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## SPECIAL CLASSIFICATIONS

- 1474 ALCOHOL MFG.—WOOD & DRIVERS**
- 3822 AUTOMOBILE, BUS, TRUCK OR TRAILER BODY MFG.**  
**DIE PRESSED STEEL.** Codes 3822 and 3808—Automobile mfg. must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Bus, truck or trailer body repair to be separately rated as Code 8393.
- 3824 NOC.** Codes 3824 and 3808—Automobile mfg. must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Bus, truck or trailer body repair to be separately rated as Code 8393.
- 4417 BOOT OR SHOE MFG.—RUBBER**
- 8837 CHARITABLE OR WELFARE ORGANIZATION—ALL OPERATIONS & DRIVERS.** Includes stores and collecting, conditioning and resale of used donated articles of the household type.
- 2706 CLEARING OF RIGHT-OF-WAY FOR ELECTRIC OR POWER LINES, TELEPHONE OR TELEGRAPH LINES, BURGLAR OR FIRE ALARM LINES & DRIVERS**  
**TREE REMOVAL USING HAND OR POWER TOOLS IN BUCKING, FALLING, OR LIMBING OF STANDING TIMBER—NEW RIGHT-OF-WAY**
- 2706 DAM OR LOCK CONSTRUCTION**  
**TIMBER CUTTING AND REMOVAL & DRIVERS.** Includes incidental brush cutting and removal.
- 7723 DETECTIVE OR PATROL AGENCY—PRIVATE & DRIVERS.** Includes the operation of armored car service; guards or patrols engaged in safeguarding property not owned or operated by the insured.
- 1474 DISTILLATION—WOOD—DESTRUCTIVE PROCESS & DRIVERS**
- 8848 DOMICILIARY HOMES—ALL EMPLOYEES.** Applicable to Family Care Homes and Homes for Aged and Disabled licensed by the North Carolina Department of Human Resources, Division of Facility Services, Group Care Facilities Branch pursuant to NCGS 131D-2. Nursing and combination homes licensed pursuant to NCGS 131E-102 and Group Homes for Developmentally Disabled adults to be separately rated.
- 7529 ELECTRIC LIGHT OR POWER LINE CONSTRUCTION—REA PROJECT ONLY & DRIVERS.** Codes 7539—Electric light or power company and 7540—Electric light or power cooperative must not be assigned at the same job location to which Code 7529 applies.
- 8848 FAMILY CARE HOME—ALL EMPLOYEES.** Applicable to Family Care Homes and Homes for Aged and Disabled licensed by the North Carolina Department of Human Resources, Division of Facility Services, Group Care Facilities Branch pursuant to NCGS 131D-2. Nursing and combination homes licensed pursuant to NCGS 131E-102 and Group Homes for Developmentally Disabled adults to be separately rated.
- 1165 FELDSPAR MINING—SURFACE & DRIVERS**
- 8848 HOMES FOR AGED—ALL EMPLOYEES.** Applicable to Family Care Homes and Homes for Aged and Disabled licensed by the North Carolina Department of Human Resources, Division of Facility Services, Group Care Facilities Branch pursuant to NCGS 131D-2. Nursing and combination homes licensed pursuant to NCGS 131E-102 and Group Homes for Developmentally Disabled adults to be separately rated.
- 2727 LOG HAULING & DRIVERS.** Applicable to employees of logging firms and independent contractors hauling logs to mills or other sites. Logging or road building operations to be separately rated.
- 2706 LOGGING OR LUMBERING**  
**ALL OPERATIONS & DRIVERS.** Employees of logging firms and independent contractors engaged exclusively in hauling logs to mills or other sites to be separately rated as Code 2710. Sawmills to be separately rated as Code 2710.
- 2705 PULPWOOD ONLY—ALL OPERATIONS & DRIVERS.** Employees of logging firms and independent contractors engaged exclusively in hauling logs to mills or other sites to be separately rated as Code 2727. Sawmills to be separately rated as Code 2710.

