



October 14, 2021

VIA SERFF

The Honorable Jessica Altman
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
11311 Strawberry Square
Harrisburg, PA 17120

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

**RE: PCRB Filing No. 325 – Proposed Effective April 1, 2022
Proposed Classification Change – Revise the Scope of Code 673, Advertising Sign,
Manufacture, Erection or Repair, to Allow Payroll Developed in Shop Manufacturing
Work to be Separately Rated to the Applicable Shop Manufacturing Classification
Based Upon the Principal Type of Signage Manufactured**

Dear Commissioner Altman:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit the proposed filing for revisions to the Pennsylvania 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, 2022, or later. This proposed effective date coincides with changes resulting from PCRB's normal annual comprehensive loss cost revision, 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 673, Advertising Sign Manufacture, Erection or Repair, applies to an employer engaged in the fabrication and/or installation of advertising signs and signs not otherwise classified. Based on existing classification procedure, the PCRB is compelled to classify an employer engaged in both the shop manufacture and installation of advertising signs to Code 673. For such employers, both the shop manufacture and installation payroll must be assigned to Code 673, if the employer uses separate manufacturing and installation crews, and regardless to the percentage of the employer's revenue that is attributable to manufacturing versus installation work. Thus, the PCRB has at times classified an employer to Code 673 in instances when the employer was principally engaged in manufacturing work. Staff found that the manner in which Code 673 is applied, in instances where an employer is principally engaged in shop manufacturing, is in conflict with the basic object of the classification procedure. Code 673 is one of the PCRB's construction or erection classifications. Such classifications generally do not contemplate manufacturing operations.

PCRB staff conducted a study of Code 673 with the objective of determining the feasibility of allowing an employer engaged in both the shop manufacture and installation of signs to separately rate their shop manufacturing effort to the applicable shop classification based on the type of signage fabricated. Pursuant to a file-by-file review of the 403 employers reporting payroll to Code 673, review of historical experience exhibits and statistical tests, and analysis of classification procedure in other jurisdictions, PCRB proposes that Code 673 be revised to allow an employer engaged in both the manufacture and installation of signs to separately rate the manufacturing payroll to the applicable manufacturing classification. Such allowance would apply regardless of whether an employer used separate crews to perform the manufacturing or installation work. Employers would be required to maintain separate payroll records for the manufacturing and installation work. Otherwise, the entire payroll would be subject to the applicable classification with the highest carrier rating value.

The classifications typically applied to sign manufacturers who perform no installation work under existing classification procedure are Codes 454, Sheet Metal Products Fabrication, N.O.C., Shop, 486, Incandescent Light Bulb or Electronic Tube Mfg., 281, Printing, N.O.C., or 306, Woodenware Mfg., N.O.C. If approved, the reassignment of impacted employers' manufacturing payroll to one of those classifications will result in a premium decrease. The approved April 1, 2021, PCRB loss costs for Codes 673, 454, 486, 281 and 306 are \$3.97, \$1.75, \$0.80, \$1.47 and \$2.09, respectively. The April 1, 2022, PCRB loss costs are expected to differ from those cited above due to the PCRB's annual comprehensive loss cost revision, to be filed with the Department at a later date with a proposed effective date of April 1, 2022.

Details of this filing are provided in PCRB's June 9, 2021, staff memorandum and June 9, 2021, 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 June 9, 2021, meeting.

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

Sincerely,

William V. Taylor
President

Enclosure: June 9, 2021, Staff Memorandum and June 9, 2021, Executive Summary Revisions to Section 2

TO: Pennsylvania Compensation Rating Bureau Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: June 01, 2021

RE: **Executive Summary:** Class Study Report Code 673, Advertising Sign Mfg.,
Erection or Repair

Code 673 is an original Pennsylvania classification that was created with the inception of the uniform Pennsylvania classification plan effective December 31, 1922. Code 673 applies to an employer engaged in the fabrication and/or installation of advertising signs and signs not otherwise classified. Staff was prompted to conduct the study of Code 673 as a result of several PCRB reviews of individual employer classifications. On the basis of existing classification procedure, the PCRB is compelled to classify an employer engaged in both the shop manufacture and installation of advertising signs to Code 673. For such employers, both the shop manufacture and installation payroll must be assigned to Code 673, whether or not the employer uses separate manufacturing and installation crews, and regardless to the percentage of the employer's revenue that is attributable to manufacturing versus installation work. Thus, the PCRB has at times classified an employer to Code 673 in instances when the employer was principally engaged in manufacturing work. Staff found that the manner in which Code 673 is applied in instances where an employer is principally engaged in shop manufacturing to be in conflict with the basic object of the classification procedure. Code 673 is one of the PCRB's construction or erection classifications. Such classifications generally do not contemplate manufacturing operations.

The objective of the study was to determine the feasibility of allowing an employer engaged in both the shop manufacture and installation of signs to separately rate their shop manufacturing effort to the applicable shop classification based on the type of signage fabricated. Pursuant to a file by file review of the 403 employers reporting payroll to Code 673, review of historical experience exhibits and statistical texts, and analysis of classification procedure in other jurisdictions, staff recommends that revision to Code 673 to allow an employer engaged in both the manufacture and installation of signs to separately rate the manufacturing payroll to the applicable manufacturing classification be proposed for policies with effective dates of April 1, 2022 and later. Such allowance would apply regardless of whether an employer used separate crews to perform the manufacturing or installation work. Employers would be required to maintain separate payroll records for the manufacturing and installation work. Otherwise, the entire payroll would be subject to the applicable classification with the highest carrier rating value.

The classifications typically applied to sign manufacturers who perform no installation work under existing classification procedure are Codes 454, Sheet Metal Products Fabrication, N.O.C., Shop, 486, Incandescent Light Bulb or Electronic Tube Mfg., 281, Printing, N.O.C., or 306, Woodenware Mfg., N.O.C. If approved, the reassignment of impacted employers' manufacturing payroll to one of those classifications will result in a premium decrease. The approved April 1, 2021 PCRB loss costs for Codes 673, 454, 486, 281 and 306 are \$3.97, \$1.75, \$0.80, \$1.47 and \$2.09, respectively. The April 1, 2022 PCRB loss costs are expected to differ from those cited above due to the PCRB's annual comprehensive loss cost revision, to be filed with the Department at a later date with a proposed effective date of April 1, 2022.

TO: Pennsylvania Compensation Rating Bureau Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: June 01, 2021

RE: **Executive Summary:** Class Study Report Code 673, Advertising Sign Mfg.,
Erection or Repair

INTRODUCTION AND OBJECTIVES

Code 673 applies to an employer engaged in the fabrication and installation of advertising signs and signs not otherwise classified and to an employer engaged exclusively in the installation of signs with no manufacturing. The current Code 673 Underwriting Guide from the Pennsylvania Workers Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and for Employers Liability Insurance (Basic Manual),¹ lists the following Code 673 operations:

Advertising Sign Mfg., Erection and Repair, Not Outdoor Advertising Company
Electrical Sign and Advertising Display Mfg., Installation and Repair
Neon Sign Mfg., Installation or Repair
Scoreboard Mfg., Installation or Repair – Electric
Sign Erection, Removal or Repair, Not Outdoor Advertising Company

