

State: Missouri **Filing Company:** NCCI Inc
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
Project Name/Number: /

Filing at a Glance

Company: NCCI Inc
Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
State: Missouri
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0004 Standard WC
Filing Type: Rule
Date Submitted: 09/20/2018
SERFF Tr Num: NCCI-131651015
SERFF Status: Closed-APPROVED
State Tr Num: 50
State Status: APPROVED
Co Tr Num: B-1437

Effective Date: 01/01/2020
Requested (New):
Effective Date: 01/01/2020
Requested (Renewal):
Author(s): Lesley O'Brien, Frank Gnolfo, Kevin Ott, Whitney Atheras
Reviewer(s): Patrick Lennon (primary)
Disposition Date: 01/29/2019
Disposition Status: APPROVED
Effective Date (New): 01/01/2020
Effective Date (Renewal): 01/01/2020

State Filing Description:

State: Missouri
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
Filing Company: NCCI Inc
Project Name/Number: /

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: 01/29/2019
 State Status Changed: 01/29/2019 Deemer Date:
 Created By: Whitney Atheras Submitted By: Whitney Atheras
 Corresponding Filing Tracking Number:
 State TOI: 16.0 Workers Compensation State Sub-TOI: 16.0004 Standard WC

Filing Description:

The item:

- Eliminates national and state special classifications with low credibility
- Revises the classification treatment of the aircraft maintenance and repair industry
- Revises and eliminates certain classifications in NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual) and Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)
- Revises audit and/or loss prevention survey tables for certain states in NCCI's Assigned Carrier Performance Standards

Company and Contact

Filing Contact Information

Carla Townsend, State Relations Executive carla_townsend@ncci.com
 11430 Gravois Road 314-843-4001 [Phone]
 Suite 310 314-842-3188 [FAX]
 St. Louis, MT 63126

Filing Company Information

NCCI Inc CoCode: State of Domicile: Florida
 901 Peninsula Corporate Circle Group Code: Company Type:
 Boca Raton, FL 33487 Group Name: State ID Number: 9999-8500
 (561) 893-3186 ext. [Phone] FEIN Number: 65-0439698

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: Rule
 Per Company: Yes

Company	Amount	Date Processed	Transaction #
NCCI Inc	\$50.00	09/20/2018	147763196

State Specific

NAIC Number: NA
 Have you reviewed the General Instructions document? (yes/no)(General Instructions updated 06/16/2017): Yes

State: Missouri

Filing Company: NCCI Inc

TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC

Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance

Project Name/Number: /

If this is a rate filing, was rate data added on the rate/rule schedule? (yes/no): No

Are you paying the \$50 per company per submission filing fee electronically using EFT? The utilization of SERFF and EFT for filings of papers, documents, and reports is now required, per 20 CSR 100-1.900.: Yes

SERFF Tracking #: NCCI-131651015 State Tracking #: 50 Company Tracking #: B-1437

State: Missouri Filing Company: NCCI Inc
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Patrick Lennon	01/29/2019	01/29/2019

State: Missouri Filing Company: NCCI Inc
 TO/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
 Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
 Project Name/Number: /

Disposition

Disposition Date: 01/29/2019
 Effective Date (New): 01/01/2020
 Effective Date (Renewal): 01/01/2020
 Status: APPROVED

Comment:
 Thank you for your filing submission. At this point in time, I do not have any further questions and am concluding my review of this filing. Please note that although this filing has reached final review with the Department it does not mean the Department is precluded from initiating future inquiries or from taking further administrative or legal action. Ultimately, the insurance company is responsible for ensuring it is in compliance with Missouri insurance law through its administration of insurance policies and handling of claims.
 Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Filing Memorandum	APPROVED	Yes
Supporting Document	B-1437 Fact Sheet	APPROVED	Yes
Supporting Document	B-1437 Transition Program Exhibit	APPROVED	Yes
Rate	Exhibit 1A	APPROVED	Yes
Rate	Exhibit 1B	APPROVED	Yes
Rate	Exhibit 1C	APPROVED	Yes
Rate	Exhibit 1D	APPROVED	Yes
Rate	Exhibit 1E	APPROVED	Yes
Rate	Exhibit 1F	APPROVED	Yes
Rate	Exhibit 1G	APPROVED	Yes
Rate	Exhibit 1H	APPROVED	Yes
Rate	Exhibit 1I	APPROVED	Yes
Rate	Exhibit 1J	APPROVED	Yes
Rate	Exhibit 1K	APPROVED	Yes
Rate	Exhibit 4A	APPROVED	Yes
Rate	Exhibit 4B	APPROVED	Yes
Rate	Exhibit 4C	APPROVED	Yes
Rate	Exhibit 4D	APPROVED	Yes

SERFF Tracking #: NCCI-131651015 State Tracking #: 50 Company Tracking #: B-1437

State: Missouri Filing Company: NCCI Inc
TO/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
Project Name/Number: /

Schedule	Schedule Item	Schedule Item Status	Public Access
Rate	Exhibit 4E	APPROVED	Yes
Rate	Exhibit 5	APPROVED	Yes
Rate	Exhibit 6	APPROVED	Yes
Rate	Exhibit 7	APPROVED	Yes

SERFF Tracking #: NCCI-131651015 State Tracking #: 50 Company Tracking #: B-1437

State: Missouri Filing Company: NCCI Inc
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
Project Name/Number: /

Rate/Rule Schedule

State: Missouri Filing Company: NCCI Inc
 TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
 Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
 Project Name/Number: /

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	APPROVED 01/29/2019	Exhibit 1A	Classification	Replacement	B-1369	B-1437 Exhibit 1A.pdf
2	APPROVED 01/29/2019	Exhibit 1B	Classification	Replacement	B-1369	B-1437 Exhibit 1B.pdf
3	APPROVED 01/29/2019	Exhibit 1C	Classification	Replacement	B-1369	B-1437 Exhibit 1C.pdf
4	APPROVED 01/29/2019	Exhibit 1D	Classification	Withdrawn	B-1369	B-1437 Exhibit 1D.pdf
5	APPROVED 01/29/2019	Exhibit 1E	Classification	Replacement	B-1431	B-1437 Exhibit 1E.pdf
6	APPROVED 01/29/2019	Exhibit 1F	Classification	New		B-1437 Exhibit 1F.pdf
7	APPROVED 01/29/2019	Exhibit 1G	Classification	Withdrawn	B-1369	B-1437 Exhibit 1G.pdf
8	APPROVED 01/29/2019	Exhibit 1H	Classification	Withdrawn	B-1369	B-1437 Exhibit 1H.pdf
9	APPROVED 01/29/2019	Exhibit 1I	Classification	New		B-1437 Exhibit 1I.pdf
10	APPROVED 01/29/2019	Exhibit 1J	Classification	Replacement	B-1369	B-1437 Exhibit 1J.pdf
11	APPROVED 01/29/2019	Exhibit 1K	Classification	Replacement	B-1431	B-1437 Exhibit 1K.pdf
12	APPROVED 01/29/2019	Exhibit 4A	Classification	Replacement	B-1397	B-1437 Exhibit 4A.pdf
13	APPROVED 01/29/2019	Exhibit 4B	Classification	Replacement	FYI-CW-2014-01	B-1437 Exhibit 4B.pdf
14	APPROVED 01/29/2019	Exhibit 4C	Classification	New		B-1437 Exhibit 4C.pdf
15	APPROVED 01/29/2019	Exhibit 4D	Classification	New		B-1437 Exhibit 4D.pdf
16	APPROVED 01/29/2019	Exhibit 4E	Classification	New		B-1437 Exhibit 4E.pdf
17	APPROVED 01/29/2019	Exhibit 5	Appendix E	Replacement	B-1435	B-1437 Exhibit 5.pdf
18	APPROVED 01/29/2019	Exhibit 6	CCPAP	Replacement	B-1435	B-1437 Exhibit 6 MO.pdf

SERFF Tracking #: NCCI-131651015 State Tracking #: 50 Company Tracking #: B-1437

State: Missouri Filing Company: NCCI Inc
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
Project Name/Number: /

19	APPROVED 01/29/2019	Exhibit 7	Special Classification	Replacement	B-1431	B-1437 Exhibit 7 MO.pdf
----	------------------------	-----------	------------------------	-------------	--------	-------------------------

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1A-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

2286 **WOOL SPINNING AND WEAVING**

2220 **WOOL SPINNING AND WEAVING**

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 1B-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

2286 YARN MFG.—WOOL.

~~Codes 2286 and 2220—Yarn or thread mfg.—cotton shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~

2220 YARN MFG.—WOOL

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1C-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

- 2670** ~~GLOVE MFG.—LEATHER OR TEXTILE-~~
Tanning of leather or mfg. of textile fabric to be separately rated.
- 2688** GLOVE MFG.—LEATHER OR TEXTILE
Tanning of leather or mfg. of textile fabric to be separately rated.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 1D-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS**

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

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

Digital media processing and editing, as well as marketing through film exchanges, are included under Code 4360, whether performed by a contractor or the production company.

4360 DUPLICATION AND REPLICATION SERVICE OF PREREGORDED AUDIO, VIDEO OR DATA

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 1E-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, GA, IA, ID, IL, IN, KS, KY, LA, MD, MO, MS, NE, NH,
NM, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

**7610 MOTION PICTURE—PRODUCTION—IN STUDIOS OR OUTSIDE—ALL OPERATIONS UP TO
THE DEVELOPMENT OF NEGATIVES & CLERICAL, DRIVERS**
Digital media processing and editing, as well as marketing through film exchanges, are included
in Code 7610, whether performed by a contractor or the production company.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1F-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,
NE, NH, NM, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

7610 DUPLICATION AND REPLICATION SERVICE OF PRERECORDED AUDIO, VIDEO OR DATA

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1G-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4670 COTTONSEED OIL MFG.—MECHANICAL & DRIVERS

Applies during both active and dormant seasons. Includes installation or repair of equipment,
yard workers, weighers, seed or fuel haulers.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1H-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, MD, ME, MO, MS,
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4670 COTTONSEED OIL MFG.—SOLVENT & DRIVERS

Applies during both active and dormant seasons. Includes installation or repair of equipment,
yard workers, weighers, seed or fuel haulers.

4686 OIL MFG.—VEGETABLE—SOLVENT EXTRACTION PROCESS

Mfg. of cottonseed oil to be is separately rated as to Code 4670 4683.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1I-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VT, WV)

4683 **COTTONSEED OIL MFG.—MECHANICAL**

Applies during both active and dormant seasons. Includes installation or repair of equipment, yard workers, and weighers.

4683 **COTTONSEED OIL MFG.—SOLVENT**

Applies during both active and dormant seasons. Includes installation or repair of equipment, yard workers, and weighers.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1J-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

4683 COTTONSEED OIL REFINING
Cottonseed oil mfg. to be separately rated as Code 4670-

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1K-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
PART TWO—CLASSIFICATIONS
(Applies in: AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, VT, WV)

5508• ~~STREET OR ROAD CONSTRUCTION—ROCK EXCAVATION & DRIVERS~~

~~Includes incidental quarrying or stone crushing. No tunneling.~~

5507• STREET OR ROAD CONSTRUCTION—ROCK EXCAVATION & DRIVERS

Includes incidental quarrying or stone crushing. No tunneling.

5507• STREET OR ROAD CONSTRUCTION—SUBSURFACE WORK & DRIVERS

Applies to clearing of right-of-way, earth excavation, filling or grading. Separately rate ~~rock excavation, tunneling, and~~ bridge or culvert building where clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet; ~~quarrying, and stone crushing.~~

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 4A-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 4—AIRCRAFT MAINTENANCE AND REPAIR
PART TWO—CLASSIFICATIONS**

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

3826 AIRCRAFT ENGINE MFG.

Aircraft engine repair work, including rebuilding, when performed by a manufacturer, fixed-base operator, or contractor at an airport or off-site facility, away from airport ramp or flight line areas, is assigned to Code 3826. Refer to Code 7403 for ground support services performed at airports.

3830 AIRPLANE MFG.

Includes airplane modification, repair, or maintenance work performed by a manufacturer, fixed-base operator, or contractor. These operations may be performed at an airport or off-site facility, away from airport ramp or flight line areas. Refer to Code 7403 for ground support services performed at airports.

3826 ENGINE MFG.—AIRCRAFT

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 4B-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 4—AIRCRAFT MAINTENANCE AND REPAIR
PART TWO—CLASSIFICATIONS**

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

5037• PAINTING—METAL STRUCTURES—OVER TWO STORIES IN HEIGHT & DRIVERS

Includes shop operations. The painting of aircraft of all sizes and types, metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or sashes is to be separately rated as to Code 5474.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 4C-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 4—AIRCRAFT MAINTENANCE AND REPAIR
PART TWO—CLASSIFICATIONS

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

5474• PAINTING AIRCRAFT & SHOP OPERATIONS, DRIVERS

Includes the painting of all sizes and types of fixed- and rotary-wing aircraft by contractor or fixed-base operator.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 4D-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 4—AIRCRAFT MAINTENANCE AND REPAIR
PART TWO—CLASSIFICATIONS**

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

7403 AVIATION—RAMP OPERATIONS & DRIVERS

Applies to operations located at airports. Includes all types of fixed- and rotary-wing aircraft. Ramp operations are defined as work performed on the aircraft at the ramp or on the flight line. Operations include, but are not limited to, normal aircraft turnaround operations, luggage service operations, interior and exterior cleaning of aircraft, fluid checking and filling, tire changing, deicing, lightbulb replacement, stocking of supplies (including food) in the aircraft, and ramp fueling and de-fueling of the aircraft. Independent service contractors and fixed-base operators performing these services are assigned to Code 7403.

Painting of aircraft is separately rated to Code 5474. Members of flying crews are separately rated to the appropriate aviation classification.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 4E-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 4—AIRCRAFT MAINTENANCE AND REPAIR
PART TWO—CLASSIFICATIONS**

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

**9516 AIRCRAFT AVIONICS AND INSTRUMENTATION INSTALLATION, SERVICE, OR
REPAIR—SHOP AND OUTSIDE & DRIVERS**

Includes the installation, service, or repair of aircraft avionics and instrumentation on all types of fixed- and rotary-wing aircraft. These operations may be performed at a plant or shop facility away from an airport, or may be performed within a hangar or similar structure at an airport. Independent service contractors and fixed-base operators performing these services are assigned to Code 9516.

Refer to Code 7403 for ground support services performed at airports.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 5-RULE
BASIC MANUAL—2001 EDITION
APPENDIX E
CLASSIFICATIONS BY HAZARD GROUP

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In: [±]	Discontinued In: [±]	Hazard Group A–G
0169	OR 3/1/09: NV	12/1/16: UT 1/1/17: NM 1/1/22: <u>OR</u>	C
2286	National, IN 10/1/07: WV 6/1/14: TX	10/1/20: <u>KY</u> 11/1/20: <u>DC, WV</u> 1/1/21: <u>AK, AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OK, OR, UT</u> 2/1/21: <u>NE</u> 3/1/21: <u>AL, GA, MS, NV, TN</u> 4/1/21: <u>ME, SC, VA, VT</u> 5/1/21: <u>LA</u> 7/1/21: <u>AR, MT, SD, TX</u> 8/1/21: <u>RI</u>	B
2670	National, IN 10/1/07: WV 6/1/14: TX	10/1/20: <u>KY</u> 11/1/20: <u>DC, WV</u> 1/1/21: <u>AK, AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OK, OR, UT</u> 2/1/21: <u>NE</u> 3/1/21: <u>AL, GA, MS, NV, TN</u> 4/1/21: <u>ME, SC, VA, VT</u> 5/1/21: <u>LA</u> 7/1/21: <u>AR, MT, SD, TX</u> 8/1/21: <u>RI</u>	A

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 5-RULE (CONT'D)

Class Code	Applies In: [±]	Discontinued In: [±]	Hazard Group A-G
4360	AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT 40/4/07: WV 6/1/14: TX	<u>1/1/10: FL</u> <u>10/1/19: KY</u> <u>11/1/19: DC, WV</u> <u>12/1/19: UT</u> <u>1/1/20: AK, AZ, CO, CT, HI, IA, ID, IL, IN, KS, MD, MO, NH, OK, OR</u> <u>2/1/20: NE</u> <u>3/1/20: AL, GA, MS, NV, TN</u> <u>4/1/20: ME, SC, VA, VT</u> <u>5/1/20: LA</u> <u>7/1/20: AR, MT, SD</u> <u>8/1/20: RI</u> <u>1/1/21: NM</u> <u>7/1/21: TX</u>	B
4670	National, IN 40/4/07: WV 6/1/14: TX	<u>10/1/19: KY</u> <u>11/1/19: DC, WV</u> <u>12/1/19: UT</u> <u>1/1/20: AK, AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OR</u> <u>2/1/20: NE</u> <u>3/1/20: AL, GA, MS, NV, TN</u> <u>4/1/20: ME, VA, VT</u> <u>5/1/20: LA</u> <u>7/1/20: AR, MT, SD, TX</u> <u>8/1/20: RI</u> <u>1/1/22: OK</u> <u>4/1/22: SC</u>	E
5508	AL, AZ, AR, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, ME, MD, MS, MT, NE, NV, NH, NM, OK, OR, RI, SC, SD, TN, VA, VT 40/4/07: WV 6/1/14: TX	<u>10/1/19: KY</u> <u>11/1/19: DC, WV</u> <u>1/1/20: AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OK, OR</u> <u>2/1/20: NE</u> <u>3/1/20: AL, GA, MS, NV, TN</u> <u>4/1/20: ME, SC, VA, VT</u> <u>5/1/20: LA</u> <u>7/1/20: AR, MT, SD</u> <u>8/1/20: RI</u>	E
7097	GT	<u>1/1/20: CT</u>	G

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

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 6-RULE

BASIC MANUAL—2001 EDITION

MISSOURI MISCELLANEOUS RULES

MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM¹

“Contracting Classifications” are those classifications subject to the following code numbers:

5508

¹The content in this exhibit proposes to remove Code 5508 from the Contracting Classification Premium Adjustment Program Table. The content is not a complete replacement of the existing Contracting Classification Premium Adjustment Program Table content previously approved.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

**EXHIBIT 7-RULE
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED
SPECIAL CLASSIFICATIONS
(Applies in: MO)**

5213• CONCRETE CONSTRUCTION NOC

Includes foundations or the making, setting up or taking down forms, scaffolds, falsework, or concrete distributing apparatus.

Codes 5222, 5505, 5506, or 5507, ~~or~~ 5508 must not be assigned at the same job or location to which Code 5213 applies. Excavation, pile driving, all work in sewers, tunnels, subways, caissons, or cofferdams to be separately rated.

5505• PAVING OR ROAD SURFACING OR SCRAPING NOC & YARDS, DRIVERS

Codes 5506, and 5507, ~~and~~ 5508 must not be assigned at the same job or location to which Code 5505 applies. Not applicable to contracts that involved the construction or reconstruction of the base or foundation of the roadway; the widening or relocation of the roadbed; or the laying of concrete roads or pavements. Contracts that involve the foregoing operations, as well as paving, must be classified as Codes 5506, or 5507, ~~and~~ 5508.

State: Missouri Filing Company: NCCI Inc
 TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
 Product Name: B-1437- Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group, including Aircraft Maintenance
 Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Filing Memorandum
Comments:	
Attachment(s):	B-1437 Filing Memorandum.pdf
Item Status:	APPROVED
Status Date:	01/29/2019
Satisfied - Item:	B-1437 Fact Sheet
Comments:	
Attachment(s):	B-1437 Fact Sheet 1.pdf B-1437 Fact Sheet 4.pdf
Item Status:	APPROVED
Status Date:	01/29/2019
Satisfied - Item:	B-1437 Transition Program Exhibit
Comments:	
Attachment(s):	B-1437 Exhibit 8.pdf
Item Status:	APPROVED
Status Date:	01/29/2019

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

PURPOSE

The item:

- Eliminates national and state special classifications with low credibility
- Revises the classification treatment of the aircraft maintenance and repair industry
- Revises and eliminates certain classifications in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* and *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*
- Revises audit and/or loss prevention survey tables for certain states in NCCI's *Assigned Carrier Performance Standards*

BACKGROUND

An analysis of NCCI's classification system identified certain classifications with low credibility that are recommended to be eliminated and reassigned to other national or state special classifications with similar operations. NCCI uses the term "low credibility" to identify classifications that are too small to develop meaningful data for ratemaking purposes.

Finally, this item revises the classification treatment of the aircraft maintenance and repair industry.

