



**Pennsylvania Compensation Rating Bureau**

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August 22, 2005

**BUREAU CIRCULAR NO. 1500**

To All Members of the Bureau:

Re: **MANUAL REVISIONS - SECTIONS 1, 2, AND 5**  
**EFFECTIVE JANUARY 1, 2006**

- 1) Code 818, Automobile Or Automobile Truck Dealer – Including Service Counter And Parts Department, Class Study Results**
- 2) Code 862, Recycling Center, Class Study Results**
- 3) Code 441, Tool Mfg., N. O. C., Class Study Results**
- 4) Housekeeping Revisions – Sections 1, 2 and 5**

**PLEASE NOTE THE CHANGE IN EFFECTIVE DATE FOR THESE MANUAL CHANGES.**

Bureau Filing No. 220 was originally filed with a proposed effective date of October 1, 2005. In order to provide more appropriate advance notice of the Manual revisions to Sections 1, 2 and 5 pertaining to changes classification procedure in Pennsylvania to insurers, producers and employers, the Bureau requested and the Insurance Department approved a change in the **effective date to 12:01 a.m., January 1, 2006** with respect to new and renewal business only.

The revisions, as referenced above, are discussed below.

**1) Code 818, Automobile Or Automobile Truck Dealer – Including Service Counter And Parts Department, Class Study Results**

The Bureau study of Code 818 was undertaken to determine the feasibility of establishing new, separate classifications for employers principally engaged in the rental of automobiles, truck and tractor-trailers, for employers engaged in the sale of motorcycles, and for employers principally engaged in the operation of an automobile auction, as well as whether mobile home setup or warranty service (by specialist contractor) should remain assigned to Code 818 or if another classification would be more appropriate.

The study results indicated that the only classification change required would be as follows:

- Creation of a new class, Code 820, Automobile Auction, for employers principally engaged in the operation of an automobile auction.

All other employers studied will remain in Code 818.

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

## SECTION 2

### ADDITION

**820 AUTOMOBILE AUCTION** - including snack bar or restaurant.

Automobile auctioneers shall be assigned to Code 819.

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group III.

### CHANGE

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

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

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

The following is a table of the approved loss costs, expected loss factors and hazard group assignments:

CODE	APPROVED LOSS COST EFF. 1/1/06	APPROVED EXPERIENCE RATING PLAN			APPROVED HAZARD GROUP
		<u>Expected Loss Factors Table</u>			
		A-1	A-2	A-3	
818	3.28	1.51	1.88	2.06	III
820	3.09	1.42	1.77	1.94	III

## SECTION 5

### Rulings & Interpretations

#### ADDITIONS

#### AUTOMOBILE AUCTION - 820

Applicable to businesses principally engaged in the auctioning of automobiles to automobile wholesalers, used car dealers, automobile dealerships or the general public. Also includes the auctioning of trucks and motorcycles. Also includes the **operation of a snack bar or restaurant when conducted in conjunction with the auction.**

ADDITIONS (continued)

**Operations Not Included:**

Automobile auctioneers are assigned to Code 819.

**RENTAL CLERKS – AUTOMOBILE/TRUCK RENTAL AGENCIES**

As a general rule, rental clerks/counter personnel for automobile and truck rental agencies have job duties that include but are not limited to waiting on customers, assigning vehicles, completing rental agreements, insurance and credit forms, and collecting payment for the rental of the vehicle. Rental clerks/counter personnel may also inspect the vehicle, record the mileage, and demonstrate or move the vehicle. As described, rental clerks/counter personnel for automobile and truck rental agencies should be assigned to Code 819 and not Code 818 or Code 953.

**Underwriting Guide**

ADDITIONS

Auction, Automobile (Including Snack Bar Or Restaurant, Automobile  
Auctioneers To Be Assigned To Code 819) ..... 820  
Rental Clerk Employed By An Automobile Or Truck Rental Agency.....819

CHANGES

Automobile Auction (Including Snack Bar Or Restaurant, Automobile  
Auctioneers To Be Assigned To Code 819)..... [818]820  
Auction – Classify To Appropriate Retail Store Class Based On  
Merchandise Mix (Not Automobile) – Including Auctioneers..... ----  
Motorcycle Dealer (Including Sale Of Accessory Merchandise Such  
As Clothing, Racing Gear, Etc.).....818  
Automobile Rental – No Drivers (Rental Clerks To Be Assigned To Code 819)..... 818  
Truck Rental – Without Drivers (Rental Clerks To Be Assigned To Code 819)..... 818

**2) Code 862, Recycling Center, Class Study Results**

The Bureau study of Code 862 was undertaken to determine what types of post-consumer materials handling or processing should remain in this classification, which is applicable to businesses principally engaged in collecting or handling recyclable commodities, versus reassignment to other existing classes or new and separate classes. The study results indicated that the scope of Code 862 is sound, and no reclassifications and/or erection of new classifications are necessary.

The Bureau further studied the classification applicable to paper shredders because an inconsistency existed in classifying these employers. The review disclosed that paper shredders were being classified to two classifications, Code 862 and Code 257, Paper

Products Mfg., N. O. C. While a review of historical experience and other analysis indicated that Code 862 is the most appropriate classification for paper shredders, reclassifying those employers currently assigned to Code 257 would result in a rating value increase exceeding the maximum permissible increase swing limit for an Industry Group I class. Therefore, a new, separate and "interim" classification, Code 863, Paper Shredding – By Specialist Contractor (Not A Used Paper Dealer), will be erected and monitored until such time as the rating values for Codes 862 and 863 become sufficiently similar to allow consideration of a consolidation of paper shredders into Code 862.

