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**BUREAU CIRCULAR NO. 731**

To All Members of the Bureau:

Re: **MANUAL REVISIONS - CODE 975, RESTAURANT**  
**BUREAU FILING NO. 0001**  
**EFFECTIVE JUNE 1, 2000**

The Bureau has filed and the Insurance Commissioner has approved Manual revisions to Sections 2 and 5 to become effective as of **12:01 a.m., June 1, 2000** with respect to new and renewal business only. These revisions result from a further Bureau study of Code 975, which was originally studied in 1998, resulting in the creation of Code 897, Fast-Food Restaurant. The further study of this classification was undertaken after a study of Pennsylvania Code 975 was conducted and resulted in the recommendation that the original definitions of Codes 897 and 975 were overly broad and three new classifications were proposed for specified segments of the food service industry. The Delaware study recommendations were as the follows:

- Creation of a new code, 896, Club, N.O.C., for all social, business and fraternal organizations.
- Creation of a new code, 898, Caterer, for all catering businesses (e.g., social, industrial concession or mobile).
- Creation of a new code, 899, Bar, Tavern, Cocktail Lounge, Nightclub and Discotheque, for all retail establishments principally engaged in the sale of alcoholic beverages by the drink.
- Revision of Code 897 to remove all catering operations and narrow the scope to include only fast-food restaurant business operators.
- Redefine Code 975 to include traditional style restaurants (wait staff), dinner theaters and other food service operations not previously cited.

The rating values for Codes 896, 897, 898, 899 and 975 are shown in the table below:

**Revised Rating Values - Effective June 1, 2000**

Code	Approved Voluntary Mkt. Loss Cost	Approved Residual Mkt. Rate	Residual Mkt. Minimum Premium	<u>Expected Loss Factors</u>		
				A-1	A-2	A-3
896	\$3.02	\$3.86	\$800	\$1.52	\$1.74	\$1.87
897	3.20	4.09	835	1.61	1.84	1.98
898	3.13	4.01	820	1.58	1.80	1.94
899	2.97	3.80	790	1.50	1.71	1.84
975	2.86	3.66	765	1.44	1.65	1.77

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

**SECTION 2**

896 CLUB, N.O.C. - All employees except office.

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

Hazard Group II

897 FAST-FOOD RESTAURANT - All employees except office.

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

898 CATERER - All employees except office.

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

Hazard Group II

899 BAR, Tavern, Cocktail Lounge, NIGHTCLUB or Discotheque - All employees except office.

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

Hazard Group II

969 AMUSEMENT, OUTDOOR: fairs..... employees.

Payroll developed in the operation of a restaurant [or the sale of gifts/souvenirs], when conducted in a physically separate department and by a separate crew of employees,

shall be [separately rated]assigned to the [appropriate]applicable restaurant classification, [and Code 928 respectively. Employees engaged in the sale of food or drink or gifts/ souvenirs from vending carts or by carrying the merchandise on their person shall remain assigned to Code 969.] Please see the Rulings and Interpretations, Section 5 of the Manual for further information.

Code 928 shall be assigned to payroll developed by the sale of gifts/souvenirs when conducted in a physically separate department and by a separate crew of employees.

Employees engaged in the sale of food or drink or gifts/souvenirs from vending carts or by carrying the merchandise on their person shall remain assigned to Code 969.

Assign Code 981 to payroll developed in slot machine gambling operations when conducted in a physically separate department by a separate staff.

Race track..... Code 991.

## SECTION 5

### Rulings and Interpretations

#### **CLUB, N.O.C. - 896**

Clubs are organized civic, social or fraternal associations (e.g., The Elks, VFW posts, fraternities or sororities) who provide special services for members and members' guests only. The services and/or amenities provided by a club may vary depending upon the extent of each club's facilities and membership. The amenities provided may vary considerably from one club to another and may include but are not limited to: dining rooms, bars, lounges, reading/card rooms, bowling lanes or swimming pools. The club's focus and purpose may be based on a charter. Each club is responsible for electing officers to oversee and enforce the club charter. The charter may include but is not limited to rules and regulations for admitting members, maintaining membership and collecting dues. Periodic meetings are held at the club location to discuss upcoming events, fund raisers and/or club business.

#### **FAST-FOOD RESTAURANT - 897**

A fast-food restaurant ..... 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 caters (providing food service from vans or trucks at locations such as construction sites, factories or universities with a large commuter student body). Social caters 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..... gross receipts.

