



Pennsylvania Compensation Rating Bureau

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June 8, 2007

VIA FEDERAL EXPRESS

The Honorable Randolph Rohrbaugh
Acting Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Attention: Property & Casualty Bureau

RE: Bureau Filing No. 228 - Manual Revisions to Sections 1 and 2

Proposed Effective October 1, 2007

- 1) Code 861, Automobile Dismantlers, Class Study Results
- 2) Housekeeping Revisions – Sections 1 and 2

Dear Acting Commissioner Rohrbaugh:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB) I am filing herewith proposed revisions to Sections 1 and 2 of the Manual, which are proposed to be **effective as of 12:01 a.m., October 1, 2007** with respect to new and renewal business only.

This filing addresses specific portions of the substantive content of the Basic Manual regarding classification and other underwriting rules. The Bureau is also submitting a second filing, Bureau Filing No. 229, which proposes changing the fashion in which the Basic Manual is formatted, organized and presented. Both Bureau Filing No. 229 and this filing have proposed effective dates of October 1, 2007.

The proposed changes here are presented in a format consistent with an approval of Bureau Filing No. 229. Should the Insurance Department disapprove that filing, the presentation of the changes proposed herein would need to be modified in order to be consistent with the format of the existing Basic Manual. Accordingly, the Bureau will promptly amend this filing in such respects if we are advised that the Insurance Department intends to disapprove or has disapproved Bureau Filing No. 229.

The various proposals in this filing, as listed above, are discussed below.

1) Code 861, Automobile Dismantlers, Class Study Results

The Bureau study of Code 861 was undertaken to review the feasibility of reassigning businesses principally engaged in automobile dismantling to Code 815, Automobile Service Center, using the primary field-of-business rule for assignment of a more appropriate classification and reassigning separately located retail stores to Code 934, Automobile Parts or Accessory Store – Retail and/or Wholesale.

Based on the class study, the Bureau recommends that:

- All businesses principally engaged in (i.e., deriving over 50 percent of their revenue from) automobile dismantling and the sale of the used parts so obtained, with or without the sale of some new parts at the same location, be reassigned to Code 815 with a proposed October 1, 2007 loss cost value of \$4.17. This proposal represents a decrease of 41.4 percent from the Code 861 April 1, 2006 approved loss cost (\$7.12) and a decrease of 44.0 percent from the approved Code 861 April 1, 2007 loss cost (\$7.45). Also, with the reassignment the amended Code 815 proposed October 1, 2007 loss cost value of \$4.17 represents an increase of 3.5 percent from the April 1, 2006 approved loss cost (\$4.03) and an increase of 2.5 percent from the April 1, 2007 approved loss cost (\$4.07)
- All businesses principally engaged in activities best described by another Bureau classification assignment be reassigned based on the field-of-business rule. Study results found that certain businesses should be reassigned from Code 861 to Codes 818, Automobile Dealership, 825, Automobile Storage Garage or Parking Station or Lot – No Automobile Repair, 858, Ferrous Scrap Metal Dealer, or 934, Automobile Parts or Accessory Store Retail and/or Wholesale, respectively.
- Code 861 be retained as an interim classification assignment for those businesses principally engaged in handling nonferrous scrap metals and also performing automobile dismantling. Code 861 will remain a Bureau classification assignment until such time as the Code 859, Nonferrous Scrap Metal Dealer, and Code 861 rating values become sufficiently similar to allow the Bureau to propose in a separate filing with the Insurance Department that Code 861 be withdrawn as a business classification and these employers be reassigned to Code 859. The proposed Code 861 October 1, 2007 loss cost value is \$8.92. This proposal represents an increase of 25.3 percent from the Code 861 April 1, 2006 approved loss cost (\$7.12) and an increase of 19.7 percent from the approved Code 861 April 1, 2007 loss cost (\$7.45).
- Code 934 be assigned to any separate store operation(s) that are separately located from the dismantling site and where no dismantling is performed.

Two staff memoranda dated March 1, 2007 with related exhibits are attached as Exhibit 1. The proposed Manual revisions are shown below with new wording underlined and deleted wording bracketed.

SECTION 2
CLASSIFICATIONS

CHANGES

861 AUTOMOBILE DISMANTLERS/NONFERROUS SCRAP DEALERS.

[Businesses engaged in automobile dismantling for the recovery of usable parts must be assigned to this classification. It includes all stores, yards or shops operated at the same or contiguous locations. It does not include businesses who demolish automobiles solely for the purpose of obtaining scrap metal; such businesses must be assigned to the applicable scrap metal classification based on the principal type of scrap metals.]

Businesses principally engaged in collecting and handling non-ferrous scrap and performing automobile dismantling for useable parts.

815 AUTOMOBILE SERVICE CENTER or Garage – including counter personnel (see the Auditing Ruling and Interpretation “Counter Personnel – Automobile Repair Facilities,” Section 5 for further information) and estimators.

Tire recapping.....business enterprise.

Also assigned to businesses principally engaged in dismantling automobiles or other vehicles to recover usable used parts and includes the sale of the parts at the same location as the dismantling.

GENERAL CLASSIFICATIONS

ADDITIONS

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Automobile Dismantlers

AUTOMOBILE DISMANTLERS

A business whose operations include the dismantling of automobiles or other types of vehicles to recover usable/salable used parts shall be classified pursuant to the manner in which the employer is principally engaged. Please see the “Definitions” Ruling and Interpretation for additional information on principally engaged. Below find examples of reasonably common classification assignments for such businesses:

1. Assign Code 815 to businesses principally engaged in dismantling automobiles or other vehicles to recover usable/salable used parts and the sale of such and new parts.

ADDITIONS (continued)

2. Assign Code 815 to businesses principally engaged in performing automobile repairs (e.g., mechanical or body).
3. Assign Code 818 to businesses principally engaged in the sale of new and/or used automobiles or other vehicles (e.g., trucks, motorcycles).
4. Assign Code 858 to businesses principally engaged in the collection, handling and sale of ferrous scrap metal.
5. Assign Code 860 to businesses dismantling automobiles or other vehicles and collecting and handling a combination of ferrous and/or nonferrous scrap metal and/or other secondhand commodities (e.g., paper, glass) with no principal line of merchandise.
6. Assign Code 934 to businesses principally engaged in the sale of new and/or used automobile parts. There may be a payroll division with Code 815 when such businesses also provide automobile repair services or dismantle automobiles when the following conditions are fulfilled: the automobile repair services or automobile dismantling is conducted in a physically separate work area by separate employee crews and the majority of the automobile parts sold are sold to unrelated customers and are neither installed or used by the business for repair services.
7. Assign Code 825 to businesses principally engaged in the storage of automobiles (e.g., an impound lot) or in the parking of customers' automobiles.

ADDITION

Nonferrous Scrap Dealer and Automobile Dismantler..... 861

CHANGE

Automobile Dismantler..... [861]815
 Recovery Of Usable Automobile Parts..... [861]815

The following is a table of the proposed loss costs, expected loss factors and hazard group assignments:

CODE	PROPOSED	PROPOSED EXPERIENCE RATING PLAN			HAZARD GROUP
	LOSS COST	Expected Loss Factors Table			
	EFF. 10/1/07	A-1	A-2	A-3	
815	4.17	1.97	2.59	2.98	III
825	3.89	1.84	2.42	2.78	II
858	8.51	4.03	5.29	6.09	III
861	8.92	4.23	5.54	6.38	III

2) Housekeeping Revisions – Sections 1 and 2

In an effort to continue to make the Manual clearer and less ambiguous by clarifying classification procedures, updating class language to bring it into alignment with other Manual provisions or recognizing technological or industrial change, the Bureau recommends the revisions shown below.

As previously noted, these revisions, as well as those associated with the revisions in Item 1) above, are shown here in the Manual format which is being presented to the Insurance Department in Bureau Filing No. 229.

Revisions to Classification Procedure

- Underwriting Guide: “Silo Mfg. – Fiberglass, Shop Only,” presently assigned to Code 222, Plastic Articles Mfg., N. O. C., be placed in Code 227, Oilcloth Mfg. This classification also specifically contemplates “Plastic Composite Products Mfg.”
- Underwriting Guide: “Bathtub Liner Installation,” presently assigned to Code 652, Carpentry – Detached Dwelling, be placed in Code 648, Carpentry – Installation of Cabinet Work.”
- Underwriting Guide: “Microfilming,” presently assigned to Code 928, Retail Store, N. O. C., be placed in Code 932, Copying or Duplicating.
- Underwriting Guide: “Day Spa” and “Massage Therapy Services,” presently assigned to Code 884, Health Club, be placed in Code 977, Barber Shop, Beauty Parlor or Hair Styling Salon.

Section 1

- Revise Rule IV, Classifications, Paragraph C. 2. a. to clarify the fact that there is another instance where a policy containing more than a single classification may have a classification representing the payroll of less than that of a full-time employee.

Section 2

- Revise Codes 805, Milk Hauling – by contractor, to clarify the class’ scope.
- Revise Code 981, Slot Machine Gambling, by adding “and clerical” to the class’ listing of personnel.
- Addition of a single new Rulings and Interpretations (R&I) to be part of the “General Auditing Index” and revisions to seven existing R&Is (five class-specific, one in “General Classification Index” and one in “General Auditing Index.”

As previously noted, these revisions are shown here in the Manual format which is being presented to the Insurance Department in Bureau Filing No. 229.

A staff memorandum dated March 13, 2007 is attached as Exhibit 2. The proposed Manual revisions are shown below with new wording underlined and deleted wording bracketed.

SECTION 1
UNDERWRITING RULES

CHANGE

RULE IV - CLASSIFICATIONS

C. ASSIGNMENT OF CLASSIFICATIONS

2. Assignment of a Classification

- a. The policy shall contain only classifications approved by the Pennsylvania Compensation Rating Bureau and in accordance with this Manual.

Each classification is presumed to describe an entire business enterprise. Any policy which contains more than a single classification cannot contain any classifications representing a payroll less than that of one full-time employee, but this rule will not apply in classifications involved in Construction, Erection, Stevedoring, [or] Part-Time Aircraft Operations or if the business' basic and major operations are described by the Standard Exception Classifications and there are employees whose job duties are not assignable to the Standard Exceptions, except as specified in classification phraseology.

Act 44..... set forth in Rule IV, C. 5.

