



**MEMORANDUM**

DATE: May 19, 2014  
TO: Delaware Classification and Rating Committee  
FROM: David T. Rawson, Technical Director – Classification and Field Operations  
RE: Proposed Housekeeping Revisions – Sections 1 & 2

The proposals discussed below are intended to make the Manual language clearer and less ambiguous. The proposed revisions clarify existing classification procedures and update language defining certain classifications to align the verbiage used with that in other Manual provisions and/or recognize ongoing technological or industrial changes.

This memorandum proposes two revisions to the cross-reference chart in the General Auditing and Classification Information’s entry entitled “Employment Contractor - Temporary Staffing”. This memorandum also proposes five revisions to classification procedures. None of the five proposed classification procedure changes or the various language revision proposals will impact any classification’s proposed December 1, 2014 class rating value. DCRB recommends that all of the Section 1 or 2 language revisions proposed herein become effective upon new and renewal policies of December 1, 2014 and later.

**Section 1**

Tips are currently excluded from DCRB’s Manual definition of remuneration for premium computation purposes. The Audit Committee of the Pennsylvania Compensation Rating Bureau (PCRB) has reviewed a recent Internal Revenue Service (IRS) Ruling (2012 – 18) that indicates when a business adds service charges to customers’ bills (such as “auto-gratuities”) and distributes those charges to its employees, the business should characterize the distributed service charges as social security wages, and not as social security tips. The IRS Ruling further provides that payments must meet all of the following criteria in order to be considered tips:

- The customer must freely determine the payment.
- The customer must be able to determine the amount without restriction.
- The payment cannot be determined by negotiations between the customer and the employer, or dictated by the employer.
- The customer should generally have the right to decide who receives the payment.

In recognition of this IRS Ruling, PCRB proposed and the Audit Committee agreed that such service charges as defined above should be treated as wages and included in remuneration for premium computation purposes. During discussion by the Audit Committee, it was agreed that gratuitous payments made by a customer would still be considered “tips” and would thus be excluded from premium calculations. Staff opined that the impact of this change in procedure would be minimal, as only a small number of employers routinely applied automatic service charges.

DCRB proposes that this change also be adopted in Delaware.

Approximately a year ago the Committee reviewed DCRB's proposed language on the payroll to be used when auditing insured sole proprietors, partners or members of their immediate family when payroll information is not available. That proposal was overlooked in the preparation of DCRB Filing No. 1305. DCRB now includes that proposal in the proposed 2014 Housekeeping revisions. There is a single revision to the 2013 proposal, which is to correctly show the Delaware Department of Labor's name.

## Section 2

The following narrative will first discuss the five proposed revisions to existing classification procedure. Following that discussion, this memorandum will first discuss the retitling of eight classifications and will then present additional proposed Section 2 additions, changes and deletions.

### PROPOSED REVISIONS TO CLASSIFICATION PROCEDURE

DCRB proposes the following revisions to classification procedure:

1. **Cell Tower/Cell Site Erection – By Contractor** - DCRB has been utilizing existing construction classifications for contractors performing cell tower/cell site erection. The existing classification assignments were created circa the early 1950's when the entire telephone system was based upon landlines with electromechanical equipment switching and/or connecting telephone calls. Also see the discussion below on the proposed retitling of Code 656, Electric, Telephone or Telegraph Line Construction. Background reading and classification inquiries have informed DCRB that telephone infrastructure work today is focused upon wireless (cellular) telephone service. Thus, DCRB has revisited how contractors installing cell tower/cell sites (the focus of the typical classification inquiry) are classified to make certain that those assignments are as up-to-date as possible with the digital computer world of wireless telephone service. DCRB proposes to do this by means of expanding the "Operations Not Included" section of both Code 656's and Code 757's Section 2 descriptions (by adding a paragraph to each) along with adding specific "Cell Tower Erection" Underwriting Guide entries per applicable classification for the different tasks/phases of such jobs.

DCRB has found that it is common for cell tower erection projects to be "split" between various specialty contractors. Based upon file-by-file review, staff proposes to separately rate the following services for cell tower erection projects:

- Assign Code 609, Excavation, to the clearing, excavating and/or grading the site.
- Assign Code 654, Concrete Construction, to building the concrete pad.
- Assign Code 655, Iron Erection, to the erection of the cell tower and/or the installation, service and/or repair of the cell tower's antennas.

- Assign Code 660, Alarm or Sound System Installation, to wiring the cell site's base station and/or running a lateral line connecting the cell site to the landline telephone network.
- Assign Code 952, Office Machine Service or Repair, to the installation, service and/or repair of computerized telephone call switching equipment.

The premium impact of the above proposal will vary from risk to risk. Employers performing this work may presently be assigned to different classifications and/or to multiple classifications. Reassignments will be implemented pursuant to Manual rules – see Section 1, Rule IV, Paragraph C. 8.

2. **Code 648, Carpentry – Installation of Cabinet Work** - Staff proposes deletion of the language “Not applicable to contractors who perform other carpentry operations at the same job or location” from Code 648’s Section 2 description. Such removal will permit the use of Code 648 for any carpentry job(s) performed by the employer provided that separate staff members are involved or that separate payroll records for interchanging personnel have been maintained. In other words, staff proposes that going forward, Code 648 will be treated more like the other 600 series construction classifications excepting only the few such classifications that are designated as “all work to completion” codes. Staff’s review (including the discussion of other states’ procedures below) has shown that in addition to Code 648, the two classifications that will be impacted the most by the approval and implementation of this proposal will be Code 651, Carpentry – Commercial Structures and Code 652, Carpentry – Residential.

Staff observes that the potential premium impact of the proposed language deletion on Code 648, Code 651 or Code 652 cannot be ascertained. In order to quantify such effect, DCRB would need detailed knowledge regarding results of premium audits occurring over multiple years if those audits had been conducted absent the present restriction on Code 648’s application. That information is not available. Staff also observes that, assuming approval of this proposal starting with policies effective on a new and renewal basis of December 1, 2014 and later, five full Manual years of data will not be available until DCRB makes its December 1, 2022 comprehensive loss cost revision (using Manual years 2015 through 2019 as a basis for determining classification relativities).

Code 648 was erected effective for new and renewal policies of August 1, 1985 and later and was modeled upon the class scope and Manual language of NCCI’s Code 5437, Carpentry – Installation Of Cabinet Work Or Interior Trim. NCCI Code 5437 and the independent Bureau states that have classifications equivalent to DE Code 648 or to NCCI Code 5437 all have restrictive language regarding use of the classification.

Staff contacted NCCI and the independent Bureaus of New York and California, asking when such restrictive language was adopted and the reasons supporting that adoption. NCCI and New York were able to discuss the “vintage” of their restrictive language, but neither was able to explain why it had been adopted. NCCI traced their restrictive language back to the 1920’s and observed “there simply is not a lot of background information” in their

archive. New York's comments suggest that their restrictive language originated at about the same time as NCCI's. Both NCCI and New York suggested that the restrictive use language may have been adopted for data quality reasons. Staff observes that data quality is a universal concern and is aware of no obvious reason to take more than our usual level of care to safeguard the data integrity of Code 648.

California stated that their restrictive use was limited to Codes 5403/5432, both of which contemplate both commercial and residential carpentry operations with one or the other class being assigned depending upon the individual employer's hourly wage. California's equivalent to Code 648 also requires that in order to be eligible for assignment thereto the contractor must possess a certain contractor's license. On that point, the California Bureau responded that the specified license (California C-6 for millwork) is for a specialty contractor rather than a general contractor who has either an A (general engineering contractor) license or a B (general contractor) license to run the job. The California Bureau went on to advise that California licenses contractors on a statewide basis and that the State of California strictly enforces contractor licensing. For the record, staff must observe that California's contractor licensing gives the California Bureau a ready means to enforce their existing Manual language.

The collective experience of DCRB's classification staff questions the need for specialized staff for much of the work contemplated by Code 648. DCRB surveys and test audits show that more and more of this work can be, and is being, performed by the laborers of general contractors. DCRB's test audit staff observes that there are specialist Code 648 contractors (e. g., for hardwood flooring installation). For general contractors, test audit staff also observes that many general contractors maintain separate payroll records. From time-to-time, DCRB must disallow Code 648 because these separate payroll records are maintained for the staff performing the Code 648 work rather than by the job as required by present Manual language.

There would be no premium impact for the above proposal to businesses presently assigned to Code 648. Businesses presently assigned to Code 651 and/or Code 652 which are found, upon review by DCRB, to now also be eligible for assignment to Code 648 will see premium decreases as a result of this proposal.

