

September 9, 2014

**ALL ASSOCIATION MEMBERS**

Circular Letter No. 14-1660

**RE: NCCI Item B-1427—Revisions to Basic Manual - Classifications and Appendix E—Classifications by Hazard Group**

The Minnesota Department of Commerce has approved the above filing to become effective 12:01 a.m., January 1, 2015, for new and renewal business.

This item:

- Revises the phraseology note of Code 8263—Junk Dealer & Drivers to add a reference to Code 8500 for operations whose principal type of merchandise sold is nonferrous scrap metals and revise the reference to Code 8265 for operations whose principal type of merchandise sold is ferrous scrap metals.
- Revises the phraseology note of Code 8500—Metal Scrap Dealer & Drivers to remove the restrictive language regarding the collection or handling of scrap iron or steel.

**METAL SCRAP DEALERS**

Code 8500—Metal Scrap Dealer & Drivers is assigned to businesses primarily engaged in the collection and reduction of nonferrous scrap metals; the collection or handling of scrap iron or steel, also known as ferrous metals, is not currently permitted under this code. Under current classification procedures, a business that primarily collects or handles ferrous scrap metals is assigned to Code 8265—Iron or Steel—Scrap Dealer & Drivers, and a business that collects or handles a miscellaneous line of secondhand materials, including nonferrous and ferrous scrap metals, is appropriately assigned to Code 8263—Junk Dealer & Drivers.

Under the current classification treatment, businesses primarily engaged in the collection and reduction of nonferrous scrap metals but handling some scrap iron or steel are classified to Code 8263. Such businesses do not qualify for Code 8265 because they do not primarily collect or handle ferrous scrap metal. Despite primarily handling nonferrous scrap metals, these businesses do not qualify for Code 8500 because they handle some scrap iron or steel, which is not uncommon for metal scrap dealers. Code 8263 is applicable because they are handling a miscellaneous line of materials including both nonferrous and ferrous scrap metals.

Exhibit 1 illustrates all necessary changes to the *Minnesota Basic Manual*. As with past filings, strikethroughs indicate deleted text and underlining indicates new or added text. A copy of National Council's original filing memorandum is also included.

**Please note:** NCCI's exhibits 2A – 2E are not applicable in Minnesota as Codes 3069 and 5535 were not adopted by MWCIA.

Please direct any questions you may have concerning this item to MWCIA's Underwriting staff at 952.897.1737 (Option 1) or via email at [underwriting@mwcia.org](mailto:underwriting@mwcia.org).

**A NOTICE TO MEMBERSHIP:**

MWCIA would like to remind our membership who have filed a Limited Power of Attorney with the Minnesota Department of Commerce that no materials referenced in this Circular Letter are required to be independently filed with the Department.

## EXHIBIT I

## MINNESOTA BASIC MANUAL

## Part Two- Classifications

Effective *January 1, 2015*

CURRENT PHRASEOLOGY		PROPOSED PHRASEOLOGY		COMMENTS
Class Code	Classification	Class Code	Classification	
	<b>JUNK DEALER &amp; DRIVERS</b>		<b>JUNK DEALER &amp; DRIVERS</b>	
<b>8263</b>	Applicable only to those risks engaged in collecting or handling a miscellaneous line of secondhand materials, such as bottles, rags, paper, bones, rubber, nonferrous scrap metals and, <del>in addition,</del> ferrous scrap metals. <del>Risks primarily engaged in collecting or handling ferrous scrap metals, shall be assigned to Code 8265—Iron or steel scrap dealer.</del> Wrecking or salvaging to be separately rated. <del>Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8263 are conducted as a separate and distinct business.</del>	<b>8263</b>	Applicable only to those risks engaged in collecting or handling a miscellaneous line of secondhand materials, such as bottles, rags, paper, bones, rubber, nonferrous scrap metals and ferrous scrap metals. <u>When a dealer's principle type of merchandise sold is ferrous scrap metals, the business must be assigned to Code 8265. When a dealer's principle type of merchandise sold is non-ferrous scrap metals, the business must be assigned to Code 8500.</u> Wrecking or salvaging to be separately rated. <u>Must</u> not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8263 are conducted as a separate and distinct business.	Revise the phraseology note of Code 8263—Junk Dealer & Drivers to add a reference to Code 8500 for operations whose principal type of merchandise sold is nonferrous scrap metals and revise the reference to Code 8265 for operations whose principal type of merchandise sold is ferrous scrap metals.
	<b>METAL</b>		<b>METAL</b>	
	<b>Scrap Dealer &amp; Drivers</b>		<b>Scrap Dealer &amp; Drivers</b>	
<b>8500</b>	Includes the collection and reduction of nonferrous scrap metals. <del>No collecting or handling of scrap iron or steel. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8500 are conducted as a separate and distinct business.</del>	<b>8500</b>	Includes the collection and reduction of nonferrous scrap metals. <u>Must</u> not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8500 are conducted as a separate and distinct business.	Revise the phraseology note of Code 8500—Metal Scrap Dealer & Drivers to remove the restrictive language regarding the collection or handling of scrap iron or steel.

