



May 14, 2010

Circular Letter to All Member Companies

Re: Workers Compensation Insurance

NCCI Item B-1415-Revisions to Basic Manual
Classifications and Rules

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 April 1, 2011, and will impact all new and renewal voluntary and assigned risk business written in class codes for specific industries.

The three industries impacted are shown in the table below:

Title	Fact Sheet	Exhibit	Page
Carpentry	1	1	1-57
Three – Year Transition Program Rules		1	58-71
Doors, Windows, Cabinets and Interior Trim Installation	2	2	72-84
Punch-Out Employees	3	3	85-89
Basic Manual Appendix E – Table of Classifications by Hazard Group		4	90
Assigned Carrier Performance Standards		7	183-187

The attached exhibits explain in more detail the changes.

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

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

Attachments

C-10-6

FILING MEMORANDUM

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, 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	1	1
Three-Year Transition Program Rules and Examples		1
Five-Year Transition Program Rules (Applies in: KY)		1
Three-Year Transition Program Rules and Examples (Applies in: VA)		1
Door, Window, Cabinets, and Interior Trim Installation	2	2
Punch-Out Employees	3	3
Basic Manual Appendix E—Table of Classifications by Hazard Group		4
State Special Exhibits		5
CCPAP Exhibits		6
Assigned Carrier Performance Standards		7

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 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 Iron or Steel in Exhibit 1.

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 are also included in this filing.

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FILING MEMORANDUM

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, 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 it 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 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

¹ Unless otherwise noted.

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FILING MEMORANDUM

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

State	Anticipated* Effective Date
Colorado	January 1, 2011
Connecticut	January 1, 2011
District of Columbia	November 1, 2011
Florida	The effective date of this item will depend on the date regulatory approval is granted. If the item is approved on or before July 1, 2009, it will become effective January 1, 2010. If it is approved after July 1, 2009, it will become effective January 1, 2011.
Georgia	July 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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ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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

The focus of the proposed changes for this industry is to combine classifications and revise existing classification wording for clarification and plain language.

NCCI recommends the following national treatment for classifications:

1. Discontinue Code 5651—Carpentry—Dwellings—Three Stories or Less and reassign this exposure to Code 5645—Carpentry—Detached One- or Two-Family Dwellings. All cross-reference phraseologies associated with Code 5651 will also be discontinued. The new loss cost or rate and rating values for Code 5645 will be determined from combined data of both Code 5651 and Code 5645. The transition program rules and examples specifically describe the transition program loss cost or rate and rating value classifications.
2. Revise the phraseology of Code 5645 to incorporate the construction of buildings designed primarily for multiple dwelling occupancy that do not exceed three stories in height. The phraseology note will also be revised to clarify that all carpentry work in connection with the construction of residential dwellings when performed by employees of the same contractor or general contractor is assigned to Code 5645.

Revise the cross-reference phraseology of Code 5645—Siding Installation—Aluminum or Vinyl: Detached One- or Two-Family Dwellings to clarify that Code 5645 is assigned to specialty contractors that install all types of siding (aluminum, cedar shingles, engineered or composite wood, seamless steel, vinyl, wood) on existing dwellings that do not exceed three stories in height.

Discontinue the cross-reference phraseology of Code 5645—Iron or Steel: Erection: Steel Frame—Interior—Light Gauge Steel: By Carpentry Contractors in Connection With the Construction of Detached One- or Two-Family Dwellings. The assignment of Code 5645 for the installation of light-gauge steel framing in connection with the construction of residential dwellings will be referenced in the phraseology note of Code 5645.

3. Discontinue the cross-reference phraseology of Code 5645—Vinyl Siding Installation—Detached One- or Two-Family Dwellings due to redundancy.
4. Discontinue cross-reference phraseologies of Code 5645—Door Installation—Screened—Metal or Wood; Jalousie or Jalousie Screen—Erection, Storm Door or Storm Sash Installation—Wood or Metal; and Window Screen or Door Installation—Metal or Wood and reassign this exposure when performed by specialty contractors to Code 5102—Door, Door Frame or Sash Erection—Metal or Metal-Covered. The phraseology note of Code 5102 will also be revised to clarify that the installation of all types (aluminum, vinyl, wood, composite, fiberglass, steel) of interior and exterior doors and windows—commercial and residential—be assigned to Code 5102. The installation of doors and windows in connection with the construction or remodeling of residential dwellings or commercial buildings will continue to be assigned to Code 5645 or Code 5403. The installation of interior doors by trim or finish carpenters will continue to be assigned to Code 5437. See Fact Sheet 2.
5. Create a cross-reference phraseology for Code 5403—Carpentry—Construction of Residential Dwellings Exceeding Three Stories in Height or Commercial Buildings and Structures. The phraseology note will clarify that Code 5403 applies to the construction of mixed-use buildings and multi-unit residential buildings exceeding three stories in height.

Revise the cross-reference phraseology of Code 5403—Siding Installation—Aluminum or Vinyl: All Other Buildings or Structures to clarify that Code 5403 is assigned to specialty contractors that install all types of siding on existing commercial buildings and/or existing dwellings that exceed three stories in height.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET (CONT'D)

Discontinue the cross-reference phraseology for 5403—Iron or Steel: Erection: Steel Frame—Interior—Light-Gauge Steel: By Other Carpentry Contractors. The assignment of Code 5403 for the installation of all light-gauge steel framing in connection with the construction of residential dwellings exceeding three stories in height or commercial buildings and structures will be referenced in the phraseology note of Code 5403.

6. Discontinue cross-reference phraseologies for Hod Hoist or Construction Elevator Installation, Repair or Removal & Drivers, Derrick or Oil Rig Erecting or Dismantling—All Operations—Wood, and Code 5403—Vinyl Siding Installation—All Other Buildings or Structures due to redundancy.
7. Revise the phraseology of Code 5551—Roofing—All Kinds & Drivers to further clarify that Code 5551 is assigned to all types of roofs—new and existing.
8. Revise *Basic Manual* Rule 1-C-2-j to replace the reference to Code 5651 with Code 5645—Carpentry—Construction of Residential Dwellings Not Exceeding Three Stories in Height and Code 5403—Carpentry—Construction of Residential Dwellings Exceeding Three Stories in Height or Commercial Buildings and Structures.

Alaska Specific:

NCCI recommends that Alaska not adopt the newly proposed phraseology for Code 5551 but instead revise their state special phraseology for Code 5551—Roofing—All Kinds & Drivers to more closely align with the national proposal for Code 5551.

Florida Specific:

NCCI recommends that Florida discontinue their state special phraseology for Hod Hoist or Construction Elevator Installation, Repair, or Removal & Drivers due to redundancy.

Hawaii Specific:

NCCI recommends that Hawaii revise their state special phraseology for Code 5538—Vinyl Siding Installation & Drivers to correct the classification code from 5538 to 5535 and to reinstate Hawaii's exception for siding installation.

New Hampshire Specific:

NCCI recommends that New Hampshire discontinue their state special phraseology for Code 5538—Siding Installation—Aluminum or Vinyl & Drivers to more closely align with the national proposal for Code 5645. It is also proposed that New Hampshire not adopt the newly proposed phraseology for Code 5551 but instead revise their state special phraseology for Code 5551—Roofing—All Kinds & Yard Employees, Drivers to more closely align with the national proposal for Code 5551.

Oregon Specific:

NCCI recommends that Oregon not adopt the newly proposed phraseology for Code 5645 but instead revise their state special phraseology for Code 5645—Carpentry—Detached One- or Two-Family Dwellings to more closely align with the national proposal for Code 5645.

Virginia Specific:

NCCI recommends that Virginia not adopt the newly proposed phraseology for Code 5551 but instead revise their state special phraseology for Code 5551—Roofing—All Kinds & Yard Employees, Drivers to more

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET (CONT'D)

closely align with the national proposal for Code 5551. It is also recommended that Virginia revise the descriptions of Codes 5022, 5057, 5069, 5213, 5215, 5445, and 6003 to incorporate the changes proposed.

