



Circular

JULY 25, 2008

ANNOUNCEMENT

CIF-2008-19

Countrywide—Item B-1409—Revisions to Basic Manual Classifications and Appendix E—Classifications By Hazard Group

ACTION NEEDED

Please review the changes outlined in the attachments to this circular for impact on your company's system and procedures.

Note: At the time of distribution of this circular, this item filing is **not yet approved**. This information is provided for your convenience and analysis. Please do not use the information until the regulator has approved the filing.

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 industries and their operations make to technological, competitive, and regulatory changes.

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 2011 filing cycle. Refer to the attached version of Item B-1409 for state-specific effective dates and for a listing of the industries contained in Item B-1409.

IMPACT

This item filing will foster the uniform and equitable treatment of risks within each industry. NCCI recognizes that some of our recommendations may have premium impact. Such impact, if any, is explained in more detail within this item filing.

NCCI ACTION

NCCI will be updating the *Status of Item Filings* circular with the status of Item B-1409. Please refer to that circular for state approvals of this item filing. NCCI will release updated manual pages 90 days before the proposed effective date.

The attached version of Item B-1409 includes all state-specific treatments. NCCI has prepared state-specific versions of B-1409 for all 34 states where it has been filed. Item B-1409 has also been submitted to the independent bureaus for their consideration.

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FILING MEMORANDUM

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E- CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

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 two industries impacted are shown in the table below.

Title	Fact Sheet	Exhibit
Bakery, Cookies, & Crackers	1	1
Two-Year Transition Program, Rules, and Examples		1
Food Sundry	2	2
Basic Manual Appendix E—Table of Classifications by Hazard Group		3
State Special Exhibits		4

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, and ensures that the system stays in step with the way that industries and their operations respond to technological, competitive, and regulatory changes.

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

Another objective of the classification project is to simplify the classification section of NCCI's **Basic Manual** by discontinuing redundant phraseologies or streamlining current phraseologies with **format and consistency only** changes. For example, in this filing, section headings are removed and added to the underlying code-specific phraseologies such as doughnut shop in Exhibit 1.

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 incorporated within this filing.

PROPOSAL

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

This item is broken out in sections as enumerated in the table shown on Page 1. Each section contains a fact sheet outlining the proposals relating to that section, as well as the background and basis for the proposed

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FILING MEMORANDUM

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E- CLASSIFICATIONS BY HAZARD GROUP

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 2011* filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

A fact sheet may include a transition program for one or more of the included proposals. In that instance, the fact sheet will include the actual transition program rules and give the details corresponding to the initiation and final implementation date associated with the transition program.

Some fact sheets propose a transition program for particular states. In those instances, each fact sheet identifies the applicable states and contains the details corresponding to the initiation and final implementation date associated with that transition program.

The following chart shows the proposed effective dates for each state:

State	Anticipated** Effective Date
Alabama	March 1, 2011
Alaska	January 1, 2011
Arizona	October 1, 2011
Arkansas	July 1, 2011
Colorado	January 1, 2011
Connecticut	January 1, 2011
District of Columbia	November 1, 2011

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FILING MEMORANDUM

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
 CLASSIFICATIONS BY HAZARD GROUP**

State	Anticipated** Effective Date
Florida	January 1, 2011
Georgia	May 1, 2011
Hawaii	Effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2011
Illinois	January 1, 2011
Indiana	January 1, 2011
Iowa	January 1, 2011
Kansas	January 1, 2011
Kentucky	October 1, 2011
Louisiana	May 1, 2011
Maine	January 1, 2011
Maryland	January 1, 2011
Mississippi	March 1, 2011
Missouri	All rate changes related to this filing are proposed to be effective January 1, 2011 for the voluntary and assigned risk market.
Montana	July 1, 2011
Nebraska	February 1, 2011
Nevada	March 1, 2011
New Hampshire	January 1, 2011
New Mexico	January 1, 2011
North Carolina	April 1, 2011
Oklahoma	January 1, 2011
Oregon	January 1, 2011

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FILING MEMORANDUM

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

State	Anticipated** Effective Date
Rhode Island	June 1, 2011
South Carolina	If there is no rate/loss cost filing for South Carolina in a given year, this item will take effect on South Carolina's "normal" rate effective date. (The "normal" rate effective date is the anniversary date of the state's previous approved rate/loss cost filing).
South Dakota	July 1, 2011
Tennessee	March 1, 2011
Utah	December 1, 2011
Vermont	April 1, 2011
Virginia	April 1, 2010
West Virginia	July 1, 2011

* Except in Virginia where it is the 2010 filing cycle

** Subject to change

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**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 1—FACT SHEET
BAKERY, COOKIES, & CRACKERS****PROPOSAL**

The focus of the proposed changes for this industry is to combine operations into classifications that reflect exposures common to those operations.

NCCI recommends the following national treatment for classifications:

1. Revise the phraseology of Code 2003—Bakery & Drivers, Route Supervisors to Bakery—Salespersons & Drivers. This will clarify the application of salespersons or drivers who stock the shelves at their customer's location when they deliver product.

The phraseology note of Code 2003 will also be revised to clarify the treatment of a bakery with a retail store operation versus a retail store operation where no baking is done on the premises.

2. Discontinue Code 2001—Cracker Mfg. and reassign the exposure to Code 2003—Bakery—Salespersons & Drivers.
3. Revise the phraseology of Code 2002—Macaroni Mfg. to Pasta or Noodle Mfg.
4. Discontinue the cross-reference phraseology for Code 2003—Doughnut Mfg. & Drivers and include it in the phraseology note of Code 2003.

Hawaii Specific:

NCCI recommends that Hawaii discontinue their state special cross-reference for Code 2003—Cookie Bakery & Drivers and adopt the new national treatment of Code 2003.

Maine Specific:

NCCI recommends that Maine discontinue their state special cross-reference for Code 2003—Bakery & Drivers, Route Supervisors and Code 9083—Doughnut Shop—Retail and adopt the new national treatment of Code 2003. This will result in no change in application.

Montana Specific:

NCCI recommends that Montana not adopt the national treatment and retain their state special phraseologies of Code 2003—Bakery Wholesale & Drivers and Code 2004—Bakery Retail—All Operations. The note for Code 2004 is being amended for consistency to correctly spell the word doughnut.

At the time of this filing, no experience has been reported for national Code 2001—Cracker Mfg. in Montana. Since Code 2001 is being discontinued, any experience that may develop prior to the effective date of this filing will be allocated to Montana state special Code 2003—Bakery Wholesale & Drivers or Code 2004—Bakery Retail—All Operations.

Oregon Specific:

NCCI recommends that Oregon discontinue their state special cross-references for Code 2003—Bakery & Drivers, Route Supervisors, Code 8017—Bakeries—Retail Store Sales, and Code 9079—Specialty Baked Goods Shops & Drivers and adopt the new national treatment of Code 2003. This will not result in any change in application or assignment from the current application. Bakeries with restaurant operations will continue to be assigned to Code 9079 in Oregon.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

Virginia Specific:**EXHIBIT 1—FACT SHEET (CONT'D)**

NCCI recommends that Virginia update the Scope descriptions for Code 2016, Code 2095, Code 9082, and Code 9083 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

There are three distinct types of products produced by bakeries. They are baked goods with one, a short shelf life, two, a longer shelf life, and three, those made to be frozen prior to distribution.

Examples of goods with a short shelf life of several weeks include bread, cake, rolls, bread stuffing or crumbs, unfrozen sweet yeast goods (doughnuts, sweet rolls, and coffee cake), soft cakes, pies, and pastries. Examples of bakery goods with a longer shelf life of several months include cookies, crackers, toaster pastries, ice cream cones or cups, and pretzels. Frozen bakery items have an extended shelf life. Frozen bakery items include frozen baked goods, cookies and crackers, raw uncooked breads, cookie dough, frozen pies, sweet yeast goods, soft cakes, and pastries.

There are common steps in the production of any baked good. Both dry and frozen ingredients are mixed to produce the dough. The dough is individually formed and shaped for each item to be baked. Fillings may be added to pies in this stage. Hand tools such as cookie cutters, knives, rolling pins, etc. may be used, and/or the dough can be placed into pans, muffin tins, etc.

The formed dough is then stored in one of three places: It is refrigerated temporarily while waiting for space in the oven to be baked, frozen for use at a later time, or stored in a warm moist area where yeast products are allowed to rise prior to baking. All products are baked with the exception of doughnuts, which are deep fried. Most baked items are allowed to cool after being baked and then packaged for shipment.

The processes used to manufacture tortillas are similar to those used for baking bread. Both involve mixing dough, forming, shaping, baking, cooling and packaging. To make flour tortillas, the dough is mixed, extruded to the correct size, allowed to rise for a short period, flattened, quickly baked, sorted, and packaged. The process to make corn tortillas is slightly different, starting with the mixing of the dough. The corn-based dough is cooked prior to extrusion and does not need to rise. It is quickly baked, cooled, sorted, and packaged. The majority of the operations are wholesale, but some are retail as well.

