



Ohio Administrative Code

Rule 4123-17-08 Classifications according to national council on compensation insurance.

Effective: July 1, 2026

(A) In accordance with division (A)(1) of section 4123.29 of the Revised Code, the purpose of this rule is for the bureau of workers' compensation to conform the classifications of industries according to the categories the national council on compensation insurance (NCCI) establishes that are applicable to employers in Ohio. This rule is based upon "Rule 1, Classification Assignment," effective February 6, 2023, of the classification rules of the NCCI and "Rule 2G, Interchange of Labor." The rule is used with the permission of the NCCI and is modified to conform to the requirements of the Ohio Administrative Code and the bureau of workers' compensation. Where the NCCI scopes of basic classifications contain additional rules and information relating to the reporting of payroll or classification of industries under the classifications, such scopes and rules shall apply under the rules of the bureau of workers' compensation, unless otherwise specifically excepted.

(B) Classification system.

(1) The purpose of the classification system is to group employers with similar operations into classifications so that:

(a) The assigned classification reflects the exposures common to those employers; and

(b) The rate charged reflects the exposure to loss common to those employers.

(2) Subject to certain exceptions, the business of the employer within a state is classified, not separate employments, occupations, or operations within the business.

(C) Explanation of classifications.

Classifications are divided into two types - basic classifications and standard exception classifications.

(1) Basic classifications.

Basic classifications describe the business of an employer. This term is applied to all classifications listed in this rule, except for the standard exception classifications. Examples of classifications that describe the business of the employer are provided in table 1 of this rule.



Table 1

A business...	Example classification type
manufactures a product	furniture manufacturing
performs a process	engraving
performs construction or erection	carpentry
is a mercantile business	hardware store
provides a service	beauty salon

(2) Standard exception classifications.

Standard exception classifications describe occupations that are common to many businesses. These common occupations are not included in a basic classification unless specified in the classification wording. The standard exception classifications are as follows: clerical office employees not otherwise classified (code 8810); clerical office telecommuter employees (code 8871); drivers, chauffeurs, messengers, and their helpers NOC - commercial (code 7380); salespersons or collectors - outside (code 8742); and automotive salespersons (code 8748).

(a) Clerical office employees not otherwise classified (NOC) (code 8810); and clerical office telecommuter employees (code 8871).

(i) The standard exception classifications are assigned when all the following conditions are met: the basic classification(s) wording applicable to the business does not include clerical office or telecommuting employees; other rules do not prohibit the assignment of code 8810 or code 8871; and the employee meets the duties, site, and other requirements listed as follows.

(ii) Duties.

Duties must be limited to one or more of the following work activities:

(a) Creation or maintenance of employer records, correspondence, computer programs, files;

(b) Telephone duties, including telephone sales;



4123-17-08

3

- (c) Data entry or word processing;
- (d) Copy or fax machine operations, unless the employer is in the business of making copies or faxing for the public; or
- (e) General office work similar in nature to those noted in this paragraph.

(iii) Site.

- (a) Code 8810. The noted duties must take place in a workstation that is separated from the operative hazards of:
 - (i) Factories,
 - (ii) Stores,
 - (iii) Shops,
 - (iv) Construction sites,
 - (v) Warehouses,
 - (vi) Yards,
 - (vii) Work or service areas,
 - (viii) Areas where inventory is located,
 - (ix) Areas where products are displayed for sale, and
 - (x) Areas to which the purchaser customarily brings the product from another area for payment.
- (b) Workstations as described in paragraph (C)(2)(a)(iii)(a) of this rule must be physically separated by:
 - (i) Floors,
 - (ii) Walls,
 - (iii) Partitions,
 - (iv) Counters; or



4123-17-08

4

- (v) Other physical barriers that protect the clerical employee from the operating hazards of a business.
- (c) Code 8871. The noted duties must take place in a clerical work area located within the home of the clerical employee. The clerical work area must be separate and distinct from the location of the employer.
- (iv) Other requirements.
 - (a) Employees who otherwise meet the requirements for code 8810 or code 8871 will not be disqualified from assignment to this classification if they perform certain incidental nonclerical duties directly related to that employee's duties in the office. These duties include:
 - (i) Depositing funds in a bank;
 - (ii) Pickup or delivery of mail;
 - (iii) Purchase of office supplies; and
 - (iv) Entering an area exposed to the operative hazards of the business for clerical purposes, such as delivering paychecks.
 - (b) Employees who otherwise meet the requirements for code 8810 or code 8871 are disqualified from assignment to this classification if their duties involve:
 - (i) Outside sales or outside representation;
 - (ii) Direct supervision of nonclerical employees that is not performed in an eligible site according to paragraph (C) (2)(a)(iii)(a) of this rule;
 - (iii) Physical labor; or
 - (iv) Any work exposed to the operative hazards of the business, such as a stock or tally clerk, that is necessary, incidental, or related to any operations of the business other than a clerical office.



4123-17-08

5

- (b) Drivers, chauffeurs, messengers, and their helpers NOC - commercial (code 7380).

This classification is assigned to employees who perform work on or in connection with a vehicle. Messenger and courier deliveries of owned documents or goods made by foot or public transportation are assigned to the governing classification as defined in paragraph (C)(5) of this rule. This code includes garage employees and employees using bicycles as part of their work duties. Duties include, but are not limited to, delivering goods owned by the employer. Code 7380 does not apply when the basic classification wording includes drivers.

