



January 17, 2013

**DCRB CIRCULAR NO. 881**

To All Members of the DCRB:

Re: **DELAWARE BASIC MANUAL**  
**REVISIONS TO SECTIONS 1 AND 2 - HOUSEKEEPING**  
**DCRB FILING NO. 1202**  
**EFFECTIVE DECEMBER 1, 2012**

The Delaware Compensation Rating Bureau, Inc. (DCRB) has filed and the Insurance Commissioner has approved Manual housekeeping revisions to Sections 1 and 2. These revisions become **effective as of 12:01 a.m., December 1, 2012** with respect to new and renewal business only.

These revisions are intended to make the Manual clearer and less ambiguous. The revisions clarify key classification procedures and update language defining certain classifications to improve consistency with other Manual provisions and/or to recognize technological or industrial change.

***Section 1***

- Revision to Rule IV, B. Classifications, 2. Standard Exception Classification, a. Clerical Office Employees – Code 953 to give greater prominence to the language that indicates that office employees are separately classified unless the class specifically includes them and to provide direction on how to classify an employee(s) interchanging between clerical duties and any other regular duties.
- Addition of “Board of Directors’ fees” to the list of exclusions from the definition of remuneration.
- Revision to Rule XV – Final Earned Premium Determination, D. Authorized Classifications to more clearly indicate the intent of the rule.
- Revision to Rule XVI, Appeals from Application of the Rating System Procedure to bring the Manual into alignment with current language usage by substituting DCRB for Bureau through the Appeals Procedure and clarifying that the procedure is available only to policyholders.

- Deletion in Rule IV, B. Classifications, 2. Standard Exception Classification, of Subparagraph b. Drafting Employees – Code 953 to reflect the technological change from hand-drawn documents to computer-aided documents, which are done on a PC at a desk and more appropriately assigned to Code 953.

## **Section 2**

- Addition to the General Auditing & Classification Information section to provide guidance in classifying computer and/or software consulting businesses and on the differences between manufactured (mobile) homes and modular homes, respectively.
- Revision or clarification of class language for 26 classes and Underwriting Guide revisions to six others, including additions to and revisions of Operations Not Included and Operations Also Included sections
- Clarification of and/or additions to the class scopes of Codes 608, 804 and 983 to provide information on the intent of these classes.

## **Revisions to Classification Procedure**

- Wording revisions to Code 855's Operations Also Included section to include the sale and mounting of door hardware and making of door frames by a door distributor to reflect current trends for such products.
- Underwriting Guide additions to Codes 651 and 658 to more properly define metal products erection work and metal door installation.
- Reclassification of fire door manufacturing from Code 413 to Code 456 to assign the same classification as any other metal door manufacture.
- Clarification of criteria for retail stores collocated with businesses assigned to Code 855.
- Reclassification of secondhand building material dealers from Code 860 to Code 855 to reflect current business practices of such dealers.
- Assignment of Code 007 to any business that applies fertilizer to customers' fields and any delivery person of a fertilizer manufacturer who also applies the fertilizer to customers' fields.
- Revision to Code 663 Underwriting Guide to focus on solar water heater installation and addition of Code 661 Underwriting Guide entry for installation of solar electric (photovoltaic) systems.

The Manual revisions are shown below with deleted wording bracketed and new wording underlined.

## **SECTION 1**

### CHANGES

## **RULE IV – CLASSIFICATIONS**

### **B. CLASSIFICATIONS**

#### **2. Standard Exception Classifications**

- a. **CLERICAL OFFICE EMPLOYEES – Code 953**..... in this rule.

CHANGES (continued)

Office employees shall be separately classified except in connection with those classes which specifically include Office Employees.

If any clerical office employee (including a drafting employee) has any other regular duty, the entire payroll of that employee shall be assigned in accordance with the class to which the business is assigned.

[(3) office employees ..... include Office Employees.]

[b. **DRAFTING EMPLOYEES, Code 953,** ..... part of their work.]

[c.]b. **SALESPERSONS – OUTSIDE, Code 951**..... of this rule.

**RULE V – PREMIUM BASIS**

**B. REMUNERATION - PAYROLL**

3. **Exclusions**

n. Board of Directors fees

**RULE XV – FINAL EARNED PREMIUM DETERMINATION**

**D. AUTHORIZED CLASSIFICATIONS**

[Classifications which are not expressed on the policy shall not be used in auditing the payroll of any risk upon which a Data Card has been issued by the Delaware Compensation Rating Bureau, Inc. unless upon application to the Bureau the Data Card may be revised.]  
Only the classifications shown on a Data Card issued by the DCRB shall be used in auditing the payroll of that employer. The insuring carrier shall contact the DCRB in writing in any instance where the authorized classifications do not describe the employer's operations as delineated in Section 1, Rule IV, Paragraph C., 2., c. of this Manual.

