



February 11, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Item B-1410 and Item B-1412 –
Revisions to ***Basic Manual for
Workers Compensation and
Employers Liability Insurance***

The North Carolina Rate Bureau has adopted and the North Carolina Commissioner of Insurance has approved the adoption of changes to NCCI's ***Basic Manual for Workers Compensation and Employers Liability Insurance***. The approval is effective February 4, 2009, and will impact all new and renewal business written on or after April 1, 2011 in class codes for specific industries.

The industries impacted are shown in the table below:

Title	Item Filing	Fact Sheet	Exhibit
Carpentry	B1410	1	1
Manufactured, Modular Homes Manufacturing	B1410	2	2
Manufactured Homes Setup	B1410	3	3
Film Exchange	B1412	1	1
Lacquer or Spirit Varnish Manufacturing	B1412	2	2
Superstores and Warehouse Clubs	B1412	3	3

The attached exhibits explain these changes in more detail.

Contact the Information Center at 919-582-1056 or via email at winfo@ncrb.org, if you require additional information.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dg
C-09-5

FILING MEMORANDUM

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

The purpose of this item is to clarify, discontinue, or create certain classifications and classification rules in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance* to reflect current business and industry needs. The three industries impacted are shown in the table of contents below.

Title	Fact Sheet	Exhibit
Carpentry Shop	1	1
Two-Year Transition Program Rules and Examples		1
Two-Year Transition Program Rules and Examples (Applies in: VA)		1
Manufactured, Modular Homes Manufacturing	2	2
Manufactured Homes Setup	3	3
Basic Manual Appendix E—Table of Classifications by Hazard Group		4
CCPAP Exhibits		5
Assigned Carrier Performance Standards		6
State Special Exhibits		7

BACKGROUND

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's class system. This process ensures that the class system remains healthy, viable, and responsive to the needs of various industry stakeholders. This process also ensures that the system reflects the responses that various industries and their operations make to technological, competitive, and regulatory changes.

Classifications and industry-grouped classifications are analyzed to determine which, if any, should be considered for modernization, consolidation, discontinuation, or clarification. This item includes proposals for the individual classifications identified in each exhibit.

Another objective of the classification project is to simplify the classification section of NCCI's *Basic Manual* by discontinuing redundant phraseologies or streamlining current phraseologies with **format and consistency only** changes. For example, in this filing section headings are removed and added to the underlying code-specific phraseologies, such as Box Mfg. in Exhibit 1.

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

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FILING MEMORANDUM

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

PROPOSAL

It is proposed that the classifications indicated in the attached exhibits be modernized, consolidated, created, discontinued, or clarified as shown.

This item is broken out in sections as enumerated in the table shown on Page 1. Each section contains a fact sheet outlining the proposals relating to that section, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation. Each section also contains exhibits detailing the changes being proposed to NCCI's *Basic Manual*.

IMPACT

This item will foster the uniform and equitable treatment of risks within each industry. NCCI recognizes that some of our recommendations, such as moving a specific operation from one classification to another, may have a premium impact for particular risks. Additionally, some of the changes proposed will have a loss cost or rate impact. The industry fact sheets outline the potential impacts specific to each of the proposed changes.

IMPLEMENTATION

In order to implement this item, the attached exhibits detail the changes required in NCCI's *Basic Manual*.

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

A fact sheet may include a transition program for one or more of the included proposals. In that instance, the fact sheet will include the actual transition program rules and give the details corresponding to the initiation and final implementation date associated with the transition program.

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

State	Anticipated** Effective Date
Alabama	March 1, 2011
Alaska	January 1, 2011
Arizona	October 1, 2011
Arkansas	July 1, 2011

* Except in Virginia where it is the 2010 filing cycle

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ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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State	Anticipated** Effective Date
Colorado	January 1, 2011
Connecticut	January 1, 2011
District of Columbia	November 1, 2011
Florida	January 1, 2011
Georgia	May 1, 2011
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed effective January 1, 2011. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2011
Illinois	January 1, 2011
Indiana	January 1, 2011
Iowa	January 1, 2011
Kansas	January 1, 2011
Kentucky	October 1, 2011
Louisiana	May 1, 2011
Maine	January 1, 2011
Maryland	January 1, 2011
Mississippi	March 1, 2011
Missouri	All rate changes related to this filing are proposed to be effective January 1, 2011 for the voluntary and assigned risk market.
Montana	July 1, 2011
Nebraska	February 1, 2011
Nevada	March 1, 2011

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State	Anticipated** Effective Date
New Hampshire	January 1, 2011
New Mexico	January 1, 2011
North Carolina	April 1, 2011
Oklahoma	January 1, 2011
Oregon	January 1, 2011
Rhode Island	June 1, 2011
South Carolina	If there is no rate/loss cost filing for South Carolina in a given year, this item will take effect on South Carolina's "normal" rate effective date. (The "normal" rate effective date is the anniversary date of the state's previous approved rate/loss cost filing).
South Dakota	July 1, 2011
Tennessee	March 1, 2011
Utah	December 1, 2011
Vermont	April 1, 2011
Virginia	April 1, 2010
West Virginia	July 1, 2011

** Subject to change

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ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET**CARPENTRY SHOP****PROPOSAL**

The focus of the proposed changes for this industry is to combine operations into classifications that reflect exposures common to those operations. Also, several cross-references will be consolidated into the phraseology note of the remaining codes in this industry.

NCCI recommends the following national treatment for classifications:

1. Discontinue Code 2812—Cabinet Works—With Power Machinery and combine the existing exposure into Code 2883—Furniture Mfg.—Wood—NOC. It is also proposed to revise the phraseology of Code 2883 to: Furniture Manufacturing and Cabinet Shop—Wood—NOC. The phraseology note will list a range of operations from both cabinet shop work to wood furniture manufacturing. Several types of materials used in this new combined code will be listed, such as wood, laminates, engineered wood products, hardy plank, plywood, formica, and any incidental application of stain, lacquer, or finish.
2. Discontinue the following cross-reference phraseologies for Code 2883: Billiard Table Mfg., Box Mfg.—Cigar—Wood, Cabinet Mfg. for Audio or Video Device, Piano Case Mfg., and Trunk Mfg. These operations will be included in the reference note of the new phraseology for Code 2883.
3. Revise the phraseology of Code 2802—Carpentry—Shop Only & Drivers to include several products. It is recommended that the following cross-reference phraseologies be discontinued: Door, Sash, or Assembled Millwork Mfg.—Wood & Drivers; Fence Mfg.—Wood, Picket & Drivers; Laminated Wood Building Beams and Columns Mfg. & Drivers; Prefabricated House Mfg.—Wood & Drivers; and Sash, Door, or Assembled Millwork—Mfg.—Wood & Drivers.
4. Discontinue the cross-reference for Code 2881—Cabinet Works—No Power Woodworking Machinery, and Sign Manufacturing—Wood—No Painting or Using Power Machinery. These operations will be described by the new phraseology for Code 2881—Furniture Manufacturing and Cabinet Shop—Assembly by Hand—Wood.
5. Revise the phraseology note of Code 9501—Sign Manufacturing—Wood—Painting, Spraying, Sandblasting With or Without Power Machinery & Drivers to reflect the replacement of Code 2812 with Code 2883.

Alaska Specific:

NCCI recommends that Alaska discontinue its state special phraseologies for Code 2881—Furniture Assembly—Wood—From Manufactured Parts, and Code 2883—Furniture—Wood—NOC, and adopt the national proposal to be consistent with the changes proposed nationally.

Colorado Specific:

NCCI recommends that Colorado discontinue its state special phraseology for Code 2883—Store Fixtures Mfg.—Wood NOC and adopt the national proposal to be consistent with the changes proposed nationally.

Hawaii Specific:

NCCI recommends that Hawaii discontinue its state special phraseologies for Code 2881—Sign Manufacturing—Wood—No Painting, Using Power Machinery, and Code 2812—Sign Manufacturing—Wood—No Painting or Using Power Machinery, and adopt the national proposal to be consistent with the changes proposed nationally.

Oregon Specific:

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

NCCI recommends that Oregon discontinue the state special treatment under Code 2802 for Carpentry—Shop Only & Drivers, and Code 2812—Cabinet Works—With Power Machinery, and adopt the national proposal to be consistent with the changes proposed nationally.

Virginia Specific:

NCCI recommends that Virginia update the Scopes descriptions for Code 2797, Code 2799, Code 2805, Code 2812, Code 2881, Code 2883, Code 3822, Code 3824, Code 5403, Code 6400, Code 7228, Code 7229, Code 8380, and Code 9501 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

Each code is distinct in the types of products that are included within the classification. The processes for the classifications range from simple, easy-to-produce items that are made quickly to items that can take quite a bit of time and effort to produce.

Carpentry Shop products (Code 2802)—which include doors and frames, wood picket fences, wood roof trusses, ladders, stairs, banisters, and laminated wood beams and columns—are relatively simple to produce, with high production of units. They may have a sanded finish, such as a door, or be made from finished lumber, such as a ladder or wood roof truss that does not need to be sanded or stained.

Cabinet Works products (Code 2812)—which include kitchen and bath cabinets, signs (no painting), wood cabinets and showcases, and store and office fixtures—are custom in nature, with a lower production of units. This includes a substantial amount of finish work such as painting, staining, laminating, applying hardware, and installing support devices to attach the products to a wall or floor. There is also a great deal of assembly work, laminating, and finishing of the product in the shop. Items manufactured typically need to be installed by contractors or the manufacturer's installation crew, which is separately rated.

Furniture Mfg.—Wood products (Code 2883)—which include billiard tables, piano cases, cabinets for audio visual devices, trunks, dining room sets, bedroom sets, chairs, tables, and couches—are very complex to manufacture. Items such as chairs that are identical can be mass-produced; however, chairs that are unique or are antique reproductions might be produced in fewer numbers. An item that requires a custom order of a specific pattern or fabric would also be a low-production item.

Cabinet makers are making complex items, such as entertainment centers, which are more like furniture. At the same time, furniture makers are making products that are less complex in design and manufacturing, and they use the same engineered wood products and fiberboard that cabinet shops use.

With the use of the same building materials, such as laminated lumber or pressboard with a high-gloss laminate coating, more and more furniture, and kitchen and bathroom cabinets, are being sold as boxed furniture in a knockdown state for the customer to assemble. The line between the two types of shops and the products they manufacture is no longer clear.

IMPACT

This item proposes that Code 2812 be discontinued with its experience combined into newly defined national Code 2883. A review has been conducted using the latest approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program. Based upon the result of that review, a national two-year transition program is being proposed in all states that currently have both Codes 2812 and 2883. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide premium.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

The other changes to this industry primarily consist of the consolidation of cross-references into the actual classification wording. This consolidation is not expected to result in a reclassification of risk payroll or change in loss costs, rates, or premium.

Alaska Specific:

It is proposed that Alaska adopt the newly proposed national treatment. This would require the removal of the state special phraseologies for Code 2881—Furniture Assembly—Wood—From Manufactured Parts, and Code 2883—Furniture Mfg.—Wood—NOC. The elimination of the state special phraseologies is not expected to result in a reassignment of payroll or in a premium change beyond that stated in the national proposal.

Colorado Specific:

It is proposed that Colorado adopt the newly proposed national treatment. This would require the removal of their state special phraseology for Code 2883—Store Fixtures Mfg.—Wood NOC. The elimination of the state special phraseology is not expected to result in a reassignment of payroll or in a premium change.

Hawaii Specific:

It is proposed that Hawaii adopt the newly proposed national treatment. This would require the removal of the state special phraseologies for Code 2881—Sign Manufacturing—Wood—No Painting, Using Power Machinery, and Code 2812—Sign Manufacturing—Wood—No Painting or Using Power Machinery. The elimination of the state special phraseologies is not expected to result in a reassignment of payroll or in a premium change beyond that stated in the national proposal.

Oregon Specific:

It is proposed that Oregon adopt the newly proposed national treatment. This would require the removal of the state-special reference phraseology under discontinued Code 2812—Cabinet Works—With Power Machinery. The elimination of the state-special phraseology is not expected to result in a reassignment of payroll or in a premium change beyond that which is stated in the national proposal.

Virginia Specific:

NCCI recommends that Virginia update the Scope descriptions for Code 2797, Code 2799, Code 2805, Code 2812, Code 2881, Code 2883, Code 3822, Code 3824, Code 5403, Code 6400, Code 7228, Code 7229, Code 8380, and Code 9501 to reflect the changes being made.

