



## Pennsylvania Compensation Rating Bureau

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April 28, 2008

### **VIA FEDERAL EXPRESS**

The Honorable Joel Ario  
Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
1311 Strawberry Square  
Harrisburg, PA 17120

#### ***Attention: Property & Casualty Bureau***

RE: Bureau Filing No. 232 - Manual Revisions to Sections 1 and 2

#### ***Proposed Effective October 1, 2008***

- 1) Merger of "Interim" Classes
  - Code 287, Publisher – Performs Product Distribution, into Code 924, Wholesale Store, N. O. C.
  - Codes 442, Hand Tool Mfg. – Non-Forged, and 443, Saw Blade Mfg., into Code 445, Hardware Mfg., N. O. C.
- 2) Housekeeping Revisions – Sections 1 and 2

Dear Commissioner Ario:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB) I am filing herewith proposed revisions to Sections 1 and 2 of the Manual, which are proposed to be **effective as of 12:01 a.m., October 1, 2008** with respect to new and renewal business only.

The various proposals in this filing, as listed above, are discussed below.

#### **1) Merger of "Interim Classes"**

- ***Code 287, Publisher – Performs Product Distribution, into Code 924, Wholesale Store, N. O. C.***
- ***Codes 442, Hand Tool Mfg. –Non-Forged, and 443, Saw Blade Mfg., into Code 445, Hardware Mfg., N. O. C.***

The Bureau has occasionally recommended the creation of "interim" classifications when a classification study's rigorous statistical analysis resulted in significant statistical differences between the employer group(s) in question and the balance of the classification under review or when reclassifying the employer group(s) into an analogous classification(s) would exceed the maximum

permissible rating value decrease or increase. In such cases, the Bureau continues to monitor the interim classification(s) so that, at such time that the statistical test results and/or rating value differences change in a manner supporting the intended classification consolidation, the Bureau can recommend such action.

Based on review of the above referenced interim classes, the Bureau now recommends that Code 287 be merged into Code 924 because those classes' rating values are identical and Codes 442 and 443 be merged into Code 445 because those rating values are also identical.

A staff memorandum dated March 24, 2008 is attached as Exhibit 1. The proposed Manual revisions are shown below with new wording underlined and deleted wording bracketed.

## SECTION 2 CLASSIFICATIONS

### CHANGES

#### **441 TOOL Mfg., N.O.C.**

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

#### ***OPERATIONS NOT INCLUDED:***

1. through 4. remain unchanged.
5. Products made by [casting or] molding plastic shall be assigned to the appropriate plastic molding classification.
6. Metal stamping..... Manual.
7. Assign Code 445 to [T]the manufacture of non-forged and non-powered hand tools, such as screwdrivers, pliers, hammers or chisels, and/or non-forged bench tools [shall be assigned to Code 442].
8. Assign Code 445 to [S]saw blade (all types) or industrial knife manufacture [shall be assigned to Code 443].
9. Precision Machined Parts Mfg. - N.O.C. shall be defined as machining parts 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. through 13. remain unchanged.

#### **445 HARDWARE MFG., N.O.C.**

Applies to businesses principally engaged in the manufacture of hardware. The term encompasses a variety of products manufactured by different production techniques including but not necessarily limited to: machining (including screw machining), stamping, and foundry.

## CHANGES (continued)

Please see the Underwriting Guide entries below for a representative listing of hardware products and the in-shop specialist contractors (e.g., coating of parts, polishing and buffing and spray painting) assigned to this classification.

[When foundry is operated, the supplemental loading will apply to the foundry portion of the payroll.]Also apply the supplemental loading (Code 0067) to the foundry portion of the Code 445 payroll when the employer uses the foundry process (the melting and pouring of molten metal into sand molds) to make hardware products. Code 0067 at the carrier rat[e]ing value is to apply to such foundry payroll, but note that [this]the foundry payroll is also to be included in Code 445 payroll at the carrier rat[e]ing value. Premium developed under Code 0067 is not subject to experience or retrospective rating.

Investment casting uses ceramic molds made from pouring slip rather than sand molds. The investment casting process is assignable to Code 445 and is not also subject to Code 0067.

[Also includes secondary machining of hardware castings by the foundry employer. There is no payroll division with Code 461.]

### **OPERATIONS ALSO INCLUDED:**

1. The secondary machining of hardware castings by the foundry employer.
2. A business principally engaged in machining or assembling non-forged or non-powered hand or bench tools such as screwdrivers, pliers, hammers, chisels or wrenches.
3. A business principally engaged in the manufacture of any type of saw blade or applying carbide tips or diamond cutting segments onto saw blades.
4. A business principally engaged in manufacturing any type of industrial knife.

### **OPERATIONS NOT INCLUDED:**

1. Assign Code 433 to a business principally engaged in forging hand tools.
2. Assign Code 473 to a business principally engaged in making portable powered hand tools.

### **UNDERWRITING GUIDE**

#### **From 443 to 445:**

File, Tool (Non-Forged) Mfg.  
Industrial Knife Mfg. – All Types  
Saw Blade Mfg – All Types

#### **From 442 to 445:**

Hand Tool Mfg – Non-Forged (Excluding Axes, Agricultural Tools, Sledgehammers Or Wheelbarrows)

CHANGES (continued)

**924 WHOLESALE STORE, N.O.C.**

Applies to dealers principally engaged in the wholesale distribution of merchandise not specifically assigned to another wholesale store classification. Please see the Underwriting Guide entries below for a representative listing of the types of wholesale dealers contemplated by this classification. Please see the Wholesale/Retail Mail Order House Or Internet Sales Definitions entry in the General Auditing & Classification Information section for the definition of wholesale sales.

**OPERATIONS ALSO INCLUDED:**

1. Publishers of any type of publication performing the pre-press work, outsourcing the actual printing of the publication and then receiving and distributing the publication.

