

SERFF Tracking Number: NCCI-125842824 State: Arkansas  
Filing Company: NCCI State Tracking Number: EFT \$100  
Company Tracking Number: B-1412- AR  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: B-1412 - Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group  
Project Name/Number: /

## Filing at a Glance

Company: NCCI

Product Name: B-1412 - Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group SERFF Tr Num: NCCI-125842824 State: Arkansas

TOI: 16.0 Workers Compensation

SERFF Status: Closed

State Tr Num: EFT \$100

Sub-TOI: 16.0004 Standard WC

Co Tr Num: B-1412- AR

State Status: Fees verified and received

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler

Authors: Lesley O'Brien, Alison Herwig, Frank Gnolfo, Terri Robinson

Disposition Date: 11/14/2008

Effective Date Requested (New): 07/01/2011

Disposition Status: Approved

Effective Date Requested (Renewal): 07/01/2011

Effective Date (New): 07/01/2011

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name:

Status of Filing in Domicile:

Project Number:

Domicile Status Comments:

Reference Organization: NCCI, Inc

Reference Number: B-1412

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 11/14/2008

State Status Changed: 10/13/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

The purpose of this item is to clarify, eliminate, 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. Classifications are being discontinued and operations reassigned for both the film exchange and lacquer or varnish manufacturing industries while a new classification is being created for Superstores and Warehouse Clubs.

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These changes are in addition to some updating or clarification of existing codes and format only changes.

## Company and Contact

### Filing Contact Information

Terri Robinson, State Relations Executive      terri\_robinson@ncci.com  
 46714 Highway 10      (501) 753-5180 [Phone]  
 Perryville, AR 72126      (561) 893-5655[FAX]

### Filing Company Information

NCCI      CoCode:      State of Domicile: Florida  
 901 Peninsula Corporate Circle      Group Code:      Company Type:  
 Boca Raton, FL 33487      Group Name:      State ID Number:  
 (561) 893-3186 ext. [Phone]      FEIN Number: 65-0439698  
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## Filing Fees

Fee Required?      Yes  
 Fee Amount:      \$100.00  
 Retaliatory?      No  
 Fee Explanation:      1 Rule Filing  
 Per Company:      No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
NCCI	\$100.00	10/09/2008	23078656

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	11/14/2008	11/14/2008

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Carol Stiffler	10/16/2008	10/16/2008	Frank Gnolfo	11/12/2008	11/12/2008
Industry Response						

*SERFF Tracking Number:*      *NCCI-125842824*                      *State:*                      *Arkansas*  
*Filing Company:*              *NCCI*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*    *B-1412- AR*  
*TOI:*                      *16.0 Workers Compensation*                      *Sub-TOI:*                      *16.0004 Standard WC*  
*Product Name:*              *B-1412 - Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group*  
*Project Name/Number:*        /

## **Disposition**

Disposition Date: 11/14/2008

Effective Date (New): 07/01/2011

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: NCCI-125842824 State: Arkansas  
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<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Approved	Yes
<b>Supporting Document</b>	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
<b>Supporting Document</b>	NAIC loss cost data entry document	Approved	Yes
<b>Supporting Document</b>	B-1412- Fact Sheets	Approved	Yes
<b>Supporting Document</b>	Filing Memorandum	Approved	Yes
<b>Supporting Document</b>	Response to 10/16/08 Objection	Approved	Yes
<b>Rate</b>	Exhibit 1	Approved	Yes
<b>Rate</b>	Exhibit 2	Approved	Yes
<b>Rate</b>	Exhibit 3	Approved	Yes
<b>Rate</b>	Exhibit 4	Approved	Yes

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 10/16/2008  
Submitted Date 10/16/2008  
Respond By Date  
Dear Terri Robinson,

This will acknowledge receipt of the captioned filing.

Exhibit 1 Fact Sheet Film Exchange and Two-Year Transition Program Rules give examples of the 2-year transition program calculation that "are not the actual rates/loss costs in use, nor do they represent expected actual rates/loss costs for the codes indicated". Please provide some Arkansas specific information such as number of policyholders that will be affected and amount of premium affected. A Background and High Level Summary similar to that given in Item Filing B-1409 would be helpful.

Please provide a count of the policyholders for these codes and a

Please feel free to contact me if you have questions.

Sincerely,  
Carol Stiffler

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 11/12/2008  
Submitted Date 11/12/2008

Dear Carol Stiffler,

### Comments:

### Response 1

Comments: Response to objection of 10/16/2008 is in supporting doc tab

### Changed Items:

### Supporting Document Schedule Item Changes

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Satisfied -Name: Response to 10/16/08 Objection

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Alison Herwig, Frank Gnolfo, Lesley O'Brien, Terri Robinson



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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Approved	Exhibit 1	Two year Transition Program Rules	Replacement	B-1369	Exhibit 1 - Two Year Transition Program Rules and Example.pdf Exhibit 1 -FILM EXCHANGE.pdf
Approved	Exhibit 2	Classifications	Replacement	B-1369	Exhibit 2 -LACQUER OR SPIRIT VARNISH.pdf
Approved	Exhibit 3	Classifications	Replacement	B-1369	Exhibit 3- SUPERSTORES AND WAREHOUSE CLUBS.pdf
Approved	Exhibit 4	Appendix E	Replacement	B-1369	Exhibit 4 - Appendix E--Classifications by Hazard Group.pdf

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 1—FILM EXCHANGE**

**TWO-YEAR TRANSITION PROGRAM RULES**

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

The following are the rules of the two-year transition program implementing the rates/loss costs and rating values for Codes 4362 and 4360. 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 4362 and 4360 within each of the classification rate/loss cost filings. An example of the two-year transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit.