BACKGROUND AND BASIS FOR CHANGE

There are three national codes related to the carpentry industry. Two are for residential structures (one- or two-family homes—Code 5645, and dwellings three stories or less—Code 5651) and the third (5403) is for all types of commercial buildings and other nonclassified carpentry not related to Code 5645 and Code 5651. All three carpentry codes include steel stud framing and the installation of aluminum or vinyl siding. There is an exception for roofing operations conducted by a contractor building a residential home under Code 5645 and Code 5651. In this circumstance, roofing operations would be assigned to Code 5645 and Code 5651 if conducted by the contractor building the residential building.

The analysis of the carpentry industry focused on carpentry work associated with the construction of residential, commercial, industrial, and other wooden structures. There are three primary types of carpentry:

- Rough carpentry includes making and setting up the forms for concrete foundations or foundation walls (no concrete pouring), floors for the residential building built on the foundation walls, and temporary structures that add support during the construction.
- Framing carpentry includes the building of exterior walls, interior walls, and second floor roofs and ceilings of the building.
- Finish carpenters install doors, door frames, window and door trims, baseboards, built-in cabinets, kitchen and bath cabinets, wooden floors, etc.

The types of tools carpenters use include hand tools such as hammers, hand saws, and battery-powered drills to install nails and screws. Most use powered hand tools using electricity and air compressors for their nail guns to install the various types of carpentry. Powered saws are used to cut the lumber and plywood to size and shape as needed during the building process. Ladders and scaffolding are used to work at various heights during the setup of the rough, framing, and finish carpentry work. Working on irregular exterior surface (dirt grounds around the building), ladders, and slanted surfaces (roof decks) are commonplace.

Roofing has the same type of tools and exposures, except that their work area needs to be built around them at a height by installing the joists and trusses and attaching the plywood decking. Once the decking is completed, the tar paper or other underlying material is attached, and the final roofing material is installed (shingle, tile, etc.). Roofing material installation can be a hot or cold process for residential, commercial, and industrial buildings and other structures.

Due to the various types of residential structures that are three stories or less, it can be difficult to differentiate between Code 5651 and Code 5403. It is common for residential structures (such as apartments or condominiums) to be built above store fronts or offices. Depending on the location (such as urban areas), many one- and two-family homes can exceed three stories in height, which can also make it difficult to differentiate between Code 5651 and Code 5645.

Currently, the installation of doors may be assigned to various codes—Code 5437, Code 5645, Code 5403, or Code 5102—depending on the material and/or use. It is common for these types of specialty contractors to install all types of doors (residential and commercial) and windows, which can make it difficult to assign the proper classification.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET (CONT'D)**IMPACT**

This item proposes that Code 5651—Carpentry—Dwellings—Three Stories or Less be discontinued with its experience combined into Code 5645. 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 three-year transition is being proposed in all states. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide premium.

The proposal to reassign the installation of metal or wood screened doors, jalousie or jalousie screens, wood or metal storm doors or storm sash, and metal or wood window screens and doors from Code 5645 to Code 5102 will better align these operations with their associated work hazards. The resulting reassignment of individual risk payroll due to this clarification cannot be determined by using any currently available data source. No modifications or adjustments to filed loss costs or rates are proposed for this portion of the recommendation. The 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.

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

Alaska Specific:

This item proposes that Alaska not adopt the newly proposed phraseology for Code 5551 but instead revise their state special phraseology for Code 5551—Roofing—All Kinds & Drivers to more closely align with the national proposal for Code 5551. The recommended change to the phraseology for Code 5551 is for clarification only and is not expected to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Florida Specific:

This item proposes that Florida discontinue their state special phraseology for Code Hod Hoist or Construction Elevator Installation, Repair or Removal due to redundancy. The recommended change to the phraseology for Code 5403 is for clarification only and is not expected to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Hawaii Specific:

This item proposes that Hawaii revise their state special phraseology for Code 5538—Vinyl Siding Installation & Drivers to correct the classification code from 5538 to 5535 and to reinstate Hawaii's exception for siding installation. The recommended change to the phraseology for Code 5538 is for clarification only and is not expected to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Kentucky Specific:

This item proposes that Kentucky implement a five-year transition program, instead of the nationally proposed three-year transition program, since the larger estimated loss cost changes in Kentucky warrant a longer transition program.

New Hampshire Specific:

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET (CONT'D)

NCCI recommends that New Hampshire discontinue their state special phraseology for Code 5538—Siding Installation—Aluminum or Vinyl & Drivers to more closely align with the national proposal for Code 5645. It is also proposed that New Hampshire not adopt the newly proposed phraseology for Code 5551 but instead revise their state special phraseology for Code 5551—Roofing—All Kinds & Yard Employees, Drivers to more closely align with the national proposal for Code 5551. The recommended change to the phraseology for Code 5538 and Code 5551 is for clarification only and is not expected to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Oregon Specific:

This item proposes that Oregon not adopt the newly proposed phraseology for Code 5645 but instead revise their state special phraseology for Code 5645—Carpentry—Detached One- or Two-Family Dwellings to more closely align with the national proposal for Code 5645. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Virginia Specific:

This item proposes that Virginia not adopt the newly proposed phraseology for Code 5551 but instead revise their state special phraseology for Code 5551—Roofing—All Kinds & Yard Employees, Drivers to more closely align with the national proposal for Code 5551. This item also proposes that Virginia update the descriptions of Codes 5022, 5057, 5069, 5213, 5215, 5445, and 6003 to incorporate the changes proposed. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and it will become effective concurrently with each state's approved rate/loss cost filing for the 2011¹ 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.

¹Unless otherwise noted.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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

5651• CARPENTRY—Dwellings—Three Stories or Less

Applicable only to buildings designed primarily for multiple dwelling occupancy and includes garages constructed in connection therewith. Carpentry in the construction of detached private dwellings for occupancy by one or two families to be separately rated as Code 5645—Carpentry.

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

~~**5651• CARPENTRY—Dwellings—Three Stories or Less**~~

~~Applicable only to buildings designed primarily for multiple dwelling occupancy and includes garages constructed in connection therewith. Carpentry in the construction of detached private dwellings for occupancy by one or two families to be separately rated as Code 5645—Carpentry.~~

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~SIDING INSTALLATION—ALUMINUM OR VINYL~~

- 5645• ~~Detached One or Two Family Dwellings~~
- 5651• ~~Dwellings—Three Stories or Less~~
- 5403• ~~All Other Buildings or Structures~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5645• SIDING INSTALLATION—ALUMINUM OR VINYL—Detached One- or Two-Family Dwellings

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

5645• ~~SIDING INSTALLATION—ALUMINUM OR VINYL—Detached One- or Two-Family
Dwellings~~ ALL TYPES—RESIDENTIAL DWELLINGS NOT EXCEEDING THREE STORIES
IN HEIGHT

Applies to specialist contractors installing all types of siding on residential dwellings. Refer to
Code 5403 for the installation of siding on all other buildings or structures.

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5651 • SIDING INSTALLATION—ALUMINUM OR VINYL—DWELLINGS—THREE STORIES OR LESS

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

~~5651 • SIDING INSTALLATION—ALUMINUM OR VINYL—DWELLINGS—THREE STORIES OR LESS~~

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5403• SIDING INSTALLATION—ALUMINUM OR VINYL—All Other Buildings or Structures

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

5403• SIDING INSTALLATION—ALUMINUM OR VINYL ALL TYPES—ALL OTHER BUILDINGS OR
STRUCTURES—INCLUDING RESIDENTIAL DWELLINGS EXCEEDING THREE STORIES
IN HEIGHT

Applies to specialist contractors installing all types of siding. Refer to Code 5645 for the
installation of siding on residential dwellings not exceeding three stories in height. Sheet metal
siding installed on the exterior of a steel frame structure is assigned to Code 5535.

