



## Pennsylvania Compensation Rating Bureau

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October 10, 2016

### **PCRB CIRCULAR NO. 1668**

To All Members of the PCRB:

Re: **CLASSIFICATION PROCEDURES - MANUAL REVISIONS TO SECTION 2**  
**PCRB FILING NO. 277**  
**APPROVED EFFECTIVE APRIL 1, 2017**

- (1) Reclassification of “Sod Farm” from Code 0013, Nursery, to Code 0006, Field Crop or Vegetable Farm
- (2) Revisions to the scope of Code 446, Precision Machined Parts Mfg., N.O.C. – deletion of the machining tolerance requirement and establishment of new criteria for assigning the classification
- (3) Reclassification of “Oil Rig or Derrick Erecting and Dismantling” from Code 655, Iron Erection, to Code 657, Rigging, N.O.C.
- (4) Reclassification of “Truck Washing Services – Mobile” from Code 815, Automobile Service Center, to Code 971, Commercial Buildings

The Pennsylvania Insurance Commissioner has approved, as filed, PCRB’s filing regarding Classification procedure changes. These changes become effective for policies effective on or after 12:01 a.m., April 1, 2017. This effective date makes implementation of these changes concurrent with PCRB’s normal annual loss cost revision filing, which will be filed separately at a later date. This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems so that they occur less frequently than would otherwise be the case.

The four classification procedure changes included in this filing are summarized in sequence below. A Pennsylvania employer’s loss costs will be impacted only if the employer’s business is reclassified as a result of these changes.

#### **(1) Reclassification of “Sod Farm” from Code 0013 to Code 0006.**

This change was prompted by inquiry from an employer who is principally engaged in raising and harvesting various types of grass seed. It was learned that the National Council on Compensation Insurance Inc. (NCCI) classifies the raising of grass seed and sod farms to NCCI Code 0037, Field Crops & Drivers. It was concluded that grass is a type of field crop and found that the term “grass” was also applied in agriculture to various types of grains/cereals (e.g., wheat, corn, oats and barley). This resulted in the raising of grass seed and the operation of sod farms being more analogous to the operations contemplated by Code 0006 than the operations contemplated by Code 0013, which is applied to employers principally engaged in raising trees, shrubs and/or flowering shrubs.

**(2) Revision to the scope of Code 446.**

Prior to this filing a machining business had to fulfill two criteria to be classified to Code 446:

1. More than 50% of all machining operations performed by the machining business had to be held to a final tolerance of plus/minus .001 inches or closer.
2. More than 50 percent of the parts machined by the employer may not be assigned to any other manufacturing classification.

Code 446 is the Pennsylvania classification equivalent to NCCI Code 3629, Precision Machined Parts Mfg., N.O.C. NCCI Filing Memorandum B-1428 set forth that auditors and underwriters are rarely able to verify whether an employer's machining operations fulfill the first criteria regarding tolerance requirements. PCRB agrees with this observation. NCCI Filing Memorandum B-1428 proposed that the word "Precision" be deleted from the title of Code 3629 and that the scope of that classification be revised to withdraw the machining tolerance requirement. PCRB's filing also removes the word "Precision" from the PCRB Code 446 title and revises the scope of Code 446 to remove the machining tolerance requirement. The Code 446 Manual language is also amended to clarify that Code 446 now applies to a business engaged in machining single piece parts for unrelated businesses (regardless of the tolerances observed in the machining process) and where more than 50 percent of the single piece machined parts made by the employer are not assigned to any other manufacturing classification.

A second element of NCCI Filing Memorandum B-1428 was to make NCCI Code 3629 the applicable classification for "Additive Mfg. /3D Printing." Additive manufacturing is a process in which three dimensional computer design data is used to manufacture a part by depositing thin layers of material on top of each other. At present, PCRB agrees that this emerging technology is reasonably analogous to the operations contemplated by Code 446 and adds a Code 446 "Additive Mfg./3D Printing" Underwriting Guide entry.

**(3) Reclassification of "Oil Rig or Derrick Erecting and Dismantling" from Code 655, Iron Erection, to Code 657, Rigging, N.O.C.**

This change is a result of a PCRB file review initiated by the employer's workers' compensation insurer. The insurer had assigned the business to Code 028, Oil or Gas Production. PCRB's review found the employer to be a contractor exclusively engaged in moving drilling rigs and derricks from one gas well site to another. The employer first dismantled and removed the drilling rig at one location, then hauled the rig and derrick to another location and reassembled the drilling rig and derrick at the new location. PCRB construes a drilling rig and derrick to be a type of industrial equipment and the disassembly and reassembly thereof to be analogous to rigging. Thus, PCRB finds that Code 657 better describes such work than Code 655.

