



Columns & Rows



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Outgoing President's Message

By Kim Graham, Overland Solutions Inc



I want to thank those that attended the seminar in April held at the Hyatt Downtown in Greenville, SC. It was a good turnout and the seminar offered technical information as well as practical communication skills. We had impactful speakers during the seminar along with fun entertainment at our reception and our banquet. Those of you who missed it please consider attending future events. It's not only informative, it is a good time.

For my final thoughts, I want to briefly recap my opening remarks from the seminar. At times I feel premium audit is unappreciated and considered a necessary evil. I want to dispute that premise. Just what does a premium audit do?

- Ensures the integrity of the policy
- Develops appropriate premium
- Provides accurate statistical reporting data
- Delivers a snapshot of the type of risk and the type of agent
- Offers underwriting information

This one small report provides this much information to the industry. Wow! My hope is this year's group left the seminar with the following tools:

- Feeling strong and motivated
- Confident in their skills
- Empowered and energized
- Appreciating and understand the value and power of premium audit and how it fits into the insurance industry
- Pride and confidence in their chosen career

Auditors are excellent technicians but even the best in the business recognize that relationship building skills are tantamount to their overall leadership success with their clients, teams, companies and vendors. By attending IAASE conferences and serving in leadership positions within our organization, members have a unique opportunity to learn how to skill up, network with success and advance their personal and professional development.

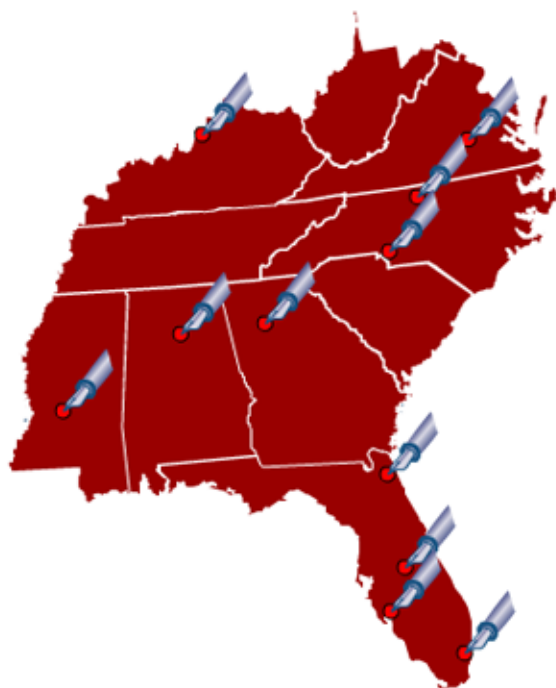
My sincere thank you to the board for their time and hard work during the 2014/15 term. The association will be in strong hands for the 2015/16 year with Noreen Eagleston as President, Dan King as President Elect, Lisa Maki as Secretary, Eric Gravens as Treasurer and Lee Surridge as Regional Vice President. I look forward to 2015/2016 and the education and membership initiatives we have in place.

Wishing you all the best,

Kim Graham



ABOUT IAASE



The Insurance Auditors Association of the Southeast (IAASE) is committed to the growth, development, and recognition of the premium audit profession. As part of our mission, we encourage and support our members in the advancement of technical knowledge relative to the field of premium auditing and promote recognition of all issues that affect the insurance industry.



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INSURANCE AUDITORS ASSOCIATION OF THE SOUTHEAST NEWSLETTER

The purpose of this newsletter is to share information. Therefore, the articles are published as submitted by the membership. The Insurance Auditors Association of the Southeast accepts no responsibility of the absolute accuracy of the articles published, as they are not for the sole purpose of education or accreditation.

Lisa Maki, Editor, Columns & Rows

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The Five C's of Leadership Presence

By Kim Graham, Overland Solutions Inc.

(Summary from IAASE Seminar Keynote Presentation "You May Be Smart But Are You Effective?")

DonnaLyn Giegerich, President of DonnaLyn Giegerich Consulting, is passionate about helping others "improve their groove" in business and life. With 25 years of experience, she is busy leveraging the intersection of her professional and personal life to help leaders elevate their impact. She has become a national keynoter, workshop and seminar leader as well as a business development coach. Learn more about upcoming workshops and events www.donnalyn.org. Connect with her on [LinkedIn™](#), [Twitter™](#), and [FB@DonnaLynSpeaks](#) to share your success.

What is Executive Presence?

You may be smart, but are you effective? How are you showing up these days? Tired or tenacious, harried or hopeful? How can you reinvent yourself to struggle less, savor more?

You can learn the traits you need to have executive presence.

