



Minnesota Workers' Compensation
Insurers Association, Inc.
7701 France Avenue South ▪ Suite 450
Minneapolis, MN 55435-3200

May 25, 2011

ALL ASSOCIATION MEMBERS

Circular Letter No. 11-1595

RE: NCCI Item B-1419— Revisions to Basic Manual Classifications and Rules

The Minnesota Department of Commerce has approved the above filing to become effective 12:01 a.m., January 1, 2012, for new and renewal business.

The purpose of the above filing item is to modify certain classifications, classification phraseologies, cross-references, and/or classification rules in the *Minnesota Basic Manual*.

Here is a list of the industries that will incur Manual changes as a result of Filing Item B-1419:

- EXHIBIT I – BANK & CHECK CASHING STORES**
- EXHIBIT II – INSURANCE OPERATIONS**
- EXHIBIT III – OIL OR GAS LEASE, WELL & DRILLING**
- EXHIBIT IV – PROPERTY & BUILDING MANAGEMENT**
- EXHIBIT V – COUNTRY CLUBS**
- EXHIBIT VI – MINNESOTA BASIC MANUAL APPENDIX D**

The following indicates the components of each exhibit that MWCIA staff recommends/does not recommend for filing in Minnesota.

EXHIBIT I – BANK & CHECK CASHING STORES

ITEMS APPROVED AS PART OF THIS FILING:

- Establish a new national classification Code 8855—Banks and Trust Companies—All Employees, Salespersons, Drivers & Clerical. The code will apply to financial institutions that receive, lend, exchange, and safeguard money. Occupations include bank managers, tellers, loan officers, security personnel, armed and unarmed attendants, armored car operations, ushers, door attendants, and maintenance personnel of these institutions. The code will also apply to Internet banks.
- Establish a new national classification Code 8856—Check Cashing Establishments—All Employees, Salespersons, Drivers & Clerical. The code will apply to risks that charge a fee for check cashing, money orders, wire transfers, and payday loans.

- Discontinue national reference notes and cross-reference phraseologies for Banks and Trust Companies, including:
 - Code 7380—Banks and Trust Companies—Armored Car Operation & Drivers
 - Code 9015—Banks and Trust Companies—Building Maintenance, Care, or Custody
 - Code 8833—Banks and Trust Companies—Dispensaries
 - Code 7720—Banks and Trust Companies—Employees of Contracting Agencies in Bank
- Service—Guards, Patrols, Messengers, or Armored Car Crews & Drivers
 - Code 5191—Banks and Trust Companies—Office Machine Repair

EXHIBIT II — INSURANCE OPERATIONS

ITEMS APPROVED AS PART OF THIS FILING:

- Establish a new national Code 8723—Insurance Companies—Including Clerical & Salespersons. The code will be applicable to all insurance companies and their employees including office workers, customer service representatives, actuaries, underwriters, professional support staff such as lawyers, computer programmers, as well as agents, brokers and rating organizations. Premium auditors will also be included because, although they travel to client sites, they perform duties in a clerical environment.
- Discontinue the phraseology note referring to insurance company premium auditors under Code 8803—Auditor, Accountant, or Computer System Designer or Programmer—Traveling, and reassign these operations to new national Code 8723. Assign outside claim adjusters to Code 8720—Inspection of Risks for Insurance or Valuation Purposes NOC, which is currently applicable to insurance appraisers, inspectors, investigators, etc.
- Discontinue the cross-reference under Code 8742—Claim Adjusters or Special Agents—Insurance Co., and add a reference to Code 8720 for Outside Claims Adjusters under the section, “Related Operations Not Classified under Code 8742.”

EXHIBIT III — OIL OR GAS LEASE, WELL & DRILLING

ITEMS APPROVED AS PART OF THIS FILING:

- Via the phraseologies, clarify the assignment of the following Codes: 1320 Oil or Gas- Lease Operator- All Operations & Drivers; 6216 Oil or Gas- Lease Work NOC- By Contractor & Drivers; 6204 Drilling NOC; 6216 Oil or Gas-Well- Acidizing- All Employees & Drivers and Oil or Gas- Well- Cementing- All Employees & Drivers; 6235 Oil or Gas- Well Drilling or Redrilling & Drivers; 6236 Oil or Gas- Well Installation or Recovery of Casing & Drivers; 6237 Oil or Gas- Well- Specialty Tool Operation NOC- By Contractor- All Employees & Drivers; and 3719 Oil Still erection or Repair.
- Reassign the analogy Geophysical Exploration- All Employees & Drivers from Code 7380 to Code 8606, which currently has the principle phraseology of Geophysical Exploration; Seismic- All Employees & Drivers.

ITEM NOT APPROVED AS PART OF THIS FILING:

- Reassigning exposure to Codes 6214 and 6206, as they are N/A in Minnesota.

EXHIBIT IV — PROPERTY & BUILDING MANAGEMENT

ITEMS APPROVED AS PART OF THIS FILING:

- Amend the phraseology for Code 9012 from “Buildings- Operation by Owner, Lessee or Real Estate Management Firm; Professional Employees, Property Managers and Leasing Agents & Clerical, Salespersons” to “Building or Property Management-Property Managers, and Leasing Agents & Clerical, Salespersons.”

- Amend the phraseology for Code 9015 from “Buildings- Operation by Owner, Lessee or Real Estate Management Firm: All Other Employees & Drivers” to “Building or Property Management-All Other Employees.”
- Clarify, amend and, in one case, add phraseologies involving Codes 9012, 9015 Buildings- Operation by Owner, Lessee or Real Estate Management Firm; All Other Employees and 9033 Housing Authority & Clerical.

ITEMS NOT APPROVED AS PART OF THIS FILING:

- Swim teams, swim clubs, swim schools, etc. be reassigned from Code 9015 to Code 9063 YMCA, YWCA, or the YMHA or YWHA Institution- All Employees & Clerical. These employers are already classified under 9063 in Minnesota.
- Amending the phraseology for Code 9015, Camp Operation, NOC; for clerical and sales employees to be assigned to Code 9012. These employers are classified to Code 9054 in Minnesota.

EXHIBIT V – COUNTRY CLUBS

ITEMS APPROVED AS PART OF THIS FILING:

- Change the phraseology of Code 9060—Club—Country, Golf, Fishing, or Yacht & Clerical to include all employees of a country club operation. The new phraseology will be “Club—Country, Golf, Fishing, or Yacht—All Employees & Clerical, Salespersons, Drivers.”
- Clarify in the phraseologies for Codes 9060, 9012, 9015, and 9052 that employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are included in Code 9060.

EXHIBIT VI –MINNESOTA BASIC MANUAL APPENDIX D

ITEMS APPROVED AS PART OF THIS FILING:

- Adding Codes, 8855, 8856, and 8723 to Appendix D.

Exhibits I, II, III, IV, V, and VI illustrate all changes necessary to the ***Minnesota Basic Manual*** to implement the applicable sections of Item B-1419 in Minnesota. Please note that strikethroughs indicate deleted text while underlining indicates new or added text. A copy of National Council’s original filing memorandum along with NCCI’s *Fact Sheets* for items 1, 2, 3, 4 and 5 are also included to provide additional background information regarding Item B-1419.

Please direct any questions you may have concerning this item to MWCIA’s Member & Customer Services staff at 952.897.1737 (Option 1) or email at underwriting@mwcia.org.

A NOTICE TO MEMBERSHIP:

MWCIA would like to remind our membership who have filed a Limited Power of Attorney with the Minnesota Department of Commerce that no materials referenced in this Circular Letter are required to be independently filed with the Department.

BASIC MANUAL

PART TWO — CLASSIFICATIONS

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
	BANKS & TRUST COMPANIES The basic and major operations of banks and trust companies are clerical in nature and assignable to Code 8810, which is a Standard Exception classification; therefore, the payroll of all employees not specifically included in the definition of clerical office employees shall be separately rated. The following indicates the appropriate assignment for miscellaneous employees of banks and trust companies:	<u>8855</u>	BANKS AND TRUST COMPANIES—<u>ALL EMPLOYEES, SALESPERSONS, DRIVERS & CLERICAL</u> Applies to financial institutions that receive, lend, exchange, and safeguard money. Services include savings and checking accounts, certificates of deposit, and mortgages. Includes, but not limited to, bank managers, tellers, loan officers, security personnel, armed and unarmed attendants, ushers, door attendants, and maintenance personnel. In addition, this code is used for Internet banks.	ESTABLISHES NEW CLASS CODE FOR BANK AND TRUST COMPANIES.
7380	ARMORED CAR OPERATION & DRIVERS. Armored car service risks to be separately rated.	NONE	NONE	DELETES REFERENCE TO CODE 7380 FOR ARMORED CAR OPERATIONS IN CONJUNCTION WITH BANK AND TRUST COMPANIES.
9015	BUILDING MAINTENANCE, CARE, OR CUSTODY. Includes night watchguards.	NONE	NONE	DELETES REFERENCE TO CODE 9015 FOR BUILDING MAINTENANCE & NIGHT WATCH GUARDS IN CONJUNCTION WITH BANK AND TRUST COMPANIES.
9015	CAFETERIAS OR RESTAURANTS Assign the appropriate restaurant classification	NONE	NONE	DELETES REFERENCE TO CODE 9015 FOR CAFETERIAS OR RESTAURANTS IN CONJUNCTION WITH BANK AND TRUST COMPANIES.
8833	DISPENSARIES	NONE	NONE	DELETES REFERENCE TO CODE 8833 FOR DISPENSARIES IN CONJUNCTION WITH

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
				BANK AND TRUST COMPANIES.
	EMPLOYEES OF CONTRACTING AGENCIES IN BANK SERVICE :	NONE	NONE	
7720	GUARDS, PATROLS, MESSENGERS, OR ARMORED CAR CREWS & DRIVERS	NONE	NONE	DELETES REFERENCE TO CODE 7720 FOR GUARDS, PATROLS, MESSENGERS, OR ARMORED CAR CREWS & DRIVERS IN CONJUNCTION WITH BANK AND TRUST COMPANIES.
5191	OFFICE MACHINE REPAIR	NONE	NONE	DELETES REFERENCE TO CODE 5191 FOR OFFICE MACHINE REPAIR IN CONJUNCTION WITH BANK AND TRUST COMPANIES.
8742	SPECIAL OFFICERS & ARMED & UNARMED ATTENDANTS, USHERS, DOOR ATTENDANTS, APPRAISERS, FIELD AUDITORS, RUNNERS, OR MESSENGERS. Subject to the Standard Exception Manual Rule.	NONE	NONE	DELETES REFERENCE TO CODE 8742 FOR SPECIAL OFFICERS, ARMED & UNARMED ATTENDANTS, APPRAISERS, FIELD AUDITORS, RUNNERS, OR MESSENGERS IN CONJUNCTION WITH BANK AND TRUST COMPANIES.
NONE	NONE	<u>8856</u>	CHECK CASHING ESTABLISHMENTS—ALL EMPLOYEES, SALESPERSONS, DRIVERS & CLERICAL Applies to risks that charge a fee for check cashing, money orders, wire transfers, payday loans, title loans, and similar services. The fees derived from these financial services must be greater than or equal to 75% of gross receipts, per location, in order to qualify for Code	ESTABLISHES NEW CODE FOR CHECK CASHING ESTABLISHMENTS.

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			8856. Risks that take possession and sell merchandise generating more than 25% of gross receipts are separately rated.	

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USER'S GUIDE

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
	MINNESOTA BASIC MANUAL RULES – EXAMPLES		MINNESOTA BASIC MANUAL RULES – EXAMPLES	
	Rule 1-B-3 – Exception General Inclusions Exception		Rule 1-B-3 – Exception General Inclusions Exception	
	A bank , classified to the standard exception Code 8810—Clerical Office Employees NOC, operates a restaurant for its employees' use. A restaurant operated for the insured's employees is a general inclusion and usually not separately classified. However, because this business is classified to a standard exception classification, the restaurant operation must be separately classified to the appropriate restaurant classification.		An <u>accounting firm</u> , classified to the standard exception Code 8810—Clerical Office Employees NOC, operates a restaurant for its employees' use. A restaurant operated for the insured's employees is a general inclusion and usually not separately classified. However, because this business is classified to a standard exception classification, the restaurant operation must be separately classified to the appropriate restaurant classification.	AMENDS EXAMPLE OF A BUSINESS CLASSIFIED TO A STANDARD EXCEPTION CODE.
	Rule 1-B-4 General Exclusions		Rule 1-B-4 General Exclusions	
	A bank , classified to the standard exception Code 8810—Clerical Office Employees NOC, provides a child care program for its employees. An employer-operated day care service is considered a general exclusion. This means that unless a classification applicable to a business includes employer-operated day care services, this service is separately classified. Therefore, the child care program of the bank must be separately classified to the appropriate child day care center classification(s).		An <u>accounting firm</u> , classified to the standard exception Code 8810—Clerical Office Employees NOC, provides a child care program for its employees. An employer-operated day care service is considered a general exclusion. This means that unless a classification applicable to a business includes employer-operated day care services, this service is separately classified. Therefore, the child care program of the <u>accounting firm</u> must be separately classified to the	AMENDS EXAMPLE OF A BUSINESS CLASSIFIED TO A STANDARD EXCEPTION CODE

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			appropriate child day care center classification(s).	
	Rule 1-B-6 Principal Business		Rule 1-B-6 Principal Business	
	A <u>bank</u> classified to the standard exception Code 8810—Clerical Office Employees NOC provides a child day care service for its employees. An employer-operated day care service is considered a general exclusion and must be separately classified to the appropriate child day care center classification(s). Since the only basic classification of the business is represented by a general exclusion operation the principal business is the standard exception classification Code 8810.		An <u>accounting firm</u> classified to the standard exception Code 8810—Clerical Office Employees NOC provides a child day care service for its employees. An employer-operated day care service is considered a general exclusion and must be separately classified to the appropriate child day care center classification(s). Since the only basic classification of the business is represented by a general exclusion operation the principal business is the standard exception classification Code 8810.	AMENDS EXAMPLE OF A BUSINESS CLASSIFIED TO A STANDARD EXCEPTION CODE

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
NONE	NONE	8723	<u>INSURANCE COMPANIES—INCLUDING CLERICAL & SALESPERSONS</u> Code 8723 applies to employees of insurance companies including clerical office employees, outside salespersons, and company premium auditors. Insurance companies include carriers or providers, both exclusive and independent agents, brokers, and ratemaking organizations. These businesses may provide coverage for individuals, businesses, or property in exchange for premium. These businesses may also bind coverage, sell policies or place coverage, develop rates, process claims, and collect data. Insurance inspectors, outside claims adjusters, examiners, appraisers, and detectives or investigators are separately assigned to Code 8720.	CREATES NEW CODE FOR INSURANCE COMPANIES.
8803	ACCOUNTANT, AUDITOR OR FACTORY COST OR OFFICE SYSTEMATIZER— TRAVELING	SAME	ACCOUNTANT, AUDITOR OR COMPUTER SYSTEM DESIGNER OR PROGRAMMER— TRAVELING Code 8803 is applicable to traveling clerical-type employees who augment the staff of risks that provide accounting, auditing, computer	ADDS DESCRIPTION FOR CODE 8803.