FILING MEMORANDUM

ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
 E—CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

The purpose of this item is to clarify and discontinue certain classifications in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* to reflect current business and industry needs. The industries, manuals, and states impacted by this item and the applicable exhibits are shown in the table below:

Exhibits	Fact Sheet	Exhibit #	Proposal Applicable in:
<b>Metal Scrap Dealers</b>	1	1	All States Except IN, VA
<b>Sheet Metal</b>	2	2A	All States Except FL, NE, NM, OR, VA
		2B	All States Except FL, NM, VA
		2C	All States Except FL, NE, NM, OR, VA
		2D	All States Except FL, NE, NM, VA
		2E	All States Except FL, HI, NE, NM, OR, VA
<b>Basic Manual Appendix E—Table of Classifications by Hazard Group</b>	2	3	All States Except FL, NE
<b>State-Specific Exhibits</b>	1 & 2	4	HI, IN, NE, NM, OR, VA
<b>Two-Phase Transition Program (Applies in NM)</b>	2	5	NM

BACKGROUND

This item includes proposals for the individual classifications identified in each exhibit, including **format and consistency-only** changes. The background information is contained in each exhibit's fact sheet, as shown in the above table.

The proposed changes have been consolidated onto single pages for display purposes only. Exhibits may display several discontinued or revised phraseologies on a single page. These phraseologies should each be viewed as individual entries or individual pieces of *Basic Manual* content.

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

PROPOSAL

This item is presented in exhibits as shown in the above table. Each exhibit contains a fact sheet outlining the proposals relating to the industry in that exhibit, as well as the background and basis for the proposed

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FILING MEMORANDUM

**ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**

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changes, the estimated impact of the proposals, and the details of implementation. Each exhibit also contains details of the changes being proposed to the *Basic Manual*.

**IMPACT**

This item will foster the uniform and equitable treatment of risks 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 risks. Additionally, some of the changes proposed will have a loss cost or rate impact. The fact sheets for each exhibit outline 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 concurrently with each state's approved rate/loss cost filing effective on and after October 1, 2014 unless otherwise noted. For example, this item will become effective October 1, 2014 for approved rate/loss cost filings that have an October 1, 2014 effective date. Similarly, this item will become effective January 1, 2015 for approved rate/loss cost filings that have a January 1, 2015 effective date, and July 1, 2015 for approved rate/loss cost filings that have a July 1, 2015 effective date. If there is no rate/loss cost filing for a state in a given year, this item will take effect on that state's "normal" rate effective date. The "normal" rate effective date is the anniversary date of the state's previous years' rate effective date.

Fact Sheet 2, related to sheet metal, includes a transition program for New Mexico. The details corresponding to the initiation and final implementation date of the transition program are provided in the New Mexico State-Specific Exhibits, Exhibits 4 and 5.

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

**PROPOSED EFFECTIVE DATE TABLE**

State	Proposed* Effective Date
Alabama	March 1, 2015
Alaska	January 1, 2015
Arizona	January 1, 2015
Arkansas	July 1, 2015
Colorado	January 1, 2015
Connecticut	January 1, 2015
District of Columbia	November 1, 2014

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 E—CLASSIFICATIONS BY HAZARD GROUP

