



Pennsylvania Compensation Rating Bureau

The Widener Building • 6th Floor

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MEMORANDUM

To: Test Audit Bulletin Recipients

Date: May 12, 1998

Re: Test Audit Bulletin #48

Test Audit Bulletin #48 is an update to Test Audit Bulletin #36. Test Audit Bulletin #36 was originally developed at the request of carriers seeking direction on the proper classification for certain employee functions at automobile dealerships. Recently Test Audit Bulletin #36's classification of certain employee categories has been cited by carriers in an attempt to reclassify employee functions in other industries. For instance, Test Audit Bulletin #36 prescribed assignment of greeters and cashiers at an automobile dealership to Code 953, Office. This directive has since been cited by several carriers to support the classification of receptionists in nursing homes and counter employees in automobile service stations to Code 953 rather than the appropriate governing classification. Such classification assignments are contrary to existing Manual rules. Therefore Bureau staff decided that revisions to Test Audit Bulletin #36 were necessary to ensure its contents would be in compliance with existing Manual rules and to minimize its possible misinterpretation.

A revised Test Audit Bulletin for auto dealerships was presented to the PCRB Audit Committee. After the Committee's review and input prescribed classification procedures for the following categories of employees were revised as indicated.

1. **Finance and Insurance (F & I) Manager and Employees** process automobile financing and payment schedule paperwork required by a bank or other financial institution on behalf of the customer. Their payroll is assignable to Code 953. ~~The physical location of these employees in the automobile showroom area does not preclude their payroll assignment to Code 953, Office.~~
5. **Cashiers** who ~~handle money only, not parts, should have their payroll assigned to Code 953.~~ wait on customers should have their payroll assigned to Code 818. ~~Any handling of parts removes their job duties from the restrictive definition of Code 953 and their payroll becomes assignable to Code 818, the basic classification.~~ The cashier must who works in an physically separate area where only office work is performed and that area is physically separate

away from the parts, body shop, service/repair, showroom or sales lot areas should be assigned to Code 953.

6. **Telephone Operators** should have their payroll assigned to Code 953 if they work in physically separate areas away from the parts, body shop, service/repair, showroom or sales lot areas. ~~The physical location of these employees in the automobile showroom area does not preclude their payroll assignment to Code 953.~~
7. **Greeters** working in the showroom direct walk-in customers to waiting salespersons. Their payroll should be assigned to Code 953-819.
8. **Title Clerks** process the paperwork involved in title and registration transfers. ~~The physical location of these employees in the automobile showroom area does not preclude their payroll assignment to Code 953.~~ Their payroll is assignable to either Codes 953, 819 or 818 depending on where they perform these job duties.
12. **General Managers** ~~may~~ should have their payroll assigned to either Codes 818, 819 or 953 depending upon their job duties. If the general manager . . .
14. **Automobile Rental Clerks** have job duties that include but are not necessarily limited to assigning vehicles, completing rental agreements, insurance and credit forms and collecting payment for the rental of automobiles. Their payroll is assignable to Code 819. Rental clerks may also demonstrate or move the automobile. ~~or clean out the vehicle.~~

Except for the changes indicated above the content of Test Audit Bulletin #36 is replicated in Test Audit Bulletin #48.

Finally, it was the consensus of the Committee to make these revisions effective on a prospective basis for policies with a new or renewal date of October 1, 1998.



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*This bulletin supersedes Test Audit Bulletin #36
as of October 1, 1998 for new and renewal policies.*

May 12, 1998

PENNSYLVANIA TEST AUDIT PROGRAM BULLETIN #48

EDUCATIONAL BULLETIN - AUTOMOBILE DEALERSHIP AUDITS

Workers' compensation classification procedure in the states of Pennsylvania and Delaware is based on a "field of business" principle whereby an employer's overall field of business determines the appropriate basic classification it is assigned. Subject to very restricted exceptions i.e. Code 953, Clerical Office Employees and (for the auto dealer industry) Code 819, Automobile Salespersons, the basic classification assigned to an employer contemplates all employee functions incidental to that employer's overall operation.

