



# ANNUAL REPORT 2020

**P | C | R | B**  
**PENNSYLVANIA**  
Compensation Rating Bureau

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# PRESIDENT'S MESSAGE

The Pennsylvania Compensation Rating Bureau (PCRB) approached 2020 with a promising array of initiatives with the intent on strengthening and propelling the organization on many fronts. The year also started with a generally strong Pennsylvania economy and healthy workers' compensation system. Then COVID-19.

The PCRB swiftly responded and pivoted to a remote work from home model, like other office-oriented organizations. Without question the pandemic has created extensive disruption to our lives and to all businesses, but with resilience we are prevailing and the PCRB has proven it has weathered the storm.

At the onset of this message, I extend thanks to our membership for their patience, support and understanding as the organization strove to maintain expected service levels since the beginning of the pandemic. Equal thanks are warranted for the efforts of PCRB staff on this delivery.

This moment presents an opportunity to look back at how the PCRB has served this system and its members. During this unique time, the PCRB remained focused on servicing membership while also managing significant internal change. You may also notice that this report is taking on a fresh new look and introduces a new logo for the PCRB. My message will summarize a few of PCRB's 2020 accomplishments with comments on future strategic plans, including brief commentary on our work and insights about COVID-19 impacts.

The annual April 1, 2021 Loss Cost Filing, No. C-378 was submitted on December 8, 2020; it was approved by the Pennsylvania Insurance Department on February 1, 2021 and announced by PCRB Circular No. 1758. This resulted in a decrease of 3.02 percent in overall loss costs for the Pennsylvania Workers Compensation system. When compared to recent year's decreases in overall loss cost indications, this reduction reflects the anticipated slowing in the extent of the known downward trends, a stabilizing effect due primarily to a slowing frequency decline and slight

upward movement on severity trends. This marketplace period of downward trending is supported and evidenced by similar nationwide downward patterns. Soon, there will also be COVID-19 impacts that will further disrupt/change these final costs. COVID-19 impacts likely will alter in some fashion these downward trends, however, the question is in which direction? Although it is still too early to know the exact extent of the COVID impact, note that there are other comments on this later in this message.

In addition to the ratemaking process performed by the PCRB, which identifies the trends noted above, we also will continue to observe and study the effects of medical costs, utilization changes and trends. There is growing awareness that preventative care is a factor in reducing claims and medical costs. There is also growing evidence emerging that in today's workplace automation and the use of robotics is greatly improving safety and having a significant impact.

Recognizing the changes facing the competitive Pennsylvania Workers Compensation marketplace, we remain committed to studying these significant trends and the effect they have on premiums. Knowing that the competitive marketplace will remain, we recognize the necessity for increased study and research on these emerging trends. Although the year has provided some sidetracking efforts for the staff, we are focused on defining actuarial and analytical research projects in order to better understand and report on these developing issues.

It is important to provide an update on the important initiative we have been working on diligently over recent years, the System Reengineering Project (SRP). We are pleased to report that this new enterprise-wide technology platform is nearing its completion. Completion of the project allows the organization to transition and decouple from a mainframe environment.

Because of the SRP and establishment of a Quality Assurance Department, we continue to introduce and implement measurable procedural and processing enhancements to

our staff in all facets of our organization. We are all now seeing and experiencing this transformation, due to the SRP, with new system modules and features coming online. As the excitement grows internally with our developing environment, it reinforces our confidence as the established thought leader and reliable source of quantitative information for the Pennsylvania Workers Compensation marketplace. Refer to recent years' President's Messages for more commentary on the SRP project. The project will continue and conclude this year.

Note a few additional achievements made by the PCRB during 2020:

- Operational adjustments due to COVID-19: Work From Home (WFH) rollout; prompt IT adjustments to support enterprise WFH platform; maintaining servicing levels for members; institute proper safeguards and security protocols; and tracking legal employment considerations.
- Following the 2019 external operational review, the organization proceeded with implementation of recommended procedural and operational improvements. The improvements include enhanced internal controls and escalation guidelines, including incorporation of new systems, edits, and automated controls.

## 2020 Achievements and Initiatives

The PCRB is committed to providing the highest possible levels of service to its members, those members' insureds, regulators, legislators, other governmental offices and the workers of Pennsylvania covered under the Workers Compensation Act. During 2020, the PCRB and its membership engaged in the following efforts and accomplishments:

### PCRB Filings

There were eighteen separate filings made in 2020, including three Loss Cost related filings. This was a higher-than-normal filing count, partially a result of four filings dealing with COVID-19. Please refer to the PCRB website for the following notable circulars from approved filings:

- Staffing items: established enhanced and/or expanded training programs for general staff development—i.e., LinkedIn Learning, DISC Management training, etc.; initiated diversity and inclusion activities, establishment of D&I Committee; and modified time off process.
- Actuarial Developments: Paid and Incurred Method divergence research, development and deployment of revised Tail Factor methodology and selected Frequency Trends using ultimate claim counts.
- Indemnity Data Call and Mega Claim (Large Loss) analysis collaboration with other WC rating bureaus.
- System development of a new Financial Data Manager platform, for use and deployment of financial data collection in 2021.
- Refinement of Financial Call and Unit Statistical procedure manuals.
- Deployment of enterprise-wide PC hardware and updated software platforms.
- Contributions to WCUnderwriting Phase II web services via CDX.
- Creation and development of the Correspondence Data Manager (CDM).

### Rate and Loss Cost Filings

- April 1, 2021 "F" Classification Filing
- April 1, 2021 Loss Cost Filing
- Temporary Staffing Loss Cost Filing

### Basic Manual Revisions to Sections 1 and 2

- Manual Housekeeping Revisions
- Revisions to Designated Auditable Payrolls and Concurrent Manual Amendments
- Proposed Manual Language Revisions Regarding Electronic Reporting, Standardizing Titles and other updates

## Revisions to the Statistical Plan Manual

### Classification Items

- Revision to the Classification Code for Medical Marijuana Dispensaries
- PCRB Study of Code 657, Rigging, N.O.C., and Concurrent Section 2 Manual Language Amendments
- Proposed Classification Procedural Change—Elimination of Code 888,
- Homeowners Association, and Concurrent Section 2 Basic Manual Language Amendments
- Proposed Classification Procedural Change—Revision to Code 664, Heating, Ventilating or Air Conditioning Contractor, and Concurrent Section 2 Manual Language Amendments

