



Classification System: Explained

New York Workers' Compensation
Classification System



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Introduction

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.

In developing each classification, our goal is to create a classification, or group of businesses, that is as homogeneous as possible while maintaining statistical credibility. The classification system strives for homogeneity because businesses in the same industry with similar operations also tend to employ workers with similar pay and benefits, who are exposed to similar workplace hazards, and who experience similar types of injuries.



As a result, the classification loss cost, which is the pricing structure component derived by the Rating Board, reflects the average anticipated cost of benefits, per \$100 of payroll, incurred by employers within each classification. The loss cost value for each classification code serves as the starting point for each employer's premium calculation. If a business is misclassified, the loss cost values utilized in the premium calculation may result in too much or too little premium being charged.

The classification assigned also impacts other rating values utilized in the premium determination, such as the **experience rating modification factor** assigned to each employer. For additional information related to experience rating modification factors, please visit the Rating Board's website at www.nycirb.org.

Primary Principle For Classification Determinations

It is the business of the employer that is classified, not the separate employments, occupations, or operations within the business.

Classification Codes

There are approximately 550 classifications in the New York classification system. Each classification is identified by a unique four-digit code representing a specific type of business. The phraseology, or title, of each classification code, together with the code's description, define the scope of the business operations included within the classification.

Example:

CLASS CODE 4239 – PAPER MANUFACTURING

Class Code 4239 applies to employers engaged in manufacturing paper. This classification includes pulp manufacturing from waste paper or rags.



Class Code 4239

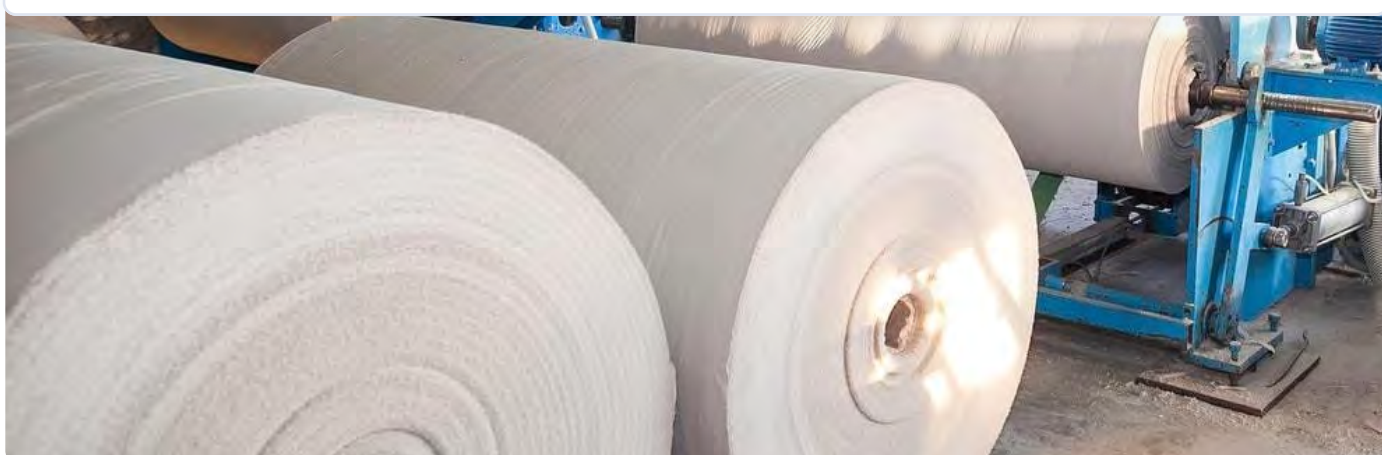
Phraseology: Paper Manufacturing

Description :

Code 4239 applies to employers engaged in manufacturing paper. This classification includes pulp manufacturing from waste paper or rags.

Together, the **phraseology** and **description** define the **scope** of Class Code 4239.

There are several guiding principles that facilitate the appropriate assignment of classifications: types of classifications, general inclusions, general exclusions, assignment by analogy, and travel exposure.








Types Of Classifications

There are two types of classifications:

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Basic Classifications

Basic classifications describe the type of business that an employer is engaged in, such as manufacturing, process, construction, dealer or store, or a service. Several examples of basic classifications are listed in the table below.