DonnaLyn provided helpful tips, guidance, first person stories and other anecdotal narratives on how to be an effective leader. Her personal challenges have paved the way for her success and she wants to share that success with others. Her overall message was that we can learn behavior that will make us successful in our career as well as our personal life.

Uncommon fixes to improve your executive presence: Purify the ego, new and improved mental mindset, different lens on leadership. Executive Presence is composed largely of learned skills.

5 C's of Executive Presence

1. Confidence
2. Competence
3. Compassion
4. Creativity
5. Collaboration

Donna Lynn's Ten Point "Executive Presence" Quiz:

1. Are you situationally proficient in and out of the office?
2. Do you regularly spend part of your day helping someone else achieve success?
3. Are you coachable?
4. Are you studied in the art of networking and human engagement skills?
5. Do you update your look/image regularly to keep current?
6. Are you a powerful presenter?
7. Do you seek out enlarging experiences in and out of the work space?
8. Are you a skilled listener?
9. Are you resilient?
10. Are you a team player?

If you answered yes to the many of these questions, congratulations, you are a leader in your field. The final takeaway is these are learned traits and we can all grow and prosper by practicing skills that enable us to answer yes to all of the above questions.



DonnaLyn Giegerich, MBA, CIC, RYT, is the President of DLG Consulting, a leadership training company that helps professionals develop impact and influence. She's coached, consulted and keynoted in the corporate, convention and consumer space from California to Cornell to help others elevate their leadership potential. She maintains ownership interests in two insurance agencies in NJ, teaches Economics/Finance as an adjunct professor and advocates globally as a resiliency expert.

Effective Communication for Auditors

Submitted By Dan Smith, US-Reports, South Florida Chapter

(Summary from the IAASE Seminar)

Insured:

Why do you need Certificates of Insurance for these subcontractors, they are not on my payroll?

Auditor:

Well “um”, these “um”, are considered to be “um...um” exposure per manual rules, even though they are not on your direct payroll. And like.. these are “um” chargeable for “um” audit purposes.

Dr. Don Wallace is a Professor of Communication at Brewton-Parker College in Mt. Vernon, GA. Dr. Wallace gave an excellent presentation and examples of how non-verbal communication and vocal recapitulation affect our credibility in day to day business interactions. Non-verbal communication, such as looking a person in the eye when speaking and slightly leaning towards someone when talking, are extremely important and account for 65% of our credibility. These two important actions make the person you are speaking with feel that you are paying attention to them and are receptive to their comments. On the other hand, don't stare the person down or invade their space either, find a happy medium between these two extremes.

The presentation focused on verbal communication and how to improve speaking skills. Dr. Don pointed out how vocalized pauses can be used strategically, while vocal interruptions can be distracting to others. Vocal interruptions are the “oh's and um's” that blurt out while speaking to others or in front of a group. These vocal interruptions register with the person we are speaking to subconsciously, projecting lack of confidence, uncertainty, weakness and lack of

intelligence. Dr. Don pointed out that it is better to simply take a brief pause during a statement to regroup.

Dr. Don explained words or phrases that should not be used in business communications are called non-fluencies. Examples of these are: “you know”, “like”, “you know what I'm sayin”, and “per se”. For those of us that have teenagers, non-fluencies reach a bit further: “whatever”, “bad”, “sweet”, “awesome”, and “what's your pet peeve”. There are also some non-fluencies that we hear daily from business colleges such as “bottom line”, “at the end of the day”, “am I making sense”, “buy in”, “impact”, and “what gets your goat”. These are all simply overused clichés that have no value at all.

The group was instructed to participate in an exercise to assist in identifying vocal interruptions and attempt to rectify their use. The attendees separated into smaller groups and picked a topic that was difficult to discuss in the field. Each member of the group was instructed to address a specific issue and when the speaker used a vocal interruption, the rest of the group would give them the finger (no, not that finger, the pointer!). This exercise increased the speaker's awareness to recognize under what circumstances vocal interruptions are being used. Dr. Wallace recommends practicing speaking in front of family or friends using this exercise to become more confident and proficient.

Dr. Wallace concluded his presentation by illustrating how volume, rate and pitch while speaking are also very important aspects of speaking as well. Using a variety of these methods will keep the person

interested, open to the conversation, and involved.

Dr. Don Wallace is a full Professor



of Communication at Brewton-Parker College in Mt. Vernon, GA where he has taught since 1986. Dr. Wallace had a strange background as a booking agent, advertising creator, actor, musician, and professional student before the process of elimination left him in the field of higher education. He holds a BS in Mass Communication/Advertising, an MS in Interpersonal Communication, and a PhD. in Communication Theory from Florida State University, where he did not play football. He has received several teaching awards and served as advisor to Gamma Beta Phi, First Stage Productions, local civic organizations, BCM, college drama productions, and other college related programs. He has developed seminars in communication and spoken for community and church groups from Seattle, WA, to Biloxi, MS.

