



May 3, 2006

BUREAU CIRCULAR NO. 801

To All Members of the Bureau:

Re: **MANUAL REVISIONS – SECTIONS 1, 2 AND 5**
BUREAU FILING NO. 0603
EFFECTIVE AUGUST 1, 2006

- 1) Code 862, Recycling Center
- 2) Code 818, Automobile Or Automobile Truck Dealer – Including Service Counter
And Parts Department
- 3) Code 441, Tool Mfg., N. O. C.
- 4) Housekeeping Revisions – Sections 1, 2 and 5

The Delaware Compensation Rating Bureau, Inc. has filed and the Insurance Commissioner has approved Manual revisions to Sections 2 and 5 pertaining to classification changes in Delaware. These revisions become **effective as of 12:01 a.m., August 1, 2006** with respect to new and renewal business only.

NOTE

The following is important Department of Insurance information pertaining to this filing.

The following requirements are consistent with previous instructions from the Delaware Department of Insurance pertaining to the adoption of revised loss costs resulting from a Bureau filing(s):

Bureau Filing No. 0603 amended Manual language and/or rating values for two state coverage classifications, Codes 441 and 862. In addition, these four new state coverage classifications were added: 442, 443, 446 and 820.

In order to establish approved rates for the classifications affected by Bureau Filing No. 0603, all Bureau members must make expense multiplier filings reflecting the most recent three years of expense data from the Insurance Expense Exhibit subsequent to the approval of the Bureau filing and not later than 90 days after the effective date of approval of the Bureau filing.

As Bureau Filing No. 0603 was approved April 27, 2006 with an effective date of August 1, 2006, carrier expense multiplier filings must be made with the Insurance Department after April 27, 2006 and not later than November 1, 2006. **For any period of time between August 1, 2006 and November 1, 2006 in which a carrier has not yet made the required expense multiplier filing, it must continue to use rates and classifications currently approved for that carrier by the Department of Insurance.**

Carrier filings which produce rates not less than the Bureau loss costs in each classification affected by Bureau Filing No. 0603 will be effective upon filing for use in Delaware. Other carrier filings must specify an effective date not less than 30 days after receipt of the filing by the Department of Insurance.

In the event that any carrier fails to make an expense multiplier filing with the Department of Insurance subsequent to April 27, 2006 and not later than November 1, 2006, the Department of Insurance will impose the approved August 1, 2006 residual market rates by classification for those classifications affected by Bureau Filing No. 0603 as the approved rates for such carrier(s) in those classifications effective November 1, 2006.

The classification revisions, as referenced on Page 1, are discussed below.

1) Code 862, Recycling Center

This revision is the result of a Bureau study of Code 862, which was undertaken after a Pennsylvania study of that classification in an effort to keep Delaware classification procedures uniform with Pennsylvania when possible. Because both studies indicated that Code 862 is sound and it was not appropriate to reclassify recyclers to another existing classification or establish a new, separate classification(s) based on post-consumer commodities handled by individual employers, the only results of the study are to add an entry to Section 5 Rulings and Interpretations and Underwriting Guide and bring the Section 2 class description into line with other classes by referring to those entries.

Manual revisions are shown below:

SECTION 2

CLASSIFICATIONS

CHANGE (New wording is underlined; deleted wording is bracketed.)

862 RECYCLING CENTER.

[Applicable to businesses principally engaged in collecting or handling recyclable materials such as: cloth clippings, rags, paper, glass, plastic, rubber stock and/or aluminum beverage cans. Assign businesses collecting a combination of recyclable products and scrap metals with no principal line of merchandise to Code 860.

Dealers in cloth clippings, new goods only, shall be assigned to Code 924.]

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

SECTION 5

RULINGS AND INTERPRETATIONS

ADDITION

RECYCLING CENTER - 862

Applicable to businesses principally engaged in collecting or handling recyclable commodities including but not necessarily limited to: cloth clippings, rags, paper, glass, plastic, rubber stock and/or aluminum beverage cans. Includes consolidation facilities, where the recyclable commodities are simply collected, sorted baled and resold, and reprocessing facilities, where the recyclable commodities are processed prior to resale. Processing may include but is not

ADDITION (continued)

necessarily limited to: grinding plastic, pulverizing glass and crushing aluminum beverage cans. Also includes businesses principally engaged in shredding paper or destroying documents for unrelated concerns.

OPERATIONS NOT INCLUDED:

1. Assign businesses collecting a combination of recyclable products and scrap metals with no principal line of merchandise to Code 860.
2. Assign dealers in cloth clippings, new goods only, to Code 924.

UNDERWRITING GUIDE

ADDITION

Document Destruction or Shredding Service..... 862

**2) Code 818, Automobile Or Automobile Truck Dealer – Including Service Counter
And Parts Department**

This revision is a result of a Bureau study of Code 818, which was undertaken to determine the feasibility of establishing a new, separate classification for employers principally engaged in the rental of automobiles, trucks and tractor-trailers, for employers principally engaged in the sale of motorcycles, for employers principally engaged in the operation of automobile auctions, and to review whether mobile home setup or warranty service by a specialist contractor should remain assignable to Code 818 or if another classification would be more appropriate. The revisions include the following:

- Code 820, Automobile Auction, has been created for employers principally engaged in the operation of automobile auctions.
- Code 818 will remain applicable for businesses principally engaged in the rental of automobile, trucks and tractor-trailers, the sale and service of motorcycles, or setup or warranty service of mobile homes.

Manual revisions are shown below.

SECTION 2

CLASSIFICATIONS

ADDITION

820 AUTOMOBILE AUCTION - including snack bar or restaurant.

Automobile auctioneers shall be assigned to Code 819.

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group III.

CHANGE (New wording is underlined; deleted wording is bracketed.)

818 **AUTOMOBILE** or Automobile Truck **DEALER** – including service counter and parts department.

Please see the Auditing Ruling and Interpretation – “Automobile Dealerships,” Section 5 for further information.

