



May 8, 2008

**Manual housekeeping items
have been added to Page 10 as
of 5/15/08. See boxed entries.**

BUREAU CIRCULAR NO. 833

To All Members of the Bureau:

Re: **DELAWARE BASIC MANUAL REVISION**
BUREAU FILING NO. 0804
EFFECTIVE AUGUST 1, 2008

- 1) **Revised Format – Complete Manual**
- 2) **Revisions to Sections 1 and 2 – Housekeeping**
- 3) **Revision to Section 1 – Rule IX – Executive Officers**

The Delaware Compensation Rating Bureau, Inc. has filed and the Insurance Commissioner has approved a format revision to the Basic Manual, housekeeping revisions to Sections 1 and 2 of the reformatted Manual, and a wording revision to the rule pertaining to executive officers. These revisions become **effective as of 12:01 a.m., August 1, 2008** with respect to new and renewal business only.

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

1) REVISED FORMAT – COMPLETE MANUAL

The Bureau undertook this revision for the purpose of providing a more user-friendly, efficient means of viewing all pertinent classification information in one place in the Manual. This new format will assist policyholders, insurance agents and carrier personnel in locating and applying pertinent Manual language with respect to classification assignments.

Two of the components of the existing Section 5, the Rulings and Interpretations and numeric Underwriting Guide, are being integrated with the classification descriptions in Section 2. The alphabetic version of the Underwriting Guide is being placed at the end of the revised Section 2 for convenience.

Consistent with the above-described changes, the existing Section 5 has been eliminated. The remaining Manual sections have been renumbered accordingly, with the Experience Rating Plan now becoming Section 5 and the Merit Rating Plan becoming Section 6, with no Section 7 going forward.

Other information previously contained in Section 5, such as name of insured, corporate officer, endorsement filing procedure, etc., has been moved to Sections 1 and 3. The “name of the insured” procedure has been updated to the “WCPOLS” description format, which is the previously-approved electronic filing procedure already in place. Some grammatical and section reference changes have also been made in order to better accommodate the new format.

2) REVISIONS TO SECTIONS 1 AND 2 - HOUSEKEEPING

These revisions, which are shown in the style of the new format discussed above, 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.

Revisions to Classification Procedure

- Underwriting Guide: “Bathtub Liner Installation,” assigned to Code 652, Carpentry, will be moved to Code 648, Carpentry – Installation of Cabinet Work.
- Reclassification of “Environmental Control Systems Installation, Service Or Repair, from Code 661, Electrical Wiring, to Code 660, Alarm Installation.
- Underwriting Guide: “Tour Guide,” assigned to Code 951, Salesperson – Outside, will be clarified as “Tour Guide – Part Of A Bus Tour” and placed in Code 817, Bus Operation.

Section 1

- Rule IV, Classifications revised to add counter personnel and cashiers to the listing of “General Inclusions.”
- Rule IV, Classifications, C. Assignment Of A Classification, 2. Assignment of a Classification, a. revised to clarify an additional instance in which a policy containing more than a single classification may have a classification representing the payroll of less than that of a full-time employee.
- Rule V, Basis of Premium revised to clarify the Bureau’s intent that any adjustments of any employee’s wage at policy audit made in order to bring the employee up to a minimum wage level are to be based on the Federal minimum wage as reported to the United State Department of Labor.
- Rule XIV, Agricultural, Domestic Workers – Residences revised to clarify who may be the employer of a domestic worker.

Section 2

- Revisions to language in 16 classifications and four changes to the “General Auditing & Classification Information” index, plus Underwriting Guide additions, revisions and deletions.
- Code 028, Oil Or Gas Production, revised to delineate the difference between separately rated and separately classified.

- Codes 483, Office Machine Mfg., and 757, Telecommunications Company, revised by adding an "Operations Not Included" section for clarification of these classifications' scopes.
- The description of Code 654, Concrete Construction, is expanded.
- Code 981, Slot Machine Gambling, revised to include clerical staff.

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

SECTION 1

CHANGES

RULE IV - CLASSIFICATIONS

B. CLASSIFICATIONS

3 General Inclusions

- a. Some operations..... inclusions and are:

(1) though (15) remain unchanged.

(16) Counter personnel

(17) Cashiers

C. ASSIGNMENT OF A CLASSIFICATION

2. Assignment of a Classification

- a. The policy shall contain only classifications approved by the Delaware Compensation Rating Bureau and in accordance with this Manual.

