



Circular

DECEMBER 22, 2008

ANNOUNCEMENT

CIF-2008-47

Countrywide—Item B-1413—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 systems 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 classification 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. It 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-1413 for state-specific effective dates and for a listing of the industries contained in Item B-1413.

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-1413. 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-1413 includes all state-specific treatments. NCCI has prepared state-specific versions of B-1412 for all 34 states where it has been filed. Item B-1413 has also been submitted to the independent bureaus for their consideration.

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FILING MEMORANDUM

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E— CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

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

Title	Fact Sheet	Exhibit
Fiber Optics and Semiconductors	1	1
Telecommunications	2	2
Three-Year Transition Program Rules and Examples (Not Applicable in: FL)		2
Three-Year Transition Program Rules and Examples (Applies in: VA)		2
Assigned Carrier Performance Standards		3
Basic Manual Appendix E—Table of Classifications by Hazard Group		4
CCPAP Exhibits		5
State Special Exhibits		6

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. It also 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, elimination, or clarification. This item filing 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-only** changes. For example, in this filing, section headings are removed and added to the underlying code-specific phraseologies such as Telephone or Telegraph in Exhibit 2.

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, if necessary, are also incorporated within this filing.

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FILING MEMORANDUM

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E— CLASSIFICATIONS BY HAZARD GROUP

PROPOSAL

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

This item filing 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 the section, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation. Each section also contains exhibits detailing the changes being proposed to NCCI's *Basic Manual*.

IMPACT

This item filing 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 2011¹ 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 complete list of the proposed effective dates is provided below.

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:

¹ Except in Virginia, where it is the 2010 filing cycle.

FILING MEMORANDUM

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
 CLASSIFICATIONS BY HAZARD GROUP**

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
Florida	The effective date of this item will depend on the date regulatory approval is granted. If the item is approved on or before July 1, 2009, it will become effective January 1, 2010. If it is approved after July 1, 2009, it will become effective January 1, 2011.
Georgia	July 1, 2011
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed effective January 1, 2011. The effective date will be 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

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 CLASSIFICATIONS BY HAZARD GROUP**

State	Anticipated* Effective Date
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
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 previously 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

* Subject to change.

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**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET

FIBER OPTICS AND SEMICONDUCTORS

PROPOSAL

The focus of the proposed changes for this industry is to establish new national codes for the integrated circuit industry, incandescent bulb and fiber optics industry, and optical goods industry by reassigning exposures from Code 4112 and Code 4150 to three new classifications to clearly differentiate these industries nationwide.

NCCI recommends the following national treatment for classifications:

1. Discontinue Code 4112—Incandescent Lamp Mfg. and reassign exposure to newly created Code 4110—Electric Bulb Mfg.
2. Create cross-reference phraseology for Fiber Optic Cable Mfg. under Code 4110.
3. Discontinue Code 4150—Optical Goods Mfg. NOC and Lens Mfg.—Ground and reassign exposures to newly created Code 4149—Optical Goods Mfg. NOC.
4. Discontinue cross-reference phraseology for Code 4150—Computer Chip Mfg. and reassign exposure to newly created Code 4109—Integrated Circuit Mfg. This change will ensure the industry is being classified consistently on a national basis. The phraseology note will include a more up-to-date description of the manufacturing process.
5. Revise the phraseology note for Code 8013—Optical Stores to reference the Code 4150 with Code 4149.

New Hampshire Specific:

NCCI recommends that New Hampshire update Code 8013—Optical Stores and Code 8832—Ophthalmologist or Optometrist & Clerical's reference to surface grinding of lenses from discontinued Code 4150 to newly created Code 4149—Optical Goods Mfg.

Virginia Specific:

NCCI recommends that Virginia also update the description for Code 8013 to reflect the changes being proposed.

BACKGROUND AND BASIS FOR CHANGE

Fiber Optics

Code 4112—Incandescent Lamp Mfg. is assigned to insureds that manufacture electric light bulbs. This industry touches a significant amount of products that we use in everyday life.

Fiber optics is the transmission of light signals via very fine glass or plastic fibers. The following technologies occurred prior to fiber optics being developed:

In the 1960s—laser technology

In the 1970s—the manufacture of pure glass in the semiconductor business

In the 1980s—parallel developments in fiber optics and semiconductors, which improved light sources and detectors (sending and receiving components)

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

After fiber optics were developed, fiber optic communication systems were installed worldwide. Fiber optics is used in a variety of applications such as telecommunications, local area networks (LANs), cable television, closed-circuit television (security systems for a building), and optical fiber sensors (to detect gas or chemical concentration, pressure, temperature, etc.).

The manufacturing process consists of two stages: making the preform and extruding the preform. A bait tube is heated and fed a mixture of gases that reacts to the heat, making soot in the tube. Once enough soot accumulates, the gas mixture is stopped, and the heat is increased to melt the soot into sintered glass that makes up the core. The bait tube is heated more and collapses to form a solid rod of glass—the outer cladding around the core.

The main issue with the fiber optics industry is that there is no mention of the manufacturing process of fiber optics in the *Basic Manual*. The manufacturing process is most analogous to electric bulb manufacturing and should be included in this code.

Semiconductors

Code 4150—Optical Goods Mfg. NOC lists Computer Chip Manufacturing and Lens Manufacturing—Ground as cross-reference phraseologies. This code is assigned to the complete process of assembling lenses into frames to obtain eyeglasses, opera glasses, field glasses, and industrial goggles. Semiconductor manufacturing is assigned to Code 4150 based on the manufacturing process. This process includes thinly cutting quartz, which is analogous to the process of making optical goods.

The production of semiconductors is highly automated. It occurs in clean rooms, with each workstation having its own filtration system to reduce contamination from dust, smoke, and other contaminants. The material used to produce semiconductors is constantly changing, with silicon germanium (SiGe) replacing purified silicon for the wafers. Additive copper is replacing aluminum for connecting the circuits, and there are other material advancements.

Once the chip is completed, it goes through a metallization (solderable coating) process, and then each chip on the wafer is electrically tested. Those that pass are cut from the base (wafer) and mounted onto metal or plastic modules. The chip is then retested before being shipped. In the current automated environment, a human hand never touches the computer chip.

Expected exposures for this industry are significantly different from 10 or 15 years ago when the process was more hands-on. With automation minimizing exposures to hazardous chemicals, the expected injuries that tracked with the claims information reviewed were strains, lifting, and repetitive motion.

Code 4150 was the most analogous placement for the semiconductor manufacturing industry when it was small. Today, the industry has grown in size to the point where it is the primary industry of this code and no longer secondary to the optical goods manufacturing industry. A review of reported data showed that the primary payroll source for Code 4150 was for semiconductor manufacturers. However, a review of reported data for Code 4112 showed that there was two to three times more semiconductor payroll being reported to Code 4112 than Code 4150.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

IMPACT

This item proposes to create three new national classifications: Code 4110—Electric Bulb Manufacturing, Code 4109—Integrated Circuit Manufacturing, and Code 4149—Optical Goods Manufacturing. These three codes will replace existing national classifications: Code 4112 and Code 4150.

The loss cost/rate and rating values for new Code 4110 will be based on the historical data reported in discontinued Code 4112 until new Code 4110 develops data to determine its own loss cost/rate. No historical data from Code 4112 will be directly reassigned into new Code 4110. While experience may be transferred from other class codes, it is expected that most operations applicable to the new Code 4110 are currently being assigned to Code 4112. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to an individual risk's premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 4112, and their differences from the new code's loss cost or rate. 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 loss cost/rate and rating values for new Code 4149 will be based on the historical data reported in discontinued Code 4150 until new Code 4149 develops data to determine its own loss cost/rate. No historical data from Code 4150 will be directly reassigned into new Code 4149. While experience may be transferred from other class codes, it is expected that most operations applicable to the new Code 4149 are currently being assigned to Code 4150. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to an individual risk's premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 4150, and their differences from the new code's loss cost or rate. 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.

With the exception of the states of Indiana, Kansas, Kentucky, and New Hampshire, the initial loss cost or rate for new Code 4109 will be based on the payroll weighting of discontinued Codes 4112 and 4150, and will use the latest available year of payroll from these two codes until Code 4109 develops data to determine its own loss cost or rate. The experience rating values will be determined in a similar manner. To minimize any possible market disruption, the initial loss cost or rate value for Code 4109 will also be subject to the upper swing limit change resulting from the currently existing lowest loss cost or rating value of either Code 4112 or Code 4150. No historical data will be reassigned into Code 4109. Most of the new class code experience is expected to come from Codes 4112 and 4150. Therefore, this proposal is not expected to cause a significant change in statewide premium. The impact to an individual risk's premium will vary depending on current payroll distribution between previously assigned codes and their differences from the new code's loss cost or rate. 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.

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EXHIBIT 1—FACT SHEET (CONT'D)

For the states of Indiana, Kansas, Kentucky, and New Hampshire, which have a significant volume of Incandescent Lamp Manufacturing in Code 4112, the initial loss cost/rate and rating values for new Code 4109 will be completely based on the historical data of discontinued Code 4150 until new Code 4109 develops data to determine its own loss cost or rate. No historical data will be reassigned into Code 4109. Most of this code's experience is expected to come from Code 4150 in these three states. Therefore, this proposal is not expected to cause a significant change in statewide premium. The impact to an individual risk's premium will vary depending on current payroll distribution between previously assigned codes and their differences from the new code's loss cost or rate. 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.

New Hampshire Specific:

This item proposes that New Hampshire update Code 8013—Optical Stores and Code 8832—Ophthalmologist or Optometrist & Clerical's reference to surface grinding of lenses from discontinued Code 4150 to newly created Code 4149—Optical Goods Mfg. This portion of the proposal is not anticipated to result in a reclassification of risk payroll or change in loss cost, rate, or premium.

Virginia Specific:

This item proposes that Virginia also update the description for Code 8013 to reflect the changes being proposed. This portion of the proposal is not anticipated to result in a reclassification of risk payroll or change in loss cost, rate, or premium.

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 2011¹ filing cycle as outlined on the state effective date table in the filing memorandum. 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.

¹Unless otherwise noted.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FIBER OPTICS AND SEMICONDUCTOR
CLASSIFICATIONS

~~4112~~ ~~INCANDESCENT LAMP MFG.~~

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FIBER OPTICS AND SEMICONDUCTOR
CLASSIFICATIONS

4110 ELECTRIC BULB MFG.

Applies to insureds that manufacture electric light bulbs of all types including, but not limited to, incandescent, fluorescent, and halogen bulbs; compact fluorescent lamps (CFLs); light emitting diodes (LEDs); and neon tubes. Code 4110 applies regardless of the size or wattage of the bulb.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
FIBER OPTICS AND SEMICONDUCTOR
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4110 FIBER OPTIC CABLE MFG.

The manufacture of fiber optic strands or cables is also included in Code 4110. There are three distinct types of fiber optic strands: multimode, single mode, and graded index.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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~~4150~~ ~~OPTICAL GOODS MFG. NOG~~

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CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
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~~4150~~ ~~LENS MFG.—GROUND~~

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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FIBER OPTICS AND SEMICONDUCTOR
CLASSIFICATIONS

4149 OPTICAL GOODS MFG. NOC

Includes ground lens manufacturing, opera and field glasses manufacturing, goggle manufacturing, and telescope manufacturing.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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~~4150~~ ~~COMPUTER—CHIP MFG.~~

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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CLASSIFICATIONS

4109 INTEGRATED CIRCUIT MFG.

Includes silicon processes, compound semiconductor manufacturing, or semiconductor manufacturing. Includes refining or growing of the base (wafer) material through adding layer upon layer of the circuit, etching, adding connecting materials for the circuits, testing, quality assurance (QA), and mounting onto modules. This classification also includes adding programming to the chips by the manufacturer or outside contractor.

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EXHIBIT 1—NATIONAL CLASSIFICATIONS
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FIBER OPTICS AND SEMICONDUCTOR
CLASSIFICATIONS

8013◆ OPTICAL STORES

Surface grinding of lens to be separately rated as Code ~~4150—Optical goods mfg.—NOC~~ 4149.

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CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET**TELECOMMUNICATIONS, BURGLAR AND FIRE ALARM AND ELECTRONICS
INSTALLATION, SERVICE, AND REPAIR****PROPOSAL**

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

NCCI recommends the following national treatment for classifications:

1. Revise the phraseology of Code 7600 from Telephone or Telegraph Co.: All Other Employees & Drivers to Telecommunications Co.—Cable TV, or Satellite—All Other Employees & Drivers.
2. Revise the phraseology of Code 8901 from Telephone or Telegraph Co.: Office or Exchange Employees & Clerical to Telecommunications Co.—Office or Exchange Employees & Clerical.
3. Discontinue:
 - Code 7601—Telephone, Telegraph or Fire Alarm Line Construction & Drivers
 - Code 7611—Telephone or Cable TV Line Installation—Contractors, Underground & Drivers
 - Code 7612—Telephone or Cable TV Line Installation—Contractors, Overhead & Drivers
 - Code 7613—Telephone or Cable TV Line Installation—Contractors, Service Lines and Connections & DriversAll experience will be reassigned to newly defined Code 7600.
4. Revise the phraseology of Code 9516 from Radio, Television, Video and Audio Equipment Installation, Service, or Repair & Drivers to Electronic Equipment—Installation, Service, or Repair—Shop and Outside & Drivers.
5. Discontinue the cross-reference phraseologies of Code 9516—Automobile: Radio, Television, Video and Audio Equipment Installation, Service, or Repair & Drivers; Television, Radio, Video and Audio Equipment Installation, Service, or Repair & Drivers; and Video, Television, Radio, and Audio Equipment Installation, Service, or Repair & Drivers. A reference to the installation, service, or repair of automobile electronic equipment will be referenced in the phraseology note of Code 9516. The other cross-reference phraseologies are being discontinued due to redundancy.
6. Revise the phraseology note of Code 9519—Household and Commercial Appliances—Electrical—Installation, Service or Repair & Drivers to update the reference to Code 9516.
7. Revise the phraseology of Code 7605 from Burglar Alarm Installation or Repair & Drivers to Burglar and Fire Alarm Installation or Repair & Drivers.
8. Discontinue the cross-reference phraseology of Code 7605—Fire Alarm Installation or Repair & Drivers. The assignment of fire alarm installation or repair will be referenced in the phraseology of Code 7605.
9. Discontinue the cross-reference phraseologies of Code 7605—Intercommunication Systems Installation or Repair & Drivers and Sound Systems Installation or Repair & Drivers and transfer these exposures to Code 9516.

Arizona Specific:

NCCI recommends that Arizona discontinue their state special phraseology for Code 7605—Intercommunication Systems Installation or Repair and adopt the national treatment.

Florida Specific:

Items 1 through 3 in the national proposal have already been adopted by Florida per Item 02-FL-2007-A. NCCI recommends that Florida discontinue their state exceptions for Codes 7600 and 8901 once the revised codes are implemented as national classifications. It is also recommended that Florida adopt items 4 through 9 as part of the national proposal.

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EXHIBIT 2—FACT SHEET (CONT'D)

Montana Specific:

NCCI recommends that Montana discontinue their state special phraseology for Code 7605—Telephone or Cable Television Line—Inside & Drivers and adopt the national treatment.

NCCI recommends that Montana adopt the newly defined national Codes 7600 and 8901 for the telecommunications industry and discontinue state special phraseologies for Codes 7600, 7601, 7611, 7612, and 7613 indicated in the Montana state-specific exhibits.

Oregon Specific:

NCCI recommends that Oregon discontinue their state special phraseology for Code 7605—Telephone or Cable Television Line—Inside & Drivers and adopt the national treatment. It is also proposed that Oregon revise their state-specific cross-reference phraseology for Code 9519—Household Appliances—Electrical—Installation, Service or Repair & Drivers to update the reference to Code 9516. NCCI recommends that Oregon adopt the newly defined national Codes 7600 and 8901 for the telecommunications industry and discontinue state special phraseologies for Codes 7600, 8901, and 7601 indicated in the Oregon state-specific exhibits.

Changes to Code 7611—Telephone or Cable TV Line Installation—Contractors, Underground & Drivers, Code 7612—Telephone or Cable TV Line Installation—Contractors, Overhead & Drivers, and Code 7613—Telephone or Cable TV Line Installation—Contractors, Service Lines and Connections & Drivers are not proposed in Oregon because these codes are not applicable.

Virginia Specific:

NCCI recommends that Virginia also update the descriptions for Codes 3179, 3681, 3724, 5190, 6325, 7539 and 8017, to reflect the changes being proposed.

BACKGROUND AND BASIS FOR CHANGE

NCCI has reviewed the classification treatment of telephone company operations. The installation and repair of low voltage lines is currently included in the following national codes:

- Code 7600—Telephone or Telegraph Co.: All Other Employees & Drivers
- Code 7601—Telephone, Telegraph or Fire Alarm Line Construction & Drivers
- Code 7611—Telephone or Cable TV Line Installation—Contractors, Underground & Drivers
- Code 7612—Telephone or Cable TV Line Installation—Contractors, Overhead & Drivers
- Code 7613—Telephone or Cable TV Line Installation—Contractors, Service Lines and Connections & Drivers

The telecommunications industry delivers voice, data, graphics, and video at increasing speeds and in a variety of ways. Wireline telephone communication was once the primary service of the industry, but now wireless communication services and cable and satellite program distribution make up an increasing share of the industry. However, the largest sector of the industry continues to be made up of wired telecommunications carriers. They provide telephone service via wires and cables that connect customers to central offices maintained by telecommunications companies. The central offices contain switching equipment that routes content to its final destination or to another switching center that determines the most efficient route for the content to take.

While voice used to be the main type of data transmitted over the wires, wired telecommunications service now transmits all types of graphic, video, and electronic data mainly over the Internet. These new services have been made possible through the use of digital technologies that make telecommunication networks much more efficient.

Workers in the telecommunications industry are exposed to a variety of hazards. Line installers and repairers will face such exposures as shocks from malfunctioning equipment and power lines, falls from utility poles and

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EXHIBIT 2—FACT SHEET (CONT'D)

transmission towers, being struck by passing cars while working along roadways, and heat-related illnesses. Service technicians who inspect or service telephone lines on utility poles and telecommunications towers often must scale these structures to work on the equipment at the top of them. Since telecommunication towers and utility poles are often several stories tall, a fall from such a height could cause serious or fatal injuries. Work on such structures can be even more dangerous during inclement or winter weather. Ice and snow may form on these structures, making them slippery and impeding safe ascension.