Pasta also has three distinct types of products: fresh gourmet type, dry and packaged, and frozen. The fresh gourmet type has a short shelf life. Both dry and packaged and frozen have extended shelf lives. Bakery products and pasta products have similarities in categories of products produced and their shelf lives. Pasta manufacturers make a variety of products that include spaghetti, macaroni, vermicelli, and noodle products.

The largest portion of pasta sales comes from the dry and packaged portion with the frozen pasta segment being the fastest growing. Most of the pasta is made from water and special semolina flour that is milled from Durum wheat. Other ingredients, coloring, fillings, and flavorings, may be added to the mix to make a wide range of pasta, which comes in many shapes and sizes. Noodles differ from the other pasta products in that eggs are added to the mixture in their production.

Large wholesale commercial bakeries are highly mechanized with considerable hand packaging operations and delivery of their products on a large scale to wholesale customers. Retail bakery operations tend to be more hands-on in the manufacturing process, less mechanized, and they have a walk-in customer base.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

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

This item proposes that Code 2001—Cracker Mfg. be discontinued and its experience combined into newly defined national Code 2003. A review has been conducted using the latest approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program. Based on the result of this review, a two-year transition is being proposed. Using a transition will help minimize the impact to both individual risk premium charges and overall statewide premium.

The other changes to this industry primarily consists of the consolidation of cross—references into the actual classification wording and this consolidation is not expected to result in a reclassification of risk payroll or change in loss costs, rates, or premium.

Hawaii Specific:

It is proposed that Hawaii eliminate the state special wording currently existing for Code 2003 and adopt the national proposal. The elimination of the state special phraseology is not expected to result in additional changes in premium beyond the national proposal to combine Code 2001 into Code 2003.

Maine Specific:

It is proposed that Maine eliminate the state special wording currently existing for Code 2003 and Code 9083 and adopt the national phraseology for both codes. The elimination of the state special phraseologies is not expected to result in additional changes in premium beyond the national proposal to combine Code 2001 into Code 2003.

Montana Specific:

It is proposed that Montana eliminate national Code 2001—Cracker Mfg. There is no proposal to change the current existing state special wording for Code 2003 or Code 2004. Due to the lack of data in Code 2001 in Montana, this proposal will have no impact on individual risks or statewide premium.

Oregon Specific:

It is proposed that Oregon adopt the national treatment by eliminating the state special cross-reference phraseologies regarding this industry that are currently included in Codes 2003, 8017, and 9079. The elimination of the state special phraseologies are not expected to result in a reassignment of payroll or in a premium change beyond that stated in the national proposal in regard to combining Code 2001 into Code 2003.

Virginia Specific:

NCCI recommends that Virginia update the Scope descriptions for Code 2016, Code 2095, Code 9082, and Code 9083. These changes are not anticipated to result in any reclassification of risk payroll or result in a change in loss cost, rate, or premium.

No transition program proposal is being made in Virginia for the recommendation to discontinue and combine Code 2001 into newly defined Code 2003.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

IMPLEMENTATION

EXHIBIT 1—FACT SHEET (CONT'D)

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 2011 filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

This fact sheet includes a two-year transition program. The following pages include the actual transition program rules along with an example of the transition program calculations. The rules give additional detail to the initiation and final implementation dates associated with this transition program.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2003 BAKERY & DRIVERS, ROUTE SUPERVISORS

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

2003 BAKERY—SALESPERSONS & DRIVERS, ~~ROUTE SUPERVISORS~~

Code 2003 is assigned to the manufacture of three categories of bakery items: baked goods, cookies and crackers, and cooked or uncooked frozen items. Baked goods include, but are not limited to, bread, bagels, cake, sweet yeast goods (doughnuts and sweet rolls), pies, pizza dough, and tortillas (corn or flour). Cookies and crackers include, but are not limited to toaster pastries, ice cream cones, wafers, matzoth, and soft pretzels. Cooked or uncooked frozen bakery items include, but are not limited to frozen pies, sweet yeast goods, bread, cookie or pizza dough, and pastries.

If an insured qualifies for Code 2003 and Code 8017, or Code 2003 and a restaurant class, a division of payroll for employees exposed to both baking and store or baking and restaurant operations is permitted, provided that conditions described in *Basic Manual* are met. If a bakery operates a store that sells baked goods for on-premises consumption or both on- and off-premises consumption, that store is classified to the appropriate restaurant code. The assignment of a restaurant class under these circumstances is not dependent on the percentage of goods consumed on or away from the premises. If a bakery operates a store that sells baked goods exclusively for off-premises consumption, that store is assigned to Code 8017.

Retail bakery and doughnut stores (no baking done on premises) that sell baked goods exclusively for off premises consumption will be separately rated to Code 8017. Retail bakery and doughnut stores that additionally prepare food or have on-premises consumption must be separately rated to the appropriate restaurant code.

Additional food preparation done by a retail bakery and doughnut stores (no baking done on premises) to enhance their products for breakfast, lunch, or dinner must be separately rated to the appropriate restaurant code. Examples of enhancements to bakery products include but are not limited to the addition of eggs, lunchmeats, bacon, lettuce, etc. Providing beverages (includes, but not limited to coffee, tea, fountain sodas, milk, prepackaged drinks, etc.) or prepackaged self serve condiments (includes, but not limited to butter, cream cheese, jams, spreads, etc.) to customers is not considered an enhancement.

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

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

2001 CRACKER MFG.

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

~~2001~~ ~~CRACKER MFG.~~

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

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
CLASSIFICATIONS

2002 ~~MACARONI MFG.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
CLASSIFICATIONS

2002 PASTA OR NOODLE MFG.

Code 2002 includes, but is not limited to, spaghetti, macaroni, noodles, and other pasta products whose main ingredients are water and flour. Other ingredients, coloring, fillings, and flavorings may be added to the mix to make a wide range of pasta that comes in many shapes and sizes. Noodles differ from the other pasta products in that eggs are added to the mixture in their production.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
CLASSIFICATIONS

CURRENT NATIONAL PHRASEOLOGY TO REMAIN EFFECTIVE UNTIL THE COMPLETION DATE OF
THE TRANSITION PROGRAM * OF THIS ITEM

DOUGHNUT

2003 **Mfg. & Drivers**

9083 **Shop—Retail.** Applies to shops engaged in the preparation and sale of doughnuts, coffee, or other items for consumption on or away from the premises. If the shop does not qualify as Code 9083—Restaurant: Fast Food, classify as Code 9082—Restaurant NOC.

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

~~**DOUGHNUT**~~

2003 ~~**Mfg. & Drivers**~~

9083 **DOUGHNUT Shop—Retail.** Applies to shops engaged in the preparation and sale of doughnuts, coffee, or other items for consumption on or away from the premises. If the shop does not qualify as Code 9083—Restaurant: Fast Food, classify as Code 9082—Restaurant NOC.

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

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—BAKERY, COOKIES, & CRACKERS

TWO-YEAR TRANSITION PROGRAM RULES

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

The following are the rules of the two-year transition program implementing the rates/loss costs and rating values for Codes 2001 and 2003. NCCI will administer this program through each state's specific rate/loss cost classification experience filing revision process.

The state rate/loss cost filing revision where this transition program will initiate will be the first filing made with an effective date on or after the state approved effective date of this item filing. If a state rate/loss cost revision filing is made prior to the approval of this item, then that state's experience filing revision will not reflect the first year transition values. Instead the first year transition will be made to coincide with the next experience filing revision after the item approval is made and whose proposed effective date is on or after the approved item's effective date.

The following outlines the steps needed to implement the rates/loss costs and rating values for Codes 2001 and 2003 within each of the classification rate/loss cost filings. An example of the two-year transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit.

- A. Risks will continue to be classified to either Code 2001 or 2003 as appropriate until the elimination of Code 2001 in the second state rate/loss cost annual experience filing revision from which this transition program was initiated.
- B. As part of the first NCCI state rate/loss cost experience filing revision where this transition program is initiated, the payroll-weighted rate/loss cost of Codes 2001 and 2003 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 2001 and 2003, then each of these codes will take on the rate/loss cost of the payroll-weighted rate/loss cost. Rating values will be determined by the same payroll weighting.

If the payroll-weighted rate/loss cost is outside of the filing's swing limits for any of the codes, then the rate/loss cost for each of the codes will be determined by a methodology weighting together (1) the payroll weighted rate/loss cost and (2) the standard calculated rate/loss cost for each code. The ratio used in this methodology will be first determined by calculating the maximum weighting value given to the payroll weighted rate/loss cost in order to keep the rates for Codes 2001 and 2003 within the swing limits of the filing. However, a 50% minimum weighting value must be used, regardless of the swing limits to execute the transition program within two years. Rating values will be calculated in a similar manner.
- C. As part of the second NCCI state rate/loss cost classification experience filing revision, Code 2001 will be eliminated. All insured operations previously assigned to Code 2001 will then be assigned to Code 2003. The rate/loss cost for newly defined Code 2003 will be the payroll weighted rate/loss cost of Code 2001 and Code 2003 using this filing's latest available year of payroll and the standard calculated rate/loss cost of the two individual codes. Rating values will be determined by the same payroll weighting.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 1—BAKERY, COOKIES, & CRACKERS
EXAMPLE OF TWO-YEAR TRANSITION PROGRAM CALCULATION

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

Note: The rates/loss costs used in the following example are for illustration purposes only and are not the actual rates/loss costs in use, nor do they represent expected actual rates/loss costs for the codes indicated.

