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December 23, 1998

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Item B-1348 - Automobile Gasoline Stations
and Convenience Stores

The Bureau has adopted and the North Carolina Commissioner of Insurance has approved a proposal that (i) classification phraseologies for Codes 8380, 8381 and 8006 be amended to clarify the classification code assignment procedures for full-service or self-service automobile gasoline stations and/or convenience stores and (ii) Classification Code 8061 be discontinued and all insureds having operations previously classified as Code 8061 be reassigned to Classification Code 8006.

As a result of the combination of experience for Class Codes 8006 and 8061, the following loss cost, rate and rating values have been approved:

Class Code	Loss Cost	Residual Market		ELR	D Ratio	Ex-Med Ratio
		Rate	Min Prem			
8006	2.46	3.76	843	1.33	.29	.37

The attached Filing Memorandum describes the changes which have been approved to become effective April 1, 1999, applicable to new and renewal business only.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:lm

Enclosure

C-98-13

FILING MEMORANDUM

ITEM B-1348AUTOMOBILE GASOLINE STATIONS AND CONVENIENCE STORES

(To be effective 12:01 a.m., April 1, 1999, applicable to new and renewal business only.)

PURPOSE

The purpose of this item is to enhance classification phraseologies, footnotes and cross-references for Codes 8380CGasoline StationCRetail & Drivers NOC, 8381CGasoline StationCRetailC Self-service and Code 8006CGroceryCRetail to facilitate the proper classification assignments to these codes. Further, the purpose of this item is to eliminate Code 8061CGroceryCconvenienceC Retail and combine these store operations with Code 8006.

BACKGROUND

In the past, gasoline stations primarily sold gasoline on either a full-service or self-service basis or a combination of both. The traditional full-service gasoline station employs attendants to pump gasoline, check oil, collect payment, and perform minor automobile repairs, while self-service gasoline stations do not provide such services and require customers to pump their own gasoline. Self-service establishments employ only cashiers to control and monitor the dispensing of gasoline from inside a separate booth.

There is an increasing trend for gasoline stations to operate convenience stores in conjunction with the sale of gasoline. Convenience stores have also expanded their scope of operations by engaging in the sale of gasoline in addition to the sale of grocery-type merchandise. The product lines of convenience stores and/or gasoline stations include tobacco, fast food, alcoholic beverages, soft drinks, milk products, publications, tires, automobile accessories and parts, baked goods, groceries, and other general merchandise in addition to gasoline. Automobile services may include minor repair, car wash, towing, and emergency roadside assistance.

Hours of operations for both the gasoline station and convenience store industries are not standardized. Certain stores may open 8 hours a day or 10 hours a day, while others are open 24 hours a day, 7 days a week. For classification purposes, a convenience store is presently defined as an operation having less than 5,000 square feet devoted to the display and sale of merchandise and open after 11:00 p.m. on any night of the week. On the other hand, grocery stores having more than 5,000 square feet devoted to the display and sale of merchandise or not open after 11:00 p.m. on any night of the week are classified to Code 8006.

Currently, an insured may change classification between Codes 8006 and 8061 from one year to the next if the insured decides to extend or cut back the hours of operations. The convenience store industry does not define these retail establishments as an operation open after 11:00 p.m. Although Federal Bureau of Investigation crime data do indicate more robberies from dusk to dawn than from dawn to dusk, this crime data did not indicate more robberies occurred before 11:00 p.m. than after 11:00 p.m. The use of two separate codes for grocery stores under the current criteria has become difficult for classification purposes due to the changing conditions of this industry.

ITEM B-1348CAUTOMOBILE GASOLINE STATIONS AND CONVENIENCE STORES

It is anticipated that the enhancement of existing classifications that relate to full-service or self-service gasoline stations and the combined operations of gasoline stations and convenience/grocery stores will better facilitate the appropriate classification assignments. This can be accomplished by adding new classification phraseologies, footnotes, and cross references to these existing classes and further, eliminating one of two codes assigned to retail grocery/convenience stores.

PROPOSAL

It is proposed that Codes 8380, 8381 and 8006 be amended to facilitate the classification assignments for full-service or self-service automobile gasoline stations and/or convenience stores.