### COVID-19 Related Items

- Proposed Updated Revisions to the Pennsylvania Statistical Plan Manual (STAT) Due to COVID-19 (Coronavirus) pandemic
- Revisions to COVID-19 Rule Exceptions
- Revisions to the PA Manual in response to COVID 19
- Revisions to the PA Statistical Plan Manual in response to COVID 19

### Miscellaneous Items

- Pennsylvania Construction Classification Premium Adjustment Program Revisions to Qualifying Wages, Table of Hourly Wages and Premium Credits
- Proposed Amended Effective Date to the Terrorism Risk Insurance Program Reauthorization Disclosure Endorsement and Revisions to the related Rules in the Basic Manual
- Terrorism Risk Insurance Program Reauthorization Act of 2019 Endorsements

### PCRB Actuarial Initiatives

The PCRB Actuarial area was engaged on several special reviews in the course of 2020. A few of the items of focus

include: tail factor methodology review as related to the divergence between the paid and incurred methods, impacts of faster claim closure patterns, review of Accident Year vs. Policy Year trend fits, and finalization of a new temporary staffing methodology. The year posed other challenges as the pandemic unfolded and legislative and countrywide activities were tracked related to COVID-19. Other projects of note include activities to support the internal SRP efforts and conversion of ratemaking programs to the new platform from the ma inframe environment. The PCRB Actuarial Committee was informed and remained engaged on these efforts. The actuarial research project slate remains full with an array of special projects, of special note the research on the experience rating methodology.

### PCRB Informational Initiatives

The COVID-19 environment slowed the ability for the PCRB to conduct the standard level of direct outreach and educational programs in 2020 for membership and other stakeholders. However, the pandemic introduced the need for virtual outreach and the organization spent time working with members on adjustments and amplified communications to aid in dealing with the changing and evolving aspects of the pandemic impacts, such as adjustment to the premium audit processes and data reporting adjustments. All virtual outreach was tailored and customized to the needs of those reaching out. The PCRB remains at the ready to restart providing sessions on conventional topics and seminars, which are varied and range from basic to advanced. There are also new and additional technology approaches that are ready and anticipated for the delivery of PCRB training programs. A few of the standard topics include: Test Audit Program, Unit Statistical Reporting, and WC Experience Rating Plans.

### Budget and Assessment Experience

For 2020 expenditures were kept within PCRB's budgetary plan. Expenditures for the year were approximately 97.7 percent of budget. Quarterly assessments were imposed throughout the year consistent with the 2020 Budget. An operating surplus generated for the year will be applied according to Governing Board direction as part of the annual adjustment of assessment process which will take place in mid-2021 for the 2020 Year.

## Data Collection Activities

The timely, accurate and comprehensive collection of data and statistical information is a fundamental obligation of the PCRB for its members and the WC marketplace. In 2020, existing programs and incentives applicable to the reporting and collection of financial and unit statistical data, and monitoring of carrier audits, continued to be actively managed by PCRB staff. The 2020 data collection program experience follows:

**Financial Data**—Members were able to use the Financial Data Reporting Application (FDRA) during the reporting season for 2019 Calls in 2020. There were no Financial Data Incentive Program (FDIP) assessments. The FDIP calculates assessments based on responses to criticism letters sent certified mail with return receipt. During the reporting season for 2019, PCRB and many of our carriers were working remotely and this tracking mechanism could not be utilized. Beginning with the FDIP for 2020 Calls in 2021, the correspondence method for criticism letters has been changed to email so we anticipate assessments to return to normal with the next cycle.

The FDRA used in 2020 included all Financial Calls and Pennsylvania Special Schedule W for 2019 reports. This internet-based application allows reporting entities to view results of applying PCRB and Insurance Department edits prior to submission of entered data and expedites the exchange of criticisms and corrected data, if needed. The FDRA helps to accelerate availability of financial data and to mitigate incentive charges incurred by carriers experiencing difficulty in successfully passing edits applicable to the PCRB's Financial Calls and/or the Pennsylvania Special Schedule W.

**Unit Statistical Plan Fines**—PCRB members continued their successful compliance with reporting requirements for the Unit Statistical Plan. Incentive charges incurred in 2020 approximately \$463,625, higher as compared to 2019 charges of approximately \$332,170. While we have experienced improved overall data transmission quality and in the error

handling of unit statistical data transactions as a result of UDM, this increase represents an increase in the amount of time units remain overdue which incurs higher assessments.

**Indemnity Data Call**—The PCRB was an active participant with the National Council on Compensation Insurance, Inc. (NCCI) and the other independent rating bureaus on the eventual completion and implementation of the initial phase of the new Indemnity Data Call. This new data call provides increased indemnity detail pertaining to the payment of workers compensation benefits using a standard protocol across all jurisdictions. This newly established data call will provide important insights on larger losses impacting the WC system.

**Medical Data Call**—The PCRB's expertise in the collection of Medical Data Call information continued in 2020. This important and developing expertise and capability is intended to benefit the industry by providing increased detail pertaining to the treatment of workers' compensation injuries using a standard protocol across jurisdictions. For forty-two quarters (transactions received for the Third Quarter 2010 through the Fourth Quarter 2020), the PCRB processed approximately 63 million records accounting for \$7.7 billion in paid medical benefits. Medical data processing has been retired from the mainframe and fully transitioned to the Medical Data Manager and Optimus. Ongoing initiatives related to this effort are focused on Optimus and Medical Data Cube enhancements and publication of reference reports, including COVID-19 medical data analytics. In addition, work continues in the areas of eligibility, data quality and analytical processes, procedures and tools.

**Test Audit Program**—The four-quarter difference ratio adjusted for carriers opting out of the program was 11.4 percent for 2020 compared to 12.7 percent for 2019, 13.9 percent for 2018, 17.0 percent for 2017 and 16.0 percent for 2016. The difference ratios have improved steadily in recent years and reflect carrier attention to premium audits and overall data quality. The five-year results noted are consistent but substantially below (better than) the prevailing program standard of 20 percent.

## Workers Compensation Research Institute (WCRI) Benchmarking Studies

This past year marks the 21st Edition of the Pennsylvania WCRI CompScope™ and Medical Benchmark reports. With the release of these reports, the PCRB continues its participation on the bi-annual WCRI Advisory Council for

Pennsylvania. The PCRB, via our members, provides the funding for this series of multi-state benchmarking studies conducted by the Workers Compensation Research Institute.

