



## Pennsylvania Compensation Rating Bureau

United Plaza Building • Suite 1500  
30 South 17th Street • Philadelphia, PA 19103-4007  
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

August 16, 2016

### **VIA SERFF**

The Honorable Theresa D. Miller  
Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
1311 Strawberry Square  
Harrisburg PA 17120

**Attention: Michael McKinney, Actuarial Supervisor, Property & Casualty Bureau**

**RE: PCRB Filing No. 277 – Proposed Effective April 1, 2017  
Four Proposed Classification Procedural Changes**

Dear Commissioner Miller:

Resulting from a staff review and on behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit this filing proposing four revisions to existing PCRB classification procedures as set forth in the PCRB Workers' Compensation Manual (the Basic Manual). These revisions are proposed to be effective 12:01 a.m., April 1, 2017 with respect to new and renewal policies. This proposed effective date is intended to make the implementation of these changes concurrent with PCRB's normal annual loss cost revision, which will be made at a later date.

A staff memorandum dated May 20, 2016 is included within this filing. Within that memorandum is a detailed explanation and reasoning for each of the proposed classification procedural changes and the concurrent changes to Manual language. The proposals were reviewed by the Classification and Rating Committee at their meeting held on June 22, 2016. PCRB has not identified how many employers will be impacted by any of the four proposals. Assuming approval of the proposals by the Department, PCRB will treat each employer impacted by an approved proposal as misclassified and that employer's classification reassignment will be implemented pursuant to the rules set forth in the Basic Manual. As a result, any classification loss cost impact will be on a prospective going forward basis only.

The proposed classification procedural changes include:

1. The reclassification of Sod Farms from Code 0013, Nursery to Code 0006, Field Crop or Vegetable Farm.
2. Revisions to the scope of Code 446, Precision Machined Parts Mfg., NOC – deleting of the machining tolerance requirement and establishing new criteria for assigning the classification.
3. The reclassification of oil rig or derrick erecting and dismantling by contractor from Code 655, Iron Erection to Code 657, Rigging.

The Honorable Theresa D. Miller  
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4. The reclassification of "Truck Washing Services – Mobile" from Code 815, Automobile Service Center, to Code 971, "Commercial Buildings," the classification applicable to power washing services.

Thank you in advance for your prompt review and attention to this filing. The PCRB will be pleased to answer any questions you or the Insurance Department staff may have regarding any of the four proposals.

Sincerely,



William V. Taylor  
President

WVT/jf

Enclosure:

The Proposed Classification Procedural Changes Memorandum of May 20, 2016  
Proposed Manual Language Revisions



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TO: Pennsylvania Compensation Rating Bureau (PCRB) Classification and Rating Committee

FROM: David T. Rawson – Technical Director  
Classification and Field Operations Department

DATE: May 20, 2016

RE: Proposed Section 2 Classification Procedural Revisions

This memorandum will propose four revisions to classification procedure. None of the proposals discussed below will impact any classification's proposed April 1, 2017 class rating value. The PCRB recommends that the three classification procedure revisions proposed herein become effective upon new and renewal policies of April 1, 2017 and later.

### PROCEDURAL REVISION PROPOSAL #1

#### REVISIONS TO THE SCOPE OF Code 446, PRECISION MACHINED PARTS MFG., N.O.C.

##### 1. Deletion of the Machining Tolerance Requirement

Code 446 has been the one-to-one PCRB classification equivalent to NCCI Code 3629, Precision Machined Parts Mfg. N.O.C., since Code 446's erection effective upon new and renewal policies of January 1, 2006 or later. NCCI Code 3629 has been in effect since 1943. NCCI originally erected Code 3629 to classify shops specializing in the production of high precision small parts and assemblies directly related to the production of arms or aircraft used in World War II. In 1943 an employer needed a staff of skilled machinists to first attain and then hold "precise" machining tolerances. To distinguish Code 3629 from NCCI Code 3632, Machine Shop NCCI adopted the requirement that at least 50% of all a business' machining operations had to be held to a tolerance of .001 inches or closer.