It is proposed that Virginia adopt the newly proposed national treatment for Code 2883 and discontinue national Code 2812. A review has been conducted using the latest approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program. Based upon the result of that review, a two-year transition program is being proposed in Virginia. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide premium.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—FACT SHEET (CONT'D)

This fact sheet includes a two-year transition program. The following pages include the actual transition program rules along with an example of the transition program calculations. The rules give additional detail to the initiation and final implementation dates associated with this transition program.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

2802 CARPENTRY—SHOP ONLY & DRIVERS

Includes shop fabrication of wood roof and building trusses, stairs, stair steps, rails, railings, banisters, sash, door or assembled millwork, wood picket fence manufacturing, laminated wood building beams and columns manufacturing. Installation to be separately rated.

Codes 2802 and 2731—~~Planing or molding mill shall~~ must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. ~~Commercial lumberyards, building material dealers, or fuel and material dealers to be separately rated.~~ Where a risk deals in any lumber or building materials or in any fuel and materials in addition to performing carpentry shop operations, all yard operations, including all drivers, ~~shall~~ must be rated in the appropriate yard classification, Code 8232.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

2881 **FURNITURE MANUFACTURING AND CABINET SHOP—ASSEMBLY BY
HAND—WOOD—FROM MANUFACTURED PARTS—**

Includes hand assembling of parts or signs manufactured by others and finishing. Codes 2881, 2883, and 2735 must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2883 **FURNITURE MFG.—WOOD—NOC.**

Includes assembling or finishing.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

2883 **FURNITURE MFG.—MANUFACTURING AND CABINET SHOP—WOOD—NOG—**

Includes assembling or finishing with power machinery. Types of materials used in the manufacture of either furniture or cabinets include wood, laminates, engineered wood products, hardy plank, plywood, and formica. Any stain or lacquer that may be applied is also included.

Other operations assigned to this code include: sign manufacturing—wood—no painting, with power machinery; billiard table manufacturing; cabinet manufacturing for audio or visual devices and the installation of components; piano case manufacturing; trunk manufacturing; and cigar box manufacturing.

Codes 2883, 2881, and 2735 must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

~~CABINET WORKS~~

- 2881 ~~No Power Woodworking Machinery.~~ Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 2881 are conducted as a separate and distinct business.
- ~~2842~~ ~~With Power Machinery~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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CARPENTRY SHOP
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2812 **CABINET WORKS—WITH POWER MACHINERY**

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

~~2812 CABINET WORKS—WITH POWER MACHINERY~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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CARPENTRY SHOP
CLASSIFICATIONS

~~BILLIARD~~

- 9089 ~~Hall.~~ No bowling lanes. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9089 are conducted as a separate and distinct business.
- 2883 ~~Table Mfg.~~ Includes installation.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

9089 BILLIARD—HALL

No bowling lanes. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9089 are conducted as a separate and distinct business.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2883 **BILLIARD TABLE MFG.**
Includes installation.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

2883 ~~**BILLIARD TABLE MFG.**~~
~~Includes installation.~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

~~BOX MFG.~~

- 2759 ~~BOX SHOOK OR PALLET—WOODEN~~
- 2883 ~~Cigar—Wood~~
- 4243 ~~FOLDING PAPER—NOC Paper or paperboard mfg. to be separately rated.~~
- 4240 ~~SET UP PAPER Paper or paperboard mfg. to be separately rated.~~

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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2759 BOX MFG.—BOX SHOOK OR PALLET—WOODEN

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2883 **BOX MFG.**—Cigar—Wood

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

2883 ~~BOX MFG.~~—~~Cigar~~—~~Wood~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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4243 **BOX MFG.—FOLDING PAPER—NOC**
Paper or paperboard mfg. to be separately rated.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

4240 **BOX MFG.—SET-UP PAPER**

Paper or paperboard mfg. to be separately rated.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2883 CABINET MFG. FOR AUDIO OR VIDEO DEVICE.
Includes installation of components.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

2883 ~~CABINET MFG. FOR AUDIO OR VIDEO DEVICE.~~
~~Includes installation of components.~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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CARPENTRY SHOP
CLASSIFICATIONS

~~DOOR~~

3724• ~~INSTALLATION—OVERHEAD & DRIVERS~~

5645• ~~INSTALLATION—SCREENED—METAL OR WOOD~~

2802 ~~Sash, or Assembled Millwork Mfg.—Wood & Drivers.~~ Codes 2802 and 2731—Planing or molding mill shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.
~~Commercial lumberyards, building material dealers, or fuel and material dealers to be separately rated as Code 8204—Building material yard or 8232—Building material dealer.
Where a risk deals in any lumber, building materials, or fuel and materials in addition to products manufactured, all yard operations, including all drivers, shall be assigned to Code 8232.~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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3724• DOOR—INSTALLATION—OVERHEAD & DRIVERS

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5645• DOOR—INSTALLATION—SCREENED—METAL OR WOOD

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CARPENTRY SHOP
CLASSIFICATIONS

2802 ~~LAMINATED WOOD BUILDING BEAMS AND COLUMNS MFG. & DRIVERS~~

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~~PIANO~~

- 2883 ~~Case Mfg.~~ Codes 2883 and 2923—Piano mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.
- 2923 ~~MFG.~~ Includes assembling or finishing operations and mfg. of the piano action. Also applies to player pianos.
- 5191 ~~TUNING AWAY FROM SHOP~~

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THE TRANSITION PROGRAM * OF THIS ITEM

2883 **PIANO CASE MFG.**

Codes 2883 and 2923—Piano mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

2883 ~~**PIANO CASE MFG.**~~

~~Codes 2883 and 2923—Piano mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

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2923

PIANO—MFG.

Includes assembling or finishing operations and mfg. of the piano action. Also applies to player pianos.

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5191 PIANO—TUNING—AWAY FROM SHOP

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2802 ~~PREFABRICATED HOUSE MFG.—WOOD & DRIVERS.~~
~~Applicable to shop work. Installation to be separately rated.~~

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~~SASH, DOOR, OR ASSEMBLED MILLWORK~~

- 8235◆ ~~DEALER & DRIVERS.~~ Includes incidental assembling, glazing, or mfg. of special sizes. Applicable only to concerns that buy and sell finished millwork exclusively (including incidental assembling or glazing or incidental mfg. of special sizes), such as finished flooring, doors, frames, sash, screens, moldings, baseboards, stair trim, columns, paneling, cupboards, shelving, or furniture such as kitchen cabinets, ironing boards, breakfast sets, window seats, mantels, wall cabinets, or cases. Codes 8235 and 2802—Carpentry or 8232—Building material dealer shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.
- 2802 ~~Mfg.—Wood & Drivers.~~ Codes 2802 and 2731—Planing or molding mill shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Commercial lumberyards, building material dealers, or fuel and material dealers to be separately rated as Code 8204—Building material yard or 8232—Building material dealer. Where a risk deals in any lumber, building materials, or fuel and materials in addition to products manufactured, all yard operations, including all drivers, shall be assigned to Code 8232.

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8235◆ SASH, DOOR, OR ASSEMBLED MILLWORK—DEALER & DRIVERS

Includes incidental assembling, glazing, or mfg. of special sizes. Applicable only to concerns that buy and sell finished millwork exclusively (including incidental assembling or glazing or incidental mfg. of special sizes), such as finished flooring, doors, frames, sash, screens, moldings, baseboards, stair trim, columns, paneling, cupboards, shelving, or furniture such as kitchen cabinets, ironing boards, breakfast sets, window seats, mantels, wall cabinets, or cases. Codes 8235 and 2802—Carpentry or 8232—Building material dealer shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

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~~SIGN MANUFACTURING~~

3064 ~~METAL.~~ Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

3064 ~~NEON.~~ Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

~~PLASTIC OR VINYL COMPUTER GENERATED LETTERS OR GRAPHICS.~~ 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 unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

4299 ~~NO PAINTING OR USING POWER MACHINERY~~

9501 ~~PAINTING OR USING POWER MACHINERY & DRIVERS~~

~~SILK SCREEN PRINTING.~~ Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

2501 ~~CLOTH~~

3064 ~~METAL~~

4299 ~~PAPER OR POSTERBOARD~~

4299 ~~PLASTIC~~

4299 ~~WOOD~~

~~Wood.~~ Codes 2812, 2881, and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

~~2812 No Painting, Using Power Machinery~~

~~2881 No Painting Or Using Power Machinery~~

~~9501 PAINTING, SPRAYING, SANDBLASTING WITH OR WITHOUT POWER MACHINERY & DRIVERS~~

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3064 SIGN MANUFACTURING—METAL

Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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3064 SIGN MANUFACTURING—NEON

Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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**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 services. Codes 4299 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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**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 unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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2501 SIGN MANUFACTURING—SILK SCREEN PRINTING—CLOTH

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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3064 SIGN MANUFACTURING—SILK SCREEN PRINTING—METAL

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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4299 SIGN MANUFACTURING—SILK SCREEN PRINTING—PAPER OR POSTERBOARD

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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4299 SIGN MANUFACTURING—SILK SCREEN PRINTING—PLASTIC

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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4299 SIGN MANUFACTURING—SILK SCREEN PRINTING—WOOD

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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2812 **SIGN MANUFACTURING—Wood—No Painting, Using Power Machinery.**

Codes 2812, 2881, and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installations, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

~~**2812** **SIGN MANUFACTURING—Wood—No Painting, Using Power Machinery.**~~

~~Codes 2812, 2881, and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installations, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

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**9501 SIGN MANUFACTURING—WOOD—PAINTING, SPRAYING, SANDBLASTING WITH OR
WITHOUT POWER MACHINERY & DRIVERS**

Codes ~~2842, 2881, 2883~~, and 9501 ~~shall~~ must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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2812 TRAILER MFG.—HOME TYPE

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

~~2812 TRAILER MFG.—HOME TYPE~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

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2883 TRUNK MFG.
Metal frames or fittings to be separately rated.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

2883 ~~TRUNK MFG.~~
~~Metal frames or fittings to be separately rated.~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Filing Memorandum.

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TWO-YEAR TRANSITION PROGRAM RULES

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

The following are the rules of the two-year transition program implementing the rates/loss costs and rating values for Codes 2812 and 2883. NCCI will administer this program through each state's specific rate/loss cost classification experience filing revision process.

The state rate/loss cost filing revision where this transition program will initiate will be the first filing made with an effective date on or after the state approved effective date of this item filing. If a state rate/loss cost revision filing is made prior to the approval of this item, then that state's experience filing revision will not reflect the first year transition values. Instead the first year transition will be made to coincide with the next experience filing revision after the item approval is made and whose proposed effective date is on or after the approved item's effective date.

The following outlines the steps needed to implement the rates/loss costs and rating values for Codes 2812 and 2883 within each of the classification rate/loss cost filings. An example of the two-year transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit.

- A. Risks will continue to be classified to either Code 2812 or 2883 as appropriate until the elimination of Code 2812 in the second state rate/loss cost annual experience filing revision from which this transition program was initiated.

- B. As part of the first NCCI state rate/loss cost experience filing revision where this transition program is initiated, the payroll-weighted rate/loss cost of Codes 2812 and 2883 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 2812 and 2883, then each of these codes will take on the payroll-weighted rate/loss cost. Rating values will be determined by the same payroll weighting.

If the payroll-weighted rate/loss cost is outside of the filing's swing limits for any of the codes, then the rate/loss cost for each of the codes will be determined by a methodology weighting together (1) the payroll weighted rate/loss cost and (2) the standard calculated rate/loss cost for each code. The ratio used in this methodology will be first determined by calculating the maximum weighting value given to the payroll weighted rate/loss cost in order to keep the rates for Codes 2812 and 2883 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. Rating values will be calculated in a similar manner.

- C. As part of the second NCCI state rate/loss cost classification experience filing revision, Code 2812 will be eliminated. All insured operations previously assigned to Code 2812 will then be assigned to Code 2883. The rate/loss cost for newly defined Code 2883 will be the payroll weighted rate/loss cost of Code 2812 and Code 2883 using this filing's latest available year of payroll and the standard calculated rate/loss cost of the two individual codes. Rating values will be determined by the same payroll weighting.

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EXAMPLE OF TWO-YEAR TRANSITION PROGRAM CALCULATION

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

Note: The rates/loss costs used in the following example are for illustration purposes only and are not the actual rates/loss costs in use, nor do they represent expected actual rates/loss costs for the codes indicated.

