



Pennsylvania Compensation Rating Bureau

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February 18, 2016

VIA SERFF

The Honorable Teresa D. Miller
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Attention: Michael McKenney, Actuarial Supervisor, Property & Casualty Bureau

**RE: PCR B Filing No. 270 - Proposed Effective October 1, 2016
Proposed Classification Changes – Code 970 separations, establish Code 991 and
revise maximum payroll limit for professional teams**

Dear Commissioner Miller:

Resulting from a staff review and on behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit this filing regarding classification changes which would revise the current Classification Code 970 – ‘ATHLETIC TEAM - professional and semi-professional,’ establish Classification Code 991 – ‘ATHLETIC TEAM – NONCONTACT SPORTS – Professional or Semi-professional,’ and update the maximum payroll used for professional and semi-professional sports. The proposed changes are made to the PCRB Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and for Employers Liability Insurance (the Basic Manual). These revisions are proposed to be effective 12:01 a.m., October 1, 2016 for new and renewal policies having normal anniversary rating dates on or after that date.

A PCRB staff memorandum dated November 20, 2015 is included with this filing. That memorandum describes these proposed classification changes to Manual language and the bases therefor. These changes were reviewed by the Actuarial and Classification & Rating Committees at their joint meeting held on December 1, 2015. The classification change proposals would have a classification loss cost impact, whereby the PCRB will notify those insureds of this potential change and impact if these proposals are approved.

To support and explain the details of this filing, enclosed are the following supporting documents:

- Executive Summary Memorandum – Class Study of Code 970, Athletic Team – Professional and Semi-professional; submitted to the Classification and Rating Committee, dated 11/20/15, presented and discussed 12/1/15.
- Official Detailed Memorandum – Class Study of Code 970, Athletic Team – Professional and Semi-professional; submitted to the Classification and Rating Committee, dated 11/20/15, presented and discussed 12/1/15.
- Actuarial Memorandum – showing the loss costs resulting from the changes to Code 970, the creation of new Code 991, and the revision to maximum payroll for these two class codes. These changes are revenue neutral with respect to the loss costs for the existing Code 970 contained in the pending filing, C-366.
- PCRB Basic Manual Pages – A) impacted classification pages and new class page for Code 991, and B) Section 1, Rule IX, Item C. Two sets of these pages are provided; one showing track changes and the other showing accepted and approved changes.

Your prompt attention and review of this filing is appreciated. The PCRB will be pleased to answer any questions you or the Insurance Department staff may have.

Sincerely,



William V. Taylor
President

WVT/jf

Enclosures:

PCRB Staff Memorandum(s) of November 20, 2015
PCRB Actuarial Memorandum
Proposed Manual Language updates



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TO: Pennsylvania Compensation Rating Bureau (PCRB) –
Classification and Rating Committee

FROM: David T. Rawson – Technical Director Classification and Field Operations

DATE: November 20, 2015

RE: **Executive Summary:** Class Study of Code 970, Athletic Team – Professional and
Semi-professional

Staff's review of Code 970 began as a part of staff's due diligence in developing a proposal to revise the specified maximum and minimum professional athlete policy year auditable payrolls. This review was expanded into a file-by-file review of employers reporting payroll to Code 970 in spring 2014 as it was determined staff needed to know how the Code 970 population was divided by sport. By letter dated July 21, 2014 the agent for the Harrisburg Capitals Soccer, Inc., T/A Harrisburg City Islanders (a minor league soccer team) raised various questions regarding Code 970, but focused upon two questions. The first was the scope of Code 970 and their contention that Code 970 should be split into separate contact and noncontact sports teams classifications that staff agreed to examine. The second was the maximum auditable payroll for Code 970, which they contended was too low, which PCRB was already looking at.

PCRB's file-by-file review and statistical analysis of the separate contact and noncontact sports teams' experience found the proposal to split Code 970 into separate contact and noncontact sports classifications to be feasible. Staff's separation of sports teams between contact and noncontact sports follows the guidelines in effect in most states. Thus, staff recommends the following to become effective upon new and renewal policies of October 1, 2106 and later:

- That Code 970 be focused upon contact sports teams
- That a new separate Code 991 be erected for noncontact sports teams

PCRB also reviewed the maximum and minimum auditable professional or semiprofessional athlete payrolls in effect in other states. This showed a range of maximum auditable payrolls from a low of \$15,000 to a high of \$296,400, which compare to PCRB's present maximum of \$60,000 (adopted effective January 1, 1981). Staff also found that the most states use a multiple of four times their Statewide Average Weekly Wage (SAWW) to "set" their maximum auditable payroll. Staff also recommends the following to also become effective upon new and renewal policies of October 1, 2016 and later:

- That PCRB also set its maximum auditable professional or semiprofessional athlete payroll at four times at Pennsylvania's SAWW which rounded to the nearest \$10,000 results in the proposed dollar amount of \$200,000.
- Staff's review also found that most states have a minimum auditable professional or semiprofessional athlete payroll of \$500, which is PCRB's present minimum. Staff recommends that the \$500 minimum be retained.

Finally, staff recommends that the Manual language proposals attached hereto become effective upon new and renewal policies of October 1, 2016 and later.

MEMORANDUM

TO: Pennsylvania Compensation Rating Bureau (PCRB) –
Classification and Rating Committee

FROM: David T. Rawson – Technical Director Classification and Field Operations

DATE: November 20, 2015

RE: Class Study of Code 970, Athletic Team – professional and semi-professional

INTRODUCTION

Staff began a review of Code 970 as a part of staff's due diligence in developing a proposal to revise the specified maximum and minimum professional athlete policy year auditable payrolls. This review was expanded into a file-by-file review of employers reporting payroll to Code 970 in spring 2014 as it was determined staff needed to know how the Code 970 population was divided by sport. By letter dated July 21, 2014 the agent for the Harrisburg Capitals Soccer, Inc., T/A Harrisburg City Islanders (a minor league soccer team) raised various questions regarding Code 970, but focused upon two questions. The first was the scope of Code 970 and their contention that Code 970 should be split into separate contact and noncontact sports teams classifications. The second was the maximum auditable payroll for Code 970, which they contended was too low..

CLASS HISTORY & PRESENT SCOPE OF CODE 970

Code 970 became effective upon new and renewal policies of January 1, 1933 and later. A casual check of PCRB's archive did not reveal how professional or semiprofessional athletes were classified prior to the erection of Code 970, which was one of forty-five (45) classification revisions that became effective January 1, 1933. The revisions included other new classifications, revisions (including classes simply being renumbered) to existing classifications and the deletion of other classifications by their merger into another existing class. As was PCRB's custom at that time class revisions were simply announced without background explanation.

The Islanders correctly stated that Code 970 contemplates each of the major league sports franchises (i.e., baseball, basketball, football and ice hockey), their minor league affiliates and the independent minor leagues of all professional or semi-professional sports. The word "professional" is defined as being applicable when the player is paid for his or her services. PCRB holds it is common knowledge there is a broad range of salaries paid to players depending on the level of competition at which the team of which they are a member plays and the individual player's abilities and circumstances.

Code 970 includes all players on the employer's salary list whether regularly played or not, coaches, managers, trainers or equipment managers. Also included are sports officials and game day staff (bench or dugout).

Code 970 also has an "Operations Not Included" section. Staff proposed that language to become effective upon new and renewal policies of October 1, 2009 and later to resolve a misunderstanding of the scope of the class. Prior to the October 1, 2009 language clarification Code 970 included the phrase "all employees except office and sales." The ambiguity involved

how to classify game day staff, which may be split into two categories: bench or dugout game day staff and non-bench or dugout game day staff. The former provide water or equipment to the players or field foul balls during a baseball game. Examples of the latter personnel include but are not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with fans to rally support and/or to distribute promotional items and persons videotaping fan reactions or the game. PCRB proposed to delete the phrase “all employees except clerical and sales” and to add the “Operations Not Included” section. The non-game or dugout game day staff are assigned to the applicable facility classification for outdoor stadiums (Code 969, Amusement – Outdoor) or indoor arenas (Code 971, Commercial Buildings) respectively.