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~VINYL SIDING INSTALLATION~~

- 5645• ~~Detached One or Two Family Dwellings~~
- 5651• ~~Dwellings Three Stories or Less~~
- 5403• ~~All Other Buildings or Structures~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~MILITARY RESERVATION~~

~~Construction:~~

- ~~1. The following classifications are applicable only to the construction or repair of buildings designed for the housing, welfare, and keep of personnel:~~

5651•

~~Carpentry~~

5215•

~~Concrete Construction—Not Monolithic Concrete Building Construction~~

5069•

~~Iron or Steel Erection—Not Over Two Stories in Height~~

- ~~2. All other operations in the construction or repair of such buildings and all other construction or repair in connection with military reservations shall be assigned to appropriate manual classifications.~~

~~Dismantling or Wrecking—See Wrecking.~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

MILITARY RESERVATION—Construction

1. The following classifications are applicable only to the construction or repair of buildings designed for the housing, welfare, and keep of personnel:

5651● **Carpentry**

5215● **Concrete Construction—Not Monolithic Concrete Building Construction**

5069● **Iron or Steel Erection—Not Over Two Stories in Height**

2. All other operations in the construction or repair of such buildings and all other construction or repair in connection with military reservations shall be assigned to appropriate manual classifications.

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

MILITARY RESERVATION—CONSTRUCTION

1. The following classifications are applicable only to the construction or repair of buildings designed for the housing, welfare, and keep of personnel:

~~5651● **Carpentry**~~

5215● **Concrete Construction—Not Monolithic Concrete Building Construction**

5069● **Iron or Steel Erection—Not Over Two Stories in Height**

2. All other operations in the construction or repair of such buildings and all other construction or repair in connection with military reservations shall be assigned to appropriate manual classifications.

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

MILITARY RESERVATION—DISMANTLING OR WRECKING.

See *Wrecking*.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~IRON OR STEEL~~

~~Erection:~~

- 5069● ~~Construction of Dwellings Not Over Two Stories in Height~~
- 5102● ~~Door, Door Frame, or Sash Erection—Metal or Metal Covered.~~ Installation of storm doors or storm sash to be separately rated as Code 5645—Carpentry. Overhead door installation to be separately rated as Code 3724—Millwright work.
- 5040● ~~Frame Structures~~
- 5059● ~~Frame Structures Not Over Two Stories in Height.~~ Code 5040—Iron or steel: erection—frame structures shall not be assigned at the same job or location to which Code 5059 applies.
- 5102● ~~Iron, Brass or Bronze—Decorative or Artistic~~
- 5102● ~~Iron, Brass or Bronze—Nonstructural—Interior~~
- 5040● ~~Iron—Exterior.~~ Includes work on balconies, fire escapes, staircases, and fireproof shutters.
- 5040● ~~Metal Bridges~~
- 5040● ~~Radio, Television or Water Towers, Smokestacks, or Gasholders~~
- ~~Steel Frame—Interior—Light Gauge Steel:~~
- 5645● ~~By Carpentry Contractors in Connection with the Construction of Detached One or Two Family Dwellings~~
- 5651● ~~Carpentry Contractors in Connection with the Construction of Dwellings Three Stories or Less Designed Primarily for Multiple Dwelling Occupancy~~
- 5445● ~~By Contractors Engaged in Wallboard Installation & Drivers~~
- 5403● ~~By Other Carpentry Contractors~~
- 5102● ~~By Specialist Contractor~~
- 5057● ~~NOG~~

~~Fabrication:~~

- 3030● ~~Ironworks or Steelworks—Shop—Structural & Drivers.~~ Applies to fabricating or assembling structural iron or steel. Blast furnace or converter operation, casting of steel, or rolling mills to be separately rated.
- 3041● ~~Ironworks—Shop—Decorative or Artistic & Foundries, Drivers.~~ Applies to the mfg., fabricating, or assembling of decorative or artistic brass, bronze, or ironwork. Codes 3041 and 3040—Ironworks shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.
- 3040● ~~Ironworks—Shop—Ornamental & Drivers.~~ Not fabricating or assembling structural iron or steel. Includes fabricating, assembling or mfg. ornamental brass, bronze or ironwork, railings, balconies, fire escapes, staircases, iron shutters, or other nonstructural ironwork or steelwork. Blast furnace or converter operation, casting of steel, rolling mills to be separately rated.

~~Manufacturing:~~

- 3018● ~~Rolling Mill & Drivers.~~ Applies to all iron or steel rolling mills with or without puddling furnaces. Separately rate: steelmaking, blast furnace operation, coke mfg. Not applicable to rolling mills in plants operating open hearth, bessemer, electric, or crucible steel furnaces.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS (CONT'D)
BASIC MANUAL—2001 EDITION
CARPENTRY
CLASSIFICATIONS

- 3004 ~~Steelmaking & Drivers.~~ Applies to electric or open-hearth furnaces, bessemer or crucible processes. Includes blooming mills or forging or rolling mills. Blast furnace operation or coke mfg. to be separately rated.
- 8106♦ ~~Merchant & Drivers.~~ Not applicable to junk dealers or iron or steel scrap dealers.
- 8265♦ ~~Scrap Dealer & Drivers.~~ Wrecking or salvaging to be separately rated. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8265 are conducted as a separate and distinct business.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

- 5069• IRON OR STEEL—ERECTION—CONSTRUCTION OF DWELLINGS NOT OVER TWO
STORIES IN HEIGHT

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5040• IRON OR STEEL—ERECTION—FRAME STRUCTURES

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5059• IRON OR STEEL—ERECTION—FRAME STRUCTURES NOT OVER TWO STORIES IN
HEIGHT.

Code 5040—Iron or steel: erection—frame structures shall not be assigned at the same job or location to which Code 5059 applies.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5102• IRON OR STEEL—ERECTION—IRON, BRASS OR BRONZE—DECORATIVE OR ARTISTIC

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5102• IRON OR STEEL—ERECTION—IRON, BRASS OR
BRONZE—NONSTRUCTURAL—INTERIOR

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

- 5040• IRON OR STEEL—ERECTION—IRON—EXTERIOR.
Includes work on balconies, fire escapes, staircases, and fireproof shutters.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5040• IRON OR STEEL—ERECTION—METAL BRIDGES

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5040• IRON OR STEEL—ERECTION—RADIO, TELEVISION OR WATER TOWERS, SMOKESTACKS,
OR GASHOLDERS

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

- 5645• IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—BY
CARPENTRY CONTRACTORS IN CONNECTION WITH THE CONSTRUCTION OF DETACHED
ONE- OR TWO- FAMILY DWELLINGS

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

- 5645• ~~IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—BY
CARPENTRY CONTRACTORS IN CONNECTION WITH THE CONSTRUCTION OF DETACHED
ONE—OR TWO—FAMILY DWELLINGS~~

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

- 5651 • IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—BY
CARPENTRY CONTRACTORS IN CONNECTION WITH THE CONSTRUCTION OF
DWELLINGS THREE STORIES OR LESS DESIGNED PRIMARILY FOR MULTIPLE DWELLING
OCCUPANCY

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

- ~~5651 • IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—BY
CARPENTRY CONTRACTORS IN CONNECTION WITH THE CONSTRUCTION OF
DWELLINGS THREE STORIES OR LESS DESIGNED PRIMARILY FOR MULTIPLE DWELLING
OCCUPANCY~~

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5445• IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—BY
CONTRACTORS ENGAGED IN WALLBOARD INSTALLATION & DRIVERS

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

- 5403• IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—BY
OTHER CARPENTRY CONTRACTORS

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

- 5403• ~~IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—BY
OTHER CARPENTRY CONTRACTORS~~

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5057• IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—NOC

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

3030 IRON OR STEEL—FABRICATION—IRONWORKS OR
STEELWORKS—SHOP—STRUCTURAL & DRIVERS.

Applies to fabricating or assembling structural iron or steel. Blast furnace or convertor operation, casting of steel, or rolling mills to be separately rated.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

3041 **IRON OR STEEL—FABRICATION—IRONWORKS—SHOP—DECORATIVE OR ARTISTIC &
FOUNDRIES, DRIVERS.**

Applies to the mfg., fabricating, or assembling of decorative or artistic brass, bronze, or ironwork.
Codes 3041 and 3040—Ironworks shall not be assigned to the same risk unless the operations
described by these classifications are conducted as separate and distinct businesses.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

3040 **IRON OR STEEL—FABRICATION—IRONWORKS—SHOP—ORNAMENTAL & DRIVERS.**

Not fabricating or assembling structural iron or steel. Includes fabricating, assembling or mfg. ornamental brass, bronze or ironwork, railings, balconies, fire escapes, staircases, iron shutters, or other nonstructural ironwork or steelwork. Blast furnace or convertor operation, casting of steel, rolling mills to be separately rated.

**ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

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

3018 IRON OR STEEL—MANUFACTURING—ROLLING MILL & DRIVERS.

Applies to all iron or steel rolling mills with or without puddling furnaces. Separately rate: steelmaking, blast furnace operation, coke mfg. Not applicable to rolling mills in plants operating open hearth, bessemer, electric, or crucible steel furnaces.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

3004 **IRON OR STEEL—MANUFACTURING—STEELMAKING & DRIVERS.**

Applies to electric or open hearth furnaces, bessemer or crucible processes. Includes blooming mills or forging or rolling mills. Blast furnace operation or coke mfg. to be separately rated.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

8106◆ IRON OR STEEL—MERCHANT & DRIVERS.

Not applicable to junk dealers or iron or steel scrap dealers.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

8265◆ IRON OR STEEL—SCRAP DEALER & DRIVERS.

Wrecking or salvaging to be separately rated. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8265 are conducted as a separate and distinct business.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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

- 5645• **CARPENTRY—Detached One- or Two-Family Dwellings**
Includes garages constructed in connection with the dwellings.

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

- 5645• **CARPENTRY—CONSTRUCTION OF RESIDENTIAL DWELLINGS NOT EXCEEDING THREE STORIES IN HEIGHT** ~~Detached One- or Two-Family Dwellings~~
Includes all carpentry work in connection with the construction of residential dwellings when performed by employees of the same carpentry contractor or general contractor responsible for the entire construction project. Carpentry work includes the construction of the sill, rough framework, rough floor, wood or light-gauge steel studs, wood or light-gauge steel joists, rafters, roof deck, all types of roofing materials, sidewall sheathing, siding, doors, wallboard installation, lathing, windows, stairs, finished flooring, cabinet installation, fencing, decking, detached structures, and all interior wood trim. Residential dwellings include detached, semi-detached, and attached multi-unit residential buildings. The construction of multi-unit residential buildings exceeding three stories in height and the construction of commercial buildings or structures, including mixed-use buildings, with no height restriction must be separately rated to Code 5403.
~~Includes garages constructed in connection with the dwellings.~~

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~JALOUSIE OR JALOUSIE SCREEN~~

5645• ~~Erection~~
3076 ~~Mfg.~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

3076 JALOUSIE OR JALOUSIE SCREEN—MFG.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5645• ~~STORM DOOR OR STORM SASH INSTALLATION—WOOD OR METAL~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

WINDOW

- 5645• ~~Screen or Screen Door Installation—Metal or Wood~~
- 2501 ~~Shade Mfg.~~ Roller manufacturing to be separately rated.
- 2841 ~~Shade Roller Mfg.~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

2501 WINDOW—SHADE MFG.

Roller manufacturing to be separately rated.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

2841 WINDOW—SHADE ROLLER MFG.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

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

5403• **CARPENTRY—CONSTRUCTION OF RESIDENTIAL DWELLINGS EXCEEDING THREE
STORIES IN HEIGHT OR COMMERCIAL BUILDINGS AND STRUCTURES**

Applies to the construction of multi-unit residential buildings exceeding three stories in height and to the construction of commercial buildings or structures, including mixed-use buildings, with no height restriction. Includes all carpentry work when performed by employees of the same carpentry contractor or general contractor responsible for the entire dwelling construction project. The construction of residential dwellings not exceeding three stories in height to be separately rated as Code 5645.

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

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~HOB HOIST OR CONSTRUCTION ELEVATOR INSTALLATION, REPAIR, OR REMOVAL &
DRIVERS.~~

~~The following operations will be classified as:~~

- ~~5213• Concrete or Concrete Encased Buildings or Structures~~
- ~~5057• Iron or Steel Buildings or Structures~~
- ~~5022• Masonry Buildings or Structures~~
- ~~6003• Piers or Wharfs~~
- ~~5403• Wooden Buildings or Structures Including Those Designed for Dwelling Occupancy~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~DERRICK OR OIL RIG ERECTING OR DISMANTLING—ALL OPERATIONS.~~

~~Includes the construction of foundations or structures and the installation of equipment.~~

5057• ~~Metal~~

5403• ~~Wood~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

~~ROOFING~~

- 5551 • ~~All Kinds & Drivers~~
- 4283 ~~Or Building Paper or Felt Preparation—No Installation.~~ Not applicable to asphalt or tar distillation or refining plants, which include the saturating of paper or felt as a part of their operations. Paper or felt mfg. to be separately rated.
- 4283 ~~Paper or Roofing Felt Mfg.~~
- 1624 ~~Slate Mfg. or Slate Splitting & Drivers.~~ Includes quarrying; construction, repair, or maintenance of all buildings, structures, or equipment; installation of machinery.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

5551 • **ROOFING—ALL KINDS & DRIVERS**

Applies to the installation of new roofs and the repair of existing roofs. Includes the installation and/or repair of joists, trusses, rafters, roof decks, sheathing, and all types of roofing materials.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

4283 **ROOFING OR BUILDING PAPER OR FELT PREPARATION—NO INSTALLATION.**

Not applicable to asphalt or tar distillation or refining plants, which include the saturating of paper or felt as a part of their operations. Paper or felt manufacturing to be separately rated.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

4283 ROOFING—PAPER OR ROOFING FELT MFG.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

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

1624 **ROOFING—SLATE MFG. OR SLATE SPLITTING & DRIVERS.**

Includes quarrying; construction, repair, or maintenance of all buildings, structures, or equipment; and installation of machinery.

**ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 1—NATIONAL RULES
BASIC MANUAL—2001 EDITION
CARPENTRY
RULE 1—CLASSIFICATION ASSIGNMENT
C. CLASSIFICATION WORDING
2. Words and Phrases**

j. Stories in Height

Certain classification wording refers to “stories in height.” A story is defined as fifteen (15) feet in height. It is measured from the lowest point above ground level to the highest point above ground level. Some of these classifications are:

- Code 5037—Painting: Metal Structures—Over Two Stories
- Code 5059—Iron or Steel—Erection—Frame Structures Not Over Two Stories
- Code 5651—Carpentry—Dwellings—Three Stories or Less

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

j. Stories in Height

Certain classification wording refers to “stories in height.” A story is defined as fifteen (15) feet in height. It is measured from the lowest point above ground level to the highest point above ground level. Some of these classifications are:

- Code 5037—Painting: Metal Structures—Over Two Stories
- Code 5059—Iron or Steel—Erection—Frame Structures Not Over Two Stories
- ~~Code 5651—Carpentry—Dwellings—Three Stories or Less~~
- Code 5645—Carpentry—Construction of Residential Dwellings Not Exceeding Three Stories in Height
- Code 5403—Carpentry—Construction of Residential Dwellings Exceeding Three Stories in Height or Commercial Buildings and Structures

**ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—CARPENTRY

THREE-YEAR TRANSITION PROGRAM RULES

**(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, 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 three-year transition program implementing the rates/loss costs and rating values for Codes 5651 and 5645. NCCI will administer this program through each applicable state's 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 for Codes 5651 and 5645 within each of the classification rate/loss cost filings. An example of the three-year transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit. Rating values, which will be based on the final NCCI proposed rates/loss costs, will be calculated according to the standard procedure

- A. Risks will continue to be classified to either Code 5651 or 5645 as appropriate until the elimination of Code 5651 in the third annual state rate/loss cost filing experience revision from which this transition program was initiated.
- B. As part of the first NCCI state rate/loss cost experience filing revision in which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 5651 and 5645 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 5651 and 5645, then each of these codes will take on the payroll-weighted rate/loss cost.

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/loss costs for Codes 5651 and 5645 within the swing limits of the filing. However, a 33% minimum weighting value must be used regardless of the swing limits to execute the transition program within three years.

- C. As part of the second state annual rate/loss cost experience filing, after which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 5651 and 5645 will be calculated using the latest available year's payroll and the standard calculated rates/loss costs of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 5651 and 5645, then each of the codes will take on the payroll-weighted rate/loss cost.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY (CONT'D)

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/loss costs for Codes 5651 and 5645 within the swing limits of the filing. However, a 67% minimum weighting value must be used regardless of the swing limits to execute the transition program within three years.