- (c) Salespersons or collectors - outside (code 8742).

This classification is assigned to employees who perform these duties away from the employer's premises. Code 8742 does not apply when the basic classification wording includes outside salespersons, or collectors. This code is not assigned to employees who:

- (i) Deliver merchandise;
- (ii) Use vehicles to deliver or pick up goods, even if they collect or sell, and these employees must be assigned to the classification applicable to the business for drivers;
- (iii) Use public transportation or walk to deliver goods, even if they collect or sell, and these employees must be assigned to the governing classification, as defined in paragraph (C)(5) of this rule, applicable to the business;
- (iv) Travel between locations of the employer as district or regional managers to perform various duties not involving outside sales or collection, and for these employees, refer to paragraph (G) of this rule; or
- (v) Perform job site measurements or inspections to prepare bids for a job for a construction contractor.

- (d) Automotive salespersons (code 8748).

This classification is assigned to employees who perform automotive sales on or away from the employer's premises. These employees are subject to the same rules and treatment as salespersons or collectors - outside (code 8742).



4123-17-08

6

(3) General inclusions.

Some operations appear to be separate businesses but are included within all basic classifications. These are called general inclusions. These operations are not separately classified. They include the following situations that are illustrated through examples. Some employees may perform general inclusion duties for more than one basic classification. In such cases, refer to paragraph (G) of this rule for classification treatment.

- (a) Restaurants or cafeterias, stores, or daycare services operated by the employer for employee use.
 - (i) For example, a bank operates a cafeteria for employer use that is not open to the public. The cafeteria's operations are assigned to the basic classification, which is the appropriate bank classification.
 - (ii) Exception: if these operations are conducted in connection with construction, erection, lumbering, or mining operations, these operations must be separately classified. For example, a lumber company with a mess tent located on a lumbering job site such as a mountainous or forest-type setting. The mess tent's operations are not assigned to the basic classification. The mess tent's operations are separately assigned to the appropriate restaurant classification.
- (b) Manufacture of containers by the employer, such as bags, barrels, bottles, boxes, cans, cartons, or packing cases for sole use in the operations insured by the policy. For example, a fruit juice manufacturer makes plastic bottles for shipping its product. The bottle manufacturing operations are assigned to the basic classification that is the appropriate manufacturing classification of the principal business, which in this example is fruit juice manufacturing.
- (c) Hospitals or medical facilities operated by the employer for its employees. For example, a college operates an on-site medical facility for its employees. The medical facility's operations are assigned to the basic classification that is the appropriate college classification.
- (d) Maintenance or repair of the employer's buildings or equipment by the employer's employees. For example, an automobile manufacturer has its own janitorial staff and technicians to maintain the assembly line. The janitorial and maintenance operations are assigned to the basic classification that is the appropriate automobile manufacturing classification.



4123-17-08

7

- (e) Printing or lithographing by the employer on its own products, packaging, brochures, or promotional materials. For example, a restaurant prints its own menus and takeout price lists. The printing operations are assigned to the basic classification that is the appropriate restaurant classification.
- (f) Piloting of unmanned aircraft systems or drone aircraft with a combined weight (including its attached systems, payload, and cargo) of less than fifty-five pounds (24.9 kilograms).

Exceptions include autonomous drone aircraft computer system designers or programmers who qualify as clerical office employees in accordance with paragraph (C)(2)(a) of this rule and do not pilot or operate the drone aircraft are assigned to the appropriate clerical classification; if an employee qualifies as an outside salesperson in accordance with paragraph (C)(2)(c) of this rule, the piloting of a drone aircraft to support their sales duties is included within the classification assigned to the outside salesperson.

- (g) Exceptions.

A general inclusion operation must be separately classified if any of the following situations apply.

- (i) The operation is conducted as a separate and distinct business of the employer. Refer to paragraph (E)(3) of this rule. For example, if a manufacturer assembles pallets for its own use and sells the pallets to others, pallet manufacturing and sales operations must be separately classified.
- (ii) The operation is specifically excluded in the wording of the basic classification. For example, a distillery classified to spirituous liquor distillery (code 2130) has its bottling operation classified to spirituous liquor bottling (code 2131).
- (iii) The principal business is described by a standard exception classification. For example, a cafeteria operation in a clerical office is assigned to the appropriate restaurant classification.

- (4) General exclusions.

Some operations in a business are so unusual for the type of business described by the applicable basic classification, that they are separately classified even though the operations are not conducted as a secondary



4123-17-08

8

business. These operations are called general exclusions. General exclusions are all the following situations.

- (a) Aviation. All operations of the flying and ground crews, including piloting of drone aircraft with a combined weight, that is its attached systems, payload, and cargo, of fifty-five pounds (24.9 kilograms) or more. For example, employees of a manufacturing company visit customers' locations. The manufacturing company owns an airplane that is operated by a pilot who transports these employees. The pilot is an employee of the company. The appropriate aviation flying crew classification must be assigned for the pilot.
- (b) New construction or alterations. For example, a manufacturing company uses its employees to build a structural addition to the main office building. The appropriate construction classification must be assigned for the employees performing construction duties.
- (c)) Stevedoring. For example, a bulk grain distributor located on a river receives grain from barges. The distributor's employees unload the grain from the barges by using hand trucks. The appropriate stevedoring classification must be assigned for the distributor's employees unloading the grain from the vessel to the dock.
- (d) Sawmill operations. For example, a furniture manufacturer receives precut lumber to make products. The company also receives specialty hardwood tree logs that are cut with a band saw by the manufacturer's employees. The sawmill classification must be assigned to the employees sawing the logs.

