

TO: Pennsylvania Compensation Rating Bureau Classification & Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: June 4, 2025

RE: Proposed Revisions to Designated Auditable Payrolls and Concurrent Sections 1 and 2 Manual Amendments – April 1, 2026

The Pennsylvania Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and for Employers Liability Insurance (Basic Manual) designates the following auditable weekly or annual payrolls: 1) the weekly minimum and maximum corporate officer payrolls, 2) the annual taxicab operator payroll, 3) the annual minimum auxiliary or special school police payroll, 4) the weekly maximum musicians' or entertainers' payrolls, and 5) the annual maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970, Athletic Team – Contact Sports, or Code 991, Athletic Team – Noncontact Sports. The PCRB reviews these auditable payrolls annually.

The PCRB recommends that the revisions to the designated auditable payrolls being proposed in this memorandum become effective concurrent with the implementation of the PCRB's April 1, 2026, comprehensive loss cost revision, to be filed with the Department at a later date. The proposed revisions are a product of Pennsylvania's Statewide Average Weekly Wage (SAWW) effective January 1, 2025 (\$1,347 – an increase of 1.7% in relation to the January 1, 2024, SAWW of \$1,325.00).

The formula to determine the executive office weekly maximum was revised from 2.5 times SAWW (rounded to the nearest \$50.00) to 4 times SAWW (rounded to the nearest \$50.00) effective for policies with effective dates of April 1, 2025, or later. For details on this revision, see PCRB Filing No. 344 and PCRB Circular No. 1813.

The formulas for calculating the remaining designated auditable payrolls are as follows:

- 100% of SAWW for the executive officer weekly minimum auditable payroll.
- SAWW times 50 (rounded to the nearest \$50.00) for the annual taxicab driver payroll to be used when cabs are leased, and no payroll records are available.
- 10% of SAWW times 50 (rounded to the nearest \$50.00) for the auxiliary or special school police minimum annual payroll.

- 100% of SAWW for the maximum weekly payroll to be audited for musicians or entertainers who are not independent contractors.
- SAWW times 4 multiplied by 52 (rounded to the nearest \$10,000) for the annual maximum payroll for each player, coach, manager, or sports official subject to assignment to Code 970 or Code 991.

As a result of this review the PCRB proposes that for April 1, 2026:

- The executive officer maximum be revised from \$5,300 per week to \$5,400 per week.
- The executive officer minimum be revised from \$1,325 per week to \$1,347 per week.
- The taxicab driver's annual payroll be revised from \$66,250 to \$67,350.
- The auxiliary or special school police annual payroll be revised from \$6,650 to \$6,750.
- The maximum auditable payroll for musicians or entertainers be revised from \$1,325 per week to \$1,347 per week.

The annual maximum payroll for each player, coach, manager, or sports official subject to assignment to Code 970 or Code 991 is unchanged from its current value of \$280,000.

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

Proposed Effective April 1, 2026

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

TABLE OF CONTENTS remains unchanged.

SECTION 1 – Underwriting Rules-Rule I (GENERAL) through Rule I (CLASSIFICATIONS) remains unchanged.

RULE V – PREMIUM BASIS

No change to Item A.

B. REMUNERATION – PAYROLL

No change to Item 1.

2. Inclusions

No change.

No change Items a. through m.

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$~~1,325~~1,347 per week for each musician or entertainer).

No change Items o. through v.

No change to Items 3. through 5.

No change to Items C. through F.

SECTION 1 – Underwriting Rules-Rule VI (RATING VALUES AND PREMIUM DETERMINATION) through Rule VIII (LIMITS OF LIABILITY) remains unchanged.

RULE IX- SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

No change to Items 1. through 5.

6. Premium Determination

No change.

a. No change.

b. The minimum individual payroll for an executive officer is \$~~1,325~~1,347 per week.

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

Proposed Effective April 1, 2026

c. The maximum individual payroll for an executive officer is ~~\$5,300~~5,400 per week.

No change to Items d. and e.

No change to Item B. through Item I.

SECTION 1 – Underwriting Rules-Rule X (CANCELLATION) through Rule XVIII (PROFESSIONALEMPLOYER ORGANIZATIONS, PROFESSIONAL EMPLOYER AGREEMENTS AND PROFESSIONAL EMPLOYER SERVICES) remains unchanged.

SECTION 2 – CLASSIFICATION & PCRB RATING VALUES

PCRB RATING VALUES through **DEFINITIONS** remain unchanged.

