



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

May 23, 2002

**CIRCULAR LETTER NO. 1892**

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

**ELIMINATION OF CODE 9529 A-RATED CLASSIFICATION**

The Division of Insurance has approved the above captioned Item, eliminating Code 9529 – Scaffolding, etc. & Drivers. Code 9529 is an A-rated classification with seven separate and distinct alpha scaffolding and scaffolding-related classification subsets (a/b-c/d/e-f-g). These alpha classification subsets are further categorized into four separate related exposure groupings. The rates and rating values for these exposure groupings are derived from filed and approved manually rated classifications.

**With the elimination of Code 9529, the a/b, f and g scaffolding and scaffolding-related operations are now reassigned to their analogous manually rated classifications, Codes 9534, 5403 and 7219 respectively. A new classification has been established, Code 9533, for those classification subsets within the average rated exposure grouping, c/d/e.**

The attached May 9, 2002 Filing Memorandum indicates the Purpose, Background, Proposal, Impact and Implementation of this Item. Also attached is an *example* of the revised Massachusetts Workers Compensation and Employers Liability Insurance Manual pages (Exhibit I) and a copy of Circular Letter No. 1877.

As noted in the attached filing memorandum, this Item amends classification phraseologies to reflect reassignment to their analogous classifications, and adds qualifying footnotes to certain classification entries. Additionally, the newly established classification, Code 9533, assigned to the alpha classification subsets (c/d/e) whose rates and rating values are the product of average rating, is now manually rated based on its own historical experience. These alpha classification subsets (c/d/e), now assigned to Code 9533, are the only subsets with rates and rating values that differ from those announced in Circular Letter No. 1877 Scaffolding – Code 9529 Effective July 1, 2001. The approved rates and rating values for Code 9533 are as follows:

| Code: | Rate: | ELR: | D-Ratio: | Loss Const.: | Min. Prem.: |
|-------|-------|------|----------|--------------|-------------|
| 9533  | 20.70 | 9.03 | 0.18     | 50.00        | 500.00      |

The Division of Insurance approved this Item to become applicable to all new and renewal policies with effective dates on or after 12:01 a.m., June 1, 2002.

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 manuals, accessible at [www.wcribma.org](http://www.wcribma.org) and [www.ncci.com](http://www.ncci.com), will be updated as soon as possible.

**DANIEL M. CROWLEY**  
**Manager – Customer Services**

*DC/aa/dc*  
*Attachment*

**FILING MEMORANDUM**

**ELIMINATION OF 9529 A-RATED CLASSIFICATION**

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**Purpose**

The purpose of this filing is to discontinue Code 9529 – Scaffolding, etc., & Drivers. Code 9529 is an A-rated classification with seven separate and distinct alpha scaffolding and scaffolding-related classification subsets. These alpha classification subsets (a – g) are further categorized into four separate related exposure groupings. The rates that correspond with these groupings are derived from filed and approved manually rated classifications, as outlined in the following table:

**SCAFFOLDING, ETC., & DRIVERS, - CODE 9529**

| <b>Alphabetical Classification Subsets<br/>&amp;<br/>Related Exposure Groupings</b>   | <b>Approved<br/>Analogous Manually Rated<br/>Classifications</b>  | <b>Approved<br/>Rate Making<br/>Methodology</b>                                   |
|---|---|---|
| a) Suspended or Swinging Scaffold Installation, Repair or Removal<br>b) Outrigger Scaffold Installation, Repair or Removal  | Code 9534 – Mobile Crane and Hoisting Service Contractors – NOC – All Operations – Including Yard Employees & Drivers | <b>100%</b><br>of Code 9534 Rate & Rating Values                                  |
| c) Scaffold Installation, Repair or Removal – Built Up from the Ground – Not Suspended or Swinging Type<br>d) Concrete or Cement Distributing Towers – Installation, Repair or Removal<br>e) Hod Hoist or Construction Elevator Installation, Repair or Removal & Drivers | Code 5057 – Iron or Steel: Erection: Erection NOC & Code 5403 Carpentry NOC   | <b>Average Rating</b><br>Mean of the Rates & Rating Values of Codes 5057 and 5403 |
| f) Sidewalk Bridges Not Over One Story in Height  | Code 5403 – Carpentry NOC   | <b>100%</b><br>of Code 5403 Rate & Rating Values                                  |
| g) Delivery of Materials Only – No Installation, Repair or Removal  | Code 7219 – Trucking NOC – All Employees & Drivers  | <b>100%</b><br>of Code 7219 Rate & Rating Values                                  |

Of the four related exposure groupings, three separate groupings (a/b, f and g) are rated on the basis of rates and rating values assigned to a single analogous classification, and one grouping (c/d/e) is average rated. This filing seeks to reassign each of the classification subsets within the related exposure groupings, as detailed in the above table, to their analogous manually rated classification and establish a new classification, Code 9533, for those classification subsets within the average rated exposure grouping, Codes 9529-c/d/e. In addition, classification phraseologies are being amended to reflect reassignment to their analogous classifications, and qualifying footnotes are being added to certain classification entries.

