



Classification And Review Committee Montana State Fund Class Code Use

**Economic Affairs
January 20, 2010**



Membership of Classification and Review Committee (C&R)

- Established in Statute 33-16-1011 and 33-16-1012
- Members appointed by the Commissioner of Insurance
 - 2 private insurance carrier representatives
 - 1 licensed insurance agent representative
 - 1 employer representative
- Member appointed by the Exec Director State Fund
 - 1 representative from State Insurance Fund
- Staff of the advisory organization –NCCI



Function of the C & R committee

- Act as a review committee to hear *individual* policyholder objections to classifications assigned to the business.
- Make determination on revisions or establishment of all classifications for groups of policyholders.
- Hearings are informal and non-binding, but parties must notify each other of the intent to comply
- Escalation process that can ultimately petition the Workers Comp court
- Hearings are public record



Review of C&R Committee Decisions

- **Class code 6204 –Drilling NOC & Drivers**
 - Changed the class code description in Montana to allow for pump installation to be separately classified from water well drilling providing drilling equipment not used in installation of the pump.
- **Class code 8864 & 8842- Social Service and Group Homes**
 - Changed the class codes for an individual risk to class codes 8868 and 9101- Schools from the Social Service and Group Homes . The decision was reversal of the company classification and the NCCI inspection.
- **Class code 2081 Butchering**
 - Changed the class code description in Montana to allow for secondary wholesale and retail operations to be separately classified



MSF Class Code Use

- MSF uses 14 Special Classifications not in the NCCI inventory
 - 10 Classifications for State Agencies
 - 3 Classifications for Municipal Government
 - 1 Classification for all Agricultural class codes
- MSF uses 42 class code descriptions that are different than NCCI
 - 36 Class codes differ from NCCI by including “drivers” in the primary classification rather than a separate classification for drivers.
 - Store classifications are the primary “driver” difference.



Why MSF Class Code Difference?

- 0006 Farm or Ranch –All employees and Drivers
 - Classification eliminates need to segregate payroll between crops vs. cattle operations
- 8006,8010,8033 Stores retail including drivers
 - Classification eliminates need to segregate hours an employee was driving vs working at the store
 - Loss cost for “drivers “ is 6.93 per 100 of payroll vs approximately 4.50 per 100 of payroll for store classification. Non-segregated payroll would go to the highest classification.