Telephone line technicians often will park along the sides of roadways when performing maintenance work on telephone lines, utility poles, underground lines, and other telephone communication apparatus. Working along roadways is dangerous, and many injuries and fatalities occur every year involving work crews. They use different types of machinery, such as backhoes and dump trucks, when excavating for underground utility lines. Such machinery is large and is typically operated by one employee. Employees can be hit and crushed by such machinery; they may also be cut, bruised, or break a bone. Employees working in laboratories may be exposed to a number of hazards, such as electrical shocks, burns, or fires. Office personnel will contend with such common hazards as cumulative trauma disorders (CTDs) and slips, trips, and falls.

Currently, telephone company employees, classified under Code 7600, perform the same variety of tasks performed by employees assigned to Code 7601 and contractors assigned to Codes 7611, 7612, and 7613. Research shows great similarity in the nature of the work performed by the risks and exposure assigned to the reviewed codes. The similarity is so great that it points to the feasibility of combining these codes. Additionally, replacing the words “telephone,” “telegraph,” and “cable” with a more encompassing term, “telecommunications,” helps to modernize the phraseology and describe the various businesses within this industry.

Code 9516 is assigned to the installation, service, and repair of various types of electronic equipment. Home entertainment equipment includes televisions, DVD players and recorders, digital video recorders, satellite and digital cable, speakers, iPods and MP3 players, and satellite radio. Service technicians are employed by electronic service companies, retail and wholesale distributors, independent television and stereo repair shops, major department stores, manufacturers and manufacturers’ repair facilities as well as authorized manufacturers’ repair outlets. They install, test, repair, and calibrate equipment to ensure it functions properly. They check for common causes of trouble, such as loose connections or defective components. To fix equipment, repairers may replace defective components, circuit boards, or wiring, or adjust and calibrate equipment using test equipment—small hand tools such as pliers, screwdrivers, and soldering irons.

Automobile and marine electronic equipment ranges from a simple installation such as replacing a radio with a new CD player, which requires the removal of a few screws and the connection of a few wires, to a more complicated install such as a new sound system with a subwoofer, amplifier, and fuses. Mobile electronic equipment includes DVD players, satellite navigation equipment, security systems, satellite radios, VHF radios, radar detectors and systems, remote starters, speakers, amplifiers, cb radios, subwoofers, iPods and MP3 players, and depth and fish finders. Technicians will use simple tools, such as wire cutters, soldering irons, multi-testers, drills, and common fasteners to install, diagnose, and repair communication, sound, security, and navigation equipment in motor vehicles and boats.

IMPACT

This item proposes that Code 7601, Code 7611, Code 7612, and Code 7613 all be discontinued with their experience combined into redefined existing national Code 7600. NCCI conducted a review using the latest approved rate filing experience to determine the need for a loss cost or rate transition program to minimize the impact of this proposed change. Based on the result of this review, NCCI recommends that a three-year transition program be implemented in all states. Using a transition program will help minimize the impact to both individual risk’s premium charges and overall statewide premium.

This item also proposes to discontinue the cross-reference phraseologies of Code 7605—Intercommunication Systems Installation or Repair & Drivers and Sound Systems Installation or Repair & Drivers and transfer these operations to Code 9516. No modification or adjustment to filed loss costs or rates is proposed for

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EXHIBIT 2—FACT SHEET (CONT'D)

these codes. The amount of payroll transferred cannot be obtained using current industry data sources. It is estimated that the amount of payroll transferred and/or the differences in loss cost or rate is not large enough to result in a significant change in overall statewide premium. The impact to individual risks will vary depending on their current code payroll assignments in Code 7605 and the amount of payroll transferred from Code 7605 to Code 9516. The class codes' loss costs or rates will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to these classifications.

The other phraseology changes primarily consolidate cross-reference phraseology into the actual classification wording or are for clarification only and are generally not anticipated to result in a reclassification of risk payroll or change in loss cost, rate, or premium.

Arizona Specific:

This item proposes that Arizona discontinue their state special phraseology for Code 7605—Intercommunication Systems Installation or Repair and adopt the national treatment. Similar to the national change for this code, this part of the proposal may result in a transfer of payroll from Code 7605 into Code 9516. No modification or adjustment to filed loss costs or rates is proposed for these codes. The amount of payroll transferred cannot be obtained using current industry data sources. It is estimated that the amount of payroll transferred and/or the differences in loss cost or rate are not large enough to result in a significant change in overall statewide premium. The impact to individual risks will vary depending on their current code payroll assignments in Code 7605 and the amount of payroll transferred from Code 7605 to Code 9516. The class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to this classification.

Florida Specific:

This item proposes that Florida adopt the newly defined national Codes 7600 and 8901 for the telecommunications industry and discontinue state special phraseologies for Codes 7600 and 8901 indicated in the Florida state-specific exhibits. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

It is also proposed that Florida adopt the national proposed treatment of Code 7605, 9516, and 9519. No modification or adjustment to filed loss cost or rate is proposed for these codes.

Montana Specific:

This item proposes that Montana discontinue their state special phraseology for Code 7605—Telephone or Cable Television Line—Inside & Drivers and adopt the national treatment. This part of the proposal may result in a transfer of payroll from Code 7605 into redefined Code 7600. No modification or adjustment to filed loss costs or rates is proposed as a result of this change for these codes. The amount of payroll transferred cannot be obtained using current industry data sources. It is estimated that the amount of payroll transferred and/or the differences in loss cost or rate are not large enough to result in a significant change in overall statewide premium. The impact to individual risks will vary depending on their current code payroll assignments in Code 7605 and the amount of payroll transferred from Code 7605 to Code 7600. The class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to this classification.

It is also proposed that Montana adopt the newly defined national Codes 7600 and 8901 for the telecommunications industry and discontinue state special phraseologies for Codes 7600, 7601, 7611, 7612, and 7613, as indicated in the Montana state-specific exhibits. This portion of the proposal is not anticipated to result in an additional change in premium beyond the national proposal to consolidate Code 7601, Code 7611, Code 7612, and Code 7613 into newly defined national Code 7600.

Oregon Specific:

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EXHIBIT 2—FACT SHEET (CONT'D)

This item proposes that Oregon discontinue their state special phraseology for Code 7605—Telephone or Cable Television Line—Inside & Drivers and adopt the national treatment. This part of the proposal may result in a transfer of payroll from Code 7605 into redefined Code 7600. No modification or adjustment to filed loss costs or rates is proposed as a result of this change for these codes. The amount of payroll transferred cannot be obtained using current industry data sources. It is estimated that the amount of payroll transferred and/or the differences in loss cost or rate are not large enough to result in a significant change in overall statewide premium. The impact to individual risks will vary depending on their current code payroll assignments in Code 7605 and the amount of payroll transferred from Code 7605 to Code 7600. The class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to this classification.

It is also proposed that Oregon revise their state-specific cross-reference phraseology for Code 9519—Household Appliances—Electrical—Installation, Service or Repair & Drivers to update the reference to Code 9516. This portion of the proposal is not anticipated to result in any reclassification of risks' payroll or change in loss cost, rate, or premium.

It is also proposed that Oregon adopt the newly defined national Codes 7600 and 8901 for the telecommunications industry and discontinue state special phraseologies for Codes 7600, 8901, and 7601 indicated in the Oregon state-specific exhibits. This portion of the proposal is not anticipated to result in an additional change in premium beyond the national proposal to consolidate Code 7601, Code 7611, Code 7612, and Code 7613 into newly defined national Code 7600.

Virginia Specific:

This item proposes that Virginia update the descriptions for Codes 3179, 3681, 3724, 5190, 6325, 7539, and 8017 to reflect the changes being proposed. This portion of the proposal is not anticipated to result in a reclassification of risk payroll or change in loss cost, rate, or premium.

IMPLEMENTATION

This item is applicable to new and renewal voluntary and assigned risk policies, and it will become effective concurrently with each state's approved rate/loss cost filing for the 2011¹ filing cycle as outlined on the state effective date table in the filing memorandum. 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 three-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.

¹Unless otherwise noted.

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~~TELEPHONE OR TELEGRAPH~~

3681 ~~Apparatus Mfg.~~

~~Co.~~

8901 ~~Office or Exchange Employees & Clerical~~

7600 ~~All Other Employees & Drivers. Includes operation, maintenance, extension of lines, and making of service connection. Not applicable to contractors.~~

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3681 TELEPHONE OR TELEGRAPH—APPARATUS MFG.

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7600 TELECOMMUNICATIONS CO.—CABLE TV, OR SATELLITE—ALL OTHER EMPLOYEES & DRIVERS

Includes operation, installation, maintenance, and extension of overhead and underground lines and service connections, including line installation within a building. The installation of fiber optic lines requiring specialized connection skills is included in Code 7600. It also includes the clearing of right-of-ways, the erection of poles, cross-arms, and insulators when performed in conjunction with installing telecommunication lines. Applicable to contractors performing work for telecommunications companies. Conduit construction is to be separately rated. Applies to laying of telephone cable by specialist contractor under contract with a telephone company.

The mechanical of fusion splicing of fiber optics strands is also assigned to this code.

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8901 TELECOMMUNICATIONS CO.: OFFICE OR EXCHANGE EMPLOYEES & CLERICAL

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

7601• TELEPHONE, TELEGRAPH OR FIRE ALARM LINE CONSTRUCTION & DRIVERS.

Code 7600—Telephone or telegraph company shall not be assigned at the same job or location to which Code 7601 applies.

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

~~**7601• TELEPHONE, TELEGRAPH OR FIRE ALARM LINE CONSTRUCTION & DRIVERS.**~~

~~Code 7600—Telephone or telegraph company shall not be assigned at the same job or location to which Code 7601 applies.~~

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

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

TELEPHONE OR CABLE TV LINE INSTALLATION

- 7612● **Contractors, Overhead & Drivers.** Applies to the installation, replacement, removal and maintenance of overhead telephone and cable TV main lines.
- 7613● **Contractors, Service Lines and Connections & Drivers.** Applies to the installation, replacement, removal and maintenance of telephone and cable TV service connection lines. It also includes incidental line installation within a building. Conduit construction is to be separately rated.
- 7611● **Contractors, Underground & Drivers.** Applies to the installation, replacement, removal and maintenance of underground telephone and cable TV main lines. Conduit construction is to be separately rated.

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

~~TELEPHONE OR CABLE TV LINE INSTALLATION~~

- ~~7612● **Contractors, Overhead & Drivers.** Applies to the installation, replacement, removal and maintenance of overhead telephone and cable TV main lines.~~
- ~~7613● **Contractors, Service Lines and Connections & Drivers.** Applies to the installation, replacement, removal and maintenance of telephone and cable TV service connection lines. It also includes incidental line installation within a building. Conduit construction is to be separately rated.~~
- ~~7611● **Contractors, Underground & Drivers.** Applies to the installation, replacement, removal and maintenance of underground telephone and cable TV main lines. Conduit construction is to be separately rated.~~

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

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~~FIRE ALARM~~

7605 ~~Installation or Repair & Drivers~~

7601 • ~~Telephone or Telegraph Line Construction & Drivers. Code 7600—Telephone or telegraph
company shall not be assigned at the same job or location to which Code 7601 applies.~~

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9516 ~~RADIO, TELEVISION, VIDEO, AND AUDIO EQUIPMENT INSTALLATION, SERVICE, OR
REPAIR & DRIVERS.~~

~~Includes shop or outside employees, incidental parts department employees, and erection of
antennae. Electrical wiring or tower erection to be separately rated. Intercommunication system
installation to be separately classified to Code 7605.~~

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9516 **ELECTRONIC EQUIPMENT—INSTALLATION, SERVICE, OR REPAIR—SHOP AND OUTSIDE
& DRIVERS**

Electronic equipment can be installed in homes, automobiles, and boats. Electrical wiring or tower erection to be separately rated. Applies to the installation, service, or repair of electronic equipment by retail store employees. Store operations to be separately rated. Refer to Code 9519 for the installation, service, and repair of household and commercial appliances. The installation of visual and sound equipment for stadiums and theaters is assigned to Code 9154. Refer to Code 5191 for the installation, service, or repair of office machine equipment. Refer to Code 7600 for insureds under contract with a telecommunications company.

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9516 ~~AUTOMOBILE—RADIO, TELEVISION, VIDEO, AND AUDIO EQUIPMENT INSTALLATION—
SERVICE OR REPAIR & DRIVERS~~

~~Includes shop or outside employees, incidental parts department employees, erection of antennae.~~

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9516 ~~TELEVISION, RADIO, VIDEO, AND AUDIO EQUIPMENT INSTALLATION, SERVICE, OR
REPAIR & DRIVERS.~~

~~Includes shop or outside employees, incidental parts department employees, and erection of
antennae. Electrical wiring or tower erection to be separately rated. Intercommunication system
installation to be separately classified to Code 7605.~~

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9516 ~~VIDEO, TELEVISION, RADIO, AND AUDIO EQUIPMENT INSTALLATION, SERVICE, OR
REPAIR & DRIVERS.~~

~~Includes shop or outside employees, incidental parts department employees, and erection of
antennae. Electrical wiring or tower erection to be separately rated. Intercommunication system
installation to be separately classified to Code 7605.~~

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**9519 HOUSEHOLD AND COMMERCIAL APPLIANCES—ELECTRICAL—INSTALLATION, SERVICE
OR REPAIR & DRIVERS**

Includes shop or outside employees and incidental parts department employees. Electrical wiring to be separately classified to Code 5190. ~~Television, radio, video, and audio~~ Electronic equipment installation, service, or repair to be separately classified to Code 9516.

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- 7605• **BURGLAR AND FIRE ALARM INSTALLATION OR REPAIR & DRIVERS**
Includes the installation of security cameras.

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7605• ~~INTERCOMMUNICATION SYSTEMS INSTALLATION OR REPAIR & DRIVERS~~

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7605• ~~SOUND SYSTEMS INSTALLATION OR REPAIR & DRIVERS~~

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EXHIBIT 2—TELECOMMUNICATIONS**THREE-YEAR TRANSITION PROGRAM RULES**

(Applies in: AK, AL, AR, AZ, CO, CT, DC, 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 three-year transition program implementing the rates/loss costs and rating values for Codes 7601, 7611, 7612, 7613, and 7600. NCCI will administer this program through each applicable state's 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 is approved. The proposed effective date for the experience filing revision must be 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 7601, 7611, 7612, 7613, and 7600 within each of the classification rate/loss cost filings. An example of the three-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 7601, 7611, 7612, 7613, and 7600 as appropriate until the elimination of Code 7601, 7611, 7612, and 7613 in the third annual state rate/loss cost filing experience revision from which this transition program was initiated in the state.
- B. As part of the first NCCI state rate/loss cost experience filing revision in which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 7601, 7611, 7612, 7613, and 7600 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the five individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 7601, 7611, 7612, 7613, and 7600, 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 7601, 7611, 7612, 7613, and 7600 within the swing limits of the filing. However, a 33% minimum weighting value must be used regardless of the swing limits to execute the transition program within three years. Rating values will be calculated in a similar manner.

- C. As part of the second state annual rate/loss cost experience filing, after which this transition program is initiated, the payroll-weighted rate/loss cost of Codes 7601, 7611, 7612, 7613, and 7600 will be calculated using the latest available year's payroll and the standard calculated rates/loss costs of the five individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 7601, 7611, 7612, 7613, and 7600, then each of the 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.

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EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)

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 7601, 7611, 7612, 7613, and 7600 within the swing limits of the filing. However, a 67% minimum weighting value must be used regardless of the swing limits to execute the transition program within three years. Rating values will be calculated in a similar manner.

- D. As part of the third annual NCCI state rate/loss cost experience filing revision, Codes 7601, 7611, 7612, and 7613 will be eliminated. All insured operations previously assigned to Codes 7601, 7611, 7612, and 7613 will be assigned to Code 7600. The rate/loss cost for newly defined Code 7600 will be the payroll-weighted rate/loss cost of Code 7601, 7611, 7612, 7613, and 7600 using this filing's latest available year of payroll and the standard calculated rate/loss cost of the five individual codes. Rating values will be determined by the same payroll weighting.

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EXAMPLE OF THREE-YEAR TRANSITION PROGRAM CALCULATION

(Applies in: AK, AL, AR, AZ, CO, CT, DC, 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 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 0.33, 0.67, and 1.00 for each year without regard to swing limits in order to transition the rates/loss costs within three years.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	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	.44*	XXX1	(0.44 x 12.48)	+	(0.56 x 21.00)	=	17.25
		XXX2	(0.44 x 12.48)	+	(0.56 x 10.50)	=	11.37
		XXX3	(0.44 x 12.48)	+	(0.56 x 11.81)	=	12.10
Filing Effective in Second Year	.93*	XXX1	(0.93 x 12.52)	+	(0.07 x 18.50)	=	12.94
		XXX2	(0.93 x 12.52)	+	(0.07 x 9.85)	=	12.33
		XXX3	(0.93 x 12.52)	+	(0.07 x 12.35)	=	12.51
Filing Effective in Third Year	1.00	XXX1	(1.00 x 12.49)	+	(0.00 x 19.78)	=	12.49
		XXX2	(1.00 x 12.49)	+	(0.00 x 12.25)	=	12.49
		XXX3	(1.00 x 12.49)	+	(0.00 x 11.57)	=	12.49

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

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EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)
EXAMPLE OF THREE-YEAR TRANSITION PROGRAM EXPECTED LOSS RATE (ELR)

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 0.33, 0.67, and 1.00 for each year without regard to swing limits in order to transition the rates/loss costs within three years.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	Weight Value	Class Code	Payroll-Weighted ELR		NCCI Initially Calculated ELR		Final NCCI ELR
Filing Effective in First Year	.44*	XXX1	(0.44 x 4.16)	+	(0.56 x 7.00)	=	5.75
		XXX2	(0.44 x 4.16)	+	(0.56 x 3.50)	=	3.79
		XXX3	(0.44 x 4.16)	+	(0.56 x 3.94)	=	4.04
Filing Effective in Second Year	.93*	XXX1	(0.93 x 4.18)	+	(0.07 x 6.17)	=	4.32
		XXX2	(0.93 x 4.18)	+	(0.07 x 3.28)	=	4.12
		XXX3	(0.93 x 4.18)	+	(0.07 x 4.12)	=	4.18
Filing Effective in Third 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 Three-Year Weight Value Calculation” for more details.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)
EXAMPLE OF THREE-YEAR TRANSITION PROGRAM D RATIOS

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 codes 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:

$$\frac{[(400,000 \times .23) + (700,000 \times .20) + (3,000,000 \times .24)]}{(400,000 + 700,000 + 3,000,000)} = .23$$

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 0.33, 0.67, and 1.00 for each year without regard to swing limits in order to transition the rates/loss costs within three years.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	Weight Value	Class Code	Payroll-Weighted D Ratio		NCCI Initially Calculated D Ratio		Final NCCI D Ratio
Filing Effective in First Year	.44*	XXX1	(0.44 x 0.23)	+	(0.56 x 0.23)	=	0.23
		XXX2	(0.44 x 0.23)	+	(0.56 x 0.20)	=	0.21
		XXX3	(0.44 x 0.23)	+	(0.56 x 0.24)	=	0.24
Filing Effective in Second Year	.93*	XXX1	(0.93 x 0.24)	+	(0.07 x 0.23)	=	0.24
		XXX2	(0.93 x 0.24)	+	(0.07 x 0.22)	=	0.24
		XXX3	(0.93 x 0.24)	+	(0.07 x 0.25)	=	0.24
Filing Effective in Third 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 Three-Year Weight Value Calculation” for more details.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)
EXAMPLE OF THREE-YEAR WEIGHT VALUE CALCULATION

The weight value calculation in the following example is for illustration purposes only and is not the actual weight value calculation in use, nor does it represent the expected actual weight value calculation for the codes indicated.