Circa the late 1940's to the mid-1950's saw the introduction of programmable machining units (e. g., CNC – computer numeric controlled) that transferred the attaining and holding of "precise" machining tolerances from a skilled machinist to a computer program. Because a programmable machining unit also determines a shop's productivity and enhances overall product quality many machining businesses (regardless of the machining tolerance required of their product) have acquired such equipment. A complaint staff has heard from time-to-time by machine shop owners is their equipment is capable of "precision" work as set forth in the Code 446 scope, but that their business has not been able to secure a sufficient quantity of such work to qualify for Code 446.

NCCI Filing Memorandum B-1428 sets forth that auditors and underwriters (and this memorandum adds rating bureaus) are rarely able to verify whether an employer's machining operations fulfill the class' tolerance requirements. This is because typically the business' owner(s) do not track machining tolerances. Also, NCCI observes that product plans and specifications do not observe the final tolerance for each machining process. Thus, NCCI has found employers are frequently misclassified to Code 3629. PCRB staff may attest to the problems NCCI delineates in verifying machining tolerances.

To address these concerns NCCI in Filing Memorandum B-1428 proposed several revisions to the scope of NCCI Code 3629:

1. Deletion of "Precision" from the Code 3629 title
2. Deletion of the machining tolerance requirements
3. The establishment of new criteria defining an employer's eligibility for assignment thereto.

NCCI's criteria to determine an employer's eligibility for assignment to Code 3629 are that the business must machine single-piece parts for others and also fulfill the following conditions:

1. The employer's operations are not described by another classification.
2. The machined parts are not assigned to another classification.
3. The employer does not assemble any single-piece machined parts end-product 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. The employer does not perform casting, forging, stamping, forming, or fabrication.

PCRB is uncertain regarding the value of that second "condition" because of one of staff's findings in the class study of Code 441, Tool Mfg., N.O.C., (PCRB's original assignment for Precision Machined Parts Mfg. completed in 2005). That finding was that machining business' owners frequently responded to a PCRB questionnaire or to a PCRB field representative during a survey of the business that they did not know the use to which their machined parts production would be put.

This memorandum noted above that PCRB may attest to the problems set forth in NCCI B-1428 in verifying machining tolerances. In fact that piece of information has frequently been the sole point in dispute regarding an employer's applicable classification. PCRB's review of NCCI B-1428 has concluded that PCRB propose that NCCI's proposal discussed above to revise their Code 3629 be adopted to revise PCRB Code 446.

PCRB's Code 446 Manual language proposal will include NCCI's four listed conditions above, but each "condition" has been modified into an "Operations Not Included" listing. This was done because the four conditions listed above may readily be confused with "Operations Not included" listings. The greatest modification is to NCCI's third "condition" shown above. A plain reading of NCCI's language precludes assigning an employer to Code 446 in the event the employer assembles "any" single-piece machined parts into end-product components. PCRB's previous use of "any" versus "none" as a criterion for class assignment eligibility resulted in multiple classification disputes with employers. PCRB's Code 861, Automobile Dismantling, is an example of PCRB's previous use of "any" versus "none." Code 861 required the class be assigned when the employer performed any automobile dismantling regardless of the remainder of the employer's operations. PCRB's Code 861 class study first concluded that no PCRB classification or classification assignment should be based upon the mere presence of an activity (i. e., here automobile dismantling) and found that Code 861 was the sole classification with such requirement. The study's second conclusion was that PCRB's basic philosophy of selecting the applicable class assignment on the basis of how a business is principally engaged is the appropriate procedure. Thus, PCRB recommended that Code 861 be withdrawn as an authorized classification. Code 861's withdrawal was accomplished effective new and renewal policies effective November 1, 2007 and later. A separate DCRB class study completed at approximately the same time also reached the same conclusions. Thus, PCRB's third "Operations Not Included" will refer to "principally engaged" rather than "any."

