

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1439 Revisions to Basic Manual Classifications and Appendix E, Including Construction Salespersons and Estimators
Project Name/Number: /

Filing at a Glance

Company: National Council on Compensation Insurance, Inc.
Product Name: B-1439 Revisions to Basic Manual Classifications and Appendix E, Including Construction Salespersons and Estimators
State: Texas
TOI: 16.0 Workers Compensation
Sub-TOI: 16.0004 Standard WC
Filing Type: Rate/Rule
Date Submitted: 10/29/2019
SERFF Tr Num: NCCI-132099789
SERFF Status: Assigned
State Tr Num: S672692
State Status: AS-Assigned To Technician
Co Tr Num: B-1439
Effective Date: 07/01/2021
Requested (New):
Effective Date: 07/01/2021
Requested (Renewal):
Author(s): Lesley O'Brien, Frank Gnolfo, Kevin Ott, Whitney Quailey
Reviewer(s): Nicole Elliott (primary), David Trautman
Disposition Date:
Disposition Status:
Effective Date (New):
Effective Date (Renewal):
State Filing Description:
WC 1
Intake: Effective 7/1/21
Revisions - S628785, S659234, S667548

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
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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: 10/30/2019
State Status Changed: 10/30/2019 Deemer Date:
Created By: Frank Gnolfo Submitted By: Frank Gnolfo
Corresponding Filing Tracking Number:
State TOI: Workers Compensation State Sub-TOI: Workers Compensation

Filing Description:

The item proposes the following for NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual):

- Eliminate national and state special classifications with low credibility
- Establish a classification treatment for construction job site salespersons and estimators

Company and Contact

Filing Contact Information

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Filing Company Information

National Council on Compensation Insurance, Inc. 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? No

Retaliatory? No

Fee Explanation:

State Specific

- 1.Does this filing contain any personally identifiable information (PII)? (See SERFF General Instructions for the definition and examples of PII.) Answer either YES or NO: : NO
- 2.Provide the TDI file number or SERFF tracking number for all associated filings: : NA
- 3.Do you waive the deemer for form, endorsement, and certificate of insurance filings under 28 TAC 5.9321? Answer either YES or NO: : Yes
- 4.Do you waive the limits on requests for information for rate/rule filings under 28 TAC 5.9336? Answer either YES or NO:: Yes
- 5.Provide the TDI file number of the previously approved forms and endorsements or accepted rates, rules, or rate/rules that you are replacing: : S628785, S659234, S667548

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- 6. Provide the TDI file number of the previously approved forms and endorsements or accepted rates, rules, or rate/rules that you are referencing/adopting: : NA
- 7. State if this is an interline filing and list all lines of insurance the endorsement or rate/rules applies to. : NO
- 8. For dual filings (monoline and multi-peril) state if this is a new program. If not, provide the TDI file number for either the previous dual filing, or the previous monoline and multi-peril filings approved for this program.: NA
- 9. What policy form do these endorsements and forms go with? List the TDI file number where the policy form was approved or referenced.: None
- 10. Will this filing be used for a Risk Purchasing Group? Answer either YES or NO. If yes, provide the name: : NO

SERFF Tracking #:

NCCI-132099789

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S672692

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Correspondence Summary

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Rate	Exhibit 5	Frank Gnolfo	05/06/2020	05/06/2020
Supporting Document	Side by Side	Frank Gnolfo	05/06/2020	05/06/2020

State: Texas **Filing Company:** National Council on Compensation Insurance, Inc.
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC
Product Name: B-1439 Revisions to Basic Manual Classifications and Appendix E, Including Construction Salespersons and Estimators
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Amendment Letter

Submitted Date: 05/06/2020

Comments:
 This update includes a revised Exhibit 5 and side by side document that displays the additional phraseology changes TDI has indicated a willingness to consider. Also included in revised Exhibit 5 is one additional phraseology, Code 8742—Claim Adjusters or Special Agents—Insurance Co.—Outside. This phraseology is a duplicate of Code 8742—Insurance Claims Adjusters—Outside and should be discontinued as well.

Changed Items:
No Form Schedule Items Changed.

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Exhibit 5	Classifications	New		05/06/2020 By:
<i>Previous Version</i>					
1	<i>Exhibit 5</i>	<i>Classifications</i>	<i>New</i>		<i>10/29/2019 By: Frank Gholfo</i>

Supporting Document Schedule Item Changes	
Satisfied - Item:	Side by Side
Comments:	
Attachment(s):	Side_by_side (Texas)_updated.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Side by Side</i>
Comments:	
Attachment(s):	<i>Side_by_side (Texas).pdf</i>

SERFF Tracking #:

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/

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

SERFF Tracking Number of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
National Council on Compensation Insurance, Inc.	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Exhibit 3-A	Classifications	Replacement	S628785	B-1439 Exhibit 3-A.pdf
2		Exhibit 3-B	Classifications	Replacement	S628785	B-1439 Exhibit 3-B.pdf
3		Exhibit 3-C	Classifications	New		B-1439 Exhibit 3-C.pdf
4		Exhibit 4	Appendix E	Replacement	S667548	B-1439 Exhibit 4 (Appendix E).pdf
5		Exhibit 5	Classifications	New		B-1439 Exhibit 5 (Texas)_updated.pdf
6		Exhibit 6	Transition Program	Replacement	S659234	B-1439 Exhibit 6 (2 phase).pdf

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**EXHIBIT 3-A
BASIC MANUAL—2001 EDITION
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS
RULE 1—CLASSIFICATION ASSIGNMENT
B. EXPLANATION OF CLASSIFICATIONS**

2. Standard Exception 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, TX, UT, VA, VT, WV)

c. Salespersons or Collectors—Outside (Code 8742)

- (1) This classification is assigned to employees who perform these duties away from the employer's premises.
- (2) This classification is not assigned to employees who:
 - (a) Deliver merchandise.
 - (b) Use vehicles to deliver or pick up goods, even if they collect or sell. These employees must be assigned to the classification applicable to the business for drivers.
 - (c) Use public transportation or walk to deliver goods even if they collect or sell. These employees must be assigned to the governing classification applicable to the business.
 - (d) Travel between locations of the employer as district or regional managers to perform various duties not involving outside sales or collection. *Refer to Rule 2-G—Interchange of Labor.*
 - (e) Perform job site measurements or inspections to prepare bids for a job for a construction contractor.
- (3) Code 8742 does not apply when the basic classification wording includes outside salespersons and/or collectors.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**EXHIBIT 3-B
BASIC MANUAL—2001 EDITION
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS
RULE 1—CLASSIFICATION ASSIGNMENT
D. CLASSIFICATION PROCEDURES**

**(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)**

3. Assignment of More Than One Basic Classification

More than one basic classification may be assigned to an employer that meets conditions a, b, or c below. Operation means activities, enterprises, processes, secondary businesses or undertakings.

d. Construction, Erection, or Oil and Gas Field Operations

These operations are identified by a ● immediately following the code number.

Each distinct type of construction, erection, or oil and gas field operation must be assigned to the class that specifically describes the operation only if separate payroll records are maintained for each operation.

If separate payroll records are not maintained for any construction, erection, or oil and gas field operation, the highest rated classification that applies to the job or location where the operation is performed must be assigned.

If a construction, erection, or oil and gas field operation is included in the scope of another classification, a separate code must not be assigned.

(1) Insured Subcontractors

An insured subcontractor who performs a single type of work on a construction project or job must be classified based on the classification that describes the particular type of work involved.

*Refer to **User's Guide** for an example.*

Exception to 1-D-3-d(1) above:

All operations in conjunction with concrete construction including making and erecting forms, placing reinforcing steel and stripping forms, when done by subcontractors, must be assigned to the appropriate concrete construction classification.

(2) Uninsured Subcontractors

Uninsured subcontractors covered under the principal or general contractor's policy are classified on the basis of the classifications that would apply if the work were performed by the principal's or general contractor's own employees.

*Refer to **User's Guide** for an example.*

(3) Construction—Job Site Salespersons and Estimators

Construction job site salespersons and estimators are separately rated to Code 8720, a nonconstruction code. A division of payroll is not permitted between Code 8720 and a construction classification at any single job site. If the construction job site salesperson or estimator also performs construction duties at the same job site or supervises construction workers at the same job site, the employee's payroll at that job site must be assigned to the appropriate construction classification.

*Refer to **User's Guide** for an example.*

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

**EXHIBIT 3-C
BASIC MANUAL—2001 EDITION
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS
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)**

8720 Construction—Job Site Salespersons and Estimators

Applies to employees who perform job site measurements or inspections to prepare bids for a job for a construction contractor. Employees who work for contractors and provide sales estimates, but do not conduct the actual construction, are also assigned to Code 8720. Employees may perform these measurements or inspections from ground level, in crawl spaces, on ladders, or on roofs. Code 8720 does not apply when the employee also performs construction duties or supervises construction workers at the same job site. In those cases, the employee's payroll at that job site must be assigned to the appropriate construction classification. A division of payroll is not permitted between Code 8720 and a construction classification at any single job site.

ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS

EXHIBIT 4

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
2683	National, IN 10/01/2007: WV 06/01/2014: TX	<u>10/01/2021: KY</u> <u>11/01/2021: DC, WV</u> <u>01/01/2022: AK, AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OK, OR, UT</u> <u>02/01/2022: NE</u> <u>03/01/2022: AL, GA, MS, NV, TN</u> <u>04/01/2022: ME, SC, VA, VT</u> <u>05/01/2022: LA</u> <u>07/01/2022: AR, MT, SD, TX</u> <u>08/01/2022: RI</u>	B
3240	National, IN 10/01/2007: WV	<u>TX</u> <u>10/01/2021: KY</u> <u>11/01/2021: DC, WV</u> <u>01/01/2022: AK, AZ, CO, CT, FL, HI, IA, ID, IL, IN, KS, MD, MO, NH, NM, OK, OR, UT</u> <u>02/01/2022: NE</u> <u>03/01/2022: AL, GA, MS, NV, TN</u> <u>04/01/2022: ME, SC, VA, VT</u> <u>05/01/2022: LA</u> <u>07/01/2022: AR, MT, SD</u> <u>08/01/2022: RI</u>	B
4940	IL	<u>01/01/2017: MO, OK</u> <u>01/01/2023: IL</u>	E

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

ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS

EXHIBIT 5
BASIC MANUAL—2001 EDITION
FACT SHEET 1—NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE
ELIMINATED—TWO-PHASE TRANSITION PROGRAM
SPECIAL CLASSIFICATIONS
(Applies in: TX)

- 2683** **Luggage Mfg.—Cloth or Leather**
- 2501** **Luggage Mfg.—Cloth or Leather**
- 2683** **Handbags, Purses, Tote Bags Mfg.**
- 2683** **Purses, Handbags, Tote Bags Mfg.**
- 2683** **Tote Bags, Handbags, Purses Mfg.**
- 2501** **Handbag, Purse, and Tote Bag Mfg.**
- 2683** **Fur Mfg.—From Tanned Hides**
- 2501** **Fur Mfg.—From Tanned Hides**
- 2683** **Bag Mfg.—Cloth or Leather**
Applicable to purses, handbags, tote bags, and luggage.
- 2501** **Bag Mfg.—Cloth or Leather**
Applies to purses, handbags, tote bags, and luggage.
- 2683** **Bag Mfg.—Luggage**
Applies to the mfr. of traveling bags and hand luggage. Trunk mfg. to be separately rated as 2881.
- 2501** **Bag Mfg.—Luggage**
Applies to the manufacture of travel bags and hand luggage. Trunk manufacturing is separately rated to Code 2881.

ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
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EXHIBIT 5 (CONT'D)
BASIC MANUAL—2001 EDITION
FACT SHEET 3—CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS
SPECIAL CLASSIFICATIONS
(Applies in: TX)

- 8742 Collectors, Messengers, or Salesperson—Outside**
Subject to the standard exception manual rule.
- 8742 Messengers, Collectors, or Salespersons—Outside**
Subject to the standard exception manual rule.
- 8742 Salespersons, Collectors, or Messengers—Outside**
Subject to the standard exception manual rule. Refer to Code 8720 for assignment of construction job site salespersons and estimators.
- 4514 Boiler Inspection**
Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 4514 are conducted as a separate and distinct business.
- 8742 Claim Adjusters or Special Agents—Insurance Co.—Outside**
- 4514 Elevator Inspecting**
Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 4514 are conducted as a separate and distinct business.
- 8742 Inspection of Risks for Insurance or Valuation Purposes NOG—Visual Inspection Only**
- 8742 Insurance Claim Adjusters—Outside**
- 4514 Marine Appraiser or Surveyor**
Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 4514 are conducted as a separate and distinct business.
- 4514 Racetrack Operation—Horse—Officials & Stewards**

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

EXHIBIT 6

TWO-PHASE TRANSITION PROGRAM RULES

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, 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 eliminated 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, 2020, unless otherwise noted. For example, Phase 1 will become effective January 1, 2021, for approved loss cost/rate filings that have a January 1, 2021 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 anniversary date of the state's previous year's loss cost/rate effective date. The same rule would apply 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 eliminated 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 eliminated or the acquiring code as appropriate 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 eliminated 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 eliminated and the acquiring code, then each of these codes will take on 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 first be determined by calculating the maximum weighting value given to the payroll-weighted loss cost/rate. This will be done in order to keep the loss costs/rates for the code being eliminated 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 eliminated. All insured operations previously assigned to the code being eliminated 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 eliminated 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-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
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EXHIBIT 6

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 loss cost/rate 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 to transition the loss costs/rates within two years.

EXAMPLE—FOR ILLUSTRATIVE PURPOSES ONLY						
	Weight Value	Class 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” on the following page.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
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EXHIBIT 6 (CONT'D)

EXAMPLE OF TWO-PHASE WEIGHT VALUE CALCULATION

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

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 loss costs/rates within the 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
Last 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						

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Product Name:

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Project Name/Number:

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Supporting Document Schedules

Bypassed - Item:	Exhibit A
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Memorandum (Rates/Rules)
Comments:	
Attachment(s):	B-1439 Filing Memorandum.pdf
Item Status:	
Status Date:	

Satisfied - Item:	B-1439 Fact Sheets
Comments:	
Attachment(s):	B-1439 Fact Sheet 1.pdf B-1439 Fact Sheet 3.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Side by Side
Comments:	
Attachment(s):	Side_by_side (Texas)_updated.pdf
Item Status:	
Status Date:	

FILING MEMORANDUM

ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS

PURPOSE

The item proposes the following for NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*:

- Eliminate national and state special classifications with low credibility
- Establish a classification treatment for construction job site salespersons and estimators

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.

