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DEPARTMENT OF COMMERCE AND INSURANCE  
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BILL HASLAM  
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JULIE MIX McPEAK  
COMMISSIONER

January 15, 2015

Honorable David Lillard, Jr., Chair  
Tennessee Workers' Compensation Advisory Council  
Treasurer, State of Tennessee  
State Capitol, First Floor  
Nashville, TN 37243-0225

Dear Chairman Lillard:

Tenn. Code Ann. §50-6-402(d) requires that the Commissioner of Commerce and Insurance report to the Workers' Compensation Advisory Council regarding all workers' compensation filings made by the designated rate service organization and received by this Department.

Attached to this letter, please find a summary of all NCCI filings made in Tennessee for the period October 1, 2014 through December 31, 2014. This Department appreciates the role that the Workers' Compensation Advisory Council provides in the area of workers' compensation regulation.

Should you or any member have questions or comments concerning this report, please do not hesitate in contacting me or a member of my staff.

Sincerely,

A handwritten signature in black ink that reads "Julie Mix McPeak".

Julie Mix McPeak  
Commissioner

JMM/ms

**NCCI Filing Activity Report:**  
**Summary as of December 31, 2014**  
**(includes filings received October 1, 2014 and later)**

**1. B-1428 Revisions to Basic Manual Classifications and Appendix E –  
Classifications by Hazard Group**

**Filed: November 21, 2014**

**Proposed Effective Date: March 1, 2016**

**Status: Approved January 5, 2015**

**Summary of Filing (see copy of Filing Memorandum for more details)**

**(Machine Shops)**

The first proposed change is to revise the classification treatment for machine shops that machine parts for others.

**Background**

**Machine Shops:** Based upon an analysis of NCCI inspections, code 3629 – Precision Machined Parts Mfg. NOC is often a reclassified code. This is mainly due to the emphasis placed on the tolerances in machining rather than the end product. It's particularly challenging for agents, auditors, employers and inspectors to verify the percentages of machining operations that meet tolerance requirements. Blueprints only specify the final tolerances required in the engineering of the part, not the tolerance for each machining operation in the process. Emphasizing tolerances alone may lead to misclassification to code 3629.

NCCI intends for code 3632 (Machine Shop NOC) to apply to the manufacture or repair of machines, repair of parts, repair of engines that have been removed from vehicles by others, as well as general machining. Further, the classification is intended to apply to operations performed only in the employer's shop.

Over the years, mechanical equipment has changed. Businesses are able to cut metal using computer numeric controlled (CNC) machines, laser cutters, plasma cutters, electric discharge machines (EDM), and water jet cutters. The technology is such that traditional job shops are currently able to produce precision parts without machining operations. In

many cases, precision parts manufacturing shops still rely on secondary operations (e.g. grinding) to achieve the final tolerance.

### **Proposed**

- Revise Code 3629 – Precision Machined Parts Mfg. NOC to:
  - Remove tolerance requirements
  - Remove the word “Precision”
  - Establish new criteria for the classification
- Establish a new cross-reference phraseology for “Additive Manufacturing NOC – No Assembly” under Class code 3629
- With respects Classification Code 3632, revise phraseologies to clarify that the code applies only to shop operations performed on the premises of the employer and to the manufacture and repair of machines, the repair of parts, the repair of engines that have been removed from the automobile by others, and general job machining:
  - Code 3632 – Automotive-Machine Shop
  - Code 3632 – Tool Sharpening – Industrial Tools
  - Code 3632 – Machine Shop NOC

### **Impact**

Changes in Loss Costs were not proposed. As a result of these changes, there may be some transfer of payrolls between Codes 3629 and 3632. However, it is impossible to determine the number of employees that will be impacted.

### **(Optical Stores)**

The second proposed change involves the Optical Stores industry. It revises Code 8013 – Optical Stores and Code 8832 – Physician & Clerical to address the sale of eyewear.

