



March 6, 2025

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. 345 - Section 1 Rule IX H.
Pennsylvania Construction Classification Premium Adjustment Program
Revisions to Qualifying Wages, Table of Hourly Wages and Premium Credits**

Dear Commissioner Humphreys:

The Pennsylvania Compensation Rating Bureau (PCRB) hereby submits, on behalf of the membership, a filing to update provisions of the Pennsylvania Construction Classification Premium Adjustment Program (PCCPAP). This program, implemented in 1991, is updated annually to reflect changes in statewide average wage levels and specific references to time periods.

The proposed changes are made to the PCRB Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and for Employers Liability Insurance (Basic Manual). These revisions are proposed to be effective 12:01 a.m., October 1, 2025 for new and renewal policies. This effective date is consistent with previous annual PCCPAP filings.

An Actuarial Memorandum, which provides specific details on this filing, is included with this submission.

The PCRB respectfully requests prompt consideration and approval of this filing as presented since applications for the PCCPAP are processed by the PCRB approximately six months in advance of policy effective dates. Notifications to construction employers in the interim will refer to this pending filing so that employers will be aware of these proposed changes.

The PCRB will be pleased to answer any questions you or the Insurance Department staff may have. Please direct any questions to Brent Otto, Vice President of Actuarial Services and Chief Actuary or Jesse Marass, Director of Actuarial Services.

Sincerely,

William V. Taylor
President

WVT/dn
Enclosures



To: Michael Humphreys, Insurance Commissioner
Commonwealth of Pennsylvania

From: Brent Otto, Vice President of Actuarial Services

Date: March 6, 2025

Subject: **PCRB Filing No. 345**
Pennsylvania Construction Classification Premium Adjustment Program
Revisions to Qualifying Wages, Table of Hourly Wages and Premium Credits

This filing proposes the following changes to the Pennsylvania Construction Classification Premium Adjustment Program (PCCPAP) for policies with effective dates on or after October 1, 2025:

- Qualifying wages are proposed to be based on the Third Quarter of 2024. This data will be available prior to the proposed effective date and represents a more current level of employment and wage activity for construction employers.
- The minimum hourly wage eligible for premium credit is proposed to be updated in accordance with the most recent change in the Statewide Average Weekly Wage (SAWW). This results in a proposed revision of the minimum wage eligible for PCCPAP premium credit from \$39.50 to \$40.15 per hour. The qualifying wage has been rounded to the nearest \$0.05, consistent with past practices.
- Consistent with procedural changes previously approved pursuant to PCRB filings pertaining to the PCCPAP 1995 through 2024, the revisions are proposed in the increments in qualifying wages that correspond to those in the PCCPAP table of premium credits.

The PCRB has constructed the table of qualifying wages so that the ratio of effective wages between successive credit increments is approximately 1.0052, the ratio of the first two effective wages for the current PCCPAP table effective October 1, 2024 (i.e., $\$37.95 / \$37.76 = 1.0050$). Consistent with past practice, the increments in minimum qualifying wages have been rounded to the nearest \$0.05, and table increments have been “smoothed” so that the increments in minimum wages are constant or increasing as wage levels increase. The resulting table, with calculated effective wages and ratios of successive effective wages, is shown in Exhibit A. The derivation of the minimum hourly wage eligible for premium credit is shown in Exhibit B.

PCCPAP Filing Effective October 1, 2025

Test for "Premium Reversals"

Minimum Wage (1)	Maximum Wage (2)	Average Wage (3)	PCCPAP Credit (4)	Effective Wage (3)x(1.0-(4)) (5)	Ratio (5) to prior (5) (6)
\$0.00	\$40.14				
\$40.15	\$40.74	40.445	0.05	38.4228	
\$40.75	\$41.39	41.070	0.06	38.6058	1.00476
\$41.40	\$42.04	41.720	0.07	38.7996	1.00502
\$42.05	\$42.69	42.370	0.08	38.9804	1.00466
\$42.70	\$43.34	43.020	0.09	39.1482	1.00430
\$43.35	\$44.04	43.695	0.10	39.3255	1.00453
\$44.05	\$44.74	44.395	0.11	39.5116	1.00473
\$44.75	\$45.44	45.095	0.12	39.6836	1.00435
\$45.45	\$46.19	45.820	0.13	39.8634	1.00453
\$46.20	\$46.94	46.570	0.14	40.0502	1.00469
\$46.95	\$47.74	47.345	0.15	40.2433	1.00482
\$47.75	\$48.54	48.145	0.16	40.4418	1.00493
\$48.55	\$49.34	48.945	0.17	40.6244	1.00451
\$49.35	\$50.19	49.770	0.18	40.8114	1.00460
\$50.20	\$51.04	50.620	0.19	41.0022	1.00468
\$51.05	\$51.94	51.495	0.20	41.1960	1.00473
\$51.95	\$52.84	52.395	0.21	41.3921	1.00476
\$52.85	\$53.79	53.320	0.22	41.5896	1.00477
\$53.80	\$54.74	54.270	0.23	41.7879	1.00477
\$54.75	\$55.74	55.245	0.24	41.9862	1.00475
\$55.75	\$56.74	56.245	0.25	42.1838	1.00471
\$56.75	\$57.79	57.270	0.26	42.3798	1.00465
\$57.80	\$58.89	58.345	0.27	42.5919	1.00500
\$58.90	\$59.99	59.445	0.28	42.8004	1.00490
\$60.00	\$61.14	60.570	0.29	43.0047	1.00477
\$61.15			0.30		

Note: Premium Reversals Would Occur if Effective Wage for any Given Average Wage is LOWER than Effective Wage for any Lower Average Wage(s)

Determination of Minimum Qualifying Hourly Wage for PCCPAP

Policies with Policy Effective Dates On or After October 1, 2025

I: Minimum Qualifying Hourly Wage for Policies with Policy Effective Dates January 1, 1991 through June 30, 1992	\$13.00
II: Statewide Average Weekly Wage for twelve months ending June 30, 1990	\$436.00
III: Statewide Average Weekly Wage for twelve months ending June 30, 2024	\$1,347.00
IV: Increase in SAWW (III / II) = $\$1,347.00 / \436.00	3.08944954
V: Revised Qualifying Hourly Wage for Policies with Policy Effective Dates October 1, 2025 and Later (I x IV) (Rounded to the nearest \$.05)	\$40.15