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 0.33, 0.67, and 1.00, respectively, for years 1, 2, and 3. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

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	23.00	11.00	12.00
First Transition Year	17.25	11.37	12.10

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
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 %
0.33	18.19	−20.9	11.15	+1.4	12.03	+0.2
0.34	18.10	−21.3	11.17	+1.5	12.04	+0.3
0.35	18.02	−21.7	11.19	+1.7	12.04	+0.3
0.36	17.93	−22.0	11.21	+1.9	12.05	+0.4
0.37	17.85	−22.4	11.23	+2.1	12.06	+0.5
0.38	17.76	−22.8	11.25	+2.3	12.06	+0.5
0.39	17.68	−23.1	11.27	+2.5	12.07	+0.6
0.40	17.59	−23.5	11.29	+2.6	12.08	+0.7
0.41	17.51	−23.9	11.31	+2.8	12.08	+0.7
0.42	17.42	−24.3	11.33	+3.0	12.09	+0.8
0.43	17.34	−24.6	11.35	+3.2	12.10	+0.8
0.44	17.25	−25.0	11.37	+3.4	12.10	+0.8
0.45	17.17	−25.3	11.39	+3.5	12.11	+0.9

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
Weight Calculation Table						
Year 2	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 %
0.67	14.49	−16.0	11.64	+2.4	12.46	+3.0
0.68	14.43	−16.3	11.67	+2.6	12.47	+3.1
0.69	14.37	−16.7	11.69	+2.8	12.47	+3.1
continues						
0.93	12.94	−25.0	12.33	+8.4	12.51	+3.4

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—TELECOMMUNICATIONS

THREE-YEAR TRANSITION PROGRAM RULES

(Applies in: VA)

The following are the rules of the three-year transition program implementing the rates/loss costs and rating values for Codes 7601, 7611, 7612, 7613, and 7600. 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 is approved. The proposed effective date for the experience filing revision must be 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 7601, 7611, 7612, 7613, and 7600 within each of the classification rate/loss cost filings. An example of the three-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 Codes 7601, 7611, 7612, 7613, or 7600 as appropriate until the elimination of Codes 7601, 7611, 7612, and 7613 in the third 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 7601, 7611, 7612, 7613, and 7600 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the five individual codes. If the payroll-weighted rate/loss cost does not exceed the upper swing limit determined for Codes 7601, 7611, 7612, 7613, and 7600, then each of these codes will take on the payroll-weighted rate/loss cost. Rating values will be determined by the same payroll weighting.

If the payroll-weighted rate/loss cost does exceed the filing's upper 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 determined by calculating the maximum weighting value given to the payroll-weighted rate/loss cost in order that the rates/loss costs for Codes 7601, 7611, 7612, 7613, and 7600 do not exceed the upper swing limits for any of the codes in the filing. Rating values will be calculated in a similar manner.

- C. As part of the second NCCI state rate/loss cost experience filing revision where this transition program is initiated, the payroll-weighted rate/loss cost of Codes 7601, 7611, 7612, 7613, and 7600 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the five individual codes. If the payroll-weighted rate/loss cost does not exceed the upper swing limit determined for Codes 7601, 7611, 7612, 7613, and 7600, 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.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)

If the payroll-weighted rate/loss cost does exceed the filing's upper 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 determined by calculating the maximum weighting value given to the payroll-weighted rate/loss cost in order that the rates/loss costs for Codes 7601, 7611, 7612, 7613, and 7600 do not exceed the upper swing limits for any of the codes in the filing. Rating values will be calculated in a similar manner.

- D. As part of the third NCCI state rate/loss cost classification experience filing revision, Codes 7601, 7611, 7612, and 7613 will be eliminated. The payroll-weighted rate/loss cost of Codes 7601, 7611, 7612, 7613, and 7600 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the five individual codes.

If the payroll-weighted rate/loss cost does not exceed the upper swing limits determined for Codes 7601, 7611, 7612, 7613, and 7600, then Code 7600 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 it does exceed the swing limit for any of the codes, then the rate/loss cost for Code 7600 will be limited to that upper-limited rate/loss cost. Rating value will be determined in a similar manner to take into account the upper swing limitation.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—TELECOMMUNICATIONS
EXAMPLE OF THREE-YEAR TRANSITION PROGRAM CALCULATION

(Applies in: VA)

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 \$	635,000	713,000	35,000
First Year Initial Rate/Loss Cost	2.78	1.37	1.83
Second Year Initial Rate/Loss Cost	2.55	1.52	1.80
Third Year Initial Rate/Loss Cost	2.37	1.71	1.85

(Payroll is assumed to remain constant throughout the transition period.)

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

$$\frac{[(635,000 \times 2.78) + (713,000 \times 1.37) + (35,000 \times 1.83)]}{(635,000 + 713,000 + 35,000)} = 2.03$$

Additionally, the upper swing limit is assumed to be plus 15%. In Virginia, the actual upper swing limit will be used. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes from exceeding the upper swing limit. The third year (final year) weight value is assumed to be 1.00. Therefore, the rate/loss cost will be equal to the payroll-weighted rate/loss cost. This final year combined rate/loss cost will also be subject to the upper swing limit of the lowest rated code among the classification codes to be combined.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	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	0.37*	XXX1	(0.37 x 2.03)	+	(0.63 x 2.78)	=	2.50
		XXX2	(0.37 x 2.03)	+	(0.63 x 1.37)	=	1.61
		XXX3	(0.37 x 2.03)	+	(0.63 x 1.83)	=	1.90
Filing Effective in Second Year	0.69*	XXX1	(0.69 x 2.00)	+	(0.31 x 2.55)	=	2.17
		XXX2	(0.69 x 2.00)	+	(0.31 x 1.52)	=	1.85
		XXX3	(0.69 x 2.00)	+	(0.31 x 1.80)	=	1.94
Filing Effective in Third Year	1.00	XXX1	(1.00 x 2.02)	+	(0.00 x 2.37)	=	2.02
		XXX2	(1.00 x 2.02)		(0.00 x 1.71)		2.02
		XXX3	(1.00 x 2.02)		(0.00 x 1.85)		2.02

* See "Example of Three-Year Weight Value Calculation" for more details.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)
EXAMPLE OF THREE-YEAR TRANSITION PROGRAM EXPECTED LOSS RATE (ELR)

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 \$	635,000	713,000	35,000
First Year Initial ELR	1.39	0.66	0.92
Second Year Initial ELR	1.34	0.67	0.93
Third Year Initial ELR	1.32	0.80	0.95

(Payroll is assumed to remain constant throughout the transition period.)

The “Payroll-Weighted ELR” for the first year is calculated as follows:

$$\frac{[(635,000 \times 1.39) + (713,000 \times 0.66) + (35,000 \times 0.92)]}{(635,000 + 713,000 + 35,000)} = 1.00$$

Additionally, the upper swing limit is assumed to be plus 15%. In Virginia, the actual upper swing limit will be used. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes from exceeding the upper swing limit. The third year (final year) weight value is assumed to be 1.00. Therefore, the final year ELR will be equal to the payroll-weighted ELR. The final year ELR will be adjusted to reflect any final year rate/loss cost upper swing limitation.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	Weight Value	Class Code	Payroll-Weighted ELR		NCCI Initially Calculated ELR		Final NCCI ELR
Filing Effective in First Year	0.37*	XXX1	(0.37 x 1.00)	+	(0.63 x 1.39)	=	1.25
		XXX2	(0.37 x 1.00)	+	(0.63 x 0.66)	=	0.79
		XXX3	(0.37 x 1.00)	+	(0.63 x 0.92)	=	0.95
Filing Effective in Second Year	0.69*	XXX1	(0.69 x 0.98)	+	(0.31 x 1.34)	=	1.09
		XXX2	(0.69 x 0.98)	+	(0.31 x 0.67)	=	0.88
		XXX3	(0.69 x 0.98)	+	(0.31 x 0.93)	=	0.96
Filing Effective in Third Year	1.00	XXX1	(1.00 x 1.04)		(0.00 x 1.32)		1.04
		XXX2	(1.00 x 1.04)	+	(0.00 x 0.80)	=	1.04
		XXX3	(1.00 x 1.04)		(0.00 x 0.95)		1.04

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

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)
EXAMPLE OF THREE-YEAR TRANSITION PROGRAM D RATIOS

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 codes 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 \$	635,000	713,000	35,000
First Year Initial D Ratios	0.23	0.20	0.24
Second Year Initial D Ratios	0.23	0.21	0.24
Third Year Initial D Ratios	0.25	0.21	0.26

(Payroll is assumed to remain constant throughout the transition period.)

The “Payroll-Weighted D Ratio” for the first year is calculated as follows:

$$\frac{[(635,000 \times 0.23) + (713,000 \times 0.20) + (35,000 \times 0.24)]}{(635,000 + 713,000 + 35,000)} = .21$$

Additionally, the upper swing limit is assumed to be plus 15%. In Virginia, the actual upper swing limit will be used. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes from exceeding the upper swing limit. The third year (final year) weight value is assumed to be 1.00. Therefore, the final year D ratio will be equal to the payroll-weighted D ratio.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	Weight Value	Class Code	Payroll-Weighted D Ratio		NCCI Initially Calculated D Ratio		Final NCCI D Ratio
Filing Effective in First Year	.37*	XXX1	(0.37 x 0.21)	+	(0.63 x 0.23)	=	0.22
		XXX2	(0.37 x 0.21)	+	(0.63 x 0.20)	=	0.20
		XXX3	(0.37 x 0.21)	+	(0.63 x 0.24)	=	0.23
Filing Effective in Second Year	.69*	XXX1	(0.69 x 0.22)	+	(0.31 x 0.23)	=	0.22
		XXX2	(0.69 x 0.22)	+	(0.31 x 0.21)	=	0.22
		XXX3	(0.69 x 0.22)	+	(0.31 x 0.24)	=	0.23
Filing Effective in Third Year	1.00	XXX1	(1.00 x 0.23)		(0.00 x 0.25)		0.23
		XXX2	(1.00 x 0.23)	+	(0.00 x 0.21)	=	0.23
		XXX3	(1.00 x 0.23)		(0.00 x 0.26)		0.23

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

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)
EXAMPLE OF THREE-YEAR WEIGHT VALUE CALCULATION

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

In the following example, the rates/loss costs are calculated for each class code by using successively higher weight values until the largest weight value is found that keeps the rates/loss costs from exceeding the upper swing limit. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

The following assumptions are made for this example:

1. The upper swing limit is + 15%. In Virginia, the actual upper swing limit will be used.
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
Last Approved Filing	2.83	1.40	1.80
First Transition Year	2.50	1.61	1.90
Second Transition Year	2.17	1.85	1.94

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
Weight Calculation Table						
	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 %
Year 1						
...						
0.34	2.53	–10.6%	1.59	13.6%	1.90	5.6%
0.35	2.52	–11.0%	1.60	14.3%	1.90	5.6%
0.36	2.51	–11.3%	1.61	15.0%	1.90	5.6%
0.37	2.50	–11.7%	1.61	15.0%	1.90	5.6%
0.38	2.50	–11.7%	1.62	15.7%	1.91	6.1%
Year 2						
...						
0.66	2.19	–12.4%	1.84	14.3%	1.93	1.6%
0.67	2.18	–12.8%	1.84	14.3%	1.93	1.6%
0.68	2.18	–12.8%	1.85	14.9%	1.94	2.1%
0.69	2.17	–13.2%	1.85	14.9%	1.94	2.1%

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—TELECOMMUNICATIONS (CONT'D)

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
Weight Calculation Table						
	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 %
0.70	2.17	–13.2%	1.86	15.5%	1.94	2.1%

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3**ASSIGNED CARRIER PERFORMANCE STANDARDS****PERFORMANCE STANDARD 6—AUDITS****C. QUALIFYING EMPLOYERS**

(Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, VA, VT, WV)

Approval required in: AK, AR, GA, IN, KS, MS, NC, NH, OR, SD

Revise the Preliminary Physical Audits (PPA)—New Business Table as follows:

PPA—New Business Table

Premium Range	Governing Classification Codes
\$5,000 to \$9,999	7600 7612
\$10,000 to \$49,999	7613

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

(Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, VA, VT, WV)

Approval required in: AK, AR, DE, GA, IN, KS, MS, NC, NH, OR, SD

Revise the Final Physical Audit—New Business Table as follows:

Final Physical Audit—New Business Table

Premium Range	Governing Classification Codes
\$1,000 to \$4,999	7600
	7613

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

(Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, VA, VT, WV)

Approval required in: AK, AR, GA, IN, KS, MS, NC, NH, OR, SD

Delete the following from the Final Physical Audit—New Business Table:

Final Physical Audit—Renewal Business Table

Premium Range	Governing Classification Codes
\$1,000 to \$19,999	7613

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3**ASSIGNED CARRIER PERFORMANCE STANDARDS****PERFORMANCE STANDARD 6—AUDITS****C. QUALIFYING EMPLOYERS**

(Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, VA, VT, WV)

Approval required in: AK, AR, GA, IN, KS, MS, NC, NH, OR, SD

Revise the Final Physical Audit—New Business Table as follows:

Final Physical Audit—New Business Table

Premium Range	Governing Classification Codes
\$5,000 to \$49,999	7600
	7612
	7613

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3**ASSIGNED CARRIER PERFORMANCE STANDARDS****PERFORMANCE STANDARD 6—AUDITS****C. QUALIFYING EMPLOYERS**

(Applies in: AK, AL, AR, AZ, CT, DC, GA, IA, ID, IL, IN, KS, MS, NC, NH, NJ, NV, OR, SC, SD, VA, VT, WV)

Approval required in: AK, AR, GA, IN, KS, MS, NC, NH, OR, SD

Revise the Final Physical Audit—Renewal Business Table as follows:

Final Physical Audit—Renewal Business Table

Premium Range	Governing Classification Codes
\$1,000 to \$19,999	7600
	7613

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3**ASSIGNED CARRIER PERFORMANCE STANDARDS
STATE-SPECIFIC STANDARDS APPLYING IN INDIANA****PERFORMANCE STANDARD 6—AUDITS****C. QUALIFYING EMPLOYERS****(Applies in: IN)**

Revise the Preliminary Physical Audits (PPA)—New Business Table as follows:

PPA—New Business Table

Premium Range	Governing Classification Codes
\$5,000 to \$9,999	7600 7611
\$1 to \$4,999	7612

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3**ASSIGNED CARRIER PERFORMANCE STANDARDS
STATE-SPECIFIC STANDARDS APPLYING IN INDIANA
PERFORMANCE STANDARD 6—AUDITS
C. QUALIFYING EMPLOYERS****(Applies in: IN)**

Revise the Final Physical Audit—New Business Table as follows:

Final Physical Audit—New Business Table

Premium Range	Governing Classification Codes
\$5,000 to \$49,999	7600 7611
\$1 to \$4,999	7612

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3

ASSIGNED CARRIER PERFORMANCE STANDARDS
STATE-SPECIFIC STANDARDS APPLYING IN INDIANA
PERFORMANCE STANDARD 6—AUDITS
C. QUALIFYING EMPLOYERS

(Applies in: IN)

Revise the Final Physical Audit—Renewal Business Table as follows:

Final Physical Audit—Renewal Business Table

Premium Range	Governing Classification Codes
\$1,000 to \$19,999	7600 7611 7612

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 4

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[*]
4109	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV		B	1
4110	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV		C	2
4112	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, NE, NV, NH, NM, NC, OK, RI, SC, SD, TN, UT, VT, VA, WV	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV	C	2
4149	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV		A	1
4150	AL, AZ, AR, CO, CT, DC, FL, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, NE, NV, NH, NM, NC, OK, RI, SC, SD, TN, UT, VT, VA, WV	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV	A	1
7601	AL, AZ, AR, CO, CT, DC, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, NE, NV, NH, NM, NC, OK, RI, SC, SD, TN, UT, VT, VA, WV	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV	F	3
7611	AL, AZ, AR, CO, CT, DC, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, NE, NV, NH, NM, NC, OK, RI, SC, SD, TN, UT, VT, VA, WV	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV	E	3

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**
EXHIBIT 4 (CONT'D)

Class Code	Applies In:[†]	Discontinued In:[†]	Hazard Group A–G	Hazard Group 1–4
7612	AL, AZ, AR, CO, CT, DC, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, NE, NV, NH, NM, NC, OK, RI, SC, SD, TN, UT, VT, VA, WV	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV	E	3
7613	AL, AZ, AR, CO, CT, DC, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MS, MO, NE, NV, NH, NM, NC, OK, RI, SC, SD, TN, UT, VT, VA, WV	AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, IL, IN, KS, KY, LA, MD, ME, MO, MS, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV	E	3

† 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-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 5—STATE-SPECIFIC RULES APPLYING IN: AK, CT, FL, HI, IL, MO, NE, OK, VA

BASIC MANUAL—2001 EDITION

MISCELLANEOUS RULES

CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

“Contracting Classifications” are those classifications subject to the following code numbers:

~~7601~~

~~7611~~

~~7612~~

~~7613~~

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN VIRGINIA
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 45-3A Contracting Classification—Premium Credit Application**

(Name of Insured)
(Address)
(City, State, Zip Code)

**VIRGINIA CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (CCPAP) WORKERS
COMPENSATION PREMIUM CREDIT APPLICATION**

The Virginia Contracting Classification Premium Adjustment program is applicable to qualifying employers engaged in contracting operations and is applicable to policies with effective dates on or after January 1, 1997. In order to qualify for the program, more than 50% of your manual premium must be attributable to one or more contracting classifications (as designated in the program) and you must be experience rated.

