



November 5, 1998

BUREAU CIRCULAR NO. 712

To All Members of the Bureau:

Re: **MANUAL REVISIONS TO SECTIONS 2, 4 & 5**
1) ERECTION OF CODE 897 AND AMENDMENTS TO CODE 975
2) ERECTION OF CODES 885 AND 886
3) HOUSEKEEPING REVISIONS
EFFECTIVE JANUARY 1, 1999

The Bureau has filed and the Insurance Commissioner has approved Manual revisions to Sections 2, 4 and 5 to become effective as of 12:01 a.m., January 1, 1999 with respect to new and renewal business only. These revisions result from several Bureau studies and include the erection of a new fast food restaurant class and related amendments to Code 975, Restaurants, the erection of new classes for plumbing supply and electrical supply dealers, and general housekeeping changes which include deletion of four classes.

1) Erection of Code 897, Fast Food Restaurant, and Amendments to Code 975

These revisions are the result of the Bureau study of Code 975 and the classification applicable to pizza shops, which had been prompted by an informal appeal. The study also served as a means of reviewing the feasibility of dividing Code 975 into additional and more focused restaurant classifications using the National Council on Compensation Insurance, Inc. (NCCI) "restaurant" class revisions effective January 1, 1996 as a starting point.

The study produced the proposal to erect a new, separate fast food restaurant classification, while maintaining Code 975 for traditional restaurants, bars, taverns, nightclubs and related establishments and social clubs only.

The following is a table of revised rating values:

<u>Code</u>	Approved	Approved	Residual Mkt.	Expected Loss Factors		
	<u>Residual Mkt.</u>	<u>Voluntary Mkt.</u>	<u>Minimum</u>	<u>A-1</u>	<u>A-2</u>	<u>A-3</u>
	<u>Rate</u>	<u>Loss Cost</u>	<u>Premium</u>			
897	3.89	3.02	755	1.60	1.88	2.03
918	2.97	2.30	620	1.22	1.44	1.55
975	3.63	2.82	715	1.50	1.76	1.89

The enabling Manual revisions to Sections 2, 4 and 5 are shown below with deleted wording bracketed and new wording underlined:

SECTION 2

897 FAST FOOD RESTAURANT - All employees except office.

975 RESTAURANT, N.O.C. - All employees[,] except office.

Assign fast food restaurants to Code 897. See the Rulings and Interpretations, Section 5 for information on the scopes of Codes 897 and 975.

[Clubs, country, golf or yachting to be separately classified by] Assign country or yacht clubs or golf courses to Code 944.

SECTION 4

<u>Code</u>	<u>Hazard Group</u>
897	II

SECTION 5

Rulings and Interpretations

FAST FOOD RESTAURANT - 897

A fast food restaurant is a retail establishment principally engaged in preparing food(s) and selling the prepared food(s) and generally nonalcoholic beverages to the public for immediate consumption, either on the establishment's premises or on a takeout basis. Fast food restaurants have a limited menu and no wait service except on an occasional or accommodation basis. Customer orders are typically placed at a counter (the menu being openly displayed above and/or behind the counter), via a drive-through service or by telephone and are rapidly filled. Fast food restaurants generally sell nonalcoholic beverages, but certain fast food restaurants may also have incidental beer sales. Included within (but not necessarily limited to) this definition are retail establishments principally engaged in the preparation and sale of: hamburgers, tacos, pizza or chicken.

Also contemplated are establishments principally engaged as either buffet or cafeteria-style restaurants. Buffet or cafeteria-style restaurants offer a buffet type meal. Customers may serve themselves or staff may serve food to customers in the buffet line. Staff may clear tables after customers have completed their meal. There is no wait service.

Catering businesses are further contemplated by this classification. There are different types of catering businesses such as industrial (operating in in-house food service/cafeteria for unrelated businesses), concessions at sports stadiums, theaters or transportation terminals or mobile caterers (providing food service from vans or trucks at locations such as construction sites, factories or universities with a large commuter student body). Social caterers are hired for single social or business events (e.g., weddings, parties or meetings) and use preplanned

menus. The services offered by social caterers vary from buffet meals to meals with wait service which may or may not include alcoholic beverages.