SECTION 2

ADDITIONS

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CHANGES

Tree [Fumigating] Pruning, <u>Spraying</u> , Repairing, [Spraying] <u>Trimming</u>	
Or [Trimming] <u>Fumigating</u>	005
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TOOL MFG. – N.O.C. – 441

Applies to a business.....by hand or machine.

OPERATIONS NOT INCLUDED:

1. through 5 remain unchanged.
6. Metal stamping or sheet metal products fabrication shall be classified as provided in this Manual.
7. through 13 remain unchanged.

HAND TOOL MFG – NON-FORGED – 442

Applies to a business principally engaged in machining or assembling non-forged and non-powered hand tools or bench tools. This includes but is not necessarily limited to screwdrivers, pliers, hammers, chisels or wrenches.

OPERATIONS NOT INCLUDED:

1. Assign Code 433 to a business principally engaged in forging hand tools.
2. Assign Code 473 to a business principally engaged making portable powered hand tools.

FLAT CEMENT WORK – 608

Applicable to a specialist contractor performing ground-supported concrete work in the construction of houses or small (one or two-story) commercial buildings, including but not necessarily limited to concrete footings, foundation walls, cellar floors, sidewalks and driveways. Also applicable to constructing ground-supported concrete floors for small commercial buildings and the blacktop paving or repaving of driveways, parking lots, sidewalks or yards. Further applicable to the breakup by use of picks or jack hammers and removal of old ground-supported concrete, digging with shovels, and the set-up and removal of forms by the ground-supported concrete contractor.

OPERATIONS ALSO INCLUDED:

1. Mausoleum or monument erection in cemeteries.
2. Diamond core drilling within buildings by a specialist contractor.

CHANGES (continued)

3. Painting lines in parking lots or tennis courts by a specialist contractor.

OPERATIONS NOT INCLUDED:

1. and 2. remain unchanged.
3. [Assign Code 654 to the erection/dismantling of forms incident to the pouring of self-bearing floors or any other non-ground supported concrete work.]Assign Code 609 to excavation performed by means of mechanical equipment. See Code 609, Excavation, for further information.
4. [Assign Code 654 to Guniting/Shotcrete installation.]Assign Code 654 to ground supported concrete footings and foundation walls in the construction of commercial or residential buildings three stories or more.
5. [Assign Code 855 to concrete pumping services by a specialist contractor.]Assign Code 654 to the installation or precast concrete walls or panels.
6. Assign Code 654 to the erection/dismantling of forms incident to the pouring of self-bearing floors and/or other non-ground supported concrete work.
7. Assign Code 654 to Guniting/Shotcrete installation.
8. Assign Code 855 to concrete pumping services by a specialist contractor.

Bathtub Liner Installation..... [652]648

ROOFING – 659

Applicable to specialist contractors performing any type of roofing, roofing repair or reroofing job utilizing any type of roofing material, including but not necessarily limited to hot tar, shingles, slate, tile or rubber on any type of roof such, as flat, sloped or built-up. Also applicable to all personnel working on a roofing job (e.g., ground personnel passing materials to personnel on the roof and picking up debris and personnel on the roof). Further applicable to the water-proofing or insulation of roofs and the pressure washing of roofs.

OPERATIONS ALSO INCLUDED:

1. Roof decking and related carpentry work performed by a roofing contractor.
2. The installation of sheet metal products (e.g., fascia, gutters, downspouts) by a roofing contractor that is a part of a roofing job.

OPERATIONS NOT INCLUDED:

1. There is no payroll division between Codes 659 and 676 at the same location of job.
2. Assign Code 454 to a separately-staffed and located sheet metal fabrication shop.

805 MILK HAULING – by contractor.

[For]Applies to contractors [exclusively] engaged in hauling unprocessed or processed milk, water or other liquid food products by tank truck.

CHANGES (continued)

GROCERY STORE – 917

Applicable to businesses..... as defined below.

A supermarket is principally engaged in the retail sale of groceries, fresh fruits, vegetables, dairy products, bakery products, frozen foods and in addition thereto will have a meat department that sells fresh or cured meat, fish and/or poultry. A typical supermarket will also sell other merchandise including but not necessarily limited to: soft drinks, soap and other household cleaning items, paper products and/or cigarettes. A supermarket that is a “super center” may also sell non-grocery merchandise including but not necessarily limited to: cosmetics, toiletries, stationery products, [paperback] books, greeting cards, women’s hosiery, non-prescription drugs or kitchen supplies (e.g., pots, pans or potholders). A “super center” may further rent videos and/or DVDs.

[The classification also contemplates] A convenience [retail] grocer[s] is principally engaged in the retail sale of groceries, fresh fruits, vegetables, dairy products, bakery products, frozen foods, coffee, tea, spices or delicatessen foods such as cold cuts, salads, pickles, smoked fish or other “appetizers.” A convenience grocer or a [D]delicatessen store[s] may also sell coffee by the cup, make sandwiches or sell sandwiches prepared by an unrelated business, prepare salads and/or cook meat such as roast beef, ham, barbecue chicken or spare ribs. A Convenience [retail] grocer may also sell other merchandise including but not necessarily limited to: soft drinks, household cleaning items, paper products or non-prescription drugs.

OPERATIONS ALSO INCLUDED:

1. Pharmacy operations by the supermarket.

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Microfilming.....	[928]932
Day Spa <u>Not Affiliated With A Health Club Or Swimming Pool</u>	[884]977
Massage Therapy Services.....	[884]977

981 SLOT MACHINE GAMBLING.

For all personnel in the slot machine gambling facility including but not necessarily limited to: floor attendants, vault cashiers, merchandising clerks, guest service representatives, service technicians, parking valets, [and] money counters and clerical office.

ADDITION

GENERAL AUDITING AND CLASSIFICATION INDEX

**NURSING HOME, PERSONAL CARE HOME AND RESIDENTIAL CARE FACILITY
CLASSIFICATION GUIDELINE**

The following guidelines have been developed to aid in the classification of employees of a typical nursing home/personal care home. Proper documentation on audit worksheets should be added whenever exceptions are made to these guidelines. These guidelines, to varying degrees, affect the following basic business classifications.

Code 960, NURSING AND CONVALESCENT HOME

Code 974, RETIREMENT OR LIFE CARE COMMUNITY

Code 979, RESIDENTIAL CARE FACILITY FOR THE ELDERLY – NON MEDICAL

Nursing home/personal care home employees do not have to provide actual “hands on” care to the patients and/or residents in order to have their payroll assigned to one of the above basic classifications. The object of the classification system is to group insureds into classifications so that the rating value for each classification reflects the exposures common to such distinct business enterprise (See Section 1, Rule IV. C. 2. and 3.). It is the business of the insured that is classified within Pennsylvania, not the separate employments, occupations or operations within the business.

Employees who typically comprise the basic classification for a nursing home/personal care home are activity staff, beauticians or barbers (usually remunerated through a 1099), dining room set-up and servers, drivers, food preparation, housekeeping, laundry, maintenance/plant including supervisors, nurses (registered nurses, licensed practical nurses), nurses aides including certified nurses aides, security and therapists (physical and speech).

Employees typically considered office employees include accounting, accounts payable and accounts receivable, business office, bookkeeping, finance, human resources and the office manager. These employees must work in a physically separate office as defined in Section 1, Rule IV, B. 2.

Codes 960, 974 and 979 are “all employees except office,” which means none of the three classes permit payroll division with Code 951, Outside Sales.

With the above statements in mind, the payroll of nursing home/personal care home employees should be assigned in the following manner.

ADMINISTRATOR/EXECUTIVE DIRECTOR

Each facility has a licensed nursing home or residential care facility administrator on site who is in charge of all operations at the facility. This employee prepares budgets, reviews departmental reports, answers questions of department managers, deals with licensing issues, handles public relation issues, attends community events to promote the business, deals with HIPAA (Health Insurance Portability and Accounting Act) regulations, deals with employee

ADDITIONS (continued)

benefits, handles safety issues, interprets procedures and writes plans of correction based on inspection reports. The employee will attend patient care plan meetings. The administrator will make rounds of the facility on a regularly scheduled basis. Each round will vary as to the amount of time it takes depending on the size and complexity of the facility. During rounds, the administrator walks the halls to observe that the patients are being cared for properly, there are no unreported maintenance issues, no housekeeping issues that are unsolved, the floor has adequate staffing and the general appearance of the facility is acceptable.

The administrator will stop and talk to residents to inquire if they have any complaints or concerns and will talk to family members and volunteers who may have questions. The administrator will not provide direct patient care. By state law (for nursing homes only) the administrator is not permitted to feed, toilet, administer medications or provide any other type of care. However, administrators do keep track of how often nurses see patients.

Administrators should have their payroll assigned to the applicable basic classification, as they are regularly exposed to the operative hazards of the nursing home/personal care facility. An administrator's job duties fall beyond the Manual definition of a clerical office employee.

ASSISTANT ADMINISTRATOR

An assistant administrator performs many of the same job duties as the administrator and reports directly to the administrator in the chain of command. This employee may assist the administrator in the preparation of budgets, review departmental reports, answer questions of department managers, deal with licensing issues, handle public relation issues, attend community events to promote the business, deal with HIPPA regulations, deal with employee benefits, handle safety issues, interpret procedures and write plans of correction based on inspection reports. The employee will attend patient care plan meetings. The assistant administrator may make rounds of the facility on a regularly scheduled basis. Each round will vary as to the amount of time it takes depending on the size and complexity of the facility. During rounds, the assistant administrator may walk the halls to observe that the patients are being cared for properly. They make sure no restraints are being used, there are no unreported maintenance issues or housekeeping issues that are unsolved, the floor is adequately staffed, and the general appearance of the facility is acceptable.

The assistant administrator may stop and talk to residents to inquire if they have any complaints or concerns and may talk to family members and volunteers who have questions. The assistant administrator may or may not provide direct patient care. Assistant administrators should have their payroll assigned to the appropriate basic classification, as they are regularly exposed to the operative hazards of the nursing home/personal care facility. See the Regular and Frequent Ruling and Interpretation for the definitions of "regular and frequent." An assistant administrator's job duties fall beyond the Manual definition of a clerical office employee.