OTHER STATES’ APPLICABLE CLASSIFICATION(S)

PCRB found that most other jurisdictions have two professional and semiprofessional athletic team classifications. As noted above National Council for Compensation Insurance, Inc. (NCCI) states or independent rating organization states that utilize the NCCI uniform classification plan Code 9178 is for noncontact sports defined as including but not limited to: baseball, basketball, jai-alai, soccer and volleyball. Code 9179 is for contact sports defined as including but not limited to: football, hockey, lacrosse, roller derby and rugby. Both Code 9178 and Code 9179 include players, coaches, managers, trainers and sports officials. All players on a team’s salary list are included, regardless of whether individual players do or do not play regularly. PCRB also found that Codes 9178 and Code 9179 include both major and minor league teams in their respective sports. In other words, no state using the NCCI’s classification plan has an alternate classification for minor league sports teams. Taken together the scopes of Codes 9178 and 9179 are similar to that of Pennsylvania Code 970.

Most other jurisdictions also have a third class, Code 9182, Athletic Sports or Parks – Operations & Drivers. This third class is for payroll developed in the operation of athletic parks, stadiums or arenas where sports events are played. The class contemplates the care and maintenance of the grounds, buildings, team facilities, grandstands and bleachers. The class includes all employees under the direct management of the athletic park, stadium or arena including but not limited to: parking and gate attendants, box office employees, ushers, security personnel, locker room attendants, food preparation and all concessions and souvenir stands. Code 9182 excludes players, coaches and the other personnel assigned to Code 9178 or to Code 9179. Pennsylvania does not have an exact equivalent to Code 9182. As noted above Pennsylvania assigns the applicable facility classification for athletic parks or stadiums (Code 969) or indoor arenas (Code 971) respectively.

California like Pennsylvania has a single professional and semi-professional athletic team classification, their Code 9181, Athletic Teams or Parks that includes both major and minor league sports teams. The scope of California Code 9181 is similar to that of Pennsylvania’s Code 970, but is broader by also including amateur, scholastic and recreational athletic teams. California also has Code 9182 using the NCCI class title shown above. The scope of California Code 9182 is similar to that of PCRB Code 970’s “Operations Not Included,” but among the personnel also listed in California Code 9182’s class’ description are equipment managers, batboys and ball boys whom Pennsylvania would include in Code 970.

Michigan was the only state reviewed that does not have a separate classification(s) for professional or semi-professional athletic teams. Michigan includes both contact and non-contact sports teams into their Code 9015. For the record NCCI’s Code 9015’s title is Buildings

or Property Management. Michigan also does not have Code 9182. An e-mail exchange with the Compensation Advisory Organization of Michigan (CAOM) verified that Michigan Code 9015 also contemplates the operation of arenas and stadiums. Staff observes that review of the CAOM's Manual showed that Michigan Code 9015 has a broad scope. That class also includes but is not necessarily limited to: building and property management operations along with the operation of parks, fairgrounds, zoos, amusement parks, exhibition halls, the performance of termite control, and bridge or vehicular tunnel operations.

PCRB'S CURRENT MINIMUM AUDITABLE PAYROLL

A discussion of how to secure an adequate premium in connection with summer camps by the PCRB's Classification and Rating Committee (C & R) on May 6, 1954 also included the comment that summer camps were similar to the situation relating to minor league or semi-professional baseball teams. After discussion the C & R adopted a minimum auditable payroll of \$500 per season or policy year for both Code 970 and the then applicable classification for camps. Both class' minimum auditable payrolls became effective upon new and renewal policies of July 1, 1954 and later. The Code 970 \$500 minimum auditable payroll per person per policy year remains in effect.

OTHER STATES' MINIMUM AUDITABLE PROFESSIONAL ATHLETE PAYROLLS

PCRB's review found that all of the other jurisdictions reviewed except for California and New York have a specified minimum auditable payroll for professional or semi-professional athletes. For NCCI states the auditable minimum is \$500 per employee per season. While Ohio is a monopolistic fund state, Ohio has adopted the NCCI's classification plan. Ohio's minimum auditable payroll is also \$500. That value is further in effect for the independent rating organization states of Delaware, Massachusetts, Michigan, Minnesota and Wisconsin.

The New Jersey Compensation Rating Inspection Bureau's (NJCRIB) minimum auditable annual payroll for their Codes 9178 and 9179 effective new and renewal policies of January 1, 2016 and later is \$2,450. The minimum Code 9178 and Code 9179 annual payrolls are also the 2014 maximum weekly auditable executive officer payroll respectively. NJCRIB advises their minimum weekly auditable Code 9178 and Code 9179 payroll is established in direct relation to the corporate officer minimum and maximum payrolls, which are revised annually.

PCRB'S PROPOSED MINIMUM PROFESSIONAL ATHLETE AUDITABLE PAYROLL

PCRB's evaluation of whether to revise the present minimum auditable payroll was mindful of the fact that despite its "vintage," that \$500 is the minimum auditable payroll in all states except California and New York that do not have one. While staff's background research did not disclose very much "hard" per player salary information, the anecdotal per player salary information available on the Internet suggests that the minimum payroll is rarely invoked.

Thus, PCRB recommends that the present \$500 minimum per policy year auditable payroll be retained.

PCRB's CURRENT MAXIMUM AUDITABLE CODE 970 PAYROLLS

The current maximum Code 970 auditable payroll of \$60,000 per policy year was established effective with new and renewal policies of January 1, 1981 and later as noted above. The \$60,000 figure was based upon the statewide average weekly wage (SAWW) that was in effect in 1980. The SAWW was first multiplied by a factor of 52 to derive an annual wage amount. The annual wage was then multiplied by five and the resulting product was rounded to the nearest \$10,000. This method and its result were presented to, reviewed by and adopted by the C & R. The then proposed \$60,000 maximum was subsequently filed with and approved by the Pennsylvania Insurance Commissioner.

The \$60,000 maximum approximately doubled the previously auditable professional athlete salary. Prior to adopting a per policy year auditable maximum payroll PCRB designated a maximum dollar figure to be audited per week. The weekly maximum payroll was increased to \$500 from \$600 effective new and renewal policies of October 1, 1978 and later. PCRB's archive shows that both the \$500 and then the \$600 weekly amounts reflected the previous and the then effective corporate officer maximum weekly auditable payroll.

OTHER STATES' MAXIMUM AUDITABLE PROFESSIONAL ATHLETE PAYROLLS

PCRB's review also found that all other jurisdictions reviewed except for Ohio and Wisconsin set forth a maximum auditable payroll for professional or semi-professional athletes. Ohio has no maximum. The Wisconsin Code 9178 and Code 9179 class descriptions read "The actual payroll of all employees shall be included in calculating premium."

In NCCI states the specified weekly auditable maximum per employee varies from state-to-state. The maximum weekly auditable payroll may be found on the "Miscellaneous Values" page of each state's rate pages in the NCCI's Basic Manual. A check of fifteen NCCI states shows the range of maximum weekly auditable Code 9178 and Code 9179 payrolls runs from \$300 (Massachusetts) to \$5,700 (the District of Columbia). The separate NCCI "Scopes" Manual entries for NCCI Code 9178 and Code 9179 each specifies that the designated maximum weekly auditable payroll is to be multiplied by the total weeks in the year. Each class' "Scope" goes on to explain that NCCI has always taken the position that the player is under contract for the entire year regardless of whether payments are made throughout the year or only during the sport's season. This makes the range of the annual maximum auditable payroll \$15,600 to \$296,400.