- D. As part of the third annual NCCI state rate/loss cost experience filing revision, Code 5651 will be eliminated. All insured operations previously assigned to Code 5651 will be assigned to Code 5645. The rate/loss cost for newly defined Code 5645 will be the payroll-weighted rate/loss cost of Codes 5651 and 5645 using the latest available year's payroll and the standard calculated rate/loss cost of the two individual codes.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY

FIVE-YEAR TRANSITION PROGRAM RULES

(Applies in: KY)

The following are the rules of the five-year transition program implementing the rates/loss costs for Codes 5651 and 5645. NCCI will administer this program through each applicable state's 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 for Codes 5651 and 5645 within each of the classification rate/loss cost filings. An example of a three-year transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit. Rating values, which will be based on the final NCCI proposed rates/loss costs, will be calculated according to the standard procedure.

- A. Risks will continue to be classified to either Code 5651 or 5645 as appropriate until the elimination of Code 5651 in the fifth annual state rate/loss cost filing experience revision from which this transition program was initiated in the state.
- B. As part of the first NCCI state rate/loss cost experience filing revision in which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 5651 and 5645 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 5651 and 5645, then each of these codes will take on the payroll-weighted rate/loss cost.

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 5651 and 5645 within the swing limits of the filing. However, a 20% minimum weighting value must be used regardless of the swing limits to execute the transition program within five years.

- C. As part of the second state annual rate/loss cost experience filing, after which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 5651 and 5645 will be calculated using the latest available year's payroll and the standard calculated rates/loss costs of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 5651 and 5645, then each of the codes will take on the payroll-weighted rate/loss cost.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY (CONT'D)

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 5651 and 5645 within the swing limits of the filing. However, a 40% minimum weighting value must be used regardless of the swing limits to execute the transition program within five years.

- D. As part of the third state annual rate/loss cost experience filing, after which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 5651 and 5645 will be calculated using the latest available year's payroll and the standard calculated rates/loss costs of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 5651 and 5645, then each of the codes will take on the payroll-weighted rate/loss cost.

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 5651 and 5645 within the swing limits of the filing. However, a 60% minimum weighting value must be used regardless of the swing limits to execute the transition program within five years.

- E. As part of the fourth state annual rate/loss cost experience filing, after which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 5651 and 5645 will be calculated using the latest available year's payroll and the standard calculated rates/loss costs of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 5651 and 5645, then each of the codes will take on the payroll-weighted rate/loss cost.

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 5651 and 5645 within the swing limits of the filing. However, an 80% minimum weighting value must be used regardless of the swing limits to execute the transition program within five years.

- F. As part of the fifth annual NCCI state rate/loss cost experience filing revision, 5651 will be eliminated. All insured operations previously assigned to Code 5651 will be assigned to Code 5645. The rate/loss cost for newly defined Code 5645 will be the payroll-weighted rate/loss cost of Codes 5651 and 5645 using the latest available year's payroll and the standard calculated rate/loss cost of the two individual codes

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY

EXAMPLE OF THREE-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
First Year Initial Rate/Loss Cost	21.00	10.50	11.81
Second Year Initial Rate/Loss Cost	18.50	9.85	12.35
Third Year Initial Rate/Loss Cost	19.78	12.25	11.57

(Payroll is assumed to remain constant throughout the transition period.)

The “Payroll-Weighted Rate/Loss Cost” in the first year 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 0.33, 0.67, and 1.00 for each year without regard to swing limits in order to transition the rates/loss costs within three years.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	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	.44*	XXX1	(0.44 x 12.48)	+	(0.56 x 21.00)	=	17.25
		XXX2	(0.44 x 12.48)	+	(0.56 x 10.50)	=	11.37
		XXX3	(0.44 x 12.48)	+	(0.56 x 11.81)	=	12.10
Filing Effective in Second Year	.93*	XXX1	(0.93 x 12.52)	+	(0.07 x 18.50)	=	12.94
		XXX2	(0.93 x 12.52)	+	(0.07 x 9.85)	=	12.33
		XXX3	(0.93 x 12.52)	+	(0.07 x 12.35)	=	12.51
Filing Effective in Third Year	1.00	XXX1	(1.00 x 12.49)	+	(0.00 x 19.78)	=	12.49
		XXX2	(1.00 x 12.49)	+	(0.00 x 12.25)	=	12.49
		XXX3	(1.00 x 12.49)	+	(0.00 x 11.57)	=	12.49

**ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—CARPENTRY (CONT'D)

* See "Example of Three-Year Weight Value Calculation" for more details.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY (CONT'D)

EXAMPLE OF THREE-YEAR WEIGHT VALUE CALCULATION

Note: The weight value calculation in the following example is for illustration purposes only and is not the actual weight value calculation in use, nor does it represent the expected actual weight value calculation for the codes indicated.

In the following example, the 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 0.33, 0.67, and 1.00, respectively, for years 1, 2, and 3. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

The following assumptions are made for this example:

1. The swing limits are plus or minus 25%
2. The 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	23.00	11.00	12.00
First Transition Year	17.25	11.37	12.10

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
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 %
0.33	18.19	-20.9	11.15	+1.4	12.03	+0.2
0.34	18.10	-21.3	11.17	+1.5	12.04	+0.3
0.35	18.02	-21.7	11.19	+1.7	12.04	+0.3
0.36	17.93	-22.0	11.21	+1.9	12.05	+0.4
0.37	17.85	-22.4	11.23	+2.1	12.06	+0.5
0.38	17.76	-22.8	11.25	+2.3	12.06	+0.5
0.39	17.68	-23.1	11.27	+2.5	12.07	+0.6
0.40	17.59	-23.5	11.29	+2.6	12.08	+0.7
0.41	17.51	-23.9	11.31	+2.8	12.08	+0.7
0.42	17.42	-24.3	11.33	+3.0	12.09	+0.8
0.43	17.34	-24.6	11.35	+3.2	12.10	+0.8
0.44	17.25	-25.0	11.37	+3.4	12.10	+0.8
0.45	17.17	-25.3	11.39	+3.5	12.11	+0.9

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY (CONT'D)

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
Weight Calculation Table						
Year 2	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 %
0.67	14.49	-16.0	11.64	+2.4	12.46	+3.0
0.68	14.43	-16.3	11.67	+2.6	12.47	+3.1
0.69	14.37	-16.7	11.69	+2.8	12.47	+3.1
continues						
0.93	12.94	-25.0	12.33	+8.4	12.51	+3.4

**ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—CARPENTRY

THREE-YEAR TRANSITION PROGRAM RULES

(Applies in: VA)

The following are the rules of the three-year transition program implementing the rates/loss costs and rating values for Codes 5651 and 5645. NCCI will administer this program through each state's 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 for Codes 5651 and 5645 within each of the classification rate/loss cost filings. An example of the three-year transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit. Rating values, which will be based on the final NCCI proposed rates/loss costs, will be calculated according to the standard procedure.

- A. Risks will continue to be classified to either Code 5651 or 5645 as appropriate until the elimination of Code 5651 in the third annual state rate/loss cost filing experience revision from which this transition program was initiated in the state.
- 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 5651 and 5645 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 does not exceed the upper swing limit determined for Codes 5651 and 5645, then each of these codes will take on the payroll-weighted rate/loss cost.

If the payroll-weighted rate/loss cost does exceed the filing's upper 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 determined by calculating the maximum weighting value given to the payroll-weighted rate/loss cost in order that rates/loss costs for Codes 5651 and 5645 do not exceed the upper swing limits for either code in the filing.

- C. As part of the second NCCI state rate/loss cost experience filing revision where this transition program is initiated, the payroll-weighted rate/loss cost of Codes 5651 and 5645 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 does not exceed the upper swing limit determined for Codes 5651 and 5645, then each of these codes will take on the payroll-weighted rate/loss cost.

**ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—CARPENTRY (CONT'D)

If the payroll-weighted rate/loss cost does exceed the filing's upper 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 determined by calculating the maximum weighting value given to the payroll-weighted rate/loss cost in order that rates/loss costs for Codes 5651 and 5645 do not exceed the upper swing limits for either code in the filing.