(5) Governing classification.

The governing classification at a specific job or location is the basic classification, other than a standard exception classification. The governing classification is determined in accordance with table 2 of this rule.



4123-17-08

9

Table 2. Governing Classification Determination Table

A basic classification produces the greatest amount of payroll	Basic classification
A basic classification is applicable but no payroll is assigned	
Multiple basic classifications apply	Basic classification that is assigned the greatest amount of payroll
Multiple basic classifications apply but no payroll is assigned to any of the basic classifications	Basic classification that is the highest rated classification
A basic classification is not applicable	Standard exception classification that is assigned the greatest amount of payroll

(a) The governing classification is used to determine the classification treatment of:

- (i) Miscellaneous employees,
- (ii) Local managers, and
- (iii) Executive officers who regularly engage in duties that are ordinarily performed by a superintendent, foreperson, or worker.

(b) Examples.

(i) Example of a governing classification. A business has the following payroll amounts assigned to the following classifications: two hundred twenty thousand dollars for code 2003 (bakery); one hundred twenty thousand dollars for code 8017 (store; retail); and two hundred forty thousand dollars for code 8810 (clerical).

The governing code for this business is code 2003 because it is the classification code, other than the standard exception code (code 8810), with the greatest amount of payroll.

(ii) Example of governing classification application for a business that is a restaurant franchise with multiple locations. The business has



4123-17-08

10

both restaurant and clerical exposures, and code 9082 (restaurant NOC) is the governing classification. A regional manager travels between the various locations to monitor business operations and sometimes to provide training. The manager is assigned to the governing classification, code 9082 (restaurant NOC).

(6) Principal business.

Principal business is described by the classification, other than a standard exception or general exclusion, with the greatest amount of payroll. If the business is best described by a standard exception operation, and there is no basic classification other than the general inclusion or exclusion operations, then the standard exception operation that produces the greatest amount of payroll for the business is considered the principal business.

(a) Example of principal business determination for businesses involved in multiple operations. A business is involved in two separate operations: the preparation and sale of blasting agents; and blasting excavation. The principal business and the governing classification are determined based on the operation that has the greatest amount of payroll. In this example, based on the information contained in table 3 of this rule, the principal business and the governing classification is code 4777 (explosives distributors and drivers).

Table 3

Operation	Total payroll
Preparation and sale of blasting agents code 4777 (explosives distributors and drivers)	\$500,000
Blasting operations code 6217 (excavation and drivers)	\$200,000

(b) Examples for policies that include standard exception classifications. A business is involved in drywall construction and has a clerical office with an office manager and two clerks and total payroll as contained in table 4. In this example, although the standard exception code 8810 (clerical office employees NOC) has more payroll, the governing classification and principal business is code 5445 (wallboard, sheetrock, drywall, plasterboard, or cement board installation within buildings and drivers).



4123-17-08

11

Table 4

Operation	Total payroll
Drywall construction code 5445 (wall-board, sheetrock, drywall, plaster-board, or cement board installation within buildings and drivers)	\$50,000
Clerical operations code 8810 (clerical office employees NOC)	\$75,000

- (c) Example of principal business determination for policies that include only standard exception and general exclusion classifications. A business classified to the standard exception classification code 8810 (clerical office employees NOC) owns an aircraft and employs a pilot and flying crew to transport employees on business trips. Aviation operations are general exclusions and must be separately classified to the appropriate aviation classifications. In this example, the principal business is the standard exception classification code 8810 (clerical office employees NOC) because the only basic classification of the business is represented by a general exclusion operation.
- (d) Example of principal business determination for businesses involved in multiple operations at multiple locations. A business is involved in three operations at two locations as contained in table 5. The governing classification per location is the basic classification with the greatest amount of payroll for that location. The principal business is the basic classification that has the greatest amount of payroll for all operations. In this example, the governing classification for location one is code 2501 (cloth, canvas and related product manufacturing NOC), and the governing classification for location two is code 8010 (store - hardware). The principal business is code 8010 (store - hardware) for all operations of the employer.



Table 5

Operation	Location 1	Location 2	Total payroll
Retail shoe store code 8008 (store: shoe -retail)	\$250,000	\$0	\$250,000
T-shirt manufacturing code 2501 (cloth, can- vas, and related prod- ucts mfg. NOC)	\$300,000	\$100,000	\$400,000
Hardware store code 8010 (store - hard- ware)	\$0	\$500,000	\$500,000

(D) Classification wording.

The following list provides an explanation of classification wording usage.

(1) Classification captions and notes.

(a) The "caption" is the heading or title of the classification.

(b) A "note" is the phrase that follows the caption.

(c) The classification wording as a whole, including the caption and notes, controls, restricts or explains the classification usage. This wording is also referred to as the "phraseology."

(d) Classification captions and notes example. Table 6 of this rule illustrates a caption and a note that provide the complete information using code 3612 (pump mfg.) as an example.



4123-17-08

13

Table 6.

Part	Classification wording
Caption	Pump Mfg.
Note	Foundry operations are to be separately rated.

(2) Words and phrases.

(a) "All employees," "all other employees," "all operations," or "all operations to completion."

