

Commonly Misunderstood & Misapplied Classification Codes



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The New York workers' compensation classification system groups together businesses with similar functions, risk profiles, and pay scales. Categorizing businesses in this way enables the Rating Board to create a pricing structure for workers' compensation in the State, and this pricing structure serves as the starting point for calculating workers' compensation premiums for New York State employers. Interacting and working with system stakeholders (e.g., employers, insurers, agents, brokers) is a core component of the Rating Board's work, and through this work we have identified several commonly misunderstood and misapplied classification codes in the New York State workers' compensation system.

The purpose of this pamphlet is to (a) identify commonly misunderstood and misapplied classification codes; (b) explain the likely cause of frequent misunderstandings; and (c) clarify the correct application of these classification codes. The classification codes identified and discussed in this pamphlet fall within three broad classification categories:

- · trucking and delivery services,
- gas stations, auto sales, and service stations, and
- construction management and planning.

I. Trucking and Delivery Services

The classification of trucking and delivery services can be challenging due to the variety of factors that must be considered when assigning the basic classification of an employer's business operations. The factors that affect the classification assignment include the ownership of the merchandise being delivered, the distance of delivery (*i.e.*, local vs. long-distance), and the weight of the merchandise being delivered. The trucking and delivery services classifications set forth below are often misapplied.

Code 7219 (Trucking – NOC – All Employees & Drivers)

Clarifying Description

Code 7219 is to be assigned to employers engaged in the delivery of general merchandise or other products owned by others, such as fuel, oil, and milk. Messenger service companies that are principally engaged in local delivery of parcels or packages exceeding 100 pounds are also subject to Code 7219. In addition, delivery service companies under contract with fulfillment centers must be assigned to Code 7219.

Code 7219 should not be assigned to employers who deliver their own merchandise; rather, when employers deliver their own product, standard exception Code 7380 "Drivers, Chauffeurs and Their Helpers – NOC – Commercial" should be assigned. Please note that when the basic classification applicable to an employer includes "and drivers" in its phraseology, the basic classification shall apply to payroll associated with delivery services.

Common Misapplication

Code 7219 is sometimes mistakenly applied to home delivery services (Code 7197) or messenger services (Code 7231). See below for clarification on these classification codes.



Code 7197 (Trucking - Parcels or Packages - Home Delivery From Retail Stores & Drivers)

Clarifying Description

Code 7197 is to be assigned to trucking companies delivering parcels or packages from retail stores to customers' homes, *i.e.*, home delivery services.

Common Misapplication

Code 7197 is a New York specific code dedicated to home delivery and it is not available in other jurisdictions. Home delivery service operations originating from retail stores must be assigned to Code 7197, and not to Code 7219, which relates to general trucking services (see description of Code 7219 above).



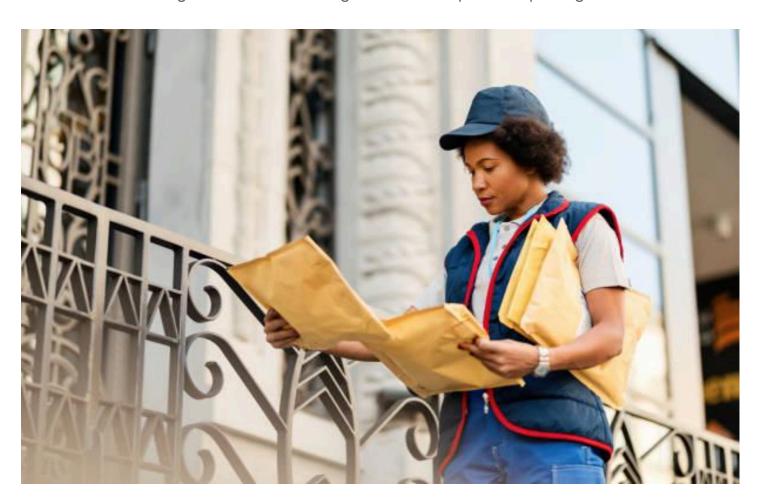
Code 7231 (Messenger Service Companies - Delivering Mail, Parcels or Packages - All Employees & Drivers)

Clarifying Description

Code 7231 is to be assigned to messenger service companies principally engaged in the local delivery of envelopes, parcels, or packages, weighing 100 pounds or less, by vehicle or bicycle.

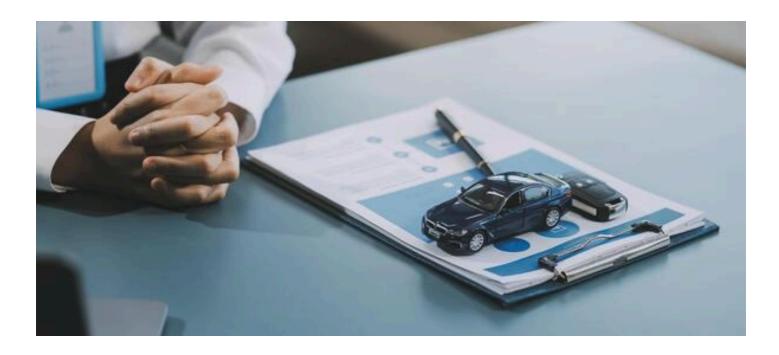
Common Misapplication

Code 7231 is sometimes mistakenly applied to general merchandise delivery or home delivery services, which should be assigned to Codes 7219 and 7197, respectively (see description of these codes above). Further, delivery service companies under contract with fulfillment centers must be assigned to Code 7219 regardless of the parcel or package size.