This item also revises the classification treatment of construction job site salespersons and estimators.

In addition, this item includes proposals for the individual classifications identified in each exhibit, including format changes and consistency-only changes, where applicable.

PROPOSAL

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 2018 loss cost and rate filing cycle. As a result of this review, NCCI identified some 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 amount of payroll in the classifications.

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ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS

- 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.

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.

Fact Sheets 1 and 2, 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.

Construction Job Site Salespersons and Estimators

Job site salespersons and estimators for construction operations such as roofing, carpentry, electrical wiring, and insulation may be exposed to some of the hazards of these construction operations. This would include accessing confined spaces, using ladders, and inspecting electrical circuits and circuit-breaker boxes. In some cases, such as roofing, the construction job site salesperson or estimator is currently assigned to the roofing code if they access the roof as part of their sales assessment. This recommended item will provide a consistent and clear assignment of these employees.

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ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS

Fact Sheet 3 explains the establishment of and revisions to classifications that address construction job site salespersons and estimators.

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

This item will support the uniform and equitable treatment of employers within each industry. 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 proposed changes will have a loss cost/rate impact. The fact sheet for each exhibit details the potential impacts specific to each of the proposed changes.

IMPLEMENTATION

This item is applicable to new and renewal policies, and it will become effective concurrent with each state's approved loss cost/rate filing effective on and after October 1, 2020, unless otherwise noted. For example, this item will become effective January 1, 2021, for approved loss cost/rate filings that have a January 1, 2021 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 anniversary date of the state's previous year's loss cost/rate effective date.

Transition Programs

The proposals related to Fact Sheet 1, National Classifications With Low Credibility to Be Eliminated, include a transition program, subject to a maximum of two phases. The details corresponding to the initiation and final implementation dates of the transition programs are provided in Exhibit 6 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 the Illinois special classification with low credibility to be eliminated (Fact Sheet 2), a three-phase transition program is proposed (Exhibit 7).

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**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
 INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

Anticipated Effective Dates by State

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

State	Anticipated* Effective Date
Alabama	March 1, 2021
Alaska	January 1, 2021
Arizona	January 1, 2021
Arkansas	July 1, 2021
Colorado	January 1, 2021
Connecticut	January 1, 2021
District of Columbia	November 1, 2020
Florida	The effective date of this item will depend on the date that regulatory approval is granted. If the item is approved on or before July 1, 2020, it will become effective January 1, 2021. If it is approved after July 1, 2020, it will become effective January 1, 2022.
Georgia	March 1, 2021
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2021. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2021
Illinois	January 1, 2021
Indiana	January 1, 2021
Iowa	January 1, 2021
Kansas	January 1, 2021
Kentucky	October 1, 2020
Louisiana	May 1, 2021
Maine	April 1, 2021
Maryland	January 1, 2021
Mississippi	March 1, 2021

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**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
 INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

Missouri	January 1, 2021
Montana	July 1, 2021
Nebraska	February 1, 2021
Nevada	March 1, 2021
New Hampshire	January 1, 2021
New Mexico	January 1, 2021
Oklahoma	January 1, 2021
Oregon	January 1, 2021
Rhode Island	August 1, 2021
South Carolina	April 1, 2021
South Dakota	July 1, 2021
Tennessee	March 1, 2021
Texas	July 1, 2021
Utah	January 1, 2021
Vermont	April 1, 2021
Virginia	April 1, 2021
West Virginia	November 1, 2020

* 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 <i>Basic Manual</i>	National Classifications With Low Credibility to Be Eliminated—Two-Phase Transition Program	1	1-A	All states except TX, VA
			1-B	All states except TX, VA
			5	TX, VA
	Illinois Special Classification With Low Credibility to Be Eliminated—Three-Phase Transition Program	2	2-A	IL
2-B			IL	

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**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
 INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

Exhibits	Fact Sheet	Exhibit #	Proposal Applicable in:
Construction Job Site Salespersons and Estimators	3	3-A	All states except FL
		3-B	All states
		3-C	All states except VA
		3-D	All states except TX, VA
		5	AZ, FL, NM, OK, OR, TX, VA
Appendix E—Table of Classifications by Hazard Group	1, 2	4	All states
Two-Phase Transition Program Rules	1	6	All states
Three-Phase Transition Program Rules	2	7	IL

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**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

EXHIBIT FACT SHEET 1

**NATIONAL CLASSIFICATIONS WITH LOW CREDIBILITY TO BE ELIMINATED—TWO-PHASE
TRANSITION PROGRAM**

PURPOSE

The proposed changes in this fact sheet eliminate certain national classifications that have low credibility.