A special premium calculation, which may result in a premium credit for you, will be based on hourly pay rates for each contracting classification. In order that your premium may be correctly established, please return the completed premium credit application, as set out on the reverse side of this letter, to:

National Council on Compensation Insurance, Inc.
Customer Service Center
901 Peninsula Corporate Circle
Boca Raton, Florida 33487-0998

NCCI will advise of any premium credit applicable.

If NCCI does not receive this application within 180 days after policy inception or receipt of notification, your premium calculation will not reflect any possible premium credit.

For each applicable classification (both contracting and noncontracting) covering your company's operations in the Commonwealth of Virginia, report the total Virginia payroll reported to the Virginia Employment Commission and the corresponding total number of hours worked, for the third calendar quarter (July, August, September) of the year preceding your anniversary rating date as reported to taxing authorities.

- Note #1: If you did not engage in contracting operations during the third quarter, provide the requested information for the last complete calendar quarter prior to the anniversary rating date of your workers compensation policy.
- Note #2: If you are a new business (no prior operations), submit the requested information for the first complete calendar quarter following the anniversary rating date of your workers compensation policy when available.
- Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week. Payroll for partners, sole proprietors, and corporate officers subject to contracting classifications will be allocated according to appropriate **Basic Manual** minimums and maximums.
- Note #4: In the absence of a specific anniversary rating date being supplied on the application, it will be assumed that the policy effective date is the same as the anniversary rating date.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP****EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN VIRGINIA (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 45-3A Contracting Classification—Premium Credit Application**

You must preserve your anniversary rating date and payroll records that formed the basis for this declaration because we are required to verify the reported information in order to apply any premium credit.

Thank you for your cooperation.
Sincerely,

WORKERS COMPENSATION—PREMIUM CREDIT APPLICATION**INSURED:** _____

POLICY NO.	POLICY EFFECTIVE DATE	ANNIVERSARY RATING DATE (as defined in NCCI's <i>Basic Manual</i>)
_____	_____	_____

**CARRIER
NAME:** _____

Note: Unless code(s), total wages paid, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Contact your agent or carrier if assistance is desired.

Is this a new business? No ☐ Yes ☐

If no, submit information for the third calendar quarter (July, August, September) of the preceding calendar year as reported to taxing authorities.

If yes, submit information for the first complete calendar quarter following the effective date of your workers compensation policy.

The following is based on actual wages and hours worked, as reflected in our payroll records, for the complete calendar quarter ending _____.

"Contracting classifications" are those classifications subject to the following code numbers:

0042	5037	5190	5445	5508	6005	6233	7538
0050	5040	5213	5462	5535	6017	6235	7604
1322	5057	5215	5472	5537	6018	6236	7605
1605	5059	5221	5473	5551	6045	6237	7644

EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN VIRGINIA (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 45-3A Contracting Classification—Premium Credit Application

* Code 2799 added as part of B-1410

* For each classification code, combine all wages for that code in a single entry. Employee names are not required.

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ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN VIRGINIA (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 45-3A Contracting Classification—Premium Credit Application

corresponding total number of hours worked, for the third calendar quarter (July, August, September) of the year preceding your anniversary rating date as reported to taxing authorities.

SIGNATURE: _____ **POSITION:** _____ **DATE:** _____

This application must be completed and signed or it will not be processed.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 5—STATE-SPECIFIC RULES APPLYING IN MARYLAND

BASIC MANUAL—2001 EDITION

MISCELLANEOUS RULES

MARYLAND CONSTRUCTION CLASSIFICATION PREMIUM REDUCTION PROGRAM

“Contracting Classifications” are those classifications subject to the following code numbers:

~~7601~~

~~7611~~

~~7612~~

~~7613~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 5—STATE-SPECIFIC RULES APPLYING IN MONTANA

BASIC MANUAL—2001 EDITION

MISCELLANEOUS RULES

MONTANA CONSTRUCTION PREMIUM CREDIT PROGRAM

“Contracting Classifications” are those classifications subject to the following code numbers:

~~7601~~

~~7611~~

~~7612~~

~~7613~~

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN MONTANA
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 25-1—Montana Construction Premium Credit Program Workers Compensation
Premium Credit Application**

**MONTANA CONSTRUCTION PREMIUM CREDIT PROGRAM WORKERS COMPENSATION PREMIUM
CREDIT APPLICATION**

The Montana Construction Premium Credit Program is available to qualifying employers engaged in applicable construction operations and is to be applied to policies with effective dates on or after July 1, 1992. In order to qualify for the program, the following conditions must be met:

1. More than 50% of manual premium must be attributable to one or more applicable construction classifications (as designated in the program).
2. The workers compensation exposure base must be total payroll.

A special premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each applicable classification of construction operations. In order that your premium may be correctly established, please return the completed premium credit application, as set out on the reverse side of this letter, to:

National Council on Compensation Insurance, Inc.
Customer Service Center
901 Peninsula Corporate Circle
Boca Raton, Florida 33487
ATTN: EXPERIENCE RATING—MT

NCCI will advise us of any premium credit applicable.

If this application is not received by NCCI within 180 days after policy inception, your premium calculation will not reflect any possible premium credit.

For each applicable classification (both construction and non-construction) covering your company's operations in the state of Montana, report the total Montana payroll (excluding overtime premium pay) and the corresponding total number of hours worked, for the third calendar quarter (JULY, AUGUST, SEPTEMBER) of the year preceding your policy effective date as reported to taxing authorities.

- Note #1. If you did not engage in applicable construction operations during the third quarter, the requested information to be provided should then be for the last complete calendar quarter prior to the effective date of your workers compensation policy.
- Note #2. If you are a new business (no prior operations), submit the requested information for the first complete calendar quarter following the effective date of your workers compensation policy when available.
- Note #3. In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week.

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN MONTANA (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 25-1—Montana Construction Premium Credit Program Workers Compensation
Premium Credit Application**

Please preserve your payroll records that formed the basis for this declaration as we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

INSURED: _____

**POLICY
NUMBER:** _____

**EFFECTIVE
DATE:** _____

**ISSUING
OFFICE:** _____

Notice: Unless code(s), total wages paid, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. *Contact your agent if assistance is desired.*

Is this a new business? No ☐ Yes ☐

If no, submit information for the **THIRD** calendar quarter (July, August, September) of 1995 as reported to taxing authorities.

If yes, submit information for the first complete calendar quarter following the effective date of your workers compensation policy.

The following is based on actual wages and hours worked, as reflected in our payroll records, for the complete calendar quarter ending _____.

***Construction classifications* are those classifications subject to the following code numbers:**

0042	5040	5188	5403	5479	5551	6017	6229	6319	7642
2799 *	5057	5190	5437	5480	5606	6018	6233	6325	7643
3365	5059	5213	5443	5491	5610	6045	6235	6365	7855
3719	5069	5215	5445	5506	5645	6204	6236	6400	8227

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN MONTANA (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 25-1—Montana Construction Premium Credit Program Workers Compensation
Premium Credit Application**

3724	5086**	5221	5462	5507	5651	6206	6237	7536**	9521
3726	5102	5222	5472	5508	5703	6213	6251	7538	9534
5020	5146	5223	5473	5511	5705	6214	6252	7604	9552
5022	5160	5348	5474	5535	6003	6216	6260	7605	
5037	5183	5402	5478	5537	6005	6217	6306	7611	

** Montana State Compensation Mutual Insurance Fund Code

“ Code 2799 added as part of B-1410

**ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 5—STATE-SPECIFIC FORM APPLYING IN MONTANA (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
Form 25-1—Montana Construction Premium Credit Program Workers Compensation
Premium Credit Application**

CLASSIFICATION	CODE	TOTAL MONTANA PAID*	TOTAL HOURS WORKED
Example: Electrical Wiring	5190	\$8,000	520
Contracting Classifications:			
Non-Construction Classifications			

* These figures are to exclude overtime premium pay. For each classification code, combine all wages for that code in a single entry. Employee names are not required.

SIGNATURE: _____

POSITION: _____

DATE: _____

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 5—STATE-SPECIFIC RULES APPLYING IN NEW MEXICO

BASIC MANUAL—2001 EDITION

MISCELLANEOUS RULES

NEW MEXICO WORKERS COMPENSATION PREMIUM ADJUSTMENT PROGRAM
FOR QUALIFYING CLASSIFICATIONS

Qualifying classifications are those classifications subject to the following code numbers:

~~7601~~

~~7611~~

~~7612~~

~~7613~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 5—STATE-SPECIFIC RULES APPLYING IN OREGON

BASIC MANUAL—2001 EDITION

MISCELLANEOUS RULES

CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

“Contracting Classifications” are those classifications subject to the following code numbers:

~~7601~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN ARIZONA
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
ARIZONA SPECIAL CLASSIFICATIONS

- 7605• ~~INTERCOMMUNICATION SYSTEMS INSTALLATION OR REPAIR~~
~~Includes telephone installation. Not applicable to risks with exchange employees.~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN FLORIDA
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
FLORIDA SPECIAL CLASSIFICATIONS

8901 ~~TELECOMMUNICATIONS CO.—OFFICE OR EXCHANGE EMPLOYEES & CLERICAL~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN FLORIDA
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
FLORIDA SPECIAL CLASSIFICATIONS

7600 ~~TELECOMMUNICATIONS CO., TELEPHONE, CABLE TV, OR SATELLITE—ALL OTHER
EMPLOYEES & DRIVERS~~

~~Includes operation, installation, maintenance, and extension of overhead and underground lines and service connections including line installation within a building. The installation of fiber-optic lines requiring specialized connection skills is included in Code 7600. It also includes the clearing of right of ways, the erection of poles, cross arms and insulators when performed in conjunction with installing telecommunication lines. Applicable to contractors performing work for telecommunications companies. Conduit construction is to be separately rated.~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MONTANA
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
MONTANA SPECIAL CLASSIFICATIONS

~~TELEPHONE OR TELEGRAPH CO.~~

7600 ~~All Other Employees & Drivers. Includes operation, maintenance, extension of lines, and making of service connection. Not applicable to specialist contractors.~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MONTANA
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
MONTANA SPECIAL CLASSIFICATIONS

~~TELEPHONE OR CABLE TELEVISION LINE~~

- 7605• ~~Inside & Drivers.~~ Applies to the installation and maintenance of telephone and cable television lines inside buildings when done by a contractor, and includes any incidental installation of telephone or television equipment and outside service connection work in conjunction with inside wiring.
- ~~7604•~~ ~~Installation Overhead & Drivers.~~ Applies to the installation and maintenance of overhead telephone and cable television main lines, extension lines, and outside service connection lines when done by a contractor.
- 6325• ~~Installation Underground & Drivers.~~ Applies to the installation and maintenance of underground telephone and cable television main lines, extension lines, and outside service connection lines when done by a contractor. The installation or replacement of cable only in existing conduit by a specialty contractor shall be separately rated as Code 6190.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MONTANA
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
MONTANA SPECIAL CLASSIFICATIONS

6325• TELEPHONE OR CABLE TELEVISION LINE INSTALLATION—UNDERGROUND & DRIVERS

Applies to the installation and maintenance of underground telephone and cable television main lines, extension lines, and outside service connection lines when done by a contractor. The installation or replacement of cable only in existing conduit by a specialty contractor shall be separately rated as Code 5190.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN MONTANA
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
MONTANA SPECIAL CLASSIFICATIONS

~~TELEPHONE OR CABLE TV LINE INSTALLATION~~

- ~~7612• Contractors, Overhead & Drivers.~~ Applies to the installation, replacement, removal and maintenance of overhead telephone and cable TV main lines.
- ~~7613• Contractors, Service Lines and Connections & Drivers.~~ Applies to the installation, replacement, removal and maintenance of telephone and cable TV service connection lines. It also includes incidental line installation within a building. Conduit construction is to be separately rated.
- ~~7614• Contractors, Underground & Drivers.~~ Applies to the installation, replacement, removal and maintenance of underground telephone and cable TV main lines. Conduit construction is to be separately rated.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN NEW HAMPSHIRE
BASIC MANUAL—2001 EDITION
FIBER OPTICS AND SEMICONDUCTOR
NEW HAMPSHIRE SPECIAL CLASSIFICATIONS

8013♦ OPTICAL STORES

Surface grinding of lenses to be separately rated as Code ~~4150~~4149. Ophthalmologists or optometrists and their assistants who strictly perform eye exams and write prescriptions in a physically separate and distinct area are to be separately rated as Code 8832. If there is an interchange of labor, the highest rated code must be applied.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN NEW HAMPSHIRE
BASIC MANUAL—2001 EDITION
FIBER OPTICS AND SEMICONDUCTOR
NEW HAMPSHIRE SPECIAL CLASSIFICATIONS

8832 OPTHALMOLOGIST OR OPTOMETRIST & CLERICAL

Code 8832 applies to ophthalmologists or optometrists and their assistants whether they work in a typical doctor's office environment or an optical center. If there is any interchange of labor between exams and retail duties, such as dispensing eyewear, fitting frames, or grinding lenses, the highest rated code must be applied. Refer to Code 8013 for any employee who dispenses optical goods, fits frames, or grinds lenses. Refer to Code ~~4150~~4149 for any employee who performs surface grinding.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
OREGON SPECIAL CLASSIFICATIONS

~~TELEPHONE OR TELEGRAPH COMPANY~~

~~Not applicable to specialist contractors.~~

- 7600 ~~All Other Employees & Drivers.~~ Includes operation, maintenance, extension of lines, and making of service connections.
- 8901 ~~Office or Clerical Employees~~

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
OREGON SPECIAL CLASSIFICATIONS

~~TELEPHONE OR CABLE TELEVISION LINE~~

- 5190• ~~Cable Installation & Drivers.~~ Applies to the installation or replacement of cable only in existing conduit by a specialty contractor.
- 7605• ~~Inside & Drivers.~~ Applies to the installation and maintenance of telephone and cable television lines inside buildings, when done by a contractor, and includes any incidental installation of telephone or television equipment and outside service connection work in conjunction with inside wiring.
- ~~7604• Installation Overhead & Drivers.~~ Applies to the installation and maintenance of overhead telephone and cable television main lines, extension lines, and outside service connection lines, when done by a contractor.
- 6325• ~~Installation Underground & Drivers.~~ Applies to the installation and maintenance of underground telephone and cable television main lines, extension lines, and outside service connection lines, when done by a contractor.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
OREGON SPECIAL CLASSIFICATIONS

5190• TELEPHONE OR CABLE TELEVISION LINE CABLE INSTALLATION & DRIVERS

Applies to the installation or replacement of cable only in existing conduit by a specialty contractor.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
OREGON SPECIAL CLASSIFICATIONS

6325• **TELEPHONE OR CABLE TELEVISION LINE INSTALLATION—UNDERGROUND & DRIVERS**

Applies to the installation and maintenance of underground telephone and cable television main lines, extension lines, and outside service connection lines, when done by a contractor.

ITEM B-1413—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—
CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6—STATE-SPECIFIC CLASSIFICATIONS APPLYING IN OREGON
BASIC MANUAL—2001 EDITION
TELECOMMUNICATIONS
OREGON SPECIAL CLASSIFICATIONS

~~HOUSEHOLD~~

9519 ~~HOUSEHOLD~~ APPLIANCES—ELECTRICAL—INSTALLATION, SERVICE OR REPAIR &
DRIVERS

Includes shop or outside employees and incidental parts department employees. Electrical wiring to be separately classified to Code 5190. ~~Television, radio, video, and audio~~ Electronic equipment installation, service, or repair to be separately classified to Code 9516.

0106**States Not Applicable:**

Not Applicable

Replaced By:

Not Applicable

Established:

1923

Retained:

Not Applicable

Discontinued:

Not Applicable

NCCI Schedule and Group:

Schedule 1, Group 010

PHRASEOLOGY TREE PRUNING, SPRAYING, REPAIRING, & DRIVERS**NAICS Code(s):***(For reference only. Not to be used for classification of risks for workers compensation purposes.)*

561730—Landscaping Services

Description:

Code 0106 applies to specialist contractors who use hand tools or mechanical equipment to prune, spray, repair, trim, or fumigate trees. Code 0106 is applied to risks that perform one or more of the aforementioned activities. These operations may require the use of ladders and/or aerial buckets. Code 0106 additionally includes incidental tree removal conducted in connection with the described operations. Code 0106 is not applicable to risks engaged exclusively in tree removal operations.

Clearing right-of-ways for electric or power lines, telephone or telegraph lines or burglar or fire alarm lines may involve tree removal, tree pruning, or tree stump removal. The following classification assignments apply to work involving trees for those risks contracting exclusively for clearing right-of-ways.

2702 Tree removal using hand or power tools in bucking, falling or limbing of standing timber—new right-of-ways

6217 Clearing or removal of brush using mechanical equipment such as bulldozers, hydroaxes, etc., including stump removal—new or existing right-of-ways

0106 Tree pruning, spraying as described in paragraph one above—work on existing right-of-ways

An insured that performs the above operations and also performs power line construction, service, or repair operations is assigned to the proper power line construction or erection classification. Refer to Code 7538 or Code 7604-7600 for these operations.

CROSS-REF. CHRISTMAS TREE: HARVESTING EXCLUSIVELY & DRIVERS**Description:**

Risks engaged exclusively in harvesting Christmas trees are classified to Code 0106. Risks engaged in planting, cultivating and harvesting Christmas trees are classified to Code 0005.

