition program are provided in Exhibit 6.

**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 5 and 6 for state-specific information.
2. Revise Appendix E—Table of Classifications by Hazard Group for applicable states to update the codes being eliminated. Refer to Exhibit 4.

<b>National Classification to Be Eliminated</b>	<b>Proposed National Classification (Unless Otherwise Noted)</b>
2683—Luggage Mfg.	2501—Luggage Mfg.
3240—Cable or Wire Rope Mfg.—Iron or Steel 3240—Wire or Cable Rope Mfg.—Iron or Steel	3257—Wire Rope or Cable Mfg.—Iron or Steel

**IMPACT**

NCCI conducted a review of the latest policy periods used for ratemaking in NCCI’s 2018 loss cost and rate filing cycle to determine whether a transition program was needed to minimize the impact of these proposed changes. Based on the results of this review:

- Code 2683 has a two-phase transition program in all states
- Code 3240 has a two-phase transition program in all states

Where applicable, using a transition program will help minimize the impact to individual employer premium charges. 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.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
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**EXHIBIT FACT SHEET 1 (CONT'D)**

Negligible impact to overall statewide premium is expected as a result of these changes.

**STATE-SPECIFIC PROPOSALS AND IMPACTS**

**Texas Proposal:**

NCCI is not proposing Exhibit 1-A in Texas because the national treatment for Code 2683 does not apply in Texas.

Texas has the following state special phraseologies for Code 2683 that will be reassigned to Code 2501:

- Luggage Mfg.—Cloth or Leather
- Handbags, Purses, Tote Bags Mfg.\*
- Purses, Handbags, Tote Bags Mfg.\*
- Tote Bags, Handbags, Purses Mfg.\*
- Fur Mfg.—From Tanned Hides
- Bag Mfg.—Luggage
- Bag Mfg.—Cloth or Leather

*\* To eliminate redundancy, only the first of these three phraseologies will be retained and reassigned.*

NCCI is not proposing Exhibit 1-B in Texas because Code 3240 does not apply in Texas.

**Texas Impact:**

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

**Virginia Proposal:**

NCCI recommends that Virginia adopt the treatments detailed in Exhibit 5. Refer to the table shown in the Proposal section of Fact Sheet 1 for a list of the classifications revised in Exhibit 5.

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

**Virginia Impact:**

The premium impact in Virginia is expected to be the same as 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-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
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**EXHIBIT 1-A**

**BASIC MANUAL—2001 EDITION**

**FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE  
ELIMINATED—TWO-PHASE TRANSITION PROGRAM**

**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)**

**2683**

**Luggage Mfg.**

Applies to the mfg. of traveling bags and hand luggage. Trunk mfg. to be separately rated as Code 2883.

**2501**

**Luggage Mfg.**

Applies to the manufacture of travel bags and hand luggage. Trunk manufacturing is separately rated to Code 2883.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
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**EXHIBIT 1-B  
BASIC MANUAL—2001 EDITION  
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE  
ELIMINATED—TWO-PHASE TRANSITION PROGRAM  
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)**

**3240**     ~~Cable or Wire Rope Mfg.—Iron or Steel.~~

No wire drawing. Mfg. of insulated electrical cable to be separately rated as Code 4470—Cable mfg.

**3240**     ~~Wire Rope or Cable Mfg.—Iron or Steel~~

No wire drawing.

**3257**     Wire Rope or Cable Mfg.—Iron or Steel

No wire drawing.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
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**EXHIBIT FACT SHEET 3****CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS****PURPOSE**

The proposed changes in this fact sheet revise the classification treatment for construction job site salespersons and estimators.

**BACKGROUND**

For construction projects, a job site salesperson or estimator must determine the nature of the operations and provide a cost estimate to the client. For residential and commercial construction projects, a job site salesperson or estimator visits the actual location to inspect the property or structure, take measurements and photos, discuss the proposed work, and provide an estimate or work proposal to the property owner.

The job site estimating process exposes the salesperson or estimator to a variety of hazards, depending on the type of project. These employees may need to go onto a roof, crawl into small spaces like attics, or inspect electrical wiring panels. Different types of ladders, measuring devices, cameras, and computer tablets or laptops are used while visiting the site and completing the estimate.

The employee may complete the entire estimate while on the job site, or they may need to return to the office to do further research. They may also revisit the client to review the final estimate. In addition to job site estimating, time may be spent in an office, making appointments with prospective clients, doing territory sales research, and performing other office-related tasks.

**PROPOSAL**

Code 8720—Inspection of Risks for Insurance or Valuation Purposes NOC currently includes inspections on roofs and other areas of a building. NCCI views this classification as also appropriate for job site salespersons and estimators for roofing and other construction operations.

This item proposes to:

1. Revise NCCI's *Basic Manual* Rule 1-B-2-c to indicate that Code 8742 is not applicable to employees who perform job site measurements or inspections to prepare bids for a job for a construction contractor.
2. Revise NCCI's *Basic Manual* Rule 1-D-3-d to include Construction—Job Site Salespersons and Estimators. This addition to the rule will address employees who are separately rated to Code 8720, and it will indicate that a division of payroll is not permitted between Code 8720 and a construction classification at any single job site.
3. Establish a new phraseology: Code 8720—Construction—Job Site Salespersons and Estimators.
4. Revise the phraseology of Code 8742—Salespersons or Collectors—Outside to refer to Code 8720 for the assignment of construction job site salespersons and estimators.

**IMPACT**

The proposed changes revise the classification treatment for construction job site salespersons and estimators. It is possible that some payroll may transfer between the codes included in the proposal. 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 code to code as well as their associated loss cost/rates.

Negligible impact to overall statewide premium is expected as a result of these changes.

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

NCCI is proposing all exhibits in Arizona.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
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**EXHIBIT FACT SHEET 3 (CONT'D)**

NCCI proposes that Arizona eliminate its state special phraseology Code 8742—Estimators and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it is a more appropriate classification for the operations and hazards involved.

**Arizona Impact:**

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

**Florida Proposal:**

NCCI is proposing all exhibits in Florida except Exhibit 3-A because Florida has an exception to Rule 1-B-2-c. NCCI proposes to revise Florida's rule exception to reflect the proposed revision to national Rule 1-B-2-c.

**Florida Impact:**

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

**New Mexico Proposal:**

NCCI is proposing all exhibits in New Mexico.

NCCI proposes that New Mexico eliminate its exception to NCCI's *Basic Manual* Rule 1-D-3-d—Construction, Erection, or Oil and Gas Field Operations and adopt the proposed national treatment because it will reflect the current New Mexico treatment.

NCCI proposes that New Mexico eliminate its state special phraseology Code 8720—Estimators—Construction and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it will reflect the current New Mexico treatment.

**New Mexico Impact:**

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

**Oklahoma Proposal:**

NCCI is proposing all exhibits in Oklahoma.

NCCI proposes that Oklahoma eliminate its exception to NCCI's *Basic Manual* Rule 1-D-3-d—Construction or Erection Operations and adopt the proposed national treatment because it will reflect the current Oklahoma treatment.

NCCI proposes that Oklahoma eliminate its state special phraseology Code 8720—Estimators—Roofing and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it will reflect the current Oklahoma treatment.

