Montana Workers Compensation Classification Review Committee

Meeting Agenda

Agenda Tracking No.: MT-01-2018  
Prepared by: Michael Craddock, NCCI, Inc.

Date of Meeting: July 23, 2018  
Schedule Release Date: July 9, 2018

Meeting information: The Montana Workers Compensation Classification Review Committee (Committee) will conduct its next meeting at 1:30 p.m. Mountain Daylight Time, on Monday, July 23, 2018. The meeting will be held at the following location:

Best Western Premier, 
Helena Great Northern Hotel, 
835 Great Northern Blvd., 
Helena, Montana, 59601

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

Members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Representing</th>
<th>Voting?</th>
<th>Present?</th>
<th>Substitute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christy Weikart</td>
<td>Montana State Fund</td>
<td>Y</td>
<td></td>
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<tr>
<td>Greg Roadifer</td>
<td>Associated Employers</td>
<td>Y</td>
<td></td>
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<tr>
<td>Keith Brownfield</td>
<td>Victory Insurance</td>
<td>Y</td>
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<tr>
<td>Meegan Williams</td>
<td>Liberty Mutual</td>
<td>Y</td>
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<tr>
<td>Rich Deming</td>
<td>First West, Inc.</td>
<td>Y</td>
<td></td>
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<tr>
<td>Time</td>
<td>Issue</td>
<td>Resolution</td>
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<tr>
<td>1:30 p.m.</td>
<td>Approval of the Draft Minutes for the Montana Workers Compensation Classification Review Committee meeting held on June 14, 2017.</td>
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<tr>
<td>1:45 p.m.</td>
<td>Approval of the Draft Minutes for the Montana Workers Compensation Classification Review Committee meeting held on October 30, 2017.</td>
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<tr>
<td>2:00 p.m.</td>
<td><strong>Presentation of ITEM B-1436—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group.</strong></td>
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<td></td>
<td>Administrative Rules- Rulemaking- Proposed supplements to the NCCI Basic Manual incorporated by reference in ARM 6.6.8301 Establishment of Classification for Compensation Plan No.2 and Plan No. 3</td>
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<tr>
<td></td>
<td>a. Public Comment</td>
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<td></td>
<td>b. Committee Action/Vote</td>
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<tr>
<td>3:00 p.m.</td>
<td><strong>Formal request from an Oregon Insurance Agency regarding Classification Code 0124 – Reforestation &amp; Drivers.</strong></td>
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<td></td>
<td>NCCI, on behalf of the Committee, received a formal request from an Oregon Insurance Agency that the Committee consider additional language to the State Addendum for Montana, as it currently reads for Oregon.</td>
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<tr>
<td></td>
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<td></td>
<td>b. Committee Action/Vote</td>
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<tr>
<td>3:30 p.m.</td>
<td><strong>New Business, if any.</strong></td>
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<td></td>
<td><strong>Public Comment Period</strong></td>
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**Distribution:**
Committee Members
Montana Classification Review Committee Interested Parties
NCCI
Office of the Montana State Auditor, Commissioner of Securities and Insurance
INSERT
GREEN PAGE
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Montana Workers Compensation Classification Review Committee

Draft Meeting Minutes

Agenda Tracking No.: MT-COM-01-2017
Released Date: July 9, 2018
Prepared by: Michael Craddock

Meeting Information: The Montana Workers Compensation Classification Review Committee ("Committee") met on June 14, 2017 at the Best Western Great Northern Hotel, Helena, Montana.

<table>
<thead>
<tr>
<th>Name</th>
<th>Representing</th>
<th>Voting? Y/N</th>
<th>Present? Y/N</th>
<th>Substitute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christy Weikart*</td>
<td>Montana State Fund</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Greg Roadifer*</td>
<td>Associated Employers</td>
<td>Y</td>
<td>Y</td>
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</tr>
<tr>
<td>Keith Brownfield*</td>
<td>Victory Insurance</td>
<td>Y</td>
<td>Y</td>
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</tr>
<tr>
<td>Meegan Williams</td>
<td>Liberty Mutual</td>
<td>Y</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Rich Deming*</td>
<td>First West, Inc.</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
</tbody>
</table>

Others in attendance:

<table>
<thead>
<tr>
<th>Name</th>
<th>Representing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bob Biskupiak</td>
<td>Office of the Montana State Auditor, Commissioner of Securities and Insurance</td>
</tr>
<tr>
<td>Nancy Butler</td>
<td>Office of the Montana State Auditor, Commissioner of Securities and Insurance</td>
</tr>
<tr>
<td>Mari Kindburg</td>
<td>Office of the Montana State Auditor, Commissioner of Securities and Insurance</td>
</tr>
<tr>
<td>Bruce Spencer</td>
<td>Law Offices of Bruce M. Spencer, PLLC</td>
</tr>
<tr>
<td>Ken Brown*</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Peter Burton</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Gina Cooper*</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>James Crumel</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Dan Cunningham*</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Vickie Dorsey*</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Dawn Ingham*</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Lewis Lancaster*</td>
<td>National Council on Compensation Insurance</td>
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<tr>
<td>Adam Levell</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Steve Sibner</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Veruschka Zachtshinsky*</td>
<td>National Council on Compensation Insurance</td>
</tr>
<tr>
<td>Peter Van Nice</td>
<td>Employment Relations Division, Montana Department of Labor and Industry</td>
</tr>
<tr>
<td>Bill Wheeler</td>
<td>Employment Relations Division, Montana Department of labor and Industry</td>
</tr>
<tr>
<td>Kristy Gilbert</td>
<td>Montana State Fund</td>
</tr>
<tr>
<td>Curtis Larsen</td>
<td>Montana State Fund</td>
</tr>
<tr>
<td>Peter Strauss</td>
<td>Montana State Fund</td>
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*Participated via teleconference.

**Agenda**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Resolution</th>
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<tbody>
<tr>
<td><strong>Election of Committee Chair and Vice Chair for 2017.</strong></td>
<td>Both nominations were approved by the Committee.</td>
</tr>
<tr>
<td>Greg Roadifer was nominated as Committee Chair. Rich Deming was nominated as Vice Chair.</td>
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<table>
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<tr>
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<tbody>
<tr>
<td><strong>Approval of the Draft Minutes for the Montana Workers Compensation Classification Review Committee meeting held on November 5, 2015.</strong></td>
<td>Minutes were approved as presented.</td>
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<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Proposed Amendments to Administrative Rules of Montana 6.6.8301</strong></td>
<td>A motion was made, seconded and passed by majority vote, and it was RESOLVED, that the Committee approves proceeding to rule-making under Montana’s Administrative Procedures Act for the proposed amendments to ARM 6.6.8301 to ratify this Committee’s establishment and revision of the nineteen classifications approved by the Committee since the</td>
</tr>
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</table>
last rulemaking and ratify the classification filings effective July 1, 2010 through
July 1, 2016, to proceed into Montana’s formal rulemaking procedure.

A motion was made and seconded to approve the proposed amendments to ARM
6.6.8301 and ARM 6.6.8401 and to ratify the nineteen (19) classification filings. At
this point, Mr. Bruce Spencer, NCCI’s outside counsel in Montana, provided an
overview of Montana’s rulemaking procedure as related to the Committee’s
establishment or revision of classifications. First, the Committee considers new or
revised NCCI classification item filings at a meeting open to the public, where public
comments may be made. Then follows the technical formal rulemaking, which
includes a rulemaking public hearing and a rulemaking public comment period. The
Committee must then meet after the rulemaking public hearing and rulemaking
public comment period. These Committee rulemaking meetings may take place by
teleconference.

If public comments are given during the rulemaking hearing or the rulemaking
public comment period, the Committee then must review and respond to the
comments, with consideration to feedback from CSI and NCCI. If the Committee
determines changes should be made to the NCCI classification item filing, the
Committee will then need to accept those changes and as may be recommended by
CSI, further approve proceeding back through rulemaking for the NCCI classification
item filing with the Committee’s accepted changes. Upon the Committee’s
completion of rulemaking and publication of an amendment and adoption notice,
adopting the final form of NCCI’s classification item filing, NCCI will then submit the
filing to CSI for approval.

If no public comments are received during the rulemaking public hearing or the
rulemaking public comment period, the Committee will then adopt the NCCI
classification item filing as presented by NCCI. Upon the Committee’s completion of
rulemaking and publication of an amendment and adoption notice, adopting the
final form of NCCI’s classification item filing, NCCI will then submit the filing to CSI
for approval.

Public Comment: None.

<table>
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<tr>
<td><strong>Presentation of NCCI Item B-1431—Revisions to Basic Manual</strong></td>
<td>A motion was made, seconded and passed by majority vote, and it was</td>
</tr>
<tr>
<td><strong>Classifications and Appendix E—Classifications by Hazard Group.</strong></td>
<td><strong>RESOLVED,</strong> that Item B-1431 is accepted by the Committee as</td>
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NCCI presented this nationally proposed classification item filing for the
Committee’s review and action. This classification item filing eliminates various
low credibility codes nationally and one Montana State Special Code. In
Montana, State Special Code 6365—Irrigation Pipe Installation—Agricultural—Above Ground & Drivers will be eliminated and replaced with the national classification, Code 3724—Machinery or Equipment Erection or Repair NOC & Drivers. The national phraseology for Code 3724 currently applies in Montana. Currently, Code 6365 is assigned to less than 25 policies in Montana. The currently approved loss cost for the national classification, Code 3724, is less than the currently approved loss cost for the Montana State Special Code 6365.

Public comment: None.

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<td>Item B-1435—Revisions To Basic Manual Classifications and Appendix E—Classifications by Hazard Group, Including Trucking and Towing</td>
<td>A motion was made, seconded and passed by majority vote, and it was RESOLVED, that Item B-1435 is accepted by the Committee as presented by NCCI and further the Committee approves proceeding to rulemaking.</td>
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</table>

NCCI presented this nationally proposed classification item filing for the Committee’s review and action. This classification item filing eliminates national and state special classifications with low credibility. In addition, this item revises the classification treatment of the trucking industry and proposes a new classification specific to the towing industry.

The classification item filing combines Codes 7228 and 7229 into Code 7219. Since Montana retained Code 7219, this part of the filing will not apply in Montana. It also establishes a separate code for towing operations. Code 7225—Automobile Towing & Drivers will include towing for others and roadside assistance.

The classification item filing includes the elimination of national and state classification codes with low credibility. In Montana, State Special Code 9552—Sign Installation, Maintenance, Repair, Removal or Replacement—Outside of Buildings & Drivers and its associated phraseologies will be eliminated and replaced with the national classifications. This would include Code 9554—Sign Installation, Maintenance, Repair, Removal or Replacement NOC—Away from Shop & Drivers and Code 3064—Sign Manufacturing—Metal.

Public comment:

- Comment 1: Because of the establishment of Code 7225, will Code 8393—Automobile Body Repair will be revised to include drivers?
  - Response 1: NCCI explained that, as part of the national filing, drivers will be added to Code 8393.

- Comment 2: Will Code 7225 be applicable when towing operations are conducted for a policyholder’s own business?
  - Response 2: 
NCCI explained that towing and roadside assistance would be separately rated when conducted for others.

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<tr>
<td><strong>New Business</strong></td>
<td><strong>No action required by the Committee.</strong></td>
</tr>
<tr>
<td>• The committee will need to schedule a meeting before the end of the year, as the Committee is currently required by law to meet semi-annually. An e-mail will be sent requesting availability for a meeting in early December.</td>
<td></td>
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<tr>
<td>• Minutes are customarily approved at the next meeting, but the Committee requested that a draft version be sent prior to the next meeting.</td>
<td></td>
</tr>
<tr>
<td>• Committee Chair, Greg Roadifer, asked if the Committee has by-laws and/or governing documents? Bruce Spencer, NCCI’s outside counsel, explained that statutory requirements and administrative regulations govern the committee and these documents will be presented to the Committee in the future.</td>
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</tr>
<tr>
<td>• CSI representative, Nancy Butler, Deputy State Auditor, commented that Montana CSI would be assisting the Committee with its rulemaking function.</td>
<td></td>
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</table>

Distribution: Committee Members
Montana CSI (in accordance with ARM 6.6.8401)
INSERT
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Montana Workers Compensation Classification Review Committee

Draft
Meeting Minutes

Agenda Tracking No.: MT-COM-02-2017
Released Date: July 9, 2018

Prepared by: Michael Craddock

Meeting Information: The Montana Workers Compensation Classification Review Committee (“Committee”) met on October 30, 2017 at the Office of the Montana State Auditor, 2nd floor conference room, 840 Helena Ave., Helena, MT.

Members:

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<td>Montana State Fund</td>
<td>Y</td>
<td>Y</td>
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<td>Greg Roadifer*, Chair</td>
<td>Associated Employers</td>
<td>Y</td>
<td>Y</td>
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<td>Keith Brownfield*</td>
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<td>Liberty Mutual</td>
<td>Y</td>
<td>N</td>
<td>N/A</td>
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<td>Rich Deming*, Vice Chair</td>
<td>First West, Inc.</td>
<td>Y</td>
<td>Y</td>
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Others in attendance:

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<tr>
<td>Bruce Spencer*</td>
<td>Law Offices of Bruce M. Spencer, PLLC</td>
</tr>
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<td>Nancy Butler</td>
<td>Office of the Montana State Auditor, Commissioner of Securities and Insurance</td>
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<td>Adam Levell*</td>
<td>National Council on Compensation Insurance</td>
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</table>

*Participated via teleconference.
**Agenda**

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| 11:30 a.m. | Proposed Adoption of Amendments to the below Administrative Rules of Montana, as set forth in the Notice of Public Hearing on Proposed Amendment, MAR Notice No. 6-235:  
*ARM 6.6.8301 - Establishment of Classification for Compensation Plan No. 2; and*  
*ARM 6.6.8401 - Public Participation Guidelines* | A motion was made, seconded and passed by majority vote, and it was  
**RESOLVED,** that the Committee approved amendments to ARM 6.6.8301 to ratify the Committee’s establishment and revision of the nineteen (19) classification filings effective July 1, 2010 to July 1, 2016 as referenced in NCCI’s  
**Basic Manual,** to include Montana State Fund in the caption and the body of ARM 6.6.8301 rule, and to update NCCI information.  
The Committee approved amendments to ARM 6.6.8401 to update information for NCCI and CSI.  
The Committee approved supplementing the  
**Basic Manual** with Item Filing B 1431—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group and Item Filing B-1435— |
Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group, Including Trucking and Towing, with an effective date of July 1, 2018.

The Committee further approves proceeding with the Notice of Amendment and the Adoption Order.

| New Business | None | No action required by the Committee. |

Distribution:
Committee Members
Office of the Montana State Auditor, Commissioner of Securities and Insurance
BEFORE THE CLASSIFICATION REVIEW COMMITTEE

In the matter of the amendment of ARM 6.6.8301 and 6.6.8401 pertaining to establishment or revision of classifications for various industries for supplementing the NCCI Basic Manual and updates to the public participation guidelines

NOTICE OF PUBLIC HEARING ON PROPOSED AMENDMENT

TO: All Concerned Persons

1. On September 11, 2017, at 1:00 p.m., the Classification Review Committee will hold a public hearing in the 2nd floor conference room, at the Office of the Montana State Auditor, Commissioner of Securities and Insurance, 840 Helena Ave., Helena, Montana, to consider the proposed amendment of the above-stated rules.

