

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF
THREAD SERVICES, LLC

A.I.D NO. 2012- 302

**APPEAL BY PETITIONER FROM THE DECISION OF THE ARKANSAS WORKERS'
COMPENSATION APPEAL BOARD, NCCI CASE NUMBER 19567**

This is an appeal to the Commissioner from a decision of the Arkansas Workers' Compensation Appeal Board involving a classification of employees dispute. The matter was argued before the Board on December 6, 2011. Upon a written decision being entered, the Respondent timely filed its petition for review of the Board's decision by the Commissioner as allowed by Ark. Code Ann. § 23-67-219 (3)(B)(iii).

Petitioner installs plastic liners, principally at natural gas drilling sites, for purposes of pollution control. The installation is performed before any well drilling equipment is at the well site. Once the drilling is completed and all equipment is removed from the site, Petitioner removes the plastic liner from the drilling site.

The conflict arose when the National Council on Compensation Insurance ("NCCI") assigned the installation of plastic liners at gas or oilfield well sites to Code 6216. Petitioner believes Code 5102 should be assigned. Petitioner asserts that its employees do not work under the risks associated with an oil and gas drilling operation, nor do they run the risk of having to coordinate with multiple contractors or subcontractors working on a single site. Rather, the employees undertake the identical risks incurred when installing and removing liners in any industrial setting.

NCCI's position is that Code 6216 is assigned to specialty contractors that perform support work specifically for oilfield lease operators and encompasses a broad range of support work, including but not limited to, lease site work involving clearing of land, building roads to the drilling site, constructing slush pits, levees and fire walls, laying or taking up or flow lines and water lines, the installation of central pumping units, and lease beautification work. NCCI assigned the installation of plastic liners at the well site to Code 6216 because it was performed by a specialty contractor, Petitioner, and the work is in support of operating a well site. The Appeals Board affirmed Code 6216 as the correct classification for Petitioner's installation of plastic liners at oilfield sites.

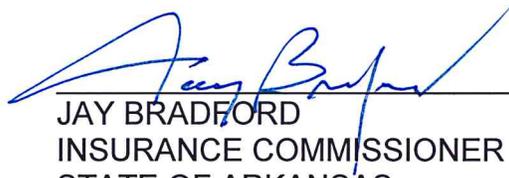
The Appeals Board also made some recommendations to NCCI as it relates to this dispute:

1. Review Code 6216 to determine if certain "secondary operations" should be removed and separately classified.
2. Consider adding language to the scope of Code 5102 where plastic liner installation is addressed that states that installation of liners at oilfield sites is classified to Code 6216.

Upon review of the record, the Appeal Board's decision is upheld. The Commissioner agrees with the Appeals Panel that Code 6216 should be reviewed to determine if secondary operations should be removed and separately classified and that Code 5102 should include wording to the effect that plastic liner installation of oil/gas sites should be coded 6216 to avoid future confusion.

In addition, the Commissioner would like NCCI to consider adding to the NOC (not otherwise classified) wording to the effect that the business is “not other classified in a related Oil/Gas classification”.

DATED this 16th day of April, 2012



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS