

SERFF Tracking Number: NCCI-125781114 State: Arkansas
Filing Company: NCCI State Tracking Number: EFT \$100
Company Tracking Number: B-1410- AR
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: B-1410-Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group
Project Name/Number: /

Filing at a Glance

Company: NCCI

Product Name: B-1410-Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group SERFF Tr Num: NCCI-125781114 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-1410- AR

State Status: Fees verified and received

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler, Brittany Yielding

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

Disposition Date: 09/26/2008

Date Submitted: 08/28/2008

Disposition Status: Approved

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

Effective Date (New): 07/01/2011

Effective Date Requested (Renewal): 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:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 09/26/2008

State Status Changed: 09/08/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

The purpose of this item is to clarify, discontinue, or create certain classifications and classification rules in NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance to reflect current business and industry needs.

You will notice that Exhibit 5 is not attached to this filing package. Exhibit 5 is not applicable in your state.

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Company and Contact

Filing Contact Information

Terri Robinson, State Relations Executive terri_robinson@ncci.com
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 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

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	08/28/2008	22184180

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	09/26/2008	09/26/2008

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	08/29/2008	09/08/2008	Frank Gnolfo	09/23/2008	09/23/2008
Industry Response						

SERFF Tracking Number: NCCI-125781114 State: Arkansas
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Disposition

Disposition Date: 09/26/2008

Effective Date (New): 07/01/2011

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Filing Memorandum	Approved	Yes
Supporting Document	Response to Objection	Approved	Yes
Rate	Exhibit 1	Approved	Yes
Rate	Exhibit 2	Approved	Yes
Rate	Exhibit 3	Approved	Yes
Rate	Exhibit 4	Approved	Yes
Rate	Exhibit 6	Approved	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 08/29/2008
Submitted Date 09/08/2008
Respond By Date
Dear Terri Robinson,

This will acknowledge receipt of the captioned filing.

Carpentry Shop codes 2812 and 2883--Please provide Arkansas specific information on codes 2812 and 2883 such as payrolls, number of insured that may be affected, and a hypothetical example. Why is NCCI requesting that these codes be combined? They seem to have very different experience over the last 5 years based on their loss costs.

Please feel free to contact me if you have questions.

Sincerely,
Carol Stiffler

Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/23/2008
Submitted Date 09/23/2008

Dear Carol Stiffler,

Comments:

Response 1

Comments: Please find our response to your objection that you submitted on 9/8/2008 in Supporting Doc tab.
Thank you.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection

Comment:

SERFF Tracking Number: NCCI-125781114

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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	Carpentry-Transition	Replacement	B-1369	B-1410 Exhibit 1 - Carpentry Shop (2yr Transition Rules & Example).pdf B-1410 Exhibit 1 - Carpentry Shop.pdf
Approved	Exhibit 2	Mfd, Modular Homes Mfg.	Replacement	B-1369	B-1410 Exhibit 2 - Manufactured, Modular Homes Manufacturing.pdf
Approved	Exhibit 3	Mfd, Homes Setup	Replacement	B-1369	B-1410 Exhibit 3 - Manufactured Homes Setup.pdf
Approved	Exhibit 4	Appendix E	Replacement	B-1404	B-1410 Exhibit 4 - Appendix E.pdf
Approved	Exhibit 6	Performance Standards	Replacement	B-1369	Exhibit 6 - B-1410 A C Perf Stds.pdf

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—CARPENTRY SHOP

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 2812 and 2883. NCCI will administer this program through each state's specific rate/loss cost classification experience filing revision process.

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

The following outlines the steps needed to implement the rates/loss costs and rating values for Codes 2812 and 2883 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 2812 or 2883 as appropriate until the elimination of Code 2812 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 2812 and 2883 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 2812 and 2883, 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 2812 and 2883 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 2812 will be eliminated. All insured operations previously assigned to Code 2812 will then be assigned to Code 2883. The rate/loss cost for newly defined Code 2883 will be the payroll weighted rate/loss cost of Code 2812 and Code 2883 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-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY SHOP

EXAMPLE OF TWO-YEAR TRANSITION PROGRAM CALCULATION

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

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

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

The following assumptions are made for this example:

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

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

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

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of .50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

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

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

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY SHOP (CONT'D)

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

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

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

The following assumptions are made for this example:

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

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

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

Additionally, the swing limits are assumed to be plus or minus 25%. **Please note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of .50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

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

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

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY SHOP (CONT'D)

EXAMPLE OF TWO-YEAR TRANSITION PROGRAM D RATIOS

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

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

The following assumptions are made for this example:

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

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

$$\frac{[(400,000 \times .23) + (700,000 \times .20) + (3,000,000 \times .24)]}{(400,000 + 700,000 + 3,000,000)} = 0.23$$

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 .50 for the first year and 1.00 for the second year without regard to swing limits in order to transition the rates/loss costs within two years.

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

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

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—CARPENTRY SHOP (CONT'D)

EXAMPLE OF TWO-YEAR WEIGHT VALUE CALCULATION

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

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

The following assumptions are made for this example:

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

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

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

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET
CARPENTRY SHOP

PROPOSAL

The focus of the proposed changes for this industry is to combine operations into classifications that reflect exposures common to those operations. Also, several cross-references will be consolidated into the phraseology note of the remaining codes in this industry.

NCCI recommends the following national treatment for classifications:

1. Discontinue Code 2812—Cabinet Works—With Power Machinery and combine the existing exposure into Code 2883—Furniture Mfg.—Wood—NOC. It is also proposed to revise the phraseology of Code 2883 to: Furniture Manufacturing and Cabinet Shop—Wood—NOC. The phraseology note will list a range of operations from both cabinet shop work to wood furniture manufacturing. Several types of materials used in this new combined code will be listed, such as wood, laminates, engineered wood products, hardy plank, plywood, formica, and any incidental application of stain, lacquer, or finish.
2. Discontinue the following cross-reference phraseologies for Code 2883: Billiard Table Mfg., Box Mfg.—Cigar—Wood, Cabinet Mfg. for Audio or Video Device, Piano Case Mfg., and Trunk Mfg. These operations will be included in the reference note of the new phraseology for Code 2883.
3. Revise the phraseology of Code 2802—Carpentry—Shop Only & Drivers to include several products. It is recommended that the following cross-reference phraseologies be discontinued: Door, Sash, or Assembled Millwork Mfg.—Wood & Drivers; Fence Mfg.—Wood, Picket & Drivers; Laminated Wood Building Beams and Columns Mfg. & Drivers; Prefabricated House Mfg.—Wood & Drivers; and Sash, Door, or Assembled Millwork—Mfg.—Wood & Drivers.
4. Discontinue the cross-reference for Code 2881—Cabinet Works—No Power Woodworking Machinery, and Sign Manufacturing—Wood—No Painting or Using Power Machinery. These operations will be described by the new phraseology for Code 2881—Furniture Manufacturing and Cabinet Shop—Assembly by Hand—Wood.
5. Revise the phraseology note of Code 9501—Sign Manufacturing—Wood—Painting, Spraying, Sandblasting With or Without Power Machinery & Drivers to reflect the replacement of Code 2812 with Code 2883.

Alaska Specific:

NCCI recommends that Alaska discontinue its state special phraseologies for Code 2881—Furniture Assembly—Wood—From Manufactured Parts, and Code 2883—Furniture—Wood—NOC, and adopt the national proposal to be consistent with the changes proposed nationally.

Colorado Specific:

NCCI recommends that Colorado discontinue its state special phraseology for Code 2883—Store Fixtures Mfg.—Wood NOC and adopt the national proposal to be consistent with the changes proposed nationally.

Hawaii Specific:

NCCI recommends that Hawaii discontinue its state special phraseologies for Code 2881—Sign Manufacturing—Wood—No Painting, Using Power Machinery, and Code 2812—Sign Manufacturing—Wood—No Painting or Using Power Machinery, and adopt the national proposal to be consistent with the changes proposed nationally.

Oregon Specific:

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 1—FACT SHEET (CONT'D)

NCCI recommends that Oregon discontinue the state special treatment under Code 2802 for Carpentry—Shop Only & Drivers, and Code 2812—Cabinet Works—With Power Machinery, and adopt the national proposal to be consistent with the changes proposed nationally.

Virginia Specific:

NCCI recommends that Virginia update the Scopes descriptions for Code 2797, Code 2799, Code 2805, Code 2812, Code 2881, Code 2883, Code 3822, Code 3824, Code 5403, Code 6400, Code 7228, Code 7229, Code 8380, and Code 9501 to reflect the changes being made.

