



TO: Delaware Compensation Rating Bureau, Inc. (DCRB) Classification and Rating Committee

FROM: David T. Rawson – Technical Director Classification and Field Operations

DATE: July 27, 2015

RE: Proposed Housekeeping Revisions – Sections 1 & 2

The proposals discussed below are intended to make the Manual language clearer and less ambiguous. The proposed revisions clarify existing classification procedures and update language defining certain classifications to align the verbiage used with that in other Manual provisions and/or recognize ongoing technological or industrial changes.

This memorandum proposes two revisions to classification procedure. Neither of these proposed classification procedure changes, and none of the other various language revision proposals, will impact any classification's proposed December 1, 2015 class rating value. DCRB recommends that all of the Section 1 or 2 language revisions proposed herein become effective upon new and renewal policies of December 1, 2015 and later.

The following narrative will first discuss each proposed revision to existing classification procedure. This memorandum will next discuss the four classifications proposed to be retitled, then address the one proposed Section 1 revision, and conclude by discussing the proposed Section 2 additions, changes and deletions respectively.

PROPOSED REVISIONS TO CLASSIFICATION PROCEDURE

PROCEDURE REVISION PROPOSAL #1

CLASSIFICATION(S) APPLICABLE TO DOOR INSTALLATION - One of DCRB's proposed "Housekeeping" classification revisions that were a part of DCRB Filing No. 1202 effective for new and renewal policies of December 1, 2012 and later involved the classification applicable to door installation. That revision saw the reclassification of metal door installation from Code 658, Iron Erection or Installation – ornamental or non-structural only, to Code 651, Carpentry – Commercial. DCRB now proposes to delete the Code 648, Carpentry – Installation of Cabinet Work, Underwriting Guide (Guide) entry "Door or Door Frame Erection – Wood," and to concurrently consolidate the assignment of all door installation except for overhead doors (whose installation will remain assignable to Code 675, officially entitled "Machinery or Equipment Erection or Repair) to Code 651 or to Code 652, Carpentry – Residential.

The proposed deletion of the Code 648 door installation Guide entry results from DCRB staff discussion of the aforementioned Code 648 Guide entry's scope. Staff's discussion revolved around how to distinguish the Code 648 door installation entry from the Code 651 and Code 652 door installation Guide entries.

Background due diligence regarding Code 648 showed that Code 648 was approved by the Commissioner to be a Delaware classification effective for new and renewal policies of August 1, 1985 and later. Code 648 was created without a study of Codes 651 and 652. Code 648 was modeled upon the National Council on Compensation Insurance, Inc. (NCCI) Code 5437, Carpentry – Installation of Cabinet Work or Interior Trim based upon a close reading of NCCI's Scope for that class. In fact, NCCI's Code 5437 Scope continues to include the statement "The installation of interior doors by trim or finish carpenters is also included in Code 5437."

With the above NCCI reference to trim or finish carpenters in mind, this memo observes that DCRB proposed and the Insurance Commissioner approved revision to the scope of Code 648 in the "Housekeeping" component of DCRB Filing No. 1404. Therein, staff proposed deletion of the Code 648 language stating that the class was "Not applicable to contractors who perform other carpentry operations at the same job or location," which restricted the application of Code 648. Staff's supporting argument for removal of the restriction set forth that DCRB surveys and test audits had shown that more and more of the work assigned to Code 648 can be, and is being, performed by general rather than specialized carpenters. DCRB continues to hold that this work is now commonly performed by general carpenters.

As in the aforementioned Filing No. 1404's Code 648 revision, staff cannot here quantify the premium impact of reassigning wooden door installation from Code 648 to either Code 651 or to Code 652, each of which has a higher rating value than does Code 648. Staff has not performed a file-by-file review of Code 648. Also, in the event that such a review is considered the Committee should keep in mind that staff would assign employers to a classification pursuant to how each employer is "principally engaged." DCRB's Manual defines an activity in which an employer is considered to be "principally engaged" as "that business activity that generates more than 50 percent of a business' overall revenue." DCRB does not know how many Code 648 employers are principally engaged in the installation of wooden doors or wood door frames. In other words, DCRB does not know how many employers may be impacted by this proposal.

DCRB is also concurrently proposing three Guide revisions and two Guide deletions for Code 651 and one guide addition and two guide revisions for Code 652. Those proposals are all intended to simplify the Code 651 and Code 652 Guide entries, and to bring focus to the fact that door installation work, except for overhead doors, is assignable to either Code 651 or to Code 652.

Another proposed clarification to Code 652 is a restatement of the classification's auditing guidelines.

PREMIUM IMPACT – There would be no premium impact for the above proposal to businesses presently assigned to Code 651 and/or Code 652. DCRB makes this proposal, as noted above, with the knowledge that the approved Code 651 and Code 652 rating values are higher than the approved Code 648 rating values. This means that if these proposals are approved, on a going forward basis as impacted Code 648 employers are identified DCRB would treat such employers as being misclassified and implement class reassignments pursuant to the Manual rules upon each employer's first normal policy renewal at least six months after DCRB's class decision letter..

