

March 29, 2018

**CIRCULAR LETTER NO. 2331**

To All Members and Subscribers of the WCRIBMA:

**REVISED SCOPE OF CLASSIFICATION CODES 5040, 5059 & 5538  
EFFECTIVE JULY 1, 2018**

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As part of the recently announced general revision of workers' compensation rates which will take effect July 1, 2018, the SCOPES for the following Classification Codes have been updated to clearly describe all operations that are common to all insureds involved in these types of steel erection projects:

- **Code 5040 – “Iron or Steel: Erection: Erection: Frame Structures”**
- **Code 5059 – “Iron or Steel: Erection: Frame Structures Not Over 2 Stories in Height**
- **Code 5538 – “Sheet Metal Work – Shop & Outside -NOC & Drivers”**

Consequently, the rates for these Codes have been adjusted downward to reflect the clarification of the scope of these classifications with regard to steel erection operations. Attached are the updated SCOPES.

These updated SCOPES go into effect on July 1, 2018, which is the date that coincides with the downward adjustment in the rates for Codes 5040, 5059 and 5538. As a result of these changes, Code 3365 – Welding, etc., Code 9534 – Mobile Crane, etc., and Code 5538 – Sheet Metal Work, etc., cannot be assigned at the same job or location to which Code 5040 or 5059 applies.

Please contact me at 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*

## **Scope of Code 5040**

### **SOURCE: NCCI Scopes Manual**

#### **Description:**

SCOPE: Code 5040 is applied to insureds engaged in the erection of iron or steel frame structures including assembling or fabricating at the job site. It contemplates the raising of the structural members into place using a crane or boom and securing by bolting, welding or riveting the frame or skeleton of buildings in excess of two stories in height, i.e., hotels, apartment houses, office buildings, automobile parking garages, factories, warehouses, etc. Specialist contractors engaged in the erection of concrete structural beams or girders, which have been cast by others, also fall within the scope of this classification as well as specialist contractors engaged in the connecting of bar joists to the steel framework.

Code 5040 also is applied to specialist contractors engaged in the erection of new exterior iron or steel balconies, fire escapes, staircases and fireproof shutters regardless of type of structure. It contemplates the hoisting of prefabricated sections and securing by bolting, welding or riveting. Staircase erection by specialists ordinarily is undertaken after the structural steel frame is completed but prior to wall erection. The replacement of old iron or steel on the exterior of buildings, i.e., balconies, fire escapes and fireproof shutters, falls within the scope of this classification. Code 5040 additionally is applied to insureds engaged in the erection of iron or steel bridges or other bridges where the operations involve the erection of structural steel trusses, columns, or I-beams and steel decks.

It does not apply to the placing of reinforcing steel bars in connection with any reinforced concrete bridge construction. Steel erection begins when the abutments or piers, erected by others, are ready. The operations usually start at both ends working gradually to the center and involve the placement of the steel members by use of cranes and the securing of such members by bolting, welding or riveting. This classification has been applied to specialist contractors engaged in spinning and erection of suspension cables, cable clamps and suspenders in connection with bridge construction.

Lastly, Code 5040 is applied to insureds engaged in the erection of iron or steel radio and television towers, water towers, smokestacks and gas holders. The erection of spherical steel tanks mounted on steel supporting structures also is contemplated in its entirety within the scope of this classification.

These tanks are used to store highly volatile hydrocarbons. The height of the supporting steel structure will vary in relation to the diameter of the spherical tank. Although such supporting structures are not generally as high as those supporting water towers, the hazards of the work involved in erecting them are comparable. The operations include hoisting and the fastening in place of structural steel members and guy lines.

Water tower erection is assigned to either Code 3724 or Code 5040. The erection of water towers that consist primarily of iron or steel is assigned to Code 5040. The erection of water towers that consist primarily of other materials is assigned to Code 3724. It is the general practice to erect these towers from prefabricated parts and sections which are delivered to the job location. The framework is assembled by bolting sections together, following which the necessary pipes, fans, motors or other parts are installed.

Welding operations, whether performed by principal or specialist contractors, are considered incidental to the main iron or steel erection work and should be classified on the same basis as such work.

Please refer to Code 5403 for extra-territorial premium determination guidelines that may be applicable to insureds that have operations outside their headquarters' state.

