

**PENNSYLVANIA COMPENSATION RATING BUREAU**  
2011 Educational Series

**PCRB 101 - Basic Bureau Operations**

- Learn the primary functions of the PCRB Rating Rules, Classification, Statistical Reporting and Actuarial Departments
- Meet key staff members
- Highlights of most Pennsylvania workers compensation programs
- Three (3) Continuing Education credits

**SESSION DATES:**

**Thursday, April 21**  
**Thursday, October 27**

**Advanced Seminars**

- In-depth discussions
- Half-day session on single areas of concentration
- Learn program details from experts
- Three (3) Continuing Education credits

**SESSIONS AND DATES:**

Classifications  
Experience Rating/Other Rating Plans  
Actuarial Procedures  
Test Audit Program  
Unit Statistical Reporting

**Thursday, May 5**  
**Thursday, June 16**  
**Thursday, September 8**  
**Thursday, October 6**  
**Thursday, October 20**

**GENERAL INFORMATION:**

- **COST** - \$35 per person per course
- **TIMES** - all sessions are 9:30 a.m. - 1 p.m.
- **LOCATION** - all sessions held in PCRB offices, United Plaza Building, Suite 1500, 30 South 17th Street, Philadelphia, PA 19103
- **ATTIRE** - business casual
- **CONTINENTAL BREAKFAST** will be served
- **COURSE OUTLINES** are available on [www.pcrb.com](http://www.pcrb.com)
- **QUESTIONS** -215-320-4455

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**REGISTRATION FORM**

(Return this portion with your check)

Name \_\_\_\_\_ Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

*(street address, city, state, zip code)*

Telephone \_\_\_\_\_ E-mail \_\_\_\_\_

**PCRB 101 - April 21** \_\_\_\_\_ **PCRB 101 - October 27** \_\_\_\_\_ **Classifications - May 5** \_\_\_\_\_

**Rating Plans - June 16** \_\_\_\_\_ **Actuarial Procedures - September 8** \_\_\_\_\_

**Test Audit Program - October 6** \_\_\_\_\_ **Unit Statistical Reporting - October 20** \_\_\_\_\_

No. of Courses \_\_\_\_\_ x \$35 course = \$ \_\_\_\_\_ enclosed Check No. \_\_\_\_\_

**Make checks payable to Pennsylvania Compensation Rating Bureau**

**Pennsylvania Compensation Rating Bureau**

**PCRB 101 Basic PCRB Operations**

**Course Outline**

20 minutes

- I. Origin of PCRB and Workers Compensation
  - A. Early U.S. History of Workers Compensation
  - B. Current make-up of PCRB's membership and duties of committees
    - 1. Governing Board
    - 2. Classification and Rating
    - 3. Statistical and Actuarial

25 minutes

- II. Basic Functions (Overview)
  - A. Manual Rules
  - B. Proof of Coverage
  - C. Employer Classification Administration
  - D. Rating Plans Administration
  - E. Actuarial Analysis
  - F. Test Audit

30 minutes

- III. Collecting Data
  - A. Collecting Data
    - 1. Policy data
    - 2. Unit Statistical Data
    - 3. Individual Claim Reports
    - 4. Financial Calls
  - B. System Demonstration
  - C. Data Reporting Initiatives
    - 1. Advisory Statistical Work Group (ASWG)
    - 2. National Association of Insurance Commissioners (NAIC)
    - 3. Bureau Entry Edit Package (BEEP)

**BREAK**

30 minutes

- IV. Classification System
  - A. Objective of Class System
  - B. Standard Exception Classifications
    - 1. 951 Salesman
    - 2. 953 Clerical Office
  - C. Governing Classification Determination
  - D. Subclassifications
  - E. Appeal of Class Assignment Procedure
    - 1. Who to contact
    - 2. Time frame of appeal

45 minutes

- V. Rating Plans
  - A. Experience Rating Plan
    - 1. Purpose
      - a. eligibility requirement for policyholders
    - 2. Explanation of the Experience Rating Calculation
  - B. Merit Rating Plan
    - 1. How it applies to non-rated insureds
  - C. Pennsylvania Construction Classification Premium Adjustment Program (PCCPAP)
  - D. Certified Safety Credit Program
    - 1. Eligibility requirements