This item also includes proposals for the individual classifications identified in each exhibit, including **format changes and consistency-only changes**, where applicable.

Classifications With Low Credibility to Be Eliminated

The workers compensation classification system groups employers with similar operations by classification so that loss costs and rates may be calculated to reflect overall employee exposure to injury. NCCI periodically reviews individual classifications, on a statewide and national basis, to determine which, if any, should be considered for elimination because of low credibility.

Credibility is the degree of reliance assigned to a certain body of data, expressed as a weight ranging from 0 to 1. NCCI applies credibility in its classification ratemaking methodology. A classification with low credibility has limited premium volume; therefore, it is too small to develop meaningful data for ratemaking purposes, even with the use of national experience in the ratemaking process. Because of the limited premium volume, a large loss in a classification with low credibility adversely affects the volatility of the loss cost or rate for the classification. Classifications with a high degree of credibility are more stable from a ratemaking perspective.

NCCI reviewed the credibility for all classifications based on the latest policy periods used for ratemaking in NCCI's 2017 loss cost and rate filing cycle. As a result of this review, NCCI identified a number of classifications that have state credibility of 25% or less in a majority of NCCI states. NCCI considers these classifications to have low credibility.

When determining whether a classification with low credibility should be eliminated and reassigned to another classification with similar operations, NCCI considered:

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

- The amount of payroll in the classifications.
- The swing limits used for classification ratemaking within a particular state. (The swing limit constrains the percentage change, up or down, that the loss cost or rate for a classification may vary from the existing loss cost or rate for that classification. The purpose of the swing limit is to avoid extreme fluctuations in loss costs or rates from year to year.)

In general, the use and length of a transition program is determined in such a manner as to avoid having the rates/loss costs for codes exceed state swing limits to the extent possible while ensuring that the rates/loss costs are fully transitioned within a maximum of three phases.

NCCI categorized the classifications with low credibility into the following groups, as provided in each fact sheet:

Fact Sheet 1: National classifications where most states have little to no payroll in the classifications. For states with payroll in the classifications, some states require either a two- or three-phase transition program.

Fact Sheet 2: Connecticut special classification with low credibility, to be eliminated without a transition program.

Fact Sheet 3: Oregon special classification with low credibility, to be eliminated with a three-phase transition program.

Low-credibility classifications are recommended for elimination because very few employers are assigned to the code. In all cases, alternate codes in the classification system include the same or similar exposure as the classification being eliminated.

Classifications that are proposed for elimination are not unique to a single industry group. These classifications represent varied groups including, but not limited to, construction, farming, and manufacturing. The decline in payroll and credibility in these classifications may be due to a number of economic factors. For example, in the manufacturing industry, some products may have simply diminished in popularity, technology has changed over the years, or production has moved overseas—resulting in classifications that are unstable for ratemaking purposes.

Eliminated classifications may have a small amount of remaining exposure or the possibility of generating exposure in the future. Anticipating these situations, NCCI has assigned alternate classifications to ensure the proper transition from the eliminated code to an existing code. This is referred to as code mapping.

Below are the guidelines used by NCCI when determining code mapping:

- The proposed classification to be eliminated has an identical match to an existing classification. The only difference is the code number under which the data will be reported.
- In cases where the proposed classification to be eliminated does not map directly to an existing classification, NCCI has identified an alternate classification that most closely describes the business.

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

Fact Sheets 1, 2, and 3, related to low-credibility code elimination, include a table that displays the code mapping. These tables are provided for informational purposes only. The corresponding exhibits display the classification proposed for each state.

Aircraft Maintenance and Repair

Aircraft maintenance and repair operations are critical to the safe operation of all types of aircraft. These services include, but are not limited to, engine inspections, parts replacement, avionics repair, and painting. NCCI's current classification treatment for the aircraft maintenance and repair industry assigns several codes. The primary codes used are:

- Code 3826—Aircraft Engine Mfg.
- Code 3830—Airplane Mfg.
- Code 7403—Aviation—All Other Employees & Drivers

Codes 3826 and 3830 are silent regarding whether work performed on airport property is included, and whether services performed by contractors are included. Code 7403 does not define the types of maintenance or service that are included, nor does it address whether contractors performing services at the airport are included. NCCI's analysis of the aircraft maintenance and repair industry has determined that the classification treatment of these activities needs to be addressed.

Fact Sheet 4: Aircraft Maintenance and Repair explains the establishment of and revisions to classifications that address the various types of services performed and the locations at which they are performed.

PROPOSAL

This item is presented with fact sheets and exhibits as shown in the Exhibit Comments and Implementation Summary table. The fact sheet for each exhibit details the proposals relating to that exhibit, as well as the background and basis for the proposed changes, the estimated impact of the proposals, and the details of implementation.

The proposed changes have been consolidated for display purposes only. Exhibits may display several revised, established, and eliminated phraseologies. These phraseologies should each be viewed as individual changes to **Basic Manual** content. The exhibit will show only the proposed changes for the classification impacted by this item.

IMPACT

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

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

IMPLEMENTATION

This item is applicable to new and renewal policies only, and will become effective concurrent with each state’s approved loss cost/rate filing effective on and after October 1, 2019, unless otherwise noted. For example, this item will become effective January 1, 2020, for approved loss cost/rate filings that have a January 1, 2020 effective date. If there is no loss cost/rate filing for a state in a given year, this item will take effect on that state’s regular loss cost/rate effective date. The regular loss cost/rate effective date is the date of the state’s previous year’s loss cost/rate effective date.

Transition Programs

Some proposals related to Fact Sheet 1, National Classifications With Low Credibility to Be Eliminated, include a transition program, subject to a maximum of three phases. The details corresponding to the initiation and final implementation dates of the transition programs are provided in Exhibits 8-Rule and 9-Rule for the following states:

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

For state special classifications with low credibility to be eliminated:

- No transition program is proposed for Fact Sheet 2
- A three-phase transition program is proposed for Fact Sheet 3

Anticipated Effective Dates by State

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

State	Anticipated* Effective Date
Alabama	March 1, 2020
Alaska	January 1, 2020
Arizona	January 1, 2020
Arkansas	July 1, 2020
Colorado	January 1, 2020
Connecticut	January 1, 2020
District of Columbia	November 1, 2019

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

Florida	The effective date of this item depends on the date that regulatory approval is granted. If the item is approved on or before July 1, 2019, it will become effective on January 1, 2020. If it is approved after July 1, 2019, it will become effective on January 1, 2021.
Georgia	March 1, 2020
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective on January 1, 2020. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2020
Illinois	January 1, 2020
Indiana	January 1, 2020
Iowa	January 1, 2020
Kansas	January 1, 2020
Kentucky	October 1, 2019
Louisiana	May 1, 2020
Maine	April 1, 2020
Maryland	January 1, 2020
Mississippi	March 1, 2020
Missouri	January 1, 2020
Montana	July 1, 2020
Nebraska	February 1, 2020
Nevada	March 1, 2020
New Hampshire	January 1, 2020
New Mexico	January 1, 2020
Oklahoma	January 1, 2020
Oregon	January 1, 2020
Rhode Island	August 1, 2020
South Carolina	April 1, 2020

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

South Dakota	July 1, 2020
Tennessee	March 1, 2020
Texas	July 1, 2020
Utah	January 1, 2020
Vermont	April 1, 2020
Virginia	April 1, 2020
West Virginia	November 1, 2019

* Subject to change, depending on the approved effective date of the loss cost/rate filing if a loss cost/rate filing has been submitted for a state.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibits		Fact Sheet	Exhibit #	Proposal Applicable in:
NCCI's Basic Manual	National Classifications With Low Credibility to Be Eliminated	1	1A-Rule	All States Except VA
			1B-Rule	All States Except TX, VA
			1C-Rule	All States Except VA
			1D-Rule	All States Except FL, TX, VA
			1E-Rule	All States except FL, HI, ME, MT, NV, TX, VA
			1F-Rule	All States Except HI, MT, NV, VA
			1G-Rule	All States Except TX, VA
			1H-Rule	All States Except LA, TX, VA
			1I-Rule	All States Except VA
			1J-Rule	All States Except TX, VA

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

Exhibits		Fact Sheet	Exhibit #	Proposal Applicable in:	
			1K-Rule	All States Except AK, TX, UT, VA	
			7-Rule	FL, HI, LA, ME, MO, MT, NV, TX, VA	
NCCI's Basic Manual	Connecticut Special Classification With Low Credibility to Be Eliminated—No Transition Program	2	2A-Rule	CT	
			2B-Rule	CT	
	Oregon Special Classification With Low Credibility to Be Eliminated—Three-Phase Transition Program	3	3A-Rule	OR	
			3B-Rule	OR	
	Aircraft Maintenance and Repair		4	4A-Rule	All States Except AK, TX, VA
				4B-Rule	All States Except OR, TX, VA
				4C-Rule	All States Except TX, VA
				4D-Rule	All States Except AK, TX, VA
				4E-Rule	All States Except AK, SC, TX, VA
			7-Rule	AK, SC, TX, VA	
Appendix E—Table of Classifications by Hazard Group	1, 2, 3	5-Rule	All States		
CCPAP Exhibits	1	6-Rule	CT, FL, HI, IL, MD, MO, MT, NE, NM, OK, OR, VA		
Two-Phase Transition Program Details	1	8-Rule	All States		
Three-Phase Transition Program Details	1, 3	9-Rule	OK, OR, SC		

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

FILING MEMORANDUM

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
 E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

Exhibits		Fact Sheet	Exhibit #	Proposal Applicable in:
NCCI's <i>Assigned Carrier Performance Standards</i>		1	10-Rule	AK, AR, GA, IN, KS, MS, NH, OR, SD, VT
NCCI's <i>Forms Manual</i>	Contracting Classification Premium Adjustment Program (CCPAP) Workers Compensation Premium Credit Application	1	11-Form	FL, VA

Note: Form and rule filings must be filed separately in several states. For filing purposes, this memorandum and applicable fact sheets are being provided for both the rule and form exhibits. The rule exhibits are filed with the regulatory authority as Item B-1437-R. The form exhibit is filed with the regulatory authority as Item B-1437-F.

The enclosed materials are copyrighted materials of the National Council on Compensation Insurance, Inc. ("NCCI"). The use of these materials may be governed by a separate contractual agreement between NCCI and its licensees such as an affiliation agreement between you and NCCI. Unless permitted by NCCI, you may not copy, create derivative works (by way of example, create or supplement your own works, databases, software, publications, manuals, or other materials), display, perform, or use the materials, in whole or in part, in any media. Such actions taken by you, or by your direction, may be in violation of federal copyright and other commercial laws. NCCI does not permit or acquiesce such use of its materials. In the event such use is contemplated or desired, please contact NCCI's Legal Department for permission.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1—FACT SHEET

NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED

PURPOSE

The purpose of the proposed changes for this industry is to eliminate certain national classifications that have low credibility.

BACKGROUND

NCCI has identified a number of national classifications that have low credibility. Low credibility refers to classifications with insufficient premium to develop meaningful data for ratemaking purposes.

These national classifications must be eliminated and reassigned to other classifications with similar operations. The reassignment of these classifications to existing, analogous classifications will result in the use of more credible data from which to calculate loss costs and rates.

The national classifications to be eliminated are listed in the Proposal section of this fact sheet. For those states where the difference between the loss costs or rates for the eliminated classification and the proposed classification exceeds the swing limits used for ratemaking within the state, a transition program, subject to a three-phase maximum, is proposed. States with a transition program are indicated in the following table. Details of the transition programs are provided in Exhibits 8-Rule and 9-Rule.

PROPOSAL

This item proposes to:

1. Eliminate and revise national classifications as indicated in the following table and exhibits. Refer to the following table and Exhibits 7-Rule, 8-Rule, and 9-Rule for state-specific information.
2. Revise Appendix E—Table of Classifications by Hazard Group for applicable states to update the codes being eliminated or established. Refer to Exhibit 5-Rule.
3. Revise state-specific contracting classification credit programs for Connecticut, Florida, Hawaii, Illinois, Maryland, Missouri, Montana, Nebraska, New Mexico, Oklahoma, Oregon, and Virginia to remove the classifications being eliminated. Refer to Exhibit 6-Rule.
4. Revise **Assigned Carrier Performance Standards** to remove the being eliminated. Refer to Exhibit 10-Rule.

National Classification to Be Eliminated	Proposed National Classification (Unless Otherwise Noted)	States With Two-Phase Transition Program*	States With Three-Phase Transition Program**
2286—Wool Spinning and Weaving 2286—Yarn Mfg.—Wool	2220—Wool Spinning and Weaving 2220—Yarn Mfg.—Wool	All States	None
2670—Glove Mfg.—Leather or Textile	2688—Glove Mfg.—Leather or Textile	All States	None

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 1—FACT SHEET (CONT'D)

National Classification to Be Eliminated	Proposed National Classification (Unless Otherwise Noted)	States With Two-Phase Transition Program*	States With Three-Phase Transition Program**
4360—Motion Picture—Development of Negatives, Printing, and All Subsequent Operations 4360—Duplication and Replication Service of Prerecorded Audio, Video or Data	7610—Motion Picture—Production—In Studios or Outside—All Operations & Clerical, Drivers 7610—Duplication and Replication Service of Prerecorded Audio, Video or Data	NM, TX	None
4670—Cottonseed Oil Mfg.—Mechanical & Drivers 4670—Cottonseed Oil Mfg.—Solvent & Drivers	4683—Cottonseed Oil Mfg.—Mechanical 4683—Cottonseed Oil Mfg.—Solvent 7380—Drivers, Chauffeurs, Messengers, and Their Helpers NOC—Commercial***	None	OK, SC
5508—Street or Road Construction—Rock Excavation & Drivers	5507—Street or Road Construction—Rock Excavation & Drivers	None	None

* The listed states have a two-phase transition program; refer to Exhibit 8-Rule for details.