- D. As part of the third NCCI state rate/loss cost classification experience filing revision, Code 5651 will be eliminated. The payroll-weighted rate/loss cost of Codes 5651 and 5645 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 does not exceed the upper swing limits determined for Codes 5651 and 5645, then Code 5645 will take on the payroll-weighted rate/loss cost. If it does exceed the swing limit for either code, then the rate/loss cost for Code 5645 will be limited to that upper limited rate/loss cost.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY

EXAMPLE OF THREE-YEAR TRANSITION PROGRAM CALCULATION

(Applies in: VA)

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 \$	635,000	713,000	35,000
First Year Initial Rate/Loss Cost	2.78	1.37	1.83
Second Year Initial Rate/Loss Cost	2.55	1.52	1.80
Third Year Initial Rate/Loss Cost	2.37	1.71	1.85

(Payroll is assumed to remain constant throughout the transition period.)

The “Payroll-Weighted Rate/Loss Cost” is calculated as follows:

$$\frac{[(635,000 \times 2.78) + (713,000 \times 1.37) + (35,000 \times 1.83)]}{(635,000 + 713,000 + 35,000)} = 2.03$$

Additionally, the upper swing limit is assumed to be plus 15%. In Virginia, the actual upper swing limit will be used. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes from exceeding the upper swing limit. The third year (final year) weight value is assumed to be 1.00. Therefore, the rate/loss cost will be equal to the payroll-weighted rate/loss cost. However, this final year combined rate/loss cost will also be subject to the upper swing limit of the lowest rated code among the classification codes to be combined.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY (CONT'D)

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	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	0.37*	XXX1	(0.37 x 2.03)	+	(0.63 x 2.78)	=	2.50
		XXX2	(0.37 x 2.03)	+	(0.63 x 1.37)	=	1.61
		XXX3	(0.37 x 2.03)	+	(0.63 x 1.83)	=	1.90
Filing Effective in Second Year	0.69*	XXX1	(0.69 x 2.00)	+	(0.31 x 2.55)	=	2.17
		XXX2	(0.69 x 2.00)	+	(0.31 x 1.52)	=	1.85
		XXX3	(0.69 x 2.00)	+	(0.31 x 1.80)	=	1.94
Filing Effective in Third Year	1.00	XXX1	(1.00 x 2.02)	+	(0.00 x 2.37)	=	2.02
		XXX2	(1.00 x 2.02)		(0.00 x 1.71)		2.02
		XXX3	(1.00 x 2.02)		(0.00 x 1.85)		2.02

* See "Example of Three-Year Weight Value Calculation" for more details.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY (CONT'D)

EXAMPLE OF THREE-YEAR WEIGHT VALUE CALCULATION

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

In the following example, the rates/loss costs are calculated for each class code by using successively higher weight values until the largest weight value is found that keeps the rates/loss costs from exceeding the upper swing limit. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

The following assumptions are made for this example:

1. The upper swing limit is + 15%. In Virginia, the actual upper swing limit will be used.
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
Last Approved Filing	2.83	1.40	1.80
First Transition Year	2.50	1.61	1.90
Second Transition Year	2.17	1.85	1.94

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY

Weight Calculation Table

Weight Value	Code XXX1		Code XXX2		Code XXX3	
	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 %
Year 1						
...						
0.34	2.53	-10.6%	1.59	13.6%	1.90	5.6%
0.35	2.52	-11.0%	1.60	14.3%	1.90	5.6%
0.36	2.51	-11.3%	1.61	15.0%	1.90	5.6%
0.37	2.50	-11.7%	1.61	15.0%	1.90	5.6%
0.38	2.50	-11.7%	1.62	15.7%	1.91	6.1%
Year 2						
...						
0.66	2.19	-12.4%	1.84	14.3%	1.93	1.6%
0.67	2.18	-12.8%	1.84	14.3%	1.93	1.6%
0.68	2.18	-12.8%	1.85	14.9%	1.94	2.1%
0.69	2.17	-13.2%	1.85	14.9%	1.94	2.1%

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY (CONT'D)

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
Weight Calculation Table						
	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 %
0.70	2.17	-13.2%	1.86	15.5%	1.94	2.1%

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—FACT SHEET**DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION****PROPOSAL**

The focus of the proposed changes for this industry is to revise existing classification wording for clarification and plain language.

NCCI recommends the following national treatment for classifications:

1. Revise the phraseology of Code 5102—Door, Door Frame or Sash Erection—Metal or Metal Covered to incorporate the installation of all types (aluminum, vinyl, wood, composite, fiberglass, steel) of interior and exterior doors and windows—commercial and residential. The installation of all types of screened doors, storm doors or storm sash, and window screens or doors and the setup of jalousie or jalousie screens to Code 5102 will be clarified in the description of the code. See Fact Sheet 1. The phraseology note of Code 5102 will also be revised to further clarify the installation of shower enclosures and doors made from materials other than glass to Code 5102. The installation of glass shower enclosures and doors is classified to Code 5462—Glazier, Away From Shop & Drivers.
2. Revise the cross-reference phraseology of Code 5102—Awning, Tent, or Canvas Goods Erection, Removal, or Repair to further clarify that the installation of fabric awnings (vinyl or canvas) is assigned to Code 5102. The installation of metal awnings exclusively is classified to Code 5535—Awning Erection—Metal—Erection of Metal Awning Exclusively and Drivers.
Discontinue the cross-reference phraseology of Code 5102—Awning Erection—Metal—Erection by an Insured Engaged in the Erection of Canvas Products and incorporate this wording in the phraseology note.
Discontinue cross-reference phraseologies of Code 5102—Canvas Goods, Awning, or Tent Erection, Removal, or Repair and Tent, Awning, or Canvas Goods Erection, Removal, or Repair, and Iron or Steel Erection: Door, Door Frame or Sash Erection—Metal or Metal Covered due to redundancy.
3. Revise the phraseology note of Code 2501—Awning or Tent Mfg.—Shop and Cloth and Canvas and Related Products Mfg. NOC to update the reference to Code 5102.
4. Discontinue the cross-reference phraseologies of Code 5102—Iron or Steel Erection: Door, Door Frame or Sash Erection—Metal or Metal Covered and Iron or Steel Erection: Steel Frame: Interior—Light Gauge Steel—By Specialist Contractor. The installation of interior light-gauge steel in connection with residential or commercial construction is classified to Code 5645 or Code 5403 when performed by a specialty contractor or the general contractor.
5. Revise the phraseologies of Code 5437—Carpentry—Installation of Cabinet Work or Interior Trim and Code 5348—Ceramic Tile, Indoor Stone, Marble, or Mosaic Work to further clarify the classification of countertops made of various materials. The installation of stone, granite, marble, or tile countertops is assigned to Code 5348. All other types of countertops are assigned to Code 5437.

Alaska Specific:

NCCI recommends that Alaska discontinue their state special phraseologies for Code 5102—Door, Door Frame, or Sash Erection—Metal or Metal Covered and Code 5102—Awning Mfg. and Erection—Metal—Erection by an Insured Engaged in the Erection of Canvas Products due to them being duplicates of the national phraseology. It is also recommended that Alaska not adopt the newly proposed phraseology for Code 5102—Awning, Tent, or Canvas Goods Erection, Removal, or Repair and instead create a state special phraseology for Code 5102 to more closely align with the national proposal.

Arkansas Specific:

NCCI recommends that Arkansas discontinue their state special phraseology for Code 5536—Air Conditioning Systems—Ductwork—Installation & Drivers due to this code no longer being applicable in Arkansas.

Hawaii Specific:

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—FACT SHEET (CONT'D)

NCCI proposes that Hawaii discontinue their state special phraseology for Code 5538—Sheet Metal Work—Shop and Outside NOC & Drivers due to this code no longer being applicable in Hawaii. NCCI recommends that Hawaii not adopt the newly proposed phraseology for Code 5437 but instead revise their state special phraseology for Code 5437—Carpentry: Installation of Cabinet Work or Interior Trim to more closely align with the national proposal for Code 5437.

