



Wisconsin Compensation Rating Bureau

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## CIRCULAR LETTER 3127—JULY 22, 2015

TO: Members of the Bureau

FROM: Donna Knepper

RE: Proceedings of the WCRB Governing Board  
NCCI Proposal Item B-1428—Revision to Basic Manual Classifications and  
Appendix E Classification by Hazard Group

Pursuant to ch. 626, Wis. Stat., the Office of the Commissioner of Insurance has approved NCCI Item B-1428, which impacts two industries and multiple classification codes. None of the changes involve adding new classifications, but the application of many codes are changed.

Additionally, item 3 outlines changes in phraseology for four classifications.

These amendments are effective October 1, 2015, applicable to new and renewal business only.

### **Industries:**

#### **1. Machine Shops**

Proposals

- Revise code 3629 Precision Machined Parts Mfg. NOC to remove the word “precision,” remove the tolerance requirements and add new criteria for the code.
- Add a new phraseology under code 3629: Additive Manufacturing NOC-No Assembly.
- Revise several phraseologies within code 3632 Machine Shop NOC to reflect its new definition.

Considerations: NCCI’s analysis reflects that code 3629 is commonly misclassified. Many employers assigned to this class do not qualify based on the criteria established for the class. Specifically, parts must be machined to within .001 tolerance in order for the employer to qualify under code 3629. This requirement is difficult for inspectors, auditors and agents to verify when classifying employers, due to this technical definition.

The change redefines code 3629 to apply to machine shops which produce single-piece parts, regardless of tolerance. Such single-piece parts would not require subsequent welding or

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assembly. Code 3632, then, would now be intended to apply to the manufacture or repair of machines, the repair of parts, the repair of engines that have been removed from vehicles, and general job machining.

Since both classes currently exist, they are redefined and there may be premium impact for employers who are reassigned from one class to another. It is not possible to determine the number of employers who may be impacted by this change.

<b>CODE</b>	<b>CURRENT PHRASEOLOGY</b>	<b>PROPOSED PHRASEOLOGY</b>
3629	<p><b>PRECISION MACHINED PARTS MFG NOC</b>                      (Applies only to risks where the plans or specifications require that not less than 50% of all machining operations performed by the risk shall be held to final tolerances of .001 or closer. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 3629 are conducted as a separate and distinct business.)</p>	<p><b>PRECISION MACHINED PARTS MFG NOC</b>                      (Applies only to <u>employers that machine single-piece parts for others that meet all of the following conditions:</u> <del>risks where the plans or specifications require that not less than 50% of all machining operations performed by the risk shall be held to final tolerances of .001 or closer. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to 3629 are conducted as a separate and distinct business.)</del></p> <ol style="list-style-type: none"> <li>1. <u>The employer's operations are not described by another classification.</u></li> <li>2. <u>The machined parts manufactured by the employer are not described by another classification.</u></li> <li>3. <u>The employer does not assemble any single-piece machined parts into end-product components. Assembly operations include, but are not limited to, welding, fastening, inserting, pressing, and the joining of springs, ball bearings, gears or other parts or components to any other part or component.</u></li> <li>4. <u>The employer does not perform casting, forging, stamping, forming, or fabrication.</u></li> </ol> <p><b>ADDITIVE MANUFACTURING NOC – NO ASSEMBLY</b>  <u>Applies to employers that manufacture single-piece parts for others using 3D printers or similar equipment. Also applies to finished products with multiple parts when the products are manufactured by 3D printers or similar equipment and require no additional assembly. The operations must meet all of the following conditions:</u></p> <ol style="list-style-type: none"> <li>1. <u>The employer's operations are not described by another classification.</u></li> <li>2. <u>The parts or finished products manufactured by the employer are not described by another classification.</u></li> <li>3. <u>The employer does not perform</u></li> </ol>

