



## Pennsylvania Compensation Rating Bureau

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September 28, 2009

### **BUREAU CIRCULAR NO. 1567**

To All Members of the Bureau:

NOTE: 11/25/09 –  
Additional wording  
revision added to  
Rule IV, B. 2. c.  
12/1/09 – Code 980,  
Operations Not  
Included, additional  
entry (#6)

Re: **MANUAL REVISIONS TO SECTIONS 1 AND 2 - BUREAU FILING No. 235**  
**APPROVED EFFECTIVE DECEMBER 1, 2009**

- 1) Code 855, Lumber and/or Building Material Dealer, Class Study Results
- 2) Codes 606, Oil or Gas Well Drilling – Rotary, and 607, Drilling, N. O. C., Class Study Results
- 3) Code 818, Automobile or Automobile Truck Dealer, Class Study Results
- 4) Housekeeping Revisions – Sections 1 and 2
- 5) Revisions to Per Diem Guidelines in Section 1, Rule V – Premium Basis, and Section 2 – General Auditing & Classification Information

The Bureau 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., December 1, 2009** with respect to new and renewal business only.

The revisions, as referenced above, are discussed below.

#### **1) Code 855, Lumber and/or Building Material Dealer, Class Study Results**

The Bureau undertook the class study of Code 855 to determine whether the scope was overly broad and to review the application of Code 935, Lumber and/or Building Material Dealer – Store Employees, the companion retail store classification for Code 855. Based on this study, the following changes have been approved:

- Code 935 will be retained as a companion class for Code 855, and Manual language is being revised to clarify that a Code 855 employer must fulfill the multiple enterprise criteria in order to have Code 935 as an additional authorized classification.
- Authorization of Code 935 will be withdrawn from employers also assigned to Code 855 that do not operate a separate retail store, effective upon such employer's first normal policy anniversary rating date on or after the December 1, 2009 effective date of this filing.

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

## SECTION 2

### CLASSIFICATIONS

#### ADDITIONS

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

###### **To 855:**

Kiln Drying of Lumber – No Sawmill Operations  
Landscaping Supplies Dealer (e.g., Mulch, Topsoil Or Stone)  
Log Dealer – No Logging or Sawmill Operations  
Lumber Cutting, Incidental Cutting To Size By Lumber Yard

#### CHANGES

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

###### **Change to 855:**

Insulation Dealer [Lumber Cutting, Incidental Cutting To Size, By Lumber Yards]

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

Applicable to establishments principally engaged in selling lumber and/or building materials on a wholesale or retail basis. The lumber may include but is not necessarily limited to: rough and dressed lumber, flooring, molding, doors, sashes, frames and other millwork. The building materials may include but are not necessarily limited to: roofing, siding, shingles, wallboard, paint, brick, tile, cement, ready-mix concrete, sand or gravel [and other building materials]. The class also includes payroll developed in the delivery of hardware, lumber and/or building materials by the lumber/building material dealer.

[The operation of an outlet on the premises of a lumber and/or building material dealer in which hardware, paint, and other similar merchandise is sold shall be subject to separate classification provided the outlet is located in a physically separate department with no interchange of labor between the outlet and other operations. Payroll developed in the outlet operations is subject to Code 935.]

##### **OPERATIONS ALSO INCLUDED:**

1. The operation of a sales counter where the insured's counter staff takes customer telephone, facsimile or walk-in orders for the lumber and/or building materials, accepts payment or charges the customer's "house" account, and transfers the orders to the insured's yard or warehouse staff. The counter staff may also sell merchandise from a counter display, display racks behind the counter and/or a display space in front of the counter.
2. The operation of a showroom where customers may view samples of the lumber and/or building materials sold and place orders for such at a counter.

CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

4. 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.

**935 LUMBER AND/OR BUILDING MATERIAL DEALER** – Store Employees – For use in conjunction with Code 855 only

Applicable to the operation of a retail store on the premises of a lumber and/or building material dealer in which hardware, paint and other similar merchandise is sold. This classification may only be authorized as an additional classification for an employer classified to Code 855 if the employer fulfills the multiple enterprise criteria discussed in Rule IV.C.3.a.2. of this Manual. The retail store must be operated in a physically separate work area from the lumber and/or building material dealer's warehouse or yard with no interchange of labor between the store and the warehouse or yard. The term "retail" shall be construed to mean the selling of displayed merchandise in store-type premises where floor and/or counter salespersons assist customers or on a self-service basis to the general public for personal or household consumption or use. This classification shall also apply when the store sales are made to wholesale customers (e.g., commercial or professional users) but conducted primarily in a retail manner. For purposes of assignment to this classification, the term "retail manner" shall be construed to mean that the insured will have a floor area where merchandise is stocked in display aisles, customers may walk up and down the display aisles, inspect the merchandise being offered for sale, place their selections into either a shopping basket or shopping cart and make payment for their selections at a customer checkout lane. The retail store may also contain a second counter area where customers may place orders for the lumber and/or building materials.

