



Pennsylvania Compensation Rating Bureau

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July 11, 2018

VIA SERFF

The Honorable Jessica Altman
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

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

**RE: PCRB Filing No. 294 – Proposed Effective April 1, 2019
Proposed Classification Change – Revise the Scope of Code 810, Coal Hauling
to Include the Hauling of Both Unprepared and Prepared Coal**

Dear Commissioner Altman:

Resulting from a staff review and on behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit the proposed filing for revisions to the PCRB Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employers Liability Insurance (Basic Manual). These revisions are proposed for policies with effective dates of 12:01 a.m., April 1, 2019 or later. This proposed effective date coincides with changes resulting from PCRB's normal annual comprehensive loss cost revision filing, which will be filed with the Insurance Department at a later date. This coordination consolidates necessary changes that our members and other constituents must make to policies, forms and systems so that they occur once annually. This proposal will not impact any classification's PCRB loss cost, but will impact the premium of effected employers.

Code 810 as presently structured is applied to payroll developed in the truck delivery of unprepared coal (other than by an employer subject to one of the Coal Mine Compensation Rating Bureau classifications). Unprepared coal is coal that has not been washed at a coal preparation plant. Code 810 has a companion classification – Code 0162 – which is used to designate the nonrateable premium for coverage under the Federal Mine Safety and Health Act. Payroll developed in the truck delivery of prepared coal (as well as general commodities not otherwise classified) is assigned to Code 811, Trucking, N.O.C. Prepared coal is coal that has been washed at a preparation plant. An employer engaged in the truck delivery of both unprepared coal and prepared coal (and/or commodities other than coal) may divide the payroll of interchanging employees between Code 810 and Code 811 provided separate payroll records are kept. If separate payroll records are not kept, the entire payroll of interchanging employees must be assigned to the highest rated classification representing any part of their work. The approved April 1, 2018 loss costs for Codes 810 and 811 are \$3.77 and \$6.44, respectively.

PCRB staff conducted a study of Code 810. The study had two objectives. The first objective was to determine the feasibility of assigning the truck delivery of all coal i.e., both unprepared coal and prepared coal, to Code 810. PCRB has received comment from a member carrier regarding perceived administrative problems with Code 810. The member carrier, whose book of business includes but is not limited to a significant number of employers in the coal industry,

opined that distinguishing between unprepared coal and prepared coal can at times be problematic for both carrier auditors and employers. The carrier opined that assigning the hauling of both unprepared and prepared coal hauling to the same classification i.e., Code 810 would eliminate such confusion.

The second objective of the Code 810 study was to determine the feasibility of discontinuing the above referenced allowance for payroll division between Code 810 and Code 811 for interchanging staff. The discontinuance of the allowance for payroll division between Code 810 and Code 811 would mandate that an employer be classified to either Code 810 or to Code 811 depending upon the employer's principal business i.e., that operation which generates more than 50% of the employer's revenue. This would bring the application of Code 810 and Code 811 in line with the object of the uniform classification plan, which is to assign the one classification that best describes an employer's field of business.

Pursuant to a file by file review of employers reporting payroll to Code 810 and an analysis of the Code 810 class history, the PCRB recommends and proposes that all coal hauling be classified to Code 810. Code 810 was created effective for new and renewal basis as of June 1, 1977 and later. The PCRB concluded at the time that a separate classification for employers engaged in coal trucking was warranted on the basis of PCRB's evaluation of such business' potential for occupational disease claims filed under either the Pennsylvania or Federal Black Lung Act. This evaluation led to the PCRB's perception that the Code 810 rating values would be higher than the Code 811 rating values. This turned out to be the case until the PCRB's October 1, 1984 comprehensive rating values revision, when the filed and approved Code 810 rating value became lower than that for Code 811. Since that time, the Code 810 rating values/PCRB loss costs have been lower than those for Code 811. Staff concluded from this that the PCRB's original basis for creating Code 810 i.e., that coal trucking presented a more hazardous exposure than other types of trucking, was unfounded. Staff also concluded that it is unreasonable to continue the practice of assigning the ostensibly less hazardous operation i.e., the hauling of prepared coal to a higher rated classification (Code 811) than the classification applied to the ostensibly more hazardous operation of hauling unprepared coal (Code 810).

