
State: Indiana **Filing Company:** Indiana Compensation Rating Bureau
TOI/Sub-TOI: 16.0 Workers Compensation/16.0002 Employers Liability WC
Product Name: B-1428
Project Name/Number: Revisions to Basic Manual Classifications & Appendix E-Classifications by Hazard Group/B-1428

Filing at a Glance

Company: Indiana Compensation Rating Bureau
Product Name: B-1428
State: Indiana
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0002 Employers Liability WC
Filing Type: Rule
Date Submitted: 12/10/2014
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SERFF Status: Closed-Filed
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State Status:
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Effective Date: 01/01/2016
Requested (New):
Effective Date: 01/01/2016
Requested (Renewal):
Author(s): Robin Eleson
Reviewer(s): Thomas Faust (primary)
Disposition Date: 12/11/2014
Disposition Status: Filed
Effective Date (New):
Effective Date (Renewal):

State: Indiana
TOI/Sub-TOI: 16.0 Workers Compensation/16.0002 Employers Liability WC
Product Name: B-1428
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Filing Company: Indiana Compensation Rating Bureau

General Information

Project Name: Revisions to Basic Manual Classifications & Appendix E-Classifications by Hazard Group

Status of Filing in Domicile: Pending

Project Number: B-1428

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular: NCCI Circulat CIF-2014-42

Filing Status Changed: 12/11/2014

Company Status Changed:

State Status Changed:

Deemer Date:

Created By: Robin Eleson

Submitted By: Robin Eleson

Corresponding Filing Tracking Number:

Filing Description:

This item revises, establishes & eliminates certain classification in NCCI's Basic Manual for Workers Compensation & Employers Liability Insurance and statistical codes in NCCI's Statistical Plan for Workers Compensation & Employers Liability Insurance to reflect current business & industry needs.

Company and Contact

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Filing Company Information

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CoCode:
Group Code:
Group Name: ICRB
FEIN Number: 35-0837318

State of Domicile: Indiana
Company Type: Rating
Organization
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: \$35.00
Retaliatory? No
Fee Explanation:
Per Company: Yes

Company	Amount	Date Processed	Transaction #
Indiana Compensation Rating Bureau	\$35.00	12/10/2014	90120812

State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	B-1428		
Project Name/Number:	Revisions to Basic Manual Classifications & Appendix E-Classifications by Hazard Group/B-1428		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Thomas Faust	12/11/2014	12/11/2014

State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	B-1428		
Project Name/Number:	Revisions to Basic Manual Classifications & Appendix E-Classifications by Hazard Group/B-1428		

Disposition

Disposition Date: 12/11/2014

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	80 Filing Description/Cover Letter/NAIC Transmittal		Yes
Supporting Document	Third Party Filers		Yes
Supporting Document	B-1428 Filing Memorandum		Yes

State:	Indiana	Filing Company:	Indiana Compensation Rating Bureau
TOI/Sub-TOI:	16.0 Workers Compensation/16.0002 Employers Liability WC		
Product Name:	B-1428		
Project Name/Number:	Revisions to Basic Manual Classifications & Appendix E-Classifications by Hazard Group/B-1428		

Supporting Document Schedules

Satisfied - Item:	80 Filing Description/Cover Letter/NAIC Transmittal
Comments:	Item B-1428 - Revisions to Basic Manual Classifications & Appendix E-Classifications by Hazard Group
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Third Party Filers
Comments:	Per IC 27-7-2-3 through 27-7-2-4, the Bureau has statutory authority to file rates, rules, plans and forms on behalf of all workers compensation insurance companies in Indiana.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	B-1428 Filing Memorandum
Comments:	
Attachment(s):	B-1428 - Revisions to Basic Manual Classifications and Appendix E-Classifications by Hazard Group.pdf
Item Status:	
Status Date:	

FILING MEMORANDUM

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

This item revises, establishes, and eliminates certain classifications in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* and statistical codes in NCCI's *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)* to reflect current business and industry needs. The industries, manuals, and states impacted by this item and the applicable exhibits are shown in the table below:

Exhibits	Fact Sheet	Exhibit	Proposal Applicable in:
Machine Shops	1	1A	All states except IL, VA
		1B	All states except VA
		1C	All states except IL, OR, VA
		1D	All states except VA
		1E	All states except VA
Optical Stores	2	2A	All states except NH, VA
		2B	All states except NH, VA
Classifications to Be Reformatted	3	3A	All states except VA
		3B	All states except AZ, VA
		3C	All states except DC, VA
		3D	All states except VA
State Special Classifications With Zero Credibility to Be Eliminated	4	4A	AL, CT, GA, IL, KY, LA, MD, ME, MO, NC, NV, OK, OR, SC, TN, UT
Statistical Plan Coding Values		4B	CT, GA, UT
Assigned Carrier Performance Standards		4C	GA
Basic Manual Appendix E—Table of Classifications by Hazard Group		4D	AL, CT, GA, IL, KY, LA, MD, ME, MO, NC, NV, OK, OR, SC, TN, UT, VA
State-Specific Exhibits	1, 2, 3, 4	5	IL, NH, VA

BACKGROUND

This item includes proposals for the individual classifications identified in each exhibit, including format and consistency changes, if applicable. The background information is contained in each exhibit's fact sheet, as shown in the above table.

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

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FILING MEMORANDUM

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

PROPOSAL

This item is presented in exhibits as shown in the above table. Each exhibit's fact sheet outlines the proposals relating to the industry in that exhibit, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation.

The proposed changes have been consolidated for display purposes only. Exhibits may display several revised, established, and eliminated phraseologies. These phraseologies should each be viewed as individual changes to **Basic Manual** content.

IMPACT

This item will support the uniform and equitable treatment of employers within each industry. NCCI recognizes that some recommendations, such as moving a specific operation from one classification to another, may have a premium impact for particular employers. Additionally, some of the changes proposed may have a loss cost/rate impact. The fact sheet for each exhibit details the potential impacts specific to each of the proposed changes.

IMPLEMENTATION

This item is applicable to new and renewal policies, and it will become effective concurrent with each state's approved loss cost/rate filing effective on and after October 1, 2015, unless otherwise noted. For example, this item will become effective October 1, 2015, for approved loss cost/rate filings that have an October 1, 2015 effective date. If there is no loss cost/rate filing for a state in a given year, this item will take effect on that state's normal loss cost/rate effective date. The normal loss cost/rate effective date is the anniversary date of the state's previous years' loss cost/rate effective date.

Anticipated Effective Dates by State

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

State	Anticipated* Effective Date
Alabama	March 1, 2016
Alaska	January 1, 2016
Arizona	January 1, 2016
Arkansas	July 1, 2016
Colorado	January 1, 2016
Connecticut	January 1, 2016
District of Columbia	November 1, 2015

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FILING MEMORANDUM

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP

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, 2015, it will become effective January 1, 2016. If it is approved after July 1, 2015, it will become effective January 1, 2017.
Georgia	March 1, 2016
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2016. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2016
Illinois	January 1, 2016
Indiana	January 1, 2016
Iowa	January 1, 2016
Kansas	January 1, 2016
Kentucky	October 1, 2015
Louisiana	May 1, 2016
Maine	April 1, 2016
Maryland	January 1, 2016
Mississippi	March 1, 2016
Missouri	January 1, 2016
Montana	July 1, 2016
Nebraska	February 1, 2016
Nevada	March 1, 2016
New Hampshire	January 1, 2016
New Mexico	January 1, 2016
North Carolina	April 1, 2016
Oklahoma	January 1, 2016
Oregon	January 1, 2016
Rhode Island	August 1, 2016
South Carolina	September 1, 2016

