



**Pennsylvania Compensation Rating Bureau**

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November 14, 2011

**BUREAU CIRCULAR NO. 1592**

To All Members of the PCRB:

Re: **MANUAL REVISIONS TO SECTIONS 1 AND 2 - BUREAU FILING NO. 244**  
**APPROVED EFFECTIVE APRIL 1, 2012**

- 1) Code 601, Road or Street Construction: Paving or Repaving, Class Study Results
- 2) Housekeeping Revisions – Sections 1 and 2

The PCRB has filed and the Insurance Commissioner has approved Manual revisions to Sections 1 and 2 pertaining to changes in classification procedure in Pennsylvania. These revisions become **effective as of 12:01 a.m., April 1, 2012** with respect to new and renewal business only.

The revisions, as referenced above, are discussed below.

**1) Code 601, Road or Street Construction: Paving or Repaving, Class Study Results**

The scope of Code 601 was revised in 2009 to reassign snow plowing to the employer's governing classification. The PCRB undertook this study of Code 601 to identify those employers principally engaged in operations not subject to Code 601 (e.g., landscaping businesses) that also performed snow plowing and where snow plowing was the only Code 601 operation performed by the employer in order to allow reassignment of each business' snow plowing exposure to the appropriate governing class. The study also addressed the examination of the class applicable to seasonal businesses principally-to-exclusively engaged in snow plowing for unrelated customers and the class applicable to specialist contractors principally-to-exclusively engaged in providing flagging services for unrelated businesses. Based on this study, the following have been approved:

- Continues assignment of specialist flagging contractors and seasonal businesses principally engaged in snow plowing/removal to Code 601.
- Addition of a new Underwriting Guide entry for Code 601 to assist in defining its scope.

The Manual addition is shown below.

## SECTION 2 CLASSIFICATIONS

### ADDITION

#### ***UNDERWRITING GUIDE***

##### **To 601:**

Safety Grooving of Road Surfaces – By Contractor

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

In an effort to continue to make the Manual clearer and less ambiguous with respect to classification procedures, update class language to bring it into alignment with other Manual provisions or recognize technological or industrial change, the following changes are approved:

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

- Revision of directions on classifying payroll of an employee interchanging between duties directly related to more than one classification.
- Clarification of the classification assignment of power washing of building exterior walls by specialist contractors.

#### ***Section 1***

- Revise Rule IV, B., 2., C., 5. and 6. and Rule IX, 8. to provide for assignment of payrolls to employees interchanging between duties directly related to more than one classification to the classification bearing the insuring carrier's highest-valued classification.

#### ***Section 2***

- Clarify the Section 2 classification language for 15 classes by adding an "Operations Also Included" and/or an "Operations Not Included" section(s) and aligning class wording with the changes to Section 1 above.
- Retitling Code 981 from "Slot Machine Gambling" to "Casino Gambling" to bring class into alignment with recent law amendments permitting table games or casino gambling.
- Delete nine Underwriting Guide entries and revise others.

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

**SECTION 1**

CHANGES

**RULE IV - CLASSIFICATIONS**

**B. CLASSIFICATIONS**

**2. Standard Exception Classification**

b. **DRAFTING EMPLOYEES, Code 953**, are employees engaged exclusively in drafting and confined to office work. The entire payroll of such employees engaged in any other operations shall be assigned to the insuring carrier's highest [Bureau loss cost]-valued classification [of operations to which they are exposed]representing any part of their work.

**C. ASSIGNMENT OF CLASSIFICATIONS**

**5. Payroll assignment – Multiple Classifications – Interchange of Labor**

Some employees who are not miscellaneous employees may perform duties directly related to more than one classification. When there is such interchange of labor, the entire payroll of employees who interchange shall be assigned to the insuring carrier's highest [bureau loss cost]-valued classification representing any part of their work.

The payroll of one employee..... see Rule IX, a. 4.

**6. Construction or Erection Operations**

Each distinct type of..... is not permitted.

Any such operation for which separate payroll records are not maintained shall be assigned to the insuring carrier's highest [Bureau loss cost]-valued classification which applies to the job or the location where the operation is performed.

A separate classification..... to such classification.

**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE**

**A. EXECUTIVE OFFICERS**

**8. Flight Duties**

b. For each week during which the executive officer performed flight duties, assign the officer's payroll for that week to Code 7421 [Transportation of Personnel for Business]. If an executive officer's non-flying duties in such a week are subject to higher-valued [rated] classification, that insuring carrier's higher-valued [bureau loss cost] classification shall be assigned in that week.

