



September 23, 2016

DCRB CIRCULAR NO. 922

To All Members of the DCRB:

**MANUAL REVISIONS TO SECTION 2 – DCRB FILING NO. 1605
APPROVED EFFECTIVE DECEMBER 1, 2016**

- (1) Classification Procedure Change – reclassification of “Sod Farm” from Code 0013, Nursery, to Code 0006, Field Crop or Vegetable Farm.**
- (2) Classification Procedure Change – revision to the scope of Code 446, Precision Machine Parts Mfg., N.O.C.**
- (3) Classification Procedure Change – revision to the scope of Code 759, Cable Television Operators.**
- (4) Classification Procedure Change – reclassification of “Truck Washing Services – Mobile” from Code 815, Automobile Service Center, to Code 971, Commercial Buildings, and reclassification of “Truck Washing Services – Permanently Sited” from Code 815 to Code 816, Automobile Filling Station.**

In accordance with authorization by the Delaware Insurance Commissioner, the DCRB Filing No. 1605 regarding classification procedure changes are approved. These changes become effective for new and renewal policies as of 12:01 a.m., December 1, 2016 and later. This effective date makes the implementation of these changes concurrent with DCRB’s normal annual comprehensive residual market rate and voluntary market loss cost filing, which was filed with the Insurance Commissioner on August 2, 2016 (see DCRB Circular No. 920).

The changes included in this filing are summarized in sequence below. A Delaware employer’s loss costs may be impacted if the employer’s business is reclassified as a result of these changes.

- (1) Classification Procedure Change – reclassification of “Sod Farm” from Code 0013 to Code 0006.**

This change was prompted by staff’s review of the classification applicable to an employer principally engaged in raising and harvesting various types of grass seed. Staff’s research regarding the classification procedure for such businesses revealed that the National Council on Compensation Insurance Inc. (NCCI) classifies the raising of grass seed and sod farms to NCCI Code 0037, Field Crops & Drivers. Staff concluded that grass is a type of field crop and that the term “grass” was also applied in agriculture to various types of grains/cereals (e.g., wheat, corn, oats and barley). Thus, the raising of grass seed and the operation of sod farms is more analogous to the operations contemplated by Code 0006

than the operations contemplated by Code 0013 which is applied to employers principally engaged in raising trees, shrubs and/or flowering shrubs.

(2) Classification Procedure Change – revision to the scope of Code 446.

Prior to this filing, a machining business had to fulfill two criteria to be classified to Code 446: First, more than 50% of all machining operations performed by the machining business had to be held to a final tolerance of plus/minus .001 inches or closer. Second, more than 50% of the parts machined by the employer may not be assigned to any other manufacturing classification. Code 446 is the Delaware classification equivalent to NCCI Code 3629, Precision Machined Parts Mfg., N.O.C. NCCI Filing Memorandum B-1428 set forth that auditors and underwriters are rarely able to verify whether an employer's machining operations fulfill the first criteria regarding tolerance requirements. DCRB agrees with this observation. NCCI Filing Memorandum B-1428 proposed that the word "Precision" be deleted from the title of Code 3629 and that the scope of that classification be revised to withdraw the machining tolerance requirement. DCRB's filing also removes the word "Precision" from the DCRB Code 446 title and revises the scope of Code 446 to remove the machining tolerance requirement. The Code 446 Manual language is also amended to clarify that Code 446 now applies to a business engaged in machining single piece parts for unrelated businesses (regardless of the tolerances observed in the machining process) and where more than 50% of the single piece machined parts made by the employer are not assigned to any other manufacturing classification.

A second element of NCCI Filing Memorandum B-1428 was to make NCCI Code 3629 the applicable classification for "Additive Mfg./3D Printing." Additive manufacturing is a process in which three dimensional computer design data is used to manufacture a part by depositing thin layers of material on top of each other. DCRB agrees that this emerging technology is at this time reasonably analogous to the operations contemplated by Code 446 and adds a Code 446 "Additive Mfg./3D Printing" Underwriting Guide entry.

(3) Classification Procedure Change – revision to the scope of Code 759.

Prior to this change, Code 759 was the only DCRB classification that contemplated both a specific type of business (i.e., the FCC licensed cable television provider) and a contractor performing a service(s) for such business. This conflicts with the object of DCRB's uniform classification plan, which is to classify an employer on the basis of the employer's field of business. Staff proposed to end this anomaly by discontinuing the former procedure. Going forward a contractor providing a specific type of service to an FCC licensed cable television provider will be classified on the basis of the contractor's field of business as provided for in the Delaware Basic Manual.

(4) Classification Procedure Change – reclassification of "Truck Washing Services – Mobile" from Code 815 to Code 971 and reclassification of "Truck Washing Services – Permanently Sited" from Code 815 to Code 816.

