



October 11, 2017

DCRB CIRCULAR NO. 936

To All Members of the DCRB:

Re: **APPROVAL OF DCRB FILING NO. 1702**
BASIC MANUAL HOUSEKEEPING REVISIONS TO SECTIONS 1 & 2
EFFECTIVE DECEMBER 1, 2017

The Delaware Insurance Commissioner has approved the DCRB's filing regarding Manual housekeeping revisions to Sections 1 and 2 effective for policies effective 12:01 a.m., December 1, 2017 or later. This effective date implementation aligns concurrently with the DCRB's normal annual loss cost and residual market rate revision filing which was filed with the Commissioner on August 4, 2017. This coordination will consolidate necessary changes that members and other constituents must make to policies, forms and systems.

The housekeeping revisions are intended to improve Manual language by making it clearer and less ambiguous. The revisions clarify existing classification procedures and updates language defining certain classifications in order to align verbiage used in other Manual provisions and/or to recognize ongoing technological or industrial changes. These changes are intended to assist in the administration of the DCRB's uniform classification plan and to not revise the scope of any classification nor impact any classification's loss cost value.

The Manual housekeeping revisions are summarized below:

Section 1

- Clarification of the Rule IV.B.2. (Standard Exception Classification) clerical office employees and outside sales definitions.
- Clarification of certain items under Rule V.2. (Inclusions) and Rule V.3. (Exclusions).

Section 2

- Clarification of 19 classification descriptions.
- The addition of 12 new Underwriting Guide entries across 8 classifications.
- The revision of 12 existing Underwriting Guide entries across 11 classifications.
- The deletion of 3 Underwriting Guide entries across 3 classifications.
- Clarification to the General Auditing & Classification Information Automobile Dismantlers Entry.
- Correction of the omission of Code 458, Jewelry Mfg., from the Employment Contractor – Temporary Staffing cross reference chart.

For additional information, please refer to Filing No. 1702, posted under the "Filings" tab of the DCRB's website (<http://www.dcrb.com>). Please contact Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at rferrante@dcrb.com for any questions regarding this Circular. The Basic Manual will be updated on DCRB's website at a later date.

William V. Taylor
President



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

FROM: Robert Ferrante – Senior Classification Analyst – Technical Services
Classification Department

DATE: June 1, 2017

RE: Proposed Manual Language Revisions to Sections 1 & 2 (Housekeeping)

The proposals discussed in this memorandum are intended to make the Manual language clearer and less ambiguous. The proposed revisions clarify existing classification procedures and update certain classification descriptions in order to align the language used with that in other Manual provisions and/or to recognize ongoing technological or industrial changes. Language changes and/or additions are underlined while language deletions are crossed out.

The Section 1 and Section 2 revisions are provided below. Where warranted, the proposed revisions are preceded by explanatory background. None of the language revisions will impact any classification's proposed December 1, 2017 DCRB loss cost or Residual Market rating value. The DCRB recommends that all of the Section 1 and Section 2 language revisions proposed herein become effective December 1, 2017.

SECTION 1

RULE IV – CLASSIFICATIONS

B. CLASSIFICATIONS

No change to Item 1

2. Standard Exception Classification

Some occupations are common to so many businesses that special classifications have been established for them. They are called standard exception classifications. Employees within the definition of a standard exception classification are not included in a basic classification unless the basic classification specifically includes those employees. The standard exception classifications are defined below:

- a. **CLERICAL OFFICE EMPLOYEES – Code 953** – are employees exclusively engaged in keeping the books or records of the insured or conducting correspondence or who are engaged wholly in office work where such books or records are kept or such correspondence is conducted.

This classification shall be applied only to employees herein described who work exclusively in separate buildings or on separate floors or in departments on such floors which are separated from all other workplaces of the employer by floor to ceiling partitions except for retail stores where a partition at least five feet high is required and within which no work is performed other than clerical office duties as defined in this rule.

Telecommuters i.e., employees who work from their home by use of the internet, email and telephone, shall also be considered clerical office employees.

Office employees shall be separately classified except in connection with those classes which are designated "all employees including office."

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.