Also includes but is not necessarily limited to: [automobile auctions,] inland boat dealers, mobile home dealers, recreational vehicle dealers or specialist contractors performing mobile home set-up or warranty service.

SECTION 5

Rulings and Interpretations

ADDITIONS

AUTOMOBILE AUCTION - 820

Applicable to businesses principally engaged in the auctioning of automobiles to automobile wholesalers, used car dealers, automobile dealerships or the general public. Also includes the auctioning of trucks and motorcycles. Also includes the operation of a snack bar or restaurant when conducted in conjunction with the auction.

OPERATIONS NOT COVERED:

Automobile auctioneers are assigned to Code 819.

RENTAL CLERKS – AUTOMOBILE/TRUCK RENTAL AGENCIES

As a general rule, rental clerks/counter personnel for automobile and truck rental agencies have job duties that include but are not limited to waiting on customers, assigning vehicles, completing rental agreements, insurance and credit forms, and collecting payment for the rental of the vehicle. Rental clerks/counter personnel may also inspect the vehicle, record the mileage, and demonstrate or move the vehicle. As described, rental clerks/counter personnel for automobile and truck rental agencies should be assigned to Code 819 and not Code 818 or Code 953.

Underwriting Guide

ADDITIONS

Auction, Automobile (Including Snack Bar Or Restaurant, Automobile Auctioneers To Be Assigned To Code 819).....	820
Rental Clerk Employed By An Automobile Or Truck Rental Agency.....	819

CHANGES

Automobile Auction (Including Snack Bar Or Restaurant, Automobile Auctioneers To Be Assigned To Code 819).....	[818]820
Auctions – Classify To Appropriate Retail Store Class Based On Merchandise Mix (Not Automobile) – Including Auctioneers.....	----

CHANGES (continued)

Motorcycle Dealer (Including Sale Of Accessory Merchandise Such As Clothing, Racing Gear, Etc.).....	818
Automobile Rental – No Drivers (Rental Clerks To Be Assigned To Code 819).....	818
Truck Rental – Without Drivers (Rental Clerks To Be Assigned To Code 819).....	818

The following are the approved residual market rates, loss costs and related rating values:

CODE	APPROVED EFF. 8/1/06 RESIDUAL MKT. RATE	APPROVED EFF. 8/1/06 LOSS COST	RESIDUAL MARKET MINIMUM PREMIUM	EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			HAZARD GROUP
				A-1	A-2	A-3	
818	\$ 5.94	\$ 4.33	\$1,495	\$1.21	\$1.44	\$1.48	III
820	5.96	4.34	1,500	1.22	1.44	1.49	III

3) CODE 441, TOOL MFG., N. O. C.

This revision is a result of a Bureau study of Code 441, which was undertaken concurrently with the Pennsylvania study of that class in order to determine whether Code 441 was overly broad and whether the definition for “Precision Machined Parts Mfg., N. O. C.” should be continued or if an alternate classification assignment for such businesses might be feasible. The study indicated that Code 441 should be focused upon employers making machine tools, dies, molds, jigs and fixtures and that three types of businesses previously assigned to Code 441 should be separated into new, separate classifications. The revisions include the following:

- Code 442, Hand Tool Mfg. – Non-Forged, has been created for businesses principally engage din machining or assembling non-forged hand or bench tools.
- Code 443, Saw Blade Mfg., has been created for businesses principally engaged in the manufacture of any type of saw blade.
- Code 446, Precision Machined Parts Mfg., has been created for businesses principally engaged in the manufacture of precision machined parts..
- The scope of Code 441 has been revised to consider these new classifications.

Manual revisions are shown below.

**SECTION 2
CLASSIFICATIONS**

ADDITIONS

442 HAND TOOL MFG – NON-FORGED.

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group II

ADDITIONS (continued)

443 SAW BLADE OR INDUSTRIAL KNIFE MFG.

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group II

446 PRECISION MACHINED PARTS MFG., N.O.C.

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group II

SECTION 5

Rulings and Interpretations

ADDITIONS

HAND TOOL MFG. – NON-FORGED – 442

Applies to a business principally engaged in machining or assembling non-forged hand tools or bench tools. This includes but is not necessarily limited to screwdrivers, pliers, hammers, chisels or wrenches.

SAW BLADE OR INDUSTRIAL KNIFE MFG – 443

Applies to a business principally engaged in the manufacture of any type of saw blade, including but not necessarily limited to: circular saws, band saws, cylinder saws, drag saws or any type of hand saw. Saw blades may have teeth set and sharpened on a saw blade grinder. Also includes applying carbide tips or diamond cutting segments onto saw blades and the shop repair or sharpening of the saw blade by the manufacturer.

Also applies to a business principally engaged in the manufacture or shop reconditioning of all types of industrial cutting knives. The materials used may include sheet or coil steel or tool steel depending upon the type of knife being made and its designed application. The knife will generally be heat-treated. Surface grinders will grind the knife's edge.

PRECISION MACHINED PARTS MFG – N.O.C. – 446

Applies to a business principally engaged in Precision Machined Parts Mfg., N.O.C. Such term will be defined as applying to a machining business where the plans or specifications require more than 50 percent of the employer's machining operations be held to a final tolerance of .001 inches or closer (e.g., .0005 inches), and where more than 50 percent of the parts machined by the employer are not assigned to any other manufacturing classification.

A business principally engaged in Precision Machined Parts Mfg., N.O.C., is typically a job shop. A job shop is defined as a business principally engaged in machining for unrelated businesses and that has either no proprietary product(s) or the business' proprietary product(s) is less than 50 percent of the business' revenue.

ADDITIONS (continued)

OPERATIONS NOT COVERED:

1. The machining of parts for unrelated businesses or the employer's proprietary product(s) where more than 50 percent of the employer's machining operations are held to a final tolerance cruder than .001 inches (e.g., .003 inches, .005 inches, .010 inches), and where the parts made by the employer are not assigned to any other manufacturing classification, shall be assigned to Code 461.
2. Machined parts or products specifically assigned to any manufacturing classification shall be assigned to that specified manufacturing classification regardless of the final machining tolerance called for by the plans or specifications.

