

September 7, 2011

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

NCCI Item B-1424-Revisions to Basic Manual Classification Code
7711-Firefighters & Drivers – Volunteer and Discontinuation of
Statistical Code 9219- Volunteer Firefighters – Head Count

The North Carolina Rate Bureau has adopted and the North Carolina Commissioner of Insurance has approved the adoption of changes to ***NCCI's Basic Manual for Workers Compensation and Employers Liability Insurance***. These changes have been approved with an effective date of September 1, 2011.

The approved changes revise the classification wording for Classification Code 7711-Firefighters & Drivers – Volunteer.

The attached circular provides a more detailed explanation of the changes.

Contact the Information Center at 919-582-1056 or via email at wcinfo@ncrb.org, if you require additional information

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

C-11-7

FILING MEMORANDUM

ITEM B-1424—REVISIONS TO BASIC MANUAL CLASSIFICATION CODE 7711—FIREFIGHTERS & DRIVERS—VOLUNTEER AND DISCONTINUATION OF STATISTICAL CODE 9219—VOLUNTEER FIREFIGHTERS—HEAD COUNT

PURPOSE

This item:

- Revises the classification wording of Code 7711—Firefighters & Drivers—Volunteer in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*
- Discontinues Statistical Code 9219—Volunteer Firefighters—Head Count and its associated rule in NCCI's *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Manual)*

BACKGROUND

Item B-1397—Revisions to Basic Manual Classifications and Rules, effective July 1, 2007 in most states, established two separate classification codes for firefighters: Code 7710—Firefighters & Drivers and Code 7711—Firefighters & Drivers—Volunteer. Prior to July 1, 2007, both paid and volunteer firefighters were classified to Code 7704—Firefighters & Drivers, which was discontinued in Item B-1397.

Prior to its discontinuation, the national classification wording for Code 7704 stated:

“When part-time or volunteer firefighters are employed, the actual payroll of all such persons shall be included with the payroll of regular firefighters in computing the premium. In no case, however, shall the payroll of any such firefighters be taken at less than \$300 per person per annum.”

With the implementation of Code 7711, the payroll basis for volunteer firefighters was amended. Currently, the national classification wording regarding payroll determination in Code 7711 states:

“. . . Applies to volunteer firefighters serving with or without payroll. Unless state statutes, regulations and/or rules specify otherwise, premium for volunteer firefighters must be determined on the basis of the payroll normally received by nonvolunteer firefighters doing the same or similar work; however, in no case should the remuneration of any such firefighters, including volunteer officers, be less than \$300 annually per person”

Recently, questions have arisen regarding the national classification wording for Code 7711 that states “premium for volunteer firefighters must be determined on the basis of the payroll normally received by nonvolunteer firefighters doing the same or similar work” and how this payroll is actually derived. As a result, NCCI is proposing to revise the classification wording of Code 7711 to state that volunteer firefighter payroll be based on the actual payroll, if any, of each individual volunteer firefighter, subject to a minimum payroll of \$300 per year for each individual volunteer firefighter (as was previously used in Code 7704).

Based on recommendations in Item B-1397, Statistical Code 9219—Volunteer Firefighters—Head Count was established in Item U-1397—Statistical Plan for Workers Compensation and Employers Liability Insurance, effective September 1, 2008 in most states. With the creation of Classification Codes 7710 and 7711 and Statistical Code 9219, NCCI has had the ability to collect separate payroll and loss data for paid and

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volunteer firefighters. This data is in the process of being evaluated and will assist NCCI in developing future recommendations for charging the appropriate premium for the firefighter industry overall. As part of this evaluation, NCCI has determined that the reporting of volunteer firefighter head count data is no longer required; therefore, NCCI is proposing to discontinue Statistical Code 9219.

PROPOSAL

It is proposed that:

1. The classification wording regarding payroll determination for volunteer firefighters in Classification Code 7711—Firefighters & Drivers—Volunteer be revised:
 - **From**—payroll normally received by nonvolunteer firefighters doing the same or similar work
 - **To**—actual payroll of all volunteer firefighters subject to a minimum payroll of \$300 annually per person
2. Statistical Code 9219—Volunteer Firefighter—Head Count and its associated rules in the *Statistical Plan* be discontinued.

State-Specific Proposals

NCCI proposes that certain states adopt exceptions to the proposal above as described in the following state-specific proposals:

Alaska

NCCI proposes that Alaska adopt the proposed classification wording changes for Code 7711 with the exception of using the current state minimum payroll of \$2,000 annually per volunteer instead of the national \$300 minimum payroll.

Colorado

In addition to the changes proposed in this item, NCCI proposes that Colorado revise the classification wording of state special Classification Code 7719—Volunteer Rescue Team or Group & Drivers to reflect that payroll determination must be based on actual payroll subject to a minimum of \$300 per volunteer per year.

Indiana

In addition to adopting the proposed classification wording changes for Code 7711, NCCI proposes to include additional classification wording to further explain the application of Code 7711.

Kansas

NCCI proposes that Kansas adopt the proposed classification wording changes for Code 7711 with the exception of using the current state minimum payroll of \$100 annually per person instead of the national \$300 minimum payroll.