Appendix F, Table 2 of NCCI's Basic Manual shows most NCCI states' maximum Code 9178 or Code 9179 maximum weekly auditable payrolls are a multiple of the that state's SAWW. Four times the state's SAWW is the most commonly used multiple, but there are states using the SAWW without a multiplier (Missouri) or a multiplier of one and a half (Montana), two (Virginia) or three (Florida). Rounding also varies by state with rounding done to the nearest dollar, the nearest \$50 or the nearest \$100.

The table below shows the current maximum auditable payroll in effect in the independent rating organization states:

STATE	EFFECTIVE DATE NEW & RENEWAL ONLY	MAXIMUM AUDITABLE PAYROLL
California	January 1, 2016	\$117,000 (annual)
Delaware	December 1, 2014	60,000 (annual)
Massachusetts	April 1, 2014300 (weekly)
Michigan	January 1, 2016	1,800 (weekly)
Minnesota	April 1, 2015	3,844 (weekly)
New Jersey	January 1, 2016	127,400 (annual)
New York	October 1, 2015	5,350 (weekly)

NOTES:

- Each weekly auditable figure must be multiplied by 52 weeks (see individual state notes below) to get the annual or policy year maximum auditable payroll.
- California's maximum is based upon the UCLA Anderson School of Business wage growth forecast. The maximum specified auditable payroll is not tied to California's SAWW.
- Delaware's maximum policy year auditable payroll is unchanged since the early 1980's.
- Massachusetts has the lowest specified maximum auditable payroll of any state reviewed, which is \$15,600. Massachusetts' auditable payroll was established at approximately the same time as Pennsylvania's.
- Michigan's maximum annual auditable payroll is \$93,600.
- Minnesota's maximum annual auditable payroll is \$199,888.
- New Jersey's maximum auditable payroll is their minimum auditable weekly payroll (discussed above) times 52.
- New York's maximum auditable weekly payroll is four times New York's SAWW rounded to the nearest \$25. New York's maximum annual auditable payroll is \$278,200

PCRB'S PROPOSED MAXIMUM AUDITABLE PAYROLL

PCRB has concluded the maximum auditable payroll should be increased. In determining the proposed dollar amount PCRB has been mindful that PCRB's present maximum auditable payroll has been in effect since January 1, 1981 and the following factors:

1. The variation among the states (as discussed above) in the methodology used to derive the professional and semiprofessional maximum auditable payroll that produces a range of \$15,600 TO \$296,400.
2. The most common method among the states to determine their auditable professional or semiprofessional athlete payroll is the use of the state's SAWW and a multiplier of four.

PCRB proposes that \$200,000 be the new maximum auditable payroll to become effective upon new and renewal policies of October 1, 2016 and later. That figure comes from multiplying Pennsylvania present SAWW of \$951 by four, then multiplying that product by 52 and rounding to the nearest \$10,000.

**SHOULD CODE 970 BE SPLIT BETWEEN CONTACT & NONCONTACT SPORTS?
 CLASS STUDY GROUPS/BACKGROUND EXHIBIT EXPLANATION**

For this classification study, staff reviewed the 88 files of employers reporting payroll to Code 970. Pursuant to the sport in which each employer competed, the employers were divided into the following study groups:

Group Number	Group Name	Number of Employers
01	PA Major League Sports Teams	
01A	PA Major League Football & Ice Hockey Teams (Contact/Collision Sports)	15
01B	PA Major League Basketball & Soccer Teams (Non-Contact/Contact Sports)	3
01C	PA Major League Baseball Teams (Limited Contact Sports)	2
02	Minor League & Other Contact/Collision Sports	
02A	Arena League Football	2
02B	Other Minor League Football Teams – Indoor or Outdoor	18
02C	Minor League Hockey Teams	9
02D	Lacrosse	4
02E	Other (e.g., Boxing)	2
03	Minor League Non-Contact/Contact/Limited Contact Sports Teams	
03A	Minor League Baseball Teams – Affiliated MLB Team Located Out of State	4
03B	Independent Minor League Baseball Teams – Not Affiliated With MLB	9
03C	Minor League Soccer Teams	8
03D	Minor League Basketball Teams	5
03E	Women’s Field Hockey (US Women’s National Team)	1
30	Misclassified	5
96	Not Yet Group Assigned (NYGA)	1
Total		88

PCRB divided Code 970 between contact and non-contact sports using the guidelines from the National Council on Compensation Insurance, Inc., (NCCI) classification plan. The sports contemplated by Code 9178 include but are not limited to: baseball, basketball, jai-alai, soccer and volleyball. PCRB was able to identify baseball, basketball and soccer teams. Code 9179 is for “contact sports” that includes but are not limited to: football, hockey, lacrosse, roller derby, rugby and water polo. PCRB was able to identify football, hockey and lacrosse sports teams.

The Code 970 historical experience exhibits were developed on the basis of PCRB’s April 1, 2015 comprehensive loss cost filing as approved by the Pennsylvania Insurance Department. The historical experience exhibits combined represent 100% of the Code 970 April 1, 2015 Class Book Page’s five-year payroll and loss data.

Fifteen historical experience exhibits and two statistical exhibits are attached hereto. The report notes that an historical experience exhibit or a statistical exhibit may be cited more than once, and the attached exhibit copies are presented in the sequence in which the materials are first cited in this report. The indicated loss cost values found at the bottom of any historical experience exhibit have not been loaded for the Small Business Advocate Assessment or the revenue neutral plans (e. g., Merit Rating and the Certified Safety Committee Credit Program) that are a part the PCRB’s approved April 1, 2015 loss cost values. PCRB’s loss cost for any of the class proposals is calculated by multiplying the indicated loss cost by a factor of 1.0152 (to account for the three programs cited herein).

Exhibits were not created for Group 30, Misclassified, or Group 96, Not Yet Group Assigned. For the five misclassified files, either no Code 970 experience was reported during the five years used in PCRB’s April 1, 2015 comprehensive loss cost filing (2007 through 2011) or the Code 970 experience had been reassigned to the employer’s applicable classification(s) prior to the compilation of the April 1, 2015 filing. As seen above, only one employer is slotted to the Not Yet Group Assigned exhibit. That business’s first record of coverage is March 14, 2015, which means that no experience pertaining to that business has been reported to PCRB.

In addition to a review of historical experience exhibits, the PCRB’s classification plan analysis includes statistical testing to see whether data is or is not significantly statistically different for various study groups or classifications. For example, Exhibit 1 and Exhibit 2 were tested with a paired t-test analysis to determine whether or not there was a natural correspondence or “pairing” of specific observations between those respective study groups. The t-test reduces the two samples to one by examining the differences between corresponding observations in the two groups. The advantage to this approach is that variation within the groups does not mask the difference between their means as much as if the two groups were not paired. T-tests were run for reported pure premium, claim frequency (per million dollars of payroll) and claim severity (excluding medical only). For these tests, values of 0.10 or less are considered as indicating significant statistical differences.

