



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 2994 – OCTOBER 31, 2006

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: Members of the Bureau

FROM: Donna Knepper

RE: Item Number 3888 NCCI Proposal Item B-1399 Revisions to Basic Manual
Classifications for the Aviation Industry

Pursuant to ch 626, Wis. Stats., the State of the Wisconsin, Office of the Commissioner of Insurance has advised that the action taken by the Rating Committee has been approved.

Most aircraft classifications reference Federal Aviation Regulations (FAR's). These regulations define size, operation and safety rules for aircraft. Previously, aircraft containing 30 seats or less with a maximum 7,500 pound payload were considered under one category for FAR purposes, Part 135. The perception was that aircraft of such size were required to meet less rigorous operations and maintenance standards than larger aircraft. Recently, on 12-14-05, the FAA introduced a new set of rules called the "Commuter Initiatives." These initiatives dictate that all scheduled airline passenger operations with airplanes having 10 seats or more were required to operate under the same safety rules as larger aircraft. These larger airlines are referred to as FAR Part 121.

Revisions to the following aviation classifications are approved effective January 1, 2007, applicable to new and renewal business only.

- Discontinue code 7423 Air Carrier Commuter: All Other Employees & Drivers and reassign to the revised code 7403 Aviation-All Other Employees & Drivers subject to the following transition program:

Employers currently classified under code 7423 will continue applying code 7423 to renewal business issued prior to October 1, 2009. New business with an effective date of 1-1-07 or later will be assigned to code 7403. A rate for code 7423 will be promulgated as follows:

October 1, 2007 – 2/3 of the calculated rate for code 7423 plus 1/3 of the calculated rate for code 7403.

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October 1, 2008 – 1/3 of the calculated rate for code 7423 plus 2/3 of the calculated rate for code 7403.

October 1, 2009 – Code 7423 is no longer available and employers will be reassigned to code 7403. Previous exposure for code 7423 will be incorporated into the exposure for code 7403.

The d-ratio and ELR factors for code 7423 will continue to be published until 10-1-15.

- Revise code 7405 to read Aviation-Air Carrier-Scheduled, Commuter or Supplemental: Flying Crew and assign operations subject to the newly defined FAR Part 121 to the class. Revise code 7431 to read Aviation-Air Charter or Air Taxi-Flying Crew and assign operations subject to the newly defined FAR Part 135 to the class.
- The flying crew of air taxi or sightseeing operations will be reassigned from revised code 7422 Aviation-Flight Testing-Flying Crew to code 7431.
- Assign the flying crew of all helicopter operations to the newly defined code 7425 Aviation-Helicopters-Flying Crew. Code 7425 will include any helicopter operations normally conducted by fixed-wing aircraft operators.
- Air traffic controllers will be assigned to code 7403.