PCRB may also observe that NCCI also recently had an "issue" regarding the "any" versus "none" criterion with their Code 8500, Metal Scrap Dealer & Drivers, which is for nonferrous scrap metal dealers. For some time NCCI's Code 8500 scope included the statement "No handling or collecting of scrap iron or steel." As acknowledged by NCCI in their Filing Memorandum Item B-1427 even a business principally engaged in collecting nonferrous scrap metals would be denied assignment to Code 8500 if the business also collected some scrap iron or steel. Such a business would be assigned to NCCI's Code 8263, Junk Dealers & Drivers. NCCI Item B-1427 proposed to end this practice and that going forward the applicable scrap metal dealer classification would be assigned based upon how the business was principally engaged, which NCCI accomplished starting effective new and renewal policies of October 1, 2014 and later.

## 2. Classification Applicable to Additive Mfg.

PCRB also proposes to adopt for Code 446 that additional part NCCI's Code 3629 proposals that make their Code 3629 the classification applicable for employers principally engaged in "Additive Mfg. or 3D Printing." The Internet informs the two terms are interchangeable, but NCCI prefers "Additive Mfg." to avoid potential confusion with traditional printing technologies.

The “Additive Mfg.” technology is capable of producing any type of part that can be programmed into a computer. Thin layers of material (e.g., plastic) are placed on top of each other using computer-controlled distribution. The material is built up by adding the binder between each layer until the part is complete.

PCRB agrees with NCCI this is a new, emerging technology and that at present Code 446 is a reasonable analogy. To date staff is aware of only a single employer so principally engaged who is located in Delaware.

**PREMIUM IMPACT** – For this memorandum the Code 441 study notes regarding employers identified as “Precision Machined Parts Mfg., N.O.C.” that were reassigned to Code 446 show such were typically machining single-piece parts. The class study notes also show the employers fulfill NCCI’s “conditions” or “operations not included” with the possible exception of subsequent assembly of machined parts into end-product components. The study notes do not mention assembly operations. This means that a to be determined number of employers presently assigned to Code 446 may be found upon a new review to be misclassified to Code 446. Any reclassification from Code 446 to another classification will be handled as discussed in the PREMIUM IMPACT analysis for Proposal # 1.

PCRB anticipates the greater impact will be to employers presently assigned to Code 461, Machine Shop. PCRB is aware there may be a to be determined number of employers assigned to Code 461 that would be eligible for assignment to Code 446 absent the machining tolerance requirement. There are approximately 2,400 employers reporting experience to Code 461. Code 461 is a broader class than Code 446. For example Code 461’s scope includes (in addition to general machine shops) the manufacture and/or shop repair of a broad array of industrial machinery or equipment, the manufacture and/or shop repair of any type of internal combustion engine, and the machining of specified single-piece parts (e. g., gears). PCRB has not identified how many Code 461 employers may be eligible for reassignment from Code 461 to Code 446 assuming approval of this proposal. For those who are found to be eligible for Code 446 the April 1, 2016 approved Code 446 and Code 461 rating values are \$1.30 and \$2.24 respectively. Reclassifications will be performed pursuant to the Proposal # 1 PREMIUM IMPACT analysis.

**PROPOSED SECTION 2 MANUAL LANGAUGE REVISIONS FOR PROPOSAL #1:**

**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. ~~Precision~~–Machined Parts Mfg. – N.O.C. shall be defined as machining single-piece parts for unrelated businesses ~~where the plans or specifications require more than 50 percent of the employer’s machining operations will be held to a final tolerance of plus/minus .001 inches or closer (e.g., plus/minus .0005 inches)~~ 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. ~~Assign Code 461 to an employer where more than 50 percent of the employer’s machining of parts is held to final tolerance(s) cruder than plus/minus .001 inches (e.g., plus/minus .003 inches, .005 inches) and where more than 50 percent of the parts machined by the employer are not assigned to any other manufacturing classification.~~
- 11. An employer principally engaged in machining single-piece parts or products specifically assigned to any manufacturing classification shall be assigned to that specified manufacturing classification regardless of the final machining tolerance called for by the plans or specifications.
- No Change to Numbers 12 or 13

**446    ~~PRECISION-MACHINED PARTS MFG., N.O.C.~~**

Applies to a business principally engaged in ~~Precision-Machined Parts Mfg., N.O.C.~~ Such term will be applied to a business machining single-piece parts for others ~~where the plans or specifications require more than 50 percent of the machining operations performed by the employer will be held to a final tolerance of plus/minus .001 inches or closer (e.g., plus/minus .0005 inches) and where more than 50 percent of the single-piece machined parts are not assigned to any other manufacturing classification.~~ 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.