Each classification is presumed to describe an entire business enterprise. Any policy which contains more than a single classification cannot contain any classifications representing a payroll less than that of one full-time employee, but this rule will not apply in classifications involved in Construction, Erection, Stevedoring, [or] Part-Time Aircraft Operations or if the business' basic and major operations are described by the Standard Exception classifications and there are employees whose job duties are not assignable to the Standard Exceptions. except as specified in classification phraseology.

CHANGES (continued)

RULE V – PREMIUM BASIS

B. Remuneration – Payroll

2. Inclusions

Remuneration includes:

a. through n. remain unchanged.

o. Adjustments necessary to bring employees to Federal minimum wage as reported by the United States Department of Labor shall be included;

p. through t. remain unchanged.

RULE XIV – AGRICULTURAL, DOMESTIC WORKERS – RESIDENCES

C. Name of Insured

[One or more]The resident owner, the estate of the owner or a family member(s) of the same residence may be named as the insured, but only with respect to the employment of domestic workers in connection with such residence.

SECTION 2

ADDITIONS

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Tree [Fumigating,] Pruning, <u>Spraying</u> , Repairing, [Spraying] <u>Trimming</u> Or <u>Fumigating</u> [Trimming] – By Contractor.....	005
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CHANGES (continued)

028 OIL OR GAS PRODUCTION, Operation of Wells – Including gasoline mfg. from casing-head gas.

As provided for in this Manual separately [~~classify~~]rate geophysical exploration, erecting or dismantling of derricks, drilling, redrilling or deepening, installation or recovery of casing, well shooting, cementing, tank building or tapping operations.

106 PROCESSED MEAT PRODUCTS MFG. – No Slaughtering or Handling of Livestock.

Applicable to businesses that are principally engaged in making processed meat products. Such businesses will perform no slaughtering of animals whatsoever nor will they handle any livestock. The business will receive meat from unrelated concerns in boxed form[.] and/or [Meat may also be received] in carcass or partial carcass form. Processed shall mean that definite changes result in the meat product due to the application of [either] chemicals and/or heat (the use of smoke and/or cooking) to the meat materials. [A business whose production procedures do not include one or both of the above-cited means will not be assigned to this class.] Typical products of such businesses include but are not necessarily limited to: sausage, frankfurters, ready-to-eat luncheon meats, hams or bacon.

OPERATIONS ALSO INCLUDED:

[Code 106 also includes payroll developed by e]Employees engaged as delivery salespersons, route salespersons and/or route supervisors performing the delivery of the business[es]' products to customers.

OPERATIONS NOT INCLUDED:

1. Assign Code 111 to a processed meat products manufacturing business[es] that slaughters animals or handles livestock and [are]is principally engaged in the wholesale sale of the processed meat products.
2. Assign Code 915 to a business[es that may] slaughtering animals and[/or]who [may cut the fresh meat into portioned-controlled] makes fresh meat cuts and/or [cure and preserve the fresh meat into] processed meat products [that are]and is principally engaged in the retail sale of the fresh and/or processed meat products.
3. Assign Code 910 to a business receiving meat in boxed, carcass or partial carcass form and cuts the meats into portion-controlled fresh meat products such as steaks, roasts, or chops. Such business does not utilize chemicals and/or heat (the use of smoke and/or cooking) in processing the meat materials.
4. Assign Code 119 to a business principally engaged in taking beef and/or veal and cutting or grinding this fresh meat into hamburger, hamburger and/or veal patties and/or sandwich steaks.
5. Assign Code 924 to a wholesale meat dealer who performs no cutting (or deboning) or processing of fresh meats, but who may repackage the fresh meats.

CHANGES (continued)**111 SLAUGHTERHOUSE** – Wholesale, all operations.

For businesses principally engaged in receiving live animals (e.g., cattle, hogs and/or sheep), killing the animals and dressing the carcasses to produce meat products and selling the meat products on a wholesale basis. A business eligible for this classification will normally ship deboned meats in boxed form and/or may also ship meats in carcass form. ~~[The]~~Such business may also produce processed meat products like bacon, ham[s], sausage or luncheon meats and/or also sell some portion of the meat production as fresh meat cuts (e.g., steaks, roasts).

OPERATIONS ALSO INCLUDED:

1. ~~[Code 111 also includes payroll developed by e]~~Employees engaged as delivery salespersons, route salespersons and/or route supervisors engaged in the delivery of the business[es]' products to customers.
2. The employer's processing of animal by-products resulting from the employer's animal killing operations~~[.The by-products processing]~~ which may include but is not necessarily limited to: cooking of fat into tallow or lard and/or washing, scraping and salting of hides.