The term “principally engaged” means more than 50 percent of the establishment’s gross receipts.

RESTAURANT, N.O.C. - 975

Code 975 contemplates retail establishments principally engaged in preparing food(s) and selling the prepared food(s) and beverages (alcoholic or nonalcoholic) to the public for immediate consumption on the establishment’s premises. This is a “traditional” restaurant where customers may either select their table or be seated by a hostess or another of the establishment’s employees, browse a varied menu while seated at their table and place their food order with a member of the wait staff who will then place the order with the kitchen staff. The prepared food will be served to the customer by the wait staff person who remains available to further assist the customer during the course of the meal. Where wait service is provided it is the practice for customers to give a gratuity to the wait staff person based upon the quality of service provided.

Also includes retail establishments (e.g., bars, taverns or nightclubs) principally engaged in the sale of alcoholic beverages to the public by the drink or for immediate consumption on the establishment’s premises. Such business may or may not also prepare food and sell the prepared food to customers for immediate consumption. Where food is not prepared, the establishment may sell packaged snacks.

Civic, social or fraternal organizations (e.g., a VFW post, The Elks) which may have extensive or limited facilities and services (e.g., dining rooms, liquor bars, lounges, reading and/or card rooms, bowling lanes or swimming pools) are further included within the scope of Code 975.

The term “principally engaged” means more than 50 percent of the establishment’s gross receipts.

Underwriting Guide

<u>Coffee Shop</u>	<u>897</u>
<u>Fast Food Restaurant</u>	<u>897</u>
<u>Food Service, Institutional - By Independent Contractor</u>	<u>897</u>
<u>Sandwich Shop</u>	<u>897</u>
<u>Brew Pub</u>	<u>975</u>
<u>Cocktail Lounge</u>	<u>975</u>
<u>Discotheque</u>	<u>975</u>
<u>Nightclub</u>	<u>975</u>
<u>Cafeteria - Operated By Independent Contractor</u>	[975] <u>897</u>
<u>Caterer</u>	[975] <u>897</u>
<u>Pizza Shop - Retail[, Pizza And Other Prepared Cold or Hot Food Sales]</u>	[975] <u>897</u>
<u>Restaurant, N.O.C.</u>	<u>975</u>
<u>Fraternal Organization (e.g., A VFW Post, The Elks) Or Fraternity House</u>	<u>975</u>
<u>[Lodge</u>	<u>975]</u>

2) Erection of Codes 885 and 886

The erection of these new classes is the result of the Bureau study of Code 926, Hardware Store - Wholesale. This study served as a means of reviewing the feasibility of an alternate classification assignment of employers principally engaged in the sale of plumbing supplies and electrical supplies. It was the Bureau's conclusion that erecting new classes for these employers was more appropriate than continuing the inclusion of these specialty dealers in Code 926. Both the plumbing supply dealers and pipe merchants and electrical supply dealers have reasonable payroll for separate classifications. These new classifications continue the prevailing Bureau practice of assigning mercantile classes to "specialty" dealers, such as Codes 916, 920 and 934.

The following is a table of revised rating values:

<u>Code</u>	Approved	Approved	Residual Mkt. Minimum <u>Premium</u>	Expected Loss Factors		
	Residual Mkt. <u>Rate</u>	Voluntary Mkt. <u>Loss Cost</u>		<u>A-1</u>	<u>A-2</u>	<u>A-3</u>
885	3.62	2.81	715	1.49	1.75	1.89
886	3.64	2.82	720	1.50	1.76	1.90
926	3.65	2.83	720	1.50	1.77	1.90

The enabling Manual revisions to Sections 2, 4 and 5 are shown below with deleted wording bracketed and new wording underlined:

SECTION 2

885 PLUMBING SUPPLIES DEALER OR PIPE MERCHANT - WHOLESALE

886 ELECTRICAL SUPPLIES DEALER - WHOLESALE

SECTION 4

<u>Code</u>	<u>Hazard Group</u>
885	II
886	II

SECTION 5

Rulings and Interpretations

PLUMBING SUPPLIES DEALER OR PIPE MERCHANT - WHOLESALE - 885

Applies to dealers principally engaged in the wholesale selling of plumbing supplies 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 pipe of all types and sizes. Insureds principally engaged in the sale of heating, ventilating and/or air conditioning equipment, supplies or parts are further contemplated by this classification.