### **Background**

The filed language of Classification Codes 8013 and 8832 does not provide direction for a business that dispenses optical goods. The volume or percentage of optical goods sold is not defined. Rule 1-D-3-g in NCCI’s *Basic Manual* provides that store operations are classified based on the principal type of merchandise sold. “Principal” is defined as meaning more than 50% of gross receipts (excluding receipts derived from the sale of lottery tickets). To ensure classification reliability, NCCI has determined that it is an appropriate application of Rule 1-D-3-g to determine the assignment of either Code 8013 or Code 8832. Both codes also refer to individual employments as a means of determining the classification, which has led to some classification inconsistency.

## Proposed

1. Revise Classification Code 8013 (Optical Stores) to clarify that this code applies when the gross receipts from the sale of eyewear are more than 50%.
2. Revise Classification Code 8832 (Physician & Clerical) to clarify that this code includes the sale of eyewear when gross receipts from the sale of eyewear are 50% or less.

## Impact

No changes are proposed to the loss costs for Codes 8013 and 8832. Considering the proposed changes in this item, it is possible that individual employers may experience an increase or decrease in premium from the reassigning of payroll to or from Codes 8013 and 8832. It's impossible to determine the number of policyholders that may be impacted by this change. The impact to individual policyholders will depend on the amount of payroll that transfers between the codes.

## (Reformatted Classes)

### Background

**Reformatted Classes:** The purpose of reformatting of several classifications was to make corrections to existing phraseologies. NCCI identified several classifications that had been incorrectly formatted. Code 5057 (Iron or Steel – Erection – Steel Frame – Interior – Light Gage Steel – NOC) must be revised to remove part of the phraseology: “Steel Frame – Interior – Light Gage Steel”. Also, the classification for Steamship Line or Agency – Port Employees must be reformatted to clarify the proper classification phraseology for the following three classification codes:

#### STEAMSHIP LINE OR AGENCY – PORT EMPLOYEES

8726F	Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damage Containers.
8709F	Coverage Under U.S. Act
8719	Coverage Under State Act Only

## Proposed

Revise Classification phraseology for:

1. Code 5057 to convey “Iron or Steel-Erection-NOC”
2. Code 8726F to convey “Steamship Line or Agency – Port Employees – Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks.”

3. Code 8709F to convey "Steamship Line or Agency – Port Employees – Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking or Damaged Containers – Coverage Under U.S. Act."
4. Code 8719 to convey "Steamship Line or Agency – Port Employees – Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking or Damaged Containers – Coverage Under State Act Only."

## Impact

No changes were proposed to the loss costs for Codes 5057 and 8726F.

As a result of the changes proposed in this item, it's possible that some payroll from Code 5057 could be moved to codes with similar phraseology involving "Steel Frame, Interior, or Light Gauge Steel." The impact to individual employers will depend on the amount of payroll that moves from redefined Code 5057, as well as the associated loss cost as compared to the newly classified code's proposed loss cost.

It's possible some payroll from Code 8726F could be moved to Code 8709F or Code 8719. The impact to individual employers will depend on the amount of payroll that moves from redefined Code 8726F, as well as the associated loss cost as compared to the newly classified code's proposed loss cost.

## (Elimination of State Special Classifications with No Credibility)

The purpose of the proposed changes is to eliminate certain state special classifications in NCCI's *Basic Manual* and corresponding statistical codes in the *Statistical Plan* that no longer have any credibility. This refers to classification codes that are too small to develop significant data for ratemaking purposes even when countrywide experience is used for classification relativity.

## Background

The workers compensation system groups policyholders with similar operations by classification so that loss costs may be calculated to reflect overall employee exposure to injury or illness. NCCI periodically reviews individual classification codes and groups of classifications by industry to determine which, if any, should be considered for removal from the system because of zero credibility on a statewide or national basis.

## Proposed

1. Eliminate the state special classifications with absolutely no credibility and no payroll for the latest three policy periods. Tennessee has one classification Code that qualifies: 3565 – **Typewriter Manufacturing**.
2. Establish or propose existing classification codes to replace the abolished special classifications. The replacement National classification code is 3574 – **Typewriter Manufacturing**.
3. Revise NCCI's *Basic Manual* Appendix E—Table of Classifications by Hazard Group to identify the abolished state special classifications.

**Impact**

No Tennessee premium impact is expected.