**UNDERWRITING GUIDE**

**From 287 to 924:**

Publisher – Outsources Printing, Perform Product Distribution

DELETIONS

**[287 PUBLISHER – Printing Outsourced, Performs PRODUCT DISTRIBUTION**

Applicable to businesses..... Rule IV, Paragraph C. 3. a. 2.]

**[442 HAND TOOL MFG – NON-FORGED**

Applies to a business..... powered hand tools.]

**[443 SAW BLADE OR INDUSTRIAL KNIFE MFG.**

Applies to a business..... grind the knife's edge.]

The following is a table of the approved loss costs, expected loss factors and hazard group assignments for the three classes being deleted and the two classes being retained.

CODE	LOSS COST	EXPERIENCE RATING PLAN			HAZARD GROUP
		Expected Loss Factors Table			
		A-1	A-2	A-3	
[287	\$4.01	\$1.99	\$2.56	\$2.94	II]
[442	2.80	1.39	1.79	2.05	II]
[443	2.80	1.39	1.79	2.05	II]
445	2.80	1.39	1.79	2.05	II
924	4.01	1.97	2.57	2.89	II

## **2) Housekeeping Revisions – Sections 1 and 2**

In an effort to continue to make the Manual clearer and less ambiguous by clarifying classification procedures, updating class language to bring it into alignment with other Manual provisions or recognizing technological or industrial change, the Bureau recommends the revisions shown below.

### ***Revisions to Classification Procedure***

- Provide as consistent a classification policy as possible for the assignment of ticket sellers' payroll to their employer's applicable business classification.
- Reclassify tour guides employed by a bus company from Code 951, Salesperson – Outside, to Code 817, Bus Operation.
- Revise the listing of Code 921, Furniture Store – Wholesale, in the Employer Contractor Cross Reference Chart from Code 929, Temporary Mercantile Operations Staff, to Code 937, Temporary Heavy Services Staff.

### ***Section 1***

- Addition of cashiers and ticket sellers to the listing of "General Inclusions" to reinforce the intended classification assignment for such workers as being to their employer's applicable business.
- Amend Rule V – Basis of Premium to show that any adjustments to an employee's wage made at policy audit to bring the employee up to minimum wage is to be based upon the Federal minimum wage.
- Clarify Rule XIV – Agricultural, Domestic Workers – Residences regarding who may be the employer of a domestic worker.

### ***Section 2***

- Clarify the Code 818, Automobile Dealer, class description by deleting selected passages that have proven to be subject to frequent misinterpretation to facilitate administration of the classification plan until the Bureau is ready to propose a more encompassing resolution of the classification applicable to automobile dealership personnel.
- Revise 18 Section 2 class descriptions and three "General Auditing and Classification Information Index" entries to clarify a classification's scope or bring the entry into closer alignment with a proposed Section 1 revision.
- Add, revise or delete Underwriting Guide entries by placing classification practices already being used into the Manual, to clarify classifications' scopes and/or propose deletion of entries no longer needed or that have been found to be readily misinterpreted.

As previously noted, these revisions are shown here in the Manual format which is being presented to the Insurance Department in Bureau Filing No. 229.

Two staff memoranda dated March 20, 2008 and March 24, 2008 are attached as Exhibit 2. The proposed Manual revisions are shown below with new wording underlined and deleted wording bracketed.

## SECTION 1

### CHANGES

#### RULE IV - CLASSIFICATIONS

##### B. CLASSIFICATIONS

###### 2. Standard Exception Classifications

- a. CLERICAL OFFICE EMPLOYEES..... of the business.

(2) The cashier or ticket seller also shall not be considered a clerical office employee. A cashier or ticket seller is responsible for accepting payment for merchandise [or], services rendered or admission. The cashier's or ticket seller's physical location may include but is not necessarily limited to: a booth, behind a counter or on a sales floor. The cashier, ticket seller or any employee whose regular and frequent duty is accepting payment for merchandise [or], services or admission should be assigned to the basic classification of the business regardless of the physical work location.

###### 3 General Inclusions

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

(1) though (16) remain unchanged  
(17) Counter personnel  
(18) Cashiers or ticket sellers

#### RULE V – BASIS OF PREMIUM

##### 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 – 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]a given residence.

## SECTION 2

### ADDITIONS

#### **UNDERWRITING GUIDE**

**To 459:**

Implant Mfg. – Medical (e.g., hips, knees)

Medical Implant Mfg. (e.g., hips, knees)

**To 513:**

Sand Mold Mfg. – By Independent Contractor

**To 601:**

Milling Of A Road's Surface – By An Independent Contractor Or The Paving Contractor

**To 660:**

Battery Back-Up Power Systems – Service Or Repair By Specialist Contractor

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

**To 813:**

Portable On Demand Storage – Rental – Delivery To And Pick Up From Customer Locations

**To 815:**

Quick Oil Change And Lubrication Garage

**To 855:**

Aggregates Dealer

**To 884:**

Fitness Instructor – By Independent Contractor

**To 925:**

Tile Store – Ceramic – Retail

**To 926:**

Tile Dealer – Ceramic – Wholesale

**To 969:**

Stadium Operation – Outdoor - By Contractor Or Owner

**To 971:**

Arena Operation – Indoor – By Contractor Or Owner

**To 973:**

Religious Retreats

### CHANGES

**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, site preparation, erecting or dismantling of derricks, drilling, re-drilling or deepening, installation or recovery of casing, well shooting, cementing, tank building or tapping operations.

CHANGES (continued)

**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 [such businesses] they handle any livestock. The businesses will receive meat from unrelated concerns in boxed form[. Meat may also be received]and/or 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 [and]or bacon.