Plastic Articles Mfg., N.O.C.~~[- All Plastic Molding Techniques Except Injection Molding]~~... 222

Towel Mfg. – Paper Or Disposable..... 259

441 TOOL MFG., N.O.C.

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

OPERATIONS NOT INCLUDED:

1. through 8. remain unchanged.
9. Precision Machined Parts Mfg., - N.O.C. shall be defined as machining parts for unrelated businesses where the plans or specifications require more than 50 percent of the employer's machining operations will be held to a final tolerance of plus/minus .001 inches or closer (e.g., plus/minus .0005 inches) and where more than 50 percent of the machine 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 Code 461 to an employer where more than 50 percent of the employer's machining of parts ~~[for unrelated businesses or the employer's proprietary product(s) where more than 50 percent of the employer's machining operations are]~~is held to ~~[a]~~ final tolerance~~(s)~~ cruder than plus/minus .001 inches (e.g., plus/minus .003 inches, .005 inches, .010 inches), and where more than 50 percent of the parts machined by the employer are not assigned to any other manufacturing classification.
11. through 13. remain unchanged.

CHANGES (continued)**446 PRECISION MACHINED PARTS MFG., N.O.C.**

Applies to a business principally engaged in Precision Machined Parts Mfg., N.O.C. Such term will be defined as applying to a machining business where the plans or specifications require more than 50 percent of [the employer's]all machining operations performed by the employer will be held to a final tolerance of plus/minus .001 inches or closer (e.g., plus/minus .0005 inches), and where more than 50 percent of the [machined] parts machined-made by the employer are not assigned to any other manufacturing classification.

A business principally engaged in Precision Machined Parts Mfg., N.O.C., is typically a job shop. A job shop is defined for this classification as a business principally engaged in machining or machining parts for unrelated businesses and that has either no proprietary product(s) or the machining of the business' proprietary product(s) is less than 50 percent of the business' overall [revenue]machining.

OPERATIONS NOT [COVERED]INCLUDED:

1. The machining of parts for unrelated businesses or the employer's proprietary product(s) where more than 50 percent of the employer's machining operations are held to a final tolerance cruder than plus/minus .001 inches (e.g., plus/minus .003 inches, .005 inches, .010 inches), and where more than 50 percent of the parts made by the employer are not assigned to any other manufacturing classification, shall be assigned to Code 461.
2. An employer principally engaged in [M]machin[ed]ing parts or products specifically assigned to any other manufacturing classification shall be assigned to that specified manufacturing classification regardless of the final machining tolerance called for by the plans or specifications.

Machinery Mfg. – Industrial, N.O.C..... **[461]464**

483 OFFICE MACHINE MFG. [Installation or repair conducted by a separate crew to be separately classified by Code 952.]**OPERATIONS NOT INCLUDED:**

1. Assign Code 952 to a separate crew performing service and repair at customer locations.

Logging Of Oil and/Or Gas Wells – <u>By Contractor</u>	607
Oil Well Casing Installation – <u>By Contractor</u>	607
Oil Well Cleaning – <u>By Contractor</u>	607
Oil Well Shooting – <u>By Contractor</u>	607
Bathtub Liner Installation.....	[652]648
Modular Home <u>Setup Or</u> Erection, <u>Warranty Service</u> , Remodeling or Repair – <u>By Dealer or Contractor</u>	652

CHANGES (continued)

654 CONCRETE CONSTRUCTION.

[Payroll to include persons engaged in making, setting up, taking down or operating forms, scaffolds, false work and concrete mixing or distributing apparatus.]

Applicable to commercial or residential concrete building construction such as self-bearing floors, foundations, piers, bridges, culverts or silos. Also applicable to making or erecting forms, placing reinforcing rods, taking down or stripping forms and finishing (smoothing out irregularities) the poured concrete. Code 654 applies to each of the aforementioned steps in the concrete construction process, whether all work is performed by one contractor or one or more of the job steps are outsourced to a specialty subcontractor(s).

OPERATIONS ALSO INCLUDED:

1. Grouting (including drilling), which is the placement of cement, plastic compounds or concrete or the pumping of fly ash.
2. Guniting (Shotcrete Installation).
3. Pouring concrete into driven pilings.
4. Ground-supported concrete footings or foundation walls in the construction of commercial or residential buildings three stories or more.
5. Precast concrete panel or wall installation.
6. The wrecking or demolition of concrete or concrete-encased buildings or structures.