- 3. Party Supplies Rental** – Present classification procedure provides for alternate classification assignments for “wholesale” or “retail” businesses renting party supplies between Code 921, Furniture Store - Wholesale and Code 922, Furniture Store – Retail respectively. The applicable class assignment to individual employers is based upon whether the employers are principally engaged in renting party supplies to either wholesale or retail customers, as such are defined in the “Wholesale/Retail Mail Order House Internet Sales – Definitions” Ruling and Interpretation. Party supplies include but are not necessarily limited to: tables, chairs, tents, dance floors, lighting, heaters, restroom trailers, canopies, centerpieces, linens, china, flatware and coffee machines. Staff has found it reasonably common for party supplies rental businesses to also rent inflatable amusements.

The classification applicable to party supplies rental businesses was an issue raised in a number of employer files before the PCRB in 2013. Typically, when there are separate retail and wholesale class assignments the retail and wholesale businesses have different staffing patterns, such as a greater emphasis on floor sales staff or having more over-the-

road sales and warehouse staff respectively. The recent PCRB file reviews showed that regardless of whom the customer may be, the operations and staffing of party supplies rental businesses are the same. For this reason staff previously recommended in Pennsylvania, and now recommends in Delaware, that there be a single class assignment for party supplies rental, and that that class should be Code 922.

To accomplish this objective, staff proposes to delete the Code 921 party supplies rental Guide entry, to revise the Code 922 “Operations Also Included” to include party supplies rental and to change the Code 922 party supplies rental Guide entry “retail” to read “retail or wholesale.”

Our third proposal would result in premium decreases for affected risks.

4. **Code 952, Office Machine Service or Repair** – DCRB proposes to reassign and revise the Code 660, Alarm or Sound System Guide entry “Telephone and Telegraph Apparatus Installation, By Contractor,” to Code 952. This proposed reassignment is based on the fact that computers have been used as telephone call switching equipment for about the last twenty-five years. This revision is also a part of DCRB’s proposed across-the-board removal of “telegraph” from the Manual. Refer to the discussion below on the proposed revisions to Code 656, Electric, Telephone or Telegraph Line Construction by Contractors.

This proposal would produce premium decreases for affected employers.

#### **PREMIUM VALUE IMPACT TO ITEM 5: A DECREASE**

5. **Code 7428, Airport Operation – ground employees** – This is another previous PCRB proposal that is being recommended for adoption in Delaware. PCRB found that the principal operations contemplated by this class are airport ground staff, airline ground staff and aircraft service and maintenance contractors (who generally perform their tasks at airports). In the mid-1980’s, PCRB was reviewing the applicable classification of several businesses principally engaged in converting aircraft from one use (e.g., carrying passengers on scheduled flights) to another (e.g., carrying freight or to be used as a private passenger charter). This work was performed by aircraft ground crews in aircraft hangers. Staff’s review of classification procedures in other states showed that California had a Guide entry for their Code 7428 entitled “Aircraft Remanufacturing, Conversion Or Modification – Not By The Original Aircraft Manufacturer.” Staff observed at that time that contractors performing van conversions were assigned to Code 815, Auto Service Center. Staff concluded that there was a reasonable analogy between van conversion and aircraft conversion. Thus, staff proposed that PCRB adopt the aforementioned California Guide entry to become effective for new and renewal policies of October 1, 1986 and later. Around that time, DCRB also proposed that additional Guide entry, which was one of many Guide revisions that DCRB filed with, and that were approved by, the Delaware Department of Insurance. DCRB has revisited that Guide entry for the first time after a recent PCRB file review with particular reference to the “remanufacturing” portion thereof.

Staff's present review found that the inclusion of aircraft conversion or modification into Code 7428 is sound. Staff also found aircraft remanufacturing to require considerably more effort than that needed to convert or modify an aircraft. The remanufacture of an older aircraft begins with disassembling or stripping it down to the airframe, which is inspected and cleaned. The airframe's length may be modified. Parts taken from the older aircraft are inspected and those that may be reused are cleaned and reconditioned. The aircraft is then rebuilt (reassembled) with a combination of reconditioned and new parts. The business under review also made the new aircraft parts. All of the aircraft's wiring and avionics are replaced during the remanufacturing process.

Based on the above considerations, staff concluded that businesses principally engaged in remanufacturing should be assigned to the applicable new product manufacturing classification(s). While staff is unaware of any Delaware employers who may presently be affected by this proposal, staff submits that Delaware should also adopt this language which is in effect in Pennsylvania. To accomplish this purpose, staff proposes to delete "remanufacturing" from the aforementioned Code 7428 Guide entry.

Going forward upon approval of this proposal, aircraft remanufacturing will be assigned to Code 744, Aircraft Mfg. For the record, no experience was reported to Code 744 for the five years used in DCRB's December 1, 2013 comprehensive rating values revision, but there could be experience applicable to Code 744 in the future.

Our fifth proposal would result in premium decreases for affected risks.

#### **CLASSES TO BE RETITLED**

1. The first of these classifications is **Code 104**, presently entitled "Food Sundries Mfg., N.O.C., No Cereal Milling." Code 104 was approved as a DCRB classification effective for new and renewal policies of August 1, 1983 and later. Code 104's scope was modeled upon NCCI's Code 6504, and DCRB adopted the Code 6504 class title. As a part of NCCI Filing B-1409 in 2011, Code 6504 was retitled from "Food Sundries Mfg., N.O.C." to "Food Products Mfg., N.O.C." DCRB finds it reasonable to propose adoption of "Food Products Mfg., N.O.C." as Code 104's new title. DCRB also finds it reasonable to delete "No Cereal Milling" from the class' title.

DCRB is aware that NCCI concurrently revised the scope of their Code 6504 by separating businesses principally engaged in potato chip, popcorn or snack chip manufacturing not otherwise classified to a new, separate class (NCCI Code 6503). Staff observes that DCRB has assigned and continues to assign "Popcorn Mfg." to Code 107, officially entitled "Candy Mfg." Staff also observes that revision(s) to the scopes of Code 104, "Food Sundries Mfg., N.O.C., No Cereal Milling" and/or to Code 107, "Candy, Chocolate or Chewing Gum Mfg." are issues that DCRB may study in the future, as DCRB's procedures for creating new classifications are different from those of NCCI.

The Code 104, Section 2 class description had been the class' Ruling and Interpretation prior to the DCRB Manual's reformatting that was done effective for new and renewal policies of August 1, 2008 and later. Staff cannot recall the precise source of this language, but believes that it was borrowed almost verbatim from that in use by another rating organization or another reference source concurrent with the class' adoption in 1983. A

recent rereading of the class description showed that portions thereof are either unneeded (e.g., the explanation of N.O.C.) or should be rewritten to “tidy-up” its language. The purpose for “tidying up” would be to make the language clearer and less susceptible to alternate interpretations. On further review, staff has concluded that the present class description is not needed in light of the multiple guide entries and the proposed modernization of the “Operations Not Included” section and thus, staff proposes its deletion.

Code 104 has also had an “Operations Not Included” section for some time, but the different excluded entries do not specify the class(es) to which the excluded operation should be assigned. Staff also proposes to “modernize” and clarify that part of the Code 104 class description. The modernized “Operations Not Included” section starts off with direction on how to classify businesses performing cereal milling.

The final Code 104 proposals involve seven Guide entries. Staff review of Code 104 showed that Ketchup Mfg. is misclassified to Code 113, Canning or Preserving. Staff’s review also showed that ketchup is a table sauce. Code 104 has contemplated the manufacture of sauces since its inception and, for that reason, staff submits that the Ketchup Mfg. Guide entry was somehow overlooked. Staff is unaware of any Delaware employer(s) principally engaged in manufacturing ketchup. In the event that such a Delaware employer is identified in the future, the employer’s reclassification from Code 113 to Code 104 will be made pursuant to the Manual rules. As at present this would be an increase in premium, DCRB’s Manual rule dictates that the reclassification will become effective upon the employer’s next normal policy renewal at least six months from the date of the DCRB’s notice of misclassification.

Staff also proposes to clarify the “Peanut Handling,” “Nuts – Cleaning and Shelling” and “Relish Mfg. – Fruit and Vegetable” Guide entries because absent clarification the scope of each of these entries may be misinterpreted.