** The listed states have a three-phase transition program; refer to Exhibit 9-Rule for details.

***The proposed national phraseology currently applies in all states, except AZ and NV because drivers are a general inclusion. Therefore, no national exhibit is proposed for approval in AZ and NV.

IMPACT

NCCI conducted a review of the latest policy periods used for ratemaking in NCCI's 2017 loss cost and rate filing cycle to determine if a transition program was needed to minimize the impact of these proposed changes. Based on the results of this review:

- Code 5508 does not need a transition program
- Codes 2286 and 2670 have a two-phase transition program in all states
- Codes 4360 and 4670 have a two-phase or three-phase transition program in some states

Where applicable, using a transition program will help minimize the impact to individual employer premium charges. Historical experience from the discontinued national codes will be reassigned to the corresponding national codes when the eliminated code maps primarily to one corresponding national code. The loss costs/rates and rating values for the national codes will be based on the combined historical data of the discontinued codes and the corresponding national codes.

Negligible impact to overall statewide premium is expected as a result of these changes.

STATE-SPECIFIC PROPOSALS AND IMPACTS

Alaska Proposal:

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 1—FACT SHEET (CONT'D)

NCCI is proposing all exhibits in Alaska except Exhibit 1K-Rule. Exhibit 1K-Rule is not being proposed because Codes 5507 and 5508 do not apply in Alaska.

Alaska Impact:

Because NCCI is proposing all exhibits in Alaska except Exhibit 1K-Rule, the national impact detailed above applies in Alaska.

Florida Proposal:

NCCI is proposing all exhibits in Florida except Exhibits 1D-Rule and 1E-Rule. Exhibit 1D-Rule is not being proposed because Code 4360 does not apply in Florida. Exhibit 1E-Rule is not being proposed because the current national phraseology does not apply in Florida.

NCCI is proposing that Florida adopt the national treatments for Code 7610 and, as a result, eliminate the state exception phraseologies for Code 7610. Refer to Exhibit 7-Rule.

NCCI proposes to revise state special Code 5509 to eliminate a reference to Code 5508. Refer to Exhibit 7-Rule.

NCCI also proposes to revise Florida's exception to **Basic Manual** Rule 3-A-7-a(3) to change a Code 5508 reference to Code 5507. Refer to Exhibit 7-Rule.

In addition, Form 04-4E—Florida Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application (Exhibit 11-Form) must be updated to reflect the elimination of Code 5508 (Exhibit 6-Rule).

Florida Impact:

Because NCCI is proposing all exhibits in Florida except Exhibits 1D-Rule and 1E-Rule, the national impact detailed above applies in Florida.

Hawaii Proposal:

NCCI is proposing all exhibits in Hawaii except Exhibits 1E-Rule and 1F-Rule. Exhibits 1E-Rule and 1F-Rule are not being proposed because the phraseology for Code 7610 is not applicable in Hawaii. Hawaii has state special Code 9610 which will remain unchanged. The current national treatments for Code 4360 will become state specials for Hawaii. Refer to Exhibit 7-Rule.

Hawaii Impact:

Because NCCI is proposing all exhibits in Hawaii except Exhibits 1E-Rule and 1F-Rule, the national impact detailed above applies in Hawaii.

Louisiana Proposal:

NCCI is proposing all exhibits in Louisiana except Exhibit 1H-Rule. Exhibit 1H-Rule is not being proposed because the national phraseology of Code 4670—Cottonseed Oil Mfg.—Solvent & Drivers does not apply in Louisiana.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 1—FACT SHEET (CONT'D)

NCCI is proposing that Louisiana adopt the national treatments for Code 4683 (Exhibit 1I-Rule) and, as a result, eliminate the state exception phraseology of Code 4670—Cottonseed Oil Mfg. & Drivers (Exhibit 7-Rule).

Louisiana Impact:

Because NCCI is proposing all exhibits in Louisiana except Exhibit 1H-Rule, the national impact detailed above applies in Louisiana.

Maine Proposal:

NCCI is proposing all exhibits in Maine except Exhibit 1E-Rule, because Maine has a state exception to Code 7610. Refer to Exhibit 7-Rule.

Maine Impact:

Because NCCI is proposing all exhibits in Maine except Exhibit 1E-Rule, the national impact detailed above applies in Maine.

Missouri Proposal:

NCCI is proposing all exhibits in Missouri. In addition, NCCI proposes to revise state special Codes 5505 and 5213 to eliminate references to Code 5508. Refer to Exhibit 7-Rule.

Missouri Impact:

The national impact detailed above applies in Missouri.

Montana Proposal:

NCCI is proposing all exhibits in Montana except Exhibits 1E-Rule and 1F-Rule. Exhibits 1E-Rule and 1F-Rule are not being proposed because the phraseology for Code 7610 is not applicable in Montana. Montana has state special Code 9610 which will remain unchanged. The current national treatments for Code 4360 will become state specials for Montana. Refer to Exhibit 7-Rule.

Montana Impact:

Because NCCI is proposing all exhibits in Montana except Exhibits 1E-Rule and 1F-Rule, the national impact detailed above applies in Montana.

Nevada Proposal:

NCCI is proposing all exhibits in Nevada except Exhibits 1E-Rule and 1F-Rule. Exhibits 1E-Rule and 1F-Rule are not being proposed because Code 7610 is not applicable in Nevada. Nevada has a state special Code 9609 which will be revised. Refer to Exhibit 7-Rule.

Nevada Impact:

Because NCCI is proposing all exhibits in Nevada except Exhibits 1E-Rule and 1F-Rule, the national impact detailed above applies in Nevada.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 1—FACT SHEET (CONT'D)

Texas Proposal:

NCCI is proposing all exhibits in Texas except Exhibits 1B-Rule, 1D-Rule, 1E-Rule, 1G-Rule, and 1H-Rule. These five exhibits are not being proposed because the national phraseologies do not apply in Texas. However, NCCI is still proposing to eliminate Codes 2286, 4360 and 4670 in Texas. Refer to Exhibit 7-Rule.

NCCI is also not proposing Exhibit 1K-Rule in Texas because Codes 5507 and 5508 do not apply in Texas.

NCCI is proposing that Texas adopt the national treatments for Code 7610 and, as a result, eliminate the state exception phraseology for Code 4360. The national Code 7610 also includes clerical employees. Refer to Exhibit 7-Rule.

NCCI is proposing that Texas adopt the national treatment for Code 4683 and, as a result, eliminate the state exception phraseologies for Code 4670. The national Code 4683 does not include drivers. Refer to Exhibit 7-Rule.

Texas Impact:

Because NCCI is proposing all exhibits in Texas except Exhibits 1B-Rule, 1D-Rule, 1E-Rule, 1G-Rule, 1H-Rule, and 1K-Rule, the national impact detailed above applies in Texas.