CHANGE (New wording is underlined; deleted wording is bracketed.)

TOOL MFG – N.O.C – 441

Applies to a business principally engaged in [the manufacture of non-forged]machining tool steel or tungsten carbide into tools used for cutting or machining operations on machine shop equipment (e.g., lathes, mills), dies or molds which are used to cut or form materials in a press, or jigs or fixtures used to hold or position work for machine[s]shop equipment. Also applies to a business principally engaged in [making]machining tool steel or tungsten carbide into molds for unrelated plastics molding or nonferrous metal casting [operations]businesses or dies for unrelated wire drawing, metal stamping, plastic or nonferrous metal extrusion[, threading or tapping]businesses. The business' machining operations may include but are not necessarily limited to turning, milling, grinding or tapping. The tools, dies or molds may be assembled together, polished, buffed, tested and inspected. Such business is typically a job shop. A job shop is defined as a business principally engaged in machining for unrelated businesses and that has either no proprietary product(s) or the business' proprietary product(s) is less than 50 percent of the business' revenue.

[Also included are businesses principally engaged in the manufacture of non-forged hand tools such as screwdrivers, pliers, hammers or chisels, sewing machine attachments such as hemmers or binders, automobile piston rings, universal joints, transmissions or clutches, ring, plug or snap gauges or welding or cutting torch tips.

Further included are employers principally engaged in Precision Machined Parts Mfg. – N.O.C. Such term will be construed as applying to employers where the plans or specifications require at least 51 percent of all machining operations performed by the employer will be held to a final tolerance of .001 inch or closer and where the machined parts made by the employer are not assigned to any other manufacturing classification.]

Also [further] included are employers principally engaged in the manufacture of wood or metal patterns or models and analogous products [including but not necessarily limited to:]such as aircraft propeller mfg. – wood, architectural scale models mfg. by a specialist contractor, last form mfg. – wood, or wood carving by hand or machine.

OPERATIONS NOT COVERED:

1. Cemented carbide tips for cutting tools or any other products made from powdered metal that are pressed into shape, machined and sintered shall be assigned to Code 506.
2. Molds or patterns produced by foundry (the melting and casting of the molten metal) process shall be assigned to the appropriate foundry class.
3. Dies produced by chemical etching or engraving shall be assigned to Code 281.

CHANGE (continued)

4. The manufacture of forged tools shall be assigned to Code 433.
5. Products made by molding plastic shall be assigned to the appropriate plastic molding classification.
6. Metal stamping shall be classified as provided in this Manual.
7. The manufacture of non-forged and non-powered hand tools such as screwdrivers, pliers, hammers or chisels, non-forged bench tools shall be assigned to Code 442.
8. Saw blade (all types) or industrial knife manufacture shall be assigned to Code 443.
9. Precision Machined Parts Mfg. – N.O.C. shall be defined as machining parts for unrelated businesses where the plans or specifications require more than 50 percent of the employer's machining operations will be held to a final tolerance of .001 inches or closer (e.g., .0005 inches) and where the machined parts made by the employer are not assigned to any other manufacturing classification. Businesses so principally engaged shall be assigned to Code 446.
10. The machining of parts for unrelated businesses or the employer's proprietary product(s) where more than 50 percent of the employer's machining operations are held to a final tolerance cruder than .001 inches (e.g., .003 inches, .005 inches, .010 inches), and where more than 50 percent of the parts made by the employer are not assigned to any other manufacturing classification, shall be assigned to Code 461.
11. Machined parts or products specifically assigned to any manufacturing classification shall be assigned to that specified manufacturing classification regardless of the final machining tolerance called for by the plans or specifications.
12. Specialist contractors electroplating parts manufactured by an unrelated business(es) shall be assigned to Code 449.

Underwriting Guide

ADDITIONS

File (Tool) Mfg. – Forged.....	433
Fixture Or Jig Mfg.	441
Gauge Mfg. – Ring, Plug Or Snap.....	441
Jig Or Fixture Mfg.	441
Sewing Machine Attachment Mfg. (e.g., hemmers, binders).....	441
Steel Rule Die Mfg.	441
Industrial Knife Mfg. – All Types.....	443
Knife Mfg. – Industrial – All Types.....	443
Aircraft Propeller Mfg. – Metal.....	446
Automobile Parts Mfg. – Machined – N.O.C.	461
Machined Automobile Parts Mfg., N.O.C.	461

CHANGES (New wording is underlined; deleted wording is bracketed.)

Heat-Treating Of Metal – <u>By Specialist Contractor</u>	433
Cutlery Mfg (Non-Forged) <u>For Household Or Butcher Shop/Restaurant Use</u>	441
Die [Or Jig] Mfg.....	441
File, Tool (Non-Forged) Mfg.	[441]442
Hand Tool[s] Mfg.[,] – <u>Non-Forged</u> (Excluding Axes, Agricultural Tools, Sledgehammers [And]Or Wheelbarrows).....	[441]442
Saw Blade Mfg. – <u>All Types</u>	[441]443
Precision Machined Parts Mfg., N.O.C.	[441]446
[Splined] Shaft Mfg. – <u>All Types</u>	461

DELETIONS:

Aircraft Motor Precision Parts Mfg.....	441
Machine Tools And Accessories Mfg.....	441
Precision Tool Mfg.....	441

The following are the approved residual market rates, loss costs and related rating values:

CODE	APPROVED EFF. 8/1/06 RESIDUAL MKT. RATE	APPROVED EFF. 8/1/06 LOSS COST	RESIDUAL MARKET MINIMUM PREMIUM	EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			HAZARD GROUP
				A-1	A-2	A-3	
441	\$ 3.69	\$ 2.69	\$1,025	\$ 0.72	\$ 0.82	\$ 0.87	II
442	3.93	2.86	1,075	0.77	0.87	0.92	II
443	3.96	2.88	1,080	0.77	0.88	0.93	II
446	3.86	2.81	1.060	0.75	0.85	0.91	II

4) HOUSEKEEPING REVISIONS – SECTIONS 1, 2 AND 5

These revisions are intended to make the Manual clearer and less ambiguous. Several revisions clarify classification procedures, while others update language of classification definitions to bring them into alignment with other Manual provisions and/or recognize technological or industrial change. The Employment Contractor – Temporary Staffing Cross-Reference Chart is also updated to incorporate the needed revisions pursuant to the other items contained in this circular.