ADDITIONS (continued)

ACTIVITY DIRECTOR

The activity director is in charge of the recreational and educational activities at a nursing home. The director is responsible for setting up a schedule, ordering supplies for the activities and, in some of the smaller homes, directly supervising the employees and residents in activities. If the activities director has a physically separate office, does not participate nor directly supervise (this activity may be done by the assistant activity director) and has no regular job duties in or about the facility, then the employee may have their payroll assigned to the clerical office classification. However, most activity directors are responsible for organizing and directly supervising the event and are present at the activity, whether it be on the premises of the facility or at another location (e.g., a shopping trip to a local mall). As such, the payroll of an activity director is generally assignable to the basic classification.

ADMISSIONS DIRECTOR

The admissions director may have alternate job titles such as marketing director, social services director, public relations director or director of development. Regardless, this employee is responsible for working with residents and their families and guiding them through the admission process. The admissions director will explain facility rules (such as marking clothing with a name) and patients' rights. The employee will work with family members who wish to bring furniture from home. The admissions director may explain that all electrical appliances must be inspected for safety (no frayed wires). If a family member visits and removes money from the patient, the admissions director must determine if an abuse situation exists and deal with reporting suspected abuse. If a patient is not happy with his room or roommate, the admissions director will determine if the patient can be transferred to another room. The admissions director may coordinate family concerns with department heads. If two family members disagree about treatment or how a resident's money is being spent, the admissions director may intervene and mediate the situation. They may do the charting about the social interactions of residents. They will plan care meetings. If a patient passes away or moves to another facility, the admissions director may contact the family about collecting personal belongings. They may also work with the ombudsman (a representative from the Area Agency on Aging that is assigned to a nursing home). The payroll of an admissions director is usually assigned to the basic classification, as they regularly spend time in and about the facility even though their primary job duties keep them in a physically separate office.

CASE MANAGER

This position is responsible for the management of the rehabilitation department. The employee directs the therapists and gathers information on the level of care needed for minimum data sets (MDS) forms. The case manager maintains the resident's logs and compares the amount of therapy provided to the resident's care plan. The case manager usually does not provide any rehabilitation services. This employee may go to the local hospital to screen charts for potential admissions. The case manager deals with discharge personnel in hospitals regarding possible

ADDITIONS (continued)

admissions to their facility. While at the nursing home, the case manager attends managed therapy meetings to see that therapy provided to a resident is in compliance with Medicare regulations. The employee prepares communications bulletins and may write articles for a news bulletin that is distributed to residents.

The case manager meets with physicians and social service workers to determine if any residents in the assisted living facility need to be moved to the nursing home. The employee is responsible for "hospitality" when new residents move into the independent living cottages, if such a facility exists. The employee will go to the resident's apartment and visit with the resident, answering any questions while providing information about the facility.

The case manager's payroll is properly assigned to the basic classification.

CENTRAL SUPPLY CLERK

This employee is responsible for distributing supplies to the floors and assuring the cupboards are stocked with needed supplies. This employee orders the supplies and determines what is chargeable to a resident. The employee will physically stock the supplies in the units. Some facilities title these employees as purchasing, but they work in an area similar to a storage office. They will make deliveries of supplies throughout the facility, and their control/purchasing is confined to a computer, paperwork or reports. Their offices are usually locked, since this is also where the supplies are located. The central supply clerk's payroll is properly assigned to the basic classification.

CHAPLAINS

A chaplain is a clergyman in charge of the nursing facility's chapel. They organize and conduct religious services for the residents of the nursing facility. They will visit non-ambulatory and ambulatory facility residents to provide spiritual counseling, individual worship services and counseling or just to see how a resident is faring in the facility. They may conduct in-room communions and/or last rites. Their payroll is properly assigned to the basic classification.

CLINICAL DIRECTOR

The clinical director's job responsibilities usually involve updating and reviewing the resident's medical and treatment charts and folders. If they review medications and treatments on the floor or in the resident rooms or if their offices are not physically separate from all other areas of the nursing facility, the payroll of the clinical director is properly assigned to the basic classification.

ADDITIONS (continued)

DIETARY COORDINATOR/DIRECTOR/MANAGER/SUPERVISOR

In some of the larger facilities there is a dietary director/manager who maintains all the dietary requirement records for the residents. Many residents have varying dietary needs, so this is often a critical position. This employee would develop menus and oversee food service. This may entail charting the intake of food by the residents. These duties are performed both in the office and on the floor. The duties also involve supervising the preparation of the food and trays. The employee may directly supervise dietary preparation in the kitchen or walk throughout the facility when meals are served to see that the patient is given their dietary requirements. The payroll of the dietary coordinator/director/ manager is properly assigned to the basic classification.

DIRECTOR OF NURSING (DON)/ASSISTANT DIRECTOR OF NURSING (ADON)

Director of Nursing - This position is usually charged with overseeing the entire nursing/care functions of the facility. This employee is responsible for administering the nursing program to maintain standards of patient care and advises medical staff, department heads and administrators in matters related to nursing service. The employee analyzes and evaluates the quality of care administered by the nursing staff and visits residents routinely. The DON does not do any actual patient care.

Some nursing directors move throughout the facility all of the time, while others less so, spending the majority of their time in the office. This employee performs the scheduling of the nursing staff, all of the interviewing and hiring of nursing staff, and may review the unit manager's work. Due to the nature of the employee's work and the fact that the position requires the visitation of residents and the evaluation of the quality of care administered by the nursing staff, the payroll of the director of nursing is properly assigned to the basic classification.

Assistant Director of Nursing - This position is responsible for directing the programs of the facility. The employee collaborates in composing and implementing nursing policy, practice and quality assurance throughout the nursing department. The employee does not do any actual patient care. Primarily, their job responsibilities center around the quality assurance programs. The ADON makes sure all nursing departments are ready for the state survey. The ADON develops the schedule for quality assurance audits and reports. The employee directs, supervises and assigns projects and programs to a quality assurance analyst. The employee develops and directly oversees the Infection Control Program and reports monthly to the Quality Assurance Committee. The employee may oversee the wound care program and plans, organizes and oversees the staff development program, reviewing the accurate recording of in-service attendance records. The ADON interacts on a regular basis with patients, families, physicians and facility employees and makes tours throughout the facility on a daily basis.

In smaller facilities the ADON is the supervisor on the floor. Their time may be split between directly supervising the registered nurses and other nursing staff and completing paperwork in an office. The payroll of the ADON is properly assigned to the basic classification.

ADDITIONS (continued)

FACILITIES MANAGER

This employee, in most cases, has direct floor duties and can do hands-on repair and maintenance work in and about the facility. This employee will also conduct evaluations for major repairs and improvements to the facility that requires the hiring of outside contractors. The payroll of the facilities manager is properly assigned to the basic classification.

HOME HEALTH CARE OPERATIONS

Payroll developed by separate staff(s) performing home health care services shall be separately classified as provided in the Pennsylvania Workers Compensation Manual.

INVENTORY CONTROL COORDINATOR

This employee is responsible for the control and purchasing of hard goods and supplies used throughout the facility. This employee usually has no hands-on responsibilities on the facility floor. They usually make no deliveries of supplies throughout the facility, and their control/purchasing is confined to data entry, computer-generated reports and related paperwork. The payroll of the inventory control coordinator is properly assigned to Code 953, Office, if their job duties are confined to working in a physically separate office.

MEDICAL DIRECTOR/MEDICAL COORDINATOR

The medical director is usually a physician who is only active on a part-time basis. When he/she is active, the duties are usually visiting patients and making rounds within the nursing home. The payroll of the medical director is properly assigned to the basic classification.

MAINTENANCE DISPATCH

These employees' major job responsibility is to dispatch work assignments to the maintenance employees. These employees are found in larger type facilities. They spend no time performing maintenance work in most facilities. They do not supervise the maintenance employees or do any inspections of the facility. As long as their job duties are confined to working in a physically separate office, their payroll can be assigned to Code 953, Office.

MASHGIAH

A mashgiah is an Orthodox rabbi or a person appointed by such a rabbi whose responsibility is to prevent violations of Jewish dietary laws by inspection of facilities where food assumed to be kosher is prepared for the public. These employees enter the kitchen area of the facility to make sure certain foods are kosher. This job position is usually found in faith-based facilities, and their payroll is properly assigned to the basic classification.

ADDITIONS (continued)

MEDICAL RECORDS CLERK/WARD CLERK

The medical records clerks are normally responsible for updating resident's charts and medical records. If they spend no time picking up and dropping off charts at either nurses' stations or resident's rooms, assign Code 953. If they perform any of the above duties on a regular basis on the floor, their payroll is properly assigned to the basic classification. If they complete their updates in a physically separate office, their payroll may be assigned to Code 953, Office.

In larger facilities, medical records clerks usually work in the business office and use computers to maintain a database of records. In such circumstances assign Code 953. In the smaller facilities, they may have other duties, including the delivery of medical supplies to nursing stations and interchanging labor as a central supply clerk. If a medical records clerk has any of these duties, then their payroll should be assigned to the basic classification.

NURSING SECRETARY/SCHEDULER

These employees do the paperwork for the nursing department, such as typing, scheduling, filing and other administrative support job duties. Their payroll may be assigned to Code 953, Office, if they work in a physically separate office and have no floor exposure. If they have their desks at the nursing station that is on the floor, their payroll would be assigned to the basic classification.

RECEPTIONIST

Receptionists answer incoming telephone calls and direct them to the correct extension. This employee also greets incoming visitors and asks them why they are at the facility. They may direct all visitors to sign a guest register. They may assist staff in making photocopies. They may maintain the postage meter and be responsible for outgoing mail. They will observe resident safety while the resident is in the lobby area. If one of the residents needs assistance or falls while in the lobby area, the receptionist may quickly page an aide to assist the resident rather than walk out to the resident herself. The receptionist will type the necessary information onto a new resident's identification bracelet. They may accept payment from residents or their representatives. They may walk out to the office, lobby and/or solarium to lock up the doors at the close of each day.

Receptionists in a nursing home facility not only greet and direct visitors but also provide a measure of security/safety for wandering residents and for visitors as well. Such an arrangement invariably precludes the assignment of Code 953, Office. Their payroll is properly assigned to the basic classification.

REGISTERED NURSE ASSESSMENT COORDINATOR (RNAC)

These employees are responsible for the completion and accuracy of the resident care planning process and monitoring level-of-care changes and determinations. The RNAC oversees the development and implementation of individual resident care plans and ensures the resident's

ADDITIONS (continued)

reaction and ongoing development. They are case managers for the residents and compile all of the paperwork that is needed to deal with the Health Maintenance Organizations that reimburse the nursing home for the treatment and care of the resident. They input all types of information into the computer about the activity level of all of the residents. They complete forms called Minimum Data Sets (MDS) for each new admission to the facility. They complete MDS reviews on each resident on a quarterly basis, as well as an annual MDS. The form must be completed for each resident at least once a quarter and at other times required by Medicaid, including admission and change in condition.

