



Pennsylvania Compensation Rating Bureau

The Widener Building • 6th Floor

One South Penn Square • Philadelphia, PA 19107-3577 • (215) 568-2371 • FAX (215) 564-4328

June 1, 1998

BUREAU CIRCULAR NO. 1372

To All Members of the Bureau:

Re: **HOUSE BILL NO. 1027 (ACT 57 OF 1997)**
FORMER LOSS-BASED ASSESSMENTS AMENDED TO ASSESSMENTS ON EMPLOYERS
BUREAU FILING NO. 181

House Bill No. 1027 (Act 57 of 1997) was enacted in late 1997. Section 2218 of that legislation reads as follows:

Workers' Compensation Assessment. - - Effective July 1, 1998, the assessments for the maintenance of the Subsequent Injury Fund, the Workmen's Compensation Supersedeas Fund and the Workmen's Compensation Administration Fund under sections 306.2, 443 and 446 of the act of June 2, 1915 (P.L. 736, No. 338), known as the "Workers' Compensation Act," shall no longer be imposed on insurers but shall be imposed, collected and remitted through insurers in accordance with regulations promulgated by the Department of Labor and Industry.

The Department of Labor and Industry is in the process of drafting regulations in response to this legislation. In the interim, before such regulations are adopted in final form, in order to promote the efficient and continued lawful operation of the workers compensation insurance market in the Commonwealth of Pennsylvania, the Bureau has made a filing (Bureau Filing No. 181) with the Pennsylvania Insurance Department which proposes the following steps:

1. Effective 12:01 a. m., July 1, 1998 on a new and renewal basis, workers compensation premium for coverage under the Workers' Compensation Act shall be defined to be 96.82 percent of the dollar value obtained by applying carrier rating values, the uniform Experience Rating Plan and other rating plans consistent with carrier programs to the portion of each workers compensation insurance policy issued in Pennsylvania providing coverage under the Workers' Compensation Act. The remaining 3.18 percent of such dollar value shall be defined to be assessments for the maintenance of the Subsequent Injury Fund, the Workmen's Compensation Supersedeas Fund and the Workmen's Compensation

Administration Fund under Sections 306.2, 443 and 446 of the Act of June 2, 1915 (P.L. 736, No. 338), known as the "Workers' Compensation Act." For employers insured under commercial workers compensation insurance policies such assessments will no longer be imposed on insurers but rather shall be imposed on, collected from and remitted by insured employers through their insurers. These assessments will be separate from the workers compensation premium and will not be subject to premium tax.

The proposed partitioning between premiums and employer assessments will NOT apply to premiums produced in classifications applicable to insurance under the United States Longshore and Harbor Workers' Act.

To assist in computing and accounting for employer assessments, the Bureau is proposing that **Statistical Code 0938** be approved for use in reporting such amounts. **Code 0938** is proposed to be defined as follows:

"Employer assessments for the maintenance of the Subsequent Injury Fund, the Workmen's Compensation Supersedeas Fund and the Workmen's Compensation Administration Fund under Sections 306.2, 443 and 446 of the Act of June 2, 1915 (P.L. 736, No. 338), known as the 'Workers' Compensation Act' - not premium."

2. When final regulations have been adopted by the Department of Labor and Industry, the Bureau will make a second filing with the Insurance Department to amend Bureau rating values consistent with the above described legislation and those rules and to implement a procedure for computing and separately stating employer assessments on new policies.

The Bureau believes that this filing will, if approved, allow timely compliance with legislative requirements in the near term and provide an opportunity for an efficient and effective transition to revised procedures consistent with final rules of the Department of Labor & Industry.

Timothy L. Wisecarver
President

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