In the following example, the “Payroll-Weighted Rate/Loss Cost” for each year can be calculated by using the “NCCI Initially Calculated Rate/Loss Cost” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
Rate/Loss Cost	21.00	10.50	11.81

The “Payroll-Weighted Rate/Loss Cost” 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%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of .50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted Rate/Loss Cost		NCCI Initially Calculated Rate/Loss Cost		Final NCCI Rate/Loss Cost
Filing Effective in First Year	0.57*	XXX1	(0.57 x 12.48)	+	(0.43 x 21.00)	=	16.14
		XXX2	(0.57 x 12.48)	+	(0.43 x 10.50)	=	11.63
		XXX3	(0.57 x 12.48)	+	(0.43 x 11.81)	=	12.19
Filing Effective in Second Year	1.00	XXX1	(1.00 x 12.48)	+	(0.00 x 19.78)	=	12.48
		XXX2	(1.00 x 12.48)	+	(0.00 x 12.25)	=	12.48
		XXX3	(1.00 x 12.48)	+	(0.00 x 11.57)	=	12.48

* See “Example of Two-Year Weight Value Calculation” for more details.

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EXHIBIT 1—CARPENTRY SHOP (CONT'D)

EXAMPLE OF TWO-YEAR TRANSITION PROGRAM EXPECTED LOSS RATE (ELR)

Note: The ELRs in the following example are for illustration purposes only and are not the actual ELRs in use, nor do they represent expected actual ELRs for the codes indicated.

In the following example, the “Payroll-Weighted ELR” for each year can be calculated by using the “NCCI Initially Calculated ELR” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
ELR	7.00	3.50	3.94

The “Payroll-Weighted ELR” is calculated as follows:

$$\frac{[(400,000 \times 7.00) + (700,000 \times 3.50) + (3,000,000 \times 3.94)]}{(400,000 + 700,000 + 3,000,000)} = 4.16$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of .50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted ELR		NCCI Initially Calculated ELR		Final NCCI ELR
Filing Effective in First Year	0.57*	XXX1	(0.57 x 4.16)	+	(0.43 x 7.00)	=	5.38
		XXX2	(0.57 x 4.16)	+	(0.43 x 3.50)	=	3.88
		XXX3	(0.57 x 4.16)	+	(0.43 x 3.94)	=	4.07
Filing Effective in Second Year	1.00	XXX1	(1.00 x 4.16)	+	(0.00 x 6.59)	=	4.16
		XXX2	(1.00 x 4.16)	+	(0.00 x 4.08)	=	4.16
		XXX3	(1.00 x 4.16)	+	(0.00 x 3.86)	=	4.16

* See “Example of Two-Year Weight Value Calculation” for more details.

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EXHIBIT 1—CARPENTRY SHOP (CONT'D)

EXAMPLE OF TWO-YEAR TRANSITION PROGRAM D RATIOS

Note: The D ratios in the following example are for illustration purposes only and are not the actual D ratios in use, nor do they represent expected actual D ratios for the indicated.

In the following example, the “Payroll-Weighted D Ratios” for each year can be calculated by using the “NCCI Initially Calculated D Ratios” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
D Ratios	0.23	0.20	0.24

The “Payroll-Weighted D Ratio” is calculated as follows:

$$\frac{[(400,000 \times .23) + (700,000 \times .20) + (3,000,000 \times .24)]}{(400,000 + 700,000 + 3,000,000)} = 0.23$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of .50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted D Ratio		NCCI Initially Calculated D Ratio		Final NCCI D Ratio
Filing Effective in First Year	0.57*	XXX1	(0.57 x 0.23)	+	(0.43 x 0.23)	=	0.23
		XXX2	(0.57 x 0.23)	+	(0.43 x 0.20)	=	0.22
		XXX3	(0.57 x 0.23)	+	(0.43 x 0.24)	=	0.23
Filing Effective in Second Year	1.00	XXX1	(1.00 x 0.23)	+	(0.00 x 0.22)	=	0.23
		XXX2	(1.00 x 0.23)	+	(0.00 x 0.22)	=	0.23
		XXX3	(1.00 x 0.23)	+	(0.00 x 0.24)	=	0.23

* See “Example of Two-Year Weight Value Calculation” for more details.

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EXHIBIT 1—CARPENTRY SHOP (CONT'D)

EXAMPLE OF TWO-YEAR WEIGHT VALUE CALCULATION

In the following example, the rates/loss costs are calculated for each class code by utilizing successively higher weight values until the largest weight value is found that keeps the rates/loss costs within swing limits. However, depending on which year 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 the first year and 1.00 for the second year. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

Note: The Weight Value Calculation in the following example are for illustration purposes only and are not the actual Weight Value Calculation in use, nor do they represent expected actual Weight Value Calculation for the codes indicated.

The following assumptions are made for this example:

1. The swing limits are plus or minus 25%
2. The rates/loss costs are as follows:

	Rate/Loss Cost for Code XXX1	Rate/Loss Cost for Code XXX2	Rate/Loss Cost for Code XXX3
Current Approved Filing	21.49	11.32	11.05
First Transition Year	16.14	11.63	12.19

Weight Calculation Table						
Year 1	Code XXX1		Code XXX2		Code XXX3	
Weight Value	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %
0.50	16.74	-22.1%	11.49	1.5%	12.15	10.0%
0.51	16.65	-22.5%	11.51	1.7%	12.15	10.0%
0.52	16.57	-22.9%	11.53	1.9%	12.16	10.0%
0.53	16.48	-23.3%	11.55	2.0%	12.17	10.1%
0.54	16.40	-23.7%	11.57	2.2%	12.17	10.1%
0.55	16.31	-24.1%	11.59	2.4%	12.18	10.2%
0.56	16.23	-24.5%	11.61	2.6%	12.19	10.3%
0.57	16.14	-24.9%	11.63	2.7%	12.19	10.3%
0.58	16.06	-25.3%	11.65	2.9%	12.20	10.4%
0.59	15.97	-25.7%	11.67	3.1%	12.21	10.5%
0.60	15.89	-26.1%	11.69	3.3%	12.21	10.5%
0.61	15.80	-26.5%	11.71	3.4%	12.22	10.6%
continues						

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET

MANUFACTURED, MODULAR HOMES MANUFACTURING

PROPOSAL

The focus of the proposed changes for this industry is to create a new national classification from the various state specials for this industry and to discontinue existing state specials treatments.

NCCI recommends the following national treatment for classifications:

1. Establish Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work—All Operations & Drivers. This classification will apply to insureds that manufacture or fabricate manufactured, modular, or prefabricated homes at a factory site only. Manufactured homes are also known as mobile homes. Examples of products include: nonmotorized construction, home-type, medical and bank trailers, and similar portable buildings; campers that are set on pickup trucks; and truck sleepers that are mounted behind the cab of semi trucks.
2. Discontinue cross-reference phraseologies for “Mobile Home Delivery By Specialist Contractor” under Code 7228 and Code 7229. Delivery by the manufacturer will be assigned to new Code 2797, while delivery by an outside trucking company will be assigned to the appropriate trucking classification.

Arizona Specific:

NCCI recommends that Arizona adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatments: Automobile Trailer Mfg.—Home-Type; Mobile or Trailer Home Mfg.; and Trailer Mfg.—Home-Type.

Florida Specific:

NCCI recommends that Florida adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference note, Trailer Mfg.—Home-Type.

Georgia Specific:

NCCI recommends that Georgia adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference notes: Auto Trailer Mfg.—Home-Type, and Trailer Mfg.—Home-Type.

Idaho Specific:

NCCI recommends that Idaho adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference notes: Auto Trailer Mfg.—Home-Type, and Trailer Mfg.—Home-Type.

Indiana Specific:

NCCI recommends that Indiana adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference notes: Auto Trailer Mfg.—Home-Type, and Trailer Mfg.—Home-Type.

Kansas Specific:

NCCI recommends that Kansas adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatments: Automobile Trailer Mfg.—Home-Type; Mobile or Trailer Home Mfg. & Drivers, and Trailer Mfg.—Home-Type.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET (CONT'D)**New Mexico Specific:**

NCCI recommends that New Mexico adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue state special Code 2826—Building Mfg.—Residential—Shop and Yard.

North Carolina Specific:

NCCI recommends that North Carolina adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers.

Oregon Specific:

NCCI recommends that Oregon discontinue the state special reference notes: Carpentry—Shop Only & Drivers, and Display Case Works—With Power Machinery.

Virginia Specific:

NCCI recommends that Virginia adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue state special Code 2805—Modular or Prefabricated Home Mfg.—Not Mobile.

BACKGROUND AND BASIS FOR CHANGE

Manufactured homes are built to federal building standards in a shop on a steel frame with wheels, similar to a trailer but attached to the trailer frame. There are restrictions on where they can be placed based on local rules and regulations. Modular homes are built in a shop to meet local building codes; they are transported on a trailer but not attached to the trailer. There are far fewer restrictions on where they can be placed.

Currently, these two types of shop-built homes are classified to different codes on a national basis:

- Code 2802—Carpentry—Shop is used for the manufacture of prefabricated wood houses, portable buildings, and prefabricated modular houses (factory built)
- Code 2812—Cabinet Works—With Power Machinery is used for the manufacture of home-type trailers and home-type trailers not used for residential purposes (medical trailers, bank trailers, etc.)

They are both built in a large shop on a production assembly line. Both are built in a controlled environment that is not hindered by the weather. Once the floor is completed (built on a steel frame for manufactured homes; built on a beefed-up wood-framed floor for modular homes), the process of building walls, installing utilities (plumbing, electrical, insulation, etc.), doorways, ceilings, and roofs is similar.

The modular home, which can be up to three times larger in finished size, is completed in many more sectional boxes than a manufactured home. The roof is attached to the manufactured home, while the roof on a modular home is built as a separate part. When completed, the manufactured home has axles and wheels attached for transport as a trailer, while the manufactured home is loaded onto a trailer for transport. The key differences between the two are as follows:

- Building codes—manufactured homes built to federal standards; modular homes built to local building standards
- Size of the finished home—triple-wide manufactured home built as three separate boxes to 3,800 square feet; modular home built with many more boxes, and roof sections can reach over 9,000 square feet
- Roof—attached to the manufactured home when building each section in the shop; attached to the modular home when assembling on the building site
- Siding—attached to the manufactured home in the shop; attached to the modular home on the building site

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET (CONT'D)

- Finish work after setup—minor amount on manufactured home—typical customer can move in the next day; more work on modular home (can be larger and multistory)—average of one week before customer can move in

IMPACT

This item proposes to establish new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers. Except for the states of Arizona, Florida, Georgia, Idaho, Indiana, Kansas, New Mexico, North Carolina, and Virginia, which currently have state special treatments for these operations, it is proposed that the initial loss cost or rate and experience rating values be that of Code 2802 until Code 2797 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2797 are currently being assigned to Code 2802. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 2802, and the differences from the previously assigned codes' loss cost or rate. The new class code's loss cost or rate will eventually reflect the new phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

Arizona Specific:

The proposal recommends that Arizona discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Arizona's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Arizona state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Florida Specific:

The proposal recommends that Florida discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The rates and rate values for this code will not change. All of Florida's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Florida state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Georgia Specific:

The proposal recommends that Georgia discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Georgia's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Georgia state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Idaho Specific:

The proposal recommends that Idaho discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Idaho's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Idaho state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Indiana Specific:

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 2—FACT SHEET (CONT'D)

The proposal recommends that Indiana discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Indiana's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Indiana state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Kansas Specific:

The proposal recommends that Kansas discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Kansas's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Kansas state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

New Mexico Specific:

The proposal recommends that New Mexico adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue state special Code 2826—Building Mfg.—Residential—Shop and Yard.

A review of New Mexico state special Code 2826 shows no experience is currently being reported in this A-rated code. Due to the lack of any ratemaking data from Code 2826, it is proposed that similar to the national proposal, the initial loss cost or rate and experience rating values for new Code 2797 be that of existing national Code 2802 until new Code 2797 establishes sufficient experience to determine its own loss cost or rate. This proposal is not expected to cause a significant change in individual risk or statewide premium.

North Carolina Specific:

The proposal recommends that North Carolina discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of North Carolina's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the North Carolina state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Oregon Specific:

The proposal recommends that Oregon discontinue two state special reference notes. This will not result in any change to individual risk or statewide premium for this industry.