**(4) Reclassification of "Truck Washing Services – Mobile" from Code 815, Automobile Service Center, to Code 971, Commercial Buildings**

Prior to this change, PCRB classified mobile truck washing services to Code 815. The Code 815 "Truck Washing Service – Mobile" Underwriting Guide entry was created effective for new and renewal business as of January 1, 1991 and later. This was result of a review of an employer who was principally engaged in power or pressure washing trucks at customers' locations. This insured also used power/pressure washing techniques to clean

warehouse concrete floors, construction equipment, the exteriors of buildings and residential decking. Code 971 includes “Power Washing of Exterior Walls or Decks at Residential or Commercial Sites – By Contractor.” PCRB submits that the power or pressure washing of trucks is reasonably analogous to the operations described by this Underwriting Guide entry and adds a Code 971 “Truck Washing Service – Mobile” Underwriting Guide entry

Prior to this change there was no PCRB Underwriting Guide for a mobile truck washing type of business. It was concluded that there is no difference between a permanently-sited car wash and a permanently sited truck wash facility other than the size of the facility and the size of the vehicle being washed. This conclusion resulted in Code 816 to include a “Car Wash” and to add a “Truck Washing Service – Permanently-Sited” to the Code’s Underwriting Guide entry.

For additional information and greater details regarding these classification procedural changes, please refer to Filing No. 277, posted under the “Filings” tab of PCRB’s website (<http://www.pcrb.com>).

Please contact Dave Rawson, Technical Director, Classification & Field Operations, at (215) 320-4501 or at [drawson@pcrb.com](mailto:dawson@pcrb.com) for any questions regarding this circular. The Basic Manual will be updated on PCRB’s website at a later date.

William V. Taylor  
President

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND  
RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY  
INSURANCE**

*Effective April 1, 2017*

**INFORMATION PAGE** remains unchanged.

**PREFACE** remains unchanged.

**MEMBERSHIP** remains unchanged.

**SECTION 1 – Underwriting Rules** through **SECTION 1 – Appeals Procedure** remain unchanged.

**SECTION 2 – Rating Values** through **SECTION 2 – Definitions** remain unchanged.

**SECTION 2 – Classifications**

**441 TOOL MFG., N.O.C.**

Applies to a business.....carving by hand or machine.

**OPERATIONS NOT INCLUDED:**

No Change to Numbers 1 through 8

9. Machined Parts Mfg. – N.O.C. shall be defined as machining single-piece parts for unrelated businesses and where more than 50 percent of the single-piece 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. Assign the applicable manufacturing classification when the employer is principally engaged in assembling single-piece machined parts into end-product components. Assembly operations include but are not limited to: welding, fastening, inserting, pressing, and the joining of springs, ball bearings, ears, or other parts or components to any other part or component.
11. An employer principally engaged in machining single-piece parts specifically assigned to any manufacturing classification shall be assigned to that specified manufacturing classification.

No Change to Numbers 12 or 13

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

Applies to a business principally engaged in Machined Parts Mfg., N.O.C. Such term will be applied to a business machining single-piece parts for others. A business principally engaged in Machined Parts Mfg., N.O.C. is typically a job shop. A job shop is defined as a business principally engaged in machining single-piece parts for unrelated businesses and has no proprietary product(s) or the machining of the business' proprietary product(s) is less than 50 percent of the business' overall machining.

**OPERATIONS NOT INCLUDED:**

1. An employer whose business operations are described by another classification in this Manual shall be assigned to that classification.
2. An employer principally engaged in machining single-piece parts specifically assigned to any other manufacturing classification shall be assigned to that specified manufacturing classification.
3. Assign the applicable manufacturing classification when the employer is principally engaged in assembling single-piece machined parts into end-products components. Assembly operations include but are not limited to: welding, fastening, inserting, pressing, and the joining of springs, ball bearings, gears, or other parts or components to any other part or component.
4. As specified in this Manual assign the applicable casting, forging, stamping, forming or fabrication classification to an employer so principally engaged.

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**UNDERWRITING GUIDE**

Additive Mfg. /3D Printing  
Machined Parts Mfg., N.O.C.

**655 IRON ERECTION**

**UNDERWRITING GUIDE**

Bridge Building - Metal Bridge Painting Cell Tower Erection – Erection Of The Tower By Contractor Cell Tower Erection – Antenna(s) Installation, Service And/Or Repair By Contractor Chimney Cleaning - Industrial Smokestacks Concrete, Pre-Stressed, Erection By Contractor Corrosion Proofing Of Chemical Tanks Fire Escape Installation By Contractor - Outside Gas Holder Erection Iron Erection Iron Or Steel Erection, Structural Metal Furring, By Contractor Oil Field Tank Painting Oil Still Erection Painting Of: Bridges, Oil Field Tanks, Steel Structures Or Tanks	Ski-Lift Erection Smokestack Or Chimney Lining - Industrial Steel Erection, N.O.C. Steel Frame Structure Erection Steel Structures Painting Steel Tank Erector Steel Tower Erection For Cross-Country Electric Or Telephone Lines Swimming Pool Installation - Iron Or Steel Tank Erection - Steel Tank Painting Water Tank Painting Welding - Structural Steel Windmill Erection - Metal
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**657 RIGGING, N.O.C.**

**UNDERWRITING GUIDE**

Bell Installation - Tower Bells  
Mobile Crane & Hoisting Operations, By Rigging Contractor  
Oil Rig Or Derrick Erecting And Dismantling – By Contractor 657  
Rigging - Non Ship  
Safe Moving

**815 AUTOMOBILE SERVICE CENTER or Garage**

Please see the “Automobile Dismantlers” entry in the General Auditing & Classification Information regarding how to classify a business whose operations include the dismantling of automobiles and/or other types of vehicles to recover usable/saleable used parts.