The PCRB does not recommend discontinuing the allowance for payroll division between Code 810 and Code 811. While discontinuing this allowance would benefit a total of 62 employers who would either have authorization of Code 811 withdrawn or who would be reclassified from Code 811 to Code 810 and would bring the application of Codes 810 and 811 in line with the object of the uniform classification plan, it would also adversely impact a total of 28 employers who would have authorization of Code 810 withdrawn. The withdrawal of Code 810 for those 28 employers represents a rating value increase of 70.82% on the basis of the approved April 1, 2018 PCRB loss costs.

The restructuring of Code 810 to include the hauling of both unprepared and prepared coal will benefit all impacted employers as they will have either all or some of the payroll they are currently reporting to Code 811 reassigned from Code 811 to Code 810. This represents a decrease of 41.5% on the basis of the approved April 1, 2018 PCRB loss costs. PCRB acknowledges that this exceeds the April 1, 2018 maximum permissible rating value decrease of 24% but nonetheless recommends that this proposal be given consideration for the reasons discussed above. PCRB also recommends that the current procedure of subjecting all payroll reported to Code 810 to Code 0162 to designate the nonrateable premium for coverage under the Federal Mine Safety and Health Act be continued under the revised Code 810.

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Details of this filing are provided in PCRB's May 30, 2018 staff memorandum and May 30, 2018 executive summary, which are included as part of this filing. The memorandum and executive summary describe and explain the reasoning for the proposed revisions to the Basic Manual language. The memorandum, executive summary and proposals were reviewed by the PCRB Classification and Rating Committee at the Committee's May 30, 2018 meeting.

Thank you in advance for your review and attention to this filing. The PCRB is pleased to answer any question that you or the Insurance Department staff may have regarding these proposals.

Sincerely,

William V. Taylor
President

Enclosure: Revisions to Section 2



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TO: Pennsylvania Compensation Rating Bureau Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: May 30, 2018

RE: **Executive Summary** – Classification Study Report – Code 810, Coal Trucking

The PCRB has completed a review of Code 810, Coal Trucking. As presently structured, Code 810 is applied to payroll developed in the truck delivery of unprepared coal (other than by an employer subject to one of the Coal Mine Compensation Rating Bureau classifications). Unprepared coal is coal that has not been washed at a coal preparation plant. Payroll developed in the truck delivery of prepared coal (as well as general commodities not otherwise classified) is assigned to Code 811, Trucking, N.O.C. Prepared coal is coal that has been washed at a preparation plant. An employer engaged in the truck delivery of both unprepared coal and prepared coal (and/or commodities other than coal) may divide the payroll of interchanging employees between Code 810 and Code 811 provided separate payroll records are kept. If separate payroll records are not kept, the entire payroll of interchanging employees must be assigned to the highest rated classification representing any part of their work.

The Code 810 study had two objectives: 1) to determine the feasibility of assigning the truck delivery of all coal i.e, both unprepared coal and prepared coal, to Code 810 and 2) to determine the feasibility of discontinuing the above referenced allowance for payroll division between Code 810 and Code 811 for interchanging staff. The discontinuance of the allowance for payroll division between Code 810 and Code 811 would mandate that an employer be classified to either Code 810 or to Code 811 depending upon the employer's principal business.

Pursuant to a file by file review of employers reporting payroll to Code 810 and an analysis of the Code 810 class history, the PCRB recommends and proposes that all coal hauling be classified to Code 810. Code 810 was created effective for new and renewal basis as of June 1, 1977 and later. The PCRB concluded at the time that a separate classification for employers engaged in coal trucking was warranted on the basis of PCRB's evaluation of such business' potential for occupational disease claims filed under either the Pennsylvania or Federal Black Lung Act. This evaluation led to the PCRB's perception that the Code 810 rating values would be higher than the Code 811 rating values. This turned out to be the case until the PCRB's October 1, 1984 comprehensive rating values revision, when the filed and approved Code 810 rating value became lower than that for Code 811. Since that time, the Code 810 rating values/PCRB loss costs have been lower than those for Code 811. Staff concludes from this that the PCRB's original basis for creating Code 810 i.e., that coal trucking presented a more hazardous exposure than other types of trucking, was incorrect.

Staff concluded from the study results that discontinuing the allowance for payroll division between Code 810 and Code 811 is not feasible. While discontinuing this allowance would benefit a total of 62 employers who would either have authorization of Code 811 withdrawn or who would be reclassified from Code 811 to Code 810, it would also adversely impact a total of 28 employers who would have authorization of Code 810 withdrawn. The withdrawal of Code 810 for those 28 employers represents a rating value increase of 70.82% on the basis of the approved April 1, 2018 PCRB loss costs. The approved April 1, 2018 maximum permissible rating value increase is 26%. Staff notes that the PCRB has not received any negative comment regarding the present procedure from carriers, employers, or agents or brokers.

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PCRB recommends that the current procedure of subjecting all payroll reported to Code 810 to Code 0162 to designate the nonrateable premium for coverage under the Federal Mine Safety and Health Act be continued under the revised Code 810.



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TO: Pennsylvania Compensation Rating Bureau Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst

DATE: May 30, 2018

RE: Pennsylvania Classification Study:
Code 810, Coal Trucking

Introduction

The PCRB has completed a review of Code 810, Coal Trucking. Code 810 is applied to payroll developed in the truck delivery of unprepared coal (other than by an employer subject to one of the Coal Mine Compensation Rating Bureau classifications). Unprepared coal is coal that has not been washed at a coal preparation plant. Washing is intended to reduce the presence of contaminants and extraneous material from the coal such as ash, sulfur and carbon, nitric oxide and nitrogen dioxide emissions. Code 810 has a companion classification – Code 0162 – which is used to designate the nonrateable premium for coverage under the Federal Mine Safety and Health Act.

Payroll developed in the truck delivery of prepared coal is assigned to Code 811, Trucking, N.O.C. Prepared coal is coal that has been washed at a preparation plant. Code 811 is the general trucking classification and in addition to prepared coal applies to the contract hauling of general commodities not otherwise classified. An employer engaged in the truck delivery of both unprepared coal and prepared coal (and/or commodities other than coal) may divide the payroll of interchanging employees between Code 810 and Code 811 provided separate payroll records are kept. If separate payroll records are not kept, the entire payroll of interchanging employees must be assigned to the highest rated classification representing any part of their work. When Code 811 is applied as a result of this rule, the Federal Mine Safety and Health Act Coverage Endorsement is attached to the employer's policy at no additional charge.

The first objective of this study was to determine the feasibility of assigning the truck delivery of all coal i.e., both unprepared coal and prepared coal to Code 810. The PCRB has received comment from a member carrier regarding perceived administrative problems with Code 810. The member carrier, whose book of business includes but is not limited to a significant number of employers in the coal industry, opined that the terms "unprepared coal" and "prepared coal" are not clearly defined in the Basic Manual, and that distinguishing between unprepared coal and prepared coal can at times be problematic for both carrier auditors and employers. An example cited was coal that is taken to a preparation plant and is crushed, sized and or screened but is not washed and whether or not such constitutes prepared coal. The carrier opined that assigning the hauling of both unprepared and prepared coal hauling to the same classification i.e., Code 810 would eliminate confusion among auditors and employers. An additional consideration, as will be discussed later in the report, is that Code 810 was created with the impression that the hauling of unprepared coal was more hazardous than the hauling of prepared coal, and that the Code 810 rating values would reflect that. However, for some time the PCRB loss costs for Code 810 have been lower than those for Code 811.

The second objective of the study was to determine the feasibility of discontinuing the above referenced allowance for payroll division between Code 810 and Code 811 for interchanging staff. The report notes that the object of the classification procedure is to assign the one basic classification that best describes an employer's field of business. Generally, the PCRB determines an employer's field of business to be the manner in which the employer is principally engaged. The PCRB defines the term "principally engaged" as the business activity which generates more than 50 percent of an employer's overall revenue. The discontinuance of the allowance for payroll division between Code 810 and Code 811 would mandate that an employer be classified to either Code 810 or to Code 811 depending upon the employer's principal business. Such would bring the classification of coal haulers in line with the object of the classification procedure.

Background

The PCRB created Code 810 effective for new and renewal basis as of June 1, 1977 and later. The original Code 810 classification description read as follows:

Coal Truckmen – all employees except office.