PROCEDURE REVISION PROPOSAL #2

Code 647, INSULATION WORK, N. O. C. – Staff proposes deletion of the language “The class applies when insulating work is performed as a separate operation not part of or incident to any other construction operation performed by the same contractor at the same job or location.” This change will permit the use of Code 647 for any insulation work performed by the employer, provided that separate staffs are involved or that separate payroll records for interchanging personnel have been maintained. In other words, staff proposes that going forward Code 647 be treated like the other 600 series construction classifications excepting only those few codes that are designated as being applicable to “all work to completion”. Staff’s review has shown that in addition to Code 647, the two classifications that will be most significantly impacted by the approval and implementation of this proposal will be Code 651 and Code 652.

Staff observes that the potential premium impact of the proposed language deletion on Code 647, Code 651 or Code 652 cannot presently be ascertained, as insurer records and DCRB data have not been partitioned in the fashion that will be allowed under the new language. Staff also observes that, assuming approval of this proposal for policies effective on a new and renewal basis of December 1, 2015 and later, five full Manual years of data reflecting the expanded application of Code 647 will not be available until DCRB makes its December 1, 2023 comprehensive loss cost revision (using Manual years 2016 through 2020 as a basis for determining classification relativities).

Code 647 was erected effective for new and renewal policies of August 1, 1985 and later, and was modeled upon the class scope and Manual language of NCCI’s Code 5479, insulation Work NOC & Drivers. NCCI and New York also have restrictive language like that presently in effect in Delaware.

As noted above, DCRB Filing No. 1404 proposed, and the Commissioner approved, removal of the restrictive use language then in Code 648. DCRB had adopted the restrictive use language upon the creation of Code 648, also effective for new and renewal policies of August 1, 1985 and later. In developing the proposal to delete the Code 648 restrictive use language, staff contacted NCCI and the independent Bureau state of New York to ask when such restrictive language had been adopted and the reasons supporting that adoption. Both NCCI and New York were able to discuss the “vintage” of their restrictive language (circa the 1920’s) but neither rating organization was able to explain why it had been adopted. Both sources hypothesized that the restrictive language may have been adopted for data quality reasons.

DCRB holds that data quality was also likely the principal reason for having restrictive language regarding the application of Code 647. Staff observed in Filing No. 1404, and also observes for purposes of this memorandum, that data quality is a universal concern. DCRB is aware of no obvious reason to take more than our usual level of care to safeguard the integrity of construction classes such as Code 648 and Code 647, respectively.

PREMIUM IMPACT – If this proposal is approved there will be no premium impact to businesses presently assigned to Code 647. Businesses presently assigned to Code 651 and/or Code 652 which are found upon review by DCRB to also be eligible for assignment to Code 647 will see premium either premium increases (files presently assigned only to Code 651 also being assigned to Code 647) or premium decreases (files presently assigned only to code 652 being also assigned to Code 647) as a result of this proposal. Any indicated class assignments will be implemented pursuant to DCRB Manual rules.

CLASSIFICATIONS TO BE RETITLED

Code 112

The Code 112 class title was revised from “Beverage Mfg., including Bottling” to “Beverage Mfg., N.O.C.” concurrent with the separation of businesses principally engaged as breweries from Code 112 to the then new class Code 108, Brewery and effective for new and renewal policies of August 1, 1994 and later. In contrast to the broad Code 112 class title, however, it has come to staff’s attention that all of the Code 112 Guide entries contemplate the manufacture, bottling and/or canning of either alcoholic or non-alcoholic carbonated beverages.

Staff has revisited the Code 112 class study report, conducted a number of years ago, which was based upon a file-by-file review of all businesses then assigned to Code 112. That examination found that Code 112 was assigned to businesses principally engaged as breweries, soft drink makers, bottlers and/or canners along with an assortment of businesses found to be misclassified to Code 112. As a result, staff now proposes to retitle Code 112 to “Carbonated Beverage Mfg.” This will make Code 104, Food Products Mfg., N.O.C., the default class assignment for the manufacture of any non-carbonated beverage not otherwise classified. For the record, Code 104 has historically been the de facto assignment for the manufacture of any non-carbonated beverage for which DRCB does not have a specific Guide entry, which DCRB will reinforce by concurrently proposing three new Code 104 Guide entries for non-carbonated beverage manufacture.

Staff concurrently proposes to add both “Operations Also Included” and “Operations Not Included” segments to the Code 112 class description.

Code 185

Effective for new and renewal policies of December 1, 2014 and later, DCRB proposed and the Insurance Commissioner approved, a revision in the title for Code 104 class from “Food Sundries Mfg., N.O.C.”, to “Food Products Mfg., N.O.C.” At that time, DCRB overlooked the fact that there was a one-to-one temporary staffing classification related to Code 104 and for which the class title also included “Food Sundries Mfg.” That class is Code 185, which continues to be entitled “Employment Contractor – Temporary Food Sundries Mfg., N.O.C.” DCRB now proposes to retitle Code 185 by substituting “Products” for “Sundries.” Staff also proposes to make that same word substitution for each of Code 185’s three Underwriting Guide entries.