**OPERATIONS ALSO INCLUDED:**

1. Counter personnel and/or cost estimators for auto repair facilities waiting on customers, preparing job cost or sales estimators writing up orders and collecting payments for services rendered or merchandise purchased.

**OPERATIONS NOT INCLUDED:**

1. Assign Code 225 to tire recapping or retreading when performed by a separate crew of employees in a physically separate work area.
2. See the Code 934 Section 2 class description for how to classify a new auto parts store that also provides automobile repair services.
3. Please refer to the “Automobile Service/Gasoline Station” entry in the General Auditing & Classification Information for information on classifying such business enterprise.

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**UNDERWRITING GUIDE**

Air Conditioning Systems, Automobile Or Truck  
Installation, Service Or Repair  
Automobile Body Repairing  
Automobile Dismantler – See General Auditing &  
Classification Information  
Automobile Paint Shop  
Automobile Radiator Repair Shop  
Automobile Repair Shop  
Automobile Towing Company  
Carriage Repairing  
Customizing Vans  
Fender Repairing, Automobile  
Frame Straightening On Automobiles

Garage  
Glass Installer, Automobile  
Maintenance Of Buses, By Public Garage  
Quick Oil Change And Lubrication Garage  
Recovery Of Usable Automobile Parts  
Rubber Tire Dealer, Retail  
Taximeter Installation Or Repair  
Tire Dealer, Retail  
Van Conversion Or Customizing  
Wagon Repairing

**816 AUTOMOBILE FILLING STATION – Retail**

Please see the Automobile Service/Gasoline Station entry in the General Auditing & Classification Information section for information on classifying such business enterprise.

**UNDERWRITING GUIDE**

Automobile Laundry  
Car Wash  
Gasoline Station, Retail - Exclusively Gasoline Sales  
Truck Washing Service – Permanently-Sited

**971 COMMERCIAL BUILDINGS**

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.
3. If the principal business is described by classifications defined as Standard Exceptions, the payroll of all employees not specifically included in the definition for such Standard Exceptions shall be separately classified to Code 971.

**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.

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**UNDERWRITING GUIDE**

Arena Operation – Indoor – By Contractor Or Owner Building Cleaning - By Contractor Or Owner Civic Center - Operation By Specialist Contractor Cleaning Of Grease Exhaust, Air Conditioning, Heating And Ventilating Ducts - By Specialist Contractor Cleaning, Sanitizing Or Deodorizing Restrooms - By Contractor Commercial Or Industrial Building Operation - By Owner, Lessee Or Real Estate Management Firm Contractor For Commercial Building Cleaning Duct Cleaning - Grease Exhaust, Air Conditioning, Heating, Ventilating - By Specialist Contractor Exterminator Fire, Smoke And/Or Water Damage Clean-Up - By Contractor Flea Market Or Swap Meet Operators Floor Waxing Or Polishing - By Building Owner, Lessee, Management Agency Or Contractor	Fumigating - Not Agricultural - By Contractor Janitor Service Contractor Kitchen Equipment Exhaust Duct Cleaning - By Specialist Contractor Mobile Home Park - Operation Or Maintenance By Contractor (Not Recreational Vehicle Campground) Post Construction Clean-Up - New Homes - By Specialist Contractor Power Washing Of Exterior Walls Or Decks At Residential Or Commercial Sites – By Contractor Storage - Self-Service Sweeping Of Parking Lots - Shopping Areas And Similar Areas, By Specialty Contractor Swimming Pool Cleaning Or Maintenance - By Specialty Contractor Swimming Pool Liner Installation - Vinyl, By Swimming Pool Maintenance Contractor Termite Control - By Contractor Truck Washing Service – Mobile Warehouse - Storage - Self-Service Window Cleaning Contractor
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**0006 FIELD CROP or VEGETABLE FARM** – the raising of all field crops or vegetables or general farms which carry on a variety of operations

**OPERATIONS NOT INCLUDED:**

1. Assign Code 113 to separately-staffed canning, pickling or operations preserving vegetables by use of another food preservation technique.
2. Assign the appropriate inside domestic workers classification to inside domestic workers.

**UNDERWRITING GUIDE**

Farm, Crop Farm, Field Crop Farm, Grain Farm, N.O.C. Farm, Tobacco	Farm, Vegetable Grain Farm Grass Seed Raising Sod Farm Tobacco Farm Vegetable Farm
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**0013 NURSERY**

Applicable to businesses principally engaged in raising trees (including Christmas trees), shrubs or plants.

**UNDERWRITING GUIDE**

Christmas Tree Planting, Cultivating And Harvesting  
Farm, Tree

**SECTION 2 – Underwriting Guide through SECTION 6 – Merit Rating Plan** remain unchanged