Manual revisions are shown below.

SECTION 1

UNDERWRITING RULES

ADDITION

RULE IV - CLASSIFICATIONS

C. ASSIGNMENT OF CLASSIFICATIONS

1. Object of the Classification Procedure

- b.** House Bill 430 of 2004 (amending Section 2607, Title 18 of the Delaware Code) permits an insurer to develop a subclassification(s) to the Bureau's classification system as approved by the Insurance Commissioner. The developing insurer shall file any such subclassification(s) with the Bureau and the Insurance Commissioner at least thirty (30) days prior to the proposed effective date for such subclassification(s). The insurer's filing shall demonstrate that payroll and loss data produced under any proposed subclassification(s) can be reported to the Bureau consistent with the Bureau's uniform classification plan and statistical plan. The Insurance Commissioner must disapprove any subclassification filing for which such demonstration is not made.

CHANGES

RULE IV – CLASSIFICATIONS

B. CLASSIFICATIONS

2. Standard Exception Classification

a. **CLERICAL OFFICE EMPLOYEES** business is assigned.

(1) The clerk, such as a counter, front desk, lobby, time, stock or tally clerk or librarian, whose work is necessary, incidental or part of any operation of the business other than clerical office, shall not be considered a clerical office employee. Such clerk should be assigned to the basic classification of the business.

3. General Inclusions

a. Some operations..... premises and property.

(15) Heat treating by an insured on its products.

C. ASSIGNMENT OF CLASSIFICATIONS

2. Assignment of a Classification

b. **Single Enterprise** Rule IV, C. 5.

EXCEPTION

Where a retail outlet is located at the same or contiguous premises as a[n insured's] business' manufacturing facility, [a separate]the applicable retail store classification shall apply to the payroll of the retail outlet, provided that such retail outlet is operated in an area physically separate from other operations by a floor-to-ceiling partition, and it is separately staffed.

8. Changing Classifications

b (1) A change in an insured's classification that results from a recent change in the insured's operations (i.e., an operations change that has taken place during the current policy year or the policy year that has just expired) will be applied pro rata as of the date of the change in the insured's operations, regardless of the premium impact to the insured. [w]When a Bureau review discloses the insured's recent operations change, the Bureau will make written notice to the carrier-of-record, changing the insured's authorized classification(s) for the current policy year and, if warranted, for the policy year that has just expired. When the carrier becomes aware of [the insured's] such recent operations change, the carrier shall [and] make[s a] written application to the Bureau to change the insured's authorized classification(s) during the current policy [period]year [in which the operations change has taken place, or within 12 months after the termination thereof]and, if warranted, for the policy year that has just expired.

CHANGES (continued)

RULE XVI – APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE

- F. An aggrieved party who wants to appeal an application of the rating system must first submit a written request for review thereof to the Bureau, together with all information in support of its appeal. The Bureau staff shall review the request and supporting information. To make certain the facts of the appeal are fully agreed upon by the Bureau and the appellant, the Bureau staff may make written inquiries to the appellant and/or (as circumstances warrant) visit the appellant's Delaware workplace(s). The Bureau shall notify the appellant in writing [of its final decision resulting from the Bureau staff's review.]that staff's Paragraph F. review has been completed and that this letter is the Bureau's final decision. If the appellant is still aggrieved by the rating system application following completion of the Bureau staff's review and final decision, the appellant shall have the right to present its appeal to the Bureau's Classification and Rating Committee in accordance with the provisions of this Procedure. A further appeal by the appellant of the Classification and Rating Committee decision may be taken to the Insurance Commis[-]sioner pursuant to Title 18, Section 2614 of Delaware Code only after the appellant has first exhausted its rights pursuant to this Procedure.

SECTION 2

CHANGES

- 059 MINERAL MILLING** – [establishments operating without] applicable to businesses that do not operate either a mine nor a quarry and [primarily] are principally engaged in the crushing, grinding, pulverizing or otherwise preparing clay, ceramic or refractory materials, barite or miscellaneous metallic or non-metallic minerals.
- 114 RENDERING Works** - [This classification includes establishments primarily] Applicable to businesses principally engaged in rendering inedible grease and tallow from animal fat, bones and meat scraps; and [those] businesses principally engaged in manufacturing animal oils and animal meal.
- 119 MEAT PRODUCTS MFG., N.O.C.**
[This class is for establishments primarily to exclusively] Applicable to businesses principally engaged in [the] making [of] hamburger and/or hamburger or veal patties and/or sandwich steaks. Includes payroll..... to customers.
- 413 IRON WORKS** – Shop – Ornamental, non-structural iron or steel fabricating.
[Installation or erection is to be separately rated as Code 658.] Separately rate installation, erection or repair operations to Code 658 or to Code 675 as provided in this Manual.
- 806 FURNITURE MOVING and/or STORAGE.**
Includes the packaging or handling of household goods away from the employer's premises by the furniture moving and/or storage company or by an independent packing contractor. The transporting or delivery and setting into place at customers' locations of furniture and/or major household appliances under contract for a manufacturer or store shall be assigned to Code 811.

CHANGES (continued)

811 TRUCKING, N. O. C.

Includes dispatchers..... repairing vehicles.

Applicable to hauling contractors principally engaged in hauling or delivering for unrelated concerns or transporting or delivering and setting into place furniture and/or major household appliances at customers' locations under contract with a manufacturer or store.