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South Carolina

NCCI proposes that South Carolina adopt the proposed classification wording changes for Code 7711 with the exception of using the current state minimum payroll of \$1,000 per volunteer per year instead of the national \$300 minimum payroll.

Utah

In addition to the changes proposed in this item, NCCI proposes that Utah revise their state special Classifications Code 9416—County Employees and Code 9417—Municipal Employees to replace the references to Code 7704 with references to Codes 7710 and 7711. Code 9417 is no longer applicable in Utah.

Vermont

NCCI proposes that Vermont adopt the proposed classification wording changes for Code 7711 with the exception of using the current state minimum payroll of \$275 per volunteer per year instead of the national \$300 minimum payroll.

Virginia

NCCI proposes that Virginia adopt the proposed classification wording changes for Code 7711 with the exception of using the current state minimum payroll of the "Average Monthly Wage" value instead of the national \$300 minimum payroll.

IMPACT

There will be no statewide premium impact as a result of this item because the proposals are only intended to clarify the payroll determination for volunteer firefighters assigned to Code 7711. NCCI will continue to develop the rates and/or loss costs for Code 7710 and Code 7711 as approved in Item B-1397. In addition, data reporters will no longer be required to report head count information for volunteer firefighters.

IMPLEMENTATION

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

- **Exhibit 1** displays the proposed changes to the Classifications section of NCCI's *Basic Manual*
- **Exhibits 2 and 3** display the proposed changes to discontinue Part 3-F-2-d Nonpayroll Exposure rule and discontinuation date of Statistical Code 9219 in NCCI's *Statistical Plan*
- **Exhibit 4** displays the proposed changes to the states' Special Classifications sections of NCCI's *Basic Manual*, where applicable

In all states, except Hawaii and Virginia, this item will be implemented effective 12:01 a.m. on September 1, 2011, applicable to new and renewal voluntary and assigned risk policies.

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& DRIVERS—VOLUNTEER AND DISCONTINUATION OF STATISTICAL CODE
9219—VOLUNTEER FIREFIGHTERS—HEAD COUNT**

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.

In Virginia, this item filing will be implemented for new and renewal, voluntary and assigned risk policies effective on or after 12:01 a.m. on September 1, 2011.

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& DRIVERS—VOLUNTEER AND DISCONTINUATION OF STATISTICAL CODE
9219—VOLUNTEER FIREFIGHTERS—HEAD COUNT**

**EXHIBIT 1
BASIC MANUAL—2001 EDITION
NATIONAL CLASSIFICATIONS
(Not Applicable: AK, IN, KS, SC, VA, VT)**

7711 FIREFIGHTERS & DRIVERS—VOLUNTEER

Applies when coverage is provided to volunteer firefighters in states where such workers are entitled to benefits under the workers compensation law. ~~Applies to volunteer firefighters serving with or without payroll. Unless state statutes, regulations and/or rules specify otherwise, premium for volunteer firefighters must be determined on the basis of the payroll normally received by nonvolunteer firefighters doing the same or similar work. The actual payroll of all volunteer firefighters must be used in calculating premium. In no case, however, in no case should the remuneration payroll of any such firefighters, including volunteer officers, be less than \$300 annually per person. The minimum payroll of \$300 annually per person also applies to fire department volunteers that are assigned to a standard exception classification.~~

Applies to organizations serving the public through firefighting and related fire protection services.

Includes volunteer firefighters who also perform emergency medical services. Separately rate employees who perform only EMS duties and no firefighting to Code 7705.

Separately rate nonvolunteer firefighters and drivers to Code 7710.

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& DRIVERS—VOLUNTEER AND DISCONTINUATION OF STATISTICAL CODE
9219—VOLUNTEER FIREFIGHTERS—HEAD COUNT**

**EXHIBIT 2
STATISTICAL PLAN—2008 EDITION
PART 3—EXPOSURE INFORMATION
F. EXPOSURE AMOUNT
2. Nonpayroll Exposure**

d. Volunteer Firefighters—Head Count

For experience classified under Classification Code 7711 (Firefighters ~~& and~~ Drivers—Volunteer), report the associated head count using Statistical Code 9219 (Volunteer Firefighters—Head Count).

Each volunteer firefighter covered under Classification Code 7711 is considered as a head count of one. For example, one head count is reported as an exposure of “10” using Statistical Code 9219. There is an assumed decimal point between the “1” and the “0”.

For policies effective on or after September 1, 2011, Volunteer Firefighters Head Count and associated Statistical Code 9219 are discontinued.

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& DRIVERS—VOLUNTEER AND DISCONTINUATION OF STATISTICAL CODE
9219—VOLUNTEER FIREFIGHTERS—HEAD COUNT

EXHIBIT 3
STATISTICAL PLAN—2008 EDITION
PART 6—CODING VALUES
H. STATISTICAL CODES

3. Premium Amount *Not Part* of Standard Premium

Premium Amount *Not Part* of Standard Premium

Description	Stat Code	Premium Credit (–) or Debit (+)	Applicable States	Effective Date	Discontinuation Date
Volunteer Firefighters—Head Count	9219	+	All States Except FL, MT, OR, VA, WV	09/01/08	<u>08/31/11</u>
			VA	01/01/11	<u>08/31/11</u>