Staff further proposes to delete the “Olive Handling” and “Vegetable Processing, N.O.C” Guide entries. The terms “handling” or “processing” may have several possible definitions, each for a different stage of preparing any type of food for the table. File- by-file review shows that many employers specialize in or exclusively perform a single “processing” stage. The application of the “correct” definition of “processing” depends upon the preparation stage in which each employer has specialized. Staff is unaware of what operations either of these Guide entries contemplates. It is an established practice to propose such ambiguous Guide entries be deleted.

Finally, staff further proposes to bring the “Food Sundries Mfg., N.O.C. – No Cereal Milling” Guide entry into alignment with the classification’s revised title.

2. The second class to be retitled is **Code 476**, presently entitled “Industrial Controls Or Systems Manufacture/Assembly.” Staff proposes to delete the “s” from “Controls” and to also delete “Or” from the class’ title. Staff also proposes to delete the current class descriptive note and to substitute in its place language from an internal DCRB document depicting the class. Staff further proposes to add/utilize the “Operations Not Included” methodology to state the operations explicitly not contemplated by Code 476. A recent file review revealed to staff how the present Code 476 Manual description could create confusion on the part of readers, illustrating the need to clarify the language.

3. Code **656** is the third class proposed for a change in title. When Code 656 was implemented effective for new and renewal policies of December 31, 1951 and later, it may have been proper for this construction class to include the following tasks for electric, telephone or telegraph lines: setting of poles, the installation of pole hardware or transformers, and the stringing of lines between the poles. All three types of overhead line construction are cited in the class' title. Staff's review of how to classify building cell telephone sites led to further background reading on the present state of telegraph service. Personal experience and consultations with other classification analysts show that all of us have reviewed the files of contractors installing or repairing electric or telephone lines. No classification analyst recalls having reviewed a file of a contractor engaged in setting poles to carry telegraph lines, installing pole hardware for telegraph lines and/or stringing telegraph wires from pole-to-pole.

Internet research shows that the "traditional" telegram sent over landline wires is past its "heyday." Developed in the 1930's the Telex (switched networks of teleprinters) was a form of wireless telegraphy, meaning that the telegram was sent using a radio signal. Starting shortly after the end of World War II, the Telex was widely used for several decades. Internet reading shows that while the Telex remains in limited use it has been largely superseded by newer technologies (e.g., the facsimile or e-mail). Staff's reading shows that the quintessential telegraph company (i. e., Western Union) sent its last telegram in 2006. International Telegraph (the company may be contacted by e-mail or telephone) has operations in twenty-three countries including the USA, offering mailgrams and first class priority telegrams. Mailgrams are transmitted electronically to a post office and then printed and delivered by the postal service. Staff was unable to locate information regarding the current volume of such transmissions.

For the reasons discussed above, staff proposes to delete "Telegraph" from the Code 656 class title and from the Code 656 Guide entries that include that term. Staff also proposes to delete "Telegraph" where warranted throughout Section 2. The final proposed revision to Code 656 is to also add to the class description's "Operations Not Included" section the Cell Tower/Cell site Erection – By Contractor classification procedure discussed above.

4. The fourth classification being retitled is **Code 804**, presently entitled "School Bus Operation." Code 804 was approved as a DCRB class effective upon new and renewal policies of March 1, 1973 and later. Code 804 was erected for contractor providers of school bus service, which means the transportation of school students to and from school or other activities (e.g., to and from school athletic events). The class' title has been unchanged since that time. The operations now contemplated by Code 804 were separated from Code 803, Taxicab Company. Delaware is one of five states (the others being Maryland, New Hampshire, New Jersey and Pennsylvania) that have separate school bus classifications. All other states assign school bus contractors to Code 7832, Bus Company: All Other Employees & Drivers. Those other states provide for separate classification of garage staff (a DCRB general inclusion into the applicable field of business class) along with outside sales and clerical.

Questions have arisen from time-to-time regarding the class to be used for school transportation because of the type of vehicle used. Background reading on the State of Delaware's website shows that school bus and school bus drivers' regulations are

developed, adopted and enforced by the Delaware Department of Education (DOE) with the advice of the Director of the Division of Motor Vehicles (Delaware Department of Transportation). As regulations may change from time-to-time staff believes that the best course is to revise the class title to “School Transportation – By Independent Contractor” in lieu of replicating pages of DOE regulations with periodic updates.

5. The fifth class retitling is for **Code 817**, with the present title of “Bus (except school bus) Operation.” This class wording has been in effect since the erection of Code 804 (see the discussion above) to assist in distinguishing Code 804 from Code 817. DCRB has evolved an alternate methodology to aid in distinguishing one class from another, which is “Operations Not Included.” Staff proposes to delete the parenthetical language and to concurrently expand Code 817’s “Operations Not Included.”

Staff’s review has shown that transit systems in Delaware do not operate trolleys (either tracked or trackless) or street railways. For that reason, staff is also proposing to delete the three Guide entries referring to such. Staff further proposes to delete the “Tour Guide – Part Of A Bus Tour” guide entry as that Guide entry conflicts with second of Code 817’s “Operations Not Included.”

6. The sixth class to be retitled is Code **940**, Residential Care Facility for the Developmentally Disabled, which was erected for new and renewal policies of August 1, 1994 and later. Memories tell this writer that the one controversial element in the discussion of staff’s proposal to create this class was on how to title this class. The several Classification Subcommittee meetings that reviewed the staff class study report concluded with the recommended (and shown above) class title that reflected the politically correct term at that time. A recent file and Internet review (for background) showed that “intellectually disabled” was substituted for “developmentally disabled” several years ago. Staff proposed to make that substitution in Code 940’s class title, the class description and in all Code 940 Guide entries as warranted.
7. The seventh class retitling is **Code 964**, presently entitled “Sheltered Workshop.” Code 964 was approved as a DCRB class effective upon new and renewal policies of August 1, 1980 and later. The class’ title has been unchanged since that time. Another recent file review found staff accessing the Wage and Hour Division’s (WHD’s) pages of the United States Department of Labor’s website. Their Glossary included the fact that WHD no longer refers to such organizations as “sheltered workshops.” The current term is “Work Center.” WHD’s “work center” definition is the same as that of a “sheltered workshop” and such facility also needs to be certified to provide what WHD’s Glossary defines as a special minimum wage or one lower than the standard minimum wage. For these reasons, staff proposes to retile Code 964 to “Work Center.”
8. The eighth and last class proposed retitling is **Code 980**, presently entitled “City, Town, Township or County.” While the “township” is (by the number thereof) the most popular form of local government below county in Pennsylvania, staff’s review has revealed no counterpart designation in Delaware. There are also no boroughs as such in Delaware.

In addition to the three counties (New Castle, Kent and Sussex) there are 57 incorporated municipalities in Delaware: 10 Cities, 44 towns and 3 villages. Twenty-four of the towns and all 3 villages had fewer than 1,000 residents pursuant to 2011 population estimates.

For the reasons discussed above staff proposes to substitute “Village” for “Township” in the class’ title and to delete the Borough Employees, N.O.C. and Township Employees, N.O.C. Guide entries for Code 980. Staff also proposes to delete the County Road Districts Code 980 Guide entry, as an Internet search failed to reveal any such districts that are recognized in Delaware.

There is no premium impact associated with any of the classification retitling described above.

#### ADDITIONAL SECTION 2 PROPOSED REVISIONS

Additional revisions to Section 2 include proposing additions or revisions to class’ descriptions or adding or amending an “Operations Also Included” and/or an “Operations Not Included” section to classes. Not including the several class procedural and retitling revisions discussed above, this involves twenty-nine additional classifications. There are further proposals to add, amend or to delete Underwriting guide entries. Eight of staff’s proposals in these topical areas will be highlighted below.

1. **Code 055, Sand, Gravel or Slag Excavation** – Staff proposes to delete kaolin and other types of clays from the list of minerals in the class description. Review has shown that kaolin is not surface mined in Delaware. Staff also proposes to delete the other specific types of clay presently listed, but to leave clay among the listed minerals. Staff submits that it does not matter what type of clay is being surface mined because Code 055 includes the surface mining of all types of clay. Further review has shown that the term “refractory materials” covers a number of different minerals, not all of which may be surface mined. Also, pursuant to the Delaware Geological Survey there are no underground mines in Delaware nor have there been any operating hard rock quarries since 1968.<sup>1</sup> Thus, staff proposes the deletion of “refractory materials.” Staff further proposes several additional technical language revisions to the class’ description.

The kaolin Guide entry in Code 059, Mineral Milling, is also proposed for deletion.

There is no premium impact associated with the above change.

