



February 13, 2026

VIA SERFF

The Honorable Michael Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Attention: Michael McKenney, Director, Property & Casualty Bureau
Bojan Zokic, Actuarial Review Supervisor, Property & Casualty Bureau

**RE: PCRB Filing No. 347 - Section 1 Rule IX H.
Pennsylvania Construction Classification Premium Adjustment Program
Revisions to Qualifying Wages, Table of Hourly Wages and Premium Credits**

Dear Commissioner Humphreys:

The Pennsylvania Compensation Rating Bureau (PCRB) hereby submits, on behalf of the membership, a filing to update provisions of the Pennsylvania Construction Classification Premium Adjustment Program (PCCPAP). This program, implemented in 1991, is updated annually to reflect changes in statewide average wage levels and specific references to time periods. Additional considerations for a fair and balanced plan are included in this filing beyond the typical scope. This was to ensure the program provides the right level of support for construction classifications.

Proposed changes are made to the Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and for Employers Liability Insurance (PCRB Basic Manual). These revisions are proposed to be effective 12:01 a.m., October 1, 2026 for new and renewal policies. This effective date is consistent with previous annual PCCPAP filings.

An Actuarial Memorandum providing specific details on this filing is included with this submission.

The PCRB respectfully requests prompt consideration and approval of this filing as presented since applications for the PCCPAP are processed by the PCRB approximately six months in advance of policy effective dates. Notifications to construction employers in the interim will refer to this pending filing so that employers will be aware of these proposed changes.

The PCRB will be pleased to answer any questions you or the Insurance Department staff may have. Please direct any questions to Brent Otto, Senior Vice President and Chief Actuary or Jesse Marass, Director of Actuarial Services.

Sincerely,

Amy Quinn
President

AQ/dn
Enclosures



To: Michael Humphreys, Insurance Commissioner
Commonwealth of Pennsylvania

From: Brent Otto, Senior Vice President & Chief Actuary

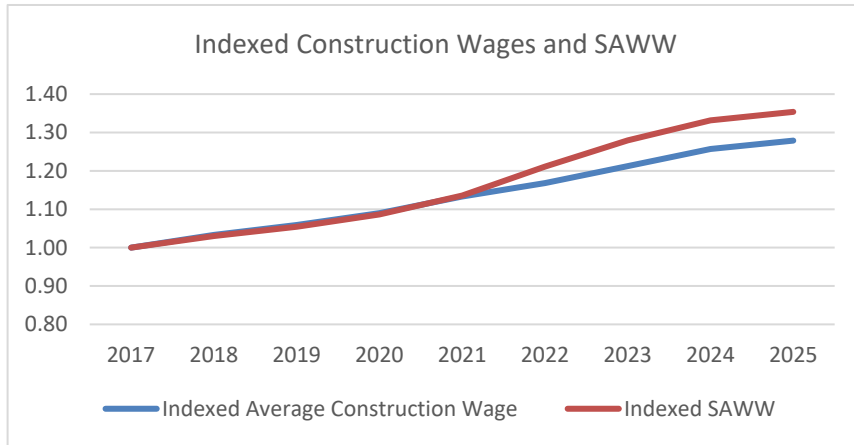
Date: February 13, 2026

Subject: **PCRB Filing No. 347**
Pennsylvania Construction Classification Premium Adjustment Program
Revisions to Qualifying Wages, Table of Hourly Wages and Premium Credits

This filing proposes the following changes to the Pennsylvania Construction Classification Premium Adjustment Program (PCCPAP) for policies with effective dates on or after October 1, 2026:

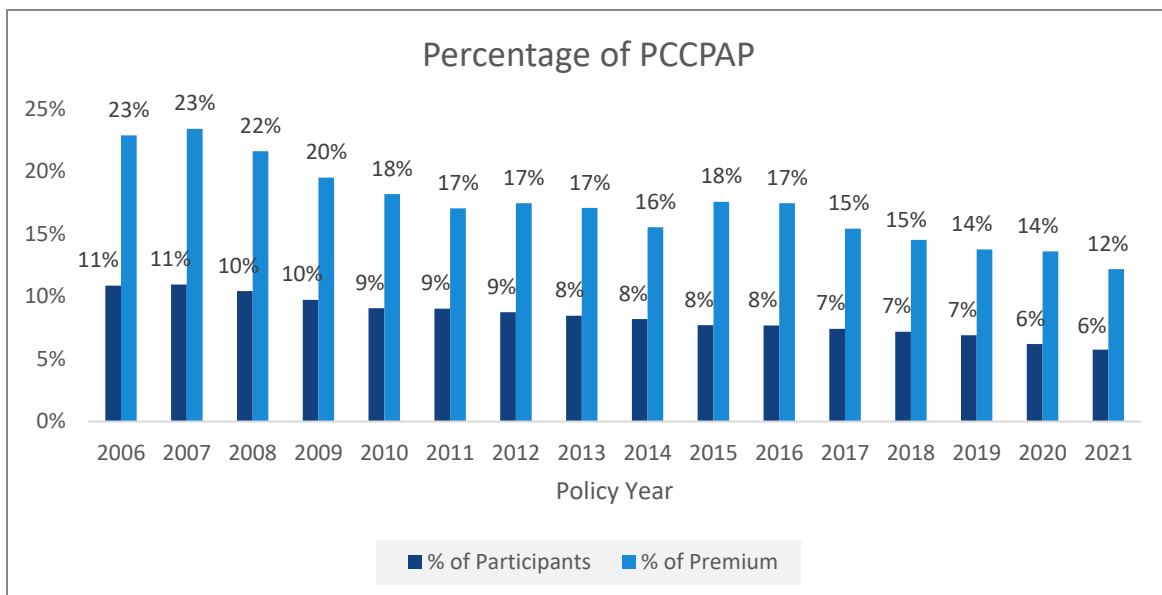
- Qualifying wages are proposed to be based on the Third Quarter of 2025. This data will be available prior to the proposed effective date and represents a more current level of employment and wage activity for construction employers.
- The minimum hourly wage eligible for premium credit has been updated as part of a program refresh. In 1991 with the initial program filing, a construction wage value of \$13 was determined and has been trended forward using the Statewide Average Weekly Wage (SAWW) for 35 years. Economic changes over time along with recent impacts related to the COVID-19 pandemic has deteriorated the accuracy of applying cumulative changes in SAWW to the initial construction wage set at the program's inception. As explained below, the initial starting construction wage value has been updated based on more current data, and the traditional SAWW-based trending will continue going forward since statewide wage changes have restabilized. More frequent review of the average construction wage and how that relates to the change in SAWW will occur going forward to ensure construction policies can properly utilize the program. This results in a proposed revision of the minimum wage eligible for PCCPAP premium credit from \$40.15 to \$38.40 per hour. The qualifying wage has been rounded to the nearest \$0.05, consistent with past practices.
- Beyond adjusting the starting wage to better reflect current construction wage levels, procedural changes have been kept consistent with previously approved PCRB filings pertaining to the PCCPAP 1995 through 2025, the revisions are proposed in the increments in qualifying wages that correspond to those in the PCCPAP table of premium credits.

Changes in SAWW are still the best indicator of construction wages, however recent economic disruptions have caused a temporary break in the historical alignment. By bringing the starting wage forward from 1990 to 2024, the construction wage tables will more accurately capture the construction workers whose payroll outpaces their workers compensation benefits consistent with the program's intent. The growth in SAWW from 2024 to 2025 and beyond shows a regression back to historical annual changes, so the temporary divergence between the SAWW and an average construction wage hasn't persisted.



The graph clearly shows this break by looking at the indexed SAWW and indexed average construction wages since 2017. There was a distinct divergence in the indexes during the post-pandemic years 2022 and 2023. Updating the construction wage value addresses this divergence and effectively “resets” the starting wage value in the table and tying this back directly to current construction wages.

PCRB’s yearly PCCPAP report also shows there has been reductions overtime in both the percentage of policies and percentage of premiums participating in the program. The graph below shows participation was about 23% in 2008 but has fallen to about half of that at 12% in 2021. This further supports that qualification have become more stringent and maybe reducing the effectiveness of the program.



Instead of relying on changes in SAWW from 1990 to today, the PCRB elected to revise the initial construction wage referenced in the derivation of the full wage table. Bureau of Labor & Statistics (BLS) shows a 75th percentile wage of \$36.42 in May of 2024. This can be seen on page 2 of Exhibit B. Similar to the original approach in 1991, the value was rounded to the nearest 0.50 to be set as a rounded selected initial construction wage.

While the revised initial selected construction wage was sourced from BLS, several other approaches were researched. These included but were not limited to reviewing how the initial wage was

determined back in 1990, specifically adjusting the change in SAWW related to the divergence from changes in construction wages during the post-pandemic years, applying a union multiplier to non-union wages, and reviews of construction wage data from other union sources and Labor and Industry's website. One such source¹ works to break down different union workers' wages by industry and region. This source along with PA class distributions produced an average union construction wage of around \$47.

Through multiple avenues, our research showed consistent values for both union and non-union workers with union-wages consistently higher. While wages have become more dispersed over time, the goal was still to target a reasonable wage above the overall average wage level, and below the prevailing union wage level. Since the BLS data contains wages for both union and non-union workers, the use of the 75th hourly wage percentile was selected to mirror that intent seen in the original filing in 1991. The benefits of using BLS over other data is that it is a commonly accepted and validated source, easy to pull by state and specific industry groups, and offers hourly wage percentiles.

Following the historical methodology, the starting wage would have been \$41.55 instead of the proposed \$38.40. While there isn't enough data to precisely measure the direct impact of this change, lowering the starting wage is expected to increase participation and premium credit. At the system level, the PCCPAP credit currently reduces premium by 0.4%. Because the program is revenue-neutral, the resulting change is deemed to be immaterial. However, the premium credit should increase slightly, by maybe 0.1% to 0.2%.