Named Insureds: Who Should Be, Who Can Be, and Who Shouldn't Be.

By Noreen Eagleston, WR Berkley Corp

(Summary from the IAASE Seminar)

It was my honor to introduce Chris Boggs as a speaker at the annual IAASE seminar in Greenville, SC. Chris is the Vice President of Education for the Insurance Journal's Academy of Insurance. He has a degree in journalism and has earned nine insurance designations: CPCU, ARM, ALCM, LPCS, AAI, APA, CWCA, CRIS and AINS. He is a self-proclaimed "Insurance Geek" and with all those letters beside his name, I think he must be right! His topic was: "Named Insureds: Who Should Be, Who Can Be, and Who Shouldn't Be."

Chris gave us some guidelines regarding the "status of an Insured" which **MUST** exist before any questions of coverage can be addressed. If an entity suffering a loss or being held legally liable is not an "insured," there is no coverage.

Incorrectly extending "**INSURED**" status to an entity or individual improperly places the insurer at risk. If any entity or individual is incorrectly listed on the policy you're auditing as an "insured" or is legally extended coverage, you may be putting the carrier at risk.

There are four levels of "Insured" status:

1. Named Insured – the "you" on the policy. The "you" is given the broadest protection and it must be correct in order to bind coverage to the intended parties/entities and NOT to bond coverage to unintended parties/entities.
2. Extended Insured(s): these persons or entities are given the same level of protection as the named insured, but who qualify as an extended insured varies

depending on the entity type being insured.

- a) Individual – "you" and spouse from liability arising from conduct of the business.
- b) Partnership – "you," partners and spouses for liability arising from the conduct of the business
- c) Joint Venture – "you," members and applicable spouses for liability arising from of the business.
- d) Limited Liability Company – "you," and members for conduct of the business; managers for duties as manager.
- e) Other Organizations: "you" executive officers and directors with respect to their duties. Stockholders for their vicarious liability as stockholders.
- f) Trust – "you" and trustees (for their duties as trustees only).

3. Automatic Insureds are provided protection because of their relationship with and to the named insured. These individuals/entities are related to and/or contribute directly to the activities of the insured's business or operation. Often subject to exclusions not applicable to "You's" and "Extended Insureds," "automatic insureds" includes employees, volunteer workers, real estate managers, any person or entity having temporary custody of property if "You"

die, legal representative if "You" die, newly acquired or formed organizations over which "You" maintain ownership or majority interest. There is **NO** coverage for any previous, newly formed or newly acquired partnerships, joint ventures or limited liability companies.

4. Additional Insureds provide benefit to or receive benefit from the named insured but are not related to the named insured, so:
 - a) Protection is always extended by endorsement.
 - b) Additional insureds are often extended the **least** amount or very limited protection.
 - c) A relationship may move up to "Automatic Insured" coverage status (by endorsement):
 - Who benefits from the activity of the relationship?
 - Who could potentially be held liable for the injury or damage?
 - Can or does the Additional Insured exist apart from the existence of the Named Insured?

Key Concept – an employer/insured is **ALWAYS** a person, either a "natural" person or a legal person. A natural person employer is a flesh and blood employer such as a sole proprietor or partner. An example of a legal person employer is a corporation. Four types of employees work for natural or legal employers: 1) direct employees, 2) de-facto

Cont'd on page 6



employees over whom the insured has direction and control, 3) de-jure employees created by statute or 4) borrowed servant.

Multiple Named Insureds –

combinable entities have common majority ownership or interest. Majority interest is created by a) owning more than 50% of entity; b) owning majority of voting stock; c) majority of owners or; d) majority common board. The rules that could apply: a) (rigid rule) at least 51% common ownership/interest or b) the 51% can sometimes be waived if reasonable commonality among owners exists AND the operations or multiple entities are essentially the same.

We sincerely thank Chris for such an insightful presentation. He has reiterated how important it is to get the NAMED INSURED and any other INTENDED INSURED(S) correctly listed on the policy. If you need more on the subject, Chris can be reached at cboggs@ijacademy.com.

Chris Boggs is the Vice President of Education for the Insurance Journal's Academy of Insurance. He has a degree in journalism and has earned nine insurance designations: CPCU, ARM, ALCM, LPCS, AAI, APA, CWCA, CRIS and AINS.