The separate employments, occupations or operations within a business are not separately classified. Accordingly, the loss cost rating value for each classification reflects an average or composite measure of the loss experience of all the various employments, occupations or operations within a business assigned to that classification.

Therefore, with the above classification criteria in mind, the Bureau is releasing the following guidelines in classifying the payroll of certain "gray area" employees. Please note all of these employees are subject to the interchange of labor rule. Classification assignment of an employee's payroll may vary according to individual circumstances of that employee's job function. Proper documentation on worksheets should be added when exceptions are made to these guidelines.

1. **Finance and Insurance (F & I) Manager and Employees** process automobile financing and payment schedule paperwork required by a bank or other financial institution on behalf of the customer. Their payroll is assignable to Code 953.
2. **Inventory Coordinators or Inventory Control Attendants** may physically check incoming or outgoing automobile inventory. These employees may move new or used automobiles from one lot location to another or to different locations within a single lot. They may also physically check the inventory on a regular basis by walking throughout the lot(s) to do a physical count of the automobiles and monitor them for damage or defects. Their payroll is assignable to Code 818. If job duties are limited to operating a computer in a physically separate office, Code 953 would apply.

3. **Inventory Clerks (either service or parts)** usually assist the appropriate manager in the compilation and/or recording of paperwork involved in keeping track of either repair/service work done by the service department or the sale/inventory of parts done by the parts department. If they work exclusively on a computer or handle the paperwork generated by the appropriate respective department, their payroll is assignable to Code 953. However, if they physically handle the parts or work in areas that are not physically separated from the parts or service areas their payroll is assignable to Code 818. Sometimes these employees have job titles of parts clerk or service clerk.

4. **Service Writers/Service Advisors** have historically had their payroll assigned to Code 818 because of their job duties as well as where they perform these job duties. However, as technology modernizes the automobile dealership industry, many job descriptions of dealership employees have changed. If a service writer performs any of the following job duties, the payroll of that employee is assignable to Code 818:
 - Physically inspecting the customer's automobile to determine what repair work is required.
 - Walking out to the car to write down the mileage from the odometer. This information is necessary because warranty work and adherence to the warranty schedule is keyed to the mileage an automobile has on it. An automobile dealership may not honor the warranty agreement unless all repairs and service have been completed by the dealership's own technicians.
 - Providing information or direction to service/repair employees (called mechanics or technicians) through direct interface in the service/repair area.
 - Pickup and delivery of parts.
 - Road testing the malfunctioning or the repaired vehicle, conducting a final inspection of the vehicle or physically handling ordered automobile parts.

Frequently, service writers work in a driveway/garage area. An operative hazard of an automobile dealership is the operation of a vehicle. In the above mentioned area, the automobiles are driven directly up to the service writers and there is no floor to ceiling partition separating the writers from this hazard. Therefore, the employees in question do not meet the restrictive definition of a clerical office employee and their payroll would be assignable to Code 818.

As an exception to the rule, the service writer may have their payroll assigned to Code 953 if they work in an area that is physically separated from other operations by floor to ceiling partitions and in which work of clerical office employees, as defined in the restrictive standard exception rule, is performed exclusively.

5. **Cashiers** who wait on customers should have their payroll assigned to Code 818. The cashier who works in an area where only office work is performed and that area is physically separate from the parts, body shop, service/repair, showroom or sales lot areas should be assigned to Code 953.

6. **Telephone Operators** should have their payroll assigned to Code 953 if they work in physically separate areas away from the parts, body shop, service/repair, showroom or sales lot areas.