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FILING MEMORANDUM

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

South Dakota	July 1, 2016
Tennessee	March 1, 2016
Utah	December 1, 2015
Vermont	April 1, 2016
Virginia	April 1, 2016
West Virginia	November 1, 2015

* Subject to change.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1A — 1E	Details the revisions to national phraseologies for Machine Shops. Refer to Fact Sheet 1 for purpose, background, proposal, and impact.	Revises NCCI's Basic Manual .
2A — 2B	Details the revisions to national phraseologies for Optical Stores and Physician & Clerical. Refer to Fact Sheet 2 for purpose, background, proposal, and impact.	
3A — 3D	Details the revisions to the formatting of several classifications. Refer to Fact Sheet 3 for purpose, background, proposal, and impact.	
4A — 4D	Details the elimination of state special classifications with zero credibility. Refer to Fact Sheet 4 for purpose, background, proposal, and impact.	Revises NCCI's Basic Manual , Statistical Plan , and Assigned Carrier Performance Standards—2009 Edition .
5	Details the revisions to state special phraseologies for IL, NH and VA.	Revises NCCI's Basic Manual .

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**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET**MACHINE SHOPS****PURPOSE**

The purpose of the proposed changes for this industry is to revise the classification treatment for machine shops that manufacture parts for others.

BACKGROUND

An analysis of inspections completed under NCCI's Classification Inspection Program identified Code 3629—Precision Machined Parts Mfg. NOC as a frequently reclassified code. The majority of employers that are reclassified from Code 3629 to Code 3632—Machine Shop NOC do not meet the criteria for assignment to Code 3629. This is mainly due to the emphasis that is placed on the tolerances in the machining process rather than the finished product.

Code 3629—Precision Machined Parts Mfg. NOC was established in 1943 to address manufacturing shops that specialized in the production of high precision small parts and assemblies. These parts were directly related to the manufacture of arms, aircraft, or similar apparatus to be used in World War II.

Inspectors, agents, auditors, and employers can rarely verify the percentage of machining operations that meet the tolerance requirements, even when plans and specifications are provided by the employer. Plans and specifications only detail the final tolerance required for the part, not the tolerance for each machining operation in the process. Business owners typically do not track machining operations.

Placing the emphasis on tolerances alone may lead to misclassification to Code 3629. For example, consider a gear manufacturer that produces gears that are held to strict tolerances. If every gear produced is held to a .001-inch tolerance or better, the business may be misclassified to Code 3629 if the emphasis is placed on tolerances alone. Because the finished part is best described by another code, the business in this example should be classified to Code 3635—Gear Mfg. or Grinding. This is because NCCI's **Basic Manual** provides that it is the business of the employer within a state that is classified, not separate employments, occupations, or operations within the business.

Code 3629 is intended to apply to manufacturers that produce single-piece parts. Welding and assembly are secondary operations that would not be performed when making single-piece parts.

Code 3629 references the tolerance requirement:

Applies only to risks where the plans or specifications require that not less than 50% of all machining operations performed by the risk shall be held to final tolerances of .001 inches or closer. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 3629 are conducted as a separate and distinct business.

Code 3632 is intended to apply to the manufacture or repair of machines, the repair of parts, the repair of engines that have been removed from the vehicle by others, and general job machining. Code 3632 is also intended to apply to operations performed only in an employer's shop. It is not intended for mobile operations performed away from the employer's location.

Mechanical equipment has changed over the years. Businesses are able to cut metal using equipment such as computer numeric controlled (CNC) machines, plasma cutters, laser cutters, electric discharge machines (EDM), and water jet cutters. Traditional job shops are now able to produce precision parts without additional

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET (CONT'D)

machining operations. In many cases, precision parts manufacturing shops still rely on secondary operations such as grinding to attain final tolerance.

