



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

August 12, 2014

CIRCULAR LETTER NO. 2243

To All Members and Subscribers of the WCRIBMA:

**CONSOLIDATION OF SELECTED EXPLOSIVES
MANUFACTURING CODES**

The Massachusetts Division of Insurance approved the above captioned item, which combines several explosives manufacturing classification codes into classification Code 4771 and their associated non-ratable element codes into Statistical Code 0771.

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

These changes are applicable to new and renewal policies effective on or after 12:01 A.M., October 1, 2014.

The Internet-based versions of the affected MA Manuals, accessible at www.wcribma.org, will be updated soon.

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

DANIEL M. CROWLEY, CPCU
Vice President – Customer Services

Attachments

Filing Memorandum

**CONSOLIDATION OF SELECTED EXPLOSIVES
MANUFACTURING CODES**

Purpose

The purpose of this filing is to combine the explosives manufacturing classification codes listed below into classification Code 4771 and the non-ratable element (NRE) codes listed below into Statistical Code 0771.

| <u>Class Code</u> | <u>NRE Code</u> | <u>Phraseology</u> |
|--------------------------|------------------------|---|
| 4770 | 0770 | Explosives or Ammunition Mfg: Bag Loading - Propellant Charges - & Drivers |
| 4773 | 0773 | Explosives or Ammunition Mfg: High Explosives Mfg & Drivers |
| 4774 | 0774 | Explosives or Ammunition Mfg: Smokeless Powder Mfg - Single Base - & Drivers |
| 4775 | 0775 | Explosives or Ammunition Mfg: Cartridge Charging or Loading & Drivers Explosives or Ammunition Mfg: Shell Case Loading & Drivers |
| 4776 | 0776 | Explosives or Ammunition Mfg: Projectile, Bomb, Mine or Grenade Loading - & Drivers |
| 4779 | 0779 | Explosives or Ammunition Mfg: Cap, Primer, Fuse, Booster or Detonator Assembly & Drivers Explosives or Ammunition Mfg: Fireworks Mfg & Drivers |
| 4799 | 0799 | Explosives or Ammunition Mfg: Black Powder Mfg & Drivers |

Background

Our recently conducted review disclosed that there are no risks currently assigned to any of the above listed explosive manufacturing classification codes. In fact, our review revealed that none of these classifications codes have had any reported exposures during the past 12 years. Given the lack of data for these explosive manufacturing codes, combining the classifications listed above

into one new classification code and one new non-ratable element code will provide more meaningful data, if and when there is any reported exposure, for rating risks engaged in the explosives manufacturing industry.

In 1997, the National Council on Compensation, Inc. made a similar filing, Item B-1347 – Consolidation of Selected Explosives Manufacturing Codes, in their jurisdictions (Exhibit VI).

Proposal

It is proposed that the explosives manufacturing and non-ratable element codes listed above be eliminated and that these codes be replaced by Codes 4771 and 0771, respectively.

It is further proposed that the initial rate and rating values for Code 4771 and the initial rate for Code 0771 be adopted as shown in Exhibit IV. The proposed rate and rating values for Code 4771 and 0771 are the same as the present rate and rating values applicable to explosives manufacturing Code 4770 and the non-ratable element Code 0770, which are the only explosive codes that have had any exposure reported under them during the past two decades and are the lowest rates and rating values for any of the current explosives manufacturing codes. The rate is developed using the combined experience for Code 0771 and Code 4771. The developed rate is apportioned 13% to Code 0771 and 87% to Code 4771. These rates will be calculated in this fashion in future filings.

It is further proposed that this item become applicable with respect to new and renewal policies effective on or after 12:01 A.M., October 1, 2014.

Impact

This change will have no premium impact because as previously noted, there are no risks currently assigned to any explosives manufacturing classifications.

Implementation

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

- ① Massachusetts Workers Compensation and Employers Liability Insurance Manual: Appendix E – Massachusetts Voluntary Premium Algorithm, Appendix F – Massachusetts Residual Market Premium Algorithm, Appendix G - Massachusetts Table of Classification by Hazard Group, Classification and Rate Sections.
- ② Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance – Table of Expected Loss Rates and Discount Ratios [MA].
- ③ Massachusetts Workers Compensation Statistical Plan: Part I-Unit Statistical Reporting, Part III-Definitions, and Appendix II-Statistical Class Codes.