**Oklahoma Impact:**

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

**Oregon Proposal:**

NCCI is proposing all exhibits in Oregon.

NCCI proposes that Oregon eliminate its state special phraseology Code 8742—Estimators and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it is a more appropriate classification for the operations and hazards involved.

**Oregon Impact:**

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

**Texas Proposal:**

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
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**EXHIBIT FACT SHEET 3 (CONT'D)**

NCCI is proposing all exhibits in Texas except Exhibit 3-D because the national treatment for Code 8742 does not apply in Texas.

NCCI proposes that Texas adopt a revision to its state special phraseology 8742—Salespersons, Collectors, or Messengers—Outside for consistency with the national proposal. To eliminate redundancy, the other two phraseologies for Code 8742 will be eliminated.

**Texas Impact:**

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

**Virginia Proposal:**

NCCI recommends that Virginia adopt the proposed national treatment for Codes 8720 and 8742. Accordingly, the Virginia Special Classifications in NCCI's *Basic Manual* will be updated for the following codes:

- Code 8720—Construction—Job Site Salespersons and Estimators
- Code 8742—Salespersons or Collectors—Outside

**Virginia Impact:**

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment Codes 8720 and 8742. 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-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

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**EXHIBIT 3-A  
BASIC MANUAL—2001 EDITION  
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS  
RULE 1—CLASSIFICATION ASSIGNMENT  
B. EXPLANATION OF CLASSIFICATIONS**

**2. Standard Exception 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, TX, UT, VA, VT, WV)**

**c. Salespersons or Collectors—Outside (Code 8742)**

- (1)** This classification is assigned to employees who perform these duties away from the employer's premises.
- (2)** This classification is not assigned to employees who:
  - (a) Deliver merchandise.
  - (b) Use vehicles to deliver or pick up goods, even if they collect or sell. These employees must be assigned to the classification applicable to the business for drivers.
  - (c) Use public transportation or walk to deliver goods even if they collect or sell. These employees must be assigned to the governing classification applicable to the business.
  - (d) Travel between locations of the employer as district or regional managers to perform various duties not involving outside sales or collection. *Refer to Rule 2-G—Interchange of Labor.*
  - (e) Perform job site measurements or inspections to prepare bids for a job for a construction contractor.
- (3)** Code 8742 does not apply when the basic classification wording includes outside salespersons and/or collectors.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
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**EXHIBIT 3-B  
BASIC MANUAL—2001 EDITION  
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS  
RULE 1—CLASSIFICATION ASSIGNMENT  
D. CLASSIFICATION PROCEDURES**

**(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, VA, VT, WV)**

**3. Assignment of More Than One Basic Classification**

More than one basic classification may be assigned to an employer that meets conditions a, b, or c below. Operation means activities, enterprises, processes, secondary businesses or undertakings.

**d. Construction, Erection, or Oil and Gas Field Operations**

These operations are identified by a ● immediately following the code number.

Each distinct type of construction, erection, or oil and gas field operation must be assigned to the class that specifically describes the operation only if separate payroll records are maintained for each operation.

If separate payroll records are not maintained for any construction, erection, or oil and gas field operation, the highest rated classification that applies to the job or location where the operation is performed must be assigned.

If a construction, erection, or oil and gas field operation is included in the scope of another classification, a separate code must not be assigned.

**(1) Insured Subcontractors**

An insured subcontractor who performs a single type of work on a construction project or job must be classified based on the classification that describes the particular type of work involved.

*Refer to **User's Guide** for an example.*

**Exception to 1-D-3-d(1) above:**

All operations in conjunction with concrete construction including making and erecting forms, placing reinforcing steel and stripping forms, when done by subcontractors, must be assigned to the appropriate concrete construction classification.

**(2) Uninsured Subcontractors**

Uninsured subcontractors covered under the principal or general contractor's policy are classified on the basis of the classifications that would apply if the work were performed by the principal's or general contractor's own employees.

*Refer to **User's Guide** for an example.*

**(3) Construction—Job Site Salespersons and Estimators**

Construction job site salespersons and estimators are separately rated to Code 8720, a nonconstruction code. A division of payroll is not permitted between Code 8720 and a construction classification at any single job site. If the construction job site salesperson or estimator also performs construction duties at the same job site or supervises construction workers at the same job site, the employee's payroll at that job site must be assigned to the appropriate construction classification.

*Refer to **User's Guide** for an example.*

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

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**EXHIBIT 3-C  
BASIC MANUAL—2001 EDITION  
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS  
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)**

**8720      Construction—Job Site Salespersons and Estimators**

Applies to employees who perform job site measurements or inspections to prepare bids for a job for a construction contractor. Employees who work for contractors and provide sales estimates, but do not conduct the actual construction, are also assigned to Code 8720. Employees may perform these measurements or inspections from ground level, in crawl spaces, on ladders, or on roofs. Code 8720 does not apply when the employee also performs construction duties or supervises construction workers at the same job site. In those cases, the employee's payroll at that job site must be assigned to the appropriate construction classification. A division of payroll is not permitted between Code 8720 and a construction classification at any single jobsite.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

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**EXHIBIT 3-D  
BASIC MANUAL—2001 EDITION  
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS  
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)**

**8742 Salespersons or Collectors—Outside**

Subject to **Basic Manual** rules. Refer to Code 8720 for assignment of construction job site salespersons and estimators.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**EXHIBIT 4**

**BASIC MANUAL—2001 EDITION  
APPENDIX E  
CLASSIFICATIONS BY HAZARD GROUP**

**TABLE OF CLASSIFICATIONS BY HAZARD GROUP**

<b>Class Code</b>	<b>Applies in:±</b>	<b>Discontinued in:±</b>	<b>Hazard Group A–G</b>
2683	National, IN  <del>10/01/2007: WV</del> <del>06/01/2014: TX</del>	<u>10/01/2021: KY</u> <u>11/01/2021: DC, WV</u> <u>01/01/2022: AK, AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OK, OR, UT</u> <u>02/01/2022: NE</u> <u>03/01/2022: AL, GA, MS, NV, TN</u> <u>04/01/2022: ME, SC, VA, VT</u> <u>05/01/2022: LA</u> <u>07/01/2022: AR, MT, SD, TX</u> <u>08/01/2022: RI</u>	B
3240	National, IN  <del>10/01/2007: WV</del>	<u>TX</u> <u>10/01/2021: KY</u> <u>11/01/2021: DC, WV</u> <u>01/01/2022: AK, AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OK, OR, UT</u> <u>02/01/2022: NE</u> <u>03/01/2022: AL, GA, MS, NV, TN</u> <u>04/01/2022: ME, SC, VA, VT</u> <u>05/01/2022: LA</u> <u>07/01/2022: AR, MT, SD</u> <u>08/01/2022: RI</u>	B
4940	IL	<u>01/01/2017: MO, OK</u> <u>01/01/2023: IL</u>	E

± Upon approval of this item, each state will have its state-specific effective date indicated.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

