



Pennsylvania Compensation Rating Bureau

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September 28, 2020

PCRB CIRCULAR NO. P1749

To All Members of the PCRB:

RE: APPROVAL OF PCRB FILING NO. 315
BASIC MANUAL REVISIONS – SECTION 2
EFFECTIVE APRIL 1, 2021

MERGER OF CODE 888, HOMEOWNERS' ASSOCIATION, INTO CODE 880, APARTMENT
HOUSE OR CONDOMINIUM COMPLEX OPERATION

The Pennsylvania Insurance Commissioner has approved PCRB filing number 315 regarding the merger of Code 888, Homeowners' Association, with Code 880, Apartment House or Condominium Complex Operation, for policies effective on or after 12:01 a.m., April 1, 2021. The effective date of this change is concurrent with the PCRB's annual comprehensive loss cost revision, which will be filed by the PCRB with the Insurance Department at a later date. This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems.

Code 888 applies to an association responsible for the governance of a residential planned community consisting of single-family dwellings (e.g., detached houses or townhomes) and to an employer engaged in the operation of a mobile home park. The creation of Code 888 resulted from a PCRB study of the classification applicable to homeowners' associations and mobile home parks that was concluded in 2016. That study was undertaken to address the anomalous inclusion of homeowners' associations and mobile home parks in Code 971, Commercial Buildings. Code 971 is applied to employers principally engaged in the operation and/or contract management of buildings or properties used for commercial or industrial occupancy (e.g., office buildings and strip malls). Code 971 is also applied to janitorial contractors performing work at commercial sites (e.g., office cleaning) and to employers providing a specialty commercial cleaning service including but not necessarily limited to: duct cleaning, floor waxing or polishing and the power washing of exterior walls or decks. Homeowners' associations and mobile home parks were the only types of residential property management operations classified to Code 971. PCRB staff initially considered reclassifying homeowners' associations and mobile home parks from Code 971 to Code 880.

Code 880 is applied to employers principally engaged in the operation or contract management of properties used for residential occupancy such as apartment buildings and residential condominium complexes. Staff reasoned that homeowners' associations and mobile parks were properly classified to Code 880 as they are also properties used for residential occupancy. At the time however it was determined that this reclassification was not feasible because it would have resulted in a rating value increase for impacted employers well in excess of the April 1, 2016 maximum permissible rating value increase for an industry group 3 classification. While the preferred reclassification was not feasible at the time, staff reasoned that the inclusion of these employers in Code 971 constituted a misclassification that should not be continued. Staff therefore recommended and proposed that homeowners' associations and mobile home parks

be reclassified from Code 971 to the new and separate Code 888. The Pennsylvania Insurance Commissioner approved the PCRB's proposal to create Code 888 for policies with effective dates of April 1, 2017 and later.

The PCRB's intention, as stated in the filing documents that proposed the creation of Code 888, was that Code 888 be created as an "interim" classification. The "interim" classification procedure was developed to address situations where staff's underwriting analysis indicates that the groups under study conduct business operations analogous to those contemplated by another existing PCRB classification, but where the PCRB may not propose that the employer groups be reclassified from their current classification to the analogous classification because the difference between the rating values of the existing classification and the analogous classification exceed the maximum permissible rating value increase or decrease. Staff then monitors the PCRB loss costs filed and approved for the interim classification to determine when they are close enough to merge the interim classification into the existing analogous classification. The approved April 1, 2020 PCRB loss costs for Code 888 and Code 880 are now the same - \$3.03 – and as a result the classifications may now be merged. PCRB's historical experience exhibit combining the April 1, 2020 Code 888 and Code 880 Class Book Pages yielded a post-surcharge loss cost of \$3.01. This represents a rating value decrease of 0.66% for employers presently classified to either Code 888 or Code 880 in relation to the approved April 1, 2020 PCRB loss costs for those classifications. The approved April 1, 2021 PCRB loss cost for the revised Code 880 is expected to differ from this value given the PCRB's upcoming comprehensive loss cost filing.

Please refer to Filing No. 315, available on the PCRB's website (<http://www.pcrb.com>) under the "Filings" tab, for additional details and information on this revision. Please contact Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at rferrante@pcrb.com for any questions regarding this Circular. The Basic Manual revisions associated with the merger of Code 888 into Code 880 are attached. The Basic Manual will be updated on the PCRB's website at a later date.

William V. Taylor
President

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

Approved Effective April 1, 2021

INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

SECTION 1 – UNDERWRITING RULES remains unchanged.

SECTION 2 – CLASSIFICATIONS

RATING VALUES through DEFINITIONS remains unchanged.

No change to Classification Code 005 – TREE PRUNING, SPRAYING, REPAIRING OR FUMIGATING through Classification Code 879 - EMPLOYMENT CONTRACTOR – TEMPORARY PACKAGING – CONTRACT – NON – CRATING STAFF.

880 APARTMENT HOUSE OR CONDOMINIUM COMPLEX OPERATION

Applies to an employer principally engaged in the operation or contract management of ~~a building or buildings with multiple residential living units residential buildings or properties. Includes Such buildings or properties include but are not necessarily limited to:~~ apartment houses, condominium complexes, ~~and~~ cooperative buildings ~~and homeowners' associations.~~ A cooperative is a type of residential property where the resident owns shares in the corporation that owns the building and has the right to live in a specific unit but does not actually own the space. A homeowners' association is responsible for the governance of a residential planned community consisting of single family dwellings (e.g., detached houses or townhomes), and is empowered to regulate the use, maintenance, repair and modification of the common elements of the community.