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 us no later than 5:00 p.m. on September 6, 2017 to advise us of the nature of the accommodation that you need. Please contact Ramona Bidon or Lisa Monroe, CSI, 840 Helena Avenue, Helena, Montana, 59601; telephone (406) 444-2726; (406) 444-1942; TDD (406) 444-3246; fax (406) 444-3499; or e-mail rbidon@mt.gov or lmonroe@mt.gov.

3. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

6.6.8301 ESTABLISHMENT OF CLASSIFICATION FOR COMPENSATION PLAN NO. 2 AND PLAN NO. 3 (1) The committee adopts and incorporates by reference the NCCI Basic Manual for Workers Compensation and Employers Liability Insurance, 2001, ed., as supplemented, including through October 16, 2006 classifications established or revised in accordance with (2) below and 33-16-1023(3), MCA, which establishes classifications with respect to employers electing to be bound by compensation plan No. 2 and plan No. 3 as provided in Title 39, chapter 71, part 22, and part 23, MCA. A copy of the Basic Manual for Workers Compensation and Employers Liability Insurance is available for public inspection at the Office of the Commissioner of Insurance, 840 Helena Ave., Helena, MT 59601. Copies of the Basic Manual for Workers Compensation and Employers Liability Insurance may be obtained by writing to the Montana Classification Review Committee in care of the National Council on Compensation Insurance, Inc., 40920 W. Glennon Dr., Lakewood, Colorado 80226 c/o Regulatory Assurance Department, 901 Peninsula Corporate Circle, Boca Raton FL 33487-1362. Persons obtaining a copy of the Basic Manual for Workers Compensation and Employers Liability Insurance must pay the committee's cost of providing such copies.
(2) remains the same.

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

REASON: The reasonable necessity for this rule amendment is to address the following:

To incorporate changes to law from SB 123 passed in the 2015 legislative session. SB 123 addressed the regulation of Plan No. 3 (Montana State Fund) under the Commissioner of Insurance and Title 33, MCA, per 33-1-115, MCA, effective January 1, 2016. Plan No. 3 therefore needs to be included in the caption and body of the rule.

The National Council of Compensation Insurance, Inc., (NCCI) has moved the location of the office supporting the Classification Review Committee (CR Committee) and this amendment will update the address.

To supplement the NCCI Basic Manual for Workers' Compensation and Employers Liability Insurance (Basic Manual) through the establishment and revision of classifications for various industries by the CR Committee. The classifications are utilized for Workers' Compensation Insurance. The CR Committee established in 33-16-1011 and 33-16-1012, MCA is responsible for the establishment and revision of classifications in accordance with Title 2, chapter 4, part 3, MCA, Adoption and Publication of Rules.

The purpose of the proposed amendment is to supplement the Basic Manual to include the establishment and revision of classifications approved by the CR Committee since the last rulemaking which occurred in 2008. The CR Committee met on June 14, 2017, approved ratification of the classification filings from 2010 through 2016, items 1-19, and agreed to proceed to rulemaking. See filing at: http://csimt.gov/wp-content/uploads/Classification-Review-Committee_Document1_2.pdf.


6.6.8401 PUBLIC PARTICIPATION GUIDELINES (1) through (5) remain the same. (6) Committee files, other than personnel files and those files required by law or requirements of individual privacy to remain confidential, are open to public inspection. These files are located at the office of the National Committee Council on MAR Notice No. 6-235 16-8/18/17
Compensation Insurance, Inc. (NCCI), 7220 West Jefferson Avenue, Suite 310, Lakewood, Colorado 80235 c/o Regulatory Assurance Department, 901 Peninsula Corporate Circle, Boca Raton, FL 33487-1362. Copies of committee files are located at the Office of the Commissioner of Insurance, Room 270, Sam W. Mitchell Building, P.O. Box 4009, Helena, MT 59604-4009. Documents and information on the Classification Review Committee actions are available at the Office of the Commissioner of Insurance, 840 Helena Avenue, Helena, MT 59601, or on www.csi.mt.gov. Copies of specific documents are available from the National Committee on Compensation Insurance NCCI or the Office of the Commissioner of Insurance either free or for a reasonable copying charge.

(7) and (8) remain the same.

AUTH: 33-16-1012, MCA
IMP: 2-3-103, MCA

REASON: The reasonable necessity for amending this rule is to correct the reference to the National Council on Compensation Insurance, Inc (NCCI) and update the change in address of the NCCI files location. It is also necessary to update the change in address of the Office of the Commissioner of Insurance (CSI), clarify the nature of materials available at CSI, and include the CSI website address.

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, Underwriting Dispute Consultant, NCCI, c/o Regulatory Assurance 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, and must be received no later than 5:00 p.m. MST, September 22, 2017.

5. Brett Olin, 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, apply and have been fulfilled. The primary bill sponsor was contacted by email and telephone on August 1, 2017.
8. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rules will not significantly and directly impact small businesses.

/s/ Brett Olin          /s/ Greg Roadifer
Brett Olin               Greg Roadifer
Rule Reviewer            Committee Chair

Certified to the Secretary of State August 7, 2017.
BEFORE THE CLASSIFICATION REVIEW COMMITTEE
OF THE STATE OF MONTANA

(1) I, GREG ROADIFER, Chair of the Classification Review Committee, by
virtue of and pursuant to the authority vested in me by sections 33-16-1012, MCA,
do promulgate, amend the annexed rules, to wit:

AMEND:

6.6.8301 ESTABLISHMENT OF CLASSIFICATION FOR
COMPENSATION PLAN NO. 2 AND PLAN NO. 3

6.6.8401 PUBLIC PARTICIPATION GUIDELINES

(2) This order, after first being recorded in the order register of the
Classification Review Committee shall be forwarded to the Secretary of State for
filing.

APPROVED AND ADOPTED November 13, 2017.
CERTIFIED TO THE SECRETARY OF STATE November 13, 2017

/l/s/ Greg Roadifer
Greg Roadifer
Committee Chair

MAR Notice No. 6-235
BEFORE THE CLASSIFICATION REVIEW COMMITTEE
OF THE STATE OF MONTANA

(1) I, GREG ROADIFER, Chair of the Classification Review Committee, by virtue of and pursuant to the authority vested in me by sections 33-16-1012, MCA, do promulgate, amend the annexed rules, to wit:

AMEND: 6.6.8301 ESTABLISHMENT OF CLASSIFICATION FOR COMPENSATION PLAN NO. 2 AND PLAN NO. 3

6.6.8401 PUBLIC PARTICIPATION GUIDELINES

(2) This order, after first being recorded in the order register of the Classification Review Committee shall be forwarded to the Secretary of State for filing.

APPROVED AND ADOPTED November 13, 2017.
CERTIFIED TO THE SECRETARY OF STATE November 13, 2017

/\ Greg Roadifer
Greg Roadifer
Committee Chair

MAR Notice No. 6-235
BEFORE THE CLASSIFICATION REVIEW COMMITTEE

In the matter of the amendment of 
ARM 6.6.8301 and 6.6.8401 
pertaining to establishment or 
revision of classifications for various 
industries for supplementing the 
NCCI Basic Manual and updates to 
the public participation guidelines 

NOTICE OF AMENDMENT

TO: All Concerned Persons

1. On August 18, 2017, the Classification Review Committee published MAR Notice No. 6-235 pertaining to the public hearing on the proposed amendment of the above-stated rules at page 1324 of the 2017 Montana Administrative Register, Issue Number 16.

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

3. No comments or testimony were received.

4. Publication of MAR Notice No. 6-235 as referenced above, included supplementation of the NCCI Basic Manual for Workers Compensation and Employers Liability Insurance, 2001 ed. as follows:

   a) to include the establishment and revision of the 19 classifications approved by the Committee since the 2008 rulemaking, and ratify the classification filings effective July 1, 2010 through July 1, 2016, at: http://csimt.gov/wp-content/uploads/Classification-Review-Committee_Document1_2.pdf, and

   b) to include NCCI Item Filing B 1431- Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group and NCCI Item Filing B-1435—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group, Including Trucking and Towing, with a proposed effective date of July 1, 2018, in accordance with ARM 6.6.8301(2) and 33-16-1023(3), MCA. See at: http://csimt.gov/wp-content/uploads/Classification-Review-Committee_Document1_2.pdf.

/s/ Brett W. Olin         /s/ Greg Roadifer
Brett W. Olin             Greg Roadifer
Rule Reviewer            Committee Chair

Montana Administrative Register 22-11/24/17
INSERT
GREEN PAGE
FRONT SIDE
Executive Summary

Item B-1436—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group contains two components noted as “FD” for fixed date and “RD” for rate date. The classifications to be reformatted in Exhibit 6 of this item will become effective for new and renewal policies only, effective on and after 12:01 a.m. on July 1, 2019. For all other classification revisions, this item is applicable to new and renewal policies only, and will become effective with Montana’s loss cost effective on and after July 1, 2019.

ITEM B-1436 - FD—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group

Additionally, certain classifications in Part Two—Classifications of NCCI’s Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual) must be reformatted to simplify their display and to improve online search results on ncci.com.

- Classification to be Reformatted

ITEM B-1436 - RD—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group

CLASSIFICATION RESEARCH FINDINGS

A recent review of NCCI’s classification system indicated that revisions are needed to the classification treatments for the following industries:

- Retirement Living Centers and Nursing Homes
- Limousine Companies
- Photography and Document Scanning
- Unmanned Aircraft System or Drone Aircraft
- Automobile Body Repair and Mechanical Repair

Retirement Living Centers and Nursing Homes

Per NCCI’s Scopes® of Basic Manual Classifications, Retirement Living Centers (RLCs) are housing establishments that cater to the elderly population and offer a continuum of healthcare services, and nursing homes provide medical care and daily living assistance to the aged and/or infirm. Different classifications apply to both operations; however, it can be challenging to determine the appropriate classification treatment when the same employer conducts both operations at the same location. Since these operations offer similar services to the same types of clients, NCCI determined that it is appropriate to combine RLCs and nursing homes for classification purposes.

NCCI is proposing the following revisions to the classifications for RLCs and nursing homes:

- Elimination of Code 8825—Retirement Living Centers—Food Service Employees; these employees will be classified to Code 8826—Retirement, Care, Nursing, and Convalescent Centers—All Other Employees, Salespersons & Drivers. Code 8826 will be redefined to include all
employees of RLCs and nursing homes, other than healthcare and clerical employees.

- Elimination of Code 8829—Convalescent or Nursing Home—All Employees. This code is not applicable in Montana.

Two basic classifications (Code 8824 for healthcare employees and Code 8826 for food service and “all other” employees) will apply to the entire industry. To implement these revisions, NCCI is proposing a national two-phase transition program for the merging of Codes 8825 and 8826.

Unmanned Aircraft System or Drone Aircraft

The significant increase in sales and the use of commercial drone aircraft (also called an Unmanned Aircraft System or UAS), coupled with the recent promulgation of rules by the Federal Aviation Administration (FAA) for small commercial drone operations, led NCCI to conduct research to determine the appropriate classifications for drone operations (piloting) and manufacturing. Currently, there is no single classification in NCCI’s classification system that applies, or makes a direct reference, to drone aircraft manufacturing or piloting operations.

Drone aircraft that weigh between 0.55 pounds and 55 pounds are currently registered under the FAA’s small UAS rule unless a waiver applies. Drone aircraft that weigh 55 pounds or more are currently registered under the FAA’s traditional aircraft rule (14 CFR Part 47).

NCCI’s proposals regarding the classification treatment for drone manufacturing and piloting operations consider the size/weight, materials, and usage of the drone. NCCI is proposing the following classifications for piloting of drone aircraft:

- Drones weighing less than 55 pounds (including attached systems, payload, and cargo) will be assigned to the basic classification applicable to the overall business of the employer as a general inclusion.
  - Employers that provide drone piloting services to other businesses will be assigned to a new phraseology Code 8720—Unmanned Aircraft System or Drone Aircraft Operations NOC—Aircraft Weighing Less Than 55 Pounds.
- For drones weighing 55 pounds or more (including attached systems, payload, and cargo), classification assignment will be considered a general exclusion and separately rated to the appropriate aviation classification.

For drone aircraft manufacture, service, or repair, NCCI is proposing the following classification treatment:

- Code 3685—Unmanned Aircraft System or Drone Aircraft Mfg., Service, or Repair—Aircraft Weighing Less Than 55 Pounds
- Code 3830—Unmanned Aircraft System or Drone Aircraft Mfg., Service, or Repair—Aircraft Weighing 55 Pounds or More

Automobile Body Repair and Mechanical Repair

Many businesses now offer both auto mechanical repair and body repair, conducted from the same business location and operating as a single business entity. Most of these operations have physically separated the body repair operations from the mechanical repair operations. Additionally, there is minimal (if any) interchange of labor, since these repairs require unique training and skills.
The filed language for national Code 8393—Automobile—Body Repair & Drivers states that Code 8380—Automobile Service or Repair Center & Drivers must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. If a business provides both automobile body repair and mechanical service, the auto body repair and mechanical service work would all be assigned to Code 8380.

Automobile body repair and mechanical service are very different and have unique hazards. As a result, NCCI proposes to allow Codes 8380 and 8393 to be assigned to a single business operation. Additionally, further clarification is needed for the assignment of service writers and estimators for these businesses. These proposals will allow Codes 8380 and 8393 to be assigned to the same business, regardless if the operations are conducted as separate and distinct businesses. The payroll of employees who perform duties related to both Codes 8380 and 8393 will be divided in accordance with NCCI's Basic Manual Rule 2-G—Interchange of Labor. Also, references to service writers and estimators will be added to NCCI's Basic Manual to clarify the classification of these employees.

**Limousine Companies**

Historically, this industry has had two several types of drivers representing two distinct exposures. The current classifications for limousine companies are:

- Code 7370—Limousine Co.—All Other Employees & Drivers—Nonscheduled
- Code 7382—Limousine Co.—All Other Employees & Drivers—Scheduled

To clarify the classification treatment for limousine companies, NCCI proposes to remove nonscheduled limousine operations from Code 7370. All limousine operations will be assigned to Code 7382, regardless of whether they are scheduled or nonscheduled.

NCCI also proposes to add references to Codes 7370 and 7382 to clarify the current national treatment that garage employees are to be separately rated to Code 8385—Limousine Co.—Garage Employees.

**Photography and Document Scanning**

Digital photography typically involves using a computer, while traditional photography uses a chemical process for developing film. Photographs are often created using digital cameras and smartphones. Some photographers still use traditional film cameras and then scan the negatives or prints into their computers. The more traditional method of photography remains in use, but it is no longer the primary method.