Oregon Specific:

NCCI recommends that Oregon not adopt the newly proposed phraseology for Code 5437 but instead revise their state special phraseology for Code 5437—Carpentry: Installation of Cabinet Work or Interior Trim to more closely align with the national proposal for Code 5437. It is also recommended that Oregon not adopt the newly proposed phraseology for Code 5102 but instead revise their state special phraseology for Code 5102—Awning, Tent, or Canvas Goods Erection, Removal, or Repair to replace the reference to Code 5538 with Code 5535. NCCI also recommends that Oregon discontinue their state special phraseologies for Code 5102—Awning Mfg. and Erection—Metal—Erection of Canvas Products, Iron or Steel Erection: Frame—Interior—Light-Gauge Steel Installation, and Wallboard: Iron or Steel Frame—Interior—Light-Gauge Steel Installation and adopt the national proposal.

South Dakota Specific:

NCCI recommends that South Dakota not adopt the newly proposed phraseology for Code 5437 but instead revise their state special phraseology for Code 5437—Carpentry: Installation of Cabinet Work or Interior Trim to more closely align with the national proposal for Code 5437.

Virginia Specific:

NCCI recommends that Virginia not adopt the newly proposed phraseologies for Code 2501—Awning or Tent Mfg.—Shop and Cloth and Canvas and Related Products Mfg. NOC but instead revise their state special Code 2576 to more closely align with the national proposal. It is also recommended that Virginia revise the descriptions of Codes 5020 and 5057 to incorporate the changes proposed.

BACKGROUND AND BASIS FOR CHANGE

Code 5020—Ceiling Installation—Suspended Acoustical Grid Type, Code 5102—Door, Door Frame or Sash Erection—Metal or Metal Covered, Code 5146—Furniture or Fixtures Installation—Portable—NOC, and Code 5437—Carpentry—Installation of Cabinet Work or Interior Trim are all construction codes. The industry has not changed much over the years other than an increase in the use of pneumatic and power tools and the trend toward larger homes with higher ceilings. This leads to the installation of larger and heavier doors and windows. NCCI's research also indicated that general contractors usually use specialist subcontractors to perform installation functions.

Workers are subject to a wide range of injuries including strains, slips, trips, and falls, and scratches, scrapes, and lacerations.

Currently, the installation of shower doors may be assigned to various codes. It is common for manufacturers to fabricate custom glass showers and enclosures, which involves installers to handle frameless glass and/or large plate glass.

IMPACT

The change in national phraseologies for Codes 5102, 2501, 5437, and 5348 consists primarily of the consolidation of cross-reference phraseologies into the actual classification wording or are made to add clarification to current operation assignments. These changes are not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Alaska Specific:

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—FACT SHEET (CONT'D)

This item proposes that Alaska discontinue their state special phraseologies for Code 5102—Door, Door Frame, or Sash Erection—Metal or Metal Covered and 5102—Awning Mfg. and Erection—Metal—Erection by an Insured Engaged in the Erection of Canvas Products due to them being duplicates of the national phraseology. This item also proposes that Alaska not adopt the newly proposed phraseology for Code 5102—Awning, Tent, or Canvas Goods Erection, Removal, or Repair and instead create a state special phraseology for Code 5102 to more closely align with the national proposal. These changes are not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Arkansas Specific:

This item proposes that Arkansas discontinue their state special phraseology for Code 5536—Air Conditioning Systems—Ductwork—Installation & Drivers due to this code no longer being applicable in Arkansas. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Hawaii Specific:

This item proposes that Hawaii discontinue their state special phraseology for Code 5538—Sheet Metal Work—Shop and Outside NOC & Drivers due to this code no longer being applicable in Hawaii. It also proposes that Hawaii not adopt the newly proposed national phraseology for Code 5437 but instead revise their state special phraseology for Code 5437—Carpentry: Installation of Cabinet Work or Interior Trim to more closely align with the national proposal for Code 5437. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Oregon Specific:

This item proposes that Oregon not adopt the newly proposed phraseology for Code 5437 but instead revise their state special phraseology for Code 5437—Carpentry: Installation of Cabinet Work or Interior Trim to more closely align with the national proposal for Code 5437. It also proposes that Oregon not adopt the newly proposed phraseology for Code 5102 but instead revise their state special phraseology for Code 5102—Awning, Tent, or Canvas Goods Erection, Removal, or Repair to replace the reference to Code 5538 with Code 5535. It also proposes that Oregon discontinue state special phraseology for Code 5102—Awning Mfg. and Erection—Metal—Erection of Canvas Products, Iron or Steel Erection: Frame—Interior—Light-Gauge Steel Installation, and Wallboard: Iron or Steel Frame—Interior—Light-Gauge Steel Installation and adopt the national proposal for Code 5102. These recommended changes to phraseologies for Codes 5437 and 5102 are for clarification only and are not expected to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

South Dakota Specific:

This item proposes that South Dakota not adopt the newly proposed phraseology for Code 5437 but instead revise their state special phraseology for Code 5437—Carpentry: Installation of Cabinet Work or Interior Trim to more closely align with the national proposal for Code 5437. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Virginia Specific:

NCCI recommends that Virginia not adopt the newly proposed phraseologies for Code 2501—Awning or Tent Mfg.—Shop and Cloth and Canvas and Related Products Mfg. NOC but instead revise their state special Code 2576 to more closely align with the national proposal. It is also recommended that Virginia revise the descriptions of Codes 5020 and 5057 to incorporate the changes proposed. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

**ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET (CONT'D)

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and it will become effective concurrently with each state's approved rate/loss cost filing for the 2011¹ 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.

¹Unless otherwise noted.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

5102• ~~DOOR AND WINDOW INSTALLATION—ALL TYPES—RESIDENTIAL AND COMMERCIAL,
DOOR FRAME, OR SASH ERECTION—METAL OR METAL COVERED.~~

Includes the installation of all types of interior and exterior doors and windows—commercial and residential—including, but not limited to, aluminum, vinyl, wood, composite, fiberglass, and steel. Installation of storm doors or storm sash to be separately rated as Code 5645—Carpentry. Code 5102 is also assigned to the installation of shower doors and enclosures made from materials other than glass; refer to Code 5462 for the installation of glass shower doors and enclosures. Overhead door installation to be separately rated as Code 3724—Millwright work. The installation of doors and windows in connection with the construction of residential dwellings or commercial buildings to be separately rated.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

- 5102• **AWNING, TENT, OR CANVAS GOODS ~~ERECTION~~ INSTALLATION, REMOVAL, OR REPAIR—**
Applies to operations away from the shop. Awnings included in Code 5102 are (a) canvas- or vinyl-covered or (b) metal-covered when installed by a contractor that also installs canvas- or vinyl-covered awnings. Metal-covered awnings installed by a contractor that does not also install canvas- or vinyl-covered awnings are assigned to Code 5535.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

5102• ~~AWNING ERECTION—METAL—ERECTION BY AN INSURED ENGAGED IN THE ERECTION
OF CANVAS PRODUCTS~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

- 5102• ~~CANVAS GOODS, AWNING OR TENT ERECTION, REMOVAL, OR REPAIR.~~
~~Applies to operations away from the shop.~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

- 5102• ~~TENT, AWNING, OR CANVAS GOODS ERECTION, REMOVAL, OR REPAIR.~~
~~Applies to operations away from the shop.~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

2501 ~~AWNING OR TENT MFG.—SHOP—~~

The installation, removal, or repair of awnings or tents away from the shop ~~shall~~ must be classified ~~as to~~ Code 5102—~~Awning erection~~. Unless payroll records are accurately maintained showing the amount of payroll expended for shop work, the entire payroll ~~shall~~ must be assigned to Code 5102—~~Awning erection~~.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

2501 CLOTH, CANVAS AND RELATED PRODUCTS MFG. NOC

The installation, removal, or repair of awnings, tents, or other canvas products away from the shop ~~shall must~~ be classified ~~as to~~ Code 5102—~~Canvas Goods Erection~~. Unless payroll records are accurately maintained, showing the amount of payroll expended for shop work, the entire payroll ~~shall must~~ be assigned to Code 5102—~~Canvas Goods Erection~~.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

5437• CARPENTRY—INSTALLATION OF CABINET WORK OR INTERIOR TRIM

Not applicable to contractors who perform any other carpentry operations at the same job or location; refer to Code 5645 or Code 5403. Includes the installation of countertops made from materials such as, but not limited to, laminated plastic, veneer, particleboard, or pressed wood; Corian or similar solid surfaces or high-density plastic base materials; and nonlaminated solid wood or butcher block. Refer to Code 5348 for the installation of tile, granite, marble, and other stone countertops.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
DOOR, WINDOW, CABINETS, AND TRIM INSTALLATION
CLASSIFICATIONS

5348• CERAMIC TILE, INDOOR STONE, MARBLE, OR MOSAIC WORK

Not fireproof tile construction. Installation of resilient flooring—carpet or laminate—to be separately rated to Code 5478. The installation of ceramic and mosaic tiles outdoors for decorative, artistic, and ornamental ~~nature~~ purposes is included in Code 5348. Separately rate tile work performed in ~~conjunction~~ connection with ~~the construction of structures.~~ The installation of tile, granite, marble, or other stone countertops is also included in Code 5348. Refer to Code 5437 for countertops made from other materials.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—FACT SHEET

PUNCH-OUT EMPLOYEES

PROPOSAL

The focus of the proposed changes for this industry is to revise existing classification wording for clarification and plain language.