The RNAC compiles this information by a comprehensive review of the patient charts. The form contains many different sections used to determine how well the resident is able to function. The dietician is responsible for completing the dietary section. The physical therapy department will complete a range of motion study and will complete the appropriate section of the form. The form is a comprehensive form that gathers information about the resident's social skills, communication skills, activities, cognitive skills, nutrition, vision and activities of daily living.

Nursing homes are reimbursed by Medicare for the care of a patient based on the condition of the patient. If a patient is in a severe condition and requires extensive medical condition, Medicare will reimburse more funds for that patient than a patient who is more self-sufficient. The RNAC writes up reports to be submitted to Medicare. These employees will visit nurses' stations to discuss the patient's progress with a DON or nursing supervisors. The RNAC will take the patient's charts back to their office to type up the reports. These individuals will also visit patient rooms to do evaluations.

The amount of time an RNAC spends working throughout the facility varies. An assessment nurse has to assess the patient, and different department heads complete parts of the form, but the RNAC signs off on the form. The RNAC places his/her license at risk by signing a form verifying the data is correct. For example, if a report states a patient has bedsores, the RNAC will go on the floor and physically turn the patient over to verify this is correct. Direct observation of the resident, as well as communication with the resident's direct caregivers across all shifts, are essential for the RNAC to complete their job according to the Resident Assessment Instrument User's Manual, a manual issued by the Federal government regarding the MDS. Based on the above information and job duties, the payroll of RNACs is properly assigned to the basic classification.

RESTORATIVE PROGRAMS DIRECTOR

This employee is responsible for making sure that the residents eat regularly, walk and engage in the therapy that is provided by the insured's restorative aides. The employee will go out to see the residents and test them and regularly walks around the facility. Part of the employee's job responsibilities requires the employee to walk, lift and bend. The restorative programs director directly supervises the restorative aides and reviews them doing their jobs. Their payroll is assigned to the basic classification.

ADDITIONS (continued)

STAFF DEVELOPMENT/IN-SERVICE TRAINING COORDINATOR

These employees are registered nurses and are the “clinical experts.” When a new employee is hired, these employees will do an orientation with the employee. They review corporate compliance, explain workers’ compensation and infection control, and introduce the employee to his manager. They verify that all forms are completed as required for the new hire. They attend “stand-up meetings.” These are meetings that occur at the change of a shift. The employees completing their shift will explain any changes in a resident’s condition to the new shift. These meetings used to take place at the nursing station, but, due to HIPPA regulations, they are now held in an activity room.

They are responsible for assuring the staff’s credentials and licenses are up-to-date. They assure nurses have the correct number of continuing education credits. They arrange for educational classes to be provided to employees. They may arrange for the maintenance department to provide information in a classroom setting on fire safety and the correct operation of a fire extinguisher. They may arrange for housekeeping to conduct a class for staff on infection control. They will gather information from the floor supervisors verifying nurses have met IV competencies (inserted the correct number of IVs successfully in the correct amount of time).

They regularly spend time doing classroom teaching of employees. They will teach and provide instruction classes on hand-washing techniques, resident safety, wound care and proper lifting mechanics. Their payroll is properly assigned to the basic classification.

STAFF COORDINATOR

This employee would only work from their office completing staffing schedules for the various departments. Their main job duty is to make sure there are enough employees for each shift.

If they have no other job duties and their scheduling work is done in a physically separate office, then the payroll of these employees may be assigned to Code 953, Office.

TRANSPORTATION DISPATCHER

Some of the larger facilities have employees who sit in an office and schedule transportation for the residents for shopping, doctors’ visits and family visits. If the employee has no other job duty and their scheduling work is done in a physically separate office, then their payroll may be assigned to Code 953, Office. If the employee regularly engages in driving the residents to and from their destinations, their payroll is properly assigned to the basic classification.

UTILIZATION MEDICAL REVIEWER

These individuals review charts from medical records for the doctors to determine patient medical needs.

ADDITIONS (continued)

These individuals work in enclosed offices and usually have no floor duties. If their work is done in a physically separate office, then the payroll of these employees may be assigned to Code 953, Office.

UNIT CLERK/SECRETARY

This employee is responsible for ordering supplies for the nursing department and checking secretarial notes for quality. The unit clerk will code bills for insurance companies, Medicare and Medicaid. These employees may work on the nursing home floor at a desk behind the nursing stations, or they may work in a physically separate office. Their responsibilities include maintaining all unit records of the patient residents. The employee answers the phones, schedules medical appointments for residents on the unit and marks files if a resident leave the facility. The employee coordinates all labs and doctor appointments by telephone.

They call for transportation for all of the appointments and perform chart-thinning work according to the nursing home's policy. They maintain all forms and active files and coordinate all lab orders by telephone. They fax paperwork to pharmacies and physicians and complete admission/readmission checklists for each admission.

This employee is responsible for the secretarial work on the unit. The employee assures doctor's orders are placed in the patient's chart. The employee may work at a desk in the nursing station on the floor or may be in a physically separate office. If the employee has no regular job duties on the nursing room floor and works in a physically separate office, then their payroll may be assigned to Code 953, Office. If they work on the nursing home floor at a desk behind the nursing station, then their payroll should be assigned to the basic classification.

VOLUNTEER COORDINATOR

The coordinator who has no duties/supervisory responsibilities over the volunteers on the floor, who simply schedules and coordinates volunteers' activities, can be classified as clerical. They usually work in an enclosed office. Many coordinators simply spend their time on the telephone recruiting volunteers or asking them to come in on a particular day. If they have no regular job duties in or about the facility and they work in a physically separate office, their payroll should be assigned to Code 953. Those volunteer coordinators who supervise volunteers on the floor should have their payroll assigned to the basic classification.

CHANGES

PROPERTY MANAGEMENT FIRMS

Property management firms are engaged in the management of real property which may be owned by the management firm or owned by [other concerns]unrelated businesses and managed under contract. Real property is defined for this Ruling and Interpretation as apartment houses, condominiums, private dwellings (houses) and commercial office buildings. The duties of a property management firm are to enforce the provisions of the lease agreement entered into by the tenant and landlord, to ensure that necessary tax, mortgage, insurance and other payments are made in a timely manner, and to ensure that the property is maintained in such a way as to maximize its value to the owner. In the conduct of such operations management companies may employ maintenance personnel, resident or on-site managers, leasing agents or property management supervisors or may subcontract all or portions of these separate responsibilities. The basic functions performed by the personnel or property management firms and the current classification procedures followed in connection therewith are presented below.

Maintenance

Maintenance personnel..... assigned to Code 951.

OPERATIONS NOT INCLUDED:

1. The management or operation of all other types of real property is not subject to this Ruling and Interpretation and shall be classified as provided elsewhere in this Manual.

WRECKING OR DEMOLITION OR BUILDING MOVING OR RAISING PROJECT

All work to completion..... piers or wharfs.

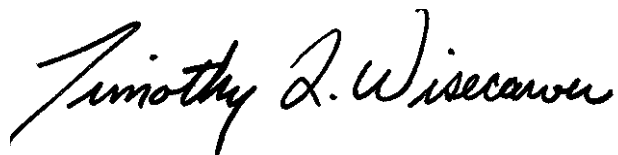
The classification with the highest rating value applies[W]where wrecking or demolition or building moving or raising involves a building or structure of more than one type of construction [the classification with the highest rating value applies].

All wrecking or line of merchandise.

The Honorable Randolph Rohrbaugh
Commonwealth of Pennsylvania
June 8, 2007
Page 21

The PCRB stands ready to respond to any questions which the Insurance Department staff or the Commissioner may have concerning any of these Manual revisions.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. Wisecarver". The signature is written in a cursive, flowing style.

Timothy L. Wisecarver
President

TLW/kg
Enclosures



Pennsylvania Compensation Rating Bureau

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EXHIBIT 1

TO: Pennsylvania Classification and Rating Committee

FROM: Christina Yost, Senior Classification Analyst
David T. Rawson, Technical Director, Classification & Field Operations

DATE: March 1, 2007

RE: **Executive Summary** - Classification Study Report
Code 861, Automobile Dismantlers

Bureau staff has completed a study of Code 861, Automobile Dismantlers, to determine if this classification's current assignment procedure should be amended. The study was undertaken to review the feasibility of: reassigning businesses principally engaged in automobile dismantling to Code 815, Automobile Service Center; using the primary field-of-business rule to assign businesses currently assigned to Code 861 to a more appropriate classification assignment; and reassigning separately located retail stores to Code 934, Automobile Parts or Accessory Store - Retail and/or Wholesale. Based on the Code 861 study results, Bureau staff recommends that:

- All businesses principally engaged in (i.e., deriving over 50 percent of their revenue from) automobile dismantling and the sale of the used parts so obtained, with or without the sale of some new parts at the same location, be reassigned to Code 815 with a proposed October 1, 2007 loss cost value of \$4.26. This proposal represents a decrease of 40.1 percent from the Code 861 April 1, 2006 approved loss cost (\$7.12) and a decrease of 42.8 percent from the approved Code 861 April 1, 2007 loss cost (\$7.45).¹ Also, with the reassignment the amended Code 815 proposed October 1, 2007 loss cost value is \$4.17, which represents an increase of 3.47 percent from the April 1, 2006 approved lost cost (\$4.03) and an increase of 2.46 percent from the April 1, 2007 approved loss cost (\$4.07)
- All businesses principally engaged in activities best described by another Bureau classification assignment be reassigned based on the field-of-business rule. Study results found that certain businesses should be reassigned from Code 861 to Codes 818, Automobile Dealership, 825, Automobile Storage Garage or Parking Station or Lot – No Automobile Repair, 858, Ferrous Scrap Metal Dealer, or 934, Automobile Parts or Accessory Store Retail and/or Wholesale, respectively.
- Code 861 be retained as an interim classification assignment for those businesses principally engaged in handling nonferrous scrap metals and also performing automobile dismantling. Code 861 will remain a Bureau classification assignment until such time as the Code 859, Nonferrous Scrap Metal Dealer, and Code 861 rating values become sufficiently similar to allow the Bureau to propose in a separate filing with the Insurance Department that Code 861 be withdrawn as a business classification and these employers be reassigned to Code 859. The proposed Code 861 October 1, 2007 loss cost value is \$8.92. This proposal represents an increase of 25.2 percent from the Code 861 April 1, 2006 approved loss cost (\$7.12) and an increase of 19.7 percent from the approved Code 861 April 1, 2007 loss cost (\$7.45).
- Code 934 be assigned to any separate store operation(s) that are separately located from the dismantling site and where no dismantling is performed.