**RULE XVI – APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE**

A. Any policyholder (e.g., a person, a corporat[e]ion or otherwise), aggrieved by an application of the rating system of the Delaware Compensation Rating Bureau, Inc. ([“the Bureau”]DCRB), as approved by the Insurance Commissioner pursuant to Title 18, Chapter 26 of the Delaware Code may appeal such application to the [Bureau]DCRB in accordance with this Procedure. “Rating System” is defined herein to include but is not necessarily limited to the following: the assignment by the [Bureau]DCRB of an individual business to a particular classification, the continuation or discontinuation of an entity's(ies)' previous experience to the experience of new ownership, revision of losses used in a business' experience modification or merit rating, an individual business' eligibility for and/or the percentage of credit under the Delaware Construction Classification Premium Adjustment

CHANGES (continued)

Program, the discount or surcharge applied to a business eligible for the Merit Rating Plan, the percentage credit for a business eligible for the Delaware Workplace Safety Program or any other workers' compensation insurance pricing program filed by the [Bureau]DCRB with the Insurance Commissioner. The aggrieved party must commence any appeal of an application of the an rating system within 12 months of the policy period in which the application was made by filing an appeal directly with the [Bureau]DCRB in accordance with this Procedure, except for an appeal for revision of losses used in a business' experience modification or merit rating which shall be governed by the specific Revision of Losses provisions of Sections [6]5 and [7]6 of this Manual.

*The balance of this Rule will be revised to replace "Bureau" with "DCRB" throughout.*

**SECTION 2**

**CLASSIFICATIONS**

ADDITIONS

**UNDERWRITING GUIDE**

**To 445:**

Gun, Handgun Mfg.  
Handgun Mfg.  
Pistol Mfg.  
Rifle Mfg.  
Shotgun Mfg.

**To 651:**

Hollow Metal Door Installation  
Metal Door Installation – All Types

**To 658:**

Metal Fence Erection – By Specialist Contractor  
Railing Erection – Metal

CHANGES

**To 661:**

Solar Electric (Photovoltaic) System Installation

**To 932:**

Document Scanning – By Specialist Contractor  
Scanning of Documents – By Specialist Contractor

CHANGES (continued)

**007 FARM MACHINERY OPERATION** by Contractors: threshing, shredding, ensilage cutting, harvesting and hay baling[, excluding logging and sawmill operations].

**OPERATIONS ALSO INCLUDED:**

1. Specialist contractors performing one or more of the following tasks: filling mushroom beds with compost, spawning or casing.

**OPERATIONS NOT INCLUDED:**

1. Assign the applicable logging classification to logging operations.
2. Assign Code 301 to sawmill operations.

**UNDERWRITING GUIDE**

**To 007:**

Fertilizer Application To Soil [By Contractor]

Lime Spreading [By Contractor]

**141 LAUNDRY, N.O.C.**

[Receiving, collecting ..... shall be assigned to Code 928.]

Also includes payroll ..... laundering or cleaning.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 928 to separately staffed receiving, collecting or distributing stations with no laundering at the same or contiguous location.

**UNDERWRITING GUIDE**

**To 456:**

Fire Door Mfg. [413]456

**573 FERTILIZER MFG.**

**OPERATIONS NOT INCLUDED:**

Separately rate fertilizer application or lime spreading onto soil to Code 007.

**608 FLAT CEMENT WORK**

Applicable to a specialist contractor performing ground-supported concrete work in the construction of houses or [small (] one or two story[)] commercial buildings, including but not necessarily limited to concrete footings, foundation walls, cellar floors, curbs, sidewalks and driveways. Also applicable to ground-supported concrete floors for [small] one or two story commercial buildings and the blacktop paving or repaving of driveways, parking lots, sidewalks or yards. Further applicable to the breakup by use of picks or jackhammers and removal of old ground-supported concrete, digging with shovels, and the set-up and removal of forms by the ground-supported concrete contractor.

CHANGES (continued)

**UNDERWRITING GUIDE**

**To 651:**

Door Installation – Metal Or Metal-Covered, In Garages, Not Overhead Doors [658]651

Fire Door Installation [658]651

**653 MASONRY**

[Masonry work in..... Masonry classification.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 603 to payroll developed in masonry work in connection with sewers.
2. Assign Code 665 to payroll developed in sandblasting by a painting contractor preparatory to painting.
3. Assign Code 971 to payroll developed in the power washing of exterior walls or decks at residential or commercial sites.