## Legislative Initiatives

Following a few active years of approved WC legislation by the Pennsylvania Legislature, in 2020, the most notable WC legislation was the passage of Senate Bill 94, expanding the definition of an employee specifically for volunteer firefighters and ambulance or rescue squad entities. The bill's intent was recognition of volunteers not directly involved with fighting fires or specific first responders. As of this writing the Bureau is conducting a classification review to consider adjustment(s) to address the specifics of this legislation.

Additionally, throughout the country, states passed executive orders or legislation which created presumption of workers' compensation coverage for workers who potentially contracted COVID-19 at their places of employment to make it easier for them to file workers' compensation claims. In Pennsylvania, there was legislation considered, but not passed.

The PCRB closely observes and tracks legislative activity impacting the Pennsylvania workplace and the Workers Compensation Marketplace.

And then there was COVID. This event presented us (collectively) with a crisis which disrupted normal business and put a spotlight on the workers' compensation system, especially as frontline workers contracted the virus and filed claims for their illnesses and injuries.

As the COVID story continues to unfold, the PCRB data collection processes and analysis on its revelations are underway. We continue to monitor the state's legislative

response, job losses, jobs returning, claims data buckets (COVID related and non-COVID related), and economic impacts. We track what is happening in other states to benchmark the impacts emerging here in comparison to other regions. The reporting in this year's report does not specifically reflect direct COVID impacts, future reporting will have more. At present, initial indications on the direct impact on Workers Compensation due to COVID-19 does not appear to be as significant as was initially feared. General observations indicate that claims directly from COVID-19 exist but are generally not sizeable, conventional WC claim counts are down due to the pandemic causing shifting fluctuations within the workplace, and payrolls which have been reduced are slowly coming back into the system. These impacts will be made evident and reported on more precisely in the subsequent year, yet the current observation is that, as an overall event, it is not as significant as first anticipated and may result in adjustments within the ratemaking process.

While the organization operated in a work from home model, beginning near the start of the COVID outbreak in the U.S., the PCRB executive team has increased frequency of communications with the objective of maintaining staff morale and motivation. Also, during this period, the organization added messaging and efforts regarding commitment to diversity awareness within the company. This was ultimately demonstrated to staff by the creation of a "diversity and inclusion committee." Our frequent internal messaging continues as of this writing, as we anxiously work on a definitive plan for a return to office, likely in a hybrid approach later this year.

In addition to this Annual Report, please also take time to review the release of this year’s companion Pennsylvania Workers Compensation reports:

- **“State Activity”**—an online report, reflecting various metrics and analytics for Pennsylvania.
- **“Medical Activity”**—reflecting the injuries, medical services, and trends on average medical costs in the system.
- **“State of the Line”**—an online report that presents actuarial insights for the WC system.
- **“Covid-19 Activity”**—a preliminary report on activities impacting the system resulting from the pandemic.

As indicated last year, the PCRB is sound and strong. We hope you are able to observe our commitment and dedication to the mission of delivering trusted service, credible data and objective reporting in safeguarding the Pennsylvania Workers Compensation system.

While drafting this message, we can report that we are nearing completion of the SRP. Also, along with the new logo introduced in this report, we will be releasing a new website within weeks to match this new organizational imaging. We are also on track for other operational and procedural transformations as noted throughout this report.

Recognizing this as an exceptionally unusual year, from many perspectives, I am reminded of the most important message of all, that of gratitude. This appreciation is most assuredly directed to our membership for your ongoing support. Special appreciation is also appropriate and necessary to staff during a year that posed many challenges, both personally and professionally. With energy and enthusiasm, we anticipate pivoting to a new normal in this new year as we endeavor to support the Pennsylvania workers compensation marketplace.

Respectfully yours,

**William V. Taylor**  
President

## COMMITTEE ACTIVITIES

The Governing Board and various other committees and subcommittees, as provided for by the PCRB By-laws, met one time and participated in eleven virtual meetings during 2020.

### Governing Board

The Governing Board has general charge and management of the affairs of the PCRB. It is responsible for appointing other committees as may be necessary or advisable. This Board met one time and participated in five virtual meetings during 2020. In addition, a Budget Subcommittee comprised of three Board members participated in five teleconferences.

Members	Term Expiring
American Home Assurance Company	2023
Department of Labor & Industry	Permanent
Donegal Mutual Insurance	2021
Eastern Alliance Insurance Company	2022
Liberty Mutual Insurance Co.	2021
National Federation of Independent Business	2023
Pennsylvania Chamber of Business & Industry	2021
PMA Insurance Company (Chair)	2022
State Workers’ Insurance Fund	Permanent
Travelers Property and Casualty Company	2022
XL Specialty Insurance Company	2023
Zenith Insurance Company (Vice Chair)	2021

## Classification & Rating Committee

The Classification & Rating Committee is responsible for review and evaluation of the efficacy and equity of the underwriting, classification and rating procedures as required by the Manual, as well as the administration of these rules in its role as the technical committee designed to hear appeals of parties aggrieved by decisions of the PCRB staff.

The Classification & Rating Committee reviews the recommendations of PCRB staff relative to loss cost filings, classification and underwriting rules.

The Classification & Rating Committee participated in one virtual meeting during 2020.

## Actuarial Committee

The Actuarial Committee is responsible for reviewing and advising PCRB staff with respect to matters which might affect recommended loss cost levels and/or other PCRB filing components. This Committee plays an integral part in recommending pertinent data and analytical techniques to be presented in support of PCRB filings. The Committee participated in two virtual meetings during 2020.

## Audit Committee

The Audit Committee is responsible for monitoring, updating and supervising the PCRB's Test Audit Program. This Committee establishes the test audit guidelines, reviews carrier performance and hears appeals. The Audit Committee participated in one virtual meeting during 2020.