In the following example, the “Payroll-Weighted Rate/Loss Cost” for each year can be calculated by using the “NCCI Initially Calculated Rate/Loss Cost” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
Rate/Loss Cost	21.00	10.50	11.81

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

$$\frac{[(400,000 \times 21.00) + (700,000 \times 10.50) + (3,000,000 \times 11.81)]}{(400,000 + 700,000 + 3,000,000)} = 12.48$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of 0.50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted Rate/Loss Cost		NCCI Initially Calculated Rate/Loss Cost		Final NCCI Rate/Loss Cost
Filing Effective in First Year	0.57*	XXX1	(0.57 x 12.48)	+	(0.43 x 21.00)	=	16.14
		XXX2	(0.57 x 12.48)	+	(0.43 x 10.50)	=	11.63
		XXX3	(0.57 x 12.48)	+	(0.43 x 11.81)	=	12.19
Filing Effective in Second Year	1.00	XXX1	(1.00 x 12.48)	+	(0.00 x 19.78)	=	12.48
		XXX2	(1.00 x 12.48)	+	(0.00 x 12.25)	=	12.48
		XXX3	(1.00 x 12.48)	+	(0.00 x 11.57)	=	12.48

* See “Example of Two-Year Weight Value Calculation” for more details.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 1—BAKERY, COOKIES, & CRACKERS (CONT'D)
EXAMPLE OF TWO-YEAR TRANSITION PROGRAM EXPECTED LOSS RATE (ELR)

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

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

In the following example, the “Payroll-Weighted ELR” for each year can be calculated by using the “NCCI Initially Calculated ELR” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
ELR	7.00	3.50	3.94

The “Payroll-Weighted ELR” is calculated as follows:

$$\frac{[(400,000 \times 7.00) + (700,000 \times 3.50) + (3,000,000 \times 3.94)]}{(400,000 + 700,000 + 3,000,000)} = 4.16$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of 0.50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted ELR		NCCI Initially Calculated ELR		Final NCCI ELR
Filing Effective in First Year	0.57*	XXX1	(0.57 x 4.16)	+	(0.43 x 7.00)	=	5.38
		XXX2	(0.57 x 4.16)	+	(0.43 x 3.50)	=	3.88
		XXX3	(0.57 x 4.16)	+	(0.43 x 3.94)	=	4.07
Filing Effective in Second Year	1.00	XXX1	(1.00 x 4.16)	+	(0.00 x 6.59)	=	4.16
		XXX2	(1.00 x 4.16)	+	(0.00 x 4.08)	=	4.16
		XXX3	(1.00 x 4.16)	+	(0.00 x 3.86)	=	4.16

* See “Example of Two-Year Weight Value Calculation” for more details.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 1—BAKERY, COOKIES, & CRACKERS (CONT'D)
EXAMPLE OF TWO-YEAR TRANSITION PROGRAM D RATIOS

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

Note: The D ratios in the following example are for illustration purposes only and are not the actual D ratios in use, nor do they represent expected actual D ratios for the indicated.

In the following example, the “Payroll-Weighted D Ratios” for each year can be calculated by using the “NCCI Initially Calculated D Ratios” and the payroll for the latest available year.

The following assumptions are made for this example:

	Code XXX1	Code XXX2	Code XXX3
Payroll \$	400,000	700,000	3,000,000
D Ratios	0.23	0.20	0.24

The “Payroll-Weighted D Ratio” is calculated as follows:

$$\frac{[(400,000 \times 0.23) + (700,000 \times 0.20) + (3,000,000 \times 0.24)]}{(400,000 + 700,000 + 3,000,000)} = .23$$

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of 0.50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

	Weight Value	Class Code	Payroll-Weighted D Ratio		NCCI Initially Calculated D Ratio		Final NCCI D Ratio
Filing Effective in First Year	.57*	XXX1	(0.57 x 0.23)	+	(0.43 x 0.23)	=	0.23
		XXX2	(0.57 x 0.23)	+	(0.43 x 0.20)	=	0.22
		XXX3	(0.57 x 0.23)	+	(0.43 x 0.24)	=	0.23
Filing Effective in Second Year	1.00	XXX1	(1.00 x 0.23)	+	(0.00 x 0.22)	=	0.23
		XXX2	(1.00 x 0.23)	+	(0.00 x 0.22)	=	0.23
		XXX3	(1.00 x 0.23)	+	(0.00 x 0.24)	=	0.23

* See “Example of Two-Year Weight Value Calculation” for more details.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 1—BAKERY, COOKIES, & CRACKERS (CONT'D)
EXAMPLE OF TWO-YEAR WEIGHT VALUE CALCULATION

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

In the following example, the rates/loss costs are calculated for each class code by utilizing successively higher weight values until the largest weight value is found that keeps the rates/loss costs within swing limits. However, depending on which year of the transition the filing is effective, this weight value is subject to minimums **without regard to swing limits**. These minimums are 0.50 for the first year and 1.00 for the second year. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

Note: The Weight Value Calculation in the following example are for illustration purposes only and are not the actual Weight Value Calculation in use, nor do they represent expected actual Weight Value Calculation for the codes indicated.

The following assumptions are made for this example:

1. The swing limits are plus or minus 25%
2. The rates/loss costs are as follows:

	Rate/Loss Cost for Code XXX1	Rate/Loss Cost for Code XXX2	Rate/Loss Cost for Code XXX3
Current Approved Filing	21.49	11.32	11.05
First Transition Year	16.14	11.63	12.19

Weight Calculation Table						
Year 1	Code XXX1		Code XXX2		Code XXX3	
Weight Value	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %	Calculated Rate/Loss Cost Given Weight Value	Rate/Loss Cost Change %
0.50	16.74	-22.1%	11.49	1.5%	12.15	10.0%
0.51	16.65	-22.5%	11.51	1.7%	12.15	10.0%
0.52	16.57	-22.9%	11.53	1.9%	12.16	10.0%
0.53	16.48	-23.3%	11.55	2.0%	12.17	10.1%
0.54	16.40	-23.7%	11.57	2.2%	12.17	10.1%
0.55	16.31	-24.1%	11.59	2.4%	12.18	10.2%
0.56	16.23	-24.5%	11.61	2.6%	12.19	10.3%
0.57	16.14	-24.9%	11.63	2.7%	12.19	10.3%
0.58	16.06	-25.3%	11.65	2.9%	12.20	10.4%
0.59	15.97	-25.7%	11.67	3.1%	12.21	10.5%
0.60	15.89	-26.1%	11.69	3.3%	12.21	10.5%
0.61	15.80	-26.5%	11.71	3.4%	12.22	10.6%
continues						

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET**FOOD SUNDRY****PROPOSAL**

The focus of the proposed changes for this industry is to consolidate cross-reference phraseologies of Code 6504 and to introduce a new classification for Potato Chip, Popcorn & Snack Chip Mfg. NOC.

NCCI recommends the following national treatment for classifications:

1. Revise the phraseology of Code 6504—Food Sundries Mfg. NOC to Food Products Mfg. NOC.
2. Discontinue the following cross-references and include them in the phraseology note of Code 6504.

Baking Powder Mfg.	Mayonnaise Mfg.
Coconut Shredding Or Drying	Nut Cleaning Or Shelling
Coffee Cleaning, Roasting, Or Grinding	Peanut Butter Mfg.
Flour Mixing And Blending—No Milling	Spice Mills
Malted Milk Mfg.—From Powdered Milk, Sugar, Malt, Cocoa	Yeast Mfg.

3. Discontinue cross-reference phraseologies Potato Chip Mfg. and Popcorn Mfg. from Code 6504 and reassign exposure to newly created Code 6503—Potato Chip, Popcorn & Snack Chip Mfg. NOC.

Hawaii Specific:

NCCI recommends Hawaii discontinue their state special cross—references for Code 6504—Miso Mfg. and Code 6504—Poi Mfg. The phraseology note of Code 6504 will be revised to include these products.

Oklahoma Specific:

NCCI recommends that Oklahoma not adopt the national treatment but instead revise Oklahoma state special Code 6513—Food Sundries Mfg. NOC & Salespersons, Drivers to clarify the assignment of manufactured products

NCCI recommends that Oklahoma adopt new national Code 6503—Potato Chip, Popcorn & Snack Chip Mfg. NOC in addition to state special Code 6513.

Oregon Specific:

NCCI recommends that Oregon discontinue state special cross-reference for Code 6504—Food Sundries Mfg. NOC and adopt the national treatment.

Virginia Specific:

NCCI recommends that Virginia update the Scope descriptions for Code 2016, Code 2095, Code 9082, and Code 9083.