**656 ELECTRIC, Telephone or Telegraph LINE CONSTRUCTION by Contractors**

Includes the setting of poles, installation of pole hardware or transformers or the stringing of lines. [Erection of steel towers for cross-country lines must be assigned to Code 655. Clearing of right-of-way on new lines, maintenance of right-of-way on existing lines or tree trimming must be assigned to Code 005.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 005 to payroll developed in the clearing of right-of-way on new lines, maintenance of right-of-way on existing lines or tree trimming.
2. Assign Code 655 to payroll developed in the erection of steel towers for cross-country lines.

**UNDERWRITING GUIDE**

**To 658:**

Guardrail [Or Metal Fence] Erection – By Specialist Contractor

**659 ROOFING**

Applicable to specialist contractors performing any type of roofing, roofing repair or reroofing job utilizing any type of roofing material, including but not necessarily limited to hot tar, shingles, slate, tile or rubber on any type of roof, such as flat, sloped or built-up. [Also applicable to] Includes all personnel working on a roofing job (e.g., ground personnel passing materials to personnel on the roof and picking up debris and personnel on the roof). [Further applicable to the waterproofing or insulation of roofs and the pressure washing of roofs.]

**OPERATIONS ALSO INCLUDED:**

1. Roof decking..... roofing contractor.
2. The installation..... roofing job.
3. Specialist contractors performing the waterproofing of roofs or the insulation of roofs.

## CHANGES

### **661 ELECTRICAL WIRING** – within **BUILDINGS**

Includes electric fixtures or apparatus installation or the making of service connections. [For electric, telephone or telegraph line construction, see Class 656.]

#### **OPERATIONS NOT INCLUDED:**

Assign Code 656 to payroll developed in electric, telephone or telegraph line construction.

### **662 APPLIANCE** – Electrical – **SERVICE** or **REPAIR**

Includes the service or repair of window-unit type air conditioners, domestic refrigerators and/or commercial or domestic appliances including but not necessarily limited to: stoves, dishwashers, washing machines or clothes dryers. Also includes incidental shop or parts department employees. [Electrical wiring or plumbing to be separately rated.]

[Separately staffed store operations shall be assigned to the appropriate store class. Assign Code 664 to the installation, service or repair of central air conditioning units or commercial refrigeration (including walk-in) units. Assign Code 675 to the installation, service or repair of industrial equipment (e.g., conveyor ovens).]

#### **OPERATIONS NOT INCLUDED:**

1. Separately rate electrical wiring or plumbing as provided in this Manual.
2. Assign the applicable store class to separately-staffed store operations.
3. Assign Code 664 to payroll developed in the installation, service or repair of central air conditioning units or commercial refrigeration (including walk-in) units.
4. Assign Code 675 to payroll developed in the installation, service or repair of industrial equipment (e.g., conveyor ovens).

### **663 PLUMBING:** gas, steam, hot water or other pipefitting, including house connections – shop payroll, if any, must be included.

Includes work within buildings. [Pipefitting in connection with the installation of machinery or apparatus outside of buildings must be assigned to Class 675.]

#### **OPERATIONS NOT INCLUDED:**

1. Assign Code 607 to payroll developed in geothermal and/or water well drilling.
2. Assign Code 675 to pipefitting in connection with the installation of machinery or apparatus outside of buildings.

## **UNDERWRITING GUIDE**

### **To 663:**

Solar [Panel]Water Heater Installation – Including Storage Tanks And Solar Panels

CHANGES (continued)

**664 HEATING, VENTILATING or AIR CONDITIONING CONTRACTOR**

Applicable to contractors ..... or shop work.

[Payroll developed in the installation, service or repair of heating equipment which will utilize either hot water or steam shall be assigned to Code 663. High pressure water or steam heating systems shall be assigned to Code 677 for the installation, service or repair thereof.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 607 to payroll developed in geothermal or water well drilling.
2. Assign Code 662 to payroll developed in the service or repair of window-unit air conditioners.
3. Assign Code 663 to payroll developed in the installation, service or repair of either hot water or steam heating equipment.
4. Assign Code 677 to payroll developed in the installation, service or repair of high pressure hot water or steam heating equipment.

**665 PAINTING and Decorating, including shop**

[The painting of steel structures or bridges shall be assigned to Code 655.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 655 to payroll developed in the painting of steel structures or bridges.