The Bureau proposes the classification revisions discussed above to become **effective** upon new and renewal policies **of October 1, 2007** and thereafter.

¹ The approved April 1, 2007 rating values swing limit for Industry Group III are -24 percent and +26 percent.



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TO: Pennsylvania Classification and Rating Committee

FROM: Christina Yost – Senior Analyst, Classification and Field Operations
David T. Rawson-Technical Director, Classification and Field Operations

DATE: March 1, 2007

RE: Code 861, Automobile Dismantling, Classification Study

INTRODUCTION/BACKGROUND

Code 861 was approved by the Pennsylvania Insurance Department as a classification effective with new and renewal policies of July 1, 1956 and later. The Bureau had completed a study of the automobile dismantling industry at that time. Staff opined to the Classification and Rating Committee that the question of the classification(s) applicable to automobile dismantling businesses continued to be troublesome. The agenda materials also observed that most other states had a separate automobile dismantling classification that was “A-rated.” The classification study recommended that a new, separate automobile dismantling classification be erected. Adoption of the separate, new classification in Pennsylvania replaced the classification procedure of assigning automobile dismantling businesses to Code 860, Junk Dealer, which provided for a division of payroll with Code 815, Automobile Service Center, for bona fide separately-staffed garage operations.

The description of Code 861 has essentially remained unchanged since its creation in 1956. Code 861 is assigned to businesses whose operations include the dismantling of automobiles or other vehicles (e.g., trucks) to recover useable parts and the sale of those parts. Today, the useable/saleable parts may be removed from the vehicle in the traditional yard environment or in a service bay environment. When parts are removed in the yard, the removal tends to be on an as-needed basis. This means that a customer has placed an order for the part being recovered. Removal in a service bay generally sees all useable/saleable parts stripped off the vehicle at one time, and the removed parts are then inventoried and stored. The stripped auto bodies will be sold to scrap metal dealers. Code 861 class description states (in part) that Code 861 “includes all stores, yards or shops operated at the same or contiguous locations.” In other words, in addition to automobile dismantling, Code 861 also contemplates auto body and/or mechanical repair operations, the installation of auto glass, the sale of new auto parts or whatever non-automobile dismantling operations may be found co-located or contiguously located with the automobile dismantling effort.

Code 861 departs from the Bureau's classification philosophy of assigning each employer to the class that best depicts how the employer is "principally engaged" (i.e., on the basis of the activity that develops more than 50 percent of the employer's revenue). Code 861 is the only Pennsylvania classification that departs from this "principally engaged" philosophy. The 1956 rationale for Code 861's scope was the finding that "there appears no significant difference in pure premium when related to the amount of dismantling done" or whether the employer was principally engaged in automobile dismantling or not. The 1955/1956 class study reviewed a sample of 73 Pennsylvania automobile dismantlers. There is no evidence in the historical record that shows the five-year experience of the two employer groups was subjected to rigorous statistical analysis. Based on the current study and as discussed further below, Bureau staff has concluded that the classification of employers based upon the mere presence of an activity (i.e., automobile dismantling) regardless of the nature of the remainder (possibly majority) of their operations or the diversity of the employers' collective business activities. For these reasons, the Bureau will recommend that Code 861 be discontinued as a Pennsylvania classification.

OTHER STATES' CLASSIFICATION PROCEDURES

Most other states utilize the National Council on Compensation Insurance, Inc.'s (NCCI) classification plan. The NCCI is the workers' compensation ratemaking organization in over 30 states. The NCCI has one classification that is essentially equivalent to Pennsylvania Code 861. That classification is Code 3821, Automobile Recycling, which was originally established in October 1927. Code 3821 contemplates the dismantling of automobiles, trucks or motorcycles for the recovery of useable/saleable parts. Automobile dismantling consists of removing saleable parts using hand tools. The stripped vehicle frames and bodies are then retained for sale to unrelated scrap metal dealers. The Code 3821 class scope further suggests that some automobile dismantlers will break up the stripped chassis and bodies and then sell such component parts as scrap metal. The recovered parts may be reconditioned or repaired prior to their sale over the counter. The dismantler may also stock and sell new parts. Additional operations may include but are not necessarily limited to: auto body or mechanical repairs, the sale of gasoline, and glass reconditioning. The NCCI will provide for separate classification of store employees who do not engage in other operations and have no yard exposure to Code 8046, Store: Automobile Parts and Accessories N.O.C. and drivers.

Code 3821 is also in effect in the independent bureau states of New Jersey and New York. One cosmetic difference between these states and NCCI states such as Virginia is that they retain the previous Code 3821 title of "Automobile Dismantling." New Jersey will also provide for separate classification of "store" operations that are physically separated from the salvage and parts storage areas. New York Code 3821 includes store operations.

CLASS STUDY GROUPS

As part of study protocol, Bureau staff performs a file-by-file review of employers reporting payroll to the classification being studied. For the Code 861 study, staff reviewed 436 files and assigned each file to its applicable study group. Exhibit A contains a listing of the Code 861 study groups with the corresponding number of employers assigned to each study group.

Two study groups were created for those files in which the Bureau was not able to develop any information with respect to the Code 861 operations. Those two study groups were Group 12, No Current Coverage (NCC) and Group 20, Unable To Determine. Group 12 was assigned to employers that did not have a record of current coverage at the time of the study and for which staff was unable to determine from any available file information (i.e., previous test audits, surveys, or questionnaires) the nature of the employers' Code 861 business prior to ceasing operations. Group 20 was assigned to employers that had previously assigned payroll to the target study classification but did not assign payroll to the classification on the current policy and for which there was no information in the file to allow a credible determination about the nature of the employer's operations for slotting purposes. These two study groups were combined to compile the historical experience record titled "Exhibit 15, No Current Coverage/Unable To Determine".

Three study groups were created for those files in which the Bureau's file review is still pending. Those three study groups were Group 10, Surveys, Group 40, Pending, and Group 55, Second Requests. Group 10 was created for those employers whose payroll and experience warranted conducting a physical survey of the location. Group 40 was assigned to those employers for which a questionnaire was issued by the study analyst or an additional request for clarification of some aspect(s) of the operations was sent to the employer. Finally, Group 55 was assigned to those employers to which the Bureau had sent two requests for information via a questionnaire without receiving a response. It is expected that all files assigned to these three study groups will continue to be reviewed, as the results of the study will impact each of those employers. These three study groups were combined to compile the historical experience record titled "Exhibit 16, Pending".

The remaining files were assigned to the applicable study groups (1, 3 and 3A) based on each employers' principal business operation, noting particularly if dismantling was performed and whether a separate and distinct store operation was part of the employer's operation. Bureau staff created multiple historical experience exhibits from the study groups, and these exhibits were used to determine whether a recommendation could be made to delete Code 861 as a viable Bureau classification assignment and reassign those businesses to existing classifications based on their primary field-of-business. This report will discuss only those historical experience exhibits that will be the basis of the Bureau's recommendations for revisions to the classification procedures that will impact employers' current classification assignment if approved. The historical exhibits created for the remaining study groups are:

Exhibit 1 - Automobile Dismantler-No Separate Store Location

Exhibit 5 - All Automobile Dismantlers-With Separate Store Operations

The historical experience exhibits created for this study are based on the Bureau's April 1, 2007 Loss Cost Filing, as approved by the Insurance Commissioner¹. The indicated loss cost values cited at the bottom of the historical experience exhibits have not been loaded for the Small Business Advocate assessment or the revenue-neutral plans (Merit Rating and the Certified Safety Committee Credit Program) that are a part of the approved Bureau loss cost values. The Bureau loss cost values cited in this report for any of the class proposals are computed

¹ This approval was announced in Bureau Circular No. 1521, dated January 30, 2007.

by multiplying the indicated loss cost by a factor 1.0136 (the aggregate provision for the three programs cited above). The Bureau's Actuarial Department also balanced the indicated loss cost values to make certain that the proposed class revisions for an October 1, 2007 effective date will generate the same volume of expected losses as the Bureau's April 1, 2007 rating values approved by the Insurance Commissioner. In other words, the class revision proposals presented herein are collectively revenue-neutral.

STUDY PARAMETERS

Underwriting review found that most automobile dismantlers operated in a similar manner in that there was one location in which the used automobiles and/or parts were stored. The employers obtained the automobiles from the general public, at auctions and/or through insurance companies that had totaled the vehicles. The vehicles were brought to a central location which is either a yard or a service bay area. Some employers remove all usable parts immediately and have the automobile shells sold to an unrelated scrap dealer. Other employers keep the used/discarded vehicles in the yard until such time as specific parts salvageable from the vehicle are needed. However, both types of employers maintain the inventory of used parts at the same location as the dismantling operations.

Some of the typical customers of automobile dismantlers include automobile repair garages, businesses with in-house automotive/truck repairs, automobile dealerships with service bays and the general public. Most sales are made by the customer contacting the employer to determine if the needed part is in stock. Employers check inventory, normally through computer inventory systems, and pull product either from an existing inventory or remove the part from the automobile in the yard. There are also some operations in which the customer is allowed access to the vehicle, and the customer removes the part. Parts are purchased at a counter area where payment is made to the counter employee.

Bureau staff also reviewed the files to determine if any of the existing businesses had a separate store location selling dismantled parts, new parts and/or used parts purchased from others. This portion of the study review was undertaken in response to various requests over the years to amend the scope of Code 861 to allow for the separate classification assignment for store and/or counter employees. In particular, the Pennsylvania Automobile Recycling Trade Society (PARTS) has periodically requested a review of the classification for store operations. Historically, the Bureau has consistently turned down the request of PARTS and other individual employers or their insurance agents and has continued its practice of including store operation in the scope of Code 861. .