30 minutes

- VI. Loss Cost Determination
  - A. Overall Filing Procedure

30 minutes

Questions and Answers

PENNSYLVANIA COMPENSATION RATING BUREAU

ACTUARIAL PROCEDURES SEMINAR

A. Collecting Data (9:30-10:00)

1. Unit Data
2. Financial Data

B. Filing Process (10:00-10:30)

1. Collect, Edit, Summarize Data
2. Analyze data
3. Committee Meetings
4. File with Insurance Department
5. Insurance Department review
6. Negotiation, Hearings
7. Insurance Department decision - approve or disapprove
8. Implementation (with possible re-filing)

C. Ratemaking (10:30-11:15)

1. Rate vs Loss Cost
2. Overall Level
  - a. Loss ratios
  - b. Loss development
  - c. Current price & cost levels
  - d. Trending
  - e. Indicated change
3. Classification Level
  - a. Pure premiums
  - b. Large losses
  - c. Credibility
  - d. Swing limits
  - e. Balancing

BREAK (11:15-11:30)

C. Ratemaking - continued (11:30-12:30)

D. Other Areas (12:30-1:00)

1. Retrospective Rating Plan Parameters
2. Excess Loss Premium / Pure Premium Factors
3. Loss Elimination Ratios - Small deductibles
4. PCCPAP Offset Factors
5. Experience Rating Plan Parameters
6. Valuation of Changes in Law / Benefit Levels

**DCRB / PCRB FINANCIAL CALL SEMINAR**  
**Topics to be Discussed**

1. Financial Call Flow of Data
2. Types of Data
  - a) Regular Business
  - b) Large Deductible Business
  - c) F-Class Business
  - d) Assigned Risk
3. Reporting Premiums
  - a) Standard at Bureau Level
  - b) Standard at Company Level
  - c) Net Earned Premium
4. Reporting Incurred Losses
  - a) Paid and Outstanding
  - b) Claim Counts
5. Reconciling Calls for Current Reporting Year
6. Plausibility / Congruity of Current and Prior Call Reporting
7. Utilizing the Questionnaire
8. Financial Data Incentive Program
  - a) Timeliness of Calls
  - b) Resubmissions
  - c) Quality of Calls
    - i) Basic Edits
    - ii) Actuarial Edits
  - d) Assessments
  - e) Appeals Procedure
9. Changes to the Calls Valued as of 12/31/\_\_\_
10. Questions and Answers

## **CLASSIFICATION SEMINAR**

### **COURSE OUTLINE**

#### **MANUAL RULE IV - CLASSIFICATIONS**

- GENERAL EXPLANATION - OBJECTIVE
- BASIC CLASSIFICATIONS
  - FIELD OF BUSINESS
  - BUSINESS PERCENTAGES
- STANDARD EXCEPTIONS, CODE 951, SALESPERSON - OUTSIDE, AND CODE 953, OFFICE
- GENERAL INCLUSIONS
- GENERAL EXCLUSIONS
- SUBCLASSIFICATIONS
- ASSIGNMENT OF CLASSIFICATIONS
- SINGLE ENTERPRISE CONCEPT
- AUTHORIZED CLASSIFICATION
  - POLICY REVIEW AND STATISTICAL REVIEW CRITICISMS
- MULTIPLE ENTERPRISE CONCEPT
- GOVERNING CLASSIFICATION
  - MISCELLANEOUS EMPLOYEES
- ASSIGNMENT BY ANALOGY
- INTERCHANGE OF LABOR
  - "SEPARATELY RATE" OR "TO BE SEPARATELY RATED"
  - CONSTRUCTION OR ERECTION OPERATIONS
- CHANGING CLASSIFICATIONS
- DISPUTE RESOLUTION AND APPEALS

#### **GENERAL CLASSIFICATION DISCUSSION**

- MANUFACTURING CLASSIFICATIONS
  - RAW MATERIALS, PROCESS, FINAL PRODUCT
- CONSTRUCTION CLASSIFICATIONS
  - BY TRADE; SEPARATE PAYROLL RECORDS MAINTAINED
  - ALL WORK TO COMPLETION
- MERCANTILE CLASSIFICATIONS
  - WHOLESALE VS. RETAIL
  - PRINCIPAL MERCHANDISE SOLD
  - ONE CLASS PER LOCATION

#### **CLASSIFICATION STUDIES**

- CRITERIA FOR STUDYING A CLASSIFICATION
- CLASSIFICATION STUDY METHODOLOGY
- RECENTLY COMPLETED STUDIES AND THEIR IMPACT

# Pennsylvania Compensation Rating Bureau

## Experience Rating Seminar Course Outline

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- **Introduction to the New Experience Rating Plan**
  - Review of basic Experience Rating fundamentals
  - General Explanation
  - Characteristics of Experience Rating
  - How the Plan operates
  