This classification applies to payroll developed in truck delivery of coal and is applied to all those engaged in the hauling of coal except employers assigned to Code 855, Fuel & Building Materials Dealers, and Coal Mine Compensation Rating Bureau Codes 1010, 1001, 1014 and 1015.

If hauling of coal consists of only part of the operations, the payroll expended for coal hauling shall be recorded separately and assigned to Code 810. If there is no separation, all payroll for all hauling operations shall be assigned to Code 810. Other records of the insured, such as receipts shall be examined to confirm the breakout of payroll. The Federal Mine Safety and Health Act Coverage Endorsement shall be attached to a policy developing payroll under Code 810.

Concurrent with the creation of Code 810 effective for new and renewal basis as of June 1, 1977 and later, the PCRB revised the Code 811 classification description to make the following reference to the assignment of coal hauling to Code 810:

...However, payroll developed in the hauling of coal must be assigned to Code 810, Coal Truckmen...

The PCRB concluded that a separate classification for employers engaged in coal trucking was warranted on the basis of PCRB's evaluation of such business' potential for occupational disease claims filed under either the Pennsylvania or Federal Black Lung Act. This evaluation led to the PCRB's perception that the Code 810 rating values would be higher than the Code 811 rating values. This turned out to be the case until the PCRB's October 1, 1984 comprehensive rating values revision, when the filed and approved Code 810 rating value became lower than that for Code 811. Since that time, the Code 810 rating values/PCRB loss costs have been lower than those for Code 811. Below is a comparison of the Code 810 and Code 811 PCRB loss costs for the last 10 PCRB comprehensive loss cost revisions.

EFFECTIVE DATE	CODE 810	CODE 811
April 1, 2018	\$3.77	\$6.44
February 1, 2018	\$3.89	\$6.18
April 1, 2017	\$3.67	\$5.83
April 1, 2016	\$4.12	\$6.34
April 1, 2015	\$4.32	\$6.44
April 1, 2014	\$4.80	\$6.76
April 1, 2013	\$5.21	\$6.87
April 1, 2012	\$5.51	\$7.26
April 1, 2011	\$5.75	\$7.71
April 1, 2010	\$5.62	\$7.62

The PCRB concludes from the Code 810 and Code 811 loss cost comparison that the PCRB's original basis for creating Code 810 i.e., that coal trucking presented a more hazard exposure than other types of trucking was incorrect. Factors contributing to the lower PCRB loss costs for Code 810 in relation to Code 811 include but are not necessarily limited to the limited number of occupational disease claims attributable to Code 810, and the favorable traumatic claim experience of Code 810 in relation to Code 811.

Effective for new and renewal business as of July 1, 1983, the Code 810 classification description was revised to distinguish between the hauling of unprepared coal (the Code 810 assignment) and the hauling of prepared coal (which is assigned to Code 811). The July 1, 1983 Code 810 classification revision reads as follows:

Coal Truckmen – all employees except office.

This classification applies to payroll developed in the trucking of unprepared coal from a mine site to a customer directly. This class applies to all those engaged in such hauling of coal except employers assigned to Coal Mine Rating Bureau Classes 1001, 1010, 1012, 1014, and/or 1015

If hauling of coal consists of only part of the operations, the payroll expended for coal hauling shall be recorded separately and assigned to Code 810. If there is no separation, all payroll for all hauling operations shall be assigned to Code 810. Other records of the insured, such as receipts shall be examined to confirm the breakout of payroll.

Hauling contractors engaged in trucking of prepared coal from coal preparation plants after the coal has been totally processed shall be included within Code 811. See Code 809 for rules regarding coal trucking by dealers.

Employees loading coal on trucks at a coal preparation plant are by definition engaged in coal mine site transportation and shall be assigned to Class 810, or in accordance with Coal Mine Rating Bureau rules.

The Federal Mine Safety and Health Act Coverage Endorsement shall be attached to a policy developing payroll under Code 810.

Concurrent with the revision of the Code 810 classification description effective for new and renewal business as of July 1, 1983, the Code 811 classification description was revised to make specific reference to the hauling of prepared coal:

...However, the hauling of unprepared coal shall be assigned in accordance with the rules for Code 810, Coal Truckmen, as shall payroll developed in the loading of prepared coal at a coal preparation plant...