Prior to this change, Code 815 included "Truck Washing Service, Mobile or Permanently Sited." Staff's evaluation of the classifications applicable to mobile and permanently sited truck washing services resulted from staff's file reviews of two employers providing truck washing services. Staff found one of these employers to be principally engaged in power or pressure washing trucks at customer's locations. Staff's background research showed that power or pressure washing is typically the technique used by mobile truck washing services.

Code 971 includes “Power Washing of Exterior Walls or Decks at Residential or Commercial Sites – By Contractor.” Given the similarity in the equipment used and methodology employed, staff concluded that “Truck Washing Services – Mobile” is more analogous to the operations described by the Code 971 “Power Washing of Exterior Walls or Decks at Residential or Commercial Sites – By Contractor” Underwriting Guide entry than to the operations contemplated by Code 815.

The second truck washing business that staff reviewed operated a permanently sited truck washing facility. Staff finds that there is no appreciable difference between a permanently sited car wash and a permanently sited truck washing facility, except perhaps the scale of the facility and the vehicle being washed, and thus proposed the reclassification of permanently sited trucking washing services from Code 815 to Code 816 and adding “Truck Washing Service – Permanently Sited” as a Code 816 Underwriting Guide entry.

Concurrent with these changes, the Code 815 “Truck Washing Service, Mobile or Permanently Sited” Underwriting Guide entry is deleted.

If there are any questions regarding this circular, please contact David T. Rawson, Technical Director, Classification & Field Operations at (215) 320-4501, or at [drawson@dcrb.com](mailto:dawson@dcrb.com). The approved revisions to the Delaware Manual language are attached. The Basic Manual will be updated on DCRB’s website (www.dcrb.com) at a later date.

William V. Taylor
President

DELAWARE WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY INSURANCE

Proposed Effective December 1, 2016

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

SECTION 1 – Underwriting Rules through **SECTION 1 – Appeals Procedure** remain unchanged.

SECTION 2 – Rating Values through **SECTION 2 – Definitions** remain unchanged.

SECTION 2 – Classifications

441 TOOL MFG., N.O.C.

Applies to a business.....carving by hand or machine.

OPERATIONS NOT INCLUDED:

No Change to Numbers 1 through 8

9. Machined Parts Mfg. – N.O.C. shall be defined as machining single-piece parts for unrelated businesses and where more than 50 percent of the single-piece machined parts made by the employer are not assigned to any other manufacturing classification. Businesses so principally engaged shall be assigned to Code 446.

10. Assign the applicable manufacturing classification when the employer is principally engaged in assembling single-piece machined parts into end-product components. Assembly operations include but are not limited to: welding, fastening, inserting, pressing, and the joining of springs, ball bearings, ears, or other parts or components to any other part or component.

11. An employer principally engaged in machining single-piece parts specifically assigned to any manufacturing classification shall be assigned to that specified manufacturing classification.

No Change to Numbers 12 or 13

446 MACHINED PARTS MFG., N.O.C.

Applies to a business principally engaged in Machined Parts Mfg., N.O.C. Such term will be applied to a business machining single-piece parts for others . A business principally engaged in Machined Parts Mfg., N.O.C. is typically a job shop. A job shop is defined as a business principally engaged in machining single-piece parts for unrelated businesses and has no proprietary product(s) or the machining of the business' proprietary product(s) is less than 50 percent of the business' overall machining.

OPERATIONS NOT INCLUDED:

1. An employer whose business operations are described by another classification in this Manual shall be assigned to that classification.

2. An employer principally engaged in machining single-piece parts specifically assigned to any other manufacturing classification shall be assigned to that specified manufacturing classification.

3. Assign the applicable manufacturing classification when the employer is principally engaged in assembling single-piece machined parts into end-products components. Assembly operations include but are not limited to: welding, fastening, inserting, pressing, and the joining of springs, ball bearings, gears, or other parts or components to any other part or component.

4. As specified in this Manual assign the applicable casting, forging, stamping, forming or fabrication classification to an employer so principally engaged.

**DELAWARE WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING
VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY INSURANCE**

Proposed Effective December 1, 2016

UNDERWRITING GUIDE

Additive Mfg. /3D Printing
Machined Parts Mfg., N.O.C.

759 CABLE TELEVISION OPERATIONS

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

OPERATIONS ALSO INCLUDED:

1. The erection or installation or system hook-up or service and/or repair or the operation of a cable television and internet system by the cable and Internet provider.