CHANGES (continued)

Rules 5 a. and b..... other verifiable records.

If Code 7421 [Transportation of Personnel for Business] applies and verifiable records are not maintained to indicate those weeks during which flying is performed by executive officers, their payroll shall be assigned to the insuring carrier's highest-valued [bureau loss cost] classification which applies to any of their operations.

**SECTION 2**

**DEFINITIONS**

CHANGE

**TO BE SEPARATELY RATED OR SEPARATELY RATE:** When either of these terms is found in a classification's definition, the payroll of personnel interchanging between that classification's tasks (e.g., shop) and also performing the specified function that is designated "to be separately rated" or "separately rate" (e.g., erection, installation) may be divided between that class and class(es) designated for the specified function, provided the employer's original payroll records show an allocation of payroll to both classifications for each interchanging employee. Estimated or percentage allocation of payroll is not permitted. When separate payroll records are not maintained, the entire payroll of the interchanging employees shall be assigned to the insuring carrier's highest [Bureau loss cost]-valued classification representing any part of their work.

**CLASSIFICATIONS**

ADDITIONS

***UNDERWRITING GUIDE***

**To 104:**

Fruit Flavored Drink Mfg.

**To 445:**

Gun, Handgun Mfg

Handgun Mfg.

Pistol Mfg.

Rifle Mfg.

Shotgun Mfg.

**To 646:**

Electrostatic Painting Of Metal Cabinets Or Furniture – At Customers' Locations – By Specialist Contractor

**To 651:**

Hollow Metal Door Installation

Metal Door Installation – All Types

ADDITIONS (continued)

**To 658:**

Metal Fence Erection – By Specialist Contractor  
Railing Erection – Metal

**To 661:**

Solar Electric (Photovoltaic) System Installation

**To 916:**

Shirt Making – Custom

**To 936:**

Advertisements – Filming Or Video Production Or Audio Recording Of Radio Or Television  
Commercials  
Industrial Film Production Company  
Music Video Production Company  
Radio Commercial Recording  
Television Or Radio Advertisements – Filming Or Video Production Or Audio Recording  
Training Film Production Company

**To 969:**

Botanical Gardens – Open to Public Exhibition

**To 971:**

Power Washing Of Exterior Walls Or Decks At Residential Or Commercial Sites – By Contractor

CHANGES

***UNDERWRITING GUIDE***

**To 007:**

Fertilizer Application To Soil [By Contractor]  
Lime Spreading [By Contractor]

**To 456:**

Fire Door Mfg. [413]~~456~~

**573 FERTILIZER MFG.**

***OPERATIONS NOT INCLUDED:***

Separately rate fertilizer application or lime spreading onto soil to Code 007.

***UNDERWRITING GUIDE***

**To 607:**

Fracturing (Fracing) Of Gas Or Oil Wells – By Contractor  
Gas Well Services (All Types) By Contractor  
Horizontal [Or] Directional Drilling – For Underground Utility Construction – By Contractor  
Oil Well Services (All Types) Contractor

CHANGES (continued)

**617 GAS, STEAM or WATER MAIN CONSTRUCTION** – all work to completion

***OPERATIONS NOT INCLUDED:***

1. Separately rate..... under pressure.
2. Separately [classify]rate horizontal[/]directional drilling for underground utility construction to Code 607.

***UNDERWRITING GUIDE***

**To 651:**

Door Installation – Metal Or Metal-Covered, In Garages, Not Overhead Doors [658]651

Fire Door Installation [658]651

**653 MASONRY**

[Masonry work in..... masonry rate.]

***OPERATIONS NOT INCLUDED:***

1. Assign Code 603 to payroll developed in masonry work in connection with sewers.
2. Assign Code 971 to payroll developed in the power washing of exterior walls or decks at residential or commercial sites.

***UNDERWRITING GUIDE***

**To 653:**

Sandblasting The Outside Of Buildings – By Specialist Contractor

**To 658:**

Guardrail [Or Metal Fence] Erection – By Specialist Contractor

**To 663:**

Solar Water Heater [Panel] Installation – Including Storage Tanks And Solar Panels

**To 665:**

Painting, Including Shop and Preparatory Sandblasting

**809 FUEL DISTRIBUTION** – Retail or Wholesale

For businesses principally engaged in the sale of processed coal, fuel oil, liquefied petroleum (LP), gas (bottled gas or in bulk), or any combination of these lines. [Separate crews engaged in installing and/or servicing fuel oil or gas heating units may be separately classified as provided for in this Manual. This classification is not available to businesses operating coal or oil docks or to truckers hauling fuel for others.]

CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

1. Separate crews installing and/or servicing fuel oil or gas heating units shall be separately classified as provided in this Manual.
2. See Code 810 for the procedure for classifying the hauling of unprepared coal.
3. Assign Code 811 to trucking businesses hauling fuel for unrelated businesses or prepared coal from coal preparation plants.
4. Assign Code 7313F to businesses operating coal or oil docks.

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

Applicable to ..... lumber/building material dealer.

**OPERATIONS ALSO INCLUDED:**

1. & 2. remain unchanged.
3. The sale and mounting of door hardware onto a wood or metal door by a door distributor.
4. The making of door frames by a door distributor.

**OPERATIONS NOT INCLUDED:**

1. Separate manufacturing staff(s).....in this Manual.
- [2. Assign Code 860 to dealers in secondhand building materials.]
- [3.]2. Separate staff performing..... in this Manual.
- [4.]3. Assign Code 935 to the operation of a physically separate and separately-staffed retail store on the premises of a lumber and/or building material dealer that fulfills the multiple enterprise criteria discussed in Rule IV, C. 3. a. 2. Section 1 of this Manual.

**UNDERWRITING GUIDE**

**To 855:**

Building Materials Dealer, Secondhand [860]855

Lumber Yard, Secondhand Material [860]855

Secondhand building Material Dealer [860]855

**860 JUNK DEALER**

For businesses collecting..... line of merchandise.

**OPERATIONS ALSO INCLUDED:**

- [1. Secondhand material yards]
- [2]1. [Renovation of]Processing of scrap or secondhand [materials]commodities by the [secondhand materials]junk dealer may include but is not necessarily limited to: cutting of salvaged [steel]metal and [cleaning bricks]bailing paper or rags.

CHANGES (continued)

**882 RESIDENTIAL INTERIOR CLEANING SERVICES** by Contractor

Applicable to businesses..... kitchen or bathroom fixtures.

**OPERATIONS NOT INCLUDED:**

1. Assign Code [653]971 to payroll developed in the [cleaning]power washing of exterior walls or decks at residential or commercial sites.

**UNDERWRITING GUIDE**

**To 911:**

Delicatessen Meat Distributor – No Delicatessen Or Lunch Meat Manufacturing - Wholesale

Lunch Meat Distributor – No Lunch Or Delicatessen Meat Manufacturing – Wholesale

**To 925:**

Locksmith – Including Shop – A Specialist Contractor

**936 BROADCASTING STATION** – Radio or Television, all employees including office

**OPERATIONS ALSO INCLUDED:**

1. The pre-production, production and post-production phases of a motion picture, television, music video or advertisement (commercial) production company when performed by the motion picture, television, music video or advertisement (commercial) production company's staff. Activities contemplated in the different production phases include but are not necessarily limited to: directors, assistant directors, producers, performers, musicians, set builders, wardrobe designers, sound technicians, gaffers (lighting technicians), grips (grips conduct rigging operations around the set, move camera dollies, and ensure the set is safe), hair or makeup persons, camera operators, cinematographers, film developers or editors.
2. Motion picture production companies making animated films including but not necessarily limited to: voice talent, motion capture actors, camera and equipment operators, computer animators, the director, and producers.

**OPERATIONS NOT INCLUDED:**

1. When the motion picture, television, music video or advertisement production company outsources any of the activities incident to motion picture, television, music video or advertisement production to an unrelated business (specialty contractor), that unrelated business shall be assigned to that Manual classification contemplating the unrelated contractor's specialized operations.

**UNDERWRITING GUIDE**

Motion Picture Production Company

Sound Recording Studio



CHANGES (continued)

**955 ENGINEERING CONSULTING FIRM**, mechanical, civil, electrical or mining engineering consulting firms, or architectural firms

[Businesses principally ..... to Code 607.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 951 and/or Code 953 to businesses principally engaged in providing computer and/or software consulting services.
2. Engineers or architects employed by concerns whose field-of-business is actual construction, manufacturing, mining or installation operations shall be assigned in accordance with the class or classes appropriate to the business of the employer, unless the operations subject to Code 955 fulfill the multiple enterprise conditions described in Section 1, Rule IV, C. 3. a.
3. Clerical or drafting employees of consulting architects or engineers are properly assigned to Code 953 provided they meet the conditions described in Section 1, Rule IV, B. 2. a. and b.
4. Assign Code 607 to separate staff performing test boring for soil samples.

