



Pennsylvania Compensation Rating Bureau

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February 21, 2019

PCRB CIRCULAR NO. 1718

To All Members of the PCRB:

Re: **APPROVAL OF PCRB FILING NO. 296**

**REVISION OF THE NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT AND THE
UPDATE OF CORRESPONDING LANGUAGE TO THE EXPERIENCE RATING PLAN
EFFECTIVE APRIL 1, 2019**

The Pennsylvania Insurance Commissioner has approved the PCRB's filing regarding the revision of a mandatory endorsement, Notification of Change of Ownership WC 00 04 14, beginning with new and renewal policies effective 12:01 a.m., April 1, 2019 or later. The previous version of the endorsement was filed and approved for new and renewal policies effective as of April 1, 2018 or later. Since the time of that approval the National Council of Compensation Insurance (NCCI) has established a revised version of the endorsement, WC 00 04 14 A.

Endorsement WC 00 04 14 A is being utilized countrywide by states under the NCCI along with other independent state jurisdictions. The mandatory use of this endorsement version will align Pennsylvania with these jurisdictions.

With this approval, Section 3 – Endorsements and Section 5 - Experience Rating Plan of the PCRB's Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and Employers Liability Insurance (Basic Manual), will be updated to reference the revised endorsement name, version number and amended rules accordingly.

This effective date aligns concurrently with the PCRB's normal annual loss cost filing which was filed on December 17, 2018 (Refer to PCRB Circular 1715). This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems.

For additional information, please refer to Filing No. 296, posted under the "Filings" tab of the PCRB's website (<http://www.pcrb.com>). Please contact Drew Kratz, Team Lead – Rating Rules & Policy Reporting at 215-320-4432 or at dkratz@dcrb.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

Proposed Effective April 1, 2019

SECTION 5 – EXPERIENCE RATING PLAN

SECTION I – INSTRUCTIONS remains unchanged.

SECTION II – DEFINITIONS remains unchanged.

SECTION III – GENERAL PROVISIONS remains unchanged.

(No change to Items 1 through 8.)

9. Ownership Changes.

(a) (No Change)

(b) Reporting Requirement. When an ownership change occurs, the 90 Day Reporting Requirement - Notification of Change in Ownership Endorsement (WC 00 04 14 A) requires any change in ownership and/or combinability status be reported in writing by the employer to its carrier within ninety (90) days of the date of the change. This can be accomplished by submitting a completed Confidential Request for Information Form (ERM-14 form) or by providing the information in narrative form on the letterhead of the insured, signed by an officer of the entity.

Failure to report changes in ownership in line with Endorsement WC 00 04 14 A may be considered modification evasion. See Section III, 9-h.

(c) Continuation of Experience. Unless excluded under paragraph (d), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the ---effective date of the policy in effect at the time the Bureau receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

(i) Partial Sale: If an entity disposes of a part of its assets or operations but otherwise continues to operate its business, all experience incurred prior to the sale shall be used in future ratings of the entity.

NOTE: Future experience ratings of a risk shall retain all experience for any part of its operations which may have been discontinued or self-insured.

(No change to Items D through H.)

(No change to Item 10.)

SECTION IV – APPLICATION OF EXPERIENCE MODIFICATION through **SECTION VII – SCHEDULE RATING** remains unchanged.

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

Approved Effective April 1, 2019

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 04 14 A

**90-DAY REPORTING REQUIREMENT – NOTIFICATION OF CHANGE IN OWNERSHIP
ENDORSEMENT**

You must report any change in ownership to us in writing within 90 days of the date of the change. Change in ownership includes sales, purchases, other transfers, mergers, consolidations, dissolutions, formations of a new entity, and other changes provided for in the applicable experience rating plan. Experience rating is mandatory for all eligible insureds. The experience rating modification factor, if any, applicable to this policy, may change if there is a change in your ownership or in that of one or more of the entities eligible to be combined with you for experience rating purposes.

Failure to report any change in ownership, regardless of whether the change is reported within 90 days of such change, may result in revision of the experience rating modification factor used to determine your premium.

This reporting requirement applies regardless of whether an experience rating modification is currently applicable to this policy.