(i) If a classification includes any of these phrases, no other classification can be assigned unless noted in the classification wording. This applies even if some operations or employees are at a separate location.

(ii) Examples of classifications that include "all employees," "all other employees," "all operations," or "all operations to completion."

(a) Code 9186 (carnival, circus or amusement device operator - traveling - all employees and drivers): all employees must be assigned to this classification.

(b) Code 7382 (bus co.: all other employees and drivers): all employees, other than garage employees, must be assigned to code 7382, not code 8385 (bus co.: garage-employees).

(c) Code 5402 (greenhouse erection-all operations): all work for the erection of a greenhouse must be assigned to this classification.

(d) Code 6005 (jetty or breakwater construction-all operations to completion & drivers): all work for the construction of a jetty from the beginning to the end of the project must be assigned to this classification.

(iii) Exceptions.

The following operations within the business must be classified separately even if the classification wording includes "all



4123-17-08

14

employees," "all other employees," "all operations," or "all operations to completion":

- (a) Construction or erection permanent yard (code 8227);
- (b) Contractor-project manager, construction executive, construction manager, or construction superintendent (code 5606);
- (c) Classifications describing an operation that is a standard exception unless the basic classification includes the standard exception operation;
- (d) Classifications describing an operation that is a general exclusion; and
- (e) Any separate and distinct business. Refer to paragraph (E)(3)(c) of this rule.

(b) "Clerical."

"Clerical" means office employees and telecommuter employees.

(c) "Drivers."

"Drivers" means drivers, chauffeurs, messengers, and their helpers.

(d) "Includes" or "&."

(i) If the classification wording uses the terms "includes" or "&," the operation or employees cited after those terms must not be assigned to a separate classification. This applies even though the operation or employees may be described by another classification or are at a separate location.

(ii) Examples of classification that include the terms "includes" or "&."

(a) Code 0005 (farm: nursery employees and drivers): all drivers must be assigned to this classification.

(b) Code 4829 (chemical mfg. NOC - all operations & drivers - includes blending or mixing): all drivers and all blending and mixing operations must be assigned to this classification.



4123-17-08

15

(c) Code 8832 (physician and clerical): all clerical employees must be included in this classification.

(iii) Note: if an employer's operations are assigned to more than one basic classification, an employee's payroll may be allocated among codes appropriate for each operation. This procedure is provided under paragraph (G) of this rule, interchange of labor.

(e) "Local manager."

"Local manager" is an employee, regardless of title, who is in direct charge of the operative procedures in the yard of a business. This employee is subject to the hazards of the business. Therefore, the payroll of the local manager must be assigned to the governing classification unless another basic classification assigned to the business specifically includes this employee.

(f) "No" or "Not."

(i) A classification that includes a restrictive phrase beginning with "no" or "not" must not apply to any employer that conducts any operation described in the restrictive phrase.

(ii) Exception: for mercantile, mining, construction or oil and gas field operations, this rule applies to each job or location.

(iii) Examples of classifications that include the terms "no" or "not."

(a) Code 4611 (medicine, drug or pharmaceutical preparation-no mfg. of ingredients): this code cannot be assigned to a business preparing drugs, medicines, or pharmaceuticals if the business also manufactures the ingredients.

(b) Code 8106 (iron or steel merchant and drivers): this code cannot be assigned to:

(i) Iron or scrap dealers; or

(ii) junk dealers.

(g) "NOC."



4123-17-08

16

(i) "NOC" means "not otherwise classified." If the classification wording uses the term "NOC", that classification applies only if no other classification more specifically describes the employer's business.

(ii) Examples of classification that include the term "NOC":

(a) Code 2688 (leather goods mfg. NOC);

(b) Code 3022 (pipe or tube mfg. NOC and drivers); and

(c) Code 8017 (store: retail NOC).

(h) "Or" or "And."

(i) The terms "or" or "and" mean "and/or." This definition applies only to these terms as used in a classification's caption or notes.

(ii) Examples of classifications that include the term "or" or "and."

(a) Code 2586 (cleaning or dyeing & route supervisors, drivers): a business that does cleaning and/or dyeing is classified to this code.

(b) Code 4720 (soap or synthetic detergent mfg.): a business that manufactures soap and/or synthetic detergents is classified to this code.

(c) Code 2883 (furniture manufacturing and cabinet shop - wood NOC): a business that manufactures furniture and/or cabinets is classified to this code.

(i) "Salespersons."

"Salespersons" means salespersons or collectors as defined in paragraph (C)(2)(c) of this rule.

(j) "Stories in height."

Certain classification wording refers to "stories in height." A story is defined as fifteen feet (4.6 meters) in height. The height is measured from the lowest point above ground level to the highest point above ground level.

(k) "To be separately rated."



4123-17-08

17

- (i) Certain classification wording contains the phrase "to be separately rated." Operations or employees referenced in those classifications must be separately classified. Rules regarding the assignment of more than one basic classification apply. Refer to paragraph (E)(3) of this rule.
- (ii) Examples of classifications that include the term "to be separately rated."
 - (a) Code 2111 (cannery NOC can mfg. to be separately rated as code 3220): in a business that cans foods, the manufacturing of the cans must separately classified to code 3220.
 - (b) Code 4131 (mirror mfg.-mfg. of glass, frames, backs, or handles to be separately rated): in a business that makes mirrors, the work of producing glass, or fabricating frames, backs, or handles must be separately classified.
 - (c) Code 8107 (machinery dealer NOC-store or yard & drivers, operations away from premises, other than demonstration or repair, to be separately rated): in a business that is a machinery dealer, work other than demonstrating or repairing the equipment that is not done at the employer's location must be separately classified.

