



Pennsylvania Compensation Rating Bureau

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October 20, 1998

BUREAU CIRCULAR NO. 1378

To All Members of the Bureau:

Re: **MANUAL REVISIONS TO METALS CLASSES**
NO. 454, 455, 456, 676 AND 857 - SECTIONS 2 AND 5
EFFECTIVE FEBRUARY 1, 1999

The Bureau has filed and the Insurance Commissioner approved Manual revisions pertaining to changes in classification procedure in Pennsylvania to become effective as of 12:01 a.m., February 1, 1999 with respect to new and renewal business only. These revisions are the result of a study of Code 454, Sheet Metal Shop, and restudy of Code 857, Iron or Steel Merchant, undertaken as a result of employer appeals to the Classification and Rating Committee in September 1995. As a result of these studies, the following changes will be implemented:

- Deletion of Code 455, combining it into a single classification with Code 456
- Reassignment of some operations currently contemplated by Code 454 (e.g., awning mfg., appliance mfg., metal coffin mfg.) to the classification resulting from the combination of Codes 455 and 456
- Reassignment of specific risks, currently misclassified to Code 454, to Code 857
- New Bureau rating values for the revised Code 456 and for Codes 454 and 857
- Revision of Manual language for Codes 454, 456, 676 and 857

The following is a table of loss cost values for the revised classifications.

Code	Indicated Loss Cost	Approved Loss Cost	<u>Expected Loss Factors</u>		
			A-1	A-2	A-3
454	4.18	4.34	2.09	2.69	3.20
456	5.01	5.20	2.51	3.23	3.83
857	9.65	10.01	5.13	6.65	7.75

The pertinent Manual language revisions are shown below with deleted wording bracketed and proposed wording underlined.

SECTION 2

- 454 SHEET METAL [Work] PRODUCTS FABRICATION, N.O.C., S[HOP]hop only.
[For the purpose of this classification, s]Sheet metal shall be [lighter] thinner than #3 U. S. Standard Gauge (less than ¼" thick).
[Payroll developed by an insured engaged in both shop fabrication of sheet metal products and the erection or installation shall be assigned to Class 676, Sheet Metal.]
Code 676 shall be assigned to both the shop and the erection or installation payroll developed by an insured engaged in both the shop fabrication of steel metal products and the erection or installation thereof.
- [455 APPLIANCE MFG. - household, major, kitchen or laundry. Manufacturing of appliances for commercial establishments is to be separately rated as Class 454, but establishments primarily manufacturing commercial appliances of a household type and size shall be assigned to Class 455.]
- 456 METAL FURNITURE or Furnishing Goods MFG., N.O.C.
Sheet metal shall be thinner than #3 U. S. Standard Gauge (less than ¼" thick).
Also includes the manufacture of major household or commercial kitchen or laundry appliances.
Upholstering operations Code 327.
- 676 SHEET METAL INSTALLATION, No Payroll Division with [Class] Code 659[Roofing,] at the same location or job site.
[Payroll developed by an insured engaged in both shop fabrication of sheet metal products and the erection or installation shall be assigned to Class 676, Sheet Metal.]
Code 676 shall be assigned to both the shop and the erection or installation payroll developed by an insured engaged in both the shop fabrication of sheet metal products and the erection or installation thereof.
- 857 [IRON OR STEEL MERCHANT] METAL SERVICE CENTER (Ferrous or Non-Ferrous Metals).
[This classification is not] Inapplicable to [junk dealers or iron or steel] ferrous or non-ferrous scrap metal dealers which are assignable to Code 860.

SECTION 5

Rulings and Interpretations

METAL SERVICE CENTER (FERROUS OR NON-FERROUS METALS) - Code 857

Applicable to insureds principally engaged in the sale and distribution of new ferrous or non-ferrous metal merchandise generally obtained from new metal producers such as steel mills or smelters, including but not necessarily limited to: beams, sheet stock in coils, bars,

rods, rounds, channel iron, tubes, angles or plates. Such insured may handle a broad variety of new metal merchandise or specialize in handling a single type.

The new metal merchandise received by these insureds is unloaded and stored. The new metal merchandise may be shipped "as is" to the customer or it may be cut, slit, sheeted, bent or burned into the size or shape required by the customer and delivered by truck or rail. The processing equipment may include but is not necessarily limited to: sheeters, hacksaws, drills, benders or cutting torches.

Specialists principally engaged in the sale of reinforcing rods or bars to concrete contractors (including the cutting or forming of the rods or bars according to the contractors' specifications) are also assigned to Code 857, as are dealers principally engaged in selling wire rope, cable or metal conduit.