Members	Term Expiring
Ace American Insurance Company	2022
American Home Assurance Co.	2021
Insurance Company of the West	2023
Liberty Mutual Insurance Company	2021
Nationwide Insurance Company	2023
Pennsylvania Automotive Association	2023
Pennsylvania Food Merchants Association	2021
Pennsylvania News Media Association	2022
Penn National Insurance Company	2023
Zenith Insurance Company	2022

Members	Term Expiring
American Home Assurance Company	2022
Donegal Mutual Insurance Company	2021
Hartford Accident & Indemnity Company	2023
Liberty Mutual Insurance Company	2022
Nationwide Mutual Insurance Company	2021
PMA Insurance Company	2023
Selective Insurance Company	2023
Travelers Property and Casualty Company	2021
Wesco Insurance Company	2022

Members	Term Expiring
Ace America Insurance Company	2022
American Home Assurance Company	2021
Eastern Alliance Insurance Company	2022
Liberty Mutual Insurance Company	2023
Travelers Property & Casualty	2021

## Audit Subcommittee

Audit Subcommittee assists the Governing Board in fulfilling its responsibility for the oversight of the quality and integrity of the financial statements and the accounting and auditing practices of the PCRB. The Subcommittee’s responsibilities include oversight of:

- The accounting and financial statement processes and systems of internal accounting and financial controls of the PCRB,
- The integrity of the PCRB’s financial statements, and;
- The annual independent audit of the PCRB’s financial statements, the engagement of the independent auditor, the evaluation of the independent auditor’s function, qualifications, services, performance and independence.

The Audit Subcommittee participated in one virtual meeting with the Auditors in 2020.

Members	Term Expiring
National Federation of Independent Business	2023
State Workers’ Insurance Fund	Permanent
Travelers Property & Casualty Co.	2022
Zenith Insurance Company	2021

## Nominating Committee

Prior to each Annual Meeting of the PCRB the Nominating Committee proposes a slate of candidates selected from the nominations made by all PCRB members and other eligible organizations for vacancies on the Governing Board and its Committees. The Nominating Committee participated in one virtual meeting during 2020.

Members	Term Expiring
American Home Assurance Company	2021
Nationwide Insurance Company	2023
PMA Insurance Company	2021
Travelers Property & Casualty Company	2023
Zenith Insurance Company	2022

# OPERATIONAL REPORTS

## Classification

The classification function monitors and authorizes classifications for employers to make certain that the loss costs applied reflect the exposure(s) present in each business enterprise. The unit is also responsible for maintaining a continuous effort to update the classification system, responding to requests for analysis of classifications from employers, trade associations and the industry and reviewing individual case reports for proper classification. In 2020 the Classification Department responded to 3,332 outside inquiries.

## Field Survey Program

In order to assure that operations of employers are properly classified the PCRB devotes a significant portion of its resources to on-site surveys of employer facilities. A PCRB field representative will visit the employer’s place of business, interview the employer or another appropriate representative and observe the operations being conducted. A written report is prepared for review by a PCRB classification analyst, after which the insurer will be notified of the PCRB classification assignment and, if required, directed to correct erroneous assignments. During 2020 the PCRB issued 640 surveys.

## Test Audit Program

The purpose of the PCRB’s Test Audit Program (which includes Delaware) is to monitor insurer audit performance and promote high standards for the conduct of premium audits. In conducting a test audit the PCRB premium auditor will examine the employer’s payroll records and other books of account to determine the proper payroll totals and correct allocation of payrolls and losses to the

appropriate classification(s). A physical survey is conducted in conjunction with the test audit. A review is conducted by the PCRB internal staff to verify the accuracy of the test audit report and to confirm any differences from the insurer audit. The test audit results of each carrier are summarized quarterly, and carrier performance is evaluated based on aggregate results of each consecutive four-quarter period. A comparison of test audit results conducted for the last five years indicates the following:

	2020	2019	2018	2017	2016
<b>Number of test audits completed</b>	2,496	2,973	3,301	3,461	3,307
<b>Number of test audits with differences</b>	350	387	480	601	562
<b>Percentage of test audits with differences</b>	14.0	13.0	14.5	17.4	17.0

## Policy Examination (Policy Reporting)

An important activity of policy reporting is the capture of policy coverage data. As the records repository for proof-of-insurance, this area maintains records of all insured Pennsylvania employers through an alphabetical index system. This function provides information for claims adjudication and enforcement of statutory coverage requirements to the Bureau of Workers Compensation of the Department of Labor & Industry.

Each year the policy reporting area typically processes over 900,000 transactions consisting of policies, endorsements, and cancellation and reinstatement notices. This function is necessary to monitor employer compliance with coverage requirements, assure insurance company compliance with Pennsylvania Insurance Department regulations and statutory requirements, and to facilitate data collection. As part of the review process, carrier representatives send inquiries to PCRB

members when probable errors in the reported information are detected. During 2020, policy reporting examined 901,167 documents for proper application of experience modifications, merit rating adjustments, carrier rating values, employer classifications, duplicate coverage, and proper use of approved forms. The policy reporting area continues its commitment to the accurate and timely collection of data.

## Experience Rating (Rating Rules)

Experience rating is an important element of the workers compensation pricing mechanism and adjusts the manual premium for eligible employers to reflect their previous loss experience. The basic objectives of experience rating are to distribute the cost of workers compensation equitably among the employers assigned to an industry classification and to provide a direct financial incentive for employers to reduce work-related accidents and control the costs of accidents that do occur.

The Experience Rating & Pricing Programs area is responsible for the timely issuance of experience rating modifications and providing explanation of experience rating rules while the Underwriting & Coverage Compliance area is responsible for investigating and administering changes in ownership, entity status, and determining which entities may contribute data to a risk's rating. Staff within these areas have full knowledge of the Pennsylvania Experience Rating Plan. Both areas continue to maintain a qualified staff of individuals providing professional assistance pertaining to experience rating rules and procedures.

Timely issuance of experience ratings remains a PCRB objective. Overall departmental production in all areas increases yearly.

## Merit Rating Program

The Merit Rating Program was implemented on August 23, 1996. This plan grants premium discounts or assesses premium surcharges to most employers who do not qualify under the uniform Experience Rating Plan, based on the number of lost-time claims they have incurred.

## Pennsylvania Construction Classification Premium Adjustment Program

The Pennsylvania Construction Classification Premium Adjustment Program (PCCPAP) was implemented on January 1, 1991. During 2020, the PCRB mailed approximately 13,122 PCCPAP notifications to employers. Of that number, 1,437 applications were returned to the PCRB for processing and approval. Almost 40% of the credits applied for in 2020 fell within the 21 to 30 percent range.

## Pennsylvania Certified Safety Committee Credit Program

The Workers' Compensation Act provides for a five percent Certified Safety Committee discount for employers that establish a safety committee in their workplace for the purpose of hazard detection and accident prevention. During 2020, 7,221 employers received renewal certification and 389 were granted new certification.