This classification does not apply to:

- (1) The clerk, such as a counter, front desk, lobby, mall kiosk, time, stock or tally clerk or librarian, whose work is necessary, incidental or part of any operation of the business other than clerical office. Such clerk should be assigned to the basic classification of the business.
- (2) A cashier who is responsible for accepting payment for merchandise or services rendered. The cashier's physical location may include but is not necessarily limited to: a booth, behind a counter or on a sales floor. The cashier or any employee whose regular and frequent duty is accepting payment for merchandise or services rendered should be assigned to the basic classification of the business regardless of the physical work location.

b. SALESPERSONS – OUTSIDE, Code 951 are employees either exclusively engaged in sales or collection work away from the employer's premises or who are regularly and frequently (as defined in Section 2 of this Manual) engaged in sales or collection work away from their employer's premises and devote the balance of their time to clerical office duties. Salespersons, collectors or messengers shall be separately classified except in connection with those classifications designated either "all employees including office" or "all employees except office."

This classification does not apply to:

- (1) Employees delivering merchandise or products. Even though such employees may also collect or solicit, they shall be assigned in accordance with the employer's applicable business classification.
- (2) Floor and/or counter salespersons. Such employees shall be assigned in accordance with the employer's applicable business classification.
- (3) Messengers employed by a messenger or courier service company. Messengers employed by other establishments whose field of business is not that of a messenger or service company shall be assigned to Code 951 except in connection with those classifications designated either "all employees including office" or "all employees except office."
- (4) Employees who sell or solicit exclusively by telephone. Such employees shall be assigned to Code 953 except in connection with any classification designated "all employees including office."

- (5) Salespersons in connection with a business classified to Code 814 and automobile auctioneers in connection with a business classified to Code 820. Such employees shall be classified to Code 819. See Code 819 for additional details.

3. General Inclusions

- a. Some operations appear to be separate businesses, but they are included within the scope of all classifications other than the standard exception classifications. These operations are called general inclusions and are:
 - (1) Commissaries, restaurants or stores operated for an insured's employees except in connection with construction, erection, lumbering, mining or the recovery of petroleum and/or natural gas.

RULE V – PREMIUM BASIS

B. REMUNERATION - PAYROLL

1. Definition

Remuneration means money or substitutes for money.

2. Inclusions

Remuneration includes:

No change to Items a. through f.

- g. Payment by an employer of amounts otherwise required by law to be paid by employees to statutory insurance or pension plans, such as the Federal Social Security Act or Medicare;

No change to Items h. through o.

- p. Payments for salary reduction, retirement or cafeteria plans (IRC 125), health savings accounts and flexible spending accounts which are made through employee authorized salary reductions from the employee's gross pay;

No change to Items q. through s.

- t. Payment for filming or taping of commercials excluding subsequent residuals which are earned by the commercial participant(s) each time the commercial appears in any type of media.

3. Exclusions

Remuneration excludes:

No change to Items a. through h.

- i. Meal money for late work;

No change to Items j. and k.

l. Employer provided perquisites (“perks”) such as:

(1) Use of company-provide automobiles;

No change to Items 2 through 5.

(6) Educational assistance;

(7) Relocation and moving expenses;

No change to Items m. and n.

o. Employer contributions to employee benefit plans such as health savings accounts and flexible spending accounts.

SECTION 2

Staff proposes to retitle the first subset of the Classifications section from “Agricultural and Logging” to “Landscaping and Logging” to more accurately reflect the classifications included in the subset. The classifications included in this subset do not apply to employers engaged in agriculture, which DCRB defines as the art or science of cultivating the ground. Such classifications are included under the “Farms” section of the “Agriculture” subset.

CLASSIFICATIONS

LANDSCAPING AND LOGGING

UNDERWRITING GUIDE REVISION:

- 609**, Septic Tank Installation, By Specialist Contractor
- 653**, Stucco Work, Exterior Walls

UNDERWRITING GUIDE ADDITIONS:

- 647**, Fireproofing Materials Installation – Spray On Type
- 653**, Swimming Pool Plastering – By Specialist Contractor
- 653**, Swimming Pool Tile Installation – By Specialist Contractor

674 SWIMMING POOL CONSTRUCTION, all work to completion

OPERATIONS NOT INCLUDED:

1. Assign Code 655 to the construction of iron or steel reinforced swimming pools that are not ground-supported (e.g., the type commonly found on an upper floor or rooftop of a hotel or apartment building).
2. Assign Code 971 to swimming pool cleaning or maintenance work performed by the separate staff of a swimming pool construction contractor or by a specialist contractor.

759 CABLE TELEVISION OPERATIONS

Applicable to FCC licensed businesses principally engaged in providing cable television and/or Internet services to subscribing customers

OPERATIONS ALSO INCLUDED:

No change

OPERATIONS NOT INCLUDED:

No change to Items 1 through 3

UNDERWRITING GUIDE ADDITION:

759, Internet Service Provider

814 DEALER IN MOBILE, SELF-PROPELLED factory, farm or construction **EQUIPMENT**

OPERATIONS ALSO INCLUDED:

No change

OPERATIONS NOT INCLUDED:

1. Assign Code 819 to payroll developed by employees engaged in the sale of mobile, self-propelled factory, farm or construction equipment and to the mobile, self-propelled factory, farm or construction equipment dealer's outside sales staff. See Code 819 for additional details.

