



CIRCULAR LETTER 3175—June 6, 2018

TO: Members of the Bureau

FROM: Donna Knepper

RE: Proceedings of the WCRB Governing Board
Wisconsin Basic Manual Changes – Interchange of Labor

Pursuant to ch. 626, Wis. Stat., the Office of the Commissioner of Insurance has approved the following changes adopted by the Governing Board.

The following changes were adopted effective October 1, 2018. Included are both redline and clean copy versions.

2. ~~Interchange of Labor~~

~~Some employees, who are not miscellaneous employees, may perform duties directly related to more than one classification. An example is an employee who from time to time interchanges between operations subject to more than one classification. When there is such an interchange of labor, the entire payroll of employees who interchange shall be as signed to the highest rated classification representing any part of their work.~~

Exceptions to E.2. above:

~~For construction, erection, stevedoring, part-time aircraft operations in connection with Code 7421 – Aircraft Operations, or trucking, when such operations constitute a secondary business conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to more than one classification, provided the entries on the original records of the insured disclose an allocation of each such individual employee's payroll. An estimated or percentage allocation of payroll is not permitted.~~

~~Code 8810 – Clerical and Code 8742 – Outside Salespersons and code 7380 – Drivers, Chauffeurs, Messengers, and Their Helpers are not available for division of payroll under this rule.~~

2. Interchange of Labor

Some employees may perform duties directly related to more than one properly assigned classification according to Rule IV E. Their payroll may be divided among the properly assigned classifications provided that:

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- a. The classifications can be properly assigned to the employer according to the rules of the classification system, and
- b. The employer maintains proper payroll records, which show the actual payroll by classification for that individual employee.
 1. Records must reflect actual time spent working within each job classification and an average hourly wage comparable to the wage rates for such employees within the employer's industry.
 2. Estimated or percentage allocation of payroll is not permitted.

Note: If payroll records do not show the actual payroll applicable to each classification, the entire payroll of the individual employee must be assigned to the highest rated classification that represents any part of his or her work.

- c. Payroll for holiday, vacation, sick pay, overtime and all other forms of payroll that are not directly attributable to a specific classification code must be allocated to the classification code with the greatest amount of payroll applicable to the individual employee.

If none of the classification codes applicable to the employee has the greatest amount of payroll, the payroll for holiday, vacation, sick pay, overtime and all other forms of payroll that are not directly attributable to a specific classification code must be allocated to the highest rated classification code applicable to the employee.

- d. Some employees qualify for division of payroll between two or more basic classification codes and also engage in operations that are classified by Codes 7380, 8810, 8742, 8748 or 8871. The payroll for these standard exception operations must be allocated to the basic classification code with the largest amount of payroll applicable to that employee.

Exceptions to Rule IV E.2.:

- a. Code 7380 – Drivers, Chauffeurs, Messengers, and Their Helpers NOC – Commercial, Code 8810 – Clerical Office Employees, Code 8742 – Salespersons or Collectors – Outside, Code 8871 – Clerical Telecommuter Employees, and Code 8748 – Automobile Salespersons are not available for division of payroll under this rule. However, when an interchange of labor exists between Code 8810 and Code 8871:
 - Code 8871 will be assigned when the employee spends more than 50% of the time worked telecommuting as described by Rule IV B.2.f.
 - Code 8810 will be assigned when the employee spends 50% or less of the time worked telecommuting as described by Rule IV B.2.f.
- b. The distribution of payroll for the employee may result in no single basic classification code that represents the largest amount of that employee's payroll.

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In such cases, the payroll included in the standard exception codes (7380, 8810, 8742, 8748 and 8871) will be assigned to the highest rated classification code that represents any part of the employee's work.

c. This rule does not apply to miscellaneous employees. Refer to Rule IV E. 1.