- A. Risks will continue to be classified to either Code 4362 or 4360 as appropriate until the elimination of Code 4362 in the second state rate/loss cost annual experience filing revision from which this transition program was initiated.
  
- B. As part of the first NCCI state rate/loss cost experience filing revision where this transition program is initiated, the payroll-weighted rate/loss cost of Codes 4362 and 4360 will be calculated using the latest available year's payroll and the standard calculated rate/loss cost of the two individual codes. If the payroll-weighted rate/loss cost is within the swing limits determined for Codes 4362 and 4360, 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 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 4362 and 4360 within the swing limits of the filing. However, a 50% minimum weighting value must be used, regardless of the swing limits to execute the transition program within two years. Rating values will be calculated in a similar manner.
  
- C. As part of the second NCCI state rate/loss cost classification experience filing revision, Code 4362 will be eliminated. All insured operations previously assigned to Code 4362 will then be assigned to Code 4360. The rate/loss cost for newly defined Code 4360 will be the payroll-weighted rate/loss cost of Code 4362 and Code 4360 using this filing's latest available year of payroll and the standard calculated rate/loss cost of the two individual codes. Rating values will be determined by the same payroll weighting.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 1—FILM EXCHANGE**

**EXAMPLE OF TWO-YEAR TRANSITION PROGRAM CALCULATION**

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

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

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

The following assumptions are made for this example:

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

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

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

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

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

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

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 1—FILM EXCHANGE (CONT'D)**

**EXAMPLE OF TWO-YEAR TRANSITION PROGRAM EXPECTED LOSS RATE (ELR)**

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

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

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

The following assumptions are made for this example:

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

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

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

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

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

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

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 1—FILM EXCHANGE (CONT'D)**

**EXAMPLE OF TWO-YEAR TRANSITION PROGRAM D RATIOS**

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

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

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

The following assumptions are made for this example:

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

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

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

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

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

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

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 1—FILM EXCHANGE (CONT'D)**

**EXAMPLE OF TWO-YEAR WEIGHT VALUE CALCULATION**

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

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

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

The following assumptions are made for this example:

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

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

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

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 1—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
FILM EXCHANGE  
CLASSIFICATIONS

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

**4362** **FILM EXCHANGE & CLERICAL.**

Includes projection rooms. Film exchanges located at motion picture studios to be separately rated as Code 4360—Motion picture.

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

~~**4362** **FILM EXCHANGE & CLERICAL.**~~

~~Includes projection rooms. Film exchanges located at motion picture studios to be separately rated as Code 4360—Motion picture.~~

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

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 1—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
FILM EXCHANGE  
CLASSIFICATIONS

~~MOTION PICTURE~~

- 4360 ~~Development of Negatives, Printing, and All Subsequent Operations.~~ Marketing of the product through film exchanges at locations other than the studio to be separately rated as Code 4362—Motion picture film exchange.
- ~~4362~~ ~~Film Exchange & Projection Rooms, Clerical.~~ Applies to film exchanges not located at motion picture studios.
- 7610 ~~Production—In Studios or Outside—All Operations Up to the Development of Negatives & Clerical, Drivers~~

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 1—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
FILM EXCHANGE  
CLASSIFICATIONS**

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

**4360 MOTION PICTURE—DEVELOPMENT OF NEGATIVES, PRINTING, AND ALL SUBSEQUENT  
OPERATIONS.**

Marketing of the product through film exchanges at locations other than the studio to be separately rated as Code 4362—Motion picture—film exchange.

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

**4360 MOTION PICTURE—DEVELOPMENT OF NEGATIVES, PRINTING, AND ALL SUBSEQUENT  
OPERATIONS.**

~~Marketing of the product through film exchanges at locations other than the studio to be separately rated as Code 4362—Motion picture—film exchange.~~ Digital media processing and editing, as well as marketing through film exchanges, are included under Code 4360, whether performed by a contractor or the production company.

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

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 1—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
FILM EXCHANGE  
CLASSIFICATIONS

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

**4362◆** **MOTION PICTURE—FILM EXCHANGE & PROJECTION ROOMS, CLERICAL.**  
Applies to film exchanges not located at motion picture studios.

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

~~**4362◆** **MOTION PICTURE—FILM EXCHANGE & PROJECTION ROOMS, CLERICAL.**~~  
~~Applies to film exchanges not located at motion picture studios.~~

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

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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EXHIBIT 1—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
FILM EXCHANGE  
CLASSIFICATIONS

7610 MOTION PICTURE—PRODUCTION—IN STUDIOS OR OUTSIDE—ALL OPERATIONS UP TO  
THE DEVELOPMENT OF NEGATIVES & CLERICAL, DRIVERS

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
LACQUER OR SPIRIT VARNISH MANUFACTURING, OLEORESINOUS VARNISH  
MANUFACTURING, AND PAINT MANUFACTURING  
CLASSIFICATIONS

~~VARNISH MFG.~~

~~4561~~ ~~Oleoresinous. Mfg. of solvents, spirit varnishes, lacquers, or dopes to be separately rated.~~  
~~Mfg. Spirit. See Lacquer or Spirit Varnish Mfg.~~