Document Scanning involves converting print to digital form computer-based equipment, but not photography or microfilming. It is an operation more closely aligned with photocopying documents. The exposure for photography does not align with the exposure for document scanning because film is not used in document scanning. Document scanning is also not closely aligned with microfilming because microfilming involves a machine that produces a picture on film.
Currently, there is no classification in NCCI’s Basic Manual that specifically addresses the document-scanning business or scanning-related operations. NCCI is proposing following revisions for photography and document-scanning operations:

- Eliminate the phraseology Code 4361—Film Print Shops—All Employees & Clerical, Salespersons, Drivers, and establish the phraseology Code 4361—Photo Print Shop—All Employees & Clerical, Salespersons, Drivers.
- Revise the phraseology Code 4361—Photographer—All Employees & Clerical, Salespersons, Drivers to include photo developing or printing whether from film or digital media.
- Establish phraseology Code 8015—Document-Scanning Operations—All Employees & Clerical, Salespersons, Drivers—Applies to document-scanning operations for customers performed at the employer’s or customer’s location. Includes document storage and shredding operations performed at the employer’s location only. Document shredding performed at the customer’s location, including the bailing and transportation of those shredded documents, to be separately rated to Code 8264.
- Establish phraseology Code 8264—Document-Shredding Operations & Drivers—Applies to employers in the business of document-shredding only. Includes shredding at the employer’s or customer’s location, including the bailing and transportation of those shredded documents. Also includes all shredding at the customer’s location when performed as part of a document-scanning operation.
- Revise the note of Code 8015—Quick Printing—Copying or Duplicating Service—All Employees & Clerical, Salespersons, Drivers to use plain language.
- Revise the notes of the following codes for plain language purposes and to replace the word “services” with “surfaces”:
  - Code 4299—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—No Painting or Using Power Machinery
  - Code 9501—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—Painting or Using Power Machinery & Drivers

Suggested Motion/Resolution for Agenda Item 3:

Following review and discussion, upon motion duly made, seconded and unanimously approved, it is RESOLVED, that Item B-1436 is accepted by the Committee as presented by NCCI and further the Committee approves proceeding to rulemaking.

Formal request from an Oregon Insurance Agency regarding Classification Code 0124 – Reforestation & Drivers.

Classification Code 0124 – Reforestation
A formal request that the following terminology be added to the State Addendum for Montana, as it currently reads for Oregon per the letter attached.

State Addendum: Code 0124 is applicable to contractors who perform a wide variety of work related to
reforestation. Operations are generally performed after a logging show; however, other non-logging related work is often performed by such contractors. Operations specifically assigned to 0124 are:

1. Slash piling and burning—following a logging show, all logging debris is pulled together by tractors or hand. Chain saws may be used to reduce the large pieces to manageable sizes. The debris is then burned. The code includes those who stand as fire watchmen and post-burn cleaners.
2. Scarification—this involves loosening the soil to make replanting easier. It is generally accomplished with a cat or tractor.
3. Site preparation—usually performed by hand or machine, this includes the clearing of underbrush and small trees from an area to be replanted.
4. Tree planting—a hand operation. This involves the use of a hoedad to create a small hole in which the seedling is planted.
5. Bud capping, netting or tubing—to prevent game and rodents from damaging the trees. Plastic tubes, cartons, stockings, etc., are manually placed on or around the seedlings.
6. Stream clearing—removal of debris, limbs, cuttings, etc., from streams and stream beds to minimize erosion. Also applies to the incidental building of small dams or ponds to improve fish habitation. Such work may be accomplished manually or with mechanical equipment.
7. Fire and hiking trail construction—this involves the use of hand tools and chain saws to create pathways or hiking trails (not roads).
8. Brush cutting—performed in a reforested, plantation, or natural growth area. This includes the incidental cutting of seedling/sapling trees less than 8 inches in diameter at breast height (DBH) when part of a brush cutting contract. Fuels reduction by thinning small trees, regardless of size, is separately rated under the appropriate Logging Operations classifications, either Code 2702 or Code 2725.
9. Limbing and/or lop and scatter—for the purpose timber quality or reduction of ladder fuel when performed from the ground.
10. Girdling—when a ring of bark is cut from the tree to kill the tree.

Suggested Motion/Resolution for Agenda Item 4:

Following review and discussion, upon motion duly made, seconded and unanimously approved, it is RESOLVED, that the Committee:

- Does not at this time wish to take further action on the request, OR
- Requests NCCI to perform further research and provide information to the Committee on the request, OR
- Take further action as decided by the Committee
PURPOSE

This item revises, establishes, and eliminates certain:

- Classifications in NCCI’s *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*
- Information in NCCI’s *Assigned Carrier Performance Standards*

The manuals and states impacted by this item and the applicable fact sheets and exhibits are shown in the Exhibit Comments and Implementation Summary section of this item.

BACKGROUND

One of NCCI’s core functions is the ongoing review and maintenance of the classification system. Part of this process includes assessing the continuing viability of more than 800 national and state special classification codes.

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

Additionally, the formatting of certain classifications in NCCI’s *Basic Manual* must be revised to simplify their display and to improve online search results.

This item includes proposals for the individual classifications identified in each exhibit, including format and consistency-only changes, if applicable. The background information is contained in each exhibit’s fact sheet.

Retirement Living Centers and Nursing Homes

An analysis was initiated to clarify the classification treatment for retirement living centers (RLCs) and nursing homes. Currently, NCCI assigns one classification to all employees of a nursing home. For RLCs, separate classifications are applied to healthcare employees, food service employees, and all other employees. It was determined from research of the two operations and analysis of past experience that they are similar in most aspects. Also, research indicates that facilities could have both types of operations at the same facility/location.

To clarify the classification treatment of RLCs and nursing homes, NCCI proposes to assign healthcare employees of all types of operations to one classification and to assign all other employees to another classification.

Limousine Companies

An analysis was initiated to determine whether the classification treatment of limousine companies needs to be clarified. NCCI assigns limousine companies to Code 7370 (nonscheduled) or Code 7382 (scheduled).

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To clarify the classification treatment for limousine companies, NCCI proposes to remove limousine operations from Code 7370, reassign all exposure to Code 7382, and remove all references to scheduled and nonscheduled.

**Photography and Document Scanning**

An analysis was initiated to modernize the photography classification language and to determine a classification treatment for document-scanning services. NCCI proposes to clarify the classification treatment for digital photography operations by updating the phraseology of Code 4361 to address photo developing and printing, including digital media. A phraseology will be added to Code 8015 for document-scanning operations and drivers, with the shedding of documents at customers’ on-site locations to be assigned to Code 8264. Also, a phraseology will be added to Code 8264 for those companies that perform document shredding at the customer’s location.

**Unmanned Aircraft System or Drone Aircraft**

An analysis was initiated to determine the appropriate classification treatment for drone aircraft manufacturing and piloting operations. Currently, there is no single classification that applies to or directly references these operations. When assigning a classification for drone aircraft manufacturing or piloting, consideration must be given to the size, weight, and the intended end use of the drone aircraft.

NCCI proposes that the piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of less than 55 pounds be treated as a general inclusion and included in the basic classification for the business. Piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of 55 pounds or more must be separately rated. For employers piloting drone aircraft with a combined weight (including its attached systems, payload, and cargo) of less than 55 pounds for other businesses, NCCI proposes assigning Code 8720. The weight limitation is based on current FAA rules.

NCCI also proposes that the manufacture, service, or repair of drone aircraft be assigned to two existing national classifications:
- Code 3685 if the drone aircraft weighs less than 55 pounds
- Code 3830 if the drone aircraft weighs 55 pounds or more

New classification phraseologies for drone aircraft manufacturing will be established for each code.

**Automobile Body Repair and Mechanical Repair**

An analysis was initiated to determine the appropriate classification treatment for businesses that perform both automobile body repair and mechanical repair work. With advances in automobile technology and an increased emphasis on safety, employees are specially trained and certified either as automobile mechanical repair technicians or automobile body repair technicians. Today, there are shops that perform only automobile mechanical repair work, others that perform only automobile body repair work, and still others that perform both automobile mechanical repair work and body repair work.
NCCI proposes to allow the assignment of both Codes 8380 and 8393 to a single business operation. Additionally, further clarification is proposed for the assignment of service writers and estimators for these businesses.

Classifications to Be Reformatted

Several classifications must be reformatted to simplify the display of the classifications in Part Two—Classifications of NCCI's Basic Manual for improved online search results. Some wording will be revised to maintain the proper context of the information when displayed on a separate Web page. Reformatting will not result in the reclassification of any employers.

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. Routine revisions to incorporate plain language are also included in this item.

IMPACT

This item will support the uniform and equitable treatment of employers within each industry. NCCI recognizes that some proposals, such as those that cause a specific operation to move from one classification to another, may have a premium impact for particular employers. Additionally, some of the changes proposed will have a loss cost/rate impact. The fact sheets for each exhibit details the potential impacts specific to each of the proposed changes.

IMPLEMENTATION

Classifications to Be Reformatted

In all states, the classifications to be reformatted in Exhibit 6 of this item will become effective for new and renewal policies only, effective on and after 12:01 a.m. on July 1, 2019.

All Other Classification Revisions

For all other classification revisions, this item is applicable to new and renewal policies only, and will become effective concurrent with each state’s approved loss cost/rate filing effective on and after October 1, 2018, unless otherwise noted. For example, this item will become effective January 1, 2019, for approved loss cost/rate filings that have a January 1, 2019 effective date. If there is no loss cost/rate filing for a state in
FILING MEMORANDUM

ITEM B-1436-MT—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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.

Fact Sheet 1, related to Retirement Living Centers and Nursing Homes, includes a transition program for all NCCI states except Florida and Texas. The details corresponding to the initiation and final implementation date of the transition program are provided in Exhibit 9 for the following states:

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

**Anticipated Effective Dates by State**

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

<table>
<thead>
<tr>
<th>State</th>
<th>Anticipated* Effective Date</th>
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<tbody>
<tr>
<td>Alabama</td>
<td>March 1, 2019</td>
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<tr>
<td>Alaska</td>
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<td>Arizona</td>
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<td>Arkansas</td>
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<td>Colorado</td>
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<td>Connecticut</td>
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<tr>
<td>District of Columbia</td>
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<tr>
<td>Florida</td>
<td>The effective date of this item will depend on the date regulatory approval is granted. If the item is approved on or before July 1, 2018, it will become effective January 1, 2019. If it is approved after July 1, 2018, it will become effective January 1, 2020.</td>
</tr>
<tr>
<td>Georgia</td>
<td>March 1, 2019</td>
</tr>
<tr>
<td>Hawaii</td>
<td>This item will be implemented in Hawaii’s loss cost filing proposed to be effective January 1, 2019. The effective date will be determined upon regulatory approval of the individual carrier’s election to adopt this change.</td>
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<tr>
<td>Idaho</td>
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<td>Illinois</td>
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<td>Indiana</td>
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FILING MEMORANDUM

ITEM B-1436-MT—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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<th>State</th>
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<tr>
<td>Iowa</td>
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<td>West Virginia</td>
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* 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.

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### EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

<table>
<thead>
<tr>
<th>Exhibits</th>
<th>Fact Sheet</th>
<th>Exhibit #</th>
<th>Proposal Applicable in:</th>
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<tbody>
<tr>
<td>Retirement Living Centers and Nursing Homes</td>
<td>1</td>
<td>1A-RD</td>
<td>All States Except FL, MT, OR, TX, VA</td>
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<td>All States Except FL, VA</td>
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### FILING MEMORANDUM

**ITEM B-1436-MT—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**

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**Note:** For filing purposes, this memorandum and applicable fact sheets are being provided for both the fixed exhibits as shown in Exhibit 6 and all other exhibits effective concurrent with each state’s approved loss cost/rate filing. The fixed date exhibit is filed with the regulatory authority as Item B-1436-FD. The exhibits based on each state's approved loss cost/rate filing is filed with the regulatory authority as Item B-1436-RD.
EXHIBIT FACT SHEET 1

RETIREMENT LIVING CENTERS AND NURSING HOMES

PURPOSE

The purpose of the proposed changes for this industry is to revise the classification treatment for retirement living centers (RLCs) and nursing homes.

BACKGROUND

Nursing homes serve as permanent residences for people who are too frail or sick to live at home or as a temporary residence due to an extended recovery period. Nursing homes primarily provide skilled nursing care and related services to residents who require medical or nursing care, and rehabilitation services for the rehabilitation of injured, disabled, or sick persons.

RLCs provide help with activities of daily living like bathing, dressing, and using the bathroom. They may also help with care most people do themselves like taking medicine or using eye drops and additional services like getting to appointments or preparing meals. Residents often live in their own room or apartment within a building or group of buildings and have some or all of their meals together. Social and recreational activities are usually provided. Some of these facilities have health services on-site.

Continuing care retirement communities (CCRCs) are retirement communities that offer more than one kind of housing and different levels of care. In the same community, there may be individual homes or apartments for residents who still live on their own, an assisted living facility for people who need some help with daily care, and a nursing home for those who require more care. Residents move from one level to another based on their needs, but usually stay within the CCRC. For purposes of this item filing, references to RLCs includes CCRCs.

Currently, NCCI’s classification system applies the following national classifications for this industry:

- **Code 8824—Retirement Living Centers—Health Care Employees**
  
  Applies to all employees providing medical, nursing, or personal care to residents including but not limited to physicians, nurses, therapists, technicians, pharmacists, dieticians, aides, and orderlies. Not applicable to nursing homes or hospitals. Separately classify food service employees and all other employees engaged in non-health care activities.

- **Code 8825—Retirement Living Centers—Food Service Employees**
  
  Not applicable to independently operated restaurants. Separately classify health care employees to Code 8824 and all other employees to Code 8826.

- **Code 8826—Retirement Living Centers—All Other Employees & Salespersons, Drivers**
  
  Separately classify all health care employees to Code 8824 and all food service employees to Code 8825.

- **Code 8829—Convalescent or Nursing Home—All Employees**

Based on current classification wording, nursing home operations of an RLC at the same location are not separately rated but are assigned to the RLC classifications. However, the current classification wording
EXHIBIT FACT SHEET 1 (CONT'D)

does not clearly indicate the classification treatment for a nursing home operation that also provides a limited number of residents with RLC-type services at the same location.

The industry is evolving and the distinction between nursing homes and RLCs is beginning to blur. Healthcare workers are performing their tasks in all areas of a facility with both operations, as do the non-healthcare workers. The goal is to simplify the classification treatment for this industry because facilities could have both nursing home and RLC operations at the same facility or location.

PROPOSAL

NCCI proposes discontinuing Codes 8825 and 8829, while maintaining and changing the definition of Codes 8824 and 8826. All healthcare employees would be assigned to the same classification, Code 8824. All food service and “all other” employees would be assigned to the same classification, Code 8826. As a result, two basic classifications (Code 8824 for healthcare employees and Code 8826 for food service and “all other” employees) would apply nationally to the RLC and nursing home industry.