OPERATIONS ALSO INCLUDED:

(No change to Item 1.)

2. Homeowners' association staff performing lawn maintenance, maintenance, and repair of common elements (e.g., streets and roads), the operation and maintenance of amenities for residents of the community (e.g., swimming pools, tennis courts, health or fitness facilities), community centers or clubhouses, and security.

OPERATIONS NOT INCLUDED:

~~Assign Code 888 to an association responsible for the governance of a residential planned community consisting of single family dwellings. See Code 888 further information.~~

1. Separately classify additional operations conducted by a homeowners' association as follows:
2. Assign the applicable restaurant classification to payroll developed in a physically separated and separately staffed prepared food and/or beverage service.
3. Assign Code 944 to payroll developed in the operation of a separately staffed golf course.
4. Assign Code 753 to payroll developed in the operation of a separately staffed sewage disposal plant and/or water supply system.

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5. Assign Code 801 to payroll developed in the operation of a separately staffed horse stable.

UNDERWRITING GUIDE ADDITIONS

Apartment House Or Condominium Complex Operation
Condominium Association
Condominiums – Including Resident Or On-Site Manager
Cooperative Building – For Residential Occupancy
Gated Community
Homeowners' Association
Mobile Home Park
Porters For Condominiums
Residential House Rental
Residential Planned Community
Unit Owners Association (For a Residential Planned Community)

888 HOMEOWNERS ASSOCIATION

~~Applies to an association responsible for the governance of a residential planned community consisting of single family dwellings (e.g., detached houses or townhomes). Pursuant to Section 5302 of the Planned Community Act (PCA) of the Pennsylvania Code, an association is empowered to regulate the use, maintenance, repair and modification of the common elements of the community. Code 888 applies but is not necessarily limited to association staff performing lawn maintenance, maintenance and repair of common elements e.g., streets and roads, and the operation and maintenance of amenities for residents of the community e.g., swimming pools, tennis courts, health or fitness facilities, and community centers or clubhouses.~~

OPERATIONS ALSO INCLUDED:

- ~~1. Security of the planned community by the Homeowners Association staff.~~
- ~~2. The operation of a mobile home park.~~

OPERATIONS NOT INCLUDED:

- ~~1. Assign the applicable restaurant classification to payroll developed in a physically separated and separately staffed prepared food and/or beverage service.~~
- ~~2. Assign Code 944 to payroll developed in the operation of a separately staffed golf course.~~
- ~~3. Assign Code 753 to payroll developed in the operation of a separately staffed sewage disposal plant and/or water supply system.~~
- ~~4. Assign Code 801 to payroll developed in the operation of a separately staffed horse stable.~~
- ~~5. Assign Code 716 to payroll developed in the operation of a separately staffed marina (State Act coverage only).~~
- ~~6. Assign Code 880 to an employer principally engaged in the operation or contract management of a building or buildings with multiple living units such as an apartment house, condominium complex or cooperative building and to an association established for the residents of such building or buildings.~~

UNDERWRITING GUIDE

~~Gated Community
Homeowners Association
Mobile Home Park
Residential Planned Community
Unit Owners Association (For a Residential Planned Community)~~

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AND FOR EMPLOYERS LIABILITY INSURANCE**

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CLASSIFICATION

No change to Abrasive Paper Or Cloth Preparation – Code 255 through Gate Mfg. - Ornamental Metal – Code 413

Gated Community

~~888~~880

No change to Gauge Mfg. - Ring, Plug Or Snap. – Code 441 through Homemaker Service – Code 943

Homeowners' Association

~~888~~880

No change to Hood Mfg., Range – Code 454 through Mobile Home Mfg. - Non Self-Propelled – Code 451

Mobile Home Park

~~888~~880

No change to Mobile Phone Repair – Code 952 through Residential Interior Cleaning Services - By Contractor – Code 882

Residential Planned Community

~~888~~880

No change to Residential Pond or Water Garden Installation – Code 012 through Uniform Supply Service Including Laundering – Code 141

Unit Owners Association (For a Residential Planned Community)

~~888~~880

SECTION 3 – ENDORSEMENTS remain unchanged.

SECTION 4 – RETROSPECTIVE RATING PLANS remains unchanged.

SECTION 5 – EXPERIENCE RATING PLAN remains unchanged.

SECTION 6 – MERIT RATING PLAN remains unchanged.

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OPERATIONS ALSO INCLUDED:

Item 1. remains unchanged.

2. Homeowners' association staff performing lawn maintenance, maintenance, and repair of common elements (e.g., streets and roads), the operation and maintenance of amenities for residents of the community (e.g., swimming pools, tennis courts, health or fitness facilities), community centers or clubhouses, and security.

OPERATIONS NOT INCLUDED:

1. Separately classify additional operations conducted by a homeowners' association as follows:
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5. Assign Code 801 to payroll developed in the operation of a separately staffed horse stable.

UNDERWRITING GUIDE ADDITIONS

Apartment House Or Condominium Complex Operation
Condominium Association

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Gated Community
Homeowners' Association
Mobile Home Park
Porters For Condominiums
Residential House Rental
Residential Planned Community
Unit Owners Association (For a Residential Planned Community)

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