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

## SECTION 2

### ADDITION

**863 PAPER SHREDDING – By Specialist Contractor (Not A Used Paper Dealer)**

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group II

### CHANGE

**862 RECYCLING CENTER.**

[Applicable to businesses principally engaged in collecting or handling recyclable materials such as: cloth clippings, rags, paper, glass, plastic, rubber stock and/or aluminum beverage cans. Assign businesses collecting a combination of recyclable products and scrap metals with no principal line of merchandise to Code 860.

Dealers in cloth clippings, new goods only, shall be assigned to Code 924.]

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

The following are the approved loss costs, expected loss factors and hazard group assignments:

CODE	APPROVED LOSS COST EFF. 1/1/06	APPROVED EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			APPROVED HAZARD GROUP
		A-1	A-2	A-3	
257	4.30	1.91	2.40	2.63	II
862	9.28	4.28	5.32	5.83	II
863	5.26	2.42	3.02	3.30	II

## SECTION 5

### Rulings and Interpretations

#### ADDITIONS

#### **863 – PAPER SHREDDING – By Specialist Contractor**

Applicable to businesses principally engaged in shredding paper or destroying documents for unrelated concerns. Such operations may be conducted at customer locations via the use of mobile equipment or at a centralized shredding facility.

#### **Operations Not Included:**

Assign businesses principally engaged in the collection, sorting, baling and resale of used or waste paper to Code 862. Such businesses may perform incident paper cutting or shredding.

#### **862 – RECYCLING CENTER**

Applicable to businesses principally engaged in collecting or handling recyclable commodities including but not necessarily limited to: cloth clippings, rags, paper, glass, plastic, rubber stock and/or aluminum beverage cans. Includes consolidation facilities, where the recyclable commodities are simply collected, sorted baled and resold, and reprocessing facilities, where the recyclable commodities are processed prior to resale. Processing may include but is not necessarily limited to: grinding plastic, pulverizing glass and crushing aluminum beverage cans.

#### **Operations Not Included:**

1. Assign businesses collecting a combination of recyclable products and scrap metals with no principal line of merchandise to Code 860.
2. Assign dealers in cloth clippings, new goods only, to Code 924.
3. Assign businesses principally engaged in shredding paper or destroying documents for unrelated concerns to Code 863.

#### **Underwriting Guide**

#### ADDITION

Document Destruction or Shredding Service.....863

CHANGES

Paper Dealer, Used (Not Contract Paper Shredder or Document Destruction Service)..... 862  
Waster Paper Dealer (Not Contract Paper Shredder or Document Destruction Service)..... 862  
Paper Shredding – By Specialist Contractor (Not A Used Paper Dealer)..... [257]863

**3) Code 441, Tool Mfg., N. O. C., Class Study Results**

The Bureau study of Code 441 was undertaken in response to difficulties experienced in the file-by-file administration of employer eligibility under current “Precision Machine Parts Mfg., N. O. C.” terminology and also to determine if the scope of the classification was overly broad.

Based on the study results, the following changes will be implemented:

- Creation of a new classification, Code 446, Precision Machined Parts Mfg., N. O. C., for employers machining parts not specifically assigned to another classification and where more than 50 percent of the overall machining is to a final tolerance of .001 inches or closer.
- Creation of a new classification, Code 442, Hand Tool Mfg. – Non-Forged, for employers manufacturing such products.
- Creation of a new classification, Code 443, Saw Blade Or Industrial Knife Mfg., for employers so engaged.
- Revision of the scope of Code 441 to focus more upon the manufacture of tools, dies, molds, jigs and/or fixtures and related products.

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

**SECTION 2**

ADDITIONS

**442 HAND TOOL MFG – NON-FORGED.**

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group II

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

Please see the Rulings and Interpretations, Section 5 for further Information on the scope of this class.

Hazard Group II

ADDITIONS (continued)

**446 PRECISION MACHINED PARTS MFG., N.O.C.**

Please see the Rulings and Interpretations, Section 5 for further information on the scope of this class.

Hazard Group II

The following is a table of the approved loss costs, expected loss factors and hazard group assignments:

CODE	APPROVED LOSS COST EFF. 1/1/06	APPROVED EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			APPROVED HAZARD GROUP
		A-1	A-2	A-3	
441	1.78	0.79	0.99	1.09	II
442	2.29	1.02	1.28	1.40	II
443	2.33	1.04	1.30	1.43	II
446	2.16	0.96	1.20	1.32	II

**SECTION 5**

**Rulings & Interpretations**

ADDITIONS

**HAND TOOL MFG. – NON-FORGED – 442**

Applies to a business principally engaged in machining or assembling non-forged hand tools or bench tools. This includes but is not necessarily limited to screwdrivers, pliers, hammers, chisels or wrenches.

**SAW BLADE OR INDUSTRIAL KNIFE MFG – 443**

Applies to a business principally engaged in the manufacture of any type of saw blade, including but not necessarily limited to: circular saws, band saws, cylinder saws, drag saws or any type of hand saw. Saw blades may have teeth set and sharpened on a saw blade grinder. Also includes applying carbide tips or diamond cutting segments onto saw blades and the shop repair or sharpening of the saw blade by the manufacturer.