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Class Code	Classification	Class Code	Classification	
			<u>programming, or related clerical services for their clients. Employees assigned to Code 8803 perform clerical work when they arrive at a client's location, but because of the combined exposure of traveling and clerical work, Code 8803 is assigned to their payrolls in lieu of the available clerical classifications. Once at the location, their work must be of a clerical nature and be physically separated from the main operation of the site visited. Employees not meeting these criteria must be separately rated.</u>	
8803	AUDITOR, ACCOUNTANT OR FACTORY COST OR OFFICE SYSTEMATIZER— TRAVELING. Includes insurance company premium auditors.	SAME	AUDITOR, ACCOUNTANT OR FACTORY COST OR OFFICE SYSTEMATIZER— TRAVELING <u>Code 8803 is applicable to traveling clerical-type employees who augment the staff of risks that provide accounting, auditing, computer programming, or related clerical services for their clients. Employees assigned to Code 8803 perform clerical work when they arrive at a client's location, but because of the combined exposure of traveling and clerical work, Code 8803 is assigned to their payrolls in lieu of the available clerical classifications. Once at the location, their work must be of a</u>	UPDATES PHRASEOLOGY TO INCLUDE CROSS REFERENCE TO COMPUTER SYSTEM DESIGNER. DELETES CROSS REFERENCE TO INSURANCE PREMIUM AUDITOR. ADDS DESCRIPTION FOR CODE 8803.

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			<u>clerical nature and be physically separated from the main operation of the site visited. Employees not meeting these criteria must be separately rated.</u>	
8803	OFFICE OR FACTORY COST SYSTEMATIZER, ACCOUNTANT OR AUDITOR — TRAVELING	NONE	NONE	DELETES REFERENCE FOR CODE 8803 TO OFFICE OR FACTORY COST SYSTEMATIZER.
	COMPUTER		COMPUTER	
	SYSTEM DESIGNERS OR PROGRAMMERS:		SYSTEM DESIGNERS OR PROGRAMMERS:	
8803	TRAVELING	SAME	<u>TRAVELING Includes traveling computer system designers or programmers. Code 8803 is applicable to traveling clerical-type employees who augment the staff of risks that provide accounting, auditing, computer programming, or related clerical services for their clients. Employees assigned to Code 8803 perform clerical work when they arrive at a client's location, but because of the combined exposure of traveling and clerical work, Code 8803 is assigned to their payrolls in lieu of the available clerical classifications. Once at the location, their work must be of a</u>	ADDS DESCRIPTION FOR CODE 8803.

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			clerical nature and be physically separated from the main operation of the site visited. Employees not meeting these criteria must be separately rated.	
8720	INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC	SAME	INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC Code 8720, a "not otherwise classified" classification, is applicable to insurance inspectors, outside claim adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also, includes boiler or elevator inspecting, and marine appraiser or surveyor.	ADDS DESCRIPTION FOR CODE 8720.
8742	CLAIM ADJUSTERS OR SPECIAL AGENTS—INSURANCE CO.	8720	CLAIM ADJUSTERS OR SPECIAL AGENTS—INSURANCE CO.	CHANGES CLASSIFICATION FOR CLAIM ADJUSTERS FROM CODE 8742 TO CODE 8720.

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Class Code	Classification	Class Code	Classification	
	GAS OR OIL		GAS OR OIL	
1320	LEASE OPERATOR —NATURAL GAS —ALL OPERATIONS & DRIVERS Separately rate: erecting or dismantling of derricks; drilling, installation or recovery of casing; well shooting; cementing; tank building; topping operations; or gasoline recovery.	SAME	LEASE OPERATOR —NATURAL GAS —ALL OPERATIONS & DRIVERS <u>Applies to gas or oil lease owner/operators, and to insureds under contract that operate a facility for its owner. The following operations are not included in Code 1320 and must be separately rated:</u> erecting or dismantling derricks, drilling, installing or recovering casing, well shooting, cementing, tank building, topping operations, or gasoline recovery.	AMENDS PHRASEOLOGY FOR CODE 1320 TO CLARIFY INCLUDED OPERATIONS.
6216	LEASE WORK NOC —NATURAL GAS— BY CONTRACTORS & DRIVERS Includes the clearing of land, building of lease roads, slush pits, levees, or fire walls; the laying or taking up of flow lines and water lines; installing of central pumping units, acidizing of wells ; and lease beautification work. Separately rate: pipeline construction, tank building, rig or derrick erecting or dismantling, installation or recovery of casing, drilling, cementing, cleaning and swabbing of wells or well shooting. Not lease operation.	SAME	LEASE WORK NOC—NATURAL GAS—BY SPECIALIST CONTRACTOR & DRIVERS Includes clearing land; building lease roads, slush pits, levees, or fire walls; laying or taking up flow lines and water lines; <u>tank truck operations servicing gas or oil well sites</u> ; installing central pumping units; and lease beautification work. <u>The following operations are not included in Code 6216 and must be separately rated:</u> pipeline construction, tank building, rig or derrick erecting or dismantling, installing or recovering casing, drilling, cementing, cleaning and swabbing wells, or well shooting. Not <u>applicable to owner/operators of a gas or oil lease operation, or to a risk under contract with the lease owner that</u>	AMENDS PHRASEOLOGY FOR CODE 6216 TO CLARIFY INCLUDED OPERATIONS.

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Class Code	Classification	Class Code	Classification	
			performs all operations necessary to work a gas or oil lease.	
	OIL OR GAS		OIL OR GAS	
1320	LEASE OPERATOR — ALL OPERATIONS & DRIVERS Separately rate: erecting or dismantling of derricks; drilling, installation or recovery of casing; well shooting; cementing; tank building; topping operations; or gasoline recovery.	SAME	LEASE OPERATOR — ALL OPERATIONS & DRIVERS Applies to oil or gas lease owner/operators, and to insureds under contract with the lease owner, that perform all operations necessary to work an oil or gas lease. The following operations are not included in Code 1320 and must be separately rated: erecting or dismantling of derricks, drilling, installation or recovery of casing, well shooting, cementing, tank building, topping operations, or gasoline recovery.	AMENDS PHRASEOLOGY FOR CODE 1320 TO CLARIFY INCLUDED OPERATIONS.
6216	LEASE WORK NOC—BY CONTRACTOR & DRIVERS Includes the clearing of land, building of lease roads, slush pits, levees or fire walls; the laying or taking up of flow lines and water lines; installing of central pumping units; and lease beautification work. Separately rate: pipeline construction, tank building, rig or derrick erecting or dismantling, installation, or recovery of casing; drilling, cementing, cleaning and swabbing of wells, or well shooting. Not lease operation.	SAME	LEASE WORK NOC—BY SPECIALIST CONTRACTOR & DRIVERS Includes clearing land, building lease roads, slush pits, levees, or fire walls; laying or taking up flow lines and water lines; installing central pumping units; <u>tank truck operations servicing oil or gas well sites</u> ; and lease beautification work. <u>The following operations are not included in Code 6216 and must be separately rated</u> : pipeline construction, tank building, rig or derrick erecting or dismantling, installation or recovery of casing, drilling, cementing, cleaning and	AMENDS PHRASEOLOGY FOR CODE 6216 TO CLARIFY INCLUDED OPERATIONS.

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			swabbing of wells, or well shooting. Not applicable to owner/operators of an oil or gas lease operation, or to a risk under contract with the lease owner that performs all operations necessary to work an oil or gas lease.	
	WELL:		WELL:	
6216	ACIDIZING— ALL EMPLOYEES & DRIVERS	SAME	ACIDIZING— ALL EMPLOYEES & DRIVERS Code 6216 must not be assigned at the same job or location to which Code 6235 applies because acidizing would be considered incidental to drilling operations.	ADDS DESCRIPTION FOR CODE 6216 ACIDIZING OPERATIONS.
6216	CEMENTING & DRIVERS Code 6235—Oil or gas well drilling or redrilling shall not be assigned at the same job or location to which Code 6216 applies.	SAME	CEMENTING & DRIVERS Code 6216 must not be assigned at the same job or location to which Code 6235 or Code 6236 applies because cementing would be considered incidental to drilling operations or the installation of casing.	AMENDS DESCRIPTION FOR CODE 6216, CEMENTING OPERATIONS
1322	CLEANING OR SWABBING OF OLD WELLS HAVING PREVIOUSLY PRODUCED GAS OR OIL— BY CONTRACTOR — NO DRILLING & DRIVERS Not available to a concern or contractor doing work in connection with a new well that has not yet been completed. Such concern or contractor shall be assigned to Code 6235— Oil or gas well drilling or redrilling.	SAME	CLEANING OR SWABBING OF WELLS — BY SPECIALIST CONTRACTOR — NO DRILLING & DRIVERS Not applicable to work in connection with a new well that has not yet been completed. Assign such work to Code 6235.	AMENDS PHRASEOLOGY TO CLARIFY INCLUDED OPERATIONS.

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
6235	DRILLING OR REDRILLING & DRIVERS includes installation of casing.	SAME	DRILLING OR REDRILLING & DRIVERS Code 6235 is applicable to <u>drilling or redrilling oil or gas wells and includes erection or dismantling of drilling rigs, formation fracturing, cementing, and installation of casing when such operations are performed by employees of the drilling company.</u> Cleaning or swabbing of a new well that has not yet been completed is included under Code 6235 whether performed by employees of the driller or by a specialist contractor.	AMENDS PHRASEOLOGY TO CLARIFY INCLUDED OPERATIONS.
6236	INSTALLATION OR RECOVERY OF CASING & DRIVERS	SAME	INSTALLATION OR RECOVERY OF CASING & DRIVERS <u>Applies to a specialist contractor engaged in the installation or recovery of casing at oil or gas wells and includes incidental cementing work when performed by the casing contractor's crew. Refer to Code 6216 for specialist cementing contractors.</u>	ADDS DESCRIPTION FOR CODE 6236, INSTALLATION OR RECOVERY OF CASING & DRIVERS.
6237	INSTRUMENT LOGGING OR SURVEY WORK & DRIVERS	SAME	INSTRUMENT LOGGING OR SURVEY WORK & DRIVERS <u>Not applicable to wire line-type work that involves the installation, repair, or servicing of equipment used for drilling purposes.</u>	ADDS DESCRIPTION FOR CODE 6237, INSTRUMENT LOGGING OR SURVEY WORK & DRIVERS..
6235	PERFORATING OF CASING— ALL EMPLOYEES & DRIVERS	SAME	PERFORATING OF CASING— ALL EMPLOYEES & DRIVERS <u>Code 6235 is applied to perforation of casings used in oil or gas wells. This classification is not</u>	ADDS DESCRIPTION FOR CODE 6235, PERFORATING OF CASING.

