

SERFF Tracking Number: NCCI-125820735 State: Arkansas  
 Filing Company: NCCI State Tracking Number: EFT \$100  
 Company Tracking Number: B-1411-AR  
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
 Product Name: B-1411 - Revision to Basic Manual Introduction--Application of Manual Rules and Part Two--Classifications  
 Project Name/Number: /

## Filing at a Glance

Company: NCCI

Product Name: B-1411 - Revision to Basic Manual Introduction--Application of Manual Rules and Part Two--Classifications SERFF Tr Num: NCCI-125820735 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-1411-AR

State Status: Fees verified and received

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler

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

Disposition Date: 09/26/2008

Date Submitted: 09/26/2008

Disposition Status: Approved

Effective Date Requested (New): 04/01/2009

Effective Date (New): 04/01/2009

Effective Date Requested (Renewal): 04/01/2009

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: 09/26/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

The purpose of this item is to clarify and enhance NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance by taking the following actions:

- Introduction—Application of Manual Rules—remove the language outlining how additions and removal of text within the manual is displayed, and revise the language regarding NCCI's Classification Inspection Program

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- Part Two—Classifications—include additions that will make the manual more user-friendly and easier to understand
- Part Four—Classifications Pending—create this new section to assist with pending classification changes

## Company and Contact

### Filing Contact Information

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

### Filing Company Information

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

## 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	09/26/2008	22750720

SERFF Tracking Number: NCCI-125820735 State: Arkansas  
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## Correspondence Summary

### Dispositions

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

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Project Name/Number: /

## Disposition

Disposition Date: 09/26/2008

Effective Date (New): 04/01/2009

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: NCCI-125820735 State: Arkansas  
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 Product Name: B-1411 - Revision to Basic Manual Introduction--Application of Manual Rules and Part Two--Classifications  
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<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Approved	Yes
<b>Supporting Document</b>	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
<b>Supporting Document</b>	NAIC loss cost data entry document	Approved	Yes
<b>Supporting Document</b>	Users Guide	Approved	Yes
<b>Supporting Document</b>	Filing Memorandum	Approved	Yes
<b>Rate</b>	Exhibit 1	Approved	Yes
<b>Rate</b>	Exhibit 2	Approved	Yes
<b>Rate</b>	Exhibit 3	Approved	Yes
<b>Rate</b>	Exhibit 4	Approved	Yes



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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Approved	Exhibit 1	Part 1 Rules	Replacement	B-1369	Countrywide Only - Exhibit 1.pdf
Approved	Exhibit 2	Classifications	New		Countrywide Only - Exhibit 2.pdf
Approved	Exhibit 3	Preface	Replacement	B-1369	Countrywide Only - Exhibit 3.pdf
Approved	Exhibit 4	Classifications Pending	New		Countrywide Only - Exhibit 4.pdf

**ITEM B-1411—REVISION TO BASIC MANUAL INTRODUCTION—APPLICATION OF MANUAL RULES AND PART TWO—CLASSIFICATIONS**

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**EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
PART 1—RULES**

This manual contains rules that have been approved by state insurance regulators. These rules cover the following topics:

Introduction—Application of Manual Rules

Rule 1—Classification Assignment

Rule 2—Premium Basis and Payroll Allocation

Rule 3—Rating Definitions and Application of Premium Elements

Rule 4—Workers Compensation Insurance Plan Rules

**INTRODUCTION—APPLICATION OF MANUAL RULES**

1. Rules apply separately to each policy, except as provided in the rules related to premium discount and executive officers.
2. This manual applies only from the anniversary rating date that occurs on or after the effective date of this manual.
3. The effective date of a change in any rule, classification, rate, or loss cost is 12:01 a.m. on the date approved for use.
4. Changes made during a policy period are effective as of the next anniversary rating date on or after the date of change, unless otherwise specified.
5. The anniversary rating date is the effective month and day of the policy in effect and each anniversary thereafter unless a different date has been established by the National Council on Compensation Insurance, Inc. (NCCI) or other licensed rating organization. *Refer to Rule 3-A-2 for more information.*
6. The National Council on Compensation Insurance, Inc. has the right to conduct inspections of operations, assign classifications, and determine ~~may determine~~ the propriety of classification assignments and applicability of all **Basic Manual** rules. ~~NCCI has the right to conduct inspections of operations, assign classifications, and determine the propriety of classification assignments.~~
7. NCCI has authority to conduct test audits and to require corrections in accordance with the results of the test audit.
8. Appeals involving the application of the rules or classifications of this manual may be resolved through the applicable administrative appeals process. *Refer to **User's Guide** for more information.*
9. Interpretation of state or federal laws pertaining to coverage issues is not within the jurisdiction of NCCI.
- ~~10. Additions will be indicated by shading of the revised text; deletions will be indicated by shading and surrounded by brackets in the text, i.e. Changes in loss costs or rates will be reflected on Update Pages.~~
10. 11. Some **Basic Manual** rules may have special assigned risk rules, notes or exceptions. In states where assigned risk markets do not exist, these rules, notes and exceptions do not apply.

