

February 01, 2022

PCRB CIRCULAR NO. P1778

To All Members of the PCRB:

Re: APPROVAL OF PCRB FILING NO. 327
REVISIONS TO DESIGNATED AUDITABLE PAYROLLS
BASIC MANUAL REVISIONS – SECTIONS 1 AND 2
EFFECTIVE APRIL 1, 2022

The Pennsylvania Insurance Commissioner has approved PCRB Filing No. 327, which revises designated auditable payrolls for policies effective on or after 12:01 a.m., April 1, 2022. The effective date of these changes is concurrent with the PCRB's normal annual comprehensive loss cost revision filing (refer to PCRB Circular No. 1779). This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems.

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 payrolls:

- Weekly minimum and maximum corporate officer payrolls
- Annual taxicab operator payroll
- Annual minimum auxiliary or special school police payroll
- Weekly maximum musicians' or entertainers' payrolls
- Annual maximum payroll for each player, coach, manager or sports official subject to assignment to either Code 970, Athletic Team – Contact Sports, or Code 991, Athletic Team – Noncontact Sports

The revisions to these designated auditable payrolls are a function of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2021 (\$1,130.00 – an increase of 4.53% in relation to the January 1, 2020 SAWW of \$1,081.00). The formulas for calculating the designated auditable payrolls being revised as a result of this filing are as follows:

- 100% of SAWW for the corporate officer minimum
- 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 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

In summary, this filing results in the following revisions for April 1, 2022:

- The executive officer minimum is revised from \$1,081 per week to \$1,130 per week.
- The executive officer maximum is revised from \$2,700 per week to \$2,850 per week.
- The taxicab driver's annual payroll is revised from \$54,050 to \$56,500.
- The auxiliary or special school police annual payroll is revised from \$5,400 to \$5,650.
- The maximum auditable payroll for musicians or entertainers is revised from \$1,081 per week to \$1,130 per week.
- The maximum payroll for each player, coach, manager or sports official subject to assignment to either Code 970 or Code 991 is revised from \$220,000 per year to \$240,000 per year.

Please refer to Filing No. 327 via the "Filings" tab of the PCRB's website (<http://www.pcrb.com>) for additional information on the revisions discussed above. Please contact Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at rferrante@pcrb.com for any questions regarding this circular. The Basic Manual will be updated on the PCRB's website at a later date.

William V. Taylor
President

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

Proposed Effective April 1, 2022

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 \$~~1,084~~1,130 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 \$~~1,084~~1,130 per week.

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

Proposed Effective April 1, 2022

c. The maximum individual payroll for an executive officer is \$~~2,700~~2,850 per week.

No change to Items d. and e.

No change to Item B. and Item C.

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

SECTION 2

RATING VALUES through DEFINITIONS remains unchanged.

CLASSIFICATIONS

803 TAXICAB COMPANY

No change.

When cabs are leased to operators and no payroll records are available, an amount of \$~~54,050~~56,500 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.

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 \$~~220,000~~ 240,000 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.

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 \$~~5,400~~5,650 per year for each employee performing services at any time during the year.

No change to Items 2. and 3.

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS
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Proposed Effective April 1, 2022

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 \$~~220,000~~240,000 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.

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

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No change to Item A.

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No change Items a. through m.

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A. EXECUTIVE OFFICERS

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6. Premium Determination

No change.

- a. No change.

- b. The minimum individual payroll for an executive officer is \$1,130 per week.

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

No change to Items d. and e.

No change to Item B. and Item C.

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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 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.

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