



## Pennsylvania Compensation Rating Bureau

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October 16, 2019

### **PCRB CIRCULAR NO. 1729**

To All Members of the PCRB:

Re: **APPROVAL OF PCRB FILING NO. 303 (AS AMENDED)**  
**REVISIONS TO DESIGNATED AUDITABLE PAYROLLS**  
**BASIC MANUAL – SECTIONS 1 AND 2**  
**EFFECTIVE APRIL 1, 2020**

The Pennsylvania Insurance Commissioner has approved the PCRB's filing to revise selected designated auditable payrolls for policies effective on or after 12:01 a.m., April 1, 2020. The effective date of these changes is concurrent with the proposed effective date of the PCRB's normal annual comprehensive loss cost revision filing, which will be filed with the Commissioner at a later date. This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems.

The 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 formula 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 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

The revisions to these designated auditable payrolls are a function of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2019 (\$1,049.00 – an increase of 2.34% in relation to the January 1, 2018 SAWW of \$1,025.00).

In summary, this filing results in the following revisions for April 1, 2020:

- The corporate officer minimum is revised from \$1,025 per week to \$1,049 per week.
- The taxicab driver's annual payroll is revised from \$51,250 to \$52,450.
- The auxiliary or special school police annual payroll is revised from \$5,150 to \$5,250.
- The maximum auditable payroll for musicians or entertainers is revised from \$1,025 per week to \$1,049 per week.
- The maximum payroll for both Codes 970 and Code 991 is revised from \$210,000 per year to \$220,000 per year.

A portion of the PCRB Filing No. 303 included a proposal to revise the formula for calculating the corporate officer maximum designated auditable payroll. Pursuant to Insurance Department staff's commentary and request for additional substantiation, the PCRB withdrew this aspect of the filing in order to revisit and evaluate whether revision to the formula for calculating the corporate officer maximum was appropriate at this time. Following the internal review, a new filing was submitted to the Insurance Department on September 27, 2019 proposing clarifications and adjustment to the corporate officer maximum formula. Please refer to PCRB Filing No. 305, posted under the "Filings" tab of the PCRB's website (<http://www.pcrb.com>) for additional details. As of the date of this Circular, PCRB Filing No. 305 is pending before the Insurance Department. (Filing No. 305 was subsequently withdrawn on October 25, 2019.)

Please refer to Filing No. 303 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](mailto: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**

*Approved Effective April 1, 2020*

**SECTION 1**

**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 ~~\$1,025~~1,049 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 ~~\$1,025~~1,049 per week.

c. The maximum individual payroll for an executive officer is ~~\$2,550~~2,600 per week.

*(No change to Items d. and e.)*

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

*Proposed Effective April 1, 2020*

*(No change to Item B.)*

**C. PROFESSIONAL OR SEMIPROFESSIONAL ATHLETIC TEAMS – CLASS CODES 970 AND 991**

1. *(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~~\$220,000 per policy year.

*(No change to Items 3. and 4.)*

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

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

*Proposed Effective April 1, 2020*

**SECTION 2**

**RATING VALUES** *through SUB-CLASSIFICATION – DEFINITIONS* *remains unchanged.*

**CLASSIFICATIONS**

**803 TAXICAB COMPANY**

*(No change)*

When cabs are leased to operators and no payroll records are available, an amount of \$~~51,250~~52,450 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 \$~~210,000~~220,000 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)*

**985 POLICE OR FIREFIGHTERS, SALARIED EMPLOYEES OF CITIES, TOWNSHIPS, BOROUGH 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 \$~~5,150~~5,250 per year for each employee performing services at any time during the year.

*(No change to Items 2. and 3.)*

**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 \$~~210,000~~220,000 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)*

**CLASSIFICATION UNDERWRITING GUIDE** *remains unchanged.*

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

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*(No change)*

a. *(No change)*

b. The minimum individual payroll for an executive officer is \$1,049 per week.

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