**OPERATIONS NOT INCLUDED:**

This classification is not available for the operation of a sales counter of a lumber and/or building material dealer where the insured's staff takes customer orders for the lumber and/or building materials, accepts payment, transfers the orders to the insured's yard or warehouse staff and may also sell merchandise from a counter display, display racks behind the counter and/or a display space in front of counter but where the insured does not operate a separate retail store as defined above.

DELETIONS

***Underwriting Guide***

**From 855:**

Freight Car Icing  
Refrigerator Car Icing Or Re-Icing  
Refrigerator Car, Pre-Cooling

There are no rating value changes associated with the Code 855 class study.

## 2) Code 606, Oil or Gas Well Drilling – Rotary, and 607, Drilling, N. O. C., Class Study Results

The study of Codes 606 and 607 was undertaken following a review of an informal class appeal that had revealed confusion among insurance agents, underwriters and Bureau staff regarding the applicable scope of those drilling classifications. Previously, staff had clarified the scope of Code 607 with “housekeeping” language amendments as part of Bureau Filing No. 232. This further study reviewed the feasibility of revision(s) to each classification’s scope and/or further clarifications to each classification’s Manual language to be as certain as possible that all employers in the drilling “industry” were properly classified.

Study results include the following:

- Although the scope of Code 606 is sound and requires no revision, Manual language is being revised to delete “Rotary Method” from the class title.
- The inclusion of all types of oil or gas well services in Code 607 is appropriate, although some inconsistencies were found in the assignment of horizontal/directional drilling contractors, with some assigned to Code 607 and others to Code 617, Water Main Construction. The appropriate class is Code 607.
- Code 607 is also sound, and no revisions are required.
- Manual language revisions are being implemented for Codes 606 and 607, as well as Codes 617 and 028, Oil or Gas Production.

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

### SECTION 2

#### ADDITIONS

##### ***Underwriting Guide***

##### **Additions to 607:**

Horizontal or Directional Drilling – By Contractor

Plugging Abandoned Oil Or Gas Wells – By Contractor

#### CHANGES

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

[As provided for in this Manual separately 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.]

Applicable to the operation of a producing oil or gas lease/well, whether performed by the lease/well’s owner or a contract lease/well operator. Routine maintenance of the producing lease/well includes but is not necessarily limited to: monitor pressures at the

CHANGES (continued)

wells and pressures on the pipelines, reading and replacing well charts that record production, repair or replace valves, flanges, gaskets and other mechanical parts of the well head and related piping, paint well equipment, control vegetation growth (e. g., mow the grass) at the lease/well site, walk the pipeline for inspection and check for leaks, and report to management any observed problem that will require more skilled or specialized intervention to fix.

**OPERATIONS NOT INCLUDED:**

As provided for in this Manual, separately rate services performed by unrelated contractors for the oil or gas well's lease owner or contract lease operator. Such services may include but are not necessarily limited to:

1. Assign Code 607 to geophysical exploration.
2. Assign the applicable construction classification(s) to site preparation, including but not necessarily limited to: building of the access road (Code 602), clearing of land (Code 609), digging and lining water ponds (Code 609), laying or taking up of flow lines (Code 609) and installing pumping units (Code 675).
3. Assign Code 655 to tank building.
4. Assign Code 606 to oil or gas well drilling, redrilling or deepening.
5. Assign Code 607 to oil or gas well services including but not necessarily limited to: installation, recovery or replacement of casing, well cementing, well cleaning or swabbing, well fracturing/formation fracturing and well logging.

**606 OIL or GAS WELL DRILLING[ – ROTARY method]**

**OPERATIONS NOT INCLUDED:**

1. Assign Code 607 to all non-oil or gas drilling.

***Underwriting Guide***

**Changes to 606:**

Gas Well Drilling [-By Rotary Method]

Oil Well Drilling [-By Rotary Method]

**607 DRILLING, N.O.C. – By Contractor**

Applicable to all types of drilling except drilling for oil or gas wells.

**OPERATIONS ALSO INCLUDED:**

1. All types of oil and/or gas well services performed by an independent contractor(s).
2. Geophysical exploration.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 606 to oil or gas well drilling.

CHANGES (continued)

**617 GAS, STEAM or WATER MAIN CONSTRUCTION** – all work to completion [except tunneling under pressure]

Also includes conduit construction for cable or wires.

