



Pennsylvania Compensation Rating Bureau

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August 23, 2018

PCRB CIRCULAR NO. 1709

To All Members of the PCRB:

Re: **APPROVAL OF PCRB FILING NO. 292**
REVISIONS TO DESIGNATED AUDITABLE PAYROLLS
BASIC MANUAL – SECTIONS 1 AND 2
EFFECTIVE APRIL 1, 2019

PCRB's filing to revise the designated weekly and annual payrolls for policies effective on or after 12:01 a.m., April 1, 2019 was approved by the Pennsylvania Insurance Commissioner. The effective date of these changes are concurrent with PCRB's normal annual 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 revisions to these designated payrolls are a function of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2018 (\$1,025.00 – an increase of 3.015% in relation to the January 1, 2017 SAWW of \$995.00).

The corporate officer weekly minimum is set at 100% of SAWW. The PCRB continues to use the formula approved by the PCRB's joint Actuarial and Classification & Rating Committees in 1982 for the corporate office weekly maximum payroll, annual taxicab operator payroll and annual minimum auxiliary or special school police payroll, with results rounded to the nearest \$50.00. The formula for those auditable payrolls are as follows:

- Corporate officer weekly maximum at 2.5 times SAWW
- SAWW times 50 for the annual taxicab driver payroll to be used when cabs are leased and no payroll records are available
- Ten percent of SAW times 50 for the auxiliary or special police minimum annual payroll

This filing completes the phasing of the maximum auditable payroll for musicians or entertainers who are not independent contractors to 100% of SAWW and ends the practice of rounding that result to the nearest \$50.00.

This filing also revises the annual maximum payroll for each player, coach, manager or sports official subject to assignment to either Code 970 or Code 991. Pursuant to the results of a PCRB study of Code 970, staff proposed that Code 970 be focused to contact sports, that noncontact sports be reassigned from Code 970 to the new and separate Code 991, and that the maximum auditable payroll for both classifications be set at \$200,000. The \$200,000 figure was derived by multiplying the SAWW in effect at the time (\$951) by four, then multiplying that product by 52 and rounding to the nearest \$10,000. This is similar to the methodology used in most other jurisdictions to determine the maximum auditable payroll for those jurisdictions' classification that are equivalent to PCRB Codes 970 and 991. The Commissioner approved the PCRB's Code 970 study proposals effective for new and renewal business as of October 1, 2016 and later. PCRB did not propose revisions to the Code 970 or Code 991 maximum auditable payroll amounts for April 1, 2017 or April 1, 2018. Staff subsequently concluded that since the maximum auditable payrolls for these classifications are a product of the SAWW (which is revised annually) they should also be reviewed and, if warranted, revised annually along with the other auditable payrolls discussed above, using the same formula that resulted in the October 1, 2016 revision.

In summary, the filing results in the following revisions:

- The corporate officer minimum is revised from \$995 per week to \$1,025 per week.
- The corporate officer maximum is revised from \$2,500 per week to \$2,550 per week.
- The taxicab driver's annual payroll is revised from \$49,750 to \$51,250.
- The auxiliary or special police annual payroll is revised from \$5,000 to \$5,150.
- The maximum auditable payroll for musicians or entertainers is revised from \$850 per week to \$1,025 per week.
- The maximum payroll for both Codes 970 and Code 991 is revised from \$200,000 per year to \$210,000 per year.

Please refer to Filing No. 292, posted under the "Filings" tab of the PCRB's website (<http://www.pcrb.com>) for additional details regarding these revisions. Please contact Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at 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

WVT/DF/dn

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

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

Approved Effective April 1, 2019

MANUAL LANGUAGE AMENDMENTS

INFORMATION PAGE *remains unchanged.*

PREFACE *remains unchanged.*

MEMBERSHIP *remains unchanged.*

SECTION 1 – General through Classifications *remains unchanged.*

RULE V – PREMIUM BASIS

A. *(No change.)*

B. REMUNERATION – PAYROLL

1. *(No change to Item 1.)*

2. Inclusions

Remuneration includes:

(No changes to 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 per week for each musician or entertainer)**;

(No changes to Items o. through t.)

(No changes Items C. through F.)

SECTION 1 – Rating Values and Premium Determination through Limits of Liability remains unchanged.

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE

A. EXECUTIVE OFFICERS

(No changes to Items 1. through 5.)

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. *(No change.)*

b. The minimum individual payroll for an executive officer is **\$1,025** per week.

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- c. The maximum individual payroll for an executive officer is **\$2,550** per week.
- d. *(No change.)*
- e. *(No change.)*

(No changes to Items 7. through 9.)

B. *(No change.)*

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

- 1. *(No change.)*
- 2. The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of **\$210,000** per policy year.
- 3. *(No change.)*
- 4. *(No change.)*

(No changes to Items D. through I.)

SECTION 1 – Cancellation through Professional Employer Organizations, Professional Employer Agreements and Professional Employer Services remains unchanged.

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803 TAXICAB COMPANY

Applicable to a business engaged in operating a vehicle(s) that is available for immediate hire (on a call and demand basis) with the fare to be determined by zone or meter.

When cabs are leased to operators and no payroll records are available, an amount of **\$51,250** 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

Includes all players on the employer's salary list whether regularly played or not, coaches, managers, trainers, equipment managers or sports officials.

Contact sports include but are not necessarily limited to: football, ice hockey, and lacrosse or roller derby.

The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of **\$210,000** 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.

The remuneration of an individual player, coach or manager is subject to a minimum of \$500 per policy year, including board and lodging.

**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** 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 SEMIPROFESSIONAL

Applies to all players on the employer's salary list whether regularly played or not, coaches, managers, trainers, equipment managers or sports officials.

Noncontact sports include but are not necessarily limited to: baseball, basketball or soccer.

The entire remuneration of each player, coach, manager or sports official should be included in computing premium subject to a maximum of **\$210,000** 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.

The remuneration of an individual player, coach, manager or sports official is subject to a minimum of \$500 per policy year, including board and lodging