Virginia Specific:

The proposal recommends that Virginia adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and eliminate state special Code 2805—Modular or Prefabricated Home Mfg.—Not Mobile.

It is also proposed that, in Virginia, the initial loss cost or rate and experience rating values for new Code 2797 be that of Code 2805. Thereafter, Virginia's historical experience reported under Code 2805 will be reassigned to Code 2797 before determining the loss cost or rate. Future assignment of risks will be based on the new national phraseology. While some of these operations may be transferred from other class codes, it is expected that most operations applicable to the new Code 2797 are currently being assigned to state special Code 2805. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 2805, and the differences from the previously assigned

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 2—FACT SHEET (CONT'D)

codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED, MODULAR HOMES MFG.
CLASSIFICATIONS**

**2797 MANUFACTURED, MODULAR, OR PREFABRICATED HOME MANUFACTURING—SHOP
WORK—ALL OPERATIONS & DRIVERS**

This classification applies to insureds that manufacture or fabricate manufactured, modular, or prefabricated homes at a factory site only. Manufactured homes are also known as mobile homes. Framing can be done with wood or metal studs.

Manufacture of masonry or concrete modular building (built in a shop, transported to the site, and set in place) must be separately rated.

This classification includes the manufacturing of nonmotorized construction, home-type, medical, and bank trailers, and similar portable buildings; campers that are set on pickup trucks; and truck sleepers that are mounted behind the cab of semi trucks. It includes installation or repair of the before-mentioned products assembled at the factory site only.

This classification also includes delivery performed by the manufacturer. Delivery from an outside trucking company must be separately rated to the appropriate trucking classification. Setup, hookup, installation, or finish work at a job site must be separately rated.

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**EXHIBIT 3—FACT SHEET
MANUFACTURED HOMES SETUP****PROPOSAL**

The focus of the proposed changes for this industry is to create a new national classification code for the manufactured home setup industry by consolidating references in other codes. There is also a recommendation to revise the phraseology for fencing and to consolidate all fencing references.

NCCI recommends the following national treatment for classifications:

1. Establish Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site. The code will apply to setting home sections into place on the foundation or foundation walls and bolting them together. It also includes the hookup of any preinstalled utilities in the foundation to the connections on the manufactured or modular home.
 - Separately rate any installation of siding, skirting, deck, fence, septic tank, concrete foundation or sidewalks, or concrete block walls. Also separately rate garage building, landscaping, concrete or paved driveway or road building, site prep work, and grading or excavation work to the home or at the building site.
 - Any construction not associated with the original setup, hookup, or installation of the home, or disassembly and reassembly work required to repair or improve the home, must be assigned to the applicable construction code.
 - Separately rate delivery from an outside trucking company to the appropriate trucking classification. Assign setup of the manufactured or modular home to Code 2799.
 - Assign windstorm tie-down installations by dealers or specialty contractors to Code 2799.
2. Discontinue the cross-reference phraseologies for “Mobile Home: Delivery By Specialist Contractor” under Codes 7228, 7229, and 8380. Delivery only by an outside trucking company is assigned to the appropriate trucking classification, while delivery by the manufacturer will be assigned to new Code 2797. On-site setup in either situation will be assigned to new Code 2799. Also, revise the cross-reference phraseology under Code 7317F for “Automobile—Haulaway or Driveway”, to mirror the cross-reference phraseologies under Codes 7228 and 7229.
3. Discontinue the cross-reference phraseology for “Mobile Home: Windstorm Tie-Down Installation: By Dealer” under Code 8380. Windstorm tie-down installations by dealers will be assigned to Code 2799.
4. Revise the phraseologies under Codes 8380 and 8748 for Mobile Home Dealers, and Mobile Home Repair, to “Mobile, Manufactured, Modular, or Prefabricated Home Dealers”, and “Mobile, Manufactured, Modular, or Prefabricated Home Repair”.
5. Revise the phraseology of Code 6400—Fence Erection—Metal to include additional types of fences, secondary fence installation, and exceptions. The newly defined national phraseology will be Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand.
6. Discontinue the cross-reference phraseology for “Mobile Home: Windstorm Tie-Down Installation: by Specialist Contractor” under Code 6400. Windstorm tie-down installations by specialist contractors will be assigned to Code 2799.

Arizona Specific:

NCCI recommends that Arizona adopt the newly defined national Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand, and discontinue the state special treatment for Code 6400, “Fence Construction—Metal or Wood—All Operations.”

Florida Specific:

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EXHIBIT 3—FACT SHEET (CONT'D)

The proposed newly defined national phraseology for Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand, mirrors Florida's current state special treatment. NCCI recommends that Florida adopt the national phraseology and discontinue the state manual reference.

Hawaii Specific:

NCCI recommends that Hawaii adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

NCCI recommends that Hawaii adopt the newly defined national Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand, and discontinue the state special treatment for Code 6400, "Fence Erection—Wood or Metal."

Louisiana Specific:

NCCI recommends that Louisiana adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

Maine Specific:

NCCI recommends that Maine adopt the newly defined national Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand and eliminate the state special treatment for Code 6400, "Fence Erection—Metal or Wood—All Operations."

Missouri Specific:

NCCI recommends that Missouri adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

Oklahoma Specific:

NCCI recommends that Oklahoma adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

Oregon Specific:

NCCI recommends that Oregon adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments under Codes 6400 and 8380 for "Mobile Home—Repair" and "Mobile Home—Windstorm Tie-Down Installation." Windstorm tie-down installations by trailer park operators will remain in Code 9015, as this is considered an incidental part of their operations.

Rhode Island Specific:

NCCI recommends that Rhode Island adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3—FACT SHEET (CONT'D)**BACKGROUND AND BASIS FOR CHANGE**

The manufactured, modular homes setup industry is currently classified across five separate national codes for specific portions of the installation process. Each of the codes include extensive operations within its phraseology. However, for each code there is only a small cross-reference portion that is being considered in this filing. Applicable cross-references are listed under each code below.

Code 8380—Automobile Service or Repair Center & Drivers:

- Mobile Home Dealers: All Other Employees and Drivers
- Mobile Home Delivery: By Specialist Contractor—Including On-Site Placement, Hookup of Plumbing and Electrical Systems and Incidental Installation Activities & Drivers
- Mobile Home—Windstorm Tie-Down Installation: By Dealer & Drivers

Code 9015—Buildings—Operation by Owner or Lessee or Real Estate Management Firm: All Other Employees

- Mobile Home: Windstorm Tie-Down Installation: By Mobile Home Park Operator

Code 6400—Fence Erection—Metal

- Mobile Home: Windstorm Tie-Down Installation: By Specialist Contractor

Code 7228—Trucking—Local Hauling Only—All Employees & Drivers

- Mobile Home Delivery: By Specialist Contractor—Local Hauling Only

Code 7229—Trucking—Long Distance Hauling—All Employees & Drivers

- Mobile Home Delivery: By Specialist Contractor—Long Distance Hauling

The on-site placement and hookup is assigned to Code 8380. The delivery or transportation only is assigned to Code 7228 or Code 7229. The windstorm tie-down installation is assigned to Code 8380 for a dealer installation, Code 9015 for mobile home park operator installation, and Code 6400 for a specialist contractor installation. None of these codes specifically addresses the installation of modular homes, only mobile homes.

There are some common operations for the setup and installation of manufactured homes and modular homes. A significant amount of site preparation is required for both types of homes. This includes clearing the site, running utilities to the site, and installing plumbing through the foundation to be poured. For modular homes, there is also a concrete block skirting around the outside and inside of the foundation for each section to rest on.

The manufactured home sections are driven into place very close to each other and bolted together. The structure is lifted and raised to remove the wheels and axles and then lowered onto the foundation. Windstorm tie-downs are then installed to permanently affix the manufactured home to the foundation. Utility lines are connected and then the interior work is completed to cover the seams of each section. Set-up work lasts one day, and the manufactured home can be moved into the next day.

The modular home sections are driven to the site on flatbed trailers for each section. A crane is on site to lift each section onto the foundation in a prescribed order. Each piece is set on top of the concrete block foundation wall and bolted to the next piece. The pieces for the next floor are placed and bolted to the top of the first-floor rooms, and then the roof panels are set into place. A 3,000-square-foot home can be set up in approximately four hours. Utility lines are attached from the plumbed foundation to the home, and steel spikes are driven into the concrete block foundation wall to permanently affix the home to the foundation. Normal trade contractors then complete the interior and exterior of the building and cover the seams between the sections, which can take about a week before the home can be ready for occupancy.

Any garages, decks, fencing, driveways, landscaping, patios, and sidewalks are then installed to complete each of the two types of homes.

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EXHIBIT 3—FACT SHEET (CONT'D)

The preferred method would be to drive the pieces very close together on the foundation. In the tight fit of an established mobile home park, an alternate method would be to hoist the pieces onto the foundation with a crane. Most mobile home parks have very little space between lots, and it would be unlikely to have room for the pieces to be placed on each side of the prepared foundation. Lifts and dollies are used to raise the mobile home to remove the wheels prior to completing the installation process.

Some fencing issues were addressed along with windstorm tie-down operations. References in Code 5102 to soil erosion fencing and a reference in Code 5403 to plastic or wooden fence erection were reviewed for consolidation into Code 6400.

IMPACT

This item proposes to establish new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site. Except for the states of Hawaii, Louisiana, Missouri, Oklahoma, and Rhode Island, which currently have state special treatment, it is also proposed that the initial loss cost or rate and experience rating values be that of Code 8380 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8380. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8380, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

This item also proposes to assign activities related to windstorm tie-down installations by dealers or specialty contractors to this new national Code 2799. These operations are currently being assigned to Codes 8380 and 6400. NCCI is not able to determine the amount of payroll that will transfer from each of these codes into Code 2799. Windstorm tie-down installations by mobile home park operators will remain in Code 9015, as this is considered an incidental part of their operations.

The other change primarily consists of expanding phraseology in Code 6400—Fence Erection to include specific fence types into the filed phraseology. This change is for clarification only and is not expected to result in a change in statewide or individual risk premium.

Arizona Specific:

The proposal recommends that Arizona discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Arizona state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Florida Specific:

The proposal recommends that Florida discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Florida state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Hawaii Specific:

The proposal recommends that Hawaii adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Hawaii, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While

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EXHIBIT 3—FACT SHEET (CONT'D)

experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

The proposal also recommends that Hawaii discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Hawaii state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Louisiana Specific:

The proposal recommends that Louisiana adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Louisiana, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

Maine Specific:

The proposal recommends that Maine discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Maine state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Missouri Specific:

The proposal recommends that Missouri adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Missouri, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

Oklahoma Specific:

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3—FACT SHEET (CONT'D)

The proposal recommends that Oklahoma adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Oklahoma, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

Oregon Specific:

The proposal recommends that Oregon adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies references under Codes 6400 and 8380 for Mobile Home—Repair, and Mobile Home—Windstorm Tie-Down Installation. These state special phraseologies are similar to the existing national wording for windstorm tie-down installation operations. The removal of these state special phraseologies is not expected to cause any additional change in individual risk or statewide premium beyond what is already stated in the national impact for this industry. Windstorm tie-down installations by trailer park operators will remain in Code 9015, as this is considered an incidental part of their operations.

Rhode Island Specific:

The proposal recommends that Rhode Island adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Rhode Island, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS****2799• MANUFACTURED, MODULAR, OR PREFABRICATED HOME SETUP, HOOKUP, OR
INSTALLATION AT BUILDING SITE**

Code 2799 includes the use of any lifts, jacks, cranes, or dollies to place home sections onto the foundation or foundation walls, bolt the sections together, and remove any wheels or axles. It also includes the hookup of any preinstalled utilities in the foundation—such as electrical, plumbing, telephone, water, sewer, or cable television—to the connections on the manufactured or modular home. Covering up or hiding the seams of each section of a manufactured or modular home, installing windstorm tie-downs on a manufactured home, or spiking a modular home through the foundation wall is assigned to this classification if done by a dealer or specialty contractor. Manufactured homes are also known as mobile homes.