BACKGROUND

NCCI has identified some 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 all states, the difference between the loss costs or rates for the eliminated classification and the proposed classification exceeds the swing limits used for ratemaking within each state. As a result, a two-phase transition program is proposed. Details of the transition program are provided in Exhibit 6.

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 5 and 6 for state-specific information.
2. Revise Appendix E—Table of Classifications by Hazard Group for applicable states to update the codes being eliminated. Refer to Exhibit 4.

National Classification to Be Eliminated	Proposed National Classification (Unless Otherwise Noted)
2683—Luggage Mfg.	2501—Luggage Mfg.
3240—Cable or Wire Rope Mfg.—Iron or Steel 3240—Wire or Cable Rope Mfg.—Iron or Steel	3257—Wire Rope or Cable Mfg.—Iron or Steel

IMPACT

NCCI conducted a review of the latest policy periods used for ratemaking in NCCI's 2018 loss cost and rate filing cycle to determine whether a transition program was needed to minimize the impact of these proposed changes. Based on the results of this review:

- Code 2683 has a two-phase transition program in all states
- Code 3240 has a two-phase transition program in all 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.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

EXHIBIT FACT SHEET 1 (CONT'D)

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

STATE-SPECIFIC PROPOSALS AND IMPACTS

Texas Proposal:

NCCI is not proposing Exhibit 1-A in Texas because the national treatment for Code 2683 does not apply in Texas.

Texas has the following state special phraseologies for Code 2683 that will be reassigned to Code 2501:

- Luggage Mfg.—Cloth or Leather
- Handbags, Purses, Tote Bags Mfg.*
- Purses, Handbags, Tote Bags Mfg.*
- Tote Bags, Handbags, Purses Mfg.*
- Fur Mfg.—From Tanned Hides
- Bag Mfg.—Luggage
- Bag Mfg.—Cloth or Leather

** To eliminate redundancy, only the first of these three phraseologies will be retained and reassigned.*

NCCI is not proposing Exhibit 1-B in Texas because Code 3240 does not apply in Texas.

Texas Impact:

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

Virginia Proposal:

NCCI recommends that Virginia adopt the treatments detailed in Exhibit 5. Refer to the table shown in the Proposal section of Fact Sheet 1 for a list of the classifications revised in Exhibit 5.

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

Virginia Impact:

The premium impact in Virginia is expected to be the same as the proposed national treatment. 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-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

EXHIBIT FACT SHEET 3**CONSTRUCTION JOB SITE SALESPERSONS AND ESTIMATORS****PURPOSE**

The proposed changes in this fact sheet revise the classification treatment for construction job site salespersons and estimators.

BACKGROUND

For construction projects, a job site salesperson or estimator must determine the nature of the operations and provide a cost estimate to the client. For residential and commercial construction projects, a job site salesperson or estimator visits the actual location to inspect the property or structure, take measurements and photos, discuss the proposed work, and provide an estimate or work proposal to the property owner.

The job site estimating process exposes the salesperson or estimator to a variety of hazards, depending on the type of project. These employees may need to go onto a roof, crawl into small spaces like attics, or inspect electrical wiring panels. Different types of ladders, measuring devices, cameras, and computer tablets or laptops are used while visiting the site and completing the estimate.

The employee may complete the entire estimate while on the job site, or they may need to return to the office to do further research. They may also revisit the client to review the final estimate. In addition to job site estimating, time may be spent in an office, making appointments with prospective clients, doing territory sales research, and performing other office-related tasks.

PROPOSAL

Code 8720—Inspection of Risks for Insurance or Valuation Purposes NOC currently includes inspections on roofs and other areas of a building. NCCI views this classification as also appropriate for job site salespersons and estimators for roofing and other construction operations.

This item proposes to:

1. Revise NCCI's *Basic Manual* Rule 1-B-2-c to indicate that Code 8742 is not applicable to employees who perform job site measurements or inspections to prepare bids for a job for a construction contractor.
2. Revise NCCI's *Basic Manual* Rule 1-D-3-d to include Construction—Job Site Salespersons and Estimators. This addition to the rule will address employees who are separately rated to Code 8720, and it will indicate that a division of payroll is not permitted between Code 8720 and a construction classification at any single job site.
3. Establish a new phraseology: Code 8720—Construction—Job Site Salespersons and Estimators.
4. Revise the phraseology of Code 8742—Salespersons or Collectors—Outside to refer to Code 8720 for the assignment of construction job site salespersons and estimators.

IMPACT

The proposed changes revise the classification treatment for construction job site salespersons and estimators. 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**Arizona Proposal:**

NCCI is proposing all exhibits in Arizona.