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
LACQUER OR SPIRIT VARNISH MANUFACTURING, OLEORESINOUS VARNISH  
MANUFACTURING, AND PAINT MANUFACTURING  
CLASSIFICATIONS

4439

~~SPIRIT VARNISH OR LACQUER MFG.~~

~~Includes mixing of thinners or solvents but not nitrocellulose mfg. Assign risks engaged in the  
mfg. of nitrocellulose to the appropriate chemical Code 4828 or 4829.~~

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
LACQUER OR SPIRIT VARNISH MANUFACTURING, OLEORESINOUS VARNISH  
MANUFACTURING, AND PAINT MANUFACTURING  
CLASSIFICATIONS

- 4439 ~~LACQUER OR VARNISH MANUFACTURING OR SPIRIT VARNISH MFG.~~  
Includes mixing of thinners or solvents but not nitrocellulose manufacturing. ~~mfg.~~ Assign risks that engaged in the mfg. manufacture of nitrocellulose, thinners, or solvents to the appropriate chemical classification, Code 4828 or Code 4829.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

**8037◆ STORE—SUPERSTORES AND WAREHOUSE CLUBS**

Superstores and warehouse clubs are large retail establishments with multiple departments, with each department selling a specific type of merchandise. Warehouse clubs may have a large percentage of business memberships. This does not preclude them from assignment to this classification. Due to the nature of these operations, the principal type of merchandise sold (i.e., more than 50% of gross receipts) may vary from year to year; therefore, superstores and warehouse clubs will not be classified based on the principal type of merchandise sold. A key distinction between superstores and department stores, discount department stores, or other retail operations is that superstores sell groceries such as milk, juices, cereals, crackers, cookies, frozen dinners, frozen deserts, etc., in addition to clothing and their other types of merchandise. Many superstores have full grocery operations with fresh produce, meat, seafood, and baked goods in addition to clothing and their other types of merchandise.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8039◆ ~~STORE—Department—Retail—~~

Includes installation of house furnishings and ~~shall apply~~ applies to each location of a risk at which all of the following conditions ~~exist~~ obtain:

1. The ~~annual~~ payroll subject to this classification is at least ~~\$400,000~~ \$650,000. ~~per annum.~~
2. The merchandise handled must include:
  - a. Wearing apparel
  - b. Linens/domestics
  - c. House furnishings (other than furniture)
  - d. Two or more of the following: ~~Cosmetics, Furniture, Giftware, Hardware, Jewelry, Luggage, Sporting goods, Stationery/greeting cards, and Toys.~~
3. The total annual sales of ~~Items~~ items (a), (b), and (c) ~~a., b., and c.~~ above must exceed 50% of the total annual sales. Also, the total annual sales of wearing apparel, jewelry, and cosmetics must not exceed 80% of the total annual sales.

Not applicable to ~~five and ten-cent stores or dollar stores~~ store locations that are properly classified as Code ~~80508017—Store—five and ten-cent.~~

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUPEXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS~~STORE~~

- 8010◆ ~~Agriculture Implement—Not Farm Machinery.~~ Shall not be assigned to a risk engaged in the rental or sale of farm machinery.
- 8072◆ ~~Audio or Video Cassette, Book, Record, Compact Disc, Software—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8010◆ ~~Audio or Video Parts and Accessories~~
- 8046◆ ~~Automobile Parts and Accessories NOC & Drivers.~~ Applies to wholesale or retail stores.
- 8072◆ ~~Book, Record, Compact Disc, Software, Video or Audio Cassette—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8008◆ ~~Clothing, Wearing Apparel, or Dry Goods—Retail~~
- 8032◆ ~~Clothing, Wearing Apparel, or Dry Goods—Wholesale~~
- 8006◆ ~~Coffee, Tea, or Spice—Retail~~
- 8072◆ ~~Compact Disc, Book, Record, Software, Video or Audio Cassette—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8006◆ ~~Convenience—Retail.~~ Applies to each separate store location meeting all of the following conditions:-
1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.
  2. No handling of fresh meats.
  3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).
- ~~Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full service operations.~~
- 8006◆ ~~Dairy Products—Retail~~
- 8006◆ ~~Delicatessen—Retail.~~ No selling of uncooked fresh meats.
- 8039◆ ~~Department—Retail.~~ Includes installation of house furnishings and shall apply to each location of a risk at which all of the following conditions obtain:-
1. The payroll subject to this classification is at least \$400,000 per annum.
  2. The merchandise handled must include:-
    - a. Wearing apparel
    - b. Linens/domestics
    - c. House furnishings (other than furniture)
    - d. Two or more of the following:-

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS (CONT'D)  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

~~Cosmetics~~  
~~Furniture~~  
~~Giftware~~  
~~Hardware~~  
~~Jewelry~~  
~~Luggage~~  
~~Sporting goods~~  
~~Stationery/greeting cards~~  
~~Toys~~

~~3. The total annual sales of items a., b., and c. above must exceed 50% of the total annual sales. Also, the total annual sales of wearing apparel, jewelry, and cosmetics must not exceed 80% of the total annual sales.~~

~~Not applicable to store locations that are properly classified as Code 8050 Store five and ten cent.~~

**8045◆** ~~**Drug Retail.** Applicable to store locations where the employer's books of accounts reflect at least 40% gross receipts in prescription sales and less than 50% gross receipts in the service of food.~~

