THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS
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March 3, 1993

CIRCULAR LETTER NO. 1628

To All Members and Subscribers of the Bureau:

ITEM B-1280 ASBESTOS REMOVAL OPERATIONS

The Commissioner of Insurance has approved the above Item, as adopted by our committees, effective 12:01 A.M., March 1, 1993, applicable to new and renewal policies only.

The attached up-dated Filing Memorandum explains the purpose of this Item which is to establish new classifications for asbestos abatement work.

Two separate and distinct classifications are being established for asbestos related work for contractors engaged in asbestos removal, replacement, repair, enclosure or encapsulation. An asbestos contractor engaged exclusively in pipe and boiler work at a specific job or location will be assigned to Code 5472. An asbestos contractor performing any other type of asbestos work at a job or location will be classified under Code 5473.

The rates and rating values associated with Codes 5472 and 5473 will be those of Codes 5183 and 5479 respectively, until such time as the new classifications develop sufficient credibility to be separately rated.

The rates and rating values for the new classifications effective March 1, 1993 are as follows:

<table>
<thead>
<tr>
<th>Code Nos.</th>
<th>Rate</th>
<th>Loss Constant</th>
<th>Minimum Premium</th>
<th>Expected Loss Rate</th>
<th>D Ratio</th>
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<tr>
<td>5472</td>
<td>11.57</td>
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<td>500.</td>
<td>4.09</td>
<td>.23</td>
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<td>5473</td>
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<td>40.</td>
<td>500.</td>
<td>8.87</td>
<td>.21</td>
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Revised manual pages will be distributed in due course.

NORMAN R. FONTAINE
Vice President of Industry Affairs

NF/dc 3367
Enclosure
ITEM B-1280

FILING MEMORANDUM

ITEM B-1280 ASBESTOS REMOVAL OPERATIONS

(To become effective 12:01 A.M., March 1, 1993 applicable to new and renewal business only.)

Purpose:

The purpose of this item is to establish new, separate and distinct classifications for asbestos abatement work.

Background:

Asbestos has been used in buildings for thermal insulation, fire proofing and in various building materials, such as floor coverings and ceiling tile, granular and corrugated paper pipe wrap, and acoustical and decorative treatment for ceilings and walls. A very popular product from the turn of the century to the 1970's, asbestos became regulated by the EPA due to growing concerns about health issues, especially the cancers associated with exposure to asbestos and asbestos products.

Action has been taken by the EPA to ban the use of asbestos by implementing the phase down rule. This rule applies to new product manufacture, importation and processing, and essentially bans the majority of products containing asbestos by 1997.

Damaged, disturbed or deteriorated asbestos materials can become hazardous as over time they release fibers into a building’s air. These potential hazards determine the extent of "asbestos pollution" and the necessity of timely removal of asbestos-containing materials from buildings.

As no specific asbestos removal classification codes presently exist, two codes have been assigned by analogy to such operations. Contractors engaged in asbestos removal other than removal from pipes and boilers are assigned to Code 5479 (Insulation Work NOC and Drivers). The removal of asbestos from pipes and boilers is assigned to Code 5183 (Plumbing NOC & Drivers).

Contractors engaged in asbestos abatement work present an exposure that is readily identifiable. Asbestos removal classifications currently exist in some Independent jurisdictions, and have produced significant payrolls. It is anticipated that such operations would likely produce significant payrolls in NCCI
jurisdictions as well. Additionally, it is believed that separate classifications should be established for asbestos related work due to the inherent disease exposure involved which could have a negative impact on the rate for insureds performing non-asbestos related work presently assigned to Codes 5183 and 5479.

Proposal:

It is proposed that two separate and distinct classifications for asbestos related work be established for contractors engaged in asbestos removal, replacement, repair, enclosure or encapsulation.

An asbestos contractor engaged exclusively in pipe and boiler work at a specific job or location will be assigned to Code 5472. An asbestos contractor performing any other type of asbestos work at a job or location will be classified under Code 5473.

The rates and rating values associated with Codes 5472 and 5473 will be those of Codes 5183 and 5479, respectively, until such time as the new classifications develop sufficient credibility to be separately rated.

It is further proposed that these classifications become effective 12:01 A.M., March 1, 1993 applicable to new and renewal business only.

Impact:

This item will assure the equitable treatment of asbestos removal operations. It will have no impact on present premium levels.

Implementation:

In order to implement this item, the attached Exhibit I outlines the changes which will be required in the Basic Manual for Workers Compensation and Employers Liability Insurance and in the Retrospective Rating Plan Manual.
Exhibit I

BASIC MANUAL

Present Phraseology

PART TWO -- CLASSIFICATIONS

NONE

Proposed Phraseology

PART TWO -- CLASSIFICATIONS

ASBESTOS REMOVAL OPERATIONS:

ASBESTOS CONTRACTOR - PIPE AND BOILER WORK EXCLUSIVELY................. 5472

Employees engaged in asbestos removal, replacement, repair, enclosure or encapsulation & Drivers.

ASBESTOS CONTRACTOR - NOC............. 5473

Employees engaged in asbestos removal, replacement, repair, enclosure or encapsulation & Drivers.

RETROSPECTIVE RATING PLAN MANUAL

Present Phraseology

PART FOUR -- F
TABLE OF CLASSIFICATIONS BY HAZARD GROUP

<table>
<thead>
<tr>
<th>Code No.</th>
<th>Hazard Group</th>
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</thead>
<tbody>
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</tr>
<tr>
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</table>

Proposed Phraseology

PART FOUR -- F
TABLE OF CLASSIFICATIONS BY HAZARD GROUP

<table>
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<th>Code No.</th>
<th>Hazard Group</th>
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