**OPERATIONS NOT INCLUDED:**

1. Separately rate to Code 615 tunneling under pressure.
2. Separately classify to Code 607 horizontal/directional drilling.

There are no rating value changes associated with the Codes 606 and 607 class study.

**3) Code 818, Automobile or Automobile Truck Dealer, Class Study Results**

The objective of the class study of Code 818 was to consider the possibility of revising it to an “all employees including office” classification. Based on the study results, this will be implemented as a means of correcting systemic misclassification of payroll by and/or for Code 818 businesses under the current class.

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

**SECTION 2**

CHANGES

**818 AUTOMOBILE** or Automobile Truck **DEALER** – [including service counter and parts department]All Employees Including Office.

Also includes ..... warranty service.

[The following..... over the telephone.]

**OPERATIONS NOT INCLUDED:**

1. Assign..... or repair.

**UNDERWRITING GUIDE**

Automobile Rental - No Drivers [(Rental Clerks To Be Assigned To Code 819)]  
Truck Rental - Without Drivers [(Rental Clerks To Be Assigned To Code 819)]

**819 [AUTOMOBILE** or Automobile Truck] **MOBILE, SELF-PROPELLED** factory, farm or construction **EQUIPMENT SALESPERSON.** [Please refer to the description of Code 818.]

**CHANGES** (continued)

[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.]

**DELETIONS**

Code 819

***UNDERWRITING GUIDE***

Automobile Salesperson

Rental Clerk Employed By An Automobile Or Truck Rental Agency

The following is a table of the approved loss costs, expected loss factors and hazard group assignments for the three classes affected by this revision.

CODE	LOSS COST	EXPERIENCE RATING PLAN			HAZARD GROUP	
		Expected Loss Factors Table			A-G	1-4
		A-1	A-2	A-3		
818	\$1.39	\$0.74	\$0.96	\$1.10	D	2
819	0.68	0.36	0.47	0.54	D	2
953	0.27	0.15	0.19	0.22	C	2

**4) 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 following changes are approved:

***Revisions to Classification Procedure***

- Revision of the listing for Code 921, Furniture Store – Wholesale, in the Employer Contractor Cross Reference Chart from Code 929, Temporary Mercantile Operations Staff, to Code 871, Temporary Furniture Store – Wholesale Staff.
- Revision of Code 005, Tree Pruning, to end the prohibition of a payroll division between Codes 005 and 012, Landscaping Contractor, at the same job or location, and clarification of Code 005.

**Section 1**

- Revision of the definition of Salesperson – Outside to bring it into alignment with “regular and frequent.”

**Section 2**

- Clarification of the Section 2 classification language for 21 classes, principally by adding “Operations Also Included” and/or an “Operations Not Included” sections. Other clarifications result from recent file reviews that showed confusion regarding the class’ scope (e.g., Code 970, Athletic Team, and Code 981, Slot Machine Gambling).
- Addition of two entries to “General Auditing & Classification Information.” The first, Classification Inquiries, highlights the information that staff requires to render the best and most timely service to insurers, agents and employers. The second highlights the revision to the classification(s) applicable to snow plowing.
- Revision of the “General Auditing & Classification Information” part of “Wholesale/Retail Mail Order House or Internet Sales – Definitions” that deals with mail order houses, adding language regarding telephone sales.
- Addition of 14 and revision of six Underwriting Guide entries, the additions reflecting prevailing Bureau practices, five of the six changes clarifying the entries’ scopes, and the sixth reinforcing the reclassification of snow plowing.

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

**SECTION 1**

**RULE IV - CLASSIFICATIONS**

CHANGE

**B. CLASSIFICATIONS**

**2. Standard Exception Classification**

- c. **Salespersons – Outside, Code 951** – are employees either exclusively engaged in sales or collection work away from the employer’s premises or who regularly and frequently are engaged in [such work for any portion of their time]sales or collection work away from their employer’s premises and devote the balance of their time in clerical office duties.

This classification..... except office



CHANGES (continued)

[Automobile]Mobile, self-propelled factory, farm or construction equipment Salespersons – Code 819 are employees engaged in [such duties]selling such equipment, or auctioning automobiles or instructing persons how to drive an automobile or truck on and away from the insured's premises. The separate [C]code 819 shall be treated as Salespersons – Outside, Code 951, for the purposes of this rule[, but Automobile Salespersons are assigned to Code 819].

**SECTION 2**

**CLASSIFICATIONS**

ADDITIONS

***UNDERWRITING GUIDE***

**To 451:**

Chassis Mfg.

Vehicle Chassis or Frame Mfg.