Additive manufacturing, also known as 3D printing, is an emerging technology that simplifies the manufacturing process. NCCI uses the term “additive manufacturing” to avoid any confusion with traditional printing operations. NCCI recognizes that the treatment of this new manufacturing method needs to be addressed within the classification system. Additive manufacturing allows for the highly automated production of parts using a base material, such as plastic, wood, or metal, and a binder or adhesive. Thin layers of material are placed on top of each other using computer-controlled distribution. The base material is built up by adding the binder between each layer. The process is repeated until the part is complete. By adding only enough material that is needed to complete the part, the process results in little to no waste.

Additive manufacturing machines are capable of producing any type of part that can be programmed into the computer. This is a “clean” type of manufacturing since almost all of the work is performed by the machine. Work areas are clean and free of debris such as metal shavings, dirt, and grease found in traditional manufacturing plants. It is expected that most of the staff needed to support this technology will be in the areas of design and computer programming, with minimal production work done by individuals.

The existing classification system is able to accommodate many of the changes that additive manufacturing is expected to produce. Code 3629 must not be assigned to additive manufacturing operations that produce parts described by another code. Code 3629 must only be assigned when the parts manufactured are varied and no single code better describes the operation. For example, an automobile manufacturer would continue to be assigned to the automobile manufacturing code even if the majority of its parts are made using the additive manufacturing process.

PROPOSAL

1. Revise Code 3629—Precision Machined Parts Mfg. NOC to:
 - Remove the word “Precision”
 - Remove the tolerance requirements
 - Establish new criteria for the code
2. Establish a new cross-reference phraseology for Additive Manufacturing NOC—No Assembly under Code 3629.
3. Revise the following phraseologies for Code 3632 to clarify that the code applies only to shop operations performed on the premises of the employer and to the manufacture or repair of machines, the repair of parts, the repair of engines that have been removed from the vehicle by others, and general job machining:
 - Code 3632—Machine Shop NOC
 - Code 3632—Tool Sharpening—Industrial Tools
 - Code 3632—Automotive—Machine Shop

IMPACT

No changes are proposed to the loss costs/rates for Codes 3629 and 3632. As a result of the changes proposed in this item, it is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll to or from Codes 3629 and 3632. It is not possible to determine the number of employers that may be impacted by this change. The impact to individual employers will depend on the amount of payroll that transfers between the codes.

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

STATE-SPECIFIC PROPOSALS AND IMPACTS

Illinois Proposal:

NCCI recommends that Illinois adopt the proposed national treatment for Codes 3629 and 3632 and eliminate the state special requirement for Code 3629 that 50% or more of the parts produced require a machined tolerance of .001 or closer:

Code 3629—Precision Machined Parts Mfg. NOC

Illinois Impact:

The premium impact in Illinois is expected to be the same as the proposed national treatment.

Virginia Proposal:

Virginia's current treatment of Codes 3629 and 3632 is the same as the current national treatment. NCCI recommends that Virginia adopt the proposed national treatment for Codes 3629 and 3632. Accordingly, the Virginia Special Classifications in NCCI's **Basic Manual** will be updated for the following code(s):

- Code 3629—Precision Machined Parts Mfg. NOC
- Code 3629—Additive Manufacturing NOC—No Assembly
- Code 3632—Machine Shop NOC
- Code 3632—Automotive—Machine Shop
- Code 3632—Tool Sharpening—Industrial Tools

Virginia Impact:

The premium impact in Virginia is expected to be the same as the proposed national treatment.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1A—NATIONAL CLASSIFICATIONS

BASIC MANUAL—2001 EDITION

MACHINE SHOPS

PART TWO—CLASSIFICATIONS

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

3629 PRECISION MACHINED PARTS MFG. NOC-

Applies only to employers that machine single-piece parts for others that meet all of the following conditions: risks where the plans or specifications require that not less than 50% of all machining operations performed by the risk shall be held to final tolerances of .001" or closer. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 3629 are conducted as a separate and distinct business.