**OPERATIONS ALSO INCLUDED:**

[Code 106 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.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 111 to a processed meat products manufacturing business[es] that slaughters animals or handles livestock and is principally engaged in the wholesale sale of the processed meat products.
2. Assign Code 915 to a business[es] slaughtering animals and who [may] makes fresh meat cuts and/or processed meat products [that are] and is principally engaged in the retail sale of the fresh meat cuts and/or processed meat products.
3. Assign Code 910 to a business principally engaged in receiving meat in boxed, carcass or partial carcass form and that cuts the meat into portion-controlled fresh meat products such as steaks, roasts, or chops and that is principally engaged in the wholesale sale of the products. Such business does not kill animals or handle livestock or 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 receiving beef and/or veal in boxed, carcass or partial carcass form and cutting or grinding the beef or veal into hamburger, hamburger and/or veal patties and/or sandwich steaks and that is engaged in the wholesale sale of the products.
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.

**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 [and] deboned meats in boxed form and/or may also ship meats in carcass form. Such business may also produce processed meat products like bacon, hams, sausage or luncheon meats and/or [perhaps] also sell some portion of the meat production as fresh meat cuts (e.g.,



**CHANGES** (continued)

steaks, roasts). [Such employer may further process the resulting animal by-products from the killing operations which is not subject to separate classification. The by-products processing may include but is not necessarily limited to cooking of fat into tallow or lard and washing, scraping and salting of hides.]

***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 which may include but is not necessarily limited to: cooking of fat into tallow or lard and/or washing, scraping and salting of hides.

***UNDERWRITING GUIDE***

**Change to 257:**

Towel Mfg. – Paper Or Disposable

**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 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 made by the employer are not assigned to any other manufacturing classification.

A business principally ..... business' overall machining.

***OPERATIONS NOT 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 machined by the employer are not assigned to any other manufacturing classification, shall be assigned to Code 461.
2. An employer principally engaged in..... plans or specifications.

CHANGES (continued)

**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.

**607 DRILLING N.O.C. – [b]By Contractor[s]**

**UNDERWRITING GUIDE**

**Changes:**

Drilling, N.O.C., By Contractor  
Elevator Shaft Drilling – By Contractor  
Logging Of Oil and/Or Gas Wells – By Contractor  
Oil Well Casing Installation – By Contractor  
Oil Well Cleaning – By Contractor  
Oil Well Shooting – By Contractor  
Water Well Drilling – By Contractor

**608 FLAT CEMENT WORK**

Applicable to a specialist..... by a specialist contractor

**OPERATIONS NOT INCLUDED:**

1. and 2. remain unchanged.
3. [--]Assign Code 609 to excavation performed by means of mechanical equipment. See Code 609[, Excavation,] for further information.
4. [--]Assign Code 654 to ground supported concrete footings and foundation walls in the Construction of commercial or residential buildings three stories or more.
5. [--]Assign Code 654 to the installation of precast concrete walls or panels.
6. through 8. remain unchanged.
9. Assign Code 855 to a separately -staffed and permanently-located ready mix concrete or asphalt plant.

**UNDERWRITING GUIDE**

**Change to 652:**

Modular Home [Erection,] Setup, Warranty Service, Remodeling or Repair

CHANGES (continued)

**654 CONCRETE CONSTRUCTION**

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

Applicable to commercial 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.

**UNDERWRITING GUIDE**

**Change to 661:**

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

CHANGES (continued)

**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. Specialist contractors performing installation, maintenance or repair of telephone lines, installing or replacing telephone poles or installing or servicing telephones for telecommunications companies shall be separately classified as provided for in this Manual.

**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 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..... as the dismantling.

**UNDERWRITING GUIDE**

**From 951 to 817:**

Tour Guide – Part Of A Bus Tour

**818 AUTOMOBILE** or Automobile Truck **DEALER** – including service counter and parts department.

Also includes but..... or warranty service.

[With the understanding that the assignment of an employee's payroll may vary according to individual circumstances, t]The following guidelines have been developed to aid in the classification of employees of a typical automobile dealership. [Proper documentation on worksheets should be added when exceptions are made to these guidelines.]

Employees who typically ..... of this Manual.

CHANGES (continued)

With the above statement in mind, the payroll of the following employees should be assigned in the prescribed manner:

1. through 3. remain unchanged.
4. **Service Writers/Service Advisors** [have historically had their payroll assigned to Code 818 because of their job duties, as well as where they perform these job duties. Their] job duties include greeting customers for the purpose of discussing problems with the customers' vehicles. They will prepare cost estimates and write up the service orders. Service writers [may work in a driveway/garage or in a] work behind a counter in a lobby type area, in an area off the showroom, or in a driveway/garage. Their job duties may also include but are not necessarily limited to:

- Bullet points remain unchanged.

Service advisors'/service writers' payroll is assignable to Code 818.

5. **Cashiers** who wait on customers should have their payroll assigned to Code 818. [The cashier who works in an area where only office work is performed and that area is physically separate from the parts, body shop, service/repair, showroom or sales lot areas should be assigned to Code 953.]

6. through 15. remain unchanged.

**OPERATIONS NOT INCLUDED:**

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

**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(s) in a physically-separate work area(s) 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.

CHANGES (continued)

**UNDERWRITING GUIDE**

**Changes:**

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

**882 [HOUSE]RESIDENTIAL INTERIOR CLEANING SERVICES** by Contractor.

Applicable to..... or bathroom fixtures.

[The term “principally engaged” means more than 50% 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.

**UNDERWRITING GUIDE**

**Changes:**

Domestic Interior Cleaning Service Contractor [- Inside]  
Residential Interior Cleaning Services – By Contractor

**929 EMPLOYMENT CONTRACTOR – Temporary Staff** – Mercantile Operations

Applies to temporary employees provided to retail or wholesale store businesses except for businesses assignable to wholesale fruit or vegetable, furniture, grocery or wholesale store, N.O.C.

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

**UNDERWRITING GUIDE**

**Change to 952:**

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

**969 AMUSEMENT, OUTDOOR:** fairs, exhibitions, amusement parks or any outdoor amusement that is permanently sited. This classification includes ticket sellers [or], ticket collectors and box office employees.