**To 571:**

Log Mfg. – Synthetic (wax and sawdust combination)

Synthetic Log Mfg. (wax and sawdust combination)

**To 653:**

Hardscaping Installation

**To 667:**

Glass or Window Tinting, Except For Auto Glass

Window or Glass Tinting, Except For Auto Glass

**To 928:**

Art Gallery

Fireworks Store – Retail

**To 957:**

Hair Transplantation

**To 995:**

Dumpster Rental/Service

Railroad Tank Car Cleaning – By Contractor

Trash Dumpster/Debris Box Rental/Service

Sushi Bar – Assign The Applicable Restaurant Class

CHANGES

**DEFINITIONS**

**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 [shop] 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

CHANGES (continued)

are not maintained, the entire payroll of the interchanging employees shall be assigned to the highest Bureau loss cost classification representing any part of their work.

**CLASSIFICATIONS**

**005 TREE PRUNING**, Spraying, Repairing or Fumigating. [No payroll division with Code 012 at the same location or job site.]

Applicable to businesses [principally engaged in using hand tools or mechanical equipment to] prun[e]ing, spraying, trimm[ing] or fumigat[e]ing trees. These operations [can be performed from the ground or] may require [the use of] tree climbing using ladders and/or ropes and/or aerial buckets. Code 005 applies to the whole tree work job or location, meaning Code 005 also includes ground personnel whose job duties may include but are not necessarily limited to: chipping, cleanup activities, the removal and/or the hauling away of tree limbs and debris regardless of whether or not a separate contract is written for tree pruning or lawn maintenance and another contract is written for the removal, chipping, cleanup activities and/or the hauling away of tree limbs and debris.

Also includes generalist tree care service contractors that perform most or all of the above listed services or specialists principally engaged in providing a single service (e.g., clearing the existing rights-of-way/tree pruning for utility [contractors]lines). Code 005 further contemplates tree removal that is incidental to the employer's pruning, spraying, repairing, trimming or fumigating services.

**OPERATIONS NOT INCLUDED:**

1. Assign the applicable ..... tree removal.
2. Separately rate to Code 012 landscaping or lawn cutting or maintenance [performed at separate locations or job sites where no tree care services are performed].

**012 LANDSCAPE CONTRACTOR** or Lawn Cutting Or Maintenance Contractor.

Includes the construction of dry stone walls, rock gardens, patios, garden walks and the like when such operations are incidental to the landscape or lawn maintenance operations.

[Assign Code 0013 to separately staffed nursery, Christmas tree raising or sod farm Operations.]

[Personal servants engaged in the care of lawns, shrubs or grounds surrounding the residence of the insured shall be assigned to Code 0912 or Code 0909.]

CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

1. Separately rate to Code 005 tree pruning, spraying, trimming, repairing or fumigating including ground personnel performing chipping, cleanup, the removal and/or hauling away of tree limbs and debris at a tree job or location.
2. Assign Code 0013 to separately-staffed nursery, Christmas tree raising or sod farm operations.
3. Outside domestic workers engaged in the care of lawns, shrubs or grounds surrounding the personal residence of the insured shall be assigned to Code 0912 or Code 0909 pursuant to Section 1, Rule XIV of this Manual.

**UNDERWRITING GUIDE**

**Changes to 263:**

Laminating – Paper – By Contractor  
Paper Laminating – By Contractor

**601 ROAD or Street CONSTRUCTION:** Paving or Repaving

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

**[SNOW PLOWING AND/OR REMOVAL]**

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

**UNDERWRITING GUIDE**

**Change to 601:**

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

**860 JUNK DEALER**

For businesses collecting and handling a combination of ferrous and/or nonferrous scrap metal and other secondhand commodities (e.g., paper, glass ((including glass bottles)), rubber, rags or plastic ((including plastic bottles)) with no principal line of merchandise).

[Also includes secondhand material yards of a wrecking or demolition contractor that are separately located and staffed.

WRECKING OR DEMOLITION PROJECTS shall be classified as delineated in the General Auditing & Classification Information section.]

**OPERATIONS ALSO INCLUDED:**

1. Secondhand material yards.
2. Renovation of secondhand materials by the secondhand materials dealer may include but is not necessarily limited to: cutting salvaged steel and cleaning bricks.

CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

1. WRECKING OR DEMOLITION PROJECTS shall be classified as delineated in the General Auditing & Classification Information section.
2. Assign Code 858 to a business principally engaged in collecting or handling ferrous scrap metal.
3. Assign Code 859 to a business principally engaged in collecting or handling nonferrous scrap metal.
4. Assign Code 862 to a business principally engaged in collecting or handling one or more of the following recyclable commodities: cloth clippings, rags, paper, glass, plastic, rubber stock or aluminum beverage cans.
5. Assign Code 863 to a specialist contractor principally engaged in shredding paper or destroying documents for unrelated concerns.

