



Pennsylvania Compensation Rating Bureau

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August 10, 1998

BUREAU CIRCULAR NO. 1377

To All Members of the Bureau:

Re: **CLARIFICATION OF REPORTING REQUIREMENTS**
PURSUANT TO BUREAU CIRCULAR NO. 1374
ASSESSMENTS FOR THE MAINTENANCE OF THE SUBSEQUENT INJURY FUND,
THE WORKMEN'S COMPENSATION SUPERSEDEAS FUND AND THE
WORKMEN'S COMPENSATION ADMINISTRATION FUND EFFECTIVE JULY 1, 1998

Since issuing Bureau Circular No. 1374, the Bureau has received numerous questions regarding requirements for reporting of policy and statistical information under the procedures announced in that circular. The following is intended to answer the more frequently asked of those questions for the benefit of all members.

Q. Must carriers endorse policies previously issued with effective dates on or after July 1, 1998 to show the employer assessment implied by the procedures set forth in Bureau Circular No. 1374?

No. The intent of the interim procedures filed by the Bureau and approved by the Insurance Department is to conform with statutory requirements while imposing a minimum of additional processing and handling for carriers and the Bureau. Since the procedures announced under Bureau Circular No. 1374 do not change the total amount to be paid by employers but rather reallocate such payments in a uniform fashion between "premium " and "employer assessments," the Bureau sees no value in requiring amendatory endorsements to previously issued policies.

Q. Must carriers endorse policies issued after distribution of Bureau Circular No. 1374 and having effective dates on or after July 1, 1998 to show the employer assessment implied by the procedures set forth in Bureau Circular No. 1374?

No. Consistent with the above described intent, members are not being asked to implement system changes on the interim basis supported by the temporary procedures announced in Bureau Circular No. 1374. At such time as more permanent procedures are established consistent with final regulations of the Department of Labor and Industry, system changes in policy reporting will be required. However, the Bureau hopes to be able to apprise members of those permanent procedures sufficiently in advance of their effective date(s) so as to allow policies to be issued in conformance therewith rather than requiring amendatory endorsements.

Q. Must carriers separately report the employer assessment implied by the procedures set forth in Bureau Circular No. 1374 when unit statistical reports become due for policies effective on or after July 1, 1998?

No. Given the uniform basis for allocating employer payments between premium and employer assessments announced under Bureau Circular No. 1374, the Bureau sees no value in requiring revisions to existing statistical reporting procedures on an interim basis. Thus, carriers should continue to report total employer payments (including both premium and the assessments subject to H. B. 1027 on a combined basis) computed in the same fashion as were "premiums" prior to the implementation of the new law. **At such time as permanent employer assessment procedures are established consistent with final regulations of the Department of Labor and Industry, system changes in statistical reporting will be required.** However, the Bureau will be able to apprise members of those permanent procedures sufficiently in advance of their effective date(s) so as to allow statistical reporting procedures to be revised in conformance therewith well in advance of the required unit statistical report submissions.

Q. How will the procedures announced in Bureau Circular No. 1374 affect the derivation of Designated Statistical Reporting ("DSR") premiums for purposes of the Bureau's annual Financial Calls?

Carriers should continue to use **existing procedures** which state DSR premiums at the level of Bureau loss costs. At present those Bureau loss costs continue to include provisions for the assessments subject to H. B. 1027. The Bureau will then be able to continue to properly account for the assessments addressed in H. B. 1027 in preparing supporting information for its various filings with the Insurance Department.

Q. Does the Bureau have any preliminary information concerning how employer assessments are likely to be computed after final regulations are adopted by the Department of Labor and Industry?

The Bureau cannot determine the exact form of this calculation in advance of adoption of final rules by the Department of Labor and Industry and approval of a Bureau filing by the Insurance Department.

The Bureau will continue to update all members of developments in regard to the matter of employer assessments as additional information becomes available. In the interim questions should be directed to Bruce Decker, Vice President - Public Information and Statistical Reporting, at Extension 223 or by e-mail at bdecker@pcrb.com.

Timothy L. Wisecarver
President

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