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**EXHIBIT 6**

**TWO-PHASE TRANSITION PROGRAM RULES**

**(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, VA, VT, WV)**

The following details the two-phase transition program implementing the loss costs/rates and rating values for the code being eliminated 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, 2020, unless otherwise noted. For example, Phase 1 will become effective January 1, 2021, for approved loss cost/rate filings that have a January 1, 2021 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 year's 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 eliminated 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. Employers will continue to be classified to either the code being eliminated or the acquiring code as appropriate 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 eliminated, 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 eliminated 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 first be determined by calculating the maximum weighting value given to the payroll-weighted loss cost/rate. This will be done in order to keep the loss costs/rates for the code being eliminated 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 eliminated. All insured operations previously assigned to the code being eliminated 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 eliminated 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-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**EXHIBIT 6**

**EXAMPLE OF TWO-PHASE TRANSITION PROGRAM CALCULATION**  
(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, VA, VT, WV)

**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
<b>Payroll \$</b>	400,000	700,000	3,000,000
<b>Phase 1 Loss Cost/Rate</b>	21.00	10.50	11.81
<b>Phase 2 Loss Cost/Rate</b>	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 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-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,  
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**EXHIBIT 6 (CONT'D)**

**EXAMPLE OF TWO-PHASE WEIGHT VALUE CALCULATION**

(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, VA, VT, WV)

**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 using successively higher weight values until the largest weight value is found that keeps the loss costs/rates within the 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
<b>Last Approved Filing</b>	21.49	11.32	11.05
<b>Phase 1</b>	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						

**Executive Summary for Item B-1440 and  
Proposed Draft Motion and Resolution**

## Montana Workers Compensation Classification Review Committee

### Executive Summary

#### **Item B-1440—Revisions to The Basic Manual Including Reformatting, the Preface and Appendix G**

This item proposes the following for NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*:

- NCCI proposes that certain sections of the Preface and Appendix G—Dispute Resolution Process in NCCI's *Basic Manual* be revised.

As part of NCCI's ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's manuals, NCCI identified a need to revise the Preface and Appendix G—Dispute Resolution Process of its *Basic Manual*.

Changes are proposed for Preface A, Preface D and Preface E. In addition, changes to Appendix G – Dispute Resolution Process in NCCI's Basic Manual are proposed. Please note that Appendix G is not applicable in Montana.

#### **Suggested Motion/Resolution for Agenda Item B-1440:**

Following review and discussion, upon motion duly made, seconded and unanimously approved, it is **RESOLVED**, that Item B-1440 is accepted by the Committee as presented by NCCI and further the Committee approves proceeding to rulemaking.

**ITEM B-1440—REVISIONS TO THE BASIC  
MANUAL, INCLUDING REFORMATTING, THE  
PREFACE, AND APPENDIX G**

## FILING MEMORANDUM

### ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

---

#### PURPOSE

This item updates certain sections of NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*.

The sections and states impacted by this item, and the applicable fact sheets and exhibits, are listed in the Exhibit Comments and Implementation Summary table in this filing memorandum.

#### BACKGROUND

##### Part Two and Part Four

NCCI's *Basic Manual* was last rewritten in its entirety with Item B-1369—2001 Basic Manual for Workers Compensation and Employers Liability Insurance.

One of NCCI's core functions is the ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's manuals, rules, and classification system. This process ensures that NCCI remains responsive to the needs of various industry stakeholders.

Since Item B-1369, NCCI has submitted several filings including Item B-1411—Revision to Basic Manual Introduction—Application of Manual Rules and Part Two—Classifications. Item B-1411 was filed to clarify and enhance the *Basic Manual* by implementing changes to:

- Part Two—Classifications by creating data tables that assist with determining effective dates, exceptions, and applicability
- Part Four—Classifications Pending, which showed the classifications that are pending discontinuation until the effective date of the change or completion of a transition program

In September 2018, NCCI released a new *Class Look-Up* tool designed to modernize workers compensation stakeholder access to classification code and statistical code information. Due to the implementation of the *Class Look-Up* tool, the data tables in Part Two are no longer needed and Part Four can be eliminated.

##### Classifications to be Reformatted

Certain classifications in Part Two—Classifications of NCCI's *Basic Manual* must be revised to simplify their display and to improve online search results. Some wording will be revised to:

- Maintain the proper context of the information when displayed on a separate Web page
- Modernize the language and bring the classification in line with NCCI's current standards
- Eliminate phraseologies and notes not associated with a specific classification
- Revise certain classifications' designations for consistency with designations applicable to other phraseologies in the same classification group

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**FILING MEMORANDUM**

**ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G**

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**Preface and Appendix G**

NCCI's *Basic Manual* Preface provides information about manual organization, jurisdiction applicability, and the locations of NCCI's office and customer service centers. As part of NCCI's review, various changes that need to be made to the Preface have been identified and will be made as part of this filing.

Appendix G provides information to policyholders on how to resolve disputes and where to mail dispute materials. NCCI has changed the email address for submitting information and must revise that address in Appendix G.

This item also includes proposals for changes to individual classifications and rules, including format and consistency-only changes, if applicable. The proposed changes are detailed in each exhibit. The background information is contained in each exhibit's fact sheet.

**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 the implementation.

**IMPACT**

There will be no premium impact as a result of the changes proposed in this item.

**EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY**

<b>Exhibit</b>	<b>Fact Sheet</b>	<b>Exhibit #</b>	<b>Proposal Applicable in:</b>	<b>Implementation Summary</b>
<b>Preface and Appendix G</b>	1	1A	All states	To become effective for new and renewal voluntary and assigned risk policies, effective on and after 12:01 a.m. on April 1, 2020.
		1B	All States except CO, FL, HI, KY, LA, MD, ME, MO, MT, NE, OK, RI, TX, UT	
		1C	All states	
		1D	All states except AZ, IN, MT, TX	

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FILING MEMORANDUM

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

Exhibit	Fact Sheet	Exhibit #	Proposal Applicable in:	Implementation Summary
<b>Classifications to Be Reformatted</b>	2	2A	All states	To become effective for new and renewal voluntary and assigned risk policies, effective on and after 12:01 a.m. on April 1, 2020.
		2B	All states except TX, VA	
		2C	All states except TX	
		2D	All states except FL, TX	
		2E	All states except TX	
		2F	All states except TX	
		2G	All states except OR, TX	
		2H	All states except TX	
		2I	All states except TX	
		2J	All states except TX	
		2K	All states except OR, TX	
		2L	All states except TX	
		2M	All states except HI, TX	
		2N	All states except TX	
		2O	All states except TX	
		2P	All states except TX	
<b>Part Four— Classifications Pending</b>	3	3A	All states	
		3B		
<b>State -Specific Exhibits</b>	1 and 2	4	AK, AZ, FL, HI, ID, MO, OR, TX, VA	

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**ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G**

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**EXHIBIT 1—FACT SHEET  
PREFACE AND APPENDIX G****PURPOSE**

NCCI proposes that certain sections of the Preface and Appendix G—Dispute Resolution Process in NCCI's *Basic Manual* be revised.

**BACKGROUND**

As part of NCCI's ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's manuals, NCCI identified a need to revise the Preface and Appendix G—Dispute Resolution Process of its *Basic Manual*.

**PROPOSAL**

The following is a summary of the key changes proposed for the Preface and Appendix G:

- **Preface A—Organization of the Manual**

Preface A details the structure of the *Basic Manual*. This item proposes to eliminate Part Four—Classifications Pending; therefore, the reference to Part Four in Preface A must be eliminated.