NCCI proposes the following:
1. Revise the phraseology of Code 8824—Retirement Living Centers—Health Care Employees to describe facilities and workers assigned to the classification
2. Establish the following phraseologies for Code 8824:
   • Adult Congregate Living Facilities—Healthcare Employees
   • Continuing Care Retirement Communities—Healthcare Employees
   • Convalescent Homes—Healthcare Employees
   • Homes for the Aged—Healthcare Employees
   • Memory Care Facilities—Healthcare Employees
   • Rest Homes—Healthcare Employees
   • Nursing Homes or Assisted Living Facilities—Healthcare Employees
   • Skilled Nursing Facilities—Healthcare Employees
3. Revise the phraseology of Code 8826—Retirement Living Centers—All Other Employees & Salespersons, Drivers to describe facilities and workers assigned to the classification
4. Establish the following phraseologies for Code 8826:
   • Adult Congregate Living Facilities—All Other Employees & Salespersons, Drivers
   • Continuing Care Retirement Communities—All Other Employees & Salespersons, Drivers
   • Convalescent Homes—All Other Employees & Salespersons, Drivers
   • Homes for the Aged—All Other Employees & Salespersons, Drivers
   • Memory Care Facilities—All Other Employees & Salespersons, Drivers
   • Rest Homes—All Other Employees & Salespersons, Drivers
   • Nursing Homes or Assisted Living Facilities—All Other Employees & Salespersons, Drivers
   • Skilled Nursing Facilities—All Other Employees & Salespersons, Drivers
5. Eliminate Code 8825—Retirement Living Centers—Food Service Employees and reassign these operations to Code 8826—Retirement Living Centers—All Other Employees & Salespersons, Drivers
6. Eliminate Code 8829—Convalescent or Nursing Home—All Employees and all associated phraseologies and reassign these operations to:
   • Code 8824—Nursing Homes or Assisted Living Facilities—Health Care Employees
EXHIBIT FACT SHEET 1 (CONT’D)

- Code 8826—Nursing Homes or Assisted Living Facilities—All Other Employees & Salespersons, Drivers

7. Revise Appendix E—Table of Classifications by Hazard Group to show the elimination of Codes 8825 and 8829


IMPACT

Combination of Codes 8825 and 8826, Retaining Code 8826 (Exhibits 1C, 1D, 9)

Codes 8825 and 8826 are being combined to assign all food and “all other” nonhealthcare employees for this industry to one classification. As a result, Code 8825 will be discontinued and Code 8826 will be retained and redefined. The loss cost/rate for Code 8826 will be based on the historical data of Codes 8825 and 8826. NCCI conducted a review using the latest policy periods used for ratemaking to determine the need for a transition program. Based on the result of this review, a two-phase transition is being proposed for all states except Texas. Using a transition program will help minimize the immediate premium impact to individual employers. At the end of the two-phase transition program, the experience reported to Code 8825 will be reassigned to Code 8826, and Code 8825 will be discontinued. Refer to Exhibit 9 for information about the proposed transition program.

Redefinition of Code 8824 (Exhibits 1A, 1B, 9), Discontinuation of Code 8829 (Exhibits 1E, 1F, 1G, 9)

All healthcare employees for this industry will eventually be assigned to Code 8824 instead of both Codes 8824 and 8829. However, the codes are not being combined in the same manner as Codes 8825 and 8826.

When the two-phase transition program for Codes 8825 and 8826 is complete:
- Code 8824 will be redefined.
- Code 8829 will be discontinued.
- No transition program for Codes 8824 and 8829 will apply.
- The starting loss costs/rates for revised Code 8824 will be based on the historical data of Codes 8824 and 8829. This will continue until revised Code 8824 develops data to determine its own loss cost/rate.

Rating values will be calculated according to NCCI’s standard procedure. Note that the starting loss costs will differ in Texas. Refer to the Texas Proposal and Impact sections for information.
- Historical experience will not be reassigned from Code 8829 to Codes 8824 to establish a loss cost/rate for redefined Codes 8824.

For all states, the premium impact to individual employers will depend on the amount of payroll that transfers between retirement living center and nursing home-related classifications, as well as their associated loss cost/rate compared to the redefined classification’s proposed loss cost/rate. A negligible impact to overall statewide premium is expected as a result of these changes.

STATE-SPECIFIC PROPOSALS AND IMPACTS

All current state exceptions will continue to apply unless otherwise noted in the state-specific exhibits (Exhibit 8).

Montana Proposal:
NCCCI proposes that Montana eliminate the following state special phraseologies and adopt the national proposals in Exhibits 1B, 1D, and 8:

- Code 8824—Retirement, Care, Nursing, and Convalescent Centers
- Code 8825—Retirement, Care, Nursing, and Convalescent Centers—Food Service Employees
- Code 8826—Retirement, Care, Nursing, and Convalescent Centers—All Other Employees & Salespersons, Drivers

**Montana Impact:**

The premium impact in Montana is equivalent to the impact determined by the proposed national treatment.

**Oregon Proposal:**

NCCCI proposes that Oregon eliminate the following state special phraseologies and notes and adopt the national proposals in Exhibits 1B, 1D, and 8:

- Adult Community Care Facilities
- Convalescent Center
- Nursing or Convalescent Home
- Code 8824—Retirement, Care, Nursing, and Convalescent Centers—Health Care Employees
- Code 8825—Retirement, Care, Nursing, and Convalescent Centers—Food Service Employees
- Code 8826—Retirement, Care, Nursing, and Convalescent Centers—All Other Employees

**Oregon Impact:**

The premium impact in Oregon is equivalent to the impact determined by the proposed national treatment.

**Rhode Island Proposal:**

NCCI is not proposing any changes to the following Rhode Island special codes for specially licensed facilities:

- Code 8841—Nursing Home—Professional Employees
- Code 9047—Nursing Home—All Other Employees and Drivers

NCCCI proposes that Rhode Island adopt the national proposals in Exhibits 1A thru 1D.

**Rhode Island Impact:**

The premium impact in Rhode Island is equivalent to the impact determined by the proposed national treatment.

**Texas Proposal:**

NCCCI proposes that Texas eliminate the following state special phraseologies:

- Code 9052—Retirement Centers or Villages—Ambulatory Residents—All Other Employees & Drivers
- Code 9058—Retirement Centers or Villages—Ambulatory Residents—Restaurant Employees

NCCCI proposes that Texas adopt the national proposals in Exhibits 1B, 1D, 1E and 1F, including the establishment of Codes 8824 and 8826 in Texas. The transition program described in the national impact section above will not apply because Codes 8824 and 8826 will be new classifications in Texas. As a result,
the implementation of Codes 8824 and 8826 in Texas is proposed to be effective on the approved loss cost effective date of July 1, 2019.

The starting loss cost of the newly established Code 8824 in Texas will be that of Code 8829. However, data will not be reassigned from Code 8829 to Code 8824. This will continue until Code 8824 develops data to determine its own loss cost.

The starting loss cost of the newly established Code 8826 in Texas will be a payroll-weighted average of the loss costs of Codes 9052 and 9058. This will continue until Code 8826 develops data to determine its own loss cost.

**Texas Impact:**

While employers will be reassigned from Code 8829 to the redefined codes, historical experience will not be reassigned from Code 8829 to Code 8824 or Code 8826, or from Codes 9052 or 9058 to Code 8826, to establish the redefined Code 8824 or 8826. The impact to individual employers will depend on the amount of payroll that transfers between retirement living center and nursing home-related classifications, as well as their associated loss cost compared to the newly defined classification’s proposed loss cost. Negligible impact to overall statewide premium is expected as a result of these changes.

**Virginia Proposal:**

NCCI proposes that Virginia adopt the proposed national treatment for Codes 8824, 8825, 8826, and 8829. Accordingly, the Virginia Special Classifications in NCCI’s *Basic Manual* will be reformatted and updated for the following codes to reflect the nationally proposed revisions:

- Code 8824—Retirement Living Centers—Health Care Employees
- Code 8825—Retirement Living Centers—Food Service Employees
- Code 8826—Retirement Living Centers—All Other Employees & Salespersons, Drivers
- Code 8829—Convalescent or Nursing Home—All Employees
- Code 8835—Home, Public and Traveling Healthcare—All Employees
- Code 9015—Building or Property Management—All Other Employees
- Code 9052—Hotel—All Other Employees & Salespersons, Drivers
- Code 9082—Restaurant NOC
- Code 9410—Municipal, Township, County or State Employee NOC

**Virginia Impact:**

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment for Codes 8824, 8825, 8826, and 8829. The proposed updates to the Virginia Special Classifications in NCCI’s *Basic Manual* descriptions are not expected to have an additional premium impact.
EXHIBIT 1B—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 1—RETIREMENT LIVING CENTERS AND NURSING HOMES
PART TWO—CLASSIFICATIONS
(Appplies 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, VT, WV)

8824 NURSING HOMES OR ASSISTED LIVING FACILITIES—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.

8824 ADULT CONGREGATE LIVING FACILITIES—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.

8824 CONTINUING CARE RETIREMENT COMMUNITIES—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.
EXHIBIT 1B—RD (CONT’D)
BASIC MANUAL—2001 EDITION
FACT SHEET 1—RETIREMENT LIVING CENTERS AND NURSING HOMES
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, TX, UT, VT, WV)

8824 CONVALESCENT HOMES—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.

8824 HOMES FOR THE AGED—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.

8824 MEMORY CARE FACILITIES—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.
EXHIBIT 1B—RD (CONT’D)
BASIC MANUAL—2001 EDITION
FACT SHEET 1—RETIREMENT LIVING CENTERS AND NURSING HOMES
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)

8824 REST HOMES—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.

8824 SKILLED NURSING FACILITIES—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.
EXHIBIT 1D—RD  
BASIC MANUAL—2001 EDITION  
FACT SHEET 1—RETIREMENT LIVING CENTERS AND NURSING HOMES  
PART TWO—CLASSIFICATIONS  
(Appplies 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, VT, WV)

8826 NURSING HOMES OR ASSISTED LIVING FACILITIES—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS  
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.  
Applies to employees providing food service, maintenance, and operation of these facilities.  
All healthcare employees are to be separately rated to Code 8824.

8826 ADULT CONGREGATE LIVING FACILITIES—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS  
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.  
Applies to employees providing food service, maintenance, and operation of these facilities.  
All healthcare employees are to be separately rated to Code 8824.

8826 CONTINUING CARE RETIREMENT COMMUNITIES—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS  
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.  
Applies to employees providing food service, maintenance, and operation of these facilities.  
All healthcare employees are to be separately rated to Code 8824.

8826 CONVALESCENT HOMES—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS  
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.  
Applies to employees providing food service, maintenance, and operation of these facilities.  
All healthcare employees are to be separately rated to Code 8824.
EXHIBIT 1D—RD (CONT’D)
BASIC MANUAL—2001 EDITION
FACT SHEET 1—RETIREMENT LIVING CENTERS AND NURSING HOMES
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, TX, UT, VT, WV)

8826 HOMES FOR THE AGED—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to employees providing food service, maintenance, and operation of these facilities.
All healthcare employees are to be separately rated to Code 8824.

8826 MEMORY CARE FACILITIES—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to employees providing food service, maintenance, and operation of these facilities.
All healthcare employees are to be separately rated to Code 8824.

8826 REST HOMES—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to employees providing food service, maintenance, and operation of these facilities.
All healthcare employees are to be separately rated to Code 8824.

8826 SKILLED NURSING FACILITIES—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to employees providing food service, maintenance, and operation of these facilities.
All healthcare employees are to be separately rated to Code 8824.
PURPOSE
The purpose of the proposed changes for this industry is to revise the classification treatment for limousine companies.

BACKGROUND
An analysis was initiated to determine whether the classification treatment of limousine companies needs to be clarified. Historically, this industry has had two different types of drivers representing two distinct exposures. The current classifications for limousine companies are:

- Code 7370—Limousine Co.—All Other Employees & Drivers—Nonscheduled
- Code 7382—Limousine Co.—All Other Employees & Drivers—Scheduled

The difference between scheduled and nonscheduled limousine companies is not clearly defined in NCCI’s Basic Manual. Stakeholders may define “scheduled” as traveling from Point A to Point B on a set time schedule, with no variation in the route. Others believe that “scheduled” refers to making a reservation or arrangement for pickup at a time prior to the actual transport. These differing interpretations may result in the misclassification of employers in the limousine industry.

PROPOSAL
To clarify the classification treatment for limousine companies, NCCI proposes to remove nonscheduled limousine operations from Code 7370. All limousine operations will be assigned to Code 7382, regardless of whether they are scheduled or nonscheduled.

NCCI also proposes to add references to both Codes 7370 and 7382 to clarify the current national treatment that garage employees are to be separately rated to Code 8385—Limousine Co.—Garage Employees.

Specifically, NCCI proposes to:

1. Eliminate the phraseology “Limousine Co.—All Other Employees & Drivers—Nonscheduled” from Code 7370 and reassign these operations to Code 7382—Limousine Co.—All Other Employees & Drivers
2. Revise Code 7382—Limousine Co.—All Other Employees & Drivers—Scheduled to remove the reference to “Scheduled” and to indicate that garage employees are to be separately rated to Code 8385
3. Revise the note of the following phraseologies to indicate that garage employees are to be separately rated to Code 8385:
   - Code 7370—Taxicab Co.—All Other Employees & Drivers
   - Code 7382—Bus Co.—All Other Employees & Drivers
4. Revise the note of Code 7382—Railroad Operation—Street—All Other Employees & Drivers to indicate yard employees are to be separately rated to Code 8385.

Also, the national classifications for Railroad will be reformatted and updated with plain language to simplify the display of the classifications in the manual for improved online search results on ncci.com

IMPACT
The loss costs/rates and rating values for Codes 7370 and 7382 will continue to be calculated according to NCCI’s standard procedure. The impact to individual employers will depend on the amount of payroll that transfers from Code 7370 to Code 7382, as well as their associated loss cost/rate. Negligible impact to overall statewide premium is expected as a result of these changes. There is no impact from clarifying the current national treatment for garage employees.
STATE-SPECIFIC PROPOSALS AND IMPACTS

All state exceptions will continue to apply unless otherwise noted in the state-specific exhibits (Exhibit 8).

Connecticut Proposal:
NCCI proposes the elimination of the Connecticut special phraseology for Code 7382—Limousine Co.—All Other Employees & Drivers because the proposed national treatment is consistent with the current Connecticut treatment.
NCCI proposes that Connecticut adopt the national proposals in Exhibits 2B, 2C, and 2E.

Connecticut Impact:
Because all limousine operations, both scheduled and nonscheduled, are currently assigned to Code 7382 in Connecticut, there will be no statewide premium impact resulting from the proposed change to the national treatment of limousine operations.

Maryland Proposal:
NCCI proposes the elimination of the Maryland special phraseology for Code 7382—Limousine Co.—All Other Employees & Drivers because the proposed national treatment is consistent with the current Maryland treatment.
NCCI proposes that Maryland adopt the national proposals in Exhibits 2B, 2C, and 2E.

Maryland Impact:
Because all limousine operations, both scheduled and nonscheduled, are currently assigned to Code 7382 in Maryland, there will be no statewide premium impact resulting from the proposed change to the national treatment of limousine operations.

Montana Proposal:
NCCI proposes retaining the Montana special phraseology for Code 7382—Bus Company, Ambulance Service & Emergency Medical Providers—All Other Employees & Drivers because it also includes ambulance service and emergency medical providers.
NCCI proposes that Montana adopt the national proposals in Exhibits 2A, 2B, 2D, and 2E.

Montana Impact:
The premium impact in Montana is equivalent to the impact determined by the proposed national treatment.

