



Pennsylvania Compensation Rating Bureau
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March 19, 1999

BUREAU CIRCULAR NO. 1391

To All Members of the Bureau:

Re: **MANUAL REVISIONS - CODE 924, WHOLESALE STORE, N.O.C.**
AND CODE 927, DRUGSTORE, RETAIL
EFFECTIVE APRIL 1, 1999

The Bureau has filed and the Insurance Commissioner approved Manual revisions to Code 924, Wholesale Store, N.O.C., and Code 927, Drugstore, Retail, to become effective as of 12:01 a.m., April 1, 1999 with respect to new and renewal business only. These revisions are a result of a study of Codes 924 and 927 which was undertaken to determine if the experience of pharmacies principally engaged (more than 50 percent of gross revenues) in the retail sale of prescription drugs per individual patient prescription is statistically significantly different from that of pharmacies not so engaged, as well as to establish a consistent classification assignment for employers operating mail order pharmacies, as a review of Bureau files had indicated inconsistencies in the assignment between these two codes.

The revised Manual language is shown below with deleted wording bracketed and new wording underlined.

SECTION 2

927 [DRUGSTORE] PHARMACY, RETAIL - all employees including office.

SECTION 5

Rulings and Interpretations

WHOLESALE/RETAIL/MAIL ORDER HOUSE - DEFINITIONS

Wholesale

For the purposethose previously listed.

Wholesale store operations generally include the maintenance of warehouse inventories; delivery and the promoting of sales through utilization of an outside sales force and/or by telephone. Many but not all wholesalers may also perform the physical assembling, sorting and

grading of their goods; the breaking of bulk quantities and repackaging into smaller lots. A wholesaler may also have a sales counter where a walk-in customer's order may be written up and payment for merchandise made. The counter clerk may transmit the order to the warehouse or the customer may take the order to the warehouse for fulfillment.

Mail Order House

[Risks] An enterprise principally (more than 50 percent of the gross receipts) engaged in selling by mail order shall be assigned to the appropriate wholesale store classification [that would be used for a wholesale store dealing in] for the commodities handled except for mail order pharmacies filling individual patient drug prescriptions which shall be assigned to Code 927. Mail order sales by a [risk engaged in] manufactur[ing]er 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 purposes of classifying stores, the term "Retail" shall be construed to mean the selling of displayed merchandise in store type premises where [clerks] floor and/or counter salespersons assist customers or on a self-service basis to the general public for personal or household consumption or use. Warehouse operations incident[al] to the retail [operations of the employer] store enterprise shall be assigned to the enterprise's appropriate retail store classification.

The appropriate retail store class shall also be [used] assigned when the insured, while technically a wholesaler, operates primarily in a retail manner. The customers will tend to be primarily commercial or professional users. "Retail manner" means such insured will have a large merchandise display area, customers may [browse and select desired items from the displays and t] 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 check-out lane. The [risk] employer's single largest group(s) of employees [shall be] are floor or counter salespersons [waiting on walk-in] assisting customers or performing customer checkout.

(The act of collecting a sales tax on merchandise sold is not [considered] a [controlling] factor in defining a retail store and has no bearing upon determining the business' classification assignment.)

Underwriting Guide

Mail Order Pharmacy.....	927
[Drug Store] <u>Pharmacy, Retail</u>	927

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

Timothy L. Wisecarver
President

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