**8047◆** ~~**Drug Wholesale**~~

**8008◆** ~~**Dry Goods Retail**~~

**8032◆** ~~**Dry Goods wholesale**~~

**8031◆** ~~**Fish, Meat or Poultry Retail**~~

**8021◆** ~~**Fish, Meat or Poultry Dealer Wholesale.** Codes 8021 and 2089 Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~

**8017◆** ~~**Floor Covering Retail**~~

**8018◆** ~~**Floor Covering Wholesale**~~

**8001◆** ~~**Florist & Drivers.** Includes service away from store premises. Cultivating or gardening to be separately rated as Code 0035 Farm florist.~~

**8006◆** ~~**Frozen or Frosted Food Retail**~~

**8006◆** ~~**Fruit or Vegetable Retail.** No handling of fresh meats.~~

**8018◆** ~~**Fruit or Vegetable Wholesale**~~

**8044◆** ~~**Furniture & Drivers.** Applies to wholesale or retail stores and includes installation of house furnishings.~~

**8006◆** ~~**Grocery Retail.** Applies to each separate store location meeting all of the following conditions:~~

~~1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries,~~

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUPEXHIBIT 3—NATIONAL CLASSIFICATIONS (CONT'D)  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

~~sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.~~

2. ~~No handling of fresh meats.~~

3. ~~Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).~~

~~Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full service operations.~~

8018◆ ~~Grocery Wholesale~~

8010◆ ~~Hardware.~~ Applies to wholesale or retail stores.

8013◆ ~~Hearing Aid~~

8105◆ ~~Hide or Leather Dealer~~

8044◆ ~~Household Appliance Electrical & Drivers~~

8013◆ ~~Jewelry.~~ Applies to wholesale or retail stores.

8105◆ ~~Leather or Hide Dealer~~

8017◆ ~~Luggage Retail~~

~~Mail Order House.~~ Operations other than mfg. or retail store shall be assigned to the classification that would be used for a wholesale store dealing in the commodities handled.

8021◆ ~~Meat, Fish or Poultry Dealer Wholesale.~~ Codes 8021 and 2089 Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

8031◆ ~~Meat, Fish or Poultry Retail~~

8033◆ ~~Meat, Grocery and Provision Combined Retail NOC.~~ Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry, or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry, or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031 Store meat, fish or poultry retail.

8017◆ ~~Paint or Wallpaper Retail~~

8018◆ ~~Paint or Wallpaper Wholesale~~

8044◆ ~~Piano or Organ & Drivers~~

8072◆ ~~Record, Book, Compact Disc, Software, Video or Audio Cassette Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

8017◆ ~~Retail NOC~~

8010◆ ~~Ship Chandler.~~ No mfg. operations.

8008◆ ~~Shoe Retail~~

8032◆ ~~Shoe Wholesale~~

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS (CONT'D)  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

- 8072◆ ~~Software, Book, Record, Compact Disc, Video or Audio Cassette—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8017◆ ~~Sporting Goods—Retail~~
- 8033◆ ~~Supermarket.~~ Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031—Store meat, fish or poultry retail.
- 8006◆ ~~Vegetable or Fruit—Retail.~~ No handling of fresh meats.
- 8018◆ ~~Vegetable or Fruit—Wholesale~~
- 8072◆ ~~Video or Audio Cassette, Book, Record, Compact Disc, Software—Retail.~~ Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.
- 8018◆ ~~Wholesale—NOC~~

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8001◆ STORE—Florist & Drivers.**

Includes service away from store premises. Cultivating or gardening to be separately rated as Code 0035—Farm—florist.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8006◆ STORE—Coffee, Tea, or Spice—Retail

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8006◆ STORE—Convenience—Retail.**

Applies to each separate store location meeting all of the following conditions:

1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.
2. No handling of fresh meats.
3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).

Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full-service operations.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8006◆ **STORE—Dairy Products—Retail**

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8006◆ **STORE—Delicatessen—Retail**  
No selling of uncooked fresh meats.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8006◆ **STORE**—Frozen or Frosted Food—Retail

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8006◆ **STORE—Fruit or Vegetable—Retail.**  
No handling of fresh meats.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8006◆ STORE—Grocery—Retail.**

Applies to each separate store location meeting all of the following conditions:

1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.
2. No handling of fresh meats.
3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).

Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full-service operations.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8006◆ **STORE—Vegetable or Fruit—Retail.**  
No handling of fresh meats.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8008◆ **STORE**—Clothing, Wearing Apparel, or Dry Goods—Retail

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
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8008◆ **STORE**—Dry Goods—Retail

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8008◆ STORE—Shoe—Retail

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

- 8010◆ **STORE—Agriculture Implement—Not Farm Machinery.**  
Shall not be assigned to a risk engaged in the rental or sale of farm machinery.

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
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CLASSIFICATIONS

8010◆ **STORE**—Audio or Video Parts and Accessories

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8010◆ **STORE—Hardware.**  
Applies to wholesale or retail stores.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8010◆ **STORE**—Ship Chandler.  
No mfg. operations.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
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8013◆ STORE—Hearing Aid

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
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CLASSIFICATIONS

8013◆ **STORE—Jewelry.**  
Applies to wholesale or retail stores.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
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SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8017◆ **STORE**—Floor Covering—Retail

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
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CLASSIFICATIONS

8017◆ STORE—Luggage—Retail

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

**STORE—Mail Order House.**

Operations other than mfg. or retail store shall be assigned to the classification that would be used for a wholesale store dealing in the commodities handled.

