

## FILING MEMORANDUM

### ITEM 04-FL-2005—REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR PILE DRIVING AND MARINE CONSTRUCTION

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(To be effective 12:01 a.m. on July 1, 2006, applicable to new and renewal voluntary and assigned risk policies.)

#### PURPOSE

The purpose of this item is to amend the classification treatment of pile driving and marine construction in Florida. After review of Item B-1394 in Florida, it was decided to remove the dock and seawall construction industry from that filing. An amended version, B-1394A, was subsequently filed in Florida.

#### BACKGROUND

In June 2005, the Florida Office of Insurance Regulation (OIR) responded to Item Filing B-1394. Of particular note was the proposed treatment of dock and seawall construction. NCCI's proposal did not include creating new codes for marine construction or a separate code to charge for federal exposures. The USL&HW factor is used when coverage for federal exposure is needed. The OIR feels that this approach is not reasonable in Florida due to the rates assigned to Codes 6003 and 6005. It was also expressed that under the current classification system, it is not clear what code is applied to dock building.

NCCI conducted a national review of the dock and seawall construction industry in 2004. As a result of the OIR's comments and feedback from the marine industry in Florida, the proposed changes in B-1394 were removed from the filing for Florida. This state special filing proposes to introduce two new classification codes for pile driving and marine construction in Florida. The two national codes will be discontinued in Florida.

#### PROPOSAL

It is proposed that effective at 12:01 a.m. on July 1, 2006, applicable to new and renewal—voluntary and assigned risk policies, two new Florida Special Classifications be established in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*. Code 6004—Land Pile Driving will be a land-based pile driving classification, not applicable to marine construction. The second classification is Code 6006F—Marine Pile Driving, Dock & Seawall, Jetty or Breakwater, Dike or Revetment Construction—All Operations to Completion & Drivers. Code 6006F is an all-inclusive code for marine construction and includes marine pile driving operations.

It is also proposed that effective at 12:01 a.m. on July 1, 2006, two classification codes will be discontinued in Florida: Code 6003—Pile Driving, and Code 6005—Jetty or Breakwater Construction—All Operations to Completion & Drivers.

#### RATE DETERMINATION

The initial rate and Experience Rating values of Code 6004—Land Pile Driving will be that of Code 6003—Pile Driving until Code 6003 Florida data runs off, and Code 6004 establishes experience to produce its own rate and Experience Rating Plan values. The new class code's rate will eventually reflect the new Florida phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

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The initial rate of Code 6006F—Marine Pile Driving, Dock & Seawall, Jetty or Breakwater, Dike or Revetment Construction—All Operations to Completion & Drivers will be that of Code 6005—Jetty or Breakwater Construction—All Operations to Completion & Drivers multiplied by the USL&HW Factor from the Miscellaneous Values section of the Florida rate pages until Code 6005 Florida data runs off, and Code 6006F establishes experience to produce its own rate. Similarly, the Experience Rating Plan Expected Loss Rate (ELR) for Code 6006F will be initially determined by multiplying the underlying 6005 ELR by the same USL&HW Factor. Code 6006F's Experience Rating Plan D-Ratio will be that of Code 6005 until Code 6006F develops experience. Class Code 6006F's rate and rating values will eventually reflect the new Florida phraseology wording and underlying experience of all risks with payroll and loss experience assigned to that classification.

#### IMPACT

This item filing proposes to discontinue Code 6003—Pile Driving, in Florida, and establish a new Florida state special Code 6004—Land Pile Driving. Code 6004 will immediately reflect the new Florida phraseology, and future assignment of risks will be based on the new phraseology. It is expected that most experience generated for the new code will come from Code 6003. Therefore, this proposal is not expected to cause a significant change in statewide or individual risk premium. When calculating the Florida Contracting Classification Premium Adjustment Program (CCPAP) credit for employers using this classification, the rate for Code 6004 in effect for the policy period receiving the credit will be used.

This item additionally proposes to discontinue Code 6005—Jetty or Breakwater Construction—All Operations to Completion & Drivers, in Florida, and establish a new USL&HW Florida state special Code 6006F—Marine Pile Driving, Dock & Seawall, Jetty or Breakwater, Dike or Revetment Construction—All Operations to Completion & Drivers. Code 6006F will immediately reflect the new Florida phraseology, and future assignment of risks will be based on the new phraseology. It is expected that most experience generated for the new code will come from Codes 6003, 6005, and 5403. Therefore, this proposal is not expected to cause a significant change in statewide or individual risk premium. When calculating the CCPAP credit for employers using this classification, the rate for Code 6006F in effect for the policy period receiving the credit will be used.

#### IMPLEMENTATION

The attached Exhibits detail the changes made to the Florida Special Classifications in NCCI's *Basic Manual*.

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EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
FLORIDA SPECIAL CLASSIFICATIONS

6004● **LAND PILE DRIVING**

Code 6004 contemplates land-based pile driving operations, including hammer driving and water jet driving when performed in conjunction with pile driving. All other water jet operations are assigned to the appropriate drilling code. The manufacturing of concrete piles at the job location or the pouring of concrete into hollow steel piles is separately rated as concrete construction. Pile driving operations performed in connection with caisson or cofferdam work is separately rated as Code 6252 Shaft Sinking—All Operations. Refer to Code 6006F for marine pile driving operations in Florida.

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**EXHIBIT 2  
BASIC MANUAL—2001 EDITION  
FLORIDA SPECIAL CLASSIFICATIONS**

**6006F● MARINE PILE DRIVING, DOCK & SEAWALL, JETTY OR BREAKWATER, DIKE OR  
REVTMENT CONSTRUCTION—All Operations to Completion & Drivers**

River work and shoreline construction are included in Code 6006F. The manufacturing of concrete piles at the job location or the pouring of concrete into hollow steel piles is separately rated as concrete construction. Caisson or cofferdam work is separately rated as Code 6252 Shaft Sinking—All Operations. Refer to Code 6004 for land pile driving operations in Florida. Floating docks used in boatbuilding or repair are separately rated to the appropriate boatbuilding code.