

Delaware Compensation Rating Bureau, Inc.



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April 28, 2011

**BUREAU CIRCULAR NO. 868**

To All Members of the Bureau:

Re: **DELAWARE BASIC MANUAL REVISIONS**  
**BUREAU FILING NO. 1103**  
**EFFECTIVE AUGUST 1, 2011**

- 1) **Revisions to Code 817, Bus (Except School Bus) Operations**
- 2) **Revisions to Section 2 – Housekeeping**

The Delaware Compensation Rating Bureau, Inc. (DCRB) has filed and the Insurance Commissioner has approved Manual revisions to Codes 817, Bus (Except School Bus) Operation, and housekeeping revisions to Section 2. These revisions become **effective as of 12:01 a.m., August 1, 2011** with respect to new and renewal business only.

***Carriers are reminded that they must file an amended (or re-file their existing) Insurer Adoption of DCRB Workers' Compensation Loss Costs form with the Delaware Department of Insurance in response to approval of Bureau Filing No. 1103 within 60 days after the effective date of Bureau Filing No. 1103, or not later than September 29, 2011. Carriers are encouraged to submit their filings as expeditiously as possible and to present any questions that they may have regarding their filings directly to the Department of Insurance.***

***Consistent with the provisions of Title 18, Chapter 26 of the Delaware Code, if insurer filings do not propose any rate(s) lower than the loss costs (by classification) included in the DCRB's Bureau Filing No. 1103, then proposed insurer rates may be implemented immediately after filing.***

The various revisions, as referenced above, are discussed below.

## 1) REVISIONS TO CODE 817, BUS (EXCEPT SCHOOL BUS) OPERATION

These revisions are based on a class study of Code 817, which was undertaken to review this classification's assignment procedure and the feasibility of creating a new classification for paratransit service to align with the current procedure in Pennsylvania. As a result of this study, a new classification, Code 828, Paratransit Service, has been created to contemplate paratransit operations.

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

### SECTION 2

#### ADDITIONS

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

###### **To 817:**

Shuttle Service – By Specialist Contractor

#### **828 PARATRANSIT SERVICE**

Applies to employers providing transportation services to the elderly, 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.

##### ***Hazard Group E***

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

Handicapped – Transportation Services for  
Paratransit Service  
Transportation Services for the Elderly  
Transportation Services for the Handicapped

#### CHANGES

#### **817 BUS (except school bus) OPERATION**

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

1. Paratransit Operations are assigned to Code 828.
2. Assign Code 951 to separate staff engaged as tour guides.

##### ***Underwriting Guide***

###### **To 817:**

[Automobile] Bus Operation, Scheduled, Public

DELETIONS

***Underwriting Guide***

**From 817:**

- Handicapped – Transportation Services For Paratransit Service
- Transportation Services For The Elderly
- Transportation Services For The Handicapped

The following are the approved related rating values:

	Assigned Risk	DCRB Advisory Loss	Assigned Risk Minimum Premium	EXPERIENCE RATING PLAN Expected Loss Factors Table			HAZARD GROUP	
CODE	Manual Rate	Costs	Premium	A-1	A-2	A-3	A-G	1-4
817	\$7.33	\$5.62	\$1,848	\$1.86	\$2.39	\$2.80	E	3
828	7.36	5.65	\$1,848	1.86	2.40	2.81	E	3

The following schedule of rating values apply for those carriers that are eligible for and have adopted full (100%) exemptions to the reductions required by the Chancery Court's decision of July 24, 2009:

	Assigned Risk	DCRB Advisory Loss	Assigned Risk Minimum Premium	EXPERIENCE RATING PLAN Expected Loss Factors Table			HAZARD GROUP	
CODE	Manual Rate	Costs	Premium	A-1	A-2	A-3	A-G	1-4
817	\$7.91	\$6.05	\$2,000	\$1.86	\$2.39	\$2.80	E	3
828	7.94	6.08	\$2,000	1.86	2.40	2.81	E	3