Also applies to a business principally engaged in the manufacture or shop reconditioning of all types of industrial cutting knives. The materials used may include sheet or coil steel or tool steel depending upon the type of knife being made and its designed application. The knife will generally be heat-treated. Surface grinders will grind the knife's edge.

ADDITIONS (continued)

**PRECISION MACHINED PARTS MFG – N.O.C. – 446**

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 more than 50 percent of the employer's overall revenue is derived from machining performed to plans or specifications requiring the machining operations be held to a final tolerance of .001 inches or closer (e.g., .0005 inches) and where the parts machined by the employer are not assigned to any other manufacturing classification.

CHANGES

**TOOL MFG – N.O.C – 441**

Applies to a business principally engaged in [the manufacture of]machining tool steel or tungsten carbide into non-forged tools used for cutting or machining operations on machine shop equipment (e.g., lathes, mills), dies or molds which are used to cut or form materials in a press, or jigs and fixtures used to hold or position work for machine[s]shop equipment. Also applies to a business principally engaged in [making]machining tool steel or tungsten carbide into molds for unrelated plastics molding or nonferrous metal casting [operations]businesses or dies for unrelated wire drawing, metal stamping, plastic or nonferrous metal extrusion[, threading or tapping]businesses. The business' machining operations may include but are not necessarily limited to turning, milling, grinding or tapping. The tools, dies or molds may be assembled together, polished, buffed, tested and inspected.

[Also included are businesses principally engaged in the manufacture of non-forged hand tools such as screwdrivers, pliers, hammers or chisels, sewing machine attachments such as hemmers or binders, automobile piston rings, universal joints, transmissions or clutches, ring, plug or snap gauges or welding or cutting torch tips.]

[Further included are employers principally engaged in Precision Machined Parts Mfg. – N.O.C. Such term will be construed as applying to employers where the plans or specifications require at least 51 percent of all machining operations performed by the employer will be held to a final tolerance of .001 inch or closer and where the machined parts made by the employer are not assigned to any other manufacturing classification.]

Also [further] included are employers principally engaged in the manufacture of wood or metal patterns or models and analogous products [including but not necessarily limited to:]such as aircraft propeller mfg. – wood, architectural scale models mfg. by a specialist contractor, last form mfg. – wood, or wood carving by hand or machine.

**Operations Not Included:**

1. Cemented carbide tips for cutting tools or any other products made from powdered metal that are pressed to shape, machined and sintered shall be assigned to Code 506.
2. Molds or patterns produced by foundry (the melting and casting of the molten metal) process shall be assigned to the appropriate foundry class.
3. Dies produced by chemical etching or engraving shall be assigned to Code 281.



CHANGES (continued)

4. The manufacture of forged tools shall be assigned to Code 433.
5. Products made by casting or molding plastic shall be assigned to the appropriate plastic molding classification.
6. Metal stamping shall be classified as provided in this Manual.
7. The manufacture of non-forged and non-powered hand tools, such as screwdrivers, pliers, hammers or chisels, non-forged bench tools shall be assigned to Code 442.
8. 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 .001 inches or closer (e.g., .0005 inches) and where the machined parts made by the employer are not assigned to any other manufacturing classification. Businesses so principally engaged shall be assigned to Code 446.
10. The machining of parts where the final tolerance is cruder than .001 inches (e.g., .003 inches, .005 inches) and where the parts made by the employer are not assigned to any other manufacturing classification shall be assigned to Code 461.
11. Machined parts or products specifically assigned to any manufacturing classification shall be assigned to that specified manufacturing classification regardless of the final machining tolerance called for by the plans or specifications.
12. Specialist contractors electroplating parts manufactured by an unrelated business(es) shall be assigned to Code 449.

**Underwriting Guide**

ADDITIONS

File (Tool) Mfg. – Forged.....	433
Fixture Or Jig Mfg. ....	441
Gauge Mfg. – Ring, Plug Or Snap.....	441
Jig Or Fixture Mfg. ....	441
Sewing Machine Attachment Mfg. (e.g., hemmers, binders). ....	441
Steel Rule Die Mfg. ....	441
Industrial Knife Mfg. – All Types.....	443
Aircraft Propeller Mfg. – Metal. ....	446

CHANGES

Heat-Treating Of Metal – <u>By Specialist Contractor</u> .....	433
Cutlery Mfg (Non-Forged) <u>For Household Or Butcher Shop/Restaurant Use)</u> .....	441
Die [Or Jig] Mfg. ....	441
Hand Tool[s] Mfg.[,] – <u>Non-Forged</u> (Excluding Axes, Agricultural Tools, Sledgehammers [And]Or Wheelbarrows) .....	[441]442
File, Tool (Non-Forged) Mfg. ....	[441]443
Saw Blade Mfg. – <u>All Types</u> .....	[441]443
Precision Machined Parts Mfg., N.O.C. ....	[441]446
[Splined] Shaft Mfg. – <u>All Types</u> .....	461

DELETIONS

Aircraft Motor Precision Parts Mfg.....441  
Precision Tool Mfg.....441

**4) Housekeeping Revisions – Sections 1, 2 and 5**

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 following revisions are being implemented:

**Section 1**

- Revision of Rule IV, Classifications, Paragraph B. 2. a. “Clerical Office Employees – Code 953” by adding three types of clerks (i.e., front desk, lobby and librarians) to the listing of clerks that cannot be considered for assignment to Code 953.
- Revision of Rule IV, Classifications, Paragraph B. 3. a. by adding to the list of General Inclusions (specifically, “Heat treating by an insured on its products”).
- Revise Rule IV, Classifications, Paragraph C. 2. b. “Single Enterprise” to clarify that a separately-staffed and located retail outlet on the same or contiguous premises to a manufacturing facility will be assigned to the applicable retail store classification.
- Amend Rule XVI, Appeals from Application of the Rating System Procedure, Paragraph F. to clarify procedure regarding a revision to an employer’s authorized classification pursuant to a change in the employer’s operations with revised wording indicating that it is staff’s final decision.