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		<p><u>assembly operations. Assembly operations include, but are not limited to, welding, fastening, inserting, pressing, and the joining of springs, ball bearings, gears, or other parts or components to any other part or component.</u></p> <p>4. <u>The employer does not perform casting, forging, stamping, forming, or fabrication.</u></p>
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<p>3632</p>	<p><b>MACHINE SHOP NOC</b> (Foundry operations to be separately rated.)          AUTOMOBILE CLUTCH MFG          AUTOMOBILE MACHINE SHOP (No work on vehicles. Applies to operations involving the repair of parts that have been removed from the vehicle by others. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 3632 are conducted as a separate and distinct business.)          AUTOMOTIVE MACHINE SHOPS - NO WORK ON CARS - INCLUDING CYLINDER REBORING, VALVE GRINDING, TURNING DOWN BRAKE DRUMS, REBABBITTING CONNECTING RODS          EXPLOSIVES OR AMMUNITION MFG          PROJECTILE OR SHELL MFG (Includes incidental nosing in. Not cartridge or shell case MFG Forging or casting of shapes or loading or testing with explosives to be separately rated.)          SHELL OR PROJECTILE MFG (See Explosives.)          SHIPBUILDING-IRON OR STEEL NOC &amp; DRIVERS COVERAGE UNDER STATE ACT ONLY MACHINE SHOP (Other than maintenance machine shop.)          SHIPBUILDING-NAVAL &amp; DRIVERS MACHINE SHOP (Other than maintenance machine shop.)          TOOL SHARPENING-INDUSTRIAL TOOLS          ACETYLENE GAS MACHINE MFG          AIR TOOLS MFG          AUTO PISTON MFG: MACHINING ONLY          AUTOMOBILE ACCESSORIES REPAIRING - NOT IN ENGINES          BLEACHERS-SCAFFOLDING-MFG          BOOT OR SHOE MACHINE MFG          BOTTLE &amp; CORKING MACHINE MFG          CAN MAKING MACHINERY          MANUFACTURING          CLUTCH INDUSTRIAL MFG          DISHWASHING MACHINERY MFG          FLAME SPRAYING METAL          FLOORING SURFACING MACHINE MFG          FOOD PROCESSING EQUIPMENT MFG</p>	<p><b>MACHINE SHOP NOC</b> (Foundry operations to be separately rated.) <u>Code 3632 applies to the manufacture or repair of machines, as well as to general job machining that is not otherwise classified. Applies only to shop operations performed on the premises of the employer.</u></p> <p>AUTOMOBILE CLUTCH MFG          AUTOMOBILE MACHINE SHOP (No work on vehicles. Applies to operations involving the repair of parts <u>or engines</u> that have been removed from the vehicle by others. <u>Shall Must</u> not be assigned to <u>a risk engaged in an employer that performs</u> operations described by another classification unless the operations subject to Code 3632 are conducted as a separate and distinct business. <u>Applies only to shop operations performed on the premises of the employer.</u>)          AUTOMOTIVE MACHINE SHOPS - NO WORK ON CARS - INCLUDING CYLINDER REBORING, VALVE GRINDING, TURNING DOWN BRAKE DRUMS, REBABBITTING CONNECTING RODS          EXPLOSIVES OR AMMUNITION MFG          PROJECTILE OR SHELL MFG (Includes incidental nosing in. Not cartridge or shell case MFG Forging or casting of shapes or loading or testing with explosives to be separately rated.)          SHELL OR PROJECTILE MFG (See Explosives.)          SHIPBUILDING-IRON OR STEEL NOC &amp; DRIVERS COVERAGE UNDER STATE ACT ONLY MACHINE SHOP (Other than maintenance machine shop.)          SHIPBUILDING-NAVAL &amp; DRIVERS MACHINE SHOP (Other than maintenance machine shop.)          TOOL SHARPENING-INDUSTRIAL TOOLS <u>— SHOP ONLY (Applies only to shop operations performed on the premises of the employer. Tool sharpening operations performed at the customer's location to be separately rated.)</u>          ACETYLENE GAS MACHINE MFG          AIR TOOLS MFG          AUTO PISTON MFG: MACHINING ONLY          AUTOMOBILE ACCESSORIES REPAIRING -</p>
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GRINDERS MACHINE MFG GUN ASSEMBLY ON TURRET (Including machinery) LAUNDRY MACHINERY MFG- COMMERCIAL OR HOUSEHOLD MACHINING METAL STAMPINGS MEAT CUTTER EQUIPMENT MFG PACKING MACHINE MFG PAPER BOX MACHINERY MFG PAPER FOLDING MANUFACTURING MACHINES STAMPING - MACHINING JIGS & FIXTURES STANTION MFG - FOR BARNS STOKER MFG TURRENT (GUN) ASSEMBLY VENDING MACHINE ASSEMBLY WOOD WORKING MACHINE MFG AUTOMOBILE JACK MFG - CASTING AUTOMOBILE PISTON MACHINING ONLY DEBURRING - METAL	NOT IN ENGINES BLEACHERS-SCAFFOLDING-MFG BOOT OR SHOE MACHINE MFG BOTTLE & CORKING MACHINE MFG CAN MAKING MACHINERY MANUFACTURING CLUTCH INDUSTRIAL MFG DISHWASHING MACHINERY MFG FLAME SPRAYING METAL FLOORING SURFACING MACHINE MFG FOOD PROCESSING EQUIPMENT MFG GRINDERS MACHINE MFG GUN ASSEMBLY ON TURRET (Including machinery) LAUNDRY MACHINERY MFG- COMMERCIAL OR HOUSEHOLD MACHINING METAL STAMPINGS MEAT CUTTER EQUIPMENT MFG MEAT CUTTER EQUIPMENT MFG PACKING MACHINE MFG PAPER BOX MACHINERY MFG PAPER FOLDING MANUFACTURING MACHINES STAMPING - MACHINING JIGS & FIXTURES STANTION MFG - FOR BARNS STOKER MFG TURRENT (GUN) ASSEMBLY VENDING MACHINE ASSEMBLY WOOD WORKING MACHINE MFG AUTOMOBILE JACK MFG - CASTING AUTOMOBILE PISTON MACHINING ONLY DEBURRING - METAL
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<b>CODE</b>	<b>CURRENT PHRASEOLOGY</b>	<b>PROPOSED PHRASEOLOGY</b>
3827	<b>AUTOMOBILE ENGINE MFG</b> AUTOMOBILE SHOPS - REBUILDING ENGINES ONLY - NOT IN CARS  CYLINDER GRINDER  GAS OR GASOLINE ENGINE MFG (Foundry operations to be separately rated.)  AUTO PISTON MFG: MACHINING - ASSEMBLING - INCLUDING FOUNDRY	<b>AUTOMOBILE ENGINE MFG</b> <del>AUTOMOBILE SHOPS - REBUILDING-</del> <del>ENGINES ONLY - NOT IN CARS</del>  CYLINDER GRINDER  GAS OR GASOLINE ENGINE MFG (Foundry operations to be separately rated.)  AUTO PISTON MFG: MACHINING - ASSEMBLING - INCLUDING FOUNDRY

