



May 1, 2009

BUREAU CIRCULAR NO. 852

To All Members of the Bureau:

Re: **DELAWARE BASIC MANUAL REVISION**
BUREAU FILING NO. 0901
EFFECTIVE JUNE 1, 2009

- 1) **Revisions to Code 815, Automobile Service Center or Garage**
- 2) **Revisions to Section 2 – Housekeeping**

The Delaware Compensation Rating Bureau, Inc. has filed and the Insurance Commissioner has approved Manual revisions to Code 815, Automobile Service Center or Garage, and housekeeping revisions to Section 2. These revisions become **effective as of 12:01 a.m., June 1, 2009** with respect to new and renewal business only.

Carriers are reminded that they must file an amended (or re-file their existing) Insurer Adoption of DCRB Workers' Compensation Loss Costs form with the Delaware Department of Insurance in response to approval of Bureau Filing No. 0901 within 60 days after the effective date of Bureau Filing No. 0901, or not later than July 31, 2009. Carriers are encouraged to submit their filings as expeditiously as possible and to present any questions that they may have regarding their filings directly to the Department of Insurance.

Consistent with the provisions of Title 18, Chapter 26 of the Delaware Code, if insurer filings do not propose any rate(s) lower than the loss costs (by classification) included in the DCRB's Bureau Filing No. 0901, then proposed insurer rates may be implemented immediately after filing.

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

1) REVISIONS TO CODE 815, AUTOMOBILE SERVICE CENTER OR GARAGE

These revisions are the result of a class study of Code 815, which was undertaken in response to an appeal regarding the classification applicable to selected automobile service center personnel. The appeal raised significant and problematic issues with respect to the uniform classification system and was founded upon some common misconceptions concerning classification and the pricing of workers compensation insurance. The review uncovered

systemic misclassification to the clerical office class for enterprises subject to Code 815. DCRB staff developed an alternative to address all these issues noted above, making Code 815 applicable to “all employees including office,” revising the class’ scope to make it applicable to any and all employees of businesses assigned to Code 815, regardless of individual employee job duties. This alternative does not impact overall premium costs for automobile service centers, but it does 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 2

CHANGES

815 AUTOMOBILE SERVICE CENTER or Garage – [including counter personnel and estimators]All employees including office.

Tire recapping repair services.

[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, counter personnel for automobile repair facilities and/or automobile tire dealers are assigned to Code 815.]

Please see the Automobilebusiness enterprise.

UNDERWRITING GUIDE

ADDITION

Truck Repair Garage

CHANGES

Air Conditioning Systems, Automobile Or Truck - Installation, Service Or Repair
Automobile Repair [Shop]Garage
Garage, Automobile Or Truck
Truck Washing Service, Mobile or Permanently Sited

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

CODE	APPROVED EFF. 6/1/09 RESIDUAL MKT. RATE	APPROVED EFF. 6/1/09 LOSS COST	RESIDUAL MARKET MINIMUM PREMIUM	EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			HAZARD GROUP
				A-1	A-2	A-3	
815	\$ 3.82	\$ 2.85	\$1,170	\$0.84	\$1.07	\$1.15	III

2) REVISIONS TO SECTION 2 - HOUSEKEEPING

These revisions 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

- Erection of an interim classification, Code 871, Employment Contractor – Temporary Furniture Store – Wholesale Staff.
- Move Code 921, Furniture Store – Wholesale, in the Temporary Staffing Cross-Reference Chart (General Auditing & Classification Information section of the Manual) from Code 929, Employment Contractor – Temporary Staff – Mercantile Operations, to Code 871.
- Code 871 will remain in effect until such future time that the Codes 871 and 937 rating values may be sufficiently similar to permit the DCRB to propose merger of Code 871 into Code 937, Employment Contractor – Temporary Staff – Heavy Service.
- Include snow plowing in the contractor's governing classification.

Section 2

- Revisions to language in four classifications and two additions, as well as two revisions to the "General Auditing & Classification Information" index, plus Underwriting Guide additions and revisions.

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

SECTION 2

ADDITIONS

871 Employment Contractor – TEMPORARY FURNITURE STORE – WHOLESALE Staff

Applicable only to temporary staff provided to customers whose business classification is Code 921.

Please see the Employment Contractor – Temporary staffing entry in the General Auditing & Classification Information section for further information on classifying temporary staff.

Hazard Group – II

UNDERWRITING GUIDE

To 451:

Chassis Mfg.

Vehicle Chassis or Frame Mfg.