**Section 2**

- Retitle four classes to substitute “Domestic Workers” in place of “Servant” without changing the scope of the classification.
- Revise Code 413, Iron Works, to specify that installation, erection or repair operations may be assigned to either Codes 658 or 675, as provided in the Manual.
- Revise Code 811, Trucking, to observe that the class also includes the delivery and setting into place of furniture or major household appliances by a contractor to a manufacturer or store.
- Adding “housekeepers” to the listing of personnel in Code 944, Club, and specifying the appropriate marina classification should be extended when such is separately staffed.
- Adding wording to Code 993, Volunteer Ambulance Corps, regarding stipends paid to members.

- Clarifying wording in Code 4777, Explosives Distributor, regarding which explosives manufacturing operations would require the assignment of another explosives manufacturing classification.

**Section 5**

- Addition of three new R&I entries under “Auditing.”
- Addition of four new R&I entries under “Definitions.”
- Revision of R&I entries for three printing classes (Codes 281, 285 and 932) pertaining to paper size.
- Clarification of seven R&I entries primarily by adding or expanding wording on operations not currently listed.
- Revision of the “Auditing” R&I for Automobile Dealerships to account for observed changes in how that business may be staffed and operate.

**SECTION 1**

CHANGES

**RULE IV – CLASSIFICATIONS**

**B. CLASSIFICATIONS**

**2. Standard Exception Classifications**

**a. CLERICAL OFFICE EMPLOYEES – Code 953** ..... is assigned.

(1) The clerk, such as a counter, front desk, lobby, time, stock or tally clerk or librarian, whose work is necessary, incidental or part of any operation of the business other than clerical office, shall not be considered a clerical office employee. Such clerk should be assigned to the basic classification of the business.

**3. General Inclusions**

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

(16) Heat treating by an insured on its products.

CHANGES (continued)

**C. ASSIGNMENT OF CLASSIFICATIONS**

**2. Assignment of a Classification**

**b. Single Enterprise.** If a risk..... Rule IV, C. 5.

**EXCEPTION**

Where a retail outlet is located at the same or contiguous premises as a[n insured's] business' manufacturing facility, [a separate]the applicable retail store classification shall apply to the payroll of the retail outlet provided that such outlet is operated in an area physically separate from other operations by a floor to ceiling partition[s] and it is separately staffed.

**8. Changing Classifications**

b (1) A change in an insured's classification that results from a recent change in the insured's operations (i.e., an operations change that has taken place during the current policy year or the policy year that has just expired) will be applied pro rata as of the date of the change in the insured's operations, regardless of the premium impact to the insured. When a Bureau review discloses the insured's recent operations change, the Bureau will make written notice to the carrier of record changing the insured's authorized classification(s) for the current policy year and, if warranted, for the policy year that has just expired. [w]When the carrier becomes aware of [the insured's] such recent operations change, [and] the carrier shall make[s] a written application to the Bureau to change the insured's authorized classification(s) during the current policy year [which the operations change has taken place, or within twelve months after the termination thereof]and, if warranted, for the policy year that has just expired.

**RULE XVI – APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE**

**F.** An aggrieved party who wants to appeal an application of the rating system must first submit a written request for review thereof to the Bureau together with all information in support of its appeal. The Bureau staff shall review the request and supporting information. To make certain the facts of the appeal are fully agreed upon by the Bureau and the appellant, the Bureau staff may make written inquiries to the appellant and/or (as circumstances warrant) visit the appellant's Pennsylvania workplace(s). The Bureau shall notify the appellant in writing [of its final decision resulting from the Bureau staff's review.] that staff's Paragraph F. review has been completed and that this letter is the Bureau's final decision. If the appellant is still aggrieved by the rating system application following completion of the Bureau staff's review and final decision, the appellant shall have the right to present its appeal to an Appeals Subcommittee of the Bureau's Classification and Rating Committee in accordance with the provisions of this Procedure. A further appeal by the appellant of the Appeals Subcommittee decision may be taken to the Insurance Commissioner pursuant to Section 654 of the Law and Section 717 of the Act, only after the appellant has first exhausted its rights pursuant to this Procedure.