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8017◆ **STORE**—Paint or Wallpaper—Retail

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
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CLASSIFICATIONS

8017◆ STORE—Retail NOC

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8017◆ **STORE**—Sporting Goods—Retail

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
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8018◆ **STORE**—Floor Covering—Wholesale

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
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8018◆ **STORE**—Fruit or Vegetable—Wholesale

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
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CLASSIFICATIONS

8018◆ **STORE—Grocery—Wholesale**

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8018◆ **STORE**—Paint or Wallpaper—Wholesale

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8018◆ **STORE**—Vegetable or Fruit—Wholesale

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
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CLASSIFICATIONS

8018◆ STORE—Wholesale—NOC

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8021◆ STORE—Fish, Meat or Poultry Dealer—Wholesale.**

Codes 8021 and 2089—Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
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SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8021◆ STORE—Meat, Fish or Poultry Dealer—Wholesale.**

Codes 8021 and 2089—Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
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SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8031◆ **STORE**—Fish, Meat or Poultry—Retail

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8031◆ STORE—Meat, Fish or Poultry—Retail

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8032◆ **STORE**—Clothing, Wearing Apparel, or Dry Goods—Wholesale

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8032◆ **STORE**—Dry Goods—Wholesale

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8032◆ STORE—Shoe—Wholesale

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

**8033◆ STORE—Meat, Grocery and Provision—Combined—Retail NOC.**

Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry, or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry, or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031—Store—meat, fish or poultry—retail.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

**8033◆ STORE—Supermarket.**

Applicable to a store where the employer's books of accounts show that the cost of fresh and cured meats, poultry or fish did not exceed 65% of the total cost of all merchandise purchased during the policy period. Where the insured cannot satisfactorily establish that the cost of fresh and cured meats, poultry or fish constituted less than 65% of the total cost of all merchandise purchased during the policy period, the store shall be assigned to Code 8031—Store—meat, fish or poultry—retail.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8044◆** **STORE—Furniture & Drivers.**

Applies to wholesale or retail stores and includes installation of house furnishings.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8044◆ **STORE**—Household Appliance—Electrical & Drivers

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8044◆ **STORE**—Piano or Organ & Drivers

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8045◆ STORE—Drug—Retail.**

Applicable to store locations where the employer's books of accounts reflect at least 40% gross receipts in prescription sales and less than 50% gross receipts in the service of food.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8046◆ **STORE**—Automobile Parts and Accessories NOC & Drivers.  
Applies to wholesale or retail stores.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8047◆ **STORE—Drug—Wholesale**

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

- 8072 ♦ **STORE—Audio or Video Cassette, Book, Record, Compact Disc, Software—Retail.**  
Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

**8072◆ STORE—Book, Record, Compact Disc, Software, Video or Audio Cassette—Retail.**

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

**8072◆ STORE—Compact Disc, Book, Record, Software, Video or Audio Cassette—Retail.**

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

**8072◆ STORE—Record, Book, Compact Disc, Software, Video or Audio Cassette—Retail.**

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS**

- 8072◆ STORE—Software, Book, Record, Compact Disc, Video or Audio Cassette—Retail.**  
Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

**8072◆ STORE—Video or Audio Cassette, Book, Record, Compact Disc, Software—Retail.**

Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8105◆ **STORE**—Hide or Leather Dealer

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 3—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SUPERSTORES AND WAREHOUSE CLUBS  
CLASSIFICATIONS

8105◆ **STORE**—Leather or Hide Dealer

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4  
BASIC MANUAL—2001 EDITION  
APPENDIX E  
CLASSIFICATIONS BY HAZARD GROUP

REFERENCE TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In:†	Discontinued In:†	Hazard Group A-G	Hazard Group 1-4*
4362	<del>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, VA</del>	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, VA, VT, WV	C	2
4439	National, IN, NC 10/1/07: WV		<del>E</del> D	<del>3</del> 2
4561	<del>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, VA</del>	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, VA, VT, WV	C	2
8037	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, VA, WV		B	1

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

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

SERFF Tracking Number: NCCI-125842824 State: Arkansas  
 Filing Company: NCCI State Tracking Number: EFT \$100  
 Company Tracking Number: B-1412- AR  
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
 Product Name: B-1412 - Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group  
 Project Name/Number: /

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-  
Property & Casualty **Review Status:** Approved 11/14/2008

**Comments:**

**Attachment:**

P&C Transmittal- B-1412.pdf

**Bypassed -Name:** NAIC Loss Cost Filing Document  
for Workers' Compensation **Review Status:** Approved 11/14/2008

**Bypass Reason:** NA

**Comments:**

**Bypassed -Name:** NAIC loss cost data entry document **Review Status:** Approved 11/14/2008

**Bypass Reason:** NA

**Comments:**

**Satisfied -Name:** B-1412- Fact Sheets **Review Status:** Approved 11/14/2008

**Comments:**

**Attachments:**

Exhibit 1 - Fact Sheet-FILM EXCHANGE.pdf  
 Exhibit 2 - Fact Sheet-LACQUER OR SPIRIT VARNISH.pdf  
 Exhibit 3 - Fact Sheet-SUPERSTORES AND WAREHOUSE CLUBS.pdf