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

EXHIBIT FACT SHEET 3 (CONT'D)

NCCI proposes that Arizona eliminate its state special phraseology Code 8742—Estimators and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it is a more appropriate classification for the operations and hazards involved.

Arizona Impact:

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

Florida Proposal:

NCCI is proposing all exhibits in Florida except Exhibit 3-A because Florida has an exception to Rule 1-B-2-c. NCCI proposes to revise Florida's rule exception to reflect the proposed revision to national Rule 1-B-2-c.

Florida Impact:

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

New Mexico Proposal:

NCCI is proposing all exhibits in New Mexico.

NCCI proposes that New Mexico eliminate its exception to NCCI's *Basic Manual* Rule 1-D-3-d—Construction, Erection, or Oil and Gas Field Operations and adopt the proposed national treatment because it will reflect the current New Mexico treatment.

NCCI proposes that New Mexico eliminate its state special phraseology Code 8720—Estimators—Construction and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it will reflect the current New Mexico treatment.

New Mexico Impact:

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

Oklahoma Proposal:

NCCI is proposing all exhibits in Oklahoma.

NCCI proposes that Oklahoma eliminate its exception to NCCI's *Basic Manual* Rule 1-D-3-d—Construction or Erection Operations and adopt the proposed national treatment because it will reflect the current Oklahoma treatment.

NCCI proposes that Oklahoma eliminate its state special phraseology Code 8720—Estimators—Roofing and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it will reflect the current Oklahoma treatment.

Oklahoma Impact:

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

Oregon Proposal:

NCCI is proposing all exhibits in Oregon.

NCCI proposes that Oregon eliminate its state special phraseology Code 8742—Estimators and adopt the proposed national treatment Code 8720—Construction—Job Site Salespersons and Estimators because it is a more appropriate classification for the operations and hazards involved.

Oregon Impact:

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

Texas Proposal:

**ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E,
INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS**

EXHIBIT FACT SHEET 3 (CONT'D)

NCCI is proposing all exhibits in Texas except Exhibit 3-D because the national treatment for Code 8742 does not apply in Texas.

NCCI proposes that Texas adopt a revision to its state special phraseology 8742—Salespersons, Collectors, or Messengers—Outside for consistency with the national proposal. To eliminate redundancy, the other two phraseologies for Code 8742 will be eliminated.

Texas Impact:

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

Virginia Proposal:

NCCI recommends that Virginia adopt the proposed national treatment for Codes 8720 and 8742. Accordingly, the Virginia Special Classifications in NCCI's **Basic Manual** will be updated for the following codes:

- Code 8720—Construction—Job Site Salespersons and Estimators
- Code 8742—Salespersons or Collectors—Outside

Virginia Impact:

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment Codes 8720 and 8742. The proposed updates to the Virginia Special Classifications in NCCI's **Basic Manual** descriptions are not expected to have an additional premium impact.

COMPARISON OF CURRENT AND PROPOSED RULES AND CLASSIFICATIONS FOR ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS FOR INFORMATIONAL PURPOSES ONLY*

Current	Proposed	Comments
Basic Manual—2001 Edition	Basic Manual—2001 Edition	
Part One—Rules	Part One—Rules	
Rule 1—Classification Assignment	Rule 1—Classification Assignment	
B. Explanation of Classifications 2. Standard Exception Classifications c. Salespersons or Collectors—Outside (Code 8742) (1) This classification is assigned to employees who perform these duties away from the employer's premises. (2) This classification is not assigned to employees who: (a) Deliver merchandise. (b) Use vehicles to deliver or pick up goods, even if they collect or sell. These employees must be assigned to the classification applicable to the business for drivers. (c) Use public transportation or walk to deliver goods even if they collect or sell. These employees must be assigned to the governing classification applicable to the business. (d) Travel between locations of the employer as district or regional managers to perform various duties not involving outside sales or collection. Refer to Rule 2-G—Interchange of Labor.	B. Explanation of Classifications 2. Standard Exception Classifications c. Salespersons or Collectors—Outside (Code 8742) (1) This classification is assigned to employees who perform these duties away from the employer's premises. (2) This classification is not assigned to employees who: (a) Deliver merchandise. (b) Use vehicles to deliver or pick up goods, even if they collect or sell. These employees must be assigned to the classification applicable to the business for drivers. (c) Use public transportation or walk to deliver goods even if they collect or sell. These employees must be assigned to the governing classification applicable to the business. (d) Travel between locations of the employer as district or regional managers to perform various duties not involving outside sales or collection. Refer to Rule 2-G—Interchange of Labor.	Establish Rule 1-B-2-c-(2)(e)

*This Comparison is provided as a reference only in order to show the differences between the existing rule(s) or form(s), and the changes being proposed in the item filing. In the unlikely event that there is a conflict between the item filing Exhibits and this Comparison, the item filing Exhibits will control.

