

NCCI's Classification Inspection Program—Top Reclassified Code in 2017



As part of its core services, NCCI continuously conducts classification inspections in all NCCI states through its Classification Inspection Program. The intent of this program is to monitor the accurate and consistent application of the classification system, thereby maintaining its overall integrity.

A key component of the Classification Inspection Program is conducting physical inspections of policyholders' business operations to determine whether the classification code(s) and/or governing code identified on each insurance policy reflect their current operations.

The governing code, as defined in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)* Rule 1-B-5, is the basic classification at a specific job or location (other than a standard exception code) that produces the greatest amount of payroll. If a change to a policyholder's governing class code occurs (as documented on an NCCI Inspection & Classification Report), then the governing code is considered reclassified.

In previous years, NCCI published articles regarding the top reclassified codes based on an analysis of inspections completed within the previous or three previous calendar years. In this year's article, NCCI's focus is on the single-most reclassified code based on an analysis of inspections completed in 2017; this code is 9015—Building or Property Management—All Other Employees.

Code 9015—Current Classification Information

Why is Code 9015 the highest reclassified code in 2017? This article will show the appropriate classification treatment for operations that must be assigned to Code 9015 and contrast with those operations that originally were assigned to Code 9015 and ended up being reclassified to another code. To gain perspective on why this code is highly reclassified, consider the following information related to Code 9015.

Subject to state exceptions, NCCI's *Basic Manual* includes the following filed note for Code 9015:

Applies to the care, custody, and maintenance of premises or facilities. Not applicable to an owner or lessee of a building who occupies the entire or principal portion of the premises for manufacturing or mercantile purposes. Includes doormen, security desk personnel, elevator operators, gatekeepers, and concierges. Separately rate maintenance or repair work at any location where the owner or lessee does not also perform janitorial services. Includes real estate management companies and real estate investment trusts. Clerical and sales employees are assigned to Code 9012—Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons, including those who operate at a separate location from the properties managed. Employees working exclusively for a country club operation run by a hotel, resort, condominium, or other community association are assigned to Code 9060—Club—Country, Golf, Fishing or Yacht—All Employees & Clerical, Salespersons, Drivers.

The wording for Code 9015 in NCCI's *Scopes® of Basic Manual Classifications (Scopes® Manual)* includes the following additional operations:

- Camps with overnight accommodations
- Self-storage or warehouse unit rentals
- Flea market or swap meet vendor space rentals
- Recreational vehicle campgrounds or parks
- Public swimming pools
- Mobile home or trailer parks

Inspection Data

NCCI's 2017 inspection data includes operations assigned to governing Code 9015 that resulted in the reclassification of those operations from governing Code 9015 to another code.

Code 9015 operations were most commonly reclassified to ...



Code 9012 ...

Applies to property managers, leasing agents, model home hosts, clerical staff, and outside salespersons employed by a building or property management company.

Summary

The inspection data shows that the most commonly reclassified operations that were originally assigned to Code 9015 were reassigned to Code 9012. Code 9015 applies to the care, custody, and maintenance of premises or facilities performed by building or property management companies.

The analysis of the inspection data shows that Standard Exception Codes 8810—Clerical Office Employees NOC and 8742—Salespersons or Collectors—Outside have been assigned to the clerical and sales duties performed by a building or property management company instead of Code 9012. In these instances, since the majority of payroll was originally allocated to a standard exception code in the absence of Code 9012, the applicable basic classification on the policy, Code 9015, was assigned as the governing code (according to **Basic Manual** Rule 1-B-5). The reallocation of this payroll to Code 9012 resulted in the governing code changing from Code 9015 to Code 9012.

It should also be noted that the phraseology for Code 9015 includes the language “All Other Employees” of a building or property management business. However, “All Other Employees” does not include those operations that are clerical and sales in nature; such operations must be assigned to Code 9012. Refer to the following for additional information:

- The filed note for Code 9015.
- **Basic Manual** Rule 1-C-2-a: All Employees, All Other Employees, All Operations, or All Operations to Completion—If a classification includes any of these phrases, no other classification can be assigned unless noted in the classification wording. This applies even if some operations or employees are at a separate location.

Code 8855 ...	Code 8723 ...
Applies to bank managers, tellers, loan officers, security personnel, armed and unarmed attendants, armored car operations, ushers, door attendants, and maintenance personnel for financial institutions that receive, lend, exchange, and safeguard money.	Applies to insurance companies and their employees including office workers; customer service representatives; actuaries; inside claims adjustors/examiners/auditors; underwriters; professional support staff, such as lawyers; computer programmers; and agents, brokers, and ratemaking organizations.
Summary	
<p>Prior to the establishment of Codes 8723 and 8855 (per Item B-1419—Revisions to Basic Manual Classifications and Appendix E—Classifications by Hazard Group, effective in 2011 in Florida and in 2012 in all other NCCI states except Texas and Virginia), janitorial and maintenance operations associated with financial institutions and insurance companies, agencies, brokers, and rating organizations were considered a General Inclusion within the applicable basic classification (as detailed in <i>Basic Manual</i> Rule 1-B-3) or to Code 9015 if the principal business was classified as a standard exception such as Code 8810 or Code 8742. The inspection data for 2017 shows that janitorial and maintenance operations at banks and insurance companies continue to be assigned to Code 9015. Instead, such operations must be assigned to Code 8723 or Code 8855.</p>	

Circulars

NCCI occasionally releases educational circulars on classification topics to further communicate the proper classification treatment for operations that are or have the potential to be commonly reclassified. The following is a list of some of the circulars that were released in 2015, 2016, and 2017; the 2015 circular relates specifically to Code 9015:

- [FYI-CW-2017-08—Countrywide—Classification of Marina Operations—UPDATED](#)
- [FYI-CW-2017-07—Countrywide—Classification of Personal Delivery Devices \(PDDs\)](#)
- [FYI-CW-2017-01—Countrywide—Classification of Tree Planting, Pruning, Trimming, or Spraying](#)
- [FYI-CW-2016-05—Countrywide—Classification of Grain Inspection and Weighing](#)
- [FYI-CW-2016-01—Countrywide—Application of Basic Manual Rule 1-D-3—Assignment of More Than One Basic Classification](#)
- [FYI-CW-2015-01—Countrywide—Classifications for Building or Property Management and Time-Share Operations](#)

Summary

It is imperative that the appropriate classification code(s) be assigned at the inception of a policy. Part Two of NCCI's *Basic Manual* contains the filed and approved phraseology and notes for each classification code. NCCI's *Scopes® Manual*, a supplement to NCCI's *Basic Manual*, is a guide to understanding and assigning classifications. For Virginia, NCCI's *Scopes® Manual* wording is filed and approved in that state. The use of these tools, as well as asking the appropriate questions regarding an employer's operations, should greatly reduce the number of reclassified codes.

We are sharing our aggregate findings with our customers to communicate the trends we are seeing in NCCI's Classification Inspection Program. We have provided some general information about the codes involved to illustrate some examples of the general reclassification areas we have identified. Without a specific inspection to reference, NCCI can only provide general information on the codes involved.

If you have any questions or would like to order a classification inspection, please contact our Customer Service Center at 800-NCCI-123 (800-622-4123) or email us at customer_service@ncci.com. We're here to assist you Monday–Friday, 8:00 a.m.–8:00 p.m. ET.