



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**
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September 3, 1993

CIRCULAR LETTER NO. 1650

To All Members and Subscribers of the Bureau:

**INTRODUCTION OF NEW PHRASEOLOGY, TUBULAR METAL PRODUCTS MFG.
OR ASSEMBLY, FOR CODE 3841, ELIMINATION OF CODE 3865 - BABY
CARRIAGE MFG., AND MERGING OF CODE 3865 INTO CODE 3841**

EFFECTIVE SEPTEMBER 1, 1993

The Commissioner of Insurance has approved the above Item.

As outlined in the attached up-dated Filing Memorandum, the purpose of this Item is to introduce new phraseology for Classification Code 3841, namely "Tubular Metal Products Mfg. or Assembly," replacing the current phraseology, "Bicycle Mfg. or Assembly," and to assign employers whose operations are properly assigned by the new, broader classification to Code 3841. Code 3841 will continue to apply to the operations of employers presently assigned to this classification.

Code 3841, as newly described, will apply to the operations of firms engaged in the manufacture or assembly of products which have tubular metal as an essential component.

In addition, Code 3865 - Baby Carriage Mfg. is being eliminated as a classification in Massachusetts, and employers currently assigned to Code 3865 are being assigned to Code 3841, since firms assigned to these classifications engage in operations which are similar in many respects, and combining these classifications, which individually consist of the payrolls and losses of a small number of firms, will increase actuarial credibility for rate making purposes. The experience of Code 3865 will be combined with the experience of Code 3841 at the next overall revision of rates.

The rates and rating values currently associated with Code 3841 will continue to be used in conjunction with the new phraseology, subject to revision at the time of the next overall rate revision as outlined above.

This Item becomes effective 12:01 A.M., September 1, 1993 applicable to new and renewal policies.

Attached EXHIBIT 1 outlines the changes which will be required in the Massachusetts Special Classifications section of the Basic Manual.

Revised manual pages will be distributed in due course.

NORMAN R. FONTAINE
Vice President of Industry Affairs

NRF/dc 432-1650

Attachment

FILING MEMORANDUM

TUBULAR METAL PRODUCTS MFG. OR ASSEMBLY

To become effective 12:01 A.M., September 1, 1993, applicable to new and renewal policies only.

Purpose

The purpose of this Item is to introduce new phraseology for Classification Code 3841, namely Tubular Metal Products Mfg. or Assembly, replacing the current phraseology, Bicycle Mfg. or Assembly, and to assign employers whose operations are properly described by the new, broader classification to Code 3841. Code 3841 will continue to apply to the operations of employers presently assigned to this classification. In addition, it is proposed that Code 3865 - Baby Carriage Mfg. be eliminated, and employers currently assigned to Code 3865 be assigned to Code 3841. It is further proposed that the experience of Code 3865 be eventually combined with the experience of Code 3841.

Background

In recent years, several employers in Massachusetts have been involved in the manufacture and assembly of products, such as, but not restricted to, classroom furniture, certain types of baby furniture, garment racks, metal bedsteads, and various types of medical apparatus, in which tubular metal is an essential component. Typically, an employer receives tubular metal, often steel. The employer cuts the tubular metal, if necessary, bends the tubular metal to the proper angle, then notches, pierces, or drills it. The individual pieces are then brazed together.

Other purchased metal components, tubular or other, may be welded on. The assembled tubular, and other metal components, if any, are then chrome plated. After this process is completed, other components made of plastic, wood, etc., may be added. These additional components are drilled and secured to the metal frame to complete the product.

It has been a longstanding policy in Massachusetts to assign such operations as are described above to Code 3076 Fireproof Equipment Mfg./Furniture Mfg.-Metal. A recent survey of firms engaged in these operations revealed that since the products of most employers assigned to Code 3076 are manufactured from sheet metal stock and involve the use of power shears, brakes, rolls, punches, riveters, welding equipment and stamping and punch presses, a distinction should be made between the operations of firms engaged in the manufacture and assembly of products which have tubular metal as an essential component, but do not manufacture the tubular metal, and the other firms which manufacture products from sheet metal stock.

Proposal

It is proposed that new phraseology, Tubular Metal Products Mfg. or Assembly, be introduced for Classification Code 3841, replacing the current phraseology, Bicycle Mfg. or Assembly. This new phraseology is more descriptive of the types of operations performed by the employers assigned to this classification as outlined above. Also, there are fewer firms in Massachusetts manufacturing bicycles, and the new, broader language would encompass the operations of any remaining firms. In addition, since Code 3865 - Baby Carriage Mfg. consists of firms engaged in operations similar to those manufacturing or assembling products which have tubular metal as an essential component, and there are only a few firms in Massachusetts assigned to Code 3865, it is proposed that Code 3865 be eliminated and employers currently assigned to Code 3865 be assigned to Code 3841. It is further proposed that the experience of Code 3865 be combined with the experience of Code 3841, at the next overall revision of rates.

Impact

This item will assure the equitable treatment of firms engaged in the manufacture or assembly of products which have tubular metal as an essential component. The immediate impact will be a reduction of approximately \$111,000 in standard premium (less than 1% effect on the overall market). It is expected that, at the next rate revision, the effect of combining experience of Code 3865 and Code 3841 will be negligible.

Implementation

In order to implement this Item, the attached Exhibit 1 outlines the changes which will be required in the Basic Manual for Workers Compensation Insurance and Employers Liability Massachusetts Special Classifications.

Effective September 1, 1993

SPECIAL CLASSIFICATIONS

Present Phraseology

Bicycle Mfg. or Assembly - 3841

Proposed Phraseology

Tubular Metal Products Mfg. or Assembly - 3841