The PCRB has constructed the table of qualifying wages so that the ratio of effective wages between successive credit increments is approximately 1.0049, the ratio of the first two effective wages for the current PCCPAP table effective October 1, 2025 (i.e., $\$38.61 / \$38.42 = 1.0049$). Consistent with past practice, the increments in minimum qualifying wages have been rounded to the nearest \$0.05, and table increments have been "smoothed" so that the increments in minimum wages are constant or increasing as wage levels increase. The resulting table, with calculated effective wages and ratios of successive effective wages, is shown in Exhibit A. The derivation of the minimum hourly wage eligible for premium credit in Line I of Exhibit B, page 1 is shown on Exhibit B, page 2.

¹ [Union Pay Scales](#)

PCCPAP Filing Effective October 1, 2026

Test for "Premium Reversals"

Minimum Wage (1)	Maximum Wage (2)	Average Wage (3)	PCCPAP Credit (4)	Effective Wage (3)x(1.0-(4)) (5)	Ratio (5) to prior (5) (6)
\$0.00	\$38.39				
\$38.40	\$38.99	38.695	0.05	36.7603	
\$39.00	\$39.59	39.295	0.06	36.9373	1.00482
\$39.60	\$40.19	39.895	0.07	37.1024	1.00447
\$40.20	\$40.84	40.520	0.08	37.2784	1.00474
\$40.85	\$41.49	41.170	0.09	37.4647	1.00500
\$41.50	\$42.19	41.845	0.10	37.6605	1.00523
\$42.20	\$42.89	42.545	0.11	37.8651	1.00543
\$42.90	\$43.59	43.245	0.12	38.0556	1.00503
\$43.60	\$44.29	43.945	0.13	38.2322	1.00464
\$44.30	\$45.04	44.670	0.14	38.4162	1.00481
\$45.05	\$45.79	45.420	0.15	38.6070	1.00497
\$45.80	\$46.54	46.170	0.16	38.7828	1.00455
\$46.55	\$47.34	46.945	0.17	38.9644	1.00468
\$47.35	\$48.14	47.745	0.18	39.1509	1.00479
\$48.15	\$48.99	48.570	0.19	39.3417	1.00487
\$49.00	\$49.84	49.420	0.20	39.5360	1.00494
\$49.85	\$50.74	50.295	0.21	39.7331	1.00498
\$50.75	\$51.64	51.195	0.22	39.9321	1.00501
\$51.65	\$52.59	52.120	0.23	40.1324	1.00502
\$52.60	\$53.54	53.070	0.24	40.3332	1.00500
\$53.55	\$54.54	54.045	0.25	40.5338	1.00497
\$54.55	\$55.54	55.045	0.26	40.7333	1.00492
\$55.55	\$56.59	56.070	0.27	40.9311	1.00486
\$56.60	\$57.64	57.120	0.28	41.1264	1.00477
\$57.65	\$58.74	58.195	0.29	41.3185	1.00467
\$58.75			0.30		

Note: Premium Reversals Would Occur if Effective Wage for any Given Average Wage is LOWER than Effective Wage for any Lower Average Wage(s)

Determination of Minimum Qualifying Hourly Wage for PCCPAP
Policies with Policy Effective Dates On or After October 1, 2026

I: Hourly 75th Percentile Wage for Constructions Occupations As of May 2024 (Page 2)	\$36.50
II: Statewide Average Weekly Wage for twelve months ending June 30, 2023	\$1,325.00
III: Statewide Average Weekly Wage for twelve months ending June 30, 2025	\$1,394.00
IV: Increase in SAWW (III / II) = \$1,394.00 / \$1,325.00	1.05207547
V: Revised Qualifying Hourly Wage for Policies with Policy Effective Dates October 1, 2026 and Later (I x IV) (Rounded to the nearest \$.05)	\$38.40

Pennsylvania Construction Classification Premium Adjustment Program
Derivation of Initial Wage

Multiple occupations for one geographical area

Area: Pennsylvania
 Period: May 2024

Occupation (SOC code)	Employment (1)	Hourly mean wage	Annual mean wage (2)	Hourly median wage	Hourly 75th percentile wage	Hourly 90th percentile wage
Construction and Extraction Occupations (47-0000)	215,370	\$30.95	\$64,370	\$28.54	\$36.42	\$47.44

Footnotes:

(1) Estimates for detailed occupations do not sum to the totals because the totals include occupations not shown separately.

Estimates do not include self-employed workers.

(2) Annual wages have been calculated by multiplying the corresponding hourly wage by 2,080 hours.

SOC code: Standard Occupational Classification code -- see <http://www.bls.gov/soc/home.htm>

Data extracted on February 04, 2026

Selected Hourly 75th percentile wage rounded to the nearest 0.50: **36.50**

<https://www.bls.gov/oes/>