At the beginning of this study, Bureau staff again reviewed the definitions of "counter staff" and "stores" to determine the scope that would be used for the study parameters. Bureau rulings have consistently indicated that counter employees, cashiers or employees accepting payments for services and/or merchandise are not clerical in nature and must be assigned to the applicable governing business classification assignment of the employer.² The Bureau has always maintained that a clerical employee must be strictly engaged in clerical duties, such as accounts payable, accounts receivable, correspondence and related activities, within the confines of a separate office area. Any employee that has regular and direct contact with

² Please note, this ruling can be found by accessing the Bureau's website at www.pcrb.com and downloading the current Manual. The specific rule cited can be found in Section 1, Rule IV, Classifications, Page 7, Paragraph B. 2. a.

customers, in whatever capacity, has never been construed to be a clerical employee. The Bureau has faced many and various appeals with respect to this ruling, and, when the issue has been elevated to a review by the Insurance Commissioner, that authority has agreed with the Bureau with respect to the assignment of counter employees.

For informational purposes, the classification applicable to counter staff was recently tested in an employer classification appeal³. The appeal began before an Appeals Subcommittee of the Classification and Rating Committee on April 15, 2004. For that appeal, the Subcommittee denied the employer's appeal to have its counter persons assigned to Code 953 and sustained their assignment to the employer's governing classification. In that case the governing classification was Code 815, a fact which is relevant to this study given the possible reassignment of numerous Code 861 employers to Code 815.

Bureau staff also reviewed rulings concerning the store classification assignments. The Bureau defines the term "store" as a business establishment where goods are kept for retail sale. The term "retail" has two complementary expressions. The first is the selling of displayed merchandise in store-type premises where floor or counter salespersons assist customers from the general public on a self-service basis for personal or household consumption or use. The applicable retail store classification will also be assigned when the employer, while technically a wholesaler, operates primarily in a retail manner. "Retail manner" means that the employer will have a large merchandise display area, customers may walk up and down aisles, inspect the merchandise offered for sale, place their selections into either a shopping basket or shopping cart and will make payment for their selections at a customer checkout lane. The employer's single largest employee group will be floor or counter salespersons again assisting customers on a self-service basis.

AUTOMOBILE DISMANTLERS

Using the field-of-business rule as the review method for study groupings, Bureau staff found that of the 436 files reviewed, 225 employers were principally engaged in (i.e., generating over 50 percent of revenue by virtue of operations related to) the dismantling of automobiles for usable/salable parts. These files were assigned to Study Group 1, Automobile Dismantler – No Separate Store Location. Review of the employers assigned to Code 861 indicates that the primary operation is to obtain used parts that are to be sold to both the general public and to commercial clients. The focus of the business is to obtain used parts from the vehicles and sell those parts to other concerns. The employers assigned to Group 1 did not have a separate store area but had the entire business operation located within the confines of the one location.

Bureau staff determined that the best alternative assignment for employers assigned to Code 861 is Code 815 based on the process and hazard contemplated by the businesses. Code 815 employers maintain some parts on the premises but are principally engaged in handling the parts when removing them from and/or installing them into automobiles. Likewise, an

³ The employer, Hub Tire, appealed the assignment of counter personnel to Code 815 instead of Code 953. The case was heard by the Commonwealth Court, and the case citation is Hub Tire Co., Inc v. Insurance Department, Compensation Rating Bureau No. 939 C.D. 2005. Further appeal to the Pennsylvania Supreme Court was denied as untimely.

automobile dismantler is exposed to the automobile when engaged in the removal of parts. The only difference between these operations is that a dismantler does not intend to make the automobile with which they are working operational whereas a service garage does.

Historical Exhibit 1 - Automobile Dismantler - No Separate Store Location accounts for approximately 70 percent of the payroll and 54 percent of the losses of Exhibit 28, Code 861 April 1, 2007 Class Book Page. Bureau staff created a new historical exhibit showing how the reassigning of those selected employers currently assigned to Code 861 would impact the current Code 815 Class Book page and subsequent indicated loss cost values. Exhibit 17, Revised Code 815⁴, shows that combination. The proposed indicated loss cost values for the revised Code 815 is based upon Exhibit 17 and the Actuarial Department's balancing of the various class revision proposals as indicated previously. For comparison purposes, the table below shows the proposed Code 815 revised October, 1, 2007 indicated loss cost value together with the April 1, 2006 and the April 1, 2007 Code 861 indicated loss cost values and the percentage change for each classification assignment should the Bureau's recommendations to reassign those Code 861 employers to Code 815 be approved. The table also shows how those employers currently assigned to Code 815 would be impacted if these proposals are approved. For informational purposes, the proposed Code 815 October 1, 2007 loss cost value, when calculated including application of the loading factor as discussed above, is \$4.26.

Class Code	Proposed 10/01/07 Indicated Loss Cost	April 1, 2006 Indicated Loss Cost	Percentage Change	April 1, 2007 Indicated Loss Cost ⁵	Percentage Change
861	N/A	\$7.04	-43.32%	\$7.35	-45.31%
815	\$4.11	\$3.99	+ 2.92%	\$4.02	+ 2.19%

The review also concluded that inherent in every automobile dismantling operation is the sale of the used and/or new part(s). To that end, the vast majority of the employers currently assigned to Code 861 have a counter area within the confines of the yard/shop location to facilitate the sales of new and/or used parts. In most cases these employers use counter employees to accept payments. As a result of this study, Bureau staff has determined that the sale of the used part(s) is an integral part of the automobile dismantling business and is not a separate undertaking warranting a separate classification assignment. Therefore, staff working at any co-located stores and/or counter employees facilitating the sales of the used parts are deemed to be miscellaneous employees and must be assigned to the governing classification per established Bureau Manual rulings.

However, the Bureau found several employers among the files reviewed that operate stores that are separately located and staffed from the main location of the dismantling operations. These employers were assigned to Study Group 3, Automobile Dismantlers Separate Store Off Premises - Separately Classified Before This Study, and Study Group 3A, Automobile Dismantlers - Separate Store Off Premises. Upon approval, those employers that have not already been so advised will receive instruction from the Bureau that Code 934 can be added

⁴ Also included in the combined Exhibit 17 are several employers staff found classified to Code 861 that should be reassigned based on the primary field-of-business rule. The review of these and other misclassified employers will be discussed later in the report.

⁵ The approved April 1, 2007 rating values swing limit for Industry Group III are -24 percent and +26 percent.

for the separately-located store operations, and proper payroll records must be maintained accordingly. Note, the experience of these employers was not added to the loss cost revision historical experience data, as only a portion of the current total report payroll can be assigned to Code 934, with the remaining payroll being proposed for reassignment to Code 815. Since these separate payroll records have not previously been kept, any reassignments now would be estimates only for those years used in the loss cost value calculation for Codes 934 and 815.

PROPOSED RECLASSIFICATIONS

While the largest number of files reviewed were bona fide automobile dismantlers as indicated in Exhibit A, the Bureau created additional study groups based on the reassignment of certain employers to existing classifications using the primary field-of-business rule to classify those employers' businesses. Bureau staff found 34 employers whose business should be reassigned to an alternate classification based on the employers' overall business operation: 11 employers principally operating as automobile repair garages, 2 employers principally operating as automobile dealers, 11 employers principally engaged as ferrous scrap metal dealers, three employers principally engaged as non-ferrous scrap metal dealers, five employers principally engaged in selling new or purchased used parts, and two employers principally engaged in automobile storage. The Bureau created separate historical exhibits for each of these groups of employers and then combined each of these with the respective Class Book page to determine the impact of the reassignments. Below is a listing of the historical exhibits created for the study groups of the employers to be reassigned and the revised class book pages.

- Exhibit 8 - Misclassified-To Be Reassigned To Code 815
- Exhibit 17 - Revised Code 815
- Exhibit 9 - Misclassified-To Be Reassigned To Code 818
- Exhibit 18 - Revised Code 818
- Exhibit 10 - Misclassified-To Be Reassigned To Code 858
- Exhibit 19 - Revised Code 858
- Exhibit 11 - Misclassified-To Be Reassigned To Code 859
- Exhibit 20 - Revised Code 859
- Exhibit 12 - Misclassified-Entire Operation To Be Reassigned To Code 934
- Exhibit 21 - Revised Code 934
- Exhibit 13 - Misclassified-To Be Reassigned to Code 825
- Exhibit 22 - Revised Code 825

As noted above, all employers principally engaged as automobile dismantlers were determined to be properly assigned to Code 815. Employers assigned to Exhibit 8 generate the majority of their revenue from automobile service or repair work and should be reassigned based on this operation. Therefore, the historical experience of Exhibit 8 was combined with the April 1, 2007 Class Book page to create Exhibit 17 which has been previously discussed.

Although these proposed reassignments may substantially increase or reduce rating values for some affected employers, Bureau staff contends that the reassignments are necessary in order that these employers be classified in the same manner as all other employers in Pennsylvania.

The table below shows how the revisions will impact those employers currently assigned to Code 861 should the Bureau's recommendations be approved. The "Percentage Change" comparisons are based on how employers currently assigned to Code 861 will be impacted. (as per the indicated values for Code 861 cited in the table above).

Class Code	April 1, 2006 Indicated Loss Cost	Percentage Change	April 1, 2007 Indicated Loss Cost	Percentage Change
861	\$7.04	N/A	\$7.35	N/A
818	\$3.09	-56.18%	\$3.21	-56.38%
825	\$3.95	-43.96%	\$3.81	-48.19%
858	\$8.10	+15.02%	\$8.43	+12.76%
934	\$3.07	-53.39%	\$3.19	-56.60%

The table below shows how the reassignment of the Code 861 employers will impact the current loss cost values (i.e., using the applicable surcharge factor 1.0136) of the individually listed classifications where the reassignments will be made. Overall the residual loss cost values provide a minimal impact to each classification assignment.