- **Preface D—Jurisdictions Where Rule 4 Applies**

Preface D provides a table that summarizes, by state, the applicability of residual market-specific Rules 4-A to 4-I where NCCI is the Plan Administrator or provides Plan Administration services. This information is also contained in NCCI's companion to Rule 4—Workers Compensation Insurance Plan. The companion is the *Assigned Risk Supplement to the Basic Manual for Workers Compensation and Employers Liability Insurance*, Appendix C—Rules and Rating Programs. Because it is not NCCI's intent to duplicate information in these two manuals, it is proposed that Preface D be removed from the *Basic Manual*.

- **Preface E—Offices of the National Council on Compensation Insurance, Inc.**

Preface E provides information on NCCI's headquarters and customer service locations. Because this information resides in the *Basic Manual*, any changes that are made to it require an item filing. To facilitate quicker changes to this information in the future, NCCI is proposing to move this section to the *Basic Manual User's Guide*.

- **Appendix G—Dispute Resolution Process**

Appendix G provides policyholders with the means to resolve disputes regarding the application of NCCI manual rules to NCCI's Workers Compensation and Employers Liability Insurance Policy (Policy). Item number 5—Where to Send Documents, of Appendix G, provides the mailing, and email addresses, and fax number for policyholders to submit their requests and additional information specific to their dispute. NCCI has revised the email address and therefore, must revise this section.

**IMPACT**

There will be no statewide premium impact as a result of the changes proposed in this item.

**ADDITIONAL STATE-SPECIFIC PROPOSALS AND IMPACTS****Virginia Proposal**

**ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G**

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**EXHIBIT 1—FACT SHEET (CONT'D)**

This item proposes to eliminate the Virginia exception to Preface A and recommend adoption of national Preface A. Refer to Exhibit 1A for the national and Exhibit 4 for the state specific exception.

**Virginia Impact**

There is no impact as a result of this state-specific proposal.

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

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EXHIBIT 1A  
BASIC MANUAL—2001 EDITION  
FACT SHEET 1—PREFACE AND APPENDIX G  
PREFACE TO THE BASIC MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS  
LIABILITY INSURANCE

(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, VA, VT, WV)

**A. ORGANIZATION OF MANUAL**

This manual has ~~four~~ three parts:

Part One—Rules

Part Two—Classifications

Part Three—Loss Costs, Rates and State Exceptions

Refer to Part Three for Rates, State Special Rules, and Special Classifications when applying Parts One and Two, ~~and Four~~ in a specific state.

~~Part Four—Classifications Pending~~

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

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EXHIBIT 1C  
BASIC MANUAL—2001 EDITION  
FACT SHEET 1—PREFACE AND APPENDIX G  
PREFACE TO THE BASIC MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
(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, VA, VT, WV)

**E. OFFICES OF THE NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC. (RESERVED FOR FUTURE USE)**

**1. LOCATION OF OFFICES**

**Headquarters**

904 Peninsula Corporate Circle  
Boca Raton, FL 33487  
Phone: 561-893-1000

**2. LOCATION OF CUSTOMER SERVICE CENTERS**

All states in B. of this preface, except:

**FLORIDA SERVICE CENTER**

904 Peninsula Corporate Circle  
Boca Raton, FL 33487  
Phone: 800-NGCI-123  
Phone: 800-622-4123

- Arkansas (Assigned Risk Only)
- Independent Bureau States

**ARKANSAS SERVICE CENTER**

2400 Crestwood, Suite 207  
North Little Rock, AR 72416  
Phone: 501-753-5180

- Arkansas (Assigned Risk Only)

**NEW MEXICO OFFICE**

The Citadel  
6304 Indian School Road N.E., Suite 990  
Albuquerque, NM 87110  
Phone: 505-242-1330  
Fax: 505-242-1032

- New Mexico (Assigned Risk Only)

**ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G**

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**EXHIBIT 2—FACT SHEET****CLASSIFICATIONS TO BE REFORMATTED****PURPOSE**

The proposed changes are to reformat certain classifications in Part Two—Classifications of NCCI's *Basic Manual* to simplify the display of the classifications in the manual for improved online search results. This item also updates the designation for various classifications.

**BACKGROUND****Classifications to be Reformatted**

There are various reasons for proposing that certain classifications be reformatted in Part Two—Classifications of NCCI's *Basic Manual*:

- Presently, when one phraseology note applies to multiple phraseologies, the phraseologies are displayed as a list, followed by the note. The classifications must be reformatted so that the phraseology note is displayed with each phraseology.
- Some phraseologies and notes do not have an associated code and only provide reference information. These phraseologies and notes must be eliminated where possible.
- Some phraseology notes need to be revised to maintain the proper context of the information when displayed on a separate Web page.
- Some redundant classification references must be eliminated.

The proposed formatting changes will improve online search results. The new structure will also allow online users to successfully search by code number or applicable phraseologies.

Reformatting will not result in the reclassification of any employers.

**Part Two—Classifications—Designation Update**

Classification designations are detailed in NCCI's *Basic Manual* Rule 1-D-3—Assignment of More Than One Basic Classification. This rule provides the conditions for the assignment of more than one basic classification when an employer has a specific type of operation.

- Rule 1-D-3-d—Construction or Erection Operations details that such classifications are identified by a circle symbol (●). The rule allows for each distinct type of construction or erection operation to be assigned to the classification that specifically describes the operation if separate payroll records are maintained.
- Rule 1-D-3-e—Farm Operations details that such classifications are identified by a square symbol (■). The rule allows for a division of payroll among the classifications for each separate and distinct type of commercial farm if separate payroll records are maintained.
- Rule 1-D-3-g—Mercantile Businesses details that such classifications are identified by a diamond symbol (◆). This rule applies to a store or dealer that sells goods, merchandise, or services and requires that classifications be assigned separately for each location.

A routine review was performed to determine whether classification designation changes are warranted. Several changes have already been made to state-specific classifications through the state item filing process. However, three national classifications and one Alaska-specific classification require an addition or revision of a designation. Specifically, it is proposed that national Code:

- 6319—Gas Main or Connection Construction & Drivers have its designation changed from mercantile to construction
- 8046—Automobile—Recycling have the mercantile designation added
- 8279—Dog Show—Kennel Employees & Drivers have its designation changed from mercantile to farm

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**EXHIBIT 2—FACT SHEET (CONT'D)**

It is also proposed that the construction designation be added to the Alaska-specific phraseology for Code 6400—Mobile Home Windstorm Tie-Down Installation—By Specialist Contractor.

The designation additions and revisions are consistent with the designations already applicable to the other national phraseologies for the same classifications.

**Part Two—Classifications—Data Tables**

Effective April 1, 2009, Item B-1411—Revision to Basic Manual Introduction—Application of Manual Rules and Part Two—Classifications added a data table for each classification entry in the *Basic Manual* to provide users with information regarding effective dates, exceptions, and applicability of class codes.

NCCI recently released its *Class Look-Up* tool on [ncci.com](http://ncci.com). This tool introduced certain functionality that renders some of the content in the *Basic Manual* obsolete because the tool includes the information that was previously provided in the data tables. As a result, references to the data tables must be eliminated.