**SECTION 2**  
**CLASSIFICATIONS**

CHANGES

- 413 IRON WORKS** – Shop – Ornamental, non-structural iron or steel fabricating.  
Separately rate installation, erection or repair operations to Code 658 or to Code 675 as provided in this Manual.  
[Installation or erection is to be separately rated as Code 658.]
- 811 TRUCKING, N.O.C.**  
Includes dispatchers.....repairing vehicles.  
Applicable to hauling contractors principally engaged in hauling or delivering for unrelated concerns or transporting or delivering and setting into place furniture and/or major household appliances at customers' locations under contract with a manufacturer or store. Payroll developed in the hauling of unprepared coal shall be assigned in accordance with the rules for Code 810.  
Also includes ..... a specialist contractor.
- 944 CLUB** – Country, Golf or Yachting – all employees including office.  
Includes restaurant or tavern employees and all operations performed by club employees including but not necessarily limited to: those conducted by desk and room clerks, housekeepers, instructors, pro shop sales clerks, club attendants and golf starters.  
Assign the appropriate marina classification to separately staffed [M]marina or yacht basin operations [shall be separately classified].
- 993 VOLUNTEER AMBULANCE CORPS.**  
The per Corps (Company) charge.....garaged at each location.  
Any stipends paid to a member(s) of a volunteer ambulance corps should be considered remuneration except to the extent that stipends paid qualify as expense reimbursements (See Rulings and Interpretations – Employee Expense Reimbursements).  
Please see the..... further information.
- 0908 DOMESTIC WORKERS – [INSERVANTS]INSIDE– OCCASIONAL.**
- 0909 DOMESTIC WORKERS – [OUTSERVANT]OUTSIDE– OCCASIONAL** – including occasional private chauffeurs.  
(Codes 0912 and 0909 are not available for use in connection with the operation of a farm).
- 0912 DOMESTIC WORKERS – [OUTSERVANT]OUTSIDE–** including private chauffeurs.
- 0913 DOMESTIC WORKERS – [INSERVANT]INSIDE,** excluding office employees.

CHANGES (continued)

**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 [high explosives] manufacturing of explosives assigned to either Code 4771 or to Code 4775.

**SECTION 5**

**Rulings and Interpretations**

**Additions**

**DEFINITIONS**

*(to be inserted alphabetically)*

**ALL EMPLOYEES EXCEPT OFFICE:** There is no payroll division between a business classification designated “all employees except office” and Code 951. Such business classification contemplates all salespersons, including but not necessarily limited to over-the-road salespersons, floor salespersons, inspectors, interior designers or decorators employed by any business assignable to that classification.

**ALL EMPLOYEES INCLUDING OFFICE:** There is no payroll division between a business classification designated “all employees including office” and Codes 951 and 953. Such business classification contemplates all salespersons employed by any business assignable to that classification. Such classification also contemplates clerical office personnel engaged in the administration of the business, regardless of whether the office personnel are located at or contiguous to the business’ location or a location separate from the business’ location.

**ALL EMPLOYEES INCLUDING OFFICE EXCEPT WORKFARE OR HOME HEALTH CARE SERVICES:** This definition is the same as the “all employees including office” definition above except for the designated separate personnel (e.g., workfare, home health), which shall be subject to separate classification as provided for in this Manual.

**CAMPUS:** The grounds, buildings and all surrounding facilities at a single or contiguous geographic location where operations are conducted by a single risk as defined by the Pennsylvania Experience Rating Plan. Support services at such location may include but are not necessarily limited to: buildings or grounds maintenance, dietary, laundry or housekeeping may be shared by all the contiguously situated operations, which shall be construed as a single enterprise.

CHANGES

**COPYING OR DUPLICATING SERVICE – 932**

Applicable to printing businesses known as “quick printers” principally engaged in providing customer copy reproduction by means of small offset presses, also known as duplicators, on paper sheet sizes [15x20]17x22 inches or less or electrostatic (photo) copiers on paper sheets of any size. Such businesses also typically provide postpress bindery service that finishes the printed product.

Finishing may ..... C. 3. a. 2.

**DEPARTMENT STORE – 914**

For [those establishments]businesses having [twenty]20 or more full-time employees or their equivalent and the merchandise handled must include[:] wearing apparel, linens, house furnishings (other than furniture) and two or more of the following: cosmetics, furniture, giftware, hardware, jewelry, luggage, stationery/greeting cards, sporting goods and toys.

The total annual sales of wearing apparel, linens, and house furnishings must exceed 50[%]percent of the total annual sales.

[This classification will also include the installation of house furnishings.]

The criteria cited above will be applied to each location of a [risk]business.

OPERATIONS ALSO INCLUDED:

1. Personnel performing the installation of house furnishings at customers' locations.

**EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING**

Code 544 chart **additions: 442, 443, 446**  
Code 682 chart unchanged  
Code 929 chart unchanged  
Code 937 chart **additions: 863**  
Code 947 chart **additions: 820**  
Code 949 chart unchanged:

CHANGES (continued)

**FURNITURE ASSEMBLY – 319**

Applicable to [payroll developed by employers] businesses principally engaged in the assembly of wood, metal or plastic furniture from parts manufactured by [other] unrelated [risks] businesses. Included [within the scope of this classification] are all types of home or office furniture such as tables, chairs, dressers, chest of drawers, bed frames or desks or cabinet-type products. The assembly work is normally accomplished by means of nails, screws, brackets, glue, dowel pins and clamps. [The classification a] Also includes the finishing of the assembled products by painting, staining, varnishing, lacquering, shellacking or covering surfaces with Formica-type materials.

The repair or.....the completed product.

[Upholstering of new or used, repaired or reconditioned furniture conducted by a separate crew in a physically separate area shall be assigned to Code 327.]

OPERATIONS NOT INCLUDED:

Upholstering of new or used, repaired or reconditioned furniture by a separate crew in a physically separate area shall be assigned to Code 327.

**FURNITURE MFG – WOOD – 323**

Applicable to employers..... or broken parts.

[Upholstering operations conducted by a separate crew of employees in a physically separate department shall be assigned to Code 327.]

[The manufacture of furniture parts which are not assembled into completed furniture by the same employer is assignable to Code 305 for non-turned furniture parts or to Code 306 for all turned furniture stock.]