The following exhibits will be discussed below:

HISTORICAL EXPERIENCE EXHIBITS – NCCI CLASS MODEL

Exhibit Number	Exhibit Title
15	Code 970 April 1, 2015 Class Book Page
1	All Contact Team Sports – NCCI Model
2	All Noncontact Team Sports – NCCI Class Model
A	T-Test Comparing Exhibit 1 With Exhibit 2

Exhibit Number	Reported Pure Premium	Indicated Pure Premium (Pre-Test)	Indicated Pure Premium (Post-Test)
15	\$6.214	\$6.262	\$6.813
1	\$7.618	\$8.100	\$8.813
2	\$4.326	\$3.809	\$4.144

Exhibit 1 includes the following employer groups from the Table shown above:

1. 01A - PA Major League football and Ice Hockey (Contact) Sports Teams (shown separately in Exhibit 3)
2. 02A - Arena Football League (shown separately in Exhibit 5)
3. 02B - Other Minor Football League Teams – Indoor or Outdoor (shown separately in Exhibit 6)
4. 02C - Minor League Ice Hockey Teams (shown separately in Exhibit 7)
5. 02D – Lacrosse Teams (shown separately in Exhibit 8)
6. 02E - Other (e.g., Boxing)(shown separately in Exhibit 9)

Exhibit 2 includes the following employer groups from the Table shown on the first page of this memorandum:

1. 01B – PA Major League Basketball & Soccer Teams & 01C – PA Major League Baseball Teams (shown together in Exhibit 4)
2. 03A – Minor League Baseball Teams - Affiliated MLB Team Located Out of State (shown separately in Exhibit 10)
3. 03B – Independent Minor League Baseball Teams – Not Affiliated with MLB (shown separately in Exhibit 11)
4. 03C – Minor League Soccer Teams (shown separately in Exhibit 12)
5. 03D – Minor League Basketball Teams (shown separately in Exhibit 13)
6. 03E – Women’s Field Hockey (shown separately in Exhibit 14)

The overall experience of contact sports teams in Exhibit 1 is worse than the overall Code 970 class book page’s five-year experience, and even more adverse than the experience of non-contact sports teams in Exhibit 2. This is true for all three reference points in the data: reported pure premium, indicated pure premium (pre-test) and indicated pure premium (post-test). Exhibit 1 constitutes 57.4% of the Code 970 April 1, 2015 Class Book page’s five-year payroll and 70.3% of the reported five-year losses.

STATISICAL EXHIBIT

Exhibit Number	T-Test Value Reported Pure Premium	T-Test Value Claim Frequency (Per million)	T-Test Value Claim Severity (Excluding Medical Only)
A	0.0076	0.0310	0.1934

Exhibit A is the T-test comparing Exhibit 1 with Exhibit 2. The separate tests for reported pure premium and claim frequency per million dollars of payroll show that there are significant statistical differences between these exhibits for both statistics. The separate test for claim severity (excluding medical only claims) does not show a significant statistical difference. *PCRB has historically interpreted similar test results as supporting a separation of the respective study groups into different classifications, and thus PCRB proposes that separate classifications be established for contact and noncontact sports teams respectively effective upon new and renewal policies of October 1, 2016 and later.*

The enabling Manual language proposals are attached for the Committee's review. Code 970 is recommended to be focused upon contact spots and a new classification (Code 991) is proposed to be erected and focused upon noncontact sports. The recommended October 1, 2016 Codes 970 and 991 rating values are based upon the contact and noncontact sports teams experience respectively and those rating values have been "balanced" so that they are revenue neutral. The balancing also takes into account the proposed increase in the maximum auditable payroll for each of these classes.

Pursuant to the long established protocol between PCRB and the Pennsylvania Insurance Department, PCRB will send to all employers impacted by these proposed classification revisions a written notice upon the filing of these proposals with the Department. There will be a separate written notice for contact and noncontact sports teams respectively that will observe the following information: PCRB's proposal and in general advise how it may impact that team if approved by the Department, advise the employer that written comment on the proposals may be sent to the Department, cite the person designated by the Department to receive an employer's written comment and the methods by which the employer's written comment may be sent to the Department.



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TO: Insurance Commissioner, Commonwealth of Pennsylvania
FROM: John R. Pedrick, Vice President, Actuarial Services
DATE: February 18, 2016
RE: Actuarial Memorandum: Class Study of Code 970, Athletic Team – Professional and Semi-professional

The proposed loss costs and rating values appear in the following table. A narrative of the analysis in support of these values follows.

Code No.	Loss Cost	Experience Rating Plan Expected Loss Factors			Hazard Group
		A-1	A-2	A-3	
970	2.26	1.44	1.84	2.05	B
991	2.19	1.39	1.78	1.98	A

The proposed increase in maximum auditable payroll from \$60,000 to \$200,000 affects the pre-surcharge loss costs for proposed Code 970 (related to contact sports) and proposed Code 991 (related to non-contact sports). As used below, “current Code 970” contains risks seen in Codes 970 and 991 combined.

A study of the impact of the increase in maximum auditable payroll was performed for the insureds within current Code 970. This study was done to determine an estimated factor that could be applied, in aggregate, to the current Code 970 payroll for the most recent policy year in the underlying analysis (Policy Year 2011) to estimate current Code 970 payroll after the effects of the proposed increase to maximum auditable payroll. This study was necessary as part of the work to determine proposed loss costs for Codes 970 and 991.

If actual payroll for each member of an athletic team (including players, coaches and other staff) was currently at or above a \$200,000 auditable payroll, then the change to a \$200,000 maximum auditable payroll has the greatest impact. Expressed as a factor, the increase to the current auditable payroll is $\$200,000 / \$60,000 = 3.3333$. This is considered as “Category 1” below.

In contrast, if actual payroll for each member of an athletic team (including players, coaches and other staff) was currently at or below a \$60,000 auditable payroll, then the change to a \$200,000 maximum payroll has no impact. Expressed as a factor, the increase to the current auditable payroll is $\$60,000 / \$60,000 = 1.0000$. This is considered as “Category 2” below.

And if actual payroll for each member of an athletic team (including players, coaches and other staff) was currently not at or above a \$200,000 auditable payroll or not at or below a \$60,000 auditable payroll, the factor is between 1.0000 and 3.3333. This is considered as “Category 3” below.

Current Code 970 Payroll Analysis - Policy Year 2011					
	(1)	(2)	(3)	(4)	(5)=(3)/(1)
	Actual Payroll	Distribution of Actual Payroll	Adjusted Payroll based on Change in Maximum Auditable Payroll	Distribution of Adjusted Payroll	Factor to Adjust for Change in Maximum Payroll
Category 1	31,486,170	66.4%	104,953,900	84.2%	3.3333
Category 2	11,033,397	23.3%	11,033,397	8.8%	1.0000
Category 3	4,880,433	10.3%	8,733,717	7.0%	1.7895
Total	47,400,000	100.0%	124,721,014	100.0%	2.6312

Exhibit 1 calculates proposed pre-surcharge loss costs for Codes 970 and 991 in the filing. The post-surcharge loss costs shown above result from applying a surcharge of 1.47% to the pre-surcharge loss costs, and rounding to the nearest 0.01. See Exhibit 13 of PCRB Filing No. C-366, the recently approved April 1, 2016 loss cost filing, for the derivation of this surcharge factor.

Column (1) shows the two-year payroll (in thousands) for Policy Years 2011 and 2012 for current Code 970.

Column (2) shows the approved pre-surcharge loss cost of \$5.79 for current Code 970 effective April 1, 2016. See Exhibit 2 for the Class Book page from PCRB Filing No. 366 that produces this loss cost.

Column (3) shows the expected losses for current Code 970, which was calculated by multiplying the two-year payroll from Column (1) by the pre-surcharge loss cost for current Code 970 in Column (2).

Column (4) shows the two-year payroll (in thousands) for Policy Years 2011 and 2012, separately for Code 970 and Code 991, subject to the proposed maximum auditable payroll of \$200,000. Column (4) shows the separate contributions from each of the two codes to Column (1) multiplied by the 2.6312 factor calculated above. This represents the two-year payroll for current Code 970 split into the proposed Codes 970 and 991, subject to the proposed increase in maximum auditable payroll from \$60,000 to \$200,000. Note that the total in Column (4) equals Column (1) multiplied by the factor 2.6312, derived above.

Column (5) shows separate pre-surcharge loss costs of \$5.11 and \$4.95 for Codes 970 and 991, respectively. These are determined in Exhibits 3 and 4.

Column (6) shows the expected losses for Codes 970 and 991 calculated by multiplying the two-year payroll from Column (4) by the proposed pre-surcharge loss costs in Column (5).

Column (7) shows the same two-year payroll as in Column (4).

Column (8) shows the expected losses for Codes 970 and 991 calculated by applying the expected loss distribution in Column (6) to the expected losses in Column (3). For example, $\$653,743 / \$1,175,696 * \$513,556 = \$285,562$.

