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RULINGS AND INTERPRETATIONS

This digest of rulings and interpretations is published for the convenience and guidance of the members of the Bureau and does not bear the official approval of the Insurance Commissioner. This information conforms to the rulings and interpretations as published in the Pennsylvania Compensation Rating Bureau Manual. These rulings and interpretations are based upon decisions made on individual risks, or they represent established practices. Each item has been approved for publication herein by the Governing Committee.

Rulings and interpretations should generally be followed for underwriting purposes in the case of risks which appear to come within their stated provisions. If risks involve conditions or operations which appear to be exceptions, such exceptions should be referred to the carrier and the Bureau.

EXECUTIVE OFFICERS - MULTIPLE CORPORATE ENTERPRISES:

An executive officer may either receive a salary from only one or from several corporations insured under one policy. In other instances several policies may be issued to cover several corporations and an executive officer may receive a salary from each of these corporations. The following procedure shall apply in these instances:

Where it is permissible to include more than one corporation on a single policy and such corporations are insured by a single carrier whether under one or more policies, the several corporations shall be considered as a unit with respect to the application of the Executive Officers Rule. In all other cases the rule shall apply on a policy basis.

EXECUTIVE OFFICERS REMUNERATION - TREATMENT OF:

The remuneration of executive officers shall be treated in accordance with the following procedures:

1. The remuneration of an executive officer shall not be included with the payroll of the risk for premium computation purposes, provided:
 - (a) That such officer is elected for the value of his or her name or because of stock holdings, has no duties and does not come on the premises, except perhaps to attend directors' meetings.
 - (b) That such officer because of age or for other reasons, ceases to perform any duties and does not come on the premises, except perhaps to attend directors' meetings.
2. The remuneration of an executive officer shall be included with the payroll of the risk for premium computation purposes, subject to the minimum and maximum provisions of the Basic Manual, provided:
 - (a) That such executive because of age or for other reasons, ceases to perform any duties, but, nevertheless, frequently visits the premises of the risk.
 - (b) That such officer frequently visits the premises of the risk for business conferences, directors' meetings or similar duties although also an officer or employee of another risk in the operations of which he takes an active interest.
3. Under the following conditions, the amount of remuneration of executive officers which shall be included with the payroll of the risk for premium computation purposes, subject to the minimum and maximum amounts of the Basic Manual, shall be as indicated below:
 - (a) Where the officer draws no salary in fact, but a regular salary is credited to him or her on the books, the amount so credited shall be included in the payroll of the risk as his or her remuneration.
 - (b) Where the officer draws no salary in fact, but a regular salary is credited to him or her on the books and subsequently charged back to such officer, the amount so credited shall be included in the payroll of the risk as his or her remuneration regardless of such charge off.
 - (c) Where the officer draws no regular salary but draws such various sums as his or her needs or the conditions of the business dictate, the actual amount drawn shall be included in the payroll of the risk as his or her remuneration.
 - (d) Where the officer receives no salary in fact, either drawn or credited, or where the records presented to the auditor fail to disclose the salary, the amount to be included in the payroll of the risk shall be the applicable manual minimum per week.

NAME OF INSURED

In addition to providing the complete legal name of the insured, carriers shall designate such fictitious name shown on the information page by the symbol D.B.A. (doing business as). If a fictitious name is shown on an endorsement in the same designation, D.B.A. shall also be shown. A fictitious name is a business name which is not the legal name of the insured.

Some individuals are known by two or more complete names. If a carrier shows the additional names of such an insured individual, it shall designate each additional name by the symbol A.K.A. (also known as).

Each information page or applicable endorsement shall identify every corporate name which does not include the words "incorporated" or "corporation" in said name by the designation (A Corp.) following the name.

The effective date of any change, addition or deletion in the name of the insured shall be shown on the endorsement.

When issuing an endorsement to reflect a change in ownership, the following procedure shall be followed:

1. If the endorsement contains the complete name of the insured as it will be on the effective date of the endorsement, the name should then be preceded by the phrase "Name is changed to . . ."
2. If the endorsement does not contain the complete name of the insured, the change should be preceded by the phrase "Name is added . . ." or "Name is deleted . . ."
3. Name and address changes should be effected on a separate endorsement and not in conjunction with other policy amendments.

PENNSYLVANIA NOTICE (INSURANCE CONSULTATION SERVICES EXEMPTION ACT)

The Pennsylvania Notice is designed for use in all lines of insurance including Workmen's Compensation. This Notice should be attached to all policies, new and renewal, as of January 1, 1981 and thereafter. Senate Bill 1406 states that exemption from liability applies only for Insureds furnished with a written explanation of the Act. Therefore, failure to attach this Notice to your policy forfeits the exemption it provides.

The attached notice explains that a carrier may provide certain services which propose to reduce the likelihood of injury, death or loss. These services include surveys, consultation or advice, or inspections. They are exempt from liability when this Notice is attached to the insurance policy. It also lists the situations in which the exemption from liability does not apply.

POLICY CORRECTIONS

If the Bureau finds that a policy requires correction to conform to Manual rules or classifications, the carrier shall be notified by letter. Such policy shall be corrected and a copy of the correcting endorsement shall be submitted to the Bureau no later than thirty (30) days after notification.

POLICY WRITING PROCEDURE

A. Policy Numbers

The policy number designated by the carrier at policy issuance must remain constant and must be used on all endorsements and other documents related to that policy. If a portion of the policy number is designated at inception as the "key" policy number, such designation must be clearly identified on the policy information page and the "key" number must be used on all endorsements and other documents related to that policy.

B. Renewal Policy Numbers

The information page of each renewal policy shall identify the policy number of the policy which it renews, in accordance with A. above. This procedure also applies to rewritten policies. The word "same" should be used to indicate that the same policy number has been used on renewal. The word "new" should be used to indicate a newly issued policy.

FILING AND APPROVAL OF ENDORSEMENTS PROCEDURE (Bureau Circular)

The provisions of each endorsement applicable in Pennsylvania, as developed by the appropriate committees of the Bureau, will be filed by the Bureau with the Department, requesting approval thereof on behalf of all members who have furnished the General Manager of the Bureau with a Power of Attorney to so file on their behalf.

Individual filing with the Department will not be required for any carrier who has executed the Power of Attorney, with respect to the provisions of endorsements which have been filed by the Bureau and approved by the Insurance Department.

Following approval by the Department of the provisions of endorsements filed by the Bureau, a circular letter will be issued by the Bureau notifying the members of the Bureau of such approval.

A specimen copy of each approval endorsement form, prepared by the carrier, shall be filed with the Bureau, accompanied by a letter certifying to the following:

- (a) That the form of the endorsement is exactly in accord with the form as approved by the Insurance Department.
- (b) That the minimum requirements of the Insurance Department with respect to execution, name of carrier, etc., as outlined in Compensation Circular P-62, dated July 22, 1954 have been complied with.
- (c) That the form number of the endorsement is separate and distinct from that assigned to any previously approved Pennsylvania Workmen's Compensation form.

When specimen copies of each approved endorsement form have been placed on file in the Bureau, no further action will be necessary to authorize use of such endorsements by those carriers on whose behalf the filing was made.

It is anticipated that all carriers will avail themselves of this simplified procedure. In the event a carrier chooses not to furnish the Bureau with a Power of Attorney, that carrier must continue to secure individual approval of its endorsements from the Insurance Department.