Any construction not associated with the original setup, hookup, or installation of the home, or disassembly and reassembly work required to move the home, must be assigned to the applicable construction code. For example, separately rate the following:

- Construction operations that include site preparation or repair work prior to the setup and after the setup
- Installation of siding, insulation, skirting, deck, fence, septic tank, concrete foundation or sidewalks, or concrete block walls
- Garage building, landscaping, concrete or paved driveway or road building, site prep work, and grading or excavation work to the home or at the building site

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUPEXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**~~AUTOMOBILE~~**

- 8393 ~~**Body Repair.** Applies to the repair of metal, fiberglass, and plastic automobile bodies and includes upholstering and painting. Codes 8393, 3822, and 3824—Automobile body mfg., Code 3808—Automobile mfg., and Code 8380—Automobile service or repair center shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~
- 8380 ~~**Car Wash & Drivers.** Includes incidental greasing, polishing, and servicing. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~
- 3827 ~~**Engine Mfg.**~~
- 7228 ~~**Haulaway or Driveaway—Local Hauling Only—All Employees & Drivers**~~
- 7229 ~~**Haulaway or Driveaway—Long Distance Hauling—All Employees & Drivers**~~
- 7317F ~~**Driving Autos On or Off Vessels**~~
- ~~**Leasing Company—Long Term:**~~
- 8748 ~~**Salespersons**~~
- 8380 ~~**All Other Employees & Drivers**~~
- 3808 ~~**Mfg. or Assembly**~~
- 8380 ~~**Muffler—Installation or Repair & Drivers**~~
- 8046♦ ~~**Parts and Accessories NOC & Drivers.** Applies to wholesale or retail stores.~~
- 3807 ~~**Radiator Mfg.** Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 3807 are conducted as a separate and distinct business.~~
- 9516 ~~**Radio, Television, Video, and Audio Equipment Installation Service or Repair & Drivers.** Includes shop or outside employees, incidental parts department employees, erection of antennae.~~
- 8046 ~~**Recycling.** Store employees who do not engage in other operations and have no yard exposure.~~
- 3821 ~~**Recycling & Drivers.** Includes the dismantling, salvaging, or junking of parts. Store employees who do not engage in other operations and have no yard exposure are assigned to Code 8046.~~
- ~~**Rental Co.:**~~
- 8385 ~~**Garage Employees.** Includes employees who check or change fluids, batteries, tires, and clean or otherwise service automobile or garage equipment.~~
- 8002♦ ~~**All Other Employees & Counter Personnel, Drivers**~~
- 8380 ~~**Sales or Service Agency & Parts Department Employees, Drivers.** Automobile salespersons to be separately rated as Code 8748.~~
- 8748 ~~**Salespersons.** Subject to in Rule 1 B 2, except as respects delivery of automobiles.~~
- 8380 ~~**Service or Repair Center & Drivers.** Includes parts department employees. Automobile salespersons to be separately rated as Code 8748. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~
- 3400 ~~**Stamped Parts Mfg.**~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS (CONT'D)
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7228 ~~Towing Companies—Local Hauling Only—No Other Operations—All Employees &
Drivers~~

7229 ~~Towing Companies—Long Haul—No Other Operations—All Employees & Drivers~~

~~2842 Trailer Mfg.—Home Type~~

3803 ~~Wheel Mfg.—Metal—Not Cast~~

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

8393 AUTOMOBILE—BODY REPAIR

Applies to the repair of metal, fiberglass, and plastic automobile bodies and includes upholstering and painting. Codes 8393, 3822, and 3824—Automobile body mfg., Code 3808—Automobile mfg., and Code 8380—Automobile service or repair center shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 **AUTOMOBILE—CAR WASH & DRIVERS**

Includes incidental greasing, polishing, and servicing. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3827 **AUTOMOBILE—ENGINE MFG.**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7317F ~~AUTOMOBILE—HAULWAY OR DRIVEWAY—LONG-DISTANCE HAULING—ALL~~
~~EMPLOYEES & DRIVERS—DRIVING AUTOS ON OR OFF VESSELS & DRIVERS~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7228 ~~AUTOMOBILE~~—HAULAWAY OR DRIVEAWAY—LOCAL HAULING ONLY—ALL EMPLOYEES
& DRIVERS

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7229 **AUTOMOBILE—HAULAWAY OR DRIVEAWAY—LONG DISTANCE HAULING—ALL
EMPLOYEES & DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 ~~AUTOMOBILE~~—LEASING COMPANY—LONG-TERM—ALL OTHER EMPLOYEES &
DRIVERS

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8748 **AUTOMOBILE—LEASING COMPANY—LONG-TERM—SALESPERSONS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3808 **AUTOMOBILE—MFG. OR ASSEMBLY**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 **AUTOMOBILE—MUFFLER—INSTALLATION OR REPAIR & DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8046◆ **AUTOMOBILE—PARTS AND ACCESSORIES NOC & DRIVERS**
Applies to wholesale or retail stores.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3807 **AUTOMOBILE—RADIATOR MFG.**

Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 3807 are conducted as a separate and distinct business.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

**9516 AUTOMOBILE—RADIO, TELEVISION, VIDEO, AND AUDIO EQUIPMENT INSTALLATION
SERVICE OR REPAIR & DRIVERS**

Includes shop or outside employees, incidental parts department employees, erection of antennae.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8046 **AUTOMOBILE—RECYCLING**

Store employees who do not engage in other operations and have no yard exposure.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3821 **AUTOMOBILE—RECYCLING & DRIVERS**

Includes the dismantling, salvaging, or junking of parts. Store employees who do not engage in other operations and have no yard exposure are assigned to Code 8046.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8002◆ **AUTOMOBILE—RENTAL CO.—ALL OTHER EMPLOYEES & COUNTER PERSONNEL,
DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8385 **AUTOMOBILE—RENTAL CO.—GARAGE EMPLOYEES**

Includes employees who check or change fluids, batteries, tires, and clean or otherwise service automobile or garage equipment.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 **AUTOMOBILE—SALES OR SERVICE AGENCY & PARTS DEPARTMENT EMPLOYEES,
DRIVERS**

Automobile salespersons to be separately rated as Code 8748.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8748 **AUTOMOBILE—SALESPERSONS**

Subject to in Rule 1-B-2, except as respects delivery of automobiles.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

8380 AUTOMOBILE—SERVICE OR REPAIR CENTER & DRIVERS

Includes parts department employees. Automobile salespersons to be separately rated as Code 8748. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3400 **AUTOMOBILE—STAMPED PARTS MFG.**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7228 **AUTOMOBILE—TOWING COMPANIES—LOCAL HAULING ONLY—NO OTHER
OPERATIONS—ALL EMPLOYEES & DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7229 AUTOMOBILE—TOWING COMPANIES—LONG HAUL—NO OTHER OPERATIONS—ALL
EMPLOYEES & DRIVERS

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2812 ~~AUTOMOBILE~~—Trailer Mfg.—Home Type

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

~~2812~~ ~~AUTOMOBILE~~—~~Trailer Mfg.~~—~~Home Type~~

* For all applicable states, the two year transition program will be initiated concurrent with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the Memorandum.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3803 **AUTOMOBILE—WHEEL MFG.—METAL—NOT CAST**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

~~FENCE~~

- 6400• ~~Erection—Metal~~
- 3257 ~~Mfg.—Wire~~
- 2802 ~~Mfg.—Wood, Picket & Drivers~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3257 FENCE MFG.—WIRE

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

6400• **FENCE ~~ERECTION~~ INSTALLATION AND REPAIR—METAL, VINYL, WOOD, OR
PREFABRICATED CONCRETE PANEL FENCE INSTALLED BY HAND**

The installation and repair of temporary or permanent fences, including those installed to prevent soil erosion, are assigned to Code 6400. Any concrete fence panel that cannot be installed or repaired by hand or uses a crane, hoist, or backhoe to install must be separately rated to the appropriate construction code.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

~~MOBILE HOME~~

~~Dealers:-~~

8748

~~Salespersons~~

8380

~~All Other Employees & Drivers~~

~~Delivery:-~~

7228

~~By Specialist Contractor—Local Hauling Only—Delivery Only—All Employees & Drivers~~

7229

~~By Specialist Contractor—Long Distance Hauling—Delivery Only—All Employees & Drivers~~

8380

~~By Specialist Contractor—Including On Site Placement, Hookup of Plumbing and Electrical Systems and Incidental Installation Activities & Drivers~~

~~Repair:-~~

8380

~~Shop:-~~

~~By Dealer or Specialist Contractor & Drivers. The on site repair of a mobile home that is permanently set and occupied is classified in the same manner as the repair work done on any dwelling.~~

~~Windstorm Tie Down Installation:-~~

8380

~~By Dealer & Drivers~~

9015

~~By Mobile Home Park Operator~~

6400●

~~By Specialist Contractor~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

**8380 MOBILE, MANUFACTURED, MODULAR, OR PREFABRICATED HOME DEALERS—ALL
OTHER EMPLOYEES & DRIVERS**

Setup or installation work of mobile, manufactured, modular, or prefabricated homes must
be separately rated to Code 2799.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8748 MOBILE, MANUFACTURED, MODULAR, OR PREFABRICATED HOME
DEALERS—SALESPERSONS

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

**8380 MOBILE, MANUFACTURED, MODULAR, OR PREFABRICATED HOME REPAIR—SHOP
ONLY—BY DEALER OR SPECIALIST CONTRACTOR & DRIVERS**

The on-site repair of a mobile, manufactured, or prefabricated home that is permanently set ~~and occupied~~ is classified in the same manner as the repair work done on any dwelling to the appropriate construction code. Setup or installation work of mobile, manufactured, modular, or prefabricated homes must be separately rated to Code 2799.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

9015 MOBILE HOME WINDSTORM TIE-DOWN INSTALLATION: BY MOBILE HOME PARK
OPERATOR

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4

BASIC MANUAL—2001 EDITION

APPENDIX E

CLASSIFICATIONS BY HAZARD GROUP

REFERENCE TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In:±	Discontinued In:±	Hazard Group A–G	Hazard Group 1–4**
2797	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV		C	2
2799	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV		D	2
2805		VA	⊖	-2
2812		AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV	⊖	-2
2826		NM	⊖	-2

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

** Carriers that elect to use NCCI's four hazard groups must make a filing in each state to adopt the four hazard groups referenced in this item.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 6

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

(Applies in: AK, AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH,
NJ, NV, OR, SC, SD, VA, VT, WV)

Approval required in: AK, AR, DE, GA, IN, KS, MS, NC, NH, OR, SD

Delete the following from the Preliminary Physical Audits (PPA)—New Business Table:

PPA—New Business Table

Premium Range	Governing Classification Codes
\$10,000 to \$49,999	2812

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 6

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

(Applies in: AK, AL, AR, AZ, CT, DC, DE, GA, IA, ID, IL, IN, KS, MS, NC, NH,
NJ, NV, OR, SC, SD, VA, VT, WV)

Approval required in: AK, AR, DE, GA, IN, KS, MS, NC, NH, OR, SD

Delete the following from the Final Physical Audit—New Business Table:

Final Physical Audit—New Business Table

Premium Range	Governing Classification Codes
\$5,000 to \$49,999	2812

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 7—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN NORTH CAROLINA
BASIC MANUAL—2001 EDITION
MANUFACTURED, MODULAR HOMES MANUFACTURING
NORTH CAROLINA SPECIAL CLASSIFICATIONS

2797 ~~MOBILE OR TRAILER HOME MFG. & DRIVERS~~

FILING MEMORANDUM

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

The purpose of this item is to clarify, eliminate, or create certain classifications and classification rules in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* to reflect current business and industry needs. The three industries impacted are shown in the table below.

Title	Fact Sheet	Exhibit
Film Exchange	1	1
Two-Year Transition Program Rules and Examples		1
Three-Year Transition Program Rules and Examples (Applies in: VA)		1
Lacquer or Spirit Varnish Manufacturing, Oleoresinous Varnish Manufacturing, and Paint Manufacturing	2	2
Three-Year Transition Program Rules and Examples (Applies in: VA)		2
Superstores and Warehouse Clubs	3	3
Basic Manual Appendix E—Table of Classifications by Hazard Group		4

BACKGROUND

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's classification system. This process ensures that the classification system remains healthy, viable, and responsive to the needs of various industry stakeholders. This process ensures that the system reflects the responses that industries and their operations make to technological, competitive, and regulatory changes.

Classifications and industry-grouped classifications are analyzed to determine which, if any, should be considered for modernization, consolidation, elimination, or clarification. This item includes proposals for the individual classifications identified in each exhibit.

Another objective of the classification project is to simplify the classification section of NCCI's *Basic Manual* by eliminating redundant phraseologies or streamlining current phraseologies with **format-only** changes. For example, in this filing, section headings are removed and added to the underlying code-specific phraseologies, such as Store—Retail NOC in Exhibit 3.

