



August 24, 2018

DCRB CIRCULAR NO. 954

To All Members of the DCRB:

RE: APPROVAL OF DCRB FILING NO. 1709
BASIC MANUAL REVISIONS – SECTION 2
EFFECTIVE DECEMBER 1, 2018

TWO CLASSIFICATION PROCEDURAL CHANGES

- (1) Classification applicable to fence erection contractors**
- (2) Classification applicable to kitchenware sales**

The Delaware Insurance Commissioner has approved the DCRB's filing regarding two classification procedural changes for policies with effective dates of 12:01 a.m. December 1, 2018 and later. This effective date of implementation aligns concurrently with the DCRB's normal annual comprehensive voluntary market loss cost and residual market rate revision filing which was filed with the Commissioner on August 3, 2018.

The two classification procedural changes included in this filing are summarized below. These changes do not amend any classification's DCRB voluntary market loss cost or residual market rating value. A Delaware employer's premium will only be impacted if the employer's business is reclassified as a result of these changes.

(1) Classification applicable to fence erection contractors.

Prior to the approval of this filing, the DCRB classified fence erection to two classifications depending upon the type of fencing erected. The erection of wood and/or vinyl fencing was classified to Code 651, which is formally titled "Carpentry – Commercial Structures" and includes Underwriting Guide entries for "Fence Erection – Wood – Commercial or Residential" and "Vinyl Fence Installation – Commercial or Residential." The erection of metal fencing was classified to Code 658, which is formally titled "Iron Erection or Installation – Ornamental or Non-Structural Only" and includes Underwriting Guide entries for "Fence Erection – Metal" and "Metal Fence Erection – By Specialist Contractor." Metal fencing includes but is not necessarily limited to chain link, woven wire, wrought iron and barbed wire. Staff reviewed an inquiry from a fence erection contractor who indicated that his aluminum fence erection work was analogous in process and hazard to the erection of vinyl fencing and therefore should also be classified to Code 651. This inquiry prompted the review of the fence erection industry.

Staff concluded from that review that fence erection work involved similar processes irrespective of the type of fencing being installed, whether it is wood, vinyl or metal. The filing recommended that all types of fencing be assigned to the same classification, specifically Code 651. Employers eligible for reclassification from Code 658 to Code 651, or for reassignment of a portion of their Code 658 payroll to Code 651, will receive a rating value reduction of 39.32% on the basis of the approved December 1, 2017 Code 651 and Code 658 voluntary market loss costs and residual market rates.

(2) Classification applicable to kitchenware sales.

The second review and proposal recommends two classification changes relating to kitchenware sales. The first is for retail stores principally engaged in the sale of kitchenware to be reclassified from Code 925, Hardware Store, Retail, to Code 928, Retail Store, N.O.C. The second is regarding wholesale dealers principally engaged in the sale of kitchenware be reclassified from Code 926, Hardware Store, Wholesale, to Code 924, Wholesale Store, N.O.C.

Following staff review of the historical record, it was concluded that the characterization of kitchenware as a type of hardware in both the Code 925 and Code 926 Basic Manual classification descriptions, was in error and should not be continued. Those employers found to be eligible for reclassification from Code 925 to Code 928 will receive a rating value increase of 8.55% on the basis of the approved December 1, 2017 DCRB voluntary market loss costs and residual market rates. Those employers found to be eligible for reclassification from Code 926 to Code 924 will receive a rating value increase of 13.61%.

The Basic Manual language revisions are attached. The Basic Manual will be updated on the DCRB's website at a later date.

Please refer to Filing No. 1709, posted under the "Filings" tab of the DCRB's website: <http://www.dcrb.com> for additional information and details regarding these classification procedural changes. Contact Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at rferrante@dcrb.com for any questions regarding this circular.

William V. Taylor
President

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

Approved Effective December 1, 2018

INFORMATION PAGE *remains unchanged.*

PREFACE *remains unchanged.*

MEMBERSHIP *remains unchanged.*

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

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

CLASSIFICATIONS

651 CARPENTRY – COMMERCIAL STRUCTURES

UNDERWRITING GUIDE ADDITIONS:

Metal Fence (e.g., Aluminum, Chain Link or Wrought Iron) Erection – Commercial or Residential

Wood Fence Erection – Commercial or Residential

UNDERWRITING GUIDE CHANGES:

Fence Erection –All Types – Commercial or Residential

Vinyl Fence Erection – Commercial or Residential

658 IRON ERECTION OR INSTALLATION – ORNAMENTAL OR NON-STRUCTURAL ONLY

UNDERWRITING GUIDE DELETION:

Fence Erection - Metal

Metal Fence Erection – By Specialist Contractor

924 WHOLESALE STORE, N.O.C.

UNDERWRITING GUIDE ADDITION:

Kitchenware (e.g., Utensils, Cutlery and Dinnerware) Dealer - Wholesale

925 HARDWARE STORE – Retail

Applies to retail stores principally engaged in selling hardware. The term hardware as used in this classification includes but is not necessarily limited to: nails, screws, bolts, washers, gaskets, brackets, locks, hinges, electrical outlet boxes, switches, fuses, plugs, sockets, hand or portable electric tools, plumbing fixtures, paint, small household electrical appliances, radios, stereo equipment, televisions, video and/or audio equipment, garden tools and equipment such as lawn mowers and snow blowers.

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

Approved Effective December 1, 2018

926 **HARDWARE STORE – Wholesale**

Applies to dealers principally engaged in the wholesale selling of hardware. The term hardware as used in this classification includes but is not necessarily limited to: nails, screws, bolts, washers, gaskets, brackets, locks, hinges, hand or portable electric tools, machine tools, small household electrical appliances, stereo equipment, radios, televisions, video and/or audio equipment, mill supplies or garden tools or garden equipment such as lawn mowers or snow blowers.

928 **RETAIL STORE, N.O.C.**

UNDERWRITING GUIDE ADDITION:

Kitchenware (e.g., Utensils, Cutlery and Dinnerware) Store – Retail