For carriers eligible for and adopting partial exemptions to the reductions required by the Chancery Court decision of July 24, 2009, the following schedule of reductions will apply:

	2008 DCRB Advisory Loss Costs	20% EXEMPTION	40% EXEMPTION	60% EXEMPTION	80% EXEMPTION
817	\$7.15	\$0.34	\$0.26	\$0.17	\$0.09
828	7.15	0.34	0.26	0.17	0.09

## 2) REVISIONS TO SECTION 2 – HOUSEKEEPING

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

### **Section 1**

- Rules IV, B., 2., C., 5. and 6. revised to assign the insuring carrier's or the residual market's highest-values classification.
- Rule V, B. 2.s. revised reference to Rule V, F. 1 instead of Rulings and Interpretations.
- Rule V, F. 1. reference to IRS per diem guidelines is deleted.
- Rule IX, A., 7., b. revised to assign the insuring carrier's or residual market's higher-valued classification.

### **Section 2**

- Language revisions to Definitions section entry for "To Be Separately Rated Or Separately Rate."
- Revisions to language in 15 classifications, plus Underwriting Guide additions and revisions.

### **Revisions to Classification Procedure**

- Wording revisions to Underwriting Guide entries for Codes 971, 653 and 882 to avoid confusion in the classification of those employers whose business is the cleaning of exterior walls of buildings by power-washing methods.
- Revision in the directions on classifying the payroll of an employee interchanging duties directly related to more than one classification to assign such employee to the highest valued classification in either the voluntary or residual markets, whichever is applicable under the employer's prevailing insurance coverage.
- Revisions to Rule V, B. 2. s. and F. 1 to clarify how auditors should treat employee expense reimbursements.
- Addition of a "Per Diems" entry in the General Auditing & Classification Information subsection of Section 2.

## MANUAL REVISIONS

### SECTION 1

### CHANGES

#### **RULE IV – CLASSIFICATIONS**

#### **B. CLASSIFICATIONS**

2. **DRAFTING EMPLOYEES, Code 953**, are employees engaged exclusively in drafting and confined to desk work. The entire payroll of such employees engaged in any other operations shall be assigned to the insuring carrier's or the residual

CHANGES (continued)

market's highest [Bureau loss cost]-valued classification [of operations to which they are exposed]representing any part of their work.

**C. ASSIGNMENT OF CLASSIFICATIONS**

**5. Payroll Assignment – Multiple Classification – Interchange of Labor**

Some employees who are not miscellaneous employees may perform duties directly related to more than one classification. When there is such interchange of labor, the entire payroll of employees who interchange shall be assigned to the insuring carrier's or the residual market's highest-valued classification represented any part of their work.

**6. Construction or Erection Operations**

Each distinct type of ..... is not permitted.

Any such operation for which separate payroll records are not maintained shall be assigned to the insuring carrier's or the residual market's highest-[Bureau loss cost]valued classification which applies to the job or the location where the operation is performed.

**RULE V – PREMIUM BASIS**

**B. REMUNERATION - PAYROLL**

**2. Inclusions**

Remuneration includes:

- s. Expense reimbursements to employees to the extent that an employer's records do not substantiate that the expense was incurred as a valid business expense (see [Rulings and Interpretations]Section 1, Rule V, F., 1. – Employee Expense Reimbursements;

**F. BASIS OF PREMIUM – Additional Information**

**1. Employee Expense Reimbursements**

Reimbursement expenses..... are met:

- c. The amount of each expense reimbursement [approximates]reflects the actual expenses incurred by the employee in the conduct of his or her work [(IRS published per diem guidelines may be viewed as approximately actual expenses)].