## Unit Statistical Reporting

The unit statistical reporting system is the central mechanism used to collect policy experience for use in ratemaking and calculation of experience modifications and merit rating adjustments for individual employers. The PCRB utilizes the most sophisticated data processing techniques along with a complement of statistical technicians to review the data for accuracy and completeness. Data reporters use Unit Statistical Data Report Manager (UDM) is a web application for the entry, edit, submission and management of unit statistical information. UDM performs edits in real time and has improved data submission quality and timeliness since its launch in 2018.

The PCRB applies comprehensive controls over the submission of required unit statistical reports using an automated data quality system. This includes monitoring unit data for accuracy, advising carriers of units and individual case reports not received and issuing criticism letters when warranted. The quality control section continues to monitor all serious claims. Questionable injury codes and indemnity and medical amounts reported on individual case reports are analyzed. Also, classification codes are compared to occupations to check the accuracy of classification assignments.

Data quality review programs are continually being updated and expanded to make the processing of unit statistical report information more efficient. These programs have consistently produced an accurate and sophisticated individual risk data base, allowing the PCRB to adopt significant and unique improvements in data collection and analytical techniques for ratemaking.

During 2020, the PCRB processed 334,602 unit statistical reports electronically.

## Personnel

The PCRB operated in 2020 with a staff of 105 full-time and 2 part-time employees. One employee transferred into a position providing them with new responsibilities within the PCRB.

This level of staff was adequate to handle all responsibilities and provide quality service to the membership as well as the industry.

The following three employees retired from the PCRB in 2020:

- **Gwen Carey**, with 41 years of PCRB service.
- **Donna Gniewek**, with 15 years of PCRB service.
- **Annamay Simpson**, with 20 years of PCRB service.

Twenty-seven employees were recognized for the following quinquennial anniversaries.

5 years of service	5 employees
10 years of service	2 employees
15 years of service	7 employees
20 years of service	6 employees
25 years of service	2 employees
30 years of service	3 employees
40 years of service	2 employees

## PCRB MEMBERSHIP

As of December 31, 2020, there were 445 members in the PCRB. During the year, ten carriers joined. The new members are as follows:

- Preferred Employers Insurance Company
- Guideone Specialty Mutual Insurance Company
- Guideone Elite Insurance Company
- Arch Property Casualty Insurance Company
- Service Lloyds Insurance Company
- Westfield Touchstone Insurance Company
- Westfield Superior Insurance Company
- Westfield Premier Insurance Company
- Westfield Champion Insurance Company
- Old Guard Insurance Company

# FINANCIAL

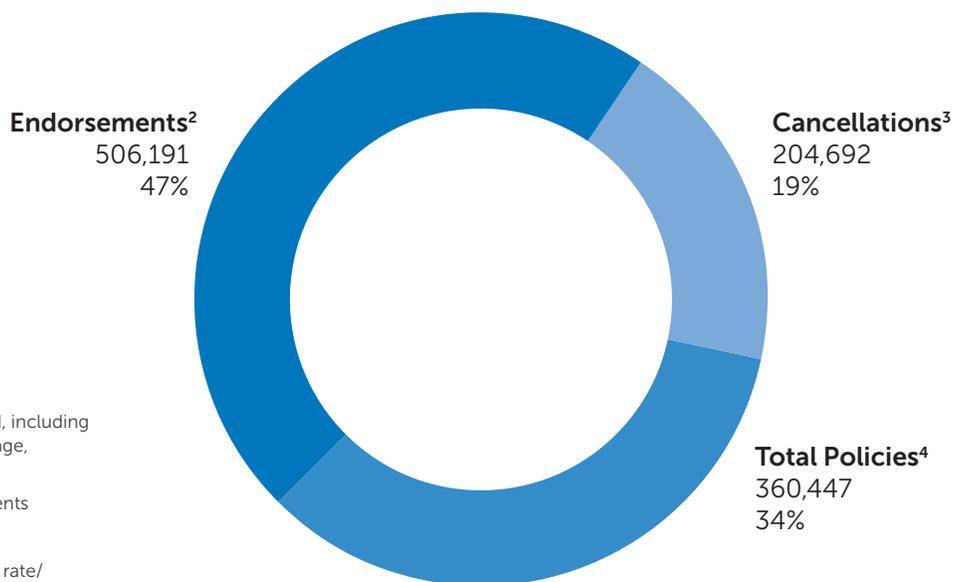
Final expenditures for 2020 were not available at the time of publication.

	2019 Expenditures
Salaries	\$ 8,509,852
Group Insurance	1,279,475
Pensions and Savings Plan	1,800,783
Data Processing	1,103,755
Rent and Electric	601,403
Payroll Taxes	624,897
WCRI Benchmarking Study	195,000
Travel	253,896
Consultant	197,935
Document Processing, Postage and Telephone	63,043
Depreciation	59,230
Insurance and Bonds	80,457
Equipment and Furnishings	62,066
Employee Overhead and Education	238,242
Legal	220,678
Accounting	61,400
Office Expense	67,068
Supplies	30,998
Total Expenditures	\$15,450,178
Allocation of Expenditures to DCRB	(\$3,007,740)
<b>Total Expenditures</b>	<b>\$12,442,438</b>

# TOTAL POLICIES, ENDORSEMENTS AND CANCELLATIONS/REINSTATEMENTS PROCESSED

January 1, 2019 to December 31, 2019

Month of Process (1)	One-year			Three-year	
	Policies <sup>1</sup> (2)	Endorsements <sup>2</sup> (3)	Cancellations <sup>3</sup> (4)	Fixed Rate (5)	Annual Anniversary (6)
<b>Total</b>	<b>360,440</b>	<b>506,191</b>	<b>204,692</b>	<b>0</b>	<b>7</b>
January	60,763	67,224	18,165	0	0
February	18,919	44,007	13,988	0	0
March	26,628	45,026	14,263	0	0
April	31,671	44,381	15,378	0	1
May	25,901	34,918	15,210	0	1
June	26,844	39,637	13,597	0	1
July	26,357	67,060	15,424	0	0
August	21,107	38,684	13,067	0	0
September	25,216	34,964	42,657	0	0
October	26,120	31,225	15,045	0	1
November	24,699	28,637	13,081	0	1
December	46,215	30,428	14,817	0	2



<sup>1</sup>Policy documents received, including not taken, duplicate coverage, replacements, etc.