BACKGROUND AND BASIS FOR CHANGE

Each code is distinct in the types of products that are included within the classification. The processes for the classifications range from simple, easy-to-produce items that are made quickly to items that can take quite a bit of time and effort to produce.

Carpentry Shop products (Code 2802)—which include doors and frames, wood picket fences, wood roof trusses, ladders, stairs, banisters, and laminated wood beams and columns—are relatively simple to produce, with high production of units. They may have a sanded finish, such as a door, or be made from finished lumber, such as a ladder or wood roof truss that does not need to be sanded or stained.

Cabinet Works products (Code 2812)—which include kitchen and bath cabinets, signs (no painting), wood cabinets and showcases, and store and office fixtures—are custom in nature, with a lower production of units. This includes a substantial amount of finish work such as painting, staining, laminating, applying hardware, and installing support devices to attach the products to a wall or floor. There is also a great deal of assembly work, laminating, and finishing of the product in the shop. Items manufactured typically need to be installed by contractors or the manufacturer's installation crew, which is separately rated.

Furniture Mfg.—Wood products (Code 2883)—which include billiard tables, piano cases, cabinets for audio visual devices, trunks, dining room sets, bedroom sets, chairs, tables, and couches—are very complex to manufacture. Items such as chairs that are identical can be mass-produced; however, chairs that are unique or are antique reproductions might be produced in fewer numbers. An item that requires a custom order of a specific pattern or fabric would also be a low-production item.

Cabinet makers are making complex items, such as entertainment centers, which are more like furniture. At the same time, furniture makers are making products that are less complex in design and manufacturing, and they use the same engineered wood products and fiberboard that cabinet shops use.

With the use of the same building materials, such as laminated lumber or pressboard with a high-gloss laminate coating, more and more furniture, and kitchen and bathroom cabinets, are being sold as boxed furniture in a knockdown state for the customer to assemble. The line between the two types of shops and the products they manufacture is no longer clear.

IMPACT

This item proposes that Code 2812 be discontinued with its experience combined into newly defined national Code 2883. A review has been conducted using the latest approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program. Based upon the result of that review, a national two-year transition program is being proposed in all states that currently have both Codes 2812 and 2883. Using a transition program will help minimize the impact to both individual risk premium charges and overall statewide premium.

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—FACT SHEET (CONT'D)

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

Alaska Specific:

It is proposed that Alaska adopt the newly proposed national treatment. This would require the removal of the state special phraseologies for Code 2881—Furniture Assembly—Wood—From Manufactured Parts, and Code 2883—Furniture Mfg.—Wood—NOC. The elimination of the state special phraseologies is not expected to result in a reassignment of payroll or in a premium change beyond that stated in the national proposal.

Colorado Specific:

It is proposed that Colorado adopt the newly proposed national treatment. This would require the removal of their state special phraseology for Code 2883—Store Fixtures Mfg.—Wood NOC. The elimination of the state special phraseology is not expected to result in a reassignment of payroll or in a premium change.

Hawaii Specific:

It is proposed that Hawaii adopt the newly proposed national treatment. This would require the removal of the state special phraseologies for Code 2881—Sign Manufacturing—Wood—No Painting, Using Power Machinery, and Code 2812—Sign Manufacturing—Wood—No Painting or Using Power Machinery. The elimination of the state special phraseologies is not expected to result in a reassignment of payroll or in a premium change beyond that stated in the national proposal.

Oregon Specific:

It is proposed that Oregon adopt the newly proposed national treatment. This would require the removal of the state-special reference phraseology under discontinued Code 2812—Cabinet Works—With Power Machinery. The elimination of the state-special phraseology is not expected to result in a reassignment of payroll or in a premium change beyond that which is stated in the national proposal.

Virginia Specific:

NCCI recommends that Virginia update the Scope descriptions for Code 2797, Code 2799, Code 2805, Code 2812, Code 2881, Code 2883, Code 3822, Code 3824, Code 5403, Code 6400, Code 7228, Code 7229, Code 8380, and Code 9501 to reflect the changes being made.

It is proposed that Virginia adopt the newly proposed national treatment for Code 2883 and discontinue national Code 2812. A review has been conducted using the latest approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program. Based upon the result of that review, a two-year transition program is being proposed in Virginia. 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. 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.

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 1—FACT SHEET (CONT'D)

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.

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2802 CARPENTRY—SHOP ONLY & DRIVERS

Includes shop fabrication of wood roof and building trusses, stairs, stair steps, rails, railings, banisters, sash, door or assembled millwork, wood picket fence manufacturing, laminated wood building beams and columns manufacturing. Installation to be separately rated.

Codes 2802 and 2731—~~Planing or molding mill shall~~ must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. ~~Commercial lumberyards, building material dealers, or fuel and material dealers to be separately rated.~~ Where a risk deals in any lumber or building materials or in any fuel and materials in addition to performing carpentry shop operations, all yard operations, including all drivers, ~~shall~~ must be rated in the appropriate yard classification, Code 8232.

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2881 **FURNITURE MANUFACTURING AND CABINET SHOP—ASSEMBLY BY
HAND—WOOD—FROM MANUFACTURED PARTS—**

Includes hand assembling of parts or signs manufactured by others and finishing. Codes 2881, 2883, and 2735 must 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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2883 **FURNITURE MFG.—WOOD—NOC.**

Includes assembling or finishing.

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

2883 **FURNITURE MFG.—MANUFACTURING AND CABINET SHOP—WOOD—NOG—**

Includes assembling or finishing with power machinery. Types of materials used in the manufacture of either furniture or cabinets include wood, laminates, engineered wood products, hardy plank, plywood, and formica. Any stain or lacquer that may be applied is also included.

Other operations assigned to this code include: sign manufacturing—wood—no painting, with power machinery; billiard table manufacturing; cabinet manufacturing for audio or visual devices and the installation of components; piano case manufacturing; trunk manufacturing; and cigar box manufacturing.

Codes 2883, 2881, and 2735 must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

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

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~~CABINET WORKS~~

- 2881 ~~No Power Woodworking Machinery.~~ Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 2881 are conducted as a separate and distinct business.
- ~~2842~~ ~~With Power Machinery~~

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2812 **CABINET WORKS—WITH POWER MACHINERY**

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

~~2812 CABINET WORKS—WITH POWER MACHINERY~~

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

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~~BILLIARD~~

- 9089 ~~Hall.~~ No bowling lanes. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9089 are conducted as a separate and distinct business.
- 2883 ~~Table Mfg.~~ Includes installation.

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9089 BILLIARD—HALL

No bowling lanes. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 9089 are conducted as a separate and distinct business.

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2883 **BILLIARD TABLE MFG.**
Includes installation.

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

2883 ~~**BILLIARD TABLE MFG.**~~
~~Includes installation.~~

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

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~~BOX MFG.~~

- 2759 ~~BOX SHOOK OR PALLET—WOODEN~~
- 2883 ~~Cigar—Wood~~
- 4243 ~~FOLDING PAPER—NOC Paper or paperboard mfg. to be separately rated.~~
- 4240 ~~SET UP PAPER Paper or paperboard mfg. to be separately rated.~~

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2759 BOX MFG.—BOX SHOOK OR PALLET—WOODEN

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2883 **BOX MFG.—Cigar—Wood**

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

2883 ~~BOX MFG.—Cigar—Wood~~

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

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4243 **BOX MFG.—FOLDING PAPER—NOC**
Paper or paperboard mfg. to be separately rated.

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4240 **BOX MFG.—SET-UP PAPER**

Paper or paperboard mfg. to be separately rated.

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2883 CABINET MFG. FOR AUDIO OR VIDEO DEVICE.

Includes installation of components.

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

2883 ~~CABINET MFG. FOR AUDIO OR VIDEO DEVICE.~~

~~Includes installation of components.~~

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

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~~DOOR~~

3724• ~~INSTALLATION—OVERHEAD & DRIVERS~~

5645• ~~INSTALLATION—SCREENED—METAL OR WOOD~~

2802 ~~Sash, or Assembled Millwork Mfg.—Wood & Drivers.~~ Codes 2802 and 2731—Planing or molding mill shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.
~~Commercial lumberyards, building material dealers, or fuel and material dealers to be separately rated as Code 8204—Building material yard or 8232—Building material dealer.~~
~~Where a risk deals in any lumber, building materials, or fuel and materials in addition to products manufactured, all yard operations, including all drivers, shall be assigned to Code 8232.~~

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3724• DOOR—INSTALLATION—OVERHEAD & DRIVERS

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5645• DOOR—INSTALLATION—SCREENED—METAL OR WOOD

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2802 ~~LAMINATED WOOD BUILDING BEAMS AND COLUMNS MFG. & DRIVERS~~

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~~PIANO~~

- 2883 ~~Case Mfg.~~ Codes 2883 and 2923—Piano mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.
- 2923 ~~MFG.~~ Includes assembling or finishing operations and mfg. of the piano action. Also applies to player pianos.
- 5191 ~~TUNING AWAY FROM SHOP~~

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2883 **PIANO CASE MFG.**

Codes 2883 and 2923—Piano mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

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

2883 ~~**PIANO CASE MFG.**~~

~~Codes 2883 and 2923—Piano mfg. shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~

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

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2923

PIANO—MFG.