Staff was prompted to conduct this study as a result of several PCRB reviews of individual employer classifications. On the basis of existing classification procedure, the PCRB is compelled to classify an employer engaged in both the shop manufacture and installation of advertising signs to Code 673. For such employers, both the shop manufacture and installation payroll must be assigned to Code 673, whether or not the employer uses separate manufacturing and installation crews, and regardless of the percentage of the employer's revenue that is attributable to manufacturing versus installation work. Thus, the PCRB has at times classified an employer to Code 673 in instances when the employer was principally engaged in manufacturing work. The Basic Manual defines the term "principally engaged" as the business activity which generates more than 50 percent of an employer's overall revenue. Staff observed that Rule IV.C.1.a. (under "Object of the Classification Procedure"), found in Section 1, Page 30 of the Basic Manual states that "The object of the classification procedure is to assign the one basic classification which best describes each distinct business enterprise of the insured within Pennsylvania..." and that PCRB staff in most cases determines an employer's field of business to be the manner in which the employer is principally engaged. Staff found that the manner in which Code 673 is applied in instances where an employer is principally engaged in shop manufacturing appears to be in conflict with the basic object of the classification procedure. Code 673 is one of the PCRB's construction or erection classifications. Such classifications generally do not contemplate manufacturing operations. Staff also felt that the PCRB may not have the most current information on the sign manufacturing and installation industry in terms of the methodologies and technologies employed.

¹ The Manual can be accessed on the PCRB's website: <http://www.pcrb.com>.

With these observations in mind, the objective of the study is to determine the feasibility of allowing an employer engaged in both the shop manufacture and installation of signs to separately rate their shop manufacturing effort to the applicable shop classification based on the type of signage fabricated.

CLASS HISTORY

Code 673 is an original Pennsylvania classification that was created with the inception of the uniform Pennsylvania classification plan effective December 31, 1922. Effective October 1, 1981, outdoor advertising companies (i.e., companies engaged in the erection, maintenance and changing of content on billboards, bill posting, and sign painting or lettering on buildings or other structures) were reassigned from Code 673 to the new and separate Code 679, Outdoor Advertising Company. The Code 673 classification description was concurrently revised to add the wording "Not Outdoor Advertising Company." There have been no other revisions to the scope of Code 673. The PCRB has periodically revised the Code 673 classification and Underwriting Guide for clarity.

This study represents the first time PCRB has conducted a file by file review of employers reporting payroll to Code 673.

CLASSIFICATION PROCEDURE IN OTHER JURISDICTIONS

Staff reviewed classification procedure in states under the jurisdiction of the National Council on Compensation Insurance, Inc. (NCCI). Existing NCCI classification procedure separately classifies the manufacturing and installation efforts of an employer engaged in both the manufacture and installation of signs. Thus, NCCI does not have a direct, one to one equivalent to PCRB Code 673. NCCI Code 9554, Sign Installation, Maintenance, Repair, Removal, or Replacement, N.O.C. is equivalent in part to PCRB Code 673 because it includes sign installation operations that are not otherwise classified. NCCI Code 9554 also includes operations that the PCRB classifies to PCRB Code 679, Outdoor Advertising Company (e.g., the erection, maintenance and changing of content on billboards and sign painting or lettering on buildings or other structures). The NCCI Code 9554 scope states that "...Shop operations are to be separately classified to the code(s) applicable to the specific operations performed in the shop or, in the absence of applicable classifications, shop operations are to be assigned to the code applicable to the manufacture of the advertising media that is being worked on in the shop..."

NCCI Code 9521, House Furnishings Installation, N.O.C. and Upholstering, is also equivalent in part to PCRB Code 673 because it includes (but is not limited to) the exterior attachment of signs to surfaces from floors or stepladders such as exit and entrance signs. NCCI Code 9521 also includes operations that the PCRB classifies to PCRB Code 670, House Furnishings Installation, N.O.C.

NCCI Code 3064, Sign Manufacturing – Metal, is applied to the production of sheet metal, electrical and electronic, and neon signs. NCCI classifies the production of signs using vinyl lettering (where a computer is used in conjunction with an electronic scoring apparatus to die-cut vinyl into letters or other graphic shapes) to either Code 4299, Printing (if the employer does not manufacture or prepare mounting surfaces) or Code 9501, Painting – Shop Only (if the employer does manufacture or prepare mounting surfaces). NCCI classifies the manufacture of wooden signs where the employer does not also paint the sign to either NCCI Code 2881, Furniture Manufacturing and Cabinet Shop – Assembly By Hand – Wood (if the manufacturing is performed

without the use of power machinery) or to Code 2883, Furniture Manufacturing and Cabinet Shop – Wood – N.O.C. (if the manufacturing is performed with the use of power machinery).

The PCRB includes all of the above referenced manufacturing operations in Code 673 when performed by an employer engaged in both the shop manufacture and installation or erection of signs. The PCRB classifies employers engaged solely in sign manufacturing and who perform no installation or erection work as follows: PCRB Code 454, Sheet Metal Products Fabrication, N.O.C., Shop, is assigned to the manufacture of metal signs, PCRB Code 486, Incandescent Light Bulb or Electronic Tube Mfg., is assigned to the manufacture of neon signs, PCRB Code 281, Printing, N.O.C., is assigned to the production of vinyl lettering or graphics that are then affixed to a mounting surface (provided that the employer does not manufacture the mounting surface). If an employer engaged in the production of vinyl lettering or graphics that are then affixed to a mounting surface that the employer also manufactures, the manufacturing classification applicable to the materials used to manufacturing the mounting surface is assigned. PCRB Code 306, Woodenware Mfg., N.O.C., is assigned to the manufacture of wood signs or lettering.

The Workers' Compensation Rating Bureau of California (WCIRB) takes a similar classification approach as the NCCI in that the WCIRB also generally classifies separately the manufacturing and installation efforts of an employer engaged in both the manufacture and installation of signs. WCIRB Code 9552, Sign Erection or Repair, N.O.C., is equivalent in part to PCRB Code 673. WCIRB Code 9552 is applied to the erection, installation, service or repair of permanent free-standing signs, including but not limited to pole signs, tower signs, monument signs and street signs. WCIRB Code 5146(2), Sign Installation or Repair, is also equivalent in part to Code 673 in that it is applied to the installation of signs affixed to building surfaces.

WCIRB Code 4492, Sign Mfg. – Metal, Plastic or Wood – N.O.C., is applied to the manufacture of metal, plastic or wood signs, including but not limited to cabinet signs or sign backings, channel letter signs, two-dimensional signs and three-dimensional signs, involving the fabrication and assembly of sign parts. WCIRB Code 4111(2), Incandescent Lamp and Fluorescent Tube Mfg., is assigned to the manufacture of neon tubes (the manufacture of metal or plastic cabinet signs or sign backings for neon signs is separately classified to WCIRB Code 4492). WCIRB Code 2842, Wood Products Mfg., is assigned to the fabrication of wood sign blanks.

WCIRB Code 9507, Sign Painting Or Lettering And Quick Sign Shops — shop or outside, applies to employers that apply painted, printed or adhesive lettering or graphics onto surfaces including but not limited to purchased sign blanks. The application of painted, printed or adhesive lettering or graphics onto metal, plastic or wood signs that the employer also manufactures is assigned to Code 4492. In a departure from general WCIRB classification procedure that separately classifies the manufacturing and installation efforts of an employer engaged in both the manufacture and installation of signs, Code 9507 also includes certain outside operations such as the application of painted, printed or adhesive lettering or graphics on customers' buildings, structures and windows.

