



## Pennsylvania Compensation Rating Bureau

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January 15, 2003

### **BUREAU CIRCULAR NO. 1453**

To All Members of the Bureau:

Re: **REVISIONS TO BASIC MANUAL, STATISTICAL PLAN MANUAL  
AND PREMIUM CALCULATION ALGORITHM  
EFFECTIVE VARIOUS DATES AS SHOWN**

The Bureau has filed and the Insurance Commissioner has approved revisions to the Basic Manual, Statistical Plan Manual and Premium Calculation Algorithm. These revisions become **effective as of 12:01 a.m., on the various dates as shown** with respect to new and renewal business only.

The revisions, as referenced above, are discussed below.

#### **BASIC MANUAL REVISIONS – Effective April 1, 2003**

The Basic Manual revisions make non-rateable classifications (such as Code 0152 for Class 615, Tunneling, Code 0162 for Class 810, Coal Trucking, and Code 0775 for Class 4775, Cartridge Loading) not subject to the Experience Rating, Merit Rating or Retrospective Rating Plans. Adding this phrase to the “Increased Limits” definitions brings Pennsylvania Manual language into compliance with prevailing practice in the majority of other jurisdictions.

The Manual revisions, **effective April 1, 2003**, are shown below with new wording underlined and deleted wording bracketed.

### **SECTION 1**

#### **RULE VIII – LIMITS OF LIABILITY**

##### **A. WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY**

###### **2. Part Two – Employers Liability**

###### **b. Increased Limits**

(3) The premium for increased limits shall be subject to any experience rating modification, merit rating and retrospective rating. The premium for increased limits on non-rateable classifications is not subject to any experience rating modifications, merit rating and retrospective rating.

## STATISTICAL PLAN MANUAL REVISIONS

### Waiver of Subrogation Revisions – Effective retroactive to October 1, 2002

These revisions to the Statistical Plan Manual account for the Waiver of Subrogation Endorsement and the flat and percentage charge procedures which were approved **effective October 1, 2002** and are effective retroactively to comply with that date.

The Manual revisions are shown below with new wording underlined and deleted wording bracketed.

## SECTION II – REPORTING REQUIREMENTS

### B. Exposure Information

#### 9. Miscellaneous Statistical Codes

a. Premium Subject to Experience.....Unit Statistical Report.

(4) Waiver of Subrogation – Code 0930. For policies where the carrier waives subrogation rights, the premium charge associated with such waiver of subrogation shall be assigned to Code 0930. The Exposure Amount and the Manual Rate columns shall be left blank.

b. Remains unchanged.

c. Premium Not Subject.....Unit Statistical Report.

(1) and (2) remain unchanged.

(3) Flat Charge Waiver of Subrogation – Code 9115. For policies where a flat charge has been levied for a waiver of subrogation rights, the amount shall be assigned to Code 9115. Do not include the flat charge waiver of subrogation premium in the Total Standard Premium. (See Item B. 9. a. (4) of this section.)

## SECTION IV – CODES

### B. Exposure Information Codes

#### 3. Premium Codes

- a. Premium Subject to..... Line “A”)

(6) Waiver of Subrogation

Code 0930

### Addition of new Hepatitis C, Natural Disaster, Mold and Terrorism Codes and Housekeeping Revisions – Effective April 1, 2003

These revisions to the Statistical Plan Manual add new Nature and Cause of Injury codes for Hepatitis C, Natural Disaster, Mold and Terrorism, and implement various housekeeping changes to conform to national standards. These revisions are **effective April 1, 2003**.

The Manual revisions are shown below with new wording underlined and deleted wording bracketed.

