

Delaware Compensation Rating Bureau, Inc.



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May 8, 2008

BUREAU CIRCULAR NO. 832

To All Members of the Bureau:

Re: **MANUAL REVISIONS – SECTIONS 1, 2 AND 5**
CODE 818, AUTOMOBILE OR AUTOMOBILE TRUCK DEALER
BUREAU FILING NO. 0803
EFFECTIVE JUNE 1, 2008

The Delaware Compensation Rating Bureau, Inc. has filed and the Insurance Commissioner has approved Manual revisions to Sections 1, 2 and 5 pertaining to changes to Code 818, Automobile Or Automobile Truck Dealer. These revisions become **effective as of 12:01 a.m., June 1, 2008** with respect to new and renewal business only.

NOTE

The following is important Department of Insurance information pertaining to this filing.

The following requirements are consistent with previous instructions from the Delaware Department of Insurance pertaining to the adoption of revised loss costs resulting from a Bureau filing(s):

Bureau Filing No. 0803 amended Manual language and/or rating values for Codes 818 and 819.

In order to establish approved rates for the classifications affected by Bureau Filing No. 0803, all Bureau members must make expense multiplier filings reflecting the most recent three years of expense data from the Insurance Expense Exhibit subsequent to the approval of the Bureau filing and not later than 90 days after the effective date of approval of the Bureau filing.

As Bureau Filing No. 0803 was approved May 7, 2008 with an effective date of June 1, 2008, carrier expense multiplier filings must be made with the Insurance Department after May 7, 2008 and not later than September 1, 2008. **For any period of time between June 1, 2008 and September 1, 2008 in which a carrier has not yet made the required expense multiplier filing, it must continue to use rates and classifications currently approved for that carrier by the Department of Insurance.**

Carrier filings which produce rates not less than the Bureau loss costs in each classification affected by Bureau Filing No. 0803 will be effective upon filing for use in Delaware. Other carrier filings must specify an effective date not less than 30 days after receipt of the filing by the Department of Insurance.

In the event that any carrier fails to make an expense multiplier filing with the Department of Insurance subsequent to May 7, 2008 and not later than September 1, 2008, the Department of Insurance will impose the approved June 1, 2008 residual market rates by classification for those classifications affected by Bureau Filing No. 0803 as the approved rates for such carrier(s) in those classifications effective September 1, 2008.

This revision is the result of a Bureau review of Code 818, which was initiated in response to recent and ongoing discussions regarding how to classify selected automobile dealership personnel. After a careful and complete study of the issue, the Bureau developed a resolution to the ongoing discussions which would concurrently level the playing field within the automobile dealership industry and between that industry and other types of businesses as much as possible.

Code 818 will be applicable to "all employees including office" and revise the scope of that class to make it applicable for any and all employees of businesses assigned to Code 818, regardless of individual employee job duties. This will not impact overall premium costs for automobile dealerships but will eliminate potential errors in the allocation of payroll to classification within this industry. .

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

SECTION 1

CHANGE

RULE IV - CLASSIFICATIONS

B. CLASSIFICATIONS

2. Standard Exception Classification

- c. **SALESPERSONS – OUTSIDE, Code 951** – are employees..... except office.

[Automobile]Mobile, self-propelled factory, farm or construction equipment
Salespersons – Code 819 are employees engaged in selling such [duties]
equipment, or auctioning automobiles or instructing persons how to drive an
automobile or truck on and away from the insured's premises. [Such
classification] The separate Code 819 shall be treated as Salespersons – Outside,
Code 951 for the purposes of this rule [but are assigned to Code 819].

SECTION 2

CHANGES

818 **AUTOMOBILE** or Automobile Truck **DEALER** – [including service counter and parts department]All Employees Including Office.

[Please see the Auditing Ruling and Interpretation – “Automobile Dealerships,” Section 5 for further information.]

Also includes but is not necessarily limited to: inland boat dealers, mobile home dealers, recreational vehicle dealers or specialist contractors performing mobile home set-up or warranty service.

OPERATIONS NOT INCLUDED:

1. Assign Code 652 to modular home setup or erection, warranty service, remodeling or repair.

819 [AUTOMOBILE or Automobile Truck]MOBILE, SELF-PROPELLED factory, farm or construction EQUIPMENT SALESPERSON

SECTION 5 RULINGS & INTERPRETATIONS

CHANGES

RENTAL CLERKS – AUTOMOBILE/TRUCK RENTAL AGENCIES

[As a general rule..... or Code 953.]

DELETION

AUTOMOBILE DEALERSHIPS

This Ruling and Interpretation shall be deleted in its entirety.

UNDERWRITING GUIDE

CHANGES

Automobile Rental – No Drivers [(Rental Clerks To Be Assigned To Code 819)]..... 818
Truck Rental – Without Drivers [(Rental Clerks To Be Assigned To Code 819)]..... 818

DELETION

Rental Clerk Employed By An Automobile Or Truck Rental Agency..... 819

The following are the approved residual market rates, loss costs and related rating values:

CODE	APPROVED EFF. 6/1/08 RESIDUAL MKT. RATE	APPROVED EFF. 6/1/08 LOSS COST	RESIDUAL MARKET MINIMUM PREMIUM	EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			HAZARD GROUP
				A-1	A-2	A-3	
818	\$ 2.66	\$ 2.01	\$ 880	\$0.49	\$0.62	\$0.68	III
819	1.40	1.06	590	0.26	0.33	0.36	III

These Manual revisions will be updated on our website (www.dcrb.com) at a later date.

Timothy L. Wisecarver
President

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