1. The employer's operations are not described by another classification.
2. The machined parts manufactured by the employer are not described by another classification.
3. The employer does not assemble any single-piece machined parts into end-product components. Assembly operations include, but are not limited to, welding, fastening, inserting, pressing, and the joining of springs, ball bearings, gears, or other parts or components to any other part or component.
4. The employer does not perform casting, forging, stamping, forming, or fabrication.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1B—NATIONAL CLASSIFICATIONS

BASIC MANUAL—2001 EDITION

MACHINE SHOPS

PART TWO—CLASSIFICATIONS

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

3629 **ADDITIVE MANUFACTURING NOC—NO ASSEMBLY**

Applies to employers that manufacture single-piece parts for others using 3D printers or similar equipment. Also applies to finished products with multiple parts when the products are manufactured by 3D printers or similar equipment and require no additional assembly. The operations must meet all of the following conditions:

1. The employer's operations are not described by another classification.
2. The parts or finished products manufactured by the employer are not described by another classification.
3. The employer does not perform assembly operations. Assembly operations include, but are not limited to, welding, fastening, inserting, pressing, and the joining of springs, ball bearings, gears, or other parts or components to any other part or component.
4. The employer does not perform casting, forging, stamping, forming, or fabrication.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1C—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MACHINE SHOPS

PART TWO—CLASSIFICATIONS

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

3632 MACHINE SHOP NOC-

Foundry operations to be separately rated. Code 3632 applies to the manufacture or repair of machines, as well as to general job machining that is not otherwise classified. Applies only to shop operations performed on the premises of the employer.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1D—NATIONAL CLASSIFICATIONS

BASIC MANUAL—2001 EDITION

MACHINE SHOPS

PART TWO—CLASSIFICATIONS

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

AUTOMOTIVE

3648 ~~Lighting, Ignition, or Starting Apparatus Mfg. NOG~~

3632 ~~Machine Shop.~~ No work on vehicles. Applies to operations involving the repair of parts that have been removed from the vehicle by others. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 3632 are conducted as a separate and distinct business.

3648 AUTOMOTIVE—LIGHTING, IGNITION, OR STARTING APPARATUS MFG. NOC

3632 AUTOMOTIVE—MACHINE SHOP

No work on vehicles. Applies to operations involving the repair of parts or engines that have been removed from the vehicle by others. ~~Shall Must~~ not be assigned to a risk engaged in an employer that performs operations described by another classification unless the operations subject to Code 3632 are conducted as a separate and distinct business. Applies only to shop operations performed on the premises of the employer.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1E—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MACHINE SHOPS

PART TWO—CLASSIFICATIONS

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

3632 **TOOL SHARPENING—INDUSTRIAL TOOLS—SHOP ONLY**

Applies only to shop operations performed on the premises of the employer. Tool sharpening operations performed at the customer's location to be separately rated.

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET**OPTICAL STORES****PURPOSE**

The purpose of the proposed changes for this industry is to revise Code 8013—Optical Stores and Code 8832—Physician & Clerical to address the sale of eyewear.

BACKGROUND

Historically, ophthalmologists and optometrists functioned in a physician's office where clients would be examined, diagnosed, and treated. Both ophthalmologists and optometrists examine and diagnose eye diseases and related systemic conditions such as hypertension and diabetes, treat visual conditions such as nearsightedness, and write prescriptions. The main distinction is that ophthalmologists are accredited medical doctors and may perform surgery or eye research.

Once the patient has been issued a prescription, an optician will fill the prescription. Opticians generally learn their skill on the job, although some states have licensing requirements. Opticians manage an optical center that dispenses eyeglasses, contact lenses, and other accessories.

In the 1970s, the industry began to change. Large, one-stop-shopping optical centers emerged. These stores generally have an affiliated optometrist or ophthalmologist on-site or next door to conduct eye exams and write prescriptions. The optometrist or ophthalmologist may own the optical store, work for the optical store, or be an affiliated doctor that leases space, equipment, etc., and conducts their practice from the optical store location. In such cases, they may receive support of the optical store staff, including an optician. The optician and staff assist the client with frame selection and fitting while the on-site lab grinds and mounts lenses.