Payroll developed in the..... by a separate staff.

[Race track pari-mutuel employees shall be separately rated by Code 953.]

Organized athletics are..... by Code 970.

CHANGES (continued)

**978 CAMPS, SUMMER OR WINTER**[, N.O.C.] – all employees including office at camp locations.

Separate staff [at other than camp locations shall be classified in accordance with the class appropriate at the camp location]working exclusively at non-camp locations may be separately classified.

Executive Secretaries..... assigned to Code 951.

**UNDERWRITING GUIDE**

**Change:**

[RV]Recreational Vehicle Campground

**4777 EXPLOSIVES DISTRIBUTOR**

Includes the preparation and/or distribution of blasting agents and/or the distribution of high explosives and/or the distribution or exhibition of fireworks. [Blasting operations conducted by a separate crew shall be assigned to code 609. No manufacturing of explosives assigned to either Code 4771 or to Code 4775.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 609 to blasting operations conducted by a separate crew.
2. Assign Code 4771 to explosives manufacturing except for cartridge loading or charging which is assignable to Code 4775.

**AIRCRAFT OPERATION**

The classifications described under this class group apply to fixed wing and other aircraft. The phrase “members of the [flying]flight crew” is defined to mean all flying personnel engaged in the operation of the aircraft or the care of passengers or cargo in flight. It includes but is not necessarily limited to employees designated as airplane commanders, pilots, check pilots, co-pilots, flight engineers, navigators, technical or other observers, flight technicians, radio or radar operators, [hosts, hostesses, stewards, stewardesses]flight attendants, and pursers.

[Ticket sellers and information clerks away from airport locations shall be separately classified by Code 953.] Ticket sellers, information clerks and personnel engaged in performing the checking-in of passengers and baggage at airport locations shall be assigned to Code 7428.

When noted, an aircraft..... catastrophe reserve.

**7428 AIRPORT OPERATION** – ground employees.

[Ticket sellers or information clerks away from airport locations shall be separately classified by **Code 953.** Ticket sellers, information clerks or personnel engaged in performing the checking-in of passengers or baggage at airport locations shall be assigned to **Code 7428.**]

CHANGES (continued)

**[OPERATIONS ALSO INCLUDED:](#)**

Ticket sellers, information clerks or personnel performing the checking-in of passengers or baggage at airport locations.

DELETIONS

***UNDERWRITING GUIDE***

**From 222:**

Plastic Molding – Of Any Product By Any Molding Technique Other Than Injection Molding

**From 257:**

Towel Mfg., Disposable

**From 404:**

Blast Furnace Operation

**From 461:**

Machinery Mfg. – Industrial, N.O.C.

**From 483:**

Typewriter Mfg.

**From 607:**

Gas Well Drilling, N.O.C.

Oil Or Gas Geologist

Oil Or Gas Well Drilling, By Contractor, N.O.C.

Well Drilling

Well Driving

**From 609:**

Concrete Burial Vault Installation

**From 808:**

Bank And Trust Co., Armored Car Crews Of Contractor

**From 809:**

Fuel Service – Aircraft, By Contractor

**From 855:**

Hone Or Oil Stone Mfg.

**From 910:**

Packing House Distributing Station

**From 953:**

Race Track, Pari-Mutual Clerks



## GENERAL AUDITING AND CLASSIFICATION INFORMATION

### CHANGES

#### **EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING**

Code 544 chart **deletions: 287 442, 443**  
Code 682 chart unchanged  
Code 929 chart **deletion: 921**  
Code 937 chart **addition: 921**  
Code 947 chart unchanged  
Code 949 chart unchanged

#### **HOME HEALTH CARE SERVICES**

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

Code 943, "HOME HEALTH CARE – Nonprofessional Staff, all employees except office."  
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 support personnel such as homemakers and chore workers.

#### **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 food service and beverage staff(s). Employees assigned to Code 973 include but are not necessarily limited to: front desk employees, persons engaged in the operation of 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 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..... has the higher value.

#### **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.

The Honorable Joel Ario  
Commonwealth of Pennsylvania  
April 28, 2008  
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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.

The PCRB stands ready to respond to any questions which the Insurance Department staff or the Commissioner may have concerning any of these Manual revisions.

Sincerely,

Timothy L. Wisecarver  
President

TLW/kg  
Enclosures



**Pennsylvania Compensation Rating Bureau**

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TO: Pennsylvania Classification and Rating Committee

FROM: David T. Rawson  
Technical Director, Classification and Field Operations

DATE: March 24, 2008

RE: The Proposed Merger of the “Interim” Code 287, Publisher – Performs Product Distribution, into Code 924, Wholesale Store, N.O.C., and of the “Interim” Code 442, Hand Tool Mfg – Non-Forged, and the “Interim” Code 443, Saw Blade Mfg., into Code 445, Hardware Mfg., N.O.C.

From time to time Bureau classification studies may recommend the creation of one or more “interim” classifications. This occurs when the study’s rigorous statistical analysis results in the following types of findings for one or more of the different employer groups in the classification being studied.

- The statistical analysis first shows that there are significant statistical differences between the employer group(s) in question and the balance of the classification under review for at least two of the three experience statistics to which statistical tests are commonly applied (i.e., reported pure premium, claim frequency and claim severity). This statistical finding suggests the employer group should be separated from the classification being studied.
- Pursuant to an underwriting finding of reasonably analogous business operations with another existing classification(s), separate and additional statistical testing shows that there are no significant statistical differences between the employer group(s) in question and the analogous classification(s) for at least two of the three statistical tests.
- The Bureau cannot propose that the employer group(s) be reclassified into the analogous classification(s) at the time of the study because the differences between the existing classification’s approved rating value and those of the analogous classification(s) exceed the maximum permissible rating value decrease or increase.

The “interim” classification procedure was developed to respond to the above-described situation. The Bureau proposes to separate the employer group from the studied classification and to reclassify the group to a new, separate classification. Staff’s presentation to the Committee and the Bureau’s filing with the Pennsylvania Insurance Department comments on the nature of the classification study’s findings that the employer group should be reclassified by analogy to another, existing class, and further advises that such recommendation is not being made at the time of the filing because the indicated change in rating values would exceed the permissible maximum. Staff also advises the Committee and the PCRB’s filing further states

Memorandum of March 24, 2008

RE: The Proposed Merger of the "Interim" Code 287, Publisher – Performs Product Distribution, into Code 924, Wholesale Store N.O.C., and of the "Interim" Code 442, Hand Tool Mfg. – Non-Forged, and the "Interim" Code 443, Saw Blade Mfg., into Code 445, Hardware Mfg., N.O.C.

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that the Bureau will continue to monitor the rating values of the "interim" classification and the analogous classification(s) that the study showed the employer group should be reclassified to. In the future event that the rating values of these classifications become sufficiently similar to permit consolidation, the Bureau is favorably inclined to recommend such action to the Committee.

In the above context the Bureau observes that the approved April 1, 2008 "interim" Code 287 (\$4.01) rating value and the Code 924 rating value (\$4.01) are identical. Also, the separate approved April 1, 2008 "interim" Code 442 (\$2.80) rating value, the "interim" Code 443 (\$2.80) rating value and the approved Code 445 (\$2.80) rating value are equal. Thus, the Bureau finds it appropriate to consider the consolidation of the aforementioned "interim" classifications into their respective analogous classifications.

The Bureau study of Code 281, Printing, N.O.C., was presented to the Committee in a March 14, 2003 memorandum. Among other classification questions addressed therein, the memorandum stated that how to classify publishers who performed the necessary prepress tasks, then outsourced the actual printing of their publication(s) and who received delivery of the printed publication(s) and then distributed the publication(s) to customers had been the subject of previous staff discussions and at least one employer appeal before the Committee. Pursuant to the information available at that time, the Committee had assigned the appellant to Code 281. Staff's report went on to note that the Code 281 classification study was the first time that the question of how to classify such businesses had been studied with the benefit of rigorous statistical analysis. Separate statistical analyses showed that there were significant statistical differences between this employer group and the remainder of Code 281 and also between the employers assigned to Code 282, now entitled "Newspaper or Periodical Printing" and the remainder of Code 282. A third statistical analysis showed that there were no significant statistical differences between publishers assigned to Code 281 or to Code 282. Staff argued from both operational and employment profile bases that there was a reasonable analogy between publishers who perform prepress tasks, and outsource printing, but perform printed product distribution and Code 924. A third statistical analysis showed no significant statistical differences between these types of publishers and Code 924. Staff thus proposed an "interim" classification (Code 287) be created because the difference between the approved Code 281 and Code 924 rating values exceeded the permissible rating value change.

As noted above, the approved April 1, 2008 Code 287 and Code 924 rating values are identical. Accordingly, the Bureau now proposes that Code 287 be merged into Code 924, effective beginning new and renewal policies of October 1, 2008 and later, and that the approved April 1, 2008 Code 924 \$4.01 rating value remain unchanged.

The Bureau's study of Code 441, Tool Mfg., N.O.C., was presented to the Committee in an April 18, 2005 memorandum. That study report separately discussed the five-year experience of employers principally engaged in manufacturing hand tools or saw blades and/or industrial knives. Separate statistical analyses first showed significant statistical differences for reported pure premium and claim frequency between the five-year experience of the hand tool makers

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and the remainder of Code 441. There was no significant statistical difference between these respective groups for claim severity. A second statistical analysis showed that there were no significant statistical differences between the five-year experience of the hand tool makers and Code 445.

The separate discussion of the saw blade or industrial knife makers' five-year experience and separate statistical testing showed that there were significant statistical differences between them and the remainder of Coded 441 for reported pure premium and claim frequency, but that there was no significant statistical difference for claim severity. Another statistical test showed that there were no significant statistical differences between the saw blade and industrial knife makers' five-year experience and Code 445.

Staff proposed that new, separate "interim" classifications be created for hand tool manufacturing and saw or industrial knife manufacturing, respectively. In addition to the factors discussed above, the gap between the approved Codes 441 and 445 rating values exceeded the permissible maximum.

As also noted above, the approved April 1, 2008 Codes 442, 443 and 445 rating values are identical. On that basis, the Bureau now proposes that both Codes 442 and 443 be merged into Code 445, effective beginning new and renewal policies of October 1, 2008 or later, and that the approved April 1, 2008 Code 445 \$2.80 rating value remain unchanged.

The enabling Section 2 Manual language proposals for the class revision proposals herein are attached.



## Pennsylvania Compensation Rating Bureau

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TO: Pennsylvania Classification and Rating Committee

FROM: David T. Rawson  
 Technical Director, Classification and Field Operations

DATE: March 20, 2008

RE: **Executive Summary:**  
 Proposed Manual Language Revisions to Sections 1 and 2 (Housekeeping)

The Bureau proposes a variety of language changes to be effective on a new and renewal basis **effective October 1, 2008**. The proposed changes are as delineated below.

### REVISIONS TO CLASSIFICATION PROCEDURE

- Provide as consistent a classification policy as possible for the assignment of ticket sellers' payroll to their employer's applicable business classification.
- Reclassify tour guides employed by a bus company from Code 951, Salesperson – Outside, to Code 817, Bus Operation.
- Revise the listing of Code 921, Furniture Store – Wholesale, in the Employer Contractor Cross Reference Chart from Code 929, Temporary Mercantile Operations Staff, to Code 937, Temporary Heavy Services Staff.

### SECTION 1

- Addition of cashiers and ticket sellers to the listing of "General Inclusions" to reinforce the intended classification assignment for such workers as being to their employer's applicable business classification.
- Amend Rule V – Basis of Premium to show that any adjustments to an employee's wage made at policy audit to bring the employee up to minimum wage is to be based upon the Federal minimum wage.
- Clarify Rule XIV – Agriculture, Domestic Workers – Residences regarding who may the employer of a domestic worker.

