

Pennsylvania Statistical Plan Manual Changes
Proposed Effective January 1, 2006

SECTION II - REPORTING REQUIREMENTS

B. Exposure Information

1. through 4. remain the same.

5. Exposure-Other Than Payroll

For a number of classifications the Manual provides bases of exposure other than payroll. The following method of reporting shall be used in such instances:

a. through f. remain the same..

Note: Premium for the [Terrorism Risk Insurance Act of 2002 – Certified Losses]Code 9740, Foreign Terrorism, and Code 9741, Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents, does not apply to these classifications.

6. through 8. remain the same.

9. Miscellaneous Statistical Codes

a. and b. remain the same

c. Premium Not Subject Report.

(1) through (3) remain the same.

(4) [Terrorism Risk Insurance Act of 2002 – Certified Losses]Foreign Terrorism - Code 9740
Premium [debit earned under the Terrorism Risk Insurance Act of 2002– Certified Losses] charge for Foreign Terrorism is reported on a hard copy unit subsequent to experience modification after the expense constant, if applicable, but prior to employer assessment. The premium charge for Code 9740 is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value for Code 9740. Premium developed under [the Terrorism Risk Insurance Act of 2002 - Certified Losses] Foreign Terrorism is not included in Total Standard Premium. Non-payroll exposures are not subject to premium [under the Terrorism Risk Insurance Act of 2002 – Certified Losses]charges for Foreign Terrorism.

(5) Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents (DTEC) - Code 9741
Premium charge for Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents is reported on a hard copy unit subsequent to experience modification after the expense constant, if applicable, but prior to employer assessment. The premium charge for Code 9741 is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value for Code 9741. Premium developed under Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents is not included in Total Standard Premium. Non-payroll exposures are not subject to premium charges for Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents.

SECTION IV – CODES

B. Exposure Information Codes

3. Premium Codes

a. and b. remain the same.

c. Premium Not Subject to lines “H”, “I” or “J”)

(1) through (3) remain the same.

(4) [Terrorism Risk Insurance Act of 2002– Certified Losses]Foreign Terrorism Code 9740

(5) Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents Code 9741

SECTION VI – EXAMPLES

Illustrations 1 through 9 remain the same.

Illustration 10 - Individual Risk Experience with USL & HW Coverage

Note: USL & HW and Federal class exposures are included when calculating [the Terrorism Risk Insurance Act (TRIA)]Foreign Terrorism, Code 9740, or Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents, Code 9741. However, pursuant to Act 57 of 1997, these exposures/premiums are not included when calculating the Pennsylvania Employers’ Assessment Code 0938.

Illustration 11 remains the same.

Illustration 12 - Unit Reporting; Individual Risk Experience Including Premiums for Operation Subject to the USL & HW Act for a "Non-F" Classification

Note: USL & HW and Federal class exposures are included when calculating [the Terrorism Risk Insurance Act (TRIA)]Foreign Terrorism, Code 9740, or Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents, Code 9741. However, pursuant to Act 57 of 1997, these exposures/premiums are not included when calculating the Pennsylvania Employers’ Assessment Code 0938.

Illustrations 13 through 15 remain the same.

Illustration 16 – Combination Example

[Furthermore,]Note: USL & HW and Federal class exposures are included when calculating [the Terrorism Risk Insurance Act (TRIA)]Foreign Terrorism, Code 9740, or Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents, Code 9741. However, pursuant to Act 57 of 1997, these exposures/premiums are not included when calculating the Pennsylvania Employers’ Assessment Code 0938.

NOTE: On Pages 3 and 5 of the example, the values for Code 0938 have been revised.

Illustrations 17 through 22 remain the same.

Illustration 23 – Anniversary Rated Policy with the Premium Charge for [Terrorism Risk Insurance Act of 2002 – Certified Losses]Foreign Terrorism and the Employer Assessment

In this illustration it is assumed that more than one experience modification applies during the policy period and that an Employer Assessment and premium charge for [the Terrorism Risk Insurance Act of 2002] Foreign Terrorism are applicable.

Note: In the following..... (combination example).

The premium charge for [the Terrorism Risk Insurance Act of 2002 – Certified Losses]Foreign Terrorism, Code 9740, is derived by adding up all payroll exposures for a given split period divided by \$100 and multiplying the result times the carrier’s rating value for [the Terrorism Risk Insurance Act of 2002 – Certified Losses]Foreign Terrorism (Code 9740). The resulting premium charge should be reported on lines "J" through "K" under Code 9740, and is to be used in the calculation of the Employer Assessment Code 0938.

Calculation of the Employer Assessment Premium Base proceeds by adding back to the total policy premium the amount of any applicable Small or Large Deductible Premium Credit and includes premiums generated by the application of [the Terrorism Risk Insurance Act of 2002 – Certified Losses]Foreign Terrorism (Code 9740). Small or Large Deductible Premium Credits include either of the following Statistical codes in Pennsylvania: 9663 or 9664.

The Employer Assessment..... premium calculations.

As with most pricing programs in the Commonwealth of Pennsylvania (i.e., Construction Credit - 9046, Merit Rating Credit – 9885, etc.), the Employer Assessment charge and [the Terrorism Risk Insurance Act of 2002– Certified Losses]Foreign Terrorism are applicable as of each risk’s Anniversary Rating Date.

Example: A policy..... portion of the policy.

Note: Since the expense constant (0900), minimum premium (0990), premium discount (0063/0064), and any premiums charged for [the Terrorism Risk Insurance Act of 2002 – Certified Losses]Foreign Terrorism (Code 9740), etc.[.] are all used in the calculation of the Employer Assessment (0938), it will be necessary to pro-rate these items and show each of the split portion premiums separately on anniversary rated risks. Failure to do so will result in the issuance of error criticisms.

Illustration 24 – Anniversary Rated Policy with the Premium Charge for Foreign Terrorism and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents

In this illustration it is assumed that more than one experience modification applies during the policy period and the premium charges for Foreign Terrorism and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents are applicable.

Note: In the following example all premiums are calculated in the same sequence outlined in Example 16 (combination example).

The premium charges for Foreign Terrorism, Code 9740, and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents, Code 9741, are derived by adding up all payroll exposures for a given split period, dividing by \$100 and multiplying the result times the carrier’s rating value for each of these codes. The resulting premium charges should be reported on Lines "J" through "K" under Code 9740 and Code 9741 and is to be used in the calculation of the Employer Assessment, Code 0938.

The Employer Assessment charge shall also be reported on Lines “J” through “K” under Code 0938 but is not to be used in any premium calculations.

As with most pricing programs in the Commonwealth of Pennsylvania (e.g., Construction Credit – Code 9046, Merit Rating Credit – Code 9885), the Employer Assessment charge, Foreign Terrorism, Code 9740, and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents, Code 9741, are applicable as of the individual risk's Anniversary Rating Date.

SECTION X - ALGORITHM

Pennsylvania Premium Algorithm Preface:

*[Optional use November 26, 2002.] Mandatory use for policies effective on or after [October]
January 1, [2004]2006.*