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Philadelphia, PA 19103

CIRCULAR

April 2, 2026

PCRB Circular #1842

To All Members of the PCRB:

**Re: Notice of Proposed Amendments to the PCRB By-Laws –
April 23, 2026 Annual Meeting**

The Pennsylvania Compensation Rating Bureau (PCRB) is providing notice to its membership of proposed amendments to the PCRB By-Laws that will be presented for consideration and vote at the Annual Meeting of the Membership scheduled for April 23, 2026.

Following a thorough and collaborative review process, the PCRB Governing Board has unanimously approved the proposed amendments for submission to the membership and recommends their adoption.

These proposed changes are intended to enhance governance clarity, improve administrative efficiency, and modernize certain provisions to better align with current operational practices and the evolving needs of the organization.

Summary of Proposed Amendments

The proposed amendments include the following:

Article V – Fees, Charges & Assessments

The amendments increase the data correction threshold from \$100 to \$1,000. This change aligns the threshold with the existing 2% materiality standard used in the recalculation of member assessments and is intended to reduce administrative burden associated with immaterial adjustments while maintaining fairness and consistency in assessment calculations.

Article VI – Governing Board Structure and Terms

Several updates are proposed to clarify and strengthen Governing Board structure and continuity:

- Employer Organization Representatives will formally serve three-year terms, consistent with current practice.
- The existing rotation limitation is removed to provide greater flexibility in Board composition.
- A formal term limit is established, permitting members to serve up to two consecutive three-year terms (six years total), after which a one-year break in service is required.
- The one-year limitation on service as Chair and Vice Chair is removed, allowing the Governing Board discretion to maintain leadership continuity where appropriate.

Article VIII – Officers

The amendments clarify that the compensation of the President of the PCRB will be approved by the PCRB members of the Governing Board, reinforcing governance transparency and accountability.

Article XII – Meetings, Voting, and Procedures

Updates are included to modernize the By-Laws by formally recognizing the use of virtual meeting technologies and clarifying procedures for meetings, voting, and actions taken by written consent. These changes reflect current practices and provide additional flexibility in governance operations.

The full text of the proposed amendments is attached and available for member review in advance of the Annual Meeting.

Action at the Annual Meeting

At the April 23, 2026 Annual Meeting, the membership will be asked to consider and vote on a resolution to approve and adopt the proposed amendments, with an effective date of April 23, 2026.

The Governing Board believes these amendments represent thoughtful and measured enhancements that support the PCRB's mission while maintaining strong governance, operational efficiency, and adaptability for the future.

Members are encouraged to review the proposed amendments and participate in the upcoming vote.

Thomas W. Cleary
Corporate Secretary
Senior Vice President & Chief Operations Officer

**PROPOSED BY-LAW CHANGES FOR
APRIL 2026 ANNUAL MEETING OF THE PCRB**

Article V – Changes are proposed to adjust the dollar threshold related to carrier data collections from \$100 to \$1,000 to realign that threshold to be consistent with the 2% requirement. This is the threshold by which the PCRB would need to recalculate assessments and reissue invoices to carriers when/if a carrier makes a correction to its reporting.

**ARTICLE V
FEES, CHARGES & ASSESSMENTS**

Section 5. Each member shall pay budget allocations, fees and charges as established by the Governing Board. In determining the amount of the annual fees and charges, the Governing Board shall take into account the corporation's budgeted expenses for the year including any amounts budgeted for paying judgments against the corporation, settlements entered into by the corporation and the corporation's indemnification obligations arising under Article X. Except as provided above, the Governing Board is prohibited from charging members, either directly or indirectly, for the purposes of satisfying any judgment, settlement or indemnification obligations of the corporation. Indemnification contingencies included in the annual budget shall not be construed as an indirect charge. Unless otherwise provided in these By-laws or by the Governing Board, budget allocations, fees and charges shall be paid by members according to their respective proportion of the total net direct written Pennsylvania Workers' Compensation Insurance premiums, as defined by the Governing Board, for the calendar year during which such expenses have been incurred. Assessments for each calendar year shall be adjusted on the following July 1 based on data received by the PCRB no later than the June 1 preceding the adjustment of assessment. Corrections to data received by the PCRB after June 1 will not change the prior or subsequent assessment(s) if BOTH of the following conditions are met:

- (a) the correction changes premium for the company submitting the correction by less than two (2.0) percent, and
- (b) the revised data would change the assessment for the company submitting the correction by less than One **Hundred Thousand** Dollars (\$**1,000**).

If either or both of the above conditions are NOT met, then the corrections shall be incorporated into the annual adjustment of assessment which used data submitted through June 1 following the PCRB's receipt of the correction.