ELECTRICAL SUPPLIES DEALER - WHOLESALE - 886

Applies to dealers principally engaged in the wholesale selling of electrical supplies. The term electrical supplies as used in the classification includes but is not necessarily limited to: electric wire, electrical (junction) boxes, fuses, switches, outlets, circuit breakers or lighting fixtures. This classification shall also include dealers in electronic components/accessories. Examples of electronic components/accessories include but are not limited to: inductors, resistors, circuit boards, transistors and relays.

HARDWARE STORE - WHOLESALE - 926

Applies to dealers principally engaged in the wholesale selling of hardware. The term hardware as used in this classification includes but is not necessarily limited to: nails, screws, bolts, washers, gaskets, brackets, locks, hinges, [electrical outlet boxes, switches, fuses, plugs, sockets,] hand or portable electric tools, machine tools, [plumbing fixtures,] small household electrical appliances, stereo equipment, radios, televisions, video and/or audio equipment, kitchenware, mill supplies or garden tools [and] or garden equipment such as lawn mowers [and] or snow blowers. A wholesale hardware dealer may also sell plumbing or electrical supplies.

Also includes "ship chandlers" who are dealers in ship supplies and equipment, such as engine room equipment, lifeboat supplies, navigational instruments, deck gear [and] or other ship stores.

Other types and Accessories.

[4. Ventilating System, Commercial Air Conditioning or Refrigerator Parts]

[5. Heating Units and Parts]

[6.]4. Welding Supplies, such as bottled gases, torches, welding rods [and] or face masks

[7.]5. Cutlery

[8.]6. Sewing Machine Heads [and] or Parts

[In the initial classification process w]Where a store sells several types of merchandise, each of which may be subject to a different classification, such store shall be assigned on the basis of the principal category of merchandise sold. The term "principal" means more than 50 [%] percent of the gross receipts.

[Operations Not Covered:] OPERATIONS NOT COVERED:

1. Wholesale dealers principally engaged in selling wire rope or cable assign to Code 857[, Iron or Steel Merchant].
2. Retail or wholesale establishments principally engaged in selling building materials such as roofing (including shingles), siding, wallboard, brick and/or lumber assign to Code 855[, Lumber and/or Building Material Dealer].

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<u>Heating, Ventilating Or Air Conditioning Equipment Or Parts Dealer - Wholesale</u>	<u>885</u>
<u>Refrigeration System Parts And/Or Accessories Dealer - Wholesale</u>	<u>885</u>
Gas, Steam [And] <u>Or</u> Hot Water Apparatus Supplies Dealer - Wholesale.....	[926] <u>885</u>
Kitchen And/Or Bath Fixture Dealer.....	[926] <u>885</u>
Pipe Merchant, Including Cutting, New Materials Only - <u>All Types And Sizes</u>	[926] <u>885</u>
Plumb[ers'] <u>ing</u> Supplies Dealer - Wholesale.....	[926] <u>885</u>
Electrical Supply Dealer - Wholesale.....	[926] <u>886</u>
Electronic Components And/ <u>Or</u> Accessories Dealer - Wholesale.....	[926] <u>886</u>
Electrical Machinery, Equipment [And] <u>Or</u> Supply Dealer - Wholesale.....	926
Radio, Television, Stereophonic Or High Fidelity Equipment, [Radio Or Television] Parts [&] <u>Or</u> Accessories [Dealer - Wholesale] Dealer - Wholesale.....	926
Welding Equipment [And] <u>Or</u> Supply Dealer.....	926
[Franklin Stove - Sale - Retail.....	925]
[Kerosene Heater Sale - Retail.....	925]
[Franklin Stove - Sale And/Or Service - Wholesale.....	926]
[Kerosene Heater Dealer - Wholesale.....	926]

3) Housekeeping Revisions

These housekeeping changes are to clarify and update Manual wording and include deletion of four classes which have had no reported payroll for ten years.