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			<u>applicable to any perforating operations that take place above ground.</u>	
6213	SPECIALTY TOOL OPERATION NOC—BY CONTRACTOR—ALL EMPLOYEES & DRIVERS. Applicable to concerns or contractors who lease to drilling contractors, with supervisory employees, special drilling, baling, fishing or casing—cutting tools. Specialty well tool concerns or contractors that furnish complete operating crews with such equipment shall be assigned to Code 6235—Oil or gas well drilling or redrilling.	SAME	SPECIALTY TOOL & EQUIPMENT LEASING NOC— ALL EMPLOYEES & DRIVERS Applicable to insureds that lease specialty tools <u>and equipment used by drilling contractors. These insureds usually provide supervisory personnel with the equipment. Insureds that furnish complete operating crews with such equipment <u>must</u> be assigned to Code 6235.</u>	AMENDS PHRASEOLOGY FOR CODE 6213 TO CLARIFY INCLUDED OPERATIONS.
6204	DRILLING NOC & DRIVERS Shall not be assigned at a single job or location to a risk engaged in operations described by another classification.	SAME	DRILLING NOC & DRIVERS Code 6204 is applied to specialist contractors engaged in drilling work not otherwise classified. All types of drilling are included, except drilling related to oil or gas wells or drilling in underground mines. The code is not applicable to drilling performed by an artisan, such as a plumber or electrician, as a part of their work.	AMENDS PHRASEOLOGY TO CLARIFY TYPES OF DRILLING OPERATIONS THAT MAY BE ASSIGNED TO CODE 6204.
	GEOPHYSICAL EXPLORATION		GEOPHYSICAL EXPLORATION	
7380	NOC—ALL EMPLOYEES & DRIVERS	8606	ALL EMPLOYEES & DRIVERS Code 8606 is <u>assigned to all types of geophysical exploration when these activities are conducted as a separate and distinct business. Core drilling employees are</u>	ALL GEOPHYSICAL EXPLORATION NOW CLASSIFIED UNDER 8606.

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Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			assigned to Code 6248.	
8606	SEISMIC—ALL EMPLOYEES & DRIVERS	NONE	NONE	
3719	OIL STILL ERECTION OR REPAIR Applies to the erection or repair of oil stills and incidental structures or connections which are integral parts of the distillation units such as control, pump, and compressor houses. Separately rate the erection or repair of office buildings, warehouses, storage tanks, power plants, or other structures incidental to an oil refinery but not integral parts of the distillation units; chimney construction and pile driving.	SAME	OIL STILL ERECTION OR REPAIR Applies to the erection or repair of oil stills and incidental structures or connections that are integral parts of the distillation units such as control, pump, and compressor houses. Separately rate the erection or repair of office buildings, warehouses, storage tanks, power plants, or other structures incidental to an oil refinery, but not integral parts of the distillation units. <u>Chimney construction and pile driving are also separately rated.</u>	AMENDS PHRASEOLOGY TO CLARIFY THAT CHIMNEY CONSTRUCTION AND PILE DRIVING ARE SEPARATELY RATED.
6204	WELL DRILLING—WATER & DRIVERS	SAME	WELL DRILLING—WATER & DRIVERS Pump installation is to be <u>separately classified from water well drilling provided that verifiable payroll records are maintained for each operation, and drilling equipment is not used to install the pump.</u>	ADDS DESCRIPTION FOR CODE 6204.

BASIC MANUAL

PART TWO — CLASSIFICATIONS

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	

Class Code	Classification	Class Code	Classification	Comments
	BUILDINGS—OPERATION		<u>BUILDING OR PROPERTY MANAGEMENT</u>	
9012	BY OWNER, LESSEE, OR REAL ESTATE MANAGEMENT FIRM: PROFESSIONAL EMPLOYEES, PROPERTY MANAGERS AND LEASING AGENTS & CLERICAL, SALESPERSONS The professional employments included are property managers, leasing agents, model home hosts, clerical staff and outside salespersons; no actual maintenance performed. Not applicable to an owner or lessee of a building who occupies the entire or principal portion of the premises for mfg. or mercantile purposes or to a business described by a standard exception classification. Shall not be assigned to an employee engaged in operations described by another classification.	SAME	PROPERTY MANAGERS AND LEASING AGENTS & CLERICAL, SALESPERSONS Typical employments included are property managers, leasing agents, model home hosts, clerical staff, and outside salespersons; no actual maintenance performed. Not applicable to an owner or lessee of a building who occupies the entire or principal portion of the premises for <u>manufacturing</u> or mercantile purposes or to a business described by a standard exception classification. <u>Includes nonresident management of farm or ranch property for others, not corporate farms. Includes real estate management companies and real estate investment trusts. Includes administrators of homeowners</u> associations. Must not be assigned to an	

BASIC MANUAL

PART TWO — CLASSIFICATIONS

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			employee engaged in operations described by another classification. <u>Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are assigned to Code 9060.</u>	
9015	BY OWNER, LESSEE OR REAL ESTATE MANAGEMENT FIRM: ALL OTHER EMPLOYEES & DRIVERS Not applicable to an owner or lessee of a building who occupies the entire or principal portion of the premises for mfg. or mercantile purposes. Maintenance or repair work at any location where such owner or lessee does not also perform janitorial services, operation, or maintenance of amusement devices to be separately rated.	SAME	ALL OTHER EMPLOYEES <u>Applies to the care, custody, and maintenance of premises or facilities.</u> Not applicable to an owner or lessee of a building who occupies the entire or principal portion of the premises for <u>manufacturing</u> or mercantile purposes. <u>Includes doormen, security desk personnel, elevator operators, gatekeepers, and concierges.</u> <u>Separately rate</u> maintenance or repair work at any location where <u>the</u> owner or lessee does not also perform janitorial services. <u>Includes real estate management companies and real estate</u>	

BASIC MANUAL

PART TWO — CLASSIFICATIONS

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			investment trusts. Clerical and sales employees are assigned to Code 9012. Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are assigned to Code 9060.	
9033	HOUSING AUTHORITY & CLERICAL, SALESPERSONS, DRIVERS Applies to all employees of housing authorities operating completed public housing projects. New construction and major alteration work to be separately rated.	SAME	HOUSING AUTHORITY & CLERICAL, SALESPERSONS, DRIVERS Applies to all employees of housing authorities operating completed public housing projects. <u>The authority may be a governmental, quasi-governmental, or privately run charitable, not-for-profit, or for-profit agency.</u> New construction and major alteration work to be separately rated	AMENDS PHRASEOLOGY TO DEFINE HOUSING AUTHORITY.
NONE	NONE	9015	<u>MINI-STORAGE FACILITIES OR FLEA MARKETS—ALL OTHER EMPLOYEES</u> Clerical and sales employees to be assigned to Code	ADDS NEW HEADING FOR MINI-STORAGE FACILITIES& FLEA MARKETS.

BASIC MANUAL

PART TWO — CLASSIFICATIONS

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
			9012.	
9015	TRAILER PARKS OR TRAILER CAMPGROUNDS & DRIVERS	SAME	TRAILER OR MOBILE HOME PARKS OR TRAILER CAMPGROUNDS— <u>ALL OTHER EMPLOYEES</u> Clerical and sales employees to be assigned to Code 9012.	AMENDS TITLE TO INCLUDE MOBILE HOME PARKS. CLARIFIES SALES AND CLERICAL EMPLOYEES TO BE ASSIGNED CODE 9012.

BASIC MANUAL

PART TWO – CLASSIFICATIONS

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
	CLUB. Clubs employing only clerical office employees shall be classified as Code 8840— Clerical office employees.		<u>CLUB. Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are included in Code 9060.</u>	CLARIFIES INCLUDED OPERATIONS.
9060	COUNTRY, GOLF, FISHING, OR YACHT & CLERICAL. The actual payroll of all caddies shall be included with the payroll of the regular club employees in calculating the premium for the risk. If the actual payroll is not available, the payroll for caddies shall be taken at \$40.00 per club member per season subject to a maximum of 300 members per course of 18 holes, which limit shall be adjusted pro rata for larger or smaller courses; provided, however, that if the club is open to the public, 150 members per course of 18 holes shall constitute the minimum number of club members, which limit shall be adjusted pro rata for larger or smaller courses for the purpose of applying this rule.	SAME	<u>COUNTRY, GOLF, FISHING, OR YACHT – ALL EMPLOYEES & CLERICAL, SALESPERSONS, DRIVERS</u> The actual payroll of all caddies <u>must</u> be included with the payroll of the regular club employees in calculating the premium for the risk. If the actual payroll is not available, the payroll for caddies <u>must</u> be taken at \$40.00 per club member per season subject to a maximum of 300 members per course of 18 holes, which limit <u>will</u> be adjusted pro rata for larger or smaller courses; provided, however, that if the club is open to the public, 150 members per course of 18 holes <u>will</u> constitute the minimum number of club members, which limit <u>will</u> be adjusted pro rata for larger or smaller courses for the purpose of applying this rule.	AMENDS PHRASEOLOGY TO CLARIFY CADDIE PAYROLL CALCULATION.
	HOTEL		HOTEL	

BASIC MANUAL

PART TWO – CLASSIFICATIONS

Effective **January 1, 2012**

Current Phraseology		Proposed Phraseology		Comments
Class Code	Classification	Class Code	Classification	
9052	ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS	SAME	ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS <u>Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are assigned to Code 9060.</u>	CLARIFIES INCLUDED OPERATIONS.

EXHIBIT VI
 BASIC MANUAL
 APPENDIX D

B-1419

Effective January 1, 2012

Current Phraseology		Proposed Phraseology		Comments
Class Code	Hazard Group A-G	Class Code	Hazard Group A-G	
NONE	NONE	<u>8723</u>	<u>C</u>	
NONE	NONE	<u>8855</u>	<u>C</u>	
NONE	NONE	<u>8856</u>	<u>C</u>	



Terri Robinson
State Relations Executive
Regulatory Service Division

December 11, 2009

Mr. Bruce Tollefson, President
Minnesota Workers' Compensation Insurers Association
7701 France Avenue South, Suite 450
Minneapolis, Minnesota 55435

**Re: Item B-1419—Revisions to Basic Manual Classifications and
Appendix E—Classifications by Hazard Group**

Dear Mr. Tollefson:

We are filing the above captioned item in a number of NCCI jurisdictions. The attached filing memorandum describes the proposed changes.

This filing memorandum is proprietary and copyrighted by NCCI. NCCI grants your organization permission to copy, use and modify the filing memorandum as necessary for filing in your jurisdiction on the condition that the materials are reprinted for distribution or sale only to members of your organization and only for use in your state. In addition, the modified pages must bear the following copyright legend:

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NCCI maintains a report for use by our common members that contains the approval status of national and state item filings (*Status of Item Filings Circular*). Please notify Joe Volman by phone (561-893-3046) or e-mail (joe_volman@ncci.com) if your organization files and receives approval of this item. This information will be reflected in the *Status of Item Filings Circular*, which is located on our web site and to which you have been given access.

Sincerely,

A handwritten signature in black ink that reads "Terri Robinson". The signature is written in a cursive, flowing style.

Terri Robinson
State Relations Executive

TR:ah

Attachment

FILING MEMORANDUM

ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**PURPOSE**

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

Title	Fact Sheet	Exhibit
Banking and Check Cashing Stores	1	1
Insurance Operations	2	2
Oil or Gas Lease, Well & Drilling	3	3
Three-Phase Transition Program Rules and Examples (Applies in: AK)		3
Property and Building Management	4	4
Country Clubs	5	5
Basic Manual Appendix E—Table of Classifications by Hazard Group		6
Contracting Classification Premium Adjustment Program (CCPAP) Exhibits		7
State Special Exhibits		8

BACKGROUND

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

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

Another objective of the classification project is to simplify the classification section of NCCI's *Basic Manual* by discontinuing redundant phraseologies or streamlining current phraseologies with **format- and consistency-only** changes.

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

PROPOSAL

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

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FILING MEMORANDUM

ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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

IMPACT

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

IMPLEMENTATION

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

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state’s approved rate/loss cost filing for the 2012 filing cycle. For example, this item will be effective January 1, 2012 for approved rate/loss cost filings that have a January 1, 2012 effective date. Similarly, this item will be effective July 1, 2012 for approved rate/loss cost filings that have a July 1, 2012 effective date. If there is no rate/loss cost filing for a state in a given year, this item will take effect on that state’s “normal” rate effective date. (The “normal” rate effective date is the anniversary date of the state’s previous rate 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	Proposed* Effective Date
Alabama	March 1, 2012
Alaska	January 1, 2012
Arizona	January 1, 2012
Arkansas	July 1, 2012
Colorado	January 1, 2012
Connecticut	January 1, 2012
District of Columbia	November 1, 2012

* Except in Virginia, where it is the 2011 filing cycle.

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FILING MEMORANDUM

ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

State	Proposed* Effective Date
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, 2010, it will become effective January 1, 2011. If it is approved after July 1, 2010, it will become effective January 1, 2012.
Georgia	March 1, 2012
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed effective January 1, 2012. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2012
Illinois	January 1, 2012
Indiana	January 1, 2012
Iowa	January 1, 2012
Kansas	January 1, 2012
Kentucky	October 1, 2012
Louisiana	May 1, 2012
Maine	January 1, 2012
Maryland	January 1, 2012
Mississippi	March 1, 2012
Missouri	All rate changes related to this filing are proposed to be effective January 1, 2012 for the voluntary and assigned risk market.
Montana	July 1, 2012
Nebraska	February 1, 2012
Nevada	March 1, 2012
New Hampshire	January 1, 2012
New Mexico	January 1, 2012
North Carolina	April 1, 2012
Oklahoma	January 1, 2012

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FILING MEMORANDUM

ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

State	Proposed* Effective Date
Oregon	January 1, 2012
Rhode Island	June 1, 2012
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, 2012
Tennessee	March 1, 2012
Utah	December 1, 2012
Vermont	April 1, 2012
Virginia	April 1, 2011
West Virginia	November 1, 2012

* Subject to change.

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**ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET**BANKING AND CHECK CASHING STORES****PROPOSAL**

The focus of the proposed changes is to create a new national classification code for the banking and trust industry. Also, a new national classification code is proposed for check cashing stores.