Texas Proposal:
Texas has state special phraseologies for Code 7382:
• Code 7382—Limousine Co.—All Other Employees & Drivers
• Code 7382—Taxicab Co.—All Other Employees & Drivers
NCCI proposes retaining the Texas special phraseologies because they include additional information regarding verifiable payroll records and the leasing or renting of vehicles. However, NCCI also proposes revising the notes to indicate that garage employees are to be separately rated to Code 8385.
NCCI proposes that Texas adopt the national proposal in Exhibit 2C.

Texas Impact:
Because all limousine operations, both scheduled and nonscheduled, are currently assigned to Code 7382 in Texas, there will be no statewide premium impact resulting from the proposed change to the national treatment of limousine operations. There also is no impact from clarifying the current treatment for garage employees.
Virginia Proposal:

NCCI proposes:

1. Elimination of the Virginia special phraseology Code 7382—Limousine Co.—All Other Employees & Drivers and that Virginia adopt the proposed national treatment because it is consistent with the current Virginia treatment.

2. Reformatting and updating with plain language the following Virginia Special Classifications in NCCI’s Basic Manual:
   - 7370—Taxicab Co.—All Other Employees & Drivers
   - 7382—Bus Co.—All Other Employees & Drivers

Virginia Impact:

Because all limousine operations, both scheduled and nonscheduled, are currently assigned to Code 7382 in Virginia, there will be no statewide premium impact resulting from the proposed change to the national treatment of limousine operations.
ITEM B-1436-MT—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2A—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 2—LIMOUSINE COMPANIES
PART TWO—CLASSIFICATIONS
(Appplies in: AK, AL, AR, AZ, CO, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

7370 LIMOUSINE CO.—ALL OTHER EMPLOYEES & DRIVERS—NONSCHEDULED
EXHIBIT 2B—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 2—LIMOUSINE COMPANIES
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)

7370 TAXICAB CO.—ALL OTHER EMPLOYEES & DRIVERS
The entire payroll of all taxicab drivers shall must be included in calculating the premium. In the absence of verifiable payroll records, the premium charged will be determined on the basis of the amount per vehicle per policy year for employee-operated vehicles shown in the state rate pages under Miscellaneous Values. This amount is subject to pro rata adjustment only when a vehicle is owned by the insured employer for a portion of the policy period.
If the owner also leases or rents such vehicles to others, an additional premium shall must be calculated on the basis of the amount per vehicle per policy year for leased or rented vehicles shown in the state rate pages under Miscellaneous Values. This amount is subject to pro rata adjustment only when the lease is for a portion of the policy period.
These amounts are in consideration of gratuities, multiple shifts, downtime, vacation time, or other periods during which the vehicle is not in operation.
Garage employees are to be separately rated to Code 8385.
EXHIBIT 2D—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 2—LIMOUSINE COMPANIES
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

7382 LIMOUSINE CO.—ALL OTHER EMPLOYEES & DRIVERS—SCHEDULED
Garage employees are to be separately rated to Code 8385.
RAILROAD OPERATION—

The classifications for railroad construction and railroad operation do not contemplate coverage for insurance under the Federal Employers' Liability Act or voluntary compensation coverage for any operations subject to that Act. For such coverage, see Rule 3-A-4.

Street:

8385 Yard Employees

7382 All Other Employees & Drivers

7433 NGC—All Employees & Drivers. All employees connected with the operation or maintenance of automobile bus lines shall be rated as Code 8385 or 7382—Bus co-

8385 RAILROAD OPERATION—STREET—YARD EMPLOYEES

Code 8385 does not consider coverage for insurance under the Federal Employers' Liability Act or voluntary compensation coverage for any operations subject to that Act. For such coverage, refer to Rule 3-A-4.

7382 RAILROAD OPERATION—STREET—ALL OTHER EMPLOYEES & DRIVERS

Yard employees are to be separately rated to Code 8385.

Code 7382 does not consider coverage for insurance under the Federal Employers' Liability Act or voluntary compensation coverage for any operations subject to that Act. For such coverage, refer to Rule 3-A-4.

7133 RAILROAD OPERATION NOC—ALL EMPLOYEES & DRIVERS

All employees connected with the operation or maintenance of automobile bus lines must be rated as Code 7382 or Code 8385.

Code 7133 does not consider coverage for insurance under the Federal Employers' Liability Act or voluntary compensation coverage for any operations subject to that Act. For such coverage, refer to Rule 3-A-4.
EXHIBIT FACT SHEET 3

PHOTOGRAHY AND DOCUMENT SCANNING

PURPOSE
The purpose of the proposed changes for this industry is to revise the classification treatment for photography and document scanning.

BACKGROUND
An analysis of the photography and document-scanning operations was initiated based on the need to reflect today’s image-capturing methods and improve clarity regarding the classification treatment for document-scanning operations.

Photography
Digital photography is currently the primary form of photography. Producing digital photographs typically involves using a computer, while traditional photography uses a chemical process for developing film. Photographs are often created using digital cameras and smartphones. Some photographers still use traditional film cameras and then scan the negatives or prints into their computers. The more traditional method of photography remains in use, but it is no longer the primary method.

Document Scanning
The process of scanning documents involves converting print to digital form. Scanning involves using computer-based equipment, but not photography or microfilming. The scanned documents are stored or archived in a variety of methods, such as a flash drive, CD, DVD, or cloud storage system via a secure website. Document scanning is an operation more closely aligned with photocopying documents. The exposure for photography does not align with the exposure for document scanning because film is not used in document scanning. Document scanning is also not closely aligned with microfilming because microfilming involves a machine that produces a picture on film.

Currently, there is no classification in NCCI’s Basic Manual that addresses the document-scanning business or scanning-related operations. Document scanning is classified using NCCI’s Basic Manual Rule 1-D-2, which states, “If no basic classification clearly describes the business, the classification that most closely describes the business must be assigned.”

PROPOSAL
NCCI proposes to:
1. Eliminate the phraseology of Code 4361—Film Print Shops—All Employees & Clerical, Salespersons, Drivers, and establish the phraseology Code 4361—Photo Print Shop—All Employees & Clerical, Salespersons, Drivers. The new phraseology note will indicate that it applies to developing and printing photographs whether from film or digital media.
2. Revise the note of Code 4361—Photographer—All Employees & Clerical, Salespersons, Drivers to include photo developing or printing whether from film or digital media.
4. Establish new national phraseology Code 8015—Document-Scanning Operations—All Employees & Clerical, Salespersons, Drivers, because the operation is most closely aligned with photocopying documents.
5. Revise the note of Code 8015—Quick Printing—Copying or Duplicating Service—All Employees & Clerical, Salespersons, Drivers to use plain language.
6. Revise the notes of the following codes for plain language purposes and to replace the word “services” with “surfaces”: 
EXHIBIT FACT SHEET 3 (CONT’D)

- Code 4299—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—No Painting or Using Power Machinery
- Code 9501—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—Painting or Using Power Machinery & Drivers

IMPACT

It is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll between codes. The impact to individual employers will depend on the amount of payroll that is transferred, as well as the associated loss costs/rates of the codes involved. Negligible impact to overall statewide premium is expected as a result of these changes.

STATE-SPECIFIC PROPOSALS AND IMPACTS

All state exceptions will continue to apply unless otherwise noted in the state-specific exhibits (Exhibit 8).

Hawaii Proposal:

NCCI proposes:

1. Elimination of the following Hawaii special phraseologies and adoption of the proposed national treatments which include clerical employees.
   - Code 4361—Film Print Shops—All Employees—Salespersons & Drivers
   - Code 4361—Photographer—All Employees—Salespersons & Drivers
2. Elimination of the Hawaii special phraseology Code 4299—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—No Painting or Using Power Machinery because the proposed national treatment is consistent with the current Hawaii treatment.
3. Elimination of the Hawaii special phraseology for Code 9501—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—Painting or Using Power Machinery and that Hawaii adopt the proposed national treatment which includes drivers.
4. Hawaii adopt the national proposals in Exhibits 3B and 3C.

Hawaii Impact:

In addition to the national proposal and impact, Hawaii photography and print film shops employers that currently use Code 8810 for clerical employees may see an increase in premium due to reassignment to proposed national Code 4361 which includes clerical employees.

Oregon Proposal:

NCCI proposes the elimination of the following Oregon special phraseologies and adoption of the national treatments which include drivers.

- Bottle Dealer—Used
- Code 8264—Recycling

Oregon Impact:

The premium impact in Oregon is equivalent to the impact determined by the proposed national treatment.

Texas Proposal:

NCCI proposes:

1. Elimination of the following Texas special phraseologies for Codes 4299 and 4361:
   - Code 4299—Copying and Duplicating Service & Drivers
   - Code 4361—Film Processing & Drivers
EXHIBIT FACT SHEET 3 (CONT'D)

2. Texas adopt the proposed national treatments for this industry which include clerical and sales employees in the Codes 4361 and 8015 phraseologies (Exhibits 3B and 8):
   - Code 4361—Photo Developing and Printing & Drivers
   - Code 4361—Photo Finishing Pickup Stations & Drivers
   - Code 4361—Photo Print Shop—All Employees & Clerical, Salespersons, Drivers
   - Code 8015—Document-Scanning Operations—All Employees & Clerical, Salespersons, Drivers
   - Code 8015—Quick Printing—Copying or Duplicating Service—All Employees & Clerical, Salespersons, Drivers
   - Code 8264—Document-Shredding Operations & Drivers

3. Maintain Texas special phraseology Code 4361—Photographer—All Employees & Drivers because it includes information regarding the assignment of payroll for employees that fly. However, the phraseology will be revised to include clerical employees and salespersons to be consistent with the national treatment, and to include the national reference to photo developing or printing whether from film or digital media.

4. Texas adopt the national proposal in Exhibit 3B, and Exhibit 8 which establishes Code 8015—Quick Printing—Copying or Duplicating Service—All Employees & Clerical, Salespersons, Drivers in Texas.

Texas Impact:
In addition to the national proposal and impact, the starting loss cost of the newly established Code 8015 in Texas will be that of Code 4299, because Code 8015 does not currently apply in Texas. This will continue until Code 8015 develops data to determine its own loss cost. There will be no reassignment of historical experience from Code 4299. Furthermore, Texas photography, film and copying employers that currently use Code 8810 for clerical employees, or Code 8742 for sales employees, may see an increase in premium due to reassignment to proposed national Codes 4361 and 8015, which include clerical and sales employees.

Virginia Proposal:
NCCI proposes that Virginia adopt the proposed national treatment for Codes 4299, 4361, 8015, 8264, and 9501. Accordingly, the Virginia Special Classifications in NCCI's Basic Manual will be reformatted and updated for the following codes:
   - Code 4299—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—No Painting or Using Power Machinery
   - Code 4361—Photographer—All Employees & Clerical, Salespersons, Drivers
   - Code 4361—Photo Print Shop—All Employees & Clerical, Salespersons, Drivers
   - Code 8015—Quick Printing—Copying or Duplicating Service—All Employees & Clerical, Salespersons, Drivers
   - Code 8015—Document-Scanning Operations—All Employees & Clerical, Salespersons, Drivers
   - Code 8264—Document-Shredding Operations & Drivers
   - Code 9501—Sign Manufacturing—Plastic or Vinyl Computer-Generated Letters or Graphics—Painting or Using Power Machinery

Virginia Impact:
The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment for Codes 4299, 4361, 8015, 8264, and 9501. The proposed updates to the Virginia Special Classifications in NCCI's Basic Manual descriptions are not expected to have an additional premium impact.
EXHIBIT 3A—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 3—PHOTOGRAPHY AND DOCUMENT SCANNING
PART TWO—CLASSIFICATIONS
(Appplies 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, VT, WV)

4364 FILM PRINT SHOPS—ALL EMPLOYEES & CLERICAL, SALESPERSONS, DRIVERS
Includes developing and printing of film.

4361 PHOTO PRINT SHOP—ALL EMPLOYEES & CLERICAL, SALESPERSONS, DRIVERS
Applies to developing and printing photographs from film or digital media.

4361 PHOTOGRAPHER—ALL EMPLOYEES & CLERICAL, SALESPERSONS, DRIVERS
Includes incidental retail store and photo processing employees developing or printing, whether from film or digital media. As respects For aerial photography, the payroll of all members of the flying crew and aircraft ground employees shall must be assigned separately rated to the appropriate aircraft flying and ground classification.
EXHIBIT 3B—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 3—PHOTOGRAPHY AND DOCUMENT SCANNING
PART TWO—CLASSIFICATIONS
(Appplies 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)

8015♦ DOCUMENT-SCANNING OPERATIONS—ALL EMPLOYEES & CLERICAL, SALESPERSONS, DRIVERS
Applies to document-scanning operations for customers performed at the employer's or customer's location. Includes document storage and shredding operations performed at the employer's location only. Document shredding performed at the customer's location, including the bailing and transportation of those shredded documents, is to be separately rated to Code 8264.

8264♦ DOCUMENT-SHREDDING OPERATIONS & DRIVERS
Applies to employers in the business of document-shredding only. Includes shredding at the employer’s or customer’s location, including the bailing and transportation of those shredded documents. Also includes all shredding at the customer’s location when performed as part of a document-scanning operation. Refer to Code 8015 for document-scanning operations for customers performed at the employer’s or customer’s location.
8015♦ QUICK PRINTING—COPYING OR DUPLICATING SERVICE—ALL EMPLOYEES & CLERICAL, SALESPEOPLE, DRIVERS

This classification applies to those employers that provide reproductions by means of offset-type duplicators on paper sizes less than 18 x 23 inches. The reproduction by means of electrostatic-type devices, digital, or nonimpact imaging on paper of any size is also included. Additional operations performed by such employers in support of quick printing or copying services are included in Code 8015 such as binding, collating, corner rounding, cutting, distribution, folding, scoring, laminating, mailing, numbering, padding, perforating, foil embossing, shrink-wrapping, stapling, automated platemaking, and similar type activities are included in this classification.

Manual platemaking and rubber stamp making on a strictly incidental basis are also included. Any risk engaged in an employer that provides reproductions by means other than described above, or where the principal activity is one of the additional activities noted above and not quick printing or copying services, shall be separately rated as to Code 4299—Printing. Codes 4299 and 8015 and 4299 shall not be assigned to the same risk employer unless the operation subject to Code 8015 is conducted as a separate undertaking or enterprise and distinct business.

Operations excluded from Code 8015 include box scoring and die making operations are excluded from Code 8015.
EXHIBIT 3D—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 3—PHOTOGRAPHY AND DOCUMENT SCANNING
PART TWO—CLASSIFICATIONS

(Appplies 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, VT, WV)

4299 SIGN MANUFACTURING—PLASTIC OR VINYL COMPUTER-GENERATED LETTERS OR GRAPHICS—NO PAINTING OR USING POWER MACHINERY

Includes designing and cutting letters or graphics and mounting on premanufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming, or molding of mounting surfaces. Codes 4299 and 9501 shall not be assigned to the same-risk employer unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from the shop—are to be separately rated as to Codes 9521 or 9554.
9501  SIGN MANUFACTURING—PLASTIC OR VINYL COMPUTER-GENERATED LETTERS OR GRAPHICS—PAINTING OR USING POWER MACHINERY & DRIVERS

Includes designing and cutting letters or graphics and mounting on premanufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming, or molding of mounting services. Codes 4299 and 9501 shall not be assigned to the same risk employer unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from the shop—are to be separately rated as to Codes 9521 or 9554.
EXHIBIT FACT SHEET 4

UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT

PURPOSE

The purpose of the proposed changes for this industry is to establish the classification treatment for the manufacture, service, or repair and the piloting of an unmanned aircraft system (UAS) or drone aircraft. According to the Federal Aviation Association (FAA), a UAS, also known as a drone, is an aircraft without a human pilot onboard and is controlled by an operator on the ground.