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- 3516 **LOOM HARNESS OR REED MFG.**
- 2797 **MOBILE OR TRAILER HOME MFG. & DRIVERS**
- 8849 **NURSING HOMES—ALL EMPLOYEES.** Applicable to nursing homes, including any combination of skilled nursing, intermediate care, and domiciliary home licensed by the North Carolina Department of Human Resources, Division of Facility Services, Health Care Facilities Branch pursuant to NCGS 131E-102. Domiciliary homes licensed pursuant to NCGS 131D-2 to be separately rated.
- 7723 **PATROL OR DETECTIVE AGENCY—PRIVATE & DRIVERS.** Includes the operation of armored car service; guards or patrols engaged in safeguarding property not owned or operated by the insured.
- 2791 **PIPE MFG.—WOODEN, TOBACCO**
- 7720 **POLICE OFFICERS & DRIVERS.** Applies to public, municipal, township, county, or state employees. Private security guard services, detective, or patrol agencies to be separately rated as Code 7723.
- 8236 **READY-MIXED CONCRETE DEALERS & DRIVERS.** This classification is applicable to risks merchandising ready-mixed concrete. This classification includes all operations incidental to delivery of the concrete such as, but not limited to, premixing ingredients, loading ingredients into trucks, mixing during transit, and trucking to location.  
Sand and gravel digging to be separately rated.
- 3516 **REED OR LOOM HARNESS MFG.**
- 8848 **REST HOMES—ALL EMPLOYEES.** Applicable to Family Care Homes and Homes for Aged and Disabled licensed by the North Carolina Department of Human Resources, Division of Facility Services, Group Care Facilities Branch pursuant to NCGS 131D-2. Nursing and combination homes licensed pursuant to NCGS 131E-102 and Group Homes for Developmentally Disabled adults to be separately rated.
- 7723 **SECURITY GUARD SERVICES—PRIVATE & DRIVERS.** Includes the operation of armored car service; guards or patrols engaged in safeguarding property not owned or operated by the insured.
- 1473 **TURPENTINE OR RESIN MFG.—STEAM OR NONDESTRUCTIVE PROCESS & DRIVERS**
- 4301 **WALLPAPER MFG.**
- 8837 **WELFARE OR CHARITABLE ORGANIZATION—ALL OPERATIONS & DRIVERS.** Includes stores and collecting, conditioning and resale of used donated articles of the household type.

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## SPECIAL RULES

### RULES

Change as follows:

The following rules and those contained in the manuals adopted by the North Carolina Rate Bureau and approved by the Insurance Commissioner of the State of North Carolina shall govern the writing of Workers Compensation and Employers Liability Insurance and the rating of risks in the State of North Carolina. These rules contained in this manual cover the following topics:

- Introduction—Application of Manual Rules
- Rule 1—Classification Assignment
- Rule 2—Premium Basis and Payroll Allocation
- Rule 3—Rating Definitions and Application of Premium Elements

#### INTRODUCTION—APPLICATION OF MANUAL RULES

Add the following to Introduction—Application of Manual Rules:

References to “National Council on Compensation Insurance, Inc. or other licensed rating organizations” in the **Basic Manual** must be interpreted to include reference to the North Carolina Rate Bureau.

Change 6 and 7 of Introduction—Application of Manual Rules as follows:

6. The Bureau has full authority to classify the workers compensation risks within the State of North Carolina. The Bureau has the right to inspect risks and to determine the proper classifications in accordance with manual rules, and shall provide such classification code assignments to the carrier of record. The classifications authorized by the Bureau must be used in writing any workers compensation insurance policy or policies for such risks.  
Policies on risks not previously classified by the Bureau must be written on the basis of classifications selected in accordance with the best judgment of the insurance carrier. Such classifications are subject to change in conformity with any classifications authorized by the Bureau.
7. The Bureau has authority to conduct test audits and to require corrections in accordance with the results of the test audit.

#### RULE 1—CLASSIFICATION ASSIGNMENT

##### F. CHANGES OR CORRECTIONS IN CLASSIFICATIONS

No application to change classifications on the ground that the risk has been improperly classified will be considered by the North Carolina Rate Bureau unless:

- The application is filed directly with the Bureau, by the insured or by the carrier, and
- The application is made during the term of the policy or within twelve months after the expiration date thereof.

As provided in the Standard Workers Compensation and Employers Liability Policy, the insurance carrier is permitted to audit or re-audit within three years after termination of the policy. The revised audit may be for the purpose of reallocation or amendment of the payroll or other premium basis, according to the rules, rates, and rating plans applicable under the manuals used by the carrier.

#### RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

##### A. EXPLANATION AND APPLICATION

###### 1. Advisory Loss Cost, Authorized Rate and Manual Rate

- When the applicable manual classification carries no specific rate, the Bureau will, after investigation, establish the proper rate.