**894 SCHOOL FOR DISTURBED (Or Delinquent) CHILDREN – all employees including office**

Applicable to employers.....obtain a high school diploma.

**OPERATIONS NOT INCLUDED:**

1. Assign the applicable residential facility classification to separately-located (not on the employer's campus) and staffed residential facilities for children.

**951 SALESPERSON – OUTSIDE**

[Excluding salespersons or collectors who deliver goods, door-to-door salespersons.]

Are employees either exclusively engaged in sales or collection work away from the employer's premises or who regularly and frequently are engaged in sales or collection work away from their employer's premises and devote the balance of their time in clerical office duties.

Salespersons, collectors or messengers shall be separately classified except in connection with any classification designated either "all employees including office" or "all employees except office."

**OPERATIONS NOT INCLUDED:**

1. Assign employees engaged as delivery salespersons, route salespersons and/or route supervisors delivering merchandise or products, who may also collect payments or solicit sales to the employer's applicable field of business classification.
2. Assign floor and/or counter salespersons to the employer's field of business classification at the location.
3. Assign door-to-door salespersons to the employer's applicable business classification.
4. Assign to Code 953 employees who sell or solicit exclusively by telephone.

CHANGES (continued)

**953 Clerical OFFICE Employees**

Are employees exclusively engaged in keeping the books or records of the business or conducting correspondence or who are engaged wholly in office work where such books or records are kept or such correspondence is conducted.

Clerical office employees work exclusively in a separate building or on separate floors or in departments on such floors which are separated from all other workplaces of the employer by floor-to-ceiling partitions except for retail stores where a partition at least five feet high is required and within which no work is performed other than clerical office duties.

Office employees shall be separately classified except in connection with any classification designated "all employees including office."

**OPERATIONS NOT INCLUDED:**

1. Assign to the employer's applicable field-of-business classification the following "clerks:" counter, front desk, lobby, mall kiosk, stock or tally clerk.
2. Assign librarians to the employer's applicable field-of-business classification.
3. Assign cashiers or any employee whose regular and frequent duty is accepting payment for merchandise or services rendered, whether working in a booth, behind a counter or on a sales floor, to the employer's applicable field-of-business classification.
4. Assign the entire payroll of any clerical office employee who has any other regular duty to the applicable classification in accordance with the class to which the business is assigned.

**954 SECURITY AGENCY**

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

**OPERATIONS NOT INCLUDED:**

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

**962 ACCOUNTING or AUDITING FIRM – all employees including clerical office.**

This classification is for accounting or auditing firms. [Accountants or auditors employed by other establishments whose field of business includes but is not necessarily limited to manufacturing or construction shall be assigned to the classification consistent with the employer's field of business.

An insurance company traveling auditor shall be assigned to Code 984. An independent insurance traveling auditor shall be assigned to Code 951.

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

CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

1. Assign Code 951 to an independent insurance traveling auditor employed by an unrelated business.
2. Assign Code 951 or Code 953 to personnel employed by unrelated businesses principally engaged in providing computer and/or software consulting services.
3. Assign Code 984 to an insurance traveling auditor employed by an insurance company.
4. Accountants or auditors employed by a business whose field-of-business may include but is not necessarily limited to manufacturing or construction shall be assigned to the classification consistent with the employer's field-of-business.

**965 COLLEGE OR SCHOOL, N.O.C.** – all employees including office[, except Workfare Program employees and separately located and staffed public libraries]

[Workfare Program Employees shall be assigned to Code 982.

Separately located and staffed public libraries shall be assigned to Code 890.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 968 to employers principally engaged in providing sports instruction or training including but not necessarily limited to: gymnastics, swimming or martial arts training facilities.
2. Assign Code 982 to Workfare Program employees.
3. Assign Code 890 to separately located and staffed public libraries.

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

Payroll developed in the operation of a restaurant, when conducted in a physically separate department and by a separate crew of employees, shall be assigned to the applicable restaurant classification.

Code 928 shall be assigned to payroll developed in the sale of gifts/souvenirs when conducted in a physically separate department and by a separate crew of employees.

Employees engaged in the sale of food or drink or gifts/souvenirs from vending carts or by carrying the merchandise on their person shall remain assigned to Code 969.

Assign Code 981 to payroll developed in slot machine gambling operations when conducted in a physically separate department by a separate staff.

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

Organized athletics are excluded from this classification and separately rated by Code 970.]