<sup>2</sup>Separately filed endorsements

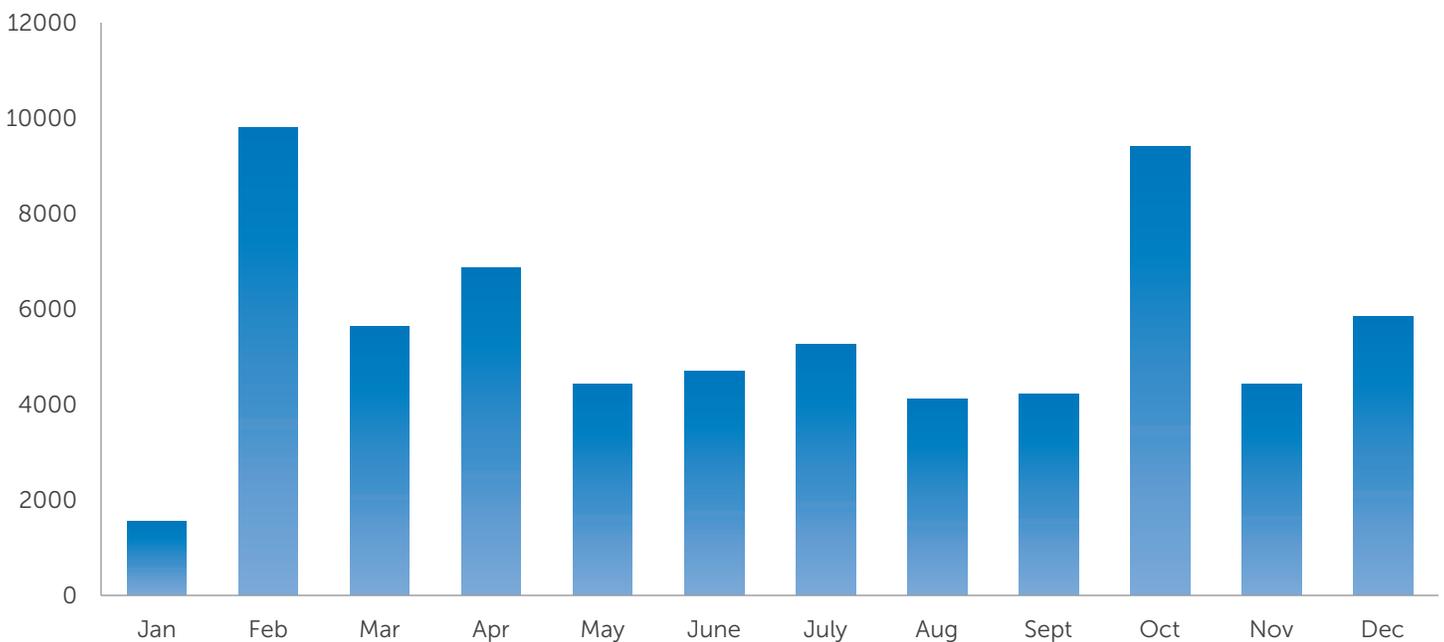
<sup>3</sup>Includes reinstatements

<sup>4</sup>Total of one year and fixed rate/annual 3 year policies

# EXPERIENCE RATINGS

January 1, 2020 to December 31, 2020

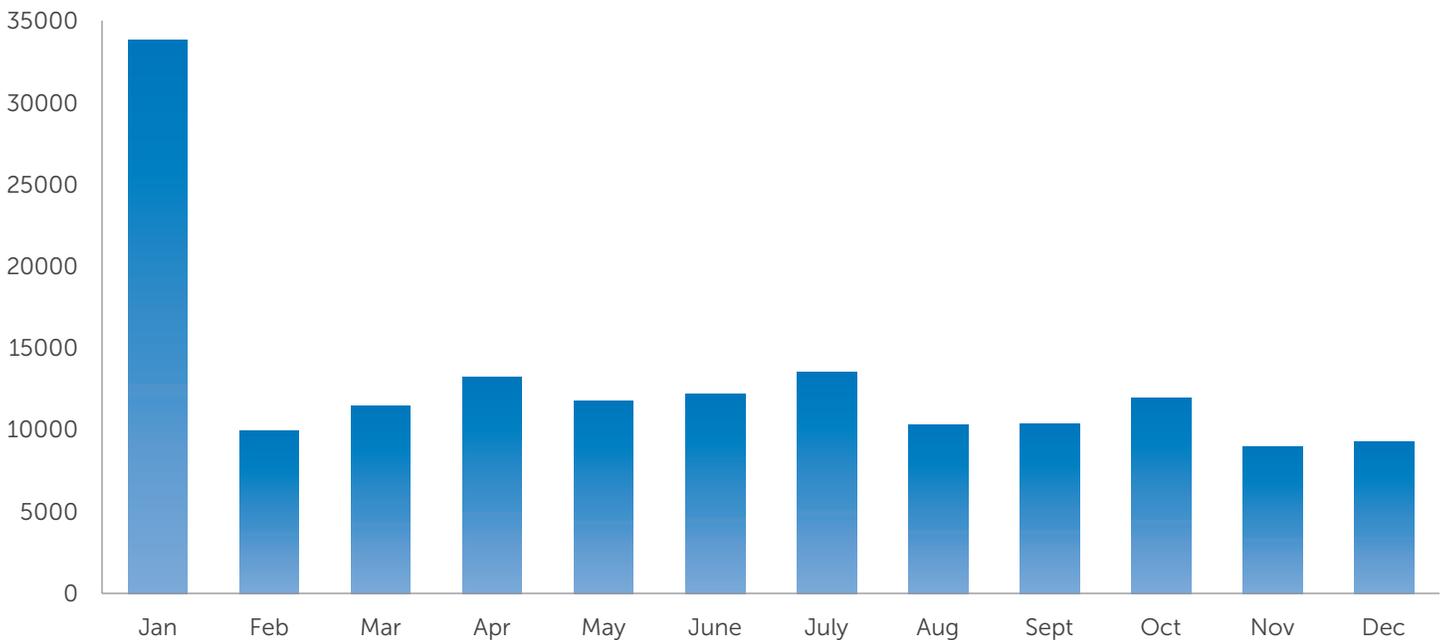
Effective Month	Total Ratings	Percentage
January	1,550	2.36
February	9,742	14.81
March	5,596	8.50
April	6,830	10.38
May	4,413	6.71
June	4,666	7.09
July	5,224	7.94
August	4,099	6.23
September	4,190	6.37
October	9,347	14.20
November	4,394	6.68
December	5,751	8.73
<b>Totals</b>	<b>65,802</b>	<b>100.00</b>