**PROPOSAL**

This item proposes to:

- Reformat certain classifications in Part Two—Classifications of the *Basic Manual*
- Eliminate phraseologies and notes not associated with a classification code
- Revise the classification designations for national Codes 6319 and 8279; add the mercantile designation to national Code 8046; and add the construction designation to Alaska Code 6400
- Address the removal of the reference to the data tables

Plain language changes are also recommended for some of the classifications in Exhibits 2 and 4.

**IMPACT**

There will be no statewide premium impact, and no changes are proposed to the loss costs or rates for any of the classifications being reformatted in this item.

**ADDITIONAL STATE-SPECIFIC PROPOSALS AND IMPACTS**

All state exceptions will continue to apply unless otherwise noted in the state-specific exhibits (Exhibit 4).

**Alaska Proposal:**

Add the construction designation to Code 6400—Mobile Home Windstorm Tie-Down Installation—By Specialist Contractor.

**Alaska Impact:**

There will be no statewide premium impact in Alaska as a result of the national and state-specific proposals.

**Arizona Proposal:**

- Eliminate the Arizona special classification phraseology and note for Concrete or Masonry—Sawing, Coring or Drilling and Trucking. They are not associated with a classification and should be eliminated for improved online search results.
- Reformat the Arizona special classifications for Farm (Codes 0006, 0016, 0017, 0034, 0036, and 0037) for improved online search results.

**Arizona Impact:**

There will be no statewide premium impact in Arizona as a result of the national and state-specific proposals.

**Florida Proposal:**

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**EXHIBIT 2—FACT SHEET (CONT'D)**

- Eliminate the Florida special classification phraseologies and notes for Berry Farm and Farm—Sugarcane. They are not associated with a classification and should be eliminated for improved online search results.
- Eliminate the Florida special classification for Code 0106—Christmas Tree Harvesting Exclusively & Drivers and propose the national treatment.
- Eliminate the Florida special classifications for Refrigerator (Codes 3179 and 3076) and propose the national treatment.
- Reformat the Florida special classifications for Construction (Codes 3507, 5022, 5057, 5213, and 5403), Nursing Home (Codes 8841, 9047), Railroad Operation (Codes 7133, 7382, 8385), Refrigeration (Codes 3724, 5183, 5190, and 9519), and Wrecking (Codes 5022, 5057, 5213, 5403, 7394, 7395, and 7398) for improved online search results.
- Revise the agency name in the filed note for Codes 8841 and 9047 from the Division of Health of the Florida Department of Health and Rehabilitative Services to Agency for Health Care Administration in accordance with Chapter 400, Florida Statutes.

**Florida Impact:**

There will be no statewide premium impact in Florida as a result of the national and state-specific proposals.

**Hawaii Proposal**

Eliminate the Hawaii special classification phraseology and note for Canoe Building & Drivers. They are not associated with a classification and should be eliminated for improved online search results.

**Hawaii Impact**

There will be no statewide premium impact in Hawaii as a result of the national and state-specific proposals.

**Idaho Proposal:**

Reformat the Idaho special classifications for Farm (Codes 0037 and 0083) for improved online search results.

**Idaho Impact:**

There will be no statewide premium impact in Idaho as a result of the national and state-specific proposals.

**Missouri Proposal:**

Reformat the Missouri special classifications for Shipbuilding—Iron or Steel & Drivers (Codes 6825F and 6835) for improved online search results.

**Missouri Impact:**

There will be no statewide premium impact in Missouri as a result of the national and state-specific proposals.

**Oregon Proposal:**

- Eliminate classification phraseologies and notes in the Oregon special classifications that are not associated with a classification code.
- Reformat the Oregon special classifications for Stevedoring and Store for improved online search results.
- Eliminate Oregon special classifications for Freight Handling (Code 7350F and 7360) and propose national treatment.

**Oregon Impact:**

There will be no statewide premium impact in Oregon as a result of the national and state-specific proposals.

**Texas Proposal:**

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**EXHIBIT 2—FACT SHEET (CONT'D)**

Eliminate classification phraseologies and notes in the Texas special classifications that are not associated with a classification code.

**Texas Impact:**

There will be no statewide premium impact in Texas as a result of the national and state-specific proposals.

EXHIBIT 2A  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT WV)

A. NATIONAL CLASSIFICATIONS

~~Data tables are included to assist with determining the effective dates, exceptions, and applicability.~~

~~Refer to Part Two—Classifications, and Part Three—Special Classifications, and Part Four—  
– Classifications Pending when applying classifications in a specific state.~~

~~Refer to the **User's Guide** for an example. Refer to the **Class Look-Up** tool on [ncci.com](http://ncci.com) for  
classification and all related filed content.~~

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EXHIBIT 2B  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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)

**Apiary.**

See **Farm.**

**Boarding Houses.**

See **Rooming houses.**

**Ganning or Bottling Carbonated Beverages.**

See **Carbonated Beverage Mfg.** or **Bottling.**

**Cartridge Mfg. or Loading.**

See **Explosives.**

**County Employees NOG.**

See **Municipal.**

**Cranberry Growers.**

See **Farm.**

**Curator.**

See **Public Library or Museum.**

**Dairy Farm Operation.**

See **Farm.**

**Dismantling of Prefabricated Dwellings.**

See **Wrecking.**

**Diving—Submarine—Not Marine Wrecking.**

*Refer to Rule 3-A-4.*

**Dry Dock Operation.**

See **Ship Repair or Conversion.**

**Dye or Dye Intermediate Mfg.**

Assign to the appropriate chemical Code 4828 or **4829.**

**Egg or Poultry Producer.**

See **Farm.**

**Employee Leasing Risks**

*Refer to Rule 1-D-3f.*

**Estate—Private.**

See **Rule 3-G.**

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EXHIBIT 2B (CONT'D)  
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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)

~~Exhibition-~~

See ~~Amusement Park-~~

~~Express Co-~~

See ~~Trucking-~~

~~Fulfillment Centers-~~

See ~~Packaging—Contract-~~

~~Games-~~

See ~~Recreational Facilities-~~

~~Gardening-~~

See ~~Farm-~~

~~Gas Well or Pipeline~~

See ~~Oil or Gas Well-~~

~~Labor Contractor-~~

See ~~Employee Leasing Risks-~~

~~Library—Public-~~

See ~~Public Library-~~

~~Liquefied Petroleum Gas-~~

See ~~Gas Distributing-~~

~~Livery Co-~~

See ~~Limousine Co-~~

~~Lock or Dam Construction-~~

See ~~Dam or Lock Construction-~~

~~Museum—Public-~~

See ~~Public Library or Museum-~~

~~Nursery Persons~~

See ~~Farm-~~

~~Oil Mfg.—Cottonseed~~

See ~~Cottonseed Oil Mfg-~~

~~Package or Parcel Delivery-~~

See ~~Trucking-~~

~~Parcel or Package Delivery-~~

See ~~Trucking-~~

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MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