BACKGROUND AND BASIS FOR CHANGE

Within Code 6504—Food Sundries Mfg. NOC there is a wide range of manufacturing techniques that include the wet mixing of products, dry grinding of products, cooking of products, chemical blending of imitation products, dehydrating, manufacture of pizza dough, foam packing peanuts made from potato starch, and packaging of sandwiches for sale on a wholesale basis as a sample of included items. Other products that are included in this classification are artificial sweeteners that are made from a chemical process or flaked sugar, tortilla and corn chips, and salsa manufacturing. Depending on the production method, this may

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET (CONT'D)

include a dry mixing or milling process, or a wet mixing or blending process that can be baked, cooked, fried, or crushed, and packaged as needed.

The range of products in this classification has increased beyond simple preparation. Code 6504 was once the simple preparation or packaging of already manufactured items. This NOC exception (code of last resort) is now the rule and no longer the exception. It is the first choice in assigning insureds in the food sundries business for both human and animals instead of the code of last resort.

There are several characteristics that these products share in common. Most of these products are produced in highly automated plants that are set up to produce each of the products in large bulk quantity. There are extensive packaging operations that are equally automated with items prepared and sold in bulk to wholesale customers who use these products as ingredients in other products or as retail consumer-sized packaging that can be purchased in supermarkets or food stores.

IMPACT

This item proposes to establish new national Code 6503—Potato Chip & Other Snack Chip Mfg. & Drivers. It is also proposed that the initial loss cost or rate and experience rating values be that of Code 6504 until Code 6503 establishes sufficient experience to determine its own loss cost or rate. It is expected that most experience generated for the new code will come from Code 6504. This proposal is, therefore, not expected to cause a significant change in statewide or individual risk premium. The new class code's loss cost or rate will eventually reflect the new phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

The other changes in phraseology for Code 6504, which primarily consist of consolidating multiple cross-reference wording into the actual code phraseology, are for clarification only and are not expected to result in a change in statewide or individual risk premium.

Hawaii Specific:

This item proposes that Hawaii discontinue the state special phraseology "Miso Mfg." and "Poi Mfg." in Code 6504 and adopt the national treatment. The new national phraseology of Code 6504 will specifically reference the manufacturing of these products. This should not cause a change in individual risk or statewide premium.

Oklahoma Specific:

This item proposes that Oklahoma not adopt national Code 6504 and instead continue to use Oklahoma state special Code 6513. The recommended changes to phraseology for Code 6513 are for clarification only and are not expected to result in a change in statewide or individual risk premium.

The proposal does recommend that Oklahoma adopt the new national Code 6503. The initial loss cost or rate and experience rating values for Code 6503 will be that of Oklahoma state special Code 6513 until Code 6503 establishes sufficient experience to determine its own loss cost or rate. It is expected that most experience generated for the new code will come from Code 6513. This is, therefore, not expected to cause a significant change in statewide or individual risk premium.

Oregon Specific:

It is proposed that Oregon adopt the national treatment by eliminating state special reference phraseology currently applicable to Code 6504. The elimination of the state special phraseology is not expected to result in a change in individual risk or statewide premium.

Virginia Specific:

NCCI recommends that Virginia update the Scope descriptions for Code 2016, Code 2095, Code 9082, and Code 9083. These changes are not anticipated to result in any reclassification of risk payroll or result in a change in loss cost, rate, or premium.

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET (CONT'D)

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle. For example, this item will be effective January 1, 2011 for approved rate/loss cost filings that have a January 1, 2011 effective date. Similarly, this item will be effective July 1, 2011 for approved rate/loss cost filings that have a July 1, 2011 effective date.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 **FOOD PRODUCTS ~~SUNDRIES~~ MFG. NOC**

~~No cereal~~ All milling must be separately rated. Includes, but is not limited to, cleaning, grinding, sorting, or mixing of coffee, sugars, confections, pastry flours, spices, or nuts; baking powder manufacturing; coconut shredding or drying; coffee cleaning, roasting, or grinding; flour mixing and blending (no milling); malted milk manufacturing (from powdered milk, sugar, malt, cocoa); mayonnaise manufacturing; nut cleaning or shelling; peanut butter manufacturing; spice mills; and yeast manufacturing. Miso and poi manufacturing are also included.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~BAKING POWDER MFG.~~

~~.Mfg. of ingredients to be separately rated. Assign to the appropriate chemical Code 4828 or
Code 4829. Can mfg. to be separately rated as Code 3220~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~COCONUT SHREDDING OR DRYING~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

~~COFFEE~~

6504 ~~Cleaning, Roasting, or Grinding~~

5192 ~~Service Companies—All Operations & Salespersons, Drivers.~~ Applies to the sale and
~~delivery of coffee, tea, hot chocolate mixes, dehydrated soups, etc. to business establishments~~
~~and the installation, service or repair of coffeemakers and similar equipment. Includes storage,~~
~~shop and outside operations. Catering operations to be separately rated.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

5192 COFFEE SERVICE COMPANIES—ALL OPERATIONS & SALESPERSONS, DRIVERS

Applies to the sale and delivery of coffee, tea, hot chocolate mixes, dehydrated soups, etc. to business establishments and the installation, service or repair of coffeemakers and similar equipment. Includes storage, shop, and outside operations. Catering operations to be separately rated.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~FLOUR MIXING AND BLENDING—NO MILLING~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

2065 **MALTED MILK MFG.**

Includes dehydration of milk.

6504 ~~From Powdered Milk, Sugar, Malt, Cocoa~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~MAYONNAISE MFG.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~NUT CLEANING OR SHELLING~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~PEANUT BUTTER MFG.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~SPICE MILLS~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~YEAST MFG.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6503 **POTATO CHIP, POPCORN & SNACK CHIP MFG. NOC**

All milling must be separately rated.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~POPCORN MFG.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
CLASSIFICATIONS

6504 ~~POTATO CHIP MFG.~~

**ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3**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	Hazard Group 1–4[*]
2001	AL, AK, AZ, AR, CO, CT, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, MT, NE, NH, NM, NV, NC, OK, OR, RI, SC, SD, TN, UT, VT, VA, WV	AL, AK, AZ, AR, CO, CT, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, MT, NE, NH, NM, NV, NC, OK, OR, RI, SC, SD, TN, UT, VT, VA, WV	B	1
6503	AL, AK, AZ, AR, CO, CT, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, MT, NE, NH, NM, NV, NC, OK, OR, RI, SC, SD, TN, UT, VT, VA, WV		B	1

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

^{*} Carriers that elect to use NCCI's four hazard groups must make a filing in each state to adopt the four hazard groups referenced in this item.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN HAWAII
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
HAWAII SPECIAL CLASSIFICATIONS

2003 ~~COOKIE BAKERY & DRIVERS~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN HAWAII
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
HAWAII SPECIAL CLASSIFICATIONS

6504 ~~MISO-MFG.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN HAWAII
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
HAWAII SPECIAL CLASSIFICATIONS

6504 ~~POI-MFG-~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MAINE
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
MAINE SPECIAL CLASSIFICATIONS

2003 ~~BAKERY & DRIVERS, ROUTE SUPERVISORS~~

~~If an insured qualifies for Codes 2003 and 8017, or Code 2003 and a restaurant class, a division of payroll for employees exposed to both baking and store, or baking and restaurant operations, is permitted, provided that conditions described in *Basic Manual* Rule 2 C are met. If a bakery operates a store that sells baked goods for on premises consumption or both on and off premises consumption, that store is classified to the appropriate restaurant code. The assignment of a restaurant class under these circumstances is not dependent on the percentage of goods consumed on or away from the premises. Clerical and driver payroll is separately classified according to *Basic Manual* Rule 1 B 2.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MAINE
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
MAINE SPECIAL CLASSIFICATIONS

~~DOUGHNUT~~

9083

~~Shop—Retail.~~ Applies to shops engaged in the preparation and sale of doughnuts, coffee, or other items for consumption on or away from the premises. If the shop does not qualify as Code 9083—Restaurant: Fast Food, classify as Code 9082—Restaurant NOC.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MONTANA
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
MONTANA SPECIAL CLASSIFICATIONS

~~BAKERY~~

2003 ~~Wholesale & Drivers~~

2004 ~~Retail—All Operations. Applies to bakeries that are principally retail, based on gross receipts, and includes bagel, cookie and donut shops, and satellite stores.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MONTANA
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
MONTANA SPECIAL CLASSIFICATIONS

2004 BAKERY—RETAIL—ALL OPERATIONS

Applies to bakeries that are principally retail, based on gross receipts, and includes bagel, cookie and doughnut shops, and satellite stores.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MONTANA
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
MONTANA SPECIAL CLASSIFICATIONS

2003 **BAKERY—WHOLESALE & DRIVERS**

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OKLAHOMA
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
OKLAHOMA SPECIAL CLASSIFICATIONS

6513 FOOD SUNDRIES MFG. NOC & SALESPERSONS, DRIVERS

~~A~~Code 6513 applies to cleaning, grinding, sorting, or mixing of coffee, sugars, confections, pastry
flours, spices, or nuts—no cereal milling. Includes distribution of products.

