

Assigning NCCI Classification Codes to Businesses, Occupations or Employees within a Business

Division of Workers' Compensation
Bureau of Financial Accountability
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Purpose of the Classification System

- What is a Classification Code, and Who maintains the Classification Code System?
- Why and How do we Classify a Business?
- What are the Basic and Standard Exception Classification Codes?
- How do we identify a Governing Class Code?
- How do Class Codes impact Premium Calculations?

What is a Classification Code, and Who maintains the Classification Code System?

- Classification codes are 4 digit numbers assigned by NCCI.
- Classification codes are listed in the NCCI Scopes Manual.
- The 4 digit number also includes a short description called the “Phraseology”.
- The “Phraseology” is a general phrase that describes the nature and scope of the business and/or operations within a business.
- NCCI does periodic reviews of classification codes to determine if updates are needed.

Why is a Business Classified?

The reason why we classify business risk is because:

- The assigned classification reflects the exposure to loss due to workplace injuries that are common to those employers.
 - The workplace environment, hazards, and conditions are key factors.
- The rates charged reflect the exposure to loss that are common to those employers.

How do we Classify a Business?

- It is the business that is classified, not the individual employees, occupations, or operations within the business.
- A business risk is classified by determining if there is one basic class code that describes and includes all the duties or operations within the business. Most business will have more than one basic classification code assigned to them.
- There are approximately 800 basic classification codes. The basic class codes describes the core nature of the business.
- The term “basic classification codes” is applied to all classifications listed in the NCCI Scopes Manual, except for the standard exception classification codes.

Basic Classification Codes

Let's examine the 3 basic classification codes of a school:

Class Code	Description
8868	Schools/Colleges—Professional Employees & Clerical <i>Professionals and para-professionals such as Principal, teachers, teacher aides, etc.</i>
9101	Schools/Colleges—All Other Employees (Code) <i>Food service, maintenance or custodian staff, etc.</i>
7383	College or School—School Bus Drivers

NCCI's Basic Manual For Workers' Compensation

Standard Exception Classification Codes

Describe occupations that are common to many businesses. These common occupations are not included in a basic classification unless specified in the classification Phraseology.

Class Code	Description
8810	Clerical Office Employees NOC
8871	Clerical Office Telecommuter Employees
7380	Drivers, Chauffeurs, Messengers, and Their Helpers NOC – Commercial
8742	Salespersons or Collectors – Outside
8748	Automobile Salespersons

How do we identify a Governing Class Code?

M & H-Hotel with Restaurant

The classification code, other than a standard exception classification code, that generates the largest amount of payroll is the Governing Classification Code.

Class Code	Phraseology	Payroll
8810	Clerical Office Employees NOC.	\$20,000,000
9058	Hotel—Restaurant Employees	\$40,000,000
9052	Hotel—All Other Employees & Salespersons, Drivers	\$90,000,000

How do Class Codes impact Premium Calculations?

(Rates Vary by Class Codes)

Class Code	Description	2019 Rate	2020 Rate	2021 Rate
8810	Clerical Office Employees NOC	\$0.18	\$0.17	\$0.16
5403	Carpentry NOC	\$9.38	\$8.09	\$7.29
8742	Salesperson: Collectors-Outside	\$0.38	\$0.35	\$0.33
5551	Roofing All Kinds & Drivers	\$16.98	\$14.78	\$13.30

Summary of Main Points

- Classification Codes are 4 digit numbers with an attending phraseology used to describe the business operation and occupations within the business.
- Businesses are classified according to loss exposure/safety hazards to calculate adequate premiums to cover claims.
- Basic Class Codes describes the nature and mission of the business.
- Standard Exception Codes identify common operations found in most businesses (Clerical, Drivers, Salespersons, etc.)
- Governing Class Code is the basic class code with the greatest amount of payroll for the business or if no basic class code is applicable, the standard exception code with the greatest amount of payroll.
- The rates charged for each class code impacts premium calculation.

Thank you for viewing the Assigning NCCI Classification Codes to Businesses, Occupations or Employees within a Business presentation. If you have any questions or need additional information, please contact us:

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