Includes assembling or finishing operations and mfg. of the piano action. Also applies to player pianos.

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5191 PIANO—TUNING—AWAY FROM SHOP

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2802 ~~PREFABRICATED HOUSE MFG.—WOOD & DRIVERS.~~
~~Applicable to shop work. Installation to be separately rated.~~

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~~SASH, DOOR, OR ASSEMBLED MILLWORK~~

- 8235◆ ~~DEALER & DRIVERS.~~ Includes incidental assembling, glazing, or mfg. of special sizes. Applicable only to concerns that buy and sell finished millwork exclusively (including incidental assembling or glazing or incidental mfg. of special sizes), such as finished flooring, doors, frames, sash, screens, moldings, baseboards, stair trim, columns, paneling, cupboards, shelving, or furniture such as kitchen cabinets, ironing boards, breakfast sets, window seats, mantels, wall cabinets, or cases. Codes 8235 and 2802—Carpentry or 8232—Building material dealer shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.
- 2802 ~~Mfg.—Wood & Drivers.~~ Codes 2802 and 2731—Planing or molding mill shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Commercial lumberyards, building material dealers, or fuel and material dealers to be separately rated as Code 8204—Building material yard or 8232—Building material dealer. Where a risk deals in any lumber, building materials, or fuel and materials in addition to products manufactured, all yard operations, including all drivers, shall be assigned to Code 8232.

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8235◆ SASH, DOOR, OR ASSEMBLED MILLWORK—DEALER & DRIVERS

Includes incidental assembling, glazing, or mfg. of special sizes. Applicable only to concerns that buy and sell finished millwork exclusively (including incidental assembling or glazing or incidental mfg. of special sizes), such as finished flooring, doors, frames, sash, screens, moldings, baseboards, stair trim, columns, paneling, cupboards, shelving, or furniture such as kitchen cabinets, ironing boards, breakfast sets, window seats, mantels, wall cabinets, or cases. Codes 8235 and 2802—Carpentry or 8232—Building material dealer 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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~~SIGN MANUFACTURING~~

3064 ~~METAL.~~ Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

3064 ~~NEON.~~ Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

~~PLASTIC OR VINYL COMPUTER GENERATED LETTERS OR GRAPHICS.~~ Includes designing and cutting letters or graphics and mounting on premanufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming or molding of mounting services. Codes 4299 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

4299 ~~NO PAINTING OR USING POWER MACHINERY~~

9501 ~~PAINTING OR USING POWER MACHINERY & DRIVERS~~

~~SILK SCREEN PRINTING.~~ Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

2501 ~~CLOTH~~

3064 ~~METAL~~

4299 ~~PAPER OR POSTERBOARD~~

4299 ~~PLASTIC~~

4299 ~~WOOD~~

~~Wood.~~ Codes 2812, 2881, and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

~~2812 No Painting, Using Power Machinery~~

~~2881 No Painting Or Using Power Machinery~~

~~9501 PAINTING, SPRAYING, SANDBLASTING WITH OR WITHOUT POWER MACHINERY & DRIVERS~~

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3064 SIGN MANUFACTURING—METAL

Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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3064 SIGN MANUFACTURING—NEON

Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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**4299 SIGN MANUFACTURING—PLASTIC OR VINYL COMPUTER-GENERATED LETTERS OR
GRAPHICS—NO PAINTING OR USING POWER MACHINERY**

Includes designing and cutting letters or graphics and mounting on premanufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming or molding of mounting services. Codes 4299 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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**9501 SIGN MANUFACTURING—PLASTIC OR VINYL COMPUTER-GENERATED LETTERS OR
GRAPHICS— PAINTING OR USING POWER MACHINERY & DRIVERS**

Includes designing and cutting letters or graphics and mounting on premanufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming or molding of mounting services. Codes 4299 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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2501 SIGN MANUFACTURING—SILK SCREEN PRINTING—CLOTH

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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3064 SIGN MANUFACTURING—SILK SCREEN PRINTING—METAL

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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4299 SIGN MANUFACTURING—SILK SCREEN PRINTING—PAPER OR POSTERBOARD

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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4299 SIGN MANUFACTURING—SILK SCREEN PRINTING—PLASTIC

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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4299 SIGN MANUFACTURING—SILK SCREEN PRINTING—WOOD

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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- 2812** **SIGN MANUFACTURING—Wood—No Painting, Using Power Machinery.**
Codes 2812, 2881, and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installations, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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

- ~~**2812** **SIGN MANUFACTURING—Wood—No Painting, Using Power Machinery.**
Codes 2812, 2881, and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installations, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.~~

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

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**9501 SIGN MANUFACTURING—WOOD—PAINTING, SPRAYING, SANDBLASTING WITH OR
WITHOUT POWER MACHINERY & DRIVERS**

Codes ~~2842, 2881, 2883~~, and 9501 ~~shall~~ must not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement—away from shop to be separately rated as Codes 9521 or 9554.

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2812 TRAILER MFG.—HOME TYPE

TO BE IMPLEMENTED ON THE COMPLETION DATE OF THE
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~~2812 TRAILER MFG.—HOME TYPE~~

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

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2883 TRUNK MFG.
Metal frames or fittings to be separately rated.

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

2883 ~~TRUNK MFG.~~
~~Metal frames or fittings to be separately rated.~~

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

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 2—FACT SHEET

MANUFACTURED, MODULAR HOMES MANUFACTURING

PROPOSAL

The focus of the proposed changes for this industry is to create a new national classification from the various state specials for this industry and to discontinue existing state specials treatments.

NCCI recommends the following national treatment for classifications:

1. Establish Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work—All Operations & Drivers. This classification will apply to insureds that manufacture or fabricate manufactured, modular, or prefabricated homes at a factory site only. Manufactured homes are also known as mobile homes. Examples of products include: nonmotorized construction, home-type, medical and bank trailers, and similar portable buildings; campers that are set on pickup trucks; and truck sleepers that are mounted behind the cab of semi trucks.
2. Discontinue cross-reference phraseologies for “Mobile Home Delivery By Specialist Contractor” under Code 7228 and Code 7229. Delivery by the manufacturer will be assigned to new Code 2797, while delivery by an outside trucking company will be assigned to the appropriate trucking classification.

Arizona Specific:

NCCI recommends that Arizona adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatments: Automobile Trailer Mfg.—Home-Type; Mobile or Trailer Home Mfg.; and Trailer Mfg.—Home-Type.

Florida Specific:

NCCI recommends that Florida adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference note, Trailer Mfg.—Home-Type.

Georgia Specific:

NCCI recommends that Georgia adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference notes: Auto Trailer Mfg.—Home-Type, and Trailer Mfg.—Home-Type.

Idaho Specific:

NCCI recommends that Idaho adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference notes: Auto Trailer Mfg.—Home-Type, and Trailer Mfg.—Home-Type.

Indiana Specific:

NCCI recommends that Indiana adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers. Also, discontinue the state special reference notes: Auto Trailer Mfg.—Home-Type, and Trailer Mfg.—Home-Type.

Kansas Specific:

NCCI recommends that Kansas adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatments: Automobile Trailer Mfg.—Home-Type; Mobile or Trailer Home Mfg. & Drivers, and Trailer Mfg.—Home-Type.

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EXHIBIT 2—FACT SHEET (CONT'D)**New Mexico Specific:**

NCCI recommends that New Mexico adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue state special Code 2826—Building Mfg.—Residential—Shop and Yard.

North Carolina Specific:

NCCI recommends that North Carolina adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue the state special treatment, Mobile or Trailer Home Mfg. & Drivers.

Oregon Specific:

NCCI recommends that Oregon discontinue the state special reference notes: Carpentry—Shop Only & Drivers, and Display Case Works—With Power Machinery.