Column (9) shows pre-surcharge loss costs of \$2.23 and \$2.16 for Codes 970 and 991, respectively. These loss costs were calculated to be revenue-neutral relative to the approved \$5.79 April 1, 2016 loss cost in Column (2) by calculating the same expected losses, in total, in Column (8) as in Column (3). Column (9) equals Column (8) / Column (7).

Column (10) shows the percentage change in loss costs for Codes 970 and 991 calculated in Column (9) as compared to the approved loss cost for current Code 970 effective April 1, 2016.

Exhibit 2 shows the Class Book page for current Code 970, which was included in Filing No. C-366. The values seen in Columns (1) and (2) of Exhibit 1 come from that Class Book page.

Exhibits 3 and 4 show separate Class Book pages for Codes 970 and 991, subject to the proposed maximum auditable payroll of \$200,000. The values seen in Columns (4) and (5) of Exhibit 1 come from those Class Book pages. These loss costs were calculated using the same methodology as was used to calculate a majority of classification loss costs in Filing No. C-366.

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10)
 = (1)*(2) = (4)*(5) = [(6)/Total (6)] * (3) = (8)/(7) = (9)/(2) - 1

Current Class Code	From 4/1/16 Loss Cost Filing (Filing No. C-366)			Proposed Class Codes	From Exhibits 3 and 4			2-Year Payroll (000)	Balanced Expected Losses	Pre-Surcharge Loss Cost	Loss Cost relative to approved 4/1/16 Loss Cost
	2-Year Payroll (000)	Pre-Surcharge Loss Cost	Expected Losses		2-Year Payroll (000)	Pre-Surcharge Loss Cost	Expected Losses				
970	88,697	5.79	513,556	970	127,934	5.11	653,743	127,934	285,562	2.23	-61.5%
				991	105,445	4.95	521,953	105,445	227,994	2.16	-62.7%
					233,379	5.04	1,175,696	233,379	513,556	2.20	-62.0%

Exhibit 2

CLASSIFICATION STUDY - PENNSYLVANIA
 INDUSTRY GROUP:
 3

CLASS:
 ATHLETIC TEAM-SEMI. PROF. & PROF.

CODE:
 970+991

Manual Year	Comp/Teams Reported	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2008	47,697	2,494,679	5,230	2,624,022	34,647	0.5661	0	0	2	8	17	27
2009	49,094	3,563,984	7,260	3,939,382	47,146	0.7333	0	0	4	11	21	36
2010	45,419	3,302,960	7,272	3,924,664	58,552	0.7046	0	0	2	5	25	32
2011	47,417	3,081,622	6,499	3,795,517	37,193	0.8225	0	0	0	14	25	39
2012	41,280	2,287,074	5,540	2,902,343	32,581	0.5572	0	0	0	7	16	23
TOTAL	230,907	14,730,319	6,379	17,185,928	42,715	0.6799	0	0	8	45	104	157
O.D.		16,018	0.007				0	0	0	0	0	0

Manual Year	REPORTED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2008	0	0	393,984	157,266	104,696	0	0	61,661	57,929	159,934	1,559,209
2009	0	0	609,359	474,563	116,819	0	0	86,930	243,503	166,068	1,866,742
2010	0	0	417,878	227,598	709,927	0	0	168,429	129,899	219,917	1,429,312
2011	0	0	0	716,332	355,361	0	0	0	201,728	177,107	1,631,094
2012	0	0	0	265,610	49,183	0	0	0	281,334	153,231	1,537,716
TOTAL	0	0	1,421,221	1,841,369	1,335,986	0	0	317,020	914,393	876,257	8,024,073
O.D.	0	0	0	0	0	0	0	0	0	0	16,018

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2008	0	0	498,390	183,058	141,340	0	0	139,724	76,292	234,943	1,350,275
2009	0	12,205	798,228	530,714	143,597	0	4,757	227,042	320,781	220,123	1,681,935
2010	94	15,125	631,616	289,600	752,699	90	22,573	415,066	171,883	265,213	1,360,705
2011	108	21,071	592,297	687,537	383,694	81	7,249	181,968	208,539	204,211	1,508,762
2012	249	16,350	410,805	219,506	58,249	156	26,936	399,348	222,712	136,409	1,411,623
TOTAL	451	64,751	2,931,336	1,910,415	1,479,579	327	61,515	1,363,148	1,000,207	1,060,899	7,313,300
O.D.											15,092

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	4,421,528	5,451,100	7,328,392	
IBNR + FREQ. ADJUSTMENT	(1,618,018)	(916,311)	20,042	
TOTAL LOSSES	2,803,510	4,534,789	7,348,434	
EXPECTED LOSSES	4,246,380	3,244,243	6,024,364	
CREDIBILITY	0.06	0.17	0.26	
PURE PREMIUMS				
INDICATED (PRE-TEST)	1.214	1.964	3.182	6.360
INDICATED (POST-TEST)	1.321	2.137	3.462	6.920
PRES. ON LOSS COST LEVEL	1.713	1.308	2.430	5.451
DERIVED BY FORMULA	1.689	1.449	2.698	5.836
UNDERLYING PRES. LOSS COST	1.839	1.405	2.609	5.853
PROPOSED	1.689	1.449	2.698	5.836
YEAR	4-1-15	4-1-16	IND. LOSS COST =	5.789
IND. LOSS COST		5.79		
MAN.LOSS COST	5.85	5.79	ADJ. LOSS COST =	5.79

Exhibit 3

CLASSIFICATION STUDY - PENNSYLVANIA
 CLASS: ATHLETIC TEAM-CONTACT SPORTS
 INDUSTRY GROUP: 3

CODE: 970

Manual Year	Comp/Teams Reported	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2008	74,671	1,878,403	2.516	2,042,952	40,821	0.2545	0	0	2	6	11	19
2009	78,089	2,232,121	2.858	2,536,213	52,710	0.2689	0	0	4	4	13	21
2010	62,383	2,289,129	3.669	2,585,545	51,958	0.4328	0	0	1	5	21	27
2011	66,748	2,114,458	3.168	2,529,898	34,860	0.4644	0	0	0	11	20	31
2012	61,186	1,446,631	2.364	1,845,396	29,370	0.2778	0	0	0	4	13	17
TOTAL	343,077	9,960,742	2.903	11,540,004	42,307	0.3352	0	0	7	30	78	115
O.D.		14,251	0.004				0	0	0	0	0	0

Manual Year	REPORTED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2008	0	0	393,984	111,069	90,870	0	0	61,661	30,684	87,327	1,102,808
2009	0	0	609,359	152,632	78,542	0	0	86,930	118,611	60,834	1,125,213
2010	0	0	278,353	227,598	651,772	0	0	5,000	129,899	110,244	886,263
2011	0	0	0	592,146	271,051	0	0	0	132,819	84,657	1,033,785
2012	0	0	0	195,617	27,340	0	0	0	148,405	127,927	947,342
TOTAL	0	0	1,281,696	1,279,062	1,119,575	0	0	153,591	560,418	470,989	5,095,411
O.D.	0	0	0	0	0	0	0	0	0	0	14,251

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2008	0	0	481,842	124,842	114,405	0	0	156,434	38,171	110,469	1,016,789
2009	61	7,451	725,996	175,960	95,520	26	3,985	224,152	141,108	72,748	1,089,206
2010	116	8,396	428,994	269,103	697,263	28	1,869	61,474	142,704	123,899	851,699
2011	86	10,674	412,014	539,171	288,054	27	3,838	102,818	112,123	90,369	970,724
2012	201	7,577	259,293	156,344	40,064	231	14,044	247,965	116,210	98,755	904,712
TOTAL	464	34,098	2,308,139	1,265,420	1,235,306	312	23,736	792,843	550,316	496,240	4,833,130
O.D.											13,382