OPERATIONS NOT INCLUDED:

1. Assign Code 608 to a specialty contractor performing ground supported concrete work in the construction of houses or small (one or two-story) commercial buildings.
2. Assign Code 609 to excavation performed by mechanical equipment. See Code 609 for further information.
3. Assign Code 855 to concrete pumping services by a specialist contractor.
4. Assign Code 855 to a separately staffed and permanently located ready mix concrete plant.

Environmental Control Systems Installation, Service Or Repair –

By Specialist Contractor..... [661]660

757 TELECOMMUNICATIONS COMPANY – including installation, maintenance, repair and operation of telephone lines and systems, remote transmission sites and central office equipment.

Applicable to FCC..... on a fee basis.

OPERATIONS NOT INCLUDED:

1. Independent contractors performing installation, maintenance or repair of telephone lines for telecommunications companies shall be separately classified as provided for in this Manual.

CHANGES (continued)

805 MILK HAULING – by contractor.

[For] Applies to contractors [exclusively] engaged in hauling unprocessed or processed milk, water or other liquid food products by tank truck.

815 AUTOMOBILE SERVICE CENTER or Garage – including counter personnel and estimators.

Tire recapping or..... automotive repair services.

[As a general rule, c] Counter personnel for auto repair facilities wait on customers, prepare job cost or sales estimates, write up orders and collect payments for services rendered or merchandise purchased. As described, counter duties are a normal, integral and basic part of the operation of these types of facilities and, as such, [are contemplated by the composite rating value of the basic governing classification – Code 815. Therefore,] counter personnel for automobile repair facilities and/or automobile tire dealers [should be] are assigned to Code 815 [and not to a standard exception classification, either Code 951 or Code 953].

Please see the..... such business enterprise.

Tour Guide – Part Of A Bus Tour..... [951]817

855 LUMBER and/or **BUILDING MATERIAL DEALER.**

Applicable to establishments..... subject to Code 935.

[Risks engaged in manufacturing millwork are assignable to Code 305. Dealers in secondhand building materials are assignable to Code 860.]

OPERATIONS NOT INCLUDED:

1. Separate manufacturing staff in a physically separate work area shall be separately classified as provided for in this Manual.
2. Assign Code 860 to dealers in secondhand building materials.
3. Separate staff performing erection or construction shall be separately classified as provided for in this Manual.

Humus Or Topsoil Dealer – No Excavation..... 855
[Soapstone or] Soapstone Products Mfg. 855

CHANGES (continued)

882 [HOUSE]RESIDENTIAL INTERIOR CLEANING SERVICES – by contractor.

Applicable to..... or bathroom fixtures.

[The term “principally engaged” means more than 50 percent of the employer’s gross receipts.

Payroll developed in the cleaning of exterior walls at residential or commercial sites shall be assigned to Code 653.]

OPERATIONS NOT INCLUDED:

1. Assign Code 653 to payroll developed in the cleaning of exterior walls at residential or commercial sites.

Domestic <u>Interior Cleaning</u> Service Contractor [- Inside].....	882
Residential <u>Interior</u> Cleaning Services – By Contractor.....	882
Bagel Shop, <u>Production And/Or Selling On Premises</u> – Retail.....	918

921 FURNITURE STORE – WHOLESALE.

Applies to wholesale dealers principally engaged in selling or renting furniture including furniture for the home or office to retailers, businesses, wholesalers or other commercial entities. Also included are dealers principally engaged in the sale of furniture via catalogue, Internet and/or mail order. The word “furniture” as used in this classification includes but is not necessarily limited to: sofas, chairs, tables, beds, bedding, chests, breakfronts, bookcases, pianos, organs, all types of floor coverings [(carpet and linoleum) and], major household appliances and office furniture. [The term “principally engaged” means more than 50 percent of the employer’s gross receipts.] In addition, a wholesale dealer may sell or rent other merchandise, such as lighting fixtures, lamps, stereo equipment, televisions, video and/or audio equipment, small household appliances, mirrors, pictures and kitchen cabinets.

Separately staffed installation..... assigned to Code 966.

937 [Employment Contractor]EMPLOYMENT CONTRACTOR – Temporary Staff – **HEAVY SERVICE.**

Applies to temporary employees provided to unrelated businesses including but not necessarily limited to tree pruning, logging, surface [or underground] mining or mineral recovery, transportation (of persons or any type of commodity), lumber and/or building material or metal service centers, scrap metal yards, commodity recycling, rubbish and/or garbage collection or warehousing (all types except where the customer’s business classification is Code 813 which is subject to Code 867).

Please see the..... on classifying temporary staff.