## SECTION II – REPORTING REQUIREMENTS

### A. Rules Common to Premiums and Losses

#### 9. Deductible Type

Second Two Position

<b>Code</b>	<b>Description</b>
<u>10</u>	<u>Per Claim and Policy Aggregate</u>
<u>11</u>	<u>Coinsurance Percent With Claim and Policy Aggregate Limits</u>
<u>12</u>	<u>Variable</u>

### B. Exposure Information

#### 5. Exposure – Other Than Payroll

- e. *Per [Man]Person Week – Workfare Program Employees – **Class 0982***. Where the policy provides coverage for Community Work Experience Program employees or Workfare, enter the number of employees on a per [man]person week [or fraction thereof] basis in the space provided for exposure amount[, carried to the nearest tenth]. The premium derived is not subject to experience or retrospective rating. The exposure and premium shall be entered on lines “D,” “E” or “F.”

**9. Miscellaneous Statistical Codes**

a. Premium Subject to Experience..... Unit Statistical Reporting.

(1) Premium for Higher.....limits and percentages.

Note: Increased limit factors applied to non-ratable classification exposures  
Should be reported as not subject to the experience modification.

The Bureau Manual.....**Code 9848.**

**C. Loss Information**

**16. Vocational Rehabilitation Indicator**

Report the 1-position..... in the losses.

**[Code]Indicator      Description**

Balance remains unchanged.

**SECTION IV – CODES**

**A. Codes Common to Premium and Losses**

**5. Deductible Type**

Second Two Positions

<b>Code</b>	<b>Description</b>
<u>10</u>	<u>Per Claim and Policy Aggregate</u>
<u>11</u>	<u>Coinsurance Percent With Claim and Policy Aggregate Limits</u>
<u>12</u>	<u>Variable</u>

**B. Exposure Information Codes**

**3. Premium Codes**

a. Premium Subject to Experience Modification (Reported Above Line “A”)

(1) Premium for Increased Limits

Table for Increased Limits Effective 01/01/88

Table remains unchanged

Note: The increased limits factors applied to non-ratable classification Exposures should be reported as not subject to the experience modification on Line "D," "E" or "F."

b. Remains unchanged.

c. Premium Not Subject to Experience Modification and Not to be Included in Standard Premium (Reported on Lines "H" and "I")

(1) Premium Discount

Code 0063

Code 0064

(2) Expense Constant

Code 0900

(3) Waiver of Subrogation – Flat Charge

Code 9115

**4. Employer Assessment Surcharge Code**

a. Employer Assessment Surcharge

Code 0938

**C. Loss Information Codes**

**6. Vocational Rehabilitation Indicator**

**[Code]Indicator      Description**

Balance remains unchanged.

**7. Fraudulent Claim Codes**

<b>Code</b>	<b>Description</b>
<u>00</u>	Not Fraudulent
<u>01</u>	Partial Fraudulent
<u>02</u>	Fully Fraudulent

**D. Individual Case Report Codes**

**9. Lump Sum Indicator**

**[Code]Indicator      Description**

**10. Fraudulent Claim Code**

<b>Code</b>	<b>Description</b>
<u>00</u>	Not Fraudulent
<u>01</u>	Partial Fraudulent
<u>02</u>	Fully Fraudulent

**[E. Employer Assessment Surcharge**

1. Employer Assessment Surcharge

**Code 0938]**

**Injury Description Coding**

**Nature of Injury**

<b>Code</b>	<b>Narrative Description</b>
<b>I. Specific Injury</b>	
36. Infection	The Invasion of a Host by Organisms such as Bacteria, Fungi, Viruses, <u>Mold</u> , Protozoa or Insects, With or Without Manifest Disease.
<b>II. Occupational Disease or Cumulative Injury</b>	
79. <u>Hepatitis C</u>	

**Cause of Injury**

<b>Code</b>	<b>Narrative Description</b>
<b>X. Miscellaneous Causes</b>	
88. <u>Natural Disaster</u>	
91. <u>Mold</u>	
96. <u>Terrorism</u>	

**SECTION VI**

**Examples**

**Illustration 22 – Anniversary-Rated Policy with Employer Assessment**

In this illustration it is assumed that more than one experience modification applies during the policy period and that an Employer Assessment is applicable.

