

January 30, 2023

VIA SERFF

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

Attention: Michael McKenney, Actuarial Supervisor, Property & Casualty Bureau

**RE: PCRB Filing No. 336 – Proposed Effective April 1, 2023
Proposed Revisions to Designated Auditable Payrolls and Concurrent
Sections 1 and 2 Manual Amendments**

Dear Acting Commissioner Humphreys and Actuarial Supervisor McKenney:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit the proposed filing for revisions to the PCRB Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employers Liability Insurance (Basic Manual). These revisions are proposed for policies with effective dates of 12:01 a.m., April 1, 2023, or later. This proposed effective date coincides with changes resulting from PCRB's normal annual comprehensive loss cost revision filing, which was filed with and also approved by the Insurance Department for policies with effective dates of April 1, 2023, and later. This coordination consolidates necessary changes that our members and other constituents must make to policies, forms, and systems so that they occur once annually.

The Basic Manual designates the following auditable weekly or annual payrolls: 1) the weekly minimum and maximum corporate officer payrolls, 2) the annual taxicab operator payroll, 3) the annual minimum auxiliary or special school police payroll, 4) the weekly maximum musicians' or entertainers' payrolls, and 5) the annual maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970, Athletic Team – Contact Sports, or Code 991, Athletic Team – Noncontact Sports. The proposed revisions to each of these auditable payrolls are a product of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2022, (\$1,205.00 – an increase of 6.64% in relation to the January 1, 2021, SAWW of \$1,130.00).

The formulas for calculating these auditable payrolls are as follows:

- 100% of SAWW for the corporate officer weekly minimum payroll.
- 2.5 times SAWW (rounded to the nearest \$50.00) for the corporate officer weekly maximum payroll.
- SAWW times 50 (rounded to the nearest \$50.00) for the annual taxicab driver payroll to be used when cabs are leased, and no payroll records are available.

- 10% of SAWW times 50 (rounded to the nearest \$50.00) for the auxiliary or special school police minimum annual payroll.
- 100% of SAWW for the maximum weekly payroll to be audited for musicians or entertainers who are not independent contractors.
- SAWW times four multiplied by 52 (rounded to the nearest \$10,000) for the annual maximum payroll for each player, coach, manager, or sports official subject to assignment to Code 970 or Code 991.

As a result of this review the PCRB proposes that for April 1, 2023:

- The executive officer minimum be revised from \$1,130 per week to \$1,205 per week.
- The executive officer maximum be revised from \$2,850 per week to \$3,000 per week.
- The taxicab driver's annual payroll be revised from \$56,500 to \$60,250.
- The auxiliary or special school police annual payroll be revised from \$5,400 to \$5,650.
- The maximum auditable payroll for musicians or entertainers be revised from \$1,130 per week to \$1,205 per week.
- The maximum payroll for each player, coach, manager, or sports official subject to assignment to either Code 970 or Code 991 be revised from \$240,000 per year to \$250,000 per year.

These proposals were reviewed by the PCRB Classification and Rating Committee (Committee) at the Committee's June 8, 2022, meeting. There was no Committee member comment in response to the PCRB's April 1, 2023, designated auditable payrolls proposal.

Thank you in advance for your attention to this filing. The PCRB welcomes any question that you or the Insurance Department staff may have regarding these proposals.

Sincerely,

William V. Taylor
President

Enclosures: June 8, 2022, Memorandum to the Committee
Revisions to Sections 1 and 2 of the Basic Manual

TO: Pennsylvania Compensation Rating Bureau Classification & Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: June 08, 2022

RE: Proposed Revisions to Designated Auditable Payrolls and Concurrent Sections 1 and 2 Manual Amendments – April 1, 2023

The Pennsylvania Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and for Employers Liability Insurance (Basic Manual) designates the following auditable weekly or annual payrolls: 1) the weekly minimum and maximum corporate officer payrolls, 2) the annual taxicab operator payroll, 3) the annual minimum auxiliary or special school police payroll, 4) the weekly maximum musicians' or entertainers' payrolls, and 5) the annual maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970, Athletic Team – Contact Sports, or Code 991, Athletic Team – Noncontact Sports. The PCRB reviews these auditable payrolls annually.

The PCRB recommends that the revisions to the designated auditable payrolls being proposed in this memorandum become effective concurrent with the implementation of the PCRB's April 1, 2023 comprehensive loss cost revision, to be filed with the Department at a later date. The proposed revisions are a product of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2022 (\$1,205.00 – an increase of 6.64% in relation to the January 1, 2021 SAWW of \$1,130.00).

The formulas for calculating these designated auditable payrolls remain as follows:

- 100% of SAWW for the executive officer weekly minimum auditable payroll.
- SAWW times 2.5 (rounded to the nearest \$50.00) for the executive officer weekly maximum auditable payroll.
- SAWW times 50 (rounded to the nearest \$50.00) for the annual taxicab driver payroll to be used when cabs are leased and no payroll records are available.
- 10% of SAWW times 50 (rounded to the nearest \$50.00) for the auxiliary or special school police minimum annual payroll.
- 100% of SAWW for the maximum weekly payroll to be audited for musicians or entertainers who are not independent contractors.
- SAWW times 4 multiplied by 52 (rounded to the nearest \$10,000) for the annual maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970 or Code 991.