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Did You Know? Grading & Excavation

By Kevin Steger, Builders Mutual Insurance

Reprinted with permission from the Summer 2015 edition of Newline, a publication of the National Society of Insurance Premium Auditors

Grading—According to the PAAS, grading involves changing the contour of the land involving the clearing and/or leveling of the land by scraping, cutting, piling, or pushing of the earth. Grading normally involves using heavy equipment such as bulldozers, graders, plows, and scrapers. Grading can also be done by hand, using rakes and similar tools. However, the removal of a limited number of trees using specialized tree equipment code 97111 “Logging and Lumbering” would then apply.

Excavation involves the creation of a hole, cavity, depression, opening, or trench in the earth’s surface. Excavation work is normally performed by bulldozers, backhoes, excavators, trenchers and other equipment. Excavation can also be done by hand, using shovels and similar tools. There are no parameters specifying the depth of the cavity. Whether the risk is a specialty contractor digging a ten-foot foundation cavity or a six-inch trench, both would be considered excavation work.

Workers Compensation

Grading and Excavation are encompassed within the same workers compensation code 6217, which includes blasting, drivers and soil testing.

General Liability

Grading and Excavation work is separated into different general liability codes:

- Grading 95410
- Excavation 94007
- Both include soil testing, neither include blasting, which is contemplated by code 91210

Equipment Operators who also drive trucks (PAAS EB 04-05.03)

If an employee operates the excavation/grading equipment and also drives a dump truck, and/or drives the truck to deliver the equipment to the jobs, is the employee’s payroll included, excluded, or can some of the payroll be excluded? Rule 24.E.3.g. provides, as a general exclusion to payroll: “The payroll of drivers and their helpers if their principal duties are to work on or in connection with automobiles.” The term “principal duties” is not defined in ISO’s Commercial Lines Manual. PAAS interprets “principal duties” as the job function that the employee is primarily involved in at a particular job or location. In the context of this question, the first step is to determine if the employee is primarily a driver or an equipment operator. Depending upon the answer to this question, one of two scenarios will follow:

1. If the employee is principally an equipment operator at a job or location, the employee’s duties do not qualify under Rule 24.E.3.g., and the employee’s entire payroll is included in the classification that applies to the operating of the equipment.

For example, an employee of a grading contractor operates a bulldozer six hours a day, and spends two hours a day transporting the bulldozer to and from the job site. This employee is principally a bulldozer operator on a grading job, so the employee’s entire payroll for this job is included in code 95410.

2. If the employee is principally a driver on a job or location, the employee’s duties qualify under Rule 24.E.3.g. However, the employee’s entire payroll is not excluded, only the payroll for the driving (or helping) duties can be excluded. The payroll for operating the equipment should still be included. This exclusion is based on the insured maintaining appropriate records, if the insured does not keep the payroll separated, the entire payroll is included.

For example, an employee of a specialty contractor hired to dig foundations for a building project drives one of the dump trucks for five hours per day. This employee operates a bulldozer performing borrowing work for the remaining three hours each day. This employee’s duties do qualify under Rule 24.E.3.g. and the driving payroll is excluded from the audit. Only the payroll of this employee for the operation of the bulldozer would be included in code 94007. If the insured does not maintain an adequate payroll breakdown, the entire payroll should be included in code 94007.

Kevin Steger is a Field Auditor and has been in the industry 13 years.



Luis Hernandez Distinguished Auditor Of The Year

Annually, the IAASE presents the Luis Hernandez Distinguished Auditor of the Year Award to honor an individual who has served the premium audit profession proudly. We encourage you to consider nominating someone for this distinguished award.

Past Recipients

Luis Hernandez Distinguished Auditor of the Year Award

1984	Sidney Brown	2000	Donna Harwood
1985	Jim Porter	2001	Juanita Lindsay
1986	Ron Clopton	2002	Mardi Martinson
1987	Joe Travis	2003	Al Hodge
1988	Ken Davey	2004	Jerry Coutts
1989	Joe McJunkin	2005	Noni Wilson
1990	Jim Styles	2006	Nancy Elmore
1991	Jack Van Dorn	2007	No Award Given
1992	Don Holzemer	2008	Greg Jensen
1993	Myrna Geiger	2009	Denise Smith
1994	John Woods	2010	Michel Hall
1995	Bruce Wilinski	2011	John Dowdy
1996	Ray Fitchner	2012	Dan Smith
1997	Ann Leithauser	2013	Lisa Letson
1998	Phyllis Hodge	2014	Lee Surridge
1999	Skip Taylor	2015	KIM GRAHAM



*Kim Graham receives the
2015 Luis Hernandez Award
from Lee Surridge at the 2015
Annual Seminar*

Four Ways to Dial Up Post Conference Connecting

By DonnaLyn Giegerich.