II. Automobile Gasoline Stations and Automobile Sales and Service Agencies

The application of classification codes to automobile gasoline stations and automobile sales and service agencies can be a source of confusion due to the complex nature of some businesses, such as the availability of both self-service and full-service sales and the clerical nature of service writers at automobile dealerships. Below are the descriptions of the three classifications that are often mistakenly assigned.



Code 8391
(Automobile Sales or Service Agency - All Operations & Drivers)

Clarifying Description

Code 8391 is to be assigned to businesses that offer either full-service gasoline sales or both full-service and self-service gasoline sale options. In addition, Code 8391 is to be assigned to automobile or truck dealers, covering all operations including estimates, service writers, and vehicle maintenance and repair. Please note that vehicle salespeople who are exclusively selling vehicles and are not exposed to hazardous operations, such as maintenance and repair, should not be included within Code 8391; rather Code 8748 (Automobile Salespersons) should be applied.

Common Misapplication

Service writers, who serve as the first point of contact for customers, gathering information about vehicle issues and communicating repair details, are sometimes mistakenly assigned to Code 8810 (Clerical Office Employees – NOC) because some of their work may be clerical in nature. However, due to the inherent hazardous nature of the general business operations, the New York Workers' Compensation and Employers' Liability Manual Rule IV (B)(3) – Inclusions specifically directs that service writers be included within the scope of its general classification, Code 8391.

Code 8381

(Automobile Gasoline Station and/or Service Stations – Self-Service Gasoline Exclusively – No Convenience Store)

Clarifying Description

Code 8381 is to be assigned to self-service gasoline stations. Code 8381 should not be applied to gasoline stations with both self-service and full-service options or gasoline stations with convenience store operations.

Common Misapplication

Code 8381 is sometimes mistakenly applied to gasoline stations that offer both self-service and full-service gasoline sales. Gasoline stations offering both service options must be assigned to Code 8391 (Automobile Sales or Service Agency – All Operations & Drivers) (see description of Code 8391 above).



Code 8382 (Automobile Gasoline and/or Service Stations - Self-Service Gasoline - With Convenience Store)

Clarifying Description

Code 8382 is to be assigned to self-service gasoline stations with convenience stores.

Common Misapplication

Code 8382 is sometimes mistakenly applied to establishments that offer both self-service and full-service gasoline sales. Gasoline stations offering both service options must be assigned to Code 8391 (Automobile Sales or Service Agency – All Operations & Drivers) irrespective of whether the business includes a convenience store (see description of Code 8391 above).

III. Construction Related Operations

The operations of (a) construction managers and (b) businesses offering engineering and architectural consulting services are often misunderstood and result in the misclassification of these exposures. The work of construction managers can be mistakenly considered to be clerical in nature without exposure to the construction job sites. The classification code reserved for engineers and architects offering consulting services is often misapplied to engineers and architects that are employed by construction companies, *i.e.*, in-house professionals. Below are descriptions of the classifications that relate to the above-described common mistakes.



Code 5606 (Contractor – Executive Supervisor, Construction Executive, Construction Manager, Construction Superintendent or Project Manager)

Clarifying Description

Code 5606 is to be assigned to senior-level construction managers supervising construction or erection projects through intermediaries like job superintendents or foremen. Senior-level construction managers spend time in the office and on project sites to provide general project oversight and confer with the job superintendents or foremen.

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Common Misapplication

Senior-level construction managers are often mistakenly classified as Code 8810 (Clerical Office Employees – NOC) because some of the work performed is clerical in nature (e.g., report writing in an office setting). Nevertheless, the unique nature of this role, *i.e.*, the office work combined with general on-site project oversight, warrants its unique treatment as a standalone classification.

Occasionally, senior-level construction managers are coded to classifications of the underlying project work (e.g., carpentry). Such treatment is not justified because while the senior-level construction manager provides general project oversight to monitor performance and progress, he or she does not perform the underlying construction work at the project site.



Code 8601 (Engineer or Architect Consulting & Clerical)

Clarifying Description

Code 8601 is to be applied to engineering and architectural consulting businesses, which are maintained as separate and distinct businesses. The operations of engineering and architectural consulting businesses include consultations with clients, research, site inspections, and compiling information to make recommendations.

Common Misapplication

Code 8601 is sometimes mistakenly assigned to engineers and architects who are employed by construction, erection or installation companies, *i.e.*, in-house professionals. In-house professionals cannot be considered consulting services and assigned to Code 8601; rather, they must be assigned to their appropriate construction-related codes.