Note: In the following example all premiums are calculated in the same sequence outlined in Example 16 (Combination Example).

Calculation of the Employer Assessment Premium Base proceeds by adding back to the total policy premium the amount of any applicable Small or Large Deductible Premium Credit. Small or Large Deductible Premium Credits include either of the following statistical codes in Pennsylvania:

**9663 or 9664**

The resulting assessment charge shall be reported on Lines “J” through “K” under Code 0938 and is not to be used in any premium calculations.

As with most pricing programs in the Commonwealth of Pennsylvania (i.e., Construction Credit – 9046, Merit Rating Credit – 9885, etc.), the Employer Assessment charge is applicable as of anniversary rate date. This means that any policy with an effective or anniversary date of 10/01/99 or later is subject to the Employer Assessment charge 0938.

Example: A policy with a 09/01/99 effective date and a 12/01/99 anniversary rate date would have an assessment charge applicable to only the 12/01/99 – 09/01/00 portion of the policy.

Note: Since the expense constant (0900), minimum premium (0990), premium discount (0063/0064), etc. are all used in the calculation of the Employer Assessment (0938), it will be necessary to pro-rate these items and show each of the split portion premiums separately on anniversary-rated risks. Failure to do so will result in the issuance of error criticisms.

### **PREMIUM CALCULATION ALGORITHM**

These revisions to the Premium Calculation Algorithm include reformatting of non-rateable codes into a drop-down table, modifying the Aircraft Seat Surcharge to reflect the ten-seat maximum per aircraft, adding the Workfare Program and the Waiver of Subrogation charge (flat and percentage), and removing the expense constant charge from the premium discount calculation. These revisions become **effective retroactively to November 26, 2002** on an **OPTIONAL** basis and are **mandatorily effective on October 1, 2004**.

See Bureau Circular No. 1452 for the revised Premium Calculation Algorithm.

### **EXECUTIVE OFFICER EXCLUSION – Effective January 14, 2003**

The Bureau has adopted the “Application for Executive Officer Exception” form that is used by the Department of Labor & Industry. This form, a copy of which is attached to this circular, is **effective January 14, 2003**.

Questions concerning the Basic Manual revisions or the “Application for Executive Officer Exception” form can be directed to Betty Ann Campbell, Director – Rating Rules & Policy Reporting, at Extension 218 or bcampbell@pcrb.com.

Questions concerning the Statistical Plan Manual revisions or the Premium Calculation Algorithm can be directed to Bonnie Piacentino, Director – Statistical Reporting, at Extension 223 or bpiacentino@pcrb.com.

The Basic and Statistical Plan Manuals will be updated on our website (www.pcrb.com) at a later date.

Timothy L. Wisecarver  
President

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***Remember to visit our web site at [www.pcrb.com](http://www.pcrb.com) for more information about this and other topics.***





# FORM COMPLETION HINTS

## In General:

This form will be machine-read by the Bureau of Workers Compensation. The red lines and boxes will "drop out" during processing so that the information typed or written (typed is preferable) on the form can be automatically "read" and used by the Bureau's computer system. Forms that do not meet Bureau requirements will be rejected. Do not staple forms together.

## Where to Type:

When typing a form, begin in the left most box of each set of red boxes. Use normal spacing (do not put one letter per box) stay in within the range of boxes. Avoid typing in the margins. Use black ink only. For example:

First Name  
JOHNATHAN

Last Name  
JONES

## Where to Handwrite:

When completing a form by hand, print clearly, using uppercase letters, in black ink only, placing one letter or numeral within each box. For example:

First Name  
JOHNATHAN

Last Name  
JONES

## Dates:

Enter all dates as MMDDYYYY. For example:

Month Day Year  
04 27 1999

OR

Month Day Year  
04 27 1999

## Telephone Numbers:

The first three digits are the area code. No need for parenthesis. For example:

Telephone  
717 553 894

OR

Telephone  
717 555 3894