CHANGES (continued)

**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE  
AND PREMIUM**

**A. EXECUTIVE OFFICERS**

**7. Flight Duties**

Payroll of an executive..... as follows:

- b. For each week during which the executive officer performed flight duties, assign the officer's payroll for that week to Code 7421[, Transportation of Personnel for Business]. If an executive officer's non-flying duties in such a week are subject to a higher[rated]-valued classification, that insuring carrier's or the residual market's higher [rated]-valued classification shall be assigned in that week.

Rules 5. a. and b..... records.

If Code 7421[, Transportation of Personnel for Business,] applies and verifiable records are not maintained to indicate those weeks during which flying is performed by executive officer, their payroll shall be assigned to the insuring carrier's or the residual market's highest [rated]-valued classification which applies to any of their operations.

**SECTION 2**

**DEFINITIONS**

CHANGE

**TO BE SEPARATELY RATED OR SEPARATELY RATE:** When either of these terms is found in a classification's definition, the payroll of personnel interchanging between that classification's tasks (e.g., shop) and also performing the specified function that is designated "to be separately rated" or "separately rate" (e.g., erection, installation) may be divided between that class and class(es) designated for the specified function, provided the employer's original payroll records show an allocation of payroll to both classifications for each interchanging employee. Estimated or percentage allocation of payroll is not permitted. When separate payroll records are not maintained, the entire payroll of the interchanging employees shall be assigned to the insuring carrier's or the residual market's highest [Bureau loss cost]-valued classification representing any part of their work.

## CLASSIFICATIONS

### ADDITIONS

#### **UNDERWRITING GUIDE**

**To 104:**

Fruit Flavored Drink Mfg.

**To 646:**

Electrostatic Painting Of Metal Cabinets Or Furniture – At Customers' Locations – By Specialist Contractor

**To 911:**

Delicatessen Meat Distributor – No Delicatessen Or Lunch Meat Manufacturing - Wholesale  
Lunch Meat Distributor – No Lunch Or Delicatessen Meat Manufacturing – Wholesale

**To 916:**

Shirt Making – Custom

**To 921:**

Party Supplies Rental – Wholesale

**To 936:**

Advertisements – Filming Or Video Production Or Recording Of Radio or Television  
Commercials  
Industrial Film Production Company  
Music Video Production Company  
Radio Commercial Recording  
Television Or Radio Advertisements – Filming Or Video Production Or Recording  
Training Film Production Company

**To 962:**

Financial Auditing Firm (Not An Independent Insurance Traveling Auditing Firm)

**To 969:**

Botanical Gardens – Open to Public Exhibition

**To 971:**

Power Washing Of Exterior Walls or Decks At Residential Or Commercial Sites – By Contractor

### CHANGES

#### **471 PRINTED CIRCUIT BOARD ASSEMBLY OR ELECTRICAL WIRE HARNESS MFG – BY CONTRACTOR**

Applies to [concerns]businesses principally engaged in [performing]assembling any of the [services]products discussed below for others on a contract basis.

CHANGES (continued)

Includes the manufacturing/assembly of printed circuit boards, the placement of components onto printed circuit boards (mounting/stuffing) or the installation of resultant boards into a chassis with the addition of wire leads.

[Also contemplated by..... in this Manual.]

**OPERATIONS ALSO INCLUDED:**

1. The assembly of electrical wire harnesses, automotive wire harnesses or connector cable assemblies.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 472 to electronic component manufacturing.
2. Assign Code 473 to electrical cord assembly
3. The manufacture of wire or cable shall be separately classified as provided for in this Manual.

**472 ELECTRONIC COMPONENT MFG., N.O.C.**

Applies to the manufacture ..... filters or transducers.

[Also applies to..... defined by this classification.]

**OPERATIONS ALSO INCLUDED:**

1. Semiconductor material refining
2. Integrated circuit manufacture
3. Quartz crystal culturing
4. Glass to metal seal manufacture

**OPERATIONS NOT INCLUDED:**

1. The manufacture of non-electronic parts (e.g., pushbuttons, springs, gaskets or plastic parts). The inclusion of such non-electronic parts in the electronic device shall not be construed as an electronic component as defined by this classification.