The July 1, 1983 revisions were an effort to clarify that the contract hauling of unprepared coal, which typically originates at a mine site, is subject to a supplemental disease loading and the Federal Mine Safety and Health Act Coverage Endorsement, and that the trucking of prepared coal, which typically originates outside of a mine site (e.g., a preparation plant) is not subject to the supplemental disease loading or the Federal Mine Safety and Health Act Coverage Endorsement. This clarification ostensibly supports the original basis for the creation of Code 810 i.e., that the hauling of unprepared coal presents a more hazardous exposure than the hauling of other commodities, including prepared coal. As the report has shown, the longstanding trending of the Code 810 and 811 PCRB loss costs suggests that this not the case.

The Code 810 classification description was subsequently revised to delete the “all employees except office” designation effective for new and renewal business as of October 1, 1983 to recognize the allowance of Code 951, Salesperson – Outside, as a standard exception in conjunction with Code 810. Concurrent with this revision, the class description was inadvertently revised to omit the references to unprepared and prepared coal and read more in line with the original classification description that was created effective June 1, 1977. This was corrected effective October 1, 1985 via the following revised classification description:

810 Coal Truckmen

This classification applies to payroll developed in truck delivery of coal from a mine or tippie and is applied to all those engaged in the hauling of coal except employees assigned to Coal Mine Rating Bureau Classes 1001, 1010, 1012, 1014 and 1015.

If hauling of coal consists of only part of the operation of a contract truckmen, the payroll expended for coal hauling shall be reported separately and assigned to Class 810. If there is no separation, all records of the insured, such as receipts, shall be examined to confirm the breakout of payroll.

Hauling contractors engaged in trucking of prepared coal from coal preparation plants after coal has been totally processed shall be included within Class 811.

See Class 809 for rules regarding coal trucking for dealers. Employees loading coal in trucks at a coal preparation plant are by definition engaged in coal mine site transportation and shall be assigned to Class 810, or in accordance with Coal Mine Rating Bureau rules. The Federal Mine Safety and Health Act Coverage Endorsement shall be attached to a policy developing payroll under Class 810, and Code 0164 may be used to designate the non-rateable premium developed.

The next revision to the Code 810 classification description was made effective for new and renewal business as of October 1, 1987 and dealt with revised wording and coding for non-rateable disease loadings:

The Federal Mine Safety and Health Act Coverage Endorsement shall be attached to a policy developing payroll under Class 810, and Code 0162 must be used to designate the nonrateable premium developed.

The last revision of note to the Code 810 classification revision was made effective for new and renewal business as of December 1, 1993 and later. This revision changed the class title from “Coal Truckmen” to “Coal Trucking” and revised the classification description to the following:

Applies to payroll developed in truck delivery of unprepared coal and is applied to all those engaged in the hauling of unprepared coal except employers assigned to Coal Mine Rating Bureau Classes 1001, 1010, 1012, 1014, 1015, 1021 and 1023.

If hauling of unprepared coal consists of only part of the operation of a hauling contractor, the payroll expended for unprepared coal hauling shall be reported separately and assigned to Class 810. If there is no separation, all payroll for hauling operations shall be assigned to Class 810 or to Class 811, whichever has the higher manual rate. When Class 811 is used as a result of this Rule, attach the Federal Mine Safety and Health Act Coverage Endorsement at no added charge. Other records of the insured, such as receipts, shall be examined to confirm the breakout of payroll.

Hauling contractors engaged in trucking of prepared coal from coal preparation plants shall be included within Class 811. See Class 809 for rules regarding coal trucking by dealers.

The Federal Mine Safety and Health Act Coverage Endorsement shall be attached to a policy developing payroll under Class 810, and Code 0162 must be used to designate the nonrateable premium developed.

The preceding Code 810 classification description essentially persists to this day with minor wording changes for clarity.

Classification Procedure in Other Jurisdictions

Neither the National Council on Compensation Insurance, Inc. (NCCI) nor the Workers' Compensation Insurance Rating Bureau of California (WCIRB) has a classification that applies exclusively to coal hauling. The NCCI classifies the operations contemplated by PCRB Code 810 to NCCI Code 7219, Trucking, N.O.C., and the WCIRB classifies the operations contemplated by PCRB Code 810 to WCIRB Code 7219, Trucking Firms – N.O.C. Aside from the inclusion of unprepared coal trucking, NCCI Code 7219 and WCIRB Code 7219 are essentially equivalent to PCRB Code 811.