**Effective July 1, 2018:**

**(MA) State Addendum:** The scope of Code 5040 includes work performed at ground level for material staging, storage and sorting of steel, load preparation to ready structural steel members to be hoisted in place by hooking and unhooking payload, as well as the operation and maintenance of the hoisting device by members of the steel erection crew. Code 5040 encompasses all tasks (e.g., bolting, riveting and welding) related to connecting steel members, joists, girders and trusses, including the process of lining, levelling and plumbing of the steel frame members by performing the final bolt tightening and shimming to ensure proper positioning. Code 5040 also contemplates installing bracing members and connections, such as purlins, ties and knee braces, used to add stability during the erection and deck concreting. The installation of metal decking, which serves (1) to provide a work platform at each floor level, (2) as a crash deck to protect workers on lower levels from falling objects, and (3) as the form work necessary for pouring the concrete floors, is considered incidental to the main iron or steel erection work and should be classified on the same basis as such work whether performed by principal or specialist contractors. The installation of edge protection, utilizing structural steel rail systems that are positioned during the erection phase to all perimeters and internal voids to prevent falls from heights, is also contemplated under Code 5040. All direct jobsite supervision responsible for the oversight of the above steel erection tasks falls within the scope of Code 5040.

In the event that a steel erection contractor is awarded a separate Miscellaneous Metals Package to install ornamental steel components (e.g., architectural steel, stairs, railings) at the same location, these operations are to be separately rated under Code 5102- Iron or Steel: Erection: Iron, Brass, or Bronze Erection – Not Structural – Interior.

The erection of pre-engineered steel buildings that exceed 30 feet in height is also included under Code 5040. These buildings typically consist of warehouses, self-storage buildings, hangers, and garages. They are fabricated in factories in kit form. The framing members are completely formed in the factory, typically including punching or drilling screw holes, which are used to attach the siding components and roof panels. The siding components and roof panels typically consist of roll-formed or corrugated sheet metal. Erection of these buildings involves screwing or bolting the prefabricated, pre-engineered components together. This includes all tasks (e.g., bolting, riveting and welding) related to connecting steel members, joists, girders and trusses, including the process of lining, levelling and plumbing of the steel frame members by performing the final bolt tightening and shimming to ensure proper positioning. The siding components and roof panels are then screwed to the framing members. Code 5040 includes work performed at ground level for material staging, storage and sorting of steel; load preparation to ready structural steel members to be hoisted in place; operation and maintenance of the hoisting device by

members of the erection crew; and installation of the siding components and roof panels. All direct jobsite supervision responsible for the oversight of the above erection tasks falls within the scope of Code 5040.

Additionally, Code 5040 is applied to insureds engaged in the erection of iron or steel bridges or other bridges where the operations involve the erection of structural steel trusses, columns, or I-beams and steel decks. Code 5040 does not apply to the placing of reinforcing steel bars in connection with any reinforced concrete bridge construction. Steel erection begins when the abutments or piers, whether erected by principal or specialist contractor, are ready. The operations usually start at both ends working gradually to the center and involve the placement of the steel members by use of hoisting devices, such as cranes, and the securing of such members by bolting, welding or riveting. This classification applies to specialist contractors engaged in spinning and erection of suspension cables, cable clamps and suspenders in connection with bridge construction.

Code 3365 – Welding, etc., Code 9534 – Mobile Crane, etc., Code 5059 – Iron or Steel - Erection - Construction of Dwelling Not Over Two Stories in Height, and Code 5538 – Sheet Metal Work, etc., shall not be assigned at the same job or location to which Code 5040 applies.

## **Scope of Code 5059**

### **SOURCE: NCCI Scopes Manual**

#### **Description:**

SCOPE Code 5059 is applied to insureds engaged in the erection of iron or steel frame structures, other than dwellings, including assembling or fabricating at the job site. It contemplates the raising of the structural members and securing by bolting, welding or riveting the frame or skeleton of buildings not over two stories in height, i.e., barns, garages, warehouses, aircraft hangars, Quonset huts, lunch stands, gasoline filling stations, etc. Specialist contractors engaged in the erection of concrete structural beams or girders, which have been cast by others, also fall within the scope of this classification as well as specialist contractors engaged in the connecting of bar joists to the steel framework. Sheet metal siding erection or interior or exterior light-gauge steel frame erection are properly subject to divisions of payroll as are other contracting operations where the rules of the manual relating to payroll division will permit.

Welding operations, whether performed by principal or by specialist contractors in connection with iron or steel erection, are considered incidental to Code 5059.

