



Minnesota Workers' Compensation  
Insurers Association, Inc.  
7701 France Avenue South Suite 450  
Minneapolis, MN 55435-3200

May 18, 1999

**ALL ASSOCIATION MEMBERS**

Circular Letter No. 99-1317

RE: **ITEM B-1354 – U.S. LONGSHORE & HARBOR WORKERS' COMPENSATION  
ACT – Classifications and Rates**

The Minnesota Department of Commerce has approved the above filing effective 12:01 a.m. July 1, 1999, applicable to new and renewal business only.

The purpose of Item B-1354 is to amend Basic Manual Rule XII.D to specify that rates for Certain Admiralty/FELA classification codes already include premium for coverage under the U.S. Longshore & Harbor Workers' Act (USL&HW) and should not be increased by a state's USL&HW percentage.

The approval of Item B-1354 should have no impact on current premium levels, but should help clarify for membership the proper assignment of USL&HW percentages by carriers when establishing rates involving Admiralty/FELA classification codes.

Please note that the proposed language on the attached exhibit page contains underlined and strikethrough text. The underlining represents new or added text while the strikethroughs indicate deleted text. The National Council's original filing memorandum is also attached for your further review.

Please feel free to contact a member of our underwriting services' staff should you have any questions concerning this filing.

Very truly yours,

M. A. Johnson  
Director of Und. Services

**EXHIBIT 1  
BASIC MANUAL**

<b>PRESENT PHRASEOLOGY:</b>	<b>PROPOSED PHRASEOLOGY:</b>
<p><b>Rule XII – U.S. Longshore &amp; Harbor Worker’s Compensation Act</b></p> <p><b>D. Classifications and Rates</b>  <b>2. Rates for Federal (F) Classifications</b></p> <p>The manual rates for classification code numbers followed by the letter F include premium for operations subject to the USL&amp;HW act.</p> <p><b>3. Rates for Non-Federal (Non F) Classifications</b></p> <p><del>The manual rates for classification code numbers not followed by the letter F do not include premium for operations subject to the USL&amp;HW Act. If operations under such classifications involve some employees subject to the USL&amp;HW Act, the manual rates and minimum premium for such classifications shall be increased by the U.S. Longshore and Harbor Workers’ Compensation Coverage Percentage shown on the state rate pages. Such percentage does not apply to expense constants. Such increased rate shall apply only to payroll of employees engaged in operations subject the USL&amp;HW Act.</del></p>	<p><b>Rule XII – U.S. Longshore &amp; Harbor Worker’s Compensation Act</b></p> <p><b>D. Classifications and Rates</b>  <b>2. Rates for Federal (F) Classifications <u>and Admiralty/FELA Classifications that include USL&amp;HW Act Benefits.</u></b></p> <p>The manual rates for classifications followed by the Letter F <u>and those Admiralty/FELA classifications applicable to Program II – USL&amp;HW Act benefits</u> include premium for operations subject to the USL&amp;HW Act.</p> <p><b>3. Rates for Non-Federal (Non-F) Classifications <u>and Admiralty/FELA Classifications That Do Not Include USL&amp;HW Act Benefits.</u></b></p> <p><u>The rates for operations subject to the USL&amp;HW Act and not within the scope of classifications provided for in 2. Above are determined as follows:</u></p>

EXHIBIT 1

BASIC MANUAL

PRESENT PHRASEOLOGY:	PROPOSED PHRASEOLOGY:
NONE	<p><b><u>a. Admiralty/FELA Classifications</u></b>  <u>The manual rates for Admiralty/FELA classifications under Program I and Program II – State Act benefits do not include premium for operations subject to the USL&amp;HW Act. If operations under such classifications involve some employees subject to the USL&amp;HW Act, assign the classifications and rates for Program II – USL&amp;HW Act benefits applicable to such operations. Such classifications shall apply only to payroll of employees engaged in operation subject to the USL&amp;HW Act.</u></p>
NONE	<p><b><u>b. All Other Classifications</u></b>  <u>Except as otherwise provided in 2. And 3.a. above, the manual rates for classification code numbers not followed by the letter F do not include premium for operations subject to the USL&amp;HW Act. If operations under other than Admiralty/FELA classifications involve some employees subject to the USL&amp;HW Act, the manual rates and minimum premiums for such classifications shall be increased by the U.S. Longshore and Harbor Worker’s Compensation Coverage Percentage shown on the state rate pages. Such percentage does not apply to expense constants. Such increased rate shall apply only to payroll of employees engaged in operations subject to the USL&amp;HW Act.</u></p>

**FILING MEMORANDUM**

**Item B-1354 – U.S. Longshore and Harbor Workers' Compensation Act – Classifications and Rates**

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**(To be effective 12:01 a.m. on July 1, 1999, applicable to new and renewal business only.)**

**PURPOSE**

The purpose of this item is to amend Basic Manual Rule XII.D. to clarify that the rates for certain Admiralty/FELA classification codes include premium for coverage under the U.S. Longshore and Harbor Workers' Compensation (USL&HW) Act. Accordingly, the rates for these class codes should not be increased by the state's USL&HW percentage even though such classifications are not followed by the letter F.

**BACKGROUND**

Basic Manual Rule XII.D.2. states that the manual rates for classification code numbers followed by the letter F include premium for operations subject to the USL&HW Act. No. mention is made of the manual rates applicable to Admiralty/FELA classification codes. Admiralty/FELA classification code numbers are not followed by the letter F. However, the rates for those classification codes applicable to Program II – USL&HW Act benefits do include premium for operations subject to the USL&HW Act. It is felt that this rule should be amended to specify that the rates applicable to Admiralty/FELA classification codes for Program II – USL&HW Act benefits include premium for operations subject to the USL&HW Act.

Basic Manual Rule XII.D.3. specifies that the manual rates for classifications not followed by the letter F do not include premium for operations subject to the USL&HW Act. It further states that if operations for such classifications involve some employees subject to the USL&HW Act, the manual rates and minimum premiums shall be increased by the USL&HW percentage shown on the state rate pages. Admiralty/FELA classifications applicable to Program II—USL&HW Act benefits are not followed by the letter F, but their rates do include premium for the USL&HW Act. It is also felt that this rule should be amended to provide that operations subject to those classifications should not be increased by the state's USL&HW percentage.

**PROPOSAL**

It is proposed that Basic Manual Rule XII.D. be amended to appear as shown in Exhibit I.

**IMPACT**

This item is expected to have no impact on current premium levels, but will facilitate the proper assignment of USL&HW percentages to the rates for the Admiralty/FELA classification codes.

**IMPLEMENTATION**

In order to implement this item, the attached Exhibit I details the changes required in the *Basic Manual for Workers Compensation and Employers Liability Insurance*.

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