CHANGES (continued)

**OPERATIONS ALSO INCLUDED:**

1. Ticket sellers or collectors and box office employees.
2. Employees engaged in the sale of food or beverages or gift/souvenirs from vending carts or by carrying the merchandise on their person.

**OPERATIONS NOT INCLUDED:**

1. Assign the applicable restaurant classification to payroll developed in a separately located and staffed prepared food and/or beverage service.
2. Assign Code 928 to payroll developed in a physically separate and staffed gifts/souvenirs sales operation.
3. Assign Code 981 to payroll developed in separately located and staffed slot machine gambling operations. See the Code 981 class description for the scope of that classification.
4. Separately classify to Code 970 professional and semi-professional athletics as defined in that class' description.
5. Assign Code 939 to any traveling (not permanently sited) amusement.
6. Assign Code 953 to race track pari-mutuel employees.

**970 ATHLETIC TEAM** – professional and semi-professional[, all employees except clerical and sales]. This classification includes [but is not limited to] all players on the employer's salary list whether regularly played or not, coaches, managers, trainers, equipment managers or sports officials [or umpires and includes all players on salary list of the insured, regularly played or not. Scouting staff is assignable to Code 951 and clerical office staff to Code 953.]

The entire remuneration of each [employee]player, coach, manager or sports official should be included in computing premium, subject to a maximum of \$60,000 per [season] policy year. [Season includes pre-season and post-season exposure.] When [an employee]a player, coach, manager or sports official works for two or more teams in the same sport during the [season]policy year, the maximum shall be pro-rated.

The remuneration of an individual [employee]player, coach, manager or sports official is subject to a minimum of \$500 per [season or]policy year, including board and lodging.

**OPERATIONS ALSO INCLUDED:**

1. Game staff (bench or dugout) providing water or equipment to the players.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 951 to separate scouting staff.
2. Assign Code 953 to separate clerical office staff.
3. Assign Code 969 to non-bench or non-dugout game staff, including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with the fans to rally support and/or distribute t-shirts and persons videotaping fan reactions or the game when the sport is played in an outdoor stadium.

CHANGES (continued)

4. Assign Code 971 to non-bench or non-dugout game staff, including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with fans to rally support and/or distribute free t-shirts and persons videotaping fan reaction or the game when the sport is played in an indoor arena.
5. Assign Code 969 to separate staff operating/maintaining the outdoor stadium.
6. Assign Code 971 to separate staff operating/maintaining the indoor arena.

**980 CITY, TOWNSHIP, Borough or County** – all employees[, excluding only the following which must be separately classified as provided in this Manual: Auxiliary Police, Golf Courses, Health Clubs, Housing Authorities, Municipal Authorities, Nursing Homes, Salaried Police Officers or Firefighters, Volunteer Ambulance Corps, Volunteer Fire Cos., Volunteer Hazardous Materials Response Teams, Workfare Program Employees, Museums, Public Libraries or Clerical Office. Inspectors shall be assigned to Code 951].

For political subdivisions of the Commonwealth of Pennsylvania.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 884 to Health Clubs.
2. Assign Code 887 to Museums.
3. Assign Code 890 to Public Libraries.
4. Assign Code 944 to Golf Courses.
5. Assign Code 951 to Inspectors.
6. Assign Code 953 to Clerical Office.
7. Assign Code 982 to Workfare Program Employees.
8. Assign Code 983 to Housing Authorities.
9. Assign Code 985 to Auxiliary Police, Guards at Correctional Institutions, Prisons or Prison Farms and Salaried Police Officers or Firefighters.
10. Assign Code 993 to Volunteer Ambulance Corps.
11. Assign Code 994 to Volunteer Fire Companies.
12. Assign Code 996 to Volunteer Hazardous Materials Response Teams.
13. Assign the applicable nursing home classification to nursing homes.
14. Assign the applicable field of business classification to municipal authorities based upon each authority's principal operation (e.g., Code 753 to a sewage disposal plant authority).

**981 SLOT MACHINE GAMBLING** – all employees including office.

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

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



CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

As provided for in this Manual separately classify:

1. Areas or amenities exclusive to horse racing including pari-mutuel wagering
2. Hotel operations
3. Retail merchandise facilities, food and beverage outlets and other amenities or activities not located on or adjacent to the gaming floor, or related to slot machine gambling operations

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

[New construction, alterations or demolition work shall be separately rated.

Workfare Program Employees shall be separately classified as provided for in this Manual.]

**OPERATIONS NOT INCLUDED:**

1. Separately rate to the applicable construction classification(s) new construction, alterations or demolition as provided in this Manual.
2. Assign Code 982 to Workfare Program Employees.