**Paving-**

See **Street or Road-**

**Pipeline or Gas Well-**

See **Oil or Gas-**

**Poultry or Egg Producer-**

See **Farm.**

**Private Estate-**

See **Rule 3-C-**

**Projectile or Shell Mfg-**

See **Explosives-**

**Residence—Private-**

See **Domestic Workers—Residences** and **Rule 3-C-**

**Rolling Mill—Iron or Steel-**

See **Iron or Steel-**

**Shell or Projectile Mfg-**

See **Explosives-**

**Soundproofing-**

See **Insulation Work NOG-**

**State Employees NOG-**

See **Municipal-**

**Steel Mfg., Fabrication, or Erection-**

See **Iron or Steel-**

**Subway Construction-**

Assign appropriate construction or erection classifications-

**Sulphur Refining**

Assign to the appropriate chemical Code 4828 or 4829-

**Tar-**

See **Asphalt or Tar-**

**Telephone Book Delivery.**

See **Distributing Companies-**

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EXHIBIT 2B (CONT'D)  
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PART TWO—CLASSIFICATIONS

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MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

~~Temporary Labor Service-~~

~~Classify workers assigned to clients the same as direct employees of the client entity performing the same or similar duties-~~

~~Township Employee NOG-~~

~~See Municipal-~~

~~Trailer Body Mfg.—Not Home Type-~~

~~See Automobile, Bus, Truck or Trailer Body Mfg-~~

~~Trucking—Riggers~~

~~See Mobile Crane & Hoisting Services.~~

~~Tube Mfg-~~

~~See Pipe or Tube Mfg-~~

~~Vegetable Oil Mfg-~~

~~See Oil Mfg.—Vegetable-~~

~~Vessel~~

~~Refer to Rule 3-A-4.~~

~~Wrecking—Marine & Salvage Operations~~

~~Refer to Rule 3-A-4-~~

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EXHIBIT 2C  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

**4273**     ~~Mfg.—Paper or Plastic.~~  
Paper and plastic mfg. to be separately rated.

**4273**     Bag Mfg.—Paper or Plastic  
Paper and plastic manufacturing to be separately rated.

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EXHIBIT 2D  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

~~Boatbuilding or Repair & Drivers.~~

~~The following classifications include shop and yard work and are applicable to the construction or repair of wood, metal, fiberglass or plastic yachts, motorboats, sailboats, or rowboats not exceeding 150 feet in length overall.~~

~~6824F Coverage Under U.S. Act~~

~~6834 Coverage Under State Act only~~

**6834** **Boatbuilding or Repair & Drivers—Coverage Under State Act Only**

Includes shop and yard work. Applies to the construction or repair of wood, metal, fiberglass or plastic yachts, motorboats, sailboats, or rowboats not exceeding 150 feet in length overall.

**6824E** **Boatbuilding or Repair & Drivers—Coverage Under US Act**

Includes shop and yard work. Applies to the construction or repair of wood, metal, fiberglass or plastic yachts, motorboats, sailboats, or rowboats not exceeding 150 feet in length overall.

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EXHIBIT 2E  
BASIC MANUAL—2001 EDITION  
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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, VA, VT, WV)

~~Boat Livery—Boats Under 15 Tons-~~

~~This classification includes the laying up or putting into commission of boats. Boats 15 tons or over to be separately rated under the appropriate vessels classification.~~

~~Coverage Under Admiralty Law-~~

~~7038 Program I~~

~~7090 Program II—State Act Benefits~~

~~7050 Program II—USL&HW Act Benefits~~

**7038 Boat Livery—Boats Under 15 Tons—Coverage Under Admiralty Law—Program I**

Includes the laying up or putting into commission of boats. Boats 15 tons or over are to be separately rated to the appropriate vessels classification.

**7090 Boat Livery—Boats Under 15 Tons—Coverage Under Admiralty Law—Program II—State Act Benefits**

Includes the laying up or putting into commission of boats. Boats 15 tons or over are to be separately rated to the appropriate vessels classification.

**7050 Boat Livery—Boats Under 15 Tons—Coverage Under Admiralty Law—Program II—USL&HW Act Benefits**

Includes the laying up or putting into commission of boats. Boats 15 tons or over are to be separately rated to the appropriate vessels classification.

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EXHIBIT 2F  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
PART TWO—CLASSIFICATIONS  
NATIONAL REDUNDANT PHRASEOLOGY TO BE ELIMINATED  
(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, VA, VT, WV)

~~Inspectors, Samplers, or Weighers of Merchandise on Vessels or Decks or Railroad Stations  
or Warehouses.~~

~~These classifications include mending or repacking of damaged containers. Operation of  
warehouses to be separately rated.~~

~~8709F Coverage Under U.S. Act~~

~~8719 Coverage Under State Act only~~

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EXHIBIT 2G  
BASIC MANUAL—2001 EDITION  
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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, VA, VT, WV)

**2915**     **~~Plywood Mfg.~~**  
~~Includes veneer mfg.~~

**~~2916~~**   **~~No Veneer Mfg.~~**

**2915**     **Plywood Mfg.**  
Includes veneer manufacturing.

**2916**     **Plywood Mfg.—No Veneer Mfg.**

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EXHIBIT 2H  
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(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, VA, VT, WV)

**Salvage Operation**

**& Incidental Wrecking and Structural Work.** See Wrecking. Includes clerical and salespersons at wrecking site. Also includes the handling of machinery in damaged buildings. Drivers to be separately rated as Code 8204—Building material yard.

**5705● ~~No Wrecking or Any Structural Operations.~~** Applies to the removing, sorting, reconditioning, and distributing of merchandise in damaged buildings, including incidental operations away from such buildings.

**~~Operations—Marine:~~**

**~~Coverage Under Admiralty Law:~~**

**7394 ~~Program I~~**

**7395 ~~Program II—State Act Benefits~~**

**7398 ~~Program II—USL&HW Act Benefits~~**

**5705● ~~Salvage Operation—No Wrecking or Any Structural Operations~~**

Applies to removing, sorting, reconditioning, and distributing merchandise in damaged buildings, including incidental operations away from such buildings.

**7394 ~~Salvage Operations—Marine—Coverage Under Admiralty Law—Program I~~**

**7395 ~~Salvage Operations—Marine—Coverage Under Admiralty Law—Program II—State Act Benefits~~**

**7398 ~~Salvage Operations—Marine—Coverage Under Admiralty Law—Program II—USL&HW Act Benefits~~**

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EXHIBIT 2I  
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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, VA, VT, WV)

**Ship**

**6872F Cleaning—All Operations & Drivers**

**Repair Conversion—All Operations & Drivers.** Includes shop or yard operations as well as the operation of dry docks and marine railways. Applicable only to concerns engaged in general ship repairing or conversion that are equipped to do various kinds of ship repair or conversion work and that undertake such diversified operations as a usual part of their business. Work performed on ships by other concerns shall be assigned to the manual classifications describing the work. Refer to Rule 3-A-4.

**6872F Coverage Under U.S. Act**

**6882 Coverage under State Act only**

**Sealing:**

**6874F Coverage under U.S. Act**

**6884 Coverage under State Act only**

**6872F Ship Cleaning—All Operations & Drivers—Coverage Under US Act**

**6882 Ship Repair or Conversion—All Operations & Drivers—Coverage Under State Act Only**

Includes shop or yard operations as well as the operation of dry docks and marine railways. Applies to employers that perform various kinds of general ship repair or conversion work and that undertake such diversified operations as a usual part of their business. Work by others performed on ships is to be assigned to the classifications describing the work. Refer to Rule 3-A-4.

