

## Report on Aircraft Charter Study

Excerpt from the WCIRB Classification and Rating Committee Minutes  
January 23, 2018

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The WCIRB prepares and presents reports to the WCIRB's Classification and Rating Committee to assist in the formulation of proposed changes to the Insurance Commissioner's regulations. Once adopted by the Classification and Rating Committee, the recommendations contained in the report are provided to the WCIRB Governing Committee and may be included in a WCIRB regulatory filing that is submitted to the Insurance Commissioner for approval.

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## **Aircraft Charter Study**

**7403, Aircraft Operation – scheduled, commuter and supplemental air carriers – not members of the flying crew**

**7405, Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew**

**7424(1), Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew**

**7428(1), Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew**

### **Executive Summary**

#### **Objective**

The WCIRB performed a review of select *Aircraft Operation* Industry Group classifications to determine the appropriate classifications applicable to aircraft charter operations.

#### **Findings**

Based on staff's review, the WCIRB determined:

1. Scheduled commercial airline operations and the operation of scheduled air routes on a contract basis are the defining operations currently assigned to Classifications 7403, *Aircraft Operation – scheduled commuter and supplemental air carriers – not members of the flying crew*, and 7405, *Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew*.
2. The operations performed by aircraft charter employers are far more similar to those contemplated by Classifications 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*, and 7428(1), *Aircraft Operation – other than agricultural, or scheduled or supplemental air carriers – not members of the flying crew*, than those performed by scheduled commercial airlines assigned to Classifications 7403 and 7405, where aircraft charter operations are currently assigned.
3. The loss-to-payroll ratios developed by aircraft charter employers is far more similar to that developed under Classifications 7424 and 7428 than to that developed by the scheduled commercial airlines assigned to Classifications 7403 and 7405.
4. There is not a consistent national approach to classifying various aircraft operations.

#### **Recommendations**

Based on these findings, the WCIRB makes the following recommendations:

1. Amend Classification 7403, *Aircraft Operation – scheduled, commuter and supplemental air carriers – not members of the flying crew*, to clarify that it applies only to scheduled commercial airlines and to the operation of scheduled air routes on a contract basis, and to direct that air charter ground crew operations be classified as 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*.
2. Amend Classification 7405, *Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew*, to clarify that it applies only to scheduled commercial airlines and to the operation of scheduled air routes on a contract basis, and to direct that air charter flying crew operations be classified as 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*.

3. Amend Classification 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*, to specify that it includes charter aircraft flying crew operations.
4. Amend Classification 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*, to specify that it includes charter aircraft ground crew operations.

## Introduction

Currently, aircraft charter operations are referenced in the description of classifications assignable to Classifications 7403, *Aircraft Operation – scheduled, commuter and supplemental air carriers – not members of the flying crew*, and 7405, *Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew*. From 2005 until 2016, aircraft charter operations were not directly referenced in any of the *Aircraft Operation* Industry Group classifications so these operations would have been included in the *N.O.C.*, or *not otherwise classified*, *Aircraft Operation* Industry Group classifications. Due to questions received about the appropriate classification for aircraft charter operations, the WCIRB conducted this study is to determine the appropriate classifications applicable to those operations.

## History

Effective October 1, 1957, a pair of classifications specifically applicable to supplemental air carriers was established:

### AIRCRAFT OPERATION — SUPPLEMENTAL AIR CARRIERS

Aircraft Operation – passenger or air cargo transportation by commercial airlines not having a certificate of public convenience and necessity issued by authority of the Civil Aeronautics Board and not operating as an intrastate scheduled airline under franchise from the State Public Utilities Commission.

All Members of Flying Crew	7432
All employees other than members of the flying crew – including Drivers, Chauffeurs and their Helpers – (Ticket sellers or information clerks to be separately rated as 8810 – “Clerical Office Employees”)	7411

These supplemental air carrier classifications, which were restricted to commercial airlines that did not have a certificate of public convenience and necessity issued by authority of the Civil Aeronautics Board (CAB) and were not operating as an intrastate scheduled airline under franchise from the State Public Utilities Commission (PUC), specifically applied to *commercial airlines*, and not aircraft charter operations. Additional classifications existed for scheduled airlines having a certificate of public convenience and necessity issued by authority of the CAB and intrastate scheduled airlines operating under franchise from the PUC. Aircraft charter operations, however, were specifically listed in Classification 7424:

Aircraft Operation – sales or service agencies; charter, taxi or sightseeing, student instruction. (Helicopter operation to be separately rated as 7425 – “Aircraft Operation – helicopter”)	7424
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In 1960, supplemental air carriers were required to be certified under Part 45 of the Civil Air Regulations and Classification 7432 was updated to include this requirement. In 1978, Classification 7432 was again updated based on a new requirement for a supplemental certificate issued by the Civil Aeronautics Board.

