



## CIRCULAR LETTER 3222—SEPTEMBER 29, 2020

TO: Members of the Bureau

FROM: Jaclyn de Medicci

RE: Proceedings of the WCRB Governing Board  
NCCI Proposal Item B-1438 Revisions to the Basic Manual  
Class Code Phraseology Changes

Pursuant to ch. 626, Wis. Stat., the Office of the Commissioner of Insurance has approved the following changes adopted by the Governing Board. The changes are effective 10-1-20, applicable to new and renewal business only.

NCCI Item B-1438 proposed updates to the phraseology language in the Basic Manual and Class Code Classifications for Oil and Gas Field Operations.

### **Basic Manual Changes**

#### Rule IV C. CLASSIFICATION WORDING.

##### 3. Words and Phrases

- f. **No or Not.** A classification which includes a restrictive phrase beginning with “no” or “not” shall not apply to any ~~risk~~ employer that conducts any operation described in the restrictive phrase.

#### Exceptions to 3.f. above

- 1) For mercantile businesses, such as dealers or stores, or for mining, construction or oil and gas field operations, ~~businesses~~, this rule applies to each location.

- 2) ~~For construction operations, this rule applies to each job or location.~~

3)

#### Example:

Code 8106 – Iron or Steel Merchant & Drivers – Not applicable to junk dealers or iron or steel scrap dealers.

This classification shall not be assigned to a steel merchant that also deals in junk. That risk shall be assigned to code 8263 – Junk Dealers.

#### **RULE IV D. ASSIGNMENT OF CLASSIFICATIONS**

##### 8. Construction or Erection or Oil and Gas Field Operations

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Each distinct type of construction ~~or erection~~, or oil and gas field operation at a job or location shall be assigned to the classification that specifically describes such operation provided separate payroll records are maintained for each operation.

Any such operation for which separate payroll records are not maintained shall be assigned to the highest rated classification that applies to the job or location where the operation is performed.

A separate construction ~~or erection~~, or oil and gas field classification shall not be assigned to any operation that is within the scope of another classification assigned to such a job or location.

**Rule IV G. CHANGES IN CLASSIFICATIONS OR RATES**

1. Changes in classification due to changes in an employer's operations will be applied as of the date the change in operations occurred.
2. Corrections in classifications that result in a decrease in premium, whether determined during the life of the policy or on audit, must be applied retroactively to the inception of the policy. In addition, the experience modification will be recalculated.
3. Corrections in classifications that result in an *increase* in premium, shall be applied as follows:

<b>If the effective date of change is.....</b>	<b>Then the increase is applied.....</b>
During the first 120 days of the policy term	Retroactively to the inception of the policy.
After the first 120 days of the policy	Only to a renewal policy, if any

The effective date of change, for purposes of the time periods noted in the table above, is the date a carrier applies a classification change.

**Exceptions to the table above:**

- a. If the correction in classification is the result of a misrepresentation or omission by the employer, its agents, employees, officers or directors, then the correction must be applied from the date on which the change would have applied if such misrepresentation omission had not been made.
- b. The above rules do not apply to the following types of operations; therefore, classifications are assigned and applied at any time during the term of the policy or at audit:

- Construction or erection
- Oil and gas field operations
- Employee Leasing
- Labor contracting
- Temporary labor services
- Operations assigned to standard exception classifications
- General exclusions

**Class Code Phraseology Changes**

Code	Phraseology
6206	<ul style="list-style-type: none"> <li>• <b>OIL OR GAS WELL: CEMENTING &amp; DRIVERS</b> - Code 6206 must not be assigned at the same job or location to which Code 6235 applies because cementing would be considered incidental to drilling operations or the installation of casing. <u>Includes flowback services when performed in support of fracturing operations.</u></li> <li>• <b>OIL OR GAS WELL: ACIDIZING-ALL EMPLOYEES &amp; DRIVERS</b> - Code 6206 must not be assigned at the save job or location to which Code 6235 applies because acidizing would be considered incidental to drilling operations. <u>Includes flowback services when performed in support of fracturing operations.</u></li> <li>• <b>WATER WELL ABANDONMENT &amp; DRIVERS ( GENERALLY CLOSED BY CEMENTING)</b></li> </ul>
6216	<ul style="list-style-type: none"> <li>• <b>OIL OR GAS LEASE WORK NOC BY SPECIALIST CONTRACTOR &amp; DRIVERS</b> - Includes <del>clearing land, building lease roads, slush pits, levees or fire walls;</del> the laying or taking up flow lines and water lines; installing central pumping units; <u>and</u> tank truck operations servicing oil or gas well sites <del>and lease beautification work</del>. The following operations are not included in Code 6216 and must be separately rated: pipeline construction, tank building; rig or derrick erecting or dismantling; installation or recovery of casing; drilling, cementing, cleaning and swabbing of wells or well shooting. Not applicable to owner/operators of an oil or gas lease operation, or to a risk under contract with the lease owner that performs all operations necessary to work an oil or gas lease.</li> </ul> <p><u>Drill site preparations including but not limited to clearing land; building lease roads, slush pits, levees, or fire walls; and lease beautification or dirt work performed by a specialist contractor are classified to codes applicable to these operations, provided the services are performed prior to rig erection. Specialist contractors who perform these services during or after rig erection are assigned to Code 6216.</u></p>
6235	<ul style="list-style-type: none"> <li>• <b>OIL OR GAS WELL: DRILLING OR REDRILLING &amp; DRIVERS</b> - Code 6235 <del>is applicable</del> <u>applies</u> to drilling or redrilling oil or gas wells and includes erection or dismantling of drilling rigs, formation fracturing, cementing, <del>and</del> installation of casing, <u>and flowback services</u> when such operations are performed by employees of the drilling company. Cleaning or swabbing of a new well that has not yet been completed is included <del>under</del> <u>in</u> Code 6235 whether performed by employees of the driller or by a specialist contractor.</li> <li>• <b>DRILLING OR REDRILLING OF OIL OR GAS WELLS &amp; INSTALLATION OF CASING, DRIVERS</b> <u>Includes flowback services when performed during drilling or redrilling operations.</u></li> </ul>

	<ul style="list-style-type: none"><li>• <b>OIL OR GAS WELL: SHOOTING &amp; DRIVERS</b> <u>Includes flowback services when performed during drilling or redrilling operations.</u></li></ul>
6237	<ul style="list-style-type: none"><li>• <b>OIL OR GAS WELL: INSTRUMENT LOGGING OR SURVEY WORK &amp; DRIVERS</b> - Not applicable to wire line-type work that involves the installation, repair, or servicing of equipment used for drilling purposes. <u>Includes flowback engineers who only monitor and log flowback pressure.</u></li></ul>