COMPARISON OF CURRENT AND PROPOSED RULES AND CLASSIFICATIONS FOR ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS FOR INFORMATIONAL PURPOSES ONLY*

Current	Proposed	Comments
(3) Code 8742 does not apply when the basic classification wording includes outside salespersons	(e) Perform job site measurements or inspections to prepare bids for a job for a construction contractor. (3) Code 8742 does not apply when the basic classification wording includes outside salespersons	
<p>D. Classification Procedures 3. Assignment of More Than One Basic Classification More than one basic classification may be assigned to an employer that meets conditions a, b, or c below. Operation means activities, enterprises, processes, secondary businesses or undertakings.</p> <p>d. Construction or Erection Operations</p> <p>These operations are identified by a ● immediately following the code number.</p> <p>Each distinct type of construction or erection operation must be assigned to the class that specifically describes the operation only if separate payroll records are maintained for each operation.</p> <p>If separate payroll records are not maintained for any construction or erection operation, the highest rated classification that applies to the job or location where the operation is performed must be assigned.</p> <p>If a construction or erection operation is included in the scope of another classification, a separate code must not be assigned.</p>	<p>D. Classification Procedures 3. Assignment of More Than One Basic Classification More than one basic classification may be assigned to an employer that meets conditions a, b, or c below. Operation means activities, enterprises, processes, secondary businesses or undertakings.</p> <p>d. Construction or Erection Operations</p> <p>These operations are identified by a ● immediately following the code number.</p> <p>Each distinct type of construction or erection operation must be assigned to the class that specifically describes the operation only if separate payroll records are maintained for each operation.</p> <p>If separate payroll records are not maintained for any construction or erection operation, the highest rated classification that applies to the job or location where the operation is performed must be assigned.</p> <p>If a construction or erection operation is included in the scope of another classification, a separate code must not be assigned.</p>	<p>Establish Rule 1-D-3-d(3)</p>

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COMPARISON OF CURRENT AND PROPOSED RULES AND CLASSIFICATIONS FOR ITEM B-1439—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E, INCLUDING CONSTRUCTION SALESPERSONS AND ESTIMATORS FOR INFORMATIONAL PURPOSES ONLY*

Current	Proposed	Comments
<p>(1) Insured Subcontractors</p> <p>An insured subcontractor who performs a single type of work on a construction project or job must be classified based on the classification that describes the particular type of work involved.</p> <p>Refer to <i>User's Guide</i> for an example.</p> <p>Exception to 1-D-3-d(1) above:</p> <p>All operations in conjunction with concrete construction including making and erecting forms, placing reinforcing steel and stripping forms, when done by subcontractors, must be assigned to the appropriate concrete construction classification.</p> <p>(2) Uninsured Subcontractors</p> <p>Uninsured subcontractors covered under the principal or general contractor's policy are classified on the basis of the classifications that would apply if the work were performed by the principal's or general contractor's own employees.</p>	<p>(1) Insured Subcontractors</p> <p>An insured subcontractor who performs a single type of work on a construction project or job must be classified based on the classification that describes the particular type of work involved.</p> <p>Refer to <i>User's Guide</i> for an example.</p> <p>Exception to 1-D-3-d(1) above:</p> <p>All operations in conjunction with concrete construction including making and erecting forms, placing reinforcing steel and stripping forms, when done by subcontractors, must be assigned to the appropriate concrete construction classification.</p> <p>(2) Uninsured Subcontractors</p> <p>Uninsured subcontractors covered under the principal or general contractor's policy are classified on the basis of the classifications that would apply if the work were performed by the principal's or general contractor's own employees.</p> <p>(3) Construction—Job Site Salespersons and Estimators</p> <p>Construction job site salespersons and estimators are separately rated to Code 8720, a nonconstruction code. A division of payroll is not permitted between Code 8720 and a construction classification at any single job site. If</p>	

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Current	Proposed	Comments
	<p>the construction job site salesperson or estimator also performs construction duties at the same job site or supervises construction workers at the same job site, the employee's payroll at that job site must be assigned to the appropriate construction classification.</p> <p>Refer to <i>User's Guide</i> for an example.</p>	
Part Two—Classifications	Part Two—Classifications	
	<p>8720 CONSTRUCTION—JOB SITE SALESPERSONS AND ESTIMATORS</p> <p>Applies to employees who perform job site measurements or inspections to prepare bids for a job for a construction contractor. Employees who work for contractors and provide sales estimates, but do not conduct the actual construction, are also assigned to Code 8720. Employees may perform these measurements or inspections from ground level, in crawl spaces, on ladders, or on roofs. Code 8720 does not apply when the employee also performs construction duties or supervises construction workers at the same job site. In those cases, the employee's payroll at that job site must be assigned to the appropriate construction classification. A division of payroll is not permitted between Code 8720 and a construction classification at any single job site.</p>	<p>Establish new phraseology.</p>
Texas Special Classifications	Texas Special Classifications	
2683 LUGGAGE MFG.—CLOTH OR LEATHER	2501 LUGGAGE MFG.—CLOTH OR LEATHER	
<p>2683 HANDBAGS, PURSES, TOTE BAGS MFG.</p> <p>2683 PURSES, HANDBAGS, TOTE BAGS MFG.</p> <p>2683 TOTE BAGS, HANDBAGS, PURSES MFG.</p>	2501 HANDBAG, PURSE, AND TOTE BAG MFG.	