Code 447

Code 447, officially entitled “Non-Ferrous Foundry”, is the only classification that is listed twice in Section 2 of DCRB’s Manual. The first listing is on page A51 where Code 447 is grouped with the other foundry classifications. The second listing is on page A55 where Code 447 is listed in its numerical sequence. These two Code 447 listings have different spellings. The first entry’s spelling is “Non-Ferrous” and the second entry’s spelling is “Nonferrous.” Staff found no harm in continuing to include both Code 447 Section 2 listings, but concluded that the Code 447 class title’s spelling should be uniform.

Several dictionaries were accessed, each of which listed a number of words starting with “non.” Those dictionaries all treated “non” as a separate syllable, and in no case was any word beginning with “non” hyphenated after those letters. All the dictionaries we used listed “nonferrous” But not “non-ferrous”.

Staff observes that Code 447 has sixteen Guide entries. Half of those Guide entries presently include the word “nonferrous” and in each case use the “nonferrous” spelling.

Staff proposes to retitle Code 447 to “Nonferrous Foundry” and to consistently use that spelling in both Code 447 Guide listings.

Code 968

The classification appeal of Delaware Rock Gym, Inc. (heard by this Committee on January 13, 2010) resulted in an earlier retitling of Code 968 and various other revisions to the class’ Section 2 description and Guide entries. A “package” of Code 968 revisions was a part of DCRB Filing No. 1001 approved by the Commissioner and announced by DCRB Circular No. 861 issued July 13, 2010. Subsequent additional review of Code 968 in both Delaware and Pennsylvania has resulted in this proposed Code 968 retitling: adding the word “Amateur”. The principal reason for the prior revisions and the current proposal is to make as certain as possible that there is no overlap between Code 968 and the professional/semiprofessional sports teams classifications, Codes 970, Athletic Team – Contact Sports and 991, Athletic Team – Non-Contact Sports. DCRB is concurrently proposing revisions to Code 968’s “Operations Also Included” segment to further clarify Code 968’s scope.

PREMIUM IMPACT:

There is no premium impact to the proposals to retitle Code 112, Code 185, 447, or 968. Any employer that is correctly classified to any of these four classifications will remain correctly classified regardless of how DCRB titles any of the four classifications. The reverse is also true, which means that if in a future file review an employer is found to be misclassified to Code 112, Code 185, Code 447 or to Code 968 that employer will have been misclassified regardless of how DCRB has titled any of these four classifications.

SECTION 1

Staff’s ongoing review of the Manual recently identified a Section 1, Rule IV provision that needed clarification to make it consistent with another Section 1, Rule IV provision. The first Rule IV provision is b. (3) under Paragraph B. 3. “General Inclusions” and the latter Rule IV provision is (4) under Paragraph C. 3. b. entitled “Governing Classification.” Each of these Rule IV provisions is about how to classify an employer whose principal business is described by a standard exception classification. That said, b. (3) under Paragraph B. 3. does not provide guidance on how to classify personnel whose job duties are not contemplated by a standard exception classification, whereas (4) under Paragraph C. 3. b. does so (that is, to Code 971, officially entitled “Commercial Buildings”). DCRB proposes to eliminate any potential confusion by amending b. (3) under Paragraph B. 3. to read the same as (4) under Paragraph C. 3. B in that respect.

PREMIUM IMPACT

DCRB is unaware of any employer whose principal business is classified by a standard exception classification and for which any personnel of such a business whose job duties are not contemplated by a standard exception classification are not assigned to Code 971. In the event that ongoing staff file review identifies any such employer(s) that are not classified in such manner, staff will treat that employer or those employers as being misclassified. If the implementation of the correct classification assignment will increase the employer’s premium, the correct classification assignment

will be implemented effective the employer's first normal policy renewal at least six months from the date of DCRB's notice of misclassification.

SECTION 2

ADDITIONS

All of the proposed additions to Section 2 are Guide entries applicable to eleven classifications. This totals twenty-two Guide additions including the four Code 104 Guide additions and the one Code 652 addition cited above. Including the Code 652 Guide addition, there are nine classifications with single proposed Guide additions.

Code 311 has nine proposed Guide additions. Code 311's present Section 2 Underwriting Guide listing includes a brief description and a listing (in table format) of seventeen wood products whose manufacture is contemplated by Code 311. This listing predates the August 1, 2008 reformatting of Section 2 that was a part of DCRB Filing No. 0804. The Insurance Commissioner's approval of the reformatting was announced by DCRB Circular No. 883 issued May 8, 2008. Staff proposes to delete the table listing Code 311 products, and to add a Code 311 Guide entry for each listed product that does not already have a Guide entry.

For the General Auditing & Classification Information part of Section 2 staff proposes to add "Separate Payroll Records - Definition" to define what DCRB considers reasonable documentation to support separating one employee's payroll between two classifications when permitted by Manual rule.

REVISIONS

Staff proposes to revise the Section 2 listings of thirty classifications. The proposed revisions may be broken down as shown below. Please keep in mind that a single classification may be impacted by more than one listed revision.

