

Current Phraseology

New Phraseology

RULES

RULE IV - CLASSIFICATIONS
Item 4 of the Information Page

RULE IV - CLASSIFICATIONS
Item 4 of the Information Page

A. GENERAL EXPLANATION

A. GENERAL EXPLANATION

The object of the classification system is to group employers into classifications so that each classification reflects the exposure common to those employers. Subject to certain exceptions described later in this rule, it is the business of the employer within Texas that is classified and not the separate occupations or duties of individual employees within the business.

No change

Changes in classifications of current or expired policies require the approval of the Texas Department of Insurance. The approval will be contingent upon receipt of reliable information from the insurance carrier, the insured, or agent of record. A written description of the insured's operations must accompany all requests for changes in classification. (Refer to Procedures Section of the Appendix)

~~[Changes in classifications of current or expired policies require the approval of the Texas Department of Insurance. The approval will be contingent upon receipt of reliable information from the insurance carrier, the insured, or agent of record. A written description of the insured's operations must accompany all requests for changes in classification. (Refer to Procedures Section of the Appendix)]~~

A carrier may select classification codes to use when issuing a quote or when issuing a new or renewal workers' compensation policy. A carrier may change, add, and delete classification codes on a workers' compensation policy. A carrier may only use classification codes contained in this manual. (Refer to the Procedures Section of the Appendix.)

Schedule rating plans, negotiated modifiers and selective placement of an insured with an insurance company within a company group may be factors used to compensate an employer having employees working under more than one classification.

No change

Current Phraseology

New Phraseology

PROCEDURES

B. CLASSIFICATIONS

1. Policies shall show classifications approved for the expiring insurance and payrolls updated to reflect current conditions.
2. Changes in classifications of current insurance may be made only after approval by this Department. The approval will be conditioned upon receipt by this Department of reliable information from the insurance carrier, the insured, or inspection. A memorandum briefly describing the operations must accompany any classification change or addition. This Department may require the insurance carrier or the insured to submit sworn statements. The effective date of the change in classifications, if any, shall be clearly shown on the reclassification endorsement.
3. Classifications applicable to a policy covering an employer not previously a subscriber to the Workers' Compensation Law may be selected in accordance with the best judgment of the carrier. Classifications may be subject to change by this Department.
4. Where the insurance carrier is in doubt as to the classifications applicable to any given operation which is not described by a classification appearing on the policy, this Department will determine the classification.
5. For risks involving more than one specific location, each classification other than the Standard Exceptions shall be designated against the location to which it applies. Likewise, when a policy covers more than one entity, each entity with corresponding classifications shall be separately scheduled.

B. CLASSIFICATIONS

- ~~[1. Policies shall show classifications approved for the expiring insurance and payrolls updated to reflect current conditions.]~~
- ~~[2. Changes in classifications of current insurance may be made only after approval by this Department. The approval will be conditioned upon receipt by this Department of reliable information from the insurance carrier, the insured, or inspection. A memorandum briefly describing the operations must accompany any classification change or addition. This Department may require the insurance carrier or the insured to submit sworn statements. The effective date of the change in classifications, if any, shall be clearly shown on the reclassification endorsement.]~~
1. A carrier may change, add, and delete classification codes on a workers' compensation policy. A carrier may only use classification codes contained in this manual.
- ~~[3. Classifications applicable to a policy covering an employer not previously a subscriber to the Workers' Compensation Law may be selected in accordance with the best judgment of the carrier. Classifications may be subject to change by this Department.]~~
2. A carrier may select classification codes to use when issuing a quote or when issuing a new or renewal workers' compensation policy. A carrier may only use classification codes contained in this manual.
- ~~[4. Where the insurance carrier is in doubt as to the classifications applicable to any given operation which is not described by a classification appearing on the policy, this Department will determine the classification.]~~
- 3[5]. For risks involving more than one specific location, each classification other than the Standard Exceptions shall be designated against the location to which it applies. Likewise, when a policy covers more than one entity, each entity with corresponding classifications shall be separately scheduled.