



**THE WORKERS' COMPENSATION  
RATING AND INSPECTION BUREAU**

**November 1, 2007**

**CIRCULAR LETTER NO. 2074**

**To All Members and Subscribers of the Bureau:**

**REVISIONS TO THE MASSACHUSETTS WORKERS COMPENSATION  
AND EMPLOYERS LIABILITY INSURANCE MANUAL: CLASSIFICATIONS  
FOR THE AVIATION INDUSTRY**

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The Massachusetts Division of Insurance approved the above captioned item, which clarifies (by amending or combining) classifications in the Massachusetts Workers Compensation and Employers Liability Insurance Manual (Manual) for the aviation industry to reflect current business and industry needs.

The attached Filing Memorandum contains the Purpose, Background, Proposal, Impact and Implementation of this Item, and sample Manual pages.

These changes are applicable to new and renewal policies effective on or after 12:01 A.M., January 1, 2008.

The revised Manual pages reflecting the changes necessitated by approval of this Item will be distributed in due course. The Internet-based versions of the affected MA Manuals, accessible at [www.wcribma.org](http://www.wcribma.org), will be updated soon.

Please contact Dan Crowley (617-646-7594 or [dcrowley@wcribma.org](mailto:dcrowley@wcribma.org)) if you have any questions.

**DANIEL M. CROWLEY, CPCU**  
Vice President – Customer Services

Attachments



**THE WORKERS' COMPENSATION  
RATING AND INSPECTION BUREAU**

October 2, 2007

**Filing Memorandum**

**REVISIONS TO THE MASSACHUSETTS WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE MANUAL:  
CLASSIFICATIONS FOR THE AVIATION INDUSTRY**

**Purpose**

This filing proposes to clarify (by amending or combining) classifications in the Massachusetts Workers Compensation and Employers Liability Insurance Manual ("MA Manual") for the aviation industry to reflect current business and industry needs.

On January 4, 2006, the National Council on Compensation Insurance, Inc. ("NCCI") filed Item B-1399 - *Revisions To The Basic Manual Classifications For The Aviation Industry* on behalf of workers compensation insurers in 35 states and the District of Columbia. With NCCI's permission, the Workers' Compensation Rating & Inspection Bureau of Massachusetts ("Bureau") has modified NCCI's Filing Memorandum (Exhibit I) and proposes to adopt NCCI's filing, with amendments to allow for the combining of specific Massachusetts classification distinctions. As such, this filing includes copyrighted material of the NCCI, to which NCCI reserves all rights.

**Background**

The phraseologies for Codes 7403, 7405, 7423, and 7431 make reference to Federal Aviation Regulations (FARs) covering the size, operation, and safety rules for aircraft. These regulations can and have changed over time, causing confusion in the proper classification for various aircraft operations. Most commercial aircraft operate under Title 14, Part 135 or 121 of the FARs.

On December 14, 1995, the Federal Aviation Administration (FAA) introduced a new set of rules referred to as the "Commuter Initiatives." Prior to these initiatives, Part 135 of the FARs was defined as aircraft with 30 seats or less and a maximum 7,500-pound payload. Per the FAA, "It was perceived by many in the aviation community that due to the types of operations and configurations of the aircraft, commuter aircraft had to meet less rigorous operations and maintenance standards. Under the final Commuter Initiatives, all scheduled airline passenger operations with airplanes having 10 seats or more were required to be operated under the same safety rules that apply to larger (FAR's Part 121) airplanes."

**Proposal**

The focus of the proposed changes for this industry is to combine operations into classifications that reflect the exposures common to those operations. It is proposed that effective November 1, 2007, the classifications indicated in the attached exhibits be implemented in Massachusetts as shown.

The WCRIB recommends the adoption of the following national classification treatment as outlined in NCCI's filed *Item B-1399 - Revisions To The Basic Manual Classifications For The Aviation Industry*:

1. The industry name, which is used to link the related classification wording, will be changed to **Aviation** in lieu of Aircraft or Helicopter Operation.
2. Discontinue Code 7423—Aircraft or Helicopter Operation—Air Carrier—Commuter—All Other Employees & Drivers and reassign all insureds having operations previously under Code 7423 to the revised phraseology for existing **Code 7403—Aircraft or Helicopter Operation—Air Carrier—Scheduled or Supplemental—All Other Employees & Drivers**. The operations, hazards and rates associated with Codes 7403 and 7423 are very similar. **Airport or heliport operations will also be reassigned to Code 7403.**
  - Code 7403 will apply to ground personnel for all aviation operations
  - Code 7403 will apply to Airport or Heliport Operator—All Other Employees & Drivers

**Impact:** An actuarial review was conducted using the current approved rate filing experience. Based on the result of this review, a weighted average of the current rate for Code 7403 (\$4.12) and Code 7423 (\$3.83) is proposed to minimize the impact on statewide premiums. The proposed new rate for Code 7403 would be 4.06; new ELR would be 2.08; and the new D-Ratio would be 0.18.

3. Revise **Code 7405—Aircraft or Helicopter Operation—Air Carrier—Scheduled or Supplemental—Flying Crew to include “all Part 121” operations**, while **Code 7431—Aircraft or Helicopter Operation—Air Carrier—Commuter—Flying Crew will be revised to include operations other than Part 121**. This will eliminate the confusion created by potential changes to FARs or changes to a carrier's fleet with regard to aircraft capacities because the classifications will focus on an **insured's principal business** in lieu of the types of aircraft used to perform their activities. The aircraft industry always follows the FAA's guidelines, as should Massachusetts distinctions.

**Impact:** The Bureau does not have the ability to identify the specific risks that would be impacted because of the changes to the FARs. Therefore, the resulting reassignment of individual risks payrolls can not be determined. Consequently, no modification to the rates is proposed for Code 7405 and Code 7431. The class codes' rates will eventually reflect the new phraseology and the experience of all risks with payroll and loss experience assigned to the classification. Since the exposures subject to reassignment are believed to be relatively few and the current rate differential between Code 7405 (\$0.80) and 7431 (\$1.68) is small, no material impact on statewide premium is expected.

4. Reassign the flying crew of air taxi or sightseeing operations to **Code 7431** instead of Code 7422—Aircraft or Helicopter Operation – NOC- Other Than Helicopters – Flying Crew. Air charter and air taxi services provide on-demand air transportation for individuals or small groups. The companies fly to most of the major airports in the United States, and also to many smaller airports. Chartered flights have a less favorable safety record than those operated by scheduled commercial airlines. Part of the reason is that charter operators can range from very sophisticated to inexperienced, as well as using ultramodern aircraft versus relying on outdated models.

**Impact:** The Bureau does not have the ability to identify the specific risks that would be impacted by the proposed change. Therefore, the resulting reassignment of individual risks payrolls can not be determined. Consequently, no modification to the rate is proposed for Code 7422 and Code 7431. The class codes' rate will eventually reflect the new phraseology and the experience of all risks with payroll and loss experience assigned to the classification. Since the exposures subject to

reassignment are believed to be relatively few, no material impact on statewide premium is expected.

5. Assign the flying crew of all helicopter operations to newly defined **Code 7425**. Helicopters are very versatile aircraft, allowing the pilot access to three-dimensional space. This means that a helicopter can move up and down, forward and backward, and side to side, not to mention hover in midair. The flexibility of a helicopter makes it more complicated to fly than an airplane, and requires the pilot to think in three dimensions and use both arms and legs constantly to stay airborne. Currently, the wording for Code 7425—Aircraft or Helicopter Operation—NOC—Helicopters—Flying Crew, instructs the user to classify the nature of the operation in lieu of the nature of the aircraft when a helicopter is performing functions normally performed by a fixed-wing aircraft. The analysis of this industry indicates that helicopters are more difficult, and thus potentially more hazardous, to operate. Thus, all helicopter operations should be assigned to Code 7425.

**Impact:** This change is expected to better align all **helicopter operations with their associated work hazards given the nature of the aircraft**. Currently, Code 7425 is “A” rated, with only 2 qualifying risks assigned on the basis of the operation performed, as opposed to the proposed change that is based on the nature of the aircraft performing a function. Accordingly, the resulting reassignment of individual risks payrolls due to this clarification can not be determined with absolute certainty because of the inability to identify all of the specific risks that would be impacted in Massachusetts. Although it is not possible to identify all of the specific risks that would be impacted, an attempt was made to identify those risks operating helicopters. The Bureau’s actuarial review consisted of analyzing individual risk data based on five years of exposure for the following aircraft classification codes: Codes 7409, 7418, 7420, 7421 and 7422. Based on the results of this analysis, the weighted average rate of 2.32, an ELR of 0.95 and D-Ratio of 0.12 were developed.

6. Air traffic controllers will be assigned to newly defined **Code 7403—Aviation—Airport or Heliport Operator—All Employees & Drivers**. Their responsibilities and duties are essential at a majority of airports.