2. **Code 807, Ambulance Service – Non-Volunteer** – Staff’s proposal to add a class description to this class results from having encountered confusion regarding the class’ scope. While Code 807 has included both emergency and non-emergency patient transfers since its erection effective for new and renewal policies of August 1, 1988 and later, the lack of a statement to that effect has led to the aforementioned confusion. The scope of an ambulance service’s operations was made clear to staff in meetings with ambulance service operators and DCRB surveys thereof prior to the class’ erection. The non-emergency patient transfer facet has also been observed in current DCRB surveys of such businesses. That said, DCRB is aware of a school of thought that Code 807 was exclusively for emergency patient transfers and that non-emergency patient transfers should be assigned to Code 828, Paratransit Service. Review has confirmed that ambulance services may also

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<sup>1</sup> Doyle, Robert G. & Thomas E. Pickett, “Delaware’s Extractive Mineral Industry,” Delaware Geological Survey, Open File Report No. 13, January 1981.

perform non-emergency patient transfers, with health insurance reimbursement rules typically limiting such to situations where no other means of ground transportation should be utilized because use of another means would endanger the patient's health. For example, ambulance services would be utilized to transport a patient who is unable to get out of bed without assistance, is unable to walk or is unable to sit in a chair (including a wheelchair). Non-emergency transfers of this nature are scheduled in advance.

Staff's proposed language revision also observes that ambulance services (and their staff) are licensed and certified respectively by the Delaware State Fire Prevention Commission and further recommends that "Salaried Employees" be substituted for "Non-Volunteer."

3. **Code 828, Paratransit Services** – The staff review that began with clarifying Code 807's scope also found that ambulance service and paratransit service are different means of surface transportation that are not reasonably analogous. Paratransit service is regulated by the Federal Transit Administration pursuant to the Americans with Disabilities Act as amended. Public entities operating a fixed route transit system are required to provide paratransit service to physically handicapped or otherwise disabled individuals who cannot take public transportation. The public entity may (and from file review they frequently do) outsource this service to an unrelated entity.

The State of Delaware also sponsors "reduced fare" programs for persons aged 65 or older or who have a certified disability. This is done through DART First State by means of "DART" cards for public transit or "SCAT" (Senior Citizens Affordable Taxi) tickets. A SCAT ticket offers a 50% discount on taxi fares. Review has also shown that DART First State is a division of the Delaware Department of Transportation and that the State of Delaware is self-insured. A perusal of DCRB files assigned to Code 828 shows that they are all contractors providing paratransit service as described above and in the proposed revisions to the Code 828 class description.

The current Code 828 class description is primarily oriented toward "reduced fare" or ride-sharing for senior citizens while it is entitled "Paratransit Service." Staff proposes to correct this.

4. **Code 862, Recycling Center** – A colleague of this writer recently observed that the Code 862 Guide entries for "Tire Dealer – Used" and "Used Tire Dealer" are broad, making no distinction or exception whatsoever between those entries, and asked why.

The above listed Code 862 Guide entries were adopted effective new and renewal policies of June 1, 2001 and later. Rubber has been a listed Code 862 commodity since Code 862 was created effective new and renewal policies of December 31, 1927 and later. DCRB's Code 862 class study was concurrent with the PCR B study cited below, but DCRB's study did not reveal any Delaware business principally engaged as a used rubber dealer. Used tires have historically been the principal source of used rubber. The PCR B's Code 862 class study completed in early 2005 identified fourteen businesses principally engaged as either used rubber stock dealers or as used tire dealers. The latter businesses constituted twelve of the fourteen identified businesses. Ten of the twelve operations included the shredding, cutting, chipping or pulverizing of used tires prior to shipment. Keeping in mind that tires are synthetic rubber, they are a type of plastic or a hydrocarbon product. That would explain why tire-derived fuel is the largest use of used tires. The Rubber

Manufacturers Association estimates that approximately ten to fifteen percent of the used tires generated every year (approximately 266 million in 2011) are pulled from recycling per se and sold to customers (for mounting onto their vehicle) as what is known in the tire trade as “gently” used tires. The used tires may be sold by the new tire dealer or by another vendor as a lower cost option to the retail customer. Various articles on the Internet suggest that such used tire sales have been increasing since 2007/2008. One should not assume that each and every used tire dealer today is principally engaged in the manner described above. Accordingly staff proposes clarification of both Code 862 Guide entries.

5. **Code 891, Pre-School (Child Care Or Early Education) Services** – Effective December 1, 2013 staff proposed and the Delaware Department of Insurance approved a new Guide entry for Code 891 for “After School Program.” Staff now recognizes that the Guide entry as recently approved is “incomplete.” Many pre-school and/or child daycare providers now also offer both before and after school programs for children aged six through (typically) twelve. This fulfills the need for the custodial care of younger school age children from single parent families or families with two working parents for both before and after their children’s normal school day. In the afternoon the daycare staff may assist the children with their homework or supervise other activities. This proposal requires concurrent revision of the applicable “Operations Not Included” entries for Codes 963, Church and 965, College or School, N.O.C.
6. **Code 965, College or School, N.O.C. and Code 988, Bank** – Staff proposes to clarify that these classifications include cyber schools and cyber banks respectively.
7. **Code 985, Police or Firefighters** – Staff’s review has determined that all correction facilities in the State of Delaware are operated by the State of Delaware. The Delaware Department of Corrections’ website states: “Delaware provides a unified correctional system with all correctional facilities and institutions falling under the jurisdiction of the state.” In other words, there are no county correction facilities in Delaware. Persons charged with criminal offenses who could not make bail or are being held on court remand pending trial are also placed in state run facilities. Accordingly, staff proposes to delete the five Code 985 Guide entries dealing with prison guards at county facilities. Recall that the State of Delaware is self-insured for workers compensation obligations.

#### **Temporary Staffing Cross-Reference Chart**

DCRB Filing No. 1302 made with the Delaware Department of Insurance on March 29, 2013 proposed, among other revisions to the uniform Delaware Classification Plan, that two new, separate classifications be created: Code 802, Mobile Crane Rental With Operators, and Code 905, Architectural Consulting Firm. The Department’s approval of Filing No. 1302’s classification revision proposals was announced by DCRB Circular No. 884 issued May 7, 2013.

The concurrent need to update the Temporary Staffing Cross Reference Chart by mapping the direct employment Codes 802 and 905 to their applicable temporary staffing class was overlooked in the preparation of DCRB Filing No. 1302. DCRB now proposes to make those changes. Code 802, like the previous assignment for mobile crane rental with operators business (Code 811), is mapped to the temporary staffing Code 937. Code 905, like the previous assignment of architectural consulting businesses (Code 955), is mapped to the temporary staffing Code 949.

Given the identical mappings of the new and prior classifications to temporary staffing codes, there is no premium impact to these changes in the temporary staffing cross-reference chart.

DTR

## MANUAL REVISIONS

### SECTION 1 UNDERWRITING RULES

#### CHANGES

#### **RULE V – PREMIUM BASIS**

#### **B. REMUNERATION – PAYROLL**

##### 3. *Exclusions*

Remuneration excludes:

a through d remain unchanged

e. Tips and other gratuities received by employees (EXCEPTION: Automatic Gratuities. See Tips vs. Automatic Gratuities in the General Auditing & Classification Information section);

f through n remain unchanged

#### **RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUMS**

#### **B. SOLE PROPRIETORS AND PARTNERS OR MEMBERS OF THEIR IMMEDIATE FAMILY**

Numbers 1 and 2 remain unchanged

##### 3 Premium Determination

a and b remain unchanged

c. If payroll information is not available use the statewide average weekly wage (SAWW) in effect as of the inception date of the policy. The SAWW may be obtained among other sources from the Delaware Department of Labor's website or from the DCRB's website under the "Quick Reference" table. Profit or loss amounts attributed to the individual's interest in the business are not considered payroll.

## SECTION 2

### CLASSIFICATIONS

#### ADDITIONS

#### ***UNDERWRITING GUIDE***

##### **To 113:**

Pie Filling Mfg.

##### **To 473:**

Carpet Shampooer Mfg.

##### **To 476:**

Process And Batch Control Systems Assembly  
Traffic Control Systems Assembly

##### **To 551:**

Sulfuric Acid Mfg.