CROSS-REF. CLEARING OF RIGHT-OF-WAY—ELECTRIC, POWER, TELEPHONE, BURGLAR, OR FIRE ALARM LINES: TREE PRUNING, TRIMMING, OR SPRAYING—EXISTING RIGHT-OF-WAY—ALL OPERATIONS & DRIVERS

Note: Includes incidental tree removal operations.

3179

PHRASEOLOGY ELECTRICAL APPARATUS MFG. NOC. Includes electrical fixtures or appliances. Codes 3179 and 3643—Electric Power or Transmission Equipment Mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

CROSS-REF. *Refrigerator Mfg.—Metal—Domestic or Commercial:* Code 3179—manufacturing or assembling the refrigerating unit, Code 3076—all other operations.

SCOPE Code 3179, an NOC classification, is applied to insureds that manufacture electrical apparatus, hardware or wiring devices that are not otherwise classified in the *Basic Manual*. Operations such as machining, drilling, tapping, grinding, threading, stamping, finishing, assembling, inspection, packing and shipping are contemplated by this classification.

While the term “electrical apparatus” implies a broad spectrum of devices powered by electricity, it must be remembered that this is an NOC classification and the manufacture of apparatus contemplated by this classification is of the nature of those items described below.

Code 3179 contemplates the manufacture of electrical apparatus such as electrical cable connectors, conductors, snap-in fittings, cable straps, cable supports, bushings, wall switches, couplings, nipples, fixture extensions and clamps. This classification also includes the manufacture of fractional horse power motors, flashlights, fire alarm sirens, smoke alarms, thermostats, grocery check-out laser scanners, and electrical appliances such as microwave ovens, toasters, irons, percolators, electric shavers, waffle irons, electric grills, hot plates, fans, humidifiers and vacuum cleaners.

Manufacturers of metal household or commercial refrigerators who produce or assemble refrigeration units are assigned to Code 3179 while all other operations related to metal refrigerator manufacturing are assigned to Code 3076. The use of both codes is permitted when manual rules pertaining to division of a single employee's payroll and physical separation of operations are met.

By analogy, the manufacture of cryogenic devices, evaporative coolers, and household or commercial tanning beds is afforded a similar classification treatment as stated in the preceding paragraph. Code 3179 applies to the assembly of the electronic parts for the tanning beds and Code 3076 applies to the manufacture of the metal unit that houses the electronic parts.

Code 3724 includes installation or repair of truck trailer refrigeration systems when this work is performed away from the premises of the repairer or installer. Assign Code 3179 to these operations when the installation or repair work is performed at the insured's shop. This distinction is made since Code 3724 contemplates the “not otherwise classified” installation or repair of equipment at a customer's premises while Code 3179 contemplates refrigeration work at the installer or repairer's shop.

Code 3179 is a “not otherwise classified” (NOC) classification. This means that Code 3179 shall apply to an insured's operation(s) only when no other classification more specifically describes the insured's operation(s). The following is a representative list of operations somewhat related in nature to Code 3179 operations that are not assigned to Code 3179.

- 3648 Automotive Lighting, Ignition or Starting Apparatus Mfg. NOC
- 3642 Battery Mfg.—Dry
- 3647 Battery Mfg.—Storage
- 3574 Computing, Recording or Office Machine Mfg. NOC
- 3643 Electric Power or Transmission Equipment Mfg.
- 4142 ~~Incandescent Lamp Mfg.~~
- 4110 Electric Bulb Mfg.
- 3685 Instrument Mfg. NOC
- 3681 Television, Radio, Telephone or Telecommunication Device Mfg. NOC

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 3179 or a classification other than a classification on the above list is applicable to the operation(s) being reviewed for classification purposes.

3681

PHRASEOLOGY TELEVISION, RADIO, TELEPHONE OR TELECOMMUNICATION DEVICE MFG. NOC

CROSS-REF. *Electrical Cord Set, Radio or Ignition Harness Assembly.*

SCOPE Code 3681 covers the manufacture of apparatus related to the telephone, telegraph, radio and television industries and related electronic products, which in their manufacturing processes involve a substantial proportion of assembling, testing and packaging operations.

This classification is applied to the manufacture of complete radio and television sets, hearing aids, transformers, coils, sockets, condensers, switches, antennae, phones, speaker units, dials, rheostats, plugs, arrestors, resistors, wire harnesses for radio and television sets, printed circuits, custom coil winding of electronic coils used in aircraft control devices and computers, electrical control relays for aircraft missiles and miniature compensators.

Tools used in the manufacturing of the aforementioned products may include saws, drill presses, sheet metal shears, lathes and punch presses.

Code 3681 is assigned to insureds who manufacture electronic components for signal-receiving satellite dishes. This classification procedure is applicable to insureds who do not manufacture a complete dish. Insureds who do manufacture complete dishes may still have the electronic component manufacturing portion of their operation assigned to Code 3681 provided **Basic Manual** rules pertaining to payroll records and physical separation without interchange of labor are adhered to. Code 3681 is not applicable to insureds who will purchase the complete electronic receiving unit from others and only bolt it to a dish.

The manufacture of electronic circuit boards is additionally contemplated by Code 3681. The process may include the coating of boards with a thin coat of metal, dipping the boards into tanks containing chemicals, cutting the boards to size using saws and punching and drilling operations.

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

Certain Code 3681 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 3681 operations that are not assigned to Code 3681:

- 3574 Computing, Recording or Office Machine Mfg.
- 3179 Electrical Apparatus Mfg. NOC
- 5191 Office Machine or Appliance—Installation, Inspection, Adjustment or Repair
- 9516 ~~Radio, Television, Video, and Audio Electronic Equipment—Installation, Service, or Repair—Shop and Outside & Drivers~~

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 3681 or a classification other than one on the above list is applicable to the operations being reviewed for classification purposes.

3724 ●

PHRASEOLOGY MACHINERY OR EQUIPMENT ERECTION OR REPAIR NOC & DRIVERS. Code 3724 shall not be assigned to employees of insureds engaged in such work on the premises of the insured. Such payroll must be included in the governing classification.

CROSS-REF. *Door: Installation—Overhead & Drivers; Electrical Apparatus Installation or Repair & Drivers—*Code 3724 shall not be assigned to employees of insureds engaged in the installation or repair of electrical apparatus on the premises of the insured. Such payroll must be included in the governing classification. Erection of poles, stringing of wires, installation of service transformers on poles or on the outside of buildings or the making of service connections to be separately rated as Code 7538—Electric Light or Power Line Construction; *Floodlights—Erection of Temporary Floodlights & Drivers; Gas or Oil: Burner Installation NOC & Drivers; Millwright Work NOC & Drivers—*applies to the erection or repair of machinery or equipment. Code 3724 shall not be assigned to employees of insureds engaged in millwright work on the premises of the insured. Such payroll must be included in the governing classification; *Pump Installation: NOC & Drivers; Refrigeration: Commercial: Installation or Repair of Compressors, Motors, or Other Machinery & Drivers—*a refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach in” refrigeration system having not more than 1/3 h.p. motor or more than 20 cubic feet capacity. All other types of refrigeration shall be considered as commercial; *Satellite Dish Installation: Applies to Ground or Roof Mounted Installations: Erection of Dish and Auxiliary Equipment & Drivers; Scales—Installation or Adjustment: Platform or Beam Type & Drivers; Sewing Machine Mfg.: Sewing Machines—Commercial: Repairing, Installing, and Dismantling in Sewing Plants & Drivers; Tank: Installation—Gasoline Service Stations & Drivers.*

SCOPE Code 3724, a “not otherwise classified” code, is applied to contractors specializing in the erection or repair of heavy machinery or equipment at their customers' locations, which may include plants, factories and mills. This classification is also applied to contractors specializing in the installation or repair of electrical apparatus at their customers' locations. The term “electrical apparatus” means electrical power equipment such as, but not limited to, heavy motors, generators, converters, transformers, compressors and power switchboard equipment.

Code 3724 is also applied to the installation of substation equipment in addition to central station equipment; however, it does not apply to the erection of poles, stringing of wires, installation of transformers on poles or on the outside of buildings or the making of service connections. While the operations vary depending upon the type of job, there is a considerable amount of heavy lifting, frequently by the use of hoists or cranes.

The installation of overhead (garage) doors is also contemplated by this classification when this work is performed by specialty contractors. If these doors are installed by the builder of an entire residence, the appropriate carpentry code is assigned.

The installation or repair of compressors, motors, or other machinery of a refrigeration unit, in conjunction with an air-conditioning system, to be separately rated to Code 5537. The installation or repair of compressors, motors, or other machinery of refrigerator appliances is classified to Code 9519—~~Household and Commercial Appliances—Electrical, Installation, Service or Repair & Drivers~~. The installation, repair and service of central vacuum systems away from the insured's premises that involve operations on compressors, motors or other related machinery is also contemplated by Code 3724.

Additional operations contemplated under this code are the installation of acetylene gas machines, conveyor systems, gas benches and retorts, grates in steam boilers, leather beltings, installation of gas station tanks, automatic car washing equipment and the erection of temporary floodlights.

Commercial oil or gas burner installations or pump installations are assigned to Code 3724, while similar operations of a domestic nature are assigned to Code 5183.

Water tower erection is assigned to either Code 3724 or Code 5040. The erection of water towers that consist primarily of iron or steel is assigned to Code 5040. The erection of water towers that consist primarily of other materials is assigned to Code 3724. It is the general practice to erect these towers from prefabricated parts and sections which are delivered to the job location. The framework is assembled by bolting sections together, following which the necessary pipes, fans, motors or other parts are installed.

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

The installation of platform or beam-type scales is assigned to Code 3724. Assign coin-operated scale installation to Code 5192. Assign counter-type scale installation to Code 5191.

- Code 3724 is applied to contractors engaged in satellite dish installation with division of payroll permitted for pouring concrete pads (Code 5213) and ancillary wiring inside buildings (Code 5190). Code 3724 includes installation of large satellite dishes on the ground or on roofs. Small satellite dishes (36 inches or less) mounted on buildings is assigned to Code 9516. Refer to Code 7600 when installed by a telecommunications insured.

Code 3724 includes installation or repair of truck trailer refrigeration systems when this work is performed away from the premises of the repairer or installer. Assign Code 3179 to these operations when the installation or repair work is performed at the insured's shop. This distinction is made since Code 3724 contemplates the "not otherwise classified" installation or repair of equipment at a customer's premises while Code 3179 contemplates refrigeration work at the installer or repairer's shop.

Code 3724 is not available for any of the operations noted in this scope when these operations are performed by an insured's employees on equipment belonging to the insured. **Basic Manual** Rule 1-B-3 (~~Rule IV-B-3, 1996 edition~~) indicates that maintenance or repair of an insured's equipment by an insured's employees is a general inclusion.

The repair of commercial sewing machines is classified as follows:

- 9519 Household and Commercial Appliances—Electrical—Installation, Service or Repair & Drivers
- 3643 Repairing and Rebuilding Electric Motors
- 3574 Repairing and Rebuilding Sewing Machines, Cutters, and Parts in Shop
- 3724 Repairing, Installing, and Dismantling in Sewing Plants & Drivers

Refer to Code 9519 for the installation, service or repair of noncommercial sewing machines.

Certain Code 3724 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 3724 operations that are not assigned to Code 3724.

- 3726 Boiler Installation or Repair—Steam
- 7539 Electric Light or Power Co.—NOC
- 5160 Elevator Erection or Repair
- 5146 Furniture or Fixtures Installation—Portable—NOC
- 5191 Office Machine or Appliance Installation
- 3719 Oil Still Erection or Repair
- 7600 ~~Telephone or Telegraph Co.~~
Telecommunications Co.—Cable TV, or
Satellite—All Other Employees & Drivers
- 5192 Vending or Coin Operated Machines—Installation

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 3724 or a classification other than a classification on the above list is applicable to the operations being reviewed for classification purposes.

Please refer to Code 5403 for extra-territorial premium determination guidelines that may be applicable to insureds that have operations outside their headquarters' state.

4110

States Not Applicable:

Not Applicable

Replaced By:

Not Applicable

Established:

January 1, 2011

Retained:

Not Applicable

Discontinued:

Not Applicable

NCCI Schedule and Group:

Schedule 23, Group 231

PHRASEOLOGY ELECTRIC BULB MFG.

Note: Applies to insureds that manufacture electric light bulbs of all types including, but not limited to, incandescent, fluorescent, and halogen bulbs; compact fluorescent lamps (CFLs); light-emitting diodes (LEDs); and neon tubes. Code 4110 applies regardless of the size or wattage of the bulb.

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

Description:

The manufacture of fluorescent, X-ray, and television or cathode-ray tubes is also included in Code 4110.

CROSS-REF. FIBER OPTIC CABLE MFG.

Note: The manufacture of fiber optic strands or cables is also included in Code 4110. There are three distinct types of fiber optic strands: multimode, single mode, and graded index.

Description:

The splicing of fiber optic cables, which can contain hundreds or thousands of strands, is highly specialized. Each strand must be perfectly aligned or matched in order to minimize signal loss due to the splice or repair.

The mechanical or fusion splicing of fiber optic strands when performed away from insured's locations must be separately rated to Code 7600 for:

- Underground installation by telecommunications company
- Overhead installation by telecommunications company
- Service lines and connections by telecommunications company
- Telephone, telegraph, or fire alarm line construction by telecommunications company

4111**N/A—MA, MN**

PHRASEOLOGY GLASSWARE MFG.—NO AUTOMATIC BLOWING MACHINES. Digging or quarrying to be separately rated.

SCOPE Code 4111 is applied to insureds engaged in the manufacture of glassware by either a mouth-blowing process or by a semiautomatic blowing process. In some plants both processes are conducted side by side. Crushed glass, lime, silica sand, phosphate, antimony oxide, arsenic trioxide, silica, silica fluorides, borax and soda ash are received from others. The raw materials of predetermined mixture are dumped into mixing tumblers and poured into hopper cars. The batch is fed into a furnace and the molten glass is either formed by the mouth blowing process or hand filled into molds in the shape of the product and then transferred to semiautomatic blowing machines. The products are slow cooled to harden. The application of coloring agents and further tempering are additional operations which may be performed. The products, following inspection, are packaged for shipment. Some of the products that have been classified under Code 4111 are glass tableware such as cups, saucers, plates, glasses; pyroglass bake ware; perfume bottles; candlestick holders; kerosene lamp chimneys; auto headlight lenses; glass radio insulators; and molded glass doorknobs, paperweights and ashtrays.

Refer to Code 4160 ~~4149~~ for the manufacture of optical goods and electronic chips from quartz.

4112**PHRASEOLOGY** INCANDESCENT LAMP MFG.

SCOPE Code 4112 is applied to insureds engaged in the manufacture of incandescent light bulbs. "Incandescent" refers to a light producing device that contains a filament. When the filament is heated by an electric current, light is produced. Code 4112 is applicable to the manufacture of all incandescent light bulbs regardless of the size or wattage of the bulb.

Materials that may be used in the manufacture of incandescent light bulbs include blown glass bulbs or globes, glass tubing, tungsten wire, metal bases, shellac and halogen, xenon, argon and/or krypton gases. The manufacture of the following products is additionally contemplated by Code 4112: fluorescent tubes, X-ray tubes and television or cathode-ray tubes.

4114

PHRASEOLOGY GLASSWARE MFG. NOC. Digging or quarrying to be separately rated.

SCOPE Code 4114 is applied to insureds engaged in the manufacture of glassware utilizing a mechanical process wherein blowing is done by compressed air on specialized forming machines. Crushed glass, lime, silica sand, phosphate, antimony oxide, arsenic trioxide, silica, silica fluorides, borax and soda ash are received from others. The raw materials of predetermined mixture are charged into furnaces. When the mixture has been brought to the correct consistency, it is gathered by machine and moved to molds formed in the shape of the product to be made. The wares are then automatically blown by compressed air for mass production. From the molds, the product moves through tempering furnaces. The application of coloring agents and further tempering are additional operations which may be performed. The products falling within the scope of this classification are milk bottles, soft drink bottles, fruit and jelly jars and similar type glass containers with little or no ornamental value.

Code 4114 is a “not otherwise classified” (NOC) classification. This means that Code 4114 shall apply to an insured’s operation(s) only when no other classification more specifically describes the insured’s operation(s). The following is a representative list of operations somewhat related in nature to Code 4114 operations that are not assigned to Code 4114.

4133	Cathedral or Art Glass Window Mfg.
4130	Glass Merchant
4101	Glass Mfg.
4113	Glass Mfg.—Cut
4111	Glassware Mfg.—No Automatic Blowing Machines
4442	Incandescent Lamp Mfg.
4110	Electric Bulb Mfg.
4131	Mirror Mfg.
4450-4149	Optical Goods Mfg. NOC
3064	Sign Mfg.—Neon
3685	Thermometer Mfg.

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 4114 or a classification other than a classification on the above list is applicable to the operation(s) being reviewed for classification purposes.

4109**States Not Applicable:**

Not Applicable

Replaced By:

Not Applicable

Established:

January 1, 2011

Retained:

Not Applicable

Discontinued:

Not Applicable

NCCI Schedule and Group:

Schedule 18, Group 181

PHRASEOLOGY INTEGRATED CIRCUIT MFG.

Note: Includes silicon processes, compound semiconductor manufacturing, or semiconductor manufacturing. Includes refining or growing of the base (wafer) material through adding layer upon layer of the circuit, etching, adding connecting materials for the circuits, testing, quality assurance (QA), and mounting onto modules. This classification also includes adding programming to the chips by the manufacturer or outside contractor.

Description:

Code 4109 includes the manufacture of all types of integrated circuits (IC) and includes silicon processes, compound semiconductor, or semiconductor manufacturing.

The production of computer chips and semiconductors is highly automated. It is done in clean rooms, and it includes the programming of the chips by the manufacturer or outside contractor.

4149**States Not Applicable:**

Not Applicable

Replaced By:

Not Applicable

Established:

January 1, 2011

Retained:

Not Applicable

Discontinued:

Not Applicable

NCCI Schedule and Group:

Schedule 18, Group 185

PHRASEOLOGY OPTICAL GOODS MFG. NOC

Note: Includes ground lens manufacturing, opera and field glasses manufacturing, goggle manufacturing, and telescope manufacturing.