**UNDERWRITING GUIDE**

**To 607:**

Horizontal Or Directional Drilling – For Underground Utility Construction – By Contractor

**To 609:**

Excavation For Septic Tank Installation – By Specialist Contractor

**617 GAS, STEAM or WATER MAIN CONSTRUCTION** – all work to completion

**OPERATIONS NOT INCLUDED:**

2. Separately [classify]rate horizontal/directional drilling for underground utility construction to Code 607.
3. Separately [classify]rate conduit construction to Code 625.



CHANGES (continued)

**625 CONDUIT CONSTRUCTION** – for cables or wires, all work to completion.

Also includes cable laying..... cable and backfills.

**OPERATIONS NOT INCLUDED:**

1. Separately [classify]rate horizontal/directional drilling for underground utility construction to Code 607.

**UNDERWRITING GUIDE**

**To 653:**

Sandblasting The Outside Of Buildings – By Specialist Contractor

**To 665:**

Painting, Including Shop and Preparatory Sandblasting

**752 OIL OR GAS PIPELINE OPERATION** [- Construction, operation of wells or oil refining shall be separately rated.]

Applies to the operation of cross-country pipelines for the transmission of oil or natural gas which may include the laying or relaying of gathering or distributing lines, the operating of pumping stations, line checking, meter reading, line maintenance or repair and prevailing right-of-way clearance.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 581 to businesses engaged in oil refining.
2. Assign Code 609 to contractors building a cross-country pipeline.

**806 FURNITURE MOVING and/or STORAGE**

[Includes the packaging..... assigned to Code 811.]

**OPERATIONS ALSO INCLUDED:**

1. The packaging or handling of households goods away from the employer's premises by the furniture moving and/or storage company or by an independent packing contractor.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 811 to the transporting or delivery and the setting into place at the customers' locations of furniture and/or major household appliances under contract for a manufacturer or store.

**882 RESIDENTIAL INTERIOR CLEANING SERVICES** – by Contractor.

Applicable to businesses..... kitchen or bathroom fixtures.

**OPERATIONS NOT INCLUDED:**

1. Assign Code [653]971 to payroll developed in the [cleaning]power washing of exterior walls or decks at residential or commercial sites.

CHANGES (continued)

**UNDERWRITING GUIDE**

**To 925:**

Locksmith – Including Shop – A Specialist Contractor

**936 BROADCASTING STATION** – Radio or Television, all employees including office

**OPERATIONS ALSO INCLUDED:**

1. The pre-production, production and post-production phases of a motion picture, television, music video or advertisement (commercial) production company when performed by the motion picture, television, music video or advertisement (commercial) production company's staff. Activities contemplated in the different production phases include but are not necessarily limited to: directors, assistant directors, producers, performers, musicians, set builders, wardrobe designers, sound technicians, gaffers (lighting technicians), grips (grips conduct rigging operations around the set, move camera dollies, and ensure the set is safe), hair or makeup persons, camera operators, cinematographers, film developers or editors.
2. Motion picture production companies making animated films including but not necessarily limited to: voice talent, motion capture actors, camera and equipment operators, computer animators, the director, and producers.

**OPERATIONS NOT INCLUDED:**

1. When the motion picture, television, music video or advertisement production company outsources any of the activities incident to motion picture, television, music video or advertisement production to an unrelated business (specialty contractor), that unrelated business shall be assigned to that Manual classification contemplating the unrelated contractor's specialized operations.