ITEM B-1411—REVISION TO BASIC MANUAL INTRODUCTION—APPLICATION OF MANUAL  
RULES AND PART TWO—CLASSIFICATIONS

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EXHIBIT 2  
BASIC MANUAL—2001 EDITION  
PART TWO—CLASSIFICATIONS

NATIONAL CLASSIFICATIONS

Data tables are listed for each class entry to assist with determining the effective dates, exceptions, and applicability. Refer to *User's Guide* for an example.

**ITEM B-1411—REVISION TO BASIC MANUAL INTRODUCTION—APPLICATION OF MANUAL  
RULES AND PART TWO—CLASSIFICATIONS**

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**EXHIBIT 3  
BASIC MANUAL—2001 EDITION  
PREFACE TO THE BASIC MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS  
LIABILITY INSURANCE**

**A. ORGANIZATION OF MANUAL**

This manual has ~~three~~ four parts:

Part One—Rules

Part Two—Classifications

Part Three—Loss Costs, Rates and State Exceptions

Refer to Part Three for Rates, State Special Rules, and Special Classifications in conjunction with applying Parts One and Two in a specific state.

Part Four—Classifications Pending

**ITEM B-1411—REVISION TO BASIC MANUAL INTRODUCTION—APPLICATION OF MANUAL  
RULES AND PART TWO—CLASSIFICATIONS**

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**EXHIBIT 4  
BASIC MANUAL—2001 EDITION  
PART FOUR—CLASSIFICATIONS PENDING**

**CLASSIFICATION PENDING DISCONTINUATION**

The classifications listed below are the previous national classification treatments that will remain in effect until either the state's effective date or the completion of the transition program. Refer to Part Two—National Classifications to determine the effective date, applicability, and/or any state exceptions for a given state.

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Product Name: B-1411 - Revision to Basic Manual Introduction--Application of Manual Rules and Part Two--Classifications  
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-1411.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:** Users Guide **Review Status:** Approved 09/26/2008

**Comments:**

**Attachment:**

Non-Filed Basic Manual User's Guide Example.pdf

**Satisfied -Name:** Filing Memorandum **Review Status:** Approved 09/26/2008

**Comments:**

NA

**Attachment:**

Filing Memorandum - B-1411.pdf

## Property & Casualty Transmittal Document

<p><b>1. Reserved for Insurance Dept. Use Only</b></p>	<p><b>2. Insurance Department Use only</b></p> <p>a. Date the filing is received:</p> <p>b. Analyst:</p> <p>c. Disposition:</p> <p>d. Date of disposition of the filing:</p> <p>e. Effective date of filing:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> <p>f. State Filing #:</p> <p>g. SERFF Filing #:</p> <p>h. Subject Codes</p>	New Business		Renewal Business	
New Business					
Renewal Business					

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

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

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

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

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

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

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: <input 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.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	
-----------	---	--

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

## RATE/RULE FILING SCHEDULE

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

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

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	
-----------	---	--

Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>
------------	---

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

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

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

<b>5.</b>	<b>Overall Rate Information (Complete for Multiple Company Filings only)</b>
-----------	--

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

<b>6.</b>	<b>Overall percentage of last rate revision</b>	
-----------	---	--

<b>7.</b>	<b>Effective Date of last rate revision</b>	
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<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
-----------	---	--

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	

**National Classifications**

**Example 1:**

In this example, the data table applies to Classification Code 0005—Farm—Nursery Employees & Drivers. The additions and deletions for this classification code are applicable and effective in those states listed. These changes will become effective on the dates listed. In Florida, Hawaii, and Oregon, there are state special phraseologies that exist. The user should refer to the state's Classification section in the *Basic Manual* and the Classifications Pending Implementation section of the national *Basic Manual*. Code 0005 is applicable in all states.

**0005 FARM—Nursery Employees & Drivers[ \_\_\_\_\_ ]**

Applies to all acreage or facilities devoted to the propagation of trees, shrubs, plants, or flowering shrubs or plants not included under Code 0035. Operations involve planting, fertilizing, watering, trimming, potting and repotting plants, and transplanting at the nursery location. Additionally, these insureds may deliver their products to customers and also plant these products at their customers' location(s). Wholesale or retail sales conducted from the nursery location and sod dealers, who do not grow sod, are also assigned to Code 0005. Refer to Code 0037 for sod growing and harvesting operations. [ \_\_\_\_\_ ]

Code and Phraseology	Effective Date	State Exception(s)	State(s) Not Applicable
0005—Farm—Nursery Employees & Drivers	<p><b>NC, VA:</b> 4/1/09</p> <p><b>AK, CO, CT, FL, HI, IA, ID, IL, IN, KS, ME, MD, MO, NH, NM, OK, OR:</b> 1/1/10</p> <p><b>NE:</b> 2/1/10</p> <p><b>AL, MS, NV, TN:</b> 3/1/10</p> <p><b>VT:</b> 4/1/10</p> <p><b>GA, LA:</b> 5/1/10</p> <p><b>RI:</b> 6/1/10</p> <p><b>AR, MT, SD, WV:</b> 7/1/10</p> <p><b>AZ, KY:</b> 10/1/10</p> <p><b>DC:</b> 11/1/10</p> <p><b>SC, UT:</b> 12/1/10</p>	FL, HI, OR	None

**Code**—indicates the classification code/phraseology that this table is applicable to.

**Effective**—indicates the date the changes to the code/phraseology became effective.

**Exception**—indicates in the state(s) shown that there is a state special phraseology that replaces the national phraseology.