NCCI recommends the following national treatment for classifications:

1. Revise the phraseology for Code 5610—Cleaner—Debris Removal to clarify the assignment of punch-out employees and cleaning service contractors that provide clean-up crews to prepare a location for its intended use.
2. Discontinue the cross-reference phraseology of Code 5610—Timekeepers—Construction or Erection and incorporate this wording in the phraseology note.
3. Revise the cross-reference phraseology of Code 5610—Watchguards—Construction or Erection to remove the term “Erection” from the phraseology.

Florida Specific:

NCCI recommends that Florida not adopt the newly proposed phraseology for Code 5610 but instead revise their state special phraseology for Code 5610—Cleaner—Debris Removal—Construction or Erection Contractor and Code 5613—Cleaner—Debris Removal—Temporary Labor Service to more closely align with the national proposal for Code 5610.

Missouri Specific:

NCCI recommends that Missouri not adopt the newly proposed phraseology for Code 5610 but instead revise their state special phraseology for Code 5610—Cleaner—Debris Removal and Watchguards—New Construction or Erection to more closely align with the national proposal for Code 5610. NCCI also recommends that Missouri discontinue their state special cross-reference phraseology for Code 5610—Timekeeper—New Construction or Erection. The reference to timekeepers will be added to the revised state special phraseology of Code 5610.

Virginia Specific:

NCCI recommends that Virginia revise their description of Code 9014 to incorporate the changes proposed.

BACKGROUND AND BASIS FOR CHANGE

The industry title comes from the phrase “punch-out list,” punch out employees are laborers who perform work to complete tasks that have been identified as part of a post-construction “punch-out” list. This is typically done when a home is built, and the punch-out employee, along with the buyer, walks through the structure to note any deficiencies that need to be corrected prior to the close of escrow. Minor repairs are completed by the punch-out employee, who is a handy person or jack-of-all-trades. Punch-out employees are employed by the builder, seller, or seller’s agent. The punch-out employee may also do any minor warranty repair work, as needed, after the sale is completed. Any major repairs, such as plumbing, broken tiles, and leaky water heaters, are referred back to the contractor that did the installation.

There are two distinct processes involved within the codes under review. Code 5610 is geared toward job site clean-up during construction of a building. Code 9014—Janitorial Services by Contractors—No Window Cleaning Above Ground Level & Drivers and Code 9015—Buildings—Operation by Owner or Lessee or Real Estate Management Firm: All Other Employees are assigned if the repair or maintenance is minor or janitorial in nature. Code 9014’s operations tend to be primarily janitorial in nature, while Code 9015’s operations tend to include minor maintenance and repair, as well as janitorial duties.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—FACT SHEET (CONT'D)

The primary issue with punch-out employees is one of degrees—the duties are closely related to those of the other codes in this analysis. The main issue with Code 5610 is that there is a range of operations that have been assigned to these codes under debris removal that overlap with Code 9014, Code 9015, and other construction codes.

IMPACT

The changes in national phraseology for Code 5610 are made to add clarification to current operation assignments. These changes are not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Florida Specific:

This item proposes that Florida not adopt the newly proposed phraseology for Code 5610 but instead revise their state special phraseology for Code 5610—Cleaner—Debris Removal—Construction or Erection Contractor and Code 5613—Cleaner—Debris Removal—Temporary Labor Service to more closely align with the national proposal for Code 5610. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Missouri Specific:

This item proposes that Missouri not adopt the newly proposed phraseology for Code 5610 but instead revise their state special phraseology for Code 5610—Cleaner—Debris Removal and Watchguards—New Construction or Erection to more closely align with the national proposal for Code 5610. It also proposes that Missouri discontinue their state special cross-reference phraseology for Code 5610—Timekeeper—New Construction or Erection since it will be added to the revised state special phraseology of Code 5610. These recommended changes to phraseology for Code 5610 are for clarification only and are not expected to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

Virginia Specific:

This item proposes that Virginia update the description for Code 9014 to reflect the changes being proposed. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and it will become effective concurrently with each state's approved rate/loss cost filing for the 2011¹ 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.

¹Unless otherwise noted.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PUNCH-OUT EMPLOYEES
CLASSIFICATIONS

- 5610• ~~CLEANER—DEBRIS REMOVAL—CONSTRUCTION—~~
~~Applies only in connection with construction or erection.~~ Does not apply to the payroll for cleaners
except when the payroll for ~~watchguards, timekeepers, and cleaners~~ cleaners, timekeepers,
and watchguards is more than all other payroll of the insured that is subject to construction
~~or erection~~ classifications at the same job or location. Cleaners included in Code 5610 remove
debris left by the construction crews after construction has been completed. Refer to Code
9014 for cleaning service contractors who provide clean-up crews to wash windows and sweep
and mop floors to prepare a location for its intended use. Refer to the appropriate construction
code for laborers who perform work to complete tasks that have been identified as part of a
post-construction "punch-out" list.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PUNCH-OUT EMPLOYEES
CLASSIFICATIONS

5610• WATCHGUARDS—~~CONSTRUCTION OR ERECTION.~~

Not applicable to the payroll for watchguards except when the payroll for watchguards, timekeepers, and cleaners is more than all other payroll of the insured that is subject to construction or erection classifications at the same job or location.

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
PUNCH-OUT EMPLOYEES
CLASSIFICATIONS

5610• ~~TIMEKEEPERS—CONSTRUCTION OR ERECTION.~~

~~Not applicable to the payroll for timekeepers except when the payroll for watchguards,
timekeepers, and cleaners is more than all other payroll of the insured that is subject to
construction or erection classifications at the same job or location.~~

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, 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**
5651	National, IN, NC		F	3

± 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-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 7

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 4—LOSS PREVENTION (NON-COAL MINE RISKS)

D. QUALIFYING EMPLOYERS AND SURVEY LOCATION DETERMINATION

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

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

Delete the following from the Loss Prevention Survey Table:

Loss Prevention Survey Table

Premium Range	Governing Classification Codes
\$20,000 to \$49,999	5651

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 7

ASSIGNED CARRIER PERFORMANCE STANDARDS
PERFORMANCE STANDARD 4—LOSS PREVENTION (NON-COAL MINE RISKS)
D. QUALIFYING EMPLOYERS AND SURVEY LOCATION DETERMINATION

(Applies in: AK)

Approval required in: AK

Delete the following from the Loss Prevention Survey Table:

Loss Prevention Survey Table

Premium Range	Governing Classification Codes
\$25,000 to \$34,999	5651

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 7

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

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

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

Delete the following from the PPA—New Business Table:

PPA—New Business Table

Premium Range	Governing Classification Codes
\$10,000 to \$49,999	5651
\$5,000 to \$9,999	5651

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	5651
\$1,000 to \$4,999	5651

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 7

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

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

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

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

Final Physical Audit—Renewal Business Table

Premium Range	Governing Classification Codes
\$1,000 to \$19,999	5651

ITEM B-1415—REVISIONS TO BASIC MANUAL CLASSIFICATIONS, RULES, AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 7

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

(Applies in: OR)

Approval required in: OR

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

Final Physical Audit—Renewal Business Table

Premium Range	Governing Classification Codes
\$10,000 and over	5651