**7. Disease Loading**

Add the following to Rule 3-A-7:

For Code 1741—Flint or Spar Grinding, the specific disease loading must be reduced 15% for feldspar grinding and must be reduced 30% for mica grinding.

**12. Federal Coal Mine Health and Safety Act**

Change Rule 3-A-12-c as follows:

- c. Advisory loss costs or rates for employers not described by a coal mine classification and for former coal mine operators are subject to “a” rating, and are not shown separately in the state pages.

**13. Final Earned Premium**

Add the following to Rule 3-A-13:

**a. Audit Of Payroll And Adjustment of Premium**

The rules, classifications and rates in this manual govern the audit of payrolls and adjustment of premiums, subject to the following requirements:

1. The carrier must make an actual audit of the employer’s records for the purpose of determining the premium in accordance with the following:
  - (a) Each risk producing an annual premium of \$5,000 or more must be audited at least once a year.
  - (b) Except as provided in subdivision c. following, each risk producing an annual premium of less than \$5,000 must be audited the first year it is written by a particular carrier, and at least once every three years thereafter. In each year when such a risk is not audited, a signed payroll statement must be obtained from the employer.
  - (c) In instances where an audit is clearly impracticable, such as private residences or building operations risks served by one or two employees, an actual audit may be waived and a signed payroll statement from the employer may be accepted.
2. Upon failure of the insured to return voluntary audit requests or refusal to cooperate in completing a final physical audit, the workers compensation carrier may utilize payroll up to a maximum of three times the estimated payroll for purposes of determining the final premium subject to the following conditions:
  - (a) The carrier must make two good faith efforts to obtain the voluntary audit report or complete the physical audit.
  - (b) The carrier must document the audit file regarding the above attempts to obtain the required audit information.
  - (c) After the two good faith attempts to obtain audit information, the carrier must send a letter by certified mail to the insured advising them of the specific records that are required and the premium that will be charged if the insured continues to refuse access to the records. A cancellation notice for the renewal policy should be issued. The cancellation notice may be rescinded if the audit is performed.

**22. Waiver of Right to Recover From Others (Subrogation)**

Add the following to Rule 3-A-22:

No standard premium charge has been approved for use in North Carolina.

## MISCELLANEOUS RULES

### **NORTH CAROLINA WORKERS' COMPENSATION ACT**

The North Carolina Workers Compensation Act does not apply to railroads or railroad employees. This exclusion includes the operation of interstate railroads; railroads operated on an intrastate basis, such as logging railroads; and street railroads in Mecklenburg County. The law does apply to street railroads outside of Mecklenburg County.

Policies involving railroad operations (including street railroad operations in Mecklenburg County only) must be written at authorized rates. The Standard Workers Compensation and Employers Liability Policy must be endorsed so that employees outside the scope of the Workers' Compensation Act will, in the case of injury, be offered Voluntary Compensation Insurance. The endorsement should also provide that the standard limit of liability apply under the Employers Liability Insurance for those excluded employees. If a higher limit is desired, the Table for Increased Limits is to be used to calculate the increased premium. *Refer to Rule 3-A-14.*

This procedure applies to all policies involving railroad operations (including street railroad operations in Mecklenburg County only) whether or not other operations coming within the scope of the North Carolina Workers Compensation Act are covered.

### **DEDUCTIBLE INSURANCE**

Each insurer transacting or offering to transact workers compensation insurance in North Carolina may offer deductibles to employers. Attaching the Benefits Deductible Endorsement to the policy effects deductible coverage.

Deductibles are available for medical and indemnity benefits in amounts of \$100, \$200, \$300, \$400, \$500, \$1,000, \$1,500, \$2,000, \$2,500 and \$5,000 per claim. The deductible must apply separately to each claim for bodily injury by accident or disease.

The claim must be paid by the insurer, which must then be reimbursed by the employer for any deductible amounts paid by the insurer. The employer is liable for reimbursement up to the limit of the deductible chosen. The payment or nonpayment of deductible amounts by the insured employer to the insurer is treated under the policy insuring the liability for workers compensation in the same manner as payment or nonpayment of premiums.

An insurer is required to offer a deductible to any employer.

The applicable premium reduction percentage is that percentage corresponding to the appropriate hazard group and desired deductible amount. The premium reduction for deductible coverage is obtained by the application of the appropriate premium reduction percentage to the premium determined before application of any experience modification, premium discounts or any retrospective rating plan.

The applicable hazard group is determined from the Table of Classifications by Hazard Group shown below.