Of the other jurisdictions reviewed by PCRB staff, only the Compensation Rating & Inspection Bureau of New Jersey (CRIB) applies a similar approach to the PCRB for the classification of employers engaged in both the manufacture and installation and signs. CRIB Codes 9555, Sign Mfg., Erection or Repair – Neon or Electric & Drivers, and 9556, Sign Mfg., Erection or Repair – N.O.C. & Drivers, are equivalent in part to PCRB Code 673. CRIB Code 9555 is applied to an

employer engaged in the manufacture and erection of neon signs. CRIB Code 9556 is applied to an employer engaged in the manufacture and erection of signs not otherwise classified. CRIB Code 9556 also includes sign painting on the outside of buildings, which is assigned to PCRB Code 679.

The CRIB assigns an employer engaged in sign erection or removal with no manufacturing operations to Code 9554, Sign Erection or Removal & Drivers, which makes it also equivalent in part to PCRB Code 673.

FILE BY FILE REVIEW

Staff performed a file by file review of the 403 employers on the PCRB's database reporting payroll to Code 673. The file by file review divided those employers into the study groups shown in the table below.

Study Group	Description	No. of Employers
1	Advertising Sign Erection or Repair (No Manufacturing)	58
2	Advertising Sign Manufacture and Erection (Separate Crews)	70
3	Advertising Sign Manufacture and Erection (Interchanging Crew)	83
4	No Current Coverage/Unable to Determine (NCC/UTD)	89
5	Misclassified	31
6	Not Group Assigned	72

The employers assigned to Study Group 1 perform sign erection or repair work and do not perform the shop manufacture of signs.

The employers in Study Group 2 are engaged in both the manufacture and the erection and/or repair of signs, using separate crews of employees for the manufacturing and the erection/repair efforts. This group includes 15 employers principally engaged in the manufacture and erection of electrical signs, 2 employers principally engaged in the manufacture and erection of neon signs, 16 employers principally engaged in the production of vinyl lettering which is then affixed to a purchased sign backing and erecting those signs, 8 employers principally engaged in the production of vinyl lettering which is then affixed to a sign backing that the employer also fabricates and erecting those signs, and 15 employers manufacturing and erecting a variety of signs with no principal product line.

The employers in Study Group 3 are engaged in both the manufacture and the erection and/or repair of signs, but use an interchanging crew of employees for the manufacturing and the erection/repair efforts. This group includes 11 employers principally engaged in the manufacture and erection of electrical signs, 3 employers principally engaged in the manufacture and erection of neon signs, 14 employers principally engaged in the production of vinyl lettering which is then affixed to a purchased sign backing and erecting those signs, 16 employers principally engaged in the production of vinyl lettering which is then affixed to a sign backing that the employer also fabricates and erecting those signs, and 39 employers manufacturing and erecting a variety of signs with no principal product line.

The employers in Study Group 4 had no record of current compensation coverage at the time of the file by file review, and had no information in their PCRB files that would allow staff to slot them to one of the Code 673 study groups.

The employers in Study Group 5 were determined to be misclassified to Code 673. Such employers were subsequently or already had been reclassified from Code 673 to each employer's applicable classification.

The employers in Study Group 6 had not been assigned to a field of business study group by the conclusion of the file by file review, either because the employer did not respond to the PCRB's Code 673 study questionnaire or because there was not sufficient information in the employer's file. 19 of the employers in this group had not yet reported any unit statistical data at the outset of this study.

Staff developed several Code 673 historical experience exhibits for this study. The historical experience exhibits are based on the PCRB's April 1, 2021 loss cost filing as approved by the Pennsylvania Insurance Commissioner. Only those historical experience exhibits cited in the report are attached. The exhibits are attached in the sequence in which they are first cited. The indicated loss costs found at the bottom of the historical experience exhibits have not been loaded with the loss based Commonwealth assessments (e.g., the Subsequent Injury Fund, the Supersedeas Fund and the Administrative Fund) or the revenue neutral plans (e.g., the Merit Rating Plan and the Certified Safety Committee Credit Program) that are part of the PCRB's April 1, 2021 loss cost filing. Payroll figures in the exhibits are expressed in thousands.

In addition to historical experience exhibits, this study includes paired t-test analyses to determine when there is a natural correspondence or "pairing" of specific observations between study groups. The t-test reduces the two samples to one by examining the differences between the 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, a value of .0500 or less is considered as indicating significant statistical difference.

ANALYSIS

Staff first reviewed employers engaged in both the manufacture and installation of signs. That review included comparisons of the following historical experience exhibits, listed in the table below in the order in which they are attached.

Exhibit No.	Exhibit Title
1	Sign Manufacture and Installation (Separate Crews)
2	Sign Manufacture and Installation (Interchanging Crew)

Exhibit 1 is comprised of employers engaged in both the manufacture and installation of signs. The employers in this group use separate crews of employees to conduct the manufacturing and installation efforts. Exhibit 2 attached is comprised of employers engaged in both the manufacture and installation of signs, but use an interchanging crew to conduct the manufacturing and installation efforts. A comparison of the historical experience of Exhibit 1 and Exhibit 2 is shown in the following table:

Exhibit No.	Reported Pure Premium	Indicated (Pre-Test)	Indicated (Post-Test)
1	8.335	2.745	2.797
2	4.803	4.713	4.807

The historical experience comparison shows the experience of Exhibit 1 to be unfavorable in relation to Exhibit 2 for reported pure premium, but favorable in relation to Exhibit 2 for indicated (pre-test) pure premium and indicated (post-test) pure premium.

The t-test run for this analysis are listed below:

Exhibit No.	Exhibit Title
3	T-test Comparing Exhibit 1 to Exhibit 2

The t-test results indicate no significant statistical difference between Exhibit 1 and Exhibit 2 for reported pure premium, claim frequency or claim severity. Staff notes that Exhibit 1 is appreciably larger than Exhibit 2. Exhibit 1 comprises 64.18% of the April 1, 2021 Code 673 Class Book Page payroll and 76.81% of the April 1, 2021 Code 673 Class Book Page loss. Exhibit 2 comprises 21.13% of the April 1, 2021 Code 673 Class Book Page payroll and 14.57% of the April 1, 2021 Code 673 Class Book Page loss. The two Exhibits do result in reasonably close indicated loss costs – 3.804 for Exhibit 1 and 3.923 for Exhibit 2. Staff concludes from the historical experience comparisons and t-tests that Exhibit 1 and Exhibit 2 may be combined for purposes of this analysis. The employers in both exhibits operate similarly i.e., they are engaged in both the manufacture and installation of signs, with the only difference being the use of separate versus interchanging crews. Exhibit 4 attached is the exhibit that combines Exhibits 1 and 2. Exhibit 4 comprises 85.31% of the April 1, 2021 Class Book Page payroll and 91.38% of the April 1, 2021 Code 673 Class Book Page loss.

Staff then compared employers engaged in both the manufacture and installation of signs to employers who install signs but do not manufacture signs. This comparison references the following historical experience exhibits:

Exhibit No.	Exhibit Title
4	Sign Manufacture and Installation
5	Sign Installation (No Manufacturing)

The historical experience comparison of Exhibit 4 and Exhibit 5 is shown is summarized in the following table:

Exhibit No.	Reported Pure Premium	Indicated (Pre-Test)	Indicated (Post-Test)
4	7.414	2.901	2.959
5	7.030	8.561	8.732

Exhibit 5 comprises 7.6% of the April 1, 2021 Code 673 Class Book Page payroll and 7.7% of the April 1, 2021 of the Code 673 Class Book Page loss. The historical experience comparison shows Exhibit 4 to be unfavorable in relation to Exhibit 5 for reported pure premium but favorable in relation to Exhibit 5 for indicated (pre-test) and indicated (post-test) pure premium.

