



## Pennsylvania Compensation Rating Bureau

30 South 17th Street • Suite 1500  
Philadelphia, PA 19103-4007  
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

July 11, 2018

### **VIA SERFF**

The Honorable Jessica Altman  
Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
1311 Strawberry Square  
Harrisburg, PA 17120

**Attention: Michael McKinney, Actuarial Supervisor, Property & Casualty Bureau**

**RE: PCRB Filing No. 295 – Proposed Effective April 1, 2019  
Manual Housekeeping Revisions to Sections 1 & 2 of the Basic Manual**

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, 2019 or later. This proposed effective date is intended to coincide 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. Nothing in proposed Manual language housekeeping revision will impact any classification's loss cost rating value.

Details of this filing are provided in PCRB's May 30, 2018 staff memorandum, which is included as part of this filing. The memorandum describes and explains the reasoning for the proposed revisions to the Basic Manual language. These proposals are intended to assist in the administration of the PCRB's uniform classification plan and do not revise the scope of any classification. The memorandum and proposals were reviewed by the PCRB Classification and Rating Committee at the Committee's May 30, 2018 meeting.

The proposed Basic Manual language housekeeping revisions generally fall into the following categories:

- Section 1 – Proposal to clarify Rule V.B.2. with respect to the inclusion of automatic gratuities as remuneration.
- Section 1 – Proposal to revise the Rule IX.A.5. language for clarity.
- Section 1 – Clarification to Rule IV.B. (General Inclusions).
- Section 2 – Clarification of 8 classification descriptions.
- Section 2 – Addition of 7 new Underwriting Guide entries.

The Honorable Jessica Altman  
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Thank you in advance for your review and attention to this filing. The PCRB is pleased to answer any question that you or the Insurance Department staff may have regarding these proposals.

Sincerely,

William V. Taylor  
President

Enclosure: Revisions to Sections 1 & 2



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TO: Pennsylvania Compensation Rating Bureau, Inc. (PCRB)  
Classification and Rating Committee

FROM: Robert Ferrante – Senior Classification Analyst – Technical Services  
Classification Department

DATE: May 30, 2018

RE: Proposed Manual Language Revisions to Sections 1 & 2 (Housekeeping)

The proposals discussed in this memorandum are intended to make the Manual language clearer and less ambiguous. The proposed revisions clarify existing classification procedures and update certain classification descriptions in order to align the language used with that in other Manual provisions and/or to recognize ongoing technological or industrial changes.

The Section 1 and Section 2 Manual language revisions are provided below. Where warranted, the proposed revisions are preceded by explanatory background. None of the language revisions will impact any classification's proposed April 1, 2018 rating value. The PCRB recommends that all of the Section 1 and Section 2 language revisions proposed herein become effective April 1, 2019.

## SECTION 1

### TABLE OF CONTENTS SECTION 1 – UNDERWRITING RULES

*This revision is intended to correct a clerical error in the Table of Contents.*

#### **RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM**

No change to Items A through D.

- E. Subcontractors
  - 1. Law on Contractors and Subcontractors
  - ~~a~~2. Coverage
  - ~~b~~3. Premium for Uninsured Subcontractors
  - ~~e~~4. Drivers, Chauffeurs and Helpers Under Contract

No change to Items G through I.

#### **RULE V – PREMIUM BASIS**

##### **B. REMUNERATION – PAYROLL**

##### **2. INCLUSIONS**

No change to Items a. through t.

- [u. Automatic Gratuities \(See Tips vs. Automatic Gratuities in the General Auditing & Classification Information section\).](#)

##### **3. EXCLUSIONS**

No change to Items a. through d.

- e. Tips ~~and other gratuities~~ received by employees (~~EXCEPTION: Automatic Gratuities. See Tips vs. Automatic Gratuities in the General Auditing & Classification Information section~~) after minimum wage adjustment has been applied (refer to Inclusions, o.);

No change to Items f. through n.

#### **RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE**

##### **A. EXECUTIVE OFFICERS**

No change to Items 1 through 4.