FILING MEMORANDUM

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
 E—CLASSIFICATIONS BY HAZARD GROUP

PURPOSE

This item revises, establishes, and eliminates certain classifications in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* and statistical codes in NCCI's *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)* 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:
Machine Shops	1	1A	All states except IL, VA
		1B	All states except VA
		1C	All states except IL, OR, VA
		1D	All states except VA
		1E	All states except VA
Optical Stores	2	2A	All states except NH, VA
		2B	All states except NH, VA
Classifications to Be Reformatted	3	3A	All states except VA
		3B	All states except AZ, VA
		3C	All states except DC, VA
		3D	All states except VA
State Special Classifications With Zero Credibility to Be Eliminated	4	4A	AL, CT, GA, IL, KY, LA, MD, ME, MO, NC, NV, OK, OR, SC, TN, UT
Statistical Plan Coding Values		4B	CT, GA, UT
Assigned Carrier Performance Standards		4C	GA
Basic Manual Appendix E—Table of Classifications by Hazard Group		4D	AL, CT, GA, IL, KY, LA, MD, ME, MO, NC, NV, OK, OR, SC, TN, UT, VA
State-Specific Exhibits	1, 2, 3, 4	5	IL, NH, VA

BACKGROUND

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

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

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## FILING MEMORANDUM

### ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX E—CLASSIFICATIONS BY HAZARD GROUP

#### PROPOSAL

This item is presented in exhibits as shown in the above table. Each exhibit's fact sheet outlines the proposals relating to the industry in 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.

#### 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 changes proposed may 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, 2015, unless otherwise noted. For example, this item will become effective October 1, 2015, for approved loss cost/rate filings that have an October 1, 2015 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 normal loss cost/rate effective date. The normal loss cost/rate effective date is the anniversary date of the state's previous years' loss cost/rate effective date.

#### Anticipated Effective Dates by State

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

State	Anticipated* Effective Date
Alabama	March 1, 2016
Alaska	January 1, 2016
Arizona	January 1, 2016
Arkansas	July 1, 2016
Colorado	January 1, 2016
Connecticut	January 1, 2016
District of Columbia	November 1, 2015

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**FILING MEMORANDUM**

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 E—CLASSIFICATIONS BY HAZARD GROUP**

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, 2015, it will become effective January 1, 2016. If it is approved after July 1, 2015, it will become effective January 1, 2017.
Georgia	March 1, 2016
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2016. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2016
Illinois	January 1, 2016
Indiana	January 1, 2016
Iowa	January 1, 2016
Kansas	January 1, 2016
Kentucky	October 1, 2015
Louisiana	May 1, 2016
Maine	April 1, 2016
Maryland	January 1, 2016
Mississippi	March 1, 2016
Missouri	January 1, 2016
Montana	July 1, 2016
Nebraska	February 1, 2016
Nevada	March 1, 2016
New Hampshire	January 1, 2016
New Mexico	January 1, 2016
North Carolina	April 1, 2016
Oklahoma	January 1, 2016
Oregon	January 1, 2016
Rhode Island	August 1, 2016
South Carolina	September 1, 2016

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South Dakota	July 1, 2016
Tennessee	March 1, 2016
Utah	December 1, 2015
Vermont	April 1, 2016
Virginia	April 1, 2016
West Virginia	November 1, 2015

\* Subject to change.

EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY

Exhibit	Exhibit Comments	Implementation Summary
1A — 1E	Details the revisions to national phraseologies for Machine Shops. Refer to Fact Sheet 1 for purpose, background, proposal, and impact.	Revises NCCI's <i>Basic Manual</i> .
2A — 2B	Details the revisions to national phraseologies for Optical Stores and Physician & Clerical. Refer to Fact Sheet 2 for purpose, background, proposal, and impact.	
3A — 3D	Details the revisions to the formatting of several classifications. Refer to Fact Sheet 3 for purpose, background, proposal, and impact.	
4A — 4D	Details the elimination of state special classifications with zero credibility. Refer to Fact Sheet 4 for purpose, background, proposal, and impact.	Revises NCCI's <i>Basic Manual</i> , <i>Statistical Plan</i> , and <i>Assigned Carrier Performance Standards—2009 Edition</i> .
5	Details the revisions to state special phraseologies for IL, NH and VA.	Revises NCCI's <i>Basic Manual</i> .