Class Code	Proposed 10/01/07 Loss Cost	April 1, 2006 Loss Cost	Percentage Change	April 1, 2007 Loss Cost	Percentage Change
818	\$3.25	\$3.12	+4.17%	\$3.25	0.00%
825	\$3.89	\$3.99	-2.50%	\$3.86	-0.78%
858	\$8.51	\$8.19	+3.91%	\$8.54	-0.35%
934	\$3.23	\$3.10	+4.19%	\$3.23	0.00%

Finally, the Bureau found three employers that are principally engaged in handling non-ferrous scrap metals. These employers, based on the primary field-of-business rule, should be reassigned to Code 859, Non-Ferrous Scrap Metal Dealer. As with the other proposed reassignments, the Bureau used the separately-created exhibits to determine the indicated loss cost value for those employers that would be moved from Code 861 to Code 859. This review found that the indicated loss cost value change exceeds the permissible April 1, 2007 maximum swing limit. Thus, Bureau staff proposes that Code 861 be sustained for these three employers as their interim classification assignment. If and when the rating values get sufficiently similar, the Bureau will propose in a separate filing to the Insurance Department that Code 861 be withdrawn as a business classification to become effective upon the proposed implementation date. The proposed revision to the indicated loss cost value for Code 861 of \$8.80 is plus 25 percent from the April 1, 2006 indicated loss cost value (\$7.04) and plus 19.7 percent from the April 1, 2007 indicated loss cost (\$7.35). The value of the proposed October 1, 2007 Code 861 loss cost that will be filed is \$8.92.

CONCLUSIONS

The results of the study show that the Bureau procedure of assigning Code 861 to employers with any exposure to automobile dismantling is in conflict with normal classification procedure. Bureau staff recommends that those employers that are principally engaged in performing automobile dismantling be reassigned to Code 815. Similarly, other business principally

Memorandum of March 1, 2007

RE: Class Study Report - Code 861, Automobile Dismantlers

Page 9

engaged in operations that are assignable to other established business classifications should be reassigned as well. However, because of loss cost value impact, the three employers currently assigned to Code 861 and principally engaged in non-ferrous scrap metal work will remain assigned to Code 861 until such time that it is feasible to combine Code 861 into the existing Code 859 considering the rating value swing limits. The Bureau recommends all these proposed changes become effective October 1, 2007 for new and renewal policies.

The proposed enabling Sections 2 and 5 Manual language amendments for the classification proposals are attached for the Committee's review. As is customary, the Bureau would first notify all employers currently assigned to Code 861 of the suggested reassignment classifications of the filing and the potential impact of the filing on those employers if approved. Assuming that the Insurance Commissioner approves the filing, then the carrier-of-record for each employer being reassigned would be notified of the policyholder's classification reassignment, with a copy to the employer.

c: Timothy Wisecarver
Bruce Decker
Vincent Dean
Joseph Lombo

EXHIBIT A

STUDY GROUP	STUDY GROUP TITLE	NUMBER OF EMPLOYERS
1	Automobile Dismantlers No Separate Store	225
2	Automobile Dismantlers Separate Store On Premises	3
3	Automobile Dismantlers Separate Store Off Premises-Separately Classified Before The Study	6
3A	Automobile Dismantlers Separate Store Off Premises	1
10	Pending Survey	5
12	NCC/UTD	105
20	No Yet Group Assigned	2
55	Current Coverage-No Response To Repeated Requests For Information	25
40	Pending	13
30	Misclassified (Various Reassignments Made Before Class Study)	6
30A	Misclassified-Operations Should Be Reassigned To 815	16
30B	Misclassified-Operations Should Be Reassigned To 818	2
30C	Misclassified-Operations Should Be Reassigned To 858	15
30D	Misclassified-Operations Should Be Reassigned To 859	4
30E	Misclassified-Operations Should Be Reassigned To 934	6
30G	Misclassified-Operations Should Be Reassigned To 825	2

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

CODE:
Exhibit 15-No Current Coverage/Unable To Determine

CLASS:
861

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases				
							Death	P.T.	Minor	Temp	All
1999	2,375	7,806	0.329	8,957	617	1.2632	0	0	0	0	3
2000	1,863	164,671	8.839	239,157	81,452	1.0735	0	0	0	2	2
2001	1,638	11,565	0.706	15,641	9,856	0.6105	0	0	0	0	1
2002	1,409	84,853	6.022	158,783	38,056	1.4194	0	0	1	1	2
2003	1,285	7,277	0.566	16,042	6,379	0.7782	0	0	0	0	1
TOTAL	8,570	276,172	3.223	438,580	28,567	1.0502	0	0	0	3	6
O.D.	0	0	0.000	0	0	0	0	0	0	0	0

Manual Year	Indemnity				Medical				
	Death	P.T.	Minor	Temp	Death	P.T.	Minor	Temp	Med. Only
1999	0	0	0	864	0	0	0	987	5,955
2000	0	0	0	79,515	0	0	0	0	1,768
2001	0	0	0	6,641	0	0	0	3,215	1,709
2002	0	0	0	34,000	1,975	0	0	8,136	8,742
2003	0	0	0	4,179	0	0	0	2,200	898
TOTAL	0	0	0	113,515	13,659	0	0	14,538	19,072
O.D.	0	0	0	0	0	0	0	0	0

Manual Year	Indemnity				Medical				
	Death	P.T.	Minor	Temp	Death	P.T.	Minor	Temp	Med. Only
1999	0	0	0	1,004	0	0	0	1,456	6,497
2000	0	1,622	15,450	930	0	650	18,996	1,459	1,853
2001	0	138	1,891	6,593	0	38	731	4,053	1,832
2002	7	3,613	38,028	3,887	50	4,324	37,088	11,519	9,092
2003	3	536	5,823	3,737	2	179	1,645	2,038	957
TOTAL	10	5,909	61,192	16,151	52	5,191	58,460	20,525	20,231
O.D.	0	0	0	0	0	0	0	0	0

	SERIOUS		NON-SER		MED ONLY		TOTAL
	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST	MAN. LOSS COST	
TOTAL TRANSLATED LOSSES	130,814	287,535	20,231	20,231			
IBNR + FREQ. ADJUSTMENT	19,093	(25,797)	163	163			
TOTAL LOSSES	149,907	261,738	20,394	20,394			
EXPECTED LOSSES	319,661	216,650	21,254	21,254			
CREDIBILITY	0.01	0.03	0.04	0.04			
PURE PREMIUMS	1,749	3,054	0.238	0.238			5,041
INDICATED (PRE-TEST)	1,572	2,746	0.214	0.214			4,532
PRES. ON LOSS COST LEVEL	3,778	2,561	0.251	0.251			6,590
DERIVED BY FORMULA	3,756	2,567	0.250	0.250			6,573
UNDERLYING PRES. LOSS COST	3,730	2,528	0.248	0.248			6,506
PROPOSED	3,756	2,567	0.250	0.250			6,573
YEAR	4-1-06	4-1-07	IND. LOSS COST =	7.27			7.27
MAN. LOSS COST	7.04	7.27	ADJ. LOSS CO				7.27

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

CLASS:
861

CODE:
Exhibit 16-Pending Review

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases				
							Death	P.T.	Major	Minor	Temp
1999	1,832	10,541	0.575	13,737	6,016	0.5459	0	0	0	0	1
2000	2,193	107,571	4.905	143,182	17,108	2.7360	0	0	1	0	6
2001	2,508	41,009	1.635	63,761	12,192	1.1962	0	0	0	1	3
2002	2,642	9,072	0.343	9,435	#DIV/0!	0.0000	0	0	0	0	0
2003	2,731	163,581	5.990	413,916	39,498	1.4647	0	0	0	1	4
TOTAL	11,906	331,774	2.787	644,031	21,660	1.1759	0	0	1	2	14
O.D.	0	0	0.000	0	0	0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity				Medical					
	Death	P.T.	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
1999	0	0	0	238	0	0	0	0	5,778	4,525
2000	0	0	90,160	8,209	0	0	1,313	0	2,967	4,922
2001	0	0	0	1,545	0	0	0	18,725	8,279	4,432
2002	0	0	0	0	0	0	0	0	0	9,072
2003	0	0	46,800	55,325	0	0	0	40,000	15,866	5,590
TOTAL	0	0	90,160	65,317	0	0	1,313	58,725	32,890	28,541
O.D.	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity				Medical					
	Death	P.T.	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
1999	0	0	0	277	0	0	0	0	8,523	4,937
2000	18	4,970	115,490	9,263	1	98	3,208	77	4,081	5,158
2001	1	436	4,472	1,774	4	792	12,380	20,781	11,280	4,751
2002	0	0	0	0	0	0	0	0	0	9,435
2003	62	16,345	166,675	54,438	145	12,273	72,917	25,947	20,324	5,959
TOTAL	81	21,751	286,637	65,752	150	13,163	88,505	46,805	44,208	30,240
O.D.	0	0	0	0	0	0	0	0	0	0

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES

IBNR + FREQ. ADJUSTMENT	410,287	203,504	30,240	
TOTAL LOSSES	26,878 (29,672)	173,832	30,562	
EXPECTED LOSSES	444,094	300,984	29,527	
CREDIBILITY	0.01	0.04	0.05	
PURE PREMIUMS				
INDICATED (PRE-TEST)	3,672	1,460	0.257	5,389
INDICATED (POST-TEST)	3,301	1,313	0.231	4,845
PRES. ON LOSS COST LEVEL	3,778	2,561	0.251	6,590
DERIVED BY FORMULA	3,773	2,511	0.250	6,534
UNDERLYING PRES. LOSS COST	3,730	2,528	0.248	6,506
PROPOSED	3,773	2,511	0.250	6,534
YEAR	4-1-06	4-1-07	IND. LOSS COST =	7.228
IND. LOSS COST		7.23		
MAN. LOSS COST		7.23	ADJ. LOSS CO	7.23

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:

CODE:

Exhibit 1-Automobile Dismantler-No Separate Store Location

CLASS: 861

3

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	19,166	751,820	3,923	1,123,332	25.953	1.4087	0	0	2	7	18	27
2000	20,411	1,272,622	6,235	1,974,761	46.925	1.2738	0	0	4	5	17	26
2001	20,988	747,438	3,561	1,132,761	32.003	1.0482	0	0	2	5	15	22
2002	21,110	658,917	3,121	1,232,710	33.040	0.9000	0	0	0	9	10	19
2003	21,308	2,731,892	12,821	1,624,212	107.120	1.1733	0	0	0	4	21	25
TOTAL	102,983	6,162,689	5,984	7,087,776	49.837	1.1555	0	0	8	30	81	119
O.D.	0	0	0.000				0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity				Medical					
	Death	P.T.	Major	Minor	Death	P.T.	Major	Minor	Temp	Med. Only
1999	0	0	187,931	178,579	58,962	0	123,877	53,516	97,854	51,101
2000	0	0	628,250	172,260	33,330	0	251,643	86,996	47,568	52,575
2001	0	0	209,930	118,449	144,674	0	60,247	108,936	61,826	43,376
2002	0	0	0	339,479	75,959	0	0	130,839	81,485	31,155
2003	0	0	0	91,494	90,739	0	0	2,409,549	86,216	53,894
TOTAL	0	0	1,026,111	900,261	403,664	0	435,767	2,789,836	374,949	232,101
O.D.	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity				Medical					
	Death	P.T.	Major	Minor	Death	P.T.	Major	Minor	Temp	Med. Only
1999	0	0	247,693	230,545	68,514	0	299,163	77,331	144,335	55,751
2000	126	38,032	835,750	194,130	41,302	19,137	596,963	121,938	72,183	55,099
2001	54	26,664	361,554	112,625	150,372	14,013	211,034	124,729	85,117	46,499
2002	76	39,170	417,619	241,768	91,413	19,508	174,227	115,943	100,365	32,401
2003	102	26,541	270,796	62,890	89,137	1,162	109,872	637,877	132,862	57,451
TOTAL	358	130,407	2,133,412	841,958	440,738	1,583	1,919,264	675,463	534,862	247,201
O.D.	0	0	0	0	0	0	0	0	0	0