Exhibit I

| Present Phraseology Part Two – Classifications | Proposed Phraseology Part Two - Classifications |
|--|---|
|--|---|

| | |
|---|---|
| <p>EXPLOSIVES OR AMMUNITION MFG:</p> <p>BAG LOADING - PROPELLANT CHARGES - & DRIVERS4770 <i>Code 0770 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0770 is not subject to experience rating or retrospective rating.</i></p> <p>BLACK POWDER MFG & DRIVERS.....4799 <i>Includes mixtures in which black powder is the principal ingredient. Code 0799 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0799 is not subject to experience rating or retrospective rating.</i></p> <p>CAP, PRIMER, FUSE, BOOSTER OR DETONATOR ASSEMBLY & DRIVERS4779 <i>Includes mixtures in which black powder is the principal ingredient. Code 0799 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0799 is not subject to experience rating or retrospective rating.</i></p> <p>CARTRIDGE CHARGING OR LOADING & DRIVERS.....4775 <i>Includes all operations involving the handling of explosives or mixing of fulminate. Explosive or fulminate mfg. to be separately rated. Code 0775 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0775 is not subject to experience rating or retrospective rating.</i></p> <p>FIREWORKS MFG & DRIVERS.....4779 <i>Fireworks exhibitions to be separately rated as Code 9180.</i></p> <p><i>Code 0779 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0779 is not subject to experience rating or retrospective rating.</i></p> | <p>EXPLOSIVES OR AMMUNITION MFG:</p> <p>Eliminated</p> <p>Eliminated</p> <p>Eliminated</p> <p>Eliminated</p> <p>Eliminated</p> <p>Eliminated</p> |
|---|---|

| Present Phraseology Part Two – Classifications | Proposed Phraseology Part Two - Classifications |
|--|---|
|--|---|

| | |
|---|--------------------------|
| <p>HIGH EXPLOSIVES MFG & DRIVERS.....4773 <i>Includes the manufacture of explosives recognized by the Bureau of Explosives as “High Explosives” such as dinitrotoluol, double-base powders, dynamite, fulminates, nitroglycerin, nitro starch, picrates, picric acid, tetryl, and trinitrotoluol.</i></p> <p><i>Code 0773 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0773 is not subject to experience rating or retrospective rating.</i></p> | <p>Eliminated</p> |
| <p>PROJECTILE, BOMB, MINE OR GRENADE LOADING - & DRIVERS4776 <i>Cap, primer, fuse, booster, or detonator assembly to be separately rated as Code 4779.</i></p> <p><i>Code 0776 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0776 is not subject to experience rating or retrospective rating.</i></p> | <p>Eliminated</p> |
| <p>SHELL CASE LOADING & DRIVERS.....4775 <i>Applies to 20 mm. and over and includes assembling with loaded projectile. Projectile or primer loading to be separately rated.</i></p> <p><i>Code 0775 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0775 is not subject to experience rating or retrospective rating.</i></p> | <p>Eliminated</p> |
| <p>SMOKELESS POWDER MFG - SINGLE BASE – & DRIVERS4774 <i>Includes the mfg. of pyro or nitro cotton. High explosives mfg. to be separately rated as Code 4773.</i></p> <p><i>Code 0774 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0774 is not subject to experience rating or retrospective rating.</i></p> | <p>Eliminated</p> |

MASSACHUSETTS WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE MANUAL

| Present Phraseology Part Two – Classifications | Proposed Phraseology Part Two - Classifications |
|--|---|
|--|---|

| | |
|-------------|--|
| <p>NONE</p> | <p>EXPLOSIVES OR AMMUNITION MFG: NOC – & DRIVERS4771</p> <p><i>Includes the following operations whether conducted by individual enterprises or as combined multiple enterprises: bag loading – propellant changes; black powder mfg.; cap, fuse, booster, or detonator assembly; cartridge charging or loading; fireworks mfg.; high explosives.; projectile, bomb mine or grenade loading; projectile or shell mfg.; shell case loading and smokeless powder mfg. – single base.</i></p> <p><i>Fireworks exhibitions to be separately rated as Code 9180.</i></p> <p><i>Code 0771 shall be assigned in conjunction with this code to reflect the non-ratable catastrophe loading. Premium generated by Code 0771 is not subject to experience rating or retrospective rating.</i></p> |
|-------------|--|

Exhibit II

Massachusetts Workers Compensation and Employers Liability Insurance Manual

**Appendix E
Massachusetts Voluntary Premium Algorithm**

Part I

**MASSACHUSETTS WORKERS' COMPENSATION VOLUNTARY MARKET
MANUAL PREMIUM CALCULATION**

■ - Indicates that the given Rating Element applies to the column.