State	Proposed* Effective Date
Florida	The effective date of this item will depend on the date regulatory approval is granted. If the item is approved on or before July 1, 2014, it will become effective January 1, 2015. If it is approved after July 1, 2014, it will become effective January 1, 2016.
Georgia	March 1, 2015
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2015. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2015
Illinois	January 1, 2015
Indiana	January 1, 2015
Iowa	January 1, 2015
Kansas	January 1, 2015
Kentucky	October 1, 2014
Louisiana	May 1, 2015
Maine	April 1, 2015
Maryland	January 1, 2015
Mississippi	March 1, 2015
Missouri	January 1, 2015
Montana	July 1, 2015
Nebraska	February 1, 2015
Nevada	March 1, 2015
New Hampshire	January 1, 2015
New Mexico	January 1, 2015
North Carolina	April 1, 2015
Oklahoma	January 1, 2015
Oregon	January 1, 2015
Rhode Island	August 1, 2015
South Carolina	September 1, 2015

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State	Proposed* Effective Date
South Dakota	July 1, 2015
Tennessee	March 1, 2015
Utah	December 1, 2014
Vermont	April 1, 2015
Virginia	April 1, 2015
West Virginia	November 1, 2014

\* Subject to change

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

In order to implement this item, the attached exhibits detail the required changes.

Exhibit	Exhibit Comments	Implementation Summary
1	Details the proposed revisions to national phraseologies for Metal Scrap Dealers. Refer to Fact Sheet 1 for background, proposal, and impact.	Revises the <i>Basic Manual</i> .
2A — 2E	Details the proposed revisions to national phraseologies for Sheet Metal. Refer to Fact Sheet 2 for background, proposal, and impact.	
3	Details the proposed revisions to Appendix E. Refer to Fact Sheet 2 for background, proposal, and impact.	
4	Details the proposed revisions to state special phraseologies for HI, IN, NE, NM, OR, and VA. Refer to Fact Sheets 1 and 2, as applicable, for background, proposal, and impact.	
5	Details the proposed two-phase transition program applicable in New Mexico.	Outlines the implementation of the loss costs/rates and rating values for Code 3069 and Code 3076 in New Mexico.

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**EXHIBIT 1—FACT SHEET**

**METAL SCRAP DEALERS**

**PURPOSE**

The focus of the proposed changes for this industry is to discontinue the “no collecting or handling of scrap iron or steel” restriction in Code 8500—Metal Scrap Dealer & Drivers.

**BACKGROUND**

Code 8500—Metal Scrap Dealer & Drivers is assigned to businesses primarily engaged in the collection and reduction of nonferrous scrap metals; the collection or handling of scrap iron or steel, also known as ferrous metals, is not currently permitted under this code. Under current classification procedures, a business that primarily collects or handles ferrous scrap metals is assigned to Code 8265—Iron or Steel—Scrap Dealer & Drivers, and a business that collects or handles a miscellaneous line of secondhand materials, including nonferrous and ferrous scrap metals, is appropriately assigned to Code 8263—Junk Dealer & Drivers.

Under the current classification treatment, businesses primarily engaged in the collection and reduction of nonferrous scrap metals but handling some scrap iron or steel are classified to Code 8263. Such businesses do not qualify for Code 8265 because they do not primarily collect or handle ferrous scrap metal. Despite primarily handling nonferrous scrap metals, these businesses do not qualify for Code 8500 because they handle some scrap iron or steel, which is not uncommon for metal scrap dealers. Code 8263 is applicable because they are handling a miscellaneous line of materials including both nonferrous and ferrous scrap metals.

**PROPOSAL**

1. Revise the phraseology note of Code 8263—Junk Dealer & Drivers to add a reference to Code 8500 for operations whose principal type of merchandise sold is nonferrous scrap metals and revise the reference to Code 8265 for operations whose principal type of merchandise sold is ferrous scrap metals.
2. Revise the phraseology note of Code 8500—Metal Scrap Dealer & Drivers to remove the restrictive language regarding the collection or handling of scrap iron or steel.

**IMPACT**

No modification is proposed to the loss cost/rate for Code 8263 or Code 8500. It is possible that some payroll from Code 8263 could be transferred to newly defined Code 8500 because of this change. The amount of payroll transferred cannot be identified using current industry data sources. The impact to individual risks will depend upon the amount of payroll (if any) that transfers from redefined Code 8263 into redefined Code 8500 as well as the associated loss cost/rate as compared to the new class code’s proposed loss cost/rate.