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Current	Proposed	Comments
2683 FUR MFG.—FROM TANNED HIDES	2501 FUR MFG.—FROM TANNED HIDES	
2683 BAG MFG.—CLOTH OR LEATHER Applicable to purses, handbags, tote bags, and luggage.	2501 BAG MFG.—CLOTH OR LEATHER Applicable to purses, handbags, tote bags, and luggage.	
2683 BAG MFG.—LUGGAGE Applies to the manufacture of travel bags and hand luggage. Trunk manufacturing is separately rated to Code 2881.	2683 BAG MFG.—LUGGAGE Applies to the manufacture of travel bags and hand luggage. Trunk manufacturing is separately rated to Code 2881.	
8742 COLLECTORS, MESSENGERS, OR SALESPERSON—OUTSIDE Subject to the standard exception manual rule.	(State special phraseologies discontinued)	Texas special phraseologies discontinued because of redundancy.
8742 MESSENGERS, COLLECTORS, OR SALESPERSONS—OUTSIDE		
8742 SALESPERSONS, COLLECTORS, OR MESSENGERS—OUTSIDE Subject to the standard exception manual rule.	8742 SALESPERSONS, COLLECTORS, OR MESSENGERS—OUTSIDE Subject to the standard exception manual rule. Refer to Code 8720 for assignment of construction job site salespersons and estimators.	Revise Texas special phraseology to address construction job site salespersons and estimators.
Texas Special Classifications	Part Two—Classifications	
4511 BOILER INSPECTION Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 4511 are conducted as a separate and distinct business.	8720 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC Code 8720, a “not otherwise classified” classification, is applicable to insurance inspectors, outside claims adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also, includes boiler or elevator inspecting and marine appraiser or surveyor.	Texas special phraseology discontinued and adopting the national treatment.
8742 CLAIM ADJUSTERS OR SPECIAL AGENTS—INSURANCE CO.—OUTSIDE	8720 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC	Texas special phraseology discontinued and adopting the national treatment.

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Current	Proposed	Comments
	Code 8720, a “not otherwise classified” classification, is applicable to insurance inspectors, outside claims adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also, includes boiler or elevator inspecting and marine appraiser or surveyor.	
<p>4511 ELEVATOR INSPECTING Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 4511 are conducted as a separate and distinct business.</p>	<p>8720 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC Code 8720, a “not otherwise classified” classification, is applicable to insurance inspectors, outside claims adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also, includes boiler or elevator inspecting and marine appraiser or surveyor.</p>	<p>Texas special phraseology discontinued and adopting the national treatment.</p>
<p>8742 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC—VISUAL INSPECTION ONLY</p>	<p>8720 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC Code 8720, a “not otherwise classified” classification, is applicable to insurance inspectors, outside claims adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also, includes boiler or elevator inspecting and marine appraiser or surveyor.</p>	<p>Texas special phraseology discontinued and adopting the national treatment.</p>
<p>8742 INSURANCE CLAIM ADJUSTERS—OUTSIDE</p>	<p>8720 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC Code 8720, a “not otherwise classified” classification, is applicable to insurance inspectors, outside claims adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also,</p>	<p>Texas special phraseology discontinued and adopting the national treatment.</p>

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Current	Proposed	Comments
	includes boiler or elevator inspecting and marine appraiser or surveyor.	
<p>8742 MARINE APPRAISER OR SURVEYOR Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 4511 are conducted as a separate and distinct business.</p>	<p>8720 INSPECTION OF RISKS FOR INSURANCE OR VALUATION PURPOSES NOC Code 8720, a “not otherwise classified” classification, is applicable to insurance inspectors, outside claims adjusters, and/or safety engineers, appraisers of fire companies engaged in estimating the salvage value of property, and employments of a similar character. Also, includes boiler or elevator inspecting and marine appraiser or surveyor.</p>	<p>Texas special phraseology discontinued and adopting the national treatment.</p>
<p>4511 RACETRACK OPERATION—HORSE—OFFICIALS & STEWARDS</p>	<p>8720 RACETRACK OPERATION—HORSE OR DOG—RACING OFFICIALS OTHER THAN STARTERS OR THEIR ASSISTANTS</p>	<p>Texas special phraseology discontinued and adopting the national treatment.</p>

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