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**EXHIBIT 1—FACT SHEET**

**MACHINE SHOPS**

**PURPOSE**

The purpose of the proposed changes for this industry is to revise the classification treatment for machine shops that manufacture parts for others.

**BACKGROUND**

An analysis of inspections completed under NCCI's Classification Inspection Program identified Code 3629—Precision Machined Parts Mfg. NOC as a frequently reclassified code. The majority of employers that are reclassified from Code 3629 to Code 3632—Machine Shop NOC do not meet the criteria for assignment to Code 3629. This is mainly due to the emphasis that is placed on the tolerances in the machining process rather than the finished product.

Code 3629—Precision Machined Parts Mfg. NOC was established in 1943 to address manufacturing shops that specialized in the production of high precision small parts and assemblies. These parts were directly related to the manufacture of arms, aircraft, or similar apparatus to be used in World War II.

Inspectors, agents, auditors, and employers can rarely verify the percentage of machining operations that meet the tolerance requirements, even when plans and specifications are provided by the employer. Plans and specifications only detail the final tolerance required for the part, not the tolerance for each machining operation in the process. Business owners typically do not track machining operations.

Placing the emphasis on tolerances alone may lead to misclassification to Code 3629. For example, consider a gear manufacturer that produces gears that are held to strict tolerances. If every gear produced is held to a .001-inch tolerance or better, the business may be misclassified to Code 3629 if the emphasis is placed on tolerances alone. Because the finished part is best described by another code, the business in this example should be classified to Code 3635—Gear Mfg. or Grinding. This is because NCCI's *Basic Manual* provides that it is the business of the employer within a state that is classified, not separate employments, occupations, or operations within the business.

Code 3629 is intended to apply to manufacturers that produce single-piece parts. Welding and assembly are secondary operations that would not be performed when making single-piece parts.

Code 3629 references the tolerance requirement:

Applies only to risks where the plans or specifications require that not less than 50% of all machining operations performed by the risk shall be held to final tolerances of .001 inches or closer. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 3629 are conducted as a separate and distinct business.

Code 3632 is intended to apply to the manufacture or repair of machines, the repair of parts, the repair of engines that have been removed from the vehicle by others, and general job machining. Code 3632 is also intended to apply to operations performed only in an employer's shop. It is not intended for mobile operations performed away from the employer's location.

Mechanical equipment has changed over the years. Businesses are able to cut metal using equipment such as computer numeric controlled (CNC) machines, plasma cutters, laser cutters, electric discharge machines (EDM), and water jet cutters. Traditional job shops are now able to produce precision parts without additional

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**EXHIBIT 1—FACT SHEET (CONT'D)**

machining operations. In many cases, precision parts manufacturing shops still rely on secondary operations such as grinding to attain final tolerance.

Additive manufacturing, also known as 3D printing, is an emerging technology that simplifies the manufacturing process. NCCI uses the term "additive manufacturing" to avoid any confusion with traditional printing operations. NCCI recognizes that the treatment of this new manufacturing method needs to be addressed within the classification system. Additive manufacturing allows for the highly automated production of parts using a base material, such as plastic, wood, or metal, and a binder or adhesive. Thin layers of material are placed on top of each other using computer-controlled distribution. The base material is built up by adding the binder between each layer. The process is repeated until the part is complete. By adding only enough material that is needed to complete the part, the process results in little to no waste.

Additive manufacturing machines are capable of producing any type of part that can be programmed into the computer. This is a "clean" type of manufacturing since almost all of the work is performed by the machine. Work areas are clean and free of debris such as metal shavings, dirt, and grease found in traditional manufacturing plants. It is expected that most of the staff needed to support this technology will be in the areas of design and computer programming, with minimal production work done by individuals.

The existing classification system is able to accommodate many of the changes that additive manufacturing is expected to produce. Code 3629 must not be assigned to additive manufacturing operations that produce parts described by another code. Code 3629 must only be assigned when the parts manufactured are varied and no single code better describes the operation. For example, an automobile manufacturer would continue to be assigned to the automobile manufacturing code even if the majority of its parts are made using the additive manufacturing process.