BACKGROUND

Due to the recent increase in the use of drone aircraft, NCCI initiated an analysis to determine the appropriate classification treatment for drone aircraft manufacturing and piloting operations.

There is a broad range of drone aircraft, of various sizes, produced for personal, commercial, and military use. Some of the industries that currently use drone aircraft include film and TV production, real estate, construction, and agriculture. Examples of flying drone aircraft for commercial use include providing aerial surveying or photography services and performing roof inspections or real estate photography.

Drone aircraft that weigh between 0.55 pounds and 55 pounds are currently registered under the FAA’s small UAS rule (14 CFR Part 107) unless a waiver applies. Drone aircraft that weigh 55 pounds or more are currently registered under the FAA’s traditional aircraft rule (14 CFR Part 47).

Currently, there is no single classification that applies to or directly references piloting operations or drone manufacturing. When assigning a classification for drone:

- Piloting operations – consideration should include size, weight, and the application of the drone
- Manufacturing operations – consideration should include size and weight; the type of materials used to manufacture the drone; and the intended end use of the vehicle, including the specific components being loaded onto the vehicle

PROPOSAL

NCCI proposes to:

1. Revise Basic Manual Rule 1-B-3—General Inclusions to include the piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of less than 55 pounds. Consideration was given to requiring that this type of piloting be assigned to a single classification, regardless of the primary business operation. However, the use of drones encompasses a broad variety of businesses and industries. Therefore, a single classification approach would not be feasible. Autonomous drone computer system designers or programmers who work exclusively in an office and do not pilot or operate the drone will be appropriately classified as clerical office employees.

2. Revise Basic Manual Rule 1-B-4—General Exclusions to include the piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of 55 pounds or more. The physical nature of the aircraft is similar to standard piloted aircraft and there are additional piloting requirements to fly these drones. The assignment of the aviation flying crew codes, which are considered general exclusions, best suits these piloting operations.

3. Establish the following classification treatments for the manufacture, service, or repair of drone aircraft:

- Code 3685—Unmanned Aircraft System or Drone Aircraft Mfg., Service, or Repair—Aircraft Weighing Less Than 55 Pounds
- Code 3830—Unmanned Aircraft System or Drone Aircraft Mfg., Service, or Repair—Aircraft Weighing 55 Pounds or More
4. Assign employers providing drone-piloting services to other businesses to new national phraseology Code 8720—Unmanned Aircraft System or Drone Aircraft Operations NOC—Aircraft Weighing Less Than 55 Pounds. The piloting of aircraft weighing 55 pounds or more (including its attached systems, payload, and cargo) will be separately rated to the appropriate aviation classification.

**IMPACT**

As a result of the changes proposed in this item, it is possible that individual employers may experience an increase or decrease in premium. The impact to individual employers will depend on the amount of payroll that is transferred between codes, as well as the associated loss costs/rates of the codes involved, if any. Negligible impact to overall statewide premium is expected as a result of these changes.

**STATE-SPECIFIC PROPOSALS AND IMPACTS**

All state exceptions will continue to apply unless otherwise noted in the state-specific exhibits (Exhibit 8).

**Florida Proposal:**

NCCI proposes:

1. Revise the Florida exception to Basic Manual Rule 1-B-3—General Inclusions to include the piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of less than 55 pounds.

2. Revise the Florida exception to Basic Manual Rule 1-B-4—General Exclusions to include the piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of 55 pounds or more.

3. Florida adopt the national proposals in Exhibits 4C, 4D, and 4E.

**Florida Impact:**

The premium impact in Florida is equivalent to the impact determined by the proposed national treatment.

**Texas Proposal:**

NCCI proposes that Texas revise their exception to Basic Manual Rule 1-B-4—General Exclusions to include the piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of 55 pounds or more.

NCCI proposes that Texas adopt the national proposals in Exhibits 4A, 4C, 4D, and 4E, including the establishment of Code 8720—Unmanned Aircraft System or Drone Aircraft Operations NOC—Aircraft Weighing Less Than 55 Pounds.

**Texas Impact:**

The starting loss cost of the newly established Code 8720 in Texas will be that of Code 8742, because Code 8720 does not currently apply and the applicable operations are assigned to Code 8742. This will continue until Code 8720 develops data to determine its own loss cost/rate.

**Virginia Proposal:**

NCCI proposes that Virginia adopt the proposed national treatment for Codes 3685, 3830, and 8720. Accordingly, the Virginia Special Classifications in NCCI’s Basic Manual will be updated for the following codes:

- Code 3685—Unmanned Aircraft System or Drone Aircraft Mfg., Service, or Repair—Aircraft Weighing Less Than 55 Pounds
- Code 3830—Unmanned Aircraft System or Drone Aircraft Mfg., Service, or Repair—Aircraft Weighing 55 Pounds or More
EXHIBIT FACT SHEET 4 (CONT’D)

- Code 8720—Unmanned Aircraft System or Drone Aircraft Operations NOC—Aircraft Weighing Less Than 55 Pounds

NCCI also proposes that Virginia adopt the proposed national changes to NCCI’s *Basic Manual* Rules 1-B-3 and 1-B-4 detailed in Exhibits 4A and 4B.

**Virginia Impact:**

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment for Codes 3685, 3830, and 8720. The proposed updates Rules 1-B-3 and 1-B-4 and to the Virginia Special Classifications in NCCI’s *Basic Manual* descriptions are not expected to have an additional premium impact.
3. General Inclusions

a. Some operations appear to be separate businesses but are included within all basic classifications. These are called general inclusions. These operations are not separately classified. They include the following:

(1) Restaurants or cafeterias, stores, or day care services operated by the employer for employee use

Exception:
If these operations are conducted in connection with construction, erection, lumbering or mining operations, they must be separately classified.

(2) Manufacture of containers by the employer, such as bags, barrels, bottles, boxes, cans, cartons or packing cases for sole use in the operations insured by the policy

(3) Hospitals or medical facilities operated by the employer for its employees

(4) Maintenance or repair of the employer’s buildings or equipment by the employer’s employees

(5) Printing by the employer on its own products, packaging, brochures, or promotional materials

(6) Piloting of unmanned aircraft systems or drone aircraft with a combined weight (including its attached systems, payload, and cargo) of less than 55 pounds

Exceptions:
(a) Autonomous drone aircraft computer system designers or programmers who qualify as clerical office employees in accordance with Rule 1-B-2-a and do not pilot or operate the drone aircraft are assigned to the appropriate clerical classification.

(b) If an employee qualifies as an outside salesperson in accordance with Rule 1-B-2-c, the piloting of a drone aircraft to support their sales duties is included within the classification assigned to the outside salesperson.

b. Some employees may perform general inclusion duties for more than one basic classification. In such cases, refer to Rule 2-G for classification treatment.

c. A general inclusion operation must be separately classified if any of the following conditions apply:

(1) The operation is conducted as a separate and distinct business of the employer (refer to Rule 1-D-3)

(2) The operation is specifically excluded in the wording of the basic classification

(3) The principal business is described by a standard exception classification

Refer to NCCI’s User’s Guide for an example.
4. **General Exclusions**

Some operations in a business are so unusual for the type of business described by the applicable basic classification, that they are separately classified even though the operations are not conducted as a secondary business. These are called general exclusions. They are:

a. **Aviation**—all operations of the flying and ground crews, including piloting of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of 55 pounds or more

b. New construction or alterations

c. Stevedoring

d. Sawmill operations

*Refer to NCCI’s User’s Guide for an example.*
FACT SHEET 4—UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT
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)

3685 UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT MFG., SERVICE, OR REPAIR—AIRCRAFT WEIGHING LESS THAN 55 POUNDS

Applies to the manufacture, service, or repair of drone aircraft weighing less than 55 pounds.
Includes do-it-yourself, recreational, and commercial models, and military drone aircraft.
The manufacture, service, or repair of drone aircraft weighing 55 pounds or more must be separately rated to Code 3830.
EXHIBIT 4D—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 4—UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT
PART TWO—CLASSIFICATIONS

(Appplies 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)

3830 UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT MFG., SERVICE, OR REPAIR—AIRCRAFT WEIGHING 55 POUNDS OR MORE

Applies to the manufacture, service, or repair of drone aircraft weighing 55 pounds or more. Includes do-it-yourself, recreational, and commercial models, and military drone aircraft. The manufacture, service, or repair of drone aircraft weighing less than 55 pounds must be separately rated to Code 3685.
EXHIBIT 4E—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 4—UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT
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 UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT OPERATIONS NOC—AIRCRAFT WEIGHING LESS THAN 55 POUNDS
Applies to employers that operate drone aircraft with a combined weight (including its attached systems, payload, and cargo) of less than 55 pounds for other businesses.
The operation of drone aircraft with a combined weight (including its attached systems, payload, and cargo) of 55 pounds or more for other businesses must be separately rated to the applicable aviation classification.
The manufacture, service, or repair of drone aircraft must be separately rated to Code 3685 or 3830.
PURPOSE
The purpose of the proposed changes for this industry is to revise the classification treatment for automobile body repair and mechanical repair.

BACKGROUND
Many businesses now offer both automobile body repair and mechanical repair, conducted from the same business location and operating as a single business entity. Most of these operations have physically separated the body repair operations from the mechanical repair operations. Additionally, there is minimal (if any) interchange of labor, since these repairs require unique training and skills. There are also concerns over what is considered as a separate and distinct business. An analysis was initiated to determine the appropriate classification treatment for businesses that perform both automobile body repair and mechanical repair work. With advances in automobile technology and an increased emphasis on safety, employees are specially trained and certified either as automobile mechanical repair technicians or automobile body repair technicians.

The filed language for national Code 8393—Automobile—Body Repair & Drivers states that Code 8380—Automobile Service or Repair Center & Drivers must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. If a business provides both automobile body repair and mechanical repair, and these services are not conducted as separate and distinct businesses, the automobile body repair and mechanical repair work would all be assigned to Code 8380. It has become more common for automobile body repair and mechanical repair to be performed within a single business operation.

PROPOSAL
Automobile body repair and mechanical repair are very different and have unique hazards. As a result, NCCI proposes to allow Codes 8380 and 8393 to be assigned to a single business operation. Additionally, further clarification is needed for the assignment of service writers and estimators for these businesses. These proposals will allow Codes 8380 and 8393 to be assigned to the same business, regardless if the operations are conducted as separate and distinct businesses. In addition, they provide clarity for these operations in states that use Code 8391—Automobile Repair Shop and Parts Department Employees, Drivers. The payroll of employees who perform duties related to both Codes 8380 and 8393 will be divided in accordance with NCCI’s Basic Manual Rule 2-G—Interchange of Labor. Also, references to service writers and estimators will be added to NCCI’s Basic Manual to clarify the classification of these employees.

NCCI proposes the following:
1. Revise the note of Code 8380—Automobile—Service or Repair Center & Drivers to include service writers and to indicate that automobile body repair is to be separately rated to Code 8393.
2. Revise the note of the following phraseologies to state that automobile body repair is to be separately rated to Code 8393:
   • Code 8380—Automobile—Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8380—Gasoline Station NOC—Retail & Drivers
3. Revise the note of Code 8393—Automobile—Body Repair & Drivers to include the following:
   • Add “carbon fiber” to the applicable types of automobile bodies
   • Add estimators
   • Indicate that automobile mechanical service and repair work are to be separately rated to Code 8380
EXHIBIT FACT SHEET 5 (CONT’D)

IMPACT
As a result of the changes proposed, it is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll between automobile repair codes. The impact to individual employers will depend on the amount of payroll that is transferred, as well as the associated loss costs/rates of the codes involved. Negligible impact to overall statewide premium is expected as a result of these changes.

STATE-SPECIFIC PROPOSALS AND IMPACTS
All state exceptions will continue to apply unless otherwise noted in the state-specific exhibits (Exhibit 8).

Alaska Proposal:
Alaska has a special phraseology for Code 8380—Automobile Service Center or Repair Center & Drivers. It states that counter clerks not performing shop operations are separately rated, and that parts department employees not performing shop operations are separately rated to Code 8002—Automobile Service Center or Repair Center—Counter Clerks. NCCI proposes retaining the Alaska special phraseology but revising it to state that parts department employees and service writers not performing or exposed to shop operations are to be separately rated to Code 8002. NCCI also proposes to include references to estimators in the phraseology of Code 8002.

NCCI proposes that Alaska adopt the national proposals in Exhibits 5B, 5C, and 5D.

Alaska Impact:
The premium impact in Alaska is equivalent to the impact determined by the proposed national treatment.

Connecticut Proposal:
NCCI proposes:
1. Elimination of the following Connecticut special phraseologies for Codes 8380 and 8393 because the proposed national treatment is consistent with the current Connecticut treatment:
   • Code 8380—Automobile—Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8380—Automobile—Service or Repair Center & Drivers
   • Code 8393—Automobile—Body Repair
2. Connecticut adopt the national proposal in Exhibit 5C.

Connecticut Impact:
The premium impact in Connecticut is equivalent to the impact determined by the proposed national treatment.

Florida Proposal:
NCCI proposes to:
1. Revise the note of Florida special Code 8380—Automobile—Service or Repair Center & Drivers to include service writers and to indicate that automobile body repair is to be separately rated to Code 8393.
2. Revise the note of the following Florida special phraseologies to state that automobile body repair is to be separately rated to Code 8393:
   • Code 8380—Automobile—Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8380—Gasoline Station NOC—Retail & Drivers
3. Revise the note of Florida special Code 8393—Automobile—Body Repair to include the following:
   • Add "carbon fiber" to the applicable types of automobile bodies
   • Add estimators
   • Indicate that automobile mechanical service and repair work is to be separately rated to Code 8380

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EXHIBIT FACT SHEET 5 (CONT'D)

Florida Impact:
The premium impact in Florida is equivalent to the impact determined by the proposed national treatment.

Hawaii Proposal:
NCCI proposes to:
1. Revise Hawaii special Code 8393—Automobile—Body Repair:
   • Add "carbon fiber" to the applicable types of automobile bodies
   • Add estimators and drivers
   • State that automobile mechanical service and repair work is to be separately rated to Code 8391
2. Revise the note of Hawaii special Code 8391—Automobile Repair Shop and Parts Department Employees, Drivers:
   • Add service writers
   • State that Codes 8391 and 8392 must not be assigned to the same employer unless the operations are separate and distinct businesses
   • State that automobile body repair is to be separately rated to Code 8393
3. Revise the notes of the following Hawaii special phraseologies to indicate that automobile body repair is to be separately rated to Code 8393:
   • Code 8391—Automobile Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8387—Automobile Service Station & Drivers
   • Code 8387—Gasoline Station NOC—Retail & Drivers

Hawaii Impact:
The premium impact in Hawaii is equivalent to the impact determined by the proposed national treatment.