OPERATIONS NOT INCLUDED:

1. Assign Code 936 to separately staffed broadcasting studios and/or separate crews engaged in the presentation and/or filming of news and events.
2. Separately classify contractors engaged in the construction or erection work or the hook-up of service of customers for a cable television or Internet provider as follows:
 - a. Assign Code 625 to payroll developed in installing conduit underground and running cable through the conduit.
 - b. Assign Code 656 to payroll developed in the stringing of cable from pole-to-pole.
 - c. Assign Code 660 to payroll developed in hooking up or servicing a customer (including installing or replacing a lateral line from the pole to the customer's building and/or running cable in the customer's building).
3. Assign Code 757 to a business principally engaged in providing telephone services.

DELAWARE WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY INSURANCE

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815 AUTOMOBILE SERVICE CENTER or Garage – All employees including office.

Tire recapping or retreading shall be assigned to Code 225 when performed by a separate crew of employees in a physically separate work area.

See the Code 934 Section 2 class description for how to classify an auto parts store that also provides automobile repair services.

Please see the Automobile Service/Gasoline Station entry in the General Auditing & Classification Information section for information on classifying such business enterprise.

UNDERWRITING GUIDE

Air Conditioning Systems, Automobile Or Truck - Installation, Service Or Repair	Garage, Automobile Or Truck
Automobile Body Repairing	Glass Installer, Automobile
Automobile Paint Shop	Maintenance Of Buses, By Public Garage
Automobile Radiator Repair Shop	Quick Oil Change And Lubrication Garage
Automobile Repair Garage	Rubber Tire Dealer, Retail
Automobile Towing Company	Taximeter Installation Or Repair
Carriage Repairing	Tire Dealer, Retail
Customizing Vans	Truck Repair Garage
Fender Repairing, Automobile	Van Conversion Or Customizing
Frame Straightening On Automobiles	Wagon Repairing

816 AUTOMOBILE FILLING STATION – Retail

Please see the Automobile Service/Gasoline Station entry in the General Auditing & Classification Information section for information on classifying such business enterprise.

UNDERWRITING GUIDE

Automobile Laundry
Car Wash
Gasoline Station, Retail - Exclusively Gasoline Sales
Truck Washing Service – Permanently-Sited

971 COMMERCIAL BUILDINGS

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.
3. If the principal business is described by classifications defined as Standard Exceptions, the payroll of all employees not specifically included in the definition for such Standard Exceptions shall be separately classified to Code 971.

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.

DELAWARE WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY INSURANCE

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UNDERWRITING GUIDE

Arena Operation – Indoor – By Contractor Or Owner	Fumigating - Not Agricultural - By Contractor
Building Cleaning - By Contractor Or Owner	Janitor Service Contractor
Civic Center - Operation By Specialist Contractor	Kitchen Equipment Exhaust Duct Cleaning - By Specialist Contractor
Cleaning Of Grease Exhaust, Air Conditioning, Heating And Ventilating Ducts - By Specialist Contractor	Mobile Home Park - Operation Or Maintenance By Contractor (Not Recreational Vehicle Campground)
Cleaning, Sanitizing Or Deodorizing Restrooms - By Contractor	Post Construction Clean-Up - New Homes - By Specialist Contractor
Commercial Or Industrial Building Operation - By Owner, Lessee Or Real Estate Management Firm	Power Washing Of Exterior Walls Or Decks At Residential Or Commercial Sites – By Contractor
Contractor For Commercial Building Cleaning	Storage - Self-Service
Duct Cleaning - Grease Exhaust, Air Conditioning, Heating, Ventilating - By Specialist Contractor	Sweeping Of Parking Lots - Shopping Areas And Similar Areas, By Specialty Contractor
Exterminator	Swimming Pool Cleaning Or Maintenance - By Specialty Contractor
Fire, Smoke And/Or Water Damage Clean-Up - By Contractor	Swimming Pool Liner Installation - Vinyl, By Swimming Pool Maintenance Contractor
Flea Market Or Swap Meet Operators	Termite Control - By Contractor
Floor Waxing Or Polishing - By Building Owner, Lessee, Management Agency Or Contractor	Truck Washing Service – Mobile
	Warehouse - Storage - Self-Service
	Window Cleaning Contractor

0006 FIELD CROP or VEGETABLE FARM – the raising of all field crops or vegetables or general farms which carry on a variety of operations

OPERATIONS NOT INCLUDED:

1. Assign Code 113 to separately-staffed canning, pickling or operations preserving vegetables by use of another food preservation technique.
2. Assign the appropriate inside domestic workers classification to inside domestic workers.

UNDERWRITING GUIDE

Farm, Crop	Farm, Vegetable
Farm, Field Crop	Grain Farm
Farm, Grain	Grass Seed Raising
Farm, N.O.C.	Sod Farm
Farm, Tobacco	Tobacco Farm
	Vegetable Farm

0013 NURSERY

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

UNDERWRITING GUIDE

Christmas Tree Planting, Cultivating And Harvesting
Farm, Tree

SECTION 2 – Underwriting Guide through SECTION 6 – Merit Rating Plan remain unchanged