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	3,159,592	3,547,282	4,846,512	
IBNR + FREQ. ADJUSTMENT	(2,506,484)	(1,292,638)	32,875	
TOTAL LOSSES	653,108	2,254,644	4,879,387	
EXPECTED LOSSES	6,309,184	4,820,231	8,950,876	
CREDIBILITY	0.08	0.22	0.33	
PURE PREMIUMS				
INDICATED (PRE-TEST)	0.190	0.657	1.422	2.269
INDICATED (POST-TEST)	0.223	0.772	1.671	2.666
PRES. ON LOSS COST LEVEL	1.816	1.387	2.576	5.779
DERIVED BY FORMULA	1.689	1.252	2.277	5.218
UNDERLYING PRES. LOSS COST	1.839	1.405	2.609	5.853
PROPOSED	1.689	1.252	2.277	5.218
YEAR	4-1-15	4-1-16	IND. LOSS COST =	5.109
IND. LOSS COST		5.11		
MAN.LOSS COST	5.85	5.11	ADJ. LOSS COST =	5.11

Exhibit 4

CLASSIFICATION STUDY - PENNSYLVANIA
 INDUSTRY GROUP:
 3

CLASS:
 ATHLETIC TEAM - NON CONTACT SPORTS

CODE:
 991

Manual Year	Comp/Teams Reported	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					All
							Death	P.T.	Major	Minor	Temp	
2008	50,830	616,276	1.212	615,875	19,984	0.1574	0	0	0	2	6	8
2009	51,087	1,331,863	2.607	1,434,125	39,356	0.2936	0	0	0	7	8	15
2010	57,123	1,013,831	1.775	1,272,886	94,156	0.0875	0	0	1	0	4	5
2011	58,015	967,164	1.667	1,077,897	46,232	0.1379	0	0	0	3	5	8
2012	47,430	840,443	1.772	1,047,405	41,678	0.1265	0	0	0	3	3	6
TOTAL	264,486	4,769,577	1.803	5,448,188	43,831	0.1588	0	0	1	15	26	42
O.D.		1,767	0.001				0	0	0	0	0	0

Manual Year	REPORTED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2008	0	0	0	46,197	13,826	0	0	0	27,245	72,607	456,401
2009	0	0	0	321,931	38,277	0	0	0	124,892	105,234	741,529
2010	0	0	139,525	0	58,155	0	0	163,429	0	109,673	543,049
2011	0	0	0	124,186	84,310	0	0	0	68,909	92,450	597,309
2012	0	0	0	69,993	21,843	0	0	0	132,929	25,304	590,374
TOTAL	0	0	139,525	562,307	216,411	0	0	163,429	353,975	405,268	2,928,662
O.D.	0	0	0	0	0	0	0	0	0	0	1,767

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2008	0	0	0	51,925	17,407	0	0	0	33,893	91,848	420,802
2009	0	87	21,522	359,576	46,028	0	672	17,001	147,925	123,514	717,800
2010	20	2,961	165,095	5,750	63,967	65	5,396	372,997	11,854	122,911	521,870
2011	20	2,384	92,715	115,976	86,437	14	2,340	61,156	62,243	93,739	560,873
2012	74	3,033	103,246	60,984	23,431	181	9,625	172,259	81,485	29,280	563,807
TOTAL	114	8,465	382,578	594,211	237,270	260	18,033	623,413	337,400	461,292	2,785,152
O.D.											1,710

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	1,032,863	1,630,173	2,786,862	
IBNR + FREQ. ADJUSTMENT	(1,914,057)	(994,232)	26,079	
TOTAL LOSSES	0	635,941	2,812,941	
EXPECTED LOSSES	4,861,245	3,716,023	6,903,074	
CREDIBILITY	0.07	0.19	0.29	
PURE PREMIUMS				
INDICATED (PRE-TEST)	0.000	0.240	1.064	1.304
INDICATED (POST-TEST)	0.000	0.282	1.250	1.532
PRES. ON LOSS COST LEVEL	1.815	1.387	2.577	5.779
DERIVED BY FORMULA	1.688	1.177	2.192	5.057
UNDERLYING PRES. LOSS COST	1.838	1.405	2.610	5.853
PROPOSED	1.688	1.177	2.192	5.057
YEAR	4-1-15	4-1-16	IND. LOSS COST =	4.952
IND. LOSS COST		4.95		
MAN.LOSS COST	5.85	4.95	ADJ. LOSS COST =	4.95

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

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

1. Employees who qualify for payroll limitations include all players on the employer's salary list whether regularly played or not, coaches, ~~or~~ managers or sports officials.
2. The entire remuneration of each player, coach, ~~or~~ manager or sports official should be included in computing premium, subject to a maximum of \$~~200,000~~60,000 per policy year.
3. When a player, coach or manager works for two or more teams in the same sport during the policy year, the maximum shall be prorated.
4. The remuneration of an individual player, coach, ~~or~~ manager or sports official is subject to a minimum of \$500 per policy year, including board and lodging. For more details refer to the Classification and Rating Values Section.

884 HEALTH OR EXERCISE CLUB - all employees including office

A facility providing exercise programs (e.g., aerobics classes) for their members and, in some cases, the general public. Attendants will evaluate the type of equipment best suited to individual member needs and will assist members in exercise instruction or weight loss. The available equipment and services may vary from club-to-club. A club's exercise equipment may include but is not necessarily limited to: free weights (e.g., dumbbells and barbells) and other equipment (e.g., a cardio theater) that includes various types of equipment related to cardiovascular training, such as rowing machines, stationary exercise bikes, elliptical trainers or treadmills.

Larger clubs may employ personal trainers who are accessible to members for training, exercise, nutrition and/or health advice and consultation. Personal trainers may devise a customized fitness plan to assist members achieve their goals. They may also demonstrate exercises and monitor the members' exercises.

OPERATIONS ALSO INCLUDED:

1. Health shops, snack bars, childcare facilities, member lounges and/or cafes operated by the health or exercise club.

OPERATIONS NOT INCLUDED:

1. Assign Code 968 to indoor facilities principally engaged in amateur sports training (e.g., basketball, ice hockey, boxing, gymnastics, martial arts, tennis or swimming).
2. Assign Code 970 or Code 991 to contact or noncontact professional or semiprofessional sports teams respectively.
3. Assign indoor rock climbing wall facilities to Code 968.
4. Assign outdoor rock climbing wall facilities to Code 969.
5. Assign a day spa not affiliated with a health or exercise club to Code 977.

UNDERWRITING GUIDE

Aerobics Studio	Health Club
Club, Exercise	Health Or Exercise Club
Club, Health	Pilates Studio
Exercise Club	Tai Chi Instruction
Fitness Club	Yoga Studio
Fitness Instructor – By Independent Contractor – No Permanent Facility	

968 AMATEUR SPORTS, RECREATIONAL OR AMUSEMENT FACILITY, INDOOR

Applicable to businesses operating an amateur sport, recreational or amusement facility. Such include but are not necessarily limited to bowling alleys or video game arcades. Patrons may pay a fee to enter the facility and/or pay to use amusement devices on an individual basis.

Also applicable to businesses operating an indoor facility where patrons can practice or receive training or instruction in a specific sport including but not necessarily limited to: swimming, tennis, gymnastics, racquetball, ice or roller skating or karate or other martial arts training. Such facilities typically employ trainers or instructors who will oversee classes with multiple participants or who will provide individual training.

OPERATIONS ALSO INCLUDED:

1. Counter staff and employees engaged in dispensing change and/or game tokens.
2. Pro shop operations, unless multiple enterprise criteria are fulfilled, as delineated in Section 1, Rule IV, C., 3. a. of this Manual.
3. Food or beverage service operations, unless multiple enterprise criteria are fulfilled, as delineated in Section 1, Rule IV, C., 3. a. of this Manual.

OPERATIONS NOT INCLUDED:

1. Assign Code 884 to health or exercise clubs.
2. Assign Code 970 or Code 991 to contact or noncontact to professional or semiprofessional sports teams respectively.
3. Assign Code 976 to a recreation association, commission or authority.