Virginia Specific:

NCCI recommends that Virginia adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue state special Code 2805—Modular or Prefabricated Home Mfg.—Not Mobile.

BACKGROUND AND BASIS FOR CHANGE

Manufactured homes are built to federal building standards in a shop on a steel frame with wheels, similar to a trailer but attached to the trailer frame. There are restrictions on where they can be placed based on local rules and regulations. Modular homes are built in a shop to meet local building codes; they are transported on a trailer but not attached to the trailer. There are far fewer restrictions on where they can be placed.

Currently, these two types of shop-built homes are classified to different codes on a national basis:

- Code 2802—Carpentry—Shop is used for the manufacture of prefabricated wood houses, portable buildings, and prefabricated modular houses (factory built)
- Code 2812—Cabinet Works—With Power Machinery is used for the manufacture of home-type trailers and home-type trailers not used for residential purposes (medical trailers, bank trailers, etc.)

They are both built in a large shop on a production assembly line. Both are built in a controlled environment that is not hindered by the weather. Once the floor is completed (built on a steel frame for manufactured homes; built on a beefed-up wood-framed floor for modular homes), the process of building walls, installing utilities (plumbing, electrical, insulation, etc.), doorways, ceilings, and roofs is similar.

The modular home, which can be up to three times larger in finished size, is completed in many more sectional boxes than a manufactured home. The roof is attached to the manufactured home, while the roof on a modular home is built as a separate part. When completed, the manufactured home has axles and wheels attached for transport as a trailer, while the manufactured home is loaded onto a trailer for transport. The key differences between the two are as follows:

- Building codes—manufactured homes built to federal standards; modular homes built to local building standards
- Size of the finished home—triple-wide manufactured home built as three separate boxes to 3,800 square feet; modular home built with many more boxes, and roof sections can reach over 9,000 square feet
- Roof—attached to the manufactured home when building each section in the shop; attached to the modular home when assembling on the building site
- Siding—attached to the manufactured home in the shop; attached to the modular home on the building site

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EXHIBIT 2—FACT SHEET (CONT'D)

- Finish work after setup—minor amount on manufactured home—typical customer can move in the next day; more work on modular home (can be larger and multistory)—average of one week before customer can move in

IMPACT

This item proposes to establish new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers. Except for the states of Arizona, Florida, Georgia, Idaho, Indiana, Kansas, New Mexico, North Carolina, and Virginia, which currently have state special treatments for these operations, it is proposed that the initial loss cost or rate and experience rating values be that of Code 2802 until Code 2797 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2797 are currently being assigned to Code 2802. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 2802, and the differences from the previously assigned codes' loss cost or rate. The new class code's loss cost or rate will eventually reflect the new phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

Arizona Specific:

The proposal recommends that Arizona discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Arizona's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Arizona state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Florida Specific:

The proposal recommends that Florida discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The rates and rate values for this code will not change. All of Florida's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Florida state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Georgia Specific:

The proposal recommends that Georgia discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Georgia's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Georgia state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Idaho Specific:

The proposal recommends that Idaho discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Idaho's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Idaho state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Indiana Specific:

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EXHIBIT 2—FACT SHEET (CONT'D)

The proposal recommends that Indiana discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Indiana's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Indiana state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Kansas Specific:

The proposal recommends that Kansas discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of Kansas's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the Kansas state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

New Mexico Specific:

The proposal recommends that New Mexico adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and discontinue state special Code 2826—Building Mfg.—Residential—Shop and Yard.

A review of New Mexico state special Code 2826 shows no experience is currently being reported in this A-rated code. Due to the lack of any ratemaking data from Code 2826, it is proposed that similar to the national proposal, the initial loss cost or rate and experience rating values for new Code 2797 be that of existing national Code 2802 until new Code 2797 establishes sufficient experience to determine its own loss cost or rate. This proposal is not expected to cause a significant change in individual risk or statewide premium.

North Carolina Specific:

The proposal recommends that North Carolina discontinue the state special wording for Code 2797 and adopt the new national wording for this code. The loss cost and rate values for this code will not change. All of North Carolina's historical experience for this code will remain. Future assignment of risks will be based on the new national phraseology. The proposed national wording for Code 2797 incorporates wording from the North Carolina state special, so the exception wording is no longer needed. This is not expected to result in a significant change in individual risk or statewide premium for this industry.

Oregon Specific:

The proposal recommends that Oregon discontinue two state special reference notes. This will not result in any change to individual risk or statewide premium for this industry.

Virginia Specific:

The proposal recommends that Virginia adopt the new national Code 2797—Manufactured, Modular, or Prefabricated Home Manufacturing—Shop Work & Drivers and eliminate state special Code 2805—Modular or Prefabricated Home Mfg.—Not Mobile.

It is also proposed that, in Virginia, the initial loss cost or rate and experience rating values for new Code 2797 be that of Code 2805. Thereafter, Virginia's historical experience reported under Code 2805 will be reassigned to Code 2797 before determining the loss cost or rate. Future assignment of risks will be based on the new national phraseology. While some of these operations may be transferred from other class codes, it is expected that most operations applicable to the new Code 2797 are currently being assigned to state special Code 2805. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 2805, and the differences from the previously assigned

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EXHIBIT 2—FACT SHEET (CONT'D)

codes' loss costs or rates. 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.

IMPLEMENTATION

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

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 2—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED, MODULAR HOMES MFG.
CLASSIFICATIONS

**2797 MANUFACTURED, MODULAR, OR PREFABRICATED HOME MANUFACTURING—SHOP
WORK—ALL OPERATIONS & DRIVERS**

This classification applies to insureds that manufacture or fabricate manufactured, modular, or prefabricated homes at a factory site only. Manufactured homes are also known as mobile homes. Framing can be done with wood or metal studs.

Manufacture of masonry or concrete modular building (built in a shop, transported to the site, and set in place) must be separately rated.

This classification includes the manufacturing of nonmotorized construction, home-type, medical, and bank trailers, and similar portable buildings; campers that are set on pickup trucks; and truck sleepers that are mounted behind the cab of semi trucks. It includes installation or repair of the before-mentioned products assembled at the factory site only.

This classification also includes delivery performed by the manufacturer. Delivery from an outside trucking company must be separately rated to the appropriate trucking classification. Setup, hookup, installation, or finish work at a job site must be separately rated.

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**EXHIBIT 3—FACT SHEET
MANUFACTURED HOMES SETUP****PROPOSAL**

The focus of the proposed changes for this industry is to create a new national classification code for the manufactured home setup industry by consolidating references in other codes. There is also a recommendation to revise the phraseology for fencing and to consolidate all fencing references.

NCCI recommends the following national treatment for classifications:

1. Establish Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site. The code will apply to setting home sections into place on the foundation or foundation walls and bolting them together. It also includes the hookup of any preinstalled utilities in the foundation to the connections on the manufactured or modular home.
 - Separately rate any installation of siding, skirting, deck, fence, septic tank, concrete foundation or sidewalks, or concrete block walls. Also separately rate garage building, landscaping, concrete or paved driveway or road building, site prep work, and grading or excavation work to the home or at the building site.
 - Any construction not associated with the original setup, hookup, or installation of the home, or disassembly and reassembly work required to repair or improve the home, must be assigned to the applicable construction code.
 - Separately rate delivery from an outside trucking company to the appropriate trucking classification. Assign setup of the manufactured or modular home to Code 2799.
 - Assign windstorm tie-down installations by dealers or specialty contractors to Code 2799.
2. Discontinue the cross-reference phraseologies for “Mobile Home: Delivery By Specialist Contractor” under Codes 7228, 7229, and 8380. Delivery only by an outside trucking company is assigned to the appropriate trucking classification, while delivery by the manufacturer will be assigned to new Code 2797. On-site setup in either situation will be assigned to new Code 2799. Also, revise the cross-reference phraseology under Code 7317F for “Automobile—Haulaway or Driveway”, to mirror the cross-reference phraseologies under Codes 7228 and 7229.
3. Discontinue the cross-reference phraseology for “Mobile Home: Windstorm Tie-Down Installation: By Dealer” under Code 8380. Windstorm tie-down installations by dealers will be assigned to Code 2799.
4. Revise the phraseologies under Codes 8380 and 8748 for Mobile Home Dealers, and Mobile Home Repair, to “Mobile, Manufactured, Modular, or Prefabricated Home Dealers”, and “Mobile, Manufactured, Modular, or Prefabricated Home Repair”.
5. Revise the phraseology of Code 6400—Fence Erection—Metal to include additional types of fences, secondary fence installation, and exceptions. The newly defined national phraseology will be Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand.
6. Discontinue the cross-reference phraseology for “Mobile Home: Windstorm Tie-Down Installation: by Specialist Contractor” under Code 6400. Windstorm tie-down installations by specialist contractors will be assigned to Code 2799.