The WCIRB conducted a study of the *Aircraft Operation* Industry Group classifications in 1981 and found that only one employer, engaged in air transport of bulk mail for the United States Postal Service, had been assigned to Classification 7432 by the WCIRB. The study also noted that the NCCI had recently eliminated its supplemental air carrier classification. At the May 12, 1981 meeting, the Classification and Rating Committee recommended that proposals to delete Classification 7432 and amend Classification 7405 to include scheduled and supplemental air carriers be submitted to the Insurance Commissioner for approval, and these changes were approved effective January 1, 1982.

Until 2005, aircraft charter operations were specifically included in Classification 7424(3). In 2004, Classification 7424 had three alternate phraseologies as follows:

AIRCRAFT OPERATION — members of flying crew — N.O.C.	7424(1)
AIRCRAFT OPERATION — patrol; photography; mapping; skywriting; advertising or survey work — all members of flying crew	7424(2)
AIRCRAFT OPERATION — sales or service agencies; charter, taxi or sight-seeing, student instruction — members of flying crew	7424(3)

Classification 7424 was revised in 2005 and the alternate phraseologies for Classification 7424 were as follows:

AIRCRAFT OPERATION — members of flying crew — N.O.C.	7424(1)
AIRCRAFT OPERATION — patrol; photography; mapping; skywriting; advertising or survey work — all members of flying crew	7424(2)
AIRCRAFT OPERATION — student instruction — members of flying crew	7424(3)

The 2005 phraseology for Classification 7424(3) no longer included references to sales or service agencies and charter, taxi or sight-seeing operations. These changes were proposed in a study of Companion Classifications that was presented to the Classification and Rating Committee at the June 8, 2004 meeting. This study indicated that removing the reference to charter operations from Classification 7424(3) would result in the inclusion of charter operations in Classification 7424(1). The relevant portion of the study states:

There is an inconsistency in the classification for ground crews of firms that support flying operations assigned to Classification 7424(3). Flying crews of firms that provide aircraft sales or service; charter, taxi or sightseeing flights and flight instruction are assigned to Classification 7424(3) while ground crews are assigned to Classifications 7428(1) or 7428(2). To achieve consistency, staff believes that the phraseology for Classification 7424(3) should be amended to restrict the classification to flight training operations. In so doing, the other types of firms currently listed in the phraseology of 7424(3) would be reassigned to Classification 7424(1).

The changes to Classification 7424(3) were a clarification of its intended application and not a substantive change. The eliminated operations were not added to any other *Aircraft Operation* Industry Group classification so these would have been included in Classification 7424(1) as *N.O.C., or not otherwise classified*, operations.

When researching aircraft operations in connection with the 2016 changes to enhance the classification descriptions contained in the USRP, WCIRB staff noted that aircraft charter operations are a type of *supplemental air carrier* operation based on Federal Aviation Administration regulations. Supplemental air carriers are specifically referenced in Classifications 7403 and 7405, and on this basis, WCIRB staff recommended that Classifications 7403 and 7405 be amended to include a statement directing that these classifications also apply to aircraft charter operations.

### **Classification Procedures in Other Jurisdictions**

The *Aircraft Operation* Industry Group classifications that apply in California overlap with, but do not completely match, aircraft operation classifications in other jurisdictions. There is no consistency across jurisdictions regarding the classification of aircraft charter operations.

Classification 7405, which applies to the flying crew of scheduled, commuter<sup>1</sup> and supplemental air carriers, is used by many jurisdictions<sup>2</sup> and includes phraseology that is similar to that found in California:

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<sup>1</sup> The FAA defines commuter air carriers as making at least five scheduled round-trip flights per week, and so a commuter air carrier is a type of scheduled air carrier. According to the government website:  
A commuter air carrier is defined under section 298.2(e) of the [U.S. Department of Transportation's] Regulations as an air carrier which:

7405, *Aviation – Air Carrier – Scheduled, Commuter or Supplemental – Flying Crew*. However, these same jurisdictions also have a separate classification for charter aircraft flying operations, Classification 7431, *Aviation – Air Charter or Air Taxi – Flying Crew*, which is not a classification used in California. Thus, these jurisdictions do not assign charter aircraft operations to Classification 7405 and do not equate the term *charter* with *supplemental* as is done currently in California.