**Impact:** This item proposes that air traffic controller operations be assigned to newly defined Code 7403 instead of Code 8810—Clerical Office Employees NOC. Most air traffic controllers are federal employees, so this portion of the recommendation is not expected to impact many risks. The specific impact cannot be determined definitively using any currently available data source. The actual reassignment of payroll due to this change is expected to be minimal. No modifications or adjustments to filed rates are proposed for this portion of the recommendation. The class code’s rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

The WCRIB also recommends the following related changes which were not part of NCCI’s filed *Item B-1399 - Revisions To The Basic Manual Classifications For The Aviation Industry*:

1. Discontinue Code 7430z and reassign any insureds that may ever develop such flying crew operation exposures to the revised phraseology for existing **Code 7422**. Code 7422 will apply to the flying crew of aircraft manufacturers engaged in flight testing of aircraft manufactured under an approved type certificate or flight testing prototype or experimental aircraft.

**Impact:** This change will have no premium impact because Code 7430z does not currently have any risks assigned to it and has been inactive for a long period of time. The “z” designation = “Classification potentially available. If needed, Home Office should contact the MA Bureau”. With respect to the status of Code 7430z in Massachusetts, it is important to note that no published rates or rating values have ever been issued by this Bureau since it was approved on May 17, 1949. Consequently, no modification to the rate is proposed or required for Code 7422. However, the class

code's rate would eventually reflect the new phraseology and the experience of any risks payroll and loss experience assigned to the classification, should any ever develop.

2. Discontinue Code 7409—Aircraft or Helicopter Operation—Aerial Application, Seeding, Herding, or Scintillometer Surveying—Flying Crew and Code 7418—Aircraft or Helicopter Operation—Patrol, Photography Other Than Mapping or Survey Work: Flying Crew and reassign all insureds having flying crew operations previously under Code 7409 and Code 7418 to the revised phraseology for existing **Code 7420—Aircraft or Helicopter Operation—Public Exhibition Involving Stunt Flying, Racing, or Parachute Jumping—Flying Crew.**

- Code 7420 will apply to the flying crew of aerial applicators, seeding, herding, and scintillometer surveying and those engaged in patrol, photography other than mapping or survey work.
- Code 7420 will apply to stunt flying, racing, or parachute jumping
- Code 7420 will apply to aerial firefighting
- The rate and rating values for Code 7420 will continue to be determined on combined data of Codes 7409, 7418 and 7420.

**Impact:** The rate for Code 7409 and Code 7418 are currently the same as a consequence of these classes being already combined with Code 7420 for class ratemaking purposes. These classes are grouped because of the limited amount of exposure for any one of these classes. Therefore, the proposed rate for Code 7420 would continue to be the current rate of 8.11, ELR of 3.04 and D-Ratio of 0.11. Since the existing rates for Code 7409 and Code 7418 are the same as the proposed new rate for the combined class code, Code 7420, there is no premium impact.

### **Implementation**

In order to implement this item, the proposed changes, as detailed in the attached Exhibits II, III and IV will be included in the following manuals.

- ① **Massachusetts Workers Compensation and Employers Liability Insurance Manual - Rules, Classification, Massachusetts Table of Classifications by Hazard Group and Rate Section.**
- ② **Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance - Table of Expected Loss Rates and Discount Ratios [MA].**

**NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.**  
(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN,  
KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI,  
SC, SD, TN, UT, VA, VT)

## FILING MEMORANDUM

### **ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION INDUSTRY**

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#### **PURPOSE**

The purpose of this item is to clarify, eliminate, or combine classifications in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance* for the aviation industry to reflect current business and industry needs.

#### **BACKGROUND**

NCCI has an ongoing process dedicated to the systematic research, analysis, and maintenance of its classification system. This is done to ensure that the classification system remains healthy, viable, and responsive to the needs of various industry stakeholders, and to evolve the system to stay in step with the constantly changing ways that various industries and their operations respond to technological, competitive, and regulatory changes.

Classifications, and industry-grouped classifications, are analyzed to determine which, if any, should be considered for modernization, consolidation, elimination, or clarification. This item filing includes proposals for the aviation industry classifications identified in each exhibit.

NCCI's analysis of the class system is national in scope and the recommendations within this item are being proposed in all NCCI states. We recognize, however, the occasional need for state-specific classification treatments to reflect geographical differences. Such treatments are also incorporated within this filing.

#### **BASIS FOR CHANGE**

The phraseologies for Codes 7403, 7405, 7423, and 7431 make reference to Federal Aviation Regulations (FARs) covering the size, operation, and safety rules for aircraft. These regulations can and have changed over time, causing confusion in the proper classification for various aircraft operations. Most commercial aircraft operate under Title 14, Part 135 or 121 of the FARs.

On December 14, 1995, the Federal Aviation Administration (FAA) introduced a new set of rules referred to as the "Commuter Initiatives." Prior to these initiatives, Part 135 of the FARs was defined as aircraft with 30 seats or less and a maximum 7,500-pound payload. Per the FAA, "It was perceived by many in the aviation community that due to the types of operations and configurations of the aircraft, commuter aircraft had to meet less rigorous operations and maintenance standards. Under the final Commuter Initiatives, all scheduled airline passenger operations with airplanes having 10 seats or more were required to be operated under the same safety rules that apply to larger (FARs Part 121) airplanes."

Major airlines usually operate from centrally located airports called "hubs." Passengers arriving at the hub can transfer to flights to any of the locations served by the airline's system, including internationally. Commuter or regional carriers operate short- and medium-haul scheduled airline service connecting smaller communities with larger cities and hubs. Some of the largest regional carriers are subsidiaries of the major airlines, but most are independent and will often contract their services to the major airlines. The regional airlines' fleet consists primarily of smaller 19- to 68-seat turboprop and 30- to 100-seat jet aircraft.

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**ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION INDUSTRY**

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The exposure and loss experience of Code 7403—Aircraft or Helicopter Operation—Air Carrier—Scheduled or Supplemental—All Other Employees and Code 7423—Aircraft or Helicopter Operation—Air Carrier—Commuter—All Other Employees & Drivers should be combined, and Code 7423 should be discontinued. The operations, hazards, and loss cost/rates associated with Codes 7403 and 7423 are very similar. Airport or heliport operations will also be reassigned to Code 7403.

Air charter and air taxi services provide on-demand air transportation for individuals or small groups. The companies fly to most of the major airports in the United States, and also to many smaller airports. Chartered flights have a significantly less favorable safety record than those operated by scheduled commercial airlines. Part of the reason is that charter operators can range from very sophisticated to inexperienced, as well as using ultramodern aircraft versus relying on outdated models.

Code 7405—Aircraft or Helicopter Operation—Air Carrier—Scheduled or Supplemental—Flying Crew will be revised to include “all Part 121” operations, while Code 7431—Aircraft or Helicopter Operation—Air Carrier—Commuter—Flying Crew will be revised to include operations other than Part 121. This will eliminate the confusion created by potential changes to FARs and changes to a carrier’s fleet with regard to aircraft capacities. The classifications will focus on an insured’s principal business in lieu of the types of aircraft used to perform their activities. The aircraft industry always follows the FAA’s guidelines, as should NCCI with our classifications.

Helicopters are the most versatile aircraft in existence, giving the pilot access to three-dimensional space. This means that a helicopter can move up and down, forward and backward, and side to side, not to mention hover in midair. The flexibility of a helicopter makes it more complicated to fly than an airplane, and requires the pilot to think in three dimensions and use both arms and legs constantly to stay airborne. Currently, the wording for Code 7425—Aircraft or Helicopter Operation—NOC—Helicopters—Flying Crew instructs the user to classify the nature of the operation in lieu of the nature of the aircraft when a helicopter is performing functions normally performed by a fixed-wing aircraft. The analysis of this industry indicates that helicopters are more difficult, and thus potentially more hazardous, to operate. Thus, all helicopter operations should be assigned to Code 7425.

Alaska and Missouri state special Code 7418—Aircraft or Helicopter Operation—Patrol, Photography Mapping or Survey Work—Flying Crew should be discontinued and the operations combined with newly defined national Code 7422—Aviation—NOC—Other Than Helicopters—Flying Crew. The operations, hazards and loss cost/rates associated with these codes are very similar, while the credibility of Code 7418 is quite low.

The exposure and loss experience of Code 7409—Aircraft or Helicopter Operation—Aerial Application, Seeding, Herding, or Scintillometer Surveying—Flying Crew and Code 7420—Aircraft or Helicopter Operation—Public Exhibition Involving Stunt Flying, Racing, or Parachute Jumping—Flying Crew should be combined, and Code 7409 should be discontinued. The operations, hazards and loss cost/rates associated with these codes are very similar, while their respective credibilities are quite low. Currently, there is more payroll and premium in Code 7409, but it is not applicable in five NCCI states. Those states already assign Code 7420 to the activities described by Code 7409.