Description:

Code 4150 **4149** is assigned to insureds that manufacture optical goods and ground lenses. The classification includes specialists who perform precision grinding of lenses or the grinding of blank or rough lenses to curvature and size for retailers, i.e., optometrists and opticians. It further includes the complete process of assembling the lenses into frames to obtain eyeglasses, opera glasses, field glasses, and industrial goggles. Glass and plastic blanks, emery, polishing rouge, steel, silver and gold wire rod or tube, sheet plastic, and metal are received from others. The glass or plastic blanks are heated; put in molds; formed; annealed; set in grinding machines; ground down to size, gauge, and thickness; centered; polished; and edges are trimmed and beveled. The lenses are then buffed, washed, and inspected. Some lenses are shipped to customers, while others are mounted in the product being made. The products may be manufactured by insureds falling within the scope of Code 4150 **4149**, or they may be assembled from component parts received from others.

~~Code 4150 is assigned by analogy to the manufacture of electronic "chips" used in computers, calculators, watches, etc. Quartz is received, usually in "logs" approximately 1 1/2 inches in diameter and 6 inches long. It is X rayed to determine the flow of the grain, then sliced into thin wafers (approximately 1/100th to 1/200th of an inch thick) by a multiple reciprocating "gang" saw which is similar in appearance to a bread slicer. The thin wafers are then "lapped" (shaved and polished) until they vibrate at the proper frequency. Since the vibrations must be keyed from an exact frequency, they are tested in a room which has been double shielded by wire mesh to prevent interference from outside frequency emissions. After the wafers have been lapped until they respond to the desired frequency, they are placed in vacuum chambers where they will be coated with a micro screen dusting of a precious metal such as silver or gold. The finished product will be the size of a fingernail or smaller.~~

Related Operations Not Classified to Code 4150 **4149:**

Certain Code 4150 **4149** 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 4150 **4149** operations that are not assigned to Code 4150 **4149**.

- 4114 Glassware Mfg.
- 3685 Instrument Mfg.
- 8013 Optical Stores
- 8832 Physicians (Optometrists)

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 4150 4149 or a classification other than one on the above list is applicable to the operations being reviewed for classification purposes.

CROSS-REF. ~~COMPUTER CHIP MFG.~~

CROSS-REF. ~~LENS MFG. GROUND.~~

5190 ●

PHRASEOLOGY ELECTRICAL WIRING—WITHIN BUILDINGS & DRIVERS. Includes installation or repair of fixtures or appliances. Installation of electrical machinery or auxiliary apparatus to be separately rated as Code 3724—Electrical Apparatus Installation.

CROSS-REF. *Cable Installation & Drivers*—applies to cable installation in conduits or subways. Conduit construction to be separately rated as Code 6325; *Refrigeration: Commercial: Cleaning, Oiling, or Adjusting & Drivers*—a refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach in” refrigeration system having not more than 1/3 h.p. motor or more than 20 cubic feet capacity. All other types of refrigeration shall be considered as commercial[]; *Satellite Dish Installation: Applies to Ground or Roof Mounted Installations: Auxiliary Wiring Within Buildings & Drivers*[]; *Sewing Machine Mfg.*[]; *Sewing Machines—Commercial: Electrical Wiring—Away From Shop & Drivers.*

SCOPE Code 5190 applies to the installation of electrical wiring systems within buildings. There is no restriction as to the capacity of such wiring systems from an electrical standpoint, and the class applies equally to power circuitry as well as wiring for lighting purposes. The wiring may be hung on insulators or encased in rigid or flexible conduits, armored cable, etc. Code 5190 also applies to the installation of small electrical fixtures such as fuses, plugs or snap switches.

The cleaning, oiling, or adjusting of a refrigerator appliance is classified to Code 9519—Household and Commercial Appliances—Electrical, Installation, Service or Repair & Drivers.

Electrical wiring for the installation of commercial sewing machines or satellite dish installations are examples of work contemplated by Code 5190.

Notwithstanding Code 5190’s footnote, which indicates that installation of electrical machinery or auxiliary apparatus is to be separately rated as Code 3724, the incidental installation or repair of electrical apparatus in connection with Code 5190 operations is included under Code 5190 when performed under the same contract and at the same location by the same contractor who performs the electrical wiring operations. The following two examples are intended to clarify the intent of the word “incidental” as used in this context by describing two jobs that are assigned exclusively to Code 5190:

1. An insured wires an entire building and as part of the contract installs an electrical apparatus such as a motor.
2. An insured rewires an existing building and as part of the contract checks the wiring of a commercial sewing machine and repairs same.

These examples are intended to convey the premise that Code 5190 is assigned to an occasional or limited or minor amount of work performed on electrical apparatus when this work is conducted on what could be regarded as an accommodation basis by a contractor whose principal work at the job site is electrical wiring.

Please refer to Codes 7611, 7612 and 7613 for telephone or cable television line installations. Code 7600 for telecommunications companies that install telephone or cable television lines.

Please refer to Code 5403 for extra-territorial premium determination guidelines that may be applicable to insureds that have operations outside their headquarters’ state.

Please refer the installation and repair of commercial appliances such as dishwashers, electric ovens, food mixers and fry kettles to Code 9519.

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6217•**States Not Applicable:**

CA, TX

Replaced By:

Not Applicable

Established:

June 1935

Retained:

Not Applicable

Discontinued:

Not Applicable

NCCI Schedule and Group:

Schedule 26, Group 264

PHRASEOLOGY EXCAVATION & DRIVERS

Note: Includes borrowing, filling or backfilling. Grading or excavation in connection with street or road construction, dam or lock construction, pile driving, shaft sinking, caisson or cofferdam work to be separately rated.

NAICS Code(s):

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

238910—Site Preparation Contractors

Description:

Code 6217 is applied to specialist contractors engaged in general excavation including ditch digging, burrowing, filling or backfilling provided such operations are not otherwise classified in the manual. The operations involve the removal of earth, small boulders and rocks by power shovels, trench diggers or bulldozers and piling it at the job site for backfill. The material may also be removed by dump trucks for fill in some other area.

Code 6217 includes excavation in connection with building foundations, swimming pools, landscape gardening and waterproofing operations. It does not include excavation in connection with street or road construction, dam or lock construction, pile driving, shaft sinking, caisson or cofferdam work.

This classification also is applied to specialist contractors engaged in grading land and landfilling, provided these operations are not otherwise classified in the manual. The classification includes ditch digging, burrowing, filling or backfilling, and operations such as scraping, cutting, piling or pushing the earth to rearrange the terrain. These operations utilize equipment such as bulldozers, motor graders and carryalls. The classification includes grading involved in airport construction, grading of land preparatory to construction or planting, grading of parking lots, etc. It does not include grading in connection with street or road construction, dam or lock construction, pile driving, shaft sinking, and caisson or cofferdam work.

Building raising or moving operations should be assigned in the following manner, provided payroll separation is maintained:

- 5403•—carpentry operations on commercial structures
- 5645•—carpentry operations on residential structures
- 5213•—concrete operations on commercial sites
- 5221•—concrete operations on residential structures
- 5703•—drivers who transport the structure on trailers, dollies, bearings, etc.
- 6217•—excavation operations
- 5057•—iron or steel operations
- 5022•—masonry operations
- 6003•—pile driving operations that underpin, raise, or stabilize a foundation
- 7380—pilot car duties that do not remove or move obstacles
- 5703•—pilot car duties that remove or move obstacles

When no separation of payroll exists, the payroll for the entire operation must be assigned to Code 5703 or the highest rated classification applicable, whichever is greater.

Analogy Assignments:

Specialist contractors engaged in tree removal operations using mechanical equipment are assigned by analogy to Code 6217 since this work essentially involves digging or excavation operations. Tree removal operations assigned to Code 6217 include the removal of one or a few trees on developed sites, not tree removal operations involving large numbers of trees in order to clear a right-of-way.

Special Conditions:

Extra-Territorial Classification Guidelines (Florida—refer to Florida **Basic Manual** Rule2–L (Rule IX-I, 1996 Edition)—Extraterritorial Rating Procedure) (~~New Hampshire—refer to New Hampshire **Basic Manual** Miscellaneous Rules Extraterritorial Auditing Procedure~~):

The following material was developed by NCCI to be used as a guide by auditors and underwriters in the determination of premium for contracting (construction or erection risks) with extra-territorial employments where no company guidelines have been established for this purpose. Construction or erection classifications are indicated by the addition of a construction code symbol (•) next to the classification code number.

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

1. Payroll of employees of contractors who have their place of business in a given state and operate also in adjoining states and who are constantly crossing state lines, but usually return to their homes each night, should be assigned to their headquarters' state. Example: Contractors such as electricians, plumbers, carpet layers, etc.
2. The payroll for executive supervisors who may visit a job but who are not in direct charge of a job should be assigned to the state in which their headquarters are located.
3. There are contractors who maintain a permanent staff of employees and superintendents. If any of these employees or superintendents are assigned to a job that is located in a state other than their headquarters' state, either for the duration of the job or any portion thereof, their payroll should be assigned to the highest rated of either the state in which the job is located or the headquarters' state.
4. The payroll of employees who are hired for a specific job project should be assigned to the state in which the job is located.

When a portion of the operations of a risk are insured in a monopolistic state fund, consideration must be given to the special rules and requirements that may exist in such cases.

Related Operations Not Classified to Code 6217:

- Tree removal involving the clearing of right-of-ways is classified to Code 2702—Logging or Lumbering.
- Tree removal performed by a risk also engaged in tree surgeon activities such as pruning or spraying is classified to Code 0106.

Certain Code 6217 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 6217 operations that are not assigned to Code 6217:

6018—dam construction: earth moving
 6204—drilling NOC
 6045—levee construction
 1654—quarry—cement rock—surface
 1655—quarry—limestone
 1624—quarry NOC
 4000—sand or gravel digging
 5508—street or road construction: rock excavation
 5507—street or road construction: subsurface work

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 6217 or a classification other than any on the above list is applicable to the operations being reviewed for classification purposes.

CROSS-REF. AIRPORT CONSTRUCTION & DRIVERS: GRADING

CROSS-REF. BLASTING ROCK & DRIVERS

Description:

Code 6217 is applied to specialist contractors engaged in the blasting or removal of mass rock of any type. The rock may be blasted by loading previously drilled holes with dynamite, water gels, caps, etc., and blasting or setting off the explosives. When these holes are drilled by the blasting contractor, Code 6217 is assigned to the drilling. When these holes are drilled by a specialist drilling contractor, Code 6204—Drilling is assigned to the drilling operation. Jackhammers or steel balls may be used to break up the rock sections, which are then loaded into dump trucks for removal or storage.

Code 6217 is assigned to blasting operations when these operations are conducted by an insured assigned to Code 4777—Explosives Distributors.

CROSS-REF. CLEARING OF RIGHT-OF-WAY—ELECTRIC, POWER, TELEPHONE, BURGLAR, OR FIRE ALARM LINES: BRUSH CLEARING OR REMOVAL—NEW OR EXISTING RIGHT-OF-WAY & DRIVERS

(N/A MA)

Note: Applies to the clearing or removal of brush using mechanical equipment.

Description:

Clearing right-of-ways for electric or power lines, telephone or telegraph lines, or burglar or fire alarm lines may involve tree removal, tree pruning or tree stump removal. The following classification assignments apply to work involving trees for those risks contracting exclusively for clearing right-of-ways.

Code 2702—tree removal of standing timber using hand or power tools for the purpose of clearing right-of-ways on an undeveloped or developed site.

Code 6217—clearing or removal of brush using mechanical equipment such as bulldozers, hydroaxes, etc., for the purpose of clearing right-of-ways on an undeveloped or developed site.

Code 0106—tree pruning, spraying, and repairing for the purpose of maintaining right-of-ways or clearing right-of-ways on a developed site. Incidental tree removal of one or a few trees on a developed site conducted in connection with tree pruning, spraying, and repairing operations is also assigned to Code 0106.

Related Operations Not Classified to Code 6217:

- An insured that clears right-of-ways and also performs power line construction and service or repair operations is assigned to the proper power line construction or erection classification.
- Refer to Code 7538 or Code 7604 7600 for these operations.

CROSS-REF. EXCAVATION & DRIVERS NOC

CROSS-REF. GRADING OF LAND NOC & DRIVERS

Note: Includes borrowing, filling or backfilling. Separately rate: mass rock excavation, grading or excavation in connection with street or road construction, pile driving, shaft sinking, caisson or cofferdam work.

CROSS-REF. ROCK EXCAVATION & DRIVERS

(N/A HI, ID, MN, OK, VA)

Note: Not tunneling or street or road construction.

6325 ●

PHRASEOLOGY CONDUIT CONSTRUCTION—FOR CABLES OR WIRES—& DRIVERS

CROSS-REF.

SCOPE Code 6325 is an all-inclusive classification and is intended to apply to an entire job, i.e., the erection of railway signal systems and/or highway guard-crossing systems. Operations such as the digging of a trench, laying of conduit, backfilling and concrete or masonry work are examples of the work contemplated by Code 6325. The same procedure is applicable to the installation of traffic signals, “auto-stops” and ornamental street lights. Cable laying by specialist contractors employing automatic equipment, which in one operation opens the trench, lays the cable and backfills, is also assigned to Code 6325.

The following table indicates the proper classifications applicable to operations performed by cable TV and telephone companies.

Nature of Installation

Main coaxial cable—Overhead only.

Main coaxial cable—Underground only. Cable is laid manually.

Main coaxial cable—Underground only. Cable is laid with automatic equipment.

Nature of Installation

Main coaxial cable—Both underground and overhead. Underground cable laid manually.

Main coaxial cable—Both underground and overhead. Underground cable laid with automatic equipment.

Extension

Line Maintenance

Service Connection

Refer to Code 7600 for companies that perform installation of some or all of the following:

- Main coaxial cable—Overhead only.
- Main coaxial cable—Underground only. Cable is laid manually.
- Main coaxial cable—Underground only. Cable is laid with automatic equipment.
- Main coaxial cable—Both underground and overhead. Underground cable laid manually.
- Main coaxial cable—Both underground and overhead. Underground cable laid with automatic equipment.

Television Cable Co.	Telephone Co.
7601	7600
7601	7600
6325	7600
Television Cable Co.	Telephone Co.
7601	7600
6325/7601*	7600
7600	7600
7600	7600
7600	7600

Code 7601 and Code 6325 may be assigned to a television cable company that performs both above- and below-ground cable installation if the television cable company utilizes automatic equipment to install the underground cable. Considering the self-contained nature of the automatic underground cable laying operation, each type of cable installation is viewed as a separate job or location.

In the state of Florida, a specialist contractor laying cable under contract with a telephone company shall be classified as Code 7600.

The term “coaxial cable” used in the above table refers to that line which runs from a receiving dish or tower into a general area. This type of line is also known as a “trunk line.”

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

Distribution lines are lines which run from a trunk line into a particular street. These lines are considered part of the main coaxial cable for classification purposes.

The terms “extension” or “service connection” (also known as service drops) in the above table refer to the installation of TV cable or telephone wires from a distribution line to an individual customer’s location to provide that individual customer with service. When a customer subscribes to a service, a connection known as a distribution tap is made at the distribution line. The extension, service connection or service drop is made from this tap.

Refer to Codes 7611, 7612 and 7613 for telephone or cable TV line installation operations performed by contractors that are not in the cable TV or telephone company business.

Please refer to Code 5403 for extra-territorial premium determination guidelines that may be applicable to insureds that have operations outside their headquarters’ state.

7539

PHRASEOLOGY ELECTRIC LIGHT OR POWER CO. NOC—ALL EMPLOYEES & DRIVERS (N/A HI). Includes store employees, meter readers. Construction of buildings, dams or reservoirs to be separately rated.

CROSS-REF. *Steam Heating or Power Co.—All Employees & Drivers*—includes store employees and meter readers. Construction of buildings to be separately rated (N/A AL, OK).

SCOPE Code 7539 is applied to insureds engaged in the operation of public electric light or power companies provided such companies are not otherwise classified in the manual. This classification contemplates all employees including store employees, meter readers, drivers, operators of instrument and control panels for operation of turbo-generators, water pumps, etc., maintenance and repair crews for all plant equipment, outside line maintenance and repair crews and crews “on standby” at all times for emergencies. This classification does not contemplate the construction of buildings, dams or reservoirs. While clearing of right-of-ways, pole or tower erection, stringing of high tension wires, installation of circuit breakers and transformers on poles and the laying of underground cables when undertaken by employees of these operating companies also are contemplated within the scope of Code 7539, such operations are generally sublet to insured independent contractors and are, therefore, subject to separate classification treatment.

Code 7539 also is applied to insureds engaged in the operation of steam heating or power companies. All employees of such companies including store employees, meter readers and drivers fall within the scope of this classification.

It does not contemplate the construction of buildings. While new main or connections construction and the repair of existing steam mains when undertaken by employees of these operating companies are contemplated within the scope of Code 7539, such operations are generally sublet to insured independent contractors subject to a separate classification.

Code 7539 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 7539 operations that are not assigned to Code 7539.

- 7538 Electric Light or Power Line Construction
- 7540 Electric Light or Power Cooperative—REA Project Only
- ~~7613 Telephone or Cable TV Line Installation—Contractors, Overhead~~
- ~~7611 Telephone or Cable TV Line Installation—Contractors, Underground~~
- ~~7612 Telephone or Cable TV Line Installation—Contractors, Service Lines and Connections~~
- ~~7600 Telephone or Telegraph Co.: All Other Employees~~
~~Telecommunications Co.—Telephone, Cable TV, or Satellite—All Other Employees & Drivers~~
- ~~7604 Telephone, Telegraph or Fire Alarm Construction~~

7600

States Not Applicable:

Not Applicable

Replaced By:

Not Applicable

Established:

Date Unknown

Retained:

Not Applicable

Discontinued:

NCCI Schedule and Group:

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

Not Applicable

Schedule 33, Group 330

PHRASEOLOGY TELECOMMUNICATIONS CO.—TELEPHONE, OR TELEGRAPH CO.: CABLE TV, OR SATELLITE—ALL OTHER EMPLOYEES & DRIVERS

Note: Includes operation, installation, maintenance, and extension of overhead and underground lines and making of service connections including line installation within a building. The installation of fiber optic lines requiring specialized connection skills is included in Code 7600. It also includes the clearing of right-of-ways, the erection of poles, cross-arms, and insulators when performed in conjunction with installing telecommunications lines. Applicable to contractors performing work for telecommunications companies. Conduit construction is to be separately rated. Applies to laying of telephone cable by a specialist contractor under contract with a telephone company. ~~Not applicable to contractors.~~

The mechanical or fusion splicing of fiber optic strands is also assigned to this code.