# MERIT RATINGS

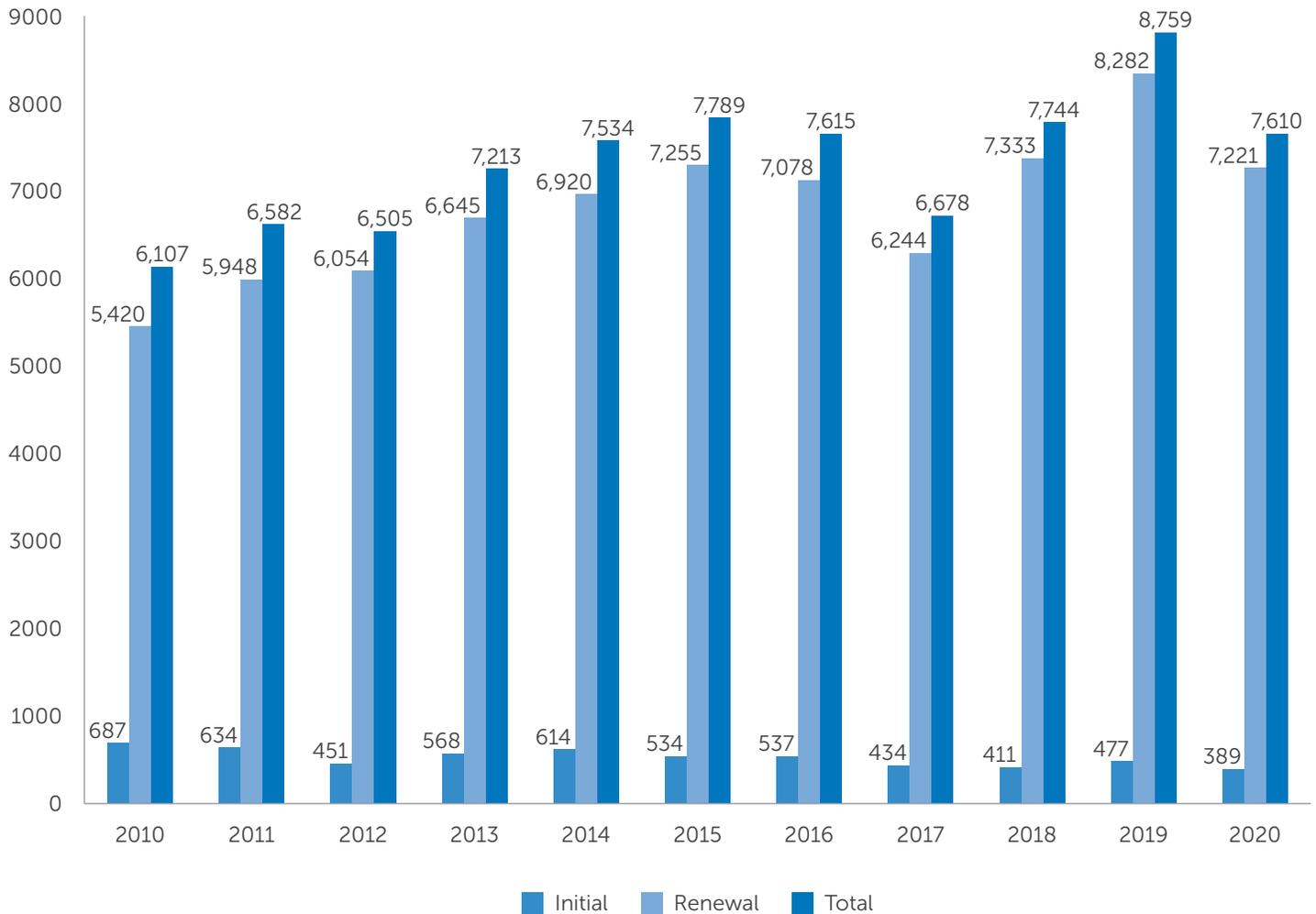
January 1, 2020 to December 31, 2020

Effective Month	Total Ratings	Percentage
January	33,598	21.60
February	9,857	6.34
March	11,357	7.30
April	13,091	8.42
May	11,667	7.50
June	12,065	7.76
July	13,434	8.64
August	10,255	6.59
September	10,271	6.60
October	11,822	7.60
November	8,888	5.71
December	9,217	5.94
<b>Total</b>	<b>155,522</b>	<b>100.00</b>