**Satisfied -Name:** Filing Memorandum **Review Status:** Approved 11/14/2008

**Comments:**

**Attachment:**

B-1412--Memorandum.pdf

SERFF Tracking Number: NCCI-125842824 State: Arkansas  
Filing Company: NCCI State Tracking Number: EFT \$100  
Company Tracking Number: B-1412- AR  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: B-1412 - Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group  
Project Name/Number: /

**Satisfied -Name:** Response to 10/16/08 Objection **Review Status:** Approved 11/14/2008  
**Comments:**  
**Attachment:**  
AR Interrogatory Response 10162008- B-1412.pdf

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

<b>3. Group Name</b>	<b>Group NAIC #</b>

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #

<b>5. Company Tracking Number</b>	
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail

7. Signature of authorized filer	
8. Please print name of authorized filer	

**Filing information** (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: <input style="width: 100px;" type="text"/> Renewal: <input style="width: 100px;" type="text"/>
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

## Property & Casualty Transmittal Document—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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**Check #:**  
**Amount:**

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

PC TD-1 pg 2 of 2

## FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)  
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	
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3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	
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Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

<b>5. Overall Rate Information (Complete for Multiple Company Filings only)</b>			
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		COMPANY USE	STATE USE
<b>5a</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b</b>	<b>Overall percentage rate impact for this filing</b>		
<b>5c</b>	<b>Effect of Rate Filing – Written premium change for this program</b>		
<b>5d</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>		

<b>6.</b>	<b>Overall percentage of last rate revision</b>	
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<b>7.</b>	<b>Effective Date of last rate revision</b>	
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<b>8.</b>	<b>Filing Method of Last filing</b> (Prior Approval, File & Use, Flex Band, etc.)	
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 1—FACT SHEET**

**FILM EXCHANGE**

**PROPOSAL**

The focus of the proposed changes for this industry is to consolidate film exchanges under one classification code.

**NCCI recommends the following national treatment for classifications:**

1. Discontinue Code 4362—Motion Picture—Film Exchange & Projection Rooms, Clerical and cross-reference phraseology Film Exchange & Clerical and assign these operations to Code 4360—Motion Picture—Development of Negatives, Printing and All Subsequent Operations.
2. Revise the note under Code 4360—Motion Picture—Development of Negatives, Printing and All Subsequent Operations to clarify that digital media processing and editing, as well as marketing through film exchanges, are included under Code 4360, whether performed by a contractor or the production company.

**Virginia Specific:**

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4362 and Code 4360 to reflect the changes being made.

**BACKGROUND AND BASIS FOR CHANGE**

Film exchange is the exchange and rental of fully processed movie films. After films have been produced, they must be distributed. This is accomplished through distributors, who lease motion pictures from the producer or production company. The film exchange distributor then pays for the making of prints; arranges screenings so theaters can bid on the rights to show the film; promotes and advertises the film; distributes copies of the film to the theaters; arranges for release on cable and broadcast television; coordinates distribution of videotapes, laser discs, and digital video discs to stores; and keeps records of the income and expenses for all aspects of film distribution.

When booking orders are received from movie theaters, television networks, individuals, groups, or associations, the films are removed from the vaults and prepared for shipment. Some exchanges deliver and pick up films. After each booking or rental, the returned film is inspected on editing machines, repaired if necessary, rewound on reels, replaced in film cans, and returned to the vaults.

Digital technology also makes it possible to distribute movies to theaters through the use of satellites or fiber-optic cable, although relatively few theaters are currently capable of receiving them in that manner. In the future, however, more theaters will be capable of receiving films digitally, and the costly process of producing and distributing films will be sharply reduced. The cost of distributing films, which often is handled by film production companies or their subsidiaries, has risen over the last several years, especially the costs of making prints of films and advertising. The use of digitally transferred films may have an adverse effect on the film exchange industry.

Sometimes films are not leased, but instead the distribution tasks are subcontracted by the producer to a distributor. The producer then pays for the services by giving the distributor a percentage of the revenue, ranging from 10% to 50% of the motion picture's net income. Additionally, the distributor deducts the cost for supplying prints of the film and for advertising and promotion from the producer's share of the net profits. Distributors bill theaters at the end of engagements, upon receipt of attendance reports.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 1—FACT SHEET (CONT'D)**

Film exchange operations performed in the studio are no different than film exchange operations outside of the studio, further supporting the above recommendations.

**IMPACT**

This item proposes that Code 4362—Motion Picture—Film Exchange & Projection Rooms, Clerical be discontinued with its experience combined into newly defined national Code 4360. NCCI conducted a review using the latest approved loss cost or 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, a two-year transition is being proposed. Using a transition will help minimize the impact to both individual risk premium charges and overall statewide premium.

**Virginia Specific:**

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4362 and Code 4360 to reflect the changes being made.

A three-year transition program is being proposed in Virginia for the recommendation to discontinue and combine Code 4362 into redefined Code 4360. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide 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 2011 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 two-year transition program. The following pages include the actual transition program rules along with an example of the transition program calculations. The rules give additional detail to the initiation and final implementation dates associated with this transition program.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 2—FACT SHEET****LACQUER OR SPIRIT VARNISH MANUFACTURING, OLEORESINOUS VARNISH  
MANUFACTURING, AND PAINT MANUFACTURING****PROPOSAL**

The focus of the proposed changes for this industry is to consolidate varnish manufacturing under one classification code and update or clarify language.

