

December 7, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

NCCI Item B-1418-Revisions to Basic
Manual Classifications and Rules

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*. The approval is effective April 1, 2010, and will impact all new, renewal and outstanding policies written using class codes for the industry specified in the filing exhibits.

The purpose of this filing is to create a new national classification treatment for air traffic controllers under contract with the Federal Aviation Administration (FAA) and to add Class Code 7402 to the Table of Classifications by Hazard Group.

This filing contains two exhibits impacting North Carolina:

Title	Exhibit	Page
Aviation	1	4-6
Basic Manual Appendix E – Table of Classifications by Hazard Group	2	7

The attached exhibits explain in more detail 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:dg

C-09-31

FILING MEMORANDUM

ITEM B-1418—REVISIONS TO THE BASIC MANUAL CLASSIFICATIONS FOR AIR TRAFFIC CONTROLLERS UNDER CONTRACT WITH THE FAA

PURPOSE

This item creates a new national classification treatment for air traffic controllers under contract with the Federal Aviation Administration (FAA), in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*.

BACKGROUND

Effective July 1, 2006, Item B-1399 implemented several classification changes to ensure the uniform and equitable treatment of risks within the aviation industry. The focus of the proposed changes to the industry was to combine operations into classifications that reflect the exposures common to those operations. One of the changes assigned air traffic controllers to Code 7403—Aviation—Airport or Heliport Operator—All Employees & Drivers, and Aviation—All Other Employees & Drivers. Previously, air traffic controllers were assigned to Code 8810—Clerical Office Employees NOC. Over 90% of air traffic controllers are federal employees, so this recommendation was not expected to impact many risks. The specific impact could not be determined using any available data source.

Subsequently, NCCI was provided with additional information regarding these operations. There are air traffic control towers that are operated by risks under contract with the FAA. These risks are not federal agencies and do not have federal employees. Accordingly, and after further review of these operations, NCCI is now recommending a change to this classification treatment.

PROPOSAL

It is proposed that a new national classification be established, "Code 7402—Aviation—Air Traffic Controllers Under Contract with the FAA." This new classification is to be effective January 1, 2010 for new, renewal, **and outstanding** voluntary and assigned risk policies. The initial loss cost/rate for Code 7402 will be that of Code 8810—Clerical Office Employees NOC.

It is also proposed to amend the phraseologies for Code 7403 regarding air traffic controllers, so that references to that occupation are eliminated.

Alaska Specific:

In Alaska, air traffic controllers are currently assigned to Code 7414 because Code 7403 is not applicable in the state. It is proposed to amend the phraseologies for Code 7414 regarding air traffic controllers, so that references to that occupation are eliminated. It is also proposed that Alaska adopt the new national Code 7402.

Virginia Specific:

In Virginia, air traffic controllers are currently assigned to Code 8810. It is proposed that Virginia reassign this exposure and adopt the new national Code 7402.

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NCCI recommends that Virginia update the scope descriptions for Code 7403, 7431, and 8810 to reflect the adoption of the new Code 7402.

IMPACT

New Code 7402 will take on the rates and rating values of Code 8810 until Code 7402 can be rated based on its own data. Rating values will be calculated according to the standard procedure, which will be based on NCCI's final proposed rates/loss costs.

It is expected that the creation of new Code 7402 will result in a significant premium **decrease** for the individual risks that are reclassified from Code 7403 to Code 7402. There should be no premium impact for any risks remaining in Code 7403, and no premium impact for the total statewide premium is expected.

Alaska Specific:

It is proposed that Alaska adopt the proposed new national Code 7402. It is also proposed that Alaska amend the phraseology for Code 7414 regarding air traffic controllers, so that references to that occupation are eliminated. It is expected that the creation of new Code 7402 will result in a significant premium **decrease** for the individual risks that are reclassified from Code 7414 to Code 7402. There should be no premium impact for any risks remaining in Code 7414 or for risks moving from Code 8810 into new Code 7402. No premium impact for the total statewide premium is expected.