Also includes a specialist contractor.

944 CLUB – Country, Golf or Yachting – all employees except office.

Includes restaurant or tavern employees and all operations performed by club employees including but not necessarily limited to: those conducted by desk and room clerks, housekeepers, instructors, pro shop sales clerks, club attendants and golf starters.

Assign the appropriate marina classification to separately-staffed [M]marina or yacht basin operations [shall be separately classified].

0908 [INSERVANTS]DOMESTIC WORKERS – INSIDE – OCCASIONAL.

0909 [OUTSERVANT]DOMESTIC WORKERS – OUTSIDE – OCCASIONAL – including occasional private chauffeurs.

(Classes 0912..... of a farm).

0912 [OUTSERVANT]DOMESTIC WORKERS – OUTSIDE– including private chauffeurs.

(Classes 0912..... of a farm.

0913 [INSERVANTS]DOMESTIC WORKERS – INSIDE, excluding office employees.

4777 EXPLOSIVES DISTRIBUTOR.

Includes the preparation and/or distribution of blasting agents and/or the distribution of high explosives. Blasting operations conducted by a separate crew shall be assigned to Code 609. No [high explosives] manufacturing of explosives assigned to Code 4771.

SECTION 5

RULINGS & INTERPRETATIONS

ADDITIONS

DEFINITIONS

(to be inserted alphabetically)

ALL EMPLOYEES EXCEPT OFFICE: There is no payroll division between a business classification designated “all employees except office” and Code 951. Such business classification contemplates all salespersons, including but not necessarily limited to over-the-road salespersons, floor salespersons, inspectors, interior designers or decorators employed by any business assignable to that classification.

ADDITIONS (continued)

ALL EMPLOYEES INCLUDING OFFICE: There is no payroll division between a business classification designated "all employees including office" and Codes 951 and 953. Such business classification contemplates all salespersons employed by any business assignable to that classification. Such classification also contemplates clerical office personnel engaged in the administration of the business, regardless of whether the office personnel are located at or contiguous to the business' location or a location separate from the business' location.

ALL EMPLOYEES INCLUDING OFFICE EXCEPT HOME HEALTH CARE SERVICES: This definition is the same as the "all employees including office" definition above except for the designated separate personnel (e.g., home health care), which shall be subject to separate classification as provided for in this Manual.

CAMPUS: The grounds, buildings and all surrounding facilities at a single or contiguous geographic location where operations are conducted by a single risk as defined by the Delaware Experience Rating Plan. Support services at such location may include but are not necessarily limited to: buildings or grounds maintenance, dietary, laundry or housekeeping that may be shared by all the contiguously-situated operations, which shall be construed as a single enterprise.

EXCAVATION – 609

Applicable to payroll developed in general excavation, grading, trench digging, filling or backfilling. Such work is performed with power shovels, trench diggers, bulldozers or graders. The business may be a specialist excavation contractor principally engaged in one or more of the listed tasks. The business may be a general contractor employing a separate staff performing one or more of the listed tasks or the business has kept separate payroll records for personnel who interchange between one or more of the tasks listed above and other construction tasks assigned to another construction classification.

OPERATIONS ALSO INCLUDED:

1. All methods of clearing or removing brush and/or tree stumps that is not incident to tree removal except for road construction.
2. Excavation and/or grading for parking lots.

OPERATIONS NOT INCLUDED:

1. Assign Code 602 to payroll developed in clearing or removing brush for road construction. Code 602 shall also be assigned to road or street construction subsurface work which involves all work that brings the road up to grade: earth or rock excavation, filling or grading.
2. Assign the applicable "all work to completion" construction classification when a business is performing work assignable to an "all work to completion" classification. Any excavation work performed by the business incident to an "all work to completion" job or project shall be included in the "all work to completion" construction classification applicable to the job or project.

CHANGES

DEPARTMENT STORE – 914

For [those establishments]businesses having [twenty]20 or more full-time employees or their equivalent and the merchandise handled must include: wearing apparel, linens, house furnishings (other than furniture) and two or more of the following: cosmetics, furniture, giftware, hardware, jewelry, luggage, stationery/greeting cards, sporting goods and toys. The total annual sales of wearing apparel, linens, and house furnishings must exceed 50[%]percent of the total annual sales.

[This classification will also include the installation of house furnishings.]

The criteria above will be applied to each location of a [risk]business.

OPERATIONS ALSO INCLUDED:

1. Personnel performing the installation of house furnishings at customers' locations.

EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING

Code 544 chart **additions: 285, 287 442, 443, 446**

Code 682 chart unchanged.

Code 929 chart **addition: 921**

Code 937 chart **addition: 015**

Code 947 chart **additions: 820**

Code 949 chart **additions: 904**

FURNITURE ASSEMBLY – 319

Applicable to [payroll developed by employers]businesses principally engaged in the assembly of wood, metal or plastic furniture or cabinet-type products from parts manufactured by [other] unrelated [risks]businesses. Included [within the scope of this classification] are all types of home or office furniture such as tables, chairs, dressers, chest of drawers, bed frames or desks or cabinet-type products. The assembly work is normally accomplished by means of nails, screws, brackets, glue, dowel pins and clamps. [The classification a]Also includes the finishing of the assembled products by painting, staining, varnishing, lacquering, shellacking or covering surfaces with formica-type materials.

The repair or..... applying a new finish.

[Upholstering of new, repaired or reconditioned furniture conducted by a separate crew in a physically separate area shall be assigned to Code 327.]

OPERATIONS NOT INCLUDED:

Upholstering of new or used, repaired or reconditioned furniture conducted by a separate crew in a physically separate area shall be assigned to Code 327.

FURNITURE MFG – WOOD – 323

Applicable to employers..... or broken parts.

[Upholstering operations conducted by a separate crew of employees in a physically separate department shall be assigned to Code 327.]

