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**March 10, 2000**

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

**Re: Workers Compensation Insurance  
Item B-1362 - Code 5551- Roofing  
Amended Phraseology**

The Bureau has adopted and the North Carolina Commissioner of Insurance has approved a proposal to amend the classification phraseology for Code 5551 to eliminate the requirement that yard employees of roofing contractors be assigned to the roofing classification.

The attached Filing Memorandum describes the changes which have been approved to become effective July 1, 2000, applicable to new and renewal business only.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:dg

Enclosure

C-00-4

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**FILING MEMORANDUM**

**ITEM B-1362—CODE 5551—ROOFING—AMENDED PHRASEOLOGY**

**(To be effective 12:01 a.m. on July 1, 2000, applicable to new and renewal business only.)**

## **PURPOSE**

This filing proposes to eliminate the requirement that yard employees of roofing contractors be classified to Code 5551.

## **BACKGROUND**

Code 5551—Roofing—All Kinds & Yard Employees, Drivers was established in 1934. Historically, Code 5551 has applied to all kinds of roofing work when not conducted in conjunction with inclusive carpentry classifications, such as Codes 5645—Carpentry—Detached One or Two Family Dwellings and 5651—Carpentry—Dwellings—Three Stories or Less. NCCI has received numerous inquiries about the inclusion of yard employees in this classification.

During the last several years, Alaska, Hawaii, Illinois, Iowa, Kansas, Missouri, Montana, New Mexico and Oregon have adopted state special classification phraseologies for Code 5551 that allow for the separate classification of yard employees.

Here are some of the advantages of allowing the separate classification of yard employees:

- The expense of including those individuals in the higher rated roofing classification has hampered employers' interest in allowing injured employees to return to work on a light-duty basis.
- The exposure of yard employees maintained by roofing contractors does not pose a more significant hazard than the yard exposures presented by other types of construction employers.
- Allowing Code 5551 risks to separately classify yard employees to Code 8227 may reduce injuries by encouraging employers to devote more effort to preventive maintenance.
- Risks classified to other construction/erection codes (e.g., Codes 5645 and 5651) that perform roofing work are allowed to classify yard employees separately. This puts risks that are classified to Code 5551 at a competitive disadvantage.

Some of the current state special phraseologies include a footnote informing the user that employees engaged in the storage of materials and/or maintenance of equipment at a permanent yard are to be separately rated as Code 8227. Rule IV-D.8.—Construction or Erection Operations states that each distinct type of construction or erection operation at a job or location shall be assigned to the classification that specifically describes such operation, provided separate payroll records are maintained for each operation.

Both Codes 5551 and 8227 are construction/erection classifications and are subject to this rule. Other construction/erection classifications do not have a similar footnote. When this proposal is adopted, no special footnote will be necessary regarding the use of Code 8227 or any other code in conjunction with Code 5551.

## **PROPOSAL**

It is proposed that the classification phraseology for Code 5551 be modified to allow the separate classification of yard employees to Code 8227, provided that the insured maintains proper payroll records.

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## **IMPACT**

Risks in the roofing industry may experience a decrease in premium if they have employees who qualify for the assignment of Code 8227.

## **IMPLEMENTATION**

The attached exhibit outlines the necessary changes for *Basic Manual for Workers Compensation and Employers Liability Insurance*.



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### **EXHIBIT**

#### **BASIC MANUAL**

#### **CLASSIFICATIONS**

#### **ROOFING**

**5551\_ All kinds & ~~yard employees,~~ drivers**