- Twelve classifications, including Code 112 discussed above, are proposed to have an "Operations Also Included" segment and/or an "Operations Not Included" segment added. Additional examples of this change include: Codes 607, 611 and 0006.
- Five classifications are proposed for revision(s) to either their existing "Operations Also Included" segment and/or their "Operations Not Included" segment (including Codes 104, 757, 968).
- Nine classifications, including Codes 185, 651 and 652 discussed above, are proposed to have revisions or clarifications to one or more selected Guide entries (including 113, 305, 968 and 976).
- Three classifications (Codes 960, 974 and 979) require revision to their class scope because of the proposed deletion of the "Campus" definition, which will be discussed below.
- The scope of two classifications (Codes 857 and 885) are proposed for clarification regarding the classification applicable to businesses principally engaged in the wholesale distribution of tubes.
- In the General Auditing & Classification Information part of Section 2, staff proposes revision to the Classification Inquiries entry. "Auditing" is being added and language for this entry is being clarified.

DELETIONS - DEFINITION

Staff has recently completed a review of the “Campus” definition. The “Campus” definition was created in the early 1990’s. It was felt at that time that such a definition would assist in classifying selected health care facilities. The type of health care facility for which “campus” was thought to be needed was commonly owned and involved multiple contiguously located buildings, each of which could hold a different type of license issued by the Delaware Department of Health and Social Services. The different segments of such facilities were also not “self-contained,” which means that the different segments shared support staff including, but not limited to, dietary, laundry, housekeeping and/or buildings or grounds maintenance. It was believed that the “Campus” definition would assist in the assignment of a single class to health care facilities’ operations. In practice, over the last twenty years, the “Campus” definition has rarely been invoked. For this reason, staff proposes deletion of the “Campus” definition.

DELETIONS – UNDERWRITING GUIDE ENTRIES

The remaining deletions are Guide entries including the above discussed Code 648 Guide entry and the two Code 651 Guide entries. The fourth Guide entry proposed for deletion is “Cooper,” which is assigned to Code 305, Carpentry Shop. A “Cooper” is an occupation, a person who makes parts for wooden barrels or makes complete wooden barrels. Wherever possible, DCRB tries to make Guide entries oriented toward a type of business rather than toward an occupation(s). This memorandum also observes that a “Cooper” may work for a business (e. g., a winery) that may make and/or repair its own wooden barrels, such operations then being incidental to the classification that contemplates wineries. The fifth and last proposed Guide entry deletion is “Pony Rides” assigned to Code 969, Amusement – Outdoor. Recent staff discussion concluded that Guide entry was inappropriately assigned to Code 969 as all other horse related businesses are assigned to Code 801, Stable. Also, staff could not recall having reviewed any business principally engaged in that activity.

DTR

SECTION 1

CHANGE

<p>Rule IV, Paragraph B. 3.</p> <p>b. Any operation..... separately classified only if:</p> <p style="padding-left: 40px;">No change to (1) & (2)</p> <p style="padding-left: 40px;">3. <u>If t[T]he principal business is described by <u>classifications defined as Standard Exceptions, the payroll of all employees not specially included in the definition for such Standard Exceptions shall be separately classified to Code 971 [a standard exception classification].</u></u></p>

SECTION 2

ADDITIONS:

Underwriting Guide
To Code 104: Beverage Mfg., N.O.C. (Non-Carbonated) Energy/Sports Drinks Mfg. (Non-Carbonated) Non-Carbonated Beverage Mfg., N.O.C. Sports/Energy Drinks Mfg. (Non-Carbonated)
To Code 311: Architectural Woodwork Mfg. Bulletin Board Mfg. Display Case Mfg. - Wood Kitchen Cabinet Mfg. – Wood Library Cabinet Mfg. – Wood Partition Mfg. – Wood Restaurant Booth Mfg. – Wood Store Counter Mfg. – Wood Walk-In Refrigerator Mfg.
To Code 818: Trailer (All Types) Sales, Rental Or Leasing
To Code 652: Door Installation – Residential – All Types Except Overhead Doors
To Code 855: Fence Dealer – All Types
To Code 885: Tube Or Pipe Merchant, Including Cutting, New Materials Only – All Types And Sizes

To Code 922: Video Game Arcade – Mobile
To Code 934: Automobile Body Accessories Dealer
To Code 968: Gun Range – Private or Public – Indoor
To Code 969: Gun Range – Private Or Public – Outdoor
To Code 995: Trash Transfer Station – Non-Municipal