**5. Executive Officers – REMUNERATION – TREATMENT OF:**

- a. The remuneration of an executive officer shall not be included with the payroll of the **risk employer** for premium computation purposes, provided:
  1. ~~That such~~ The executive officer is elected for the value of his or her name or because of stock holdings, has no duties and does not come on the premises, except perhaps to attend directors' meetings.
  2. ~~That such~~ The executive officer ~~because of age or for other reasons~~ ceases to perform any duties and does not come on the premises, except perhaps to attend directors' meetings.
- b. The remuneration of an executive officer shall be included with the payroll of the **risk employer** for premium computation purposes, subject to the minimum and maximum provisions of the Basic Manual, provided:
  1. ~~That such~~ The executive officer ~~because of age or for other reasons~~, ceases to perform any duties, but ~~nevertheless~~, frequently visits the premises of the **risk employer**.
  2. ~~That such~~ The executive officer frequently visits the premises of the **risk employer** for business conferences, directors' meetings or similar duties, ~~although also an officer or~~ employee of another risk even if the officer is an employee or officer of another employer in the operations of which he/she takes an active interest.
  3. The officer receives no salary; however, a regular salary is credited to him or her on the books. In this instance the amount credited must be included in payroll.
  4. The officer receives no salary or the audit records fail to disclose the salary. In this instance the amount to be included in the payroll is the applicable corporate officer minimum.
- ~~c. Under the following conditions, the amount of remuneration of executive officers which shall be included with the payroll of the risk for premium computation purposes, subject to the minimum and maximum amounts of the Basic Manual, shall be as indicated below:~~
  - ~~1. Where the officer draws no salary in fact, but a regular salary is credited to him or her on the books, the amount so credited shall be included in the payroll of the risk as his or her remuneration.~~
  - ~~2. Where the officer draws no salary in fact, but a regular salary is credited to him or her on the books and subsequently charged back to such officer, the amount so credited shall be included in the payroll of the risk as his or her remuneration regardless of such charge off.~~
  - ~~3. Where the officer draws no regular salary but draws such various sums as his or her needs or the conditions of the business dictate, the actual amount drawn shall be included in the payroll of the risk as his or her remuneration.~~

~~4. Where the officer receives no salary in fact, either drawn or credited, or where the records presented to the auditor fail to disclose the salary, the amount to be included in the payroll of the risk shall be the applicable manual minimum per week.~~

#### **RULE IV – CLASSIFICATIONS**

*This revision is intended to convey that operations cited as General Exclusions are to be separately rated. Payroll developed by employees who interchange between duties assignable to the employer's governing classification and operations cited as General Exclusions may be divided between the employer's governing classification and the classification applicable to the General Exclusion provided the employer maintains separate payroll records.*

#### **B. CLASSIFICATIONS**

##### **4. GENERAL EXCLUSIONS**

Some operations in a business are so unusual that they are excluded from basic classifications. They are ~~classified separately~~ separately rated unless specifically included in the basic classification wording. These operations are called general exclusions and are:

No change to Items 1 through 6.

#### **RULE XII – U.S. LONGSHORE AND HARBOR WORKERS COMPENSATION ACT**

No change to Items A through E.

*This rule is eliminated as the referenced voluntary pool no longer exists.*

#### ~~**F. PENNSYLVANIA WORKERS' COMPENSATION VOLUNTARY POOL**~~

~~Contact Pennsylvania Compensation Rating Bureau for information concerning U.S.L. & H.W. coverage.~~

#### **SECTION 2**

#### **DEFINITIONS**

#### **ADDITION:**

TO BE SEPARATELY CLASSIFIED OR SEPARATELY CLASSIFY: When either of these terms is found in a classification's definition, the payroll of separate staff exclusively engaged in performing the specified function that is designated "to be separately classified" or "separately classified" shall be assigned to the classification that best describes the specified function.

## CLASSIFICATIONS

***The Code 012 classification description is amended to recognize that employers principally engaged in the operation of a sod farm were reclassified from Code 0013 to Code 0006 effective April 1, 2018.***

### **012 LANDSCAPE CONTRACTOR Or Lawn Cutting Or Maintenance Contractor**

Includes the construction of dry stone walls...or lawn maintenance operations.

#### **OPERATIONS NOT INCLUDED:**

1. No change.
2. Assign Code 0013 to separately-staffed nursery, or Christmas tree raising ~~or sod farm operations.~~
3. No Change
4. [Assign Code 0006 to sod farms.](#)

#### **UNDERWRITING GUIDE ADDITION:**

[012, Residential Pond Or Water Garden Installation](#)

### **647 INSULATION WORK, N.O.C.**

Includes the installation or application...within building walls.

#### **OPERATIONS ALSO INCLUDED:**

1. A Weatherization Program insulates the client's home, which may be a detached house, a twin, a row house or a mobile home. The clients are generally either elderly, on a fixed income or are low-income families. All of a weatherization program's tasks (e.g., fixing windows and/or doors, installing blown or ~~vat batt~~ insulation, putting in foam sealants, doing caulking or putting in weather stripping) are incidental to the efforts of preventing outside air from infiltrating the home and concurrently preventing warm or air-conditioned air from escaping the homes' insulation.

#### **OPERATIONS NOT INCLUDED:**

No change to Items 1 or 2.