**NCCI recommends the following national treatment for classifications:**

1. Discontinue Code 4561—Varnish Mfg.—Oleo-Resinous and assign these operations to Code 4439—Lacquer or Spirit Varnish Mfg.
2. Amend the phraseology of Code 4439 from Lacquer or Spirit Varnish Mfg. to Lacquer or Varnish Manufacturing.
3. Delete the cross-reference phraseology for Code 4439—Spirit Varnish or Lacquer Mfg. because it is a redundant phraseology.
4. Delete Varnish Mfg.—Mfg. Spirit—See Lacquer or Spirit Varnish Mfg. refer to comment.

**Virginia Specific:**

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4561 and Code 4439 to reflect the changes being made.

**BACKGROUND AND BASIS FOR CHANGE**

NCCI conducted a review of lacquer or spirit varnish manufacturing, varnish manufacturing, and paint manufacturing to determine if a consolidation of all manufacturing processes was warranted. Code 4439—Lacquer or Spirit Varnish Mfg., Code 4561—Varnish Mfg.—Oleo-Resinous, and Code 4558—Paint Mfg. are all national codes. Their origination dates were not found.

Lacquer, spirit, and oleoresinous varnishes are made using a heating method in an open or closed container. The manufacturing of varnish is generally a sub-operation of a larger paint manufacturer.

Paint manufacturing is a physical process that rarely uses chemical changes or a heating process. Paints may be either water- or oil-based, depending on whether the thinner is water or an organic liquid such as turpentine.

**IMPACT**

This item proposes that Code 4561—Varnish Mfg.—Oleo-Resinous be discontinued, with its experience combined into newly defined national Code 4439. NCCI conducted a review using the latest approved loss cost or 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, it is recommended that no transition program be proposed.

Initially, the new loss cost or rate for Code 4439 will be calculated as a payroll-weighted average of the loss costs or rates of Code 4561 and Code 4439. Thereafter, the data for Code 4561 will be combined with the data for Code 4439 prior to deriving the loss cost or rate. Using the combined experience from the two codes to calculate the loss cost or rate will minimize any change in overall statewide premium. The impact to individual risk will vary depending on their current payroll distribution between the codes and the resulting combined experience loss cost or rate.

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

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 2—FACT SHEET (CONT'D)**

**Virginia Specific:**

NCCI recommends that Virginia update the *Scopes® Manual* descriptions for Code 4561 and Code 4439 to reflect the changes being made.

A three-year transition program is being proposed in Virginia for the recommendation to discontinue and combine Code 4561 into newly defined Code 4439. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide 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 2011 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.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—FACT SHEET  
SUPERSTORES AND WAREHOUSE CLUBS****PROPOSAL**

The focus of the proposed changes for this industry is to create a new classification code for superstores and warehouse clubs.

**NCCI recommends the following national treatment for classifications:**

1. Establish new national Code 8037—Store—Superstores and Warehouse Clubs.
2. Amend Code 8039—Store—Department—Retail—to raise the minimum annual payroll required from \$400,000 to \$650,000 to adjust for inflation according to the consumer price index.

**Virginia Specific:**

NCCI recommends that Virginia establish Code 8037 and update the *Scopes® Manual* description for Code 8039 to reflect the changes being made.

**BACKGROUND AND BASIS FOR CHANGE**

Superstores and warehouse clubs became popular in the mid-to-late 1980s. The larger superstores belong to a national chain of stores, though the chain may be only regional in scope. As an industry, superstores have experienced a compound yearly growth rate of 28% since 1986. The future growth in superstores will come from grocery items and corporate self-distributed products.

Warehouse stores sell items in bulk quantities for reduced prices. They often display merchandise in original shipping cartons or boxes and stacked on wooden pallets rather than on shelves. In the future, warehouse clubs will focus on business members for their growth, and these clubs will concentrate on offering a larger selection at a lower price.

Superstores and warehouse clubs are becoming more popular as “one-stop shopping” establishments. This is an identifiable, growing industry that is not currently addressed by the classification system. In addition, the principal type of merchandise sold based on gross receipts may vary from year to year for these establishments, warranting a new national code.

**IMPACT**

This item proposes to create Code 8037—Store—Superstores and Warehouse Clubs. A review of the reported data shows that most large superstores and warehouse clubs are currently being assigned to Code 8017—Store—Retail NOC. Some of these store entities may also have been previously assigned to Code 8039—Store—Department—Retail.

It is proposed that the initial loss cost or rate and experience rating values for new Code 8037 will be that of Code 8017 until the new code establishes sufficient experience to determine its own loss cost or rate. It is expected that the majority of risk experience generated for the new code will come from Code 8017. 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 impact to individual risks manual loss cost/rate charge will depend on their previous class code assignment and its associated loss cost or rate as compared to the new class code's proposed loss cost or rate.

This item also proposes to raise the minimum annual payroll required to qualify for using Code 8039 from \$400,000 to \$650,000. This is expected to result in some insured operation's payroll being transferred from Code 8039 to Code 8017. The impact to individual risk's manual loss cost or rate charge will depend on their previous code's associated loss cost or rate as compared to their new class code's loss cost or rate. Only those risks with operation payroll amount between \$400,000 and \$650,000 in payroll will be impacted.

**ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—FACT SHEET (CONT'D)**

The newly defined 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.

**IMPLEMENTATION**

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011 filing cycle 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.

## FILING MEMORANDUM

### ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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#### PURPOSE

The purpose of this item is to clarify, eliminate, 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 three industries impacted are shown in the table below.