CHANGES

<p>104 FOOD PRODUCTS MFG., N.O.C.</p> <p>OPERATIONS NOT INCLUDED:</p> <ol style="list-style-type: none"> 1. No change 2. Assign Code 106 to a business preparing <u>processed</u> meat products by smoking, corning, curing, salting <u>or</u> encasing, etc. 3. <u>Assign Code 112 to a business manufacturing, bottling and/or canning any carbonated beverage.</u> 4. [3] Assign Code 113.....or other foods. 5. [4] Assign Code 113.....the required ingredients. 6. [5] Assign Code 113.....and related ingredients. 7. <u>Assign Code 113 to a business manufacturing fruit or vegetable juice by pressing the fruit or vegetables to extract the juice by mechanical means and the bottling or canning of the juice.</u> 8. [6] Assign Code 571.....as used for perfume. 9. [7] Assign Code 898.....food by caterers. 10. [8] Assign Code 907 to fresh fruit or vegetable packers whose operations typically include washing, sorting, grading and/or chilling the fresh fruit or vegetables for shipment to customers <u>or to fresh fruit and/or vegetable dealers whose operations may include washing, sizing and/or packaging the fresh fruit or vegetables.</u> 11. [9] Assign Code 911.....or solid products. 12. [10] Assign the applicable agricultural.....shipment to customers.
<p>Underwriting Guide: Change to Code 104: [Vegetables -] TV Dinner Type <u>Meals</u>, Cooking Packing And Freezing</p>
<p>112 <u>CARBONATED BEVERAGE MFG.</u>, [N.O.C., including bottling or canning]</p>

OPERATIONS ALSO INCLUDED:

1. Applicable to a business principally engaged in manufacturing, bottling and/or canning any carbonated beverage.
2. The distribution of the carbonated beverage(s) by the manufacturer, bottler or canner.
3. Payroll developed by employees engaged as delivery salespersons, route salespersons, and/or route supervisors engaged in the delivery of the insured's products to customers.

OPERATIONS NOT INCLUDED:

1. Assign Code 104 to a business principally engaged in manufacturing non-carbonated beverages not otherwise classified.
2. Assign Code 108 to a business principally engaged in brewing, bottling and/or canning beer, ale or malt liquors.

[Includes the distribution.....to Code 108.]

Underwriting Guide
 Change to Code 113:
 Fruit Or [And] Vegetable Juice, Canned, Bottled Or Bulk

185 EMPLOYMENT CONTRACTOR – Temporary FOOD PRODUCTS [SUNDRIES] Mfg., N.O.C. Staff

Applicable only to.....classifying temporary staff.

Underwriting Guide
 Changes to Code 185:
 Employment Contractor – Temporary Food Products [Sundries] Mfg., N.O.C. Staff.....
 Food Products [Sundries] Mfg., N.O.C. – Temporary Staff
 Temporary Food Products [Sundries] Mfg., N.O.C. Staff

Underwriting Guide
 Changes to Code 305:
 Barrel Repair [Dealer, Including Repairing -] Wood – By Specialist Contractor
 Staircase Or [And] Stair Mfg. – Wood

311 CABINET WORKS – with power driven machinery

Applicable to a.....and require installation.

[Typical products.....
Walk-In Refrigerators.]

447 NONFERROUS METALS FOUNDRY

Also includes secondary machining of nonferrous [non-ferrous] castings by the employer. There is no payroll division with Code 461.

<p>447 <u>NONFERROUS</u> [NON-FERROUS] METALS FOUNDRY</p>
<p>Also includes secondary machining of <u>nonferrous</u> [non-ferrous] castings by the employer. There is no payroll division with Code 461.</p>
<p>607 DRILLING by Contractor[s]</p>
<p><u>OPERATIONS ALSO INCLUDED:</u></p>
<p>1. <u>Horizontal directional drilling for underground utility construction is a trenchless (non-excavating) method of installing underground pipes, conduits or cables.</u></p>
<p>611 PILE DRIVING, including timber wharf building</p>
<p><u>OPERATIONS NOT INCLUDED:</u></p>
<p>1. <u>Assign Code 654 to payroll developed in pouring concrete into driven piles.</u></p>
<p>647 INSULATION WORK, N. O.C.</p>
<p>Includes the installation or application of acoustical or thermal insulating material in buildings or within building walls. [The class applies when insulating work is performed as a separate operation not part of or incidental to any other construction operation performed by the same contractor at the same job or location.]</p>
<p><u>OPERATIONS ALSO INCLUDED:</u></p>
<p>1. <u>Weatherization Programs the purpose of which is to insulate the client's home, which may be a detached house, a twin, a row house or a mobile home. The clients are generally either elderly, on a fixed income or are low-income families. All of a weatherization program's tasks (e.g., fixing windows and/or doors, installing blown or vat insulation, putting in foam sealants, doing caulking or putting in weather stripping) are incidental to the efforts of preventing outside air from infiltrating the home and concurrently preventing warm or air-conditioned air from escaping the home's insulation.</u></p>
<p><u>OPERATIONS NOT INCLUDED:</u></p>
<p>1. <u>Assign Code 643 to payroll developed in asbestos encapsulation or removal including pipe insulation.</u> 2. <u>Assign Code 663 to pipe covering or insulation work except for asbestos.</u></p>
<p>[WEATHERIZATION PROGRAMS – 647]</p>
<p>[The purpose of a.....in a weatherization program.]</p>
<p>649 CEILING INSTALLATION – suspended acoustical grid type. [Insulation work will be separately rated.]</p>
<p>651 CARPENTRY – COMMERCIAL STRUCTURES</p>
<p><u>OPERATIONS NOT INCLUDED:</u></p>