In some jurisdictions, Classification 7431, which is used for charter operations, has a special restriction: “Code 7453 is to be assigned in conjunction with this code (7431) to reflect nonratable catastrophe loading. Premium generated by Code 7453 is not subject to experience rating or retrospective rating.” California does not have any classifications with a similar structure or restriction.

Classification 7424, which also applies to flying crews, is used in four jurisdictions other than California. Delaware and Pennsylvania use Classification 7424, *Aircraft Operation NOC – Including Air Taxi, Patrol, Photography, Mapping, Skywriting, Advertising or Survey Work, Sightseeing, Student Instruction – All Members of the Flying Crew*, and include air charter operations in Classification 7424. New Jersey has similar phraseology, Classification 7424, *Aircraft Operation – Sales or Service Agencies, Flying Crew, Student Instruction*, but assigns air charter operations to Classification 7431, *Aviation – Charter or Air Taxi – Flying Crew*. Montana has a different phraseology: Classification 7424, *State Aircraft Operation NOC: Flying Crew*, and also assigns air charter operations to Classification 7431, *Aviation – Air Charter or Air Taxi*. Thus, Delaware and Pennsylvania assign air charter operations not to the commercial or supplemental air carrier classification, but to the not otherwise classified Aircraft Operation classification. Like many other jurisdictions, New Jersey and Montana assign air charter operations to a separate classification for charter aircraft flying operations, Classification 7431.

Most NCCI jurisdictions use Classification 7403, *Aviation – all other employees and drivers*, for aircraft ground crew operations, including ground operations for charter aircraft operation. Unlike California, these jurisdictions do not limit Classification 7403 to scheduled, commuter and supplemental air carriers.

### **Description of Operations and Classification Analysis**

Classification 7403, *Aircraft Operation – scheduled, commuter and supplemental air carriers – not members of the flying crew*, applies to the ground operations of commercial airlines engaged in the air transport of passengers or cargo. Ground operations include but are not limited to loading and unloading baggage and freight, assisting passengers with boarding and disembarking the aircraft, and aircraft fueling, service and repair. Prior to 2016, Classification 7403 was assigned only to ground operations of scheduled air cargo companies and domestic and international passenger airlines, or to ground operations of companies that operate scheduled routes on a contract basis.<sup>3</sup>

Classification 7405, *Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew*, is a companion classification to Classification 7403. Prior to 2016, Classification 7405 was assigned only to flight crew operations of scheduled air cargo companies and domestic and international passenger airlines, or to flight crew operations of companies that operate scheduled routes on a contract basis.

Classification 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*, applies to members of the flying crew of employers engaged in aircraft operations that are not more specifically described by another *Aircraft Operation* Industry Group classification, including but not limited to air ambulance services, air freight services (nonscheduled),

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1. Operates “small aircraft,” i.e., those with an original design capacity of 60 or fewer seats, and
  2. Carries passengers on at least five round-trip flights per week on at least one route between two or more points according to published flight schedules which specify the times, days of the week, and places between which they are performed.  
<https://www.transportation.gov/policy/aviation-policy/how-become-commuter-air-carrier>

<sup>2</sup> The jurisdictions that use Classification 7405 are: Alaska, Iowa, Illinois, Indiana, Massachusetts, Minnesota, North Carolina, New Jersey, Oregon, Tennessee, Vermont and Wisconsin.

<sup>3</sup> The operation of scheduled air routes on a contract basis, also referred to as a “wet lease”, is a leasing arrangement whereby one airline or aircraft operator (the lessor) provides an aircraft, complete crew, maintenance, and insurance (ACMI) to another airline (the lessee). The flight uses the flight number of the lessee.

skywriting, sightseeing and survey work, aerial firefighting, exhibitions, patrols, advertising and news reporting, and aerial log lifting and transport.

Classification 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*, is a companion classification to Classification 7424(1). Classification 7428(1) applies to the ground operations of employers engaged in aircraft operations that are not more specifically described by another *Aircraft Operation* Industry Group classification.

A review of WCIRB Classification Inspection Reports indicates that there are significant differences between charter aircraft operations and commercial airline operations. While there are some large charter aircraft employers with over 100 employees, most charter aircraft employers have fewer than 50 employees. Charter operations are often combined with aircraft management services where the employer stores and maintains clients' aircraft on a fee basis and may also use clients' aircraft for charter purposes. Some charter operations are performed by Fixed Base Operators that perform various services at small regional airports that are associated with Classifications 7424 and 7428,<sup>4</sup> including aircraft fueling and repairs, aircraft storage, flight school operations and other aircraft-related services. The WCIRB has been advised that because aircraft charter operations are often conducted along with other operations that are assigned to Classifications 7424 and 7428, assigning charter operations to classifications other than 7424 and 7428 can create an administrative burden for employers.