**2. Optical Stores**

Changes:

- Revise code 8013 Optical Stores to clarify that this code applies when gross receipts from the sale of eyewear are more than 50% of total sales.
- Revise code 8832 Physician & Clerical to clarify that this code applies when gross receipts from the sale of eyewear is 50% or less of total sales.

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Considerations: Currently, Wisconsin assigns as many as three classifications to optical stores. Ophthalmologists and optometrists who perform eye exams are assigned to code 8832. Opticians and personnel who assist customers with the selection of eyewear are assigned to code 8013. Lens grinding is separately rated to code 4150 Optical Goods Mfg.

This change simplifies the classification of employers who provide optical services. Rather than as many as three class codes being assigned, most employers would belong under one class or the other. If code 8013 applies, clerical office employees could be separately rated to code 8810. Code 8832, though, includes clerical employees.

Since both classes currently exist, they are redefined for optical stores and there may be premium impact for some employers. It is not possible to determine the number of employers who may be impacted by this change.

<b>CODE</b>	<b>CURRENT PHRASEOLOGY</b>	<b>PROPOSED PHRASEOLOGY</b>
8013	<p><b>STORE JEWELRY</b> (Applies to wholesale or retail stores.)</p> <p>DIAMOND CUTTING OR POLISHING (Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8013 are conducted as a separate and distinct business.)</p> <p>OPTICAL STORES (Surface grinding of lens to be separately rated as Code 4150-Optical goods MFG NOC.)</p> <p>PRECIOUS METALS DEALER</p> <p>PRECIOUS STONE SETTING (Includes making of mountings. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8013 are conducted as a separate and distinct business.)</p> <p>STORE HEARING AID</p> <p>STORE: WATCHES AND CLOCKS</p> <p>COIN STORES</p>	<p><b>STORE JEWELRY</b> (Applies to wholesale or retail stores.)</p> <p>DIAMOND CUTTING OR POLISHING (Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8013 are conducted as a separate and distinct business.)</p> <p>OPTICAL STORES (<u>Optical stores that perform eye exams, treat eye diseases, and dispense eyewear are classified to Code 8013 when gross receipts from the sale of eyewear are more than 50%. Refer to Code 8832 when gross receipts from the sale of eyewear are 50% or less.</u> Surface grinding of lenses to be separately rated as Code 4150-OPTICAL GOODS MFG NOC.)</p> <p>PRECIOUS METALS DEALER</p> <p>PRECIOUS STONE SETTING (Includes making of mountings. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8013 are conducted as a separate and distinct business.)</p> <p>STORE HEARING AID</p> <p>STORE: WATCHES AND CLOCKS</p> <p>COIN STORES</p>

