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January 16, 1996

ALL ASSOCIATION MEMBERS

Circular Letter No. 96-1246

RE: NCCI Item B-1328 Restaurant Classifications

The Minnesota Commerce Department has approved the above item for use in Minnesota effective January 1, 1996.

This item is composed of three new classifications to the Basic Manual pertaining to restaurant operations with the intent of replacing and eliminating Code 9079.

The three new classifications are:

CODE 9082 RESTAURANT NOC

CODE 9083 RESTAURANT: FAST FOOD

CODE 9084 BAR, DISCOTHEQUE, LOUNGE, NIGHT CLUB OR TAVERN

Currently, the Basic Manual classifies all types of restaurant operations under Code 9079 - Restaurant NOC. The National Council conducted a study which identified three major types of restaurant operations presently assigned to Code 9079. These types have been identified as fast food restaurants, bars and lounges, and the traditional restaurant which offers complete meals and table service. After a review of this matter by the National Council, it is their conclusion that these three restaurant types merit separate classifications based on the difference in their exposures. Additionally, it was determined that since the current restaurant classification is highly credible, the three new classifications would produce an adequate amount of data to also develop sufficient credibility from a ratemaking standpoint.

The attached exhibit outlines the changes to the Basic Manual and the Retrospective Rating Plan Manual necessary to implement Codes 9082, 9083 and 9084. The rates and rating values of code 9079 Restaurant NOC will apply for all three new classifications until such time as each new classification develops sufficient statistics for ratemaking purposes.

Minnesota currently has a state exception to modify the phraseology of the footnote which accompanies Code 9079 Restaurant NOC in the Basic Manual. Please note that the attached exhibit includes the addition of three new Minnesota Exceptions to accommodate the difference in our footnote phraseology for each of these classifications. We would also like to point out that in an effort to correct existing inconsistencies, NCCI has added the restaurant classification footnote to other cross-reference classifications.

The Department of Commerce has requested that we remind Minnesota Workers' Compensation Insurers Association members that the above filing will automatically apply to each member of MWCIA unless that member files an exception with the Department of Commerce. This filing should indicate the member does not intend to utilize the filing, or adopt a filing of their own. It must be submitted to the Department of

Commerce for review and approval.

Very truly yours,

J. P. HILDEBRANDT

President