**Not Applicable**—indicates that this code is not available in the states indicated.

## FILING MEMORANDUM

### ITEM B-1411—REVISION TO BASIC MANUAL INTRODUCTION—APPLICATION OF MANUAL RULES AND PART TWO—CLASSIFICATIONS

---

#### PURPOSE

The purpose of this item is to clarify and enhance NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance* by taking the following actions:

- Introduction—Application of Manual Rules—remove the language outlining how additions and removal of text within the manual is displayed, and revise the language regarding NCCI's Classification Inspection Program
- Part Two—Classifications—include additions that will make the manual more user-friendly and easier to understand
- Part Four—Classifications Pending—create this new section to assist with pending classification changes

#### BACKGROUND

NCCI has determined that Item 10 in the Introduction—Application of Manual Rules section concerning the use of shading for content changes should be deleted since many state regulations require that content changes be identified by underlining instead of shading. As a result, NCCI will now use underlining instead of shading to indicate new changes.

As part of its advisory organization's functions, NCCI maintains the classification system, and conducts a Classification Inspection Program in all NCCI states. Accordingly, Item 6 in the Introduction—Application of Manual Rules section is being revised to clarify that NCCI has the right to determine the propriety of the classification assignments and applicability of all *Basic Manual* rules.

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of NCCI's manuals and classification system. This process ensures that the classification system remains healthy, viable, and responsive to the needs of various industry stakeholders. Recommended changes resulting from NCCI's industry reviews that require regulatory approval are filed with each state's regulatory authority. Since these item filings are proposed to be effective concurrently with each state's rate/loss cost filing, NCCI is creating a data table for **each** class code entry in the Classification section of NCCI's *Basic Manual* to provide users with additional information regarding effective dates, exceptions, and applicability. These data tables will become more apparent in future years as NCCI continues to make classification filings.

As part of the continued effort to enhance the *Basic Manual* into a plain language reference and informational tool, we are introducing a new and distinct example in the *User's Guide* to assist readers in understanding the intent and purpose of the new classification data table. Since the *User's Guide* contains examples and other national and state information, but not rules, the *User's Guide* is not being filed for approval. A copy of the *User's Guide* is being provided for informational purposes only.

A new section will also be required to store classification treatments that are no longer in effect nationally but remain state specials until each state's effective date. This new section will temporarily store state specials and will be updated periodically as state's rate/loss cost filing become effective.

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## FILING MEMORANDUM

### ITEM B-1411—REVISION TO BASIC MANUAL INTRODUCTION—APPLICATION OF MANUAL RULES AND PART TWO—CLASSIFICATIONS

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#### PROPOSAL

The following is a summary of the key changes proposed in this item:

1. Change the Introduction—Application of Manual Rules to:
  - Delete Item 10 because text additions will be underlined instead of shaded. The deletion of Item 10 in this section requires the renumbering of certain state-specific rules.
  - Clarify Item 6 regarding NCCI's Classification Inspection Program. Some state-specific changes to this item due to renumbering or repeating phrases are also being proposed.
2. In Part Two—Classifications, add a reference to the *User's Guide*, which will assist with the determination of effective dates, exceptions, and applicability for each national classification.
3. Add a new section entitled Part Four—Classifications Pending, Classifications Pending Discontinuation, which will show the classifications that are pending discontinuation until the effective date of the change or completion of a transition program.

#### IMPACT

It is anticipated there will be no premium impact as a result of this item.

#### IMPLEMENTATION

In order to implement this item, the attached exhibits detail the changes required in NCCI's *Basic Manual*. The following is a summary of the exhibits included in this item filing package:

- **Exhibits 1:** details the changes required to the national rules for Introduction—Application of Manual Rules
- **Exhibit 2:** details the changes required to Part Two—Classifications
- **Exhibit 3:** details the changes required to the Preface to the *Basic Manual for Workers Compensation and Employers Liability Insurance*
- **Exhibit 4:** details the changes required to Part Four—Classifications Pending
- **Exhibit 5:** details the changes required to state-specific rules for Introduction—Application of Manual Rules

In all states, except Hawaii and Virginia, this item will be implemented effective 12:01 a.m. on April 1, 2009, applicable to new and renewal voluntary and assigned risk policies.

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.

In Virginia, this item filing will be implemented for new and renewal, voluntary and assigned risk policies effective on or after 12:01 a.m. on April 1, 2009.

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