CIRCULAR LETTER 2892 – APRIL 18, 2002

TO: Members of the Bureau

FROM: Richard Colvin

RE: Code 3113 Tool Manufacturing – Not Drop or Machine Forged NOC
Code 3400 Metal Stamped Goods Manufacturing NOC

For the past thirty years, any employer engaged in manufacturing metal stampings and metal dies had to have their entire operations assigned to Code 3400. If the two operations were performed by two separate legal entities, both code 3113 and code 3400 could be assigned.

This procedure is contrary to the manual rule regarding the division of payroll. In many instances, the manufacture of dies was the predominant operation, yet the entire operation had to be assigned to code 3400.

The assignment of more than one basic classification requires certain conditions to be met before another code can be assigned. To qualify for a separate classification, the insured's additional operation shall:

- be able to exist as a separate business if the insured's principal business in the state ceased to exist,
- maintain proper payroll records.

(NOTE: Physical separation is not required in Wisconsin)

If the principal business is metal stamping and the insured manufactures their own dies, the entire operation is assigned to code 3400. If the employer's business is manufacturing tools or dies and also manufactures metal stampings but the predominant operation is manufacturing tools and dies, code 3113 should be assigned for these operations and code 3400 for their stamping operations.

If an employer continues to maintain two entities, one to manufacture tools and dies and the other metal stampings, both codes can continue to be used just as they have in the past. The only real change is allowing an employer with only one entity that primarily manufactures tools and dies and does some stamping work to use both codes. Previously, the payroll in the preceding operation could not be divided without having a separate entity for each operation.

Effective immediately, both codes can be used on the same policy in accordance with the above interpretation.