**STATE-SPECIFIC PROPOSALS AND IMPACTS**

**Indiana Proposal:**

NCCI recommends that Indiana discontinue the following state special phraseologies for Code 8263 and Code 8500 because the proposed national treatment is consistent with the current Indiana treatment:

- Code 8263—Junk Dealer and Drivers
- Code 8500—Metal Scrap Dealer & Drivers

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**EXHIBIT 1—FACT SHEET (CONT'D)**

**Indiana Impact:**

The proposed national treatment for Code 8263 and Code 8500 is consistent with the current Indiana state special treatment. Therefore, no premium impact is expected for these changes in Indiana.

**Virginia Proposal:**

NCCI recommends that Virginia adopt the proposed national treatment for Code 8263 and Code 8500. Accordingly, the Virginia Special Classifications in NCCI's *Basic Manual* will be reformatted and updated for the following codes:

- Code 8263—Junk Dealer & Drivers
- Code 8265—Iron or Steel Scrap Dealer & Drivers
- Code 8500—Metal Scrap Dealer & Drivers

**Virginia Impact:**

The premium impact in Virginia is equivalent to the impact determined by the proposed national treatment of Code 8263 and Code 8500. The proposed updates to the Virginia Special Classifications in NCCI's *Basic Manual* descriptions are not expected to have an additional premium impact.

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 1—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
METAL SCRAP DEALERS  
PART TWO—CLASSIFICATIONS

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

**8263◆ JUNK DEALER & DRIVERS**

Applicable only to those risks engaged in collecting or handling a miscellaneous line of secondhand materials, such as bottles, rags, paper, bones, rubber, nonferrous scrap metals and, ~~in addition,~~ ferrous scrap metals. ~~Risks primarily engaged in collecting or handling~~ When a dealer's principal type of merchandise sold is ferrous scrap metals, the business must be assigned to Code 8265—Iron or steel scrap dealer. ~~When a dealer's principal type of merchandise sold is nonferrous scrap metals, the business must be assigned to Code 8500.~~ Wrecking or salvaging to be separately rated. ~~Shall~~ Must not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8263 are conducted as a separate and distinct business.

**8500◆ METAL SCRAP DEALER & DRIVERS**

Includes the collection and reduction of nonferrous scrap metals. ~~No collecting or handling of scrap iron or steel.~~ ~~Shall~~ Must not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8500 are conducted as a separate and distinct business.

**ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 2—FACT SHEET**

**SHEET METAL**

**PURPOSE**

The focus of the proposed changes for this industry is to update the classification treatment for sheet metal shops that also perform installation operations.

**BACKGROUND**

Item B-1397—Revisions to Basic Manual Classifications and Rules, revised the classification treatment for sheet metal manufacturing and installation operations based on NCCI's review of the sheet metal industry. Prior to the effective date of Item B-1397, there were three classification codes assigned to the industry:

- Code 3066—Sheet Metal Work—Shop
- Code 3076—Fireproof Equipment Mfg.
- Code 5538—Sheet Metal Work—Shop and Outside—NOC & Drivers

As a result of Item B-1397:

- NCCI discontinued Code 3066 and reassigned this exposure to newly defined Code 3076—Sheet Metal Products Mfg.—Shop Only.
- The new loss cost for Code 3076 was determined from the combined data of both Code 3066 and Code 3076.
- Code 5538 was discontinued and risks in this code were reassigned to two new national codes: Code 3069—Sheet Metal Products Mfg. and Code 5535—Sheet Metal Work—Installation & Drivers.
- Code 3069 is assigned to the manufacturing of sheet metal products previously assigned to Code 5538.
- Code 5535 is assigned to the installation of sheet metal products previously assigned to Code 5538.
- The loss costs for both Code 3069 and Code 5535 were based on the historical data reported under Code 5538 until the new codes developed their own experience. This method of establishing the loss costs for these new codes allowed for minimal impact on policyholders and assisted in determining the proper loss costs based on experience of all risks with payroll and loss experience assigned to Code 3069 and Code 5535.

Therefore, risks that manufacture and/or install sheet metal products are classified as follows:

- A risk that both manufactures and installs sheet metal products is classified to national Code 3069—Sheet Metal Products Mfg. and national Code 5535—Sheet Metal Work—Installation & Drivers. A division of payroll is permitted between both codes.
- A risk that only manufactures sheet metal products is classified to national Code 3076—Sheet Metal Products Mfg.—Shop Only.
- A risk that only erects, installs, or repairs sheet metal products is classified to Code 5535.