NAICS Code(s):

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

237130—Power and Communication Line and Related Structures Construction

238210—Electrical Contractors and Other Wiring Installation Contractors

517110—Wired Telecommunications Carriers

517919—All Other Telecommunications

Description:

Code 7600 is applied to all employees of ~~telephone or telegraph~~ telecommunications companies other than those employees working within offices or exchanges. Office or exchange employees are classified to Code 8901. The term "telephone companies" "telecommunications" includes cellular phone companies.

This classification includes drivers and all employees involved in the operation and maintenance of overhead and underground lines away from the exchanges including the extension of lines and the making of service connections. Specific operations contemplated by Code 7600 include clearing right-of-ways; erecting poles, cross-arms and insulators; stringing overhead lines or lead sheath cables used for multiple circuits; and laying underground cables.

In situations where ~~telephone telecommunications~~ companies do not maintain exchanges and their employees hook up their telephone lines to existing ~~telephone telecommunications~~ companies' cables that are the property of other ~~telephone telecommunications~~ companies, and these existing lines are located within manholes, such operations are also included under Code 7600.

~~The employees of television cable companies are subject to a multiple classification procedure as indicated in the table below.~~ Those employees who make service connections to subscribers and provide maintenance or subsequent extension of lines are assigned by analogy to Code 7600. Companies classified to Code 7600 may perform installation of some or all of the following:

- Main coaxial cable—Overhead only.
- Main coaxial cable—Underground only. Cable is laid manually.
- Main coaxial cable—Underground only. Cable is laid with automatic equipment.
- Main coaxial cable—Both underground and overhead. Underground cable laid manually.
- Main coaxial cable—Both underground and overhead. Underground cable laid with automatic equipment.

The following table indicates the proper classifications applicable to operations performed by cable TV and telephone companies:

Nature of Installation	Television Cable Co.	Telephone Co.	**Specialist Contractor
Main coaxial cable—Overhead only.	7601	7600	7612
Main coaxial cable—Underground only. Cable is laid manually.	7601	7600	7611
Main coaxial cable—Underground only. Cable is laid with automatic equipment.	6325	7600	7611
Main coaxial cable—Both underground and overhead. Underground cable laid manually.	7601	7600	7611 and 7612
Nature of Installation	Television Cable Co.	Telephone Co.	**Specialist Contractor
Main coaxial cable—Both underground and overhead. Underground cable laid with automatic equipment.	6325/7601*	7600	7611 and 7612
Extension	7600	7600	7613
Line Maintenance	7600	7600	7613
Service Connection	7600	7600	7613

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

*Code 7601 and Code 6325 may be assigned to a television cable company that performs both above and below ground cable installation, if the television cable company utilizes automatic equipment to install the underground cable. Considering the self-contained nature of the automatic underground cable laying operation, each type of cable installation is viewed as a separate job or location.

**In the state of Florida, a specialist contractor laying cable under contract with a telephone company shall be classified as Code 7600.

The term "coaxial cable" used in the above table refers to that line which runs from a receiving dish or tower into a general area. This type of line is also known as a "trunk line."

Distribution lines are lines which run from a trunk line into a particular street. These lines are considered part of the main coaxial cable for classification purposes.

The terms "extension" or "service connection" (also known as service drops) in the above table refer to the installation of TV cable or telephone wires, which can be made of copper, fiber optics, or other materials, from a distribution line to an individual customer's location to provide that individual customer with service. When a customer subscribes to a service, a connection known as a distribution tap is made at the distribution line. The extension, service connection or service drop is made from this tap.

Refer to Code 7228 for classification procedures for dispatchers.

Related Operations Not Classified to Code 7600:

- Refer to Code 6325 for conduit construction of cables or wires.

7601◆

PHRASEOLOGY ~~TELEPHONE, TELEGRAPH OR FIRE ALARM LINE CONSTRUCTION & DRIVERS. Code 7600—Telephone or Telegraph Company shall not be assigned at the same job or location to which Code 7601 applies.~~

CROSS-REF. ~~State Special: Montana, Oregon—Telephone or Cable TV Line Installation—Overhead & Drivers—applies to the installation and maintenance of overhead telephone and cable television main lines, extension lines and outside service connection lines, when done by a contractor; New Jersey—add "NPD with Code 7600—Telephone or Telegraph Company" to footnote; New York—Fire Alarm, Telephone or Telegraph Line Construction & Drivers—shall not be assigned to a risk engaged in operations described by Code 7600—Telephone or Telegraph Company: All Other Employees & Drivers.~~

SCOPE Code 7601 is applied to contractors engaged in telephone, telegraph or fire alarm line construction. It is an all-inclusive classification in that it applies to all work normal and incidental to the construction of such lines when undertaken by an individual contractor. Operations contemplated by this code include drivers; erecting poles, cross-arms and insulators; stringing overhead lines or lead sheath cables used for multiple circuits; and laying underground cables. Code 7601 is assigned to the described operations whether the work is performed by separate crews of employees or employees who interchange between operations.

The clearing of right-of-ways by contractors also engaged in telephone, telegraph or fire alarm line construction shall be classified as Code 7601. The following classification assignments apply to those insureds contracting exclusively for clearing right of ways:

- 2702 Tree removal using hand or power tools in bucking, falling or limbing of standing timber—new right-of-ways
- 6217 Clearing or removal of brush using mechanical equipment such as bulldozers, hydroaxes, etc., including stump removal—new or existing right of ways
- 0106 Tree pruning, spraying, trimming using hand or power tools with or without aerial buckets, including incidental tree removal and all operations in connection therewith—existing right of ways
- 0050 Brush or weed control using chemicals dispensed from portable or mechanical ground spraying equipment—existing right of ways
- 0042 Landscape gardening and drivers

Minnesota—refer to state interpretation.

Specialist contractors engaged in erecting lightning rod systems involving running wire cable along the ridges of roofs, erecting the points at intervals, running the cable down the side of the structures and grounding the cable are assigned by analogy to Code 7601.

The employees of television cable companies are subject to a multiple classification procedure as indicated in the table below. Those employees who engage in the "overhead" or "plowed in" stringing of the original main coaxial cable line system and/or the installation of boosters or amplifiers are assigned by analogy to Code 7601.

The following table indicates the proper classifications applicable to operations performed by cable TV and telephone companies:

Nature of Installation

Television Cable Co.

Telephone Co.

**Specialist Contractor

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

Main coaxial cable—Overhead only.	7601	7600	7612
Main coaxial cable—Underground only. Cable is laid manually.	7601	7600	7611
Main coaxial cable—Underground only. Cable is laid with automatic equipment.	6325	7600	7611
Main coaxial cable—Both underground and overhead. Underground cable laid manually.	7601	7600	7611 and 7612
Main coaxial cable—Both underground and overhead. Underground cable laid with automatic equipment.	6325/7601*	7600	7611 and 7612
Extension	7600	7600	7613
Line Maintenance	7600	7600	7613
Service Connection	7600	7600	7613

*Code 7601 and Code 6325 may be assigned to a television cable company that performs both above and below ground cable installation, if the television cable company utilizes automatic equipment to install the underground cable. Considering the self-contained nature of the automatic underground cable laying operation, each type of cable installation is viewed as a separate job or location.

**In the state of Florida, a specialist contractor laying cable under contract with a telephone company shall be classified as Code 7600.

The term “coaxial cable” used in the above table refers to that line which runs from a receiving dish or tower into a general area. This type of line is also known as a “trunk line.”

Distribution lines are lines which run from a trunk line into a particular street. These lines are considered part of the main coaxial cable for classification purposes.

The terms “extension” or “service connection” (also known as service drops) in the above table refer to the installation of TV cable or telephone wires from a distribution line to an individual customer’s location to provide that individual customer with service. When a customer subscribes to a service, a connection known as a distribution tap is made at the distribution line. The extension, service connection or service drop is made from this tap.

Please refer to Code 5403 for extra-territorial premium determination guidelines that may be applicable to insureds that have operations outside their headquarters’ state.

State Addendum

Massachusetts—the following table indicates the proper classification for different types of businesses performing low-voltage cable installation for communication purposes.

Nature of Installation	Television Cable Co.	Telephone Co.	Specialist Contractor
Main coaxial cable—Overhead only.	7601	7600	7601
Main coaxial cable—Underground only. Cable is laid manually.	7601	7600	7601
Main coaxial cable—Underground only. Cable is laid with automatic equipment.	6325	7600	6325
Main coaxial cable—Both underground and overhead. Underground cable laid manually.	7601	7600	7601
Main coaxial cable—Both underground and overhead. Underground cable laid with automatic equipment.	6325/7601*	7600	6325/7601*
Extension	7600	7600	7600
Line Maintenance	7600	7600	7600
Service Connection	7600	7600	7600

* Code 7601 and Code 6325 may be assigned to the same insured on the same policy simultaneously for a contractor who performs both above and below ground cable installation if the contractor utilizes automatic equipment to install the underground cable. Considering the self-contained nature of the automatic underground cable laying operation, each type of cable installation is viewed as a separate job or location. Refer to Codes 6325, 7600 or 7601 for low-voltage communication cable installations conducted by specialist contractors (Codes 7611, 7612 and 7613 are N/A MA). Refer to Code 7219 for classification procedures for dispatchers.

Refer to Codes 0050, 0106, 2702 and 6217 for classification assignments applicable to insureds that contract exclusively for clearing right of ways in connection with telephone, telegraph or fire alarm line construction projects. Code 0042 does not apply to any type of land and/or right-of-way clearing operations conducted.

7605●

States Not Applicable:

MA, NY

Replaced By:

Not Applicable

Established:

Retained:

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

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Date Unknown

Not Applicable

Discontinued:

Not Applicable

NCCI Schedule and Group:

Schedule 27, Group 272

PHRASEOLOGY BURGLAR AND FIRE ALARM INSTALLATION OR REPAIR & DRIVERS

Note: Includes the installation of security cameras.

NAICS Code(s):*(For reference only. Not to be used for classification of risks for workers compensation purposes.)*

561621—Security Systems Services

238210—Electrical Contractors

Description:

Code 7605 applies to insureds that install or repair burglar alarm, and fire alarms, intercommunication and sound systems. The audio systems Fire alarms consist of a central control, usually a console, and additional units consisting of a combination speaker and microphone smoke detectors and/or heat sensors. These may be situated throughout offices and plant areas and are tied together with cable interconnecting wire. The fire alarm system replaces the speakers with boxes containing smoke detectors or heat sensors. The interconnecting wire is the same type used for audio systems.

The burglar alarm system replaces speakers with taped also consists of a central control and involves taping circuits on glass portions of doors and windows or electric eye units mounted at doorways. The wire is the same type used in the other systems. There is no incidence of line voltages being used, except to the console or central control unit which is merely plugged into an outlet to activate the amplifier. This is true of all systems. In some instances, all systems will be wired into the electrical system of the building, in which case a wire will be brought out of an existing electrical receptacle and the connection is made permanent instead of a plug-in type of connection. The same degree of skill is required of employees installing all systems and employees may be used interchangeably between systems by firms that install all systems.

Code 7605 also is applied to specialists installing telephones (not bona fide telephone companies). These insureds sell or rent phones as well as maintain and service their systems within buildings without any outside activities. These interconnect companies hook up their lines to existing telephone cable terminals (owned and operated by bona fide telephone companies) within the buildings where they are installing their telephones. Since these insureds do not operate telephone exchanges, their clerical employees are assigned to Code 8810.

Occasionally, insureds described in this scope burglar and/or fire alarm installers may be required to make an incidental outside service connection from the utility line to the building in which they are installing the alarms. This operation is included under Code 7605 provided that it takes place at the same location the inside operations are being performed. Refer to Code 7613 for insureds engaged in the business of external wiring that engage in an incidental amount of internal wiring at the same location at which their principal work is external wiring.

Analogy Assignments:

- Code 7605 applies to contractors who install fire or burglar alarm lines. If the same contractor also installs office machines along with the cable, then Code 5191 is applicable to the entire operation.

Related Operations Not Classified to Code 7605:

- Refer to Code 5188 for automatic sprinkler fire alarm installations.
- Refer to Code 9516 for alarm installations in vehicles.

CROSS-REF. FIRE ALARM INSTALLATION OR REPAIR & DRIVERS**CROSS-REF.** INTERCOMMUNICATION SYSTEMS INSTALLATION OR REPAIR & DRIVERS**CROSS-REF.** SOUND SYSTEMS INSTALLATION OR REPAIR & DRIVERS**7611** ●

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

PHRASEOLOGY TELEPHONE OR CABLE TV LINE INSTALLATION CONTRACTORS, UNDERGROUND & DRIVERS

SCOPE Code 7611 applies to the installation, replacement, removal and maintenance of underground telephone and cable TV main lines by contractors. It also includes the clearing of the right of way when performed in conjunction with the above. Conduit construction is to be separately rated. This classification is not applicable to employees of a telephone or cable TV company.

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

Distribution lines are lines which run from the main (trunk) line into a particular street. These lines are considered part of the main (trunk) line.

In the state of Florida, a contractor laying cable under contract with a telephone company shall be classified as Code 7600.

7612 ●**N/A—CA, MA, NJ, NY, OR, WI**

PHRASEOLOGY TELEPHONE OR CABLE TV LINE INSTALLATION—CONTRACTORS, OVERHEAD & DRIVERS

SCOPE Code 7612 applies to the installation, replacement, removal and maintenance of overhead telephone and cable TV main lines by contractors. It also includes the clearing of right of ways and the erection of poles, cross arms and insulators when performed in conjunction with the above. This classification is not applicable to employees of a telephone or cable TV company.

Distribution lines are lines which run from the main (trunk) line into a particular street. These lines are considered part of the main (trunk) line.

Specialist contractors engaged in the installation of microwave antennae and cables on existing towers for the telecommunications industry are assigned to Code 7612. The installers climb the towers and bolt the antennae and cables, which are lifted into place by a truck winch.

In Florida, a contractor laying cable under contract with a telephone company will be classified to Code 7600.

7613 ●**N/A—CA, MA, NJ, NY, OR, WI**

PHRASEOLOGY TELEPHONE OR CABLE TV LINE INSTALLATION—CONTRACTORS, SERVICE LINES AND CONNECTIONS & DRIVERS

SCOPE Code 7613 applies to the installation, replacement, removal and maintenance of telephone and cable TV service connection lines. It also includes incidental line installation within a building. Conduit construction is to be separately rated. This classification is not applicable to employees of a telephone or cable TV company.

The terms "service line" or "service connection" refer to the installation of telephone or cable TV wires from a distribution line to an individual customer's location to provide that individual customer with service.

In Florida, a contractor laying cable under contract with a telephone company will be classified to Code 7600.

8013 ◆

PHRASEOLOGY STORE: JEWELRY. Applies to wholesale or retail stores.

CROSS-REF. *Diamond Cutting or Polishing*—shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 8013 are conducted as a separate and distinct business; *Hearing Aid Stores; Optical Stores* (N/A NH)—surface grinding of lens to be separately rated as 4450 ~~4149~~—Optical Goods Mfg. NOC; *Precious Stone Setting*—includes making of mountings. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 8013 are conducted as a separate and distinct business.

SCOPE Code 8013 applies to jewelry stores principally engaged in selling precious or costume jewelry, such as necklaces, earrings, bracelets, rings, watches, charms, lockets, pendants, brooches and similar ornamental items intended for personal adornment, whether made of metals or other materials. There are references to the word "principally" throughout the course of this scope. When used in this context, principally means more than 50% of gross receipts.

All jewelry stores, whether wholesale or retail or a combination of both, are included in this classification.

In addition to jewelry, this classification includes the minor and incidental handling of miscellaneous non-jewelry merchandise such as silverware, tableware, clocks, chinaware, glassware, trophies, small electrical appliances, giftware and leather goods.

Risks engaged in cutting or polishing precious stones, such as diamonds, emeralds, rubies, and sapphires, are assigned to Code 8013—Diamond Cutting or Polishing.

The repair or engraving of jewelry and precious stone setting when performed by a retail jewelry store for individual customers is also within the scope of this classification.

Refer to Code 3383 for jewelry manufacturing operations.

Other types of risks included in this classification are wholesale, retail or combined wholesale and retail stores which conduct the following operations, or deal in the articles listed:

1. Optical Stores—including grinding of lenses to fit frames. However, the surface grinding of lenses to prescription is assigned to Code 4450 ~~4149~~ Lens Mfg. Optometrists, although not licensed physicians, are classified to Code 8832—Physicians, provided that they only perform eye examinations in a typical doctor's office environment. In the event that an optometrist also engages in the dispensing of optical goods, Code 8013 is applicable. In the event that an optometrist is employed by an optical store, the optometrist is classified to Code

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

8013 whether the optometrist exclusively performs examinations or performs examinations as well as dispenses optical goods. Stores that specialize in the sale of sunglasses are contemplated by Code 8013.

2. Hearing Aids
3. Coins
4. Postage Stamps
5. Dealers in Precious Metals Only

OPERATIONS NOT COVERED:

1. Dealers that handle only silverware such as dishes, trays, tableware, candle holders and coffee or tea sets, are subject to the appropriate "NOC"; store classification, depending on whether the sales are principally to retail customers (Code 8017) or to wholesale customers (Code 8018) (Wisconsin: Code 8013).
2. Stores principally engaged in selling a miscellany of non-jewelry items such as silverware, tableware, clocks, chinaware, glassware, trophies, small electrical appliances, giftware or leather goods are assigned to the appropriate "NOC" store classification depending on whether the sales are principally to retail customers (Code 8017) or to wholesale customers (Code 8018) (Wisconsin: Code 8013).

Repair work principally performed for other dealers shall be assigned as follows:

1. Repair of Jewelry to Code 3383—Jewelry Mfg.
2. Repair of Watches to Code 3385—Watch Mfg.
3. Repair of Clocks to Code 3385—Clock Mfg.