Louisiana Proposal:
NCCI proposes to:
1. Revise the note of Louisiana special Code 8393—Automobile—Body Repair & Drivers:
   • Add "fiberglass, carbon fiber, and plastic" to the applicable types of automobile bodies
   • Add estimators
   • State that automobile mechanical service and repair work is to be separately rated to Code 8391
2. Revise the note of Louisiana special Code 8391—Automobile Repair Shop & Parts Department Employees, Drivers:
   • Add service writers
   • State that Codes 8391 and 8392 must not be assigned to the same employer unless the operations are separate and distinct businesses
   • State that automobile body repair is to be separately rated to Code 8393
3. Revise the notes of the following Louisiana special phraseologies to indicate that automobile body repair is to be separately rated to Code 8393:
   • Code 8391—Automobile Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8387—Automobile Service Station & Drivers
   • Code 8387—Gasoline Station NOC—Retail & Drivers

Louisiana Impact:
The premium impact in Louisiana is equivalent to the impact determined by the proposed national treatment.
Missouri Proposal:
NCCI proposes to:
1. Revise Missouri special Code 8393—Automobile—Body Repair:
   • Add “fiberglass, carbon fiber, and plastic” to the applicable types of automobile bodies
   • Add estimators and drivers
   • State that automobile mechanical service and repair work is to be separately rated to Code 8391
2. Revise the note of Missouri special Code 8391—Automobile Repair Shop & Parts Department Employees, Drivers:
   • Add service writers
   • State that Codes 8391 and 8392 must not be assigned to the same employer unless the operations are separate and distinct businesses
   • State that automobile body repair is to be separately rated to Code 8393
3. Revise the notes of the following Missouri special phraseologies to state that automobile body repair is to be separately rated to Code 8393:
   • Code 8391—Automobile Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8387—Automobile Service Station & Drivers
   • Code 8387—Gasoline Station NOC—Retail & Drivers

Missouri Impact:
The premium impact in Missouri is equivalent to the impact determined by the proposed national treatment.

Oklahoma Proposal:
NCCI proposes to:
1. Revise Oklahoma special Code 8393—Automobile—Body Repair:
   • Add “fiberglass, carbon fiber, and plastic” to the applicable types of automobile bodies
   • Add estimators and drivers
   • State that automobile mechanical service and repair work is to be separately rated to Code 8391
2. Revise the note of Oklahoma special Code 8391—Automobile Repair Shop & Parts Department Employees, Drivers:
   • Add service writers
   • State that Codes 8391 and 8392 must not be assigned to the same employer unless the operations are separate and distinct businesses
   • State that automobile body repair is to be separately rated to Code 8393
3. Revise the notes of the following Oklahoma special phraseologies to indicate that automobile body repair is to be separately rated to Code 8393:
   • Code 8391—Automobile Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8387—Automobile Service Station & Drivers
   • Code 8387—Gasoline Station NOC—Retail & Drivers

Oklahoma Impact:
The premium impact in Oklahoma is equivalent to the impact determined by the proposed national treatment.

Oregon Proposal:
NCCI proposes to:
1. Revise Oregon special Code 8393—Automobile—Body Repair & Drivers:
   • Include the current language, with some revisions, from the Automobile Notes
   • Add “fiberglass, carbon fiber, and plastic” to the applicable body types
   • Add estimators
   • State that automobile mechanical service and repair work is to be separately rated to Code 8380
2. Revise the note of Oregon special Code 8380—Automobile—Gasoline Station—NOC—Retail & Drivers:
   • Include the current language, with some revisions, from the Automobile Notes
   • Add service writers
   • State that automobile body repair is to be separately rated to Code 8393
3. Revise the note of Oregon special Code 8380—Repair, Sales, or Service Agency & Drivers:
   • Include the current language, with some revisions, from the Automobile Notes
   • Change “service workers” to “service writers” for consistency with the other phraseologies
4. Revise the note of Oregon special code 8380—Service Station & Drivers
   • Include the current language, with some revisions, from the Automobile Notes
   • Add service writers
   • State that automobile body repair is to be separately rated to Code 8393

Oregon Impact:
The premium impact in Oregon is equivalent to the impact determined by the proposed national treatment.

Rhode Island Proposal:
NCCI proposes to:
1. Revise Rhode Island special Code 8393—Automobile—Body Repair:
   • Add “fiberglass, carbon fiber, and plastic” to the applicable types of automobile bodies
   • Add estimators and drivers
   • State that automobile mechanical service and repair work is to be separately rated to Code 8391
2. Revise the note of Rhode Island special Code 8391—Automobile Repair Shop & Parts Department Employees, Drivers:
   • Add service writers
   • State that Codes 8391 and 8392 must not be assigned to the same employer unless the operations are separate and distinct businesses
   • State that automobile body repair is to be separately rated to Code 8393
3. Revise the notes of the following Rhode Island special phraseologies to indicate that automobile body repair is to be separately rated to Code 8393:
   • Code 8391—Automobile Sales or Service Agency & Parts Department Employees, Drivers
   • Code 8387—Automobile Service Station & Drivers
   • Code 8387—Gasoline Station NOC—Retail & Drivers

Rhode Island Impact:
As a result of the changes proposed, it is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll between automobile repair codes. Transfer of payroll from driver codes to automobile repair codes may also cause an increase or decrease in premium. The impact to individual employers will depend on the amount of payroll that is transferred, as well as the associated
EXHIBIT FACT SHEET 5 (CONT’D)

loss costs of the codes involved. Negligible impact to overall statewide premium is expected as a result of these changes.

Tennessee Proposal:
NCCI proposes:
1. Revise the note of Tennessee special Code 8380—Automobile Service or Repair Center & Drivers to include service writers and to indicate that automobile body repair is to be separately rated to Code 8393.
2. Tennessee adopt the national proposal in Exhibit 5C.

Tennessee Impact:
The premium impact in Tennessee is equivalent to the impact determined by the proposed national treatment.

Texas Proposal:
NCCI proposes to:
1. Revise the Texas special phraseology note of Code 8391—Automobile Body Repair & Drivers to add estimators
2. Revise the Texas special phraseology note of Code 8391—Automobile Repair Shop & Parts Department Employees, Drivers to:
   • Add service writers
   • State that Codes 8391 and 9015 must not be assigned to the same employer unless the operations are separate and distinct businesses
3. Revise the Texas special phraseology note of Code 8391—Automobile Sales or Service Agency and Parts Department Employees, Drivers to add service writers
4. Revise the notes of the following Texas special phraseologies to indicate that automobile body repair is to be separately rated to Code 8391:
   • Code 8387—Automobile Service Station & Drivers
   • Code 8387—Gasoline Station—Retail & Drivers

Texas Impact:
The premium impact in Texas is equivalent to the impact determined by the proposed national treatment.

Virginia Proposal:
NCCI proposes that Virginia adopt the proposed national treatment for Codes 8380 and 8393. Accordingly, the Virginia Special Classifications in NCCI’s Basic Manual will be updated for the following codes:
• Code 8380—Automobile Service or Repair Center & Drivers
• Code 8380—Automobile Sales or Service Agency & Parts Department Employees, Drivers
• Code 8380—Gasoline Station NOC—Retail & Drivers
• Code 8393—Automobile Body Repair & Drivers

Virginia Impact:
The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment for Codes 8380 and 8393. The proposed updates to the Virginia Special Classifications in NCCI’s Basic Manual descriptions are not expected to have an additional premium impact.
EXHIBIT 5A—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 5—AUTOMOBILE BODY REPAIR
PART TWO—CLASSIFICATIONS
(Appplies in: AL, AR, AZ, CO, DC, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT, NE, NH, NM, NV, SC, SD, UT, VT, WV)

8380 AUTOMOBILE—SERVICE OR REPAIR CENTER & DRIVERS
Includes parts department employees and service writers. Automobile salespersons are to be separately rated as to Code 8748. Codes 8380 and 8392—Automobile storage garage must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. Automobile body repair is to be separately rated to Code 8393. Towing for others and roadside assistance are to be separately rated.
Automobile salespersons are to be separately rated as are Code 8748. Automobile body repair is to be separately rated to Code 8393. Towing for others and roadside assistance to be separately rated.
EXHIBIT 5C-RD
BASIC MANUAL—2001 EDITION
FACT SHEET 5—AUTOMOBILE BODY REPAIR
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, IA, ID, IL, IN, KS, KY, MD, ME, MS, MT, NE, NH, NM, NV, SC, SD, TN, UT, VT, WV)

8380 GASOLINE STATION NOC—RETAIL & DRIVERS
Includes retail diesel stations and gasoline stations providing full services such as, but not limited to, pumping gasoline, checking fluid levels, attended car washing service, and automobile maintenance or repair. Codes 8380 and 8392 must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. Automobile body repair is to be separately rated to Code 8393. Towing for others and roadside assistance are to be separately rated.
8393  AUTOMOBILE—BODY REPAIR & DRIVERS

Applies to the repair of metal, fiberglass, carbon fiber, and plastic automobile bodies and includes upholstery and painting. Includes estimators. Automobile mechanical service and repair work are to be separately rated to Code 8380. Codes 8393, 3808, 3822, 3824, 3808, and 8380 must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance are to be separately rated.
PURPOSE
The purpose of the proposed changes is to reformat certain classifications in Part Two—Classifications of NCCI's Basic Manual. Reformatting will simplify the display of the classifications in the manual for improved online search results on ncci.com.

BACKGROUND
In Part Two—Classifications of NCCI's Basic Manual, there are situations where certain classifications have a common phraseology note for multiple phraseologies. To improve the online search results in these situations, the classifications must be reformatted so that the phraseology note is separately displayed with each phraseology. Some phraseology notes will need to be revised to maintain the proper context of the information when displayed on a separate Web page. Additionally, some wording will be revised to incorporate plain language and some redundant classification references will be eliminated. Reformatting will not result in the reclassification of any employers.

PROPOSAL
This item proposes to reformat the following NCCI Basic Manual national classifications:
1. Christmas Tree (Code 0106)
2. Cloth Printing (Codes 2413, 2417, 2501)
3. Construction—Elevator or Hod Hoist Installation, Repair, or Removal & Drivers (Codes 3507, 5022, 5057, 5213, 5403, 6003)
4. Fireworks (Code 9180)
5. Fish Curing (Code 2095)
6. Florist (Code 8001)
7. Golf (Code 4902)
8. Refrigeration (Codes 3724, 5183, 5190, 9519)
9. Refrigerator Mfg.—Metal—Domestic or Commercial (Codes 3076, 3179)

IMPACT
There will be no statewide premium impact and no changes are proposed to the loss costs/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 8).

Florida Proposal:
NCCI proposes to:
• Eliminate the Florida special classifications for Construction Elevator or Hod Hoist Installation, Repair, or Removal & Drivers (Codes 3507, 5022, 5057, 5213, 5403) and adopt the national treatments which are consistent with the Florida treatments
• Reformat the Florida special classifications for Nursing Home (Codes 8841, 9047) for improved online search results
  Language will be added to the phraseology note of Code 8841 referring all other employees to Code 9047, and language will also be added to the phraseology note of Code 9047 referring professional employees to Code 8841.
EXHIBIT FACT SHEET 6 (CONT’D)

NCCI proposes that Florida adopt the national proposals in Exhibits 6A, 6B, 6D, 6E, 6F, 6G, 6H, 6I, and 6J.

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

**Oregon Proposal:**
NCCI proposes that the Oregon special logging classifications, Codes 2702, 2703, 2704, 2725, 5506, 5511, and 9310, be reformatted for improved online search results.

NCCI proposes that Oregon adopt the national proposals in Exhibits 6A, 6B, 6C, 6D, 6F, 6G, 6H, 6I, and 6K.

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

**Texas Proposal:**
The national proposals referenced above do not apply in Texas. NCCI proposes that Texas reformat the following special classifications for improved online search results:
- Building Raising or Moving (Codes 5022, 5057, 5213, 5403)
- Farm (Codes 0005, 0008, 0011, 0016, 0035, 0037, 0079, 0083, 0113)
- Wrecking or Demolition—Not Marine (Codes 5022, 5057, 5213, 5403, 6003)

NCCI proposes the elimination of the state special Farm note because it is properly included in the Texas exception to NCCI’s *Basic Manual* Rule 1-D-3-e—Farm Operations.

**Texas Impact:**
There will be no statewide premium impact in Texas as a result of this state-specific proposal.

**Virginia Proposal:**
NCCI proposes that Virginia adopt the proposed national treatments.

Accordingly, the Virginia Special Classifications in NCCI’s *Basic Manual* will be reformatted and updated for Codes 2095, 2413, 2417, 4902, 5022, 5057, 5213, 5403, 6003, 8001, 9180.

There are no changes to the Virginia Special Classifications for Codes 0106, 2501, 3507, 3724, 5183, 5190, 9519, 3076, 3179.

**Virginia Impact:**
The proposed updates to the Virginia Special Classifications in NCCI’s *Basic Manual* descriptions will not have a premium impact.
EXHIBIT 6A—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—CLASSIFICATIONS TO BE REFORMATTED
PART TWO—CLASSIFICATIONS
(Appplies 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)

CHRISTMAS TREE

0106 Harvesting Exclusively & Drivers
     Planting, Cultivating and Harvesting. See Farms.

0106 CHRISTMAS TREE HARVESTING EXCLUSIVELY & DRIVERS
EXHIBIT 6B—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—CLASSIFICATIONS TO BE REFORMATTED
PART TWO—CLASSIFICATIONS
(Appplies 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)

2417 CLOTH PRINTING

Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 2417 are conducted as a separate and distinct business.

Silk Screen Process:

2504 Hand Printing—Includes Drying—

2443 Machinery Operations—Applies to operations preliminary to or following the hand printing process.

2417 CLOTH PRINTING

Not applicable to an employer performing operations described by another classification unless the operations subject to Code 2417 are conducted as a separate and distinct business.

2501 CLOTH PRINTING—SILK SCREEN PROCESS—HAND PRINTING

Includes drying.