Arizona Specific:

NCCI recommends that Arizona adopt the newly defined national Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand, and discontinue the state special treatment for Code 6400, “Fence Construction—Metal or Wood—All Operations.”

Florida Specific:

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EXHIBIT 3—FACT SHEET (CONT'D)

The proposed newly defined national phraseology for Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand, mirrors Florida's current state special treatment. NCCI recommends that Florida adopt the national phraseology and discontinue the state manual reference.

Hawaii Specific:

NCCI recommends that Hawaii adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

NCCI recommends that Hawaii adopt the newly defined national Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand, and discontinue the state special treatment for Code 6400, "Fence Erection—Wood or Metal."

Louisiana Specific:

NCCI recommends that Louisiana adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

Maine Specific:

NCCI recommends that Maine adopt the newly defined national Code 6400—Fence Installation and Repair—Metal, Vinyl, Wood, or Prefabricated Concrete Panel Fences Installed by Hand and eliminate the state special treatment for Code 6400, "Fence Erection—Metal or Wood—All Operations."

Missouri Specific:

NCCI recommends that Missouri adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

Oklahoma Specific:

NCCI recommends that Oklahoma adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

Oregon Specific:

NCCI recommends that Oregon adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments under Codes 6400 and 8380 for "Mobile Home—Repair" and "Mobile Home—Windstorm Tie-Down Installation." Windstorm tie-down installations by trailer park operators will remain in Code 9015, as this is considered an incidental part of their operations.

Rhode Island Specific:

NCCI recommends that Rhode Island adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site, and discontinue the state special treatments for Code 8391, "Mobile Home Delivery—By Specialist Contractor & Drivers" and "Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers."

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EXHIBIT 3—FACT SHEET (CONT'D)**BACKGROUND AND BASIS FOR CHANGE**

The manufactured, modular homes setup industry is currently classified across five separate national codes for specific portions of the installation process. Each of the codes include extensive operations within its phraseology. However, for each code there is only a small cross-reference portion that is being considered in this filing. Applicable cross-references are listed under each code below.

Code 8380—Automobile Service or Repair Center & Drivers:

- Mobile Home Dealers: All Other Employees and Drivers
- Mobile Home Delivery: By Specialist Contractor—Including On-Site Placement, Hookup of Plumbing and Electrical Systems and Incidental Installation Activities & Drivers
- Mobile Home—Windstorm Tie-Down Installation: By Dealer & Drivers

Code 9015—Buildings—Operation by Owner or Lessee or Real Estate Management Firm: All Other Employees

- Mobile Home: Windstorm Tie-Down Installation: By Mobile Home Park Operator

Code 6400—Fence Erection—Metal

- Mobile Home: Windstorm Tie-Down Installation: By Specialist Contractor

Code 7228—Trucking—Local Hauling Only—All Employees & Drivers

- Mobile Home Delivery: By Specialist Contractor—Local Hauling Only

Code 7229—Trucking—Long Distance Hauling—All Employees & Drivers

- Mobile Home Delivery: By Specialist Contractor—Long Distance Hauling

The on-site placement and hookup is assigned to Code 8380. The delivery or transportation only is assigned to Code 7228 or Code 7229. The windstorm tie-down installation is assigned to Code 8380 for a dealer installation, Code 9015 for mobile home park operator installation, and Code 6400 for a specialist contractor installation. None of these codes specifically addresses the installation of modular homes, only mobile homes.

There are some common operations for the setup and installation of manufactured homes and modular homes. A significant amount of site preparation is required for both types of homes. This includes clearing the site, running utilities to the site, and installing plumbing through the foundation to be poured. For modular homes, there is also a concrete block skirting around the outside and inside of the foundation for each section to rest on.

The manufactured home sections are driven into place very close to each other and bolted together. The structure is lifted and raised to remove the wheels and axles and then lowered onto the foundation. Windstorm tie-downs are then installed to permanently affix the manufactured home to the foundation. Utility lines are connected and then the interior work is completed to cover the seams of each section. Set-up work lasts one day, and the manufactured home can be moved into the next day.

The modular home sections are driven to the site on flatbed trailers for each section. A crane is on site to lift each section onto the foundation in a prescribed order. Each piece is set on top of the concrete block foundation wall and bolted to the next piece. The pieces for the next floor are placed and bolted to the top of the first-floor rooms, and then the roof panels are set into place. A 3,000-square-foot home can be set up in approximately four hours. Utility lines are attached from the plumbed foundation to the home, and steel spikes are driven into the concrete block foundation wall to permanently affix the home to the foundation. Normal trade contractors then complete the interior and exterior of the building and cover the seams between the sections, which can take about a week before the home can be ready for occupancy.

Any garages, decks, fencing, driveways, landscaping, patios, and sidewalks are then installed to complete each of the two types of homes.

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EXHIBIT 3—FACT SHEET (CONT'D)

The preferred method would be to drive the pieces very close together on the foundation. In the tight fit of an established mobile home park, an alternate method would be to hoist the pieces onto the foundation with a crane. Most mobile home parks have very little space between lots, and it would be unlikely to have room for the pieces to be placed on each side of the prepared foundation. Lifts and dollies are used to raise the mobile home to remove the wheels prior to completing the installation process.

Some fencing issues were addressed along with windstorm tie-down operations. References in Code 5102 to soil erosion fencing and a reference in Code 5403 to plastic or wooden fence erection were reviewed for consolidation into Code 6400.

IMPACT

This item proposes to establish new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site. Except for the states of Hawaii, Louisiana, Missouri, Oklahoma, and Rhode Island, which currently have state special treatment, it is also proposed that the initial loss cost or rate and experience rating values be that of Code 8380 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8380. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8380, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

This item also proposes to assign activities related to windstorm tie-down installations by dealers or specialty contractors to this new national Code 2799. These operations are currently being assigned to Codes 8380 and 6400. NCCI is not able to determine the amount of payroll that will transfer from each of these codes into Code 2799. Windstorm tie-down installations by mobile home park operators will remain in Code 9015, as this is considered an incidental part of their operations.

The other change primarily consists of expanding phraseology in Code 6400—Fence Erection to include specific fence types into the filed phraseology. This change is for clarification only and is not expected to result in a change in statewide or individual risk premium.

Arizona Specific:

The proposal recommends that Arizona discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Arizona state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Florida Specific:

The proposal recommends that Florida discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Florida state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Hawaii Specific:

The proposal recommends that Hawaii adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Hawaii, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While

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EXHIBIT 3—FACT SHEET (CONT'D)

experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. 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 proposal also recommends that Hawaii discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Hawaii state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Louisiana Specific:

The proposal recommends that Louisiana adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Louisiana, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

Maine Specific:

The proposal recommends that Maine discontinue the state special wording for Code 6400 and adopt the new national wording for this code. The proposed national wording for Code 6400 incorporates wording from the Maine state special, so the exception wording is no longer needed. This is not expected to result in a change in individual risk or statewide premium for this industry.

Missouri Specific:

The proposal recommends that Missouri adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Missouri, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

Oklahoma Specific:

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 3—FACT SHEET (CONT'D)

The proposal recommends that Oklahoma adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Oklahoma, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

Oregon Specific:

The proposal recommends that Oregon adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies references under Codes 6400 and 8380 for Mobile Home—Repair, and Mobile Home—Windstorm Tie-Down Installation. These state special phraseologies are similar to the existing national wording for windstorm tie-down installation operations. The removal of these state special phraseologies is not expected to cause any additional change in individual risk or statewide premium beyond what is already stated in the national impact for this industry. Windstorm tie-down installations by trailer park operators will remain in Code 9015, as this is considered an incidental part of their operations.

Rhode Island Specific:

The proposal recommends that Rhode Island adopt the new national Code 2799—Manufactured, Modular, or Prefabricated Home Setup, Hookup, or Installation at Building Site and discontinue state special phraseologies: Code 8391—Mobile Home Delivery—By Specialist Contractor & Drivers and Code 8391—Mobile Home—Windstorm Tie-Down Installation—By Dealer & Drivers.