Commercial airlines are generally larger than charter aircraft employers, although some commercial airlines have the majority of their employees outside of California. Operations performed by non-flying employees of commercial airlines differ from those of charter employers as commercial airlines have gate operations and luggage handling and loading operations that, based on the scale of operations, exceed the scope of similar operations at charter employers. In addition, as most commercial airline operations involve larger aircraft and more passengers than charter operations, commercial airlines typically retain a larger flying crew to provide in-flight service to passengers as compared with charter employers. Both commercial airlines and charter employers may or may not have significant aircraft maintenance operations as these operations are often outsourced.

Although the FAA categorizes charter aircraft operations as a type of *Supplemental Carrier* for purposes of applying its regulations, that is not necessarily a basis for differentiating operations for purposes of the Standard Classification System. The history of the *Aircraft Operation* Industry Group classifications indicates that the Standard Classification System clearly differentiated charter aircraft operations from supplemental and commercial airline operations prior to 2005, and did not direct that charter operations be assigned to Classifications 7403 and 7405, which are otherwise limited to scheduled commercial airline operations, until 2016. No other jurisdictions assign aircraft charter operations to the same classifications as scheduled, commuter and supplemental airline operations.

### Impact Analysis

As indicated above, air charter operations have historically been classified in California using Classification 7424 for the operations of the flying crew and Classification 7428 for the operations of the ground crew.

Table 1 presents the classification relativity data for all alternate wordings of Classification 7424 at the policy year 2018 level.<sup>5</sup>

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<sup>4</sup> Classifications 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*; 7428(2), *Aircraft Operation – flight schools and pilot training – not members of the flight crew*; 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*; 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*; and 7424(2), *Aircraft Operation – flight schools and pilot training – members of the flying crew*.

<sup>5</sup> The Classification Relativities used in this study are from statewide ratemaking data from the January 1, 2018 Regulatory Filing.

**Table 1: All Classification 7424**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	223,035,226	2,155,795	0.967
2011	230,476,334	1,704,370	0.739
2012	240,178,712	1,820,827	0.758
2013	251,811,227	1,890,978	0.751
2014	266,880,784	6,612,603	2.478
Total	1,212,382,283	14,184,572	

Five-Year Average Loss to Payroll Ratio 1.170

Selected (Unlimited) Loss to Payroll Ratio 1.339

Credibility <sup>6</sup>	
Indemnity	Medical
.86	.54

Table 2 presents the classification relativity data for Classification 7405 at the policy year 2018 level.

**Table 2: All Classification 7405**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010			
2011			
2012	883,934,232	13,102,786	1.482
2013	830,840,114	13,563,405	1.632
2014	871,790,718	15,748,219	1.806
Total	2,586,565,064	42,414,410	

Three-Year Average Loss to Payroll Ratio 1.640

Selected (Unlimited) Loss to Payroll Ratio 1.808

Credibility
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<sup>6</sup> The relativity for each classification in the upcoming policy year is determined based on a comparison of that classification's actual losses per \$100 of payroll and the ratio of losses per \$100 of payroll underlying the current pure premium rate. The "credibilities" assigned to a classification are the statistical weights assigned to that classification's experience as a predictor of future claim experience relative to the loss per \$100 of payroll underlying the classification's current pure premium rate. The predictability or credibilities assigned to a classification's recent historical experience depends on the volume of indemnity and medical claims incurred during the experience period. The WCIRB strives to have classifications that are fully, or 100%, statistically credible based on historical experience over five or fewer years, which means that the classification's relativity in the upcoming policy year can be best estimated using only the loss per \$100 of payroll experience from the latest two-, three-, four- or five-year periods. The WCIRB generally will not recommend the establishment of a new classification if the credibility factors are less than one-half (< 0.50).



Indemnity	Medical
1.00	1.00

Table 3 presents the classification relativity data for Charter Aircraft Flying Crew Employees at the policy year 2018 level.