### SECTION 2

- Clarify the Code 818, Automobile Dealer, class description by deleting selected passages that have proven to be subject to frequent misinterpretation to facilitate administration of the classification plan until the Bureau is ready to propose a more encompassing resolution of the classification applicable to automobile dealership personnel.
- Revise 18 Section 2 class descriptions and three "General Auditing and Classification Index" entries to clarify a classification's scope or bring the entry into closer alignment with a proposed Section 1 revision.
- Add, revise or delete Underwriting Guide entries by placing classification practices already being using into the Manual, to clarify classifications' scopes and/or propose deletion of entries no longer needed or that have been found to be readily misinterpreted.



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TO: Pennsylvania Classification and Rating Committee

FROM: David T. Rawson  
Technical Director, Classification and Field Operations

DATE: March 24, 2008

RE: Proposed Manual Language Revisions to Sections 1 and 2 (Housekeeping)

The proposals discussed below are intended to make the Manual clearer and less ambiguous. Several of the proposed revisions clarify key classification procedures, while others update language defining certain classifications to align the verbiage used with that of other Manual provisions and/or to recognize technological or industrial change. The proposed update to the Index - General Auditing and Classification Information's entry entitled "Employment Contractor –Temporary Staffing" and the cross-reference chart therein incorporate the needed revisions pursuant to concurrent classification revision proposals that are discussed below or in a separate memorandum to the Committee. As has been done previously, staff has incorporated all of the cross-reference chart's revisions into the housekeeping revision memorandum. The Bureau recommends that all of the Manual language revisions proposed herein become **effective** upon new and renewal policies of **October 1, 2008** and later.

The following narrative will first highlight the three revisions being proposed to classification procedures and then will separately review the Manual language proposals by section.

### PROPOSED REVISIONS TO CLASSIFICATION PROCEDURE

The classification applicable to cashiers or ticket sellers has been a problematic issue for some time. The Bureau finds itself facing ongoing popular misconceptions concerning the classification and pricing of workers' compensation insurance for these types of employees in discussions with employers, agents and insurers. Staff believes that a clarification regarding the classification of ticket sellers is thus appropriate. While the Bureau perceives this change to be a clarification of current procedure, this proposal will be discussed in this section of the memorandum since the adoption thereof will involve the deletion of three Manual entries; two regarding how to classify employees selling pari-mutuel wagers and a third regarding the sale of airline tickets away from airport locations. Because of previous unintended departures from intended classification procedures, approval of this proposal will result in the reclassification of a presently unknown number of employees from Code 953, Office, to their employers' applicable field-of-business classifications. Approval will also involve the proposed prospective reclassification of a type of business (i.e., ticket agencies) from Code 953 to Code 920, officially entitled "Jewelry Store – Retail or Wholesale," for personnel selling tickets over the counter.

The Bureau construes a ticket seller to be a type of cashier. The difference between a ticket seller and a cashier (besides semantics) is that the ticket seller is typically selling and accepting payment by cash, check or credit card for an admittance or a transportation fare, whereas the cashier is accepting payment via the same means but for goods sold or services rendered. Such are the regular and frequent duties of a cashier or ticket seller. The cashier may work in a booth, behind a counter, or on a sales floor, and the ticket seller will typically work in a booth or behind a counter.

The historical classification analogy underlining the assignment of either cashiers or ticket sellers to Code 953 was with the previous inclusion of "bank tellers" to Code 953. The Bureau began its departure from that analogy approximately 12 years prior to the Pennsylvania Insurance Department's approval of the Bureau's filing to create a new, separate, all employees including office "Bank" classification that became

effective beginning new and renewal policies of December 1, 1996 and later. In 1984 the Bureau made the first of a series of filings with the Department to clarify the clerical definition. In addition to clarifying the clerical definition, that first filing (the approval of which was announced by Bureau Circular No. 1109, to become effective new and renewal policies of October 1, 1984 and later) also inaugurated the listing of types of "clerks" that could not be construed as clerical, as shown below:

- (1) The clerk, such as a time, stock or tally clerk, whose work is necessary, incidental or a part of any operation of the business other than clerical office, shall not be considered a clerical office employee. A cashier in a store whose duties include handling merchandise, accepting payment for merchandise or who is otherwise exposed to the store operation shall be included under the appropriate store classification.

A second Bureau filing (approval of which was announced by Bureau Circular No. 1120) revised the second sentence above pertaining to "cashiers," and the revised language shown below became effective beginning new and renewal policies of April 1, 1985 and later:

A cashier in a store whose duties include handling merchandise, accepting payment for merchandise or who is otherwise [exposed to] engaged in the store operations shall be included under the appropriate store classification.

The issue of which "clerks" could not be construed as clerical was revisited with two additional filings that added "counter" and "mall kiosk," respectively, to the first sentence's exclusionary listing. The Department's approvals of those filings were announced by Bureau Circular No. 1270 (for counter "clerks") to become effective beginning new and renewal policies of July 1, 1992 and later and Bureau Circular No. 1516 (for mall kiosk "clerks") to become effective beginning new and renewal policies of October 1, 2006 and later, respectively.

The Bureau made a filing between the 1992 and 2006 proposals that focused the above paragraph to the listing of "clerks" that could not be construed as clerical and added the classification directive that such listed "clerks" were to be assigned to their employers' field-of-business classifications. That filing concurrently separated the "cashier" into a new, separate paragraph numbered (2) and revised the "cashier's" classification assignment from the appropriate store classification to the "basic classification of the business regardless of the physical work location." The creation of a separate paragraph discussing only the "cashier" was intended to give more visibility to the "cashier's" exclusion from clerical and to recognize that the employer's applicable field-of-business classification might be something other than a store classification. This filing approval was announced by Bureau Circular No. 1411 and became effective beginning with new and renewal policies of December 1, 2000 and later.