The best leaders help create success for others and help them become better versions of themselves. So, you've attended the 2015 IAASE conference in Greenville, and you're back in the office repeating professional patterns that feel comfortably competent. Challenge yourself to do more to elevate your conference connections this year.

Here are four easy ways to expand your reach:

1. Follow up with conference attendees. Try using a LinkedIn business invitation to connect, but be sure to make your invitation warm and personable, don't just use the default "I'd like to add you to my network" request. Extend your invitation with a conference memory or common point of interest. For example, "Hi Jim.. It was great to learn about your goals/interests/favorite sports team at the IAASE conference in Greenville. I'd like to connect with you on LinkedIn." If you can be a resource for your colleague, offer to do so. They'll be delighted and more likely to respond. Chances are, as premium auditors, you'll cross again at other conferences, so a personalized, social media connection can launch a future conversation. Not on
2. Share a valuable piece of learning from your conference with a colleague, competitor or team member. Showcase your generosity and interest in learning. Trade new classification code insight. Share an emerging industry trend. If you're trying to build membership at IAASE, share what you learned of specific value at the conference to ignite a conversation. Share the content at the office, on your social media sites or through an email exchange. Remember to ask open ended questions to start the conversation but listen for ways to develop traction that benefits someone's career or IAASE membership growth. Example: Did you know that as a result of Dr. Don's workshop on communication, I've eliminated half of "my fillers" and I now speak more effectively with clients to develop greater impact? WHAT are your biggest communication challenges? HOW are you proposing to improve them as a result of attending the IAASE conference? Listen, share and start a conversation!
3. Volunteer to assist your IAASE organization with your talent and time. Busy people get things done! Get clear on how you can help. Share a duty. Create a committee. Solve a problem. Professionals today
4. Have fun! We've been attending Certified Insurance Counselor (CIC) continuing education seminars for 25 years! That's a lot of opportunity to network, have fun and build business on and offline! Each year we look forward to catching up with established colleagues and tracking new tips with emerging change-makers. All work and no play makes....well, you know! So stay actively engaged, practice open mindedness and don't be amazed if you find yourself "smart but much more effective" post conference. Feel free to share your success stories with me!

are collaborating like never before. Get creative on how you can support your professional organization in new and expanding ways. According to quantum physics, everything is energy so keep your energy positive! Create good karma by contributing to professional development for all.



Memories from the 2015 Annual Seminar



Memories from the 2015 Annual Seminar



Best Advice: I Quit My Job Every Year, and You Should Too

By Aaron Hurst

Reprinted with Permission

Every December 31st, I quit my job. The next day I decide if I want to take the job again for the New Year. It helps me clear the noise and make sure I am 150 percent behind what I am doing and that it is how I want to spend the majority of my waking hours.

Last year was perhaps the hardest year of my career. While learning how to be a co-founder of a company, I was on the road and away from my family. I moved to the opposite coast and away from the rest of my team. There were starts and stops on direction and focus, not feeling deeply connected to our members, and all the realities and challenges of a young startup.

So, on New Year's Eve 2014, I quit.

The following morning I thought long and hard about whether to remain as CEO of my company for 2015. I knew that this wasn't going to be an easy year. Being part of a startup is hard and frustrating work. It is also still challenging for me to be a CEO, dad, and husband all at the same time. Most days I feel like I am failing in at least one of those roles — if not in all three.

Despite it all, however, I knew that this is where I want to be in 2015. I decided to rehire myself. This is the work that matters to me, and I can't think of any other opportunity to make the impact that has even close to the same potential. Now, two months into 2015, I have been more energized and focused. I get to approach this year as if it is the first year of a new job, a new adventure.

I asked each member of my team to undertake the same exercise. Now, I encourage each of you to do the same. You don't have to wait for New Year's Eve. Tonight, when you get home, quit. Take some time to reflect and then decide if you want to rehire yourself tomorrow.

Commit to this exercise every year. It will help you focus on what you want to be doing, and why.

This is my best advice for myself, my team, and you. Are you in?

In this series, professionals share the words of wisdom that made all the difference in their lives. Follow the stories and write your own (please include the hashtag #BestAdvice in the body of your post).

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Aaron Hurst rehired himself CEO of Imperative, a technology platform helping organizations build cultures alive with purpose. He is also the founder of the Taproot Foundation and author of The Purpose Economy.

Follow him on [Twitter™](#): @Aaron_Hurst.

NCCI's 2015 Classification Inspection Program Update—Top Five Reclassified Codes

Reprinted with Permission as Posted on NCCI.com, May 28, 2015

As part of its core services, NCCI conducts classification inspections in all NCCI states. This specific service is called the Classification Inspection Program. The overall intent of the Classification Inspection Program is to monitor for the accurate and consistent application of the classification system, thereby maintaining its overall integrity.