##### **To 609:**

Cell Tower Erection – Excavation Or Grading Of The Site By Contractor

##### **To 654:**

Cell Tower Erection – Building Of The Concrete Pad By Contractor

## ADDITIONS (continued)

### **To 655:**

Cell Tower Erection – Erection of the Tower By Contractor  
Cell Tower Erection - Antenna(s) Installation, Service And/Or Repair By Contractor

### **To 660:**

Cell Tower Erection – Wiring The Cell Site

### **To 907:**

Fruit Packing – Not Cannery

### **To 921:**

Mattress Dealer – Wholesale

### **To 922:**

Inflatable Amusement – Rental  
Mattress Store – Retail

### **To 928:**

Tobacco Products Store – Retail

### **To 952:**

Cell Tower Erection – Installation And/Or Service of Computerized Call Switching Equipment By Contractor

### **To 965:**

Cyber School

### **To 969:**

Skeet, Sporting Clays, Or Trapshooting Clubs Or Public Ranges

### **To 974:**

Continuing Care Community, With Less Than 50 Percent of Beds Licensed as Intermediate Care or Higher

### **To 977:**

Tattoo Parlor

### **To 979:**

Assisted Living Facility

### **To 988:**

Cyber Bank

## CHANGES

### ***UNDERWRITING GUIDE***

#### **To 005:**

Clearing Of Right-of-Way, For Telephone[, Telegraph] Or Electric Lines

#### **055 SAND, Gravel or Slag EXCAVATION – Including Crushing**

[Includes establishments]Applicable to businesses principally engaged in operating sand or gravel pits and in washing, screening, or otherwise preparing sand or gravel. Also included are [establishments] businesses principally engaged in surface mining[, ] along with milling or otherwise preparing by the producer [fire] any type of clay, [fuller's earth, kaolin, ball clay, clay ceramic, refractory minerals] or performing the dredging of materials on non-navigable waters with incidental shore operations.

**UNDERWRITING GUIDE**

**To 055:**

[Kaolin] Clay (Any Type) Excavation Or Surface Mining – Including Milling Or Washing

**To 059:**

[Kaolin] Clay Milling Or Washing By Other Than Producer

**104 FOOD [SUNDRIES] PRODUCTS MFG., N.O.C. [No Cereal Milling]**

[This classification applies to.....and disposed of daily.]

**OPERATIONS NOT INCLUDED:**

1. [The manufacture of.....and solid products.] Assign Code 101 to a business performing cereal milling.
2. Assign Code 106 to a business preparing meat products by smoking, corning, curing, salting, encasing, etc.
3. Assign Code 113 to a business pickling cucumbers or other foods.
4. Assign Code 113 to a business manufacturing preserved fruits (e.g., candied fruit peels or rinds, pie fillings, soda fountain syrups) by cleaning, cutting and cooking the required ingredients.
5. Assign Code 113 to a business manufacturing syrup by mixing and cooking fruits or fruit juices with sugar and related ingredients.
6. Assign Code 571 to the manufacture of essential oils or extracts such as used for perfume.
7. Assign Code 898 to the preparation of food by caterers.
8. Assign Code 907 to fresh fruit or vegetable packers whose operations typically include washing, sorting, grading and/or chilling the fresh fruits or vegetables for shipment to customers.
9. Assign Code 911 to a business repackaging food products from large containers into smaller ones involving no processing operations. This would include dry, liquid, semi-liquid or solid products.
10. Assign the applicable agricultural class to a business principally engaged in raising of one or more different fruits or vegetables whose operations may include the washing, grading and/or chilling thereof prior to shipment to customers.

**To 104:**

Ketchup Mfg. [113]104

**UNDERWRITING GUIDE**

**To 104:**

Food [Sundries] Products Mfg., N.O.C. [No Cereal Milling]

Nuts (All Types) – Cleaning and Shelling – By Specialist Contractor

Peanut Handling – Cleaning, Grading or Shelling – By Specialist Contractor

Relish Mfg. – Fruit [And] Or Vegetable – No Pickling Operations

**301 SAWMILL**

Includes the grading, sorting, pulling, piling, air or kiln drying, loading and storage of sawmill products. [Subsequent wood products manufacturing operations conducted by a separate crew of employees in a physically separate department shall be separately classified as provided in this Manual.]

**OPERATIONS NOT INCLUDED:**

1. Subsequent wood products manufacturing operations conducted by a separate crew of employees in a physically separate department shall be separately classified as provided in this Manual.

**305 CARPENTRY SHOP, including Planing Mill**

Includes but is not necessarily limited to the manufacture of sash, door, assembled millwork, pallets or wood trusses. [For the manufacture of turned wood products see Code 309]

Separately rate erection work as provided for in this Manual.

[Businesses also engaged in.....assigned to Code 935.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 301 to sawmill operations.
2. Assign Code 306 to a business principally engaged in making wood-turned products.
3. Assign Code 309 to a business principally engaged in making woodenware products not otherwise classified as defined in this Manual.
4. Assign Code 855 to the operation of a physically separate and separately-staffed lumber and/or building materials dealer on the premises of a Carpentry Shop that fulfills the multiple enterprise criteria discussed in Rule IV, C. 3. a. 2., Section 1 of this Manual.
5. Assign Code 935 to the operation of a physically separate and separately staffed retail store on the premises of a lumber and/or building materials dealer and Carpentry Shop that also fulfills the multiple enterprise criteria discussed in Rule IV, C. 3. a. 2., Section 1 of the Manual.

**461 MACHINE SHOP[ – no woodworking – no boiler making]**

Also includes the .....devices (e.g., hydraulic jacks or lifts).

**OPERATIONS NOT INCLUDED:**

1. Assign the applicable wood products classification to a business principally engaged in such manufacturing.
2. Assign Code 415 to a business principally engaged in the manufacture of boilers and/or other fabricated plate products as defined in this Manual's Code 415 class description.
3. Assign Code 675 to separate staff engaged in the installation, service or repair of industrial machinery, pumps or other products whose manufacture is contemplated by Code 461.

**UNDERWRITING GUIDE**

To 461:

Automobile Engine [Mfg.], Engine Part Mfg. Or Remanufacture  
Engine Or Engine Part Mfg., Internal Combustion  
Outboard Motor Or Motor Part Mfg.

**476 INDUSTRIAL CONTROL[S OR] SYSTEMS MANUFACTURE/ASSEMBLY**

Industrial control systems measure and control the power distribution or process variables such as flow, level, liquid concentration, motion and rotation. Shop wiring is the principal task where controls, switches and instrumentation are wired into a cabinet (which may have been manufactured by the business or purchased), or a complete control station which can be computer- based, allowing the operator to read, display and change the operating system.

[Applies to the manufacture.....for in this Manual.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 488 to businesses principally engaged in the manufacture of meters, counters, thermometers or other electronic analytic/measuring instrumentation not otherwise classified.
2. Separately rate installation or repair provided at customer locations as provided for in this Manual.

**UNDERWRITING GUIDE**

To 551:

Vegetable Oil [Mill] Mfg. – All Types

**601 ROAD or Street CONSTRUCTION:** Paving or Repaving

Applies to the laying.....shall be assigned to Code 601.

[As provided for in this.....and stone crushing.]

**OPERATIONS ALSO INCLUDED:**

1. Concrete drilling or sawing on highways or roads.
2. Flagmen provided by specialist contractors.
3. Painting lines on highway or roads.
4. Safety grooving of road surfaces by specialist contractor.

**OPERATIONS NOT INCLUDED:**

1. CLEARING OF LAND projects shall be classified as delineated in the General Auditing & Classification Information section.
2. Separately rate subsurface work which involves all work necessary to bring the road up to grade or rock excavation, filling or grading to Code 602.
3. Separately rate bridge and culvert building where clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet to Code 654.

**605 RAILROAD CONSTRUCTION** and Maintenance of Way Contractors – all operations incident thereto, except [tunneling and] bridge building

The entire payroll in the construction of bridges or culverts exceeding a span of 12 ft. [or in the construction of tunnels] must be separately classified [and rated] as provided in this Manual.

**648 CARPENTRY – INSTALLATION of CABINET WORK,** Finished Wooden Flooring or Interior Trim. [Also includes installation of parquet flooring. Not applicable to contractors who perform other carpentry operations at the same job or location.]

**OPERATIONS ALSO INCLUDED:**

1. The installation of parquet flooring.
2. The installation of countertops of any material except stone countertops.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 668 to the installation of all types of stone countertops.

**UNDERWRITING GUIDE**

**To 655:**

Steel Tower Erection For Cross-Country Electric Or Telephone [Or Telegraph] Lines

**656 ELECTRIC[,] or Telephone or[ Telegraph] LINE CONSTRUCTION** – by contractors

Includes the setting of.....stringing of lines.