The current Manual definition of clerical reflects the cumulative impact of the five previous filings described above.

The present proposal will provide for as consistent a policy as the Bureau may provide for classifying ticket sellers. This memorandum observes that there are classification descriptions (e.g., for Code 969, Amusement, Outdoor) that specify ticket sellers or collectors or box office employees are to be assigned to those classifications. There is also presently a separate entry in the Section 2 Code 969 class description assigning pari-mutuel ticket sellers to Code 953. Finally, there are classifications (e.g., Code 967, Theaters) which are structured on an "all employees including office," basis which are classifications that do not provide for payroll division with Code 953.

The Bureau did not conduct a classification study of the question being addressed by this filing. Staff finds this question is not susceptible to study because the payroll and loss experience of ticket sellers is often included with the bona fide clerical payroll and loss experience of their employers. For example, race tracks (the only legal Pennsylvania employers of pari-mutuel ticket or wager sellers) have



administrative and similar personnel that are also subject to Code 953. The experience of the pari-mutual ticket or wager sellers and the other personnel are commonly reported to Code 953, and the Bureau does have any means to segregate these two types of exposures.

Technological advances also play a role in this classification question. The Bureau does not know how many airline, concert or other types of tickets are actually purchased today from a seller in a booth or over-the-counter. Many airline tickets are purchased via the airlines' websites and printed out on the purchasers' personal computers. The airlines' customers may also select their seat and print boarding passes on-line 24 hours prior to their scheduled take-off time. The Bureau is aware that other types of tickets may also be purchased on-line or by telephone with a hard copy of the ticket being sent via the USPS or overnight delivery to the purchaser. A business exclusively selling tickets by telephone or on-line is typically subject to Code 951, Salesperson – Outside, and Code 953, as they may apply.

The proposed listing of ticket sellers with cashiers and the proposed listing of counterpersons, cashiers and ticket sellers in the "General Inclusions" have been developed with the benefit of experience in administering the current and previous versions of approved Manual language and are the latest reinforcement of how these specified employees are intended to be classified.

Pursuant to Manual rules, in the event that the Bureau reviews a business' file and finds a ticket seller(s) among the employer's staff, the correct classification will be applied only upon the employer's first normal renewal at least 60 days in advance of the employer's next normal policy renewal on or after October 1, 2008.

The **second** proposed change presented in this filing is the clarification of the Underwriting Guide entry "Tour Guide" (currently assigned to Code 951, Salesperson – Outside) to read "Tour Guide – Part Of A Bus Tour" and reclassification of that entry to Code 817, Bus Operation. In this scenario, the tour guide is employed by the bus company and is on the bus during the tour. The guide is responsible for meal arrangements (in particular by canvassing customers if there is a menu choice for a full-day tour), making certain that all of the customers have returned to the bus after every stop, discoursing on the way to the tour's destination(s) and accompanying the customers through each destination while showing and discussing the highlights thereof. The Bureau has concluded that tour guides have regular and frequent exposure to hazards beyond those of Code 951 and equivalent to the hazards of "bus crew." Code 817 has higher rating values than Code 951. Similar to the circumstances noted above with respect to ticket sellers, this issue cannot be the subject of a classification study because the payroll and loss data of tour guides is only a part of the tour bus company's payroll and loss data submitted under Code 951. The Bureau does not have any means to segregate tour guide payroll and losses from the overall tour bus company's Code 951 experience. Pursuant to Manual rules, in the event that the Bureau reviews a bus company's file and finds bus tour guide(s) among the employer's staff, the correct classification will be applied only upon the employer's first normal renewal at least 60 days in advance of the employer's next normal policy renewal on or after October 1, 2008.

The **third** and last proposed change is to move Code 921, Furniture Store – Wholesale, in the Employment Contractor: Temporary Staffing Cross-Reference Chart (in the Index - General Auditing and Classification Information) from Code 929, Employment Contractor - Temporary Staff – Mercantile Operations, to Code 937, Employment Contractor – Temporary Staff – Heavy Service. The employees typically assigned to Code 921 are performing warehousing and/or delivery tasks. A wholesale furniture store employs over-the-road sales persons assignable to Code 951 rather than the floor salespersons typically employed by a retail store. This different employment profile (like that of Code 907, Fruit or Vegetable Dealer, Code 911, Grocery – Wholesale, or Code 924, Wholesale Store, N.O.C., that have been listed under Code 937 for some time) means that the exposures of temporary warehouse or delivery personnel assigned to a wholesale furniture store more closely approximate the exposures found in Code 937, rather than those found in Code 929.

## **SECTION 1**

There is one proposed revision to Rule IV – Classifications. That proposal is to add counter personnel and cashiers or ticket sellers to the listing of “General Inclusions.” Please refer to the discussion above regarding ticket sellers. These are occupations that have been excluded from the Bureau’s definition of “clerical office” since 1984. Their Manual exclusion from clerical has also explicitly advised since 2000 that payroll developed by persons in each of these occupations is to be “assigned to the basic classification of the business.” Nonetheless, as also discussed above, the Bureau continues to find counter persons and cashiers or ticket sellers misclassified to clerical. The proposed addition of counter persons and cashiers (or ticket sellers) to the “General Inclusions” listing is intended to reinforce their proper assignment to their employer’s applicable business classification.

Staff proposes one change to Rule V – Basis of Premium. This proposed revision clarifies 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 States Department of Labor. Such adjustments typically take place where employees customarily and regularly receive more than \$30 a month in tips. There have recently been questions posed to the Bureau as to whether the adjustment should be based upon the State or Federal minimum wage.

There is also a proposed change to Rule XIV – Agricultural, Domestic Workers – Residences, to clarify who may be the employer of a domestic worker. The Bureau has understood that only the resident owner, the estate of the owner or a family member may be the named insured or employer of the domestic worker(s) in connection with a given residence. The proposed language is intended to resolve potential confusion regarding this matter.