Based on an analysis of inspections completed between 2012 and the end of 2014 in all NCCI states (excluding Texas), NCCI has identified the five classification codes that are most commonly reclassified, as well as the classification codes into which the employers are typically moved. The term reclassification refers to governing class code changes reflected on an NCCI inspection report. According to Rule 1-B of NCCI's **Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)**, the governing code is the classification at a specific job or location (other than a Standard Exception code) that produces the greatest amount of payroll.

The top five codes are similar to last year's. Due to their constant presence at the top, NCCI did not exclude Standard Exception Codes 8810 and 8742 from the ranking this year, which pushed Codes 8017 and 4299 out of the top five. Reasons for the reclassification of Codes 8810, 8742, 9015, 8601, and 5191 are described on the following pages:

Classification Codes Commonly Reclassified	Reclassified to Classification Code
8810—Clerical Office Employees NOC	<ul style="list-style-type: none"> • 8723—Insurance Companies—including Clerical & Salespersons • 8855—Banks and Trust Companies—All Employees, Salespersons, Drivers, & Clerical • 8803—Auditor, Accountant, or Computer System Designer or Programmer—Traveling • 8018—Store—Wholesale—NOC • 9012—Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons
8742—Salespersons or Collectors—Outside	<ul style="list-style-type: none"> • 8723—Insurance Companies—including Clerical & Salespersons • 8720—Inspection of Risks for Insurance or Valuation Purposes NOC • 8018—Store—Wholesale—NOC • 8810—Clerical Office Employees NOC • 8721—Real Estate Appraisal Company—Outside Employees
9015—Building or Property Management—All Other Employees	<ul style="list-style-type: none"> • 8855—Banks and Trust Companies—All Employees, Salespersons, Drivers, & Clerical • 9012—Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons • 8723—Insurance Companies—including Clerical & Salespersons • 8810—Clerical Office Employees NOC • 9014—Janitorial Services by Contractors—No Window Cleaning Above Ground Level & Drivers
8601—Architectural or Engineering Firm—including Salespersons & Drivers	<ul style="list-style-type: none"> • 8602—Surveyors, Timber Cruisers, Oil or Gas Geologists or Scouts, & Drivers • 8603—Architectural or Engineering Firm—Clerical • 4511—Analytical Laboratories or Assaying—including Laboratory, Outside Employees, Collectors of Samples, & Drivers • 3681—Television, Radio, Telephone, or Telecommunication Device Mfg. NOC • 8810—Clerical Office Employees NOC
5191—Office Machine Installation, Inspection, Adjustment, or Repair	<ul style="list-style-type: none"> • 8018—Store—Wholesale—NOC • 3574—Computing, Recording, or Office Machine Mfg. NOC • 8810—Clerical Office Employees NOC • 8803—Auditor, Accountant, or Computer System Designer or Programmer—Traveling • 3681—Television, Radio, Telephone, or Telecommunication Device Mfg. NOC • 7605—Burglar and Fire Alarm Installation or Repair & Drivers

Cont'd on page 14



1. Code 8810—Clerical Office Employees NOC

Code 8810 is a Standard Exception that applies to clerical office employees provided that they are not otherwise classified in the **Basic Manual**. These employees are common to many businesses but cannot be assigned to Code 8810 if clerical is specifically included within the phraseology of a basic classification applicable to the employer. In general, payroll for Code 8810 cannot be split with any other classification code, unless permitted by state exception rules.

Operations classified to Code 8810 were most commonly reclassified to insurance companies, bank and trust companies, property management, sales, and traveling auditors, accountants, or computer programming companies. NCCI Filing B-1419—Revisions to **Basic Manual** Classifications and Appendix E—Classifications by Hazard Group (Item B-1419) established new classifications for industries traditionally classified to Code 8810. These include banks, insurance companies, and check-cashing establishments.

2. Code 8742—Salespersons or Collectors—Outside

Code 8742 applies to outside salespersons or collectors. Salespersons or collectors, as defined in NCCI's **Basic Manual**, are employees who perform such duties away from the employer's premises. Code 8742 is not available for employees who deliver merchandise or work in a store. Employees who deliver merchandise would be classified to the appropriate driver code. Furthermore, Code 8742 does not apply to the sales staff of a store assisting walk-in customers and/

or cashiers. Such employees are classified to the appropriate store code.

As with the other Standard Exceptions, Code 8742 does not apply when the basic classification wording includes outside salespersons and/or collectors.