**OPERATIONS NOT INCLUDED:**

Numbers 1 and 2 remain unchanged.

3. Separately rate the tasks performed by a contractor(s) in erecting a cell phone tower. Such tasks may include but are not necessarily limited to:
  - a. Assign Code 609 to the clearing, excavation and/or grading of the site.
  - b. Assign Code 654 to building the concrete pad.
  - c. Assign Code 655 to the erection of the tower and/or to the installation and/or repair of the tower's antennas.
  - d. Assign Code 660 to running a lateral connecting the cell tower site to the land-line telephone network and/or wiring the cell site.
  - e. Assign Code 952 to the installation of computerized telephone call switching equipment in the cell site's base station.

**UNDERWRITING GUIDE**

**To 656:**

Installation Of Telephone[, Telegraph] Or Electric Pole Hardware  
Installation Of Telephone[, Telegraph] Or Electric Transformers  
Setting Of Telephone[Or Telegraph] Poles  
Stringing Of Electric[, Or Telephone [Or Telegraph] Lines  
Telephone [Or Telegraph] Line Construction By Contractor

**661 ELECTRICAL WIRING – within BUILDINGS**

Includes electric fixtures.....of service connections.

**OPERATIONS NOT INCLUDED:**

- 1. Assign Code 656 to payroll developed in overhead electric [,] or telephone [or telegraph] line construction. Number 2 remains unchanged

**718 BOAT BUILDING OR REPAIR**

Coverage under State Act only.

[This classification is applicable.....65' in length overall.]

[Also i]Includes businesses [insureds exclusively] engaged in the building of recreational vessels and/or the repairing [or] and the dismantling of [small vessels] a recreational vessel in connection with the repair of such vessel [, repairing or dismantling of small vessels] as defined in [Public Law 98-426] the United States Longshore and Harbor Workers' Compensation Act (LHWCA) as amended who have been granted exemption from the [United States Longshore and Harbor Workers Act] LHWCA by the United States Secretary of Labor. A copy of the exemption certificate shall be made available to the DCRB [Bureau] as documentation.

**UNDERWRITING GUIDE**

Changes to Code 718:

Boat Building – Recreational – State Coverage Only  
Boat Dismantling – Recreational – State Coverage Only  
Boat Repairing – Recreational – State Coverage Only

**757 TELECOMMUNICATIONS COMPANY [– including installation.....office switching equipment.]**

**OPERATIONS ALSO INCLUDED:**

Includes the installation, maintenance, repair and operation of telephone lines and systems, remote transmission sites and central office switching equipment.

**OPERATIONS NOT INCLUDED:**

- 1. No change
- 2. Separately rate the tasks performed by a contractor(s) in erecting a cell phone tower. Such tasks may include but are not necessarily limited to:
  - a. Assign Code 609 to the clearing, excavation and/or grading of the site.
  - b. Assign Code 654 to building the concrete pad.
  - c. Assign Code 655 to the erection of the tower and/or to the installation and/or repair of the tower's antennas.
  - d. Assign Code 660 to running a lateral connecting the cell tower site to the landline telephone network and/or wiring the cell site.
  - e. Assign Code 952 to the installation of computerized telephone call switching equipment in the cell site's base station.

**803 TAXICAB COMPANY**

Applicable to a business engaged in operating a vehicle(s) that is available for immediate hire (on a call and demand basis) with the fare to be determined by zone or meter.

Lessees transporting passengers.....and outstanding.

**804 SCHOOL [BUS OPERATION] TRANSPORTATION– by independent contractor**

Applicable to [specialist] an independent contractor[s] 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.

**807 AMBULANCE SERVICE – [Non-volunteer]Salaried Employees**

Applicable to an independent contractor operating an ambulance service staffed by salaried employees. Each ambulance service is licensed by the Delaware State Fire Prevention Commission, who also certifies ambulance attendants. An ambulance service may engage in both emergency and non-emergency patient transfers. Non-emergency transfers are generally by appointment.

**UNDERWRITING GUIDE**

Ambulance Service – [Non-Volunteer]Salaried Employees

**817 BUS [(except school bus)] OPERATION**

**OPERATIONS NOT INCLUDED:**

1. [Paratransit Operations are assigned to Code 828]Assign Code 828 to a business operating a paratransit service.
2. No change
3. Assign Code 803 to a business operating a vehicle(s) that is available for immediate hire (on call and demand basis) with the fare to be determined by zone or meter.
4. Assign Code 804 to an independent contractor engaged in the transportation of students to and from school.
5. Assign Code 807 to an ambulance service staffed by salaried employees.

**UNDERWRITING GUIDE**

Scheduled Lines [Or Public] Bus Operation

**828 PARATRANSIT SERVICE**

Paratransit service is regulated by the Federal Transit Administration pursuant to the Americans with Disabilities Act as amended. Each public entity operating a fixed route surface transportation system is required to provide paratransit service to the physically handicapped or otherwise disabled individuals who cannot take public transportation. Such individuals may be transported to doctor’s appointments, places of employment, stores, social venues or other destinations as needed. The public entity may outsource the provision of this service to an unrelated entity. A fare is charged for this service that may not exceed twice the fare charged for a trip of similar length, at a similar time of day as would be charged by the public entity’s fixed route system.

[Applies to employers.....destinations as needed.]

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

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

**OPERATIONS ALSO INCLUDED:**

- 1. No change
  - 2. The operations of a showroom where customers may view samples of the lumber and/or building materials sold and place orders for such [at a counter].
- Numbers 3 and 4 remain unchanged

**OPERATIONS NOT INCLUDED:**

- 1. Separate manufacturing staff(s) in a physically separate work area(s) shall be separately classified as provided for in this Manual.
- Numbers 2 and 3 remain unchanged

**UNDERWRITING GUIDE**

**To 855:**

Lumber Dealer[, No Lumber Fabricating Or Handling Of Used Lumber]

**UNDERWRITING GUIDE**

**To 862:**

Tire Dealer – Used – For Recycling (May Include Shredding)  
Used Tire Dealer – For Recycling (May Include Shredding)

**885 PLUMBING SUPPLIES DEALER OR PIPE MERCHANT – Wholesale**

Applies to dealers principally engaged in the wholesale selling of plumbing supplies or pipe. The term plumbing supplies as used in this classification includes but is not necessarily limited to: water heaters, [water pumps,] kitchen/bathroom fixtures (i. e, sinks, faucets, toilets, bath tubs, shower stalls), fittings or valves. Also included is the selling of pipe or all types and sizes. Businesses [Insureds] principally engaged in the wholesale sale of heating, ventilating and/or air conditioning equipment, supplies or parts are further contemplated by this classification.

**889 EMPLOYMENT CONTRACTOR – Temporary CLERICAL Staff**

Applicable to temporary staff whose job duties fulfill the definition of clerical found in Rule IV, Paragraph B. 2. a. [and b.], Section 1 of this Manual. The payroll of such temporary clerical Staff shall be assigned to Code 889 regardless of the customer’s business classification.

Please see.....classifying temporary staff.

**UNDERWRITING GUIDE**

**To 891:**

Before and/or After School Program

**897 FAST-FOOD RESTAURANT – All employees except office**

Applicable to a retail business principally engaged in preparing food(s) and selling the prepared food(s) and generally nonalcoholic beverages to the public for immediate consumption, either on the business’ premises or on a take-out basis. Fast food restaurants have a limited menu and no wait service except on an occasional or accommodation basis. Customer orders are typically placed at a counter, (the menu being openly displayed above and/or behind the counter) via a drive-through service, [or] by telephone or by Internet and are rapidly filled. Fast-food restaurants generally sell nonalcoholic beverages, but certain fast-food restaurants may also have incidental [beer] alcoholic beverage sales. Where there are “eat-in” facilities counter staff wipe down tables and may also clear tables after a customer’s food has been consumed. Included within (but not necessarily limited to) this definition are retail businesses principally engaged in the preparation and sale of hamburgers, tacos, pizza or chicken.

Also contemplated are.....no wait service.

**907 FRUIT OR VEGETABLE DEALER – Wholesale**

Applies to dealers principally engaged in the wholesale distribution of fresh fruits or vegetables. The dealer may specialize in a single fruit or vegetable or handle two or more different fruits or vegetables. Such dealers [as a part of their operation] may also wash the fresh fruits or vegetables and perform incidental repackaging of the merchandise into retail size bunches, boxes, bags or similar containers.