The following t-test was run for this analysis:

Exhibit No.	Exhibit Title
6	T-test Comparing Exhibit 4 to Exhibit 5

The t-test results indicate no significant statistical difference between Exhibit 1 and Exhibit 2 for reported pure premium, claim frequency or claim severity.

CONCLUSIONS AND RECOMMENDATION

The t-test results shown in Exhibit 6 do not necessarily support revision to the scope of Code 673. Staff however has concluded from the file by file review and historical experience comparisons that it is both feasible and desirable to revise the scope of Code 673 so that it is limited to installation work, and to allow an employer engaged in both the manufacture and installation of signs to separately rate their manufacturing effort to the applicable manufacturing classification based on the type of signs manufactured (while continuing to assign payroll developed in their installation work to Code 673). Staff concludes that this approach will eliminate scenarios referenced earlier in the report i.e., where staff is compelled to classify an employer engaged in both the manufacture and installation of signs to Code 673 (which is a construction or erection classification) in situations where installation is not the employer's principal business. Additionally, this approach will align Code 673 with the PCRB's remaining construction or erection classifications which, while generally contemplating incidental shop work, do not include manufacturing operations. This approach will also align PCRB classification procedure with procedure used in most other jurisdictions. Staff therefore recommends that revision to the scope of Code 673 in this manner be proposed for policies with effective dates of April 1, 2022 and later. Such restructuring would apply whether or not a business performing both sign manufacturing and installation uses separate crews for the manufacturing and installation work, by way of the PCRB's 'separately rate' procedure. When the term "to be separately rated" or "separately rate" is found in a classification's definition, the payroll of personnel interchanging between that classification's tasks (e.g., shop manufacturing) and also performing the specified function that is designated "to be separately rated" or "separately rate" (e.g., erection, installation) may be divided between that class and class(es) designated for the specified function, provided the employer's original payroll records show an allocation of payroll to both classifications for each interchanging employee. When separate payroll records are not

maintained, the entire payroll of the interchanging employees shall be assigned to the insuring carrier's highest-valued classification representing any part of their work.

Staff notes that the indicated (pre-test) pure premium shown in Exhibit 5 (8.561) is greater than the present on loss cost level pure premium (3.210) shown in the same exhibit. The indicated (pre-test) pure premium is a measure of the actual experience in Exhibit 5 while the present on loss cost level pure premium is a measure of the amount that will be available to pay losses if the current rating value is adjusted by the average rating value adjustment indicated for all classifications within the same industry group. Typically, then if the indicated (pre-test) pure premium is greater than the present on loss cost level pure premium, the group would be subject to an adverse rating value adjustment. However, the indicated (pre-test) pure premium shown in Exhibit 5 is largely the result of losses reported for the 2013 policy year. Those losses will be purged concurrent with the creation of the April 1, 2022 Code 673 Class Book Page. While staff cannot predict future losses that will be reported to Code 673, the elimination of claims reported in the 2013 policy year will, all other things being equal, have a favorable impact on future indicated (pre-test) pure premium for Code 673. Further, staff finds it reasonable to assume that the installation experience included in Exhibit 4 is reasonably similar to that reported in Exhibit 5. Thus, staff concludes that the reclassification of the manufacturing exposure included in Exhibit 4 will not have an appreciable impact on future Code 673 loss costs. Staff acknowledges that because both manufacturing and installation exposure is presently included in Code 673, staff is unaware of the degree of experience that would be reclassified from Code 673 to the applicable manufacturing classification if the PCRB's Code 673 proposal is approved.

As noted earlier in the report, sign manufacturing (with no installation) is generally assigned to one of the following manufacturing classifications: 454, 486, 281 and 306. The following table shows the approved April 1, 2021 loss costs for those classifications and Code 673:

Class Code	April 1, 2021 PCRB Loss Cost
673	\$3.97
454	\$1.75
486	\$0.80
281	\$1.47
306	\$2.09

Thus, if approved this proposal will result in premium decreases for impacted employers on the basis of the approved April 1, 2021 PCRB loss costs. Staff expects the April 1, 2022 PCRB loss costs to differ from those cited above due to the PCRB's annual comprehensive loss cost revision, to be filed with the Department at a later date with a proposed effective date of April 1, 2022.

The number of employers that would have their manufacturing payroll assigned to each of the above referenced manufacturing classifications and the degree of rating value decrease each employer would be subject to based on the approved April 1, 2021

PCRB loss costs if this proposal is filed and approved are shown in the following table:

Class Code	No. of Employers	Percentage of Decrease
454	26	55.92%
486	5	79.85%
281	30	62.97%
306	24	47.36%

In addition to the above, there are 68 employers engaged in the manufacture and installation of signs for which staff could not initially determine the applicable manufacturing classification that would apply if this proposal is filed and approved. Typically, these employers fabricate and install a variety of types of signs with no principal product line. Frequently, these employers did not or could not provide business percentages for the various types of signs made in their study questionnaire and survey responses. Staff is presently reviewing the files for these employers to determine if a primary type of sign manufactured can be identified.

The proposed enabling Section 2 Manual language amendments are attached for the Committee's review. The PCRB will notify all employers classified to Code 673 when this filing is made. In the event of the Commissioners' approval of the filing, the carrier of record for each employer impacted by this proposal will be notified and a copy of that notice will be provided to the employer

Attachments.

c: Bill Taylor
Bonnie Piacentino
Delisa Fairley
Joe Lombo

CLASSIFICATION STUDY - PENNSYLVANIA

CLASS: ADVERTISING SIGN ERECTION (NO MFG.)

INDUSTRY GROUP:
2

CODE:
673 (Exhibit 1)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					All
							Death	P.T.	Major	Minor	Temp	
2013	2,746	585,771	21,332	886,236	195,257	1.0925	0	0	1	1	1	3
2014	3,062	6,712	0.219	6,645	#DIV/0!	0.0000	0	0	0	0	0	0
2015	3,616	5,092	0.141	5,285	1,000	0.2765	0	0	0	1	0	1
2016	3,181	307,230	9.658	418,395	150,911	0.6287	0	0	0	2	0	2
2017	3,690	240,794	6.526	304,143	237,440	0.2710	0	0	1	0	0	1
TOTAL	16,295	1,145,599	7.030	1,620,704	160,862	0.4296	0	0	2	4	1	7
O.D.		0	0.000				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
2013	0	0	240,000	56,039	1,264	0	0	250,000	30,474	7,994	0
2014	0	0	0	0	0	0	0	0	0	0	6,712
2015	0	0	0	1,000	0	0	0	0	0	0	4,092
2016	0	0	0	192,444	0	0	0	0	109,377	0	5,409
2017	0	0	197,440	0	0	0	0	40,000	0	0	3,354
TOTAL	0	0	437,440	249,483	1,264	0	0	290,000	139,851	7,994	19,567
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2013	0	0	304,320	63,436	1,450	0	0	472,000	35,685	9,345	0
2014	0	0	0	0	0	0	0	0	0	0	6,645
2015	0	1	158	987	27	0	0	0	0	0	4,112
2016	0	731	81,596	167,195	12,759	0	722	47,601	94,961	7,470	5,360
2017	59	2,527	195,327	21,324	14,018	44	4,396	55,044	5,792	2,372	3,240
TOTAL	59	3,259	581,401	252,942	28,254	44	5,118	574,645	136,438	19,187	19,357
O.D.	0	0	0	0	0	0	0	0	0	0	91