**PROPOSAL**

1. Revise Code 3629—Precision Machined Parts Mfg. NOC to:
  - Remove the word "Precision"
  - Remove the tolerance requirements
  - Establish new criteria for the code
2. Establish a new cross-reference phraseology for Additive Manufacturing NOC—No Assembly under Code 3629.
3. Revise the following phraseologies for Code 3632 to clarify that the code applies only to shop operations performed on the premises of the employer and to the manufacture or repair of machines, the repair of parts, the repair of engines that have been removed from the vehicle by others, and general job machining:
  - Code 3632—Machine Shop NOC
  - Code 3632—Tool Sharpening—Industrial Tools
  - Code 3632—Automotive—Machine Shop

**IMPACT**

No changes are proposed to the loss costs/rates for Codes 3629 and 3632. As a result of the changes proposed in this item, it is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll to or from Codes 3629 and 3632. It is not possible to determine the number of employers that may be impacted by this change. The impact to individual employers will depend on the amount of payroll that transfers between the codes.

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**EXHIBIT 1—FACT SHEET (CONT'D)**

**STATE-SPECIFIC PROPOSALS AND IMPACTS**

**Illinois Proposal:**

NCCI recommends that Illinois adopt the proposed national treatment for Codes 3629 and 3632 and eliminate the state special requirement for Code 3629 that 50% or more of the parts produced require a machined tolerance of .001 or closer:

Code 3629—Precision Machined Parts Mfg. NOC

**Illinois Impact:**

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

**Virginia Proposal:**

Virginia's current treatment of Codes 3629 and 3632 is the same as the current national treatment. NCCI recommends that Virginia adopt the proposed national treatment for Codes 3629 and 3632. Accordingly, the Virginia Special Classifications in NCCI's *Basic Manual* will be updated for the following code(s):

- Code 3629—Precision Machined Parts Mfg. NOC
- Code 3629—Additive Manufacturing NOC—No Assembly
- Code 3632—Machine Shop NOC
- Code 3632—Automotive—Machine Shop
- Code 3632—Tool Sharpening—Industrial Tools

**Virginia Impact:**

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

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
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**EXHIBIT 2—FACT SHEET**

**OPTICAL STORES**

**PURPOSE**

The purpose of the proposed changes for this industry is to revise Code 8013—Optical Stores and Code 8832—Physician & Clerical to address the sale of eyewear.

**BACKGROUND**

Historically, ophthalmologists and optometrists functioned in a physician's office where clients would be examined, diagnosed, and treated. Both ophthalmologists and optometrists examine and diagnose eye diseases and related systemic conditions such as hypertension and diabetes, treat visual conditions such as nearsightedness, and write prescriptions. The main distinction is that ophthalmologists are accredited medical doctors and may perform surgery or eye research.

Once the patient has been issued a prescription, an optician will fill the prescription. Opticians generally learn their skill on the job, although some states have licensing requirements. Opticians manage an optical center that dispenses eyeglasses, contact lenses, and other accessories.

In the 1970s, the industry began to change. Large, one-stop-shopping optical centers emerged. These stores generally have an affiliated optometrist or ophthalmologist on-site or next door to conduct eye exams and write prescriptions. The optometrist or ophthalmologist may own the optical store, work for the optical store, or be an affiliated doctor that leases space, equipment, etc., and conducts their practice from the optical store location. In such cases, they may receive support of the optical store staff, including an optician. The optician and staff assist the client with frame selection and fitting while the on-site lab grinds and mounts lenses.

In 1986, due to the evolving industry, the American Academy of Ophthalmology revised its policy and allowed ophthalmologists to sell the eyewear they prescribe. The Academy had previously considered this practice unethical. Now, the latest industry innovation involves warehouse shopping outlets or departments where optometrists are often on staff to conduct eye exams but the lenses and glasses will not be made while the customer waits. These operations send the eyewear to a lab and the customer returns to pick up their purchase.