### **CATERER - 898**

There are four types of catering businesses that provide food service: social, industrial or institutional, concession or mobile.

Social caterers are hired for a single event such as a wedding, party or business affair. The social caterer provides the client with a menu of food items, types of beverages, colors of linens, other available amenities and, if applicable, a listing of the types of entertainment. The client is then responsible for choosing food, beverages, color schemes and/or entertainment. Once all of the services to be provided have been determined, the social caterer may produce a contract based on the predetermined services. Alcoholic beverages may be provided at the event, but the sale of alcoholic beverages is not the principle source of revenue. This type of catering may be performed either on the caterer's premises or at the customer's premises.

Institutional or industrial caterers operate under contract to provide in-house food service for businesses, hospitals, nursing homes, schools or similar customers. These catering operations generally plan menus and perform the preparation and sale of food in a cafeteria-style environment.

Concession caterers are usually located at but are not limited to sports stadiums, amusement parks, theaters or museums. The concession caterer operates under contract with the client facility to provide prepared food and beverages to the client's patrons. Occasionally, the concession caterer may also use "walking vendors" throughout the venue.

Mobile caterers provide food and beverages from a truck with cooking equipment, parked on the sidewalk at locations such as a construction site, factory or university with large commuting student body or travel a predetermined daily route.

#### **OPERATIONS ALSO COVERED:**

Also included within the scope of this class are caterers providing food service to unrelated airlines or railroads.

"Meals on Wheels" operations (organizations who provide a service to deliver hot meals to those who cannot prepare the food themselves) are further assigned to Code 898.

### **BAR, TAVERN, COCKTAIL LOUNGE, NIGHTCLUB OR DISCOTHEQUE - 899**

A bar, tavern, cocktail lounge, nightclub or discotheque is a retail establishment principally engaged in the sale of alcoholic beverages by the drink that is open to the general public. These establishments may offer some type of entertainment such as a dance floor, disc jockey, live music or one or more televisions showing sporting events. Such businesses 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. In either scenario food preparation and service is not a majority of the employer's operations.

The term "principally engaged" means more than 50 percent of the establishment's gross receipts.

**RESTAURANT, N.O.C. - 975**

Code 975 contemplates..... 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..... gross receipts.

**EMPLOYMENT CONTRACTOR - TEMPORARY STAFFING**

*[The revised language below includes the combined effects of these classification revisions and those involved in revisions detailed in Bureau Circulars No. 732 and 733 included in this mailing.]*

Temporary staffing..... business classifications.

Code 544 **additions: 464, 465**

Code 682 chart unchanged

Code 929 chart unchanged

Code 937 chart unchanged

Code 946 chart unchanged

Code 947 **additions: 884, 891, 896, 898 and 899**

Code 949 chart unchanged

**TRUCK STOPS**

A truck stop ..... repair bays.

[3. **Code 975** is for payroll developed by the restaurant staff; personnel performing one or more tasks such as preparing or serving food or beverages, washing dishes, or receiving payment for meals or beverages.]

[4]3. **Code 973** is..... motel rooms.

[5]4. **Code 928** is..... or magazines.

Payroll developed in the operation of a restaurant, when conducted in a physically separate department and by a separate crew of employees, including preparing or serving food or beverages, washing dishes or receiving payment for meals or beverages, shall be assigned to the applicable restaurant classification. (Please refer to the Rulings and Interpretations listed elsewhere in this section regarding restaurant operations.)

Control desk ..... Rulings and Interpretations.

### Underwriting Guide

Club, N.O.C. ....	896
Club, Business Or Social.....	[975]896
Fraternity [House]/Sorority House.....	[975]896
Fraternal Organization (e.g., VFW Post, The Elks).....	[975]896
Sorority/Fraternity House.....	896
Sandwich Or Other Food Preparation By Vending Machine Operators.....	897
Snack Bar - Operated By Specialist Contractor.....	897
Caterer - All Types.....	[897]898
Industrial Caterer.....	898
Institutional Caterer.....	898
Food And Beverage Concession - By Specialist Contractor.....	898
Meals On Wheels.....	898
Mobile Catering.....	898
Social Caterer.....	898
Soup Kitchen.....	898
Bar.....	[975]899
Cocktail Lounge.....	[975]899
Discotheque.....	[975]899
Nightclub.....	[975]899
Tavern.....	[975]899
[Brew Pub.....	975]
[Food Service, Institutional - By Independent Contractor.....	897]

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

Timothy L. Wisecarver  
President

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