Class Categories

Not Subject to Experience Rating

Supplemental Non-Ratable Classes (F)

(1) Class or Statistical Code

0770

0771

0773

0774

0775

0776

0779

0799

7445

7453

Massachusetts Workers Compensation and Employers Liability Insurance Manual

**Appendix F
Massachusetts Residual Market Premium Algorithm**

Part I

**MASSACHUSETTS WORKERS' COMPENSATION RESIDUAL MARKET
MANUAL PREMIUM CALCULATION**

■ - Indicates that the given Rating Element applies to the column.

Class Categories

Not Subject to Experience Rating

Supplemental Non-Ratable Classes (F)

(1) Class or Statistical Code

0770

0771

0773

0774

0775

0776

0779

0799

7445

7453

Exhibit III

Massachusetts Workers Compensation and Employers Liability Insurance Manual

**Appendix G
Massachusetts Table of Classifications by Hazard Group**

| <u>Code No.</u> | <u>Hazard Group A-G</u> |
|-----------------|-------------------------|
| 4770 | G |
| 4771 | G |
| 4773 | G |
| 4774 | G |
| 4775 | G |
| 4776 | G |
| 4779 | G |
| 4799 | G |

Exhibit IV

**EXPLOSIVES OR AMMUNITION MFG: NOC & DRIVERS CODE 4771
PROPOSED RATES AND RATING VALUES
&
NON-RATABLE ELEMENT - EXPLOSIVES OR AMMUNITION
MFG.: CODE 0771 PROPOSED RATE**

MASSACHUSETTS

| CODE | RATE | ELR | D RATIO |
|-------------|-------------|-------------|----------------|
| 4771 | 8.84 | 3.73 | .14 |
| 0771 | 1.32 | — | — |

Exhibit V

**MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

Effective: July 1, 2014
Distributed:
PART III - DEFINITIONS

Page 5

1. Manual Premium – Class Categories:

a. Manual Class Code

For definition and for a list of all classifications refer to [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

b. Aircraft Seat Surcharge

Use code 0088 to report the passenger seat premium surcharge associated with aircraft operations to employees other than members of the flying crew.

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

c. Supplemental Disease

The premium for supplementary disease rates and any resulting losses are reported as follows:

| <u>Code</u> | <u>Description</u> |
|-------------|--|
| 0059 | Occupational Disease-Abrasive/Sand Blast |
| 0065 | Occupational Disease-Steel |
| 0066 | Occupational Disease-Non-Ferrous Metals |
| 0067 | Occupational Disease-Iron |

For more information refer to the [Massachusetts Workers Compensation and Employers Liability Insurance Manual](#).

d. Non-Ratable

Some classifications have a non-ratable element that is not subject to experience rating and is reported using the statistical class codes from the table below. Non-ratable element class codes must only be reported in conjunction with the corresponding basic classification ratable classes. The payroll for each of the paired classes must be equal.

| <u>Non-Ratable Element</u> | <u>Basic Classification</u> | <u>Description</u> |
|--------------------------------|---------------------------------|---|
| 0770 | 4770 | Bag Loading Explosives or Ammo Mfg. and Drivers |
| 0773 | 4773 | High Explosive Mfg. and Drivers |
| 0774 | 4774 | Smokeless Powder 1 Base and Drivers |
| 0775 | 4775 | Explosives or Ammo Base Loading |
| 0776 | 4776 | Projective, Bomb, etc., Loading and Drivers |
| 0779 | 4779 | Cap, Fuse, etc., Explosive or Ammo Mfg. and Drivers |
| 0799 | 4799 | Black Powder, Mfg. and Drivers |
| 0771 | 4771 | Explosives or Ammunition; NOC and Drivers |

**MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

Effective: July 1, 2014

Distributed:

Part I – Unit Statistical Reporting

**Section V
EXPOSURE RECORD DATA
Page 3**

- a. No-Exposure Developed
 - If a policy does not develop any Massachusetts exposure, report zero for the exposure amount on the exposure record containing statistical class code 1111 in the class code field.
- b. Payroll Exposure
 - Report the payroll amount. Do not divide the payroll by 100.
 - Report exposures for supplemental disease loads (statistical class codes 0059, 0065, 0066, 0067, 0133, 0179)

Note: The statistical class codes 0133 and 0179 were discontinued effective as of January 1, 2008.
 - Report exposures for Non-Ratable Elements (statistical class codes ~~0770, 0773, 0771, 0774, 0775, 0776, 0779, 0799, 7445, 7453~~).
- c. Non-Payroll Exposure
 - Per Capita Classifications (statistical class codes 0908, 0909, 0912 and 0913):
Report the number of employees covered, based on the duration of coverage. An employee covered under a per capita class code for a period of one year must be reported as an exposure of 1.0. If an employee is covered for a period other than one year, the reported exposure should be calculated by dividing the number of days of coverage by 365, and rounding the result to the nearest tenth of a year. For example, if an employee is covered for 130 days, the exposure amount will be equal to 0.4 (=130/365 rounded to the nearest tenth).
 - Aircraft Operation – Passenger Seat Surcharge: (statistical class code 0088)
Report the number of aircraft seats, subject to a maximum of 10 for any given aircraft. For example, if the insured has two aircraft with 5 and 18 seats respectively, report 15 for the number of seats.

6. Premium Amount

Report the premium amount corresponding to each classification.

- No-Exposure Developed
Premium Amount = \$0
- Payroll Exposure
Premium Amount = (Exposure Amount ÷ 100) x WCRIBMA's filed and approved rate
- Non-Payroll Exposure
Premium Amount = Exposure Amount x WCRIBMA's filed and approved rate
- Other Premiums
This premium shall be reported under the appropriate statistical class code. Refer to the [Massachusetts Premium Algorithm](#).

**MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

Effective: July 1, 2014
Distributed:
Part VI – Appendices

Appendix II – Statistical Class Codes
Page 1

APPENDIX II – STATISTICAL CLASS CODES

| Code | Phraseology | Premiums Assumed to be a Positive Value | Subject to Experience Mod. | How is the Exposure Expressed | Can Losses be Coded to this Class |
|-----------------|---|---|----------------------------|-------------------------------|-----------------------------------|
| 0032 | Loss Constant | Yes | No | Blank | No |
| 0059 | Occupational Disease- Abrasive/Sand Blast | Yes | Yes | Payroll | Yes |
| 0063 | Premium Discount – Type A | No | No | Blank | No |
| 0064 | Premium Discount – Type B | No | No | Blank | No |
| 0065 | Occupational Disease-Steel | Yes | Yes | Payroll | Yes |
| 0066 | Occupational Disease-Non Ferrous Metals | Yes | Yes | Payroll | Yes |
| 0067 | Occupational Disease-Iron | Yes | Yes | Payroll | Yes |
| 0088 | Aircraft Surcharge | Yes | Yes | Number of Seats | No |
| 0277 | All Risk Adjustment Program | Yes | No | Blank | No |
| 0770 | Non Ratable Element Bag Loading Explosive or Ammo MFG. & DR-NR | Yes | No | Payroll | No |
| 0773 | Non Ratable Element-High Explosive MFG. & DR-NR | Yes | No | Payroll | No |
| 0774 | Non Ratable Element-Smokeless Powder MFG.-1 Base & DR-NR | Yes | No | Payroll | No |
| 0775 | Non Ratable Element-Explosives or Ammo Case Loading & DR-NR | Yes | No | Payroll | No |
| 0776 | Non Ratable Element-Projectile Bomb ETC. Loading & DR-NR | Yes | No | Payroll | No |

**MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

Effective: July 1, 2014
Distributed:
Part VI – Appendices

Appendix II – Statistical Class Codes
Page 2

| Code | Phraseology | Premiums Assumed to be a Positive Value | Subject to Experience Mod. | How is the Exposure Expressed | Can Losses be Coded to this Class |
|-----------------|---|---|----------------------------|-------------------------------|-----------------------------------|
| 0771 | Explosives or Ammunition MFG:NOC & DR | Yes | No | Payroll | No |
| 0779 | Non Ratable Element-Cap Fuse Etc. Explosive or Ammo MFG. & DR-NR | Yes | No | Payroll | No |
| 0799 | Non Ratable Element-Black Powder MFG. & DR-NR | Yes | No | Payroll | No |
| 0887 | Premium Credit for Scheduled Rating Plan-Subject to Experience Rating | No | Yes | Blank | No |
| 0900 | Expense Constant | Yes | No | Blank | No |
| 0930 | Additional Premium – Waiver of Subrogation | Yes | Yes | Blank | No |
| 0931 | Short Rate Penalty Premium | Yes | No | Blank | No |
| 0990 | Risk Minimum Premium | Yes | No | Blank | No |
| 1111 | No Massachusetts Exposure | Must be Zero | No | Blank | No |
| 7445 | Non Ratable Element – Air Carrier – Other Flying Crew-NR | Yes | No | Payroll | No |
| 7453 | Non Ratable Element – Air Carrier – Commuter Flying Crew-NR | Yes | No | Payroll | No |
| 9034 | Rate Deviation – Not Subject to Experience Rating | No | No | Blank | No |
| 9037 | Rate Deviation – Subject to Experience Rating | No | Yes | Blank | No |
| 9046 | Construction Class Premium Adjustment | No | No | Blank | No |
| 9129 | Former Self-Insured Rating Plan Deposit | Yes | No | Blank | No |
| 9136 | Former Self-Insured Insurance Charge | Yes | No | Blank | No |

Exhibit VI

Ralph's Copy



John J. Casner
Director
Government, Consumer
and Industry Affairs

September 19, 1997

RECEIVED
SEP 24 1997

Mr. Roy Stewart, President
The W.C. Rating & Inspection Bureau
of Massachusetts
101 Arch Street, 5th Floor
Boston, MA 02110

*now - possible
RWD & Hall
8*

RE: Item B-1347--Consolidation of Selected Explosives Manufacturing Codes

Dear Mr. Stewart:

We will soon file the above captioned item in those jurisdictions where we are the licensed administrator of experience rating.

The attached filing memorandum describes the changes proposed within NCCI jurisdictions to become effective July 1, 1998, applicable to new and renewal business only.

The above captioned filing memorandum ("Memorandum") is proprietary and copyrighted by NCCI.

Should you desire to adopt NCCI's proposed Memorandum, permission is hereby granted to your organization by NCCI to copy the Memorandum verbatim for integration into your published materials and for no other purpose.

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Please notify NCCI at your earliest convenience whether your organization intends to adopt the Memorandum so that NCCI may complete its Filing Status Circular.

Sincerely,
John Casner
John J. Casner

FILING MEMORANDUM

ITEM B-1347—CONSOLIDATION OF SELECTED EXPLOSIVES MANUFACTURING CODES

(To be effective 12:01 a.m. on July 1, 1998, applicable to new and renewal business only.)

PURPOSE

The purpose of this filing is to combine the explosives manufacturing classification codes listed below into classification Code 4771 and the nonratable element (NRE) codes listed below into Statistical Code 0771.

| Class Code | NRE Code | Phraseology |
|------------|----------|---|
| 4770 | 0770 | Explosives or Ammunition Mfg.: Bag loading—propellant charges & drivers. |
| 4773 | 0773 | Explosives or Ammunition Mfg.: High explosives mfg. & drivers. |
| 4774 | 0774 | Explosives or Ammunition Mfg.: Smokeless powder mfg.—single base & drivers. |
| 4775 | 0775 | Explosives or Ammunition Mfg.: Cartridge charging or loading & drivers. Explosives or Ammunition Mfg.: Shell case loading & drivers. |
| 4776 | 0776 | Explosives or Ammunition Mfg.: Projectile, bomb, mine, or grenade loading & drivers. |
| 4779 | 0775 | Explosives or Ammunition Mfg.: Cap, primer, fuse, booster, or detonator assembly & drivers. Explosives or Ammunition Mfg.: Fireworks mfg. & drivers. |
| 4799 | 0799 | Explosives or Ammunition Mfg.: Black powder mfg. & drivers. |