Consider the following key points when assigning Code 8742:

- The phraseology of the code for the business does not include salesperson and/or collectors
- The employee's duties are strictly outside sales and/or collections
- The employee does not deliver the merchandise or work in a store

Summary on Standard Exception Classifications

Codes 8810 and 8742 are still showing up in the data at a high frequency. If a business is best described by a Standard Exception, the reclassification of just one employee to a basic classification will change the governing code. To minimize the reclassification of Codes 8810 and 8742, consider implementing this methodology: Codes 8810 and 8742 should not be used as the starting point for classifying a business. The nature of the business should first be determined, and Codes 8810 and 8742 should be added only if no other code applies and if all clerical guidelines are met. If the phraseology of a code includes Clerical and/or Salespersons, then Codes 8810 and 8742 cannot be used.

In addition, Item B-1419 created new classifications for insurance companies (Code 8723) and banks (Code 8855). Both of these

classifications were classified to Code 8810 prior to Item B-1419. Item B-1419 also moved certain operations, such as claim adjusters or special agents for insurance companies, out of Code 8742 and into Code 8720.

3. Code 9015—Building or Property Management—All Other Employees

Code 9015 applies to the care, custody, and maintenance of premises. It is most commonly reclassified to Code 8855—Banks and Trust Companies—All Employees, Salespersons, Drivers & Clerical. Item B-1419 established new Classification Code 8855. Code 8855 applies to financial institutions that receive, lend, exchange, and safeguard money. Occupations include bank managers, tellers, loan officers, security personnel, armed and unarmed attendants, armored car operations, ushers, door attendants, and maintenance personnel of these institutions.

In addition, Code 9015 is also commonly reclassified to Code 9012—Building or Property Management—Property Managers and Leasing Agents & Clerical, Salespersons. When assigning Code 9015 to an insured, you must consider whether there are clerical staff, sales staff, a property manager, and leasing agents. If such employees exist, then Code 9012 applies to the employees performing those operations. Keep in mind that the phraseology of Code 9012 also includes clerical and sales staff; therefore, the insured would not qualify for Code 8810 or 8742 in such instances. Additionally, gate guards, doormen, concierge, and front desk employees are appropriately assigned to Code 9015.

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Item B-1419 also established new Classification Code 8723—Insurance Companies—including Clerical & Salespersons, to which Code 9015 is commonly reclassified. Code 8723 applies to insurance companies and their employees including office workers; customer service representatives; actuaries; inside claims adjusters/examiners/auditors; underwriters; professional support staff, such as lawyers; computer programmers; and agents, brokers, and rating organizations.

Basic Manual Rule 1-B-3 states that maintenance or repair of the insured's buildings or equipment by the insured's employees is considered a General Inclusion and would remain under the governing classification code of the business. Unless the business was classified to a Standard Exception code, which is how banks were previously classified, Code 9015 would have previously been assigned to janitors or maintenance employees of a bank.

4. Code 8601—Architectural or Engineering Firm—including Salespersons & Drivers

Code 8601 is again a top five reclassified code largely due to the changes implemented as the result of the approval of NCCI Item B-1408—Revisions to **Basic Manual** Classifications and Rules. Item B-1408:

- Established Classification Code 8602—Surveyors, Timber Cruisers, Oil or Gas Geologists or Scouts, & Drivers. This code is available for those operations that are conducted as separate and distinct businesses and not in support of an insured's principal business.

- Established two new phraseologies under Classification Code 8603: (1) Architectural or Engineering Firm—Clerical and (2) Drafting Company—Clerical. Clerical employees of architectural or engineering firms and drafting employees confined to an office setting are assigned to Code 8603 rather than to Code 8810.
- Revised the phraseology of Code 4511 to make the distinction between independent medical testing labs and those labs that are part of a medical facility, hospital, or physician's office. Insureds that do research and development that may involve the manufacture of prototypes are assigned to Code 4511.

In addition, it appears that engineers working in support of their main business, such as manufacturing, are sometimes reclassified. Per NCCI's **Basic Manual** Rule 1-A-2, subject to certain exceptions, it is the business of the employer within a state that is classified, not separate employments, occupations, or operations within the business. Also, Code 8601 specifically states that it only applies to insureds operating in the architectural or engineering profession as a separate and distinct business and not in support of an entity's principal business.

Also, software development is classified to either Code 8810 or 8803 when performed at the employer's own location or at their client location(s), respectively. Occasionally, these types of employments or businesses are being misclassified to Code 8601.

5. Code 5191—Office Machine Installation, Inspection, Adjustment or Repair

Code 5191 includes the installation, inspection, adjustment, or repair of all types of office machines including, but not limited to, calculators, computers, and computer-related equipment (such as modems and printers), copy machines, fax machines, microfilm equipment, postage machines, and typewriters.