NCCI recommends the following national treatment for classifications:

1. Establish a new national classification Code 8855—Banks and Trust Companies—All Employees, Salespersons, Drivers & Clerical. The code will apply to financial institutions that receive, lend, exchange, and safeguard money. Occupations include bank managers, tellers, loan officers, security personnel, armed and unarmed attendants, armored car operations, ushers, door attendants, and maintenance personnel of these institutions. The code will also apply to Internet banks.
2. Establish a new national classification Code 8856—Check Cashing Establishments—All Employees, Salespersons, Drivers & Clerical. The code will apply to risks that charge a fee for check cashing, money orders, wire transfers, and payday loans.
3. Discontinue national reference notes and cross-reference phraseologies for Banks and Trust Companies, including:
 - Code 7380—Banks and Trust Companies—Armored Car Operation & Drivers
 - Code 9015—Banks and Trust Companies—Building Maintenance, Care, or Custody
 - Code 8833—Banks and Trust Companies—Dispensaries
 - Code 7720—Banks and Trust Companies—Employees of Contracting Agencies in Bank Service—Guards, Patrols, Messengers, or Armored Car Crews & Drivers
 - Code 5191—Banks and Trust Companies—Office Machine Repair
4. Discontinue cross-reference phraseology for Code 8742—Banks and Trust Companies—Special Officers and Armed and Unarmed Attendants, Ushers, Door Attendants, Appraisers, or Field Auditors.
5. Amend Code 7380 and Code 8742 to replace references to “Rule 1–B-2” with “**Basic Manual** Rules”.

Arkansas Specific:

NCCI recommends that Arkansas discontinue its state special reference notes for check cashing companies and the following state special phraseologies:

- Code 7380—Check Cashing Companies—Armored Car Operation & Drivers
- Code 9015—Check Cashing Companies—Building Maintenance, Care or Custody
- Code 8833—Check Cashing Companies—Dispensaries
- Code 7720—Check Cashing Companies—Employees of Contracting Agencies in Bank Service—Guards, Patrols, Messengers, or Armored Car Crews & Drivers
- Code 5191—Check Cashing Companies—Office Machine Repair
- Code 8742—Check Cashing Companies—Special Officers and Armed and Unarmed Attendants, Ushers, Door Attendants, Appraisers, or Field Auditors. There is currently a national Code 7720—Security Enforcement or Protection—Contract & Drivers, that would be applicable to this type of exposure.

Arizona Specific:

NCCI recommends that Arizona discontinue its state special cross-reference phraseology, Code 7720—Banks and Trust Companies—Armored Car Operation.

**ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

Connecticut Specific:

NCCI recommends that Connecticut discontinue its state special phraseology for Code 7723—Banks and Trust Companies—Employees of Contracting Agencies in Bank Service—Guards, Patrols, Messengers or Armored Car Crews & Drivers.

Maine Specific:

NCCI recommends that Maine discontinue its state special phraseology for Code 7723—Banks and Trust Companies—Employees of Contracting Agencies in Bank Service—Guards, Patrols, Messengers or Armored Car Crews & Drivers.

Nevada Specific:

NCCI recommends that Nevada discontinue its state special Code 8808—Financial Service Organizations & Clerical.

Virginia Specific:

NCCI recommends that Virginia adopt the national proposals and update the **Scopes® Manual** descriptions for Codes 5191, 7380, 8742, 8803, 8810, 8871, 9012, and 9015 to reflect the changes being made.

NCCI recommends that Virginia adopt some additional updates to Code 8810 regarding Mailing Companies. These updates reflect the previously approved changes from Item B-1397.

BACKGROUND AND BASIS FOR CHANGE

Currently, banks are assigned to Code 8810—Clerical Office Employees NOC, which is a national, standard exception code used for clerical functions in all industries, unless clerical is included in the basic classification. Since Code 8810 is a standard exception, all bank operations not included in the definition of clerical are assigned to the separate basic classifications that most closely describe the operations. Examples include armored car operation, building maintenance, cafeterias etc. NCCI's **Basic Manual** allows Code 8742 to be used for special officers and armed and unarmed attendants, ushers, door attendants, appraisers, or field auditors. This has created some confusion because night watch guards of banks are assigned to Code 9015.

A review of the available inspections for this industry revealed that banks are consistently being classified to Code 8810 with some employees being assigned to Code 8742 and Code 9015. Typically employments included tellers who greet customers and perform various financial transactions at a window on a teller line; loan processors who review loan applications and rule on the credit worthiness of the applicant; customer service representatives who greet customers and assist them with opening accounts, setting up access and solving problems; and data processing employees who work with data systems to produce the reports needed to run the bank. Other employees include bookkeepers who provide accounting duties in a physically separate office; collection managers and clerks that use various means to collect on overdue accounts; floating tellers who work at whichever branch needs them; and bank officers over their various areas, (e.g., loans, operations, investments, and strategic planning). Main offices and headquarters may have an area for electronic data processing operations. Automatic teller machines (ATMs) and drive-up services may be available on the premises or at separate locations.

Check cashing stores have in the past been classed similar to banks based on analogy of the operations. Services include such things as check cashing; money orders; money wire transfers; ATMs; social security benefit payments; government salary and retirement payments; public assistance benefits; electronic bill

**ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

payment services; deferred deposit services also known as payday loans; electronic tax preparation and filing; public transportation fare tokens; motor vehicle license plates and titles; notary services; utility, cable, and telephone payments; prepaid phone and credit cards; and mailbox rentals. A check cashing business also differs from a bank in that a bank allows access to the customer's own money while a check cashing store will advance the customer money in exchange for a fee. Check cashing stores also tend to be open longer hours than traditional banks.

According to the *Basic Manual*, the purpose of the classification system is to group employers with similar operations into classifications so that the assigned classification reflects the exposures common to those employers, and the rate charged reflects the exposure to loss common to those employers. By creating classification codes for banks and trust companies, and check cashing establishments, the exposures and rates will be representative of their respective industry.

IMPACT

This item proposes to establish national Codes 8855 and 8856. The initial loss costs/rates and rating values for new Codes 8855 and 8856 will be set equal to the loss cost/rate and rating values of Code 8810 until new Codes 8855 and 8856 develop data to determine their own loss costs/rates. Experience from Code 8810 will not be reassigned to either Code 8855 or 8856. No modification is proposed to the loss cost/rate for Code 8810.

The other changes to this industry consist of the consolidation of cross-references into the actual classification wording. This portion of the proposal may result in reclassification of risk payroll from Codes 5191, 7380, 7720, 8742, 8833, and/or 9015 to Code 8855.

Arkansas Specific:

This item proposes that Arkansas discontinue state special treatments for Codes 5191, 7720, 8742, 8833 and 9015, and adopt the proposed national phraseology changes. This item also proposes that Arkansas continue state special treatment for Code 7380, but adopt the proposed national phraseology changes for this industry. This portion of the proposal may result in reclassification of risk payroll from Codes 5191, 7380, 7720, 8742, 8833, and/or 9015 to Code 8856. All other national proposals for applicable codes in Arkansas are recommended.

Arizona Specific:

This item proposes that Arizona continue state special treatment for Code 7720, but adopt the proposed national phraseology changes for this industry. This portion of the proposal may result in reclassification of risk payroll from Code 7720 to Code 8855. All other national proposals for applicable codes in Arizona are recommended.

Connecticut Specific:

This item proposes that Connecticut continue state special treatment for Code 7723, but adopt the proposed national phraseology changes for this industry. This portion of the proposal may result in reclassification of risk payroll from Code 7723 to Code 7720. All other national proposals for applicable codes in Connecticut are recommended.

Maine Specific:

**ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

This item proposes that Maine continue state special treatment for Code 7723, but adopt the proposed national phraseology changes for this industry. This portion of the proposal may result in reclassification of risks payroll from Code 7723 to Code 7720. All other national proposals for applicable codes in Maine are recommended.

Nevada Specific:

This item proposes that Nevada discontinue state special Code 8808 and reassign its experience to newly established national Code 8855. The initial loss cost and rating values for new Code 8855 will be equal to the loss cost and rating values calculated for discontinued Code 8808. In future filings, experience from Code 8808 will be reassigned to Code 8855, and the loss cost for Code 8855 will be based on the historical data of Code 8808 as well as data that develops for Code 8855. All other national proposals for applicable codes in Nevada are recommended.

Virginia Specific:

This item proposes that Virginia update the *Scopes® Manual* descriptions for Codes 5191, 7380, 8742, 8803, 8810, 8871, 9012, and 9015 to incorporate the changes proposed. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2012 filing cycle.¹ For example, this item will be effective January 1, 2012 for approved rate/loss cost filings that have a January 1, 2012 effective date. Similarly, this item will be effective July 1, 2012 for approved rate/loss cost filings that have a July 1, 2012 effective date.

¹ Except in Virginia, where it is the 2011 filing cycle.

ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
BANKING AND CHECK CASHING STORES
CLASSIFICATIONS

8855 **BANKS AND TRUST COMPANIES—ALL EMPLOYEES, SALESPERSONS, DRIVERS &
CLERICAL**

Applies to financial institutions that receive, lend, exchange, and safeguard money. Services include savings and checking accounts, certificates of deposit, and mortgages. Includes, but not limited to, bank managers, tellers, loan officers, security personnel, armed and unarmed attendants, ushers, door attendants, and maintenance personnel. In addition, this code is used for Internet banks.

ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
BANKING AND CHECK CASHING STORES
CLASSIFICATIONS

8856 **CHECK CASHING ESTABLISHMENTS—ALL EMPLOYEES, SALESPERSONS, DRIVERS &
CLERICAL**

Applies to risks that charge a fee for check cashing, money orders, wire transfers, payday loans, title loans, and similar services. The fees derived from these financial services must be greater than or equal to 75% of gross receipts, per location, in order to qualify for Code 8856. Risks that take possession and sell merchandise generating more than 25% of gross receipts are separately rated.

ITEM B-1419—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
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~~BANKS AND TRUST COMPANIES~~

~~The basic and major operations of banks and trust companies are clerical in nature and assignable to Code 8810, which is a Standard Exception classification; therefore, the payroll of all employees not specifically included in the definition of clerical office employees shall be separately rated. The following indicates the appropriate assignment for miscellaneous employees of banks and trust companies:~~

- ~~7380 **Armored Car Operation & Drivers.** Armored car service risks to be separately rated.~~
- ~~9015 **Building Maintenance, Care, or Custody.** Includes night watchguards.~~
- ~~**Cafeterias or Restaurants.** Assign the appropriate restaurant classification.~~
- ~~8833 **Dispensaries**~~
- ~~**Employees of Contracting Agencies in Bank Service:**~~
- ~~7720 **Guards, Patrols, Messengers, or Armored Car Crews & Drivers**~~
- ~~5191 **Office Machine Repair**~~

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8742 ~~BANKS AND TRUST COMPANIES—SPECIAL OFFICERS AND ARMED AND UNARMED
ATTENDANTS, USHERS, DOOR ATTENDANTS, APPRAISERS, OR FIELD AUDITORS~~
~~Subject to Rule 1 B 2.~~

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7380 DRIVERS, CHAUFFEURS, MESSENGERS, AND THEIR HELPERS NOC—COMMERCIAL

Subject to *Basic Manual* rules Rule 1-B-2. Messenger and courier deliveries of owned documents or goods made by foot or public transportation are assigned to the governing class code.

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8742 SALESPEOPLENS OR COLLECTORS—OUTSIDE
Subject to Basic Manual rules ~~Rule 1-B-2~~.

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EXHIBIT 2—FACT SHEET**INSURANCE OPERATIONS****PROPOSAL**

The focus of the proposed changes for this industry is to create a new national classification for insurance companies and related businesses.

NCCI recommends the following national treatment for classifications:

1. Establish a new national Code 8723—Insurance Companies—including Clerical & Salespersons. The code will be applicable to all insurance companies and their employees including office workers, customer service representatives, actuaries, underwriters, professional support staff such as lawyers, computer programmers, as well as agents, brokers and rating organizations. Premium auditors will also be included because although they travel to client sites, they perform duties in a clerical environment.
2. Discontinue the phraseology note referring to insurance company premium auditors under Code 8803—Auditor, Accountant, or Computer System Designer or Programmer—Traveling, and reassign these operations to new national Code 8723.
3. Assign outside claim adjusters to Code 8720—Inspection of Risks for Insurance or Valuation Purposes NOC, which is currently applicable to insurance appraisers, inspectors, investigators, etc.
4. Discontinue the cross-reference under Code 8742—Claim Adjusters or Special Agents—Insurance Co., and add a reference to Code 8720 for Outside Claims Adjusters under the section, “Related Operations Not Classified Under Code 8742.”

Oregon Specific:

NCCI recommends that Oregon amend the state special phraseology for Code 8803 to more closely align with the national treatment.

Virginia Specific:

NCCI recommends that Virginia adopt the national proposals and update the *Scopes® Manual* descriptions for Codes 8810, 8742, 8720, 8803, and 8723 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

The insurance industry consists mainly of insurance carriers or insurers and insurance agencies and brokerages. Insurance carriers assume the risk while agencies and brokerages sell coverage or policies for the carriers. Supporting these two primary components to the industry are other establishments that provide insurance-related services such as claim adjustment or third party administration of insurance and pension funds. Common occupations in the industry include customer service representatives, marketing and sales managers, claim adjusters, claim examiners, claim investigators, appraisers, loss control representatives, underwriters, actuaries, and agents or producers. There is also professional support such as lawyers, medical professionals, and computer programmers, analysts, and support specialists.

