June 17, 1997

ALL ASSOCIATION MEMBERS

MWCIA

Circular Letter No. 97-1282

RE: NCCI Item B-1335 Revisions of Basic Manual Classifications and Related Rules

The Minnesota Department of Commerce has approved the above filing which represents two separate proposals to amend specific rules or classifications in the Basic Manual.

The first item is a proposal which establishes a new procedure for re-classifying sign manufacturing and sign installation operations. The first step, effective January 1, 1998, applicable to new and renewal business only, separates sign manufacturing from sign installation and distinguishes between sign installation by advertising companies and sign installation by non-advertising companies. In addition, this step adds a number of cross-references that classify sign manufacturing businesses based on the materials being used in the manufacturing process. Minnesota is not adopting the second step which provides a three-year rate/loss cost and rating value transition program for codes 9545, 9549, and 9552. The final step, effective January 1, 2001, applicable to new and renewal business only, combines codes 9545, 9549, and 9552 and replaces them with Code 9554. It should be noted that Code 9545 is an invalid code in Minnesota.

The attached Exhibits I - IV outline the changes required in the Basic Manual and Retrospective Rating Plan Manual necessary to implement this proposal. Minnesota exceptions to the NCCI classifications are also represented.

The second item, effective January 1, 1998, applicable to new and renewal business only, proposes establishing two new classification codes for the mercantile industry: one for retail drugstores and one for retail book, record, compact disc, software, video, or audio cassette stores. Both of these types of businesses are currently classified under Code 8017 - Store: Retail NOC. Retail drugstores are being defined as businesses where at least 40% of the employer's gross receipts are in prescription sales and less than 50% of the gross receipts are in the service of food. Retail book, record, compact disc, software, video, or audio cassette stores are defined as businesses where 50% or less of the gross receipts are in the service of food or the sale of musical instruments, computers or other

hardware or household or electronic equipment. As a result of this item's approval, retail drugstores will be removed from Code 8017 and reassigned to Code 8045 - Store: Drug—Retail; and retail book, record, compact disc, software, video, or audio cassette stores will be removed from Code 8017 and reassigned to Code 8072 - Store: Book, Compact Disc, Software, Video or Audio Cassette Retail. The introductory pure premium base rate and rating value for Code 8045 and 8072 will be that of Code 8017 until such time as each develops sufficient statistics for ratemaking purposes. The attached Exhibits VI - VII outline the changes required in the Basic Manual and Retrospective Rating Plan Manual necessary to implement this proposal.

Please note that the proposed language on the various exhibit pages contain underlined and strikethrough text. The underlining represents new or added text while the strikethroughs indicate deleted text.

Very truly yours,

JOHN P. HILDEBRANDT President

CURRENT PHRASEOLOGY:

PROPOSED PHRASEOLOGY:

Advertising	Advertising
Co. & drivers9549	Co away from shop & drivers9549
Applicable to outdoor advertising companies	Applicable to advertising companies which
and includes shop operations; the erection,	engage in the installation, maintenance, repair,
painting, repair, maintenance, or removal of	removal or replacement of signs; sign painting
signs; sign painting or lettering in or upon	or lettering in or upon buildings or structures.
buildings or structures. Bill posting to be	Bill posting to be separately rated as Code
separately rated as Code 9545.	9545.

Shop operations to be separately rated. The term "advertising co." as used above means concerns engaged in the leasing or selling of space for advertising displays with the

installation, maintenance, repair, removal, or replacement of the advertising display.

MN EXCEPTION:

Advertising

Co. & drivers......9549

(note: Special Minnesota phraseology for this classification is necessary because we have a Minnesota exception for bill posting. It appears there is an omission in the new manual. To correct this matter, and add the necessary language changes relating to Item B1335, we suggest adding our reference back into the manual with the proposed phraseology which incorporates the new changes to the NCCI pages.)

