



Pennsylvania Compensation Rating Bureau

The Widener Building • 6th Floor
One South Penn Square • Philadelphia, PA 19107-3577
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

October 24, 2006

BUREAU CIRCULAR NO. 1518

To All Members of the Bureau:

Re: **STATISTICAL REPORTING OF CODE 9741,
DOMESTIC TERRORISM, EARTHQUAKES AND CATASTROPHIC
INDUSTRIAL ACCIDENTS (DTEC)**

Reporting of unit statistical reports (USRs) for policies with effective or anniversary rating dates of January 1, 2006 or later has begun. In order to avert potential data reporting problems for USRs related to this data element, the Bureau is reminding members of the previously-communicated procedures and Statistical Plan rules established for the reporting of Code 9741.

The USR reporting requirements for DTEC vary by jurisdiction, so data providers must be mindful of these different requirements before creating and submitting USRs. For your convenience, a link to the Workers Compensation Insurance Organizations (WCIO) website, which contains a matrix of Code 9741 reporting requirements by Data Collection Organization (DCO), is provided below:

<https://www.iisprojects.com/WCIO/pub/DSM/9741.pdf>

Note that in Pennsylvania data providers are required to report the following USR data elements for Statistical Code 9741: Class Code and Premium. The reporting of the Manual Rate field is optional but preferred. However, if a carrier is using a Code 9741 rate that is more than three digits after the decimal, the manual rate should be excluded.

Class Code

Use Code 9741, Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents.

Manual Rate

The approved Bureau loss cost value for Code 9741 equals \$.01 per \$100 of payroll, multiplied by the carrier's approved loss cost multiplier effective January 1, 2006 or later. No rating values were adopted for use in any classification(s) for which the applicable exposure base is not payroll.

Manual Rating Value Exceptions

Unless carriers took action contrary to the above procedures in the form of individual filings with the Insurance Department, no exceptions will be granted. Carriers wishing to use a different loss cost multiplier for Code 9741 than other classifications, or to establish a rate for Code 9741 using procedures other than those outlined above, must file such with the Pennsylvania Insurance Department.

Premium Amount

The premium charge is to be calculated at the end of the premium calculation algorithm, so that the charge is not subject to modification or adjustment by or for any other pricing program(s).

Electronic Versus Hardcopy Reporting of Manual Rate

A typical Pennsylvania rating value is generally displayed, used and reported to the nearest hundredth (two digits beyond the decimal place). DTEC presents unusual circumstances to both data providers and data collectors. In the case of arriving at a rating value for DTEC, some data providers chose to extend the price they ultimately charged beyond the customary standard of rounding a rating value to two decimal places because of business decisions which incorporated a multitude of considerations.

While we are sensitive to these circumstances, for electronic reporting the Bureau must still rely upon and work within the current electronic reporting specification (WCSTAT) and electronic applications now in force which only allow for the reporting of rating values up to three digits beyond the decimal place. If you wish to report USRs electronically and you have approval for a rating value expressed to more than three decimals, we recommend rounding your rating value for Code 9740 and/or Code 9741 to the three decimals for reporting purposes.

The Bureau has previously published a number of circulars (Nos. 1501, 1502 and 1505) on this topic, and we encourage you to consult them. Additionally, our Statistical Plan Manual serves as an important resource in unit reporting and contains examples and a premium algorithm to guide you.

The Bureau circulars and Statistical Plan Manual are available on our website at www.pcrb.com.

Questions about this matter should be directed to Bonnie Piacentino, Director – Statistical Reporting, at Extension 4456 or bpacentino@pcrb.com.

Timothy L. Wisecarver
President

kg
DCirc

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