Air traffic controllers should be assigned to newly defined Code 7403—Aviation—Airport or Heliport Operator—All Employees & Drivers. Their responsibilities and duties are essential at a majority of airports.

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## FILING MEMORANDUM

### ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION INDUSTRY

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Air traffic controllers rotate working nights and weekends, and may sometimes operate under extremely stressful conditions. The impact of this change should be minimal because most air traffic controllers are federal employees.

Nevada state special Code 7408—Aircraft or Helicopter Operation—Search, Rescue and Law Enforcement—Volunteer—All Members of Flying Crew & Clerical, Salespersons should be discontinued because there have been no exposures or claims reported for this code since 2000.

Three of the existing aviation codes have statistical codes related to them as noted below. NCCI does not propose any changes to these statistical codes:

- Statistical Code 7445 is assigned in conjunction with Code 7405—Aircraft or Helicopter Operation—Air Carrier—Scheduled or Supplemental—Flying Crew, to reflect nonratable catastrophe loading
- Statistical Code 7453 is assigned in conjunction with Code 7431—Aircraft or Helicopter Operation—Air Carrier—Commuter—Flying Crew, to reflect nonratable catastrophe loading
- Statistical Code 9108 is assigned in conjunction with Code 7421—Aircraft or Helicopter Operation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew, to reflect a per passenger seat surcharge

### PROPOSAL

The focus of the proposed changes for this industry is to combine operations into classifications that reflect the exposures common to those operations. It is proposed that effective July 1, 2006, the classifications indicated in the attached exhibits be implemented in each state as shown.

#### NCCI recommends the following national classification treatment:

1. The industry name, which is used to link the related classification wording, will be changed to Aviation in lieu of Aircraft or Helicopter Operation.
2. Discontinue Code 7423 and reassign all insureds having operations previously under Code 7423 to newly created and newly defined wording for existing Code 7403.
  - Code 7403 will apply to ground personnel for all aviation operations
  - Code 7403 will apply to Airport or Heliport Operator—All Other Employees & Drivers

**Impact:** A review has been conducted using the current approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program to minimize the impact of the these proposed changes. Based on the result of this review, it is recommended that the following eight states need a two-year transition program: AR, AZ, LA, MD, ME, MO, NM, and TN. The other states' filed loss cost or rate change, or estimated premium impacts did not warrant a transition program. Using the combined experience from the two codes to calculate the loss cost or rate, implemented either with or without a transition program, will minimize any change in overall statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between the codes and the resulting combined loss cost or rate.

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ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
 INDUSTRY

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**Application:** The implementation of these proposed changes will depend on whether or not a transition program is needed. Use the table below to determine how to implement Proposal 2.

If your state is ...	Then...
AK	<ul style="list-style-type: none"> <li>Proposal 2 does not apply since neither Code 7403 nor Code 7423 is applicable in Alaska.</li> </ul>

If your state is ...	Then...
AL, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, MS, MT, NC, NE, NH, NV, OK, OR, RI, SC, SD, UT, VA, VT	<ul style="list-style-type: none"> <li>You <b>will not</b> need a transition to implement Proposal 2.</li> <li>Effective July 1, 2006, for new and renewal business, Code 7423 will be discontinued and combined with Code 7403.</li> <li>Changes from Proposal 2 are effective on July 1, 2006 regardless of a particular state's loss cost or rate filing effective date.</li> <li>Initially the new rate/loss cost for Code 7403 will be calculated as a payroll weighted average of the rates/loss costs of Code 7403 and Code 7423. Thereafter, the data for Code 7423 will be combined with the data for Code 7403 prior to deriving the rate/loss cost.</li> <li>The necessary July 1, 2006 effective loss cost or rate-related changes from this Item will be published upon approval, along with other manual page updates.</li> </ul>

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ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION INDUSTRY

If your state is ...	Then...
AR, AZ, LA, MD, ME, MO, NM, TN	<ul style="list-style-type: none"> <li>• You <b>will</b> need a transition program to implement Proposal 2.</li> <li>• Effective July 1, 2006, an internal transition program will be executed by NCCI to provide a two-year rate/loss cost and rating value transition for Codes 7423 and 7403. The transition program will be implemented with the applicable state rate filing on or after July 1, 2006.</li> <li>• The current national phraseology and wording for Code 7423 and Code 7403 will become state special wording in the eight states noted during the two-year transition program. This state special wording will then be replaced by the new national wording for Code 7403 upon completion of the transition program.</li> <li>• As of July 1, 2008, for new and renewal business, Code 7423 will be discontinued and all insureds having operations previously under Code 7423 be reassigned to Code 7403. July 1, 2008 will be considered the completion date of the transition program.</li> <li>• Changes from Proposal 2 are effective on July 1, 2008 regardless of a particular state's loss cost or rate filing effective date.</li> <li>• Exhibit 22 contains the rules for the two-year transition program.</li> <li>• Exhibit 22A contains an example of a two-year transition program calculation.</li> </ul>

3. Revise Code 7405 to include the flying crew of all FAR Part 121 operations, while Code 7431 will be revised to include the flying crew of operations other than FAR Part 121.

**Impact:** It is estimated that some risk payroll from Code 7431 will be transferred to newly defined Code 7405—Aviation—Air Carrier—Scheduled, Commuter or Supplemental—Flying because of this change. No modification or adjustment to filed loss costs or rates is proposed for these codes. The amount of payroll transferred cannot be obtained using current industry data sources. It is estimated that the amount of payroll transferred and/or the differences in loss cost or rate is not large enough to result in a significant change in overall statewide premium. The impact to individual risks will vary depending on their current code payroll assignments in Code 7431 and the amount of payroll transferred from Code 7431 to Code 7405. The class codes' loss costs or rates will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to these classifications.

**Application:** Changes from Proposal 3 are effective on July 1, 2006 regardless of a particular state's loss cost or rate filing effective date. See the Chart Appendix for state applicability.

4. The flying crew of air taxi or sightseeing operations will be reassigned to Code 7431 instead of Code 7422.

**Impact:** This change is expected to better align the operations involved with their associated work hazards. The impact to risks and their premiums cannot be determined definitively using any currently

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## FILING MEMORANDUM

### ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION INDUSTRY

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available data source, but the number of entities with operations consisting of this type of work is expected to be small; therefore, the statewide premium impact is expected to be small. The premium impact for each individual risk will vary depending on the amount of exposure that is reassigned from Code 7422 to Code 7431. No modifications or adjustments to filed loss costs or rates are proposed for this portion of the recommendation. The class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

**Application:** Changes from Proposal 4 are effective on July 1, 2006 regardless of a particular state's loss cost or rate filing effective date. See the Chart Appendix for state applicability.

5. Discontinue Code 7409 and reassign all insureds having flying crew operations previously under Code 7409 to newly created and newly defined wording for existing Code 7420.
  - Code 7420 will apply to the flying crew of aerial applicators, seeding, herding, and scintillometer surveying
  - Code 7420 will apply to stunt flying, racing, or parachute jumping
  - Code 7420 will apply to aerial firefighting
  - The new loss cost/rate and rating values for Code 7420 will be determined on combined data of both Codes 7409 and 7420. Initially the new rate/loss cost for Code 7420 will be calculated as a payroll weighted average of the rate/loss costs of Code 7409 and Code 7420. Thereafter, the data for Code 7409 will be combined with the data for Code 7420 prior to deriving the rate/loss cost.

**Impact:** A review has been conducted using the current approved loss cost or rate filing experience to determine the need for a loss cost or rate transition program. Based on the result of this review, in all states the filed loss cost or rate changes or estimated premium impacts did not warrant a transition program. Using the combined experience from the two codes to calculate the loss cost or rate will minimize the change in overall statewide premium. The impact to individual risk premium will vary depending on current payroll distribution between the codes and the resulting combined loss cost or rate. The class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

**Application:** Changes from Proposal 5 are effective on July 1, 2006 regardless of a particular state's loss cost or rate filing effective date. See the Chart Appendix for state applicability.

6. Assign the flying crew of all helicopter operations to newly defined Code 7425.

**Impact:** This change is expected to better align all helicopter operations with their associated work hazards. The resulting reassignment of individual risk payroll due to this clarification cannot be determined using any currently available data source. No modifications or adjustments to filed loss costs or rates are proposed for this portion of the recommendation. The class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

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## FILING MEMORANDUM

### ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION INDUSTRY

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**Application:** Changes from Proposal 6 are effective on July 1, 2006 regardless of a particular state's loss cost or rate filing effective date. See the Chart Appendix for state applicability.

