



Pennsylvania Compensation Rating Bureau

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June 2, 2021

PCRB CIRCULAR NO. 1765

To All Members of the PCRB:

RE: APPROVAL OF PCRB FILING NO. 323
REVISIONS TO THE EXPERIENCE RATING PLAN MANUAL RULES
EFFECTIVE JULY 1, 2021 AND CONTINGENT EXPERIENCE RATING
MODIFICATION ENDORSEMENT EFFECTIVE MAY 1, 2021

The Pennsylvania Insurance Commissioner has approved PCRB Filing No. 323, which revises two components of the Pennsylvania Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and for Employers Liability Insurance (Basic Manual), Experience Rating Plan. These revisions are approved for experience ratings issued on or after July 1, 2021.

Subrogation Recovery Credit Calculation and Ratable Losses

With the approval of PCRB Filing No. 323, ratable losses included in the calculation of any experience modification issued on or after July 1, 2021, will no longer have a secondary cap applied when subrogation recovery credits are received. This change ensures that ratable losses for all risks are consistently limited. The amended Basic Manual rule is attached.

Contingent Experience Rating Modification Minimum Data Requirements Endorsement

Experience ratings are issued 60 days prior to the rating effective date. Timely submission of unit statistical data is essential to this process. In some instances, if all the necessary data is not received, an experience modification may be promulgated based on all available data. Accordingly, the PCRB has now established minimum data requirements that will allow this to be automated. The Minimum Data Requirements Table has been added to the Experience Rating Plan section of the Basic Manual, Section IV. Note that an experience modification will not be produced if the minimum data requirements are not achieved. Also, once any missing unit statistical report data is received, the experience modification will be recalculated to include the missing data and immediately reissued. To signify that an experience rating is a Contingent Rating, the WCRATING file will include the Contingent Rating Record Type 07. The WCRATING Specifications Manual located on the WCIO website at www.wcio.org contains more information about the record layout.

Contingent Experience Rating Modification Endorsement

The PCRB also received approval for the Contingent Experience Rating Modification Endorsement – WC 00 04 12. This endorsement is effective 12:01 a.m., May 1, 2021, with respect to new and renewal policies. This endorsement notifies policyholders that their experience modification is contingent based on the reported experience. The Contingent Experience Rating Modification Endorsement is used countrywide and aligns Pennsylvania with other states that issue contingent experience modifications. The attached endorsement will also be provided and shown in the Endorsements section of the Basic Manual.

New Experience Rating and Merit Rating Computer System

The PCRB will be implementing a new rating system in July 2021. This new system will be used to promulgate all new ratings and allow the PCRB to streamline operations and enhance the distribution process. A separate circular will be published regarding new features and changes in the weeks ahead.

For specific questions regarding the experience rating plan or experience rating processes, contact Delisa Fairley – VP, Underwriting Services at (215) 320 – 4411 or at dfairley@pcrb.com.

William V. Taylor
President

WVT/dn

Remember to visit our web site at www.pcrb.com for more information about this and other topics.

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

Proposed Effective July 1, 2021

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

TABLE OF CONTENTS remains unchanged.

SECTION 1 – UNDERWRITING RULES through **SECTION 4 – RETROSPECTIVE RATING** remains unchanged.

SECTION 5 – EXPERIENCE RATING PLANS

SECTION I – INSTRUCTIONS through **SECTION II – DEFINITIONS** remain unchanged.

SECTION III – GENERAL PROVISIONS

Items **1.** through **4.** remain unchanged.

- 5. Experience to be Used.** The experience of the risk (except as otherwise provided in Rule 5 of Section IV and Rule 1 of Section V of this Plan) incurred within the experience period on all its operations, whether such operations are normal to the business or otherwise, shall be reported and used in determining the experience modification. The PCRB will verify any or all the data from which the experience modification is to be determined.

Items **6.** Through **10.** remain unchanged.

SECTION IV – APPLICATION OF EXPERIENCE MODIFICATION

Item **1.i.** through **vii.** remain unchanged.

- viii. Premium developed under Code 1212 – Payments to Paid Furloughed Employees Due to Covid-19

Items **2.** through **4.** remain unchanged.

5. Contingent Experience Modifications

- (a) A contingent experience modification is one that is missing some data but still meets the minimum data requirement displayed in the Minimum Data Requirements Table.
- (b) Contingent experience modifications are subject to the premium eligibility requirements and must attain the minimum data requirements displayed in the Minimum Data Requirements Table.
- (c) **Minimum Data Requirements**
The following table provides the possible minimum data requirements for all experience periods under the PCRB Experience Rating Plan. Refer to Rule 3, Section III of this Plan for additional information regarding the experience period.

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Minimum Data Requirements Table

Months of Data included in calculation	Minimum Number of Months of 1st Report Unit Statistical Data Required	Months of Data included in calculation	Minimum Number of Months of 1st Report Unit Statistical Data Required
Less than 12	All Data	35	23
12-24	12	36	24
25	13	37	25
26	14	38	26
27	15	39	27
28	16	40	28
29	17	41	29
30	18	42	30
31	19	43	31
32	20	44	32
33	21	45	33
34	22		

SECTION V – TABULATION OF EXPERIENCE

Items 1. through 7. remain unchanged.

8. Third Party Cases.

Item (a) remains unchanged.

- (b) Settled Cases. In cases where the carrier has received reimbursement under subrogation rights, or where the injured employee or his dependents have recovered from a third party, only the net losses shall be used in the rating and will not exceed the maximum accident limitation values in Table B, column (3).

SECTION VI – RATING PROCEDURE through **TABLE B – CREDIBILITY** remains unchanged.

SECTION 6 – MERIT RATING PLAN remains unchanged.

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Proposed Effective May 1, 2021

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

TABLE OF CONTENTS remains unchanged.

SECTION 1 – UNDERWRITING RULES and **SECTION 2 – CLASSIFICATIONS** remain unchanged.

SECTION 3 – ENDORSEMENTS

TABLE OF CONTENTS

90-Day Reporting Requirement – Notification Change of Ownership through Church Endorsement – Pennsylvania remains unchanged.

Contingent Experience Rating Modification Endorsement

WC 00 04 12

Deductible Endorsement through **Waiver of Our Right to Recover From Others** remains unchanged.

Workers Compensation and Employers Liability Policy Forms remains unchanged.

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES
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Proposed Effective May 1, 2021

Workers Compensation and Employers Liability Insurance Policy

WC 00 04 12

CONTINGENT EXPERIENCE RATING MODIFICATION ENDORSEMENT

The premium for this policy will be adjusted by an experience rating modification factor. The factor shown in the schedule is the Contingent Experience Rating Modification factor based on the appropriate experience data available and replaces any prior experience modification factor. We will issue an endorsement to show a revised factor if appropriate additional experience data becomes available. The contingent factor will apply unless a revised factor is subsequently issued.

Schedule

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

WC 00 04 12
(Ed. 1-90)

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**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES
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Proposed Effective May 1, 2021

SECTION 4 – RETROSPECTIVE RATING remains unchanged.

SECTION 5 – EXPERIENCE RATING PLANS remains unchanged.

SECTION 6 – MERIT RATING PLAN remains unchanged.