Staff concluded that it was not feasible to adopt the approach used in states under the jurisdiction of the NCCI and in California and assign all coal trucking to Code 811 because the withdraw of Code 810 for employers classified to Code 810 only or to both Code 810 and Code

811, and reassignment of such employers' Code 810 exposure from Code 810 to Code 811 results in a rating value increase of 70.82%. The approved April 1, 2018 maximum permissible increase swing limit is 26%.

Analysis and Recommendation

Staff performed a file by file review of the 243 employers reporting payroll to Code 810. Of those 243 employers, 47 did not have current workers' compensation insurance coverage and did not have information in their PCRB file sufficient to allow staff to assign them to a permanent study group. 38 of the employers were identified as misclassified. Those employers either appeared on the PCRB's Code 810 database due to a prior assignment to Code 810 and were reassigned from Code 810 to another classification prior to the outset of the study or their misclassification to Code 810 was discovered in the course of the study. Those employers identified as misclassified to Code 810 in the course of the study have been reclassified to their appropriate classification. 17 of the 243 employers reporting payroll to Code 810 did not respond to PCRB requests to complete a Description of Operations Questionnaire. The remaining 143 employers were assigned to a study group based upon each employer's principal business.

GROUP NO.	GROUP	NO. OF EMPLOYERS
1	Hauls Unprepared Coal Only (Classified to Code 810 Only)	45
2	Principally Engaged in Coal Hauling (Both Unprepared and Prepared) and Hauls Other Commodities. Principally Engaged in Unprepared Coal Hauling	46
3	Hauls Coal Only – Both Unprepared and Prepared	6
4	Principally Engaged in Coal Hauling (Both Unprepared and Prepared) and Hauls Other Commodities. Principally Engaged in Prepared Coal Hauling	9
5	Principally Engaged in Hauling Commodities Other Than Coal. Also Hauls Both Unprepared and Prepared Coal.	21
6	Principally Engaged in Hauling Commodities Other Than Coal. Also Hauls Prepared Coal	7
7	Hauls Coal (Both Unprepared and Prepared) and Other Commodities. No Business Percentages Available.	6
8	Hauls Prepared Coal Only	1

The employers in Group 1 are classified to Code 810 only. The employers in Groups 2, 3, 4, 5, 6 and 7 are classified to both Code 810 and Code 811, though under current classification procedure the employers in Group 6 would not be eligible for assignment to Code 810 as they are not reported to be presently engaged in the hauling of unprepared coal. The employer in Group 8 was previously reclassified from Code 810 to Code 811.

Staff did not perform historical experience analyses or statistical testing in determining whether or not unprepared coal hauling should continue to remain separately classified from prepared coal hauling. Staff found that it was not feasible to identify and segregate the portion of an employer's Code 811 payroll attributable to the hauling of prepared coal in order to compare that experience to the experience of hauling unprepared coal. Thus, staff's analysis is based

largely on an analysis of the class history, the file by file review and underwriting considerations. As noted earlier in the report, the PCRB's perception that led to the creation of Code 810 i.e., that the hauling of unprepared coal was more hazardous than the hauling of prepared coal or other commodities, was unfounded on the basis of a comparison of the Code 810 and Code 811 PCRB loss costs. Staff finds that to separately classify unprepared coal hauling and prepared coal hauling is unsupported by the underwriting analysis and has no statistical basis, particularly when considering that the hauling of prepared coal is assigned to a higher rated classification than the hauling of unprepared coal even though ostensibly the hauling of prepared coal would be the less hazardous exposure due to the reduction or elimination of coal dust and other contaminants as a result of the preparation process. The PCRB concludes that there is no basis for separately classifying the contract hauling of unprepared coal and the contract hauling of prepared coal, and proposes that the contract hauling of all coal (i.e., both unprepared and prepared) be classified to Code 810. The PCRB believes this will alleviate the auditing concerns discussed previously. The PCRB recommends that the current procedure of subjecting all payroll reported to Code 810 to Code 0162 to designate the nonrateable premium for coverage under the Federal Mine Safety and Health Act be continued under the revised Code 810.