**TABLE OF CLASSIFICATIONS BY HAZARD GROUP**

The hazard group assignments are based on the classification subject to deductible coverage that produces the largest amount of estimated workers compensation standard premium for North Carolina.

Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group
0005	II	1710	III	2288	II	2797	II	3146	II	3638	II	4206	II	4583	III
0008	II	1741	IV	2300	I	2802	II	3169	II	3642	II	4207	II	4611	II
0016	II	1747	III	2302	II	2812	II	3175	II	3643	II	4239	III	4635	IV
0034	II	1748	III	2305	II	2835	I	3179	II	3647	II	4240	II	4653	II
0035	II	1803	IV	2361	II	2836	I	3180	II	3648	II	4243	II	4665	III
0036	II	1852	III	2362	II	2841	II	3188	II	3681	II	4244	II	4670	III
0037	II	1853	II	2380	II	2881	II	3220	II	3685	II	4250	II	4683	II
0042	II	1860	II	2386	I	2883	II	3223	I	3719	III	4251	II	4686	III
0050	II	1924	II	2388	II	2913	II	3224	I	3724	III	4263	II	4692	II
0079	III	1925	II	2402	III	2915	II	3227	II	3726	IV	4273	II	4693	II
0083	II	2001	II	2413	II	2916	II	3240	II	3803	II	4279	II	4703	II
0106	III	2002	II	2416	II	2923	II	3241	II	3807	II	4282	II	4717	I
0113	II	2003	III	2417	II	2942	I	3255	I	3808	II	4283	II	4720	II
0170	II	2014	III	2501	II	2960	II	3257	II	3821	III	4299	II	4740	III
0251	II	2016	II	2503	II	3004	III	3270	II	3822	II	4301	II	4741	II
0400	II	2021	II	2534	II	3018	II	3300	I	3824	II	4304	II	4751	III
0401	III	2039	II	2570	II	3022	II	3303	II	3826	II	4307	I	4771	IV
0908	II	2041	II	2576	II	3027	II	3307	II	3827	II	4308	II	4777	III
0909	II	2065	II	2578	II	3028	II	3315	II	3830	III	4351	II	4825	III
0912	II	2070	II	2585	II	3030	III	3334	II	3851	I	4352	II	4828	III
0913	II	2081	II	2586	II	3040	III	3336	II	3865	I	4360	II	4829	III
0917	II	2089	II	2587	II	3041	II	3365	III	3881	II	4361	II	4902	II
1005	IV	2095	II	2589	II	3042	II	3372	III	4000	III	4362	III	4923	II
1164	IV	2105	II	2600	II	3064	II	3373	II	4021	II	4410	II	5020	III
1165	III	2110	II	2623	II	3066	II	3383	II	4024	III	4417	II	5022	III
1320	III	2111	II	2651	II	3076	II	3385	II	4034	III	4420	III	5037	IV
1322	III	2112	II	2660	II	3081	III	3400	II	4036	III	4431	I	5040	IV
1430	III	2114	II	2670	I	3082	III	3507	II	4038	I	4432	I	5057	IV
1438	III	2121	II	2683	II	3085	III	3515	II	4053	II	4439	III	5059	IV
1452	III	2130	II	2688	II	3110	II	3516	II	4061	II	4452	II	5069	III
1463	III	2131	II	2705	III	3111	II	3548	II	4062	II	4459	II	5102	III
1470	III	2143	II	2706	III	3113	II	3559	II	4101	III	4470	III	5146	III
1473	III	2150	II	2710	III	3114	II	3574	II	4111	II	4484	II	5160	III
1474	III	2156	II	2714	II	3118	II	3581	II	4112	II	4493	II	5183	III
1624	III	2157	II	2727	III	3119	I	3612	II	4113	II	4511	II	5188	III
1642	III	2172	II	2731	II	3122	II	3620	III	4114	II	4557	II	5190	III
1654	III	2174	I	2735	II	3126	II	3629	II	4130	II	4558	II	5191	III
1655	III	2211	III	2759	II	3131	II	3632	II	4131	II	4561	II	5192	II
1699	III	2220	II	2790	II	3132	III	3634	II	4133	II	4568	III	5213	III
1701	III	2286	II	2791	I	3145	II	3635	II	4150	I	4581	III	5215	II

Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group	Code No.	Hazard Group
5221	III	6237	III	7313F	IV	8001	I	8304	III	9014	II	9620	III		
5222	IV	6251	IV	7317F	IV	8002	II	8350	III	9015	III				
5223	III	6252	IV	7323F	IV	8006	II	8380	III	9016	II				
5348	III	6260	IV	7327F	IV	8008	II	8381	II	9019	III				
5402	II	6306	III	7333M	IV	8010	II	8385	III	9033	II				
5403	III	6319	III	7335M	IV	8013	II	8392	II	9040	II				
5437	III	6325	III	7337M	IV	8015	II	8393	III	9044	II				
5443	II	6400	II	7350F	IV	8017	II	8500	III	9052	II				
5445	III	6504	II	7360	III	8018	II	8601	III	9058	II				
5462	III	6702M	III	7370	II	8021	II	8606	III	9059	II				
5472	III	6703M	III	7380	III	8031	II	8709F	IV	9060	II				
5473	III	6704M	III	7382	III	8032	II	8710	III	9061	II				
5474	III	6801F	III	7390	III	8033	II	8719	III	9062	II				
5478	III	6811	III	7394M	IV	8039	II	8720	III	9063	III				
5479	III	6824F	III	7395M	IV	8044	II	8721	III	9077F	II				
5480	III	6826F	III	7398M	IV	8045	II	8726F	III	9082	II				
5491	III	6834	III	7403	II	8046	II	8734M	II	9083	II				
5506	III	6836	III	7405	III	8047	II	8737M	II	9084	II				
5507	III	6843F	IV	7409	IV	8050	II	8738M	II	9089	II				
5508	III	6845F	III	7420	IV	8058	II	8742	III	9093	I				
5536	III	6854	IV	7421	III	8072	II	8745	II	9101	II				
5538	III	6872F	IV	7422	IV	8102	II	8748	III	9102	II				
5551	III	6874F	III	7423	III	8103	II	8755	III	9154	III				
5606	III	6882	IV	7425	IV	8105	II	8800	I	9156	II				
5610	II	6884	III	7431	IV	8106	III	8803	III	9178	II				
5645	III	7016M	IV	7502	III	8107	III	8805M	II	9179	II				
5651	III	7024M	IV	7515	IV	8111	II	8810	II	9180	II				
5703	III	7038M	IV	7520	III	8116	II	8814M	II	9182	II				
5705	III	7046M	IV	7529	IV	8203	II	8815M	II	9186	III				
5951	II	7047M	IV	7538	IV	8204	III	8820	III	9220	II				
6003	III	7050M	IV	7539	III	8209	II	8824	I	9402	III				
6005	III	7090M	IV	7540	IV	8215	III	8825	II	9403	III				
6017	III	7098M	IV	7580	III	8227	III	8826	II	9410	II				
6018	III	7099M	IV	7590	II	8232	III	8831	II	9501	II				
6045	III	7133	III	7600	III	8233	III	8832	III	9505	II				
6204	III	7151M	III	7601	III	8235	II	8833	II	9516	III				
6206	IV	7152M	III	7605	III	8236	III	8835	II	9519	III				
6213	III	7153M	III	7610	III	8263	II	8837	II	9521	III				
6214	III	7222	III	7611	III	8264	II	8848	II	9522	II				
6216	III	7228	III	7612	III	8265	III	8849	II	9534	III				
6217	III	7229	III	7613	III	8279	II	8868	II	9545	III				
6229	II	7230	III	7704	III	8288	II	8869	II	9549	III				
6233	III	7231	III	7720	III	8291	II	8871	II	9552	III				
6235	III	7232	III	7723	IV	8292	II	8901	III	9586	I				
6236	III	7309F	IV	7855	III	8293	II	9012	III	9600	II				

**NORTH CAROLINA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits.

Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation Factor**	[% applied to the portion of Total Manual Premium where waiver is applied]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
-	Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 – SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos, NOC)†	
+	Atomic Energy Radiation Exposure NOC†	
+	Charge for non-ratable catastrophe loading†	
+	Aircraft Seat Surcharge	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM‡</b>	
-	Premium Discount§	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Surface and other than mining]
+	Expense Constant	
	<b>ESTIMATED ANNUAL PREMIUM</b>	

\* The above rating method would be used in absence of independent carrier filings.

\*\* Premium charges established for Waiver of Subrogation are not filed by NCRB.

† Non-ratable Element Premiums generated by non-ratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

‡ Statistical calls for ratemaking data contain a different definition of "Standard Premium." Refer to the *Reporting Guidebook for the Annual Calls for Experience*.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

NOC = Not Otherwise Classified.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.