NCCI's analysis of the classification system is national in scope, and the recommendations within this item are being proposed in all NCCI states. NCCI recognizes the occasional need for state-specific classification treatments to reflect geographical differences, and such treatments, if necessary, are also incorporated within this filing.

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FILING MEMORANDUM

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

PROPOSAL

It is proposed that the classifications indicated in the attached exhibits be modernized, consolidated, created, eliminated, or clarified as shown.

This item is broken out in sections as enumerated in the table shown on Page 1. Each section contains a fact sheet outlining the proposals relating to the section, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation. Each section also contains exhibits detailing the changes being proposed to NCCI's *Basic Manual*.

IMPACT

This item will foster the uniform and equitable treatment of risks within each industry. NCCI recognizes that some of our recommendations, such as moving a specific operation from one classification to another, may have a premium impact for particular risks. Additionally, some of the changes proposed will have a loss cost or rate impact. The industry fact sheets outline the potential impacts specific to each of the proposed changes.

IMPLEMENTATION

In order to implement this item, the attached exhibits detail the changes required in NCCI's *Basic Manual*.

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011¹ filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date. A complete list of the proposed effective dates is provided below.

A fact sheet may include a transition program for one or more of the included proposals. In that instance, the fact sheet will include the actual transition program rules and give the details corresponding to the initiation and final implementation date associated with the transition program.

Some fact sheets propose a transition program for particular states. In those instances, each fact sheet identifies the applicable states and contains the details corresponding to the initiation and final implementation date associated with that transition program.

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

State	Anticipated** Effective Date
Alabama	March 1, 2011
Alaska	January 1, 2011

¹ Except in Virginia, where it is the 2010 filing cycle

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ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

State	Anticipated** Effective Date
Arizona	October 1, 2011
Arkansas	July 1, 2011
Colorado	January 1, 2011
Connecticut	January 1, 2011
District of Columbia	November 1, 2011
Florida	January 1, 2011
Georgia	May 1, 2011
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed effective January 1, 2011. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2011
Illinois	January 1, 2011
Indiana	January 1, 2011
Iowa	January 1, 2011
Kansas	January 1, 2011
Kentucky	October 1, 2011
Louisiana	May 1, 2011
Maine	January 1, 2011
Maryland	January 1, 2011
Mississippi	March 1, 2011
Missouri	All rate changes related to this filing are proposed to be effective January 1, 2011 for the voluntary and assigned risk market.
Montana	July 1, 2011

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State	Anticipated** Effective Date
Nebraska	February 1, 2011
Nevada	March 1, 2011
New Hampshire	January 1, 2011
New Mexico	January 1, 2011
North Carolina	April 1, 2011
Oklahoma	January 1, 2011
Oregon	January 1, 2011
Rhode Island	June 1, 2011
South Carolina	If there is no rate/loss cost filing for South Carolina in a given year, this item will take effect on South Carolina's "normal" rate effective date. (The "normal" rate effective date is the anniversary date of the state's previous approved rate/loss cost filing.)
South Dakota	July 1, 2011
Tennessee	March 1, 2011
Utah	December 1, 2011
Vermont	April 1, 2011
Virginia	April 1, 2010
West Virginia	July 1, 2011

** Subject to change

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**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET

FILM EXCHANGE

PROPOSAL

The focus of the proposed changes for this industry is to consolidate film exchanges under one classification code.

NCCI recommends the following national treatment for classifications:

1. Discontinue Code 4362—Motion Picture—Film Exchange & Projection Rooms, Clerical and cross-reference phraseology Film Exchange & Clerical and assign these operations to Code 4360—Motion Picture—Development of Negatives, Printing and All Subsequent Operations.
2. Revise the note under Code 4360—Motion Picture—Development of Negatives, Printing and All Subsequent Operations to clarify that digital media processing and editing, as well as marketing through film exchanges, are included under Code 4360, whether performed by a contractor or the production company.

Virginia Specific:

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4362 and Code 4360 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

Film exchange is the exchange and rental of fully processed movie films. After films have been produced, they must be distributed. This is accomplished through distributors, who lease motion pictures from the producer or production company. The film exchange distributor then pays for the making of prints; arranges screenings so theaters can bid on the rights to show the film; promotes and advertises the film; distributes copies of the film to the theaters; arranges for release on cable and broadcast television; coordinates distribution of videotapes, laser discs, and digital video discs to stores; and keeps records of the income and expenses for all aspects of film distribution.

When booking orders are received from movie theaters, television networks, individuals, groups, or associations, the films are removed from the vaults and prepared for shipment. Some exchanges deliver and pick up films. After each booking or rental, the returned film is inspected on editing machines, repaired if necessary, rewound on reels, replaced in film cans, and returned to the vaults.

Digital technology also makes it possible to distribute movies to theaters through the use of satellites or fiber-optic cable, although relatively few theaters are currently capable of receiving them in that manner. In the future, however, more theaters will be capable of receiving films digitally, and the costly process of producing and distributing films will be sharply reduced. The cost of distributing films, which often is handled by film production companies or their subsidiaries, has risen over the last several years, especially the costs of making prints of films and advertising. The use of digitally transferred films may have an adverse effect on the film exchange industry.

Sometimes films are not leased, but instead the distribution tasks are subcontracted by the producer to a distributor. The producer then pays for the services by giving the distributor a percentage of the revenue, ranging from 10% to 50% of the motion picture's net income. Additionally, the distributor deducts the cost for supplying prints of the film and for advertising and promotion from the producer's share of the net profits. Distributors bill theaters at the end of engagements, upon receipt of attendance reports.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

Film exchange operations performed in the studio are no different than film exchange operations outside of the studio, further supporting the above recommendations.

IMPACT

This item proposes that Code 4362—Motion Picture—Film Exchange & Projection Rooms, Clerical be discontinued with its experience combined into newly defined national Code 4360. NCCI conducted a review using the latest approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program to minimize the impact of this proposed change. Based on the result of this review, a two-year transition is being proposed. Using a transition will help minimize the impact to both individual risk premium charges and overall statewide premium.

Virginia Specific:

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4362 and Code 4360 to reflect the changes being made.

A three-year transition program is being proposed in Virginia for the recommendation to discontinue and combine Code 4362 into redefined Code 4360. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide premium.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle as outlined on the state effective date table in the filing memorandum. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

This fact sheet includes a two-year transition program. The following pages include the actual transition program rules along with an example of the transition program calculations. The rules give additional detail to the initiation and final implementation dates associated with this transition program.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FILM EXCHANGE
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

4362♦ FILM EXCHANGE & CLERICAL.

Includes projection rooms. Film exchanges located at motion picture studios to be separately rated as Code 4360—Motion picture.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE TRANSITION PROGRAM FOR EACH
STATE

~~4362♦ FILM EXCHANGE & CLERICAL.~~

~~Includes projection rooms. Film exchanges located at motion picture studios to be separately rated as Code 4360—Motion picture.~~

* For all applicable states, the two-year transition program will be initiated concurrently with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the memorandum.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FILM EXCHANGE
CLASSIFICATIONS

~~MOTION PICTURE~~

- 4360 ~~Development of Negatives, Printing, and All Subsequent Operations.~~ Marketing of the product through film exchanges at locations other than the studio to be separately rated as Code 4362 Motion picture film exchange.
- ~~4362~~ ~~Film Exchange & Projection Rooms, Clerical.~~ Applies to film exchanges not located at motion picture studios.
- 7610 ~~Production In Studios or Outside All Operations Up to the Development of Negatives & Clerical, Drivers~~

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FILM EXCHANGE
CLASSIFICATIONS**

**CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM**

**4360 MOTION PICTURE—DEVELOPMENT OF NEGATIVES, PRINTING, AND ALL SUBSEQUENT
OPERATIONS.**

Marketing of the product through film exchanges at locations other than the studio to be separately rated as Code 4362—Motion picture—film exchange.

**TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE**

**4360 MOTION PICTURE—DEVELOPMENT OF NEGATIVES, PRINTING, AND ALL SUBSEQUENT
OPERATIONS.**

~~Marketing of the product through film exchanges at locations other than the studio to be separately rated as Code 4362—Motion picture—film exchange.~~ Digital media processing and editing, as well as marketing through film exchanges, are included under Code 4360, whether performed by a contractor or the production company.

* For all applicable states, the two-year transition program will be initiated concurrently with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the memorandum.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FILM EXCHANGE
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

4362◆ **MOTION PICTURE—FILM EXCHANGE & PROJECTION ROOMS, CLERICAL.**

Applies to film exchanges not located at motion picture studios.

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
TRANSITION PROGRAM FOR EACH STATE

~~**4362◆** **MOTION PICTURE—FILM EXCHANGE & PROJECTION ROOMS, CLERICAL.**~~

~~Applies to film exchanges not located at motion picture studios.~~

* For all applicable states, the two-year transition program will be initiated concurrently with each state's approved rate/loss cost filing effective date for 2011 filing cycle. Refer to the state chart in the implementation section of the memorandum.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FILM EXCHANGE
CLASSIFICATIONS

7610 MOTION PICTURE—PRODUCTION—IN STUDIOS OR OUTSIDE—ALL OPERATIONS UP TO
THE DEVELOPMENT OF NEGATIVES & CLERICAL, DRIVERS

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FILM EXCHANGE

TWO-YEAR TRANSITION PROGRAM RULES

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

The following are the rules of the two-year transition program implementing the rates/loss costs and rating values for Codes 4362 and 4360. NCCI will administer this program through each state's specific rate/loss cost classification experience filing revision process.

The state rate/loss cost filing revision where this transition program will initiate will be the first filing made with an effective date on or after the state approved effective date of this item filing. If a state rate/loss cost revision filing is made prior to the approval of this item, then that state's experience filing revision will not reflect the first year transition values. Instead, the first year transition will be made to coincide with the next experience filing revision after the item is approved. The proposed effective date for the experience filing revision must be on or after the approved item's effective date.

The following outlines the steps needed to implement the rates/loss costs and rating values for Codes 4362 and 4360 within each of the classification rate/loss cost filings. An example of the two-year transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit.

- A. Risks will continue to be classified to either Code 4362 or 4360 as appropriate until the elimination of Code 4362 in the second state rate/loss cost annual experience filing revision from which this transition program was initiated.
- B. As part of the first NCCI state rate/loss cost experience filing revision where this transition program is initiated, the payroll-weighted rate/loss cost of Codes 4362 and 4360 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 4362 and 4360, then each of these codes will take on the payroll-weighted rate/loss cost. Rating values will be determined by the same payroll weighting.

If the payroll-weighted rate/loss cost is outside of the filing's swing limits for any of the codes, then the rate/loss cost for each of the codes will be determined by a methodology weighting together (1) the payroll-weighted rate/loss cost and (2) the standard calculated rate/loss cost for each code. The ratio used in this methodology will be first determined by calculating the maximum weighting value given to the payroll-weighted rate/loss cost in order to keep the rates for Codes 4362 and 4360 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. Rating values will be calculated in a similar manner.
- C. As part of the second NCCI state rate/loss cost classification experience filing revision, Code 4362 will be eliminated. All insured operations previously assigned to Code 4362 will then be assigned to Code 4360. The rate/loss cost for newly defined Code 4360 will be the payroll-weighted rate/loss cost of Code 4362 and Code 4360 using this filing's latest available year of payroll and the standard calculated rate/loss cost of the two individual codes. Rating values will be determined by the same payroll weighting.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FILM EXCHANGE

EXAMPLE OF TWO-YEAR TRANSITION PROGRAM CALCULATION

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

Note: The rates/loss costs used in the following example are for illustration purposes only and are not the actual rates/loss costs in use, nor do they represent expected actual rates/loss costs for the codes indicated.