(l) "Separate and distinct business."

"Separate and distinct business" means an additional operation of the employer that is not included in the basic classification on the policy. Refer to paragraph (E)(3) of this rule.

(E) Classification procedures.

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. The business is classified, not the individual employments, occupations, or operations within the business. Certain exceptions apply as noted below.

(1) Separate legal entities.

Classification rules apply separately to each legal entity operating in a state, even if multiple entities are insured under a single policy.



4123-17-08

18

(2) Businesses not described by a classification.

- (a) If no basic classification clearly describes the business, the classification that most closely describes the business must be assigned. All the rules pertaining to the assigned basic classification apply to this operation.
- (b) A business not specifically described by a classification is assigned an appropriate classification based on the following factors:
 - (i) Industry, or the general business activities the business performs, e.g. , manufacturing, sales, or administration;
 - (ii) Product, or whether the business sells goods or sells services; and
 - (iii) Process, or how the business activities are performed and the materials used.
- (c) When a business is not specifically described by a classification, analyzing the business's products and processes is part of determining the appropriate classification to assign. Table 7 provides example considerations.



4123-17-08

19

Table 7

Industry	Considerations
Manufacturing	Raw materials Work processes Customers Products manufactured Uses for the products
Construction contracting	Type of contractor Work performed Use of specialized equipment Nature of subcontracts
Merchant sales	Operation: wholesale or retail Merchandise sold Services provided, if any, including delivery
Service providing	Services performed Location Customers: residential or commercial
Agriculture or farming	Acreage Crops, if any Livestock, if any Use of machinery or equipment Nature of subcontractors

- (i) Example: A business uses helium-filled airborne turbines attached to tethers that conduct power to a ground station. The turbine is raised several hundred feet in the air. When the wind turns the turbine, electricity is generated, and the electricity produced is provided to customers' power equipment in remote locations. Although the business uses a technology not specifically described by a classification, the business's product is the generation and sale of electrical power. This business is assigned to code 7539 (electric light or power co. NOC-all employees and drivers).
- (ii) Example: A business that manufactures helium-filled airborne turbines is not specifically described by a classification. The best match for the manufacture of the airborne turbines is code 3830 (airplane



4123-17-08

20

manufacturing) because this code most closely describes the operation.

(3) Assignment of more than one basic classification.

More than one basic classification may be assigned to an employer who meets conditions set forth in paragraphs (E)(3)(a) to (E)(3)(c) of this rule. Operation means activities, enterprises, processes, secondary businesses, or undertakings.

(a) The employer's principal business is described by a basic classification that requires certain operations or employees to be separately rated. Examples include the following.

(i) Code 0251 (irrigation works operation and drivers): operations that are described by code 0251 and the farm classifications must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. Irrigation system construction is to be separately rated to code 6229.

(ii) Code 5040 (iron or steel erection): frame structures cannot be assigned to the same job or location where code 5059 (iron or steel-erection-frame structures not over two stories in height) applies.

(iii) Code 8265 (iron or steel-scrap dealer and drivers): operations that are described by code 8265 must not be assigned to employers that perform operations described by another classification unless the operations subject to code 8265 are conducted as a separate and distinct business. Salvaging and wrecking are to be separately rated.

(b) The employer conducts one or more of the following operations:

(i) Construction or erection;

(ii) Farming;

(iii) Employee leasing, labor contracting, or temporary labor services;

(iv) Mercantile business; and

(v) Oil and gas field operations.



4123-17-08

21

- (c) The employer conducts more than one operation in a state.
- (i) For purposes of this rule, an employer is conducting more than one operation in a state if portions of the employer's operations in that state are not encompassed by the classification applicable to the employer's principal business. To qualify for a separate classification, the insured's additional operation must:
 - (a) Be able to exist as a separate business if the employer's principal business in the state ceased to exist;
 - (b) Be located in a separate building, or on a separate floor in the same building, or on the same floor physically separated from the principal business by structural partitions, and employees engaged in the principal business must be protected from the operating hazards of the separate additional operations; and
 - (c) Maintain proper payroll records. Refer to paragraph (G)(2) of this rule on maintenance of proper payroll records.
 - (ii) Example of two operations that could qualify as two separate businesses: an employer operates bowling lanes and a movie theater. These distinct operations can qualify as two separate businesses for classification purposes because:
 - (a) The operations of bowling lanes and movie theaters are not ordinarily conducted as one business, and therefore, are not included within each other's scope; and
 - (b) Either the bowling lane, if the movie theater ceases to exist, or the movie theater, if the bowling lane ceases to exist, can be expected to continue its operations.
 - (iii) If the separate additional operation is not encompassed in the classification applicable to the employer's principal business and meets all the conditions listed in paragraph (E)(3)(c)(i) of this rule, the employer is considered to be engaged in an additional operation. A separate basic classification may be assigned to each operation that qualifies as a separate additional operation.
 - (iv) If the additional operation does not meet all conditions listed in paragraph (E)(3)(c)(i) of this rule, is not encompassed in the classification applicable to the employer's principal business, and has a rate:



4123-17-08

22

- (a) Lower than the employer's principal business, assign this operation to the same classification as the employer's principal business.
- (b) Higher than or equal to the employer's principal business, assign this operation to the classification that describes the additional operation.
- (v) Policies with more than one classification may include employees working under several classifications. Payroll assignment for these employees is subject to the interchange of labor rule. Refer to paragraph (G) of this rule.
- (d) Construction, erection, or oil and gas field operations.
 - (i) Each distinct type of construction, erection, or oil and gas field operation must be assigned to the class that specifically describes the operation only if separate payroll records are maintained for each operation.
 - (ii) If separate payroll records are not maintained for any construction, erection, or oil and gas field operation, the highest rated classification that applies to the job or location where the operation is performed must be assigned.
 - (iii) If a construction, erection, or oil and gas field operation is included in the scope of another classification, a separate code must not be assigned.
 - (iv) Insured subcontractors.
 - (a) An insured subcontractor who performs a single type of work on a construction, erection, or oil and gas field project or job must be classified based on the classification that describes the particular work involved.
 - (b) Example of how to classify the work performed by an insured subcontractor: The insured subcontractor who performs only excavation work in connection with the construction of a sewer is classified under code 6217 (excavation) rather than under code 6306 (sewer construction).
 - (c) Exception: all operations in conjunction with concrete construction including making and erecting forms, placing



4123-17-08

23

reinforcing steel and stripping forms, when done by subcontractors, must be assigned to the appropriate concrete construction classification.

(v) Uninsured subcontractors.

- (a) Uninsured subcontractors covered under the principal or general contractor's policy are classified on the basis of the classification that would apply if the work were performed by the principal's own employees.
- (b) Example of how to classify the work performed by an uninsured subcontractor: The uninsured subcontractor who performs only excavation work but is covered under the policy of the principal contractor who is constructing a sewer, is classified under code 6306 (sewer construction).

(vi) Construction job site salespersons and estimators.

- (a) Construction job site salespersons and estimators are separately rated to code 8720, a non-construction code. A division of payroll is not permitted between code 8720 and a construction classification at any single job site. If the construction job site salesperson or estimator also performs construction duties or supervises construction workers at the same job site, the employee's payroll at that job site must be assigned to the appropriate construction classification.
- (b) Example of how to classify the work performed by a construction job site salesperson or estimator. A construction job site salesperson who works for a contractor provides sales estimates but does not conduct the actual construction. The construction job site salesperson is assigned to code 8720, (construction-job site salespersons and estimators). The employee may perform measurements or inspections from ground level, in crawl spaces, on ladders, or on roofs. However, the employee's entire payroll at that job site must be assigned to the appropriate construction classification when the employee also performs construction duties or supervises construction workers.

(e) Farm operations.



4123-17-08

24

- (i) A farm is defined as any parcel(s) of land used for the purpose of agriculture, horticulture, viticulture, dairying, or stock or poultry raising as a business or commercial venture.
- (ii) If separate payroll records are maintained, a division of payroll is allowed for each separate and distinct type of commercial farm operation.
- (iii) If payroll records of the farm classification are not clear, and separate payroll records are not maintained, the entire payroll of the farm must be allocated on the basis of proportionate acreages.
- (iv) Each farm classification includes:
 - (a) All employees;
 - (b) Drivers;
 - (c) All normal repair and maintenance of buildings or equipment performed by the employees of the employer; and
 - (d) Operations usual and incidental to a farm.
- (v) Examples of operations usual and incidental to a farm include:
 - (a) Maintenance of cows, hogs, or chickens for family use;
 - (b) A family orchard or truck garden;
 - (c) Hay or grain crops raised for the purpose of maintaining work animals on the farm; and
 - (d) Outside domestic workers at the farm location.
- (vi) Each farm classification excludes inside domestic workers at the farm location.
- (f) Employee leasing firms, labor contractors, professional employer organizations, and temporary labor services.
 - (i) Workers assigned to clients must be classified the same as direct employees of the client performing the same or similar duties.



4123-17-08

25

- (ii) If the client has no direct employees performing the same or similar duties, leased employees are classified as if they were direct employees of the client entity.
- (iii) Example of how to classify workers assigned to clients of employee leasing companies, labor contractors, and temporary labor services. The client is a retail store classified to code 8017:
 - (a) Code 8017 (store-retail) is applicable to the worker assigned as a cashier, just as it is applicable to the client's employee who works as a cashier.
 - (b) Code 7380 (drivers, chauffeurs, messengers and their helpers-commercial NOC) is applicable to the worker assigned as a delivery truck driver, just as it is applicable to the client's employee who drives a delivery truck.
- (g) Mercantile businesses.
 - (i) A mercantile business is any store or dealer engaged in the sale of goods or merchandise, or in the sale of services.
 - (ii) For mercantile businesses, the classification is assigned separately for each location.
 - (iii) Store operations are classified based on the principal type of merchandise sold and whether the operations are wholesale or retail. For purposes of the rule, principal means more than fifty per cent of gross receipts, excluding receipts derived from the sale of lottery tickets.
 - (iv) The following definitions and instructions must be used to determine the appropriate store classification.
 - (a) Type of merchandise sold. If a store sells a variety of goods, each of which may be subject to a different classification, the store must be assigned to the classification that best describes the merchandise that generates more than fifty per cent of the gross receipts.
 - (b) Wholesale versus retail.



