

October 25, 2011

TO: MEMBERS, PENNSYLVANIA HOUSE OF REPRESENTATIVES

FROM: REPRESENTATIVE MARK MUSTIO

SUBJECT: WORKERS' COMPENSATION INSURANCE-PA COMPENSATION RATING BUREAU

I respectfully ask for your cosponsorship of legislation that is important to all businesses that purchase worker's compensation insurance in Pennsylvania. My legislation will impact the rules of the Pennsylvania Compensation Rating Bureau (PCRB) and prevent Pennsylvania businesses from being overcharged millions of premium dollars. As stated on their website, "The PCRB is a non-profit corporation formed in 1915 in accordance with the insurance laws of Pennsylvania and is not affiliated with state government. The PCRB's enabling statute specified that classification of employers, underwriting rules, policy forms, loss cost values and rating plans for workers compensation shall be proposed by a rating bureau situated within the state. The PCRB is subject to supervision and examination by the Pennsylvania Insurance Commissioner, who must approve its ability to compile loss costs on an equitable and impartial basis. The PCRB membership is comprised of all insurance carriers, including the State Workers' Insurance Fund ("SWIF"), authorized to sell workers compensation insurance in Pennsylvania.

The PCRB is not to be confused with the Bureau of Workers' Compensation, a division within the Commonwealth of Pennsylvania's Department of Labor and Industry. That agency is responsible for a number of statutorily designated activities, including the conduct of hearings in contested cases involving workers compensation claims and the enforcement of requirements for employers to secure payment of workers compensation benefits for their employees. Although both the Bureau of Workers' Compensation and the PCRB are often referred to simply as "the Bureau," they are very different and distinct organizations."

Under current rules the PCRB will revise the current and last two year's experience modifications when it is determined the modification was calculated using incorrect data, reports were not filed on time or not filed at all by the insurance carrier. My legislation will eliminate this current year and two year look back for any modification credit if the employer makes the request for a modification recalculation based on their discovery of incorrect data, reports missing a deadline or reports not filed at all. In other words there will be an unlimited look back period for the employer. The reason it is important that there be no limitation on the employer is because the current system does not have the employer as a party to the data reporting process.

Please join me in co-sponsoring this important piece of legislation by contacting my secretary at jmckee@pahousegop.com. Thank you.

MM:jmm