It is also proposed that, in Rhode Island, the initial loss cost or rate and experience rating values be that of Code 8391 until Code 2799 establishes sufficient experience to determine its own loss cost or rate. While experience may be transferred from numerous other class codes, it is expected that most operations applicable to the new Code 2799 are currently being assigned to Code 8391. This proposal is, therefore, not expected to cause a significant change in statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between previously assigned class codes, other than Code 8391, and the differences from the previously assigned codes' loss costs or rates. The new class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to 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. 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-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

**2799• MANUFACTURED, MODULAR, OR PREFABRICATED HOME SETUP, HOOKUP, OR
INSTALLATION AT BUILDING SITE**

Code 2799 includes the use of any lifts, jacks, cranes, or dollies to place home sections onto the foundation or foundation walls, bolt the sections together, and remove any wheels or axles. It also includes the hookup of any preinstalled utilities in the foundation—such as electrical, plumbing, telephone, water, sewer, or cable television—to the connections on the manufactured or modular home. Covering up or hiding the seams of each section of a manufactured or modular home, installing windstorm tie-downs on a manufactured home, or spiking a modular home through the foundation wall is assigned to this classification if done by a dealer or specialty contractor. Manufactured homes are also known as mobile homes.

Any construction not associated with the original setup, hookup, or installation of the home, or disassembly and reassembly work required to move the home, must be assigned to the applicable construction code. For example, separately rate the following:

- Construction operations that include site preparation or repair work prior to the setup and after the setup
- Installation of siding, insulation, skirting, deck, fence, septic tank, concrete foundation or sidewalks, or concrete block walls
- Garage building, landscaping, concrete or paved driveway or road building, site prep work, and grading or excavation work to the home or at the building site

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUPEXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**~~AUTOMOBILE~~**

- 8393 ~~**Body Repair.** Applies to the repair of metal, fiberglass, and plastic automobile bodies and includes upholstering and painting. Codes 8393, 3822, and 3824—Automobile body mfg., Code 3808—Automobile mfg., and Code 8380—Automobile service or repair center shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~
- 8380 ~~**Car Wash & Drivers.** Includes incidental greasing, polishing, and servicing. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~
- 3827 ~~**Engine Mfg.**~~
- 7228 ~~**Haulaway or Driveaway—Local Hauling Only—All Employees & Drivers**~~
- 7229 ~~**Haulaway or Driveaway—Long Distance Hauling—All Employees & Drivers**~~
- 7317F ~~**Driving Autos On or Off Vessels**~~
- ~~**Leasing Company—Long Term:**~~
- 8748 ~~**Salespersons**~~
- 8380 ~~**All Other Employees & Drivers**~~
- 3808 ~~**Mfg. or Assembly**~~
- 8380 ~~**Muffler—Installation or Repair & Drivers**~~
- 8046♦ ~~**Parts and Accessories NOC & Drivers.** Applies to wholesale or retail stores.~~
- 3807 ~~**Radiator Mfg.** Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 3807 are conducted as a separate and distinct business.~~
- 9516 ~~**Radio, Television, Video, and Audio Equipment Installation Service or Repair & Drivers.** Includes shop or outside employees, incidental parts department employees, erection of antennae.~~
- 8046 ~~**Recycling.** Store employees who do not engage in other operations and have no yard exposure.~~
- 3821 ~~**Recycling & Drivers.** Includes the dismantling, salvaging, or junking of parts. Store employees who do not engage in other operations and have no yard exposure are assigned to Code 8046.~~
- ~~**Rental Co.:**~~
- 8385 ~~**Garage Employees.** Includes employees who check or change fluids, batteries, tires, and clean or otherwise service automobile or garage equipment.~~
- 8002♦ ~~**All Other Employees & Counter Personnel, Drivers**~~
- 8380 ~~**Sales or Service Agency & Parts Department Employees, Drivers.** Automobile salespersons to be separately rated as Code 8748.~~
- 8748 ~~**Salespersons.** Subject to in Rule 1 B 2, except as respects delivery of automobiles.~~
- 8380 ~~**Service or Repair Center & Drivers.** Includes parts department employees. Automobile salespersons to be separately rated as Code 8748. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~
- 3400 ~~**Stamped Parts Mfg.**~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS (CONT'D)
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7228 ~~Towing Companies—Local Hauling Only—No Other Operations—All Employees &
Drivers~~

7229 ~~Towing Companies—Long Haul—No Other Operations—All Employees & Drivers~~

~~2842 Trailer Mfg.—Home Type~~

3803 ~~Wheel Mfg.—Metal—Not Cast~~

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

8393 AUTOMOBILE—BODY REPAIR

Applies to the repair of metal, fiberglass, and plastic automobile bodies and includes upholstering and painting. Codes 8393, 3822, and 3824—Automobile body mfg., Code 3808—Automobile mfg., and Code 8380—Automobile service or repair center shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 **AUTOMOBILE—CAR WASH & DRIVERS**

Includes incidental greasing, polishing, and servicing. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3827 **AUTOMOBILE—ENGINE MFG.**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7317F ~~AUTOMOBILE—HAULWAY OR DRIVEWAY—LONG-DISTANCE HAULING—ALL
EMPLOYEES & DRIVERS—DRIVING AUTOS ON OR OFF VESSELS & DRIVERS~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7228 **AUTOMOBILE—HAULAWAY OR DRIVEAWAY—LOCAL HAULING ONLY—ALL EMPLOYEES
& DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7229 **AUTOMOBILE—HAULAWAY OR DRIVEAWAY—LONG DISTANCE HAULING—ALL
EMPLOYEES & DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 ~~AUTOMOBILE~~—LEASING COMPANY—LONG-TERM—ALL OTHER EMPLOYEES &
DRIVERS

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8748 **AUTOMOBILE—LEASING COMPANY—LONG-TERM—SALESPERSONS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3808 **AUTOMOBILE—MFG. OR ASSEMBLY**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 **AUTOMOBILE—MUFFLER—INSTALLATION OR REPAIR & DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8046◆ **AUTOMOBILE—PARTS AND ACCESSORIES NOC & DRIVERS**
Applies to wholesale or retail stores.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3807 **AUTOMOBILE—RADIATOR MFG.**

Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 3807 are conducted as a separate and distinct business.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

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

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

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8046 **AUTOMOBILE—RECYCLING**

Store employees who do not engage in other operations and have no yard exposure.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

3821 AUTOMOBILE—RECYCLING & DRIVERS

Includes the dismantling, salvaging, or junking of parts. Store employees who do not engage in other operations and have no yard exposure are assigned to Code 8046.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8002◆ **AUTOMOBILE—RENTAL CO.—ALL OTHER EMPLOYEES & COUNTER PERSONNEL,
DRIVERS**

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

8385 AUTOMOBILE—RENTAL CO.—GARAGE EMPLOYEES

Includes employees who check or change fluids, batteries, tires, and clean or otherwise service automobile or garage equipment.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8380 **AUTOMOBILE—SALES OR SERVICE AGENCY & PARTS DEPARTMENT EMPLOYEES,
DRIVERS**

Automobile salespersons to be separately rated as Code 8748.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8748 **AUTOMOBILE—SALESPERSONS**

Subject to in Rule 1-B-2, except as respects delivery of automobiles.

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS**

8380 AUTOMOBILE—SERVICE OR REPAIR CENTER & DRIVERS

Includes parts department employees. Automobile salespersons to be separately rated as Code 8748. Codes 8380 and 8392—Automobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
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CLASSIFICATIONS

3400 **AUTOMOBILE—STAMPED PARTS MFG.**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7228 **AUTOMOBILE—TOWING COMPANIES—LOCAL HAULING ONLY—NO OTHER
OPERATIONS—ALL EMPLOYEES & DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

7229 **AUTOMOBILE—TOWING COMPANIES—LONG HAUL—NO OTHER OPERATIONS—ALL
EMPLOYEES & DRIVERS**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

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

2812 ~~AUTOMOBILE~~—Trailer Mfg.—Home Type

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

~~2842~~ ~~AUTOMOBILE~~—~~Trailer Mfg.~~—~~Home Type~~

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

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

3803 **AUTOMOBILE—WHEEL MFG.—METAL—NOT CAST**

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

~~FENCE~~

- 6400• ~~Erection—Metal~~
- 3257 ~~Mfg.—Wire~~
- 2802 ~~Mfg.—Wood, Picket & Drivers~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
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MANUFACTURED HOMES SETUP
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3257 FENCE MFG.—WIRE

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

6400• **FENCE ~~ERECTION~~ INSTALLATION AND REPAIR—METAL, VINYL, WOOD, OR
PREFABRICATED CONCRETE PANEL FENCE INSTALLED BY HAND**