4123-17-08

26

- (i) Retail applies to the sale of merchandise to the general public for personal or household consumption or use and not for resale.
- (ii) Wholesale applies to the sale of merchandise for resale to others; or sale to manufacturers, builders, contractors, or others for use in their business or as raw materials.
- (iii) Exception: if a store's sales are clearly retail in nature, the appropriate retail store classification may be assigned regardless of the definition of retail.
- (iv) Examples of store sales that are clearly retail in nature:
 - (A) A store selling artwork in a shopping mall whose majority of sales are for artwork purchased by businesses; and
 - (B) A store selling art supplies in a shopping mall whose majority of sales are to artists who use the materials in their business.
- (c) Combination of retail and wholesale. A store that sells merchandise on a combined wholesale and retail basis must be assigned to the appropriate store classification depending on whether the majority of gross receipts come from wholesale or retail sales.

(4) Standard exceptions.

- (a) Standard exception classifications describe occupations that are common to many businesses and are not included in a basic classification unless specified in the classification phraseology. Standard exceptions must be separately classified unless specifically included in a classification assigned to the business. Classifications for standard exceptions apply even if the basic classification includes phrases such as "all employees" or "all operations."
- (b) Examples of classifications that do not specifically refer to any standard exception employees.
 - (i) Code 3383 (jewelry manufacturing): This classification does not specifically include any standard exception employees. Those



4123-17-08

27

employees are separately classified to codes 8810, 8871, 8742, and 7380.

(ii) Code 9082 (restaurant NOC): This classification does not specifically include any standard exception employees. Those employees are separately classified to codes 8810, 8871, 8742, and 7380.

(c) Example of classification that specifically include standard exception employees.

Code 5183 (plumbing NOC & drivers): This classification specifically includes drivers. For this type of business, those employees are not separately classified to code 7380.

(d) Examples of classifications that include "all employees" or "all operations" but do not specifically refer to any standard exception employees.

(i) Code 6251 (tunneling - all operations): This classification includes "all operations" but does not specifically include any standard exception employees. Those employees are separately classified to codes 8810, 8871, 8742, and 7380.

(ii) Code 8835 (home, public, and traveling healthcare, all employees): this classification includes "all employees" but does not specifically include any standard exception employees. Those employees are separately classified to codes 8810, 8871, 8742, and 7380.

(e) Examples of classifications inclusive of "all employees" or "all operations" that include standard exception employees.

(i) Code 4361 (photographer - all employees and clerical, salespersons, drivers): This classification includes "all employees" and specifically includes clerical employees, salespersons, and drivers. For this type of business, those employees are not separately classified to code 8810, code 8871, code 8742, and code 7380.

(ii) Code 4828 (chemical blending or mixing NOC - all operations and drivers): This classification includes "all operations" and specifically includes drivers. For this type of business, employees who are drivers are not separately classified to code 7380.

(5) Businesses described by a standard exception classification.



4123-17-08

28

- (a) If the principal business is described by a standard exception classification, the operations of all employees not included in the definition of standard exception classification must be assigned to the separate basic classification that most closely describes their operation. This paragraph applies to both an employer's business within a state and to individual jobs or locations where the governing classification is described by a standard exception classification.
 - (b) Example. The principal business of the employer is a computer system design and programming firm that conducts its business exclusively in an office. The employer owns the office and does not lease space to others. The building maintenance operations are not included in the definition of the standard exception classification. The building maintenance operations must be assigned to the separate basic classification that most closely describes their operations. The business would be classified as follows:
 - (i) Computer system designers and programmers are assigned to code 8810; and
 - (ii) Building maintenance operations are assigned to code 9015.
- (6) Classifications limited to separate businesses.
- (a) The assignment of certain classifications is limited by their classification notes to separate and distinct businesses because the classification notes may describe an operation that frequently is an integral part of a business described by another classification.
 - (b) Examples of classification notes describing when the classifications are not appropriate for assignment.
 - (i) Code 8820 (attorney - all employees and clerical, messengers, drivers): Code 8820 must not be assigned to employers that perform operations described by another classification unless the operations subject to code 8820 are conducted as a separate and distinct business.
 - (ii) Code 8601 (architectural or engineering firm - including salespersons and drivers): Code 8601 applies to employers in the architectural or engineering profession that operate as a separate and distinct business and not in support of an entity's principal business.



4123-17-08

29

- (iii) Code 8833 (hospital - professional employees): assign independent medical testing labs that analyze medical specimens to code 4511. Testing labs that are not independent, but part of a hospital, must be classified to code 8833.

(7) Repair operations.

- (a) Employers with shop operations that involve the repair of a product for which there is no repair classification are assigned to the classification that applies to the manufacture of the product, unless this repair work is specifically referred to by another classification, footnote, or definition in the manual.
- (b) Examples of repair operations that are classified to the manufacturing code.
 - (i) A pump repair business is assigned to code 3612 (pump mfg.). There is no separate code for pump repair.
 - (ii) A motor repair business is assigned to code 3643 (electric power or transmission equipment mfg.). There is no separate code for motor repair.

(8) Recycling operations.

- (a) The collection, sorting, and handling of recyclable materials for resale to others must be assigned to the appropriate store or dealer classification, or to the classification that most closely describes the business.
- (b) Risks with operations that involve the reuse of materials for the production of a new product must be assigned to the classification that applies to the manufacture of the product unless such work is specifically referred to another classification, footnote, or definition.