<p><u>1. Assign Code 675 to the installation of overhead doors.</u></p>
<p>Underwriting Guide Change to Code 651: Door Installation – <u>All Types Except</u> [Metal or Metal Covered, In Garages, Not] Overhead Doors</p>
<p>652 CARPENTRY – RESIDENTIAL Includes one or two.....or apartments.</p> <p><u>OPERATIONS ALSO INCLUDED:</u></p> <p>1. <u>Assign Code 652 to the entire payroll of employees interchanging among trades at a specific job site.</u></p> <p><u>OPERATIONS NOT INCLUDED:</u></p> <p>1. <u>Separately classify trades where there is no interchange of personnel at specific job sites.</u></p> <p>2. <u>Assign Code 675 to the installation of overhead doors.</u></p> <p>[This classification shall.....be separately classified.]</p>
<p>656 ELECTRIC or Telephone LINE CONSTRUCTION by Contractors</p> <p>Includes the setting.....stringing of lines.</p> <p><u>OPERATIONS NOT INCLUDED:</u></p> <p>No change to items 1. through 3 c.</p> <p>d. Assign Code 660 to running a lateral connecting the cell tower site to the land-line telephone network and/or wiring the cell site's <u>base station</u>.</p> <p>e. Assign Code 952 to the <u>programming, service or repair</u> [installation] of computerized telephone call switching equipment in the cell site's base station.</p>
<p>757 TELECOMMUNICATIONS COMPANY</p> <p>Applicable to FCC.....office switching equipment.</p> <p><u>OPERATIONS NOT INCLUDED:</u></p> <p>No Change to items 1 through 2. c.</p> <p>d. Assign Code 660 to running a lateral connecting the cell tower site to the landline telephone network and/or wiring the cell site's <u>base station</u>.</p> <p>e. Assign Code 952 to the <u>programming, service or repair</u> [installation] of computerized telephone call switching equipment in the cell site's base station.</p>
<p>857 METAL SERVICE CENTER (Ferrous or Nonferrous Metals)</p> <p>Applicable to <u>a business</u> [insureds] principally engaged in the sale and distribution of new ferrous or nonferrous metal merchandise generally obtained from new metal producers such as steel mills or smelters, including but not necessarily limited to: beams, sheet stock in coils, bars, rods, rounds, channel iron, [tubes,] angles or plates. Such <u>business</u> [insured] may handle a broad variety of new metal merchandise or specialize in handling a single type.</p>

The new metal merchandise received by the business [these insureds] is unloaded and stored. The new metal merchandise may be shipped “as is” to the customer or it may be cut, slit, sheeted, bent or burned into the size and shape required by the customer and delivered by truck or rail.

Specialists principallythe gross receipts.

885 PLUMBING SUPPLIES DEALER OR PIPE MERCHANT – Wholesale

Applies to dealers principally engaged in the wholesale selling of plumbing supplies, tubes or pipe. The term plumbing supplies as used in this classification includes but is not necessarily limited to: water heaters, water pumps, kitchen/bathroom fixtures (i. e., sinks, faucets, toilets, bath tubs, shower stalls) fittings or valves. Also included is the selling of tubes or pipe of all types and sizes. Businesses principally engaged in the wholesale sale of heating, ventilating and/or air conditioning equipment, supplies or parts are further contemplated by this classification.

Underwriting Guide
 Change to Code 885:
 Pipe Or Tube Merchant, Including Cutting, New Materials Only, All Types And Sizes

960 NURSING and CONVALESCENT HOME – Long-Term Care.....
are assignable to Code 974.

There shall be no payroll division between Code 960 and Codes 974 and 979 at a single location [/campus].

963 CHURCH – all employees including office

Applicable to.....the location of each.

OPERATIONS ALSO INCLUDED:

1. [Includes r]Religious education provided by the church.

OPERATIONS NOT INCLUDED:

1. No Change
 2. Assign Code 891 for a separately-staffed day nursery school, kindergarten, child daycare center and/or a before and/or after school program operated on the church premises [from Monday through Friday].
- Items 3 and 4 remain unchanged

968 AMATEUR SPORTS, RECREATIONAL OR AMUSEMENT FACILITY, INDOOR

Applicable to businesses.....provide individual training.

OPERATIONS ALSO INCLUDED:

1. No Change

2. Pro shop operations, unless multiple enterprise criteria are fulfilled, as delineated in Section 1, Rule IV, c., 3. a. of this Manual.
3. Food or beverage service operations, unless multiple enterprise criteria are fulfilled, as delineated in Section 1, Rule IV, C., 3. a. of this Manual.

Underwriting Guide
 Change to Code 968:
 Shooting Range – Private Or Public [Gallery] – Indoor
 Video Game Arcade – Permanently-Sited

Underwriting Guide:
 Change to Code 969:
 Shooting Range – Private [Club] Or Public [Range] – Outdoor

974 RETIREMENT OR LIFE CARE COMMUNITY – with less than
 are assignable to Code 974.

There shall be no payroll division between Code 974 and Codes 960 and 979 at a single location [/campus].