Utah Proposal:

NCCI is proposing all exhibits in Utah except Exhibit 1K-Rule. Exhibit 1K-Rule is not being proposed because Codes 5507 and 5508 do not apply in Utah.

Utah Impact:

Because NCCI is proposing all exhibits in Utah except Exhibit 1K-Rule, the national impact detailed above applies in Utah.

Virginia Proposal:

NCCI proposes that Virginia adopt the treatments detailed in Exhibit 7-Rule. Refer to the table shown in the Proposal section of Fact Sheet 1 for a list of the classifications revised in Exhibit 7-Rule.

The following codes must also be revised in Exhibit 7-Rule because they refer to the codes shown in the table in the proposal section of Fact Sheet 1:

- 2362—Knit Goods Mfg. NOC
- 4431—Magnetic and Optical Recording Media Mfg.
- 4452—Plastics Mfg.—Fabricated Products NOC
- 4484—Plastics Manufacturing—Molded Products NOC
- 4686—Oil Mfg.—Vegetable—Solvent Extraction Process
- 4902—Sporting Goods Mfg. NOC
- 4923—Photographic Supplies Mfg.
- 6217—Excavation & Drivers

Accordingly, the Virginia Special Classifications in NCCI's *Basic Manual* must be updated to reflect the approved revisions.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 1—FACT SHEET (CONT'D)

In addition, Form 45-3E—Virginia Contracting Classification Premium Adjustment Program (CCPAP) Workers Compensation Premium Credit Application (Exhibit 11-Form) must be updated to reflect the elimination of Code 5508 (Exhibit 6-Rule).

Virginia Impact:

The national impact detailed above applies in Virginia. The proposed updates to the Virginia Special Classifications in NCCI's *Basic Manual* descriptions are not expected to have an additional premium impact.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 4—FACT SHEET

AIRCRAFT MAINTENANCE AND REPAIR

PURPOSE

The purpose of the proposed changes for this industry is to revise the classification treatment for aircraft maintenance and repair operations.

BACKGROUND

Aircraft maintenance and repair operations are critical to the safe operation of all types of aircraft. Some maintenance and repair services include:

- Diagnosing mechanical and electrical problems
- Routine engine inspections
- Testing electronic instruments
- Inspecting or repairing aircraft systems such as wings, brakes, electrical, power plant, life support, and other aircraft systems
- Routine parts replacement
- Corrosion prevention
- Avionics installation, maintenance, and repair
- Airworthiness inspections
- Cleaning an aircraft's interior
- Painting

These operations may be performed by airline employees, airport employees, or contracted firms. Contractors may operate as a fixed-base operator in which they are permitted to operate on airport grounds, or they may be based elsewhere and visit the airport on an as-needed basis.

Due to the size and nature of aircraft, most maintenance and repair is conducted on airport grounds or property located adjacent to an airport. However, some aircraft parts may be removed from the aircraft and taken to an independent facility located away from the airport.

Currently, there are no classifications specifically assigned to aircraft maintenance when performed by contractors. There are several classifications that may apply, and the most commonly used codes are listed below:

- 3826—Aircraft Engine Mfg.
- 3830—Airplane Mfg.
- 7403—Aviation—All Other Employees & Drivers

Codes 3826 and 3830 do not address work associated with these codes that is performed on airport property or if services performed by contractors are included. Code 7403 does not define the types of maintenance or service that are included, nor does it address whether contractors performing services at the airport are included.

PROPOSAL

This item proposes to:

1. Revise the following classifications with the addition of a phraseology note that addresses operations performed by manufacturers, fixed-base operators, or contractors at an airport or off-site facility (Exhibit 4A-Rule):
 - Code 3826—Aircraft Engine Mfg.
 - Code 3830—Airplane Mfg.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 4—FACT SHEET (CONT'D)

2. Eliminate the phraseology for Code 3826—Engine Mfg.—Aircraft because it is redundant with the above-mentioned phraseology Code 3826—Aircraft Engine Mfg. (Exhibit 4A-Rule)
3. Revise the phraseology note of Code 5037—Painting—Metal Structures—Over Two Stories in Height & Drivers to indicate the painting of aircraft of all sizes and types is not assigned to Code 5474 (Exhibit 4B-Rule)
4. Establish a new phraseology Code 5474—Painting Aircraft & Shop Operations, Drivers (Exhibit 4C-Rule)
5. Establish a new phraseology Code 7403—Aviation—Ramp Operations & Drivers to be assigned to work performed on the aircraft at the ramp or on the flight line (Exhibit 4D-Rule)
6. Establish a new phraseology Code 9516—Aircraft Avionics and Instrumentation Installation, Service, or Repair—Shop and Outside & Drivers to be assigned to the performance of these services on all types of fixed- and rotary-wing aircraft (Exhibit 4E-Rule)

IMPACT

The proposed changes revise the classification treatment for aircraft maintenance and repair operations. It is possible that some payroll may transfer between the codes included in the proposal. The amount of payroll transferred cannot be identified using current industry data sources. The impact to individual employers will depend on the amount of payroll (if any) that transfers from code to code as well as their associated loss cost/rates.

Negligible impact to overall statewide premium is expected as a result of these changes.

STATE-SPECIFIC PROPOSALS AND IMPACTS

Alaska Proposal:

NCCI is proposing all exhibits in Alaska except for Exhibits 4A-Rule, 4D-Rule, and 4E-Rule.

NCCI proposes that Alaska adopt the state special phraseology Code 7414—Aviation—Ramp Operations & Drivers because Code 7403 (Exhibit 4A-Rule) is not applicable in Alaska. Refer to Exhibit 7-Rule.

NCCI proposes that Alaska adopt the following state special phraseologies, which will contain references to Code 7414 (Exhibit 7-Rule) instead of Code 7403 (Exhibit 4D-Rule):

- Code 3826—Aircraft Engine Mfg.
- Code 3830—Airplane Mfg.
- Code 9516—Aircraft Avionics and Instrumentation Installation, Service, or Repair—Shop and Outside & Drivers

Alaska Impact:

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

Oregon Proposal:

NCCI is proposing all exhibits in Oregon except for Exhibit 4B-Rule because Code 5037 is not applicable in Oregon.

Oregon Impact:

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

South Carolina Proposal:

NCCI is proposing all exhibits in South Carolina except for Exhibit 4E-Rule.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 4—FACT SHEET (CONT'D)

NCCI proposes that South Carolina adopt the state special phraseology Code 9519—Aircraft Avionics and Instrumentation Installation, Service, or Repair—Shop and Outside & Drivers because Code 9516 (Exhibit 4E-Rule) is not applicable in South Carolina. Refer to Exhibit 7-Rule.

South Carolina Impact:

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

Texas Proposal:

NCCI is not proposing the national Exhibits 4A-Rule thru 4E-Rule in Texas. Refer to Exhibit 7-Rule for the state exceptions.