OPERATIONS NOT INCLUDED:

1. Assign Code 327 to a separate employee crew in a physically separate work area performing upholstery.
2. The manufacture of furniture parts which are not assembled into completed furniture or completed chair or furniture frames by the same employer is assignable to Code 305 for non-turned furniture parts or to Code 306 for all turned furniture stock.



CHANGES (continued)

**FURNITURE STORE – RETAIL ALL EMPLOYEES EXCEPT OFFICE  
[– NO WOODWORKING] – 922**

Applies to a ..... kitchen cabinets.

Further included are delivery and setting merchandise in place, hanging pictures or mirrors and/or polishing and [minor] repairing of furniture on the [insured's]store's premises or at the customer's location. [and]Also included are the incident installation, service or repair operations including but not necessarily limited to: the installation of all types of floor coverings [or]and window coverings or the service or repair of major household appliances or televisions or other electronic entertainment or communications devices.

[Where a store sells several types of merchandise, each of which may be subject to a different classification, such store shall be assigned on the basis of the principal category of merchandise sold. The term "principal" means more than 50% of the gross receipts.]

All salespersons..... not separately classified.

OPERATIONS ALSO INCLUDED:

1. Businesses principally engaged in party supply rental – retail.
2. Businesses principally engaged in pool table sales – retail.

**LOGGING OR LUMBERING, N.O.C. – 009**

Applicable to..... logging business.

Also applicable to the transportation of the logs to a mill and to the construction, maintenance or extension of landings or logging roads when performed by employees of the logging business.

[Sawmill operations conducted by a separate crew of employees shall be assigned to Code 301.]

[Specialist contractors engaged in hauling logs for an unrelated logging or lumbering business shall be assigned to Code 811. Assign Code 301 to log hauling performed by a sawmill business when all logging or lumbering has been outsourced to an unrelated logging or lumbering business(es).]

OPERATIONS NOT INCLUDED:

1. Assign Code 301 to sawmill operations conducted by a separate crew of employees.
2. Assign Code 811 to specialist contractors engaged in hauling logs for an unrelated logging or lumbering business. Assign Code 301 to log hauling performed by a sawmill business when all logging or lumbering has been outsourced to an unrelated logging or lumbering business(es).

CHANGES (continued)

**PRINTING, N.O.C. – 281**

Applicable to..... rubber stamps.

**OPERATIONS NOT INCLUDED:**

1. Assign Code ..... web press(es).
4. Assign Code 285 to printing businesses principally engaged in providing customer copy reproduction by means of sheet-fed offset printing presses utilizing paper sheet sizes greater than [15x20]17x22 inches or that have four or more color towers regardless of the paper sheets' size or any Halm envelope printing unit or another sheet-fed unit/printing technique (e.g., letterpress) on paper sheets of any size.
5. Assign Code 932 to printing businesses principally engaged in providing customer copy reproduction by means of small offset presses, also known as duplicators, on paper sheet sizes [15x20]17x22 inches or less or electrostatic (photo) copiers on paper sheets of any size.

**NEWSPAPER OR PERIODICAL PRINTING – 282**

Applicable to..... the printing.

**OPERATIONS ALSO INCLUDED:**

1. A newspaper's pages may be cut, collated and folded by the web press. Inserts may be placed into the newspaper by inserting machine or by hand. The newspapers may be tied into bundles and delivered either by the publisher and/or contract printer [or by independent delivery contractors].
2. A periodical..... C. 3. a. 2.

**PRINTING – PRINCIPALLY SHEET-FED PRESS PRODUCTION – 285**

Applicable to printing businesses principally engaged in providing customer copy reproduction by means of sheet-fed offset printing presses utilizing paper sheet sizes greater than [15x20]17x22 inches or that have four or more color towers regardless of the paper sheets' size or any Halm envelope printing unit or another sheet-fed press printing technique (e.g., letterpress) on paper sheets of any size. Also includes the bindery department that finishes the employer's print production. Finishing may include but is not necessarily limited to: collating, cutting to size including die cutting, scoring and perforating, rounding corners, tab cutting, folding, drilling or punching holes, stapling, sewing, wire stitching, gluing – perfect binding, laminating, foil stamping or embossing.

CHANGES (continued)

OPERATIONS NOT INCLUDED:

1. Assign Code ..... Guide entry.
2. Assign Code 932 to printing businesses principally engaged in providing customer copy reproduction by means of small offset presses, also known as duplicators, on paper sheets sized [15x20]17x22 inches or less or electrostatic (photo) copiers on paper sheets of any size.
3. Code 285..... C. 3. a. 2.

**RESTAURANT, N.O.C. – 975**

Applicable to .....service provided.

OPERATIONS NOT INCLUDED:

1. Assign Code 944 to country or yacht clubs or golf courses.
2. Assign Code 945 to hotel restaurants.

**SECURITY AGENCY – 954**

A security agency may also be known as a guard and patrol service. Such businesses are principally engaged in providing [a variety of] unrelated private sector or government customers with armed or unarmed private security personnel (also known as security officers) to guard the customer's premises and surrounding property against unlawful or undesirable activities (e.g., fire, theft, vandalism). To accomplish these goals a guard/security officer's duties may include but are not necessarily limited to the tasks discussed below. A guard may control access to the customer's building or another off-road site (e.g., construction), direct traffic onto or off of the customer's premises and answer telephones. A guard's duties may be stationary (when the guard is assigned to a fixed location) or mobile (in a car covering a specified area.) A guard may conduct a walking tour of the assigned location and/or monitor closed-circuit television cameras. A security guard (e.g., in a retail store) may wear ordinary clothing, but typically a security guard will wear a uniform with a badge that clearly identifies the person as a security guard and designates the guard's employer. A security guard may maintain a logbook or write a report on their work shift activities and observations. Private security guards generally do not have police powers, but store guards will act to stop shoplifters (turning suspects over to the local police) and armed guards may act to stop robberies (e.g., in a bank) or, if acting as bodyguards, to protect the client(s) before the police can arrive.