(F) Miscellaneous employees.

- (1) Miscellaneous employees who perform duties that are commonly conducted for separate operations that are subject to more than one basic classification must be assigned to the governing classification.
- (2) Examples of miscellaneous employees:
 - (a) General superintendents, other than construction executives that meet the requirements of code 5606 (contractor - project manager, construction executive, construction manager or construction superintendent);



4123-17-08

30

- (b) Maintenance or power plant employees;
- (c) Shipping or receiving clerks, and yard workers, other than construction yard employees properly assigned to code 8227 (construction or erection of permanent yard).

(3) Refer to paragraph (E)(5) of this rule if the governing classification is a standard exception.

(4) Examples of classification for miscellaneous employees.

(a) The employer has two separate operations, a machine shop assigned to code 3632 on one floor of the building and a plastics manufacturing business assigned to code 4452 on another floor. If it is determined that code 3632 is the governing classification, all maintenance employees, superintendents, and shipping clerks serving both operations are assigned to code 3632.

(b) The employer is a hair styling salon assigned to code 9586 (hair styling salon, beauty parlor, or barber shop). There is an employee who stands behind a counter and schedules appointments, greets customers, and operates the cash register. This employee is considered a miscellaneous employee and is assigned to the governing classification, code 9586.

(G) Interchange of labor.

Some employees may perform duties directly related to more than one properly assigned classification according to paragraph (E)(3) of this rule. Their payroll may be divided among the properly assigned classifications provided the conditions of paragraphs (G)(1) to (G)(4) of this rule are met.

(1) The classifications can be properly assigned to the employer according to the rules of the classification system.

(2) The employer maintains proper payroll records, which show the actual payroll by classification for that individual employee.

(a) Records must reflect actual time spent working within each job classification and an average hourly wage comparable to the wage rates for such employees within the employer's industry.

(b) Estimated or percentage allocation of payroll is not permitted. If payroll records do not show the actual payroll applicable to each classification,



4123-17-08

31

the entire payroll of the individual employee must be assigned to the highest rated classification that represents any part of his or her work.

- (3) Some employees qualify for division of payroll between two or more basic classification codes and also engage in operations that are classified by code 8810, 8742, 8748 or 8871. The payroll for these standard exception operations must be allocated to the basic classification code with the largest amount of payroll applicable to that employee.
- (4) Instructions when an executive order from the governor requires a business to change its standard means of operations.
 - (a) For the duration of the executive order, if an employer has employees work from home, the appropriate classification for the operations performed will be assigned to the employer, and a division of payroll will be allowed between two or more classifications including standard exception classifications.
 - (b) Division of payroll allowed under an executive order.
 - (i) Any operational employee sent home to telework and performs clerical duties or assigned no duties, all payroll is reported to code 8871.
 - (ii) When operational employees are sent home and continue to perform the same task or job duty as they performed at their employer's location the classification assigned to those operations does not change and reporting to class code 8871 is prohibited. For example, the employer manufactures surgical masks. The employees are sent home and continue to sew masks to meet customers' needs. The operational classification of code 2501 (cloth, canvas, and related product manufacturing NOC) still applies to these operations. The exposures for the employees do not change.
 - (c) Exceptions.

Code 8810 (clerical office employees), code 8871 (clerical telecommuter employees), code 8742 (salespersons or collectors-outside), and code 8748 (automobile salespersons) are not available for division of payroll under this rule. However, when an interchange of labor exists between code 8810 and code 8871:

 - (i) Code 8871 will be assigned when the employee spends more than fifty per cent of the time worked telecommuting as described by paragraph (C)(2)(a)(iii)(c) of this rule.



4123-17-08

32

- (ii) Code 8810 will be assigned when the employee spends fifty per cent or less of the time worked telecommuting as described by paragraph (C)(2)(a)(iii)(c) of this rule.
 - (d) The distribution of payroll for the employee may result in no single basic classification code that represents the largest amount of that employee's payroll. In such cases, the payroll included in the standard exception codes, i.e., codes 8810, 8742, 8748, and 8871, will be assigned to the highest rated classification code that represents any part of the employee's work.
- (5) This rule does not apply to miscellaneous employees. Refer to paragraph (F) of this rule for these employees.
- (6) Examples of instances of interchange of labor where an employee's payroll may be divided between two or more classifications:
 - (a) In a business that manufactures clocks, all employees must be assigned to either code 3385 (clock mfg.), code 8810 (clerical), code 8742 (salespersons-outside), or code 7380 (drivers). In this example, division of payroll is only allowed for employees whose work is divided between activities described by codes 3385 and 7380. Codes 8810 and 8742 are not eligible for division of payroll.
 - (b)) In a business that sells furniture, all employees must be assigned to either code 8044 (store: furniture & drivers), code 8810 (clerical), or code 8742 (salespersons-outside). No division of payroll is allowed in this example, since drivers are already included in the basic classifications. Codes 8810 and 8742 are not eligible for division of payroll.
 - (c) In a business that manufactures paper and processes this paper into wallpaper, all employees must be assigned to either code 4239 (paper mfg.), code 4279 (wallpaper mfg.), code 8810 (clerical), code 8742 (salespersons-outside), or code 7380 (drivers). A division of payroll is allowed for employees whose work is divided among activities described by codes 4239, 4279, and 7380. Codes 8810 and 8742 are not eligible for division of payroll.