CHANGES (continued)

[The manufacture of furniture parts which are not assembled into completed furniture by the same employer is assignable to Code 305 for non-turned furniture parts or to Code 306 for all turned furniture stock.]

OPERATIONS NOT INCLUDED:

1. Assign Code 327 to a separate employee crew in a physically separate work area performing upholstery.
2. The manufacture of furniture parts which are not assembled into completed furniture or completed chair or furniture frames by the same employer is assignable to Code 305 for non-turned furniture parts or to Code 306 for all turned furniture stock.

FURNITURE STORE – RETAIL ALL EMPLOYEES EXCEPT OFFICE – 922

Applies to a and kitchen cabinets.

Further included are delivery and setting merchandise in place, hanging pictures or mirrors and/or polishing and [minor] repairing of furniture on the [insured's]store's premises or at the customer's location.

[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% of the gross receipts.]

All salespersons..... not separately classified.

OPERATIONS ALSO INCLUDED:

1. Businesses principally engaged in party supply rental – retail.
2. Businesses principally engaged in pool table sales – retail.

OPERATIONS NOT INCLUDED:

Separately staffed..... and related products.

LOGGING OR LUMBERING, N.O.C. – 009

Applicable to..... is included.

Also applicable to the transportation of the logs to a mill and to the construction, maintenance or extension of landings or logging roads - when performed by employees of the logging business.

[Sawmill operations conducted by a separate crew of employees shall be assigned to Code 301.]

[Specialist contractors engaged in log hauling for an unrelated logging or lumbering business shall be assigned to Code 811. Log hauling by a sawmill business when all logging or lumbering has been outsourced to an unrelated logging or lumbering business(es) shall be assigned to Code 301.]

CHANGES (continued)

OPERATIONS NOT INCLUDED:

1. Assign Code 301 to sawmill operations conducted by a separate crew of employees.
2. Assign Code 811 to specialist contractors engaged in hauling logs for an unrelated logging or lumbering business. Assign Code 301 to log hauling performed by a sawmill business when all logging or lumbering has been outsourced to an unrelated logging or lumbering business(es).

LOGGING OR LUMBERING – MECHANIZED TREE FELLING EQUIPMENT – 015

Applicable to..... of the logging business.

[Sawmill operations conducted by a separate crew of employees shall be assigned to Code 301.]

[Specialist contractors engaged in hauling logs for an unrelated logging or lumbering business(es) shall be assigned to Code 811. Assign Code 301 to log hauling performed by a sawmill business when all logging or lumbering has been outsourced to an unrelated logging or lumbering business(es).]

OPERATIONS NOT INCLUDED:

1. Assign Code 301 to sawmill operations conducted by a separate crew of employees.
2. Assign Code 811 to specialist contractors engaged in hauling logs for an unrelated logging or lumbering business. Assign Code 301 to log hauling performed by a sawmill business when all logging or lumbering has been outsourced to an unrelated logging or lumbering business(es).

NEWSPAPER OR PERIODICAL PRINTING- 282

Applicable to..... the printing.

OPERATIONS ALSO INCLUDED:

1. A newspaper's pages may be cut, collated and folded by the web press. Inserts may be placed into the newspaper by inserting machine or by hand. The newspapers may be tied into bundles and delivered either by the publisher and/or contract printer [or by independent delivery contractor.]
2. A periodical may be..... Paragraph C .3. a. 2.

POULTRY AND/OR FISH DEALER/PROCESSOR – 865

Applicable to employers principally engaged in one or more of the following operations:

The catching of live..... or stuff the product.

[Wholesale poultry and/or fish dealers who perform no cutting or filleting, but who may repackage shall be assigned to Code 924. Poultry dealers who may cut whole poultry into parts on an emergency basis will be construed as non-cutting and assignable to Code 924.]

CHANGES (continued)

OPERATIONS NOT INCLUDED:

1. Wholesale poultry and/or fish dealers who perform no cutting or filleting but who may repackage the poultry or fish shall be assigned to Code 924.
2. Poultry dealers who may cut whole poultry into parts on an emergency basis will be construed as non-cutting and assignable to Code 924.

RESTAURANT, N.O.C. – 975

Applicable to..... service provided.

OPERATIONS NOT INCLUDED:

1. Assign Code 944 to country or yacht clubs or golf courses.
2. Assign Code 945 to hotel restaurants.

TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING – CODE 005

Applicable to businesses..... or fumigating services.

OPERATIONS NOT INCLUDED:

1. Assign [Code 009]the applicable logging classification to logging businesses or clearing of land projects that include tree removal.
2. Separately rate are performed.

AUDITING

ADDITIONS

MINIMUM WAGE PROCEDURE

Under Section 1, Rule V., B. 2. o. of the Manual remuneration includes: Adjustments necessary to bring employees to minimum wage.

Under Section 1, Rule V., B. 3. e. of the Manual remuneration excludes: tips and other gratuities received by employees.

All carriers are required to include an adjustment to equal the current minimum wage. The auditor should verify if all employees' wages equal or exceed the federal minimum wage. If not, the following adjustments should be made assuming the current minimum hourly wage for tipped employees is included.

1. Determine the average number of full-time tipped employees and the normal work hours.
 - 35 hour week x (the difference of federal minimum wage and the tipped employees' minimum wages) x number of tipped employees x 52 weeks.

ADDITIONS (continued)

2. Determine the average number of part-time tipped employees and the normal work hours
 - Number of hours x (the difference of federal minimum wage and the tipped employee minimum) x the number of tipped employees x 52 weeks.

REGULAR AND FREQUENT

In determining the classification assignment for an employee who may have (to varying degrees) multiple operational exposures, the term “regular and frequent” has historically been used by the DCRB in evaluating the duties of the employee(s) in question. The purpose of this R&I is to briefly (but not exhaustively) clarify the DCRB’s use and application of this classification assignment concept.