~~A business principally engaged in Precision-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 or machining parts for unrelated businesses and that has no proprietary product(s) or the machining of the business' proprietary product(s) is less than 50 percent of the business' overall machining 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.~~The machining of parts for unrelated businesses or the employer's proprietary product(s) where more than 50 percent of the employer's machining operations are held final tolerance cruder than plus/minus .001 inches (e.g., plus/minus .003 inches, .005 inches, .010 inches), and where more than 50 percent of the parts machined by the employer are not assigned to any other manufacturing classification, shall be assigned to Code 461.~~
- An employer principally engaged in machining single-piece parts ~~or products~~ specifically assigned to any other manufacturing classification shall be assigned to that specified manufacturing classification regardless of the final machining tolerance called for by the plans or specifications.
- Assign the applicable manufacturing classification when the employer is principally engaged in assembling ~~assembles any~~ 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.

Underwriting Guide

Addition to Code 446:  
Additive Mfg. /3D Printing

Change to Code 446:  
Precision-Machined Parts Mfg., N.O.C.

**PROCEDURE REVISION PROPOSAL #2**

**CLASSIFICATION APPLICABLE TO OIL RIG OR DERRICK ERECTING AND DISMANTLING BY CONTRACTOR** – This proposal like the first proposal discussed above results from a PCRB file review initiated by an 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 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 the drilling rig and derrick as a type of industrial equipment and the disassembly and reassembly thereof to be analogous to rigging and that Code 657, Rigging is a better "fit" than the operations contemplated by Code 655, Iron Erection.

**PREMIUM IMPACT** – PCRB does not know how many additional employers may be impacted by this proposed reclassification or how such employers may presently be classified. In the event the employer is found to be presently classified by Code 655, reclassification to Code 657 will result in a 40% premium decrease based upon the approved April 1, 2016 loss costs: Code 655 - \$11.60 and Code 657 - \$6.91. In the event an employer is found to be presently assigned to another classification, PCRB's reassignment to Code 657 will be implemented pursuant to the Manual rule discussed in the Proposal # 1 PREMIUM IMPACT analysis.

## **PROPOSED SECTION 2 MANUAL LANGAUGE REVISIONS FOR SECTION #2:**

Underwriting Guide

Change to Code 657:  
Oil Rig Or Derrick Erecting And Dismantling – By Contractor 657-655

## **PROCEDURE REVISION PROPOSAL #3**

### **CLASSIFICATION APPLICABLE TO A “TRUCK WASHING SERVICE – MOBILE”**

PCRB has assigned the “Truck Washing Service – Mobile” to Code 815, Automobile Service Center since at least new and renewal policies effective January 1, 1991 or later. Such was the effective date of the Code 815 Underwriting Guide entry so entitled. Staff has revisited the classification applicable to such a business as a result of a recent file review requested by two different employer's insurer.

PCRB's found the first business under review was principally engaged in power or pressure washing trucks at customers' locations. The employer also used that cleaning technique to clean warehouse concrete floors, construction equipment, the exteriors of buildings and residential decking. A further review on the Internet showed power or pressure washing to be the technique utilized to clean trucks at customer locations.

PCRB adopted Code 971, Commercial Buildings as the assignment for contractors principally engaged in the power washing of building exteriors or decks at both commercial and residential structures effective new and renewal policies of April 1, 2012 and later. Staff submits that power or pressure washing of trucks should be added to that Code 971 assignment.