Basic Classification	Type of Business or Industry
2883 – Furniture Manufacturing Not Otherwise Classified (NOC) – Wood	 Manufacturing
3372 – Electroplating	 Process
5057 – Iron or Steel Erection – NOC	 Construction
7998 – Hardware Store – Retail	 Dealer or store
9586 – Barber Shop	 Service

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Standard Exception Classifications

Standard exception classifications describe occupations that are common to many businesses. There are six standard exception classifications:

- **Class Code 8810** – Clerical Office Employees – NOC
- **Class Code 8871** – Telecommuter Clerical Employees
- **Class Code 7380** – Drivers, Chauffeurs and Their Helpers – NOC – Commercial
- **Class Code 8742** – Salespersons, Collectors or Messengers – Outside
- **Class Code 8751** – Route Salespersons and Route Supervisors
- **Class Code 8809** – Executive Officers – NOC – Not Foremen, Workers or Salespersons

TYPES OF CLASSIFICATIONS (CONTINUED...)

When employees' duties fit exclusively within the definition of one of the standard exception classifications, the payroll of those employees is segregated from the payroll of a business's basic classification for the purposes of premium determination.

However, if the phraseology of the basic classification specifically includes employees that would otherwise fit within a standard exception, then the payroll of those employees is not segregated.

Example of a basic classification that specifically includes a standard exception:

Class Code 8723 – Insurance Companies & Clerical, Salespersons

As indicated above, the phraseology for Class Code 8723 specifically includes "clerical" and "salespersons." While clerical and salesperson occupations are generally subject to the standard exception classification rule, the payroll associated with any employees performing clerical, office, or sales duties within a business classified under Class Code 8723 should not be segregated for the purposes of premium determination.



Example of a basic classification that does not include standard exceptions:



Class Code 8033 – Supermarket – Retail

The phraseology for Class Code 8033 does not include the words, "& Clerical." Therefore, the payroll associated with any employees performing exclusively clerical office duties for a business assigned Class Code 8033 should be segregated for the purposes of premium determination and assigned to standard exception Class Code 8810 – Clerical Employees – NOC.

To illustrate the applicability of the standard exception rule, consider the following examples:

Example #1

Standard Exception Class Code 8810 – Clerical Office Employees – NOC

This standard exception applies to employees whose duties include the creation or maintenance of financial or other records of the employer, the handling of correspondence, computer composition, technical drafting, telephone duties including sales by phone, and any other related duties.



Scenario A

Class Code 9586 – Barber Shop

A beauty salon employs a bookkeeper to maintain the employer's financial records. This employee processes invoices exclusively in the facility's back office. The bookkeeper must be assigned to standard exception Class Code 8810 because the phraseology for Class Code 9586 does not include the words "& Clerical."



Scenario B

Class Code 9586 – Barber Shop

A beauty salon employs a receptionist to greet customers, handle calls, schedule appointments, and accept payment for all beauty services provided at the salon. This employee works primarily in the beauty salon and not in an office. In this instance, the receptionist cannot be assigned to standard exception Class Code 8810 because this employee is engaged in the business operations of the employer by interacting with customers and accepting payments for services rendered.



Example #2

Standard Exception Class Code 8871 – Telecommuter Clerical Employees

This standard exception applies to employees whose duties include the creation or maintenance of financial or other records of the employer, the handling of correspondence, computer composition, technical drafting, telephone work including sales by phone, and any other related duties of the employer from their residence office. A residence office is a clerical work area located in the dwelling of the clerical telecommuter employee or telecommuter drafting employee. The dwelling of the employee must be separate and distinct from the location of the employer. Telecommuter employees must spend more than 50% of their time performing clerical or drafting functions from their residence.



Scenario A

An employer operates an alarm company which employs an individual to perform bookkeeping. The bookkeeper performs this duty primarily (more than 50% of the time) from their residence. In this instance, the employee must be assigned to standard exception Class Code 8871 because the employee spends more than 50% of their time performing clerical duties from their residence.



Scenario B

An employer operates an alarm company which employs an individual to perform bookkeeping and the bookkeeper performs this duty more than 50% of the time in the employer's business office. In this instance, Class Code 8871 cannot be assigned to this employee because the employee spends less than 50% of their time performing clerical duties from their residence.