No change to Item 2.

UNDERWRITING GUIDE REVISION:

815, Towing Company

816 AUTOMOBILE FILLING STATION - retail

Please see the Automobile Service/Gasoline Station and the Self-Service Gasoline Stations and Convenience Grocers entries in the General Auditing & Classification Information section for information on classifying such business enterprises.

819 MOBILE, SELF-PROPELLED factory, farm or construction **EQUIPMENT SALESPERSON**

Applicable to the sales staff of a business classified to Code 814. The mobile, self-propelled equipment salesperson's duties include but are not necessarily limited to: showing the equipment to customers, explaining the various features, overseeing customer testing of the equipment, negotiating prices and coordinating financing with the dealer's finance department. Also applies to the Code 814 business' outside sales staff.

OPERATIONS ALSO INCLUDED:

1. Automobile auctioneers, either independent or in conjunction with a business classified to Code 820. See Code 820 for additional details.
2. Automobile driving schools.

UNDERWRITING GUIDE ADDITIONS:

855, Engineered Hardwood Flooring Dealer

855, Hardwood Flooring Dealer

862 RECYCLING CENTER

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 necessarily limited to: grinding plastic, pulverizing glass and crushing aluminum beverage cans.

OPERATIONS ALSO INCLUDED:

1. Businesses principally engaged in shredding paper or destroying documents for unrelated concerns. Such operations may be conducted at customer locations by the use of mobile equipment or at a centralized shredding facility.

2. Businesses principally engaged in disassembling, dismantling or shredding electronic devices including but not necessarily limited to: computers, computer peripherals (e.g., keyboards) and televisions.

OPERATIONS NOT INCLUDED:

No change to Items 1 and 2.

UNDERWRITING GUIDE ADDITION:

891, Nanny Service – By Specialist Contractor

899 BAR, TAVERN, COCKTAIL LOUNGE or NIGHTCLUB – All employees except office

A bar, tavern, cocktail lounge, or nightclub is an establishment principally engaged in the sale of alcoholic beverages by the drink that is open to the general public. These establishments may.....of the employer's operations.

UNDERWRITING GUIDE REVISION:

911, Coffee Dealer – Wholesale

917 GROCERY STORE – Retail

Applicable to businesses principally engaged... soft drinks, household cleaning items, paper products, cigarettes or non-prescription drugs.

Please see the Self-Service Gasoline Stations and Convenience Grocers entry in the General Auditing & Classification Information section for information on classifying such business enterprise.

OPERATIONS ALSO INCLUDED:

No change.

OPERATIONS NOT INCLUDED:

No change.

921 FURNITURE STORE – WHOLESALE

Applies to wholesale dealers principally engaged...shall be assigned to Code 966.

OPERATIONS NOT INCLUDED:

1. Assign Code 922 to the retail sale of furniture and related products.
2. Assign Code 855 to an employer principally engaged in the sale of hardwood flooring and/or engineered hardwood flooring

UNDERWRITING GUIDE REVISION:

921, Floor Coverings (e.g., Carpet, Rugs, Rubber or Vinyl Tile, and Linoleum) Dealer - Wholesale

922 FURNITURE STORE – RETAIL – All Employees Except Office

Applies to a retail store principally engaged...and are not separately classified.

OPERATIONS ALSO INCLUDED:

No change to Items 1 and 2.

OPERATIONS NOT INCLUDED:

Separately staffed installation, service or repair operations shall be separately classified including but not necessarily limited to the examples listed below:

No Change to Items 1, through 4

5. Assign Code 855 to an employer principally engaged in the sale of hardwood flooring and/or engineered hardwood flooring.

UNDERWRITING GUIDE REVISION:

922, Floor Coverings (e.g., Carpet, Rugs, Rubber or Vinyl Tile, and Linoleum) Dealer – Retail

Staff noted that in addition to retail pharmacies, Code 927 applies to internet and mail order pharmacies. The word "Retail" is deleted from the Code 927 title to eliminate the implication that Code 927 applies to retail pharmacies only.