An example of the above may be a jewelry store that repairs jewelry for retail customers and dealers. If more than 50% of total receipts for repair work are derived from repair work performed for dealers, then payroll for employees for performing this repair work is assigned to either Code 3383 or 3385. If 50% or less of receipts generated for repair work are derived from repair work performed for dealers, then this work is considered incidental to store operation and is assigned to Code 8013. Please note, the foregoing refers to receipts for repair work only. Receipts derived from other sales are not considered when making this determination.

Note: Refer to Note listed under Code 8001 for underwriting guidelines that are applicable to stores and dealers.

8017 ♦

States Not Applicable: Not Applicable	Replaced By: Not Applicable
Established: Date Unknown	Retained: Not Applicable
Discontinued: Not Applicable	NCCI Schedule and Group: Schedule 34, Group 343

PHRASEOLOGY STORE: RETAIL NOC

Description:

Code 8017 applies to retail stores that are principally engaged in selling merchandise that is not described by a specialty retail store classification in the **Basic Manual**. Stores assigned to this classification sell items such as art supplies, bakery products, beer and soft drinks, cigars and cigarettes, computers (personal or home-type), confectionery, cosmetics and toilet items, floor coverings, giftware, greeting cards, household appliances (small), housewares, lamps and lighting fixtures, musical instruments, paint and related supplies, photographic supplies and equipment, pocketbooks, radios, televisions, stereophonic or high-fidelity equipment (see Code 8072 for records, audio or videocassettes, computer software, and other magnetic media), stationery and related items, toys, typewriters and office machines, wines, and liquors.

Merchants are assigned to classifications in part based on the type of merchandise sold that constitutes principal receipts for the merchant. Each separate location operated by the merchant is classified independently based on principal receipts for the type of merchandise sold at that location. The term "principal receipts" has been defined as more than 50% of gross receipts. The term "retail" has been defined, with certain exceptions, as the sale of merchandise to the general public for personal or household consumption or use and not for resale. Warehouses operated by retail merchants for the purpose of supplying stores operated by the retail merchant are classified to the same code applicable to the store they are supplying.

Code 8018—~~Store: Wholesale NOC~~ encompasses mail order sales of merchandise that is not otherwise classified. With the increase in e-commerce (sales of merchandise via the Internet), certain businesses that are principally retail in nature are now increasing their mail order sales. If these "retail" stores have receipts from mail order sales that are greater than 50% of total receipts at a particular location, that location is considered to be a wholesale store that is assigned to either Code 8018 or an alternative wholesale mail order store code that best describes the business. Warehouses that supply an insured's stores do not have any retail receipts but may have wholesale receipts from e-

commerce sales. If the gross receipts for the warehouse mail order operation are greater than the receipts for the stores the warehouse is supplying, the warehouse is assigned to the appropriate mail order store code.

Code 8017 includes the sale of computers (personal or home-type) if the sales are principally retail in nature, regardless of the buyer or ultimate use of the merchandise sold and notwithstanding the definitions of wholesale and retail at the end of this scope. A computer store that receives greater than 50% of its receipts from mail order operations is assigned to Code 8018.

This classification also includes pawn shops, pet shops, and stores that serve ice cream and soft drinks, as well as specialty stands or stores that sell frozen custard. (It also applies to cigar stores, confectionery stores, or other “NOC” retail stores that, in addition to selling merchandise such as cigars, cigarettes, candy, and stationery, also serve food [not merely ice cream or soft drinks]. This classification applies only if the receipts from service of food are less than 50% of the gross receipts for the entire store.)

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 the previous paragraph for cybercafes that do not provide food service but serve nonalcoholic beverages and such nonfood items as ice cream.

Other types of operations assigned to this classification are:

1. Demonstrators in retail stores owned by others.
2. Concessions, such as those that provide door attendants, cigarette vendors, parcel or luggage checkroom and washroom attendants, rolling chairs on boardwalks, beach chairs, and beach umbrellas.
3. Amusement device operations such as those in arcades and also skee ball alleys and similar games.
4. Shoppers who check the attentiveness, personality, and honesty of salesclerks employed in stores owned by others.
5. Ski shop employees at winter resort areas where ski equipment is rented or repaired.

Code 8235 is applied to insureds engaged exclusively in buying, selling, and distributing kitchen cabinets and other assembled millwork products. If an insured does not deal exclusively in kitchen cabinets and other assembled millwork products, Code 8017—~~Store: Retail~~, Code 8018—~~Store: Wholesale~~, or Code 8044—~~Store: Furniture~~ may be applicable to the risk. Code 8017 or Code 8018 is applicable if a store principally (not exclusively) sells kitchen cabinets and other assembled millwork products. Code 8044 is applicable if a minor amount of these products are sold by a furniture store.

Special Conditions:

Note: General Guide for Assignment of Classifications to Stores: Classifications that are considered stores have a ♦ next to their code numbers.

For the purpose of the application of workers compensation mercantile classifications, a mercantile business is defined as any store or dealer engaged in the sale of goods or merchandise. For mercantile businesses, the classification is determined separately for each location.

The assignment of a classification to a store is based upon the principal type of merchandise sold and whether the operations are wholesale or retail. The following definitions and instructions are to be observed in determining the appropriate store classification:

1. **Type of Merchandise Sold:** If a store sells several types of merchandise, each of which may be subject to a different classification, such a store shall be assigned on the basis of the principal category of the merchandise sold. The term “principal” means more than 50% of the gross receipts.
2. **Wholesale Versus Retail:** Retail applies to the sale of merchandise to the general public for personal or household consumption or use and not for resale. Wholesale applies to the sale of merchandise for resale to others, or to the sale to manufacturers, builders, contractors, or others for use in their business, or as raw materials. A store that sells merchandise on a combined wholesale and retail basis shall be assigned to the appropriate store classification depending upon whether the gross receipts are principally from wholesale or retail sales. The term “gross receipts” means gross receipts less receipts derived from the sale of lottery tickets. The term “principally” means more than 50% of the gross receipts.

Exception: If it is determined that a store’s sales are clearly retail in nature, the appropriate retail store classification may be assigned regardless of the above definition of retail. Examples of this type of situation would be stores selling artwork or art supplies in a shopping mall when the majority of sales are to artists who use the materials in their business, or artwork purchased by businesses. In these cases, the stores would clearly be classified as retail except for the ultimate use or purchaser of the products.

Related Operations Not Classified to Code 8017:

- Code 8017 does not apply to any retail store that is described by one of the specialty store classifications.
- Stores engaged principally in mail order sales of merchandise, such as described above, to individuals shall be assigned to Code 8018—~~Wholesale Stores NOC~~.

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

- The installation, service or repair of household appliances by a retail store shall be assigned to Code 9519—~~Household Appliances Installation, etc.~~
- The installation, service, or repair of electronic equipment and automobile electronic equipment by a retail store must be assigned to Code 9516.
- The installation of carpets, linoleum and nonceramic floor tile by a retail store shall be assigned to Code 5478—~~Floor Covering Installation—Resilient Flooring, Carpet and Laminate.~~
- Hat or Coat Checkroom Concessions shall be assigned to Code 8008—~~Clothing Stores—Retail.~~
- Refer to Code 4777 for mercantile risks that sell fireworks. Under certain circumstances, these insureds may qualify for Code 8017.
- Refer to Code 8015 for copying operations using machinery similar to office photocopying machines, not offset printing presses or multilith machines.
- Refer to Code 8050 for Five and Ten Cent stores.

Certain Code 8017 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. In addition to the above references, the following is a representative list of retail or combined wholesale and retail store operations that are not assigned to Code 8017.

8010—Store: Agriculture Implement—Not Farm Machinery
 8010—Store: Audio or Video Parts and Accessories
 8046—Store: Automobile Accessories—Retail—NOC or Drivers
 8072—Store: Book, Record, Compact Disc, Software, Video or Audiocassette—Retail
 8008—Store: Clothing, Wearing Apparel, or Dry Goods—Retail
 8006—Store: Coffee, Tea, or Spice—Retail
 8006—Store: Dairy Products—Retail
 8006—Store: Delicatessen—Retail
 8039—Store: Department—Retail
 8045—Store: Drug—Retail
 8008—Store: Dry Goods—Retail
 8031—Store: Fish, Meat or Poultry—Retail
 8050—Store: Five and Ten Cent
 8001—Store: Florist & Drivers
 8006—Store: Frozen or Frosted Food—Retail
 8006—Store: Fruit or Vegetable—Retail
 8044—Store: Furniture & Drivers
 8061—Store: Grocery—Convenience—Retail
 8006—Store: Grocery—Retail
 8010—Store: Hardware
 8013—Store: Hearing Aid
 8105—Store: Hide or Leather Dealer
 8044—Store: Household Appliance—Electrical & Drivers
 8013—Store: Jewelry
 8105—Store: Leather or Hide Dealer
 8031—Store: Meat, Fish or Poultry—Retail
 8033—Store: Meat, Grocery and Provision—Combined—Retail NOC
 8044—Store: Piano or Organ & Drivers
 8010—Store: Ship Chandlers
 8008—Store: Shoe—Retail
 8033—Store: Supermarket
 8006—Store: Vegetable or Fruit—Retail

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 8017 or a classification other than a classification on the above list is applicable to the operations being reviewed for classification purposes.

CROSS-REF. AUCTIONEERS

CROSS-REF. BAKERIES—RETAIL STORE SALES

(N/A MA, OR)

CROSS-REF. BEER OR ALE DEALER—RETAIL

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

CROSS-REF. CAMERA OR PHOTOGRAPH SUPPLIES STORES—RETAIL

CROSS-REF. FIVE AND TEN CENT

(N/A MA, VA)

Note: Applicable to store locations at which are sold a variety of small wares such as stationary, giftware, toilet articles, light hardware, toys, house wares, confectionery, ready to wear clothing and accessories, etc. Sales are usually for cash without delivery service. Stores are sometimes distinguished by advertising price ranges of “\$.05 or \$.10” or “\$.05 to \$1.00”

CROSS-REF. FLOOR COVERINGS—RETAIL

CROSS-REF. HAT CLEANING

CROSS-REF. LAUNDRY—SELF SERVICE

CROSS-REF. LUGGAGE STORES—RETAIL

CROSS-REF. PAINT STORES—RETAIL

CROSS-REF. PAWN SHOPS

CROSS-REF. STORE—PET AND PET SUPPLY—RETAIL

(N/A MA)

Description:

This classification includes pet shops and stores. Employees or uninsured subcontractors who provide grooming or training as a service are included within this classification.

CROSS-REF. SHOE SHINING ESTABLISHMENT

CROSS-REF. SPORTING GOODS—RETAIL

CROSS-REF. TAILOR SHOP

CROSS-REF. WALLPAPER STORES—RETAIL

9516

States Not Applicable:

MA, NJ, NY, SC, WI

Replaced By:

Not Applicable

Established:

Date Unknown

Retained:

Not Applicable

Discontinued:

Not Applicable

NCCI Schedule and Group:

Schedule 35, Group 353

PHRASEOLOGY RADIO, TELEVISION, VIDEO AND AUDIO ELECTRONIC EQUIPMENT— INSTALLATION, SERVICE, OR REPAIR—SHOP AND OUTSIDE & DRIVERS-

Note: Includes shop or outside employees, erection of antennae. Electronic equipment can be installed in homes, automobiles, and boats. Electrical wiring or tower erection to be separately rated. Applies to the installation, service or repair of electronic equipment by retail store employees. Store operations to be separately rated. Refer to Code 9519 for the installation, service and repair of household and commercial appliances. The installation of visual and sound equipment for stadiums and theaters is assigned to Code 9154. Refer to Code 5191 for the installation, service or repair of office machine equipment. Refer to Code 7600 for insureds under contract with a telecommunications company. Intercommunication system installation to be separately classified to Code 7605-

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

NAICS Code(s):

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

811213—Communication Equipment Repair and Maintenance

Description:

Code 9516 is applicable assigned to insureds that install, service, or repair radios and television sets home theater equipment including, but not limited to, televisions, DVD players and recorders, digital video recorders, and speakers. The erection of antennae to enable radios or television sets satellite dishes (36 inches or less) to receive broadcast signals is additionally assigned to Code 9516 when performed by the home theater installer. "Antennae," as used in this sense, refers to "home" type antennae, usually. Satellite dishes are generally mounted on a roof or a pole next to the homes or other buildings, which contains the equipment that is to receive the signal.

Code 9516 additionally contemplates the installation, service or repair of video recorders, phonographs, stereophonic or high-fidelity equipment.

Employees who work exclusively in a radio or television an electronics store who do not install, service, or repair equipment are assigned to Code 8017—Radio or Television Store. Refer to Code 9519 for the installation, service or repair of electrical appliances. Refer to Code 7605 for intercommunication systems installation or repair. Small satellite dishes mounted on buildings to receive TV signals are assigned to Code 9516.

Analogy Assignments:

- The installation, service, or repair of vehicular equipment such as alarm systems, radios, or other audio equipment found in vehicles is included in Code 9516 when performed by a specialty shop in this trade.
- Code 9516 includes the service and repair of mobile communication devices such as, but not limited to, telephones, beepers, and pagers.
- The installation, service, or repair of marine radar systems, radios, and depth finders is assigned to Code 9516.
- The installation or repair of intercommunication systems and sound systems is assigned to Code 9516.

Related Operations Not Classified to Code 9516:

- Refer to Code 7612 7600 for operations that mount antennae on towers that have been erected by others.
- Refer to Code 5040 for insureds that erect towers and attach antennae to these towers at the same job or location.
- Refer to the appropriate garage classification for the installation, service, or repair of vehicular equipment such as alarm systems, radios, or other audio equipment when performed by automobile service stations, it is assigned to the appropriate garage classification.
- Refer to Code 3724 for the installation of large (more than 36 inches) satellite dishes.
- Refer to Code 7600 for the installation of small (36 inches or less) satellite dishes when installed by a telecommunications insured.
- Refer to Code 9154 for the installation of theater equipment such as stages, lighting, and sound equipment.
- Refer to the appropriate construction code for the installation of screening rooms. These rooms require more advanced installations and often include sophisticated acoustic design elements, including "room in a room" construction that isolates sound and provides the potential for a nearly ideal listening environment.

CROSS-REF. AUTOMOBILE: RADIO, TELEVISION, VIDEO AND AUDIO EQUIPMENT INSTALLATION, SERVICE OR REPAIR AND DRIVERS

Note: Includes shop or outside employees, incidental parts department employees, erection of antennae.

9519

States Not Applicable: Not Applicable	Replaced By: Not Applicable
Established: March 1960	Retained: Not Applicable
Discontinued: Not Applicable	NCCI Schedule and Group: Schedule 35, Group 353

PHRASEOLOGY HOUSEHOLD APPLIANCES—ELECTRICAL—INSTALLATION, SERVICE OR REPAIR & DRIVERS

Note: Includes shop or outside employees and incidental parts department employees. Electrical wiring to be separately classified to Code 5190. Electronic equipment installation, service, or repair to be separately classified to Code 9516.

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

NAICS Code(s):

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

811412—Appliance Repair and Maintenance

238290—Other Building Equipment Contractors

811412—Building Equipment and Other Installation Contractors

Description:

Code 9519 applies to insureds that install, service, or repair electrical household and commercial appliances. The installation and repair of commercial appliances such as dishwashers, electric ovens, food mixers, fry kettles, meat slicers, grinders, kitchen equipment, and soda fountains are also included in this classification.

This code includes both shop and outside employees who service or repair commercial appliances and both small or large household or domestic-type appliances such as toasters, mixers, irons, fans, deep fryers, clocks, vacuum cleaners, electric blankets, stoves, refrigerators, deep freezers, portable air conditioners, washing machines and sewing machines. This classification includes the incidental sale of replacement parts for the aforementioned appliances.

Code 9519 also applies to the installation of electronic registers on residential water and gas meters. Electrical wiring, plumbing or pipe work are separately rated to the appropriate construction code.

Equipment and Materials:

- Hand tools such as pliers, screwdrivers, power drills, wire cutters, and wrenches.

Special Conditions:

- Includes shop or outside employees and incidental parts department employees.

Related Operations Not Classified to Code 9519:

- Electrical wiring to be separately rated as Code 5190.
- Refer to Code 5191—~~Office Machine Installation or Repair~~ for those risks that install, service, or repair office appliances or machines.
- Refer to Code 5192 for the installation, service, and repair of coin-operated washing machines.
- If insureds classified to Code 9519 perform contracting activities such as electrical wiring, separate classifications must apply.
- Refer to Code 9516 for audio, radio, television, video, and related **electronic** equipment installation, service, or repair.
- ~~Refer to Code 8044 for stores that sell and also install appliances.~~

CROSS-REF. AIR-CONDITIONING SYSTEMS: PORTABLE UNITS—INSTALLATION, SERVICE OR REPAIR & DRIVERS**CROSS-REF.** HOUSEHOLD AND COMMERCIAL APPLIANCES—ELECTRICAL—INSTALLATION, SERVICE OR REPAIR & DRIVERS

(N/A MA, OR, VA)

Note: ~~Includes shop or outside employees and incidental parts department employees. Electrical wiring to be separately rated as Code 5190. Television, radio, video, and audio equipment installation, service, or repair to be separately classified to Code 9516~~

CROSS-REF. REFRIGERATION: DOMESTIC: CLEANING, OILING, OR ADJUSTING & DRIVERS

(N/A MA)

Note: A refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach in” refrigeration system having not more than 1/3 h.p. motor or more than 20 cubic feet capacity. All other types of refrigeration shall be considered as commercial.

Description:

The cleaning, oiling, or adjusting of refrigeration appliances is classified to Code 9519.

Related Operations Not Classified to Code 9519:

- Refer to Code 5537—~~Heating, Ventilation, Air Conditioning and Refrigeration Systems—Installation, Service and Repair & Drivers~~ for the cleaning, oiling, or adjusting and installation, service, or repair of a refrigeration unit in conjunction with an air-conditioning system.

CROSS-REF. REFRIGERATION: DOMESTIC: INSTALLATION, SERVICE, OR REPAIR & DRIVERS

(N/A MA)

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

Note: A refrigeration system is defined as “domestic” whether located in a residential or commercial setting provided it is a “reach in” refrigeration system having not more than 1/3 h.p. motor or more than 20 cubic feet capacity. All other types of refrigeration shall be considered as commercial.

Description:

The installation, service, or repair of refrigeration appliances is classified to Code 9519.