ADD MN EXCEPTION:

Advertising

Shop operations to be separately rated. The term "advertising co." as used above means concerns engaged in the leasing or selling of space for advertising displays with the installation, maintenance, repair, removal, or replacement of the advertising display.

Advertising

Display service......9521

Applies to the installation of advertising displays in stores or other locations. Code 9521 shall not be assigned to employees of insureds engaged in advertising display work on the premises of the insured. Such payroll must be assigned to the governing classification.

Advertising

CURRENT PHRASEOLOGY:

PROPOSED PHRASEOLOGY:

MN EXCEPTION:

AMEND MN EXCEPTION:

Bill Posting & drivers......9549

Erection or repair of signs to be separately rated as Code 9552 - Sign mfg.

NONE

Sign installation, maintenance, repair, removal, or replacement

MN EXCEPTION:

ADD MN EXCEPTION:

NONE

<u>Sign installation, maintenance, repair, removal, or replacement</u>

CURRENT PHRASEOLOGY: PROPOSED PHRASEOLOGY:

NONE Sign installation, maintenance, repair,

removal, or replacement

NOC - Away from shop & drivers......9552

Not advertising companies or advertising display installation service. Bill posting to be separately rated. Codes 9521 and 9552 shall

not apply at the same job or location.

MN EXCEPTION: AMEND MN EXCEPTION:

Sign Sign installation, maintenance, repair, removal, or replacement

Erection, repair or maintenance & drivers.9552 Not outdoor advertising companies.

NOC - Away from shop & drivers......9552

Not advertising companies or advertising display installation service. Bill posting to be separately rated as Code 9549. Codes 9521 and 9552 shall not apply at the same job or location.

NONE <u>Sign installation, maintenance, repair,</u>

removal, or replacement

operations to be separately rated

Sign Manufacturing Sign Manufacturing

Erection, repair, or maintenance & shop, DELETE - see new references for sign drivers.......9552 installation above.

Not outdoor advertising companies. Bill posting to be separately rated as Code 9545.

CURRENT PHRASEOLOGY: PROPOSED PHRASEOLOGY:

Sign Manufacturing Metal	Sign Manufacturing Metal
MN EXCEPTION:	AMEND MN EXCEPTION:
Sign Mfg metal and plastic3064	Sign Manufacturing Metal and plastic
Sign Manufacturing NONE	Sign Manufacturing Neon
MN EXCEPTION:	ADD MN EXCEPTION:
NONE	Sign Manufacturing Neon
Sign Manufacturing Plastic or vinyl computer-generated letters or graphics. Includes designing and cutting letters or graphics and mounting on pre-manufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming or molding of mounting services. Codes 4299 and 9501 shall not apply at the same location.	
No painting or using power machinery4299 Painting or using power machinery9501	No painting or using power machinery4299 Painting or using power machinery9501

CURRENT PHRASEOLOGY: PROPOSED PHRASEOLOGY:

MN EXCEPTION: ADD MN EXCEPTION:

NONE Sign Manufacturing

Plastic or vinyl computer-generated letters or

graphics.

Includes designing and cutting letters or graphics and mounting on pre-manufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming or molding of mounting services. Codes 4299 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9549 or 9552. No painting or using power machinery.......4299 Painting or using power machinery.......9501

NONE <u>Sign Manufacturing</u>

Silk screen printing.

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9545, 9549 or 9552.

Cloth	2501
Metal	
Paper or posterboard	4299
Plastic	4299
Wood	4299

MN EXCEPTION: ADD MN EXCEPTION:

NONE <u>Sign Manufacturing</u>

Silk screen printing.

