



September 28, 2018

DCRB CIRCULAR NO. 957

To All Members of the DCRB:

RE: APPROVAL OF DCRB FILING NO. 1802
BASIC MANUAL HOUSEKEEPING REVISIONS TO SECTIONS 1 & 2
EFFECTIVE DECEMBER 1, 2018

The Delaware Insurance Commissioner has approved the DCRB's filing regarding Manual housekeeping revisions to Sections 1 and 2 for policies effective 12:01 a.m., December 1, 2018 or later. The effective date of these changes aligns concurrently with the DCRB's normal voluntary market loss cost and residual market rate revision filing, which was filed with the Commissioner on August 3, 2018. This coordination will consolidate necessary changes that members and other constituents must make to policies, forms and systems.

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

The Manual housekeeping revisions are summarized below:

Section 1

- Clarification to Rule V.B.2. with respect to the inclusion of automatic gratuities as remuneration.
- Revision to Rule IX.A.4. for clarity.
- Clarification to Rule IV.B. to convey that operations cited as General Inclusions are to be separately rated.

Section 2

- Addition of a definition for the phraseology "To Be Separately Classified or Separately Classify."
- Clarification of 8 classification descriptions.
- Addition of 7 new Underwriting Guide entries.

For additional information, please refer to Filing No. 1802, posted under the "Filings" tab of the DCRB's website (<http://www.dcrb.com>). Please contact Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at rferrante@dcrb.com for any questions regarding this Circular. The Basic Manual will be updated on the DCRB's website at a later date.

William V. Taylor
President

Remember to visit our web site at www.dcrb.com for more information about this and other topics.

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.

TABLE OF CONTENTS

SECTION 1 – GENERAL through **POLICY PREPARATION-INSURED, POLICY PERIOD** and **STATE OF OPERATION** remains unchanged.

RULE IV – CLASSIFICATIONS

This revision is intended to convey that operations cited as General Exclusions are to be separately rated. Payroll developed by employees who interchange between duties assignable to the employer's governing classification and operations cited as General Exclusions may be divided between the employer's governing classification and the classification applicable to the General Exclusion provided the employer maintains separate payroll records.

(No change to Item A.)

B. CLASSIFICATIONS

(No change to Items 1. through 3.)

4. GENERAL EXCLUSIONS

Some operations in a business are so unusual that they are excluded from basic classifications. They are separately rated unless specifically included in the basic classification wording. These operations are called general exclusions and are:

(No change to Items 1. through 5.)

(No change to Items C. through E.)

RULE V – PREMIUM BASIS

B. REMUNERATION – PAYROLL

(No change to Item 1.)

2. INCLUSIONS

(No change to Items a. through t.)

- u. Automatic Gratuities (See Tips vs. Automatic Gratuities in the General Auditing & Classification Information section).

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3. EXCLUSIONS

(No change to Items a. through d.)

- e. Tips received by employees (after minimum wage adjustment has been applied refer to Inclusions, o).

(No change to Items f. through n.)

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

(No change to Items 1. through 4.)

4. EXECUTIVE OFFICERS REMUNERATION – TREATMENT OF:

The remuneration of executive officers shall be treated in accordance with the following procedures:

1. The remuneration of an executive officer shall not be included with the payroll of the employer for premium computation purposes, provided:
 - (a) The executive officer is elected for the value of his or her name or because of stock holdings, has no duties and does not come on the premises, except perhaps to attend directors' meetings.
 - (b) The executive officer ceases to perform any duties and does not come on the premises, except perhaps to attend directors' meetings.
2. The remuneration of an executive officer shall be included with the payroll of the employer for premium computation purposes, subject to the minimum and maximum provisions of the Basic Manual, provided:
 - (a) The executive officer ceases to perform any duties, but frequently visits the premises of the employer.
 - (b) The officer frequently visits the premises of the employer for business conferences, directors' meetings or similar duties, even if the officer is an employee or officer of another employer in the operations of which he/she takes an active interest.
 - (c) The officer receives no salary; however, a regular salary is credited to him or her on the books. In this instance, the amount credited must be included in payroll.
 - (d) The officer receives no salary or the audit records fail to disclose the salary. In this instance, the amount to be included in the payroll is the applicable corporate officer minimum.

SECTION 1 – CANCELLATION through MEMBER CARRIER DISPUTES (DISPUTE RESOLUTION CONFERENCE) remains unchanged.

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SECTION 2 – Classifications and Bureau Rating Values through **Sub-classification-Carrier Option** remains unchanged.

*(No change in items **ALL EMPLOYEES EXCEPT OFFICE** through **RATING SYSTEM**.)*

DEFINITIONS

TO BE SEPARATELY CLASSIFIED OR SEPARATELY CLASSIFY: When either of these terms is found in a classification's definition, the specified task designated "to be separately classified" or "separately classified" must be separately staffed by non-interchanging personnel.