Recently, NCCI conducted a follow-up review of the sheet metal industry and determined that the following proposal is now appropriate.

**PROPOSAL**

1. Discontinue Code 3069—Sheet Metal Products Mfg. and all associated phraseologies and reassign these operations to Code 3076.
2. Create a new cross-reference phraseology for Awning Mfg.—Metal under Code 3076 to replace the one being discontinued under Code 3069.
3. Revise the phraseology of Code 3076—Sheet Metal Products Mfg. to remove the reference to “Shop Only” and specify that erection, installation, or repair is to be separately rated.

**ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 2—FACT SHEET (CONT'D)**

4. Revise the phraseology note of Code 5535 to specify that the manufacturing of sheet metal products at a shop is to be separately rated and remove the reference to Code 3069.
5. Revise Appendix E—Table of Classifications by Hazard Group to show Code 3069 being discontinued and to revise the assignment of Code 3076 from Hazard Group B to C.

**IMPACT**

Experience from Code 3069 will be reassigned to Code 3076, and the loss cost/rate for Code 3076 will be based on the combined historical data of Code 3069 and Code 3076. NCCI conducted a review using the latest approved experience filing to determine the need for a transition program to minimize the premium impact of this proposed change. Based on the result of this review, no transition is being proposed nationally. Rating values will be calculated according to the standard procedure.

**STATE-SPECIFIC PROPOSALS AND IMPACTS**

**Hawaii Proposal:**

Hawaii has a state special for the following phraseology under Code 5535:

- Sheet Metal Work—Installation & Drivers

The note for this phraseology specifically includes sheet metal roofing. NCCI recommends that Hawaii maintain this state special but revise it to stipulate that the manufacturing of sheet metal products at a shop is to be separately rated.

NCCI recommends that Hawaii adopt all other national proposals.

**Hawaii Impact:**

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

**Nebraska Proposal:**

NCCI recommends that Nebraska discontinue the following state special phraseologies for Code 3076 and Code 5535 because the proposed national treatment is consistent with the current Nebraska treatment:

- Code 3076—Sheet Metal Products Mfg.
- Code 5535—Awning Erection—Metal—Erection of Metal Awnings Exclusively & Drivers
- Code 5535—Metal Ceiling or Wall Covering Installation & Drivers
- Code 5535—Sheet Metal Work—Installation & Drivers

**Nebraska Impact:**

The proposed national treatment for Code 3076 and Code 5535 is consistent with the current Nebraska state special treatment. Therefore, no premium impact is expected for these changes in Nebraska.

**New Mexico Proposal:**

NCCI recommends that New Mexico adopt the national proposal, and that New Mexico implement a two-phase transition program.

**New Mexico Impact:**

NCCI conducted a review using the latest approved experience filing to determine the need for a loss cost transition program to minimize the impact of this proposed change. Based on the result of this review, a two-phase transition is being proposed for New Mexico. Using a transition program will help minimize the impact to individual risk premium charges. Rating values will be calculated according to the standard procedure. The overall statewide impact of this change is expected to be negligible.

**ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 2—FACT SHEET (CONT'D)**

**Oregon Proposal:**

NCCI recommends that Oregon discontinue the following state special phraseology under Code 3076 because the proposed national revisions are consistent with the current Oregon treatment:

- Code 3076—Sheet Metal Products Mfg.

In addition, NCCI recommends that Oregon maintain the following state special phraseology: Code 5535—Sheet Metal Work—Installation & Drivers. This Oregon state special is consistent with the proposed national changes regarding the use of Code 5535 and Code 3076; however, the Oregon state special also includes language regarding Code 5102 and sheet metal awnings that is not included in the national treatment.

NCCI recommends that Oregon adopt all other national proposals.

**Oregon Impact:**

The proposed national treatment for Code 3076 is consistent with the current Oregon state special treatment. Therefore, no premium impact is expected for this change in Oregon.