Underwriting Guide
 Change to Code 976:
 Daycare – Developmentally [Mentally] Disabled, No Residential Facility Affiliation

979 RESIDENTIAL FACILITY FOR THE ELDERLY – NON-MEDICAL – all employees except.....activities of daily living.

There shall be no payroll division between Code 979 and Codes 960 and 974 at a single location [/campus].

0006 FIELD CROP OR VEGETABLE FARM – the raising of.....a variety of operations

OPERATIONS NOT INCLUDED:

1. Assign Code 113 to separately-staffed canning, pickling or operations preserving vegetables by use of another food preservation technique.
2. Assign the appropriate inside domestic workers' classification to inside domestic workers.

[Separately staffed.....shall be separately classified.]

0011 FLOWER RAISING

Applies to business principally.....flowers or living plants.

OPERATIONS NOT INCLUDED:

1. Assign Code 919 to separate staff in a physically-separate store or outlet at the same or contiguous location to the flower raising.

[A store or outlet.....area or department.]
Underwriting Guide Changes to Code 0011 Flower <u>Raising</u> [Growing] Greenhouse, Flower Or Vegetable <u>Raising</u> [Growing] Hot House, Vegetable <u>Raising</u> [Growing] Vegetable <u>Raising</u> [Growing], Hot House
0016 ORCHARD – the raising of fruit or nut trees or of berries or grapes <u>OPERATIONS NOT INCLUDED:</u> 1. <u>Assign Code 113 to separately-staffed wine, apple juice, or similar products' manufacturing.</u> 2. <u>Assign inside domestic workers to the applicable inside domestic workers' classification.</u> [Separately staffed.....separately classified.]
0034 ANIMAL RAISING – Egg production, fish hatcheries, hogs, poultry, calf raising for veal or fur bearing animals. <u>OPERATIONS NOT INCLUDED:</u> 1. <u>Assign Code 111 to separately-staffed hog or calf dressing operations.</u> 2. <u>Assign Code 865 to separately-staffed poultry dressing operations.</u> 3. <u>Assign inside domestic workers to the appropriate inside domestic workers' classification.</u> [Separately staffed.....separately classified.]
0036 DAIRY FARM – Farms <u>principally</u> engaged in the production of milk <u>OPERATIONS NOT INCLUDED:</u> 1. <u>Assign Code 109 to separately-staffed milk plant processing operations.</u> 2. <u>Assign inside domestic workers to the appropriate inside domestic workers' classification.</u> [Separately staffed milk.....shall be separately classified.]
0083 LIVESTOCK [(excluding dairy or horse)] FARM – includes but is not necessarily limitedto the raising of cattle, sheep or goats in fields/pastures. <u>OPERATIONS NOT INCLUDED:</u> 1. <u>Assign Code 801 to a farm principally engaged in the breeding and/or raising of horses.</u> 2. <u>Assign inside domestic workers to the appropriate inside domestic workers' classification.</u> [Inservants shall.....separately classified.]

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DELETIONS

DEFINITIONS

CAMPUS: The grounds, buildings.....as a single enterprise.
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UNDERWRITING GUIDE

Underwriting Guide Deletion From Code 305: Cooper
Underwriting Guide Deletion From Code 648 Door Or Door Frame Erection – Wood
Underwriting Guide Deletions From Code 651: Hollow Metal Door Installation Metal Door Installation – All Types
Underwriting Guide Deletion From Code 969: Pony Rides

SECTION 2 – GENERAL AUDITING & CLASSIFICATION INFORMATION

ADDITION:

<p>SEPARATE PAYROLL RECORDS – DEFINITION</p> <p>In limited circumstances, (Section 1, Rule IV, Paragraph C. 5), the payroll of an employee may be divided between two or more classifications, provided the employer has maintained the requisite separate payroll records. Specifically, the employer’s payroll records should be supported by original time cards, hourly labor postings, labor cost entries or time book entries which show separately, both by individual employee and in summary by operations performed, the remuneration earned by such employee. A standard format for the records is not required but these records must be original and they must be summarized, i. e., totaled, by operation. This allows employers the flexibility to use a variety of methods and technology to record the required information. The accuracy of the summaries must be verifiable by reviewing the original, individual employee records. Data elements must be contemporaneously recorded (originating at the same time) and summarized. If the employer fails to keep complete and accurate records as provided in this definition, the entire remuneration of the employee shall be assigned to the insuring carrier’s highest-valued classification applicable to any part of the work performed by the employee. A permissible payroll separation should be based upon a time card(s) or invoice(s) showing the actual number of hours worked for a given employee. Payroll</p>
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may not be divided by means of percentages, averages, estimates or any basis other than specific time cards, hourly labor postings, labor cost entries or time book entries.