BACKGROUND

We have determined that there are approximately 60 risks in NCCI jurisdictions that are assigned to the listed explosive manufacturing codes. Our review indicates that there are 11 states with no risks assigned to these codes; 11 states with one risk assigned to only one of these codes with the remainder of NCCI states having risks assigned to two or more of these codes. NCCI has concluded that due to a paucity of data for these explosive manufacturing codes, combining the classifications listed above into one new classification code and one new nonratable element code will provide more meaningful data for rating risks engaged in the explosives manufacturing industry.

PROPOSAL

It is proposed that the explosives manufacturing and nonratable element codes listed above be eliminated and that these codes be replaced by Codes 4771 and 0771, respectively.

It is further proposed that the transition program described in Exhibit III be adopted.

ITEM B-1347—CONSOLIDATION OF SELECTED EXPLOSIVES MANUFACTURING CODES

It is still further proposed that the initial loss costs/rates and rating values for Code 4771 and the initial loss costs/rates for Code 0771 be adopted as shown in Exhibit IV. For Code 4771, the loss costs/rates and rating values will be adjusted in future rate filings based on the combined reported experience for explosives manufacturing codes that are being eliminated and experience for Code 4771 until sufficient ratemaking data is available to allow for the use of conventional ratemaking methodology based on the individual experience of Codes 4771. For Code 0771, the loss cost/rate shown in Exhibit IV is based on 15% of the applicable loss cost/rate for Code 4771. Its loss cost/rate will be adjusted in future filings based on the adjusted loss cost/rate for Code 4771 and the 15% non-ratable percentage.

The rates, loss costs and rating values shown in Exhibit IV may change if a rate level approval is effective between the date this item is filed and the date it becomes effective.

IMPACT

The indicated renewal rates or loss costs and rating values are shown in Exhibit IV and, for Code 4771, have been generated from a weighted average of the combined rates currently applicable to those explosives manufacturing codes that are to be eliminated (for Code 0771, the 15% non-ratable percentage was used). The impact of these rates or loss costs will be minimized by the application of the one-year transition program described in Exhibit III.

IMPLEMENTATION

In order to implement this item, the attached exhibits outline the changes required in the *Basic Manual for Workers Compensation and Employers Liability Insurance* and the *Retrospective Rating Plan Manual*.

ITEM B-1347—CONSOLIDATION OF SELECTED EXPLOSIVES MANUFACTURING CODES

EXHIBIT I (Page 1 of 2)

BASIC MANUAL

CLASSIFICATIONS

Explosives or Ammunition mfg.:

- 4770 ~~Bag loading—propellant charges & drivers. Code 0770 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0770 is not subject to experience rating or retrospective rating.~~
- 4799 ~~Black powder mfg. & drivers. Includes mixtures in which black powder is the principal ingredient. Code 0799 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0799 is not subject to experience rating or retrospective rating.~~
- 4779 ~~Cap, primer, fuse, booster, or detonator assembly & drivers. Includes mixing of charges or loading. Explosive mfg. to be separately rated. Code 0779 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0779 is not subject to experience rating or retrospective rating.~~
- 4775 ~~Cartridge charging or loading & drivers. Includes all operations involving the handling of explosives or mixing of fulminate. Explosive or fulminate mfg. to be separately rated. Code 0775 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0775 is not subject to experience rating or retrospective rating.~~
- 4779 ~~Fireworks mfg. & drivers. Fireworks exhibitions to be separately rated as Code 9180. Code 0779 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0779 is not subject to experience rating or retrospective rating.~~
- 4773 ~~High explosives mfg. & drivers. Includes the manufacture of explosives recognized by the Bureau of Explosives as "High Explosives" such as dinitrotoluol, double base powders, dynamite, fulminates, nitroglycerine, nitrostarch, pierates, picric acid, tetryl, and trinitrotoluol. Code 0773 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0773 is not subject to experience rating or retrospective rating.~~
- 4776 ~~Projectile, bomb, mine, or grenade loading & drivers. Cap, primer, fuse, booster, or detonator assembly to be separately rated as Code 4779. Code 0776 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0776 is not subject to experience rating or retrospective rating.~~