**Table 3: Charter Aircraft Flying Crew Employees  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	70,050,403	574,366	.820
2011	74,248,537	40,245	.054
2012	83,138,502	119,659	.144
2013	93,760,676	465,266	.496
2014	98,368,669	225,950	.230
Total	419,566,788	1,425,446	

Five-Year Average Loss to Payroll Ratio 0.340

Selected (Unlimited) Loss to Payroll Ratio 0.804

Credibility	
Indemnity	Medical
0.56	0.35

As shown in Table 3, the five-year average loss to payroll ratio for Charter Aircraft Flying Crew Employees, while not fully credible, is almost 80% lower than the three-year average loss to payroll ratio for Classification 7405, and is approximately 70% lower than the five-year average loss to payroll ratio for Classification 7424.

Table 4 presents the classification relativity data for Classification 7428 at the policy year 2018 level.

**Table 4: All Classification 7428**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010			
2011			
2012	468,577,619	14,230,929	3.037
2013	475,241,414	18,421,758	3.876
2014	454,733,197	10,936,753	2.405
Total	1,398,552,230	43,589,440	

Three-Year Average Loss to Payroll Ratio 3.117

Selected (Unlimited) Loss to Payroll Ratio 3.567

Credibility	
Indemnity	Medical
1.00	1.00

Table 5 presents the classification relativity data for Classification 7403 at the policy year 2018 level.

**Table 5: All Classification 7403**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010			
2011			
2012			
2013	529,618,963	28,479,709	5.377
2014	530,099,799	30,014,526	5.662
Total	1,059,718,762	58,494,236	

Two-Year Average Loss to Payroll Ratio 5.520

Selected (Unlimited) Loss to Payroll Ratio 6.264

Credibility	
Indemnity	Medical
1.00	1.00

Table 6 presents the classification relativity data for Charter Aircraft Ground Crew Employees at the policy year 2018 level.

**Table 6: Charter Aircraft Ground Crew Employees  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	27,990,761	452,799	1.618
2011	28,120,293	203,682	0.724
2012	34,255,529	261,075	0.762
2013	38,165,510	1,029,013	2.696
2014	39,857,128	358,832	0.900
Total	168,389,221	2,305,401	

Five-Year Average Loss to Payroll Ratio 1.369

Selected (Unlimited) Loss to Payroll Ratio 2.919

Credibility	
Indemnity	Medical
0.56	0.48

As shown in Table 6, the five-year average loss to payroll ratio for Charter Aircraft Ground Crew Employees, while not fully credible, is almost 75% lower than the two-year average loss to payroll ratio for Classification 7403, and is approximately 56% lower than the five-year average loss to payroll ratio for Classification 7428.

## Findings

Based on staff's review, the WCIRB determined:

1. Scheduled commercial airline operations and the operation of scheduled air routes on a contract basis are the defining operations assignable to Classifications 7403, *Aircraft Operation – scheduled commuter and supplemental air carriers – not members of the flying crew*, and 7405, *Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew*.
2. The operations performed by aircraft charter employers are far more similar to those contemplated by Classifications 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*, and 7428(1), *Aircraft Operation – other than agricultural, or scheduled or supplemental air carriers – not members of the flying crew*, than those performed by scheduled commercial airlines assigned to Classifications 7403 and 7405, where aircraft charter operations are currently assigned.

3. The loss-to-payroll ratios developed by aircraft charter employers is far more similar to that developed under Classifications 7424 and 7428 than to that developed by the scheduled commercial airlines assigned to Classifications 7403 and 7405.
4. There is not a consistent national approach to classifying various aircraft operations.

### **Recommendations**

Based on these findings, the WCIRB makes the following recommendations:

1. Amend Classification 7403, *Aircraft Operation – scheduled, commuter and supplemental air carriers – not members of the flying crew*, to clarify that it applies only to scheduled commercial airlines and the operation of scheduled air routes on a contract basis, and to direct that aircraft charter ground crew operations shall be classified as 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*.
2. Amend Classification 7405, *Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew*, to clarify that it applies only to scheduled commercial airlines and to the operation of scheduled air routes on a contract basis, and to direct that aircraft charter flying crew operations shall be classified as 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*.
3. Amend Classification 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*, to specify that it includes aircraft charter flying crew operations.
4. Amend Classification 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*, to specify that it includes aircraft charter ground crew operations.

### Recommendation

Amend 7403, *Aircraft Operation – scheduled, commuter and supplemental air carriers – not members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, to clarify that it applies only to scheduled commercial airlines and the operation of scheduled air routes on a contract basis, and to direct how aircraft charter operations shall be classified.

### PROPOSED

#### AIRCRAFT OPERATION

Refer to Section IV, *Special Industry Classification Procedures*, Rule 1, *Aircraft Operation*.