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	1,164,526	436,821	19,448	
IBNR + FREQ. ADJUSTMENT	(143,755)	(82,117)	98	
TOTAL LOSSES	1,020,771	354,704	19,546	
EXPECTED LOSSES	297,221	215,420	27,376	
CREDIBILITY	0.01	0.02	0.03	
PURE PREMIUMS				
INDICATED (PRE-TEST)	6.264	2.177	0.120	8.561
INDICATED (POST-TEST)	6.389	2.221	0.122	8.732
PRES. ON LOSS COST LEVEL	1.767	1.280	0.163	3.210
DERIVED BY FORMULA	1.813	1.299	0.162	3.274
UNDERLYING PRES. LOSS COST	1.824	1.322	0.168	3.314
PROPOSED	1.813	1.299	0.162	3.274
YEAR	4-1-20	4-1-21	IND. LOSS COST =	3.922
IND. LOSS COST		3.92		
MAN.LOSS COST	3.74	3.92	ADJ. LOSS COST =	3.92

CLASSIFICATION STUDY - PENNSYLVANIA

CLASS: ADVERTISING SIGN MFG. AND ERECTION (SEPARATE CREWS)

INDUSTRY GROUP: 2

CODE: 673 (Exhibit 2)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					All
							Death	P.T.	Major	Minor	Temp	
2013	21,960	325,114	1.480	364,273	45,008	0.2732	0	0	0	1	5	6
2014	27,703	2,273,281	8.206	1,456,595	203,159	0.3971	1	0	0	3	7	11
2015	30,268	162,926	0.538	181,971	20,225	0.1652	0	0	0	0	5	5
2016	28,928	8,182,074	28.284	2,876,623	626,731	0.4494	0	1	3	3	6	13
2017	28,790	530,177	1.842	802,508	44,900	0.3473	0	0	0	3	7	10
TOTAL	137,649	11,473,572	8.335	5,681,970	248,943	0.3269	1	1	3	10	30	45
O.D.		0	0.000				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
2013	0	0	0	104,737	34,392	0	0	0	12,514	118,402	55,069
2014	8,270	0	0	85,670	32,425	1,953,932	0	0	40,745	113,705	38,534
2015	0	0	0	0	15,242	0	0	0	0	85,881	61,803
2016	0	532,333	523,224	112,178	210,289	0	6,320,658	198,270	56,579	193,976	34,567
2017	0	0	0	133,698	78,894	0	0	0	84,073	152,330	81,182
TOTAL	8,270	532,333	523,224	436,283	371,242	1,953,932	6,320,658	198,270	193,911	664,294	271,155
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2013	0	0	0	118,562	39,448	0	0	0	14,654	138,412	53,197
2014	5,751	34	4,789	96,109	34,778	1,100,753	12	3,947	46,906	125,367	38,149
2015	0	14	1,119	782	14,689	0	43	6,012	4,895	92,305	62,112
2016	2,452	56,602	672,584	153,309	224,359	20,717	999,867	408,949	100,609	202,919	34,256
2017	119	2,375	174,428	137,795	74,621	23	4,225	119,446	102,942	108,112	78,422
TOTAL	8,322	59,025	852,920	506,557	387,895	1,121,493	1,004,147	538,354	270,006	667,115	266,136
O.D.	0	0	0	0	0	0	0	0	0	0	91

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	3,584,261	1,831,573	266,227	
IBNR + FREQ. ADJUSTMENT	(1,214,519)	(694,882)	801	
TOTAL LOSSES	2,369,742	1,136,691	267,028	
EXPECTED LOSSES	2,510,718	1,819,720	231,250	
CREDIBILITY	0.03	0.09	0.14	
PURE PREMIUMS				
INDICATED (PRE-TEST)	1.722	0.826	0.194	2.742
INDICATED (POST-TEST)	1.756	0.843	0.198	2.797
PRES. ON LOSS COST LEVEL	1.767	1.280	0.163	3.210
DERIVED BY FORMULA	1.767	1.241	0.168	3.176
UNDERLYING PRES. LOSS COST	1.824	1.322	0.168	3.314
PROPOSED	1.767	1.241	0.168	3.176
YEAR	4-1-20	4-1-21		
IND. LOSS COST		3.80	IND. LOSS COST =	3.804
MAN.LOSS COST	3.74	3.80	ADJ. LOSS COST =	3.80

CLASSIFICATION STUDY - PENNSYLVANIA

CLASS: ADVERTISING SIGN MFG. & ERECTION (INTERCHANGING CREW)

INDUSTRY GROUP: 2

CODE: 673 (Exhibit 3)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					All
							Death	P.T.	Major	Minor	Temp	
2013	7,658	92,713	1.211	99,258	18,044	0.3917	0	0	0	1	2	3
2014	7,982	528,642	6.623	612,930	102,611	0.6264	0	0	0	3	2	5
2015	9,821	451,387	4.596	568,696	108,176	0.4073	0	0	1	0	3	4
2016	9,965	1,021,114	10.247	1,365,510	201,297	0.5018	0	0	1	1	3	5
2017	9,896	82,950	0.838	115,851	23,461	0.3032	0	0	0	1	2	3
TOTAL	45,322	2,176,806	4.803	2,762,245	103,838	0.4413	0	0	2	6	12	20
O.D.		0	0.000				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
2013	0	0	0	34,558	1,700	0	0	0	11,978	5,897	38,580
2014	0	0	0	55,126	5,864	0	0	0	444,203	7,863	15,586
2015	0	0	361,256	0	14,763	0	0	31,535	0	25,148	18,685
2016	0	0	210,000	127,580	232,019	0	0	147,500	34,828	254,558	14,629
2017	0	0	0	236	10,661	0	0	0	0	59,486	12,567
TOTAL	0	0	571,256	217,500	265,007	0	0	179,035	491,009	352,952	100,047
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2013	0	0	0	39,120	1,950	0	0	0	14,026	6,894	37,268
2014	0	22	2,716	61,583	6,602	0	133	22,960	489,076	14,408	15,430
2015	36	3,553	426,355	8,958	20,910	9	716	58,750	3,022	27,609	18,778
2016	63	3,441	331,277	151,662	231,132	148	9,184	297,297	74,031	252,778	14,497
2017	11	111	8,061	5,189	7,914	6	839	23,545	19,339	38,696	12,140
TOTAL	110	7,127	768,409	266,512	268,508	163	10,872	402,552	599,494	340,385	98,113
O.D.	0	0	0	0	0	0	0	0	0	0	91

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	1,189,233	1,474,899	98,204	
IBNR + FREQ. ADJUSTMENT	(398,562)	(227,901)	271	
TOTAL LOSSES	790,671	1,246,998	98,475	
EXPECTED LOSSES CREDIBILITY	826,673	599,157	76,141	
	0.01	0.04	0.07	
PURE PREMIUMS				
INDICATED (PRE-TEST)	1.745	2.751	0.217	4.713
INDICATED (POST-TEST)	1.780	2.806	0.221	4.807
PRES. ON LOSS COST LEVEL	1.767	1.280	0.163	3.210
DERIVED BY FORMULA	1.767	1.341	0.167	3.275
UNDERLYING PRES. LOSS COST	1.824	1.322	0.168	3.314
PROPOSED	1.767	1.341	0.167	3.275
YEAR	4-1-20	4-1-21		
IND. LOSS COST		3.92	IND. LOSS COST =	3.923
MAN.LOSS COST	3.74	3.92	ADJ. LOSS COST =	3.92