**UNDERWRITING GUIDE**

Motion Picture Production Company

Sound Recording Studio

**955 ENGINEERING CONSULTING FIRM**, mechanical, civil, electrical or mining engineering consulting firms, or architectural firms

[Businesses principally ..... to Code 607.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 951 and/or Code 953 to businesses principally engaged in providing computer and/or software consulting services.
2. Engineers or architects employed by concerns whose field-of-business is actual construction, manufacturing, mining or installation operations shall be assigned in accordance with the class or classes appropriate to the business of the employer, unless the operations subject to Code 955 fulfill the multiple enterprise conditions described in Section 1, Rule IV, C. 3. a.
3. Clerical or drafting employees of consulting architects or engineers are properly assigned to Code 953 provided they meet the conditions described in Section 1, Rule IV, B. 2. a. and b.
4. Assign Code 607 to separate staff performing test boring for soil samples.

CHANGES (continued)

**956 LAW FIRM**, all employees including office

This classification is for law firms. [Attorneys ..... employer's business.]

**OPERATIONS NOT INCLUDED:**

1. Attorneys employed by other establishments whose field-of-business includes but is not necessarily limited to manufacturing or construction shall be assigned to the classification consistent with the employer's business.

**957 PHYSICIAN or DENTIST**, all employees including [clerical] office [except home health care service employees].

This classification is for the physician's or dentist's office. Includes licensed practitioners engaged in the practice of general or specialized dentistry, medicine, surgery or therapy (physical or mental). [Does not apply where inpatient overnight care is provided. Those practicing veterinary medicine shall be assigned to Code 959.]

[Physicians or dentists employed..... in this Manual.]

**OPERATIONS NOT INCLUDED:**

1. Assign the applicable health care facility classification where overnight inpatient care is provided.
2. Assign Code 959 to practitioners of veterinary medicine.
3. Physicians or dentists employed by a health care facility shall be assigned in accordance with the health care facility class appropriate to the business at the location.
4. Assign Code 946 to physicians or dentists employed by a temporary medical staffing contractor and who are provided on a temporary basis to unrelated health care facilities.
5. Separate staff performing home health care services shall be separately classified to either Code 942 or to Code 943 as provided in this Manual.

**962 ACCOUNTING or FINANCIAL AUDITING FIRM** – all employees including office

This classification is for accounting or financial auditing firms.

Accounting firm – a business performing the systematic recording, reporting and analysis of an unrelated business' financial transactions typically broken down in the business' financial year.

Financial auditing firm – a business that reviews or examines unrelated businesses' financial records to be certain the unrelated businesses' financial records are correct or free of error.

**OPERATIONS NOT INCLUDED:**

1. and 2. remain unchanged.
3. Assign Code 953 to independent auditors of non-financial information or records (e.g., drug trials, patient care records of a health care facility).
- [3]4. Assign Code 984 to an insurance [company] traveling premium auditor employed by an insurance company.

CHANGES (continued)

- [4]5. Assign a classification consistent with the employer's field-of-business when accountants or financial auditors are employed by a business whose field-of-business may include[s] but is not necessarily limited to manufacturing or construction.

***UNDERWRITING GUIDE***

Auditing Firm – Financial (Not An Independent Insurance Traveling Auditing Firm)

**963 CHURCH[ES]** – all employees including office[, except cemetery employees]

[Includes religious..... when separately staffed.]

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

**OPERATIONS ALSO INCLUDED:**

1. Includes religious education provided by the church.

**OPERATIONS NOT INCLUDED:**

1. Payroll division must be provided for schools or hospitals at separate locations.
2. Assign Code 891 for a separately-staffed day nursery school, kindergarten or child daycare center operated on the church premises from Monday through Friday.
3. Assign Code 965 for a separately-staffed elementary and/or secondary school operated on the church premises from Monday through Friday.
4. Assign Code 999 to separate cemetery staff.

***UNDERWRITING GUIDE***

**To 969:**

Arboretum – Open To Public Exhibition

**971 COMMERCIAL BUILDINGS** [- operation by owner, lessee, or management firms including care, custody and/or maintenance of premises. Also includes generalist and specialist commercial building cleaning (including window cleaning) and building maintenance contractors.]