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
OREGON SPECIAL CLASSIFICATIONS

8017 ~~BAKERIES—RETAIL STORE SALES~~

~~Specialty baked goods prepared for on- or off-premise consumption is classified to Code 9079.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
OREGON SPECIAL CLASSIFICATIONS

2003 ~~BAKERY & DRIVERS, ROUTE SUPERVISORS~~

~~.Specialty baked goods prepared for on or off premise consumption is classified to Code 9079.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
BAKERY, COOKIES, & CRACKERS
OREGON SPECIAL CLASSIFICATIONS

9079 ~~SPECIALTY BAKED GOODS SHOPS & DRIVERS~~

~~Applies to locations that prepare and sell, retail, such items as donuts, cinnamon rolls, cookies, pretzels, bagels, muffins or other such foods, for consumption either on or off premises.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
OREGON SPECIAL CLASSIFICATIONS

6504 ~~FOOD SUNDRIES MFG. NOC~~

~~No cereal milling. Includes cleaning, grinding, sorting or mixing of coffee, sugars, confections, pastry flours, spices or nuts. This code also contemplates fresh fruit and vegetable processing by cleaning, sorting, peeling, slicing, dicing, chopping, grating, and packaging, and selling to others on a wholesale basis.~~

ITEM B-1409—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E-
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
FOOD SUNDRY
OREGON SPECIAL CLASSIFICATIONS

STORE

See Meat, fish or poultry; and for additional applications for store operations, see Part Two pages.

8017♦ Book, Record, Compact Disc, Software, Video or Audio Cassette—Retail

8017♦ Drug—Retail

8018♦ Vegetable or Fruit—Wholesale. See Code 6504—~~Food sundries mfg.~~ NOC, for risks processing fresh fruit and vegetables by cleaning, sorting, peeling, slicing, dicing, chopping, grating, and packaging, and selling to others on a wholesale basis.

2001

N/A—CA

PHRASEOLOGY CRACKER MFG.**CROSS-REF.** ~~State Special: Massachusetts—Ice Cream Cone Mfg.~~

SCOPE This classification contemplates the production of baked products such as crackers, biscuits, cookies, wafers, snaps, matzoth, ice cream cones, etc. The average cracker manufacturer is usually of a greater size than the average bakery and much more mechanized (light, nonhazardous machinery). There is considerably more hand packaging in Code 2001 risks than in bakery risks. This classification is not applicable to bakeries making a general line of baked goods such as bread, cake and pies even though some of their products may be crackers or cookies.

A retail cookie shop engaged in on-premises preparation and sale of cookies and beverages for consumption both on or on and away from the premises is assigned to the appropriate restaurant class. The restaurant class is assigned to this type of operation regardless of the fact that the majority of cookies and/or beverages sold may be consumed away from the premises. A cookie manufacturer without snack bar facilities for on-premises consumption of beverages and cookies shall be assigned to Code 2001.

2002

Established:

Date Unknown

Replaced By:

Not Applicable

Discontinued:

Not Applicable

Retained:

Not Applicable

NCCI Schedule and Group:

Schedule 05, Group 050

PHRASEOLOGY MACARONI PASTA OR NOODLE MFG.

Note: Code 2002 includes, but is not limited to, spaghetti, macaroni, noodles, and other pasta products whose main ingredients are water and flour. Other ingredients, coloring, fillings, and flavorings may be added to the mix to make a wide range of pasta that comes in many shapes and sizes. Noodles differ from the other pasta products in that eggs are added to the mixture in their production.

NAICS Code(s):

(For reference only. Not to be used for classification of risks for workers compensation purposes.)

311412—Frozen Specialty Food Manufacturing

311823—Dry Pasta Manufacturing

311991—Perishable Prepared Food Manufacturing

Description:

This classification covers the manufacture of macaroni, spaghetti, noodles, etc., utilizing heavy equipment such as dough mixers, dough kneaders, hydraulic presses and packaging machines. There can be a very large packaging exposure in risks coming under assigned to Code 2002.

Pasta also has three distinct types of products:

- Fresh gourmet type with a short shelf life
- Dry and packaged with an extended shelf life
- Frozen with an extended shelf life

2003

Established:

June 1934

Replaced By:

Not Applicable

Discontinued:

Not Applicable

Retained:

Not Applicable

NCCI Schedule and Group:

Schedule 05, Group 050

PHRASEOLOGY BAKERY—SALESPERSONS & DRIVERS, ROUTE SUPERVISORS

● = construction classification; ■ = farm classification; ◆ = mercantile classification

Note: Code 2003 is assigned to the manufacture of three categories of bakery items: baked goods, cookies and crackers, and cooked or uncooked frozen items. Baked goods include, but are not limited to, bread, bagels, cake, sweet yeast goods (doughnuts and sweet rolls), pies, pizza dough, and tortillas (corn or flour). Cookies and crackers include, but are not limited to toaster pastries, ice cream cones, wafers, matzoth, and soft pretzels. Cooked or uncooked frozen bakery items include, but are not limited to frozen pies, sweet yeast goods, bread, cookie or pizza dough, and pastries.

If an insured qualifies for Code 2003 and Code 8017, or Code 2003 and a restaurant class, a division of payroll for employees exposed to both baking and store or baking and restaurant operations is permitted, provided that conditions described in **Basic Manual** are met. If a bakery operates a store that sells baked goods for on-premises consumption or both on- and off-premises consumption, that store is classified to the appropriate restaurant code. The assignment of a restaurant class under these circumstances is not dependent on the percentage of goods consumed on or away from the premises. If a bakery operates a store that sells baked goods exclusively for off-premises consumption, that store is assigned to Code 8017.

Retail bakery and doughnut stores (no baking done on premises) that sell baked goods exclusively for off premises consumption will be separately rated to Code 8017. Retail bakery and doughnut stores that additionally prepare food or have on-premises consumption must be separately rated to the appropriate restaurant code.

Additional food preparation done by a retail bakery and doughnut stores (no baking done on premises) to enhance their products for breakfast, lunch, or dinner must be separately rated to the appropriate restaurant code. Examples of enhancements to bakery products include but are not limited to the addition of eggs, lunchmeats, bacon, lettuce, etc. Providing beverages (includes, but not limited to coffee, tea, fountain sodas, milk, prepackaged drinks, etc.) or prepackaged self serve condiments (includes, but not limited to butter, cream cheese, jams, spreads, etc.) to customers is not considered an enhancement.

NAICS Code(s):

(For reference only. Not to be used for classification of risks for workers compensation purposes.)

311812—Commercial Bakeries

311821—Cookie and Cracker Manufacturing

311830—Tortilla Manufacturing

311991—Perishable Prepared Food Manufacturing

311999—All Other Miscellaneous Food Manufacturing

445291—Baked Goods Stores

Description:

Code 2003 is applicable to the baking or frying baked goods, cookies and crackers, and cooked or uncooked frozen bakery items of assorted goods such as but not limited to, those products listed in the phraseology ~~bread, cake, pies and cookies as well as the preparation and freezing of such products~~. This class includes all sizes of bakeries, from the large commercial type to the small neighborhood bakery. Code 2003 additionally includes the manufacture of pizza crust which ~~that~~ has been prepared using a baking process. ~~The manufacture of pizza dough which has not been baked is assigned to Code 6504.~~

Heavy mechanical equipment for dough mixing, bread slicing and wrapping is utilized by the commercial bakery, while at the smaller bakery much of the work may be done by hand. ~~The class Code 2003 includes salespersons, and route supervisors and drivers as well as sign manufacturing and the painting, erection, maintenance or repair of same when performed by bakery employees to advertise their employer's products. Baking operations assigned to classifications other than Code 2003 include risks that specialize in the manufacture of products such as crackers, biscuits, cookies, wafers, snaps and matzoth, all of which are assigned to Code 2001—Cracker Mfg.~~

~~If a bakery operates a retail store that sells baked goods exclusively for off premises consumption, that store is classified to Code 8017 provided that the insured's operation meets the requirements for a multiclassification assignment of codes as described in **Basic Manual** Rule 1-D-3 (Rule IV-D-4, 1996 edition). If a bakery operates a store that sells baked goods for on-premises consumption or both on- and off-premises consumption, that store is classified to the appropriate restaurant code. As with the doughnut shop discussed below, the assignment of a restaurant class under these circumstances is not dependent on the percentage of goods consumed on or away from the premises.~~

~~If an insured qualifies for Codes 2003 and 8017 or Code 2003 and a restaurant class, a division of payroll for employees exposed to both baking and store or baking and restaurant operations is permitted, provided that conditions described in **Basic Manual** Rule 2-G (Rule IV-E, 1996 edition) are met.~~

~~Baking operations conducted in conjunction with other operations such as a supermarket are classified in accordance with **Basic Manual** rules discussed above.~~

~~Retail bagel shops are classified using the same procedures applicable to retail doughnut shops.~~

Related Operations Not Classified to Code 2003:

- Retail bakery and doughnut stores (no baking done on premises) that sell baked goods exclusively for off-premises consumption will be separately rated to Code 8017. Retail bakery and doughnut stores that additionally prepare food or have on-premises consumption must be separately rated to the appropriate restaurant code.
- Potato chip, popcorn, and snack chip manufacturing is assigned to Code 6503.
- The manufacture of macaroni, spaghetti and noodles is assigned to Code 2002—~~Macaroni Mfg.~~

● = construction classification; ■ = farm classification; ◆ = mercantile classification

CROSS-REF. DOUGHNUT: MFG. & DRIVERS**Description:**

Additionally, a retail doughnut shop engaged in on-premises preparation and sale of doughnuts, beverages and other items for consumption both on or on and away from the premises is assigned in its entirety to the appropriate restaurant class. The restaurant class is assigned to this type of operation regardless of the fact that the majority of doughnuts and/or beverages sold may be consumed away from the premises. Under these circumstances, we consider the preparation of doughnuts to be similar to food preparation in a restaurant.