UNDERWRITING GUIDE

Amateur Sports Training Facility (e.g., Basketball, Ice Hockey, Boxing) Not Professional Or Semiprofessional Sports
Amusements, Indoor - See Entry By Topical Name
Billiard Hall
Bowling Alley
Cheerleading Instruction - By Independent Contractor
Club, Swim - Indoor
Club, Tennis - Indoor
Gun Range – Private Or Public - Indoor
Gymnastics Training
Karate Or Other Martial Arts Institute

Martial Arts (Including Karate) Institute
Pool Room
Racquetball Club
Recreational Facility Or Amusement Devices, Indoor - See Entry By Topical Name
Rock Climbing Wall Facility - Indoor
Shooting Range – Private Or Public - Indoor
Skating Rink - Ice Or Roller - Indoor
Sports (e.g., Basketball, Ice Hockey Or Boxing) Amateur Training Facility - Not Professional Or Semiprofessional Sports
Swim Club - Indoor
Tennis Club - Indoor
Video Game Arcade

PENNSYLVANIA WORKERS COMPENSATION MANUAL

SECTION 2

EFFECTIVE DATE: OCTOBER 1, 2016

CLASSIFICATIONS

969 AMUSEMENT, OUTDOOR: fairs, exhibitions, amusement parks or any outdoor amusement that is permanently sited.

OPERATIONS ALSO INCLUDED:

1. Ticket sellers or collectors and box office employees.
2. Employees engaged in the sale of food or beverages or gift/souvenirs from vending carts or by carrying the merchandise on their person.

OPERATIONS NOT INCLUDED:

1. Assign the applicable restaurant classification to payroll developed in a separately located and staffed prepared food and/or beverage service.
2. Assign Code 928 to payroll developed in a physically separate and staffed gifts/souvenirs sales operation.
3. Assign Code 981 to payroll developed in separately located and staffed ~~casinoslot machine~~ gambling operations. See the Code 981 class description for the scope of that classification.
4. ~~Assign~~ ~~Separately classify to~~ Code 970 ~~or Code 991 to contact or noncontact~~ professional and semi-professional ~~sports teams respectively~~ ~~athletics as defined in that class' description~~.
5. Assign Code 939 to any traveling (not permanently ~~sited~~) amusement.
6. Assign Code 953 to race track pari-mutuel employees.

UNDERWRITING GUIDE

Amusement Park
Amusements, Outdoor - See Entry By Topical Name
Arboretum - Open To Public Exhibition
Archery Range - Outdoor
Athletic Parks Operation
Ball Or Dart Throwing At Targets
Baseball Batting Range
Botanical Gardens – Open to Public Exhibition
Cave, Exhibition
Club, Swim - Outdoor
Club, Tennis - Outdoor
Exhibition - Outdoor
Exhibition Garden
Fair - Permanently Sited
Fishing Pond, Public
Garden - Open To Public Exhibition
Golf Course - Miniature
Golf Driving Range
Gun Range – Private Or Public - Outdoor
Horse Show
Jockey - Employed By A Race Track

Kiddie Rides - All Operations - Permanently Sited
Miniature Golf Course
Park, N.O.C.
Pitch And Putt Golf Course
Race Track Operation
Recreational Facility Or Amusement Devices, Outdoor - See Entry By Topical Name
Rock Climbing Wall Facility - Outdoor
Shooting Range – Private Or Public - Outdoor
Skating Rink - Outdoor
Skeet, Sporting Clays, Or Trapshooting Clubs Or Public Ranges
Ski Tow Operation
Stadium Operation – Outdoor - By Contractor Or Owner
Swim Club - Outdoor
Swimming Pool, Public Or Private - Outdoor
Tennis Club - Outdoor
Tennis Court, Public - Outdoor
Zoo

970 ATHLETIC TEAM – CONTACT SPORTS - ~~P~~professional ~~and/or~~ ~~S~~semi-professional. ~~This classification includes all players on the employer's salary list whether regularly played or not, coaches, managers, trainers or equipment managers.~~

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, lacrosse or roller derby.

The entire remuneration of each player, coach, ~~or~~ manager or sports official should be included in computing premium, subject to a maximum of ~~\$200,000~~\$60,000 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.

OPERATIONS ALSO INCLUDED:

1. Game staff (bench ~~or dugout~~) providing water or equipment to the players.
2. Sports officials.

OPERATIONS NOT INCLUDED:

1. Assign Code 951 to separate scouting staff.
- ~~2. Assign Code 953 to separate clerical office staff.~~
2. Assign Code 969 to separate staff operating/maintaining the outdoor stadium.
3. Assign Code 969 to non-bench game staff, including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with the fans to rally support and/or distribute free t-shirts ~~and/or~~ persons videotaping fan reaction or the game when the sport is played in an outdoor stadium.
- ~~4. Assign Code 971 to non-bench or non-dugout game staff, including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with fans to rally support and/or distribute free t-shirts and persons videotaping fan reaction or the game when the sport is played in an indoor arena.~~
4. Assign Code 971 to separate staff operating/maintaining the indoor arena.
- ~~5. Assign Code 969 to separate staff operating/maintaining the outdoor stadium.~~
5. Assign Code 971 to non-bench ~~or non-dugout~~ game staff including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with fans to rally support and/or to distribute free t-shirts and persons videotaping fan reaction or the game when the sport is played in an indoor arena.
- ~~6. Assign Code 971 to separate staff operating/maintaining the indoor arena.~~
6. Assign the classification applicable to the business to payroll developed by a tennis or golf professional (instructor) performing services for a country club, hotel or park.

UNDERWRITING GUIDE

Athletic Team: Contact Sports - Professional Or Semiprofessional
~~Athletics, Organized Baseball Club~~
Contact Sports Athletic Team, Professional Or Semiprofessional
Football Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional

Hockey Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Lacrosse Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Professional Or Semiprofessional Athletic Team – Contact Sports
Roller Derby Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Semi-~~P~~professional or Professional Athletic Team – Contact Sports

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 \$200,000 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.

OPERATIONS ALSO INCLUDED:

1. Game staff (bench) providing water or equipment to players.
2. Sports officials.

OPERATIONS NOT INCLUDED:

1. Assign Code 951 to separate scouting staff.
2. Assign Code 969 to separate staff operating/maintaining the outdoor stadium.
3. Assign Code 969 to non-bench game day staff including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with the fans to rally support and/or distribute free t-shirts and persons videotaping fan reactions or the game when the sport is played in an outdoor stadium.
4. Assign Code 971 to separate staff operating/maintaining the indoor arena.
5. Assign Code 971 to non-bench game day staff including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with the fans to rally support and/or distribute free t-shirts and persons videotaping fan reactions or the game when the sport is played in an indoor arena.
6. Assign the classification applicable to the business to payroll developed by a tennis or golf professional (instructor) performing services for a country club, hotel or park.

UNDERWRITING GUIDE

Athletic Team: Noncontact Sports – Professional Or Semiprofessional
Baseball Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Basketball Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Noncontact Sports Athletic Team, Professional Or Semiprofessional

Semiprofessional Or Professional Athletic Team – Noncontact Sports
Soccer Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

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

1. Employees who qualify for payroll limitations include all players on the employer's salary list whether regularly played or not, coaches, managers or sports officials.
2. The entire remuneration of each player, coach, manager or sports official should be included in computing premium, subject to a maximum of \$200,000 per policy year.
3. When a player, coach or manager works for two or more teams in the same sport during the policy year, the maximum shall be prorated.
4. 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. For more details refer to the Classification and Rating Values Section.

884 HEALTH OR EXERCISE CLUB - all employees including office

A facility providing exercise programs (e.g., aerobics classes) for their members and, in some cases, the general public. Attendants will evaluate the type of equipment best suited to individual member needs and will assist members in exercise instruction or weight loss. The available equipment and services may vary from club-to-club. A club's exercise equipment may include but is not necessarily limited to: free weights (e.g., dumbbells and barbells) and other equipment (e.g., a cardio theater) that includes various types of equipment related to cardiovascular training, such as rowing machines, stationary exercise bikes, elliptical trainers or treadmills.