The report has noted that the second objective of the study was to determine if the allowance of a payroll division between Code 810 and Code 811 for interchanging employees should be discontinued. Discontinuing this allowance would bring the application of Code 810 in line with the object of the classification procedure as well as with the majority of the PCRB's field of business classifications. Under the field of business classification approach, an employer principally engaged in the hauling of coal would be classified to Code 810 only, regardless as to whether or not the employer also hauled commodities other than coal. Conversely, an employer principally engaged in the hauling of general commodities other than coal would be classified to Code 811, regardless as to whether or not the employer also hauled coal. While adopting this approach would benefit a total of 62 employers (i.e., 46 employers assigned to Study Group 2, 6 employers assigned to Study Group 3, 9 employers assigned to Study Group 4 and 1 employer assigned to Study Group 8) who would either have authorization of Code 811 withdrawn or who would be reclassified from Code 811 to Code 810, it would also adversely impact a total of 28 employers (i.e., 21 employers in Study Group 5 and 7 employers in Study Group 6) who would have authorization of Code 810 withdrawn. The withdrawal of Code 810 for those 28 employers represents a rating value increase of 70.82% on the basis of the approved April 1, 2018 PCRB loss costs. The approved April 1, 2018 maximum permissible rating value increase is 26%. Notwithstanding that a field of business approach to the classification of coal hauling is desirable for reasons discussed above, staff concludes that adopting that approach is not feasible at this time due to the degree of rate escalation that adversely impacted employers would experience. Staff notes that the PCRB has not received any negative comment regarding the present procedure from carriers, employers, or agents or brokers.

The PCRB proposes that the revision to Code 810 to include both unprepared and prepared coal hauling become effective for policies with effective dates on or after 12:01 a.m., April 1, 2019. The proposed enabling Section 2 Manual language amendments are attached for the Committee's review. The PCRB will notify all employers classified to Code 810 or to both Code 810 and Code 811 when this filing is made. In the event of the Commissioners' approval of the filing, the carrier of record for each employer impacted by these proposals will be notified and a copy of that notice will be provided to the employer.

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Re: Classification Study – Code 810, Coal Trucking
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If warranted, the employer's loss and payroll history will be reassigned and the employer's experience rating modification (if applicable) on or after April 1, 2019 will be recalculated on the basis of the loss and payroll reassignment.

Attachments.

c: Bill Taylor
Delisa Fairley
Vince Dean
Joe Lombo

SECTION 2

CLASSIFICATIONS

808 PARCEL DELIVERY Company – No handling of bulk merchandise or freight

Applies to risks engaged in the delivery of envelopes...parcel or package.

OPERATIONS NOT INCLUDED:

No change to Item No. 1 through Item No. 4.

5. Assign Code 810 to the hauling of ~~unprepared~~ coal.

No change to Item No. 6.

809 FUEL DISTRIBUTION – Retail or Wholesale

For business principally engaged in the sale...or any combination of these lines.

OPERATIONS NOT INCLUDED:

No change to Item No. 1

2. ~~See Assign~~ Code 810 ~~for the procedure for classifying for~~ the hauling of unprepared coal.

3. Assign Code 811 to trucking businesses hauling fuel for unrelated businesses ~~or prepared coal from coal preparation plants.~~

No change to Item No. 4 or Item No. 5.

810 COAL TRUCKING

Applies to payroll developed in ~~truck delivery~~the contract hauling of ~~unprepared~~ coal by truck ~~and is applied to all those engaged in the hauling of unprepared coal except employers assigned to Coal Mine Compensation Rating Bureau Codes 1001, 1010, 1012, 1014, 1015, 1021 or 1023. The Federal Mine Safety and Health Act Coverage Endorsement must be attached to a policy reporting payroll to Code 810. The nonrateable premium for coverage under the Federal Mine Safety and Health Act is determined by applying the Code 0162 rating value to the Code 810 payroll.~~

~~If hauling of unprepared coal consists of only part of the operation of a hauling contractor, the payroll expended for unprepared coal hauling shall be reported separately and assigned to Code 810. If there is no separation, all payroll for hauling operations shall be assigned to Code 810 or to Code 811, whichever has the higher manual rate. When Code 811 is used as a result of this rule, attach the Federal Mine Safety and Health Act Endorsement at no added charge. Other records of the insured, such as receipts, shall be examined to confirm the breakout of payroll.~~