The treatment of scaffolding and scaffolding related operations that will be reassigned to the proposed new Code 9533, which is in the construction category, remains unchanged, as such operations are currently in the construction category.

The National Council on Compensation Insurance, Inc. previously submitted a similar filing in its jurisdictions to eliminate A-rated Code 9529.

### **Background**

As explained in the purpose section, Code 9529 currently uses an A-rated procedure such that the actual work performed by an insured is assigned to any one of seven Code 9529 alphabetical classification subsets, a) through g), appropriate to its scaffolding and/or scaffolding related operations. For example, the specific work performed by an insured, such as suspended or swinging scaffold installation, Code 9529 - a), is assigned the rate and rating values of its analogous manually rated classification, Code 9534 – Mobile Crane and Hoisting Service Contractors, etc.

The Bureau has not been able to identify the reasons for this classification structure. No other A-rated or manually rated classification is structured in this way. Having seven separate classification subsets [9529-a, 9529-b, 9529-c, 9529-d, 9529-e, 9529-f and 9529-g] combined into four related exposure groupings, with four separate and distinct rates and rating values serves no useful purpose. Following rate filings, approved rate and rating values for A-rated Code 9529 need to be determined and announced in Bureau Circulars. This outdated and inefficient A-rate procedure results in additional actuarial work and has caused confusion, delays in policy issuance, and, delays in the issuance of experience modifications.

Additional problems with this cumbersome classification arise because the approved statistical reporting system only acknowledges the existence of a single four-digit classification code (Code 9529) for any of the scaffolding or scaffolding related operations conducted by an insured. Yet, the alphabetical subset indicator assigned to Code 9529 denotes the appropriate rate and rating value. Considering the fact that many insureds are legitimately assigned several Code 9529 classifications, and taking into account established rate making methodology, the cumbersome manual reviews required by carriers, agents and Bureau staff to allocate and verify rating values under Code 9529 should be eliminated.

## **Proposal**

It is proposed to discontinue Code 9529 and include scaffolding and scaffolding-related operations under the codes that are currently being used. Specifically, those alpha classification subsets (a/b, f and g) rated on the basis of rates and rating values assigned to a single analogous classification be assigned to their analogous manually rated classification code:

- a. Suspended or Swinging Scaffold Installation, Repair or Removal is assigned to Code 9534 – Mobile Crane and Hoisting Service Contractors.
- b. Outrigger Scaffold Installation, Repair or Removal is assigned to Code 9534 – Mobile Crane and Hoisting Service Contractors.
- f. Sidewalk Bridges Not Over One Story in Height is assigned to Code 5403 – Carpentry NOC.
- g. Delivery of Materials Only – No Installation, Repair or Removal is assigned to Code 7219 – Trucking NOC.

It is further proposed that those alpha classification subsets (c/d/e) whose rates and rating values are the product of average rating, will now be manually rated based on its own historical experience, and that those operations be assigned to a newly established Code 9533. The classification phraseology, cross-references and qualifying footnotes that are currently contained in the Manual will remain unchanged for Code 9533 and appropriately reflect the average rated scaffolding and scaffolding operations as follows:

- ◆ c. Scaffold Installation, Repair or Removal – Built Up from the Ground – Not Suspended or Swinging Type.
- ◆ d. Concrete or Cement Distributing Towers – Installation, Repair or Removal.
- ◆ e. Hod Hoist or Construction Elevator Installation, Repair or Removal & Drivers.

It is proposed that this item become applicable with respect to new and renewal policies effective on and after 12:01 a.m., June 1, 2002.

## **Impact**

This filing will eliminate the A-rating procedure currently used for the seven scaffolding and scaffolding-related alpha subset classifications under Code 9529. The reassignment of these alpha classification subsets to classification codes with established manual rates will serve to reduce the expenses of both policy holders and insurance companies by facilitating policy issuance and expediting the issuance of experience modifications.