**666 PLATE and Wire GLASS INSTALLATION**

[Payroll developed by a separate shop crew engaged in the manufacture of glass products including beveling, grinding or silvering of plate glass shall be separately classified by Code 536.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 536 to payroll developed by a separate shop staff engaged in the manufacture of glass products including bending, beveling or silvering of purchased plate glass.

**804 SCHOOL BUS OPERATION**

Applicable to specialist contractors engaged in the transportation of students to and from school. Such a business may also perform the transportation of students to and from sporting events or field trips.



CHANGES (continued)

**809 FUEL DISTRIBUTION** – Retail or Wholesale

For businesses principally engaged in the sale of processed coal, fuel oil, liquefied petroleum (LP), gas (bottled gas or in bulk), or any combination of these lines. [Separate crews engaged in installing and/or servicing fuel oil or gas heating units may be separately classified as provided for in this Manual. This classification is not available to businesses operating coal or oil docks or to truckers hauling fuel for others.]

**OPERATIONS NOT INCLUDED:**

1. Separate crews installing and/or servicing fuel oil or gas heating units shall be separately classified as provided in this Manual.
2. Assign Code 811 to trucking businesses hauling fuel for unrelated businesses.
3. Assign Code 7313F to businesses operating coal or oil docks.

**855 LUMBER and/or BUILDING MATERIAL DEALER**

Applicable to ..... lumber/building material dealer.

**OPERATIONS ALSO INCLUDED:**

Numbers 1 & 2 remain unchanged.

3. The sale and mounting of door hardware onto a wood or metal door by a door distributor.
4. The making of door frames by a door distributor.

**OPERATIONS NOT INCLUDED:**

1. Separate manufacturing staff(s)..... in this Manual.
- [2. Assign Code 860 to dealers in secondhand building materials.]
- [3.]2. Separate staff performing..... in this Manual.
- [4.]3. Assign Code 935 to the operation of a physically separate and separately-staffed retail store on the premises of a lumber and/or building material dealer that fulfills the multiple enterprise criteria discussed in Section 1, Rule IV, C., 3., a., 2. of this Manual.

**UNDERWRITING GUIDE:**

**To 855:**

Building Materials Dealer, Secondhand [860]855

Lumber Yard, Secondhand Material [860]855

Secondhand Building Material Dealer [860]855

**860 JUNK DEALER**

For businesses collecting..... line of merchandise.

**OPERATIONS ALSO INCLUDED:**

- [1. Secondhand material yards]
- [2]1. Processing of scrap or secondhand [materials]commodities by the [secondhand materials]junk dealer may include but is not necessarily limited to: cutting of salvaged [steel]metal and [cleaning bricks]bailing paper or rags.

CHANGES (continued)

**UNDERWRITING GUIDE:**

**To 918:**

Pretzel Shop – Heating [/] Baking And/Or Selling On The Premises

**To 925:**

Exercise Equipment – Service Or Repair – In Shop Or At Customers’ Locations – By Specialist Contractor

Fitness Equipment – Service Or Repair – In Shop Or At Customers’ Locations – By Specialist Contractor

**971 COMMERCIAL BUILDINGS**

Applicable to owners..... clubhouses) and security.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 880..... residential occupancy.
2. Assign Code 882..... cleaning services.
- [3. Assign Code 141 to contractors..... on customers’ premises.]
- [4.]3. As provided for..... water works.

**983 HOUSING AUTHORITY** [– including resident or on-site managers]

An on-site property or project manager’s job duties may include but are not necessarily limited to: performing maintenance and repair work, informing approved housing applicants of program requirements (e.g., keeping their unit clean, payment of rent in a timely manner), handling tenant complaints, inspecting each occupied unit once a year, inspecting vacant units for damage, checking the property’s or project’s general grounds (e.g., exit lights, fire equipment readiness, gutter condition), coordinating maintenance and repair activities, assisting tenants to secure financial aid, medical care and other social services provided by unrelated organizations, and coordinating and participating in tenant evictions (e.g., appearing in court). Assign Code 983 to an on-site property or project manager so engaged. Code 983 shall also apply to a resident manager so engaged.

An on-site property or project manager who does not perform any maintenance or repair work and who also performs no direct supervision of the maintenance staff may be assigned to Code 951.

An on-site property or project manager’s job title may be that of “housing administrator” or “assistant housing administrator.”

Housing units owned and operated by a housing authority may be denoted as but are not necessarily limited to: a property, a project, a development or a community.

CHANGES (continued)

**0008 MUSHROOM RAISING**

Applies to businesses principally engaged in raising mushrooms, including the incident production of hay or other materials for compost.