Insurance agencies typically sell insurance on behalf of insurance companies. Insurance brokers typically represent the insured in developing a risk management program and in purchasing insurance on the insured's behalf. Agents and brokers fulfill a sales function by arranging for clients to purchase insurance from insurers. Insurance agencies may be exclusive or independent. Exclusive agencies represent only one company or a group of commonly owned companies while independent agencies may represent multiple, unrelated insurance companies. The first step to providing or acquiring appropriate coverage for their client is to gather adequate data on the client such as surveys, medical records, on-site inspections, etc. Once coverage has been placed, agents and brokers may assist in the service or maintenance of the account ensuring that appropriate records are kept, coverage meets the insureds needs, and possibly in billing and/or claim adjusting.

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EXHIBIT 2—FACT SHEET (CONT'D)

Adjusters examine, investigate, analyze, and adjust the loss claims made by insureds. There are three types of adjusters: independent, public, and staff. Independent adjusters are generally hired or contracted by carriers to handle the claim. Responsibilities may range from collecting data to settling the claim. Public adjusters are independent contractors who are hired by the insured or claimant. Public adjusters assist their clients with claims forms and help them collect evidence necessary to verify their claim. Staff adjusters are direct employees of the insurance company and represent the carriers interest in processing claims. Adjusters will also provide information and testimony if the claim goes to litigation.

Claims examiners review claims to ensure that proper guidelines have been followed. They check claim applications for completeness and accuracy and may confirm costs associated with a claim.

When adjusters or examiners suspect fraud, they refer the claim to an investigator. Insurance investigators generally start with a database search to obtain background information on claimants and witnesses. Investigators may also visit claimants and witnesses, take photographs, inspect facilities, consult legal counsel, and serve as an expert witness in court. Surveillance work is also a common function of investigators.

Appraisers assess the cost or value of an insured item.

Underwriters calculate the risk of loss from policyholders, establish appropriate rates, and write policies that cover the risk. This function is key to the operations of an insurance company because if not performed adequately, the carrier may reject favorable risks and lose business to other carriers or may write poor risks and pay excessive claims. This analysis is performed at the individual risk level while actuaries analyze data to estimate the probability and cost of various claims such as death, sickness, injury, disability, and/or loss of property across industries. Actuaries estimate how much premium must be generated in order to cover potential claims and operating costs.

IMPACT

This item proposes to establish new national Code 8723. The initial loss cost/rate and rating values for new Code 8723 will be set equal to the loss cost/rate and rating values of Code 8810 until new Code 8723 develops data to determine its own loss cost/rate. Experience from Code 8810 will not be reassigned to Code 8723. No modification is proposed to the loss cost/rate for Code 8810.

The other changes to this industry consist of the consolidation of cross-references. This portion of the proposal may result in reclassification of risk payroll from Codes 8720, 8742, 8803 and/or 8810 to either Code 8723 or Code 8720.

Oregon Specific:

This item proposes that Oregon continue state special treatment for Code 8803 and revise their state special phraseology for Code 8803 to more closely align with the national proposals. This portion of the proposal may result in reclassification of risks payroll from Code 8803 to Code 8723. All other national proposals for applicable codes in Oregon are recommended.

Virginia Specific:

This item proposes that Virginia update the *Scopes® Manual* descriptions for Codes 8720, 8723, 8742, 8803, and 8810 to incorporate the changes proposed. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2012 filing cycle.² For example, this item will be effective January 1, 2012 for approved rate/loss cost filings that have a January 1, 2012 effective

² Except in Virginia, where it is the 2011 filing cycle.

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EXHIBIT 2—FACT SHEET (CONT'D)

date. Similarly, this item will be effective July 1, 2012 for approved rate/loss cost filings that have a July 1, 2012 effective date.

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EXHIBIT 2—NATIONAL CLASSIFICATIONS
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8723 **INSURANCE COMPANIES—INCLUDING CLERICAL & SALESPERSONS**

Code 8723 applies to employees of insurance companies including clerical office employees, outside salespersons, and company premium auditors. Insurance companies include carriers or providers, both exclusive and independent agents, brokers, and ratemaking organizations. These businesses may provide coverage for individuals, businesses, or property in exchange for premium. These businesses may also bind coverage, sell policies or place coverage, develop rates, process claims, and collect data. Insurance inspectors, outside claims adjusters, examiners, appraisers, and detectives or investigators are separately assigned to Code 8720.

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**8803 AUDITOR, ACCOUNTANT, OR COMPUTER SYSTEM DESIGNER OR PROGRAMMER
—TRAVELING**

~~Includes insurance company premium auditors, traveling computer system designers or programmers.~~

Code 8803 is applicable to traveling clerical-type employees who augment the staff of risks that provide accounting, auditing, computer programming, or related clerical services for their clients. Employees assigned to Code 8803 perform clerical work when they arrive at a client's location, but because of the combined exposure of traveling and clerical work, Code 8803 is assigned to their payrolls in lieu of the available clerical classifications. Once at the location, their work must be of a clerical nature and be physically separated from the main operation of the site visited. Employees not meeting these criteria must be separately rated.

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8720 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC

Code 8720, a “not otherwise classified” classification, is applicable to insurance inspectors, outside claim adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also, includes boiler or elevator inspecting, and marine appraiser or surveyor.

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8742 ~~CLAIM ADJUSTERS OR SPECIAL AGENTS—INSURANCE CO.~~

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EXHIBIT 3—FACT SHEET**OIL OR GAS LEASE, WELL & DRILLING****PROPOSAL**

The focus of the proposed changes for this industry is to clarify the intent of the applicable classifications. There are also some codes that will be discontinued and the experience combined into other codes.

NCCI recommends the following national treatment for classifications:

1. Clarify in the phraseology that Code 1320—Oil or Gas—Lease Operator—All Operations & Drivers is intended for owners of an oil or gas lease. It is also intended for risks under contract with a lease owner that perform all operations necessary to work an oil or gas lease. Code 1320 is not applicable to risks who subcontract with an owner or contract operator to perform a specialized well maintenance operation, such as clearing of land or tank cleaning. There is an additional phraseology for Code 1320 applicable to natural gas well that will also be clarified in this manner.
2. Clarify that Code 6216—Oil or Gas—Lease Work NOC—By Contractor & Drivers is intended to be an NOC classification for specialized oil or gas lease work/services not otherwise classified. The code is not applicable to owner/operators of an oil or gas lease, nor is it applicable to a risk (under contract with a lease owner) that performs all operations necessary to work an oil or gas lease. There is an additional phraseology for Code 6216 applicable to natural gas wells that will also be clarified in this manner.
3. Clarify that Code 6204—Drilling NOC & Drivers is applicable to specialist drillers who drill holes in the ground, or in concrete or masonry walls, floors, etc. It is not applicable to electricians, plumbers, etc. who drill through wood or metal studs, etc. as part of performing their jobs. It is also not applicable to drilling related to oil or gas wells or drilling in underground mines.
4. Make the state special treatment of Code 6204—Well Drilling—Water & Drivers in MT, NH, and OR, in which pump installation can be separately rated, the national treatment for risks performing this activity. It is a common practice in the industry for pump installations to be performed by separate crews or a specialist contractor.
5. Expand the descriptions of Code 6206—Oil or Gas—Well—Acidizing—All Employees & Drivers, and Oil or Gas—Well—Cementing—All Employees & Drivers with more detail regarding various stimulation techniques performed by specialist contractors, including acidizing and fracturing. Also clarify that these activities are included in Code 6235—Oil or Gas—Well—Drilling or Redrilling & Drivers when performed by employees of a drilling company.
6. Expand the phraseology note for Code 6235 to include various activities assigned to this code when performed by employees of a drilling company, such as fracturing, cementing, and cleaning or swabbing.
7. Clarify the phraseologies for other specialist contractor codes without actually changing the application of the codes. These include: Code 1322—Oil or Gas—Cleaning or Swabbing—By Specialist Contractor—No Drilling & Drivers; Code 6236—Oil or Gas—Installation or Recovery of Casing & Drivers; Code 6237—Oil or Gas—Well—Instrument Logging or Survey Work & Drivers; Code 6213—Oil or Gas—Well—Specialty Tool Operation NOC—By Contractor—All Employees & Drivers; Code 6214—Oil or Gas—Well—Perforating of Casing—All Employees & Drivers; and Code 3719—Oil Still Erection or Repair.
8. Change the phraseology for Code 8606 to, “Geophysical Exploration—All Employees & Drivers.” The phraseology note will clarify that all types of geophysical exploration are assigned to Code 8606.
9. Discontinue the cross-reference phraseology for Code 7380—Geophysical Exploration NOC—All Employees & Drivers, and reassign the experience to newly defined Code 8606—Geophysical Exploration—All Employees & Drivers.

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EXHIBIT 3—FACT SHEET (CONT'D)

Alaska Specific:

NCCI recommends that Alaska discontinue its state special Code 8607—Geophysical Exploration NOC—All Employees & Drivers, and reassign the experience to newly defined national Code 8606—Geophysical Exploration—All Employees & Drivers.

NCCI recommends that Alaska discontinue its state special treatment for Code 6216, and adopt the newly defined national phraseology.

Arizona Specific:

NCCI recommends that Arizona discontinue its state special Code 8607—Geophysical Exploration NOC—All Employees & Drivers, and reassign the experience to newly defined national Code 8606—Geophysical Exploration—All Employees & Drivers.

Louisiana Specific:

NCCI recommends that Louisiana discontinue its state special Code 6205—Sulfur Producing—All Employees & Drivers. Sulfur producing is considered incidental to operations assigned to Code 4740—Oil Refining—Petroleum & Drivers, which is applicable in Louisiana.

Montana Specific:

NCCI recommends that Montana discontinue its state special treatment for Code 6204—Well Drilling—Water & Drivers because the newly defined national phraseology will mirror Montana's treatment.

New Hampshire Specific:

NCCI recommends that New Hampshire discontinue its state special treatment for Code 6204—Drilling NOC & Drivers because the newly defined national phraseology will mirror New Hampshire's treatment.

Oklahoma Specific:

NCCI recommends that Oklahoma discontinue its state special treatment for Code 6204—Drilling NOC & Drivers, and adopt the newly defined national phraseology.

NCCI recommends that Oklahoma discontinue its state special Code 6215—Drilling—Lead or Zinc Prospect & Drivers. Any drilling of this type will be assigned to Code 6204.

NCCI recommends that Oklahoma discontinue its state special Code 8607—Geophysical Exploration NOC—All Employees & Drivers, and reassign the experience to newly defined national Code 8606—Geophysical Exploration—All Employees & Drivers.

Oregon Specific:

NCCI recommends that Oregon discontinue its state special treatment for Code 6204—Well Drilling—Water & Drivers because the newly defined national phraseology will mirror Oregon's treatment.

Virginia Specific:

NCCI recommends the assignment of all testing or inspection of pipelines in conjunction with pipeline construction to Code 6233—Oil or Gas Pipeline Construction & Drivers. All nonconstruction testing or inspection of pipelines will be assigned to Code 8720—Inspection of Risks for Insurance or Valuation Purposes NOC. These activities will no longer be assigned to Code 6213—Oil or Gas Well: Specialty Tool Operation NOC—By Contractor—All Employees & Drivers.

NCCI recommends that Virginia adopt the national proposals and update the **Scopes® Manual** descriptions for Codes 1320, 1322, 3365, 3719, 6204, 6206, 6213, 6214, 6216, 6235, 6236, 6237, and 8606 to reflect the changes being made.

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

There are several means of exploring the earth by geophysical methods. Each of these techniques exploits fundamental physical aspects of earth materials such as electrical, magnetic, acoustical, or gravitational properties. These techniques are all used in exploring the earth for oil and/or natural gas deposits.

Rigging up is placing and assembling all of the various types of equipment that will be needed when drilling for oil and gas on land. The derrick and drawback are assembled and secured in place. The engines and all remaining power cords, belts, chains, fuel lines, and tanks are installed and hooked up. After a final inspection, the mast is raised, the engines are started, and the drilling line is spooled on the drawback drum.

The drilling process begins by attaching a drill bit and drill collars to the end of the drill stem, which is attached to the kelly. When connected, the driller lowers the bit through the rotary table and engages the mud pumps. The driller engages the kelly rotary drive bushing and begins drilling operations. When the well reaches a certain depth, the drill stem and bit are hoisted from the well, and more casing is lowered into the hole and cemented in place.

Drilling is stopped when a new length of drilling pipe must be attached. The drilling crew unscrews the kelly from the drilling stem using large, hydraulic pipe tongs. The drilling crew fixes the new length of pipe to the top of the drill stem, and then the kelly is screwed back on the drill stem.

Once the desired well depth is reached, the formation is tested to determine if it will be completed for production, or plugged and abandoned. To complete a well for production, casing is installed, cemented into place, and the drilling rig is dismantled and moved to the next drill site. A service rig is brought in to perforate the production casing and run production tubing from the well site. For a natural gas site, a series of valves and pipes is installed at the wellhead to regulate and measure the flow of gas from the well.