**UNDERWRITING GUIDE**

**To 969:**

Arboretum – Open To Public Exhibition

**971 COMMERCIAL BUILDINGS** [operation by owner..... maintenance contractors.]

Applicable to owners, operators and/or contract management firms of buildings or properties used for commercial or industrial occupancy (e.g., office buildings and strip malls). Includes the care, custody and/or maintenance of the premises by the property owner, operator and/or management firm's staff.

**OPERATIONS ALSO INCLUDED:**

1. Janitorial contractors for commercial building cleaning and specialist commercial building cleaning contractors pursuant to the Code 971 Underwriting Guide entries.
2. Separate staff of a homeowners' association performing the maintenance of common grounds (e.g., roads) and the operation and maintenance of recreational amenities (e.g., swimming pools, tennis courts and/or clubhouses) and security.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 880 to employers principally engaged in operating apartment buildings, condominium complexes or cooperative buildings used for residential occupancy.
2. Assign Code 882 to specialist contractors principally engaged in providing residential interior cleaning services.
3. Assign Code 141 to contractors principally engaged in cleaning carpeting and/or upholstered furniture on customers' premises.
4. As provided for in this Manual, separately classify the following operations of a homeowners association provided each operation is separately staffed: golf courses, stables, restaurants, sewage plant or water works.

CHANGES (continued)

**UNDERWRITING GUIDE**

**To 971:**

Contractor For Commercial Building Cleaning

**980 CITY, TOWNSHIP, Borough or County** – all employees

For political subdivisions of the Commonwealth of Pennsylvania.

**OPERATIONS NOT INCLUDED:**

1. and 2 remain unchanged.
3. Assign Code 890 to separately located and staffed Public Libraries. Separately located may be a separate building or in an area of the municipal building separated from the other operations by floor-to-ceiling partitions.
4. through 8. remain unchanged
9. Assign Code 985 to Auxiliary Police, [Guards at Correctional Institutions, Prisons or Prison Farms and] Salaried Police Officers or Firefighters.
10. Assign Code 985 to all staff at a correction facility excepting only separate staff whose job duties fulfill the definition of either Code 951 or Code 953 as delineated in Section 1, Rule IV, B. 2. a., b. or c. of this Manual.
- [10]11. Assign Code 993..... Corps.
- [11]12. Assign Code 994..... Companies.
- [12]13. Assign Code 996..... Teams.
- [13]14. Assign the applicable..... nursing homes.
- [14]15. Assign the applicable.....plant authority).

**981 [SLOT MACHINE]CASINO GAMBLING** – all employees including office.

Includes all personnel of the licensed [slot machine]casino gambling facility.

A licensed [slot machine]casino facility is defined to include the gaming floor, all restricted areas servicing [slots]casino operations, and food, beverage and retail outlets, and other areas serving the gaming floor which are located on or directly accessible from and adjacent to the gaming floor or the restricted areas servicing [slots]casino operations.

**UNDERWRITING GUIDE**

**To 981:**

[Slot Machine]Casino Gambling

**983 HOUSING AUTHORITY** [– including resident or on-site managers]

An on-site property or project manager's job duties may include but are not necessarily limited to: performing maintenance and repair work, informing approved housing applicants of program requirements (e.g., keeping their unit clean, payment of rent in a timely manner), handling tenant complaints, inspecting each occupied unit once a year, inspecting vacant units for damage, checking the property's or project's general grounds (e.g., exit lights, fire equipment readiness, gutter condition), coordinating maintenance and

CHANGES (continued)

repair activities, assisting tenants to secure financial aid, medical care and other social services provided by unrelated organizations, and coordinating and participating in tenant evictions (e.g., appearing in court). Assign Code 983 to an on-site property or project manager so engaged. Code 983 shall also apply to a resident manager so engaged.

An on-site property or project manager who does not perform any maintenance or repair work and who also performs no direct supervision of the maintenance staff may be assigned to Code 951.

An on-site property or project manager's job title may be that of "housing administrator" or "assistant housing administrator."

Housing units owned and operated by a housing authority may be denoted as but are not necessarily limited to: a property, a project, a development or a community.