Overall, with the exception of subgroup c, d, e which is now being rated on its own historical experience, there will be no impact on class premiums as the present rates and rating

values remain unchanged for all of the Code 9529 operations reassigned to manually rated classifications. However, it must be noted that the Code 9529g (Delivery of Materials Only – No Installation, Repair or Removal) operations reassigned to Code 7219 will no longer qualify for premium credits under the Massachusetts Construction Classification Premium Adjustment Program, as Code 7219 is not a construction classification. In the most recent year of data used in the review of Code 9529 none of the risks with subset g exposure had construction credits. Conversely, operations reassigned to Code 9533, which comprise the majority of the exposures reported under Code 9529, will continue, subject to the parameters of the approved Massachusetts Construction Classification Premium Adjustment Program, to qualify for premium credits.

### **Implementation**

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

- ① Massachusetts Workers Compensation and Employers Liability Insurance Manual, - Classification, Special Programs and Rate Section.
- ② Retrospective Rating Plan Manual – Table of Classifications by Hazard Group [MA].
- ③ Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance – Table of Expected Loss Rates and Discount Ratios [MA].

**Massachusetts Workers Compensation and Employers Liability Insurance Manual**

**Present Phraseology**

Part Two - Classifications

Concrete or Cement Distributing Towers - Installation, Repair or Removal - & Drivers.....9529

**Erection, repair or removal of concrete or cement distributing towers by contractors as an incidental part of their construction work shall be included in the classification with which the work is associated.**

Construction Elevator or Hod Hoist Installation, Repair or Removal & Drivers.....9529

**Such operations performed by contractors who erect, repair or remove hod hoists or construction elevators as an incidental part of their construction work are to be included in the classification with which the work is associated:**

**1. Wooden Buildings or Structures including those designed for Dwelling Occupancy.....5403**

**2. Concrete or Concrete Encased Buildings or Structures.....5213**

**3. Iron or Steel Buildings or Structures..5057**

**4. Masonry Buildings or Structures.....5022**

**5. Piers or Wharfs & Drivers.....6003**

Hod Hoist or Construction Elevator Installation, Repair or Removal & Drivers.....9529

**Such operations performed by contractors who erect, repair or remove hod hoists or construction elevators as an incidental part of their construction work are to be included**

**Proposed Phraseology**

Part Two - Classifications

Concrete or Cement Distributing Towers - Installation, Repair or Removal - & Drivers.....9533

**Erection, repair or removal of concrete or cement distributing towers by contractors as an incidental part of their construction work shall be included in the classification with which the work is associated.**

Construction Elevator or Hod Hoist Installation, Repair or Removal & Drivers.....9533

**Such operations performed by contractors who erect, repair or remove hod hoists or construction elevators as an incidental part of their construction work are to be included in the classification with which the work is associated:**

**1. Wooden Buildings or Structures including those designed for Dwelling Occupancy.....5403**

**2. Concrete or Concrete Encased Buildings or Structures.....5213**

**3. Iron or Steel Buildings or Structures..5057**

**4. Masonry Buildings or Structures.....5022**

**5. Piers or Wharfs & Drivers.....6003**

Hod Hoist or Construction Elevator Installation, Repair or Removal & Drivers.....9533

**Such operations performed by contractors who erect, repair or remove hod hoists or construction elevators as an incidental part of their construction work are to be included**

in the classification with which the work is associated:

- 1. **Wooden Buildings or Structures including those designed for Dwelling Occupancy.....5403**
- 2. **Concrete or Concrete Encased Buildings or Structures.....5213**
- 3. **Iron or Steel Buildings or Structures..5057**
- 4. **Masonry Buildings or Structures.....5022**
- 5. **Piers or Wharfs & Drivers.....6003**

Scaffolding:

**NONE**

Each type of work Undertaken Is Classified as Follows:

- Suspended or Swinging Scaffold Installation, Repair or Removal.....9529
- Outrigger Scaffold Installation, Repair or Removal.....9529
- Scaffold Installation, Repair or Removal - built Up from the Ground - Not Suspended or Swinging Type.....9529
- Concrete or Cement Distributing Towers - Installation, Repair or Removal.....9529

**None**

in the classification with which the work is associated:

- 1. **Wooden Buildings or Structures including those designed for Dwelling Occupancy.....5403**
- 2. **Concrete or Concrete Encased Buildings or Structures.....5213**
- 3. **Iron or Steel Buildings or Structures..5057**
- 4. **Masonry Buildings or Structures.....5022**
- 5. **Piers or Wharfs & Drivers.....6003**

Scaffolding:

Contractors who erect, repair, or remove scaffolds or cement distributing towers, sidewalk bridges or hod hoists or construction elevators as an incidental part of their construction work to be separately rated. Such operations, when so performed, are to be included in the classification with which the work is associated.