Offshore drilling rigs behave as an onshore rig would, except that offshore rigs are designed to withstand a marine environment and can be towed from site to site. The actual offshore exploratory drilling process is very similar to land drilling, except that the drill stem must extend through water before drilling into the earth. Once a gas or oil field is discovered, and if it contains enough petroleum to make production profitable, a production platform is built by the operating company and towed to the site.

Directional drilling is the process of drilling a curved well, in order to reach a target that is not directly beneath the drill site. This is useful in circumstances where the area above the targeted deposit is inaccessible. It is also useful for long, thin reservoirs, which are not efficiently mined with a vertical completion.

Wireline operations are used to lower items, tools, equipment, etc. down the drill hole during various stages of drilling and production operations such as logging, perforating, and swabbing. Well logging is the practice of making a detailed record of the geologic formations penetrated by a borehole.

Perforating is mostly done by a specialized crew that transports and operates the perforating equipment. Upon arrival to the site, the tools are assembled, then lowered into the well by a wireline unit or conveyed by tubing. Then, a specialized gun shoots small holes into the casing of the producing zone. The perforations allow the oil or gas to flow into the casing or liner and, if pressure is sufficient, the oil or gas will rise to the surface.

Stimulation involves techniques to optimize well performance. This includes pumping of acids, energized fluids, and various other chemicals to improve formation flow characteristics. A technique that is becoming more common, called fracturing, involves pumping fluid under high pressure into rock fractures to expand them and also leaving a "propping agent," such as sand, to keep the fractures open. This allows the oil or natural gas to move more freely from the rock pores to a production well.

Tank truck operations involve delivering specialty brine water that is used to facilitate the removal of cuttings during the drilling process. The water is placed into a frac tank near the drilling rig and which the driller will draw from during the drilling process. Typically, the same specialist contractor will remove waste water from these sites, which is a by-product of the drilling process. The waste water is generally in a containment pit

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EXHIBIT 3—FACT SHEET (CONT'D)

where suction hoses are installed. The water is pumped into the tank truck and taken to a designated disposal site.

Water wells tap the aquifer at the water table level. Artesian wells are any wells where the water flows out of the top of the well under its own pressure. Other wells require a pumping system to bring the water up to the surface. The two methods used to construct water wells are rotary and percussive.

Once the well is dug, it is pumped to determine the water yield. If the well produces poor water quality, the water can be sealed off using an additional casing, which is grouted inside the original casing. If the well produces good quality water, there are options with installation of the permanent well pump. The pump can be installed by the drilling crew or a separate crew of the same contractor to complete the job, or a separate specialist contractor may install the pump.

Drilling for sulfur deposits occurs in a similar manner to any drilling operation. Once the drilling to the deposit has been completed, hot water is pumped into the well, which melts the sulfur into slurry that is pumped out of the well into holding tanks. This slurry is then sent to companies for processing into a powder-type product.

IMPACT

This item proposes to revise the phraseology and/or phraseology notes of Codes 1320, 1322, 3719, 6204, 6206, 6213, 6214, 6216, 6235, 6236, 6237, 7380, and 8606. This portion of the proposal may result in reclassification of risks payroll and/or change in loss costs/rates.

Alaska Specific:

This item proposes that Alaska discontinue state special Code 8607 and reassign its experience to newly redefined national Code 8606. NCCI conducted a review using the latest approved loss cost filing experience to determine the need for a loss cost transition program to minimize the impact of this proposed change. Based on the result of this review, a three-phase transition is being proposed for Alaska. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide premium. Rating values, which will be based on the final NCCI proposed loss cost, will be calculated according to the standard procedure.

This item also proposes that Alaska discontinue state special treatment for Code 6216 and adopt the national proposal for Code 6216. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in Alaska are recommended.

Arizona Specific:

This item proposes that Arizona discontinue state special Code 8607 and reassign its experience to newly redefined national Code 8606. NCCI conducted a review using the latest approved rate filing experience to determine the need for a rate transition program to minimize the impact of this proposed change. Based on the result of this review, no transition is being proposed. Rating values, which will be based on the final NCCI proposed rate, will be calculated according to the standard procedure. All other national proposals for applicable codes in Arizona are recommended.

Louisiana Specific:

This item proposes that Louisiana discontinue state special Code 6205 and reassign its experience into national Code 4740. NCCI conducted a review using the latest approved loss cost filing experience to determine the need for a loss cost transition program to minimize the impact of this proposed change. Based on the result of this review, no transition is being proposed. Rating values, which will be based on the final NCCI proposed loss cost, will be calculated according to the standard procedure. All other national proposals for applicable codes in Louisiana are recommended.

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EXHIBIT 3—FACT SHEET (CONT'D)**Montana Specific:**

This item proposes that Montana discontinue state special treatment for Code 6204 because it already mirrors the newly redefined national proposal for Code 6204. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in Montana are recommended.

New Hampshire Specific:

This item proposes that New Hampshire discontinue state special treatment for Code 6204 because it already mirrors the newly redefined national proposal for Code 6204. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in New Hampshire are recommended.

Oklahoma Specific:

This item proposes that Oklahoma discontinue state special Code 6215 and reassign its experience to newly redefined national Code 6204. Since there are no insureds currently classified to Code 6215, this portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. This item also proposes that Oklahoma discontinue state special treatment for Code 6204 and adopt the national proposal for Code 6204.

In addition to the above proposals, this item also proposes that Oklahoma discontinue state special Code 8607 and reassign its experience to newly redefined national Code 8606. NCCI conducted a review using the latest approved loss cost filing experience to determine the need for a loss cost transition program to minimize the impact of this proposed change. Based on the result of this review, no transition is being proposed. Rating values, which will be based on the final NCCI proposed loss cost, will be calculated according to the standard procedure. All other national proposals for applicable codes in Oklahoma are recommended.

Oregon Specific:

This item proposes that Oregon discontinue state special treatment for Code 6204 because it already mirrors the newly redefined national proposal for Code 6204. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in Oregon are recommended.

Virginia Specific:

This item proposes that Virginia update the *Scopes® Manual* descriptions for Codes 1320, 1322, 3365, 3719, 6204, 6206, 6213, 6214, 6233, 6235, 6236, 6237, 8606, and 8720 to incorporate the changes proposed. This portion of the proposal may result in reclassification of risks payroll and/or change in loss cost.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2012 filing cycle.³ For example, this item will be effective January 1, 2012 for approved rate/loss cost filings that have a January 1, 2012 effective date. Similarly, this item will be effective July 1, 2012 for approved rate/loss cost filings that have a July 1, 2012 effective date.

³ Except in Virginia, where it is the 2011 filing cycle.

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
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1320 OIL OR GAS—LEASE OPERATOR—ALL OPERATIONS & DRIVERS

Applies to oil or gas lease owner/operators, and to insureds under contract with the lease owner, that perform all operations necessary to work an oil or gas lease. The following operations are not included in Code 1320 and must be separately rated: erecting or dismantling of derricks, drilling, installation or recovery of casing, well shooting, cementing, tank building, topping operations, or gasoline recovery.

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6216• OIL OR GAS—LEASE WORK NOC—BY SPECIALIST CONTRACTOR & DRIVERS

Includes ~~the clearing of land, building of lease roads, slush pits, levees, or fire walls; the laying or taking up of flow lines and water lines; the installing of central pumping units; tank truck operations servicing oil or gas well sites; and lease beautification work.~~ The following operations are not included in Code 6216 and must be separately rated: pipeline construction, tank building, rig or derrick erecting or dismantling, installation or recovery of casing, drilling, cementing, cleaning and swabbing of wells, or well shooting. Not applicable to owner/operators of an oil or gas lease operation, or to a risk under contract with the lease owner that performs all operations necessary to work an oil or gas lease.

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6206• OIL OR GAS—WELL—ACIDIZING—ALL EMPLOYEES & DRIVERS

~~Code 6235—Oil or gas well drilling or redrilling shall not be assigned at the same job or location to which Code 6206 applies. Code 6206 must not be assigned at the same job or location to which Code 6235 applies because acidizing would be considered incidental to drilling operations.~~

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6206• OIL OR GAS—WELL—CEMENTING & DRIVERS

~~Code 6235—Oil or gas well drilling or redrilling shall not be assigned at the same job or location to which Code 6206 applies. Code 6206 must not be assigned at the same job or location to which Code 6235 or Code 6236 applies because cementing would be considered incidental to drilling operations or the installation of casing.~~

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OIL OR GAS LEASE, WELL & DRILLING
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1322• OIL OR GAS—WELL—CLEANING OR SWABBING OF ~~OLD WELLS HAVING PREVIOUSLY
PRODUCED GAS OR OIL~~—BY SPECIALIST CONTRACTOR—NO DRILLING & DRIVERS

~~Not available~~applicable to a concern or contractor doing work in connection with a new well that has not yet been completed. Assign such work~~concern or contractor shall be assigned to~~
Code 6235—Oil or gas well drilling or re-drilling.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
OIL OR GAS LEASE, WELL & DRILLING
CLASSIFICATIONS

6235• OIL OR GAS—WELL—DRILLING OR REDRILLING & DRIVERS

Code 6235 is applicable to drilling or redrilling oil or gas wells and includes erection or dismantling of drilling rigs, formation fracturing, cementing, and ~~includes~~ installation of casing when such operations are performed by employees of the drilling company. Cleaning or swabbing of a new well that has not yet been completed is included under Code 6235 whether performed by employees of the driller or by a specialist contractor.

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6236• OIL OR GAS—WELL—INSTALLATION OR RECOVERY OF CASING & DRIVERS

Applies to a specialist contractor engaged in the installation or recovery of casing at oil or gas wells and includes incidental cementing work when performed by the casing contractor's crew. Refer to Code 6206 for specialist cementing contractors.

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- 6237• OIL OR GAS—WELL—INSTRUMENT LOGGING OR SURVEY WORK & DRIVERS
Not applicable to wire line-type work that involves the installation, repair, or servicing of equipment used for drilling purposes.

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6214• OIL OR GAS—WELL—PERFORATING OF CASING—ALL EMPLOYEES & DRIVERS

Code 6214 is applied to perforation of casings used in oil or gas wells. This classification is not applicable to any perforating operations that take place above ground.

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6213• ~~OIL OR GAS—WELL—SPECIALTY TOOL & EQUIPMENT LEASING OPERATION NOC—BY-
CONTRACTOR—ALL EMPLOYEES & DRIVERS~~

Applicable to ~~insureds concerns or contractors who that~~ lease to drilling contractors, with ~~supervisory employees, specialty drilling, baling, fishing or casing—cutting tools and equipment~~ used by drilling contractors. These insureds usually provide supervisory personnel with the equipment. Insureds Specialty well tool concerns or contractors that furnish complete operating crews with such equipment must shall be assigned to Code 6235—Oil or gas well drilling or redrilling.

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CLASSIFICATIONS

~~GAS OR OIL~~

- 5183● ~~Burner Installation—Domestic & Drivers~~
- 3724● ~~Burner Installation NOC & Drivers~~
- 1320 ~~Lease Operator—Natural Gas—All Operations & Drivers~~. Separately rate: erecting or dismantling of derricks; drilling, installation or recovery of casing; well shooting; cementing; tank building; topping operations; or gasoline recovery.
- 6216● ~~Lease Work NOC—Natural Gas—by Contractor & Drivers~~. Includes the clearing of land, building of lease roads, slush pits, levees, or fire walls; the laying or taking up of flow lines and water lines; installing of central pumping units, acidizing of wells; and lease beautification work. Separately rate: pipeline construction, tank building, rig or derrick erecting or dismantling, installation or recovery of casing, drilling, cementing, cleaning and swabbing of wells or well shooting. Not lease operation.

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5183• GAS OR OIL—BURNER INSTALLATION—DOMESTIC & DRIVERS

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3724• GAS OR OIL—BURNER INSTALLATION NOC & DRIVERS

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1320 GAS OR OIL—LEASE OPERATOR—NATURAL GAS—ALL OPERATIONS & DRIVERS

Applies to gas or oil lease owner/operators, and to insureds under contract that operate a facility for its owner. The following operations are not included in Code 1320 and must be separately rated: erecting or dismantling derricks, drilling, installing or recovering casing, well shooting, cementing, tank building, topping operations, or gasoline recovery.

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6216• GAS OR OIL—LEASE WORK NOC—NATURAL GAS—BY SPECIALIST CONTRACTOR & DRIVERS

Includes clearing land; building lease roads, slush pits, levees, or fire walls; laying or taking up flow lines and water lines; tank truck operations servicing gas or oil well sites; installing central pumping units; ~~acidizing wells~~; and lease beautification work. The following operations are not included in Code 6216 and must be separately rated: pipeline construction, tank building, rig or derrick erecting or dismantling, installing or recovering casing, drilling, cementing, cleaning and swabbing wells, or well shooting. Not applicable to owner/operators of a gas or oil lease operation, or to a risk under contract with the lease owner that performs all operations necessary to work a gas or oil lease.

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6204• DRILLING NOC & DRIVERS

~~Shall not be assigned at a single job or location to a risk engaged in operations described by another classification.~~ Code 6204 is applied to specialist contractors engaged in drilling work not otherwise classified. All types of drilling are included, except drilling related to oil or gas wells or drilling in underground mines. The code is not applicable to drilling performed by an artisan, such as a plumber or electrician, as a part of their work.