**985 POLICE OR FIREFIGHTERS, SALARIED** Employees of Cities, Townships, Boroughs or Counties

[Also includes auxiliary ..... to Code 980.]

**OPERATIONS ALSO INCLUDED:**

1. Auxiliary police or special school police appointed by municipalities or townships. For such personnel, premium shall be based upon the actual remuneration subject to a minimum payroll of \$4,250 per year for each employee performing services at any time during the year.
2. Private contractors hired to operate a correctional facility or who operate a private correction facility or who provide security services and security personnel serving in the capacity of correction officers in a correction facility.
3. All staff at a correction facility, excepting only separate staff whose job duties fulfill the definition of either Code 951 or Code 953 as delineated in Section 1, Rule IV B. 2. a., b., or c. of this Manual.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 980 to employees exclusively engaged as school crossing guards.

**7421 AIRCRAFT OPERATION** – transportation of personnel in the business of an employer not otherwise engaged in aircraft operations – all members of the flying crew.

[This classification applies]Applicable to the payroll of the pilot and all members of the flying crew. In the case of an aircraft owned or operated by an employer in the conduct of his business, this classification shall apply to the payroll of executive officers or other employees acting as pilots or members of the flying crew. If the records of the employer clearly indicate the weeks in which flying is performed by such employees, (1) only the payroll for each week during any part of which the employee has engaged in flight duties shall be assigned to [this classification]Code 7421 unless the classification applicable to the employee's non-flying operations carries a higher insuring carrier rat[e]ing value, in which such event such classification shall apply and (2) the payroll for each week in which

CHANGES (continued)

no flying has been done shall be assigned to those classifications which would otherwise apply. If the employer's records [of the employer] do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees shall be assigned to [this classification]Code 7421 unless the classification applicable to the employee's non-flying operations [carries]has a higher insuring carrier rat[e]ing value in which event such classification shall apply.

Commercial aircraft..... Endorsement **WC 00 04 01A**

**DELETIONS**

***UNDERWRITING GUIDE***

**From 653:**

Cleaning Outside Surface Of Masonry Buildings, Siding Or Decks

**From 658:**

Brass Door, Grill And Railing Erection  
Bronze Door, Grill And Railing Erection  
Ornamental Iron Door Erection

**From 855:**

Icing Of Refrigerator Cars

**From 860:**

Material Yard, Secondhand, When Not On Demolition Sites  
Scrap Metal Dealer  
Secondhand/Used Material Dealer (Including Scrap Metals)

**From 936:**

Video Duplicating, Editing, And/Or Production Service

**From 971:**

Building Service Contractor

**GENERAL AUDITING AND CLASSIFICATION INFORMATION**

**ADDITION**

**COMPUTER AND/OR SOFTWARE CONSULTING BUSINESSES**

A business principally engaged in computer and/or software consulting is assignable to Code 951 and to Code 953 as each classification may apply pursuant to the job duties of individual personnel of such businesses.

ADDITION (continued)

One typical workday scenario for computer and/or software consulting staff is the consultant leaves his/her place of residence in the morning and travels to a customer's location, where the consultant will spend his/her entire day working on the customer's computer and/or software issues. At the end of workday the consultant leaves the customer's location and returns to his/her place of residence. The duration or timing of such an assignment may vary from one to several days to indefinite. Such persons do not engage in over-the-road sales solicitation or collection work. As this is no different in relation to the typical workday for a computer person employed directly by the customer, the assignment of such consultant's payroll is to Code 953.

In the event a computer and/or software consultant typically visits two or more customer locations in a typical workday, such separate consultant's payroll is assignable to Code 951.

If the employer cannot or will not provide a sufficiently detailed picture of a computer and/or software consultant's typical workday so the above procedure may properly be utilized, then the payroll of the consultant(s) shall be assigned to Code 951.

The above classification procedure is also applicable to separate staff training a customer's staff in the use of software developed or purchased by the insurer employer for their customer(s).

CHANGE

**PER DIEMS**

Per diems.....computation purposes.

Certain Internal Revenue Service (IRS) procedures allow for employer deduction of per diems paid to employees under the terms of a "nonaccountable plan." This type of plan does not require actual receipts for the expenses covered by the per diems. Exclusion of per diems under a "nonaccountable plan" from remuneration for premium computation purposes is solely a matter for carrier review and determination. Disputes emanating from the insuring carrier's determination in the area of nonaccountable IRS per diem plans are not subject to Bureau review and resolution.

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

Timothy L. Wisecarver  
President

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DCirc

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