A doughnut manufacturer without snack bar facilities for on-premises consumption of beverages and doughnuts is assigned to Code 2003.

Code 8017 is available for a retail doughnut shop that does not sell doughnuts for on-premises consumption under the same conditions as a bakery operation discussed above.

Retail bagel shops are classified using the same procedures applicable to retail doughnut shops.

2016

Established: Date Unknown	Replaced By: Not Applicable
Discontinued: Not Applicable	Retained: Not Applicable
	NCCI Schedule and Group: Schedule 5, Group 050

PHRASEOLOGY CEREAL OR BAR MFG.

(N/A MA)

Note: Includes the manufacturing of ready-to-eat or hot cereal from wheat, barley, rice, corn, oats, etc. The manufacturing of breakfast bars, granola bars, power bars, energy bars, diet bars, low carbohydrate (low carb) bars, etc., where the primary ingredients are the grains listed, soy-based ingredients, and naturally or chemically mixed or blended ingredients, is also included. Candy bars or chocolate bars are separately rated to Code 2041—Confection Mfg. Businesses engaged in grain milling exclusively must be separately rated to Code 2014—Grain or Feed Milling.

NAICS Code(s):

(For reference only. Not to be used for classification of risks for workers compensation purposes.)

311230—Breakfast Cereal Manufacturing

Description:

Code 2016 is applied to risks that process milled grains by cooking or by other methods such as roasting or toasting to make an edible product for human consumption. Preliminary milling may or may not be conducted in addition to the processing. There are considerable packing operations included in this classification.

Related Operations Not Classified to Code 2016:

- Refer to Code 2041 for risks engaged in candy bar or chocolate bar manufacturing.
- Refer to Code 2014 for a risk engaged exclusively in grain milling.
- Refer to Code 2001, Code 2002, and Code 2003 for risks that manufacture baked goods.
- Refer to Code 6504 for risks engaged in the manufacture of food sundries.
- Refer to Code 6503 for risks engaged in the manufacture of potato chip, popcorn & snack chips.

2095

PHRASEOLOGY MEAT PRODUCTS MFG. NOC. Codes 2095 and 2089—Packing House shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. No butchering or handling of livestock.

CROSS-REF. Fish Curing—applies to shore or dock work only (N/A AK, MA, VA); Sausage or Sausage Casing Mfg—this cross-reference has the same footnote as Meat Products Mfg. NOC. ~~State Special: California—Meat Products Mfg.—NOC—including canning. Can manufacturing shall be separately classified; Maine—Fish Curing—applies to shore or dock work only. Code 2095, Code 8024—Seafood Dealer—Wholesale, and Code 2089—Packing House shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. No butchering or handling of livestock; Massachusetts—Dehydrating Meats; Massachusetts—Sausage Casing Mfg.; Wholesale—including Cleaning; New Jersey—Meat Products Mfg. NOC—NPD with Code 2089—Packing House. No butchering or handling of livestock; New Jersey—Sausage or Sausage Casing Mfg—NPD with Code 2089—Packing House. No butchering or handling of livestock.~~

● = construction classification; ■ = farm classification; ◆ = mercantile classification

SCOPE Code 2095 is applicable to insureds who prepare meat products but do not handle or slaughter livestock. The term “prepare” refers to processes that alter the state of the meat received by cooking and/or adding substances to the meat to create a meat product that differs from the meat as it was received in its original state. Processes include baking, boiling, broiling, smoking, pickling, breadng or soaking in brine.

An operation that either cuts meat received from others into smaller portions or presses meat into logs for slicing purposes has not created a different meat product for purposes of this classification.

The Code 2095 operation will receive dressed meat from others in halves, quarters or individual fresh cuts. The meats are further cut and trimmed according to the products being processed. Meat cuts are washed, soaked in brine, smoked, pickled, corned, cooked, wrapped and stored. Trimmings are chopped, ground, mixed, stuffed in casings, linked, smoked, boiled and stored.

Products processed include sausages, smoked or preserved beef and pork cuts, frankfurters, bologna, head cheese and meat loaf. Some prepared meats and sausages are packed in cans, bottles or jars, sealed and cooked in vats.

Code 8021—Meat Dealer—Wholesale is distinguished from Code 2095 operations by the fact that the Code 8021 operation does not alter the state of the meat by cooking the meat or by preparing the meat using a process such as pickling.

Code 2095 also contemplates the sale of fresh meat cuts when this operation is incidental to a business in which the principal operation is the preparation of meat products as enumerated above.

If a meat store under Code 8031 has separate employees engaged exclusively in making sausage, frankfurters or bologna, such operations shall be assigned to Code 2095.

Code 2095 also applies to insureds engaged in the curing of fish either by smoking, pickling, evaporating or salting. It does not apply to insureds who merely handle, fillet, ice or otherwise prepare fish for sale by a process that does not involve curing.

Certain Code 2095 operations are designated as “not otherwise classified” (NOC). These NOC operations shall apply to an insured only when no other classification more specifically describes the insured’s operations. The following is a representative list of classifications somewhat related in nature to Code 2095 operations that are not assigned to Code 2095:

2081 Butchering
6504 Food Products Sundries Mfg.
NOC
2089 Packing House
4665 Rendering Works
8021 Store: Meat Dealer—Wholesale

In addition to this representative list, one should review sources such as the alphabetical index in this manual to determine whether a classification other than Code 2095 or a classification other than one on the above list is applicable to the operations being reviewed for classification purposes.

State Addendum

~~Massachusetts—refer to Code 2401—Fish Curing for insureds engaged in the curing of fish.~~

6503

Established:

TBD

Replaced By:

Not Applicable

Discontinued:

Not Applicable

Retained:

Not Applicable

NCCI Schedule and Group:

Schedule 05, Group 052

PHRASEOLOGY POTATO CHIP, POPCORN & SNACK CHIP MFG. NOC

Note: All milling must be separately rated.

NAICS Code(s):

(For reference only. Not to be used for classification of risks for workers compensation purposes.)

311919—Other Snack Food Manufacturing

311991—Perishable Prepared Food Manufacturing

311999—All Other Miscellaneous Food Manufacturing

Description:

Code 6503 also includes potato chips, popcorn, rice cakes, tortilla chips, taco shells, pork rinds, hard snack pretzels, and other types of snack food chips made from corn, flour, rice, wheat, and other natural or synthetic ingredients. Potato chips, popcorn, tortilla chips, or other snack chips come in a variety of shapes (cones, curly, formed cakes, sliced, wafers, wavy, etc.), sizes, and flavors (barbecue, cheddar, plain, ranch, sour cream, vinegar, etc.) and can be either baked, toasted, or fried in the manufacturing process.

6504

Established: Date Unknown	Replaced By: Not Applicable
Discontinued: Not Applicable	Retained: Not Applicable
NCCI Schedule and Group: Schedule 05, Group 052	

PHRASEOLOGY FOOD SUNDRIES PRODUCTS MFG. NOC

Note: ~~No cereal~~ All milling must be separately rated. Includes, but is not limited to, cleaning, grinding, sorting, or mixing of coffee, sugars, ~~confections~~, pastry flours, spices, or nuts; baking powder manufacturing; coconut shredding or drying; coffee cleaning, roasting, or grinding; flour mixing and blending (no milling); malted milk manufacturing (from powdered milk, sugar, malt, cocoa); mayonnaise manufacturing; nut cleaning or shelling; peanut butter manufacturing; spice mills; and yeast manufacturing. Miso and poi manufacturing are also included.

NAICS Code(s):

(For reference only. Not to be used for classification of risks for workers compensation purposes.)

