



Pennsylvania Compensation Rating Bureau

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September 28, 2020

PCRB CIRCULAR NO. P1748

To All Members of the PCRB:

RE: APPROVAL OF PCRB FILING NO. 318
REVISIONS TO DESIGNATED AUDITABLE PAYROLLS
BASIC MANUAL REVISIONS – SECTIONS 1 AND 2
EFFECTIVE APRIL 1, 2021

The Pennsylvania Insurance Commissioner has approved PCRB filing number 318 which revises selected designated auditable payrolls for policies effective on or after 12:01 a.m., April 1, 2021. The effective date of these changes is concurrent with the proposed effective date of the PCRB's normal annual comprehensive loss cost revision filing, which will be filed with the Commissioner at a later date. This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems.

The Basic Manual designates the following auditable payrolls:

- Weekly minimum and maximum corporate officer payrolls
- Annual taxicab operator payroll
- Annual minimum auxiliary or special school police payroll
- Weekly maximum musicians' or entertainers' payrolls
- Annual maximum payroll for each player, coach, manager or sports official subject to assignment to either Code 970, Athletic Team – Contact Sports, or Code 991, Athletic Team – Noncontact Sports

The revisions to these designated auditable payrolls are a function of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2020 (\$1,081.00 – an increase of 3.05% in relation to the January 1, 2019 SAWW of \$1,049). The formulas for calculating the designated auditable payrolls being revised as a result of this filing are as follows:

- 100% of SAWW for the corporate officer minimum
- SAWW times 2.5 (rounded to the nearest \$50.00) for the executive officer weekly maximum auditable 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

In summary, this filing results in the following revisions for April 1, 2021:

- The corporate officer minimum is revised from \$1,049 per week to \$1,081 per week
- The corporate officer maximum is revised from \$2,600 per week to \$2,700 per week
- The taxicab driver's annual payroll is revised from \$52,450 to \$54,050
- The auxiliary or special school police annual payroll is revised from \$5,250 to \$5,400
- The maximum auditable payroll for musicians or entertainers is revised from \$1,049 per week to \$1,081 per week

Additionally, applying the above cited formula and rounding for determining the annual maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970 or Code 991 results in no change to the current value of \$220,000 per year.

Please refer to Filing No. 318 for additional information on the revisions discussed above. Please contact 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 the 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**

Approved Effective April 1, 2021

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

Item A. remains unchanged.

B. REMUNERATION – PAYROLL

Item 1. remains unchanged.

2. Inclusions

Remains unchanged.

Items a. through m. remain unchanged.

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of ~~\$1,0814,049~~ per week for each musician or entertainer);

Items o. through u. remain unchanged.

Items 3. through 5. remain unchanged.

Items C. through F. remains unchanged.

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

Items 1. through 5. remain unchanged.

6. Premium Determination

Remains unchanged.

a. Remains unchanged.

b. The minimum individual payroll for an executive officer is ~~\$1,0814,049~~ per week.

c. The maximum individual payroll for an executive officer is ~~\$2,7002,600~~ per week.

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

Approved Effective April 1, 2021

Items d. and e. remain unchanged.

Item B. remains unchanged.

Item C. remains unchanged.

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

SECTION 2

RATING VALUES through DEFINITIONS remains unchanged.

CLASSIFICATIONS

No change to Classification Code 005 – TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING through Classification Code 802 – MOBILE CRANE RENTAL WITH OPERATORS.

803 TAXICAB COMPANY

Remains unchanged.

When cabs are leased to operators and no payroll records are available, an amount of ~~\$54,050~~~~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.

No change to Classification Code 804 – SCHOOL TRANSPORTATION – BY INDEPENDENT CONTRACTOR through Classification Code 984 – INSURANCE COMPANY – ALL EMPLOYEES INCLUDING OFFICE

985 POLICE OR FIREFIGHTERS, SALARIED EMPLOYEES OF CITIES, TOWNSHIPS, BOROUGH 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 ~~\$5,400~~~~5,250~~ per year for each employee performing services at any time during the year.

Items 2. and 3. remain unchanged.

No change to Classification Code 987 – PILE DRIVING, INCLUDING TIMBER WHARF BUILDING through Classification Code 999 – CEMETERY.

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c. The maximum individual payroll for an executive officer is \$2,700 per week.

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