Article VI – Multiple changes are proposed to Article VI:

- Section 1 – It is proposed that both Employer Organization Representatives be elected for 3-year terms. That is, in practice, how it is handled today. We believe that the initial requirement of one representative being elected for a 2-year term, and the other being elected for a 3-year term was intended for just the first year to ensure staggered terms.
- Section 4 – It is proposed that we eliminate the forced rotation rule that allows only one current GB member who is eligible for re-election to be elected for a second term. Instead, it is proposed that we use a newly added Section 9 to employ term-limits. This allows the Nominating Committee to use discretion to balance continuity and rotation.
- Section 7 – It is proposed that we modify Section 7 to eliminate the term limit of one-year for Chair and Vice Chair. This allows Governing Board discretion in filling these positions.
- Section 9 – It is proposed that we add Section 9, in conjunction with the changes to Section 4 (detailed above) to impose term limits. The changes to these two sections would allow each Governing Board member to be eligible to serve up to 6 years (two 3-year terms), rather than allowing only one existing Governing Board member to be eligible for re-election to a second term. These changes give discretion to the Nominating Committee to balance continuity with rotation.

**ARTICLE VI
GOVERNING BOARD**

Section 1. The Governing Board shall consist of nine (9) PCRB members, the Pennsylvania Secretary of Labor and Industry and two (2) Employer Organization Representatives. One of the nine (9) PCRB members shall be the State Workers' Insurance Fund. Not more than seven (7) PCRB members of the Governing Board (excluding the Secretary of Labor and Industry) at any time shall be domestic company members. The eight (8) PCRB member seats other than the State Workers' Insurance Fund shall be divided into two classes of three seats and one class of two seats. Members of each class shall be elected for a term of three (3) years and until their successors are elected and qualified. Effective with the 1997 Annual Meeting ~~one~~ **two** (12) Employer Organization Representative~~s~~ shall be elected to a three (3) year term ~~and one (1) Employer Organization Representative shall be elected to a two (2) year term. Upon expiration of the term of any Employer Organization Representative position on the Governing Board a successor Employer Organization Representative shall be elected for a term of three (3) years.~~

Section 4. At any given time, no more than one member of the same Insurance Holding Company System shall be a Governing Board member. ~~No more than one PCRB member of the Governing Board, either through itself or through another member of the same Insurance Holding Company System, may succeed itself in any given year, unless a sufficient number of candidates has not been nominated to otherwise fill the vacancies occurring on the Governing Board.~~

Section 7. The members of the Governing Board shall elect annually a Chair and a Vice Chair from among their number. ~~The Chair and Vice Chair of the Governing Board shall not be elected to the same office for successive terms.~~ The Chair, or in the Chair's absence, the Vice Chair, or in the absence of both, a Chair pro-tem, elected by the members present, shall act as the chair of meetings of the Governing Board.

Section 9. Members of the Governing Board may serve no more than two (2) consecutive three-year terms. After serving two consecutive terms, a member shall not be eligible for re-election until at least one (1) year has elapsed. Service prior to the adoption of this Section shall be counted in determining consecutive terms. Service of more than eighteen (18) months of a partial term shall be deemed a full term for purposes of this Section.

Article VIII – Changes are proposed to clarify that the PCRB members of the Governing Board will be charged with approving the President's compensation.

ARTICLE VIII OFFICERS

Section 2. The ~~salaries~~ compensation of the ~~officers~~ President of the PCRB shall be subject to approval by the PCRB Members of the Governing Board.

Article XII – Changes are proposed to modernize language related to virtual meetings.

ARTICLE XII MEETINGS, VOTING, QUORUMS

Section 3. Meetings of the Governing Board may be called at any time by the President. Meetings of the Governing Board shall be called by the President upon the written request of four (4) or more members of the Governing Board. The Governing Board may also hold meetings ~~by teleconference at which the members that are participating are able to hear and to speak to other participating members~~ using virtual communication tools.

Section 6. Unless otherwise provided in these By-laws, the General Rules, or in the resolution creating a Committee or Subcommittee, all meetings of the Governing Board or any Committee or Subcommittee shall be open to the Insurance Commissioner or designated employee of the Pennsylvania Insurance Department and, other than executive sessions or meetings ~~by teleconference~~ using virtual communication tools, shall be open to any members to attend. Only Governing Board members or Committee or Subcommittee members, as the case may be, shall be entitled to vote at such meetings. Upon the vote of a majority of all Governing Board members or Committee or Subcommittee members as the case may be, present and voting, persons who are not Governing Board members or Committee or Subcommittee members may be excluded from a meeting.

Section 11. Except as provided in Article XIII, Section 2, at meetings of the Governing Board or any Committee or Subcommittee where votes may be taken, all resolutions shall be deemed adopted when assented to by a majority of the votes cast. Action by the Governing Board and Committees or Subcommittees may also be taken (a) without a meeting by a consent in writing, setting forth the action taken and signed by all Governing Board, Committee or Subcommittee members as a unanimous action, or (b) by the affirmative vote of a majority of the Governing Board, Committee or Subcommittee members expressed during a meeting ~~by teleconference~~ **using virtual communication tools.** The results of (b) above shall be memorialized in writing by PCRB staff and promptly sent to all members of the Governing Board, Committee or Subcommittee.