OPERATIONS NOT INCLUDED:

1. Assign Code 660..... unrelated customers.
3. Assign Code 601 to flagging service contractors.

## AUDITING

### ADDITIONS

#### **HEART & LUNG ACT** (Act 193, P.L. 477 – Approved June 28, 1935, As Amended)

This Act provides a special form of workers' compensation benefit to professional police officers and firefighters injured on the job. The compensation under the Act is provided only to the aforementioned employees when the work related injury is temporary but totally disabling. Typical injuries covered by the Act are sprains and strains, back and knee injuries and broken bones. Police officers and firefighters typically recover from these kinds of injuries, so they are temporary. However, during the recovery process, the employees tend to be unable to perform their jobs.

Heart & Lung Act compensation provides the employee 100 percent of his/her straight-time pay, while maintaining all benefits. The injured employee is also entitled to the benefit of any pay raises that occur during the period of his/her disability. The Pennsylvania Workers' Act provides for payment of two-thirds of the employee's salary at the time of injury.

Exclude from the payroll audit remuneration paid under the Heart & Lung Act subject to verification of appropriate supporting documentation by the auditor.

Reasons for excluding such remuneration:

- Such compensation is considered workers' compensation payment, which is not construed to be remuneration.
- Remuneration paid under the Heart & Lung Act is a benefit prescribed by law, i. e., municipal employers had no choice but to grant this remuneration. As such, these payments should be treated as a benefit provided by the employer and not treated as remuneration. In contrast, regular sick pay is voluntarily provided to employees as wages earned for services rendered and is, therefore, included as remuneration.
- While sick pay is included as salary for income taxation, payments under the Heart & Lung Act are excluded for income tax purposes.

### **MINIMUM WAGE PROCEDURE**

Under Section 1, Rule V., B. 2. o. of the Manual remuneration includes: Adjustments necessary to bring employees to minimum wage.

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 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.

ADDITIONS (continued)

1. Determine the average number of full-time tipped employees and the normal work hours.
  - 35 hour week x (the difference of federal minimum wage and the tipped employees' minimum wages) x number of tipped employees x 52 weeks.
2. Determine the average number of part-time tipped employees and the normal work hours
  - Number of hours x (the difference of federal minimum wage and the tipped employee minimum) x the number of tipped employees x 52 weeks.

**REGULAR AND FREQUENT**

In determining the classification assignment for an employee who may have (to varying degrees) multiple operational exposures, the term "regular and frequent" has historically been used by the PCRБ in evaluating the duties of the employee(s) in question. The purpose of this R&I is to briefly (but not exhaustively) clarify the PCRБ's use and application of this classification assignment concept.

The word "regular" is defined as "usual, normal, customary, recurring at fixed times and periodic." The word "frequent" is defined as "happening or occurring at short intervals, constant or habitual." The intent of the PCRБ's classification procedure is to assign the payroll of an employee having multiple occupational exposures to that classification most consistent with the overall nature of that employee's exposure. The term "regular and frequent" is a benchmark used to help determine whether exposure in a given occupational area is or is not sufficient to warrant assignment of an employee to the Manual classification applicable to such exposure.

An employee need not actually work at a production machine in order to have their payroll assigned to the appropriate basic production classification. If, in the course of performing their work, the employees' duties bring them into regular and frequent contact with the production area, then that person's payroll would be assigned to the appropriate basic production classification.

The above observation should not be construed to mean that any individual who ever steps into the plant or shop area would automatically have their payroll assigned to the higher valued classification. The intent of the PCRБ's classification procedure is to be reasonable and fair in assigning the appropriate classification that reflects the employee's job duties. Therefore, an employee who was temporarily engaged in a job duty beyond the restrictive definition of the standard exception classifications on an infrequent or emergency basis would not have their payroll assigned to the basic classification.

Please note that the existence of a portal door or window in a floor-to-ceiling partition to allow an interface between employees, visitors or customers does not in and of itself invalidate the floor to ceiling partition.

ADDITIONS (continued)

Some examples may further clarify these considerations:

- Employee X of ABC Corporation makes outside sales calls and visits prospective customers one day a week every week. The employee will typically visit five to six customers. The other four days of the week, Employee X works at ABC Corporation's offices handling administrative paperwork and other clerical duties. Employee X's payroll would be allocated to Code 951, because this employee is regularly (every week) and frequently (one day per week) engaged in outside sales duties away from the premises.
- Employee X of ABC Corporation makes a trip to a sales convention for a week, two times a year. The rest of the employee's duties keep Employee X working strictly in the company's corporate offices. Employee X's payroll should be assigned to Code 953, as two sales convention trips a year should not be construed as either regular or frequent.
- Employee Y of DEF Corporation spends about two hours (out of an eight-hour day) every day in the production plant. Employee Y will go to each of the production areas of the plant and physically observe and talk with foremen and workers at their machines to get feedback as to when a certain job will be completed. Employee Y may also set up a complex job on a machine or do an emergency repair during these two hours. Employee Y spends the other six hours of each day in an office handling production scheduling, administrative paperwork, finances and management reports. Employee Y's payroll would be assigned to the production plant's governing classification, as this employee is regularly and frequently exposed to the production area, even though Employee Y does not actually work on a production machine.