#### **AIRCRAFT OPERATION – scheduled, ~~commuter and supplemental~~ passenger or cargo air carriers – not members of the flying crew** 7403

This classification applies to the ground operations of ~~employers~~ commercial airlines engaged in the air transport of passengers or cargo on a scheduled ~~or charter~~ basis. Ground operations include but are not limited to loading and unloading baggage and freight; assisting passengers with boarding and disembarking the aircraft; and aircraft fueling, service and repair. This classification also applies to ground operations in support of airlines or aircraft operators that operate scheduled air routes on a contract basis.

Ground operations in support of passenger or cargo air transport on a charter basis shall be classified as 7428(1), *Aircraft Operation – other than agricultural or scheduled air carriers – not members of the flying crew*.

Ticket sellers or information clerks shall be separately classified as 8810, *Clerical Office Employees*.

Also refer to companion Classification 7405, *Aircraft Operation – scheduled, ~~commuter and supplemental~~ passenger or cargo air carriers – members of the flying crew*.

\* \* \* \* \*

### Recommendation

Amend 7405, *Aircraft Operation – scheduled, commuter and supplemental air carriers – members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, to clarify that it applies only to scheduled commercial airlines and the operation of scheduled air routes on a contract basis, and to direct how aircraft charter flying crew operations shall be classified.

### PROPOSED

#### AIRCRAFT OPERATION

Refer to Section IV, *Special Industry Classification Procedures*, Rule 1, *Aircraft Operation*.

#### **AIRCRAFT OPERATION – scheduled, ~~commuter and supplemental~~ passenger or cargo air carriers – members of the flying crew** 7405

This classification applies to members of the flying crew of ~~employers~~ commercial airlines engaged in the air transport of passengers or cargo on a scheduled ~~or charter~~ basis. This classification

cation also applies to members of the flying crew of airlines or aircraft operators that operate scheduled air routes on a contract basis.

Members of the flying crew in support of passenger or cargo air transport on a charter basis shall be classified as 7424(1), Aircraft Operation – other than agricultural or scheduled air carriers – members of the flying crew.

Also refer to companion Classification 7403, *Aircraft Operation – scheduled, ~~commuter and supplemental~~ passenger or cargo air carriers – not members of the flying crew.*

\* \* \* \* \*

### Recommendation

Amend 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, to specify that it includes aircraft charter flying crew operations.

### PROPOSED

#### AIRCRAFT OPERATION

Refer to Section IV, *Special Industry Classification Procedures*, Rule 1, *Aircraft Operation*.

**AIRCRAFT OPERATION – other than agricultural, or scheduled ~~or supplemental~~ air carriers – members of the flying crew – N.O.C. 7424(1)**

This classification applies to members of the flying crew of employers engaged in aircraft operations that are not more specifically described by another *Aircraft Operation* Industry Group classification, including but not limited to charter passenger or cargo air transport; air ambulance services; air freight services (nonscheduled); aerial firefighting; aerial exhibitions; aerial patrol; aerial advertising, skywriting, sightseeing and survey work; aerial log lifting and transport; and aerial news reporting.

Also refer to companion Classifications 7428(1), *Aircraft Operation – other than agricultural, or scheduled ~~or supplemental~~ air carriers – not members of the flying crew*, and 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

\* \* \* \* \*

## Recommendation

Amend 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, to specify that it includes aircraft charter flying crew operations.

## PROPOSED

### AIRCRAFT OPERATION

Refer to Section IV, *Special Industry Classification Procedures*, Rule 1, *Aircraft Operation*.

#### **AIRCRAFT OPERATION – other than agricultural, or scheduled ~~or supplemental~~ air carriers – not members of the flying crew – N.O.C.** 7428(1)

This classification applies to the ground operations of employers engaged in aircraft operations not more specifically described by another *Aircraft Operation* Industry Group classification, including but not limited to ~~charter passenger or cargo air transport~~; air ambulance services; air freight services (nonscheduled); aerial firefighting; aerial exhibitions; aerial patrol; aerial advertising, skywriting, sightseeing and survey work; aerial log lifting and transport; and aerial news reporting. Ground operations include but are not limited to aircraft fueling, service and repair.

This classification also applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier used for other than agricultural operations, in accordance with the General Exclusions rule. See Part 3, Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying or seeding, shall be separately classified as 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*, in accordance with the General Exclusions rule. See Part 3, Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems with a total combined weight of less than 55 pounds shall be classified in accordance with Part 3, Section III, Rule 5, *General Inclusions*.

