



Pennsylvania Compensation Rating Bureau

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October 31, 2016

PCRB CIRCULAR NO. 1669

To All Members of the PCRB:

RE: MANUAL REVISIONS TO SECTION 2
PCRB FILING NO. 275
APPROVED EFFECTIVE APRIL 1, 2017
CREATION OF CLASSIFICATION CODE 888, HOMEOWNERS ASSOCIATION

The Pennsylvania Insurance Commissioner has approved PCRB's proposal to create Classification Code 888 for policies effective on or after 12:01 a.m., April 1, 2017. This effective date makes implementation of this change concurrent with PCRB's normal annual loss cost revision filing, which will be filed separately at a later date. This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems so that they occur less frequently than would otherwise be the case.

PCRB completed a classification study applicable to Homeowners' Associations and Mobile Home Parks. The study was undertaken to address the anomalous inclusion of such employers in Code 971, Commercial Buildings. Code 971 is applied to employers principally engaged in the operation and/or contract management of buildings or properties used for commercial or industrial occupancy (e.g., office buildings and strip malls). Homeowners' Associations and Mobile Home Parks are the only types of residential property management operations classified to Code 971.

PCRB considered reclassifying such employers from Code 971 to Code 880, Apartment House or Condominium Complex Operation, but determined such reclassification was not feasible at this time because the change in loss cost rating value exceeds the April 1, 2016 maximum permissible rating value increase of 24% for an industry group 3 classification. PCRB therefore proposed that employers identified in the Homeowners' Association and Mobile Home Park study be reclassified from Code 971 to the new and separate Code 888. Code 888 will be considered an "interim" classification. At a future time when the rating values for Code 888 and Code 880 become sufficiently similar, PCRB is favorably inclined towards consolidation of the two classifications.

The loss costs of Pennsylvania employers reclassified from Code 971 to Code 888, resulting from this change, will be impacted. PCRB's forthcoming April 1, 2017 comprehensive loss cost filing will include the proposed April 1, 2017 Code 888 PCRB loss cost.

For additional information, please refer to Filing No. 275, via the "Filings" tab of PCRB's website (<http://www.pcrb.com>). Please contact Dave Rawson, Technical Director, Classification & Field Operations, at (215) 320-4501 (drawson@pcrb.com) or Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 (rferrante@pcrb.com) for any questions regarding this circular. The Basic Manual will be updated on 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**

Proposed Effective April 1, 2017

SECTION 2 – Rating Values

LOSS COSTS AND EXPECTED LOSS FACTORS FOR PENNSYLVANIA WORKERS COMPENSATION INSURANCE						
CODE NO	LOSS COST	EXPERIENCE RATING PLAN			HAZARD GROUP	
		EXPECTED LOSS FACTORS TABLE *				
		A-1	A-2	A-3	A-G	
860	6.71	4.27	5.44	6.07	E	
862	5.86	3.73	4.76	5.31	E	
865	3.56	2.27	2.89	3.22	C	
867	6.02	3.83	4.88	5.44	D	
871	7.18	4.57	5.83	6.50	D	
877	2.19	1.39	1.78	1.98	B	
879	3.54	2.25	2.87	3.20	B	
880	4.77	3.03	3.87	4.31	C	
881	3.74	2.38	3.04	3.39	B	
882	4.91	3.13	3.99	4.44	B	
883	2.84	1.81	2.31	2.57	B	
884	1.02	0.65	0.83	0.93	B	
885	2.72	1.73	2.21	2.46	C	
886	1.90	1.21	1.54	1.72	B	
887	0.74	0.47	0.60	0.67	C	
888	2.85	1.81	2.31	2.58	C	
889	0.26	0.17	0.21	0.24	B	
890	0.42	0.26	0.34	0.38	C	
891	1.06	0.67	0.86	0.95	B	
892	0.79	0.50	0.64	0.72	B	
893	0.63	0.40	0.51	0.57	B	
894	1.22	0.77	0.99	1.10	B	
895	0.76	0.48	0.62	0.69	B	
896	1.44	0.92	1.17	1.30	A	
897	1.31	0.83	1.06	1.18	A	
898	1.99	1.27	1.61	1.80	C	
899	1.21	0.77	0.98	1.09	C	
903	0.26	0.17	0.21	0.24	E	
904	1.09	0.69	0.88	0.98	E	
905	0.10	0.06	0.08	0.09	D	
907	3.44	2.19	2.79	3.11	B	
910	4.19	2.67	3.40	3.79	C	

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SECTION 2 – Classifications

880 APARTMENT HOUSE or Condominium Complex Operation

Applies to an employer principally engaged in the operation or contract management of a building or buildings with multiple residential living units. Includes apartment houses, condominium complexes and cooperative buildings. A cooperative is a type of residential property where the resident owns shares in the corporation that owns the building and has the right to live in a specific unit but does not actually own the space.