EXAMPLES:

An employee is engaged in performing the fabrication of iron railings (Code 413) in the shop and also assisting in the installation of iron railings (Code 658). The amount of time this employee spends in installing railings should be based upon a time card or invoice that shows time spent in the installation activity. Usually, an employer uses the total job cost in labor of installation work and transcribes that amount on a separate record (job book, general ledger) for each installation job completed during the workweek. Then the amounts are totaled and recorded on a weekly payroll record or a separate card is completed that just shows the installation payroll. The insured totals the amounts on a weekly or monthly basis.

Other employers record the total hours for each installation by employee for each job and then multiply those hours by the employee's hourly rate. The amount is recorded and entered on a separate section of the employee's earnings card or in the payroll book under the employee's name. This process is also completed week by week with the insured totaling the amounts on a weekly or monthly basis.

Types of records reviewed include but are not limited to payroll records, master control reports and job cost records.

CHANGE

CLASSIFICATION AND AUDIT INQUIRIES

Written classification and audit inquiries may be submitted to the Classification & Field Operations Department of the Delaware Compensation Rating Bureau, Inc. (DCRB) in one of the following methods: via facsimile, USPS, or the DCRB's website (www.dcrb.com). For the last (preferred) method please click on "Classification" on the website's main menu and then click on "Classification Inquiries."

For the Classification & Field Operations Department of the DCRB to operate effectively, it is important that the DCRB have the complete cooperation of every carrier, agent and employer in providing the essential information that the DCRB needs [needed] to make classification rulings and to otherwise be of service to you. The following instructions are intended to reduce and in some cases eliminate the need for the DCRB having to develop additional information in order to resolve certain classification issues.

The information that [needed by] the Classification & Field Operations Department needs to properly respond to inquiries from carriers, agents or employers on classification questions is:

- A complete listing of all Delaware operating locations.
- The exact name (as shown in [on] Item 1 of the policy and Delaware address of the business in question).
- The DCRB file number (if available) of the business in question (see Rating and Underwriting Reference via the Application Login on the DCRB's website).

- A full and accurate written description of the business in question, including any available recent premium audits, loss control reports and/or insurance application information.
- The reason why a change in classification is being requested, e. g., has a substantial change in the employer's operations recently occurred [changed substantially]?
- The name, title and telephone number of a management representative whom a DCRB field representative can contact to schedule an appointment with the employer (in the event that a field survey is necessary).
- The employer's website address.

[If a carrier or an agent is requesting a classification review in conjunction with a policy audit, the audit worksheets for the policy(ies) in question should accompany the request and, if applicable, the name(s) and a detailed job description of the employee(s) whose payroll allocation is being questioned. Please note the importance of this item since considerable time would be saved by the DCRB not having to ask for this information by return correspondence. Please note it is not the DCRB's role to become involved in every dispute involving the allocation of a particular employee's payroll to a given classification. Allocations of payroll are made by the carrier. Since the DCRB did not perform the audit, the DCRB does not normally have the relevant facts on which to base an opinion or render a decision. Issues/disputes of this kind should initially be referred to the carrier's regional audit manager for resolution.]

The information that the Field Operations Department needs to properly respond to disputes concerning payroll allocation on a final audit is:

- A request in writing from the insured or the insured's agent of record outlining the nature of the dispute.
- A complete and accurate description of the business operations during the policy term in dispute and if available a copy of the final audit as issued by the carrier.
- A complete listing of all employees being disputed including the names of each employee, a description of the duties of the employees during the policy term of the audit dispute and an explanation why the duties of the employees do not support the carrier's assignment.

It should be noted that it is not the DCRB's role to become involved in every dispute involving the allocation of a particular employee's payroll to a given classification. Allocations of payroll are made by the carrier and should be explained by the carrier to the insured. Since the DCRB did not perform the audit, the DCRB does not normally have the relevant facts on which to base an opinion or render a decision. Issues/disputes of this kind should initially be referred to the carrier's regional audit manager for resolution.

Upon receipt of the written inquiry the DCRB will determine[d] whether the information presented is sufficient to determine the employer's applicable classification. In those cases where the information provided is insufficient, the DCRB will usually schedule the employer for a field survey/special audit or issue a "Description of Operations Questionnaire." Following the field survey/special audit or receipt of the completed questionnaire, the DCRB will issue a written ruling on the matter that [which] will be communicated [in writing] to authorized parties. These decisions are subject to further review as delineated in the "Appeals from Application of the Rating System Procedure" – see Rule XVI, Section 1.

With respect to telephone requests, [please note that] an official binding DCRB decision on classification/audit matters cannot be provided over the telephone. However, the DCRB will [may, however] offer opinions as requested. To that end a carrier, agent or employer who telephones the DCRB [us] on a classification/audit question should:

- Identify himself/herself and indicate the firm he/she represents.
- Give the name, address and DCRB file number (if available) of the employer in question.
- Be knowledgeable of the facts surrounding the situation and prepared to provide specific responses to any questions asked.

[As a reminder,] P[p]lease remember that the DCRB is in a position to reply only to an employer relative to its account, the authorized agent or carrier-of-record or another representative of the employer (providing the DCRB has received a signed, recently-dated letter on the employer's letterhead authorizing the representative to act on the employer's behalf in the matter at issue).