The installation and repair of temporary or permanent fences, including those installed to prevent soil erosion, are assigned to Code 6400. Any concrete fence panel that cannot be installed or repaired by hand or uses a crane, hoist, or backhoe to install must be separately rated to the appropriate construction code.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

~~MOBILE HOME~~

~~Dealers:-~~

8748 ~~Salespersons~~

8380 ~~All Other Employees & Drivers~~

~~Delivery:-~~

7228 ~~By Specialist Contractor—Local Hauling Only—Delivery Only—All Employees & Drivers~~

7229 ~~By Specialist Contractor—Long Distance Hauling—Delivery Only—All Employees & Drivers~~

8380 ~~By Specialist Contractor—Including On Site Placement, Hookup of Plumbing and Electrical Systems and Incidental Installation Activities & Drivers~~

~~Repair:-~~

8380 ~~Shop:-~~

~~By Dealer or Specialist Contractor & Drivers. The on site repair of a mobile home that is permanently set and occupied is classified in the same manner as the repair work done on any dwelling.~~

~~Windstorm Tie Down Installation:-~~

8380 ~~By Dealer & Drivers~~

9015 ~~By Mobile Home Park Operator~~

6400● ~~By Specialist Contractor~~

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

**8380 MOBILE, MANUFACTURED, MODULAR, OR PREFABRICATED HOME DEALERS—ALL
OTHER EMPLOYEES & DRIVERS**

Setup or installation work of mobile, manufactured, modular, or prefabricated homes must
be separately rated to Code 2799.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

8748 MOBILE, MANUFACTURED, MODULAR, OR PREFABRICATED HOME
DEALERS—SALESPERSONS

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

**8380 MOBILE, MANUFACTURED, MODULAR, OR PREFABRICATED HOME REPAIR—SHOP
ONLY—BY DEALER OR SPECIALIST CONTRACTOR & DRIVERS**

The on-site repair of a mobile, manufactured, or prefabricated home that is permanently set ~~and occupied~~ is classified in the same manner as the repair work done on any dwelling to the appropriate construction code. Setup or installation work of mobile, manufactured, modular, or prefabricated homes must be separately rated to Code 2799.

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
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EXHIBIT 3—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
MANUFACTURED HOMES SETUP
CLASSIFICATIONS

9015 MOBILE HOME WINDSTORM TIE-DOWN INSTALLATION: BY MOBILE HOME PARK
OPERATOR

ITEM B-1410—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**
2797	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
2799	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		D	2
2805		VA	⊖	-2
2812		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	⊖	-2
2826		NM	⊖	-2

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

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

ITEM B-1410—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**
2797	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
2799	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		D	2
2805		VA	⊖	-2
2812		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	⊖	-2
2826		NM	⊖	-2

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

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

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 6

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

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

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

Delete the following from the Preliminary Physical Audits (PPA)—New Business Table:

PPA—New Business Table

Premium Range	Governing Classification Codes
\$10,000 to \$49,999	2812

**ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP**

EXHIBIT 6

ASSIGNED CARRIER PERFORMANCE STANDARDS

PERFORMANCE STANDARD 6—AUDITS

C. QUALIFYING EMPLOYERS

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

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

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

Final Physical Audit—New Business Table

Premium Range	Governing Classification Codes
\$5,000 to \$49,999	2812

SERFF Tracking Number: NCCI-125781114 State: Arkansas
Filing Company: NCCI State Tracking Number: EFT \$100
Company Tracking Number: B-1410- AR
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
Product Name: B-1410-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	09/26/2008
Comments:		
Attachment: P&C Transmittal- B-1410.pdf		
Bypassed -Name: NAIC Loss Cost Filing Document for Workers' Compensation	Review Status: Approved	09/26/2008
Bypass Reason: NA		
Comments:		
Bypassed -Name: NAIC loss cost data entry document	Review Status: Approved	09/26/2008
Bypass Reason: NA		
Comments:		
Satisfied -Name: Filing Memorandum	Review Status: Approved	09/26/2008
Comments:		
Attachment: Filing Memorandum - B-1410.pdf		
Satisfied -Name: Response to Objection	Review Status: Approved	09/26/2008
Comments:		
Attachment: Arkansas B-1410 Response of 09082008.pdf		

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only 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					

3. Group Name	Group NAIC #

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

5. Company Tracking Number	
-----------------------------------	--

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 type="text"/> Renewal: <input 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—

20. This filing transmittal is part of Company Tracking #

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

22. Filing Fees (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]

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.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to rate/rule filing number (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.)

1.	This filing transmittal is part of Company Tracking #	
-----------	--	--

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
-----------	---	--

Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	
-----------	--	--

4a.	Rate Change by Company (As Proposed)						
------------	---	--	--	--	--	--	--

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)

4b.	Rate Change by Company (As Accepted) For State Use Only						
------------	--	--	--	--	--	--	--

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

5. Overall Rate Information (Complete for Multiple Company Filings only)			
---	--	--	--

		COMPANY USE	STATE USE
5a	Overall percentage rate indication (when applicable)		
5b	Overall percentage rate impact for this filing		
5c	Effect of Rate Filing – Written premium change for this program		
5d	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	
-----------	---	--

7.	Effective Date of last rate revision	
-----------	---	--

8.	Filing Method of Last filing (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	

FILING MEMORANDUM

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

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

Title	Fact Sheet	Exhibit
Carpentry Shop	1	1
Two-Year Transition Program Rules and Examples		1
Two-Year Transition Program Rules and Examples (Applies in: VA)		1
Manufactured, Modular Homes Manufacturing	2	2
Manufactured Homes Setup	3	3
Basic Manual Appendix E—Table of Classifications by Hazard Group		4
CCPAP Exhibits		5
Assigned Carrier Performance Standards		6
State Special Exhibits		7

BACKGROUND

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's class system. This process ensures that the class system remains healthy, viable, and responsive to the needs of various industry stakeholders. This process also ensures that the system reflects the responses that various 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, discontinuation, or clarification. This item includes proposals for the individual classifications identified in each exhibit.

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

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

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FILING MEMORANDUM

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

PROPOSAL

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

This item is broken out in sections as enumerated in the table shown on Page 1. Each section contains a fact sheet outlining the proposals relating to that section, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation. Each section also contains exhibits detailing the changes being proposed to NCCI's *Basic Manual*.

IMPACT

This item will foster the uniform and equitable treatment of risks within each industry. NCCI recognizes that some of our recommendations, such as moving a specific operation from one classification to another, may have a premium impact for particular risks. Additionally, some of the changes proposed will have a loss cost or rate impact. The industry fact sheets outline the potential impacts specific to each of the proposed changes.

IMPLEMENTATION

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

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

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

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

State	Anticipated** Effective Date
Alabama	March 1, 2011
Alaska	January 1, 2011
Arizona	October 1, 2011
Arkansas	July 1, 2011

* Except in Virginia where it is the 2010 filing cycle

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FILING MEMORANDUM

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP

State	Anticipated** Effective Date
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
Nebraska	February 1, 2011
Nevada	March 1, 2011

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FILING MEMORANDUM

ITEM B-1410—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP

State	Anticipated** Effective Date
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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**NCCI's Response to Arkansas Objection Letter Dated 8/29/08
Regarding Item Filing B-1410**

Objection 1

Comment: Carpentry Shop Codes 2812 and 2883—Please provide Arkansas-specific information on Codes 2812 and 2883, such as payrolls, number of insured that may be affected, and a hypothetical example.

Response:

The following table contains an estimate of the payroll and number of Arkansas insureds in Codes 2812 and 2883 that will be affected by this proposal:

Current Class Code	Current Class Code Basic Manual Description	Current Vol. Loss Cost Eff. 7-1-2008	New Class Code	Proposed Class Code Basic Manual Description	Estimated Number of Employers In Current Code	Payroll for Current Class Code
2812	CABINET WORKS—With Power Machinery	2.23		<Code 2812 discontinued and existing exposure combined into Code 2883>	182	34,856,316
2883	FURNITURE MFG.—WOOD—NOC.	2.47	2883	FURNITURE MANUFACTURING AND CABINET SHOP— WOOD—NOC	35	7,453,093

A hypothetical illustration is provided below, with detail as to the assumptions and calculations used.