In 1986, due to the evolving industry, the American Academy of Ophthalmology revised its policy and allowed ophthalmologists to sell the eyewear they prescribe. The Academy had previously considered this practice unethical. Now, the latest industry innovation involves warehouse shopping outlets or departments where optometrists are often on staff to conduct eye exams but the lenses and glasses will not be made while the customer waits. These operations send the eyewear to a lab and the customer returns to pick up their purchase.

The filed language of Codes 8013 and 8832 does not provide instruction for a business that dispenses optical goods. The amount or percentage of optical goods sold is not defined. NCCI's *Basic Manual* Rule 1-D-3-g provides that store operations are classified based on the principal type of merchandise sold. "Principal" means more than 50% of gross receipts, excluding receipts derived from the sale of lottery tickets. To ensure classification consistency, NCCI has determined that it is an appropriate application of Rule 1-D-3-g to determine the assignment of either Code 8013 or Code 8832. These two codes also refer to individual employments as a means of determining the classification, which has led to some classification inconsistency.

PROPOSAL

1. Revise Code 8013—Optical Stores to clarify that this code applies when the gross receipts from the sale of eyewear are more than 50%.
2. Revise Code 8832—Physician & Clerical to clarify that this code includes the sale of eyewear when gross receipts from the sale of eyewear are 50% or less.

IMPACT

No changes are proposed to the loss costs/rates for Codes 8013 and 8832. As a result of the changes proposed in this item, it is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll to or from Codes 8013 and 8832. It is not possible to determine the number of employers that may be impacted by this change. The impact to individual employers will depend on the amount of payroll that transfers between the codes. Redefining Codes 8013 and 8832 may result in

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET (CONT'D)

the assignment of Code 8810—Clerical Office Employees NOC when all clerical conditions are met. This is because Code 8832 includes clerical employees while Code 8013 does not.

STATE-SPECIFIC PROPOSALS AND IMPACTS

New Hampshire Proposal:

NCCI recommends that New Hampshire adopt the national proposals for Codes 8013 and 8832 and eliminate the following state special phraseologies:

- Code 8013—Optical Stores
- Code 8832—Ophthalmologist or Optometrist & Clerical

New Hampshire Impact:

The premium impact in New Hampshire is expected to be the same as the proposed national treatment.

Virginia Proposal:

Virginia's current treatment of Codes 8013 and 8832 is the same as the current national treatment. NCCI recommends that Virginia adopt the proposed national treatment for Codes 8013 and 8832. Accordingly, the Virginia Special Classifications in NCCI's **Basic Manual** will be updated for the following codes:

- Code 8013—Optical Stores
- Code 8832—Physician & Clerical
- Code 4149—Optical Goods Mfg. NOC

Virginia Impact:

The premium impact in Virginia is expected to be the same as the proposed national treatment.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2A—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
OPTICAL STORES

PART TWO—CLASSIFICATIONS

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

8013◆ OPTICAL STORES

Optical stores that perform eye exams, treat eye diseases, and dispense eyewear are classified to Code 8013 when gross receipts from the sale of eyewear are more than 50%. Refer to Code 8832 when gross receipts from the sale of eyewear are 50% or less. Surface grinding of lenses to be separately rated as Code 4149.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 2B—NATIONAL CLASSIFICATIONS

BASIC MANUAL—2001 EDITION

OPTICAL STORES

PART TWO—CLASSIFICATIONS

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

8832 PHYSICIAN & CLERICAL

Employees engaged in any type of service in or about premises, other than premises used for professional purposes, are to be separately rated. Does not apply where inpatient overnight care is provided.

Independent medical testing labs that analyze medical specimens are assigned to Code 4511. Testing labs that are not independent but part of a medical facility or physician's office must be ~~also~~ classified to Code 8832.