ITEM B-1347—CONSOLIDATION OF SELECTED EXPLOSIVES MANUFACTURING CODES

EXHIBIT I (Page 2 of 2))

BASIC MANUAL

CLASSIFICATIONS

- 4775 ~~Shell case loading & drivers. Applies to 20 mm. and over and includes assembling with loaded projectile. Projectile or primer loading to be separately rated. Code 0775 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0775 is not subject to experience rating or retrospective rating.~~
- 4774 ~~Smokeless powder mfg.—single base & drivers. Includes the mfg. of pyro or nitrocotton. High explosives mfg. to be separately rated as Code 4773. Code 0774 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0774 is not subject to experience rating or retrospective rating.~~
- 4771 NOC & drivers. Includes the following operations whether conducted by individual enterprises or as combined multiple enterprises: bag loading—propellant charges, black powder mfg.; cap, primer, fuse, booster, or detonator assembly; cartridge charging or loading; fireworks mfg.; high explosives mfg.; projectile, bomb, mine, or grenade loading; projectile or shell mfg.; shell case loading and smokeless powder mfg.—single base. Code 0771 shall be assigned in conjunction with this code to reflect the nonratable catastrophe loading. Premium generated by Code 0771 is not subject to experience rating or retrospective rating.

ITEM B-1347—CONSOLIDATION OF SELECTED EXPLOSIVES MANUFACTURING CODES

EXHIBIT II

BASIC MANUAL

Deductible Insurance

Table of Classifications by Hazard Group

| Code No. | Hazard Group |
|-----------------|--------------|
| 4770 | IV |
| <u>4771</u> | IV |
| 4773 | IV |
| 4774 | IV |
| 4775 | IV |
| 4776 | IV |
| 4779 | IV |
| 4799 | IV |

RETROSPECTIVE RATING PLAN MANUAL

Part Four F

Table of Classifications by Hazard Group

| Code No. | Hazard Group |
|-----------------|--------------|
| 4770 | IV |
| <u>4771</u> | IV |
| 4773 | IV |
| 4774 | IV |
| 4775 | IV |
| 4776 | IV |
| 4779 | IV |
| 4799 | IV |

ITEM B-1347—CONSOLIDATION OF SELECTED EXPLOSIVES MANUFACTURING CODES

EXHIBIT III

BASIC MANUAL

STATE SPECIAL RATING PLANS AND PROGRAMS

Transition Program Applicable to Risks Previously Classified Under
Codes 4770, 4773, 4774, 4775, 4776, 4779, and 4799

Codes affected by this program are explosives manufacturing Codes 4770, 4773, 4774, 4775, 4776, 4779 and 4799, which are proposed for deletion, and Code 4771, which is proposed to replace those codes designated for deletion.

When a policy is written with Code 4771, the applicable loss cost/rate will be determined by taking the average of a) the expiring loss cost/rate (of Codes 4770, 4773, 4774, 4775, 4776, 4779 and 4799) and b) the indicated renewal loss cost/rate for Code 4771. The expiring loss cost/rate will be the loss cost/rate applicable to the explosives manufacturing classification that has the highest estimated annual payroll of all explosives manufacturing classes listed on the expiring policy. This loss cost/rate will not be subject to change based on exposures determined at final audit. The renewal loss cost/rate for Code 4771 will be determined based on standard Basic Manual rules applicable to the rating of renewal policies. The applicable loss cost/rate for nonrateable element Code 0771 will be 15% of the loss cost/rate that was developed for Code 4771.

This transition program is not applicable to the Expected Loss Rate (ELR) or Discount ("D") ratios.

This transition program will expire within one year from the effective date Code 4771 was approved in a particular jurisdiction.

Example: State X approves Code 4771 to be effective on 7/1/98. To qualify for this transition program, in addition to having exposure under one or more explosives manufacturing codes listed above, a policy's normal anniversary rating date must be effective on 7/1/98 or effective on 6/30/99 or effective on any date that falls between these two dates.

Any business previously not rated under an explosives manufacturing code that has been designated for elimination shall not be eligible for rating under this transition program. Under these circumstances, Code 4771's and Code 0771's published loss costs/rates will apply.