CLASSIFICATION STUDY - PENNSYLVANIA

CLASS: ADVERTISING SIGN MFG. & ERECTION

INDUSTRY GROUP:
2

CODE:
673 (Exhibit 4)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					All
							Death	P.T.	Major	Minor	Temp	
2013	28,279	408,453	1.444	454,476	36,020	0.3183	0	0	0	2	7	9
2014	34,002	2,783,604	8.187	2,049,665	195,291	0.4117	1	0	0	6	7	14
2015	38,212	602,599	1.577	738,895	59,314	0.2355	0	0	1	0	8	9
2016	37,015	8,539,170	23.069	3,334,526	530,679	0.4323	0	1	3	4	8	16
2017	36,857	594,463	1.613	896,314	38,775	0.3527	0	0	0	4	9	13
TOTAL	174,365	12,928,289	7.414	7,473,876	206,345	0.3498	1	1	4	16	39	61
O.D.		0	0.000				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
2013	0	0	0	139,295	36,092	0	0	0	24,492	124,299	84,275
2014	8,270	0	0	140,796	32,425	1,953,932	0	0	484,948	113,705	49,528
2015	0	0	361,256	0	30,005	0	0	31,535	0	111,029	68,774
2016	0	532,333	523,224	239,758	265,199	0	6,320,658	198,270	91,407	320,011	48,310
2017	0	0	0	133,934	93,767	0	0	0	84,073	192,303	90,386
TOTAL	8,270	532,333	884,480	653,783	457,488	1,953,932	6,320,658	229,805	684,920	861,347	341,273
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2013	0	0	0	157,682	41,398	0	0	0	28,680	145,306	81,410
2014	5,751	56	7,363	157,591	35,213	1,100,753	145	26,779	535,840	131,141	49,033
2015	36	3,567	427,473	9,740	35,599	9	759	64,762	7,918	119,914	69,118
2016	2,452	57,181	736,952	271,157	283,274	20,717	1,000,324	442,394	145,832	326,368	47,875
2017	134	2,527	185,593	144,962	85,650	27	4,788	135,268	115,938	134,114	87,313
TOTAL	8,373	63,331	1,357,381	741,132	481,134	1,121,506	1,006,016	669,203	834,208	856,843	334,749
O.D.	0	0	0	0	0	0	0	0	0	0	91

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	4,225,810	2,913,317	334,840	
IBNR + FREQ. ADJUSTMENT	(1,537,438)	(879,477)	1,021	
TOTAL LOSSES	2,688,372	2,033,840	335,861	
EXPECTED LOSSES	3,180,418	2,305,105	292,933	
CREDIBILITY	0.03	0.11	0.17	
PURE PREMIUMS				
INDICATED (PRE-TEST)	1.542	1.166	0.193	2.901
INDICATED (POST-TEST)	1.573	1.189	0.197	2.959
PRES. ON LOSS COST LEVEL	1.767	1.280	0.163	3.210
DERIVED BY FORMULA	1.761	1.270	0.169	3.200
UNDERLYING PRES. LOSS COST	1.824	1.322	0.168	3.314
PROPOSED	1.761	1.270	0.169	3.200
YEAR	4-1-20	4-1-21		
IND. LOSS COST		3.83		IND. LOSS COST = 3.833
MAN. LOSS COST	3.74	3.83		ADJ. LOSS COST = 3.83

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
2

CLASS:
NCC/UTD

CODE:
673 (Exhibit 5)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					All
							Death	P.T.	Major	Minor	Temp	
2013	2,548	93,026	3,651	104,067	40,209	0.7849	0	0	0	1	1	2
2014	1,373	72,595	5,287	80,376	32,200	1.4567	0	0	0	0	2	2
2015	1,184	83,904	7,086	98,656	82,765	0.8446	0	0	0	0	1	1
2016	1,151	0	0.000	0	0	0.0000	0	0	0	0	0	0
2017	718	96,572	13,450	162,544	95,398	1.3928	0	0	0	1	0	1
TOTAL	6,974	346,097	4,963	445,643	53,830	0.8603	0	0	0	2	4	6
O.D.		0	0.000				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
2013	0	0	0	55,452	4,650	0	0	0	16,526	3,789	12,609
2014	0	0	0	0	16,834	0	0	0	0	47,566	8,195
2015	0	0	0	0	17,691	0	0	0	0	65,074	1,139
2016	0	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	73,724	0	0	0	0	21,674	0	1,174
TOTAL	0	0	0	129,176	39,175	0	0	0	38,200	116,429	23,117
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	TRANSLATED LOSSES										
	Indemnity					Medical					
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
2013	0	0	0	62,772	5,334	0	0	0	19,352	4,429	12,180
2014	0	0	409	291	17,704	0	0	775	861	52,223	8,113
2015	0	16	1,299	908	17,049	0	33	4,555	3,709	69,942	1,145
2016	0	0	0	0	0	0	0	0	0	0	0
2017	22	870	64,125	55,536	8,972	2	535	15,250	13,772	2,326	1,134
TOTAL	22	886	65,833	119,507	49,059	2	568	20,580	37,694	128,920	22,572
O.D.	0	0	0	0	0	0	0	0	0	0	91

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	87,891	335,180	22,663	
IBNR + FREQ. ADJUSTMENT	(68,143)	(37,911)	28	
TOTAL LOSSES	19,748	297,269	22,691	
EXPECTED LOSSES	127,206	92,196	11,716	
CREDIBILITY	0.00	0.01	0.02	
PURE PREMIUMS				
INDICATED (PRE-TEST)	0.283	4.263	0.325	4.871
INDICATED (POST-TEST)	0.289	4.348	0.332	4.969
PRES. ON LOSS COST LEVEL	1.767	1.280	0.163	3.210
DERIVED BY FORMULA	1.767	1.311	0.166	3.244
UNDERLYING PRES. LOSS COST	1.824	1.322	0.168	3.314
PROPOSED	1.767	1.311	0.166	3.244
YEAR	4-1-20	4-1-21	IND. LOSS COST =	3.886
IND. LOSS COST		3.89		
MAN.LOSS COST	3.74	3.89	ADJ. LOSS COST =	3.89

PENNSYLVANIA STATISTICAL STUDY

673 - Exhibit 1
ADVERTISING SIGN ERECTION (NO MFG.)

673 - Exhibit 2
ADVERTISING SIGN MFG. AND
ERECTION (SEPARATE CREWS)

Manual Year	Pure Premium Reported	T - test values	
2013	21.332	1.480	
2014	0.219	8.206	
2015	0.141	0.538	2013 - 2017 0.9423
2016	9.658	28.284	
2017	6.526	1.842	

Manual Year	Claim Frequency per million	T - test values	
2013	1.093	0.273	
2014	0.000	0.397	
2015	0.277	0.165	2013 - 2017 0.5586
2016	0.629	0.449	
2017	0.271	0.347	

Manual Year	Claim Severity Excl Med Only	T - test values	
2013	195,257	45,008	
2014	0	203,159	
2015	1,000	20,225	2013 - 2017 0.5942
2016	150,911	626,731	
2017	237,440	44,900	

PENNSYLVANIA STATISTICAL STUDY

673 - Exhibit 1
ADVERTISING SIGN ERECTION (NO MFG.)