The filed language of Codes 8013 and 8832 does not provide instruction for a business that dispenses optical goods. The amount or percentage of optical goods sold is not defined. NCCI's *Basic Manual* Rule 1-D-3-g provides that store operations are classified based on the principal type of merchandise sold. "Principal" means more than 50% of gross receipts, excluding receipts derived from the sale of lottery tickets. To ensure classification consistency, NCCI has determined that it is an appropriate application of Rule 1-D-3-g to determine the assignment of either Code 8013 or Code 8832. These two codes also refer to individual employments as a means of determining the classification, which has led to some classification inconsistency.

**PROPOSAL**

1. Revise Code 8013—Optical Stores to clarify that this code applies when the gross receipts from the sale of eyewear are more than 50%.
2. Revise Code 8832—Physician & Clerical to clarify that this code includes the sale of eyewear when gross receipts from the sale of eyewear are 50% or less.

**IMPACT**

No changes are proposed to the loss costs/rates for Codes 8013 and 8832. As a result of the changes proposed in this item, it is possible that individual employers may experience an increase or decrease in premium from the transfer of payroll to or from Codes 8013 and 8832. It is not possible to determine the number of employers that may be impacted by this change. The impact to individual employers will depend on the amount of payroll that transfers between the codes. Redefining Codes 8013 and 8832 may result in

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**EXHIBIT 2—FACT SHEET (CONT'D)**

the assignment of Code 8810—Clerical Office Employees NOC when all clerical conditions are met. This is because Code 8832 includes clerical employees while Code 8013 does not.

**STATE-SPECIFIC PROPOSALS AND IMPACTS**

**New Hampshire Proposal:**

NCCI recommends that New Hampshire adopt the national proposals for Codes 8013 and 8832 and eliminate the following state special phraseologies:

- Code 8013—Optical Stores
- Code 8832—Ophthalmologist or Optometrist & Clerical

**New Hampshire Impact:**

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

**Virginia Proposal:**

Virginia's current treatment of Codes 8013 and 8832 is the same as the current national treatment. NCCI recommends that Virginia adopt the proposed national treatment for Codes 8013 and 8832. Accordingly, the Virginia Special Classifications in NCCI's *Basic Manual* will be updated for the following codes:

- Code 8013—Optical Stores
- Code 8832—Physician & Clerical
- Code 4149—Optical Goods Mfg. NOC

**Virginia Impact:**

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

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 3—FACT SHEET**

**CLASSIFICATIONS TO BE REFORMATTED**

**PURPOSE**

The purpose of the proposed changes is to revise the formatting of several classifications to make corrections to existing phraseologies.

**BACKGROUND**

NCCI has identified classifications that have been incorrectly formatted. Code 5057—Iron or Steel—Erection—Steel Frame—Interior—Light Gauge Steel—NOC must be revised to remove "Steel Frame—Interior—Light Gauge Steel" from the phraseology. The classification for Steamship Line or Agency—Port Employees must also be reformatted to clarify the proper classification wording for the following three codes:

**STEAMSHIP LINE OR AGENCY—PORT EMPLOYEES**

- 8726F** Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers:
- 8709F** Coverage Under U.S. Act
- 8719** Coverage Under State Act Only

**PROPOSAL**

Revise the phraseology for:

1. Code 5057 to state Iron or Steel—Erection—NOC.
2. Code 8726F to state Steamship Line or Agency—Port Employees—Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks.
3. Code 8709F to state Steamship Line or Agency—Port Employees—Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers—Coverage Under U.S. Act.
4. Code 8719 to state Steamship Line or Agency—Port Employees—Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers—Coverage Under State Act Only.

**IMPACT**

No changes are proposed to the loss costs/rates for Codes 5057 and 8726F.

As a result of the changes proposed in this item, it is possible that some payroll from Code 5057 could be transferred to codes with similar phraseology involving "Steel Frame, Interior, or Light Gauge Steel." The impact to individual employers will depend on the amount of payroll that transfers from redefined Code 5057, as well as the associated loss cost/rate as compared to the newly classified code's proposed loss cost/rate.