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CLASSIFICATIONS

~~GEOPHYSICAL EXPLORATION~~

8606 ~~Seismic—All Employees & Drivers~~

7380 ~~NOC—All Employees & Drivers. Core drilling to be separately rated as Code 6204—Drilling
NOC.~~

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8606 GEOPHYSICAL EXPLORATION—SEISMIC—ALL EMPLOYEES & DRIVERS

Code 8606 is assigned to all types of geophysical exploration when these activities are conducted as a separate and distinct business. Core-drilling employees are assigned to Code 6204.

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3719• OIL STILL ERECTION OR REPAIR

Applies to the erection or repair of oil stills and incidental structures or connections that are integral parts of the distillation units such as control, pump, and compressor houses. Separately rate the erection or repair of office buildings, warehouses, storage tanks, power plants, or other structures incidental to an oil refinery, but not integral parts of the distillation units; ~~Chimney~~ construction and pile driving are also separately rated.

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6204• WELL DRILLING—WATER & DRIVERS

Pump installation is to be separately classified from water well drilling provided that verifiable payroll records are maintained for each operation, and drilling equipment is not used to install the pump.

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**EXHIBIT 4—FACT SHEET
PROPERTY AND BUILDING MANAGEMENT**

PROPOSAL

The focus of the proposed changes for this industry is to clarify and update the applicable classifications.

NCCI recommends the following national treatment for classifications:

1. Amend the phraseology for Code 9012 to “Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons.”
2. Clarify the use of Code 9012 for clerical employees of bathhouses, public swimming pools, campgrounds, and other operations associated with Code 9015.
3. Amend the phraseology for Code 9015 to “Building or Property Management—All Other Employees.”
4. Clarify the use of Code 9015 for doormen, security desk personnel, elevator operators, gatekeepers, and concierges.
5. Amend the cross-reference phraseologies of Codes 9012 and 9015 for condominiums to include time-shares.
6. Create a new cross-reference phraseology for mini-storage facilities and flea markets under Codes 9012 and 9015.
7. Create a new cross-reference phraseology for mobile home or trailer parks under Code 9012. Also, amend the trailer park cross-reference phraseology for Code 9015.
8. In conjunction with the Child Day Care proposals included in Item B-1408, assign day care centers that provide overnight accommodations and/or operate 24 hours per day to Code 8869—Child Care Center—All Employees Including Clerical, Salespersons & Drivers, in lieu of Code 9015. This recommendation does not pertain to traditional overnight camp operations.
9. In conjunction with the Country Clubs proposals included in this item, assign employees working exclusively for a country club operation run by a condominium and other community association to Code 9060 in lieu of Codes 9012 and 9015. Thus, all three codes would be applicable to such a risk. This also would apply to hotels/resorts that operate a golf course or country club.
10. Maintain the classification treatment for several operations described in Code 9015. These operations in Code 9015 will remain unchanged: senior apartments without medical care, time-shares, mini-storage facilities, flea markets, traditional overnight camps, trailer/recreational vehicle parks, bathhouses, and public swimming pools.
11. Reassign swim teams, swim clubs, swim schools, swim instructors, and swim associations to Code 9063 in lieu of Code 9015. Professional or semi-professional insureds are assigned to Code 9178.
12. Clarify the use of Code 9033 for public housing authorities. The phraseology will include governmental, quasi-governmental, and privately run charitable, not-for-profit, or for-profit agencies.

Arizona Specific:

NCCI recommends that Arizona adopt the newly defined national Code 9012—Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons, and the accompanying cross-reference phraseologies for Code 9012.

NCCI recommends that Arizona discontinue the state special phraseology for Code 9015 and adopt the national phraseology.

Hawaii Specific:

NCCI recommends that Hawaii discontinue the state special treatment for Code 9015—Building Maintenance and/or Repair—By Real Estate Managing Agents, and adopt the national proposal for Code 9015.

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EXHIBIT 4—FACT SHEET (CONT'D)

NCCI recommends that Hawaii amend the phraseology note of state special Code 9013—Condominiums or Cooperative—All Employees, to add more detail to the description.

NCCI recommends that Hawaii discontinue the state special Code 9063—YMCA, YWCA, YMHA or YWHA, Institution—All Employees, and adopt the national proposal for Code 9063.

Montana Specific:

NCCI recommends that Montana adopt the newly defined national Code 9012—Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons, and the accompanying cross-reference phraseologies for Code 9012.

Oregon Specific:

NCCI recommends that Oregon adopt the newly defined national Code 9012—Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons, and the accompanying cross-reference phraseologies for Code 9012, and the accompanying cross-reference phraseologies for Code 9012.

NCCI recommends that Oregon discontinue the state special treatments for Code 9015—Mobile Home Windstorm Tie-Down Installation—By Trailer Camp Operator & Drivers, and Code 9015—Swimming Pool—Public—Operation & Drivers, and adopt the national phraseologies.

NCCI recommends that Oregon amend the state special phraseologies for Code 9015 for Building Operations, and for Apartment House Operations, to more closely reflect the new national wording. The state specials will still include drivers.

Vermont Specific:

NCCI recommends that Vermont discontinue the state special phraseologies for Code 9063—YMCA, YWCA, YMHA or YWHA, Institution—All Employees, Code 9063—Exercise or Health Institute, Code 9063—Health or Exercise Institute, and Code 9063—Health Spa or Steam Bath NOC, and adopt the national proposal for Code 9063.

Virginia Specific:

NCCI recommends that Virginia adopt the national proposals and update the *Scopes® Manual* descriptions for Codes 9012, 9015, 9033, and 9063 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

Property and real estate managers ensure that rent is collected from tenants and that mortgages, taxes, insurance premiums, payrolls, and maintenance bills are paid in a timely manner. The services and responsibilities of community association managers are similar to that of property and real estate managers. The work of community association managers differs from property and real estate managers because they interact on a daily basis with homeowners and other residents, rather than with renters. They administer the daily affairs and oversee the maintenance of the property and facilities that the homeowners own and use jointly through the association.

Property and real estate managers and community association managers employ maintenance and repair workers for both the building and the surrounding landscape or grounds. Unlike specialists in one kind of work, such as plumbing or electrical, general maintenance workers have skills in many different areas. Grounds maintenance workers perform a variety of tasks to maintain the surrounding landscape and grounds. They also may care for indoor gardens and planting in commercial and public facilities, such as shopping malls and office building atriums.

Code 9015 seems to have become a “catch-all” classification for a variety of operations including: camps, scouts, lifeguards, mini-storage facilities, recreational vehicle campgrounds and parks, etc.

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EXHIBIT 4—FACT SHEET (CONT'D)

Code 9012 (versus Codes 8810 and 8742) is assigned in most circumstances for clerical and outside sales exposures related to property and building management operations.

Child day camps are included in Code 9015 when overnight accommodations are provided. Otherwise, these camps are classified to Codes 8869 and 9059. Specialty camps, such as riding or skiing camps, are classified to the specialty classification representing an insured's activity. Boy and Girl Scout councils' overnight camp operations are also included in Code 9015. Generally, these organizations are classified to Code 9063.

The application of Code 9033 for public housing authorities is currently limited to government and quasi-government agencies, and not privately run entities. A distinction has often been made when classifying a housing project based on whether the property manager was a government-backed entity or a private institution, even if the latter was a nonprofit, charitable organization.

Time-shares, cooperatives, and vacation rental properties are assigned to either Code 9015 or 9052, depending on whether they are operated like hotels or apartments. Communities that operate golf courses, marinas/boat slips, etc. are assigned to either Code 9015 or 9060.

Retirement living centers (RLCs) are classified to Codes 8824, 8825, and 8826 in lieu of Codes 9012 and 9015, as long as they provide congregate and healthcare services to their elderly population. Apartment buildings for seniors are assigned to Codes 9012 and 9015.

Slips, trips, and falls are the primary exposure in this industry. However, property management firms usually have a full staff of groundskeeping, maintenance, and repair workers to service their sites. These employees are at risk for cuts, burns, shocks, dismemberment, lifting injuries, cumulative trauma disorders, and toxic fume inhalation.

Groundskeeping crews may injure themselves on the sharp and moving parts of landscaping equipment and machinery, such as lawnmowers, hedge trimmers, and leaf blowers. The powered machinery may cause hearing damage as well. Crews may also use pesticides, insecticides, herbicides, and fertilizers, which can cause chemical burns and skin or eye irritations. All of the work is performed outdoors in various weather conditions.

Building maintenance workers may be subject to falls from heights, shocks from damaged electrical equipment, and paint fume inhalation. Older buildings and properties may expose workers to asbestos or lead paint, leading to chronic lung problems and lead poisoning.

Workers and counselors for camp operations are subject to many of the same exposures as the campers. Because they are often engaged in a variety of sports and activities with campers, sports-related injuries, heat stroke, and injuries or illnesses caused by insect stings or bites can be common.

Grouped claims data from NCCI's database, as reported by the carriers, was reviewed. The most common causes of injury are lifting, general strains, and fall, slip, or trip occurrences. The results are basically the same when compared by severity or frequency. Codes 9012 and 9015 share eight out of their top ten causes of injury, including lifting, falls from ladders, and falls from elevation. These causes of injury are typical for the property and building management industry. Code 9032, which is a state special class code in Arizona, and Code 9033 also share many of the same causes of injury as Codes 9012 and 9015. Code 9013, which is a state special class code in Hawaii, shares basically the same causes of injury as Codes 9012 and 9015. Codes 9014 and 9023, which is a state special class code in Virginia, stand out a little differently by cause of injury, and this may be due to the custodial or janitorial nature of their operations.

Nature of injury claims for the property codes were also reviewed. The most common nature of injury by severity includes strains, fractures, and contusions. Laceration was also high on the list when frequencies were looked at. Once again, Codes 9012 and 9015 share eight out of their top ten nature of injury. All of the other codes included in the industry review were very similar as well. The claims data reflects what would be expected for the property and building management industry.

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EXHIBIT 4—FACT SHEET (CONT'D)

Codes 9012 and 9015 share eight out of their top ten injured body parts, including the lower back, knee, and shoulder. All of the other codes included in the industry review were very similar as well. When frequency of injury is contemplated, the fingers and hand stand out among all of the codes as very common body parts to be injured. Again, the claims data reflects what would be expected for the property and building management industry.

IMPACT

This item proposes to revise the phraseology and/or phraseology notes of Codes 9012, 9015, 9033, and 9063. This portion of the proposal may result in reclassification of risk payroll and/or change in loss costs/rates.

Arizona Specific:

This item proposes to establish newly redefined national Code 9012 in Arizona. The initial rate and rating values for new Code 9012 will be set equal to the rate and rating values of Code 8742 until new Code 9012 develops data to determine its own rate. Experience from Code 8742 will not be reassigned to Code 9012. No modification is proposed to the rate for Code 8742.

This item also proposes that Arizona discontinue state special treatment for Code 9015 and adopt the national proposal for newly redefined Code 9015. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in rate. All other national proposals for applicable codes in Arizona are recommended.

Hawaii Specific:

This item proposes that Hawaii discontinue state special treatments for Codes 9015 and 9063, and adopt the national proposals for newly redefined Codes 9015 and 9063. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost.

This item also proposes that Hawaii continue state special treatment for Code 9013 and revise its state special phraseology for Code 9013 to add more details to the phraseology note. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in Hawaii are recommended.

Montana Specific:

This item proposes to establish newly redefined national Code 9012 in Montana. The initial loss cost and rating values for new Code 9012 will be set equal to the loss cost and rating values of Code 8742 until new Code 9012 develops data to determine its own loss cost. Experience from Code 8742 will not be reassigned to Code 9012. No modification is proposed to the loss cost for Code 8742. All other national proposals for applicable codes in Montana are recommended.

Oregon Specific:

This item proposes to establish newly redefined national Code 9012 in Oregon. The initial loss cost and rating values for new Code 9012 will be set equal to the loss cost and rating values of Code 8742 until new Code 9012 develops data to determine its own loss cost. Experience from Code 8742 will not be reassigned to Code 9012. No modification is proposed to the loss cost for Code 8742.

This item also proposes that Oregon not adopt national proposals for Code 9015 but instead revise their state special phraseology for Code 9015 to more closely align with the national proposals for Code 9015. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in Oregon are recommended.

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EXHIBIT 4—FACT SHEET (CONT'D)

Vermont Specific:

This item proposes that Vermont discontinue state special treatment for Code 9063 and adopt the national proposal for Code 9063. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in Vermont are recommended.

Virginia Specific:

This item proposes that Virginia update the *Scopes® Manual* descriptions for Codes 9012, 9015, 9033, and 9063 to incorporate the changes proposed. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2012 filing cycle.⁴ For example, this item will be effective January 1, 2012 for approved rate/loss cost filings that have a January 1, 2012 effective date. Similarly, this item will be effective July 1, 2012 for approved rate/loss cost filings that have a July 1, 2012 effective date.

⁴ Except in Virginia, where it is the 2011 filing cycle.

