



October 22, 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

RE: PCRB Filing No. 349 – Proposed Effective April 1, 2027
Discontinuation of Classification Code 0509, Asbestos Goods Mfg.

Dear Commissioner Humphreys and Director McKenney:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit this filing proposing the discontinuation of Code 0509, Asbestos Goods Manufacturing, for policies effective 12:01 a.m., April 1, 2027, and later. This effective date is intended to coincide with the implementation of changes associated with PCRB's annual comprehensive loss cost revision, which will be separately filed with the Insurance Department, also for policies effective 12:01 a.m., April 1, 2027, and later. Coordinating these changes will allow PCRB members and other affected stakeholders to consolidate any necessary updates to policies, forms, and systems.

PCRB notes that the last reported exposure to Code 0509 was approximately \$2,000 in payroll for one employer in policy year 2018, and there has been no reported exposure to the classification since. This proposal will require no loss or payroll reassignment, and PCRB expects no statewide premium or loss cost impact attributable to the proposal.

Details of this proposal are provided in PCRB's September 23, 2026, memorandum, which was distributed to the PCRB Classification and Rating Committee (Committee) via mail advisory. All Committee feedback received in response to the staff memorandum was supportive of the proposal. Proposed revisions to the PCRB Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employers Liability Insurance (Basic Manual) are attached for review.

The proposed Basic Manual amendments also include a conforming revision to Code 161, Apparel Mfg., that was not part of the original memorandum to the Committee and was identified through the Committee's review of the proposal. Code 161 presently includes an Underwriting Guide entry for "Glove Mfg., Except Fire Resistant, Industrial Use, Knit or Rubber." Concurrent with the discontinuation of Code 0509, PCRB proposes to remove the reference to fire-resistant glove manufacturing from this entry. Historically, this distinction appears to have been associated with asbestos-based products. PCRB's review indicates that fire-resistant gloves may now be manufactured from a variety of materials and through differing manufacturing processes;

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therefore, PCRB is not proposing an alternative Underwriting Guide entry at this time and may consider further revisions if warranted.

The discontinuation of Code 2509, the temporary staffing classification associated with Code 0509, is an additional conforming revision.

Thank you for your consideration of this filing. The PCRB would be pleased to answer any questions from you or Insurance Department staff regarding this proposal.

Sincerely,

Amy Quinn
President

Enclosures: September 23, 2026, Staff Memorandum to the Committee
Section 2 Basic Manual language amendments

TO: Pennsylvania Compensation Rating Bureau Classification & Rating Committee

FROM: Robert Ferrante, Manager – Classification Department

DATE: September 23, 2026

RE: Classification Procedural Change – Discontinuation of Code 0509, Asbestos Goods Mfg. – April 1, 2027

CLASS HISTORY AND DESCRIPTION

Code 0509, Asbestos Goods Manufacturing, is a longstanding Pennsylvania Compensation Rating Bureau classification that has been in effect since at least January 1, 1924. The classification applies to manufacturers that utilize asbestos fibers in the production of asbestos-containing products. The current Code 0509 Underwriting Guide follows:

- Asbestos Cement Products Mfg.
- Asbestos Goods Mfg.
- Asbestos Paper Mfg.
- Asbestos Spinning Or Weaving
- Blanket Mfg., Insulating For Aircraft – Asbestos
- Brake Lining Mfg. – Asbestos
- Cloth Mfg. – Asbestos
- Fire Resistant Glove Mfg.
- Glove Mfg. - Fire Resistant
- Paper Mfg. – Asbestos
- Tape Mfg. – Asbestos
- Textile Mfg. – Asbestos
- Vinyl Asbestos Floor Tile Mfg.

The only significant revision to the scope of Code 0509 became effective December 1, 1996, when Code 0508, Asbestos Spinning and Weaving, was discontinued and the operations previously assigned to Code 0508 were reassigned to Code 0509. Since that time, the scope of Code 0509 has remained essentially unchanged.

REGULATORY BACKGROUND

The U.S. Environmental Protection Agency (EPA) issued the Asbestos Ban and Phase-Out Rule (ABPR) on July 12, 1989, under Section 6 of the Toxic Substances Control Act (TSCA). The rule was intended to eliminate nearly all asbestos-containing products from U.S. commerce by phasing out their manufacture, importation, processing, and distribution. The EPA concluded that asbestos posed an unreasonable risk to public health due to its association with lung cancer, mesothelioma, and other serious diseases.

The ABPR established a three-stage phaseout schedule designed to eliminate virtually all commercial asbestos uses by 1997. The rule applied to a broad range of asbestos-containing

products and industrial applications, including construction materials, friction products, and manufacturing operations. The EPA viewed the rule as a comprehensive means of reducing occupational and environmental exposure to asbestos.

However, the rule was substantially limited by subsequent litigation . In *Corrosion Proof Fittings v. EPA* (1991), the U.S. Court of Appeals for the Fifth Circuit largely overturned the regulation, finding that the EPA had not demonstrated that a near-total ban represented the least burdensome regulatory approach required under the original TSCA. As a result, most of the rule was vacated.