7. Air traffic controllers will be assigned to Code 7403—Airport or Heliport Operator.

**Impact:** This item proposes that air traffic controller operations be assigned to newly defined Code 7403 instead of Code 8810—Clerical Office Employees NOC. Most air traffic controllers are federal employees, so this portion of the recommendation is not expected to impact many risks. The specific impact cannot be determined definitively using any currently available data source. The actual reassignment of payroll due to this change is expected to be minimal. No modifications or adjustments to filed loss costs or rates are proposed for this portion of the recommendation. The class code's loss cost or rate will eventually reflect the new phraseology and underlying experience of all risks with payroll and loss experience assigned to that classification.

**Application:** Changes from Proposal 7 are effective on July 1, 2006 regardless of a particular state's loss cost or rate filing effective date. See the Chart Appendix for state applicability.

### IMPLEMENTATION

The attached exhibits and chart appendix detail the changes necessary to implement this item. National content is presented first, followed by state-specific content, if applicable. A table of contents is presented following this memorandum to help navigate the filing.

This item will be **effective 12:01 a.m. on July 1, 2006 applicable to new and renewal—voluntary and assigned risk policies.**

#### Exceptions:

- In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change
- In Virginia, this item will be implemented for policies effective on or after 12:01 a.m. July 1, 2006, voluntary and assigned risk policies

Some states will need a transition program to implement certain proposed changes. The chart appendix details the transition implementation dates.

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ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY

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Notes:								
* Wording shown in chart column titled "Code & Phraseology" is the phraseology caption only. Refer to the exhibits for complete classification wording including any notes that follow the caption and are part of the classification wording.								
** Existing classification wording is assigned a number for the chart identifier number. Proposed classification wording is assigned a letter for the chart identifier number.								
EXISTING NATIONAL CLASSIFICATION TREATMENT								
Chart Identifier Number	Code and Phraseology*	Not Applicable	Exceptions	Proposed Status	Shown on Filing Exhibit Number	States where transition program required	Implementation Date(s)	Proposed New Treatment—Refer to Chart Identifier Number
1	AIRCRAFT OR HELICOPTER OPERATION Flight Testing by Mfr.—Prototype or Experimental Aircraft—Flying Crew		AK, OR	Incorporate into Code 7422	1O		7/1/06	J
2	Code 7403—AIRCRAFT OR HELICOPTER OPERATION Air Carrier—Scheduled or Supplemental—All Other Employees & Drivers	AK		Consolidate wording into newly defined Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	B
3	Code 7405—AVIATION—Air Carrier—Scheduled, Commuter or Supplemental—Flying Crew		AK	Change to newly defined Code 7405	1O		7/1/06	E
4	Code 7409—AIRCRAFT OR HELICOPTER OPERATION Aerial Application, Seeding, Herding, or Scintillometer Surveying: Flying Crew	AK, AL, GA, ME, NM, OK	LA, MS, SD	Discontinue and merge with newly created wording for Code 7420	1O		7/1/06	F
5	Code 7420—AIRCRAFT OR HELICOPTER OPERATION Public Exhibition Involving Stunt Flying, Racing, or Parachute Jumping: Flying Crew		AK, LA	Change to newly defined Code 7420	1O		7/1/06	H
6	Code 7420—AIRCRAFT OR HELICOPTER OPERATION Transportation of Personnel in Conduct of Employer's Business: Forest Fire Fighting			Change to newly defined Code 7420	1O		7/1/06	G
7	Code 7421—AIRCRAFT OR HELICOPTER OPERATION Transportation of Personnel in Conduct of Employer's Business: Flying Crew		AK, AL, RI	Change to newly defined Code 7421	1O		7/1/06	I
8	Code 7422—AIRCRAFT OR HELICOPTER OPERATION Flight Testing by Mfr.—Aircraft Manufactured Under an Approved Type Certificate—Flying Crew		AK, OR	Change to newly defined Code 7422	1O		7/1/06	J
9	Code 7422—AIRCRAFT OR HELICOPTER OPERATION NOC—Other Than Helicopters: Flying Crew		AK, AL, OR, RI	Change to newly defined Code 7422	1O		7/1/06	K
10	Code 7422—AIRCRAFT OR HELICOPTER OPERATION Patrol, Photography, Mapping or Survey Work: Flying Crew	AK, MO	OR	Change to newly defined Code 7422	1O		7/1/06	L
11	Code 7422—AIRCRAFT OR HELICOPTER OPERATION Sales or Service Agency; Taxi or Sightseeing; Student Instruction: Flying Crew		AK, OR	Change to newly defined Code 7422	1O		7/1/06	M
12	Code 7423—AIRCRAFT OR HELICOPTER OPERATION Aerial Application, Seeding, Herding, or Scintillometer Surveying: All Other Employees & Drivers	AK	AL, GA, LA, ME, MS, NM, OK, OR, SD	Discontinue and merge with newly defined Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	B
13	Code 7423—AIRCRAFT OR HELICOPTER OPERATION Air Carrier—Commuter—All Other Employees & Drivers	AK	OR, RI	Discontinue and merge with newly defined Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	B

(Applies in VA)

14	Code 7423—AIRCRAFT OR HELICOPTER OPERATION Airport or Heliport Operator—All Employees & Drivers	AK	AL, OR, RI	Discontinue and merge with newly created wording for Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	A
15	Code 7423—AIRCRAFT OR HELICOPTER OPERATION NOC—Helicopters: All Other Employees & Drivers	AK	AL, OR, RI	Discontinue and merge with newly defined Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	B
16	Code 7423—AIRCRAFT OR HELICOPTER OPERATION NOC—Other Than Helicopters: All Other Employees & Drivers	AK	AL, OR, RI	Discontinue and merge with newly defined Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	B
17	Code 7423—AIRCRAFT OR HELICOPTER OPERATION Patrol, Photography, Mapping or Survey Work: All Other Employees & Drivers	AK	OR	Discontinue and merge with newly created wording for Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	C
18	Code 7423—AIRCRAFT OR HELICOPTER OPERATION Public Exhibition Involving Stunt Flying, Racing, or Parachute Jumping: All Other Employees & Drivers	AK	LA, OR	Discontinue and merge with newly defined Code 7403	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	B
19	Code 7423—AIRCRAFT OR HELICOPTER OPERATION Sales or Service Agency; Taxi or Sightseeing; Student Instruction: All Other Employees & Drivers	AK	OR	Discontinue and merge with newly defined Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	B
20	Code 7423—AIRCRAFT OR HELICOPTER OPERATION Transportation of Personnel in Conduct of Employer's Business: Ground Crew & Drivers	AK	AL, OR, RI	Discontinue and merge with newly created wording for Code 7403. Create temporary state special wording in transition states.	1O	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/06	D
21	Code 7425—AIRCRAFT OR HELICOPTER OPERATION NOC—Helicopters: Flying Crew		AK, AL, RI	Change to newly defined Code 7425	1O		7/1/06	N
22	Code 7431—AIRCRAFT OR HELICOPTER OPERATION Air Carrier—Commuter—Flying Crew		AK, RI	Change to newly defined Code 7431	1O		7/1/06	O

**PROPOSED NEW NATIONAL CLASSIFICATION TREATMENT**

Chart Identifier Number	Code and Phraseology*	Not Applicable	Exceptions	Proposed Status	Shown on Filing Exhibit Number	States where transition program required	Implementation Date(s)
A	Code 7403—AVIATION—Airport or Heliport Operator—All Employees & Drivers	AK		Newly created wording	1	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/08 in transition states, 7/1/06 in all other applicable states
B	Code 7403—AVIATION—All Other Employees & Drivers	AK		Newly defined	1A	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/08 in transition states, 7/1/06 in all other applicable states
C	Code 7403—AVIATION—Patrol, Photography, Mapping, or Survey Work—All Other Employees & Drivers	AK		Newly created wording	1B	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/08 in transition states, 7/1/06 in all other applicable states

D	Code 7403—AVIATION—Transportation of Personnel in Conduct of Employer's Business—Ground Crew & Drivers	AK		Newly created wording	1C	AR, AZ, LA, MD, ME, MO, NM, TN	7/1/08 in transition states, 7/1/06 in all other applicable states
E	Code 7405—AVIATION—Air Carrier—Scheduled, Commuter or Supplemental—Flying Crew		AK	Newly defined	1D		7/1/06
F	Code 7420—AVIATION—Aerial Application, Seeding, Herding, or Scintillometer Surveying—Flying Crew		LA, MS, SD	Newly created wording	1E		7/1/06
G	Code 7420—AVIATION—Aerial Fire Fighting—Flying Crew			Newly defined	1F		7/1/06
H	Code 7420—AVIATION—Stunt Flying, Racing, or Parachute Jumping—Flying Crew		LA, NV	Newly defined	1G		7/1/06
I	Code 7421—AVIATION—Transportation of Personnel in Conduct of Employer's Business—Flying Crew			Newly defined	1H		7/1/06
J	Code 7422—AVIATION—Flight Testing—Flying Crew			Newly defined	1I		7/1/06
K	Code 7422—AVIATION—NOC—Other Than Helicopters—Flying Crew			Newly defined	1J		7/1/06
L	Code 7422—AVIATION—Patrol, Photography, Mapping, or Survey Work—Flying Crew			Newly defined	1K	AK	7/1/2006, 7/1/09 in AK
M	Code 7422—AVIATION—Sales or Service Agency, Student Instruction—Flying Crew			Newly defined	1L		7/1/06
N	Code 7425—AVIATION—Helicopters—Flying Crew			Newly defined	1M		7/1/06
O	Code 7431—AVIATION—Air Charter or Air Taxi—Flying Crew		AK	Newly defined	1N		7/1/06



**ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY**

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**EXHIBIT 1—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS**

**7403 AVIATION—Airport or Heliport Operator—All Employees & Drivers**

Applies to ground personnel such as, but not limited to, maintenance and service personnel, information clerks, air traffic controllers, and security personnel. Ticket sellers or information clerks away from airport locations to be separately rated as Code 8810—Clerical. Members of flying crews to be separately rated under the appropriate aviation classification.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1A—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7403 ~~AVIATION—AIRCRAFT OR HELICOPTER OPERATION: AIR CARRIER—SCHEDULED, OR  
SUPPLEMENTAL:~~ All Other Employees & Drivers

Applies to ground personnel such as, but not limited to, maintenance and service personnel, cargo and baggage handlers, ticket sellers or information clerks at airports, air traffic controllers, and security personnel. The personnel may be employed by scheduled air carriers, commuter air carriers, supplemental air carriers, or any other commercial aviation operators, including helicopter services. ~~scheduled or commercial air carriers, including cargo carriers, certificated as such that conduct operations under Part 121 of the Federal Aviation Regulations and use aircraft that are capable of handling more than 30 passengers and/or a payload of 7,500 pounds or more.~~ Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical. Members of flying crews to be separately rated under the appropriate aviation classification.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY

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EXHIBIT 1B—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7403 **AVIATION—Patrol, Photography, Mapping, or Survey Work—All Other Employees & Drivers**  
With regard to aerial photography, mapping, or survey work, the payroll of the ground laboratory  
employees is to be assigned to Code 4361—Photographer. Separately rate flying crew.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1C—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7403 **AVIATION—Transportation of Personnel in Conduct of Employer's Business—Ground  
Crew & Drivers**

Refer to Code 7421 for flying crew.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY

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EXHIBIT 1D—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7405 ~~AVIATION AIRCRAFT OR HELICOPTER OPERATION:—Air Carrier—Scheduled, Commuter,  
or Supplemental—Flying Crew—~~

Applies to scheduled, commuter, or commercial air carriers, including cargo carriers, that ~~certificated as such that~~ conduct operations with fixed-wing aircraft under Part 121 of the Federal Aviation Regulations. ~~and use aircraft that are capable of handling more than 30 passengers and/or a payload of 7,500 pounds or more.~~ Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical. ~~Separately rate all other employees and drivers.~~

Code 7445 ~~is to~~ shall be assigned in conjunction with this code to reflect ~~non-ratable nonratable~~ catastrophe loading. Premium generated by Code 7445 is not subject to experience rating or retrospective rating.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1E—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7420 **AVIATION—Aerial Application, Seeding, Herding, or Scintillometer Surveying—Flying Crew**  
Separately rate helicopter flying crew to Code 7425. Separately rate all other employees and  
drivers.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY

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EXHIBIT 1F—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7420 ~~AVIATION AIRCRAFT OR HELICOPTER OPERATION: FOREST~~—Aerial Firefighting—Flying  
Crew

When firefighting is conducted by helicopter, separately rate to Code 7425.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1G—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7420 ~~AVIATION — AIRCRAFT OR HELICOPTER OPERATION: PUBLIC EXHIBITION INVOLVING~~  
Stunt Flying, Racing, or Parachute Jumping—Flying Crew  
Separately rate helicopter flying crew to Code 7425. Separately rate all other employees and  
drivers.



**ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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**EXHIBIT 1H—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS****7421 ~~AVIATION—AIRCRAFT OR HELICOPTER OPERATION:—Transportation of Personnel in  
Conduct of Employer’s Business—Flying Crew—~~**

Applies to the payroll of pilots and all members of the flying crew. Also applies to the payroll of executive officers or other employees who engage in the operation of operate fixed-wing aircraft in the conduct of the employer’s business. If the records of the employer clearly indicate the weeks in which such employees perform flying is performed by such employees: (1) only the payroll for each week during any part of which the employee has engaged in flight duties is to shall be assigned to this classification, unless the classification applicable to the employee’s nonflying operations carries a higher rate, in which case that event such classification shall will apply. (2) The payroll for each week in which no flying has been done shall is to be assigned to those classifications that which would otherwise apply. If the records of the employer do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees must be assigned to this classification unless the classification applicable to the employee’s nonflying operations carries a higher rate, in which case that event such classification shall will apply.

A per passenger seat surcharge, subject to a maximum surcharge per aircraft, shall must be charged in addition to the premium otherwise determined under this classification.

These surcharges shall will not be cumulative in the event of substitution of aircraft during the policy period, but these surcharges shall will be cumulative in the event that more than one aircraft is owned or operated during the same policy period. The premium for these surcharges shall will not be subject to any experience rating modification. These surcharges shall will not be subject to the pro rata or short-rate adjustment except in the event of cancellation of the policy. These surcharges and losses to employees, incurred under the policy, other than to members of flying crew, arising out of the operation of an aircraft, are to be reported under Code 9108. The per passenger seat surcharge and the maximum surcharge per aircraft are shown under “Miscellaneous Values” on the state rate pages. Attach Aircraft Premium Endorsement (WC 00 04 01 ).

Commercial aircraft operation to be separately rated. Separately rate all other employees and drivers.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 11—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

**7422** ~~AVIATION—AIRCRAFT OR HELICOPTER OPERATION: Flight Testing by Mfr.—Aircraft  
Manufactured Under an Approved Type Certificate—Flying Crew~~

Code 7422 applies to flight test operations of aircraft other than helicopters. All helicopter operations are assigned to Code 7425. For prototype or experimental aircraft, assign exposure to the one aviation classification that best describes the nature of the aircraft being tested. Separately rate all other employees and drivers.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1J—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7422 ~~AVIATION— AIRCRAFT OR HELICOPTER OPERATION—NOC—Other Than  
Helicopters—Flying Crew~~  
Separately rate all other employees and drivers.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1K—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

**7422** ~~AVIATION—AIRCRAFT OR HELICOPTER OPERATION:~~ Patrol, Photography, Mapping, or  
Survey Work—Flying Crew

Separately rate helicopter flying crew to Code 7425. Separately rate all other employees and  
drivers.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1L—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7422 ~~AVIATION—AIRCRAFT OR HELICOPTER OPERATION; Sales or Service Agency; TAXI OR  
SIGHTSEEING; or Student Instruction—Flying Crew~~

Separately rate helicopter flying crew to Code 7425. Separately rate all other employees and  
drivers.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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EXHIBIT 1M—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

7425 ~~AVIATION—AIRCRAFT OR HELICOPTER OPERATION: NO~~ Helicopters—Flying Crew

Code 7425 applies to all helicopter operations, including those normally conducted by fixed-wing aircraft. Separately rate all other employees and drivers.

**ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
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**EXHIBIT 1N—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS**

**7431 ~~AVIATION—AIRCRAFT OR HELICOPTER OPERATION: AIR CARRIER—COMMUTER~~ Air  
Charter or Air Taxi—Flying Crew**

Applies to air charter, air taxi, and similar operations using fixed-wing aircraft that conduct operations outside of Part 121 of the Federal Aviation Regulations. ~~commuter air carriers operating under Part 121, Part 127 or Part 135 of the Federal Aviation Regulations that use aircraft seating 30 or fewer passengers or payloads less than 7,500 pounds and which conduct at least five round trips per week between two or more points and publish flight schedules that specify the times and days of the week and places between which such flights are performed.~~ Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical. Separately rate all other employees and drivers.