Also applies to fruit or vegetable packers who may contract with unrelated farming businesses to grow one or more fruits or vegetables or who may purchase unrelated farming businesses' fruit or vegetable crops on a bulk basis. The fruit or vegetable packer may also harvest part of the crops grown under contract. The fruit or vegetable packer will receive the crops that the packer's staff will first wash, then the fresh fruits or vegetables will be sorted, graded and/or chilled for shipment to customers.

In addition these.....of the gross receipts.

**OPERATIONS NOT INCLUDED:**

1. Assign the applicable agricultural class to a business principally engaged in raising of one or more different fruits or vegetables whose operations may include the washing, sizing and/or packaging thereof prior to shipment to customers.
2. Assign Code 113 to a business principally engaged in canning fruit or vegetables, pickling cucumbers, tomatoes, peppers or other vegetables, or preserving fruit or vegetables by another food preservation technique.

**916 CLOTHING OR DRY GOODS STORE – Wholesale or Retail**

**OPERATIONS NOT INCLUDED:**

1. Assign Code 928 to businesses principally engaged as either a Clothing Store (Used) – Retail or a Thrift Store (Used Clothing, Furniture, Household Items) – Retail

**922 FURNITURE STORE – Retail All Employees Except Office – no woodworking**

Applies to a retail store.....are not separately classified.

**OPERATIONS ALSO INCLUDED:**

1. Businesses principally engaged in party supplies rental – Retail or Wholesale.
2. No change

**UNDERWRITING GUIDE**

**To 922:**

Party Supplies Rentals - Retail Or Wholesale

**940 RESIDENTIAL CARE FACILITY for [the Developmentally Disabled]INDIVIDUALS WITH INTELLECTUAL DISABILITIES– all employees except office and separate staff of a certified work center [sheltered workshop].**

Includes operations licensed as Intermediate Care Facilities for [the Mentally Retarded (ICF/MR)] individuals with Intellectual Disabilities (ICF/IID) regardless of client count or location. Also included are schools and daycare activities operated by the facility.

[ICF/MRs]ICF/IIDs are licensed by the state to provide on a regular basis, health related care and services to the intellectually disabled [mentally retarded], who do not require the degree of care or treatment which a hospital or skilled nursing facility is designed to provide. These facilities, regardless of client number, provide unique and specialized residential, medical and habilitation services to its clients.

The larger [ICF/MRs]ICF/IIDs (9 or more clients) usually provide educational, workshop/vocational and physical therapy programs at one campus with many residents living in cottages having no more than 8 residents each. Supervision may be provided in three 8 hour shifts. Smaller [ICF/MRs]ICF/IIDs (8 or fewer clients) also assigned to this classification provide community-based programs which are designed to facilitate the client's movement to a less restrictive environment than the larger facilities. These community-based [ICF/MRs]ICF/IIDs employ a relatively high staff to client ratio and 24-hour supervision with at least one staff member monitoring overnight activity. Smaller [ICF/MRs] ICF/IIDs may serve clients from higher functioning to [profoundly retarded] intellectually disabled.

[Facilities providing .....within this class.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 964 to separately staffed certified work centers [sheltered workshops].
2. Assign Code 941 to .....located off campus.

**UNDERWRITING GUIDE**

Group Home – Intermediate Care Facility For [The Mentally Retarded]Individuals With Intellectual Disabilities – Regardless Of Client Count  
 Intermediate Care Facility For [The Mentally Retarded]Individuals With Intellectual Disabilities – Regardless Of Client Count

**948 MAILING OR ADDRESSING COMPANY** – all employees including office

Applicable to businesses principally engaged in mailing advertising material such as letters, circulars, and/or small product samples or other items (e.g., bills) for unrelated concerns. The mailing company may compile mailing lists or receive lists of names from customers. Materials to be mailed may be received bound on pallets ready for mailing. Billing information is received from customers. The mailing company may generate the letter or bill by computer (laser or impact printed). The mailing company may design and print advertising materials. Printing operations shall be included with the mailing company class provided that more than 50 percent of the items printed are used as materials in the mailing business.

Most mailing companies.....Code 951 or Code 953.

**UNDERWRITING GUIDE**

To Code 952 (From Code 660)  
 Telephone [And Telegraph] Apparatus Installation, By Contractor

**960 NURSING and CONVALESCENT HOME** – Long-Term Care Facility with 50% or more beds Licensed as Intermediate Care or Higher – all employees except office and home health care services

Applies to [concerns]businesses operating health care facilities licensed by the State of Delaware as nursing homes [and]that have 50 percent or more of their beds licensed as Intermediate Care or Higher. These firms offer varying degrees of care to patients who may be incapacitated in differing degrees including bedridden patients. Intermediate Care is less skilled nursing care but more than Rest (Residential) or Assisted Living. The services are given in accordance with physician's orders, updated at least every sixty days.

Skilled Nursing Care.....on a twenty-four hour basis.

These [insureds]businesses may or may not be multiple tier facilities, meaning there is a mix of licensed beds and unlicensed quarters such as apartments or cottages. A class assignment to either Code 960 or to Code 974 is dependent upon the counting procedure delineated below. Rest (Residential) Home, Assisted Living, intermediate care or skilled nursing beds shall be counted per bed. Apartments or cottages shall be counted per number of units with each unit being the equivalent of a bed. Those with 50 percent or more beds licensed as intermediate care or higher are assignable to Code 960. Those with less than 50 percent so licensed are assignable to Code 974.

There shall be.....at a single location/campus.

[Types of facilities to be included in this classification are: Convalescent home..... care or higher.]

**963 CHURCH** – all employees including office

Applicable to the place of worship by a local congregation of any religious faith.

Churches and missions.....citing the location of each.

**OPERATIONS NOT INCLUDED:**

1. No change
  2. Assign Code 891 for a separately-staffed day nursery school, kindergarten, [or] child daycare center or a before and/or after school program operated on the church premises.
- Numbers 3 and 4 remain unchanged.

**964 [SHELTERED WORK SHOP] WORK CENTER** – all employees including office

Applicable to [This classification is for] establishments certified as a work center [sheltered workshops] (exempted from the Federal Minimum Wage Law) by the United States Department of Labor, Employment Standards Administration, Wage and Hour Division.

**UNDERWRITING GUIDE**

**To Code 964:**

[Sheltered Work Shop]Work Center

**965 COLLEGE OR SCHOOL, N.O.C.** – all employees including office

Applicable to academic, trade or vocational institutions of learning (e.g., colleges or universities, private schools, public or parochial school districts [and], cyber schools and charter schools) that provide a formal educational curriculum in a classroom setting or online. Trade or vocational schools may also provide shop or field experience as a part of the curriculum. Colleges or universities, private schools, public or parochial school districts [and], cyber schools and charter schools are subject to licensing by the Delaware Department of Education. Colleges or universities may also be subject to accreditation by multi-state bodies such as the Middle States Association of Colleges and Schools.

**OPERATIONS ALSO INCLUDED:**

1. No change
2. The operation of a day nursery school, kindergarten, or child daycare center by an elementary school or a school district.
3. The operation of a gym and/or an athletic field where students participate in physical education classes, intramurals, or sports' teams practice or games.
4. The operation of a library on school premises for use by the school's students.

**OPERATIONS NOT INCLUDED:**

- Numbers 1 and 2 remain unchanged.
3. Assign Code 891 to employers principally engaged in operating day nursery schools, kindergartens, child daycare centers, [or] Head Start Programs or before and/or after school programs.
  4. Assign Code 969 to employers principally engaged in providing outdoor sports or other activities instruction including but not necessarily limited to: swimming, tennis, or obstacle course training facilities.
  5. Assign Code 7424 to flight personnel of an aircraft flying school.

**966 TELEVISION, VIDEO, AUDIO or RADIO EQUIPMENT SERVICE OR REPAIR** - Shop or Outside

[Separately staffed.....appropriate store class.]

**OPERATIONS ALSO INCLUDED:**

1. Specialist contractors performing the installation of vehicular equipment including but not necessarily limited to: alarm systems, radios, security systems, navigation systems, video systems, remote starters and ignition interlock systems.
2. Specialist contractors performing the installation, service and repair of marine equipment including but not necessarily limited to: radar systems, radios and depth finders.

**OPERATIONS NOT INCLUDED:**

1. Assign the appropriate store class to separately staffed store operations.
2. Assign Code 662 to businesses principally engaged in the service and repair of household and commercial appliances.
3. Assign Code 952 to businesses principally engaged in the service and repair of office machines or equipment.