CURRENT PHRASEOLOGY: PROPOSED PHRASEOLOGY

CURRENT PHRASEOLOGY:	PROPOSED PHRASEOLOGY:
NONE	Sign Manufacturing Wood. Codes 2812, 2881 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9545, 9549 or 9552. No painting, using power machinery2812 No painting or using power machinery2881 Painting, spraying, sandblasting with or without power machinery9501
MN EXCEPTION:	ADD MN EXCEPTION:
NONE	Sign Manufacturing Wood. Codes 2812, 2881 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9549 or 9552. No painting, using power machinery2812 No painting or using power machinery2881 Painting, spraying, sandblasting with or without power machinery9501
Sign Painting or lettering Inside of buildings & drivers	Sign Painting or lettering Inside of buildings & drivers
Sign Painting or lettering Outside of buildings or structures & drivers	Sign Painting or lettering Outside of buildings or structures & drivers

CURRENT PHRASEOLOGY:

PROPOSED PHRASEOLOGY:

DELETE MN EXCEPTION:

Advertising

DELETE

Advertising

Co. - away from shop & drivers.......9549
Applicable to advertising companies which engage in the installation, maintenance, repair, removal or replacement of signs; sign painting or lettering in or upon buildings or structures. Bill posting to be separately rated as Code 9545.

Shop operations to be separately rated. The term "advertising co." as used above means concerns engaged in the leasing or selling of space for advertising displays with the installation, maintenance, repair, removal, or replacement of the advertising display.

Advertising

DELETE

MN EXCEPTION:

Advertising

Shop operations to be separately rated. The term "advertising co." as used above means concerns engaged in the leasing or selling of space for advertising displays with the installation, maintenance, repair, removal, or replacement of the advertising display.

Bill Posting & drivers.....9545

Installation or repair of signs by advertising companies to be separately rated as Code 9549; other than advertising companies, Code 9552.

MN EXCEPTION:

9552 - Sign mfg...

Bill Posting & drivers.......9549 Installation or repair of signs by non-advertising companies to be separately rated as Code

DELETE

DELETE MN EXCEPTION:

DELETE

repair.

CURRENT PHRASEOLOGY:

installation.

Sian

PROPOSED PHRASEOLOGY:

removal, o	r replac	ement		•	
Advertising	.	- away	/ from	shop	-&
drivers				95 4	9
Applicable -	to adv	ertising	compar	nies w l	hich
engage in t	the insta	llation, r	naintena i	nce, rep	oair,
removal, or					
or lettering					

maintenance.

or lettering in or upon buildings or structures. Bill posting to be separately rated as Code 9545. Shop operations to be separately rated. The term "advertising co." as used above means concerns engaged in the leasing or selling of space for advertising displays with the installation, maintenance, repair, removal, or replacement of the advertising display.

Sign installation, repair. maintenance, removal, or replacement DELETE

MN EXCEPTION:

Sign installation, maintenance, repair, removal, or replacement Advertising co - away from shop &

drivers 9549 Applicable to advertising companies which engage in the installation, maintenance, repair, removal, or replacement of signs; sign painting or lettering in or upon buildings or structures. Bill posting to be included. Shop operations to be separately rated. The term "advertising co." as used above means concerns engaged in the leasing or selling of space for advertising displays with the installation, maintenance, repair, removal, or replacement of the advertising display.

DELETE MN EXCEPTION:

Sign installation, maintenance, repair, removal, or replacement **DELETE**

Sign installation, maintenance, repair, removal, or replacement

NOC - Away from shop & drivers......9552 Not advertising companies or advertising display installation service. Bill posting to be separately rated as Code 9545. operations to be separately rated. Codes 9521 and 9552 shall not apply at the same job or location.

Sign installation. maintenance, repair. removal, or replacement **DELETE**

NONE

NOC - Away from shop & drivers.....9554 Includes the installation, maintenance, and repair of billboard signs. Not advertising display installation service. Shop operations to be separately rated. Code 9521 and 9554 shall not apply to the same job or location.