OPERATIONS ALSO INCLUDED:

1. An association formed for residents of a building or buildings with multiple residential living units (e.g., a condominium association).

OPERATIONS NOT INCLUDED:

1. Assign Code 888 to an association responsible for the governance of a residential planned community consisting of single family dwellings. See Code 888 for further information.

UNDERWRITING GUIDE

Apartment House Or Condominium Complex
Operation
Condominium Association
Condominiums - Including Resident Or On-
Site Manager
Cooperative Building Operation - For
Residential Occupancy

Porters For Condominiums
Residential House Rental
Ronald McDonald House Operation

888 HOMEOWNERS ASSOCIATION

Applies to an association responsible for the governance of a residential planned community consisting of single family dwellings (e.g., detached houses or townhomes). Pursuant to Section 5302 of the Planned Community Act (PCA) of the Pennsylvania Code, an association is empowered to regulate the use, maintenance, repair and modification of the common elements of the community. Code 888 applies but is not necessarily limited to association staff performing lawn maintenance, maintenance and repair of common elements e.g., streets and roads, and the operation and maintenance of amenities for residents of the community e.g., swimming pools, tennis courts, health or fitness facilities, and community centers or clubhouses.

OPERATIONS ALSO INCLUDED:

1. Security of the planned community by the Homeowners Association staff.
2. The operation of a mobile home park.

OPERATIONS NOT INCLUDED:

1. Assign the applicable restaurant classification to payroll developed in a physically separated and separately staffed prepared food and/or beverage service.
2. Assign Code 944 to payroll developed in the operation of a separately staffed golf course.

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Proposed Effective April 1, 2017

3. Assign Code 753 to payroll developed in the operation of a separately staffed sewage disposal plant and/or water supply system.
4. Assign Code 801 to payroll developed in the operation of a separately staffed horse stable.
5. Assign Code 716 to payroll developed in the operation of a separately staffed marina (State Act coverage only).
6. Assign Code 880 to an employer principally engaged in the operation or contract management of a building or buildings with multiple living units such as an apartment house, condominium complex or cooperative building and to an association established for the residents of such building or buildings.

UNDERWRITING GUIDE:

Gated Community
Homeowners Association
Mobile Home Park
Residential Planned Community
Unit Owners Association (For a Residential Planned Community)

971 COMMERCIAL BUILDINGS

UNDERWRITING GUIDE

Arena Operation – Indoor – By Contractor Or Owner	Fumigating - Not Agricultural - By Contractor
Building Cleaning - By Contractor Or Owner	Janitor Service Contractor
Civic Center - Operation By Specialist Contractor	Kitchen Equipment Exhaust Duct Cleaning - By Specialist Contractor
Cleaning Of Grease Exhaust, Air Conditioning, Heating And Ventilating Ducts - By Specialist Contractor	Post Construction Clean-Up - New Homes - By Specialist Contractor
Cleaning, Sanitizing Or Deodorizing Restrooms - By Contractor	Power Washing Of Exterior Walls Or Decks At Residential Or Commercial Sites – By Contractor
Commercial Or Industrial Building Operation - By Owner, Lessee Or Real Estate Management Firm	Storage - Self-Service
Contractor For Commercial Building Cleaning Duct Cleaning - Grease Exhaust, Air Conditioning, Heating, Ventilating - By Specialist Contractor	Sweeping Of Parking Lots - Shopping Areas And Similar Areas, By Specialty Contractor
Exterminator	Swimming Pool Cleaning Or Maintenance - By Specialty Contractor
Fire, Smoke And/Or Water Damage Clean-Up - By Contractor	Swimming Pool Liner Installation - Vinyl, By Swimming Pool Maintenance Contractor
Flea Market Or Swap Meet Operators	Termite Control - By Contractor
Floor Waxing Or Polishing - By Building Owner, Lessee, Management Agency Or Contractor	Warehouse - Storage - Self-Service
	Window Cleaning Contractor