Title	Fact Sheet	Exhibit
Film Exchange	1	1
Two-Year Transition Program Rules and Examples		1
Three-Year Transition Program Rules and Examples (Applies in: VA)		1
Lacquer or Spirit Varnish Manufacturing, Oleoresinous Varnish Manufacturing, and Paint Manufacturing	2	2
Three-Year Transition Program Rules and Examples (Applies in: VA)		2
Superstores and Warehouse Clubs	3	3
Basic Manual Appendix E—Table of Classifications by Hazard Group		4

#### BACKGROUND

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's classification system. This process ensures that the classification system remains healthy, viable, and responsive to the needs of various industry stakeholders. This process ensures that the system reflects the responses that industries and their operations make 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 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 eliminating 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 Store—Retail NOC in Exhibit 3.

NCCI's analysis of the classification 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-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

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#### PROPOSAL

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

This item is broken out in sections as enumerated in the table shown on Page 1. Each section contains a fact sheet outlining the proposals relating to 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 will foster the uniform and equitable treatment of risks within each industry. NCCI recognizes that some of our recommendations, such as moving a specific operation from one classification to another, may have a premium impact for particular risks. Additionally, some of the changes proposed will have a loss cost or rate impact. The industry fact sheets outline the potential impacts specific to each of the proposed changes.

#### IMPLEMENTATION

In order to implement this item, the attached exhibits detail the changes required in NCCI's *Basic Manual*.

This item is applicable to new and renewal voluntary and assigned risk policies, and will become effective concurrently with each state's approved rate/loss cost filing for the 2011<sup>1</sup> 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:

State	Anticipated** Effective Date
Alabama	March 1, 2011
Alaska	January 1, 2011

<sup>1</sup> Except in Virginia, where it is the 2010 filing cycle

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FILING MEMORANDUM

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
 E—CLASSIFICATIONS BY HAZARD GROUP

State	Anticipated** Effective Date
Arizona	October 1, 2011
Arkansas	July 1, 2011
Colorado	January 1, 2011
Connecticut	January 1, 2011
District of Columbia	November 1, 2011
Florida	January 1, 2011
Georgia	May 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
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

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FILING MEMORANDUM

ITEM B-1412—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
 E—CLASSIFICATIONS BY HAZARD GROUP

State	Anticipated** Effective Date
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 previous approved rate/loss cost filing.)
South Dakota	July 1, 2011
Tennessee	March 1, 2011
Utah	December 1, 2011
Vermont	April 1, 2011
Virginia	April 1, 2010
West Virginia	July 1, 2011

\*\* Subject to change

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**Terri Robinson**  
**State Relations Executive**  
**Regulatory Service Division**

November 11, 2008

Julie Benefield Bowman  
Insurance Commissioner  
Arkansas Department of Insurance  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

Attention: Carol Stiffler

Re: Item B-1412—Revisions to Basic Manual Classifications and  
Appendix E-Classifications by Hazard Group

Dear Commissioner Bowman:

Thank you for your letter of October 16, 2008 regarding the above captioned filing. Please see the attachment for the additional information requested.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Terri Robinson". The signature is written in a cursive, flowing style.

Terri Robinson  
State Relations Executive

TR:sc

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**NCCI's Response to Arkansas Objection Letter Dated 10/16/2008  
Regarding Item Filing B-1412**

**Objection**

**Exhibit 1 Fact Sheet Film Exchange and Two-Year Transition Program Rules give examples of the 2-year transition program calculation that "are not the actual rates/loss costs in use, nor do they represent expected actual rates/loss costs for the codes indicated". Please provide some Arkansas specific information such as number of policyholders that will be affected and amount of premium affected. A Background and High Level Summary similar to that given in Item Filing B-1409 would be helpful.**

**Response:**

The following table contains an estimate of the premium and number of Arkansas policyholders in Codes 4360 and 4362 that may be affected by this proposal:

<b>Class Code</b>	<b>Estimated Number of Policy Holders In Current Code</b>	<b>Company Manual Premium</b>
4360	4	14,128
4362	0	-

**Background:**

The transition program for this item is in regard to the Film Exchange industry which proposes that Code 4362-Motion Picture—Film Exchange & Projection Rooms, Clerical be discontinued and its experience be combined into newly defined national Code 4360. A two-year transition program is included in this proposal so as to smooth out any large change in rate/loss cost for risks that were previously assigned to one or both of these two class codes.

NCCI will administer this program through Arkansas's loss cost experience filing revision process. The 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 (i.e. 1-1-2011.) If a state loss cost revision filing is made prior to the approval of this item, then that state's experience filing revision will not reflect the first year transition values. Instead the first year transition will be made to coincide with the next experience filing revision after the item approval is made and whose proposed effective date is on or after the approved item's effective date. For Arkansas, that would be the 7-1-11 loss cost filing.



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**NCCI's Response to Arkansas Objection Letter Dated 10/16/2008  
Regarding Item Filing B-1412**

**High Level Summary:**

The transition program calculations must reflect the confluence of two events over time: a) the merging of the two classifications' loss costs to a single value, and b) the Arkansas loss cost filing's updates based upon the individual class codes' actual experience, as is done every year.

Only a small number of Arkansas employers will be subject to the transition program, and those employers are likely to see minimal change in their loss costs over that same time. The employers in Code 4362, if any at the time of the transition, will likely see a decrease in their loss costs as they transition to the newly defined Code 4360.