- **Anniversary Rating**
  - Need for anniversary rating
  - How it applies
  - Affect on experience rating
  
- **Revision of Losses**
  - When may a claim be revised?
  - Filing of correction reports
  - 24 and 48 month rule
  
- **Calculating an Experience Rating**
  - Table-A
  - Table-B
  - Treatment of Catastrophe claims
  - Treatment of Subrogation claims
  
- **Ownership Changes**
  - Affects on experience rating
  - Combinability of entities
  - Partial sales
  
- **General Discussion**

Total Program 3 ½ hours

**Pennsylvania Compensation Rating Bureau**

**Unit Statistical Reporting Seminar  
Outline**

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- **Introduction** **5 minutes**

Overview of PCRB and why we need the statistical data from insurance carriers.

  - Loss Cost filings with Insurance Department
  - Experience Rating Calculations
  - Merit Rating Program
  
- **Filing Schedule** **10 minutes**

Review in detail the timing of all filings with the PCRB. The Statistical Plan Manual outlines most of these requirements but emphasis will be given to the procedures that are adhered to by the PCRB.
  
- **First Report and Subsequent Reports** **25 minutes**

First Reports

  - Discussion of the filing of the first report of statistics to the PCRB.
  - What needs to be included within this document.
  - When the data should be evaluated by the insurance carrier.
  - What the carrier should expect to see from the PCRB. A full explanation of what the PCRB edits on these reports.
  - Review the PCRB criticism letters and how to respond to these errors.

Subsequent Reports

  - Full explanation what unit statistical reports require additional reporting to the PCRB
  - PCRB requires up to the tenth report on all open claims.
  
- **New Data Elements - (ASWG)** **25 minutes**

The Advisory Statistical Working Group better known as “ASWG” has implemented a new form for reporting data to rating organizations. Included with this new form are several new data elements which insurance carriers must capture and report to the PCRB. Discussion will center on these new elements and how they should be captured and reported on the new ASWG form.

- **Correction Reports** **40 minutes**  
A step-by-step process will be discussed about filing of correction reports.
  - When correction reports should be filed.
  - How the corrected data fields should be reported.
    - P-Previously reported data
    - R-Revised data
  - How the carrier should communicate with the PCRB if they feel they are correct.
  - What the PCRB crit letter error messages mean.
  - Employer Assessment example

**Break** **15 minutes**

- **Individual Claim Reports** **40 minutes**  
Individual Claim Reports (ICRs) will be reviewed in detail
  - New changes on when they should be filed.
  - What data should be included on the form.
  - Detailed explanation on the coding aspects of the claim.
- **Data Quality** **35 minutes**  
The PCRB spends an inordinate amount of time and resources to assure that the data it receives and uses is as accurate as possible. Data Quality is job 1.
  - Unit Statistical Report Edit Messages
  - Future Report Card status per insurance carrier.
- **Incentive Program** **15 minutes**
  - Timing of Fines
  - Schedule of fine amounts
  - Appeal of fines.

Total Program 3 ½ hours

## TEST AUDIT SEMINAR – COURSE OUTLINE

- OVERVIEW OF TEST AUDIT PROGRAM
  - PURPOSE
  - RISK SELECTION
  - DISPOSITION OF TEST AUDITS
  - EXCHANGE OF INFORMATION
  - TEST AUDIT APPEALS PROCEDURE
  - PROGRAM STANDARDS
  - TEST AUDIT STANDARDS
  - INCENTIVE PROGRAM
  
- TEST AUDIT DIFFERENCES
  - RISK MISCLASSIFICATION
  - PAYROLL DIFFERENCES
  - EMPLOYEE MISCLASSIFICATION
  - OTHER DIFFERENCES
  
- DETERMINING EMPLOYEE JOB DUTIES
  - EXECUTIVE OFFICER QUESTIONS
  - STANDARD EXCEPTIONS
  - MISCELLANEOUS EMPLOYEES
  - CLERICAL VS. GOVERNING CLASSIFICATION
  - INTERCHANGE OF LABOR
  
- AUDITING PAYROLL RECORDS
  - AUDITING BY POLICY PERIOD
  - TYPES OF RECORDS USED
  - OBTAINING AND VERIFYING GROSS PAYROLL
  - AUDITING BY STANDARD EXCEPTION
  
- AFTER THE TEST AUDIT IS COMPLETED
  - COMMUNICATION WITH INSURANCE CARRIERS
  - TEST AUDIT APPEALS
  - TEST AUDIT COMMITTEE
  - TEST AUDIT INCENTIVE PROGRAM
  
- Q & A