



Pennsylvania Compensation Rating Bureau

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October 31, 2016

PCRB CIRCULAR NO. 1670

To All Members of the PCRB:

RE: MANUAL REVISIONS TO SECTIONS 1 AND 2
PCRB FILING NO. 279
APPROVED EFFECTIVE APRIL 1, 2017
REVISIONS TO DESIGNATED AUDITABLE PAYROLLS

The Pennsylvania Insurance Commissioner has approved PCRB's proposal to revise the designated auditable weekly and annual payrolls 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 Basic Manual designates the following auditable weekly or annual payrolls: the weekly minimum and maximum corporate officer payrolls, the annual taxicab operator payroll, the annual minimum auxiliary or special school police payroll and the weekly maximum musicians' or entertainers' payrolls. The revisions to these designated payrolls are a function of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2016 (\$978.00 – an increase of 2.84% in relation to the January 1, 2015 SAWW of \$951.00).

This filing completes PCRB's phasing of the corporate officer minimum to 100% of SAWW and ends the practice of rounding this designated payroll to the nearest \$50.

PCRB continues to use the formula approved by the Committee in 1982 for the calculation of the following auditable payrolls: the corporate officer weekly maximum at 2.5 times SAWW, SAWW times 50 for the annual taxicab driver payroll to be used when cabs are leased and no payroll records are available, and ten percent of SAWW times 50 for the auxiliary or special police minimum annual payroll. Each of these calculations is rounded to the nearest \$50.

This filing also resumes the practice of revising the maximum auditable payroll for musicians or entertainers who are not independent contractors. For April 1, 2017 PCRB proposed that the maximum payroll be set at 65% of SAWW rounded to the nearest \$50. Concurrent with subsequent comprehensive loss cost filings, PCRB plans to propose increases to the maximum payroll to be audited for musicians or entertainers until such reaches 100% of SAWW.

In summary, the filing results in the following revisions:

- The corporate officer minimum is revised from \$850 per week to \$978 per week.
- The corporate officer maximum is revised from \$2,400 to \$2,450.
- The taxicab driver's annual payroll is revised from \$47,550 to \$48,900.
- The auxiliary or special police payroll is revised from \$4,750 to \$4,900
- The maximum auditable payroll for musicians or entertainers is revised from \$450 per week to \$650 per week.

Please refer to Filing No. 279, posted under the “Filings” tab of PCRB’s website (<http://www.pcrb.com>), for additional details regarding these revisions. Please contact Dave Rawson, Technical Director, Classification & Field Operations, at (215) 320-4501 or at dawson@pcrb.com or Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at rferrante@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

Proposed Effective April 1, 2017

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

SECTION 1 – Underwriting Rules

RULE V – PREMIUM BASIS

B. REMUNERATION

No Change for Item 1

2. INCLUSIONS

Remuneration includes:

No Changes for Items a. through m.

- n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants **(maximum of \$650 per week for each musician or entertainer)**;

No Changes for Items o through t.

No Changes for Items 3 through 5

RULE IX - SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE

A. EXECUTIVE OFFICERS

No Changes for Items 1 through 5

6. Premium Determination

Premium for executiveto Section 1, Rule IX):

- a. No change.
- b. The minimum individual payroll for an executive office is **\$978** per week.
- c. The maximum individual payroll for an executive officer is **\$2,450** per week.
- d. No change.
- e. No change.

No Changes for Items 6 through 9

SECTION 1 – PCPPAP Program through Appeals Procedure remain unchanged

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

Proposed Effective April 1, 2017

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

SECTION 2 - Classifications

803 TAXICAB COMPANY.

Applicable to a business.....by zone or meter.

When cabs are leased to operators and no payroll records are available, an amount of **\$48,900** per annum may be taken as payroll per operator provided the insurer has made a determination of employment status. This amount may be prorated if the operator does not work a full year.

985 POLICE OR FIREFIGHTERS, SALARIED Employees of Cities, Townships, Boroughs or Counties.

OPERATIONS ALSO INCLUDED:

1. Auxiliary police or special school police appointed by municipalities or townships. For such personnel, premium shall be based upon the actual remuneration subject to a minimum payroll of **\$4,900** per year for each employee performing services at any time during the year.

No change to Numbers 2 or 3

SECTION 2 – General Auditing & Classification Information through **SECTION 6 – Merit Rating Plan** remain unchanged