As a result of this review the PCRB proposes that for April 1, 2023:

- The executive officer minimum be revised from \$1,130 per week to \$1,205 per week.
- The executive officer maximum be revised from \$2,850 per week to \$3,000 per week.
- The taxicab driver's annual payroll be revised from \$56,500 to \$60,250.
- The auxiliary or special school police annual payroll be revised from \$5,650 to \$6,050.
- The maximum auditable payroll for musicians or entertainers be revised from \$1,130 per week to \$1,205 per week.
- The maximum payroll for each player, coach, manager or sports official subject to assignment to either Code 970 or Code 991 be revised from \$240,000 per year to \$250,000 per year.

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

Proposed Effective April 1, 2023

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

TABLE OF CONTENTS remains unchanged.

SECTION 1 – Underwriting Rules-Rule I (GENERAL) through Rule IV (CLASSIFICATIONS) remains unchanged.

RULE V – PREMIUM BASIS

No change to Item A.

B. REMUNERATION – PAYROLL

No change to Item 1.

2. Inclusions

No change.

No change Items a. through m.

- n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of ~~\$1,430~~1,205 per week for each musician or entertainer);

No change Items o. through v.

No change to Item 3. through 5.

No change to Items C. through F.

SECTION 1 – Underwriting Rules-Rule VI (RATING VALUES AND PREMIUM DETERMINATION) through Rule VIII (LIMITS OF LIABILITY) remains unchanged.

RULE IX- SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

No change to Items 1. through 5.

6. Premium Determination

No change.

- a. No change.

- b. The minimum individual payroll for an executive officer is ~~\$1,430~~1,205 per week.

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS
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Proposed Effective April 1, 2023

c. The maximum individual payroll for an executive officer is \$~~2,850~~3,000 per week.

No change to Items d. and e.

No change to Items 7. through 10.

No change to Item B.

C. PROFESSIONAL OR SEMI PROFESSIONAL ATHLETIC TEAMS – CLASS CODE 970 AND 971

No change to Item 1.

2. The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of \$~~240,000~~250,000.

No change to Items 3 and 4.

No change to Items D through I.

SECTION 1 – Underwriting Rules-Rule X (CANCELLATION) through Rule XVIII (PROFESSIONAL EMPLOYER ORGANIZATIONS, PROFESSIONAL EMPLOYER AGREEMENTS AND PROFESSIONAL EMPLOYER SERVICES) remains unchanged.

SECTION 2

PCRB RATING VALUES through DEFINITIONS remains unchanged.

CLASSIFICATIONS

Classification Code 005, **TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING**, through Classification code 802, **MOBILE CRANE RENTAL WITH OPERATORS**, remain unchanged.

803 TAXICAB COMPANY

No change.

When cabs are leased to operators and no payroll records are available, an amount of \$~~56,500~~60,250 per annum may be taken as payroll per operator provided the insurer has made a determination of employment status. This amount may be prorated if the operator does not work a full year.

Classification code 804, **SCHOOL TRANSPORTATION – BY INDEPENDENT CONTRACTOR**, through classification code 969, **AMUSEMENT, OUTDOOR: FAIRS, EXHIBITIONS, AMUSEMENT PARKS, OR ANY OUTDOOR AMUSEMENT THAT IS PERMANENTLY SITED**, remain unchanged.

970 ATHLETIC TEAM – CONTACT SPORTS –PROFESSIONAL AND SEMI-PROFESSIONAL

No change.

The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of \$~~240,000~~250,000 per policy year. When a player, coach or manager works for two or more teams in the same sport during the policy year, the maximum shall be pro-rated.

No change.

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

Proposed Effective April 1, 2023

OPERATIONS ALSO INCLUDED:

No change.

OPERATIONS NOT INCLUDED:

No change.

Classification code 971, **COMMERCIAL BUILDINGS**, through Classification code 984, **INSURANCE COMPANY – ALL EMPLOYEES INCLUDING OFFICE**, remain unchanged.

985 POLICE OR FIREFIGHTERS, SALARIED EMPLOYEES OF CITIES, TOWNSHIPS, BOROUGHES OR COUNTIES

OPERATIONS ALSO INCLUDED:

1. Auxiliary police or special school police appointed by municipalities or townships. For such personnel, premium shall be based upon the actual remuneration subject to a minimum payroll of ~~\$5,560~~ 6,050 per year for each employee performing services at any time during the year.

No change to Items 2. and 3.

OPERATIONS NOT INCLUDED:

No change.

Classification code 986, **ADULT SHELTER OR HALFWAY HOUSE – RESIDENTIAL – NON-MEDICAL – ALL EMPLOYEES INCLUDING OFFICE**, through Classification code 989, **VOLUNTEER FIRE COMPANY, - SUPPORT STAFF**, remains unchanged.