The shop repair of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier by the manufacturer shall be classified as 3830(2), *Unmanned Aircraft System Mfg.*

The repair of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier on a fee basis, and repair work performed by the manufacturer away from shop shall be classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

Unmanned Aircraft Systems operating crew members working remotely from an office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

Ticket sellers or information clerks shall be separately classified as 8810, *Clerical Office Employees*, classroom instructors shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, and ground photographic laboratory employees shall be separately classified as 4361(1), *Photographers*.

Also refer to companion Classification 7424(1), *Aircraft Operation – other than agricultural, or scheduled ~~or supplemental~~ air carriers – members of the flying crew*.

\* \* \* \* \*

## Amendments to Cross-References for Consistency

### Recommendation

Amend 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*, for consistency with other proposed changes.

### PROPOSED

#### **AIRCRAFT REMANUFACTURE, CONVERSION, MODIFICATION AND REPAIR COMPANIES – 7428(3)** **not engaged in the original manufacturing of aircraft**

This classification applies to the repair and rebuilding of aircraft components and parts when such operations are performed directly on the aircraft or in connection with components that are removed from and later reinstalled on the aircraft by the employer. This classification also includes but is not limited to aircraft cleaning and detailing and aircraft fueling on a fee basis.

Employers that are approved by the Federal Aviation Administration and engage in the manufacture or repair of machined aircraft components and accessories shall be classified as 3831, *Machine Shops – aircraft components*, provided the employer does not remove or install parts or otherwise work directly on the aircraft.

Also refer to companion Classification 7424(1), *Aircraft Operation – other than agricultural, or scheduled ~~or supplemental~~ air carriers – members of the flying crew.*

\* \* \* \* \*

### Recommendation

Amend 7706, *Firefighting Operations – not volunteers*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, for consistency with other proposed changes.

### PROPOSED

#### **MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES**

##### **FIREFIGHTING OPERATIONS – not volunteers – all employees of Fire Department 7706**

This classification applies to firefighting operations, including but not limited to emergency fire and rescue operations, fire hydrant testing, fire investigations and fire prevention services.

Volunteers serving with or without remuneration shall be separately classified as 7707, *Firefighting Operations – volunteers, serving with or without remuneration.*

Aerial firefighting operations shall be classified as 7424(1), *Aircraft Operation – other than agricultural, or scheduled ~~or supplemental~~ air carriers – members of flying crew.*

\* \* \* \* \*



### Recommendation

Amend 7707, *Firefighting Operations – volunteers, serving with or without remuneration*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, for consistency with other proposed changes.

### PROPOSED

#### MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

##### **FIREFIGHTING OPERATIONS – volunteers, serving with or without remuneration**

**7707**

This classification applies to volunteers performing firefighting operations, including but not limited to emergency fire and rescue operations, fire hydrant testing, fire investigations and fire prevention services.

The exposure for this classification shall be on a per capita basis.

Aerial firefighting shall be classified as 7424(1), *Aircraft Operation – other than agricultural, or scheduled or supplemental air carriers – members of flying crew.*

Also refer to Classification 7706, *Firefighting Operations – not volunteers.*

\* \* \* \* \*

### Recommendation

Amend 4361(1), *Photographers*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, for consistency with other proposed changes.

### PROPOSED

#### PRINTING, PUBLISHING AND DUPLICATING

##### **PHOTOGRAPHERS – all employees – including receptionists – N.O.C.**

**4361(1)**

This classification applies to still photography services within portrait studios and at outside events. This classification includes all operations, including but not limited to processing film, examining proofs, handling, sorting and mounting photographs and assembling photography albums. This classification also applies to noncommercial videography services to memorialize events such as weddings and family celebrations.

Employers providing photofinishing operations only shall be classified as 4361(2), *Photofinishing*.

Aerial photography operations performed aboard aircraft shall be classified as 7424(1), *Aircraft Operation – other than agricultural, or scheduled or supplemental air carriers – members of the flying crew.*

Photographers employed by newspaper publishers or printers shall be classified as 8746, *Newspaper Publishing or Printing – reporters or photographers – including Outside Salespersons.*

The production of motion pictures, television features, commercials, music videos, depositions, court proceedings or industrial films that are recorded on motion picture film stock, videotape, digital or other media shall be classified as 9610, *Motion Pictures – production*.

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## Recommendation

Amend 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, for consistency with other proposed changes.