[Separately staffed mushroom canning operations shall be assigned to Code 113.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 007 to specialist contractors performing one or more of the following tasks: filling mushroom beds with compost, spawning or casing.
2. Assign Code 113 to separately-staffed mushroom canning operations.

DELETIONS

**UNDERWRITING GUIDE**

**From 658:**

Brass Door, Grill And Railing Erection  
Bronze Door, Grill And Railing Erection  
Ornamental Iron Door Erection

**From 860:**

Material Yard, Secondhand, when Not On Demolition Sites  
Scrap Metal Dealer  
Secondhand/Used Material Dealer (Including Scrap Metals)

**From 953:**

Draftsman

**GENERAL AUDITING AND CLASSIFICATION INFORMATION**

ADDITIONS

**COMPUTER AND/OR SOFTWARE CONSULTING BUSINESSES**

A business principally engaged in computer and/or software consulting is assignable to Code 951 and to Code 953, as each classification may apply pursuant to the job duties of individual personnel of such businesses.

One typical workday scenario for computer and/or software consulting staff is the consultant leaves his/her place of residence in the morning and travels to a customer's location, where the consultant will spend his/her entire day working on the customer's computer and/or software issues. At the end of workday the consultant leaves the customer's location and returns to his/her place of residence. The duration or timing of such an assignment may vary from one to several days to indefinite. Such persons do not engage in over-the-road sales solicitation or collection work. As this is no different in relation to the typical workday for a computer person employed directly by the customer, the assignment of such consultant's payroll is to Code 953.

ADDITIONS (continued)

In the event a computer and/or software consultant typically visits two or more customer locations in a typical workday, such separate consultant's payroll is assignable to Code 951.

If the employer cannot or will not provide a sufficiently detailed picture of a computer and/or software consultant's typical workday so the above procedure may properly be utilized, then the payroll of the consultant(s) shall be assigned to Code 951.

The above classification procedure is also applicable to separate staff training a customer's staff in the use of software developed or purchased by the insurer employer for their customer(s).

**MANUFACTURED (MOBILE) HOME VS. MODULAR HOME**

Both a manufactured (mobile) home and a modular home are produced in a factory but there are differences between each type of home. The manufactured/mobile home is towed on a permanent steel chassis which remains a structural part of the home throughout its service life. It has a non-removable steel chassis, while a modular home does not. Although required to be secured to the ground, as observed the manufactured home retains its permanent steel chassis, and, thus, while many are not relocated, a manufactured home may be relocated and is considered removable and relocatable.

A modular home is transported to the installation site on a flat-bed truck. Modular homes are placed upon foundations, often with the use of a crane. Modular homes are not relocatable and are considered a permanent structure once placed upon a foundation.

The production of a manufactured/mobile home is assigned to Code 451. Code 305 is used to classify the production of a modular home.

Assign Code 818 to manufactured home setup or warranty service whether by the dealer or a specialist contractor.

Assign Code 652 to modular home setup, warranty service, remodeling, or repair whether by the dealer or a specialist contractor.

CHANGES

**EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING**

Temporary staffing is a..... business classification(s).

Code 544 chart **additions:** 471, 474, 477, 485

Code 682 chart unchanged

Code 929 chart unchanged

Code 937 chart unchanged

Code 946 chart unchanged

Code 947 chart unchanged

Code 949 chart unchanged

CHANGES (continued)

**PREFABRICATED METAL BUILDING ERECTION –  
PREFABRICATED SHEET METAL AND SILO ERECTION – METAL**

Payroll developed in the two types of erection jobs cited above will be classified in the manner indicated below.

Code 608 is applicable to the building of concrete flooring or padding for one or two story structures. Code 609 is applicable to site preparation and to any excavation. Code 654 is the proper classification for the building of concrete flooring or padding for structures of three stories or higher. Payroll developed in the erection of the prefabricated metal building framework is assignable to Code 655. Installation of sheet metal siding, roofing or interior work for a prefabricated metal building or the erection of metal or fiberglass silo sections is assignable to Code 651. Electrical work is assignable to Code 661 and plumbing installation is assignable to Code 663. For the silo erection Code 675 is proper for payroll developed in the installation of conveyors or other materials handling equipment or for the service and/or repair of such. Other trade classifications may be extended as warranted.

***There are no revisions to any rating values as a result of these housekeeping amendments.***

These Manual revisions will be updated on our website ([www.dcrb.com](http://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](http://www.dcrb.com) for more information about this and other topics.***