Further applicable by analogy to businesses engaged in the toll (fee) leveling or cutting of ferrous or non-ferrous new metal to size for unrelated concerns. These enterprises do not own the new metal stock they level, sheet, cut, bend or burn nor do they fabricate a product.

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

OPERATIONS NOT COVERED:

Not applicable to iron, steel or non-ferrous scrap metal dealers which are assigned to Code 860.

[MANUFACTURING/] PRODUCT ASSEMBL[ING]Y DEFINITION

For classification purposes[, the term "manufacturing" refers to the fabrication, production and/or assembly of a described product. T]the term "assembly" refers to the joining together of [purchased] pref-]fabricated component parts purchased from unrelated concerns to form a described product. Some portion of the purchased prefabricated component parts may be modified prior to assembly. When a specific assembly classification does not exist for a certain product, the assembly of such product shall be assigned to the manufacturing classification which most accurately describes the completed product.

It is common for [certain types of] stores, such as those engaged in the sale of bicycles, furniture, jewelry [and] or light fixtures, to perform incidental assembly activities in preparation for the [sale or] display of or after the sale of merchandise. Assembly or "get ready" activities which are incidental to a store's operations shall be assigned to the [appropriate] store's applicable classification.

Underwriting Guide

<u>Can Mfg., Seamless</u>	<u>403</u>
<u>Metal Can Mfg., Seamless</u>	<u>403</u>
<u>Duct Fabrication - No Installation Work</u>	<u>454</u>
<u>Garment Racks Mfg. - Metal</u>	<u>456</u>
<u>Ice Cream Cabinet Mfg.</u>	<u>456</u>
<u>Locker Mfg. - Metal</u>	<u>456</u>
<u>Shelving Mfg. - Metal</u>	<u>456</u>

<u>Sheet Stock Or Coil Stock Distributor</u>	857
Agate [And] <u>Or</u> Enamel Ware Mfg.	454
Can Mfg., <u>Seamed</u>	454
Flue Mfg., Stove [And] <u>Or</u> Furnace, <u>By Specialist Contractor</u>	454
Metal Can Mfg., <u>Seamed</u>	454
Metal Shipping Barrels, Drums, Kegs[, And] <u>Or</u> Pails, Used, Dealer	454
Metal, Sheet Goods Mfg., <u>N.O.C.</u>	454
Sheet Metal [Work] <u>Products Fabrication, N.O.C.</u> , Shop Only	454
Aluminum Awning Mfg.	[454]456
Appliance Mfg., Major Household[,] <u>Or</u> [Appliance Mfg.,] For Commercial Establishments, [(See Also 455 Footnote in Section 2) Kitchen [And] <u>Or</u> Laundry.....	[454/455]456
Awning Mfg., Metal, No Erection.....	[454]456
Clothes Dryer Mfg., Commercial [(See Also 455 Footnote in Section 2) Clothes Dryer, Mfg.,] <u>Or</u> Household.....	[454/455]456
Coffin Mfg., Metal	[454]456
Freezer Mfg., Commercial [(See Also 455 Footnote in Section 2) Freezer Mfg.,] <u>Or</u> Household.....	[454/455]456
Incubator Mfg., Metal.....	[454]456
Jalousie Or Jalousie Screen Mfg., Metal Or Glass	[454] 456
Ladder Mfg., Metal	[454]456
Oven Mfg., Metal Industrial Drying Ovens	[454]456
Radiator Cabinet Or Shield Mfg., Metal.....	[454]456
Refrigerator Mfg., Commercial [(See Also 455 Footnote in Section 2) Refrigerator Mfg.,] <u>Or</u> Household[,].....	[454/455]446
Sheet Metal Aircraft Parts Mfg.	[454]456
Soda Fountain Mfg.	[454]456
Stove Mfg. - Sheet Metal, Commercial [(See Also 455 Footnote in Section 2) Stove Mfg. - Sheet Metal,] <u>Or</u> Household.....	[454/455]456
Trash Compactor Mfg.[, Household]	[455]446
Washing Machine Mfg., <u>Commercial Or Household</u>	[455]456
Cable [And] <u>Or</u> Wire Rope Dealer, Including Splicing	857
Coil [Shops] <u>Stock Or Sheet Stock Dealer</u>	857
Iron Or Steel Merchant [Iron Merchant], New Materials Only	857
Steel <u>Or Iron</u> Merchant, New Materials Only[, Including Incidental Cutting]	857
Wire Rope [And] <u>Or</u> Cable Dealer, Including Splicing	857
[Oven Mfg., Household	455]
[Steel Warehouse - Including Incidental Cutting	857]

Manual reprints will be distributed at a later date in the usual manner.

Timothy L. Wisecarver
President

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