

No. 2019- 6043

**Official Order
of the
Texas Commissioner of Insurance**

Date: AUG 13 2019

Subject Considered:

**National Council on Compensation Insurance Filing
*Item B-1437—Revisions to Basic Manual Classifications and Appendix E -
Classifications by Hazard Group, including Aircraft Maintenance***

The subject of this order is the adoption of amendments to the National Council on Compensation Insurance (NCCI) *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*.

Background

The workers' compensation classification 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 to determine if any should be considered for elimination or reassignment because of low credibility. Low credibility refers to classifications with insufficient premium to develop meaningful data for ratemaking purposes.

NCCI also evaluates industries to determine if the classification treatment of activities within these industries need to be revised.

NCCI filed *Item B-1437—Revisions to Basic Manual Classifications and Appendix E - Classifications by Hazard Group, including Aircraft Maintenance* (SERFF Tracking No. NCCI-131651525) on September 20, 2018, to amend the NCCI *Basic Manual* for classifications they identified as having low credibility. *Item B-1437* also revises the classification treatment of the aircraft maintenance and repair industry.

TDI adopts the following findings of fact and conclusions of law.

Findings of Fact

1. NCCI filed *Item B-1437* on September 20, 2018, using the procedure adopted in Commissioner's Order No. 3142 for revisions to NCCI's workers' compensation manuals.
2. *Item B-1437* is a national filing. For Texas, *Item B-1437* makes the following changes:
 - Eliminates the following national and state special classifications with low credibility and reassigns or replaces them with other national classifications with similar operations:
 - Code 2286 – Wool Spinning and Weaving; and adopts the national treatment for Code 2220 – Wool Spinning and Weaving.
 - Code 2670 – Glove Mfg. – Leather or Textile; and adopts the national treatment for Code 2688 – Glove Mfg. – Leather or Textile.
 - Code 4670 – Cottonseed Oil Mfg. & Drivers and Cottonseed Oil Refining & Drivers; and adopts the national treatment for Code 4683 – Cottonseed Oil Mfg. – Mechanical and Cottonseed Oil Mfg. – Solvent. The national code does not include drivers.
 - Code 4670 – Oil Mfg. – Vegetable & Drivers; and adopts the national treatment for Code 4686 – Oil Mfg. – Vegetable – Solvent Extraction Process. The national code does not include drivers.
 - Code 4360 – Motion Picture – Production – In Studios or Outside – All Operations – Includes the Development of Negatives & Drivers; and adopts the national treatment for Code 7610 – Motion Picture – Production – In Studios or Outside – All Operations & Clerical Drivers. Code 7610 includes Clerical and removes the maximum payroll limitation of \$1,200.00 per week.
 - Revises Appendix E – Table of Classifications by Hazard Group to update the above codes;
 - Adds notes to the following state special phraseologies for Code 3805:
 - Aircraft Engine Mfg.
 - Aircraft Propeller Repair Shop – No Aircraft Exposure.
 - Engine Mfg. – Aircraft or Automobile.
 - Propeller Repair – Aircraft.

- Adopts phraseology for Code 7423- Aviation – Ramp Operations & Drivers; and
 - Adds a note to the phraseology for Code 3830 – Airplane Mfg. that contains a reference to Code 7423.
3. The filing, including all exhibits, is incorporated by reference into this order.
 4. On December 14, 2018, TDI published notice of the filing on its website and distributed notice of the filing to electronic news subscribers.
 5. TDI did not receive comments or hearing requests by the comment deadline.
 6. The changes in *Item B-1437* apply to new and renewal workers' compensation policies effective on and after July 1, 2020.

Conclusions of Law

1. TDI has jurisdiction over this matter under Insurance Code Article 5.96 and Sections 2051.002, 2051.201, 2052.002, 2053.002, 2053.011, 2053.051, 2053.053, and 36.001.
2. TDI gave notice in compliance with Commissioner's Order No. 3142.
3. The amendments to the NCCI *Basic Manual* are consistent with Insurance Code Article 5.96 and Chapter 2053.

Order

It is ordered that NCCI's filing, *Item B-1437—Revisions to Basic Manual Classifications and Appendix E – Classifications by Hazard Group, including Aircraft Maintenance*, for new and renewal workers' compensation policies effective on and after July 1, 2020, is approved.



Kent C. Sullivan
Commissioner of Insurance

Recommended by:



Mark Worman, Deputy Commissioner
Regulatory Policy Division

Reviewed by:



Sandra Foreman, Staff Attorney
Office of Policy Development Counsel