ADDITIONS (continued)

UNDERWRITING GUIDE

To 571:

Log Mfg. – Synthetic (wax and sawdust combination)

Synthetic Log Mfg. (wax and sawdust combination)

To 607:

Oil Well Drilling

To 653:

Hardscaping Installation

To 660:

Telephone Cable Laying With Automatic Equipment (Ditchwitch) – Street to Building – By Specialist Contractor

To 661:

Electric Cable Laying With Automatic Equipment (Ditchwitch) – Street To Building – By Specialist Contractor

To 667:

Glass or Window Tinting, Except For Auto Glass

Window or Glass Tinting, Except For Auto Glass

To 871:

Furniture Store Wholesale – Temporary Staff

Temporary Staff – Furniture Store Wholesale

Wholesale Furniture Store – Temporary Staff

To 928:

Art Gallery

To 957:

Hair Transplantation

To 995:

Railroad Tank Car Cleaning – By Contractor

Sushi Bar – Assign The Applicable Restaurant Class

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

CODE	APPROVED EFF. 6/1/09 RESIDUAL MKT. RATE	APPROVED EFF. 6/1/09 LOSS COST	RESIDUAL MARKET MINIMUM PREMIUM	EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			HAZARD GROUP
				A-1	A-2	A-3	
871	\$ 5.71	\$ 4.26	\$1,610	\$1.26	\$1.60	\$1.72	II

CHANGES

UNDERWRITING GUIDE

Change to 263:

Laminating – Paper – By Contractor

Paper Laminating – By Contractor

CHANGES (continued)

601 ROAD or Street CONSTRUCTION: Paving or Repaving

Applies to the..... and stone crushing.

[SNOW PLOWING AND/OR REMOVAL]

[Payroll developed in snow plowing and/or removal for unrelated concerns is to be separately rated by Code 601.]

UNDERWRITING GUIDE

Change to 601:

Snow Plowing Or Removal By Contractor – Road Or Off-Road..... **[601]Governing Class**

Changes to 607:

Elevator Shaft Drilling – By Contractor

Water Well Drilling – By Contractor

608 FLAT CEMENT WORK

Applicable to a specialist..... By a specialist contractor.

OPERATIONS NOT INCLUDED:

1. through 8. remain unchanged.

9. Assign Code 855 to a separately-staffed and permanently-located ready mix concrete or asphalt plant.

954 SECURITY AGENCY

A security agency..... the police can arrive.

OPERATIONS NOT INCLUDED:

1. and 2. remain unchanged.

3. Assign Code 601 to flagging service contractors.

4. Assign the employer's governing class to security guards employed by a business to protect that business' premises and property.

962 ACCOUNTING or AUDITING FIRM – all employees including clerical office

This classification is for accounting or auditing firms. [Accountants or auditors employed by other establishments whose field of business includes but is not necessarily limited to manufacturing or construction shall be assigned to the classification consistent with the employer's business. An insurance company traveling auditor shall be assigned to Code 984. An independent insurance traveling auditor shall be assigned to Code 951.]

[Businesses principally engaged in providing computer and/or software consulting services are assignable to Code 951 and to Code 953 as these classes may apply.]

CHANGES (continued)

OPERATIONS NOT INCLUDED:

1. Assign Code 951 to an independent insurance traveling auditor.
2. Assign Code 951 or Code 953 as these classes may apply to personnel employed by businesses principally engaged in providing computer and/or software consulting services.
3. Assign Code 984 to an insurance company traveling auditor.
4. Assign a classification consistent with the employer's field-of-business when accountants or auditors are employed by a business whose field-of-business includes but is not necessarily limited to manufacturing or construction.

984 INSURANCE COMPANY – all employees including office

[An establishment]A business chartered under state law that undertakes to indemnify for losses pursuant to a written contract of insurance and to perform other insurance related operations. Such business is also licensed by the Delaware Department of Insurance as an insurance company.

[Any contractor providing a service(s) to an insurance company including but not necessarily limited to independent insurance agents, consulting actuarial firms, advisory rating organizations or establishments engaged in premium auditing or performing the adjusting or administration of insurance claims shall be separately classified as provided for in this Manual.]