**Virginia Proposal:**

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

- Code 3069—Sheet Metal Products Mfg.
- Code 3076—Sheet Metal Products Mfg.—Shop Only
- Code 3400—Metal Stamped Goods Mfg. NOC
- Code 5146—Furniture or Fixtures Installation—Portable—NOC
- Code 5535—Sheet Metal Work—Installation & Drivers
- Code 5537—Heating, Ventilation, Air-Conditioning, and Refrigeration Systems—Installation, Service and Repair, Shop, Yard & Drivers

**Virginia Impact:**

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

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2A—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SHEET METAL

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, NC, NH, NV, OK, RI, SC, SD, TN, UT, VT, WV)

**3069 AWNING MFG.—METAL**

Division of payroll is permitted between Code 5535 and Code 3069 for shops that fabricate sheet metal products and perform the installation of these products.

**3069 SHEET METAL PRODUCTS MFG.**

To be used in connection with Code 5535 if applicable. Applicable to the various products made from sheet metal, aluminum sheet stock, copper or brass sheet stock, Monel metal, and stainless steel. Includes door, door frame, or sash manufacturing—metal; cabinet, enclosure, or furniture manufacturing—metal; metal bedsteads; and metal caskets or coffins. Products manufactured from extruded aluminum are classified to Code 3227, installation or repair to be separately rated to Code 5535. Division of payroll is permitted between Code 5535 and Code 3069 for shops that fabricate sheet metal products and perform the installation of these products. Separately rate manufacturing of fireproof doors or shutters that are wood covered with metal, or structural or reinforcing materials. Refer to Code 3400 for insureds whose operations involve extensive stamping, punching, or blanking of sheet metal.

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2B—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SHEET METAL

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, NC, NE, NH, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

**3076**      AWNING MFG.—METAL

Erection, installation, or repair operations to be separately rated.

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E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2C—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SHEET METAL

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, NC, NH, NV, OK, RI, SC, SD, TN, UT, VT, WV)

**3076 SHEET METAL PRODUCTS MFG.—SHOP ONLY**

~~Applies only to insureds engaged exclusively in shop operations. This code is assigned to the manufacture~~ Applies to the manufacturing of various products made from sheet metal, aluminum sheet stock, copper or brass sheet stock, Monel metal, and stainless steel. Includes door, door frame, or sash manufacturing—metal; cabinet, enclosure, or furniture manufacturing—metal; metal bedsteads; and metal caskets or coffins. Erection, installation, or repair operations to be separately rated. Products manufactured from extruded aluminum are classified to Code 3227. ~~Code 3076 must not be assigned to insureds engaged in installation work; refer to Code 5535.~~ Separately rate manufacturing of fireproof doors or shutters that are wood covered with metal, ~~or structural or reinforcing materials.~~ Fabrication of structural or nonstructural iron or steel work to be separately rated. Refer to Code 3400 for insureds whose operations involve extensive stamping, punching, or blanking of sheet metal.

ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2D—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
SHEET METAL

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, NC, NH, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

**5535• AWNING ERECTION—METAL—ERECTION OF METAL AWNINGS EXCLUSIVELY & DRIVERS**

Applies to erection, installation, or repair operations. The manufacturing of these products at a shop to be separately rated. Division of payroll is permitted between Code 5535 and Code 3069 for shops that fabricate sheet metal products and perform the installation of these products.

**5535• METAL CEILING OR WALL COVERING INSTALLATION & DRIVERS**

Applies to erection, installation, or repair operations. The manufacturing of these products at a shop to be separately rated. Division of payroll is permitted between Code 5535 and Code 3069 for shops that fabricate sheet metal products and perform the installation of these products.

ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

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EXHIBIT 2E—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
PART TWO—CLASSIFICATIONS  
SHEET METAL

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

**5535• SHEET METAL WORK—INSTALLATION & DRIVERS**

Applies to erection, installation, or repair operations. The manufacturing of sheet metal products at a shop to be separately rated. ~~Division of payroll is permitted between Code 5535 and Code 3069 for shops that fabricate sheet metal products and perform the installation of these products.~~ The installation of sheet metal roofing to be separately rated as Code 5551. Refer to Code 5537 for insureds that install, service, and repair heating, ventilation, air-conditioning, and refrigeration systems.

ITEM B-1427—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 3

BASIC MANUAL—2001 EDITION

APPENDIX E

CLASSIFICATIONS BY HAZARD GROUP

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

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In: <sup>±</sup>	Discontinued In: <sup>±</sup>	Hazard Group A–G
3069		<u>AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV</u>	E
3076		<u>AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV</u>	B
3076	<u>AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV</u>		C

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