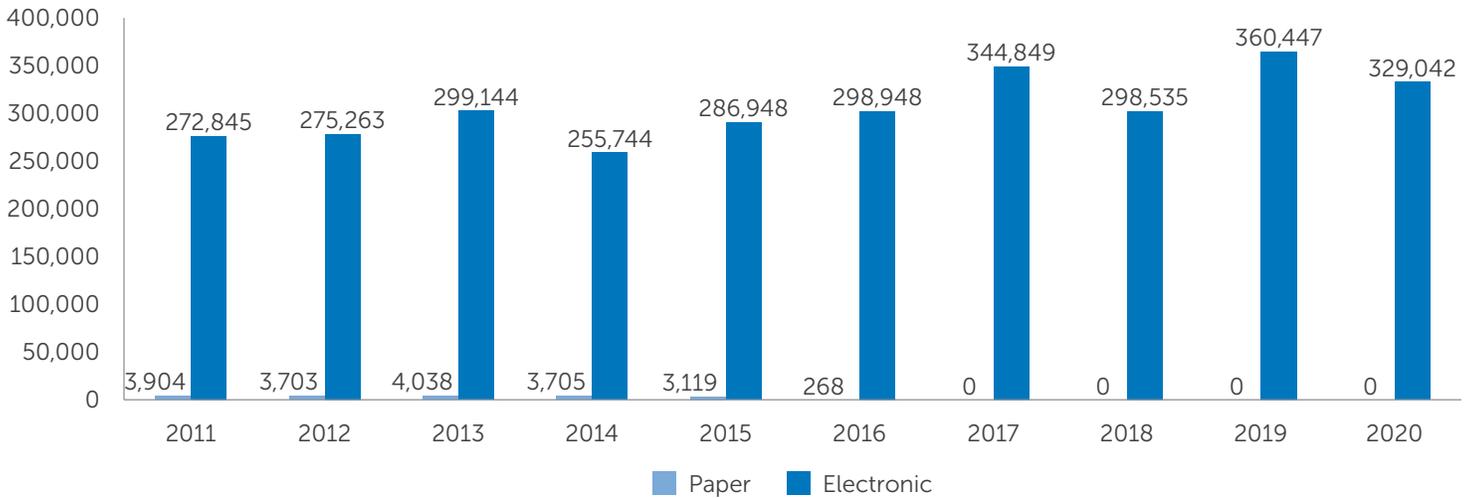


# CERTIFIED SAFETY COMMITTEE CREDIT PROGRAM

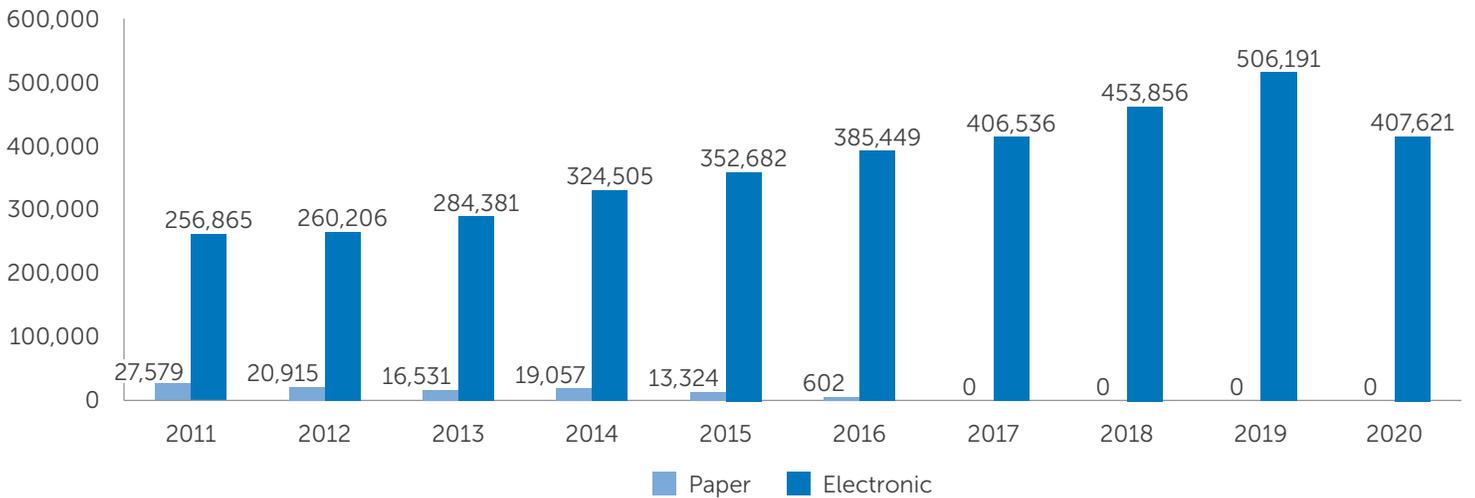
Number of Employers Receiving Credits by Year



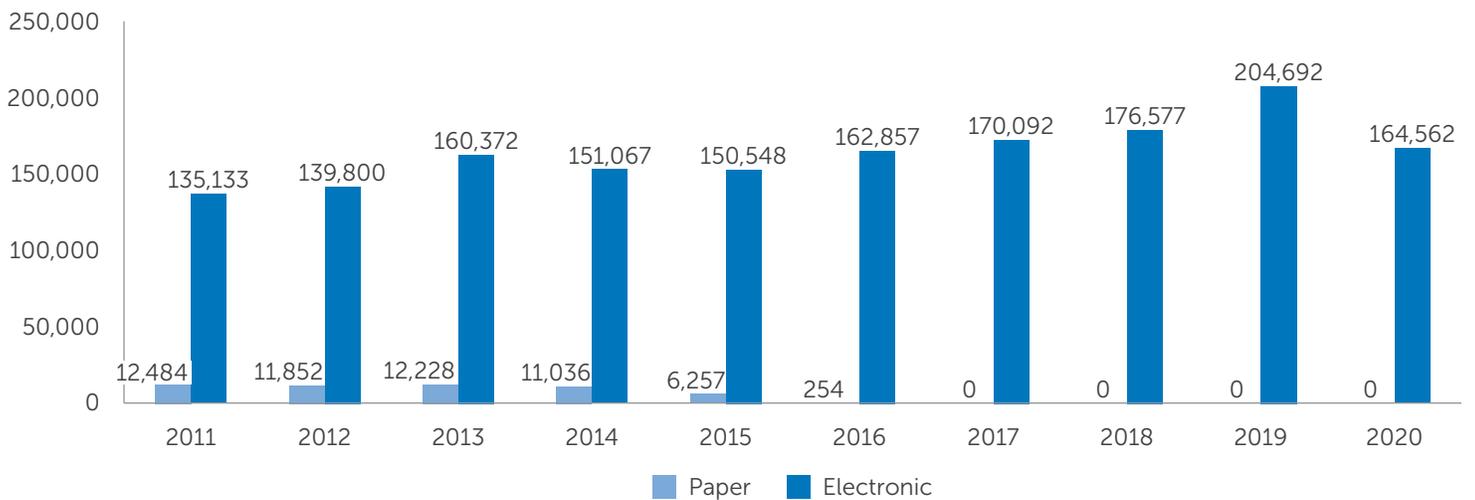
## POLICIES PROCESSED



## ENDORSEMENTS PROCESSED



## CANCELLATIONS/REINSTATEMENTS PROCESSED



# RECEIPTS BY POLICY YEAR AND TYPE OF REPORT

## Electronic Media

Type of Report	Total Report	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
First	<b>295,999</b>	40	45	128	161	234	557	1,294	4,308	149,149	140,083
Second	<b>15,204</b>	24	29	40	60	105	285	614	7,973	6,074	
Third	<b>7,965</b>	24	22	34	55	150	354	4,121	3,205		
Fourth	<b>4,905</b>	25	19	31	65	199	2,550	2,016			
Fifth	<b>3,587</b>	22	21	39	113	1,821	1,571				
Sixth	<b>2,504</b>	28	34	67	1,237	1,138					
Seven	<b>1,704</b>	36	48	863	757						
Eighth	<b>1,290</b>	49	718	523							
Ninth	<b>1,052</b>	635	417								
Tenth	<b>392</b>	392									
<b>Total</b>	<b>334,602</b>	<b>1,275</b>	<b>1,353</b>	<b>1,725</b>	<b>2,448</b>	<b>3,647</b>	<b>5,317</b>	<b>8,045</b>	<b>15,486</b>	<b>155,223</b>	<b>140,083</b>