Please refer to Code 5403 for extra-territorial premium determination guidelines that may be applicable to insureds that have operations outside their headquarters' state.

#### **Effective July 1, 2018:**

**(MA) State Addendum:** The scope of Code 5059 includes work performed at ground level for material staging, storage and sorting of steel, load preparation to ready structural steel members to be hoisted in place by hooking and unhooking payload, as well as the operation and maintenance of the hoisting device by members of the steel erection crew. Code 5059 encompasses all tasks (e.g., bolting, riveting and welding) related to connecting steel members, joists, girders and trusses, including the process of lining, levelling and plumbing of the steel frame members by performing the final bolt tightening and shimming to ensure proper positioning. Code 5059 also contemplates installing bracing members and connections, such as purlins, ties and knee braces, used to add stability during the erection and deck concreting. The installation of metal decking, which serves (1) to provide a work platform at each floor level, (2) as a crash deck to protect workers on lower levels from falling objects, and (3) as the form work necessary for pouring the concrete floors, is considered incidental to the main iron or steel erection work and should be classified on the same basis as such work whether performed by principal or specialist contractors. The installation of edge protection, utilizing structural steel rail systems that are positioned during the erection phase to all perimeters and internal voids to prevent falls from heights, is also contemplated under Code 5059. All direct jobsite supervision responsible for the oversight of the above steel erection tasks falls within the scope of Code 5059.

In the event that a steel erection contractor is awarded a separate Miscellaneous Metals Package to install ornamental steel components (e.g., architectural steel, stairs, railings) at the same location, these operations are to be separately rated under Code 5102- Iron or Steel: Erection: Iron, Brass, or Bronze Erection – Not Structural – Interior.

The erection of pre-engineered steel buildings that do not exceed 30 feet in height is also included under Code 5059. These buildings typically consist of warehouses, self-storage buildings, hangers, and garages. They are fabricated in factories in kit form. The framing members are completely formed in the factory, typically including punching or drilling screw holes, which are used to attach the siding components and roof panels. The siding components and roof panels typically consist of roll-formed or corrugated sheet metal. Erection of these buildings involves screwing or bolting the prefabricated, pre-engineered components together. This includes all tasks (e.g., bolting, riveting and welding) related to connecting steel members, joists, girders and trusses, including the process of lining, levelling and plumbing of the steel frame members by performing the final bolt tightening and shimming to ensure proper positioning. The siding components and roof panels are then screwed to the framing members. Code 5059 includes work performed at ground level for material staging, storage and sorting of steel; load preparation to ready structural steel members to be hoisted in place; operation and maintenance of the hoisting device by members of the erection crew; and installation of siding components and roof panels. All direct jobsite supervision responsible for the oversight of the above erection tasks falls within the scope of Code 5059. Code 3365 – Welding, etc., Code 9534 – Mobile Crane, etc., Code 5040 – Iron or Steel - Erection – Frame Structures, and Code 5538 – Sheet Metal Work, etc., shall not be assigned at the same job or location to which Code 5059 applies.

## **Scope of Code 5538**

### **SOURCE: NCCI Scopes Manual**

#### **Description:**

Code 5538, a “not otherwise classified” classification, includes outside sheet metal installation and any shop operations necessary to prepare the sheet metal for installation. The term “installation” contemplates operations ranging from the simple bolting of goods in place to more complex construction-like operations. Sheet metal shops usually contain such machinery as circular or square shears, crimpers, brakes, bead-ers, punchers, riveters and other light metal working machines. Operations may include cutting, sizing, shaping, forming, welding, seaming, soldering and crimping of the sheet metal.

The sheet metal used may be galvanized iron, sheet iron, steel, tin, copper or aluminum. Most sheet metal used will seldom, if ever, exceed that of 14-gauge or 5/64 of an inch.

This classification contemplates the installation of items such as sheet metal furnaces, skylights, spouting and flashing.

The assignment of Code 5538 to these operations is based on the fact that while the aforementioned materials are lighter than sheet metal, the installation methods employed are similar for each type of material, be they of the lighter weight materials noted above or of the sheet metal variety.

Refer to Code 5537 for those insureds engaged in the erection or installation of duct work for heating, ventilation and air-conditioning systems when all or a majority portion of the work for an HVAC contract is performed by a single contractor.

Code 5538 additionally contemplates an entity that engages exclusively in the manufacture and erection of metal awnings as well as an entity that exclusively erects metal awnings.