The enabling Manual revisions to Sections 2, 4 and 5 are shown below with deleted wording bracketed and new wording underlined:

SECTION 2

[025 UNDERGROUND MINING, Includes the underground mining of metallic or non-metallic minerals and milling or other preparation of minerals customarily done at the mine site or as a part of the mining enterprise.]

[050] QUARRIES, N.O.C. - including drilling or stripping by contractor or operator and including incidental stone crushing, cutting or polishing.

This classification includes, but is not necessarily limited to quarrying of sandstone, ganister, glass-sand, bluestone, granite, micaschist.]

[051 QUARRIES - limestone, dolomite, marble, lime and gypsum - including drilling or stripping by contractor or operator and incidental cutting, polishing, crushing or lime burning.]

[053 SLATE QUARRIES, including slate mfg. and stripping or drilling by contractor or operator and slate splitting or milling.]

969 AMUSEMENT[S], OUTDOOR: fairs, exhibitions, [horse shows and] amusement parks or any outdoor amusement that is permanently sited. This classification includes ticket sellers [and ticket] or collectors[,] and box office employees.

Payroll developed in the operation[s] of a restaurant or the sale of gifts/souvenirs when conducted in a physically separate department and by a separate crew of employees [having no regular duty of any other nature in the service of the employer] shall be separately rated [by Code 975, Restaurant,] to the appropriate restaurant classification and Code 928[, Retail Store, N.O.C.] respectively. Employees engaged in the sale of food or drink[s] or gifts/souvenirs from vending carts or by carrying the merchandise on their person shall remain [included in] assigned to Code 969. [Race track pari-mutual employees shall be separately rated by Code 953, Office. Organized athletics are excluded from this classification and separately rated by Code 970.]

Race track pari-mutual employees shall be separately rated by Code 953.

Organized athletics are excluded from this classification and separately rated by Code 970 or Code 991.

SECTION 4

<u>Code</u>	<u>Hazard Group</u>
[025	IV]
[050	III]
[051	III]
[053	III]

SECTION 5

Rulings and Interpretations

EMPLOYMENT CONTRACTOR - TEMPORARY STAFFING

Temporary staffing business classification(s).

- Code 544 chart unchanged.
- Code 682 chart unchanged.
- Code 929 chart **additions: 885, 886**
- Code 937 chart **deletions: 025, 050, 051, 053, 810**
- Code 946 chart unchanged.
- Code 947 chart **additions: 897, 981**
- Code 949 chart unchanged.

EXCEPTIONS

- 1) AVIATION Federal classification.
- 4) FARM LABOR - any temporary staff shall be assigned to the appropriate agricultural classification or, if provided to perform mechanical harvesting, picking and related activities utilizing machinery, shall be assigned to Code 007[, Farm Machinery Operation].
- 5) LEASED EMPLOYEES and 0913.
- 9) EMPLOYMENT CONTRACTOR'S PERMANENT STAFF - shall be assigned to Codes 951[, Sales,] and 953[, Office,] as they may apply. Other permanent staff employees with duties falling beyond the scope of the standard exception classes shall be assigned to Code 971[, Buildings].

Underwriting Guide

[Mining - Underground 025]

[Underground Mining 025]

[Bluestone Quarry 050]

[Feldspar Quarry 050]

[Flint Or Feldspar Grinding, Done By Quarry 050]

[Ganister Quarry 050]

[Glass Sand - Quarrying Or Digging 050]

[Granite Quarry 050]

[Mica Grinding, At Quarry 050]

[Mica Schist Quarry 050]

[Mica Splitting, At Quarry 050]

[Quarry, N.O.C. 050]

[Sandstone Quarry 050]

[Stone Crushing By Producer 050]

[Dolomite Quarry 051]

[Gypsum Quarry 051]

[Lime Burning 051]

[Lime Processing 051]

[Lime Quarry 051]

[Quarry, Limestone 051]

[Quarry, Slate 053]

[Slate Processing 053]

Manual reprints will be distributed at a later date in the usual manner.

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President

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