



Pennsylvania Compensation Rating Bureau

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August 13, 2020

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. 318 – Proposed Effective April 1, 2021
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, 2021 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.

As background for this filing, 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 to Code 991, Athletic Team – Noncontact Sports. In order to routinely maintain these values, 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, 2020 (\$1,081.00 – an increase of 3.05% in relation to the January 1, 2019 SAWW of \$1,049.00).

The formulas/basis for calculating these auditable payrolls are as follows:

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

- SAWW times two and a half (rounded to the nearest \$50.00) for the corporate officer weekly maximum payroll.
- SAWW times fifty (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 fifty (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 fifty two (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 the following, effective April 1, 2021:

- The corporate officer minimum be revised from \$1,049 per week to \$1,081 per week.
- The corporate officer maximum be revised from \$2,600 per week to \$2,700 per week.
- The taxicab driver's annual payroll be revised from \$52,450 to \$54,050.
- The auxiliary or special school police annual payroll be revised from \$5,250 to \$5,400.
- The maximum auditable payroll for musicians or entertainers be revised from \$1,049 per week to \$1,081 per week.
- The maximum payroll for both Codes 970 and Code 991 is unchanged from \$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 – Basic Manual



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TO: Pennsylvania Compensation Rating Bureau Classification & Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: June 10, 2020

RE: Proposed Revisions to Designated Auditable Payrolls and Concurrent Sections 1 and 2 Manual Amendments – April 1, 2021

The Pennsylvania Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and for Employers Liability Insurance (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 PCRB recommends that the revisions to the designated auditable payrolls being proposed in this memorandum become effective concurrent with the implementation of the PCRB's April 1, 2021 comprehensive loss cost revision, to be filed with the Department at a later date. The proposed revisions are a product 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 these designated auditable payrolls remain as follows:

- 100% of SAWW for the executive officer weekly minimum auditable payroll.
- 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 4 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, 2021:

Pennsylvania Compensation Rating Bureau Classification & Rating Committee
Proposed Revisions to Designated Auditable Payrolls

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

The maximum payroll for both Codes 970 and Code 991 is unchanged from \$220,000 per year.

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

Proposed 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**

Proposed 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.

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS
AND RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY
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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 \$1,081 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 \$1,081 per week.

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

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

Proposed 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.

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Remains unchanged.

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

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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 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.