In the following example, the “Payroll-Weighted Rate/Loss Cost” for each year can be calculated by using the “NCCI Initially Calculated Rate/Loss Cost” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
Rate/Loss Cost	21.00	10.50	11.81

The “Payroll-Weighted Rate/Loss Cost” 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%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of 0.50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted Rate/Loss Cost		NCCI Initially Calculated Rate/Loss Cost		Final NCCI Rate/Loss Cost
Filing Effective in First Year	0.57*	XXX1	(0.57 x 12.48)	+	(0.43 x 21.00)	=	16.14
		XXX2	(0.57 x 12.48)	+	(0.43 x 10.50)	=	11.63
		XXX3	(0.57 x 12.48)	+	(0.43 x 11.81)	=	12.19
Filing Effective in Second Year	1.00	XXX1	(1.00 x 12.48)	+	(0.00 x 19.78)	=	12.48
		XXX2	(1.00 x 12.48)	+	(0.00 x 12.25)	=	12.48
		XXX3	(1.00 x 12.48)	+	(0.00 x 11.57)	=	12.48

* See “Example of Two-Year Weight Value Calculation” for more details.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FILM EXCHANGE (CONT'D)

EXAMPLE OF TWO-YEAR TRANSITION PROGRAM EXPECTED LOSS RATE (ELR)

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

Note: The ELRs in the following example are for illustration purposes only and are not the actual ELRs in use, nor do they represent expected actual ELRs for the codes indicated.

In the following example, the “Payroll-Weighted ELR” for each year can be calculated by using the “NCCI Initially Calculated ELR” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
ELR	7.00	3.50	3.94

The “Payroll-Weighted ELR” is calculated as follows:

$$\frac{[(400,000 \times 7.00) + (700,000 \times 3.50) + (3,000,000 \times 3.94)]}{(400,000 + 700,000 + 3,000,000)} = 4.16$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of 0.50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted ELR		NCCI Initially Calculated ELR		Final NCCI ELR
Filing Effective in First Year	0.57*	XXX1	(0.57 x 4.16)	+	(0.43 x 7.00)	=	5.38
		XXX2	(0.57 x 4.16)	+	(0.43 x 3.50)	=	3.88
		XXX3	(0.57 x 4.16)	+	(0.43 x 3.94)	=	4.07
Filing Effective in Second Year	1.00	XXX1	(1.00 x 4.16)	+	(0.00 x 6.59)	=	4.16
		XXX2	(1.00 x 4.16)	+	(0.00 x 4.08)	=	4.16
		XXX3	(1.00 x 4.16)	+	(0.00 x 3.86)	=	4.16

* See “Example of Two-Year Weight Value Calculation” for more details.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FILM EXCHANGE (CONT'D)

EXAMPLE OF TWO-YEAR TRANSITION PROGRAM D RATIOS

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

Note: The D ratios in the following example are for illustration purposes only and are not the actual D ratios in use, nor do they represent expected actual D ratios for the indicated.

In the following example, the “Payroll-Weighted D Ratios” for each year can be calculated by using the “NCCI Initially Calculated D Ratios” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
D Ratios	0.23	0.20	0.24

The “Payroll-Weighted D Ratio” is calculated as follows:

$$\frac{[(400,000 \times 0.23) + (700,000 \times 0.20) + (3,000,000 \times 0.24)]}{(400,000 + 700,000 + 3,000,000)} = .23$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of 0.50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted D Ratio		NCCI Initially Calculated D Ratio		Final NCCI D Ratio
Filing Effective in First Year	.57*	XXX1	(0.57 x 0.23)	+	(0.43 x 0.23)	=	0.23
		XXX2	(0.57 x 0.23)	+	(0.43 x 0.20)	=	0.22
		XXX3	(0.57 x 0.23)	+	(0.43 x 0.24)	=	0.23
Filing Effective in Second Year	1.00	XXX1	(1.00 x 0.23)	+	(0.00 x 0.22)	=	0.23
		XXX2	(1.00 x 0.23)	+	(0.00 x 0.22)	=	0.23
		XXX3	(1.00 x 0.23)	+	(0.00 x 0.24)	=	0.23

* See “Example of Two-Year Weight Value Calculation” for more details.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FILM EXCHANGE (CONT'D)

EXAMPLE OF TWO-YEAR WEIGHT VALUE CALCULATION

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

In the following example, the rates/loss costs are calculated for each class code by utilizing successively higher weight values until the largest weight value is found that keeps the rates/loss costs within swing limits. However, depending on which year 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 the first year and 1.00 for the second year. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

Note: The Weight Value Calculations in the following example are for illustration purposes only and are not the actual Weight Value Calculations in use, nor do they represent expected actual Weight Value Calculations for the codes indicated.

The following assumptions are made for this example:

1. The swing limits are plus or minus 25%.
2. The rates/loss costs are as follows:

	Rate/Loss Cost for Code XXX1	Rate/Loss Cost for Code XXX2	Rate/Loss Cost for Code XXX3
Current Approved Filing	21.49	11.32	11.05
First Transition Year	16.14	11.63	12.19

Weight Calculation Table						
Year 1	Code XXX1		Code XXX2		Code XXX3	
Weight Value	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %
0.50	16.74	-22.1%	11.49	1.5%	12.15	10.0%
0.51	16.65	-22.5%	11.51	1.7%	12.15	10.0%
0.52	16.57	-22.9%	11.53	1.9%	12.16	10.0%
0.53	16.48	-23.3%	11.55	2.0%	12.17	10.1%
0.54	16.40	-23.7%	11.57	2.2%	12.17	10.1%
0.55	16.31	-24.1%	11.59	2.4%	12.18	10.2%
0.56	16.23	-24.5%	11.61	2.6%	12.19	10.3%
0.57	16.14	-24.9%	11.63	2.7%	12.19	10.3%
0.58	16.06	-25.3%	11.65	2.9%	12.20	10.4%
0.59	15.97	-25.7%	11.67	3.1%	12.21	10.5%
0.60	15.89	-26.1%	11.69	3.3%	12.21	10.5%
0.61	15.80	-26.5%	11.71	3.4%	12.22	10.6%
continues						

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET**LACQUER OR SPIRIT VARNISH MANUFACTURING, OLEORESINOUS VARNISH
MANUFACTURING, AND PAINT MANUFACTURING****PROPOSAL**

The focus of the proposed changes for this industry is to consolidate varnish manufacturing under one classification code and update or clarify language.

NCCI recommends the following national treatment for classifications:

1. Discontinue Code 4561—Varnish Mfg.—Oleo-Resinous and assign these operations to Code 4439—Lacquer or Spirit Varnish Mfg.
2. Amend the phraseology of Code 4439 from Lacquer or Spirit Varnish Mfg. to Lacquer or Varnish Manufacturing.
3. Delete the cross-reference phraseology for Code 4439—Spirit Varnish or Lacquer Mfg. because it is a redundant phraseology.
4. Delete Varnish Mfg.—Mfg. Spirit—See Lacquer or Spirit Varnish Mfg. refer to comment.

Virginia Specific:

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4561 and Code 4439 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

NCCI conducted a review of lacquer or spirit varnish manufacturing, varnish manufacturing, and paint manufacturing to determine if a consolidation of all manufacturing processes was warranted. Code 4439—Lacquer or Spirit Varnish Mfg., Code 4561—Varnish Mfg.—Oleo-Resinous, and Code 4558—Paint Mfg. are all national codes. Their origination dates were not found.

Lacquer, spirit, and oleoresinous varnishes are made using a heating method in an open or closed container. The manufacturing of varnish is generally a sub-operation of a larger paint manufacturer.

Paint manufacturing is a physical process that rarely uses chemical changes or a heating process. Paints may be either water- or oil-based, depending on whether the thinner is water or an organic liquid such as turpentine.

IMPACT

This item proposes that Code 4561—Varnish Mfg.—Oleo-Resinous be discontinued, with its experience combined into newly defined national Code 4439. NCCI conducted a review using the latest approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program to minimize the impact of this proposed change. Based on the result of this review, it is recommended that no transition program be proposed.

Initially, the new loss cost or rate for Code 4439 will be calculated as a payroll-weighted average of the loss costs or rates of Code 4561 and Code 4439. Thereafter, the data for Code 4561 will be combined with the data for Code 4439 prior to deriving the loss cost or rate. Using the combined experience from the two codes to calculate the loss cost or rate will minimize any change in overall statewide premium. The impact to individual risk will vary depending on their current payroll distribution between the codes and the resulting combined experience loss cost or rate.

The other changes to this industry primarily consists of the consolidation of cross-references into the actual classification wording, and this consolidation is not expected to result in a reclassification of risk payroll or change in loss costs, rates, or premium.

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EXHIBIT 2—FACT SHEET (CONT'D)

Virginia Specific:

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4561 and Code 4439 to reflect the changes being made.

A three-year transition program is being proposed in Virginia for the recommendation to discontinue and combine Code 4561 into newly defined Code 4439. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide premium.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle as outlined on the state effective date table in the filing memorandum. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

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~~VARNISH MFG.~~

~~4561~~ ~~Oleoresinous. Mfg. of solvents, spirit varnishes, lacquers, or dopes to be separately rated.~~
~~Mfg. Spirit. See Lacquer or Spirit Varnish Mfg.~~

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4439 ~~SPIRIT VARNISH OR LACQUER MFG.~~

~~Includes mixing of thinners or solvents but not nitrocellulose mfg. Assign risks engaged in the
mfg. of nitrocellulose to the appropriate chemical Code 4828 or 4829.~~

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- 4439 ~~LACQUER OR VARNISH MANUFACTURING OR SPIRIT VARNISH MFG.~~
Includes mixing of thinners or solvents but not nitrocellulose manufacturing. ~~mfg.~~ Assign risks that engaged in the mfg. manufacture of nitrocellulose, thinners, or solvents to the appropriate chemical classification, Code 4828 or Code 4829.

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**EXHIBIT 3—FACT SHEET
SUPERSTORES AND WAREHOUSE CLUBS****PROPOSAL**

The focus of the proposed changes for this industry is to create a new classification code for superstores and warehouse clubs.

NCCI recommends the following national treatment for classifications:

1. Establish new national Code 8037—Store—Superstores and Warehouse Clubs.
2. Amend Code 8039—Store—Department—Retail—to raise the minimum annual payroll required from \$400,000 to \$650,000 to adjust for inflation according to the consumer price index.

Virginia Specific:

NCCI recommends that Virginia establish Code 8037 and update the *Scopes® Manual* description for Code 8039 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

Superstores and warehouse clubs became popular in the mid-to-late 1980s. The larger superstores belong to a national chain of stores, though the chain may be only regional in scope. As an industry, superstores have experienced a compound yearly growth rate of 28% since 1986. The future growth in superstores will come from grocery items and corporate self-distributed products.

Warehouse stores sell items in bulk quantities for reduced prices. They often display merchandise in original shipping cartons or boxes and stacked on wooden pallets rather than on shelves. In the future, warehouse clubs will focus on business members for their growth, and these clubs will concentrate on offering a larger selection at a lower price.

Superstores and warehouse clubs are becoming more popular as “one-stop shopping” establishments. This is an identifiable, growing industry that is not currently addressed by the classification system. In addition, the principal type of merchandise sold based on gross receipts may vary from year to year for these establishments, warranting a new national code.

IMPACT

This item proposes to create Code 8037—Store—Superstores and Warehouse Clubs. A review of the reported data shows that most large superstores and warehouse clubs are currently being assigned to Code 8017—Store—Retail NOC. Some of these store entities may also have been previously assigned to Code 8039—Store—Department—Retail.

It is proposed that the initial loss cost or rate and experience rating values for new Code 8037 will be that of Code 8017 until the new code establishes sufficient experience to determine its own loss cost or rate. It is expected that the majority of risk experience generated for the new code will come from Code 8017. The new class code's loss cost or rate will eventually reflect the new phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification. The impact to individual risks manual loss cost/rate charge will depend on their previous class code assignment and its associated loss cost or rate as compared to the new class code's proposed loss cost or rate.

This item also proposes to raise the minimum annual payroll required to qualify for using Code 8039 from \$400,000 to \$650,000. This is expected to result in some insured operation's payroll being transferred from Code 8039 to Code 8017. The impact to individual risk's manual loss cost or rate charge will depend on their previous code's associated loss cost or rate as compared to their new class code's loss cost or rate. Only those risks with operation payroll amount between \$400,000 and \$650,000 in payroll will be impacted.

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EXHIBIT 3—FACT SHEET (CONT'D)

The newly defined class code's loss cost or rate will eventually reflect the new phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle as outlined on the state effective date table in the filing memorandum. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8037◆ STORE—SUPERSTORES AND WAREHOUSE CLUBS

Superstores and warehouse clubs are large retail establishments with multiple departments, with each department selling a specific type of merchandise. Warehouse clubs may have a large percentage of business memberships. This does not preclude them from assignment to this classification. Due to the nature of these operations, the principal type of merchandise sold (i.e., more than 50% of gross receipts) may vary from year to year; therefore, superstores and warehouse clubs will not be classified based on the principal type of merchandise sold. A key distinction between superstores and department stores, discount department stores, or other retail operations is that superstores sell groceries such as milk, juices, cereals, crackers, cookies, frozen dinners, frozen deserts, etc., in addition to clothing and their other types of merchandise. Many superstores have full grocery operations with fresh produce, meat, seafood, and baked goods in addition to clothing and their other types of merchandise.