It is possible that some payroll from Code 8726F could be transferred to Code 8709F or Code 8719. The impact to individual employers will depend on the amount of payroll that transfers from redefined Code 8726F, as well as the associated loss cost/rate as compared to the newly classified code's proposed loss cost/rate.

**STATE-SPECIFIC PROPOSALS AND IMPACTS**

No state-specific changes are proposed within this fact sheet.

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

**EXHIBIT 4—FACT SHEET**

**STATE SPECIAL CLASSIFICATIONS WITH ZERO CREDIBILITY TO BE ELIMINATED**

**PURPOSE**

The purpose of the proposed changes is to eliminate certain state special classifications in NCCI's *Basic Manual* and corresponding statistical codes in the *Statistical Plan* that have zero credibility. This refers to classifications that are too small to develop meaningful data for ratemaking purposes even when national experience is used for classification relativity.

**BACKGROUND**

The workers compensation 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 and groups of classifications by industry to determine which, if any, should be considered for elimination because of zero credibility on a statewide or national basis.

NCCI has identified a number of state special classifications that have zero credibility on a statewide basis. In all cases, the classifications have not had payroll for the latest three policy periods used for ratemaking. These classifications should be eliminated and reassigned to other classifications with similar operations that are currently applicable in the states. In most cases, the proposed national classifications currently include the operations of the state special classifications to be eliminated. 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.

**PROPOSAL**

1. Eliminate the state special classifications with zero credibility and no payroll for the latest three policy periods. Refer to Exhibit 4A.
2. Establish or propose existing classifications to replace the eliminated state special classifications. Refer to Exhibit 4A.
3. Revise NCCI's *Statistical Plan*—Part 6—H—2—Premium Amount Not Subject to Experience Modification Factor to identify the eliminated statistical codes in Connecticut, Georgia, and Utah. Refer to Exhibit 4B.
4. Revise NCCI's *Assigned Carrier Performance Standards—2009 Edition*—Part D—Loss Prevention Survey Table to identify the eliminated state special classifications in Georgia. Refer to Exhibit 4C.
5. Revise NCCI's *Basic Manual* Appendix E—Table of Classifications by Hazard Group to identify the eliminated state special classifications. Refer to Exhibit 4D.

State	State Special Classification to Be Eliminated	Proposed National Classification
AL	1420—Slag Excavation & Drivers	1624—Slag Digging and Crushing & Drivers
IL	3565—Typewriter Mfg.	3574—Typewriter Mfg.
KY	3091—Enameled Ironware Mfg.	3081—Enameled Ironware Mfg.
KY	3565—Typewriter Mfg.	3574—Typewriter Mfg.
LA	6846F—Shipbuilding—Air Cushion Vehicles or Surface Effect Ships & Drivers	6845F—Shipbuilding—Naval & Drivers *
MD	4479—Button Mfg. NOC	4484—Button Mfg. NOC
MD	4536—Acid Mfg.	4829—Acid Mfg.
MD	4536—Vitriol Mfg.	4829—Vitriol Mfg.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—FACT SHEET (CONT'D)

State	State Special Classification to Be Eliminated	Proposed National Classification
MD	4584—Silica Gel Mfg.	4829—Chemical Mfg. NOC—All Operations & Drivers—Includes Blending or Mixing *
ME	4479—Button Mfg. NOC	4484—Button Mfg. NOC
MO	2352—Cordage, Rope, or Twine Mfg. NOC	2220—Cordage, Rope, or Twine Mfg. NOC
MO	2352—Rope, Cordage, or Twine Mfg. NOC	
MO	2352—Twine, Cordage, or Rope Mfg. NOC	
MO	7207—Club—Riding & Drivers	8279—Club—Riding & Drivers
MO	7207—Riding Academy or Club & Drivers	8279—Riding Academy or Club & Drivers
NC	1470—Coke Mfg. & Drivers	1472—Charcoal Mfg. & Drivers
NC	7323F—Stevedoring—Explosive Materials—Under Contract	Multiple equivalent national classifications under Stevedoring, depending on the method of stevedoring.
NV	9662—Nuclear Research—Atomic Energy Projects & Clerical, Salespersons	9984—Atomic Energy—Project Work
OK	1457—Chat Milling—All Employees & Drivers, Salespersons	1452—Ore Milling & Drivers
OK	2352—Cordage, Rope, or Twine Mfg. NOC	2220—Cordage, Rope, or Twine Mfg. NOC
OK	2352—Rope, Cordage, or Twine Mfg. NOC	
OK	2352—Twine, Cordage, or Rope Mfg. NOC	
OK	4673—Cottonseed Oil Mfg.—Solvent & Drivers	4670—Cottonseed Oil Mfg.—Solvent & Drivers
OR	9425—Cities—Over 100,000 Population—Composite Rate	9410—Municipal, Township, County, or State Employee NOC *
SC	3091—Enameled Ironware Mfg.	3081—Enameled Ironware Mfg.
TN	3565—Typewriter Mfg.	3574—Typewriter Mfg.
VA	2532—Millinery Mfg.	2501—Millinery Mfg.
VA	4479—Button Mfg. NOC	4484—Button Mfg. NOC