8832	<p><b>PHYSICIAN &amp; CLERICAL</b> (Employees engaged in any type of service in or about premises, other than premises used for professional purposes, are to be separately rated. Does not apply where inpatient overnight care is provided. Independent medical testing labs that analyze medical specimens are assigned to Code 4511. Testing labs that are not independent but part of a medical facility or physician's office must</p>	<p><b>PHYSICIAN &amp; CLERICAL</b> (Employees engaged in any type of service in or about premises, other than premises used for professional purposes, are to be separately rated. Does not apply where inpatient overnight care is provided. Independent medical testing labs that analyze medical specimens are assigned to Code 4511. Testing labs that are not independent but part of a medical facility or physician's office must be <del>also</del> classified to</p>
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	be also classified to Code 8832.) DENTIST & CLERICAL (Employees engaged in any type of service in or about premises, other than premises used for professional purposes, are to be separately rated.) DRUG & ALCOHOL CONSELING CENTERS (No patient care.) PHYSICAL THERAPISTS & SPEECH THERAPISTS - IN ONLY PHYSICIAN - EMERGENCY AT HOSPITAL - NOT EMPLOYED	Code 8832 <u>Physicians' offices that perform eye exams, treat eye diseases, and dispense eyewear are classified to Code 8832 when gross receipts from the sale of eyewear are 50% or less. Refer to Code 8013 when gross receipts from the sale of eyewear are more than 50%. Surface grinding of lenses to be separately rated as Code 4150 – OPTICAL GOODS MFG NOC.</u> DENTIST & CLERICAL (Employees engaged in any type of service in or about premises, other than premises used for professional purposes, are to be separately rated.) DRUG & ALCOHOL CONSELING CENTERS (No patient care.) PHYSICAL THERAPISTS & SPEECH THERAPISTS - IN ONLY PHYSICIAN - EMERGENCY AT HOSPITAL - NOT EMPLOYED
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**3. Phraseology changes:**

Revise the following phraseologies to include:

- Code 5057 Iron or Steel-Erection NOC
- Code 8726F Steamship Line or Agency-Port Employees-Superintendents, Captains, Engineers, Stewards or Their Assistants, Pay Clerks
- Code 8709F c
- Code 8719 Steamship Line or Agency-Port Employees-Talliers, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers-Coverage Under State Act Only

Codes 5057, 8726 and 8719 in Wisconsin currently have either identical phraseologies or very similar phraseologies to what is proposed. Code 8709 in Wisconsin, does not include the phraseology that is proposed.

CODE	CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY
8709F	<b>STEVEDORING: TALLIERS AND CHECKING CLERKS ENGAGED IN CONNECTION WITH STEVEDORE WORK</b> INSPECTORS, SAMPLERS, OR WEIGHERS OF MERCHANDISE ON VESSELS OR DOCKS OR RAILWAY STATIONS OR WAREHOUSES COVERAGE UNDER U.S. ACT (These classifications include mending or repacking of damaged containers. Operation of warehouses to be separately rated.)	<b>STEVEDORING: TALLIERS AND CHECKING CLERKS ENGAGED IN CONNECTION WITH STEVEDORE WORK</b> INSPECTORS, SAMPLERS, OR WEIGHERS OF MERCHANDISE ON VESSELS OR DOCKS OR RAILWAY STATIONS OR WAREHOUSES COVERAGE UNDER U.S. ACT (These classifications include mending or repacking of damaged containers. Operation of warehouses to be separately rated.) <u>STEAMSHIP LINE OR AGENCY-PORT EMPLOYEES-TALLIERS, Checking Clerks, and Employees Engaged in Mending or Repacking of Damaged Containers-Coverage Under U.S. Act</u>