~~Hauling contractors engaged in trucking of prepared coal from coal preparation plants shall be included within Class 811. See Code 809 for rules regarding coal trucking by dealers.~~

~~The Federal Mine Safety and Health Act Endorsement shall be attached to a policy developing payroll under Code 810, and Code 0162 must be used to designate the nonrateable premium developed by applying the 0162 rate to such payroll.~~

Payroll developed in the contract hauling of general commodities other than coal not otherwise classified is assigned to Code 811. Code 810 and Code 811 may be assigned to an employer engaged in both the contract hauling of coal and in the contract hauling of general commodities not otherwise classified provided the employer keeps separate payroll records for the different hauling operations. If the employer does not keep separate payroll records, the entire payroll for all hauling operations must be assigned to the classification with the higher carrier rating value. When Code 811 is used as a result of this rule, attach the Federal Mine Safety and Health Act Coverage Endorsement at no additional charge.

OPERATIONS NOT INCLUDED:

1. Assign Code 809 to the hauling of coal by a coal dealer.
2. This classification does not apply to employers classified to Coal Mine Compensation Rating Bureau Codes 1001, 1010, 1012, 1014, 1015, 1021 or 1023.

Underwriting Guide:
Coal Hauling, ~~Unprepared/Unwashed~~ – By Contractor

811 TRUCKING, N.O.C.

Applicable to hauling contractors...or a flat contract prices for the consignment.

OPERATIONS ALSO INCLUDED:

No change to Item No. 1 or Item No. 2.

~~3. Hauling contractors engaged in trucking of prepared coal from coal preparation plants.~~

OPERATIONS NOT INCLUDED:

No change to Item No. 1 through Item No. 3.

4. Assign Code 810 to the hauling of ~~unprepared~~ coal.

No change to Item No. 5 or No. 6.

SECTION 2

CLASSIFICATIONS

808 PARCEL DELIVERY Company – No handling of bulk merchandise or freight

Applies to risks engaged in the delivery of envelopes...parcel or package.

OPERATIONS NOT INCLUDED:

No change to Item No. 1 through Item No. 4.

5. Assign Code 810 to the hauling of coal.

No change to Item No. 6.

809 FUEL DISTRIBUTION – Retail or Wholesale

For business principally engaged in the sale...or any combination of these lines.

OPERATIONS NOT INCLUDED:

No change to Item No. 1

2. Assign Code 810 for the hauling of unprepared coal.

3. Assign Code 811 to trucking businesses hauling fuel for unrelated businesses.

No change to Item No. 4 or Item No. 5.

810 COAL TRUCKING

Applies to payroll developed in the contract hauling of coal by truck. The Federal Mine Safety and Health Act Coverage Endorsement must be attached to a policy reporting payroll to Code 810. The nonrateable premium for coverage under the Federal Mine Safety and Health Act is determined by applying the Code 0162 rating value to the Code 810 payroll.

Payroll developed in the contract hauling of general commodities other than coal not otherwise classified is assigned to Code 811. Code 810 and Code 811 may be assigned to an employer engaged in both the contract hauling of coal and in the contract hauling of general commodities not otherwise classified provided the employer keeps separate payroll records for the different hauling operations. If the employer does not keep separate payroll records, the entire payroll for all hauling operations must be assigned to the classification with the higher carrier rating value. When Code 811 is used as a result of this rule, attach the Federal Mine Safety and Health Act Coverage Endorsement at no additional charge.

OPERATIONS NOT INCLUDED:

1. Assign Code 809 to the hauling of coal by a coal dealer.

2. This classification does not apply to employers classified to Coal Mine Compensation Rating Bureau Codes **1001, 1010, 1012, 1014, 1015, 1021** or **1023**.

Underwriting Guide:

Coal Hauling, – By Contractor

811 TRUCKING, N.O.C.

Applicable to hauling contractors...or a flat contract prices for the consignment.

OPERATIONS ALSO INCLUDED:

No change to Item No. 1 or Item No. 2.

OPERATIONS NOT INCLUDED:

No change to Item No. 1 through Item No. 3.

4. Assign Code 810 to the hauling of coal.

No change to Item No. 5 or No. 6.