Although the court invalidated most of the ABPR, several provisions remained in effect, including bans on:

- Corrugated paper containing asbestos
- Rollboard
- Commercial paper
- Specialty paper
- Flooring felt
- Any new use of asbestos not already in commerce before August 25, 1989

Because most of the rule was overturned, several significant asbestos uses remained legal for decades, including:

- Industrial gaskets and packing materials
- Chlor-alkali manufacturing diaphragms
- Vehicle brakes and other friction products
- Various industrial applications utilizing chrysotile asbestos

As a result, while asbestos-related manufacturing and processing exposures declined substantially, they did not disappear and continued to exist in limited sectors of the U.S. economy.

This regulatory gap persisted until March 18, 2024, when the EPA finalized a rule under the Toxic Substances Control Act prohibiting the ongoing manufacture, importation, processing, distribution, and commercial use of chrysotile asbestos, the only form of asbestos known to remain in U.S. commerce.

The rule established compliance deadlines requiring affected industries to transition to non-asbestos alternatives. Although certain applications were provided limited transition periods, the rule ultimately eliminates all remaining commercial uses of chrysotile asbestos.

CONCLUSION AND RECOMMENDATION

PCRB staff recommends that Code 0509 be discontinued effective April 1, 2027, concurrent with PCRB's next comprehensive loss cost proposal, because:

- Pennsylvania exposure assigned to Code 0509 has been negligible for several years. The last exposure to Code 0509 was reported by a single employer in policy year 2018 (approximately \$2,000 in payroll). No exposure has been reported to Code 0509 in subsequent policy years
- The underlying manufacturing activity that supported Code 0509 is being phased out through federal regulation.
- Remaining asbestos-related commercial uses are also being phased out.

The proposed discontinuation is administrative in nature. No employers currently report meaningful exposure under Code 0509, no existing operations require reassignment to another classification, and no statewide premium or loss cost indication is expected to result from this proposal.

If approved, this proposal will require no loss or payroll data reassignment, as the operations contemplated by Code 0509 are no longer conducted, and therefore are not being reassigned from Code 0509 to another existing classification. The sole Pennsylvania employer that last reported exposure to Code 0509 in policy year 2018 will have Code 0509 withdrawn as an authorized classification but will experience no premium impact as a result of this change.

Staff respectfully recommends that the Classification & Rating Committee approve the discontinuation of Classification Code 0509, Asbestos Goods Manufacturing, effective April 1, 2027, together with the accompanying Basic Manual amendments, as the classification no longer reflects active manufacturing operations in Pennsylvania

The enabling Basic Manual language amendments are attached.

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

Proposed Effective April 1, 2027

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

TABLE OF CONTENTS remains unchanged.

SECTION 1 – UNDERWRITING RULES remains unchanged

SECTION 2 - CLASSIFICATIONS AND BUREAU RATING VALUES

PCRB RATING VALUES through **DEFINITIONS** remain unchanged.

CLASSIFICATIONS

Classification Code 005, **TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING** through Classification Code 142, **DRY CLEANING PLANT** remain unchanged.

161 APPAREL MFG.

Restricted to the manufacture of wearing apparel...shall be assigned to Code 134.

UNDERWRITING GUIDE

REVISION:

Glove Mfg., Except ~~Fire-Resistant~~, Industrial Use, Knit Or Rubber

Classification Code 163, **TEXTILE PRODUCTS MFG., N.O.C.**, through Classification Code 507, **GRAPHITE PRODUCTS MFG.** remain unchanged.

~~**509 ASBESTOS GOODS MFG. — FOR ESTABLISHMENTS UTILIZING ASBESTOS FIBERS IN THEIR MANUFACTURING PROCESSES THAT RESULT IN AN ASBESTOS PRODUCT.**~~

UNDERWRITING GUIDE

DELETIONS:

~~Asbestos-Cement Products Mfg.
Asbestos-Goods Mfg.
Asbestos-Paper Mfg.
Asbestos-Spinning Or Weaving
Blanket Mfg., Insulating For Aircraft—Asbestos
Brake Lining Mfg.—Asbestos
Cloth Mfg.—Asbestos
Fire-Resistant Glove Mfg.
Glove Mfg.—Fire-Resistant
Paper Mfg.—Asbestos
Tape Mfg.—Asbestos
Textile Mfg.—Asbestos
Vinyl Asbestos Floor Tile Mfg.~~

All references to corresponding temporary staffing Code 2509 are concurrently deleted.

Classification Code 511, **CONCRETE PRODUCTS MFG.** through Classification Code 9741, **Catastrophe (Other Than Certified Acts of Terrorism)** remain unchanged.

SECTION 3 – ENDORSEMENTS remains unchanged.

SECTION 4 – RETROSPECTIVE RATING PLAN remains unchanged.

SECTION 5 – EXPERIENCE RATING PLAN remains unchanged.

SECTION 6 – MERIT RATING PLAN remains unchanged.

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