



Pennsylvania Compensation Rating Bureau

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December 18, 2015

PCRB CIRCULAR NO. 1649

To All Members of the PCRB:

RE: PCRB Filing No. 267 - Manual Revisions to Sections 1 and 2 **Revisions to Designated Auditable Payrolls** **EFFECTIVE APRIL 1, 2016**

The Insurance Commissioner has approved certain designated Rating Values for Workers Compensation and for Employers Liability Insurance (the Basic Manual). These revisions are effective 12:01 a.m., April 1, 2016 with respect to new and renewal policies having normal anniversary rating dates on or after that date.

This effective date is intended to make the implementation of these changes concurrent with the PCRB's normal annual loss cost revision filing, which was filed separately.

The Basic Manual designates various auditable weekly or annual payrolls including the weekly maximum musicians' or entertainers' payrolls, the weekly minimum and maximum corporate officer payrolls, the annual taxicab operator payroll and the annual minimum auxiliary or special school police payroll. The PCRB reviews these designated payrolls annually.

The revisions to each of these designated payrolls are a function of Pennsylvania's statewide average weekly wage (SAWW) effective January 1, 2015 (\$951.00 – an increase of 2% in relation to the January 1, 2014 statewide average weekly wage of \$932.00) with results rounded to the nearest \$50.00.

The PCRB continues to use the formula reviewed and adopted by the PCRB Classification & Rating Committee in 1982 for the calculation of the following auditable payrolls: the corporate officer weekly maximum at 2.5 times SAWW, the annual taxicab driver payroll to be used when cabs are leased and no payroll records are available at 50 times SAWW, and 5.0 times SAWW for the auxiliary or special police minimum annual payroll. The Committee also reviewed and confirmed that the corporate officer weekly minimum should be set at 90% of the SAWW beginning April 1, 2016. Each of these calculations is rounded to the nearest \$50.00. Use of these formulas produces the following April 1, 2016 values:

- The corporate officer minimum is revised from \$750 to **\$850** per week.
- The corporate officer maximum is revised from \$2,350 to **\$2,400**.
- The taxicab driver's annual payroll is revised from \$46,600 to **\$47,550**.
- The auxiliary or special police payroll is revised from \$4,650 to **\$4,750**.



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The following illustration shows the changes made to the PCRB Basic Manual:

MANUAL LANGUAGE

SECTION 1

RULE IX - SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE

EXECUTIVE OFFICERS

6. Premium Determination

Premium for executive officers to Section 1, Rule IX.)

- a. The requirements of Rule V-E.
- b. The minimum individual payroll for an executive officer is **\$850[750]** per week.
- c. The maximum individual payroll for an executive officer is **\$2,400[2,350]** per week.
- d. These limitations policy period.
- e. A part of a week weekly payroll.

SECTION 2

803 TAXICAB COMPANY.

Applicable to a business by zone or meter.

When cabs are leased to operators and no payroll records are available, an amount of **\$47,550[46,600]** per annum may[shall] be taken as payroll per operator provided the insurer has made a determination of employment status. This amount may be prorated if the operator does not work a full year.

985 POLICE OR FIREFIGHTERS, SALARIED Employees of Cities, Townships, Boroughs or Counties.

OPERATIONS ALSO INCLUDED:

- 1. Auxiliary police or special school police appointed by municipalities or townships. For such personnel, premium shall be based upon the actual remuneration subject to a minimum payroll of **\$4,750[4,650]** per year for each employee performing services at any time during the year.
- 2. No change
- 3. No change

Please direct any questions or comments to:

- Ken Creighton, Chief Actuary, at (215) 320-4924 or kcreighton@pcrb.com - regarding these changes in rating values.

William V. Taylor
President