CLASSIFICATIONS

The Code 012 classification description is amended to recognize that employers principally engaged in the operation of a sod farm were reclassified from Code 0013 to Code 0006 effective December 1, 2017.

012 LANDSCAPE CONTRACTOR Or Lawn Cutting Or Maintenance Contractor

Includes the construction of dry stone walls...or lawn maintenance operations.

OPERATIONS NOT INCLUDED:

1. *(No change.)*
2. Assign Code 0013 to separately-staffed nursery or Christmas tree raising.
3. *(No change.)*
4. Assign Code 0006 to sod farms.

UNDERWRITING GUIDE ADDITION:

Residential Pond or Water Garden Installation

647 INSULATION WORK, N.O.C.

(No change.)

OPERATIONS ALSO INCLUDED:

1. A Weatherization Program insulates the client's home, which may be a detached house, twin, a row house or a mobile home. The clients are generally either elderly, on a fixed income or are low-income families. All of a weatherization program's tasks (e.g., fixing windows and/or doors, installing blown or insulation, putting in foam sealants, doing caulking or putting in weather stripping) are incidental to the efforts of preventing outside air from infiltrating the home and concurrently preventing warm or air-conditioned air from escaping the home's insulation.

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OPERATIONS NOT INCLUDED:

(No change to Items 1. or 2.)

660 ALARM OR SOUND SYSTEM – INSTALLATION OR REPAIR

UNDERWRITING GUIDE ADDITION:

Cable Television – System Hookup Or Service – By Specialist Contractor

Staff proposes to eliminate the phrase “ – within Buildings” from the Code 661 classification title because not all of the operations classified to Code 661 necessarily take place within buildings e.g., Electric Cable Laying with Automatic Equipment – Street to Building – By Specialist Contractor.

661 ELECTRICAL WIRING `

664 HEATING, VENTILATING or AIR CONDITIONING CONTRACTOR

(No change.)

UNDERWRITING GUIDE ADDITION:

Ductless Heating And/Or Air Conditioning System – Installation, Service Or Repair

919 FLORIST STORE - Retail or Wholesale

Applies to a business principally engaged in the retail and/or wholesale selling of fresh cut flowers, potted plants, fresh cut floral arrangements or florist store supplies. Also includes service away from the store premises, such as floral decoration of homes, churches or other buildings for weddings, banquets or parties.

Also includes plantscaping, which is the maintenance of living (typically potted) plants inside a customer's premises. The living, potted plants may be used to decorate the interiors of malls, offices or other businesses, as well as residences. Plantscaping duties include watering, fertilizing, trimming and/or spraying of the interior living, potted plants.

OPERATIONS NOT INCLUDED:

1. Assign Code 0011 to a business principally engaged in raising, growing or cultivating flowers and/or plants used for indoor decorative purposes Stores operated at the same or contiguous location may be separately classified to Code 919 provided the stores are physically separate and separately staff.
2. *(No change.)*
3. Assign Code 0013 to a business principally engaged in raising trees (including Christmas trees), shrubs, bushes, hedges and/or bedding plants used for outdoor planting.

(No change to Items 4., 5., or 6.)

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928 RETAIL STORE, N.O.C.

(No change.)

UNDERWRITING GUIDE ADDITION:

Medical Marijuana Dispensary

953 CLERICAL OFFICE EMPLOYEES

Applicable to employees exclusively engaged in keeping the books...except in connection with any classification designated "all employees including office."

OPERATIONS NOT INCLUDED:

(No changes to Items 1. through 4.)

957 PHYSICIAN OR DENTIST, all employees including office.

(No change.)

OPERATIONS ALSO INCLUDED:

1. House calls by physicians.

OPERATIONS NOT INCLUDED:

(No change to Items 1. through 5.)

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

(No change.)

OPERATIONS NOT INCLUDED:

(No change.)

UNDERWRITING GUIDE ADDITIONS:

Hospice Facility

971 COMMERCIAL BUILDINGS

(No change.)

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UNDERWRITING GUIDE ADDITIONS:

Gutter Cleaning – Residential Or Commercial – By Specialist Contractor

0011 FLOWER RAISING, CULTIVATING OR GROWING

Applicable to businesses principally engaged in raising, growing or cultivating flowers and/or plants used for indoor decorative purposes.

OPERATIONS ALSO INCLUDED:

1. An employer principally engaged in vegetable growing in a hothouse or greenhouse and/or by the hydroponic method.

OPERATIONS NOT INCLUDED:

1. Assign Code 919 to a physically separate and separately staffed store or outlet operated by an employer classified to Code 0011.

UNDERWRITING GUIDE ADDITION:

Medical Marijuana Growing

0013 NURSERY

Applicable to businesses principally engaged in raising trees (including Christmas trees), shrubs and/ or bedding plants used for outdoor planting.

OPERATIONS NOT INCLUDED:

1. Assign Code 928 to separately staffed and physically separated store or outlet operated by an employer classified to Code 0013.