673 - Exhibit 3
ADVERTISING SIGN MFG. &
ERECTION (INTERCHANGING CREW)

Manual Year	Pure Premium Reported	T - test values	
2013	21.332	1.211	
2014	0.219	6.623	
2015	0.141	4.596	2013 - 2017 0.5804
2016	9.658	10.247	
2017	6.526	0.838	

Manual Year	Claim Frequency per million	T - test values	
2013	1.093	0.392	
2014	0.000	0.626	
2015	0.277	0.407	2013 - 2017 0.9732
2016	0.629	0.502	
2017	0.271	0.303	

Manual Year	Claim Severity Excl Med Only	T - test values	
2013	195,257	18,044	
2014	0	102,611	
2015	1,000	108,176	2013 - 2017 0.7276
2016	150,911	201,297	
2017	237,440	23,461	

PENNSYLVANIA STATISTICAL STUDY

673 - Exhibit 1
ADVERTISING SIGN ERECTION (NO MFG.)

673 - Exhibit 4
ADVERTISING SIGN MFG. & ERECTION

Manual Year	Pure Premium Reported	T - test values	
2013	21.332	1.444	
2014	0.219	8.187	
2015	0.141	1.577	2013 - 2017 0.9484
2016	9.658	23.069	
2017	6.526	1.613	

Manual Year	Claim Frequency per million	T - test values	
2013	1.093	0.318	
2014	0.000	0.412	
2015	0.277	0.236	2013 - 2017 0.6236
2016	0.629	0.432	
2017	0.271	0.353	

Manual Year	Claim Severity Excl Med Only	T - test values	
2013	195,257	36,020	
2014	0	195,291	
2015	1,000	59,314	2013 - 2017 0.6383
2016	150,911	530,679	
2017	237,440	38,775	

PENNSYLVANIA STATISTICAL STUDY

673 - Exhibit 2
 ADVERTISING SIGN MFG. AND
 ERECTION (SEPARATE CREWS)

673 - Exhibit 3
 ADVERTISING SIGN MFG. &
 ERECTION (INTERCHANGING CREW)

Manual Year	Pure Premium Reported	T - test values	
2013	1.480	1.211	
2014	8.206	6.623	
2015	0.538	4.596	2013 - 2017 0.4256
2016	28.284	10.247	
2017	1.842	0.838	

Manual Year	Claim Frequency per million	T - test values	
2013	0.273	0.392	
2014	0.397	0.626	
2015	0.165	0.407	2013 - 2017 0.0911
2016	0.449	0.502	
2017	0.347	0.303	

Manual Year	Claim Severity Excl Med Only	T - test values	
2013	45,008	18,044	
2014	203,159	102,611	
2015	20,225	108,176	2013 - 2017 0.3279
2016	626,731	201,297	
2017	44,900	23,461	

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

Proposed Effective April 1, 2022

SECTION 2

RATING VALUES through **DEFINITIONS** remain unchanged.

DEFINITIONS

CLASSIFICATIONS

No change to Classification Code 005 – **TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING** through Classification Code 265 – **STATIONARY PRODUCTS MFG.**

281 PRINTING, N.O.C

No change.

OPERATIONS ALSO INCLUDED:

No change to Item 1 through Item 4.

5. The shop manufacture of plastic or vinyl sign letters and the application of such onto a substrate. – ~~shop only, no installation.~~ Sign installation to be separately rated.

No change to Item 6.

OPERATIONS NOT INCLUDED:

No change.

UNDERWRITING GUIDE

Plastic Sign Letters Mfg. - Shop ~~Only~~ Sign Installation to be Separately Rated

Vinyl Sign Letters Mfg. - Electronically Scored - Shop ~~Only~~ Sign Installation to be Separately Rated

No change to Classification Code 282 – **NEWSPAPER OR PERIODICAL PRINTING – BY PUBLISHER OR CONTRACT PRINTER** through Classification Code 305 – **CARPENTRY SHOP, INCLUDING PLANING MILL**

306 WOODENWARE MFG., N.O.C

Sign Or Sign Letter Mfg. - Wood, Shop ~~Only, No Erection~~ Sign Installation to be Separately Rated

No change to Classification Code 311 – **CABINET WORKS – WITH POWER-DRIVEN MACHINERY** through Classification Code 451 – **AUTOMOBILE, TRUCK OR TRAILER BODY MFG.**

454 SHEET METAL PRODUCTS FABRICATION, N.O.C., SHOP

No change.

OPERATIONS NOT INCLUDED:

No change.

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

Proposed Effective April 1, 2022

UNDERWRITING GUIDE

Sign Mfg. - Metal, Shop ~~Only~~ ~~No Erection~~ Installation to be Separately Rated

No change to Classification Code 456 – **METAL FURNITURE OR FURNISHING GOODS MFG., N.O.C.** through Classification Code 485 – **COMMUNICATIONS, SEARCH, DETECTION OR SIGNAL PROCESSING EQUIPMENT MFG.**

486 INCANDESCENT LIGHT BULB OR ELECTRONIC TUBE MFG.

UNDERWRITING GUIDE

Neon Sign Mfg. - Shop ~~Only, No Installation, Service Or Repair~~ Installation to be Separately Rated

No change to Classification Code 487 – **SURGICAL OR OPTICAL INSTRUMENT MFG.** through Classification Code 670 – **HOUSE FURNISHINGS INSTALLATION, N.O.C.**

673 ~~ADVERTISING SIGN, MANUFACTURE, ERECTION OR REPAIR~~ ~~—NOT OUTDOOR ADVERTISING COMPANY~~

Applicable to a business engaged in the erection or repair of signs not otherwise classified.

OPERATIONS NOT INCLUDED:

1. Separately rate the shop manufacture of signs as provided for in this Manual.
2. Assign the erection, maintenance and changing of content on billboards, bill posting, and sign painting or lettering on buildings or other structures to Code 679. See Code 679 for additional details.

UNDERWRITING GUIDE

Advertising Sign ~~Mfg.~~, Erection And Repair, Not Outdoor Advertising Company

Electrical Sign And Advertising Display ~~Mfg.~~, Installation And Repair

Highway Directional Sign Erection or Repair

Neon Sign ~~Mfg.~~, Installation Or Repair

Road or Street Sign Erection or Repair

Scoreboard ~~Mfg.~~, Installation Or Repair - Electric

No change to Classification Code 674 – **SWIMMING POOL CONSTRUCTION, ALL WORK TO COMPLETION** through Classification Code 677 – **BOILER INSTALLATION OR REPAIR.**

679 ADVERTISING COMPANY, OUTDOOR

Applicable to ~~outdoor advertising companies and includes but is not necessarily limited to: shop operations, a business engaged in~~ the erection, ~~painting, repair,~~ maintenance and changing of content on billboards or removal of signs, sign painting or lettering in or upon buildings or structures, and/- or bill posting. Includes shop operations.

OPERATIONS NOT INCLUDED:

1. Assign the installation, erection or repair of signs not otherwise classified to Code 673. See Code 673 for additional details.