**984 INSURANCE COMPANY** – all employees including office

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

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

**OPERATIONS NOT INCLUDED:**

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

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

CHANGES (continued)

**995 RUBBISH OR GARBAGE REMOVAL**

[Also includes but is not necessarily limited to environmental cleanup services, sewer or water main cleaning by hydraulic method, street sweeping or tank cleaning – including bulk storage type.

Collection and sorting of recyclables (e.g., newspapers, beverage cans, glass or plastic bottles) by a separate staff (with sorting in a physically separate work area) shall be assigned to Code 862.]

**OPERATIONS ALSO INCLUDED:**

Code 995 also includes but is not necessarily limited to businesses performing:

1. Environmental cleanup services
2. Sewer or water main cleaning by hydraulic method
3. Street sweeping
4. Cleaning of permanently-sited tanks including the bulk storage type
5. Debris box rental/service or dumpster rental/service

**OPERATIONS NOT INCLUDED:**

1. Assign Code 862 to the collection and sorting of recyclables (e.g., newspapers, beverage cans, glass or plastic bottles) by separate collection and sorting staff(s) with the sorting taking place in a physically-separate work area.

**UNDERWRITING GUIDE**

**Changes to 995:**

Cleaning Permanently-Sited Tanks Or Railroad Tank Cars – By Contractor

Debris Box Rental/Service

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

**0006 FIELD CROP or VEGETABLE FARM** – the raising of all field crops or vegetables or [the] general farms which carry on a variety of operations.

[Separately staffed food processing operations shall be assigned to Code 113.

Inservants shall be separately classified.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 113 to separately-staffed food processing operations.
2. Assign the appropriate inside domestic workers classification to inside domestic workers.

**0008 MUSHROOM RAISING**

Applies to businesses ..... for compost.

[Separately staffed mushroom canning operations shall be assigned to Code 113.]

CHANGES (continued)

**OPERATIONS NOT INCLUDED:**

1. Assign Code 113 to separately-staffed mushroom canning operations.

**0011 FLOWER RAISING**

Applicable only..... living plants.

[A store or outlet at the same or contiguous location may be separately classified by Code 919 provided the store or outlet is separately staffed and is located in a physically separate area or department.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 919 to separate staff in a physically-separate store or outlet at the same or contiguous location to the flower raising.

**0016 ORCHARD** – the raising of fruit or nut trees or of berries or grapes.

[Payroll developed in making wine, apple juice, or similar products shall be assigned to Code 113 if conducted by a separate crew.

Inservants shall be separately classified.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 113 to separately-staffed wine, apple juice, or similar products manufacturing.
2. Assign inside domestic workers to the appropriate inside domestic workers classification.

**0034 ANIMAL RAISING** – egg production, fish hatcheries, hogs, poultry or calf raising for veal.

[Farms raising fur bearing animals shall be classified by Code 0170. Separately staffed poultry dressing operations shall be assigned to Code 865. Separately staffed hog or calf dressing operations shall be assigned to Code 111.

Inservants shall be separately classified.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 0170 to farms raising fur bearing animals.
2. Assign Code 111 to separately-staffed hog or calf dressing operations.
3. Assign Code 865 to separately-staffed poultry dressing operations.
4. Assign inside domestic workers to the appropriate inside domestic workers classification.

CHANGES (continued)

**0036 DAIRY FARM** – Farms engaged in the production of milk and other dairy products.

[Separately staffed milk processing plant operations shall be assigned to Code 109.

Inservants shall be separately classified.]

**OPERATIONS NOT INCLUDED:**

1. Assign Code 109 to separately-staffed milk plant processing operations.
2. Assign inside domestic workers to the appropriate inside domestic workers classification.

**0083 LIVESTOCK** (excluding dairy or horse) **FARM** – includes but is not necessarily limited to the raising of cattle, sheep or goats in fields/pastures.

[Inservants shall be separately classified.]

**OPERATIONS NOT INCLUDED:**

1. Assign inside domestic workers to the appropriate inside domestic workers classification.

**GENERAL AUDITING & CLASSIFICATION INFORMATION**

ADDITIONS

**CLASSIFICATION AND TEST AUDIT INQUIRIES**

Written classification inquiries may be submitted to the Classification & Field Operations Department of the Pennsylvania Compensation Rating Bureau (PCRB) in one of the following methods: via facsimile, USPS, or via the PCRB's website ([www.pcrb.com](http://www.pcrb.com)). For the last method please click on "Classification" on the website's main menu and then click on "Classification Inquiries."