**6872F Ship Repair or Conversion—All Operations & Drivers—Coverage Under US Act**

Includes shop or yard operations as well as the operation of dry docks and marine railways. Applies to employers that perform various kinds of general ship repair or conversion work and that undertake such diversified operations as a usual part of their business. Work by others performed on ships is to be assigned to the classifications describing the work. Refer to Rule 3-A-4.

**6874F Ship Sealing—Coverage Under US Act**

**6884 Ship Sealing—Coverage Under State Act Only**

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EXHIBIT 2J  
BASIC MANUAL—2001 EDITION  
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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, VA, VT, WV)

**Trucking**

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 1-E.

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

- 7232 Mail, Parcel, or Package Delivery—Under Contract With the U.S. Postal Service—All Employees & Drivers.** Applies to risks engaged under contract to the U.S. Postal Service for delivery of mail involving letters, parcels, packages, sacks, pallets, and rolling containers. Includes both U.S. Postal Service contract mail delivery performed on a bulk basis as well as on an individual letter, parcel, or package basis.
- 7222 Oil Field Equipment—All Employees & Drivers**
- 7230 Parcel or Package Delivery—All Employees & Drivers.** Applies to risks engaged exclusively in delivery from retail stores under term contracts.

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EXHIBIT 2K  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

**7222** **Trucking—Oil Field Equipment—All Employees & Drivers**

Truckers hauling under contract, whether for one or more individuals or employers, must under no circumstances be classified except in accordance with the appropriate trucking classification. Includes miscellaneous employees such as terminal employees, garage employees, and repairers.

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.

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EXHIBIT 2L  
BASIC MANUAL—2001 EDITION  
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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, VA, VT, WV)

**7230** **Trucking—Parcel or Package Delivery—All Employees & Drivers**

Applies to employers that exclusively deliver from retail stores under term contracts. Includes miscellaneous employees such as terminal employees, garage employees, and repairers.

Truckers hauling under contract, whether for one or more individuals or employers, must under no circumstances be classified except in accordance with the appropriate trucking classification.

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.

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EXHIBIT 2M  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
PART TWO—CLASSIFICATIONS

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

**7232** **Trucking—Mail, Parcel, or Package Delivery—Under Contract With the US Postal Service—All Employees & Drivers**

Applies to employers under contract with the US Postal Service for delivery of mail involving letters, parcels, packages, sacks, pallets, and rolling containers. Includes US Postal Service contract mail delivery performed on both a bulk basis and an individual letter, parcel, or package basis. Includes miscellaneous employees such as terminal employees, garage employees, and repairers.

Truckers hauling under contract, whether for one or more individuals or employers, must under no circumstances be classified except in accordance with the appropriate trucking classification.

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.

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

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EXHIBIT 2N  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

**9522 Upholstering-**

Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9522 are conducted as a separate and distinct business. This restriction does not apply in connection with coffin or casket mfg., automobile body mfg., or furniture mfg.

**9524 Away From Shop**

**9521 Upholstering—Away From Shop**

Must not be assigned to an employer conducting operations described by another classification unless the operations subject to Code 9521 are conducted as a separate and distinct business. This restriction does not apply to coffin or casket manufacturing, automobile body manufacturing, or furniture manufacturing.

**9522 Upholstering**

Must not be assigned to an employer conducting operations described by another classification unless the operations subject to Code 9522 are conducted as a separate and distinct business. This restriction does not apply to coffin or casket manufacturing, automobile body manufacturing, or furniture manufacturing.

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

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EXHIBIT 20  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

~~Weighers, Samplers, or Inspectors of Merchandise on Vessels or Docks or at Railway Stations or Warehouses~~

~~These classifications include mending or repacking of damaged containers. Operation of warehouses to be separately rated.~~

~~8709F Coverage Under U.S. Act~~

~~8719 Coverage Under State Act Only~~

**8709E Weighers, Samplers, or Inspectors of Merchandise on Vessels or Docks or at Railway Stations or Warehouses—Coverage Under US Act**

Includes mending or repacking of damaged containers. Operation of warehouses is to be separately rated.

**8719 Weighers, Samplers, or Inspectors of Merchandise on Vessels or Docks or at Railway Stations or Warehouses—Coverage Under State Act Only**

Includes mending or repacking of damaged containers. Operation of warehouses is to be separately rated.

EXHIBIT 2P  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

**6319● Gas Main or Connection Construction & Drivers\***

Includes tunneling at street crossings when not performed under air pressure. All other tunneling is to be separately rated. Separately rate the construction of pipelines between natural gas producing fields and points of connection with local distributing systems. Such cross-country pipeline construction shall be must be rated as to Code 6233—~~Oil or gas pipeline constructio~~ . Code 7502—~~Gas company sh~~ must not be assigned at the same job or location ~~to which that~~ Code 6319 applies.

\*(**Filing Note:** Code 6319 is being revised to replace the mercantile designation with the construction designation and make plain language changes.)

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE  
PREFACE, AND APPENDIX G

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EXHIBIT 2Q  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

**8046◆ Automobile—Recycling\***

Applies to ~~S~~store employees who do not ~~engage in~~ perform other operations and have no yard exposure.

\*(**Filing Note:** Code 8046 is being revised to add the mercantile designation and make plain language changes.)

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE  
PREFACE, AND APPENDIX G

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EXHIBIT 2R  
BASIC MANUAL—2001 EDITION  
FACT SHEET 2—CLASSIFICATIONS TO BE REFORMATTED  
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, VA, VT, WV)

8279 ■ Dog Show—Kennel Employees & Drivers\*

\*(Filing Note: Code 8279 is being revised to replace the mercantile designation with the farm designation.)

ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

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EXHIBIT 3—FACT SHEET

PART FOUR—CLASSIFICATIONS PENDING

**PURPOSE**

The proposed changes eliminate Part Four—Pending Classifications in NCCI's *Basic Manual*.

**BACKGROUND**

**Part Four—Classifications Pending**

Item B-1411—Revision to Basic Manual Introduction—Application of Manual Rules and Part Two—Classifications was filed effective April 1, 2009. This item added Part Four—Classifications Pending to show classifications that are:

- No longer in effect nationally but remain state specials until each state's effective date
- Pending discontinuation until the effective date of the change or completion of a transition program

Since the implementation of Item B-1411, various upgrades have been made to improve NCCI's ability to provide classification information on [ncci.com](http://ncci.com). This warrants a review of how the same information is presented in the online and hard copy versions of the *Basic Manual*. Most recently, NCCI released its *Class Look-Up* tool on [ncci.com](http://ncci.com). This tool introduced certain functionality that renders some of the content in the *Basic Manual* obsolete. Specifically, the tool:

- Provides a central look-up for classifications and statistical codes, loss costs and rates, and associated code elements, such as effective and discontinued dates
- Includes all phraseologies for each classification, by state
- Enables customers to refine their search results by user-defined criteria

As a result of implementing the *Class Look-Up* tool, the information contained in Part Four—Classifications Pending is no longer necessary and is being eliminated.