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8039◆ ~~STORE—Department—Retail—~~

Includes installation of house furnishings and ~~shall apply~~ applies to each location of a risk at which all of the following conditions ~~exist~~ obtain:

1. The ~~annual~~ payroll subject to this classification is at least ~~\$400,000~~ ~~\$650,000~~ ~~per annum~~.
2. The merchandise handled must include:
 - a. Wearing apparel
 - b. Linens/domestics
 - c. House furnishings (other than furniture)
 - d. Two or more of the following: ~~Cosmetics, Furniture, Giftware, Hardware, Jewelry, Luggage, Sporting goods, Stationery/greeting cards, and Toys.~~
3. The total annual sales of ~~Items~~ items (a), (b), and (c) ~~a., b., and c.~~ above must exceed 50% of the total annual sales. Also, the total annual sales of wearing apparel, jewelry, and cosmetics must not exceed 80% of the total annual sales.

Not applicable to ~~five and ten cent stores or dollar stores~~ store locations that are properly classified as Code ~~80508017—Store—five and ten cent.~~

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- 8010◆ ~~Agriculture Implement—Not Farm Machinery.~~ Shall not be assigned to a risk engaged in the rental or sale of farm machinery.
- 8072◆ ~~Audio or Video Cassette, Book, Record, Compact Disc, Software—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8010◆ ~~Audio or Video Parts and Accessories~~
- 8046◆ ~~Automobile Parts and Accessories NOC & Drivers.~~ Applies to wholesale or retail stores.
- 8072◆ ~~Book, Record, Compact Disc, Software, Video or Audio Cassette—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8008◆ ~~Clothing, Wearing Apparel, or Dry Goods—Retail~~
- 8032◆ ~~Clothing, Wearing Apparel, or Dry Goods—Wholesale~~
- 8006◆ ~~Coffee, Tea, or Spice—Retail~~
- 8072◆ ~~Compact Disc, Book, Record, Software, Video or Audio Cassette—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8006◆ ~~Convenience—Retail.~~ Applies to each separate store location meeting all of the following conditions:-
1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.
 2. No handling of fresh meats.
 3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).
- ~~Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full service operations.~~
- 8006◆ ~~Dairy Products—Retail~~
- 8006◆ ~~Delicatessen—Retail.~~ No selling of uncooked fresh meats.
- 8039◆ ~~Department—Retail.~~ Includes installation of house furnishings and shall apply to each location of a risk at which all of the following conditions obtain:-
1. The payroll subject to this classification is at least \$400,000 per annum.
 2. The merchandise handled must include:-
 - a. Wearing apparel
 - b. Linens/domestics
 - c. House furnishings (other than furniture)
 - d. Two or more of the following:-

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~~Cosmetics~~
~~Furniture~~
~~Giftware~~
~~Hardware~~
~~Jewelry~~
~~Luggage~~
~~Sporting goods~~
~~Stationery/greeting cards~~
~~Toys~~

~~3. The total annual sales of items a., b., and c. above must exceed 50% of the total annual sales. Also, the total annual sales of wearing apparel, jewelry, and cosmetics must not exceed 80% of the total annual sales.~~

~~Not applicable to store locations that are properly classified as Code 8050 Store five and ten cent.~~

8045◆ ~~**Drug Retail.** Applicable to store locations where the employer's books of accounts reflect at least 40% gross receipts in prescription sales and less than 50% gross receipts in the service of food.~~

8047◆ ~~**Drug Wholesale**~~

8008◆ ~~**Dry Goods Retail**~~

8032◆ ~~**Dry Goods wholesale**~~

8031◆ ~~**Fish, Meat or Poultry Retail**~~

8021◆ ~~**Fish, Meat or Poultry Dealer Wholesale.** Codes 8021 and 2089 Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~

8017◆ ~~**Floor Covering Retail**~~

8018◆ ~~**Floor Covering Wholesale**~~

8001◆ ~~**Florist & Drivers.** Includes service away from store premises. Cultivating or gardening to be separately rated as Code 0035 Farm florist.~~

8006◆ ~~**Frozen or Frosted Food Retail**~~

8006◆ ~~**Fruit or Vegetable Retail.** No handling of fresh meats.~~

8018◆ ~~**Fruit or Vegetable Wholesale**~~

8044◆ ~~**Furniture & Drivers.** Applies to wholesale or retail stores and includes installation of house furnishings.~~

8006◆ ~~**Grocery Retail.** Applies to each separate store location meeting all of the following conditions:~~

~~1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries,~~

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~~sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.~~

2. ~~No handling of fresh meats.~~

3. ~~Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).~~

~~Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full service operations.~~

8018◆ ~~Grocery Wholesale~~

8010◆ ~~Hardware.~~ Applies to wholesale or retail stores.

8013◆ ~~Hearing Aid~~

8105◆ ~~Hide or Leather Dealer~~

8044◆ ~~Household Appliance Electrical & Drivers~~

8013◆ ~~Jewelry.~~ Applies to wholesale or retail stores.

8105◆ ~~Leather or Hide Dealer~~

8017◆ ~~Luggage Retail~~

~~Mail Order House.~~ Operations other than mfg. or retail store shall be assigned to the classification that would be used for a wholesale store dealing in the commodities handled.

8021◆ ~~Meat, Fish or Poultry Dealer Wholesale.~~ Codes 8021 and 2089 Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

8031◆ ~~Meat, Fish or Poultry Retail~~

8033◆ ~~Meat, Grocery and Provision Combined Retail NOC.~~ Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry, or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry, or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031 Store meat, fish or poultry retail.

8017◆ ~~Paint or Wallpaper Retail~~

8018◆ ~~Paint or Wallpaper Wholesale~~

8044◆ ~~Piano or Organ & Drivers~~

8072◆ ~~Record, Book, Compact Disc, Software, Video or Audio Cassette Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

8017◆ ~~Retail NOC~~

8010◆ ~~Ship Chandler.~~ No mfg. operations.

8008◆ ~~Shoe Retail~~

8032◆ ~~Shoe Wholesale~~

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- 8072◆ ~~Software, Book, Record, Compact Disc, Video or Audio Cassette—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8017◆ ~~Sporting Goods—Retail~~
- 8033◆ ~~Supermarket.~~ Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031—Store meat, fish or poultry retail.
- 8006◆ ~~Vegetable or Fruit—Retail.~~ No handling of fresh meats.
- 8018◆ ~~Vegetable or Fruit—Wholesale~~
- 8072◆ ~~Video or Audio Cassette, Book, Record, Compact Disc, Software—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8018◆ ~~Wholesale—NOC~~

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8001◆ STORE—Florist & Drivers.

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

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8006◆ STORE—Coffee, Tea, or Spice—Retail

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8006◆ STORE—Convenience—Retail.

Applies to each separate store location meeting all of the following conditions:

1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.
2. No handling of fresh meats.
3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).

Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full-service operations.

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8006◆ **STORE**—Dairy Products—Retail

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8006◆ **STORE—Delicatessen—Retail**
No selling of uncooked fresh meats.

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8006◆ **STORE**—Frozen or Frosted Food—Retail

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8006◆ **STORE—Fruit or Vegetable—Retail.**
No handling of fresh meats.

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8006◆ STORE—Grocery—Retail.

Applies to each separate store location meeting all of the following conditions:

1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.
2. No handling of fresh meats.
3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).

Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full-service operations.

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8006◆ **STORE—Vegetable or Fruit—Retail.**
No handling of fresh meats.

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8008◆ **STORE**—Clothing, Wearing Apparel, or Dry Goods—Retail

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8008◆ **STORE**—Dry Goods—Retail

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8008◆ STORE—Shoe—Retail

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SUPERSTORES AND WAREHOUSE CLUBS
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- 8010◆ **STORE—Agriculture Implement—Not Farm Machinery.**
Shall not be assigned to a risk engaged in the rental or sale of farm machinery.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8010◆ **STORE**—Audio or Video Parts and Accessories

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8010◆ **STORE—Hardware.**
Applies to wholesale or retail stores.

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E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8010◆ **STORE**—Ship Chandler.
No mfg. operations.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8013◆ **STORE**—Hearing Aid

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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- 8013◆ **STORE—Jewelry.**
Applies to wholesale or retail stores.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
SUPERSTORES AND WAREHOUSE CLUBS
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8017◆ **STORE**—Floor Covering—Retail

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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BASIC MANUAL—2001 EDITION
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8017◆ STORE—Luggage—Retail

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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STORE—Mail Order House.

Operations other than mfg. or retail store shall be assigned to the classification that would be used for a wholesale store dealing in the commodities handled.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8017◆ **STORE**—Paint or Wallpaper—Retail

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8017◆ STORE—Retail NOC

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8017◆ **STORE**—Sporting Goods—Retail

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8018◆ **STORE**—Floor Covering—Wholesale

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8018◆ **STORE**—Fruit or Vegetable—Wholesale

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8018◆ **STORE—Grocery—Wholesale**

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8018◆ STORE—Paint or Wallpaper—Wholesale

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8018◆ STORE—Vegetable or Fruit—Wholesale

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8018◆ STORE—Wholesale—NOC

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8021◆ STORE—Fish, Meat or Poultry Dealer—Wholesale.

Codes 8021 and 2089—Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
SUPERSTORES AND WAREHOUSE CLUBS
CLASSIFICATIONS

8021◆ STORE—Meat, Fish or Poultry Dealer—Wholesale.

Codes 8021 and 2089—Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8031◆ **STORE**—Fish, Meat or Poultry—Retail

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8031◆ STORE—Meat, Fish or Poultry—Retail

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8032◆ **STORE**—Clothing, Wearing Apparel, or Dry Goods—Wholesale

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8032◆ **STORE**—Dry Goods—Wholesale

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E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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8032◆ STORE—Shoe—Wholesale

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
SUPERSTORES AND WAREHOUSE CLUBS
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8033◆ STORE—Meat, Grocery and Provision—Combined—Retail NOC.

Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry, or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry, or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031—Store—meat, fish or poultry—retail.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
SUPERSTORES AND WAREHOUSE CLUBS
CLASSIFICATIONS**

8033◆ STORE—Supermarket.

Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031—Store—meat, fish or poultry—retail.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8044◆ **STORE—Furniture & Drivers.**

Applies to wholesale or retail stores and includes installation of house furnishings.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8044◆ **STORE**—Household Appliance—Electrical & Drivers

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8044◆ **STORE**—Piano or Organ & Drivers

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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8045◆ STORE—Drug—Retail.

Applicable to store locations where the employer's books of accounts reflect at least 40% gross receipts in prescription sales and less than 50% gross receipts in the service of food.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8046◆ **STORE**—Automobile Parts and Accessories NOC & Drivers.
Applies to wholesale or retail stores.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8047◆ **STORE—Drug—Wholesale**

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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CLASSIFICATIONS

- 8072 ♦ **STORE—Audio or Video Cassette, Book, Record, Compact Disc, Software—Retail.**
Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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8072◆ STORE—Book, Record, Compact Disc, Software, Video or Audio Cassette—Retail.

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

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8072◆ STORE—Compact Disc, Book, Record, Software, Video or Audio Cassette—Retail.

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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8072◆ STORE—Record, Book, Compact Disc, Software, Video or Audio Cassette—Retail.

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

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8072◆ STORE—Software, Book, Record, Compact Disc, Video or Audio Cassette—Retail.

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

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BASIC MANUAL—2001 EDITION
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CLASSIFICATIONS

8072◆ STORE—Video or Audio Cassette, Book, Record, Compact Disc, Software—Retail.

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8105◆ **STORE**—Hide or Leather Dealer

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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8105◆ **STORE**—Leather or Hide Dealer

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4

BASIC MANUAL—2001 EDITION
APPENDIX E
CLASSIFICATIONS BY HAZARD GROUP

REFERENCE TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In:†	Discontinued In:†	Hazard Group A-G	Hazard Group 1-4*
4362	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV, VA	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV	C	2
4439	National, IN, NC 10/1/07: WV		E D	32
4561	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV, VA	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV	C	2
8037	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, VA, WV		B	1

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

* Carriers that elect to use NCCI's four hazard groups must make a filing in each state to adopt the four hazard groups referenced in this item.