The word “regular” is defined as “usual, normal, customary, recurring at fixed times and periodic.” The word “frequent” is defined as “happening or occurring at short intervals, constant or habitual.” The intent of the DCRB’s classification procedure is to assign the payroll of an employee having multiple occupational exposures to that classification most consistent with the overall nature of that employee’s exposure. The term “regular and frequent” is a benchmark used to help determine whether exposure in a given occupational area is or is not sufficient to warrant assignment of an employee to the Manual classification applicable to such exposure.

An employee need not actually work at a production machine in order to have their payroll assigned to the appropriate basic production classification. If in the course of performing their work, the employees’ duties bring them into regular and frequent contact with the production area, then that person’s payroll would be assigned to the appropriate basic production classification.

The above observation should not be construed to mean that any individual who ever steps into the plant or shop area would automatically have their payroll assigned to the higher valued classification. The intent of the DCRB’s classification procedure is to be reasonable and fair in assigning the appropriate classification that reflects the employee’s job duties. Therefore, an employee who was temporarily engaged in a job duty beyond the restrictive definition of the standard exception classifications on an infrequent or emergency basis would not have their payroll assigned to the basic classification.

Please note that the existence of a portal door or window in a floor-to-ceiling partition to allow an interface between employees, visitors or customers, does not in and of itself invalidate the floor to ceiling partition.

Some examples may further clarify these considerations:

- Employee X of ABC Corporation makes outside sales calls and visits prospective customers one day a week every week. The employee will typically visit five-to-six customers. The other four days of the week, Employee X works at ABC Corporation’s offices handling administrative paperwork and other clerical duties. Employee X’s payroll would be allocated to Code 951, because this employee is regularly (every week) and frequently (one day per week) engaged in outside sales duties away from the premises.
- Employee X of ABC Corporation makes a trip to a sales convention for a week, two times a year. The rest of the employee’s duties keep Employee X working strictly in the company’s corporate offices. Employee X’s payroll should be assigned to Code 953 as two sales convention trips a year should not be construed as either regular or frequent.

ADDITIONS (continued)

- Employee Y of DEF Corporation spends about two hours (out of an eight-hour day) every day in the production plant. Employee Y will go to each of the production areas of the plant and physically observe and talk with foremen and workers at their machines to get feedback as to when a certain job will be completed. Employee Y may also set up a complex job on a machine or do an emergency repair during these two hours. Employee Y spends the other six hours of each day in an office handling production scheduling, administrative paperwork, finances and management reports. Employee Y's payroll would be assigned to the production plant's governing classification, as this employee is regularly and frequently exposed to the production area, even though Employee Y does not actually work on a production machine.
- If this same employee had spent only 10-to-15 minutes, once or twice a week, in the shop conferring with foremen, greeting employees or had been called into the shop in case of an emergency with the rest of their time spent in an office, then the payroll of Employee Y would be assigned to Code 953, as the employee is not frequently in the shop.

The major points attempted to be made here are:

- Determining the amount of time an employee spends exposed to the operational hazards of the business is extremely important.
- Determining the duties of an employee during that time may give a clearer picture of the extent of the employee's duties.

As usual, the more involved in presenting and exploring a line of questioning, the more information comes to light. With the benefit of such enhanced information, the auditor will more likely be able to make an informed judgment on assignment of payroll.

CHANGES

AUTOMOBILE DEALERSHIPS – CODE 818

[With the understanding that the assignment of an employee's payroll may vary according to individual circumstances, the following guidelines have been developed to aid in the classification of employees of a typical automobile dealership. Proper documentation on worksheets should be added when exceptions are made to these guidelines.]

Employees who typically comprise the basic classification Code 818, Automobile or Automobile Truck Dealer, include but are not necessarily limited to: automobile repair technicians, detail employees, auto body shop technicians and auto body painters, maintenance employees, parts department employees and security employees who keep watch over their employer's premises.

Employees typically considered office employees include accounting, accounts payable, and accounts receivable, business office, bookkeeping, computer programmers, finance, human resources and the office manager. These employees must work in a physically-separate office as defined in Section 1 of this Manual. Reference should be made to the restrictive definition of a clerical office employee also found in Section 1 of this Manual.

With the above statements in mind, the payroll of the following employees should be assigned in the prescribed manner:

CHANGES (continued)

1. **Finance and Insurance (F&I) Manager and Employees** process automobile financing and payment schedule paperwork required by a bank or other financial institution on behalf of the customer. Their payroll is assignable to Code 953.
2. **Inventory Coordinators or Inventory Control Attendants** may physically check incoming or outgoing automobile inventory. These employees may move new or used automobiles from one lot location to another or to different locations within a single lot. They may also physically check the inventory on a regular basis by walking throughout the lot(s) to do a physical count of the automobiles and monitor them for damage or defects. Their payroll is assignable to Code 818. If job duties are limited to operating a computer [in a physically separate office] and all inventory coordination and/or control is performed by computer, then Code 953 would apply.
3. **Inventory Clerks (either service or parts)** usually assist the appropriate manager in the compilation and/or recording of paperwork involved in keeping track of either repair/service work done by the service department or the sale/inventory of parts done by the parts department. If they work exclusively on a computer or handle the paper work generated by the appropriate respective department, their payroll is assignable to Code 953. However, if they physically handle parts the parts [or work in areas that are not physically separated from the parts or service areas], their payroll is assignable to Code 818. Sometimes these employees have job titles of parts clerks or service clerk.
4. **Service Writers/Service Advisors** [have historically had their payroll assigned to Code 818 because of their job duties, as well as where they perform these job duties. However, as technology modernizes the automobile dealership industry, many job descriptions of dealership employees have changed. If a service writer performs any of the following job duties, the payroll of that employee is assignable to Code 818:] job duties include greeting customers for the purpose of discussing problems with the customers' vehicles. They will prepare job cost estimates and write up service orders. Service writers work behind a counter in a lobby-type area, in an area off the showroom floor, or in a driveway/garage. Their job duties may also include but are not necessarily limited to:
 - Physically inspecting the customer's automobile to determine what repair work is required.
 - Walking out to the car to write down the mileage from the odometer. This information is necessary because warranty work and adherence to the warranty schedule is keyed to the mileage the automobile has on it. An automobile dealership may not honor the warranty agreement unless all repairs and service have been completed by the dealership's [own] technicians.
 - Providing information or direction to service/repair employees (called mechanics or technicians) through direct interface in the service/repair area and/or entering the shop area to determine the status of repair work on a customer's vehicle.
 - Pickup and delivery of parts.
 - Road testing the malfunctioning or the repaired vehicle, conducting a final inspection of the vehicle or physically handling ordered automobile parts.