Larger clubs may employ personal trainers who are accessible to members for training, exercise, nutrition and/or health advice and consultation. Personal trainers may devise a customized fitness plan to assist members achieve their goals. They may also demonstrate exercises and monitor the members' exercises.

OPERATIONS ALSO INCLUDED:

1. Health shops, snack bars, childcare facilities, member lounges and/or cafes operated by the health or exercise club.

OPERATIONS NOT INCLUDED:

1. Assign Code 968 to indoor facilities principally engaged in amateur sports training (e.g., basketball, ice hockey, boxing, gymnastics, martial arts, tennis or swimming).
2. Assign Code 970 or Code 991 to contact or noncontact professional or semiprofessional sports teams respectively.
3. Assign indoor rock climbing wall facilities to Code 968.
4. Assign outdoor rock climbing wall facilities to Code 969.
5. Assign a day spa not affiliated with a health or exercise club to Code 977.

UNDERWRITING GUIDE

Aerobics Studio	Health Club
Club, Exercise	Health Or Exercise Club
Club, Health	Pilates Studio
Exercise Club	Tai Chi Instruction
Fitness Club	Yoga Studio
Fitness Instructor – By Independent Contractor – No Permanent Facility	

968 AMATEUR SPORTS, RECREATIONAL OR AMUSEMENT FACILITY, INDOOR

Applicable to businesses operating an amateur sport, recreational or amusement facility. Such include but are not necessarily limited to bowling alleys or video game arcades. Patrons may pay a fee to enter the facility and/or pay to use amusement devices on an individual basis.

Also applicable to businesses operating an indoor facility where patrons can practice or receive training or instruction in a specific sport including but not necessarily limited to: swimming, tennis, gymnastics, racquetball, ice or roller skating or karate or other martial arts training. Such facilities typically employ trainers or instructors who will oversee classes with multiple participants or who will provide individual training.

OPERATIONS ALSO INCLUDED:

1. Counter staff and employees engaged in dispensing change and/or game tokens.
2. Pro shop operations, unless multiple enterprise criteria are fulfilled, as delineated in Section 1, Rule IV, C., 3. a. of this Manual.
3. Food or beverage service operations, unless multiple enterprise criteria are fulfilled, as delineated in Section 1, Rule IV, C., 3. a. of this Manual.

OPERATIONS NOT INCLUDED:

1. Assign Code 884 to health or exercise clubs.
2. Assign Code 970 or Code 991 to contact or noncontact to professional or semiprofessional sports teams respectively.
3. Assign Code 976 to a recreation association, commission or authority.

UNDERWRITING GUIDE

Amateur Sports Training Facility (e.g., Basketball, Ice Hockey, Boxing) Not Professional Or Semiprofessional Sports
Amusements, Indoor - See Entry By Topical Name
Billiard Hall
Bowling Alley
Cheerleading Instruction - By Independent Contractor
Club, Swim - Indoor
Club, Tennis - Indoor
Gun Range – Private Or Public - Indoor
Gymnastics Training
Karate Or Other Martial Arts Institute

Martial Arts (Including Karate) Institute
Pool Room
Racquetball Club
Recreational Facility Or Amusement Devices, Indoor - See Entry By Topical Name
Rock Climbing Wall Facility - Indoor
Shooting Range – Private Or Public - Indoor
Skating Rink - Ice Or Roller - Indoor
Sports (e.g., Basketball, Ice Hockey Or Boxing)
Amateur Training Facility - Not Professional Or Semiprofessional Sports
Swim Club - Indoor
Tennis Club - Indoor
Video Game Arcade

PENNSYLVANIA WORKERS COMPENSATION MANUAL

SECTION 2

EFFECTIVE DATE: OCTOBER 1, 2016

CLASSIFICATIONS

969 AMUSEMENT, OUTDOOR: fairs, exhibitions, amusement parks or any outdoor amusement that is permanently sited.

OPERATIONS ALSO INCLUDED:

1. Ticket sellers or collectors and box office employees.
2. Employees engaged in the sale of food or beverages or gift/souvenirs from vending carts or by carrying the merchandise on their person.

OPERATIONS NOT INCLUDED:

1. Assign the applicable restaurant classification to payroll developed in a separately located and staffed prepared food and/or beverage service.
2. Assign Code 928 to payroll developed in a physically separate and staffed gifts/souvenirs sales operation.
3. Assign Code 981 to payroll developed in separately located and staffed casino gambling operations. See the Code 981 class description for the scope of that classification.
4. Assign Code 970 or Code 991 to contact or noncontact professional and semiprofessional sports teams respectively.
5. Assign Code 939 to any traveling (not permanently-sited) amusement.
6. Assign Code 953 to race track pari-mutuel employees.

UNDERWRITING GUIDE

Amusement Park
Amusements, Outdoor - See Entry By Topical Name
Arboretum - Open To Public Exhibition
Archery Range - Outdoor
Athletic Parks Operation
Ball Or Dart Throwing At Targets
Baseball Batting Range
Botanical Gardens – Open to Public Exhibition
Cave, Exhibition
Club, Swim - Outdoor
Club, Tennis - Outdoor
Exhibition - Outdoor
Exhibition Garden
Fair - Permanently Sited
Fishing Pond, Public
Garden - Open To Public Exhibition
Golf Course - Miniature
Golf Driving Range
Gun Range – Private Or Public - Outdoor
Horse Show
Jockey - Employed By A Race Track

Kiddie Rides - All Operations - Permanently Sited
Miniature Golf Course
Park, N.O.C.
Pitch And Putt Golf Course
Race Track Operation
Recreational Facility Or Amusement Devices, Outdoor - See Entry By Topical Name
Rock Climbing Wall Facility - Outdoor
Shooting Range – Private Or Public - Outdoor
Skating Rink - Outdoor
Skeet, Sporting Clays, Or Trapshooting Clubs Or Public Ranges
Ski Tow Operation
Stadium Operation – Outdoor - By Contractor Or Owner
Swim Club - Outdoor
Swimming Pool, Public Or Private - Outdoor
Tennis Club - Outdoor
Tennis Court, Public - Outdoor
Zoo

970 ATHLETIC TEAM – CONTACT SPORTS - Professional or 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, 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 \$200,000 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.

OPERATIONS ALSO INCLUDED:

1. Game staff (bench t) providing water or equipment to the players.
2. Sports officials.

OPERATIONS NOT INCLUDED:

1. Assign Code 951 to separate scouting staff.
2. Assign Code 969 to separate staff operating/maintaining the outdoor stadium.
3. Assign Code 969 to non-bench game staff, including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with the fans to rally support and/or to distribute free t-shirts or persons videotaping fan reaction or the game when the sport is played in an outdoor stadium.
4. Assign Code 971 to separate staff operating/maintaining the indoor arena.
5. Assign Code 971 to non-bench game staff including but not necessarily limited to: cheerleaders, dancers, mascots, persons mingling with fans to rally support and/or to distribute free t-shirts and persons videotaping fan reaction or the game when the sport is played in an indoor arena.
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UNDERWRITING GUIDE

Athletic Team: Contact Sports - Professional Or Semiprofessional	Hockey Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Contact Sports Athletic Team, Professional Or Semiprofessional	Lacrosse Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Football Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional	Professional Or Semiprofessional Athletic Team – Contact Sports
	Roller Derby Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
	Semiprofessional or Professional Athletic Team – Contact Sports

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.

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UNDERWRITING GUIDE

Athletic Team: Noncontact Sports – Professional Or Semiprofessional	Semiprofessional Or Professional Athletic Team – Noncontact Sports
Baseball Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional	Soccer Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional
Basketball Player, Coach, Manager Or Sports Official – Professional Or Semiprofessional	
Noncontact Sports Athletic Team, Professional Or Semiprofessional	