Sheet metal siding installed on the exterior of a steel frame structure is assigned to Code 5538.

Certain types of sheet metal storage facilities, commonly referred to as “Butler Bins” when built using conventional construction methods, are assigned to the appropriate contracting classification covering each phase of the operation (e.g., Code 5538 for siding installation; Code 5551 for roofing; Code 6217 for excavation). When these types of structures are built using the “jack-up” method of assembly, which is performed at ground level, Code 5538 is applied to the siding installation as well as the roof assembly.

The construction of sheet metal Quonset-type structures (residential or commercial) is contemplated by Code 5538. Inasmuch as there is no distinction between the sides and roof (a continuous curve), the entire construction operation is classified to Code 5538. The roofing classification is not applicable to the “roofing” portion of this type of construction.

Silo erection when the silo is constructed from metal or glass fused to steel is also contemplated by Code 5538.

Additional representative operations that have been assigned to Code 5538 include sheet metal decking including installation for sub-roofs or floors; the erection of telephone booths; and the erection of sheet metal dustless clean-air rooms.

Code 5538 is applicable to aluminum or vinyl siding installation in MN and WI. Refer to Code 5645, 5651 or 5403 for these operations in other states.

Please refer to Code 5403 for extra-territorial premium determination guidelines that may be applicable to insureds that have operations outside their headquarters' state.

Certain Code 5538 operations are designated as “not otherwise classified” (NOC). These NOC operations shall apply to an insured only when no other classification more specifically describes the insured's operations. The following is a representative list of classifications somewhat related in nature to Code 5538 operations that are not assigned to Code 5538:

3076 Fireproof Equipment Mfg.

5537 Heating, Ventilation, Air-Conditioning and Refrigeration Systems—Installation, Service and Repair & Drivers.

3066 Sheet Metal Work—Shop

In addition to this representative list, one should review sources such as the alphabetical index in this manual to determine whether a classification other than Code 5538 or a classification other than one on the above list is applicable to the operations being reviewed for classification purposes.

**Effective July 1, 2018:**

**(MA) State Addendum:** Sheet metal duct work performed on non-portable air-conditioning units is contemplated within the scope of Code 5538, as is the fabrication, erection or installation of duct work for heating systems (Code 5537 is N/A MA).

The construction of Quonset-type structures (residential, commercial, federal war housing or military reservation projects), Butler Bins, and pre-engineered steel buildings are contemplated by Codes 5059 (less than 30 feet in height) or 5040 (exceeding 30 feet in height). Codes 5059 and 5040 contemplates work performed at ground level for material staging, storage and sorting of steel; load preparation to ready structural steel members to be hoisted in place; operation and maintenance of the hoisting device by members of the erection crew; and installation of siding components and roof panels.

The installation of sheet metal decking, which serves (1) to provide a work platform at each floor level, (2) as a crash deck to protect workers on lower levels from falling objects, and (3) as the form work necessary for pouring the concrete floors, is considered incidental to the main iron or steel erection work and should be classified to Codes 5059 (less than 30 feet in height) or 5040 (exceeding 30 feet in height) whether performed by principal or specialist contractors.

Sheet metal siding installed on the exterior of a steel frame structure is assigned to the appropriate steel erection classification whether installed by principal or specialist contractors.

Code 5538 – Sheet Metal Work, etc., shall not be assigned at the same job or location to which Code 5059 or Code 5040 applies.



The application of Code 5538 to insureds engaged in roofing operations is limited and highly restrictive. Sheet metal shop fabrication operations conducted by roofing contractors qualify for assignment to Code 5538, and providing the proper payroll breakdowns are maintained, an individual's payroll may be allocated between Codes 5538, 5545 and 5547 for such shop fabrication. However, installation operations do not qualify for assignment to Code 5538 on any jobs that are properly assigned to Code 5545, regardless of what the specific sheet metal product being installed may be—flashing, skylights or gutters and downspouts. Additionally, the installation of sheet metal flashing, etc., on built-up roofs, which is assigned to Code 5547, does not qualify for assignment to Code 5538 unless installed by a separate crew that is not engaged in any roofing at a built-up roofing job or location.

Refer to Code 5057 for insureds engaged in silo erection. Code 5057 applies to the erection of silos constructed from metal or glass fused to steel. Refer to Code 5102 for insureds engaged in the erection of telephone booths, and the erection of sheet metal dustless clean-air rooms.