311111—Dog and Cat Food Manufacturing

311222—Soybean Processing

311514—Dry, Condensed, and Evaporated Dairy Product Manufacturing

311822—Flour Mixes and Dough Manufacturing from Purchased Flour

311911—Roasted Nuts and Peanut Butter Manufacturing

311920—Coffee and Tea Manufacturing

311930—Flavoring Syrup and Concentrate Manufacturing

311941—Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing

311942—Spice and Extract Manufacturing

311991—Perishable Prepared Food Manufacturing

311999—All Other Miscellaneous Food Manufacturing

Description:

Code 6504 applies to a wide variety of foodstuff manufacturing which ~~that~~ is not otherwise classified (NOC). It is a heterogeneous class, the scope of which may be measured in part by its phraseology ~~and the phraseologies of its cross-references~~. The class is not restricted to the particular products specified in its phraseology or this scope and ~~contemplates~~ includes simple preparation or packaging of already manufactured products. Please refer to the schedule at the end of this scope for a representative listing of types of food product manufacturing not ~~contemplated by~~ included in Code 6504. There can be wet mixing, dry grinding, cooking and blending operations. Some examples of products prepared by utilizing any one or more of these operations are catsup (or ketchup), mustard, mayonnaise, salad dressings, tartar sauce, spaghetti or tomato sauces, ~~and~~ chili con carne ~~and~~ potato chips. The canning, bottling or packaging of the products fall within the scope of Code 6504.

Additionally, the following specific operations are properly assignable to Code 6504: dehydrating eggs; dehydrating coffee or tea; ~~flour mixing and blending, no milling~~; gelatin manufacturing as a refined food product (classify gelatin manufacturing for non-food purposes to Code 4653); ~~malted milk manufacturing from powdered milk, sugar, malt and cocoa (classify malted milk manufacturing including dehydration of milk to Code 2065); melba toast manufacturing; (no baking of bread); and peanut butter manufacturing; and popcorn manufacturing;~~ malted milk manufacturing from powdered milk, sugar, malt and cocoa (classify malted milk manufacturing from raw milk including dehydration to Code 2065).

Code 6504 has also been assigned to insureds ~~engaged in the~~ that manufacture or processing of imitation dairy products such as creams, whipped toppings and sour creams.

Code 6504 is also applicable to the manufacture of foam peanut packing materials from potato starch. Unlike the manufacture of plastic packing materials, which is otherwise classified, this potato starch product is edible and is manufactured in a manner similar to other food sundries. Potato starch is mixed with water and fed into a food extruder similar to one used in the manufacture of foodstuffs. After extrusion, the product is dried, bagged and shipped.

The manufacture of pizza dough which has not been baked is assigned to Code 6504. Refer to Code 2003 for the manufacture of pizza crust which has been prepared using a baking process.

Related Operations Not Classified to Code 6504:

Baking Powder Mfg.—~~mfg.~~ manufacturing of ingredients to be ~~is~~ separately rated. Assign to the appropriate chemical classification, Code 4828 or Code 4829. ~~Can mfg. to be separately rated as Code 3220. Classify malted milk manufacturing (not from powder), including dehydration of milk to Code 2065.~~

The preparation and packaging of sandwiches is assigned to either Code 5192 or Code 6504 unless the sandwiches are sold over the counter directly to individuals for consumption. Under the latter circumstances, the proper restaurant class would be applicable. Code 6504 is distinguished from the restaurant classifications ~~by the fact that~~ because Code 6504 is applicable to

the risk that manufactures food sundries which that are sold to others on a wholesale basis, whereas the appropriate restaurant class is applicable to risks that engage in catering or the preparation of food products consumed by others in a restaurant environment.

When insureds that are classified to Code 5192 manufacture sandwiches which that are to be sold from vending machines serviced by the insured, operations involving the manufacture of these sandwiches are assigned to Code 5192.

Certain Code 6504 operations are designated as "not otherwise classified" (NOC). These NOC operations shall apply to an insured only when no other classification more specifically describes the insured's operations. The following is a representative list of operations somewhat related in nature to Code 6504 operations that are not assigned to Code 6504.

2003	Bakery—Salespersons & Drivers
2016	Breakfast Food Cereal or Bar Mfg.
2041	Candy, Chocolate, and Confection Mfg.
4703	Corn Products Mfg.
2004	Cracker Mfg.
2070	Creamery or Dairy
2112	Fruit Evaporating or Preserving
2105	Fruit Packing
2014	Grain or Feed Milling
2039	Ice Cream Mfg.
2002	Macaroni Pasta or Noodle Mfg.
2095	Meat Products Mfg.
2065	Milk Products Mfg.
6503	Potato Chip, Popcorn & Snack Chip Mfg.
2021	Sugar Manufacturing or Refining From Sugarcane or Sugar Beets
2089	Packing House
2110	Pickle Mfg.
8209	Vegetable Packing

In addition to this representative list, one should review sources such as refer to the alphabetical index in this manual to determine whether a classification other than Code 6504 or a classification other than a classification on the above list is applicable to the operations being reviewed for classification purposes.

Foam peanut manufacturing is assigned to Code 4410. Potato chip manufacturing and popcorn manufacturing are assigned to Code 6503.

~~CROSS-REF. BAKING POWDER MFG.~~

Note: Mfg. of ingredients to be separately rated. Assign to the appropriate chemical Code 4828 or 4829. Can mfg. to be separately rated as Code 3220;

~~CROSS-REF. COCONUT SHREDDING OR DRYING~~

~~CROSS-REF. COFFEE CLEANING, ROASTING OR GRINDING~~

~~CROSS-REF. FLOUR MIXING AND BLENDING—NO MILLING~~

Description:

Additionally, the following specific operations are properly assignable to Code 6504: flour mixing and blending

~~CROSS-REF. MALTED MILK MFG.—FROM POWDERED MILK, SUGAR, MALT, COCOA~~

Description:

Additionally, the following specific operations are properly assignable to Code 6504; malted milk manufacturing from powdered milk, sugar, malt and cocoa (classify malted milk manufacturing including dehydration of milk to Code 2065);

~~CROSS-REF. MAYONNAISE MFG.~~

~~CROSS-REF. NUT CLEANING OR SHELLING~~

~~CROSS-REF. POPCORN MFG~~

Description:

● = construction classification; ■ = farm classification; ◆ = mercantile classification

Additionally, the following specific operations are properly assignable to Code 6504: popcorn manufacturing

CROSS-REF. ~~POTATO CHIP MFG.~~

CROSS-REF. ~~SPICE MILLS~~

CROSS-REF. ~~YEAST MFG.~~

9082

~~N/A CA, MA, NJ, NY, OR~~

PHRASEOLOGY RESTAURANT NOC. Includes musicians and entertainers. Restaurants operated by a hotel or motel to be separately rated as Code 9058. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9082 are conducted as a separate and distinct business.

CROSS-REF. *Caterer*—includes musicians or entertainers. Restaurants operated by a hotel or motel to be separately rated as Code 9058. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9082 are conducted as a separate and distinct business. ~~State Special: Hawaii—Lau Lau Mfg.; Hawaii—Lunch Wagon—shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9082 are conducted as a separate and distinct business; Hawaii—Sushi Mfg.; Maine—Caterer—this cross reference has the same footnote as Restaurant NOC.~~

SCOPE Code 9082 is applied to insureds engaged in the operation of restaurants provided such operations are not otherwise classified in the manual.

Code 9082 contemplates the “traditional” restaurant that provides wait service. Customers in this type of establishment may either select their own table or be escorted to a table by a restaurant employee. The customer will place an order with a member of the wait staff. This employee in turn places the order with kitchen staff, who will prepare same. The food is delivered to the customer by wait staff, who remain available to assist the customer throughout the course of the meal. Patrons of this type of restaurant are generally expected to give wait staff a gratuity based on quality of service rendered.

Retail cookie or doughnut shops engaged in on-premises preparation and sale of these products for consumption both on or on and away from the premises that do not qualify as fast food restaurants are assigned to Code 9082. The Code 9082 assignment is made to these operations regardless of the fact that the majority of cookies or doughnuts, including beverages sold, may be consumed away from the premises. A cookie or doughnut manufacturer without snack bar facilities for on-premises consumption of beverages and cookies or doughnuts shall be assigned to Code 2001. ~~A doughnut manufacturer without snack bar facilities for on-premises consumption of beverages and doughnuts shall be assigned to Code 2003.~~

Dinner theaters are assigned to a restaurant class in their entirety unless the theater operations predominate, i.e., the payroll normally assignable to the theater classes (Codes 9154 and 9156) exceeds 50% of the total payroll. In such cases, Code 9156 is applied to the players, a restaurant code to the preparation and service of food, and Code 9154 to all other employees. The appropriate restaurant class is determined in the same fashion as any other restaurant, i.e., Code 9083 to a qualified fast food operation, Code 9084 to a restaurant meeting the 50% alcohol service requirement, or Code 9082 to a restaurant not otherwise classified.

Caterers are additionally assigned to the appropriate restaurant classification based on the nature of their operations. A caterer that is not properly classified to Code 9083 and whose receipts from the sale of alcohol are not greater than 50% of total receipts is contemplated by Code 9082.