CLASSIFICATIONS CURRENT PHRASEOLOGY: PROPOSED PHRASEOLOGY: MN EXCEPTION: **DELETE MN EXCEPTION:** Sign installation. maintenance. repair, Sign installation, maintenance, repair, removal, or replacement removal, or replacement NOC - Away from shop & drivers......9552 DELETE Not advertising companies or advertising display installation service. Bill posting to be separately rated as Code 9549. Codes 9521 and 9552 shall not apply at the same job or location. MN EXCEPTION: ADD MN EXCEPTION: Sign installation, maintenance, repair, Sign installation, maintenance, repair. removal, or replacement removal, or replacement NOC - Away from shop & drivers......9554 NONE Not advertising companies or advertising display installation service. Bill posting to be separately rated as Code 9549. Codes 9521 and 9552 shall not apply at the same job or location. Sign Manufacturing Sign Manufacturing Metal......3064 Metal......3064 Sign installation, maintenance, repair, removal, Sign installation, maintenance, repair, removal, or replacement - away from shop to be or replacement - away from shop to be separately rated as Codes 9521, 9545, 9549 or separately rated as Codes 9521, or 9554. 9552. MN EXCEPTION: AMEND MN EXCEPTION: Sign Manufacturing Sign Manufacturing Metal and plastic.....3064 Metal and plastic.....3064 Sign installation, maintenance, repair, removal, Sign installation, maintenance, repair, removal, or replacement - away from shop to be or replacement - away from shop to be separately rated as Codes 9521, 9549 or 9552. separately rated as Codes 9521, or 9554. Sign Manufacturing Sign Manufacturing Neon......3064 Neon......3064 Sign installation, maintenance, repair, removal, Sign installation, maintenance, repair, removal, or replacement - away from shop to be or replacement - away from shop to be separately rated as Codes 9521, 9545, 9549 or separately rated as Codes 9521, or 9554. 9552. MN EXCEPTION: AMEND MN EXCEPTION:

3

Sign Manufacturing

Neon......3064

separately rated as Codes 9521, or 9554.

Sign installation, maintenance, repair, removal,

or replacement - away from shop to be

Sign Manufacturing

Neon......3064

Sign installation, maintenance, repair, removal,

or replacement - away from shop to be

separately rated as Codes 9521, 9549 or 9552.

CURRENT PHRASEOLOGY:

PROPOSED PHRASEOLOGY:

Sign Manufacturing

Plastic or vinyl computer-generated letters or graphics.

Includes designing and cutting letters or graphics and mounting on pre-manufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming or molding of mounting services. Codes 4299 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9545, 9549 or 9552.

No painting or using power machinery......4299 Painting or using power machinery......9501

MN EXCEPTION:

Sign Manufacturing

Plastic or vinyl computer-generated letters or graphics.

Includes designing and cutting letters or graphics and mounting on pre-manufactured surfaces of fabric, metal, plastic, or wood and the cutting, forming or molding of mounting services. Codes 4299 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9549 or 9552. No painting or using power machinery......4299 Painting or using power machinery......9501

Sign Manufacturing

Silk screen printing.

Codes 2501, 3064, and 4299 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9545, 9549 or 9552.

Cloth	2501
Metal	3064
Paper or posterboard	4299
Plastic	
Wood	4299

Sign Manufacturing

Plastic or vinyl computer-generated letters or graphics.

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

No painting or using power machinery......4299 Painting or using power machinery......9501

AMEND MN EXCEPTION:

Sign Manufacturing

Plastic or vinyl computer-generated letters or graphics.

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

No painting or using power machinery......4299 Painting or using power machinery......9501

Sign Manufacturing

Silk screen printing.

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

Cloth	2501
Metal	3064
Paper or posterboard	4299
Plastic	4299
Wood	4299

CURRENT PHRASEOLOGY:

PROPOSED PHRASEOLOGY:

MN EXCEPTION:

Sign Manufacturing

Silk screen printing.

AMEND MN EXCEPTION:

Sign Manufacturing

Silk screen printing.

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

Cloth	2501
Metal	3064
Paper or posterboard	4299
Plastic	
Wood	4299

Sign Manufacturing

Wood.