CLASSIFICATIONS

Classification Code 005, TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING, through **Classification Code 802, MOBILE CRANE RENTAL WITH OPERATORS,** remain unchanged.

803 TAXICAB COMPANY

No change.

When cabs are leased to operators and no payroll records are available, an amount of ~~\$66,250~~67,350 per annum may 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.

Classification Code 804, SCHOOL TRANSPORTATION – BY INDEPENDENT CONTRACTOR, through **Classification Code 984, INSURANCE COMPANY – ALL EMPLOYEES INCLUDING OFFICE,** remain unchanged.

985 POLICE OR FIREFIGHTERS, SALARIED EMPLOYEES OF CITIES, TOWNSHIPS, BOROUGH 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 ~~\$6,650~~6,750 per year for each employee performing services at any time during the year.

No change to Items 2. and 3.

OPERATIONS NOT INCLUDED:

No change.

Classification Code 986, ADULT SHELTER OR HALFWAY HOUSE – RESIDENTIAL – NON-MEDICAL – ALL EMPLOYEES INCLUDING OFFICE, through **Statistical Code 9741 CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM)** remain unchanged.

GENERAL AUDITING & CLASSIFICATION INFORMATION through the end of **SECTION 2** remains unchanged.

SECTION 3 – ENDORSEMENTS remains unchanged.

SECTION 4 – RETROSPECTIVE RATING PLAN remains unchanged.

SECTION 5 – EXPERIENCE RATING PLAN remains unchanged.

SECTION 6 – MERIT RATING PLAN remains unchanged.

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

Proposed Effective April 1, 2026

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

TABLE OF CONTENTS remains unchanged.

SECTION 1 – Underwriting Rules-Rule I (GENERAL) through Rule I (CLASSIFICATIONS) remains unchanged.

RULE V – PREMIUM BASIS

No change to Item A.

B. REMUNERATION – PAYROLL

No change to Item 1.

2. Inclusions

No change.

No change Items a. through m.

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$1,347 per week for each musician or entertainer).

No change Items o. through v.

No change to Items 3. through 5.

No change to Items C. through F.

SECTION 1 – Underwriting Rules-Rule VI (RATING VALUES AND PREMIUM DETERMINATION) through Rule VIII (LIMITS OF LIABILITY) remains unchanged.

RULE IX- SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

No change to Items 1. through 5.

6. Premium Determination

No change.

a. No change.

b. The minimum individual payroll for an executive officer is \$1347 per week.

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

Proposed Effective April 1, 2026

c. The maximum individual payroll for an executive officer is \$5,400 per week.

No change to Items d. and e.

No change to Item B. through Item I.

SECTION 1 – Underwriting Rules-Rule X (CANCELLATION) through Rule XVIII (PROFESSIONALEMPLOYER ORGANIZATIONS, PROFESSIONAL EMPLOYER AGREEMENTS AND PROFESSIONAL EMPLOYER SERVICES) remains unchanged.

SECTION 2 – CLASSIFICATION & PCRB RATING VALUES

PCRB RATING VALUES through **DEFINITIONS** remain unchanged.

CLASSIFICATIONS

Classification Code 005, TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING, through **Classification Code 802, MOBILE CRANE RENTAL WITH OPERATORS,** remain unchanged.

803 TAXICAB COMPANY

No change.

When cabs are leased to operators and no payroll records are available, an amount of \$67,350 per annum may 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.

Classification Code 804, SCHOOL TRANSPORTATION – BY INDEPENDENT CONTRACTOR, through **Classification Code 984, INSURANCE COMPANY – ALL EMPLOYEES INCLUDING OFFICE,** remain unchanged.

985 POLICE OR FIREFIGHTERS, SALARIED EMPLOYEES OF CITIES, TOWNSHIPS, BOROUGHES 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 \$6,750 per year for each employee performing services at any time during the year.

No change to Items 2. and 3.

OPERATIONS NOT INCLUDED:

No change.

Classification Code 986, ADULT SHELTER OR HALFWAY HOUSE – RESIDENTIAL – NON-MEDICAL – ALL EMPLOYEES INCLUDING OFFICE, through **Statistical Code 9741 CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM)** remain unchanged.

GENERAL AUDITING & CLASSIFICATION INFORMATION through the end of **SECTION 2** remains unchanged.

SECTION 3 – ENDORSEMENTS remains unchanged.

SECTION 4 – RETROSPECTIVE RATING PLAN remains unchanged.

SECTION 5 – EXPERIENCE RATING PLAN remains unchanged.

SECTION 6 – MERIT RATING PLAN remains unchanged.