Code 7453 is to ~~shall~~ be assigned in conjunction with this code to reflect nonratable catastrophe loading. Premium generated by Code 7453 is not subject to experience rating or retrospective rating.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY

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EXHIBIT 10—NATIONAL CLASSIFICATIONS  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

~~AIRCRAFT OR HELICOPTER OPERATION~~

~~Aerial Application, Seeding, Herding, or Scintillometer Surveying:~~

~~7409~~

~~Flying Crew~~

~~7423~~

~~All Other Employees & Drivers~~

~~**Air Carrier—Commuter.** Applies to commuter air carriers operating under Part 121, Part 127 or Part 135 of the Federal Aviation Regulations that use aircraft seating 30 or fewer passengers or payloads less than 7,500 pounds and which conduct at least five round trips per week between two or more points and publish flight schedules that specify the times and days of the week and places between which such flights are performed. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical.~~

7431

~~**Flying Crew.** Code 7453 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 7453 is not subject to experience rating or retrospective rating.~~

~~7423~~

~~All Other Employees & Drivers~~

~~**Air Carrier—Scheduled or Supplemental.** Applies to scheduled or commercial air carriers, including cargo carriers, certificated as such that conduct operations under Part 121 of the Federal Aviation Regulations and use aircraft that are capable of handling more than 30 passengers and/or a payload of 7,500 pounds or more. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical.~~

7405

~~**Flying Crew.** Code 7445 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 7445 is not subject to experience rating or retrospective rating.~~

7403

~~All Other Employees & Drivers~~

~~7423~~

~~**Airport or Heliport Operator—All Employees & Drivers.** Ticket sellers or information clerks away from airport locations to be separately rated as Code 8810—Clerical. Members of flying crew to be separately rated under the appropriate aircraft or helicopter operation classification.~~

7422

~~**Flight Testing by Mfr.—Aircraft Manufactured Under an Approved Type Certificate—Flying Crew**~~

~~**Flight Testing by Mfr.—Prototype or Experimental Aircraft—Flying Crew.** Assign exposure to the one aircraft classification that best describes the nature of the aircraft being tested.~~

~~**Patrol, Photography, Mapping or Survey Work:**~~

7422

~~Flying Crew~~

~~7423~~

~~**All Other Employees & Drivers.** As respects aerial photography, mapping or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361—Photographer.~~

~~**Public Exhibition Involving Stunt Flying, Racing, or Parachute Jumping:**~~

7420

~~Flying Crew~~

~~7423~~

~~All Other Employees & Drivers~~

~~**Sales or Service Agency; Taxi or Sightseeing; Student Instruction:**~~

7422

~~Flying Crew~~

~~7423~~

~~All Other Employees & Drivers~~

~~**Transportation of Personnel in Conduct of Employer's Business:**~~



ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRYEXHIBIT 10—NATIONAL CLASSIFICATIONS (CONT'D)  
BASIC MANUAL—2001 EDITION  
CLASSIFICATIONS

- 7421 ~~**Flying Crew.** Applies to the payroll of pilots and all members of the flying crew. Also applies to the payroll of executive officers or other employees who engage in the operation of aircraft in the conduct of the employer's business. If the records of the employer clearly indicate the weeks in which flying is performed by such employees, (1) only the payroll for each week during any part of which the employee has engaged in flight duties shall be assigned to this classification unless the classification applicable to the employee's nonflying operations carries a higher rate in which event such classification shall apply and (2) the payroll for each week in which no flying has been done shall be assigned to those classifications which would otherwise apply. If the records of the employer do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees shall be assigned to this classification unless the classification applicable to the employee's nonflying operations carries a higher rate in which event such classification shall apply.~~  
~~A per passenger seat surcharge, subject to a maximum surcharge per aircraft, shall be charged in addition to the premium otherwise determined under this classification.~~  
~~These surcharges shall not be cumulative in the event of substitution of aircraft during the policy period, but these surcharges shall be cumulative in the event more than one aircraft is owned or operated during the same policy period. The premium for these surcharges shall not be subject to any experience rating modification. These surcharges shall not be subject to pro rata or short rate adjustment except in the event of cancellation of the policy. These surcharges and losses to employees, other than members of flying crew, arising out of the operation of an aircraft, are to be reported under Code 9108. The per passenger seat surcharge and the maximum surcharge per aircraft are shown under "Miscellaneous Values" on the state rate pages. Attach Aircraft Premium Endorsement (WG 00 04 01).~~  
~~Commercial aircraft operation to be separately rated.~~
- 7420 ~~**Forest Fire Fighting**~~
- ~~7423 **Ground Crew & Drivers**~~
- ~~**NOC—Helicopters:**~~
- 7425 ~~**Flying Crew**~~
- ~~7423 **All Other Employees & Drivers.** As respects aerial photography, mapping, or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361—Photographer. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical.~~
- ~~**NOC—Other Than Helicopters:**~~
- 7422 ~~**Flying Crew**~~
- ~~7423 **All Other Employees & Drivers.** As respects aerial photography, mapping, or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361—Photographer. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810—Clerical.~~

**ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY**

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**EXHIBIT 1P—NATIONAL RULES  
BASIC MANUAL—2001 EDITION  
RULE 1-B EXPLANATION OF CLASSIFICATIONS**

**4. General Exclusions**

Some operations in a business are so unusual for the type of business described by the applicable basic classification, that they are separately classified even though the operations are not conducted as a secondary business. These are called general exclusions. They are:

- ~~Aviation~~ **Aircraft operation**—all operations of the flying and ground crews
- New construction or alterations
- Stevedoring
- Sawmill operations
- Employer-operated day care service

Refer to **User's Guide** for an example.

**ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY**

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**EXHIBIT 1Q—NATIONAL RULES  
BASIC MANUAL—2001 EDITION  
RULE 2-E-1 EXECUTIVE OFFICERS**

**c. Executive Officers Performing Flight Duties**

Payroll of an executive officer who is a pilot or member of the flying crew of an aircraft used in the insured's business must be assigned as follows:

- (1) For each week that the executive officer did not perform flight duties, assign the executive officer's payroll to the classification that applies to the principal operations in which the executive officer is engaged.
- (2) For each week that the executive officer performed flight duties, assign the officer's payroll for that week to Code 7421—~~Aviation Aircraft Operation~~—Flying Crew. However, if the executive officer's nonflying duties in that week are subject to a higher rated classification, assign that higher rated classification for that week.

**Note:** The above rules apply on the basis of the pilot's logbook, which is required under federal regulations, or on the basis of verifiable records.

- (3) If Code 7421—~~Aviation Aircraft Operation~~—Flying Crew applies and verifiable records are not kept to indicate those weeks during which flying is performed by the executive officer, assign the executive officer's payroll to the highest rated classification that applies to any of their duties.

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY

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EXHIBIT 2

BASIC MANUAL—2001 EDITION

MISCELLANEOUS RULES

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

(Applies in: AR, CO, CT, IN, KS, KY, MD, MT, NC, NE, NH, RI, SC, SD, TN, UT, VA)

Code No.	Hazard Group
<del>7409</del>	<del>IV</del>
<del>7423</del>	<del>III</del>

ITEM B-1399—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION  
INDUSTRY

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EXHIBIT 3

RETROSPECTIVE RATING PLAN MANUAL

PART FOUR—F

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

(Applies in: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT)

Code No.	Hazard Group
<del>7409</del>	<del>IV</del>
<del>7423</del>	<del>III</del>

**MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL**

Present Phraseology Part One, Rule IV	Proposed Phraseology Part One, Rule IV
<p><b>B. EXPLANATION OF CLASSIFICATIONS</b></p> <p>4. General Exclusions</p> <p>Some operations in a business are so unusual for the type of business described by the basic classification applicable to the business that they are separately classified. These operations are called general exclusions and are classified separately unless specifically included in the basic classification wording. General exclusions are:</p> <ul style="list-style-type: none"> <li>a. Aircraft operation- all operations of the flying and ground crews.</li> <li>b. New construction or alterations by the insured's employees.</li> <li>c. Stevedoring, including tallying and checking incidental to stevedoring.</li> <li>d. Sawmill operations - sawing logs into lumber by equipment such as circular carriage or band carriage saws, including operations incidental to the sawmill.</li> <li>e. Employer-operated day care service.</li> </ul>	<p><b>B. EXPLANATION OF CLASSIFICATIONS</b></p> <p>4. General Exclusions</p> <p style="text-align: center;">NO CHANGE</p> <ul style="list-style-type: none"> <li>* a. <i>Aviation</i> - all operations of the flying and ground crews.</li> <li>b. NO CHANGE</li> <li>c. NO CHANGE</li> <li>d. NO CHANGE</li> <li>e. NO CHANGE</li> </ul>
<p><b>E. PAYROLL ASSIGNMENT - MULTIPLE CLASSIFICATIONS - INTERCHANGE OF LABOR</b></p> <p>2. Interchange of Labor</p> <p>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 assigned to the highest rated classification representing any part of their work.</p> <p><u>Exceptions to E.2. above</u></p> <p>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</p>	<p><b>E. PAYROLL ASSIGNMENT - MULTIPLE CLASSIFICATIONS - INTERCHANGE OF LABOR</b></p> <p>2. Interchange of Labor</p> <p style="text-align: center;">NO CHANGE</p> <ul style="list-style-type: none"> <li>* <u>Exceptions to E.2. above</u></li> </ul> <p>For construction, erection, stevedoring, part-time aircraft operations in connection with Code 7421 - <i>Aviation</i>, 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,</p>

**MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL**

<p>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.</p>	<p>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.</p>
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<p><b>Present Phraseology</b> <b>Part One, Rule IX</b></p>	<p><b>Proposed Phraseology</b> <b>Part One, Rule IX</b></p>
<p><b>A. EXECUTIVE OFFICERS</b></p> <p><b>7. Flight Duties</b> Payroll of an executive officer who is a pilot or member of the flying crew of an aircraft used in the insured's business shall be assigned as follows:</p> <p>a. For each week during which the executive officer did not perform flight duties, assign the officer's payroll as provided in Rule IX-A-6.</p> <p>b. For each week during which the executive officer performed flight duties, assign the officer's payroll for that week to Code 7421 – Air Craft Operation - Flying Crew. If an executive officer's non-flying duties in such a week are subject to a higher rated classification, that higher rated classification shall be assigned in that week.</p> <p>Rules 7.a. and b. apply on the basis of the pilot's log book required under Federal regulations or other verifiable records.</p> <p>If Code 7421 – Aircraft Operation- Flying Crew - applies and verifiable records are not maintained to indicate those weeks during which flying is performed by executive officers, their payroll shall be assigned to the highest rated classification which applies to any of their operations.</p>	<p><b>A. EXECUTIVE OFFICERS</b></p> <p><b>7. Flight Duties</b> NO CHANGE</p> <p>a. NO CHANGE</p> <p>* b. For each week during which the executive officer performed flight duties, assign the officer's payroll for that week to Code 7421 - <i>Aviation</i> - Flying Crew. If an executive officer's non-flying duties in such a week are subject to a higher rated classification, that higher rated classification shall be assigned in that week.</p> <p>NO CHANGE</p> <p>* If Code 7421 - <i>Aviation</i> - Flying Crew - applies and verifiable records are not maintained to indicate those weeks during which flying is performed by executive officers, their payroll shall be assigned to the highest rated classification which applies to any of their operations.</p>
<p><b>B. SOLE PROPRIETORS, PARTNERS, LLCs OR LLPs</b></p> <p>* <b>5. Flight Duties</b> The fixed payroll amount of a sole proprietor, partner of a legal partnership, member of a Limited Liability Company or partner of a Limited Liability Partnership who is a pilot or member of the flying crew of an aircraft used in the insured's business shall be assigned as follows:</p>	<p><b>B. SOLE PROPRIETORS, PARTNERS, LLCs OR LLPs</b></p> <p>* <b>5. Flight Duties</b> NO CHANGE</p>

**MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL**

<p>a. For each week during which the sole proprietor, partner of a legal partnership, member of a Limited Liability Company or partner of a Limited Liability Partnership did not perform flight duties, assign the fixed payroll amount as provided in Rule IX-B-4.</p> <p>* b. For each week during which the sole proprietor, partner of a legal partnership, member of a Limited Liability Company or partner of a Limited Liability Partnership performed flight duties, assign the fixed payroll amount for that week to Code 7421 - Aircraft Operation - Flying Crew. If a sole proprietor's, partner of a legal partnership's, member of Limited Liability Company's or partner of Limited Liability Partnership's non-flying duties in such a week are subject to a higher rated classification, that higher rated classification shall be assigned in that week.</p> <p>Rules 5.a. and b. apply on the basis of the pilot's log book required under Federal regulations or other verifiable records.</p> <p>* If Code 7421 - Aircraft Operation - Flying Crew - applies and verifiable records are not maintained to indicate those weeks during which flying is performed by a sole proprietor, partner of a legal partnership, member of a Limited Liability Company or partner of a Limited Liability Partnership, their fixed payroll amount shall be assigned to the highest rated classification which applies to any of their operations.</p>	<p>NO CHANGE</p> <p>* b. For each week during which the sole proprietor, partner of a legal partnership, member of a Limited Liability Company or partner of a Limited Liability Partnership performed flight duties, assign the fixed payroll amount for that week to Code 7421 - <b>Aviation</b> - Flying Crew. If a sole proprietor's, partner of a legal partnership's, member of Limited Liability Company's or partner of Limited Liability Partnership's non-flying duties in such a week are subject to a higher rated classification, that higher rated classification shall be assigned in that week.</p> <p>NO CHANGE</p> <p>* If Code 7421 - <b>Aviation</b> - Flying Crew - applies and verifiable records are not maintained to indicate those weeks during which flying is performed by a sole proprietor, partner of a legal partnership, member of a Limited Liability Company or partner of a Limited Liability Partnership, their fixed payroll amount shall be assigned to the highest rated classification which applies to any of their operations.</p>
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**MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL**

<b>Present Phraseology</b> Part Two - Classifications	<b>Proposed Phraseology</b> Part Two - Classifications
<p><b>AIRCRAFT OR HELICOPTER OPERATION:</b></p> <p><b>AERIAL APPLICATION, SEEDING, HERDING OR SCINTILLOMETER SURVEYING:</b></p> <p>FLYING CREW .....7409</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS.....7423</p> <p><b>AIR CARRIER - COMMUTER:</b>                      Applies to commuter air carriers operating under Part 121, Part 127 or Part 135 of the Federal Aviation Regulations, that use aircraft seating 30 or fewer passengers or payloads less than 7,500 pounds and which conduct at least five round trips per week between two or more points and publish flight schedules that specify the times and days of the week and places between which such flights are performed. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810 clerical.</p> <p><b>FLYING CREW .....7431</b>                      Code 7453 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 7453 is not subject to experience rating or retrospective rating</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS .....7423</p> <p><b>AIR CARRIER - SCHEDULED OR SUPPLEMENTAL:</b>                      Applies to scheduled or commercial air carriers, including cargo carriers, certified as such that conduct operations under Part 121 of the Federal Aviation Regulations and use aircraft that are capable of handling more than 30 passengers and/or a payload of 7,500 pounds or more. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810 clerical.</p> <p><b>FLYING CREW.....7405</b>                      Code 7445 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 7445 is not subject to experience rating or retrospective rating.</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS.....7403</p>	<p><b><u>AVIATION:</u></b></p> <p><b>AERIAL APPLICATION, SEEDING, HERDING OR SCINTILLOMETER SURVEYING:</b></p> <p>FLYING CREW ..... 7420  <u>Separately rate helicopter flying crew to Code 7425.</u>  <u>Separately rate all other employees and drivers.</u></p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS..... 7403</p> <p><b><u>AIR CHARTER OR AIR TAXI:</u></b>                      Applies to <u>air charter, air taxi, and similar operations using fixed-wing aircraft that conduct operations outside of Part 121 of the Federal Aviation Regulations.</u> Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810 clerical. <u>Separately rate all other employees and drivers.</u></p> <p><b>FLYING CREW..... 7431</b>                      Code 7453 <u>is to</u> be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 7453 is not subject to experience rating or retrospective rating</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS..... 7403</p> <p><b>AIR CARRIER – SCHEDULED, <u>COMMUTER</u>, OR SUPPLEMENTAL:</b>                      Applies to scheduled, <u>commuter</u>, or commercial air carriers, including cargo carriers, <u>that</u> conduct operations <u>with fixed-wing aircraft</u> under Part 121 of the Federal Aviation Regulations. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810- Clerical. <u>Separately rate all other employees and drivers.</u></p> <p><b>FLYING CREW ..... 7405</b>                      Code 7445 <u>is to</u> be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 7445 is not subject to experience rating or retrospective rating.</p> <p><b>ALL OTHER EMPLOYEES &amp; DRIVERS.....7403</b>                      Applies to ground personnel such as, but not limited to, maintenance and service personnel, cargo and baggage handlers, ticket sellers or information clerks at airports, air traffic controllers, and security personnel. The personnel may be employed by scheduled air carriers, commuter air carriers, supplemental air carriers, or any other commercial aviation operators, including helicopter services. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810–Clerical. Members of flying crews to be separately rated under the appropriate aviation classification.</p>

**MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL**

<b>Present Phraseology</b> Part Two - Classifications	<b>Proposed Phraseology</b> Part Two - Classifications
<p>AIRPORT OR HELIPORT OPERATOR - ALL                      EMPLOYEES &amp; DRIVERS ..... 7423                      Ticket sellers or information clerks away from airport locations to be separately rated as Code 8810 clerical. Members of flying crew to be separately rated under the appropriate aircraft or helicopter operation classification</p>	<p>AIRPORT OR HELIPORT OPERATOR - ALL                      EMPLOYEES &amp; DRIVERS ..... 7403  <u>Applies to ground personnel such as, but not limited to, maintenance and service personnel, information clerks, air traffic controllers, and security personnel.</u> Ticket sellers or information clerks away from airport locations to be separately rated as Code 8810 clerical. Members of flying crew to be separately rated under the appropriate <u>aviation</u> classification</p>
<p>FLIGHT TESTING BY MFR - AIRCRAFT MANUFACTURED UNDER AN APPROVED TYPE                      CERTIFICATE - FLYING CREW ..... 7430z</p>	<p><i>FLIGHT TESTING - FLYING CREW..... 7422</i>  <u>Code 7422 applies to flight test operations of aircraft other than helicopters. All helicopter operations are assigned to Code 7425. For prototype or experimental aircraft, assign exposure to the one aviation classification that best describes the nature of the aircraft being tested.</u></p>
<p>FLIGHT TESTING BY MFR - PROTOTYPE OR EXPERIMENTAL AIRCRAFT - FLYING CREW:                      Refer to the MA Bureau for the applicable classification</p>	<p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7403</p> <p style="text-align: center;"><b>DELETED</b></p>
<p style="text-align: center;"><b>NONE</b></p>	<p><i>PATROL, PHOTOGRAPHY, MAPPING OR SURVEY WORK:</i>                      FLYING CREW..... 7422  <u>Separately rate helicopter flying crew to Code 7425. Separately rate all other employees and drivers.</u></p>
<p>PATROL, PHOTOGRAPHY OTHER THAN MAPPING OR SURVEY WORK:                      FLYING CREW ..... 7418</p>	<p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7403  <u>With regard to aerial photography, mapping, or survey work, the payroll of the ground laboratory employees is to be assigned to Code 4361 – Photographer. Separately rate flying crew.</u></p>
<p>PATROL, PHOTOGRAPHY OTHER THAN MAPPING OR SURVEY WORK:                      FLYING CREW ..... 7418</p>	<p>PATROL, PHOTOGRAPHY OTHER THAN MAPPING OR SURVEY WORK:                      FLYING CREW..... 7420  <u>Separately rate helicopter flying crew to Code 7425. Separately rate all other employees and drivers.</u></p>
<p>ALL OTHER EMPLOYEES &amp; DRIVERS..... 7423                      As respects aerial photography, other than mapping or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361 photographer.</p>	<p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7403  <u>With regard to aerial photography, mapping, or survey work, the payroll of the ground laboratory employees is to be assigned to Code 4361 – Photographer. Separately rate flying crew.</u></p>

**MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL**

<b>Present Phraseology</b> Part Two - Classifications	<b>Proposed Phraseology</b> Part Two - Classifications
<p>PUBLIC EXHIBITION INVOLVING STUNT FLYING, RACING OR PARACHUTE JUMPING:</p> <p>FLYING CREW ..... 7420</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7423</p>	<p><u>STUNT FLYING, RACING OR PARACHUTE JUMPING:</u></p> <p>FLYING CREW ..... 7420  <i>Separately rate helicopter flying crew to Code 7425.                      Separately rate all other employees and drivers.</i></p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7403</p>
<p>SALES OR SERVICE AGENCY: TAXI OR SIGHTSEEING; STUDENT INSTRUCTION:</p> <p>FLYING CREW ..... 7422</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7423</p>	<p><u>SALES OR SERVICE AGENCY OR STUDENT INSTRUCTION:</u></p> <p>FLYING CREW ..... 7422  <i>Separately rate helicopter flying crew to Code 7425.                      Separately rate all other employees and drivers.</i></p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7403</p>
<p>TRANSPORTATION OF PERSONNEL IN CONDUCT OF EMPLOYER’S BUSINESS:</p> <p>FLYING CREW ..... 7421</p> <p>Applies to the payroll of pilots and all members of the flying crew. Also applies to the payroll of executive officers or other employees who engage in the operation of aircraft in the conduct of the employer’s business. If the records of the employer clearly indicate the weeks in which flying is performed by such employees, (1) only the payroll for each week during any part of which the employee has engaged in flight duties shall be assigned to this classification unless the classification applicable to the employee’s non-flying operations carries a higher rate in which event such classification shall apply and (2) the payroll for each week in which no flying has been done shall be assigned to those classifications which would otherwise apply. If the records of the employer do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees shall be assigned to this classification unless the classification applicable to the employee’s non-flying operations carries a higher rate in which event such classification shall apply.</p>	<p>TRANSPORTATION OF PERSONNEL IN CONDUCT OF EMPLOYER’S BUSINESS:</p> <p>FLYING CREW ..... 7421</p> <p>Applies to the payroll of pilots and all members of the flying crew. Also applies to the payroll of executive officers or other employees who <u>operate fixed-wing</u> aircraft in the conduct of the employer’s business. If the records of the employer clearly indicate the weeks in which flying is performed by such employees, (1) only the payroll for each week during any part of which the employee has engaged in flight duties shall be assigned to this classification unless the classification applicable to the employee’s non-flying operations carries a higher rate in which event such classification shall apply and (2) the payroll for each week in which no flying has been done shall be assigned to those classifications which would otherwise apply. If the records of the employer do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees shall be assigned to this classification unless the classification applicable to the employee’s non-flying operations carries a higher rate in which event such classification shall apply.</p>

**MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL**

<b>Present Phraseology</b> Part Two - Classifications	<b>Proposed Phraseology</b> Part Two - Classifications
<p>(TRANSPORTATION OF PERSONNEL IN CONDUCT OF EMPLOYER'S BUSINESS: FLYING CREW – Continued):</p> <p>A per passenger seat surcharge, subject to a maximum surcharge per aircraft, shall be charged in addition to the premium otherwise determined under this classification. These surcharges shall not be cumulative in the event of substitution of aircraft during the policy period; but these surcharges shall be cumulative in the event more than one aircraft is owned or operated during the same policy period. The premium for these surcharges shall be subject to any experience rating modification. These surcharges and losses to employees, other than members of flying crew, arising out of the operation of an aircraft, are to be reported under Code 0088. The per passenger seat surcharge and the maximum surcharge per aircraft are shown under Miscellaneous Values on the rate pages. Attach Aircraft Premium Endorsement (WC 00 04 01).</p> <p>Commercial aircraft operation to be separately rated.</p> <p>GROUND CREW &amp; DRIVERS .....7423</p> <p>NOC - HELICOPTERS:</p> <p>FLYING CREW .....7425</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS .....7423                      As respects aerial photography, mapping or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361 photographer. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810 clerical.</p> <p>NOC - OTHER THAN HELICOPTERS:</p> <p>FLYING CREW .....7422</p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS .....7423                      As respects aerial photography, mapping or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361 photographer. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810 clerical.</p>	<p>(TRANSPORTATION OF PERSONNEL IN CONDUCT OF EMPLOYER'S BUSINESS: FLYING CREW – Continued):</p> <p style="text-align: center;"><b>NO CHANGE</b></p> <p>Commercial aircraft operation to be separately rated.  <u>Separately rate all other employees and drivers</u></p> <p>GROUND CREW &amp; DRIVERS ..... 7403  <u>Refer to Code 7421 for Flying Crew</u></p> <p>HELICOPTERS:</p> <p>FLYING CREW ..... 7425  <u>Code 7425 applies to all helicopter operations, including those normally conducted by fixed-wing aircraft. Separately rate all other employees and drivers.</u></p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7403                      As respects aerial photography, mapping or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361 photographer. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810 clerical.</p> <p>NOC - OTHER THAN HELICOPTERS:</p> <p>FLYING CREW ..... 7422  <u>Separately rate all other employees and drivers.</u></p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS..... 7403                      As respects aerial photography, mapping or survey work, the payroll of the ground laboratory employees shall be assigned to Code 4361 photographer. Ticket sellers and information clerks away from airport locations to be separately rated as Code 8810 clerical.</p>

MASSACHUSETTS WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL

<b>Present Phraseology</b> Part Two - Classifications	<b>Proposed Phraseology</b> Part Two - Classifications
AIRCRAFT OPERATIONS- FOREST FIRE FIGHTING .7420	<p><i>AERIAL FIREFIGHTING:</i>                      FLYING CREW..... 7420  <u><i>When firefighting is conducted by helicopter, separately rate to Code 7425. Separately rate all other employees and drivers.</i></u></p> <p>ALL OTHER EMPLOYEES &amp; DRIVERS ..... 7403</p>

MASSACHUSETTS WORKERS COMPENSATION  
AVIATION INDUSTRY FILING

PROPOSED RATES & RATING VALUES - CLASSIFICATION RE-ALIGNMENT  
EFFECTIVE NOVEMBER 1, 2007

CODE	RATE	ELR	D RATIO
7403	4.06	2.08	0.18
7425	2.32	0.95	0.12

EXPERIENCE RATING PLAN MANUALTABLE OF EXPECTED LOSS RATES AND DISCOUNT RATIOS

<b>Code No.</b>	<b>Expected Loss Rate</b>	<b>Discount Ratio</b>
7409	3.04	0.11
7418	3.04	0.11
7423	1.79	0.18
7430	Z	Z