Codes 2812, 2881 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9545, 9549 or 9552.

No painting, using power machinery	.2812
No painting or using power machinery	2881
Painting, spraying, sandblasting with or v	without
power machinery	9501

Sign Manufacturing

Wood.

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

No painting, using power machinery	2812
No painting or using power machinery	
Painting, spraying, sandblasting with or	without
power machinery	9501

MN EXCEPTION:

Sign Manufacturing

Wood.

Codes 2812, 2881 and 9501 shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Sign installation, maintenance, repair, removal, or replacement - away from shop to be separately rated as Codes 9521, 9549 or 9552. No painting, using power machinery.......2812 No painting or using power machinery......2881 Painting, spraying, sandblasting with or without power machinery.......9501

AMEND MN EXCEPTION:

Sign Manufacturing

Wood.

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

No painting, using power machinery	.2812
No painting or using power machinery	.2881
Painting, spraying, sandblasting with or v	without
power machinery	9501

CURRENT PHRASEOLOGY:

PROPOSED PHRASEOLOGY:

Sign Painting or lettering	
Inside of buildings & drivers	9501
Includes shop operations. Codes 9	9501 and
9549 - Sign painting or lettering o	utside of
buildings or structures, 9552 - Sign ir	nstallation
or 5474 - Painting or paperhanging sh	all not be
assigned at the same job or location.	

Sign Painting or lettering Inside of buildings & drivers.....9501 Includes shop operations. Codes 9501 and 9554 - Sign painting or lettering outside of buildings or structures, or 5474 - Painting or paperhanging shall not be assigned at the same job or location.

Sign Painting or lettering

Outside of buildings or structures & DELETE drivers......9549 Code 9552 - Sign installation and Code 9501 -Sign painting or lettering inside of buildings shall not be assigned at the same job or location to which Code 9549 applies.

Sign Painting or lettering

NONE

Outside of buildings or structures & <u>drivers</u>.....9554 Code 9554 shall not be assigned at the same job or location to which Code 9501 - Sign painting or lettering inside of buildings applies.

EXHIBIT III

BASIC MANUAL

Contracting Classification Premium Adjustment Program
Effective 12:01 a.m., July 1, 1997

"Contracting classifications" are those classifications subject to the following code numbers:

9552

BASIC MANUAL

Contracting Classification Premium Adjustment Program Effective 12:01 a.m., July 1, 2000

> "Contracting classifications" are those classifications subject to the following code numbers:

> > 9645

9549

9563

EXHIBIT IV

BASIC MANUAL

Deductible Insurance Effective 12:01 a.m., July 1, 2000

Table of Classificati	ons by Hazard Group
Code No.	Hazard Group
9545	ш
0549	##
0552	111
9554	ш

RETROSPECTIVE RATING PLAN MANUAL Effective 12:01 a.m., July 1, 2000

Part Four F Table of Classifications by Hazard Group

Code No.	Hazard Group
0645	##
9549	ш
9552	#
9554	<u>111</u>

EXHIBIT VI

1 1

BASIC MANUAL

CLASSIFICATIONS

<u>8045</u>	Store Doug Retal. Applicable to store locations where the employer's books of accounts reflect at least 40% gross receipts in prescription sales and less than 50% gross receipts in the service of food.
8072	Book. Record. Compact Disc. Software. Video or Audio Compatte Retail. Not applicable to store locations where more than 50% gross receipts is in the service of food or the sale of musical instruments, computers or other hardware, or household or electronic equipment.

EXHIBIT VII

BASIC MANUAL

Deductible Insurance Table of Classifications by Hazard Group

Code No. Hazard Group <u>8045</u> II <u>8072</u> II

RETROSPECTIVE RATING PLAN MANUAL

Part Four F

Table of Classifications by Hazard Group

Code No. Hazard Group

<u>\$0,45</u> ||

<u>\$072</u> ||