Service advisors/service writers' payroll is assignable to Code 818.

CHANGES (continued)

[Frequently, service writers work in a driveway/garage area. An operative hazard of an automobile dealership is the operation of a vehicle. In the above-mentioned area the automobiles are driven directly up to the service writers, and there is no floor-to-ceiling partition separating the writers from the hazard. Therefore, the employees in question do not meet the restrictive definition of a clerical office employee, and their payroll would be assignable to Code 818.]

[As an exception to the rule, the service writers may have their payroll assigned to Code 953 if they work in an area that is physically separated from the other operations by floor-to-ceiling partitions and in which work of clerical office employees, as defined in the restrictive standard exception rule, is performed exclusively.]

5. **Cashiers** who wait on customers should have their payroll assigned to Code 818. [The cashier who works in an area where only office work is performed and that area is physically separate from the parts, body shop, service/repair, showroom or sales lot areas should be assigned to Code 953.]
6. **Telephone Operators** should have their payroll assigned to Code 953 if they work in a physically separate [areas away from the parts, body shop, service/repair, showroom or sales lot areas]office. Their payroll is assigned to Code 819, Automobile Salespersons. if they work in the automobile showroom.
7. **Greeters** working in to Code 819.
8. **Title Clerks** process the paperwork involved in title and registration transfers. Their payroll is assignable to [either] Code[s] 953[, 819 or 818 depending on where they perform these job duties].
9. **Automobile Salespersons** must have..... that classification.
13. **Drivers/Car Jockeys** drive the new and/or used automobiles from one lot location to another or back and forth to positions within one location. They may wash and detail the car prior to the customer taking possession of the purchased automobile. They may drive cars from an automobile auction or a car wash to the lot location. These employees are miscellaneous employees whose job functions support the dealership's business, and their payroll is properly assignable to Code 818. Executive officers or sales managers who attend auctions to buy and sell automobiles and who drive different vehicles to and from an auction will have their payroll assigned to Code 819. Employees who drive carriers to transport vehicles to and from an auction will have their payroll assigned to Code 818.
14. **Automobile Rental Clerks** have job..... the telephone.

UNDERWRITING GUIDE

ADDITIONS

Metal Powder Mfg. – Crushing Or Grinding – By Independent Contractor.....	059
Powder Mfg. – Metal – Crushing Or Grinding – By Independent Contractor.....	059
Chemical Etching – By Specialist Contractor.....	281
Etching (By Chemical Method) By Specialist Contractor.....	281
Printing Plate Mfg. – By Specialist Contractor.....	281
Wood Tack Strip Mfg.	306
Nonferrous Metals Cold Rolling, Drawing, Extruding, Or Forging.....	403
Ferrous Metals Cold Rolling Or Drawing.....	406
Bushing Mfg.	445
Fastener Mfg., N.O.C.	445
Jackhammer Mfg.	461
Pneumatic Tool Mfg.	461
Transponder Mfg.	485
Bathtub Liner Installation.....	652
Water Hauling – Tank Truck – By Contractor.....	805
Household Goods Packing At The Customer’s Location By The Moving Company Or By Independent Contractor.....	806
Packing Household Goods At The Customer’s Location By The Moving Company Or By Independent Contractor.....	806
Escort Service For Oversize Loads On Highways.....	817
Oversize Loads On Highways – By Specialist Escort Contractor.....	817
Fruit Gift Basket – By Mail Order Or Internet.....	907
Fruit Gift Basket Store – Retail.....	917
Thrift Store (Used Clothing, Furniture, Household items) – Retail.....	928
Used Clothing Store – Retail.....	928
Art Conservation, Preservation Or Restoration – By Specialist Contractor.....	955
Document Conservation – Paper – By Specialist Contractor.....	955
Paper Document Conservation – By Specialist Contractor.....	955
RV Campground.....	978

CHANGES

Engraving [Or Printing Plate Mfg.] – By Specialist Contractor.....	281
Paper Sheeting, Slitting Or Winding.....	[263]259
Chair Or Chair Frame Mfg. – Wood.....	323
Coating [(By Electrostatic Powder Spray Application)] Of Parts – By Contractor.....	445
Polishing And Buffing, [Small Articles,] Shop Only[, No. Mfg.] – Specialist Contractor.....	445
[Inservants]Domestic Workers – Inside – Occasional.....	0908
[Outservant]Domestic Workers – Outside – Occasional – Including Occasional Private Chauffeurs.....	0909
[Outservant]Domestic Workers – Outside – Including Private Chauffeurs.....	0912
[Inservant]Domestic Workers – Inside, Excluding Office Employees.....	0913
Bottled Spring Water Distribution – By Dealer.....	924
Water Bottling And/Or Bottled Water Distribution – By A Dealer.....	924
Pharmacy – Retail Or Internet Or Mail Order.....	927
Photographic Studio, Not Producing Motion Pictures, [including Retouching] And Outside Work.....	928
Video Tape Or DVD Store – Rental Or Sale.....	928

DELETIONS

Coin Minting.....	458
High Voltage Maintenance – By Contractor.....	661
Apartment House – Operated By Owner, Lessee Or Management Agency.....	971
Cleaning Homes – By Contractor.....	971

These Manual revisions will be updated on our website (www.dcrb.com) at a later date.

Timothy L. Wisecarver
President

TLW/kg
D Circ

Remember to visit our web site at www.dcrb.com for more information about this and other topics.