General Inclusions

General inclusions are operations that appear to be separate businesses but are included within the scope of basic classifications when they are performed as part of an employer's day to day operations. Accordingly, these operations are not separately classified unless specifically directed by classification wording.

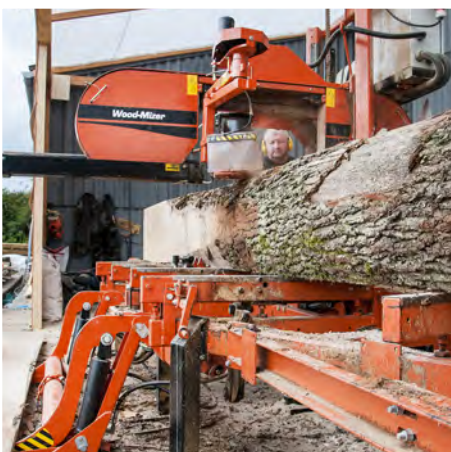
1. **Cafeterias, restaurants, stores, or day care centers** operated by the employer for the employees' use only.
2. **Manufacturing of containers** such as bags, barrels, bottles, boxes, cans, cartons or packing cases for sole use in the employer's own operations.
3. **Hospitals or medical facilities** operated by the employer for its employees.
4. **Maintenance or repair and/or cleaning** of the employer's buildings, vehicles or equipment when performed by employees of an employer.
5. **Printing** by the employer on its own products.
6. **Stevedoring and tallymen** or checking clerks.
7. **Research laboratories** operated by the employer to develop, test and/or improve products manufactured by the employer.
8. **Examining and/or inspecting products** manufactured by the employer (quality control).
9. **Warehousing** employer's own product.
10. **Tools, dies, molds or fixtures made and/or repaired by an employer** that are used in the employer's product manufacturing operations.
11. **Aircraft travel** by employees, other than members of the flying crew.
12. **Security guards** protecting their employer's premises and property.
13. **Counter personnel**, cashiers, and service writers.



General Exclusions

General exclusions refer to operations in a business that are so unusual that they are excluded from basic classifications. General exclusions are classified separately unless specifically included in the basic classification wording.

1. **Aviation** – all operations of the flying crew and ground crews.
2. **Sawmill operations** – sawing logs into lumber by equipment such as circular carriage or band carriage saws, including operations of the sawmill.
3. **New construction work**, including erection of permanent new buildings or additions to existing buildings.
4. **Alterations of existing buildings**, including structural alterations, erection, removal of interior walls, partitions, or store fronts.
5. **Extraordinary repairs**, such as installation or replacement of heating, plumbing or electrical wiring systems.
6. **Installation of machinery, equipment, or fixtures** in premises not previously occupied or operated by the employer.
7. **Painting** in connection with any of the foregoing items.



Assignment By Analogy

There may be business operations that are not specifically described by a classification within the New York classification system. Business operations that are not described by a specific classification are assigned by analogy to a classification that best describes that business based on similar operations and exposures.

Example

Class Code 3681 – Television, Radio, Telephone or Telecommunication Device Mfg. – NOC

Class Code 3681 applies to employers engaged in manufacturing or assembling wired electrical equipment or parts for the communication industry, such as the telephone, radio, and television industries. A business that manufactures electronic components for signal-receiving satellite dishes would be assigned to Class Code 3681 by analogy because the New York classification system does not contain a class code that specifically applies to the manufacturing of signal-receiving satellite dish components, and this type of business is most similar to Class Code 3681.



Classifications With Travel Exposure

There are a handful of occupations that are segregated and identified as “traveling” classifications because (a) employees in these occupations are required to travel as a regular part of their duties and, (b) the Rating Board’s data analysis indicates that travel increases the risk of injury to employees.

- **Class Code 8803** – Clerical Service Contractor – Traveling
- **Class Code 8854** – Health Care Services – Medical or Other Professional Services – Traveling
- **Class Code 8857** – Social Case Workers – Traveling
- **Class Code 9051** – Health Care Services – Daily Living Skills Services – Traveling
- **Class Code 9186** – Carnival, Circus or Amusement Device Operator – Traveling – All

Employees & Drivers