If this employee had spent only 10-to-15 minutes once or twice a week in the shop conferring with foremen, greeting employees or had been called into the shop in case of an emergency with the rest of their time spent in an office, then the payroll of Employee Y would be assigned to Code 953, as the employee is not frequently in the shop.

The major points attempted to be made here are:

- Determining the amount of time an employee spends exposed to the operational hazards of the business is extremely important.
- Determining the duties of an employee during that time may give a clearer picture of the extent of the employee's duties.

As usual, the more involved in presenting and exploring a line of questioning, the more information comes to light. With the benefit of such enhanced information, the auditor will more likely be able to make an informed judgment on assignment of payroll.

CHANGES

**AUTOMOBILE DEALERSHIPS – CODE 818**

With the understanding that the assignment of an employee's payroll may vary according to individual circumstances, the following guidelines have been developed to aid in the classification of employees of a typical auto dealership. Proper documentation on worksheets should be added when exceptions are made to these guidelines.

Employees who typically comprise the basic classification Code 818, Automobile or Automobile Truck Dealer, include but are not necessarily limited to: automobile repair technicians, detail employees, auto body shop technicians and auto body painters, maintenance employees, parts department employees and security employees who keep watch over their employer's premises.

Employees typically considered to be office employees include accounting, accounts payable, and accounts receivable, business office, bookkeeping, computer programmers, finance, human resources and the office manager. These employees must work in a physically separate office as defined in Section I of this Manual. Reference should be made to the restrictive definition of a clerical office employee, also found in Section I of this Manual.

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

1. **Finance and Insurance** ..... to Code 953.
2. **Inventory Coordinators or Inventory Control Attendants** may physically check incoming or outgoing automobile inventory. These employees may move new or used automobiles from one lot location to another or to different locations within a single lot. They may also physically check the inventory on a regular basis by walking throughout the lot(s) to do a physical count of the automobiles and monitor them for damage or defects. Their payroll is assignable to Code 818. If job duties are limited to operating a computer [in a physically separate office] and all inventory coordination and/or control is performed by computer, then Code 953 would apply.
3. **Inventory Clerks** ..... or service clerk.
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. [However, as technology modernizes the automobile dealership industry, many job descriptions of dealership employees have changed. If a service writer performs any of the following job duties, the payroll of that employee is assignable to Code 818:] Their job duties include greeting customers for the purpose of discussing problems with the customers' vehicles. They will prepare job cost estimates and write up service orders. Service writers may work in a driveway/garage or in a lobby type area. Their job duties may also include but are not necessarily limited to:

CHANGES (continued)

- Physically inspecting..... is required.
- Walking out to the car to write down the mileage from the odometer. This information is necessary because warranty work and adherence to the warranty schedule is keyed to the mileage an automobile has on it. An automobile dealership may not honor the warranty agreement unless all repairs and service have been completed by the dealership's [own] technicians.
- Providing information or direction to service/repair employees (called mechanics or technicians) through direct interface in the service/repair area[.]and/or entering the shop area to determine the status of repair work on a customer's vehicle.
- Pickup and..... ordered automobile parts.

[Frequently, service writers work in a driveway/garage area. An operative hazard of an automobile dealership is the operation of a vehicle. In the above-mentioned area the automobiles are driven directly up to the service writers, and there is no floor-to-ceiling partition separating the writers from this hazard. Therefore, the employees in question do not meet the restrictive definition of a clerical office employee, and their payroll would be assignable to Code 818.]

[As an exception to the rule, the service writers may have their payroll assigned to Code 953 if they work in an area that is physically separated from the other operations by floor-to-ceiling partitions and in which work of clerical office employees, as defined in the restrictive standard exception rule, is performed exclusively.]

5. **Cashiers** who ..... Code 953.
6. **Telephone Operators** should have their payroll assigned to Code 953 if they work in a physically separate [areas away from the parts, body shop, service/repair, showroom or sales lot **areas**]office. Their payroll is assigned to Code 819, Automobile Salespersons, if they work in the automobile showroom.
7. **Greeters** working in ..... to Code 819.
8. **Title Clerks** process the paperwork involved in title and registration transfers. Their payroll is assignable to [either] Code[s] 953[, 819 or 818 depending on where they perform these job duties.]
9. through 12. unchanged.



CHANGES (continued)

13. **Drivers/Car Jockeys** drive the new and/or used automobiles from one lot location to another or back and forth to positions within one location. They may wash and detail the car prior to the customer taking possession of the purchased automobile. They may drive cars from an automobile auction or a car wash to the lot location. These employees are miscellaneous employees whose job functions support the dealership's business, and their payroll is properly assignable to Code 818. Executive officers or sales managers who attend auctions to buy and sell automobiles and who drive different vehicles to and from an auction will have their payroll assigned to Code 819. Employees who drive carriers to transport vehicles to and from an auction will have their payroll assigned to Code 818.
14. through 15. unchanged.

**Underwriting Guide**

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The Basic Manual will be updated on our website ([www.pcrb.com](http://www.pcrb.com)) at a later date.

Timothy L. Wisecarver  
President

kg  
DCirc

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