



Pennsylvania Compensation Rating Bureau

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September 11, 2019

VIA SERFF

The Honorable Jessica Altman
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
11311 Strawberry Square
Harrisburg, PA 17120

Attention: Michael McKenney, Actuarial Supervisor, Property & Casualty Bureau

**RE: PCRB Filing No. 303 – Proposed Effective April 1, 2020(Amended)
Proposed Revisions to Designated Auditable Payrolls and Concurrent
Sections 1 and 2 Manual Amendments**

Dear Commissioner Altman:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit the proposed filing for revisions to the PCRB Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employers Liability Insurance (Basic Manual). These revisions are proposed for policies with effective dates of 12:01 a.m., April 1, 2020 or later. This proposed effective date coincides with changes resulting from PCRB's normal annual comprehensive loss cost revision filing, which will be filed with the Insurance Department at a later date. This coordination consolidates necessary changes that our members and other constituents must make to policies, forms and systems so that they occur once annually.

The Basic Manual designates the following auditable weekly or annual payrolls: 1) the weekly minimum and maximum corporate officer payrolls, 2) the annual taxicab operator payroll, 3) the annual minimum auxiliary or special school police payroll, 4) the weekly maximum musicians' or entertainers' payrolls, and 5) the annual maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970, Athletic Team – Contact Sports, or Code 991, Athletic Team – Noncontact Sports. The PCRB reviews these auditable payrolls annually. The proposed revisions to each of these designated payrolls are a function of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2019 (\$1,049.00 – an increase of 2.34% in relation to the January 1, 2018 SAWW of \$1,025.00).

The formulas for calculating these auditable payrolls are as follows:

- 100% of SAWW for the corporate officer weekly minimum payroll.

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- 2.5 times SAWW (rounded to the nearest \$50.00) for the corporate officer weekly maximum payroll.
- SAWW times 50 (rounded to the nearest \$50.00) for the annual taxicab driver payroll to be used when cabs are leased and no payroll records are available.
- 10% of SAWW times 50 (rounded to the nearest \$50.00) for the auxiliary or special school police minimum annual payroll.
- 100% of SAWW for the maximum weekly payroll to be audited for musicians or entertainers who are not independent contractors.
- SAWW times four multiplied by 52 (rounded to the nearest \$10,000) for the annual maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970 or Code 991.

As a result of this review the PCRB proposes that for April 1, 2020:

- The corporate officer minimum be revised from \$1,025 per week to \$1,049 per week.
- The corporate officer maximum be revised from \$2,550 per week to \$2,600 per week.
- The taxicab driver's annual payroll be revised from \$51,250 to \$52,450.
- The auxiliary or special school police annual payroll be revised from \$5,150 to \$5,250.
- The maximum auditable payroll for musicians or entertainers be revised from \$1,025 per week to \$1,049 per week.
- The maximum payroll for both Codes 970 and Code 991 be revised from \$210,000 per year to \$220,000 per year.

Thank you in advance for your prompt attention to this filing. The PCRB welcomes any questions that you or the Insurance Department staff may have regarding these proposals.

Sincerely,

William V. Taylor
President

Enclosure: Revisions to Sections 1 & 2

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

Proposed Effective April 1, 2020

SECTION 1

INFORMATION PAGE *remains unchanged.*

PREFACE *remains unchanged.*

MEMBERSHIP *remains unchanged.*

TABLE OF CONTENTS *remains unchanged.*

SECTION 1 – Underwriting Rules-Rule I (GENERAL) through Rule IV (CLASSIFICATIONS) *remains unchanged.*

RULE V – PREMIUM BASIS

(No change to Item A.)

B. REMUNERATION – PAYROLL

(No change to Item 1.)

2. Inclusions

(No change)

(No change 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 ~~\$1,025~~\$1,049 per week for each musician or entertainer);

(No change Items o. through u.)

(No change to Item 3. through 5.)

(No change to Items C. through F.)

SECTION 1 – Underwriting Rules-Rule VI (RATING VALUES AND PREMIUM DETERMINATION) through Rule VIII (LIMITS OF LIABILITY) *remains unchanged.*

RULE IX- SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

(No change to Items 1. through 5.)

6. Premium Determination

(No change)

a. *(No change)*

b. The minimum individual payroll for an executive officer is ~~\$1,025~~\$1,049 per week.

c. The maximum individual payroll for an executive officer is ~~\$2,550~~\$2,600 per week.

(No change to Items d. and e.)

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

Proposed Effective April 1, 2020

(No change to Item B.)

C. PROFESSIONAL OR SEMIPROFESSIONAL ATHLETIC TEAMS – CLASS CODES 970 AND 991

1. *(No change to Item 1.)*

2. The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of ~~\$240,000~~\$220,000 per policy year.

(No change to Items 3. and 4.)

SECTION 1 – Underwriting Rules-Rule X (CANCELLATION) through Rule XVIII (PROFESSIONAL EMPLOYER ORGANIZATIONS, PROFESSIONAL EMPLOYER AGREEMENTS AND PROFESSIONAL EMPLOYER SERVICES) remains unchanged.

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

Proposed Effective April 1, 2020

SECTION 2

RATING VALUES *through SUB-CLASSIFICATION – DEFINITIONS* remains unchanged.

CLASSIFICATIONS

803 TAXICAB COMPANY

(No change)

When cabs are leased to operators and no payroll records are available, an amount of \$~~51,250~~52,450 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.

970 ATHLETIC TEAM – CONTACT SPORTS – PROFESSIONAL AND SEMI-PROFESSIONAL

(No change)

The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of \$~~210,000~~220,000 per policy year. When a player, coach or manager works for two or more teams in the same sport during the policy year, the maximum shall be pro-rated.

(No change)

985 POLICE OR FIREFIGHTERS, SALARIED EMPLOYEES OF CITIES, TOWNSHIPS, BOROUGHES 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 \$~~5,150~~5,250 per year for each employee performing services at any time during the year.

(No change to Items 2. and 3.)

991 ATHLETIC TEAM - NONCONTACT SPORTS – PROFESSIONAL OR SEMI-PROFESSIONAL

(No change)

The entire remuneration of each player, coach, manager or sports official should be included in computing premium subject to a maximum of \$~~210,000~~220,000 per policy year. When a player, coach, or manager works for two or more teams in the same sport during the policy year, the maximum shall be pro-rated.

(No change)

CLASSIFICATION UNDERWRITING GUIDE remains unchanged.

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