## **SECTION 2**

This memorandum will open the discussion of the proposed Section 2 revisions with the proposed revisions to the Code 818, Automobile Dealer, class description. Exchanges between staff, employers, agents and insurer premium auditors have shown that the Code 818 class description as presently written is easily subject to misinterpretation. The classification description denotes how various jobs or occupations employed by an automobile dealer are typically classified and also provides potential exceptions to those procedures in the event that certain circumstances are fulfilled. Employers and agents often focus on the listed exceptions to the exclusion of other Manual language and argue that all of their personnel or their client’s personnel performing a given job are subject to the exception provided. There has been correspondence dealing with these issues on a number of files, with two previously rising to appeals, one to the Appeals Subcommittee of the Classification and Rating Committee and one to the Audit Committee. The classification assignment sought is typically Code 953, Office, and the employers assert that their service advisors and cashiers are assignable thereto.

The statement above regarding Bureau staff facing ongoing popular misconceptions concerning classification and the pricing of workers’ compensation insurance is also applicable to the classification of selected automobile dealer staff. The Bureau views this area as raising significant and problematic issues within the Pennsylvania Classification Plan, as filed with and approved by the Insurance Department. The proposed revisions herein to the Code 818 classification description will be followed by a restudy of Code 818 during 2008 with the goal of reviewing the feasibility of making Code 818 “all employees including office,” to resolve the present ongoing classification discussions and to concurrently level the playing field within the automobile dealership industry and between that industry and other types of businesses as much as possible.

The Bureau proposes in this filing to delete passages that we would characterize as being more commonly subject to misinterpretation. The Bureau will continue to classify automobile dealership personnel (including service advisors and cashiers) as such occupations have historically been classified. The intent of removing the selected language is to facilitate administration of the uniform classification plan until the Bureau is ready to propose a more encompassing resolution of this matter

(i. e., to propose making Code 818 “all employees including office” approximately a year from now). At one time the Bureau had a Ruling and Interpretation (R&I) for “Showroom Sales” businesses. That Manual entry had clearly delineated guidelines on when the classification procedure therein could be implemented. Nonetheless, the Bureau found instances in which employers and/or their agents had reclassified selected staff to a lower-rated classification and ignored the full provisions of the guidelines. “Showroom Sales” generated approximately five or six appeals to the Appeals Subcommittee, one or two of which went on to the Insurance Department. In all of these cases, the Subcommittee and the Department sustained Bureau actions. The Bureau then proposed and the Department approved the deletion of the “Showroom Sales” R&I entry. In conjunction with that filing, the Bureau expressed the intention to assign classifications to businesses that fulfilled the conditions outlined in the R&I consistent with those approved entries. To date, there have been no further employer classification appeals based upon the withdrawn language.

There are eighteen additional proposed revisions to Section 2 classification language and three proposed changes to the “General Auditing and Classification Index” not counting Underwriting Guide (Guide) additions, revisions or deletions that will be separately discussed below. For example, the Section 2 revision to Code 028, Oil or Gas Production substitutes “rate” for “classify” after the word “separately.” “Separately rate” has a specific Manual definition that is different from “separately classify.” The intent of the Code 028 provision is to “separately rate” the listed exposures from Code 028 regardless of the presence or absence of separate staffing. The use of “separately rate” accomplishes that purpose. For Codes 483, Office Machine Mfg., 757, Telecommunications Company, and 855, Lumber and/or Building Material Dealer, the Bureau proposes adding an “Operations Not Included” section to aid in clarifying each classification’s scope. From time-to-time persons have misread the Manual entries for Codes 483 and 757 and have asked for assignment to one or the other of these classifications, and disputes have arisen when the Bureau disapproved the request and instead made an alternate assignment to the appropriate service, repair or contracting classification. The Bureau also proposes to flesh out the description of Code 654, Concrete Construction, in recognition of the expanded description for Code 608, Flat Cement Work, initially approved in 2006 and clarified in 2007.

Two of the amendments to the “General Auditing and Classification Information Index” are to clarify the scope of Code 943, Home Health Care – Nonprofessional Staff, and of hotel operations contemplated by Code 973, Hotel, respectively. The third proposed change is to the “Minimum Wage Procedure” which mirrors the Section 1 proposed revision discussed above.

The proposed Underwriting Guide additions reflect prevailing classification practice. The revisions are intended to clarify the scope of various entries. Thirteen of the 16 proposed deletions represent entries that are no longer needed. Two of those (the references to either gas or oil well drilling not otherwise classified assigned to Code 607, Drilling, N.O.C.) may also be readily misinterpreted, resulting in misclassified businesses. A review of the technical literature on gas and oil well drilling clearly shows that all gas or oil well drilling today is done by means of rotary drilling, which is subject to Code 606, Oil or Gas Drilling – By Rotary Method. The fourth proposed deletion “Machinery Mfg. – Industrial, N.O.C.” suggests an unintended classification assignment (to Code 461, Machine Shop), and for that reason it should be deleted. Code 461 is both a process (machine shops) and product (machinery) class. The entry suggests Code 461 is solely a product classification. The eleventh proposed deletion is “Concrete Burial Vault Installation,” which has been misinterpreted as permitting the assignment of Code 609, Excavation, to the delivery of concrete burial vaults by the manufacturer. This misinterpretation ignores another Manual rule (Rule IV, Paragraph 3. “General Inclusions,” a. (9) thereunder) that requires product delivery by the manufacturer to be assigned to the applicable product manufacturing class. The employees of the businesses in question simply deliver the burial vaults, and, by using the delivery truck’s crane, they will lower the vaults into the pre-dug graves. The delivery employees do not dig the graves. The last proposed deletion reflects the above discussion regarding the classification applicable to pari-mutuel clerks.