Each type of work Undertaken Is Classified as Follows:

- Suspended or Swinging Scaffold Installation, Repair or Removal - NOC - All Operations including Yard Employees Drivers.....9534
- Outrigger Scaffold Installation, Repair or Removal - NOC - All Operations including Yard Employees & Drivers.....9534
- Scaffold installation, repair or Removal - built Up from the Ground - Not Suspended or Swinging Type & Drivers.....9533
- Concrete or Cement Distributing Towers - Installation, Repair or Removal & Drivers.9533
- Hod Hoist or Construction Elevator Installation, Repair or Removal & Drivers.....9533



|  |  |
|--|--|
| Sidewalk Bridges Not Over One Story in Height.....9529 | Sidewalk Bridges Not Over One Story in Height – <u>NOC</u> .....5403 |
|--|--|

|  |  |
|--|--|
| Delivery of Materials Only – No Installation, Repair or Removal.....9529 | Delivery of Materials Only – No Installation, Repair or Removal - <u>NOC - All Employees &amp; Drivers</u> .....7219 |
|--|--|

**None**

Applies only to those jobs or locations in which the operations conducted are limited exclusively to the delivery of scaffolding and scaffolding related materials.

Risks engaged in any installation, repair or removal of scaffold or scaffolding materials are be separately rated.

Any of the appropriate scaffolding or scaffolding materials related classification Codes, 7219, 5403, 9533 and 9534, may be assigned to the same risk. Division of a single employee’s payroll shall be allowed, provided payroll records are maintained showing separately the amount of payroll expended by specific type of scaffolding work conducted.

Code 7219 shall not be assigned at the same job or location to which Codes 5403, 9533 or 9534 apply.

**CURRENT**

**PROPOSED**

**Massachusetts Construction Classification  
Premium Adjustment Program**

**Massachusetts Construction Classification  
Premium Adjustment Program**

The Massachusetts Construction  
Classification, etc.....

**NO CHANGE**

**9529**

**9529  
9533**

**RESTOSPECTIVE RATING PLAN MANUAL**

**PART FOUR – F**

**Table of Classifications by Hazard Group**

| <u>Code No.</u> | <u>Hazard Group</u> |
|-----------------|---------------------|
| 9529            | IV                  |
| 9533            | IV                  |



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

June 14, 2001

**CIRCULAR LETTER NO. 1877**

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

**SCAFFOLDING - CODE 9529  
EFFECTIVE JULY 1, 2001**

The following rates, minimum premiums, loss constants and experience rating factors apply to the various Code 9529 scaffolding and scaffolding-related classifications shown below effective 12:01 A.M., July 1, 2001 on new and renewal policies.

The appropriate rate shall be applied to each separate job or location in accordance with the provisions of Rule IV-D.8. Construction or Erection Operations of the manual.

**SCAFFOLDING - CODE 9529**

|   | <b>Manual Rate</b> | <b>Minimum Premium</b> | <b>Loss Constant</b> | <b>Expected Loss Rate</b> | <b>"D" Ratio</b> |
|---|--------------------|------------------------|----------------------|---------------------------|------------------|
| a) Suspended or Swinging Scaffold Installation Repair or Removal  | 5.89               | 500.                   | 50.                  | 2.79                      | 0.20             |
| b) Outrigger Scaffold Installation Repair or Removal  |                    |                        |                      |                           |                  |
| c) Scaffold Installation, Repair or Removal - Built Up From the Ground - Not Suspended or Swinging Type | 26.21              | 500.                   | 50.                  | 11.74                     | 0.20             |
| d) Concrete or Cement Distributing Towers - Installation, Repair or Removal                             |                    |                        |                      |                           |                  |
| e) Hod Hoist or Construction Elevator Installation, Repair or Removal & Drivers                         |                    |                        |                      |                           |                  |
| f) Sidewalk Bridges Not Over One Story In Height  | 16.60              | 500.                   | 50.                  | 7.85                      | 0.21             |
| g) Delivery Of Materials Only - No Installation, Repair or Removal                                      | 8.69               | 500.                   | 20.                  | 4.19                      | 0.22             |

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President

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