Caterers often have a delivery exposure since food may be prepared on the caterer’s premises for consumption at another location. For classification purposes, an employee who on a particular delivery only performs operations consistent with driving exposures, such as loading a vehicle with food and/or delivering that food to a destination and/or unloading that food at its final destination, is considered to be a driver for that delivery, and his/her payroll for that trip is assigned to Code 7380—Drivers. However, if an employee performs the delivery operations described above and, in addition, sets up the food at its final destination, that employee is classified to the appropriate catering classification, and no portion of that employee’s wages for that particular trip is assigned to Code 7380. The term “sets up the food” as used in this context refers to preparing and/or arranging the food in a manner so that it is ready for consumption, not merely unloading the food from a vehicle without preparing it or arranging it for consumption. Employees who deliver sandwiches and/or other food to sites where the food is served to customers from the delivery vehicle are considered to be caterers, not drivers, for classification purposes since they are engaged in actual food service, not merely food delivery.

Certain caterers or restaurants may offer a buffet-type meal. These operations may promote their meals as “all you can eat.” Based on alcohol receipts, this type of operation is classified to either Code 9084 or Code 9082 when the operation employs wait staff that sets or clears tables, takes beverage or food orders, serves food to customers on the buffet line or provides other services traditionally associated with wait staff. In the event that none of the aforementioned services are offered and no wait staff is provided, Code 9083 is applicable to the operation.

Brew pubs or restaurants that brew their own beer are assigned to the appropriate restaurant class. The preparation of beer by the restaurant is considered analogous to any other consumable that the restaurant may prepare for consumption by the restaurant’s customers.

Cybercafes are restaurants that provide on-premises computers that enable their customers to “surf” the Internet, play computer games, visit chat rooms and engage in other computer-oriented activities. These cafes usually offer beverage and food service. Beverages include coffee, soft drinks, espresso, bottled water, juices, and sometimes alcoholic beverages. Food service could include full menu service or limited food service such as doughnuts, bagels, muffins and other bakery items. Sandwiches could be served as well. Notwithstanding the availability of computers, cybercafes that serve food are assigned to the appropriate restaurant code based on the nature of the food and beverages served. Refer to Code 8017 for cybercafes that do not provide food service, but serve nonalcoholic beverages and such nonfood items as ice cream.

Code 9082 operations are designated as “not otherwise classified” (NOC). These NOC operations shall apply to an insured only when no other classification more specifically describes the insured’s operations. The following is a representative list of operations somewhat related in nature to Code 9082 operations that are not assigned to Code 9082.

- 9084 Bar, Discotheque, Lounge, Nightclub or Tavern
- 8006 Gasoline Station: Self-Service (see Code 8006 for a restaurant operated in connection with a gas station)
- 9058 Hotel or Motel: Restaurant Employees
- 9083 Restaurant: Fast Food
- 8825 Retirement Living Center: Food Service Employees

In addition to this representative list, one should review sources such as the alphabetical index in this manual to determine whether a classification other than Code 9082 or a classification other than one on the above list is applicable to the operations being reviewed for classification purposes.

9083

States Not Applicable:

CA, MA, NJ, NY, OR

Established:

January 1996

~~ME—October 2004~~

~~MO—March 1996~~

Discontinued:

Not Applicable

Replaced By:

Not Applicable

Retained:

Not Applicable

NCCI Schedule and Group:

Schedule 36, Group 361

PHRASEOLOGY RESTAURANT: FAST FOOD

Note: Assigned to risks that prepare and serve food and beverages for on or off premises consumption. Shall not be assigned to a risk that employs wait staff. Includes musicians and entertainers. Restaurants operated by a hotel or motel to be separately rated as Code 9058. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9083 are conducted as a separate and distinct business.

NAICS Code(s):

(For reference only. Not to be used for classification of risks for workers compensation purposes.)

722211—Limited Service Eating Places

722213—Snack and Non-Alcoholic Beverage Bars

722320—Caterers

722330—Mobile Food Services

Description:

Code 9083 is applicable to fast food restaurants including, but not limited, to pizza parlors, sandwich shops, concession stands, and hamburger, taco or fried chicken restaurants. For purposes of this classification, fast food restaurants are defined as establishments that prepare and serve food and beverages for consumption on or off premises. Code 9083 is not applicable to a full service restaurant that employs wait staff. It is recognized that fast food restaurants will, on an occasional or accommodation basis, provide wait service. An occasional or accommodation basis may include the offering of wait service for customers that have limited capacities to obtain their own counter service or offering wait service for groups that request this service for an occasion such as a meeting or birthday party. A fast food restaurant providing these limited table services but otherwise meeting the description of a fast food restaurant shall be assigned to Code 9083.

Fast food restaurants offer limited menus, which usually include items such as sandwiches, side dishes such as French fries, and soft drinks. The customer will enter the restaurant, proceed to a counter and place an order. The completed order is handed to the customer, who will pay for same. The customer may then leave the restaurant with the order or seek out his/her own table. After completion of the meal, many fast food restaurant customers will clean up their own tables and deposit their litter in designated receptacles. Patrons of this type of restaurant are generally not expected to leave a gratuity.

Pizza shops that do not serve food on the premises are additionally contemplated by Code 9083. Employees who deliver pizzas are classified to Code 7380.

If retail stores prepare and serve food, and the insured's food service operations qualify as a fast food restaurant, the entire operation is assigned to either Code 9083 or the appropriate store class based on whether the principal receipts are derived

from the restaurant or store operation. If receipts from food service exceed 50% of the gross receipts for the entire store, Code 9083 is assigned. If the situation is reversed, the appropriate store classification is assigned to the entire operation.

Caterers are additionally assigned to the appropriate restaurant classification based on the nature of their operations. Examples of caterers contemplated by Code 9083 include caterers that prepare sandwiches for box lunches. These foods will be sent to customers or taken to various plants or office buildings for sale to employees of such concerns. The dispensing of food, drinks, candy, etc., at ballparks, race tracks, boxing arenas and theaters by independent concessionaires also is assigned to Code 9083 provided that the requirements regarding wait service are met.

Caterers often have a delivery exposure since food may be prepared on the caterer's premises for consumption at another location. For classification purposes, an employee who on a particular delivery only performs operations consistent with driving exposures, such as loading a vehicle with food and/or delivering that food to a destination and/or unloading that food at its final destination, is considered to be a driver for that delivery, and his/her payroll for that trip is assigned to Code 7380—Drivers. However, if an employee performs the delivery operations described above and, in addition, sets up the food at its final destination, that employee is classified to the appropriate catering classification, and no portion of that employee's wages for that particular trip is assigned to Code 7380. The term "sets up the food" as used in this context refers to preparing and/or arranging the food in a manner so that it is ready for consumption, not merely unloading the food from a vehicle without preparing it or arranging it for consumption. Employees who deliver sandwiches and/or other food to sites where the food is served to customers from the delivery vehicle are considered to be caterers, not drivers, for classification purposes since they are engaged in actual food service, not merely food delivery.

Code 9083 is also applied to food preparation by vending machine operators, provided such food preparation qualifies as a separate undertaking or enterprise in accordance with Rule 1-D-3 (Rule IV-D-4, 1996 edition) of the **Basic Manual**.

Cybercafes are restaurants that provide on-premises computers that enable their customers to "surf" the Internet, play computer games, visit chat rooms and engage in other computer-oriented activities. These cafes usually offer beverage and food service. Beverages include coffee, soft drinks, espresso, bottled water, and juices. Food service could include full menu service or limited food service such as doughnuts, bagels, muffins and other bakery items. Sandwiches could be served as well.

Cybercafes that serve food are assigned to the appropriate restaurant code based on the nature of their operations.

Special Conditions:

- Refer to Code 8017 for cybercafes that do not provide food service but serve nonalcoholic beverages and such nonfood items as ice cream.
- Fast food restaurants operated by a hotel or motel are separately rated as Code 9058.
- Refer to Codes 9084 and 9082 for restaurants that provide wait service and/or serve alcoholic beverages.

Related Operations Not Classified to Code 9083:

- 9082—restaurant NOC
- 9084—bar, discotheque, lounge, nightclub or tavern

CROSS-REF. DOUGHNUT SHOP—RETAIL

Note: Applies to shops engaged in the preparation and sale of doughnuts, coffee, or other items for consumption on or away from the premises. If the shop does not qualify as Code 9083—Restaurant: Fast Food, classify as Code 9082—Restaurant NOC.

NAICS Code(s):

(For reference only. Not to be used for classification of risks for workers compensation purposes.)

722213—Snack and Non-Alcoholic Beverage Bars

Description:

Retail cookie or doughnut shops engaged in on-premises preparation and sale of these products for consumption both on or away from the premises are assigned to Code 9083 provided the operation otherwise meets the requirements as a fast food restaurant. As customers may sit at counters and be served items such as doughnuts and coffee, gratuities may be provided by customers for service rendered. The Code 9083 assignment is made to these operations regardless of the fact that the majority of cookies or doughnuts, including beverages sold, may be consumed away from the premises.

Special Conditions:

A **cookie or** doughnut manufacturer without snack bar facilities for on-premises consumption of beverages and **cookies or** doughnuts is assigned to Code 2003.

~~A cookie manufacturer without snack bar facilities for on-premises consumption of beverages and cookies is assigned to Code 2004.~~

Related Operations Not Classified to Code 9083:

- 9082—restaurant NOC
- 9084—bar, discotheque, lounge, nightclub or tavern