**UNDERWRITING GUIDE**

**To 969:**

Archery Range – Outdoor  
Shooting [Gallery]Club Or Public Range – Outdoor

**UNDERWRITING GUIDE**

**To 971:**

Building Cleaning[,No Exterior Wall Cleaning] – By Contractor Or Owner

**974 RETIREMENT OR LIFE CARE COMMUNITY** – with less than 50% of beds [L] licensed As Intermediate Care or Higher – all employees except office [and home health care services].

LIFE CARE/RETIREMENT COMMUNITIES offer lifetime guarantees for housing and long-term skilled nursing care. These facilities provide independent living units, [personal care units and]assisted living, intermediate and/or skilled care units at one site. The client pays a one-time entrance fee and subsequent monthly maintenance fees. Clients enter through independent units and as needed progress onto higher levels of care.

A Life Care or Retirement Community is a multiple tier facility meaning it has a mix of licensed beds and unlicensed quarters such as apartments or cottages. These [insureds]businesses are classified to either Code 960 or to Code 974 dependent upon the counting procedure delineated below. Rest (Residential) Home, Assisted Living, intermediate care or skilled nursing beds shall be counted per bed. Apartments or cottages shall be counted per number of units with each unit being the equivalent of a bed. Those with 50 percent or more beds licensed as intermediate care or higher are assignable to Code 960. Those with less than 50 percent so licensed are assignable to Code 974.

A life care or.....at a single location /campus.

[Types of facilities to be included in the classification are:  
Continuing Care.....intermediate care or higher.]

**976 COMMUNITY CENTER** – all employees including office

Applies to a YMCA, YWCA that follows the “traditional” YMCA, YWCA business model. A traditional YMCA, YWCA will provide a range of recreational, informational and social services but is not principally engaged in the operation of a camp, health or exercise club or after-school program. The range of programs and services provided by a traditional YMCA, YWCA include but are not necessarily limited to: sports leagues, personal fitness services, pre-school education and/or child day care, before or after-school programs, camping, employment readiness and training programs, advice centers, immigrant services and conference centers.

Also applies to a community center that is not principally engaged in the operation of a camp, health or exercise club or after-school program. A community center is a public location [(usually a space within a home, a school or a church)] where members of a community gather for group activities, social support, public information, and other purposes. Community centers may be open to the entire community in which they are located or to a specific group within the greater community.

Further applicable to a.....age and/or illness.

**OPERATIONS ALSO INCLUDED:**

1. A camp operated by [a traditional YMCA, YWCA]any organization whose operations are assignable to Code 976.
2. Pre-school early education and/or [(] child daycare [or early education)] and/or before or after school program services provided by [a traditional YMCA, YWCA]any organization whose operations are assignable to Code 976.

**979 RESIDENTIAL FACILITY FOR THE ELDERLY – NON-MEDICAL** – all employees except office and home health care

Applicable to businesses providing.....manage activities of daily living.

Includes facilities licensed as Rest (Residential) Homes or Assisted Living Facilities. These [homes] facilities provide shelter, housekeeping services, board and personal surveillance or direction in activities of daily living.

There shall be.....at a single location/campus.

**980 CITY, TOWN, [TOWNSHIP] VILLAGE or County** [ – all employees, excluding only the following which must be separately classified as provided in this Manual: Golf Courses, Health Clubs, Housing Authorities, Municipal Authorities, Salaried Police Officers or Firefighters, Museums, Public Libraries or Clerical Office. Inspectors shall be assigned to Code 951.]

For incorporated municipalities and counties of the State of Delaware

**OPERATIONS NOT INCLUDED:**

1. Assign Code 890 to separately located and staffed Public Libraries. Separately located may be a separate building or in an area of the municipal building separated from the other operations by floor-to-ceiling partitions.
2. Assign Code 951 to inspectors.
3. Assign Code 953 to clerical office
4. Assign Code 983 to Housing Authorities
5. Assign Code 985 to Salaried Police Officers or Firefighters

**985 POLICE OR FIREFIGHTERS;** Salaried Employees of Cities, Towns[, Boroughs] or Counties

**988 BANK** – all employees including office

Applicable to “brick and mortar” and online businesses whose operations must include the deposit and holding of money in the form of checking/savings accounts or certificates of deposit. In addition these [risks] businesses may also provide credit extensions, commercial/consumer loans or mortgages.

Also applicable to.....each for a separate fee.

**UNDERWRITING GUIDE**

**To 7428:**

Aircraft [Remanufacturing,] Conversion Or Modification – Not By The Original Aircraft Manufacturer

## DELETIONS

### ***UNDERWRITING GUIDE***

#### **From 055:**

Clay Digging In Open Pits  
Fire Clay Digging

#### **From 104:**

Olive Handling  
Vegetable Processing N.O.C.

#### **From 615:**

Shaft Sinking

#### **From 659:**

Chimney Flashing Installer  
Repair Of Roofs By Contractor  
Roofing Repair By Contractor  
Roof Spraying, Painting Or Coating By Contractor  
Sheet Metal Roofing

#### **From 718:**

Barge Repair – State Coverage Only  
Tugboat Repair – State Coverage Only

#### **From 817:**

Bus Operation, Schedule, Public  
Railroad Operation - Street, Including Shop  
Street Railroad Operation  
Tour Guide – Part of a Bus Tour  
Trackless Trolley Operation

#### **From 907:**

Fruit Gift Basket – By Mail Order Or Internet

#### **From 921:**

Party Supplies Rentals - Wholesale

#### **From 977:**

Hat Cleaner

#### **From 979:**

Personal Care Home

#### **From 980:**

Borough Employees, N.O.C.  
County Road Districts  
Township Employees, N.O.C.

#### **From 985:**

Correctional Institution Guards (Not State Employees)  
Guards At Corr. Institutions, House of Corr., Prisons Or Prison Farms – Not State Employees  
House Of Correction Guards (Not State Employees)  
Prison Farm Guards (Not State Employees)  
Prison Guards (Not State Employees)

#### **From 6872F:**

Marine Plumber, Not Boat Or Shipbuilding

## GENERAL AUDITING AND CLASSIFICATION INFORMATION

### ADDITIONS

#### TIPS vs. AUTOMATIC GRATUITIES

The IRS has ruled that when a business adds service charges to customers' bills (such as "automatic gratuities") and distributes those charges to its employees, the business should characterize the distributed amounts as social security wages, not as social security tips.

Payments must meet all of the following criteria to be considered as tips:

- The customer must freely determine the payment.
- The customer must be able to determine the amount without restriction.
- The payment cannot be determined by negotiations between the customer and employer, or dictated by the employer.
- The customer should generally have the right to decide who receives the payment.

Historically, tips, including automatic gratuities, have been excluded from remuneration and, therefore, have been excluded from the basis for premium in Delaware. However, in recognition of this IRS ruling, the DCRB directs that automatic gratuities be included as remuneration. Note that tips, as defined above (and thus distinguished from automatic gratuities), remain an exclusion from remuneration in Delaware.

### CHANGE

#### EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING

Temporary staffing.....staffing contractor's payroll.

#### TEMPORARY STAFFING CLASSIFICATION

Assignable Customer  
Business Classification(s)

#### 185

For example, the table entry 104 indicates that temporary staff performing duties which would be subject to [Bureau] DCRB classification **104** if performed by direct employees of the client are to be assigned to the temporary staffing **Code 185**. In total there are [20]21 temporary staffing classifications, for which there is a single assignable customer business classification, seven temporary staffing classifications with multiple assignable customer business classifications and one temporary staffing classification, Code 889 [which] applies to all temporary [clerical or technical service] staff whose job duties fulfill the definition of clerical found in Rule IV, Paragraph B. 2. a., Section 1 of this Manual regardless of the customer's [ ] business classification[(s)].

#### TEMPORARY STAFFING CROSS REFERENCE CHART

889\*  
953  
956  
962

\*Code 889 [also] applies to temporary [clerical or technical service] staff [provided to customers subject to any other business classification] whose job duties fulfill the definition of clerical found in Rule IV, Paragraph B. 2. a., Section 1 of this Manual regardless of the customer's business classification.

Code 544 Chart: Unchanged  
Code 682 Chart: Unchanged  
Code 929 Chart: Unchanged  
Code 937 Chart: Add 802  
Code 946 Chart: Unchanged  
Code 947 Chart: Unchanged  
Code 949 Chart: Add 905

DELETION

**LIMOUSINE OPERATION**

Limousine operation means the.....assigned to Code 807.