- NCCI proposes that Texas revise the note of the following state special phraseologies for Code 3805 because Code 3826 (Exhibit 4A-Rule) is not applicable in Texas:
 - Aircraft Engine Mfg.
 - Aircraft Propeller Repair Shop—No Aircraft Exposure
 - Engine Mfg.—Aircraft or Automobile
 - Propeller Repair—Aircraft
- NCCI is not proposing Exhibit 4B-Rule because Code 5037 is not applicable in Texas.
- NCCI is not proposing Exhibit 4C-Rule because painting of aircraft is assigned to Code 8391—Aircraft Painting & Drivers in Texas.
- NCCI proposes that Texas adopt the state special phraseology Code 7423—Aviation—Ramp Operations & Drivers because Code 7403 (Exhibit 4D-Rule) is not applicable in Texas.
- NCCI is not proposing Exhibit 4E-Rule because Code 9516 is not applicable in Texas. The installation, service, or repair of aircraft avionics and instrumentation is included in Code 3830—Airplane Mfg.

Texas Impact:

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

Virginia Proposal:

NCCI proposes that Virginia adopt the proposed national treatment for Codes 3826, 3830, 5037, 5474, 7403, and 9516. Refer to Exhibit 7-Rule. Accordingly, the Virginia Special Classifications in NCCI's **Basic Manual** will be reformatted and updated for the following codes:

- 3826—Aircraft Engine Mfg.
- 3830—Airplane Mfg.
- 5037—Painting—Metal Structures—Over Two Stories in Height—& Drivers
- 5474—Painting Aircraft & Shop Operations, Drivers
- 7403—Aviation—Ramp Operations & Drivers
- 9516—Aircraft Avionics and Instrumentation Installation, Service, or Repair—Shop and Outside & Drivers

Virginia Impact:

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment for Codes 3826, 3830, 5037, 5474, 7403, and 9516. The proposed updates to the Virginia Special Classifications in NCCI's **Basic Manual** descriptions are not expected to have an additional premium impact.

**ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX
E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE**

EXHIBIT 8-RULE

TWO-PHASE TRANSITION PROGRAM

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

The following details the two-phase transition program implementing the loss costs/rates and rating values for the code being discontinued and the acquiring code. NCCI will administer this program through each state's specific loss cost/rate classification experience filing revision process.

Phase 1 of the transition program will be made effective with each state's approved loss cost/rate filing effective on and after October 1, 2019 unless otherwise noted. For example, Phase 1 will become effective January 1, 2020 for approved loss cost/rate filings that have a January 1, 2020 effective date. If there is no loss cost/rate filing for a state in a given approved implementation year, Phase 1 will take effect on that state's regular loss cost/rate effective date. The regular loss cost/rate effective date is the date of the state's previous years' loss cost/rate effective date. The same rule applies to Phase 2 in the following year.

The following details the steps needed to implement the loss costs/rates and rating values for the code being discontinued and the acquiring code, within each of the classification's loss cost/rate filings. An example of the two-phase transition program calculation, including the weight value calculation, is shown in subsequent pages of this exhibit. Rating values, which will be based on the final NCCI proposed loss costs/rates, will be calculated according to the standard procedure.

- A. Employers will continue to be classified to either the code being discontinued or the acquiring code as appropriate until the second phase of the transition program.
- B. As part of Phase 1 of the two-phase transition program, the payroll-weighted loss cost/rate of the code being discontinued and the acquiring code will be calculated using the latest available year's payroll and the standard calculated loss cost/rate of the two individual codes. If the payroll-weighted loss cost/rate is within the swing limits determined for the code being discontinued and the acquiring code, then each of these codes will assume the payroll-weighted loss cost/rate.

If the payroll-weighted loss cost/rate is outside of the filing's swing limits for any of the codes, then the loss cost/rate for each of the codes will be determined by a methodology weighting together (1) the payroll-weighted loss cost/rate and (2) the standard calculated loss cost/rate for each code. The ratio used in this methodology will be first determined by calculating the maximum weighting value given to the payroll-weighted loss cost/rate in order to keep the loss costs/rates for the code being discontinued and the acquiring code 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.

- C. As part of Phase 2 of the two-phase transition program, the applicable code will be discontinued. All insured operations previously assigned to the code being discontinued will be assigned to the acquiring code. The loss cost/rate for the acquiring code will be the payroll-weighted loss cost/rate of the code being discontinued and the acquiring code, using the latest available year's payroll and the standard calculated loss cost/rate of the two individual codes.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 8-RULE

EXAMPLE OF TWO-PHASE TRANSITION PROGRAM CALCULATION

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

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

In the following example, the “Payroll-Weighted Loss Cost/Rate” for each year can be calculated by using the “NCCI Initially Calculated Loss Cost/Rate” 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
Phase 1 Loss Cost/Rate	21.00	10.50	11.81
Phase 2 Loss Cost/Rate	19.78	12.25	11.57

(Payroll is assumed to remain constant throughout the transition period.)

The “Payroll-Weighted Loss Cost/Rate” 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%. **Note:** The weight value used represents the largest possible value keeping the rate/loss cost changes within the swing limits. The weight value below is subject to a minimum of 0.50 for Phase 1 and 1.00 for Phase 2 without regard to swing limits in order to transition the loss costs/rates within two years.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY							
	Weight Value	Code	Payroll-Weighted Loss Cost/Rate		NCCI Initially Calculated Loss Cost/Rate		Final NCCI Loss Cost/Rate
Filing Effective in Phase 1	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 Phase 2	1.00	XXX1	(1.00 x 12.49)	+	(0.00 x 19.78)	=	12.49
		XXX2	(1.00 x 12.49)	+	(0.00 x 12.25)	=	12.49
		XXX3	(1.00 x 12.49)	+	(0.00 x 11.57)	=	12.49

* Refer to “Example of Two-Phase Weight Value Calculation” for more details.

ITEM B-1437—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP, INCLUDING AIRCRAFT MAINTENANCE

EXHIBIT 8-RULE (CONT'D)

EXAMPLE OF TWO-PHASE WEIGHT VALUE CALCULATION

Note: The weight value calculation in the following example is for illustration purposes only and is not the actual weight value calculation in use, nor does it represent the expected actual weight value calculation for the codes indicated.

In the following example, the loss costs/rates are calculated for each class code by using successively higher weight values until the largest weight value is found that keeps the rates/loss costs within swing limits. However, depending on which phase 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 Phase 1 and 1.00 for Phase 2. For the purposes of illustration, the codes are represented as XXX1, XXX2, and XXX3.

The following assumptions are made for this example:

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

	Loss Cost/Rate for Code XXX1	Loss Cost/Rate for Code XXX2	Loss Cost/Rate for Code XXX3
Current Approved Filing	21.49	11.32	11.05
Phase 1	16.14	11.63	12.19

Weight Calculation Table						
Phase 1	Code XXX1		Code XXX2		Code XXX3	
Weight Value	Calculated Loss Cost/Rate Given Weight Value	Loss Cost/Rate Change %	Calculated Loss Cost/Rate Given Weight Value	Loss Cost/Rate Change %	Calculated Loss Cost/Rate Given Weight Value	Loss Cost/Rate 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						