OPERATIONS NOT INCLUDED:

As provided for in this Manual separately classify any contractor providing a service(s) to an insurance company. Such businesses may include but are not necessarily limited to the types of businesses listed below:

1. Independent insurance agents
2. Consulting actuarial firms
3. Advisory rating organizations
4. Independent auditing firms
5. Independent claim adjusting firms
6. Third party claims administrators

UNDERWRITING GUIDE

Changes to 995:

Cleaning Permanently Sited Tanks Or Railroad Tank Cars – By Contractor

Tank Cleaning – Permanently Sited - Including Bulk Storage Type By Contractor

GENERAL AUDITING AND CLASSIFICATION INFORMATION

ADDITIONS

CLASSIFICATION INQUIRIES

Written classification inquiries may be submitted to the Classification Department of the Delaware Compensation Rating Bureau, Inc., (DCRB) in one of the following methods: via facsimile, USPS, or the DCRB's website (www.dcrb.com). For the last method please click on "Classification" on the website's main menu and then click on "Classification Inquiries."

For the Classification Department to operate effectively it is important that the DCRB have the complete cooperation of every carrier, agent and employer in providing the essential information needed to make classification rulings and to otherwise be of service to you. The following instructions are intended to reduce and in some cases eliminate the need for the DCRB having to develop additional information in order to resolve certain classification issues.

The information needed by the Classification Department to be able to properly respond to inquiries from carriers, agents and employers classification questions is:

- A complete listing of all Delaware operating locations.
- The exact name (as shown on Item 1 of the policy and Delaware address of the business in question).
- The DCRB file number (if available) of the business in question (see Rating and Underwriting Reference via the Application Login on the DCRB's website).
- A full and accurate written description of the business in question, including any available recent premium audits, loss control reports and/or insurance application information.
- The reason why a change in the employer's classification is being requested; e.g., has the employer's operation recently changed substantially?
- The name, title and telephone number of a management representative that a DCRB field representative can contact to schedule an appointment with the employer (in the event a survey is necessary).
- The employer's website address.

If a carrier or an agent is requesting a classification review in conjunction with a policy audit, the audit worksheets for the policy(ies) in question should accompany the request and, if applicable, the name(s) and a detailed job description of the employee(s) whose payroll allocation is being questioned. Please note the importance of this item since considerable time would be saved by the DCRB not having to ask for this information by return correspondence. Please also note that is not the DCRB's role to become involved in every dispute involving the allocation of a

ADDITIONS (continued)

particular employee's payroll to a given classification. Allocations of payroll are made by the carrier. Since the DCRB did not perform the audit, the DCRB does not normally have the relevant facts on which to base an opinion or render a decision. Issues/disputes of this kind should initially be referred to the carrier's regional audit manager for resolution.

Upon receipt the DCRB will determine whether the information presented is sufficient to determine the employer's applicable classification(s). In those cases where the information provided is insufficient, the DCRB will usually schedule the employer for a field survey/special audit or issue a "Description of Operations Questionnaire." Following the field survey/special audit or receipt of the completed questionnaire, the DCRB will issue a ruling on the matter which will be communicated in writing to authorized parties. These decisions are subject to further review as delineated in "Appeals From Application of the Rating System Procedure" – see Rule XVI, Section 1.

With respect to telephone requests, please note that an official, binding DCRB decision on classification/audit matters cannot be provided over the telephone. The DCRB may however offer opinions as requested. To that end a carrier, agent or employer who telephones us on a classification/audit question should:

- Identify himself/herself and indicate the firm he/she represents.
- Give the name, address and file number (if available) of the employer in question.
- Be knowledgeable of the facts surrounding the situation and prepared to provide specific responses to any questions asked.

As a reminder, please remember that the DCRB is in a position to reply only to an employer relative to its account, the authorized agent or carrier-of-record or another representative of the employer (providing the DCRB has received a signed recently-dated letter on the employer's letterhead authorizing the representative to act on the employer's behalf in the matter at issue).

SNOW PLOWING AND/OR REMOVAL

Assign the employer's governing classification to payroll developed in snow plowing and/or removal for unrelated concerns.

CHANGES:

EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING

Code 544 chart **additions: 259 261, 263, 265**

Code 682 chart unchanged

Code 871 chart addition: 921

Code 929 chart **deletion: 921**

Code 947 chart unchanged

Code 949 chart unchanged

CHANGES (continued)

WHOLESALE/RETAIL MAIL ORDER HOUSE OR INTERNET SALES – DEFINITIONS

Wholesale

For the purposes of classifying stores..... the warehouse for fulfillment.

Mail Order House Or Internet Sales

An enterprise principally (more than 50 percent of the gross receipts) engaged in selling by mail order or by telephone by means of a catalogue mailed to customers and/or via Internet website shall be assigned to the appropriate wholesale store classification for the commodities handled, except for mail order pharmacies filling individual patient drug prescriptions which shall be assigned to Code 927. Mail, telephone order or Internet sales by a manufacturer or incidental to a retail store business shall be classified in accordance with the class or classes appropriate to the business of the employer.

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.