**PROPOSAL**

This item proposes to eliminate:

1. Part Four A—Classifications Pending Discontinuation
2. Part Four B—Classifications Pending Completion of Transition Program

**IMPACT**

There will be no statewide premium impact as a result of this item.

## ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

**EXHIBIT 3A**  
**BASIC MANUAL—2001 EDITION**  
**FACT SHEET 3—PART FOUR—CLASSIFICATIONS PENDING**  
 (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, VA, VT, WV)

**A. CLASSIFICATIONS PENDING DISCONTINUATION**

The classifications listed below are the previous national classification treatments that will remain in effect until each state's effective date.

*Refer to Part Two—Classifications, Part Three—Special Classifications, and Part Four—Classifications Pending when applying classifications in a specific state.*

- 1860 Abrasive Paper or Cloth Preparation**  
Paper or cloth mfg. to be separately rated.
- 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.
- 6017● 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 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.
- 4282 Dress Pattern Mfg.—Paper**  
Includes designers, drafting employees, and cutters. Magazine printing to be separately rate as Code 4299—Printing.
- 2534 Feather or Flower Mfg.—Artificial**
- 4364 Film Print Shops—All Employees & Clerical, Salespersons, Drivers**  
Includes developing and printing of film.
- 1744 Flint or Spar Grinding & Drives.**  
Digging, mining, or quarrying to be separately rated.
- 2534 Flower or Feather Mfg.—Artificial**
- 4413 Glass Mfg.—Cut**
- 2534 Hair Goods Mfg.**  
Applies to products made from human hair.
- 5069● Iron or Steel—Erection—Construction of Dwellings Not Over Two Stories in Height**
- 7370 Limousine Co.—All Other Employees & Drivers—Nonscheduled**

## ITEM B-1440—REVISIONS TO THE BASIC MANUAL, INCLUDING REFORMATTING, THE PREFACE, AND APPENDIX G

**EXHIBIT 3A (CONT'D)**  
**BASIC MANUAL—2001 EDITION**  
**FACT SHEET 3—PART FOUR—CLASSIFICATIONS PENDING**  
 (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, VA, VT WV)

- 7382**      **Limousine Co.—All Other Employees & Drivers—Scheduled**
- 1853**      **Mica Goods Mfg. & Mica Preparing-**  
Mining to be separately rated-
- 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-
- 4282**      **Music Roll Mfg.—Perforated Paper-**  
Paper mfg. to be separately rated as Code 4239-
- 4053**      **Pottery Mfg.—China or Tableware**  
Mining, quarrying, or clay digging to be separately rated-
- 4061**      **Pottery Mfg.—Earthenware—Glazed or Porcelain—Hand Molded or Cast**  
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-
- 1655**      **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-
- 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-
- 17-4**      **Silica Grinding & Drivers-**  
Digging, mining, or quarrying to be separately rated-
- 17-4**      **Spar or Flint Grinding & Drivers-**  
Digging, mining, or quarrying to be separately rated-
- 405**      **Terra-Cotta Mfg-**  
Applies to decorative or architectural terra-cotta-      Mining, quarrying, or clay digging to be separately rated-

**EXHIBIT 3B**  
**BASIC MANUAL—2001 EDITION**  
**FACT SHEET 3—PART FOUR—CLASSIFICATIONS PENDING**  
(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, VA, VT WV)

**B. CLASSIFICATIONS PENDING COMPLETION OF TRANSITION PROGRAM**

The classifications listed below are the pending national classification changes that will become effective in the last phase of each state's transition program.

*Refer to Part Two—Classifications, Part Three—Special Classifications, and Part Four—Classifications Pending when applying classifications in a specific state.*

*Refer to the **User's Guide** for an example.*

**Executive Summary for 01-MT-2020 and  
Proposed Draft Motion and Resolution**

## Montana Workers Compensation Classification Review Committee

### Executive Summary

#### **Item 01-MT-2020—Revisions to Basic Manual Classification for Irrigation Pipe Installation in Montana**

This item revises the classification treatment for above-ground agricultural irrigation pipe installation in the Montana Special Classifications section of for NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*:

Questions recently surfaced related to the proper classification of commercial irrigation system work in Montana. National Code 6229—Irrigation or Drainage System Construction & Drivers includes all types of commercial agricultural irrigation construction operations. Code 6229 is the appropriate classification for the national treatment for commercial irrigation system work, as these operations are described by Code 6229.

This item proposes to establish a Montana special phraseology Code 6229 — Irrigation Pipe Installation—Agricultural—Above Ground & Drivers in Code 6229 to clarify that above-ground agricultural irrigation pipe installation is assigned to Code 6229.

#### **Suggested Motion/Resolution for Agenda Item 01-MT-2020:**

Following review and discussion, upon motion duly made, seconded and unanimously approved, it is **RESOLVED**, that Item 01-MT-2020 is accepted by the Committee as presented by NCCI and further the Committee approves proceeding to rulemaking.

**ITEM 01-MT-2020—REVISIONS TO  
BASIC MANUAL CLASSIFICATION FOR  
IRRIGATION PIPE INSTALLATION IN  
MONTANA**

## FILING MEMORANDUM

### ITEM 01-MT-2020—REVISIONS TO BASIC MANUAL CLASSIFICATION FOR IRRIGATION PIPE INSTALLATION IN MONTANA

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#### PURPOSE

This item revises the classification treatment for above-ground agricultural irrigation pipe installation in the Montana Special Classifications section of NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*.

#### BACKGROUND

Item B-1431—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group was approved by the Montana Office of the Commissioner of Securities and Insurance effective July 1, 2018. Certain low-credibility state special classifications were eliminated with the approval of Item B-1431. Montana Special Classification Code 6365—Irrigation Pipe Installation—Agricultural—Above Ground & Drivers was eliminated and reassigned to national Code 3724—Machinery or Equipment Erection or Repair NOC & Drivers.

Questions recently surfaced related to the proper classification of commercial irrigation system work in Montana. National Code 6229—Irrigation or Drainage System Construction & Drivers includes all types of commercial agricultural irrigation construction operations. Code 6229 is the appropriate classification for the national treatment for commercial irrigation system work, as these operations are described by Code 6229.

#### PROPOSAL

This item proposes to establish a Montana special phraseology—Irrigation Pipe Installation—Agricultural—Above Ground & Drivers in Code 6229 to clarify that above-ground agricultural irrigation pipe installation is assigned to Code 6229.

#### IMPACT

It is anticipated that the overall statewide premium impact of this item will be negligible. Individual employers may see a premium increase from the transfer of payroll from Code 3724 to Code 6229. The impact to individual employers will depend on the amount of payroll that transfers between codes as well as their associated loss costs.

#### EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1	Displays the establishment of a Montana exception to national Code 6229 in the Montana Special Classifications section of NCCI's <i>Basic Manual</i> .	To become effective for new and renewal voluntary policies only, effective on and after 12:01 a.m. July 1, 2021.

**ITEM 01-MT-2020—REVISIONS TO BASIC MANUAL CLASSIFICATION FOR IRRIGATION  
PIPE INSTALLATION IN MONTANA**

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**EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
MONTANA SPECIAL CLASSIFICATIONS**

**6229**● Irrigation Pipe Installation—Agricultural—Above Ground & Drivers

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