For the Classification & Field Operations Department of the PCRB to operate effectively, it is important that the PCRB have the full cooperation of every carrier, agent and employer in providing the essential information that the PCRB needs to make classification rulings and to otherwise be of service to you.

The information the Classification & Field Operations Department needs to properly respond to inquiries from carriers, agents or employers on classification questions is:

- A complete listing of all Pennsylvania operating locations
- The exact name (as shown in Item 1 of the policy) and address of the business in question
- The Bureau file number (if available) of the business in question (see Rating and Underwriting Reference via the Application Login or "Classification inquiries")

ADDITIONS (continued)

- A full and accurate written description of the business in question, including any available audits, loss control reports and/or insurance application information.
- Reason why a change in classification is being requested, i.e., has a substantial change in the employer's operations recently occurred?
- The name, title and telephone number of a management representative whom a PCRB field representative can contact to schedule an appointment with the employer (in the event that a field survey is necessary)
- Employer's website address

If a carrier or agent is requesting a classification review in conjunction with a policy audit, the audit worksheets for the policy(ies) in question should accompany the request and, if applicable, the name(s) and a detailed job description of the employee(s) whose payroll allocation is being questioned. Please note the importance of this item, since a considerable amount of time would be saved by the PCRB not having to ask for this information by return correspondence. Also note that it is not the PCRB's role to become involved in every dispute involving the allocation of a particular employee's payroll to a given classification. Allocations of payroll are made by the carrier. Since the PCRB did not perform the audit, the PCRB does not normally have the relevant facts on which to base an opinion or render a decision. Issues/ disputes of this kind should initially be referred to the carrier's regional audit manager for resolution.

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

**With respect to telephone requests, an official binding PCRB decision on classification/audit matters cannot be provided over the telephone.** However, the PCRB will offer opinions as requested. To that end a carrier, agent or employer who telephone the PCRB on a classification/audit question should:

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

ADDITIONS (continued)

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

**SNOW PLOWING AND/OR REMOVAL**

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

CHANGE

**WHOLESALE/RETAIL MAIL ORDER HOUSE OR INTERNET SALES – DEFINITIONS**

**Wholesale**

For the purposes of ..... for fulfillment.

**Mail Order House Or Internet Sales**

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

**Retail**

For the purposes of .....classification assignment).

**5) Revisions to Per Diem Guidelines in Section 1, Rule V – Premium Basis, and Section 2 – General Auditing & Classification Information**

These changes grew out of a discussion by the Audit Committee regarding per diem guidelines. The Manual revisions clarify and expand wording in Sections 1 and 2.

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

## SECTION 1

### CHANGES

#### **RULE V – PREMIUM BASIS**

##### **F. BASIS OF PREMIUM Additional Information**

###### **1. Employee Expense Reimbursements**

Reimbursement expenses ..... records of the employer, and

- c. The amount of each expense reimbursement [approximates] reflects the actual expenses incurred by the employee in the conduct of his or her work [(IRS published per diem guidelines may be viewed as approximating actual expenses)].

## SECTION 2

### **GENERAL AUDITING & CLASSIFICATION INFORMATION:**

#### ADDITION

##### **PER DIEMS**

The treatment of per diem payments as employee expense reimbursements was presented to the Bureau for review. The employer in question was a trucking company. Their drivers received a per diem payment for lodging, meals, hotel and other traveling expenses (M&IE) incurred while they travel away from home on company business.

The M&IE rates for travel away from home are applicable for self-employed persons and for transportation workers. An individual is considered to be a transportation worker only if the individual's work (1) directly involves moving people or goods by airplane, barge, bus, ship, train or truck, and (2) regularly requires travel away from home to localities with differing M&IE rates during a single trip.

A taxpayer must substantiate the amount, time, place and business purpose of expenses paid or incurred in traveling away from home. The IRS has provided per diem allowances below which the amount of away-from-home meals and incidental expenses may be deemed to be substantiated. These per diem allowances eliminate the need for substantiating actual costs below the specified amounts.

The arrangement under which an employer reimburses business expenses incurred by employees is either an "accountable" plan or a "non-accountable" plan. Amounts paid under an accountable plan are deductible by the employer and not reported as income to the employee. Amounts paid under a non-accountable plan are deductible by the employer as compensation reportable on the employee's Form W-2 and subject to withholding requirements.

For transportation workers reimbursed for expenses on a per diem basis, IRS published per diem guidelines may be considered as a maximum allowance for actual expenses subject to carrier review and acceptance. The amount of per diems that can be excluded from the basis of remuneration is subject to insurance carrier review and determination.

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

***Remember to visit our web site at [www.pcrb.com](http://www.pcrb.com) for more information about this and other topics.***