Background:

The transition program for this item is in regard to the Carpentry Shop industry, which proposes that Code 2812—Cabinet Works—With Power Machinery be discontinued and its experience be combined into newly defined national Code 2883. A two-year transition program is included in this proposal 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 for which this transition program will initiate is the first filing made with an effective date on or after the state approved effective date of this item filing (i.e., 1/1/11). If a state loss cost revision filing is made before the approval of this item, then Arkansas' 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. The proposed effective date for the experience filing revision must be 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 8/29/08
Regarding Item Filing B-1410**

High Level Summary:

The transition program calculations must reflect the confluence of two events over time:

1. The merging of the two classifications' loss costs to a single value
2. The Arkansas loss cost filing's updates based on the individual class code's actual experience, as is done every year

Although a significant number of Arkansas employers will be subject to the transition program, these employers are likely to see minimal change in their loss costs over that same time. The employers in Code 2812 will see an increase in their loss costs as they transition to the newly defined Code 2883.

An example is provided in the following pages to better illustrate how this item filing will affect the loss costs of these employers, starting with the latest Arkansas-specific information available.

Estimated Loss Cost Impact for Arkansas:

The following assumptions are made for this hypothetical illustration:

Hypothetical Assumptions:

1. Arkansas will have an assumed annual loss cost revision July 1, 2008 and thereafter (e.g., 7/1/09, 7/1/10, 7/1/11, etc.).
2. This transition program will initiate with the Arkansas loss cost experience filing effective 7/1/11, provided Item Filing B-1410 is approved as filed. The transition would end with the next filing revision, which will be assumed to be effective on 7/1/12.
3. This example assumes the swing limits to be +/-25% from the industry group change.
4. The current approved loss cost values in Arkansas (effective 7/1/08) for Codes 2812 and 2883 are \$2.23 and \$2.47, respectively. Both are found in the Manufacturing Industry Group.
5. The corresponding latest filed year of payroll for Codes 2812 and 2883 are \$34,856,316 and \$7,453,093, respectively.
6. Since the 7/1/09 and 7/1/10 filings have not been made, the values in assumptions (4) and (5) will be the assumed starting values for these codes entering the 7/1/11 transition filing. In actuality, these values will reflect any loss cost revision made up to the filing that is initiating the transition, in this example, the 7/1/11 loss cost filing.
7. Since this is a two-year transition, the minimum weight value assigned to the payroll-weighted loss cost value for the first year of transition is 0.50 (50.0 %.) This weight is used as a starting point to complete the transition over a two-year period. The initial weight may be selected to

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**NCCI's Response to Arkansas Objection Letter Dated 8/29/08
Regarding Item Filing B-1410**

be greater than 50.0 % in the first transition if the indicated loss costs are within the swing limits.

8. The weight applied in the second year will be 1.00 (100.0%). This weight is chosen to complete the transition in the second filing year.
9. The payroll amounts are tweaked in the first and second transition year to illustrate that the data is updated for Code 2812 and Code 2883 over the future time horizon. The loss cost values could change as well, as represented in the second transition year example.

The table below shows the latest filed state information available in Arkansas, along with the transition period time frame:

Class Code	7-1-08 Current Approved Values (& assumed 7-1-09)		Actual 7-1-2010 Values		First Year Transition Assumed Effective 7-1-2011		Final-Year of Transition Assumed Effective 7-1-2012		
	Payroll	Loss Cost	Payroll	Loss Cost	Payroll	Loss Cost	Payroll	Loss Cost	
2812	34,856,316	2.23						Discontinued	
2883	7,453,093	2.47	-----Not Yet Known-----						

Hypothetical Illustration:

In this example, the calculated values for the filings effective 7/1/09 and 7/1/10 (which are currently unknown) are assumed to be the same as the latest approved 7/1/08 values. In actuality, the class code values for both these filings will be adjusted to reflect the class changes that eventually get approved in the respective loss cost filings. The assumed values are shown in the exhibit below. The payroll-weighted loss cost of 2.27 is also shown below and is determined using this calculation: $2.27 = (34,856,316 \times 2.23 + 7,453,093 \times 2.47) / (34,856,316 + 7,453,093)$.

For the sake of simplicity, assume no changes occur for either class code in the 7/1/10 loss cost filing for Arkansas. Even if item B-1410 is approved as filed, the transition program is not implemented in the 7/1/10 loss cost filing.

		Example 7-1-2010 Filing Calculated Values	
Class Code		Payroll	Loss Cost
2812		34,856,316	2.23
2883		7,453,093	2.47
		Payroll Weighted Loss Cost	2.27

Estimated First Year Transition Calculations

The first year transition will initially start by using the indicated 7/1/11 filing values using the latest updated data. Assume the loss cost change for the Manufacturing industry group is -5.0% on

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**NCCI's Response to Arkansas Objection Letter Dated 8/29/08
Regarding Item Filing B-1410**

average in the 7/1/11 loss cost filing. Therefore, the Manufacturing classes would be subject to swing limits from (-30.0%, +20.0%) around the prior approved loss costs in the Arkansas loss cost filing.

In the exhibit below, applying the minimum weight of 0.50 to the payroll-weighted loss cost results in both of the indicated loss costs for Codes 2812 and 2883 being within the swing limits of the filing. Thus, the minimum 0.50 weight applied to the payroll-weighted average would be iteratively increased by a value of 0.01 until one of the loss costs reached a value where it would at most meet the swing limitation.

Class Code	Approved 7-1-2010 Values		Indicated 7-1-2011 Values		7-1-2011 First Year Transition Values		Percentage Change
	Payroll	Loss Cost	Payroll	Loss Cost	Payroll	Loss Cost	
2812	34,856,316	2.23	35,000,000	2.23		2.27	1.8%
2883	7,453,093	2.47	7,000,000	2.47		2.27	-8.1%
	Payroll Weighted Loss Cost	2.27	Payroll Weighted Loss Cost	2.27	Payroll Weighted Loss Cost	2.27	0.0%

In this case, neither code hit the assumed upper swing limit change for the Manufacturing industry group in the filing when a full weight of 1.00 was used. Therefore, the weight value of 1.00 is placed on the payroll-weighted loss cost to compute the values that will be shown on the loss cost pages in the filing. Since the indicated loss costs of these two codes are so close, the transition program is not needed in this example. The weight used in this example could be different depending on the actual indicated loss costs that result from updating the data in 7/1/11.

In summary, the first year transition values are calculated as follows using the indicated 7/1/11 values:

- Code 2812 1st year transition loss cost, 2.27 = (0.00 x 2.23) + (1.00 x 2.27)
- Code 2883 1st year transition loss cost, 2.27 = (0.00 x 2.47) + (1.00 x 2.27)

Second Year (Final) Estimated Transition Calculations

The second year transition values will initially be calculated using the 7/1/12 filing's indicated values and a 100 % weight on the updated payroll-weighted loss cost value. Since the transition program needs to complete in this second year, the weighting value of 1.00 will be used.

The second year transition values are shown below and can be calculated as follows.

- Code 2812 2nd year transition loss cost: 2.24 = (0.00 x 2.20) + (1.00 x 2.24)
- Code 2883 2nd year transition loss cost: 2.24 = (0.00 x 2.50) + (1.00 x 2.24)

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**NCCI's Response to Arkansas Objection Letter Dated 8/29/08
Regarding Item Filing B-1410**

Class Code	Approved 7-1-2011 Values		Indicated 7-1-2012 Values		Example Final-Year of Transition Effective 7-1-2012	
	Payroll	Loss Cost	Payroll	Loss Cost	Payroll	Loss Cost
2812		2.27	37,000,000	2.20		Discontinued
2883		2.27	5,000,000	2.50		2.24
	Payroll		Payroll		Payroll	
	Weighted Loss		Weighted Loss		Weighted Loss	
	Cost	2.27	Cost	2.24	Cost	2.24

In addition, and along with this filing, Classification Code 2812 will be discontinued and all new business will be written using the newly redefined Classification Code 2883. Existing businesses written in Code 2812 will be reassigned to Code 2883.

Objection 2

Comment: Why is NCCI requesting that these codes be combined?

Response:

Code 2812—Cabinet Works—With Power Machinery is currently applicable to the manufacture of products that are generally custom in nature, with lower production of units. This includes a substantial amount of assembly work, laminating, and finishing of the product in the shop. Code 2883—Furniture Mfg.—Wood—NOC is currently applicable to the manufacture of complex products like billiard tables, trunks and couches, but also to mass-produced items like identical chairs.

Cabinetmakers today are making complex items, such as entertainment centers, which are more like furniture. At the same time, furniture makers are making products that are less complex in design and manufacturing, and they use the same engineered wood products and fiberboard that cabinet shops use.

With the use of the same building materials, along with similar manufacturing tools and techniques, the line between the two types of shops and the products they manufacture is no longer clear. Therefore, it is recommended that code 2812 be discontinued, and all existing exposure be combined into Code 2883.