It is further proposed, effective 12:01 a.m., April 1, 1999 for new and renewal business, that Code 8061 be discontinued and that all insureds having operations previously classified as Code 8061 be assigned to classification Code 8006. The loss cost/rate and rating values for Code 8006 will be based on the combined reported experience for Code 8061 and Code 8006 until all of the experience is being reported under Code 8006.

IMPACT

To the extent that loss costs/rates for the combined experience that will be used to determine the 1999 and subsequent loss costs/rates for Code 8006 differs from the individual experience of Codes 8006 and 8061, employers may see a reduction or an increase in premium.

IMPLEMENTATION

In order to implement this item, the attached exhibits outline the changes required in the *Basic Manual for Workers Compensation and Employers Liability Insurance* and the *Retrospective Rating Plan Manual*.

ITEM B-1348CAUTOMOBILE GASOLINE STATIONS AND CONVENIENCE STORES

EXHIBIT I (Page 1 of 3)

BASIC MANUAL

CLASSIFICATIONS

Gasoline Station

8381 ~~Station~~~~Cretail~~~~Self-service only~~~~Cretail~~. Codes ~~8381~~ and ~~8380~~~~Gasoline station NOC, Automobile service or repair center or 8392CAutomobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~ Applies to each retail gasoline station where the customer pumps the gasoline insured does not pump gasoline or provide any automobile maintenance, repair or towing services; and receipts from gasoline sales equal 90% or more of total receipts (total receipts exclude receipts from sales of lottery tickets). The employee exposure is that of a cashier in a physically separate structure who controls the pumps by remote control and receives payment from the customer. Gasoline stations with that provide both full-service and self-service operations shall be assigned to Code 8380. Codes 8381 and 8380~~Gasoline station NOC, Automobile service or repair center or 8392CAutomobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.~~

8006 Self-service and convenience/grocery~~Cretail~~. Applies to each separate store location meeting all of the following conditions:

1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.

2. No handling of fresh meats.

3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).

Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full-service operations.

~~8380 Station Retail & drivers~~ ~~NOCCretail & drivers~~. Includes retail diesel stations and gasoline stations providing full services such as, but not limited to, pumping gasoline, checking fluid levels, attended car washing service, automobile maintenance or repair, or towing services. Codes 8380 and 8392CAutomobile storage garage shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

Store

~~80648006 GroceryCretail~~. This classification shall apply to each separate store location open after 11:00 p.m. any night of the week; having less than 5,000 square feet devoted to the display and sale of merchandise; and selling a variety of items such as, but not limited to, bread, breakfast cereal, processed packaged food items, canned foods, snack foods, prepackaged sandwiches, canned or bottled beverages, coffee, tea, dairy products, flour, sugar, condiments, soap, toiletries, pet food, charcoal, cigarettes, magazines, and sundries. Applies to each separate store location meeting all of the following conditions:

1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables, dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.

2. No handling of fresh meats.

3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).

Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full-service operations.

~~8006 GroceryCretail~~. No handling of fresh meats. Stores having less than 5,000 square feet devoted to the display and sale of merchandise and open after 11:00 p.m. any night of the week shall be separately rated. Applies to each separate store location meeting all of the following conditions:

1. Selling a variety of items such as, but not limited to, snack foods, cereal, processed packaged foods, canned or frozen foods, fruits, vegetables,

dairy products, health or beauty products, canned or bottled beverages, tobacco, publications, videos, flowers, bakery products, candy, coffee, tea, ice, delicatessen foods, flour, condiments, toiletries, sundries, automobile accessories, money orders, check cashing service, and the service of food or beverages.

2. No handling of fresh meats.

3. Receipts from the service of food or beverages constitute less than 50% of total receipts and receipts from gasoline sales constitute less than 90% of total receipts (total receipts exclude receipts from sales of lottery tickets).

Code 8006 and the appropriate restaurant code shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses. Separately classify automobile service or full-service operations.

EXHIBIT II

BASIC MANUAL

Deductible Insurance

Table of Classifications by Hazard Group

Code No.	Hazard Group
8064	II

**RETROSPECTIVE
RATING PLAN
MANUAL**

Part FourCF

Table of Classifications by Hazard Group

**Code
No.**

8064

4