Another recent file review requested by an employer's insurer was of a permanently-sited truck washing facility. There is no PCRB Manual entry regarding how such businesses should be classified. PCRB finds there is no difference per se between a permanently-sited car wash and truck wash facility except for the size of the facility and the size of the vehicle being washed. The car wash is assigned to Code 816 and staff proposes adding a “Truck Washing Service – Permanently-Sited” to Code 816.

**PREMIUM IMPACT** – At this writing PCRB has not identified the number of “Truck Washing Services – Mobile” businesses that may have Pennsylvania operations or how such may be presently classified. If correctly classified by the present Manual to Code 815, a reassignment to Code 971 results in a 3% increase using the approved April 1, 2016 Code 815 and Code 971 rating values of \$2.90 and \$2.98 respectively. Reclassifications will be performed in accordance with the Manual rule discussed above.

The impact of the proposed “Truck Washing Service – Permanently-Sited” Guide entry is also unknown for the same reason. The additional business PCRB found from an Internet search is a national permanently-sited truck washing service with Pennsylvania locations. That business is assigned to Code 816. Any additional such businesses that may be found assigned to another classification will be reassigned in accordance with the Manual rule cited throughout this memorandum.

**PROPOSED SECTION 2 MANUAL LANGUAGE REVISIONS FOR PROPOSAL #3:**

Underwriting Guide

Addition to Code 816:

Truck Washing Service – Permanently-Sited

Underwriting Guide

Change to Code 971:

Truck Washing Service – Mobile - 971845



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TO: Pennsylvania Compensation Rating Bureau (PCRB) Classification and Rating Committee

FROM: David T. Rawson – Technical Director  
Classification and Field Operations Department

DATE: May 20, 2016

RE: Proposed Section 2 Classification Procedural Revisions – Sod Farms

This memorandum will propose revisions to classification procedures. None of the changes discussed below will impact any classification's proposed April 1, 2017 class rating value. The PCRB recommends that the classification procedure revisions proposed herein become effective upon new and renewal policies of April 1, 2017 and later.

**CLASSIFICATION APPLICABLE TO SOD FARMS** - PCRB proposes the reclassification of Sod Farms from Code 0013, Nursery, to Code 0006, Field Crop or Vegetable Farm. This proposal results from a staff file review initiated by an employer's workers' compensation insurer. The employer's governing class had been Code 0011, Flower Raising. A PCRB survey found the employer to be principally engaged in raising and harvesting various types of grass seed, a type of business that PCRB's Manual did not provide a specific class assignment. Research on how to classify grass seed raising showed both that endeavor and sod farms are classified by the National Council on Compensation Insurance, Inc. (NCCI) to their Code 0037, Field Crops & Drivers. Further review on the Internet advises that "grass" encompasses more than simply lawn grass. "Grass" also includes grains/cereals (e. g., wheat, corn, oats and barley) and the raising thereof explains NCCI's use of their field crop classification.

The Sod Farm Underwriting Guide (Guide) entry was proposed as a "Housekeeping" addition that was filed with and approved by the Department to become effective upon new and renewal policies of October 1, 2001 and later. The memorandum supporting the 2001 "Housekeeping" proposals does not mention why this Guide entry was proposed. The likely explanation is that staff came across such a business or two in the course of normal file review and suggested a "Sod Farm" Guide entry be created.

"Grass" is a field crop and "grass" also includes the raising of grains/cereals. Code 0013 contemplates the raising of trees, shrubs or flowering shrubs. Thus, staff concluded that raising grass seed or sod is a better analogy to the operations contemplated by Code 0006 in relation to the operations contemplated by Code 0013. As the class assignment for "Grass Seed Raising" inspired the proposed reclassification of "Sod Farms," also included in this memorandum find the proposed "Grass Seed Raising" Code 0006 Guide entry.

**PREMIUM IMPACT** – The present approved Code 0013 loss cost is \$3.33 and the present approved Code 0006 loss cost is \$3.50 or approximately 5% higher. PCRB does not know how many additional employers may be impacted by this proposed reclassification or how such employers may be classified. The Manual rule states that any reclassification pursuant to a revision in classification procedure shall be effective only upon the employer's first normal policy anniversary or rating effective date or later than the effective date approved for the class revision.

