



Pennsylvania Compensation Rating Bureau

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August 25, 2011

BUREAU CIRCULAR NO. 1590

To All Members of the PCRB:

Re: **IMPLEMENTATION OF ACT 20 OF 2011**
MANUAL REVISIONS AND ENDORSEMENT WC 00 03 10
BUREAU FILING NO. 243 AS AMENDED

EFFECTIVE AUGUST 29, 2011
ON A NEW, RENEWAL AND OUTSTANDING BASIS

The Pennsylvania Compensation Rating Bureau (PCRB) has filed and the Insurance Commissioner has approved Manual revisions to Section 1, Rules, and adoption of a countrywide endorsement (WC 00 03 10) in recognition of the enactment of Act 20 of 2011. These revisions are **effective 12:01 a.m., August 29, 2011** with respect to new, renewal and outstanding business.

Act 20 of 2011 provides for the issuance of standard workers compensation insurance coverage for sole proprietors, partners and members of Limited Liability Companies (LLCs), if and as agreed upon by any licensed insurer (including State Workers' Insurance Fund) and the individual(s) subject to such coverage. The effective date of Act 20 of 2011 is August 29, 2011.

The language changes shown below conform the PCRB's Basic Manual with the authorization for issuance of workers compensation insurance policies for sole proprietors, partners and/or members LLCs. Endorsement WC 00 03 10 is already in use in many other jurisdictions and will facilitate the issuance of the newly-authorized statutory coverage, while applying a form already familiar to many PCRB members through its prior application elsewhere. A copy of the endorsement is attached to this circular.

MANUAL REVISIONS

(New wording underlined and deleted wording bracketed.)

SECTION 1

RULE II – EXPLANATION OF COVERAGES AND METHODS OF INSURING

B. COVERAGE REQUIREMENTS

1. Compulsory as to all employments

Exceptions:

- a. Individual proprietors
- b. Partners of a partnership (including members of a Limited Liability Company (LLC)).

Note: Pursuant to Act 20 of 2011, a sole proprietor, partner of a legal partnership or member of a Limited Liability Company (LLC) may be able to purchase and/or be insured under a standard workers compensation insurance policy. If a sole proprietor, partner or LLC member wishes to obtain such coverage, a written request must be submitted directly to the carrier providing the existing or new policy under which coverage for the individual in question will be provided. Use WC 00 03 10 - Sole Proprietors, Partners, Officers and Others Coverage Endorsement. Refer to Rule IX, A., 6. for purposes of determining remuneration in computing the premium charge.

- c. through i. remain unchanged

RULE V – PREMIUM BASIS

Item 4 of the Information Page - continued

E. PAYROLL LIMITATION

1. **How Payroll Limitation Applies**

For executive officers, sole proprietors, partners and members of a Limited Liability Company (LLC) that have obtained coverage and classifications with notes which indicate payroll limitation, the payroll on which premium is based shall exclude that part of the employee's average weekly pay in excess of the applicable weekly limitation, provided:

- a. Books and records are maintained to show separately the total payroll earned by each employee whose average weekly pay for the total time employed during the policy period exceeds the weekly payroll limitation and
- b. Separate records are maintained in summary by classification for such employees.

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE

A. EXECUTIVE OFFICERS

6. Premium Determination

Premium for executive officers, other than elected officers of Pennsylvania or its political subdivisions, shall be based on their total payroll, subject to the following:
(For further information refer to Section 1, Rule IX.)

- a. through e. remain unchanged.

D. SOLE PROPRIETORS [AND], PARTNERSHIPS AND MEMBERS OF LIMITED LIABILITY COMPANIES

Sole proprietors [and], partners and members of a Limited Liability Company (LLC) are not mandatorily covered by the Pennsylvania Workers' Compensation Act or the Pennsylvania Occupational Disease Act. A sole proprietor, partner or member of a Limited Liability Company (LLC) may be able to purchase and/or be insured under a standard workers compensation insurance policy. When such coverage is provided, attach WC 00 03 10, Sole Proprietors, Partners, Officers and Others Coverage Endorsement, to the policy, naming the individual(s) so insured. Minimum and maximum payrolls on which premium is based for sole proprietors, partners and members of a Limited Liability Company shall be the same as those set forth in Rule IX, A., 6. for executive officers.

Questions about the Manual revisions or endorsement should be directed to Betty Ann Campbell, Director – Rating Rules & Policy Reporting, at Extension 4425.

The Manual will be updated on our website (www.pcrb.com) at a future date.

Timothy L. Wisecarver
President

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

SOLE PROPRIETORS, PARTNERS, OFFICERS AND OTHERS COVERAGE ENDORSEMENT

An election was made by or on behalf of each person described in the Schedule to be subject to the workers compensation law of the state named in the Schedule. The premium basis for the policy includes the remuneration of such persons.

Schedule

Persons

State

Sole Proprietor:

Partners:

Officers:

Others:

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 03 10
(Ed. 4-84)