\* The indicated national phraseology currently applies in this state. Therefore, no national exhibit is proposed for approval.

ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP

EXHIBIT 4—FACT SHEET (CONT'D)

The following states have statistical codes associated with the proposed state special classification codes to be eliminated. The proposed national classification also has an associated statistical code.

State	State Special Classification or Statistical Code to Be Eliminated	Proposed National Classification or Statistical Code
CT	4767—Explosives or Ammunition Mfg.—Cartridge Mfg. or Assembly—Small Arms & Drivers	4771—Explosives or Ammunition Mfg.—NOC & Drivers *
CT	0767—Non-Ratable Portion of Class Code Rate	0771—Non-Ratable Portion of Class Code Rate **
GA	4758—Rocket Engine—Mfg.—Solid Propellant & Drivers	4771—Explosives or Ammunition Mfg.—NOC & Drivers
GA	4759—Rocket Engine—Ignitor Mfg. & Drivers	
GA	4774—Explosives or Ammunition Mfg.—Smokeless Powder Mfg.—Single Base & Drivers	
GA	4776—Explosives or Ammunition Mfg.—Projectile, Bomb, Mine, or Grenade Loading & Drivers	
GA	4799—Explosives or Ammunition Mfg.—Black Powder Mfg. & Drivers	
GA	0758—Non-Ratable Portion of Class Code Rate	0771—Non-Ratable Portion of Class Code Rate **
GA	0759—Non-Ratable Portion of Class Code Rate	
GA	0774—Non-Ratable Portion of Class Code Rate	
GA	0776—Non-Ratable Portion of Class Code Rate	
GA	0799—Non-Ratable Portion of Class Code Rate	
UT	4758—Rocket Engine—Mfg.—Solid Propellant & Drivers	4771—Explosives or Ammunition Mfg.—NOC & Drivers *
UT	4759—Rocket Engine—Ignitor Mfg. & Drivers	0771—Non-Ratable Portion of Class Code Rate **
UT	0758—Non-Ratable Portion of Class Code Rate	
UT	0759—Non-Ratable Portion of Class Code Rate	

\* The indicated national phraseology currently applies in this state. Therefore, no national exhibit is proposed for approval.

\*\* The indicated statistical code currently applies in CT, GA and UT. Therefore, the Statistical Plan Coding Values Exhibit does not include this code.

**ITEM B-1428—REVISIONS TO BASIC MANUAL CLASSIFICATIONS AND APPENDIX  
E—CLASSIFICATIONS BY HAZARD GROUP**

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**EXHIBIT 4—FACT SHEET (CONT'D)**

**IMPACT**

No statewide premium impact is expected in the states where the zero credibility codes will be eliminated.

**Virginia Proposal:**

NCCI recommends that Virginia adopt the proposed national treatment for Code 2501—Millinery Mfg. and Code 4484—Button Mfg. NOC. Accordingly, the following phraseologies will be eliminated from the Virginia Special Classifications in NCCI's *Basic Manual*:

- Code 2532—Millinery Mfg.
- Code 4479—Button Mfg. NOC

**Virginia Impact:**

No statewide premium impact is expected in Virginia.