#### **UNDERWRITING GUIDE ADDITION:**

[660, Cable Television – System Hookup Or Service – By Specialist Contractor](#)

**Staff proposes to eliminate the phrase “ – within Buildings” from the Code 661 classification title because not all of the operations classified to Code 661 necessarily take place within buildings e.g., Electric Cable Laying with Automatic Equipment – Street to Building – By Specialist Contractor.**

**661 ELECTRICAL WIRING –~~within BUILDINGS~~**

**UNDERWRITING GUIDE ADDITION:**

**664, Ductless Heating And/Or Air Conditioning System – Installation, Service Or Repair**

**919 FLORIST STORE - Retail or Wholesale**

Applies to ~~a~~ businesses principally engaged in the ~~retail and/or wholesale selling~~ sale of ~~fresh-cut~~ flowers, ~~potted plants, fresh-cut floral arrangements~~ and/or florist ~~store~~ supplies. Also includes service away from the store premises, such as floral decoration of homes, churches or other buildings for weddings, banquets or parties.

Also includes plantscaping, which is the maintenance of living (typically potted) plants inside a customer's premises. The living, potted plants may be used to decorate the interiors of malls, offices or other businesses, as well as residences. Plantscaping duties include watering, fertilizing, trimming and/or spraying of the interior living, potted plants.

***OPERATIONS NOT INCLUDED:***

1. Assign Code 0011 to a business principally engaged in raising, growing or cultivating flowers and/or plants used for indoor decorative purposes ~~in fields or under glass to be marketed on a commercial basis as cut flowers or living plants~~. Stores operated ~~by such a business~~ at the same or contiguous location may be separately classified to Code 919 provided the stores are physically separate and separately staffed ~~employer fulfills the multiple enterprise criteria discussed in Rule IV, C. 3. A. 2. of this Manual. The store must be operated in a physically separate work area with no interchange of labor between the store and the flower raising.~~

2. No change.

3. Assign Code 0013 to a business principally engaged in ~~the~~ raising ~~of~~ trees (including Christmas trees), shrubs, bushes, hedges and or bedding ~~other outdoor living/growing~~ plants used for outdoor planting.

No change to Items 4, 5 or 6.

**UNDERWRITING GUIDE ADDITION:**

**928, Medical Marijuana Dispensary**

**953 Clerical OFFICE Employees**

Applicable to ~~Are~~ employees exclusively engaged in keeping the books...except in connection with any classification designated "all employees including office."

***OPERATIONS NOT INCLUDED:***

No change to Items 1, 2, 3 or 4.

**957 PHYSICIAN OR DENTIST**, all employees including office.

This classification is for the physician's or dentist's office...therapy (physical or mental).

**OPERATIONS ALSO INCLUDED:**

1. House calls by physicians.

***OPERATIONS NOT INCLUDED:***

No change to Items 1 through 6.

**UNDERWRITING GUIDE ADDITIONS:**

960, Hospice Facility

971, Gutter Cleaning – Residential Or Commercial –By Specialist Contractor

**0011 FLOWER RAISING, CULTIVATING OR GROWING**

Applicable ~~only~~ to businesses principally engaged in raising, growing or cultivating flowers and/or plants used for indoor decorative purposes ~~in fields or under glass to be marketed on a commercial basis as cut flowers or living plants.~~

**OPERATIONS ALSO INCLUDED:**

1. An employer principally engaged in vegetable growing in a hothouse or greenhouse and/or by hydroponic method.

***OPERATIONS NOT INCLUDED:***

1. Assign Code 919 to a physically separate and separately staffed ~~separate staff in a physically separate~~ store or outlet operated by an employer classified to Code 0011 ~~at the same or contiguous location to the flower raising.~~

**UNDERWRITING GUIDE ADDITION:**

0011, Medical Marijuana Growing

**0013      NURSERY**

Applicable to businesses principally engaged in raising trees (including Christmas trees), shrubs [and/or bedding](#) plants [used for outdoor planting](#).

**OPERATIONS NOT INCLUDED:**

1. Assign Code 928 to a separately staffed and physically separated store or outlet operated by an employer classified to Code 0013.



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- b. The remuneration of an executive officer shall be included with the payroll of the employer for premium computation purposes, subject to the minimum and maximum provisions of the Basic Manual, provided:
  - 1. The executive officer ceases to perform any duties, but frequently visits the premises of the employer.
  - 2. The executive officer frequently visits the premises of the employer for business conferences, directors' meetings or similar duties even if the officer is an employee or officer of another employer in the operations of which he/she takes an active interest.
  - 3. The officer receives no salary; however, a regular salary is credited to him or her on the books. In this instance the amount credited must be included in payroll.
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