Physicians' offices that perform eye exams, treat eye diseases, and dispense eyewear are classified to Code 8832 when gross receipts from the sale of eyewear are 50% or less. Refer to Code 8013 when gross receipts from the sale of eyewear are more than 50%. Surface grinding of lenses to be separately rated as Code 4149.

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3—FACT SHEET

CLASSIFICATIONS TO BE REFORMATTED

PURPOSE

The purpose of the proposed changes is to revise the formatting of several classifications to make corrections to existing phraseologies.

BACKGROUND

NCCI has identified classifications that have been incorrectly formatted. Code 5057—Iron or Steel—Erection—Steel Frame—Interior—Light Gauge Steel—NOC must be revised to remove “Steel Frame—Interior—Light Gauge Steel” from the phraseology. The classification for Steamship Line or Agency—Port Employees must also be reformatted to clarify the proper classification wording for the following three codes:

STEAMSHIP LINE OR AGENCY—PORT EMPLOYEES

8726F	Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers:
8709F	Coverage Under U.S. Act
8719	Coverage Under State Act Only

PROPOSAL

Revise the phraseology for:

1. Code 5057 to state Iron or Steel—Erection—NOC.
2. Code 8726F to state Steamship Line or Agency—Port Employees—Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks.
3. Code 8709F to state Steamship Line or Agency—Port Employees—Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers—Coverage Under U.S. Act.
4. Code 8719 to state Steamship Line or Agency—Port Employees—Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers—Coverage Under State Act Only.

IMPACT

No changes are proposed to the loss costs/rates for Codes 5057 and 8726F.

As a result of the changes proposed in this item, it is possible that some payroll from Code 5057 could be transferred to codes with similar phraseology involving “Steel Frame, Interior, or Light Gauge Steel.” The impact to individual employers will depend on the amount of payroll that transfers from redefined Code 5057, as well as the associated loss cost/rate as compared to the newly classified code’s proposed loss cost/rate.

It is possible that some payroll from Code 8726F could be transferred to Code 8709F or Code 8719. The impact to individual employers will depend on the amount of payroll that transfers from redefined Code 8726F, as well as the associated loss cost/rate as compared to the newly classified code’s proposed loss cost/rate.

STATE-SPECIFIC PROPOSALS AND IMPACTS

No state-specific changes are proposed within this fact sheet.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3A—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CLASSIFICATIONS TO BE REFORMATTED
PART TWO—CLASSIFICATIONS

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

5057• IRON OR STEEL—ERECTION—STEEL FRAME—INTERIOR—LIGHT GAUGE STEEL—NOC

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3B—NATIONAL CLASSIFICATIONS

BASIC MANUAL—2001 EDITION

CLASSIFICATIONS TO BE REFORMATTED

PART TWO—CLASSIFICATIONS

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

~~STEAMSHIP LINE OR AGENCY—PORT EMPLOYEES~~

8726F ~~STEAMSHIP LINE OR AGENCY—PORT EMPLOYEES—SUPERINTENDENTS, CAPTAINS,
ENGINEERS, STEWARDS OR THEIR ASSISTANTS, PAY CLERKS Tallies, Checking
Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers:~~

8709F Coverage Under U.S. Act

8749 Coverage Under State Act Only

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3C—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CLASSIFICATIONS TO BE REFORMATTED
PART TWO—CLASSIFICATIONS

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

8719 STEAMSHIP LINE OR AGENCY—PORT EMPLOYEES—TALLIERS, CHECKING
CLERKS, AND EMPLOYEES ENGAGED IN MENDING OR REPACKING OF DAMAGED
CONTAINERS—COVERAGE UNDER STATE ACT ONLY

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3D—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CLASSIFICATIONS TO BE REFORMATTED
PART TWO—CLASSIFICATIONS

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

8709F STEAMSHIP LINE OR AGENCY—PORT EMPLOYEES—TALLIERS, CHECKING
CLERKS, AND EMPLOYEES ENGAGED IN MENDING OR REPACKING OF DAMAGED
CONTAINERS—COVERAGE UNDER U.S. ACT