Going forward to an employer's second (or later) anniversary rating date or rating effective date subsequent to the effective date of the class revision, any employer found by PCRB to be principally engaged in grass raising or as a sod farm (and assigned to any class other than Code 0006) will be construed as misclassified and the employer's reassignment to Code 0006 will be implemented pursuant to Manual rules for implementing the reclassification of misclassified employers. In the event the

employer's present class has a lower rating value than that of Code 0006, the reassignment will be effective upon the employer's next normal policy anniversary or rating effective date at least sixty days from the date of PCRB's written notice of misclassification. On the other hand if an employer is presently assigned to a class with a higher rating value than Code 0006 the Manual rule advises that employer may be reclassified to Code 0006 for the employer's current policy and the policy that has just expired.

## **PROPOSED SECTION 2 MANUAL LANGUAGE REVISIONS:**

### **0013 NURSERY**

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

Underwriting Guide

Addition to Code 0006:  
Grass Seed Raising

Change to Code 0006:  
Sod Farm - 0006-0013

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

Proposed 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. Precision-Machined Parts Mfg. – N.O.C. shall be defined as machining single-piece parts for unrelated businesses where the plans or specifications require more than 50 percent of the employer's machining operations will be held to a final tolerance of plus/minus .001 inches or closer (e.g., plus/minus .0005 inches) 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. Assign Code 461 to an employer where more than 50 percent of the employer's machining of parts is held to final tolerance(s) cruder than plus/minus .001 inches (e.g., plus/minus .003 inches, .005 inches) and where more than 50 percent of the parts machined by the employer are not assigned to any other manufacturing classification.

11. An employer principally engaged in machining single-piece parts or products specifically assigned to any manufacturing classification shall be assigned to that specified manufacturing classification regardless of the final machining tolerance called for by the plans or specifications.

No Change to Numbers 12 or 13

446 PRECISION-MACHINED PARTS MFG., N.O.C.

Applies to a business principally engaged in Precision-Machined Parts Mfg., N.O.C. Such term will be applied to a business machining single-piece parts for others where the plans or specifications require more than 50 percent of the machining operations performed by the employer will be held to a final tolerance of plus/minus .001 inches or closer (e.g., plus/minus .0005 inches) and where more than 50 percent of the single-piece machined parts are not assigned to any other manufacturing classification. 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.

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

*Proposed Effective April 1, 2017*

~~A business principally engaged in Precision 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 or machining parts for unrelated businesses and that has no proprietary product(s) or the machining of the business' proprietary product(s) is less than 50 percent of the business' overall machining 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. The machining of parts for unrelated businesses or the employer's proprietary product(s) where more than 50 percent of the employer's machining operations are held final tolerance cruder than plus/minus .001 inches (e. g., plus/minus .003 inches, .005 inches, .010 inches), and where more than 50 percent of the parts machined by the employer are not assigned to any other manufacturing classification, shall be assigned to Code 461.~~
2. An employer principally engaged in machining single-piece parts ~~or products~~ specifically assigned to any other manufacturing classification shall be assigned to that specified manufacturing classification ~~regardless of the final machining tolerance called for by the plans or specifications.~~
3. Assign the applicable manufacturing classification when the employer is principally engaged in assembling ~~assembles any~~ 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.

**UNDERWRITING GUIDE**

Additive Mfg. /3D Printing

~~Precision~~-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 Rig Or Derrick Erecting And Dismantling~~  
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

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

*Proposed Effective April 1, 2017*

**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.

**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  
~~Truck Washing Service, Mobile~~  
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](#)

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

*Proposed Effective April 1, 2017*

**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.

**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

**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.

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

*Proposed Effective April 1, 2017*

**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

**0013 NURSERY**

Applicable to businesses principally engaged in raising trees (including Christmas trees), shrubs, [or](#) plants ~~of sod farms~~.

**UNDERWRITING GUIDE**

Christmas Tree Planting, Cultivating And Harvesting  
Farm, Tree  
~~Sod Farm~~

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

**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.

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

*Effective April 1, 2017*

**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.

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

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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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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