Applicable to owners, operators and/or contract management firms of buildings or properties used for commercial or industrial occupancy (e.g., office buildings and strip malls). Includes the care, custody and/or maintenance of the premises by the property owner, operator and/or management firm's staff.

**OPERATIONS ALSO INCLUDED:**

1. Janitorial contractors for commercial building cleaning and specialist commercial building cleaning contractors pursuant to the Code 971 Underwriting Guide entries.
2. Separate staff of a homeowners' association performing the maintenance of common grounds (e.g. roads), and the operation and maintenance of recreational amenities (e.g., swimming pools, tennis courts and/or clubhouses) and security.

CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

1. Assign Code 880 to employers principally engaged in operating apartment buildings, condominium complexes or cooperative buildings used for residential occupancy.
2. Assign Code 882 to specialist contractors principally engaged in providing residential interior cleaning services.
3. Assign Code 141 to contractors principally engaged in cleaning carpeting and/or upholstered furniture on customers' premises.
4. As provided for in this Manual, separately classify the following operations of a homeowners association provided each operation is separately staffed: golf courses, stables, restaurants, sewage plant or water works.

**UNDERWRITING GUIDE:**

Contractor For Commercial Building Cleaning

**7421 AIRCRAFT OPERATION** – transportation of personnel in the business of an employer not otherwise engaged in aircraft operations – all members of the flying crew.

[This classification applies] Applicable to the payroll of the pilot and all members of the flying crew. In the case of an aircraft owned or operated by an employer in the conduct of his business, this classification shall apply to the payroll of executive officers or other employees acting as pilots or members of the flying crew. If the records of the employer clearly indicate the weeks in which flying is performed by such employees, (1) only the payroll for each week during any part of which the employee has engaged in flight duties shall be assigned to [this classification] Code 7421 unless the classification applicable to the employee's non-flying operations carries a higher insuring carrier or residual market rat[e]ing value, in which event such classification shall apply; and (2) the payroll for each week in which no flying has been done shall be assigned to those classifications which would otherwise apply. If the employer's records [of the employer] do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees shall be assigned to [this classification] Code 7421 unless the classification applicable to the employee's non-flying operations [carries] has a higher insuring carrier or residual market rat[e]ing value in which event such classification shall apply.

Commercial aircraft..... Endorsement **WC 00 04 01A.**

DELETIONS

**UNDERWRITING GUIDE**

**From 653:**

Cleaning Outside Surface Of Masonry Buildings, Siding Or Decks

**From 855:**

Icing Of Refrigerator Cars

**From 936:**

Video Duplicating, Editing, And/Or Production Service

DELETIONS (continued)

**From 971:**  
Building Service Contractor

**GENERAL AUDITING AND CLASSIFICATION INFORMATION**

ADDITION

**PER DIEMS**

Per diems refer to a specific amount of money that a business provides to an employee to cover living and traveling expenses in connection with work. To the extent that specific documentation is not available for substantiation of per diem expenses in accordance with Manual rules (see Section 1, Rule V, F.) per diem expense reimbursement payments are included as remuneration for premium computation purposes.

Certain Internal Revenue Service (IRS) procedures allow for employer deduction of per diems paid to employees under the terms of a “nonaccountable plan.” This type of plan does not require actual receipts for the expenses covered by the per diems. Exclusion of per diems under a “non-accountable plan” from remuneration for premium computation purposes is solely a matter for carrier review and determination. Disputes emanating from the insuring carrier’s determination in the area of nonaccountable IRS per diem plans are not subject to DCRB review and resolution.

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

These Manual revisions will be updated on our website ([www.dcrb.com](http://www.dcrb.com)) at a later date.

Timothy L. Wisecarver  
President

TLW/kg  
D Circ

***Remember to visit our web site at [www.dcrb.com](http://www.dcrb.com) for more information about this and other topics.***