## PROPOSED

### AIRCRAFT OPERATION

#### **AIRCRAFT OPERATION – agricultural – dusting, spraying or seeding – not members of the flying crew 7410**

This classification applies to the ground operations of employers engaged in the aerial application of materials, including but not limited to pesticides, insecticides, fungicides, fertilizers, herbicides and seeds onto farmlands. This classification also includes the ground operations of employers engaged in the aerial application of insecticides for mosquito control purposes. Ground operations include but are not limited to mixing and loading of materials onto the aircraft, directing pilots during application of materials and aircraft fueling, service and repair.

This classification also applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying and seeding, in accordance with the General Exclusions rule. See Part 3, Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier used for other than agricultural operations shall be separately classified as 7428(1), *Aircraft Operation – other than agricultural, or scheduled or supplemental air carriers – not members of the flying crew*, in accordance with the General Exclusions rule. See Part 3, Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems with a total combined weight of less than 55 pounds shall be classified in accordance with Part 3, Section III, Rule 5, *General Inclusions*.

The shop repair of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier by the manufacturer shall be classified as 3830(2), *Unmanned Aircraft System Mfg.*

The repair of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier on a fee basis, and repair work performed by the manufacturer away from shop shall be classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

Unmanned Aircraft Systems operating crew members working remotely from an office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

Also refer to companion Classification 7409, *Aircraft Operation – agricultural – dusting, spraying and seeding – members of flying crew*.

\* \* \* \* \*

## Recommendation

Amend 3830(2), *Unmanned Aircraft System Mfg.*, for consistency with other proposed changes.

### PROPOSED

#### **UNMANNED AIRCRAFT SYSTEM MFG. – aircraft system and payload total combined weight of 55 pounds or heavier 3830(2)**

This classification applies to the manufacture of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier. This classification includes the shop repair of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier when performed by the manufacturer.

The operating crew of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Part 3, Section III, Rule 6, *General Exclusions*. The operating crew of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier used for other than agricultural operations shall be separately classified as 7428(1), *Aircraft Operation – other than agricultural, or scheduled or supplemental air carriers – not members of the flying crew*. The operating crew of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying and seeding, shall be separately classified as 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*.

The manufacture and fee-based shop repair of Unmanned Aircraft Systems with a total combined weight of less than 55 pounds shall be classified as 3681(1), *Instrument Mfg. – electronic*.

The operating crew of Unmanned Aircraft Systems with a total combined weight of less than 55 pounds, including but not limited to test flights performed by the manufacturer shall be classified in accordance with Part 3, Section III, Rule 5, *General Inclusions*.

The repair of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier on a fee basis, and repair work performed by the manufacturer away from shop shall be separately classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

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## Recommendation

Amend 8720(4), *Unmanned Aircraft System Operation*, for consistency with other proposed changes.

### PROPOSED

#### **UNMANNED AIRCRAFT SYSTEM OPERATION – aircraft system and payload total combined weight of less than 55 pounds – including Outside Salespersons 8720(4)**

This classification applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds that are operated on a fee basis. This classification includes shop or field repair of Unmanned Aircraft Systems in connection with such operations.

This classification also applies to the operating crew of Unmanned Aircraft Systems with a total combined weight of less than 55 pounds that are operated in support of the employer's construction or erection operations, provided the operating crew members are engaged exclusively in such operations, or are engaged in such work for any portion of their time and devote the balance of their time to clerical office duties or outside sales. Employees who are members of an Unmanned Aircraft System operating crew and also perform or supervise construction or erection operations shall be classified based on the construction or erection operations they supervise or perform. See Part 3, Section IV, Rule 2, *Construction or Erection Work*.

When performed in connection with an employer's own operations, other than construction or erection, the operating crew of Unmanned Aircraft Systems with a total combined weight of less than 55 pounds shall be classified in accordance with Part 3, Section III, Rule 5, *General Inclusions*.

Operation of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier shall be classified in accordance with Part 3, Section III, Rule 6, *General Exclusions*. The operating crew of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier used for other than agricultural operations shall be separately classified as 7428(1), *Aircraft Operation – other than agricultural, or scheduled or supplemental air carriers – not members of the flying crew*. The operating crew of Unmanned Aircraft Systems with a total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying and seeding, shall be separately classified as 7410, *Aircraft Operation – agricultural – dusting, spraying and seeding – not members of the flying crew*.

Unmanned Aircraft Systems operating crew members working remotely from an office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

The fee-based repair of Unmanned Aircraft Systems with a total combined weight of less than 55 pounds away from shop shall be separately classified as 5128, *Instrument Installation, Service or Repair*.

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