No change to Classification Code 681 – **CANVAS GOODS, AWNING OR TENT ERECTION, REMOVAL OR REPAIR** through Code 9741 – **CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM)**

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

Proposed Effective April 1, 2022

Description	Direct Employment Class	Temporary Employment Class
No change to Abrasive Paper Or Cloth Preparation through Advertising Display Service - For Stores		
Advertising Sign Mfg., Erection And Repair, Not Outdoor Advertising Company	673	2673
No change to Advisory Rating Organization - Clerical Office through Electrical Or Gas Household Major Or Commercial Appliances - Service Or Repair		
Electrical Sign And Advertising Display Mfg., Installation And Repair	673	2673
No change to Electrical Supply Dealer – Wholesale through High Explosives Mfg.		
Highway Directional Sign Erection or Repair	673	2673
No change to Highway Maintenance, Scraping, Paving Or Repaving By Contractor through Needle, Pin, Hook Or Eye Mfg.		
Neon Sign Mfg. - Shop Only, No Installation, Service Or Repair – Installation to be Separately Rated	486	2486
Neon Sign Mfg., Installation Or Repair	673	2673
No change to Netting - Mosquito - No Mfg. Of Net through Plastic Mfg., Sheets And Rods		
Plastic Sign Letters Mfg. - Shop Only – Sign Installation to be Separately Rated	281	2281
No change to Plastic, Molded Products Mfg. N.O.C. through Road Maintenance By Municipal Employees		
Road or Street Sign Erection or Repair	673	2673
No change to Robe And Dressing Gown Mfg. through School, Aircraft, Flight Employees		
Scoreboard Mfg., Installation Or Repair - Electric	673	2673
No change to Scouring Compound Mfg. through Sign Erection, Removal Or Repair, Not Outdoor Advertising Company		

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

Proposed Effective April 1, 2022

Description	Direct Employment Class	Temporary Employment Class
Sign Mfg. - Metal, Shop Only – No Erection – Installation to be Separately Rated	454	2454
Sign Or Sign Letter Mfg. - Wood, Shop Only, No Erection – Installation to be Separately Rated	306	2306
No change to Sign Painting Or Lettering In Or Upon Buildings Or Structures through Vinyl Fence Erection - Commercial or Residential		
Vinyl Sign Letters Mfg. - Electronically Scored - Shop Only – Sign Installation to be Separately Rated	281	2281
No change to Vinyl Tile Installation through Zoo		

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

Proposed Effective April 1, 2022

SECTION 2

RATING VALUES through **DEFINITIONS** remain unchanged.

DEFINITIONS

CLASSIFICATIONS

No change to Classification Code 005 – **TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING** through Classification Code 265 – **STATIONARY PRODUCTS MFG.**

281 PRINTING, N.O.C

No change.

OPERATIONS ALSO INCLUDED:

No change to Item 1 through Item 4.

5. The shop manufacture of plastic or vinyl sign letters and the application of such onto a substrate. Sign installation to be separately rated.

No change to Item 6.

OPERATIONS NOT INCLUDED:

No change.

UNDERWRITING GUIDE

Plastic Sign Letters Mfg. - Shop –Sign Installation to be Separately Rated

Vinyl Sign Letters Mfg. - Electronically Scored - Shop –Sign Installation to be Separately Rated

No change to Classification Code 282 – **NEWSPAPER OR PERIODICAL PRINTING – BY PUBLISHER OR CONTRACT PRINTER** through Classification Code 305 – **CARPENTRY SHOP, INCLUDING PLANING MILL**

306 WOODENWARE MFG., N.O.C

Sign Or Sign Letter Mfg. - Wood, Shop –Sign Installation to be Separately Rated

No change to Classification Code 311 – **CABINET WORKS – WITH POWER-DRIVEN MACHINERY** through Classification Code 451 – **AUTOMOBILE, TRUCK OR TRAILER BODY MFG.**

454 SHEET METAL PRODUCTS FABRICATION, N.O.C., SHOP

No change.

OPERATIONS NOT INCLUDED:

No change.

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

Proposed Effective April 1, 2022

UNDERWRITING GUIDE

Sign Mfg. - Metal, Shop – Installation to be Separately Rated

No change to Classification Code 456 – **METAL FURNITURE OR FURNISHING GOODS MFG., N.O.C.** through Classification Code 485 – **COMMUNICATIONS, SEARCH, DETECTION OR SIGNAL PROCESSING EQUIPMENT MFG.**

486 INCANDESCENT LIGHT BULB OR ELECTRONIC TUBE MFG.

UNDERWRITING GUIDE

Neon Sign Mfg. - Shop – Installation to be Separately Rated

No change to Classification Code 487 – **SURGICAL OR OPTICAL INSTRUMENT MFG.** through Classification Code 670 – **HOUSE FURNISHINGS INSTALLATION, N.O.C.**

673 SIGNERECTION OR REPAIR

Applicable to a business engaged in the erection or repair of signs not otherwise classified.

OPERATIONS NOT INCLUDED:

1. Separately rate the shop manufacture of signs as provided for in this Manual.
2. Assign the erection, maintenance and changing of content on billboards, bill posting, and sign painting or lettering on buildings or other structures to Code 679. See Code 679 for additional details.

UNDERWRITING GUIDE

Advertising Sign, Erection And Repair, Not Outdoor Advertising Company
Electrical Sign And Advertising Display, Installation And Repair
Highway Directional Sign Erection or Repair
Neon Sign, Installation Or Repair
Road or Street Sign Erection or Repair
Scoreboard, Installation Or Repair - Electric

No change to Classification Code 674 – **SWIMMING POOL CONSTRUCTION, ALL WORK TO COMPLETION** through Classification Code 677 – **BOILER INSTALLATION OR REPAIR.**

679 ADVERTISING COMPANY, OUTDOOR

Applicable to a business engaged in the erection, maintenance and changing of content on billboards, sign painting or lettering in or upon buildings or structures, and/or bill posting. Includes shop operations.

OPERATIONS NOT INCLUDED:

1. Assign the installation, erection or repair of signs not otherwise classified to Code 673. See Code 673 for additional details.

No change to Classification Code 681 – **CANVAS GOODS, AWNING OR TENT ERECTION, REMOVAL OR REPAIR** through Code 9741 – **CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM)**

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Electrical Sign And Advertising Display Installation And Repair	673	2673
No change to Electrical Supply Dealer – Wholesale through High Explosives Mfg.		
Highway Directional Sign Erection or Repair	673	2673
No change to Highway Maintenance, Scraping, Paving Or Repaving By Contractor through Needle, Pin, Hook Or Eye Mfg.		
Neon Sign Mfg. - Shop – <u>Installation to be Separately Rated</u>	486	2486
Neon Sign, Installation Or Repair	673	2673
No change to Netting - Mosquito - No Mfg. Of Net through Plastic Mfg., Sheets And Rods		
Plastic Sign Letters Mfg. - Shop – <u>Sign Installation to be Separately Rated</u>	281	2281
No change to Plastic, Molded Products Mfg. N.O.C. through Road Maintenance By Municipal Employees		
Road or Street Sign Erection or Repair	673	2673
No change to Robe And Dressing Gown Mfg. through School, Aircraft, Flight Employees		
Scoreboard Installation Or Repair - Electric	673	2673
No change to Scouring Compound Mfg. through Sign Erection, Removal Or Repair, Not Outdoor Advertising Company		
Sign Mfg. - Metal, Shop – <u>Installation to be Separately Rated</u>	454	2454
Sign Or Sign Letter Mfg. - Wood, Shop – <u>Installation to be Separately Rated</u>	306	2306

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Vinyl Sign Letters Mfg. - Electronically Scored - Shop – <u>Sign Installation to be Separately Rated</u>	281	2281
No change to Vinyl Tile Installation through Zoo		