991 ATHLETIC TEAM – NONCONTACT SPORTS – PROFESSIONAL OR SEMI –PROFESSIONAL

No change.

The entire remuneration of each player, coach, manager or sports official should be included in computing premium subject to a maximum of ~~\$240,00~~ 250,000 per policy year. When a player, coach, or manager works for two or more teams in the same sport during the policy year, the maximum shall be pro-rated.

No change.

OPERATIONS ALSO INCLUDED:

No change.

OPERATIONS NOT INCLUDED:

No change.

GENERAL AUDITING & CLASSIFICATION INFORMATION through the end of **SECTION 2** remains unchanged.

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS
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RULE V – PREMIUM BASIS

No change to Item A.

D. REMUNERATION – PAYROLL

No change to Item 1.

2. Inclusions

No change.

No change Items a. through m.

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$1,205 per week for each musician or entertainer);

No change Items o. through u.

No change to Item 3. through 5.

No change to Items C. through F.

SECTION 1 – Underwriting Rules-Rule VI (RATING VALUES AND PREMIUM DETERMINATION) through Rule VIII (LIMITS OF LIABILITY) remains unchanged.

RULE IX- SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

No change to Items 1. through 5.

6. Premium Determination

No change.

a. No change.

b. The minimum individual payroll for an executive officer is \$1,205 per week.

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS
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LIABILITY INSURANCE**

Proposed Effective April 1, 2023

c. The maximum individual payroll for an executive officer is \$3,000 per week.

No change to Items d. and e.

No change to Items 7. through 10.

No change to Item B.

C. PROFESSIONAL OR SEMI PROFESSIONAL ATHLETIC TEAMS – CLASS CODE 970 AND 971

No change to Item 1.

2. The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of \$250,000.

No change to Items 3 and 4.

No change to Items D through I.

SECTION 1 – Underwriting Rules-Rule X (CANCELLATION) through Rule XVIII (PROFESSIONAL EMPLOYER ORGANIZATIONS, PROFESSIONAL EMPLOYER AGREEMENTS AND PROFESSIONAL EMPLOYER SERVICES) remains unchanged.

SECTION 2

PCRB RATING VALUES through DEFINITIONS remains unchanged.

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Classification Code 005, **TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING**, through Classification code 802, **MOBILE CRANE RENTAL WITH OPERATORS**, remain unchanged.

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No change.

When cabs are leased to operators and no payroll records are available, an amount of \$60,250 per annum may be taken as payroll per operator provided the insurer has made a determination of employment status. This amount may be prorated if the operator does not work a full year.

Classification code 804, **SCHOOL TRANSPORTATION – BY INDEPENDENT CONTRACTOR**, through classification code 969, **AMUSEMENT, OUTDOOR: FAIRS, EXHIBITIONS, AMUSEMENT PARKS, OR ANY OUTDOOR AMUSEMENT THAT IS PERMANENTLY SITED**, remain unchanged

970 ATHLETIC TEAM – CONTACT SPORTS –PROFESSIONAL AND SEMI-PROFESSIONAL

No change.

The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of \$250,000 per policy year. When a player, coach or manager works for two or more teams in the same sport during the policy year, the maximum shall be pro-rated.

No change.

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No change.

OPERATIONS NOT INCLUDED:

No change.

Classification code 971, **COMMERCIAL BUILDINGS**, through Classification code 984, **INSURANCE COMPANY – ALL EMPLOYEES INCLUDING OFFICE**, remain unchanged.

985 POLICE OR FIREFIGHTERS, SALARIED EMPLOYEES OF CITIES, TOWNSHIPS, BOROUGHES OR COUNTIES

OPERATIONS ALSO INCLUDED:

1. Auxiliary police or special school police appointed by municipalities or townships. For such personnel, premium shall be based upon the actual remuneration subject to a minimum payroll of \$6,050 per year for each employee performing services at any time during the year.

No change to Items 2. and 3.

OPERATIONS NOT INCLUDED:

No change.

Classification code 986, **ADULT SHELTER OR HALFWAY HOUSE – RESIDENTIAL – NON-MEDICAL – ALL EMPLOYEES INCLUDING OFFICE**, through Classification code 989, **VOLUNTEER FIRE COMPANY, SUPPORT STAFF**, remains unchanged.

991 ATHLETIC TEAM – NONCONTACT SPORTS – PROFESSIONAL OR SEMI –PROFESSIONAL

No change.

The entire remuneration of each player, coach, manager or sports official should be included in computing premium subject to a maximum of \$250,000 per policy year. When a player, coach, or manager works for two or more teams in the same sport during the policy year, the maximum shall be pro-rated.

OPERATIONS ALSO INCLUDED:

No change.

OPERATIONS NOT INCLUDED:

No change.

GENERAL AUDITING & CLASSIFICATION INFORMATION through the end of **SECTION 2** remains unchanged.