2413 CLOTH PRINTING—SILK SCREEN PROCESS—MACHINERY OPERATIONS

Applies to operations before or after the hand printing process.
EXHIBIT 6C—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—CLASSIFICATIONS TO BE REFORMATTED
PART TWO—CLASSIFICATIONS
(Appplies 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, VT, WV)

CONSTRUCTION

Elevator or Hoist Installation, Repair, or Removal & Drivers. The following operations will be classified as:

5243• Concrete or Concrete-Encased Buildings or Structures
5057• Iron or Steel Buildings or Structures
5022• Masonry Buildings or Structures
6003• Piers or Wharves
5403• Wooden Buildings or Structures Including Those Designed for Dwelling Occupancy
3507• Machinery, Dredge, or Steam Shovel Mfg. NOS
6003• CONSTRUCTION—ELEVATOR OR HOIST INSTALLATION, REPAIR, OR REMOVAL & DRIVERS—PIERS OR WHARVES
EXHIBIT 6D—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—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)

5213 • CONSTRUCTION—ELEVATOR OR HOD HOIST INSTALLATION, REPAIR, OR REMOVAL & DRIVERS—CONCRETE OR CONCRETE-ENCASED BUILDINGS OR STRUCTURES

5022 • CONSTRUCTION—ELEVATOR OR HOD HOIST INSTALLATION, REPAIR, OR REMOVAL & DRIVERS—MASONRY BUILDINGS OR STRUCTURES

5403 • CONSTRUCTION—ELEVATOR OR HOD HOIST INSTALLATION, REPAIR, OR REMOVAL & DRIVERS—WOODEN BUILDINGS OR STRUCTURES INCLUDING THOSE DESIGNED FOR DWELLING OCCUPANCY

3507 • CONSTRUCTION—MACHINERY, DREDGE, OR STEAM SHOVEL MFG. NOC
EXHIBIT 6E—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—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, VT, WV)

5057 • CONSTRUCTION—ELEVATOR OR HOD HOIST INSTALLATION, REPAIR, OR REMOVAL & DRIVERS—IRON OR STEEL BUILDINGS OR STRUCTURES
ITEM B-1436-MT—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6F—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—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)

FIREWORKS
9180  Exhibition & Drivers
      Mfg. See Explosives.
9180  FIREWORKS EXHIBITION & DRIVERS
EXHIBIT 6G—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—CLASSIFICATIONS TO BE REFORMATTED
PART TWO—CLASSIFICATIONS
(Appplies in: 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)

FISH

2095 Curing. Applies to shore or dock work only.
Hatcheries. See Farms.

2095 FISH CURING
Applies to shore or dock work only.
EXHIBIT 6H—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—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)

FLORIST.
See Farm-

8004♦ Store & Drivers. Includes service away from store premises. Cultivating or gardening to be separately rated as Code 0035—Farm—florist.

8001♦ FLORIST—STORE & DRIVERS
Includes service away from store premises. Cultivating or gardening are to be separately rated to Code 0035.
EXHIBIT 6I—FD

BASIC MANUAL—2001 EDITION

FACT SHEET 6—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)

GOLF

4902  Clubs—Mfg. or Assembling

Course, Not Miniature—Public or Private. See Club—Country, Golf, etc.

4902  GOLF CLUBS—MFG. OR ASSEMBLING
REFRIGERATION—COMMERCIAL—CLEANING, OILING, OR ADJUSTING & DRIVERS
A refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach-in” refrigeration system having not more than a 1/3 h.p. motor or more than a 20-cubic-foot capacity. All other types of refrigeration are considered commercial.

5190• Refrigeration—Commercial—Cleaning, Oiling, or Adjusting & Drivers

3724• Refrigeration—Commercial—Installation or Repair of Compressors, Motors, or Other Machinery & Drivers

5183• Refrigeration—Commercial—Pipe Fitting Including the Installation of Tubing & Drivers

5190• Refrigeration—Commercial—Cleaning, Oiling, or Adjusting & Drivers
A refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach-in” refrigeration system having not more than a 1/3 h.p. motor or more than a 20-cubic-foot capacity. All other types of refrigeration are considered commercial.

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A refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach-in” refrigeration system having not more than a 1/3 h.p. motor or more than a 20-cubic-foot capacity. All other types of refrigeration are considered commercial.

9519 Refrigeration—Domestic—Cleaning, Oiling, or Adjusting & Drivers
A refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach-in” refrigeration system having not more than a 1/3 h.p. motor or more than a 20-cubic-foot capacity. All other types of refrigeration are considered commercial.

9519 Refrigeration—Domestic—Installation, Service, or Repair & Drivers
A refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach-in” refrigeration system having not more than a 1/3 h.p. motor or more than a 20-cubic-foot capacity. All other types of refrigeration are considered commercial.
EXHIBIT 6J—FD (CONT'D)
BASIC MANUAL—2001 EDITION
FACT SHEET 6—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, VT, WV)

5183• REFRIGERATION—DOMESTIC—PIPE FITTING INCLUDING THE INSTALLATION OF TUBING & DRIVERS
A refrigeration system is defined as "domestic" whether located in a residential or commercial setting provided it is a "reach-in" refrigeration system having not more than a 1/3 h.p. motor or more than a 20-cubic-foot capacity. All other types of refrigeration are considered commercial.
EXHIBIT 6K—FD
BASIC MANUAL—2001 EDITION
FACT SHEET 6—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)

| 3179 | REFRIGERATOR MFG.—METAL—DOMESTIC OR COMMERCIAL—MANUFACTURING OR ASSEMBLING THE REFRIGERATING UNIT |
| 3076 | REFRIGERATOR MFG.—METAL—DOMESTIC OR COMMERCIAL—ALL OTHER OPERATIONS |
### TABLE OF CLASSIFICATIONS BY HAZARD GROUP

<table>
<thead>
<tr>
<th>Class Code</th>
<th>Applies In:</th>
<th>Discontinued In:</th>
<th>Hazard Group A–G</th>
</tr>
</thead>
<tbody>
<tr>
<td>8015</td>
<td>National, IN 10/1/07: WV 7/1/19: TX</td>
<td></td>
<td>C</td>
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<tr>
<td>8720</td>
<td>National, IN 10/1/07: WV 7/1/19: TX</td>
<td></td>
<td>E</td>
</tr>
<tr>
<td>8824</td>
<td>National, IN 10/1/07: WV 7/1/19: TX</td>
<td></td>
<td>B</td>
</tr>
<tr>
<td>8826</td>
<td>National, IN 10/1/07: WV 7/1/19: TX</td>
<td></td>
<td>C</td>
</tr>
</tbody>
</table>

* Upon approval of this item, each state will have its state-specific effective date indicated.
EXHIBIT 8—RD
BASIC MANUAL—2001 EDITION
FACT SHEET 1—RETIREMENT LIVING CENTERS AND NURSING HOMES
NATIONAL CLASSIFICATIONS TO BE APPLICABLE
(Applies in: MT)

8824 RETIREMENT LIVING CENTERS—HEALTHCARE EMPLOYEES
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to all employees providing medical, nursing, or personal care to residents of these types of facilities including, but not limited to, physicians, nurses, therapists, technicians, pharmacists, dieticians, aides, and orderlies. Also applies to administrative healthcare personnel who do not qualify for assignment to Code 8810.
Not applicable to hospitals. Food service employees and all other employees who perform non-healthcare activities are to be separately rated to Code 8826.

8826 RETIREMENT LIVING CENTERS—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS
Applies to facilities that provide skilled nursing care and other types of residential services for individuals who require medical or nursing care, and rehabilitation services. These types of facilities include, but are not limited to, nursing homes, assisted living facilities, adult congregate living facilities, continuing care retirement communities, retirement living centers, and memory care facilities.
Applies to employees providing food service, maintenance, and operation of these facilities.
All healthcare employees are to be separately rated to Code 8824.
8824 **RETIREFMENT, CARE, NURSING, AND CONVALESCENT CENTERS**

Applies to all employees providing medical, nursing, or personal care to residents including but not limited to physicians, nurses, therapists, technicians, pharmacists, dietitians, aides, and orderlies. Not applicable to hospitals. Separately classify food service employees and all other employees engaged in non-health care activities.

8825 **Food Service Employees.** Not applicable to independently operated restaurants. Separately classify all food service employees to Code 8824 and all other employees to Code 8826.

8826 **All Other Employees, Salespersons & Drivers.** Separately classify all health care employees to Code 8824 and all food service employees to Code 8825.
7382 BUS COMPANY, AMBULANCE SERVICE & EMERGENCY MEDICAL PROVIDERS—ALL OTHER EMPLOYEES & DRIVERS

Code 7382 is applied to insureds engaged in the operation of employers that operate bus companies, scheduled limousine companies, railroad operations (street), ambulance service and emergency medical providers. The classification includes drivers and all employees other than their garage employees who are separately classified under Code 8385.
EXHIBIT 9—RD—STATE-SPECIFIC TRANSITION PROGRAM

TWO-PHASE TRANSITION PROGRAM RULES

(Appplies 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)

The following details the two-phase transition program implementing the loss costs/rates and rating values for the code being discontinued 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, 2018 unless otherwise noted. For example, Phase 1 will become effective January 1, 2019 for approved loss cost/rate filings that have a January 1, 2019 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 years’ loss cost/rate effective date. The same rule would apply to Phase 2 in the following year.

The table below demonstrates the implementation of the transition program using a January 1 effective date:

<table>
<thead>
<tr>
<th>Effective 1/1/2019</th>
<th>Effective 1/1/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code 8825—Retirement Living Centers—Food Service Employees</td>
<td>Code 8826—Retirement Living Centers—All Other Employees &amp; Salespersons, Drivers</td>
</tr>
<tr>
<td>Code 8826—Retirement Living Centers—All Other Employees, Salespersons &amp; Drivers</td>
<td>Code 8824—Retirement Living Centers—Healthcare Employees</td>
</tr>
<tr>
<td>Code 8824—Retirement Living Centers—Healthcare Employees</td>
<td>Code 8829—Convalescent or Nursing Home—All Employees</td>
</tr>
</tbody>
</table>

The following details the steps needed to implement the loss costs/rates and rating values for the code being discontinued 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 discontinued or the acquiring code as appropriate until 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 discontinued 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 discontinued and the acquiring code, then each of these codes will take on the payroll-weighted loss cost/rate.
EXHIBIT 9—RD—STATE-SPECIFIC TRANSITION PROGRAM (CONT’D)

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 be first determined by calculating the maximum weighting value given to the payroll-weighted loss cost/rate in order to keep the loss costs/rates for the code being discontinued 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 discontinued. All insured operations previously assigned to the code being discontinued 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 discontinued and the acquiring code, using the latest available year’s payroll and the standard calculated loss cost/rate of the two individual codes.
EXAMPLE OF TWO-PHASE TRANSITION PROGRAM CALCULATION

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:

<table>
<thead>
<tr>
<th>Code</th>
<th>Payroll $</th>
<th>Phase 1 Loss Cost/Rate</th>
<th>Phase 2 Loss Cost/Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXX1</td>
<td>400,000</td>
<td>21.00</td>
<td>19.78</td>
</tr>
<tr>
<td>XXX2</td>
<td>700,000</td>
<td>10.50</td>
<td>12.25</td>
</tr>
<tr>
<td>XXX3</td>
<td>3,000,000</td>
<td>11.81</td>
<td>11.57</td>
</tr>
</tbody>
</table>

(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 in order 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 |
| 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           |
| 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.
EXAMPLE OF TWO-PHASE WEIGHT VALUE CALCULATION

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 utilizing successively higher weight values until the largest weight value is found that keeps the loss costs/rates within 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:

<table>
<thead>
<tr>
<th>Last Approved Filing</th>
<th>Loss Cost/Rate for Code XXX1</th>
<th>Loss Cost/Rate for Code XXX2</th>
<th>Loss Cost/Rate for Code XXX3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21.49</td>
<td>11.32</td>
<td>11.05</td>
</tr>
<tr>
<td>Phase 1</td>
<td>16.14</td>
<td>11.63</td>
<td>12.19</td>
</tr>
</tbody>
</table>

Weight Calculation Table

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Code XXX1</th>
<th>Code XXX2</th>
<th>Code XXX3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight Value</td>
<td>Calculated Loss Cost/Rate Given Weight Value</td>
<td>Loss Cost/Rate Change %</td>
<td>Calculated Loss Cost/Rate Given Weight Value</td>
</tr>
<tr>
<td>0.50</td>
<td>16.74</td>
<td>–22.1%</td>
<td>11.49</td>
</tr>
<tr>
<td>0.51</td>
<td>16.65</td>
<td>–22.5%</td>
<td>11.51</td>
</tr>
<tr>
<td>0.52</td>
<td>16.57</td>
<td>–22.9%</td>
<td>11.53</td>
</tr>
<tr>
<td>0.53</td>
<td>16.48</td>
<td>–23.3%</td>
<td>11.55</td>
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<td>0.54</td>
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<tr>
<td>0.55</td>
<td>16.31</td>
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<td>11.59</td>
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<tr>
<td>0.56</td>
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<td>–24.5%</td>
<td>11.61</td>
</tr>
<tr>
<td>0.57</td>
<td>16.14</td>
<td>–24.9%</td>
<td>11.63</td>
</tr>
<tr>
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<td>16.06</td>
<td>–25.3%</td>
<td>11.65</td>
</tr>
<tr>
<td>0.59</td>
<td>15.97</td>
<td>–25.7%</td>
<td>11.67</td>
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<tr>
<td>0.60</td>
<td>15.89</td>
<td>–26.1%</td>
<td>11.69</td>
</tr>
<tr>
<td>0.61</td>
<td>15.80</td>
<td>–26.5%</td>
<td>11.71</td>
</tr>
</tbody>
</table>

continues
INSERT
GREEN PAGE
FRONT SIDE
Montana Classification Review Committee  
c/o National Council on Compensation Insurance  
901 Peninsula Corporate Circle  
Boca Raton, FL 33487-1362  

Re: Classification Code 0124 - Reforestation

We would like to make a formal request that the following terminology be added to the State Addendum for Montana, as it currently reads for Oregon.

**State Addendum:** Code 0124 is applicable to contractors who perform a wide variety of work related to reforestation. Operations are generally performed after a logging show; however, other non-logging related work is often performed by such contractors. Operations specifically assigned to 0124 are:

1. Slash piling and burning—following a logging show, all logging debris is pulled together by tractors or hand. Chain saws may be used to reduce the large pieces to manageable sizes. The debris is then burned. The code includes those who stand as fire watchmen and post-burn cleaners.

2. Scarification—this involves loosening the soil to make replanting easier. It is generally accomplished with a cat or tractor.

3. Site preparation—usually performed by hand or machine, this includes the clearing of underbrush and small trees from an area to be replanted.

4. Tree planting—a hand operation. This involves the use of a hoedad to create a small hole in which the seedling is planted.

5. Bud capping, netting or tubing—to prevent game and rodents from damaging the trees. Plastic tubes, cartons, stockings, etc., are manually placed on or around the seedlings.

6. Stream clearing—removal of debris, limbs, cuttings, etc., from streams and stream beds to minimize erosion. Also applies to the incidental building of small dams or ponds to improve fish habitation. Such work may be accomplished manually or with mechanical equipment.

7. Fire and hiking trail construction—this involves the use of hand tools and chain saws to create pathways or hiking trails (not roads).

8. Brush cutting—performed in a reforested, plantation, or natural growth area. This includes the incidental cutting of seedling/sapling trees less than 8 inches in diameter at breast height (DBH) when part of a brush cutting contract. Fuels reduction by thinning small trees, regardless of size, is separately rated under the appropriate Logging Operations classifications, either Code 2702 or Code 2725.

9. Limbing and/or lop and scatter—for the purpose of timber quality or reduction of ladder fuel when performed from the ground.

10. Girdling—when a ring of bark is cut from the tree in order to kill the tree.

Please contact me with any questions.

Joe Couey  
Executive Vice President