Code 5191 is commonly reclassified because the basics of NCCI's **Basic Manual** Rule 1-D have not been fully considered. Rule 1-D states: "The purpose of the classification procedure is to assign the one basic classification that best describes the business of the employer within a state. Subject to certain exceptions described in this rule, each classification includes all the various types of labor found in a business."

Once the concepts of Rule 1-D have been reviewed, there is still more to do. NCCI's **Basic Manual** Rule 1-D-3 must also be reviewed to determine if other classification codes apply.

To ensure that an insured is properly assigned to Code 5191, consider the following:

- Determine what the principal store operations are, if applicable, and what type of installation, inspection, adjustment, or repair services are being provided. Another installation or repair classification may better describe the operations being performed.
- If an insured performs installation, inspection, adjustment, or repair services, determine where such operations are taking place. To



qualify for Code 5191, an insured must perform such operations away from its shop. If the insured performs repair work only in the shop, that work would be assigned to the appropriate shop code. However, if the insured performs work in the shop as well as at the client location(s), Code 5191 may apply. One of the most common errors has been in applying Code 5191 when installation or repair operations are not being performed at the client location(s).

In addition to this article, NCCI released various educational circulars on the top five reclassified codes and other classification-related information. The circulars further communicate the basis of the codes and how they are to be applied by providing scenarios of their application. They are:

- Circular FYI-CW-2015-06—Countrywide—Establishment or Elimination of National and State Special Classifications From 2010 Through 2014
- Circular FYI-CW-2015-05—Countrywide—Classification of Architectural or Engineering Firm and Surveyors, Timber Cruisers, Oil or Gas Geologists or Scouts, & Drivers Operations
- Circular FYI-CW-2015-01—Countrywide—Classifications for Building or Property Management and Time-Share Operations

The overall intent of these educational circulars is to increase industry knowledge resulting in the elimination of these codes from the top five reclassified code list.

Two filing circulars should also be reviewed:

- Circular CIF-2009-69—Countrywide—Announcement of Item B-1419—Revisions to **Basic Manual** Classification and Appendix E—Classification by Hazard Group
- Circular CIF-2008-09—Countrywide—Item B-1408—Revisions to **Basic Manual** Classifications and Rules

These circulars announced Items B-1419 and B-1408. It has been several years since the implementation of these filings. The current data indicates that many of the treatments implemented by these item filings are not being applied.

Summary

It is imperative that the appropriate classification code(s) be assigned to the policy prior to policy issuance or renewal. Part Two of NCCI's **Basic Manual** contains the classification rules, along with the filed and approved phraseology and notes for each available classification code.

NCCI's **Scopes® Manual**, a supplement to the **Basic Manual**, is a guide to understanding and assigning workers compensation classifications. The use of these tools, as well as asking the appropriate questions regarding an insured's operation, should greatly reduce the number of reclassified codes.

We are sharing our aggregate findings with our customers to communicate to the industry the trends that we are seeing. To illustrate some examples of the challenging areas that we have identified, we have provided some general information on the codes involved. 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 an inspection, please contact our Customer Service Center at 800-NCCI-123 (800-622-4123). We're here to assist you Monday–Friday, 8:00 a.m.–8:00 p.m. ET.

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GOING GREEN

LISA MAKI, LM Consulting Group Inc

This will be a new feature in every edition of Columns and Rows. But why is going green important?

There are a few reasons:

- Preserving our natural resources
- Preventing unnecessary waste
- Improving efficiency and potentially lowering operating costs
- Providing a cleaner and healthier work environment
- Setting a positive example for future generations to protect our natural resources

In our industry this can be accomplished with very little effort on our part. Many carriers require copies of documents be submitted as backup to our audit reports. Instead of heading to the copier, every auditor should carry a flash drive with minimum storage capacity of 8GB. I carry 16GB just in case.



An increased number of insureds are now using QuickBooks. STOP them before they can press the PRINT key. Request the insured "Save As" instead and hand them your flash drive. In this day and age, documents can be emailed on site, even if your computer doesn't have a Wi-Fi connection, your smart phone can verify receipt of the email immediately even if the file cannot be opened on the phone.

My least favorite report is the QuickBooks Transaction List by Vendor because this report lists all vendors paid including the telephone phone company, the landlord, material purchases, and subcontractors. The auditor must then discuss each entry with the audit contact to manually pick out the subcontractors used. Instead, ask the insured to simply press the Excel button. Bring out your flash drive and voilà, half your job is already done! No paper and ink are wasted and a great deal of your time is saved.

Please look forward to suggestions in this new column to improve your personal efficiency and lower yours and your company's operating costs.

SHARE YOUR GOING GREEN TIPS
Your ideas can encourage and help others!

Send your tips to Lisa Maki LMAuditGroup@Gmail.Com