7. **Greeters** working in the showroom direct walk-in customers to waiting salespersons. Their payroll should be assigned to Code 819.
8. **Title Clerks** process the paperwork involved in title and registration transfers. Their payroll is assignable to either Codes 953, 819 or 818 depending on where they perform these job duties.
9. **Automobile Salespersons** must have their payroll assigned to Code 819. This classification is analogous to Code 951, Outside Salespersons which is the standard exception classification applicable to employees engaged in the outside solicitation of a firm's goods or services. Job duties inherent for an automobile salesmen include:
 - They sell automobiles by talking with walk-in customers.
 - Their offices/work areas are in the showroom.
 - They may or may not take the customer out for a test drive.
 - They demonstrate the various features of the automobiles to the customers and may deliver the vehicle to the customer.
 - A regular part of their job duties includes time spent in the new/used automobile lot or showroom.
10. **Sales Managers** should have their payroll assigned to Code 819, even though they may not sell cars, if their areas of responsibility encompass the sales department and they are engaged in directly supervising the productivity, training and evaluation of the sales department.

They accomplish these goals by observing the salespeople in their interaction with the customer in the showroom or car lot. They constantly evaluate the performance of the salespeople and direct them by updating and improving their sales techniques. While individual salespeople may learn the results of their evaluation in the sales manager's office for reasons of confidentiality and privacy, the sales manager must regularly spend time in the car lot and/or showroom in order to accomplish his/her goals of effective management.

The payroll of the sales manager should be assigned to the same classification that is applicable to the group of employees he/she directly supervises. The term "directly supervises" is construed to mean that the education, training, evaluation and/or the provision of instructions is done face to face in the areas where the employee is working.

The exception to this rule is the case where the sales manager, due to the complexity or large size of the dealership, would delegate training, evaluation and direct supervision of employees to a supervisor/subordinate and where the job duties of the sales manager relegate him/her to exclusively working in the office.

11. **Parts Managers and Service Managers** should have their payroll assigned to Code 818. Parts managers may work in the parts department, provide direct supervision (as defined above) of employees, fill in for parts counter employees, physically handle parts, unload and stock parts in inventory and/or wait on customers or employee mechanics providing them with parts. Any of these activities are sufficient to place the parts manager in Code 818.

Service managers may work in the service area providing supervision and direction to employees, estimate service and repair cost by examining the car, and road test customer vehicles as a regular part of their job duties.

As noted above, the payroll of the manager should be assigned to the same classification that is applicable to the group of employees he/she directly supervises.

12. **General Managers** should have their payroll assigned to either Codes 818, 819 or 953 depending upon their job duties. If the general manager directly supervises the parts, service, body shop or other operational areas of the dealership with the exception of the office or showroom/sales lot area or has regular job duties in those areas, that individual's payroll is assignable to Code 818.

In some automobile dealerships, a general manager may have assumed the duties of a sales manager and is engaged in directly supervising the productivity, training and evaluation of the sales department in which case Code 819 would be the appropriate classification for the general manager's payroll.

Finally, a general manager who is exclusively engaged in job duties that fall within the restrictive definition of Code 953 in Section 1 may have their payroll assigned to that classification.

13. **Drivers/Car Jockeys** drive the new and/or used automobiles from one lot location to another or back and forth to positions within one location. They may wash and detail the car prior to the customer taking possession of the purchased automobile. They may drive cars from an automobile auction or a car wash to the lot location. These employees are miscellaneous employees whose job functions support the dealership's business and their payroll is properly assignable to Code 818.
14. **Automobile Rental Clerks** have job duties that include but are not necessarily limited to assigning vehicles, completing rental agreements, insurance and credit forms and collecting payment for the rental of automobiles. Their payroll is assignable to Code 819. Rental clerks may also demonstrate or move the automobile.
15. **Leasing Managers:** The Bureau considers the leasing of a vehicle as analogous to "selling" the vehicle as the leasing of the vehicle effectively means relinquishing possession of the vehicle to a customer on a more or less permanent basis. Therefore, a leasing agent or manager that demonstrates the features of the automobile should have their payroll assignable to Code 819. Leasing managers should have their payrolls assigned to Code 953 if their job duties are limited to making leasing arrangements over the telephone.