Virginia Specific:

It is proposed that Virginia adopt the proposed new national Code 7402. Currently, air traffic controllers are assigned to Code 8810 in Virginia. There should be no premium impact for any risks moving from Code 8810 into new Code 7402, and no premium impact for Code 8810 or for the total statewide premium is expected.

IMPLEMENTATION

In order to implement this item, the attached exhibits detail the changes required in NCCI's *Basic Manual*.

- **Exhibits 1 and 2** contain the changes to national classification treatments and Appendix E.
- **Exhibit 3** contains the changes to state special classification treatments. **FILING NOTE:** The highlighted changes in the phraseology for Code 8810 are a result of Item B-1408, which has been approved in Virginia effective 12:01 a.m. on April 1, 2010. The ~~strike through~~ change in the phraseology for Code 8810 is the proposed content for Item B-1418.

NCCI recommends that the proposed change be implemented **effective 12:01 a.m. on January 1, 2010 applicable to new, renewal, and outstanding voluntary and assigned risk policies.**

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change. This item filing will be implemented for new and renewal policies only.

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In North Carolina, this item filing will be implemented effective 12:01 a.m. on April 1, 2010, applicable to new, renewal, and outstanding policies.

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 April 1, 2010.

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**ITEM B-1418—REVISIONS TO THE BASIC MANUAL CLASSIFICATIONS FOR AIR TRAFFIC
CONTROLLERS UNDER CONTRACT WITH THE FAA**

**EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CLASSIFICATIONS**

7402 AVIATION—AIR TRAFFIC CONTROLLERS UNDER CONTRACT WITH THE FAA

Code 7402 is applicable to air traffic controllers under contract with the Federal Aviation Administration (FAA).

**ITEM B-1418—REVISIONS TO THE BASIC MANUAL CLASSIFICATIONS FOR AIR TRAFFIC
CONTROLLERS UNDER CONTRACT WITH THE FAA**

**EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CLASSIFICATIONS**

7403 AVIATION—AIRPORT OR HELIPORT OPERATOR—ALL EMPLOYEES & DRIVERS

Applies to ground personnel such as, but not limited to, maintenance and service personnel, information clerks [] and security personnel. Ticket sellers or information clerks away from airport locations to be separately rated as Code 8810—Clerical. Members of flying crews to be separately rated under the appropriate aviation classification.

**ITEM B-1418—REVISIONS TO THE BASIC MANUAL CLASSIFICATIONS FOR AIR TRAFFIC
CONTROLLERS UNDER CONTRACT WITH THE FAA**

**EXHIBIT 1—NATIONAL CLASSIFICATIONS
BASIC MANUAL—2001 EDITION
CLASSIFICATIONS**

7403 AVIATION—ALL OTHER EMPLOYEES & DRIVERS

Applies to ground personnel such as, but not limited to, maintenance and service personnel, cargo and baggage handlers, ticket sellers or information clerks at airports [] and security personnel. The personnel may be employed by scheduled air carriers, commuter air carriers, supplemental air carriers, or any other commercial aviation operators, including helicopter services. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical. Members of flying crews to be separately rated under the appropriate aviation classification.

ITEM B-1418—REVISIONS TO THE BASIC MANUAL CLASSIFICATIONS FOR AIR TRAFFIC CONTROLLERS UNDER CONTRACT WITH THE FAA

EXHIBIT 2

BASIC MANUAL—2001 EDITION

APPENDIX E

CLASSIFICATIONS BY HAZARD GROUP

REFERENCE TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Class Code	Applies In:±	Discontinued In:±	Hazard Group A–G	Hazard Group 1–4**
7402	AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV		C	2

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

** Carriers that elect to use NCCI's four hazard groups must make a filing in each state to adopt the four hazard groups referenced in this item. Item R-1401 has been filed to eliminate these four hazard groups, effective 1/1/2010. In states that have approved that filing, the four hazard groups in this column will not be applicable to this filing.