CHANGES (continued)

Soap Dispenser Installation And/Or Servicing – Rest Rooms –
By Specialist Contractor..... 952

[RV]Recreational Vehicle Campground..... 978

981 SLOT MACHINE GAMBLING.

For all personnel in the slot machine gaming area including but not necessarily limited to: floor attendants, vault cashiers, merchandising clerks, guest service representatives, service technicians, parking valets, [or] money counters and clerical office.

4777 EXPLOSIVES DISTRIBUTOR.

Includes the preparation and/or distribution of blasting agents and/or the distribution of high explosives. [Blasting operations conducted by a separate crew shall be assigned to Code 609. No manufacturing of explosives assigned to Code 4771.]

OPERATIONS NOT INCLUDED:

1. Assign Code 609 to blasting operations conducted by a separate crew.
2. Assign Code 4771 to a business manufacturing explosives.

DELETIONS

Towel Mfg., Disposable.....	259
Blast Furnace Operation.....	404
Typewriter Mfg.....	483
Oil Or Gas Geologist.....	607
Oil Or Gas Well Drilling, By Contractor, N.O.C.....	607
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Well Driving.....	607
Concrete Burial Vault Installation.....	609
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Bank And Trust Co., Armored Car Crews Of Contractor.....	808
Fuel Service – Aircraft, By Contractor.....	809
Hone Or Oilstone Mfg.....	855
Packing House Distributing Station.....	910

GENERAL AUDITING AND CLASSIFICATION INDEX**CHANGES****HOME HEALTH CARE SERVICES**

Applicable to any business..... and outside salespersons.

Code 943, “HOME HEALTH CARE – Nonprofessional Staff, all employees except office”

CHANGES (continued)

Includes but is not necessarily limited to home health aides and certified home health aides, certified nurse assistants, attendant care aides, companions and live-ins and home health support personnel such as homemakers and chore workers.

OPERATIONS ALSO INCLUDED:

1. Assign Code 942..... to the individual home health patient.

HOTEL OR MOTEL OPERATIONS

The two classifications..... are 973 and 945.

Code 973 shall include all operations performed by hotel or motel employees except for separate foodservice and beverage staff(s). Employees assigned to Code 973 include but are not necessarily limited to: front desk employees, persons operating newsstands, candy or cigar shops or similar activities, personnel operating or maintaining indoor or outdoor swimming pools, the golf course(s), video game room, the health or fitness club, tennis courts or other hotel or motel guest amenities, maids, housemen, inside or outside maintenance, store workers, barbers, laundry workers, employees performing concierge services (i.e., arrangements for tours, theater tickets or the rental of automobiles), or opening boxes and/or bags and laying out prepackaged food or beverages and/or precooked food (including heating of the precooked foods in a microwave oven) and/or making coffee for a continental breakfast where there is no other food service or beverage operations.

Separate staff exclusively..... as defined in Section 1, Rule IV.

MINIMUM WAGE PROCEDURE

[Under] Section 1, Rule V., B. 2. o. of the Manual remuneration includes: Adjustments necessary to bring employees to the federal minimum wage as reported by the United States Department of Labor.

[Under] Section 1, Rule V., B. 3. e. of the Manual remuneration excludes: tips and other gratuities received by employees.

All carriers are required to include an adjustment to equal the current federal minimum wage. The auditor should verify if all employees' wages equal or exceed the federal minimum wage. If not, the following adjustments should be made, assuming the current minimum hourly wage for tipped employees is included.

1. Determine the average..... employees X 52 weeks.

WRECKING OR DEMOLITION OR BUILDING MOVING OR RAISING PROJECT

All work to completion..... piers or wharfs.

CHANGES (continued)

The classification with the highest rating value applies [W]where wrecking or demolition or building moving or raising involves a building or structure of more than one type of construction [the classification with the highest rating value applies].

All wrecking or line of merchandise.

3) REVISION TO SECTION 1 – RULE IX – EXECUTIVE OFFICERS

The addition of wording to Rule IX, Special Conditions or Operations Affecting Coverage and Premium, A. Executive Officers, 2. Law and Status, is to remove ambiguity from the exclusion of executive officers question.

Manual revisions are shown below with new wording underlined:

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

A. EXECUTIVE OFFICERS

2. Law and Status

a. Executive officers..... WC 00 03 08.

As a general rule, executive offers may be excluded only on the effective date of the policy. Any exceptions to this general rule must be approved in writing by the carrier issuing the policy.

b. Construction Contractors: Executive officers..... the policy.

These Manual revisions and the entire Manual in its new format will be updated on our website (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 for more information about this and other topics.