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9012 ~~BUILDINGS—OPERATION BY OWNER, LESSEE, OR REAL ESTATE MANAGEMENT FIRM;
OR PROPERTY MANAGEMENT—PROFESSIONAL EMPLOYEES, PROPERTY MANAGERS
AND LEASING AGENTS & CLERICAL, SALESPERSONS~~

~~The professional~~Typical employments included are property managers, leasing agents, model home hosts, clerical staff, and outside salespersons; no actual maintenance performed. Not applicable to an owner or lessee of a building who occupies the entire or principal portion of the premises for ~~mfg.~~ manufacturing or mercantile purposes or to a business described by a Standard Exception classification. Includes nonresident management of farm or ranch property for others, not corporate farms. Includes real estate management companies and real estate investment trusts. Includes administrators of homeowners associations. Must ~~Shall~~ not be assigned to an employee engaged in operations described by another classification. Code 9012 is assigned to all clerical and sales employees, including those that operate at a separate location from the properties managed. Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are assigned to Code 9060.

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9015 ~~BUILDINGS—OPERATION—BY OWNER, LESSEE, OR REAL ESTATE MANAGEMENT FIRM—
OR PROPERTY MANAGEMENT—ALL OTHER EMPLOYEES~~

Applies to the care, custody, and maintenance of premises or facilities. Not applicable to an owner or lessee of a building who occupies the entire or principal portion of the premises for ~~mfg.~~ manufacturing or mercantile purposes. Includes doormen, security desk personnel, elevator operators, gatekeepers, and concierges. Separately rate maintenance or repair work at any location where ~~such~~ the owner or lessee does not also perform janitorial services, ~~operation, or maintenance of amusement devices to be separately rated.~~ Includes real estate management companies and real estate investment trusts. Clerical and sales employees are assigned to Code 9012, including those who operate at a separate location from the properties managed. Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are assigned to Code 9060.

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9015 BATHHOUSE—BEACH

Clerical and sales employees to be assigned to Code 9012.

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9015 **CAMP OPERATION NOC**

Clerical and sales employees to be assigned to Code 9012.

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~~CONDOMINIUMS OR COOPERATIVES~~

- 9012 ~~Professional Employees, Property Managers and Leasing Agents & Clerical, Salespersons.~~ The professional employments included are property managers, leasing agents, clerical staff and outside salespersons; no actual maintenance performed. Shall not be assigned to an employee engaged in operations described by another classification.
- 9015 ~~All Other Employees.~~ Applies to care, custody and maintenance of premises or facilities.

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9012 ~~CONDOMINIUMS, COOPERATIVES OR TIME-SHARES—PROFESSIONAL EMPLOYEES,~~
PROPERTY MANAGERS AND LEASING AGENTS & CLERICAL, SALESPERSONS

~~The professional~~Typical employments included are property managers, leasing agents, clerical staff, and outside salespersons; no actual maintenance performed. Includes administrators of condominium associations. ~~Shall~~Must not be assigned to an employee engaged in operations described by another classification.

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9015 CONDOMINIUMS, COOPERATIVES OR TIME-SHARES—ALL OTHER EMPLOYEES

Applies to care, custody, and maintenance of premises or facilities. Clerical and sales employees to be assigned to Code 9012.

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9033 HOUSING AUTHORITY & CLERICAL, SALESPERSONS, DRIVERS

Applies to all employees of housing authorities operating completed public housing projects. The authority may be a governmental, quasi-governmental, or privately run charitable, not-for-profit, or for-profit agency. New construction and major alteration work to be separately rated.

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9012 MINI-STORAGE FACILITIES OR FLEA MARKETS—PROPERTY MANAGERS AND LEASING
AGENTS & CLERICAL, SALESPERSONS

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EXHIBIT 4—NATIONAL CLASSIFICATIONS
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PROPERTY AND BUILDING MANAGEMENT
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9015 MINI-STORAGE FACILITIES OR FLEA MARKETS—ALL OTHER EMPLOYEES
Clerical and sales employees to be assigned to Code 9012.

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9012 MOBILE HOME OR TRAILER PARKS—PROPERTY MANAGERS AND LEASING AGENTS
& CLERICAL, SALESPERSONS

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9015 MOBILE HOME OR TRAILER PARKS—OR TRAILER CAMPS—ALL OTHER EMPLOYEES
Clerical and sales employees to be assigned to Code 9012.

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9015 **RECREATIONAL VEHICLE CAMPGROUNDS OR PARKS—ALL OTHER EMPLOYEES**
Clerical and sales employees to be assigned to Code 9012.

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~~SWIMMING POOL~~

- 5223 • ~~Construction—Not Iron or Steel & Drivers.~~ Code 5213—Concrete construction NOG shall not be assigned at the same job or location to which Code 5223 applies.—
~~Excavation to be separately rated as Code 6217—Excavation. Construction of iron or steel pools to be separately rated as Code 5069—Iron or steel erection. Maintenance work to be separately rated as Code 9014—Buildings—operation by contractors provided the operations described by Codes 5223 and 9014 are conducted by separate crews with no interchange of labor and separate payroll records are maintained.—~~
- 9015 ~~Public Operation~~

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9015 SWIMMING POOL—PUBLIC—OPERATION—ALL OTHER EMPLOYEES
Clerical and sales employees to be assigned to 9012.

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5223• SWIMMING POOL—CONSTRUCTION—NOT IRON OR STEEL & DRIVERS

Code 5213—Concrete Construction NOC shall be assigned at the same job or location to which Code 5223 applies.

Excavation to be separately rated as Code 6217—Excavation. Construction of iron or steel pools to be separately rated as Code 5069—Iron or Steel Erection. Maintenance work to be separately rated as Code 9014—Buildings—Operation by Contractors provided the operations described by Codes 5223 and 9014 are conducted by separate crews with no interchange of labor and separate payroll records are maintained.

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9063 YMCA, YWCA, YMHA, OR YWHA, INSTITUTION—ALL EMPLOYEES & CLERICAL.

Includes teachers and instructors. Traditional camp operations with overnight accommodations to be separately rated as assigned to Code 9015. Day camps serving both preschool and school-age children to be assigned to Code 8869. This classification is applicable to amateur, youth, or recreational sports in which the athletes are generally not paid. It is assigned to coaches, managers, trainers, equipment managers, and sports officials. For professional and semiprofessional sports, refer to Code 9178 or Code 9179.

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EXHIBIT 5—FACT SHEET**COUNTRY CLUBS****PROPOSAL**

The focus of the proposed changes for this industry is to clarify the intent of the applicable classifications.

NCCI recommends the following national treatment for classifications:

1. Change the phraseology of Code 9060—Club—Country, Golf, Fishing, or Yacht & Clerical to include all employees of a country club operation. The new phraseology will be “Club—Country, Golf, Fishing, or Yacht—All Employees & Clerical, Salespersons, Drivers.”
2. Clarify in the phraseologies for Codes 9060, 9012, 9015, and 9052 that employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are included in Code 9060.

Hawaii Specific:

NCCI recommends that Hawaii discontinue its state special treatment of Code 9060—Club—Country, Golf, Fishing, or Yacht, and adopt the newly defined phraseology for Code 9060 as described in the national proposal.

Oregon Specific:

NCCI recommends that Oregon discontinue its state special treatment of Code 9060—Club—Country, Golf, Fishing, or Yacht & Clerical, Drivers, and adopt the newly defined phraseology for Code 9060 as described in the national proposal.

NCCI recommends that Oregon discontinue its state special treatment of Code 9052—Hotel—All Employees & Salespersons & Drivers, and adopt the newly defined phraseology for Code 9052 as described in the national proposal.

Virginia Specific:

NCCI recommends that Virginia adopt the national proposals and update the *Scopes® Manual* descriptions for Codes 9012, 9015, 9052, 9060 and 9102 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

Private or public country clubs today have outdoor activities such as golf, tennis, swimming, and exercise facilities. On-site recreation rooms may be exercise rooms, card rooms, heated sauna or steam bathrooms, and conference rooms. Country clubs may also cater functions for social events such as weddings, receptions, and birthday parties. Golf is the primary sport offered by country clubs, but clubs may also offer fishing or yachting opportunities.

The private clubs require membership, and the public clubs are open to the general public. Some country clubs are owned by private corporations for public and private use while many private country clubs are owned by their members through initiation equity purchase fees. Private clubs offer social membership for members to use the restaurant, beverage, and nonoutdoor activity facilities. The operations of public and private country clubs are essentially the same. The only difference is that private country clubs may offer more choices of activities for their members.

The combination of condominium, country club, hotel, and resort occur frequently under Codes 9015 and 9012. They may be managed by boards of directors, management companies, or employees of the facility. Owners usually share responsibility for the roof, hallways, grounds, and on-site recreational facilities. Individuals are responsible for maintenance and repairs to their individual units and are liable for operating costs for areas that are held in common. Condominium communities may provide such shared facilities as a

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EXHIBIT 5—FACT SHEET (CONT'D)

pool, gym, tennis courts, and clubhouse, which are maintained by a condominium association. Condominium owners pay a monthly fee to the association for the association business operations.

Condominium or cooperative communities and property management companies may provide or manage shared facilities such as a pool, a gym, tennis courts, and a clubhouse. The condominium association or property management company maintains these facilities and handles daily management tasks and administrative functions, including making decisions about the maintenance of communal areas, maintenance assessments, insurance, and rules of enforcement.

IMPACT

This item proposes to revise the phraseology and/or phraseology notes of Code 9060. This portion of the proposal may result in reclassification of risk payroll from Codes 7380, 8742, 9012, 9015, and/or 9052 to Code 9060.

Hawaii Specific:

This item proposes that Hawaii discontinue state special treatment for Code 9060 and adopt the proposed national phraseology changes for Code 9060. This portion of the proposal may result in reclassification of risk payroll from Codes 7382, 8742, and/or 8810 to Code 9060.

Oregon Specific:

This item proposes that Oregon discontinue state special treatment for Code 9060 and adopt the proposed national phraseology changes for Code 9060. This portion of the proposal may result in reclassification of risk payroll from Code 8742 to Code 9060.

This item also proposes that Oregon discontinue state special treatment for Code 9052 and adopt the proposed national phraseology changes for Code 9052. This portion of the proposal is not anticipated to result in any reclassification of risk payroll or change in loss cost. All other national proposals for applicable codes in Oregon are recommended.

Virginia Specific:

This item proposes that Virginia update the *Scopes® Manual* descriptions for Codes 9012, 9015, 9052, 9060 and 9102 to incorporate the changes proposed. This portion of the proposal may result in reclassification of risks payroll and/or change in loss cost.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2012 filing cycle.⁵ For example, this item will be effective January 1, 2012 for approved rate/loss cost filings that have a January 1, 2012 effective date. Similarly, this item will be effective July 1, 2012 for approved rate/loss cost filings that have a July 1, 2012 effective date.

⁵ Except in Virginia, where it is the 2011 filing cycle.

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~~CLUB.~~

~~Clubs employing only clerical office employees shall be classified as Code 8810—Clerical office employees.~~

9060 ~~Country, Golf, Fishing, or Yacht & Clerical.~~ The actual payroll of all caddies shall be included with the payroll of the regular club employees in calculating the premium for the risk. If the actual payroll is not available, the payroll for caddies shall be taken at \$40.00 per club member per season subject to a maximum of 300 members per course of 18 holes, which limit shall be adjusted pro rata for larger or smaller courses; provided, however, that if the club is open to the public, 150 members per course of 18 holes shall constitute the minimum number of club members, which limit shall be adjusted pro rata for larger or smaller courses for the purpose of applying this rule.

8279 ■ ~~Riding & Drivers~~

9180 ~~Shooting & Drivers~~

9061 ~~NOC & Clerical~~

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9060 CLUB—COUNTRY, GOLF, FISHING, OR YACHT—ALL EMPLOYEES & CLERICAL,
SALESPERSONS, DRIVERS

~~Clubs employing only clerical office employees shall be classified as Code 8810—Clerical office employees. Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are included in Code 9060.~~

The actual payroll of all caddies ~~shall~~ must be included with the payroll of the regular club employees in calculating the premium for the risk. If the actual payroll is not available, the payroll for caddies ~~shall~~ must be taken at \$40.00 per club member per season subject to a maximum of 300 members per course of 18 holes, which limit ~~shall~~ will be adjusted pro rata for larger or smaller courses; provided, however, that if the club is open to the public, 150 members per course of 18 holes ~~shall~~ will constitute the minimum number of club members, which limit ~~shall~~ will be adjusted pro rata for larger or smaller courses for the purpose of applying this rule.

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8279 ■ CLUB—RIDING & DRIVERS

Clubs employing only clerical office employees shall be classified as Code 8810—Clerical Office Employees.

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9180 CLUB—SHOOTING & DRIVERS

Clubs employing only clerical office employees shall be classified as Code 8810—Clerical Office Employees.

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9061 CLUB—NOC & CLERICAL

Clubs employing only clerical office employees shall be classified as Code 8810—Clerical Office Employees.

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~~HOTEL~~

- 9058 ~~Restaurant Employees~~
- 9052 ~~All Other Employees & Salespersons, Drivers~~

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9058 HOTEL—RESTAURANT EMPLOYEES

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9052 HOTEL—ALL OTHER EMPLOYEES & SALESPERSONS, DRIVERS

Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are assigned to Code 9060.

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EXHIBIT 6

BASIC MANUAL—2001 EDITION
APPENDIX E
CLASSIFICATIONS BY HAZARD GROUP

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In: [±]	Discontinued In: [±]	Hazard Group A-G
8723	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV		<u>C</u>
8855	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV		<u>C</u>
8856	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV		<u>C</u>
6205		<u>LA</u>	E
6215		<u>OK</u>	E
8607		<u>AK, AZ, OK</u>	E
8808		<u>NV</u>	B

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