927 PHARMACY – all employees including office

UNDERWRITING REVISIONS:

928, Record Dealer, Vinyl – Retail

928, Telephone (Including Cell Or Mobile) Store - Retail

951 SALESPERSON - OUTSIDE

Applicable to employees either exclusively engaged in sales or collection work away from the employer's premises or who regularly and frequently are engaged in sales or collection work away from their employer's premises and devote the balance of their time to clerical office duties.

Salespersons, collectors or messengers shall be separately classified except in connection with any classification designated either "all employees including office" or "all employees except office."

OPERATIONS NOT INCLUDED:

No change to Items 1 through 3.

4. Assign Code 953 to employees who sell or solicit exclusively by telephone- except in connection with any classification designated "all employees including office."

No change to Items 5 and 6.

7. Assign mobile, self-propelled factory, farm or construction equipment salespersons and automobile auctioneers to Code 819. See Code 819 for additional details.

UNDERWRITING GUIDE REVISION:

951, Auctioneer, Not Livestock or Automobile, No Permanent Location

952 OFFICE MACHINE SERVICE OR REPAIR – SHOP OR FIELD

OPERATIONS NOT INCLUDED:

1. Separately classify separate staff performing manufacturing work in a physically separated work area to the applicable manufacturing classification.
2. Assign Code 811 to a specialist contractor performing the delivery and/or set-up of office machines or equipment.

UNDERWRITING GUIDE REVISION:

952, Computer Or Computer System Hardware – Service Or Repair – Shop Or Field

954, Parking Enforcement Officer – Employed By A Parking Authority

UNDERWRITING GUIDE ADDITION:

952, Cell Phone Repair

952, Mobile Phone Repair

952, Tablet Computer Repair

953, Telecommuter

969, Rowing Club

978 CAMPS – all employees including office at camp locations.

980 CITY, TOWN, VILLAGE or County

For incorporated municipalities and counties of the State of Delaware.

OPERATIONS NOT INCLUDED:

1. No change.
 2. Assign Code 951 to inspectors and/or code enforcers
- No change to Items 3 through 5.

UNDERWRITING GUIDE REVISION:

980, Parking Enforcement Officer – Employed By A Municipality

The preface to the listing of agricultural classifications currently includes reference to Code 917 being the appropriate mercantile classification for those agricultural employers that operate a separately staffed retail store. The appropriate mercantile classification is based upon the principal category of merchandise sold and thus may not necessarily be Code 917. Accordingly, the reference to Code 917 in the preface is deleted. For those agricultural classifications that may also have a separate retail store, language is added to aid in determining the applicable mercantile classification.

AGRICULTURE

Agriculture, the art or science of cultivating the ground...transportation of these products by the farmer.

0006 FIELD CROP OR VEGETABLE FARM – the raising of all field crops or vegetables.

OPERATIONS NOT INCLUDED:

No change to Items 1 or 2.

3. Assign a separately staffed and physically separated or separately located retail store or outlet to the appropriate store classification based on the principal category of merchandise sold.

0013 NURSERY

Applicable to businesses principally engaged in raising trees (including Christmas trees), shrubs or plants.

OPERATIONS NOT INCLUDED:

1. Assign Code 928 to a separately staffed and physically separated retail garden center where the principal category of merchandise sold consists of fertilizer, sod, grass seed, flower pots, birdbaths and/or statuary, with incidental sales of potted plants, trees, shrubs, bulbs or bedding plants.

0016 ORCHARD –the raising of fruit or nut trees or berries or grapes.

OPERATIONS NOT INCLUDED:

No change to Items 1 and 2.

3. Assign a separately staffed and physically separated or separately located retail store or outlet to the appropriate store classification based on the principal category of merchandise sold.

0036 DAIRY FARM – Farms engaged in the production of milk and other dairy products.

OPERATIONS NOT INCLUDED:

No change to Items 1 and 2.

3. Assign a separately staffed and physically separated or separately located retail store or outlet to the appropriate store classification based on the principal category of merchandise sold.

GENERAL AUDITING & CLASSIFICATION INFORMATION

AUTOMOBILE DISMANTLING

A business whose operations include...reasonably common classification assignments for such businesses:

No change to Items 1 through 6.

7. Assign Code 934 to businesses principally engaged in the sale of new automobile parts. There may be payroll division with Code 815 when such businesses also dismantle automobiles when the following conditions are fulfilled: the automobile dismantling is conducted in a physically separate work area by separate employee crews and the majority of the automobile parts are sold to unrelated customers and are neither installed or used by the business for repair services.

No change to item 8.

EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING

Temporary staffing is a business...the different portions of a temporary staffing contractor's payroll.

Code 544 chart **addition:** 458, 476

Code 937 chart **addition:** 828