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	4,347,554	2,493,021	247,201	6,846
IBNR + FREQ. ADJUSTMENT	231,152	(272,035)	2,550	6,154
TOTAL LOSSES	4,578,706	2,220,986	249,751	6,590
EXPECTED LOSSES	3,841,266	2,603,410	255,398	6,503
CREDIBILITY	0.06	0.15	0.22	6.506
PURE PREMIUMS				6.503
INDICATED (PRE-TEST)	4.446	2.157	0.243	
INDICATED (POST-TEST)	3.997	1.939	0.218	
PRES. ON LOSS COST LEVEL	3.778	2.561	0.251	
DERIVED BY FORMULA	3.791	2.468	0.244	
UNDERLYING PRES. LOSS COST	3.730	2.528	0.248	
PROPOSED	3.791	2.468	0.244	
YEAR	4-1-06	4-1-07	IND. LOSS COST =	7.194
IND. LOSS COST		7.19		
MAN. LOSS COST	7.04	7.19	ADJ. LOSS CO	7.19

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	1,370	66,816	4,877	86,375	20,221	2,1898	0	0	0	1	2	3
2000	1,576	188,930	11,988	280,767	45,409	2,5381	0	0	1	0	3	4
2001	1,654	271,484	16,414	416,668	53,453	3,0230	0	0	0	3	2	5
2002	1,418	15,759	1,111	21,021	3,480	1,4104	0	0	0	0	2	2
2003	1,726	101,854	5,901	244,547	19,732	2,8969	0	0	0	1	4	5
TOTAL	7,744	644,843	8,327	1,049,378	32,378	2,4535	0	0	1	5	13	19
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0

Manual Year	Indemnity				Medical					
	Death	P.T.	Major	Minor	Death	P.T.	Major	Minor	Temp	Med. Only
1999	0	0	0	43,857	4,438	0	0	11,900	467	6,154
2000	0	0	131,605	0	12,246	0	28,930	0	8,855	7,294
2001	0	0	0	182,615	1,269	0	0	80,142	3,241	4,217
2002	0	0	0	0	1,903	0	0	0	5,056	8,800
2003	0	0	0	20,623	38,269	0	0	12,189	27,580	3,193
TOTAL	0	0	131,605	247,095	58,125	0	28,930	104,231	45,199	29,658
O.D.	0	0	0	0	0	0	0	0	0	0

Manual Year	Indemnity				Medical					
	Death	P.T.	Major	Minor	Death	P.T.	Major	Minor	Temp	Med. Only
1999	0	0	0	56,619	5,157	0	0	17,196	689	6,714
2000	26	7,255	168,607	1,198	13,799	12	66,597	756	12,748	7,644
2001	18	9,212	92,070	160,017	6,720	16	45,665	87,726	7,692	4,521
2002	0	104	1,283	158	1,780	2	2,368	397	5,585	9,152
2003	37	8,983	92,802	19,890	36,410	69	39,228	10,863	27,267	3,404
TOTAL	81	25,554	354,762	237,882	63,866	99	153,858	116,938	53,981	31,435
O.D.	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES	IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES	EXPECTED LOSSES CREDIBILITY	PURE PREMIUMS INDICATED (PRE-TEST)	INDICATED (POST-TEST)	PRES. ON LOSS COST LEVEL DERIVED BY FORMULA	UNDERLYING PRES. LOSS COST PROPOSED	SERIOUS NON-SER	MED ONLY	TOTAL
545,276	472,667	17,604	(20,195)	199	31,634	288,851	195,768	0.01	0.03	7.42
562,880	452,472	3,778	3,806	3,730	2,642	7.269	5.843	6.535	2.561	7.42
13,520	12,155	6,590	6,704	6,506	6,704	0.408	0.367	0.251	0.256	7.42
0.408	0.367	0.251	0.248	0.256	0.256	7.269	5.843	6.535	2.561	7.42
4-1-06	4-1-07	7.04	7.04	7.04	7.04	7.42	7.42	7.42	7.42	7.42

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:

815+EX5,8,15,16
3

CODE:

Exhibit 17: Revised 815

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim		Frequency	Death	P.T.	Number of Cases		
					Severity	Claim				Major	Minor	Temp
1999	874,224	27,290,332	31,217	38,639,663	31,118	0.9403	0	0	55	117	649	822
2000	910,750	28,976,092	31,816	42,809,670	35,863	0.8290	3	1	70	73	608	755
2001	940,910	23,098,052	24,549	35,234,598	31,967	0.7078	1	0	58	72	535	666
2002	950,435	24,262,386	25,528	40,075,388	32,111	0.7344	3	1	37	100	557	698
2003	978,753	18,584,001	18,967	34,721,450	25,839	0.6590	3	0	13	87	542	645
TOTAL	4,655,072	122,190,863	2,625	191,480,769	31,518	0.7703	11	2	233	449	2891	3586
O.D.		302,410	0.065				0	0	1	1	7	9

REPORTED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	6,800	0	8,077,171	0	3,821,357	3,731,903
2000	173,878	445,895	10,925,946	115,162	4,255,602	3,720,575
2001	135,052	0	8,605,833	14,958	3,417,503	2,998,891
2002	327,979	428,765	5,379,186	296,693	2,181,871	4,084,018
2003	520,054	0	1,725,893	62,827	659,710	4,147,720
TOTAL	1,163,763	874,660	34,714,029	684,089	14,336,043	11,872,676
O.D.	0	0	136,247	0	19,101	24,626

TRANSLATED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	9,500	0	10,492,280	0	8,306,474	4,214,471
2000	208,918	1,313,517	14,595,864	479,399	10,110,234	1,909,395
2001	172,013	863,961	12,265,969	578,668	8,688,640	1,622,931
2002	321,340	1,230,788	12,329,793	1,598,921	8,632,202	2,299,560
2003	738,278	1,096,912	10,846,551	1,122,261	7,502,965	1,855,889
TOTAL	1,450,049	4,505,178	60,530,457	3,779,249	43,240,515	11,902,246
O.D.	40	13,392	241,729	27	4,051	31,121

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	115,138,643	67,149,417	9,766,820
IBNR + FREQ. ADJUSTMENT	6,305,387	(6,488,280)	88,155
TOTAL LOSSES	121,444,030	60,661,137	9,854,975
EXPECTED LOSSES	104,413,265	62,238,313	8,751,535
CREDIBILITY	0.74	1.00	1.00
PURE PREMIUMS			
INDICATED (PRE-TEST)	2.609	1.303	0.212
INDICATED (POST-TEST)	2.345	1.171	0.191
PRES. ON LOSS COST LEVEL	2.272	1.354	0.190
DERIVED BY FORMULA	2.326	1.171	0.191
UNDERLYING PRES. LOSS COST	2.243	1.337	0.188
PROPOSED	2.338	1.177	0.192
YEAR	4-1-06	IND. LOSS COST =	4.101
IND. LOSS COST	4.10		
MAN. LOSS COST	4.08	ADJ. LOSS CO	4.1

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

CLASS: 861
CODE: Exhibit 8-All Dismantlers/Misclassified To Be Reassigned to Code 815

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	19,766	849,182	4,296	1,251,622	27,513	1,4672	0	0	2	8	19	29
2000	20,936	1,279,963	6,114	1,984,710	45,409	1,2896	0	0	4	5	18	27
2001	21,546	747,438	3,469	1,132,761	32,003	1,0211	0	0	2	5	15	22
2002	21,657	665,645	3,074	1,243,210	31,640	0,9235	0	0	0	9	11	20
2003	21,839	2,737,072	12,533	1,632,809	103,122	1,1905	0	0	0	4	22	26
TOTAL	105,744	6,279,300	5,938	7,245,112	48,725	1,1726	0	0	8	31	85	124
O.D.	0	0	0.000				0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	0	0	187,931	0	0	123,877
2000	0	0	628,250	0	0	251,643
2001	0	0	209,930	0	0	60,247
2002	0	0	0	0	0	0
2003	0	0	0	0	0	0
TOTAL	0	0	1,026,111	0	0	435,767
O.D.	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	0	0	247,693	0	0	299,163
2000	126	38,035	835,821	19,141	597,348	597,348
2001	54	26,664	361,554	14,013	211,034	211,034
2002	76	39,386	420,275	19,550	174,742	174,742
2003	102	26,622	271,681	110,079	639,782	639,782
TOTAL	358	130,707	2,137,024	1,587	1,922,069	1,922,069
O.D.	0	0	0	0	0	0

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	4,354,528	2,637,853	252,731	6,813
IBNR + FREQ. ADJUSTMENT	237,371	(279,569)	2,614	6,125
TOTAL LOSSES	4,591,899	2,358,284	255,345	6,590
EXPECTED LOSSES	3,944,251	2,673,208	262,245	6,501
CREDIBILITY	0.06	0.16	0.23	6,506
PURE PREMIUMS				6,501
INDICATED (PRE-TEST)	4,342	2,230	0,241	
INDICATED (POST-TEST)	3,903	2,005	0,217	
PRES. ON LOSS COST LEVEL	3,778	2,561	0,251	
DERIVED BY FORMULA	3,786	2,472	0,243	
UNDERLYING PRES. LOSS COST	3,730	2,528	0,248	
PROPOSED	3,786	2,472	0,243	
YEAR	4-1-06	4-1-07	IND. LOSS COST =	7.191
IND. LOSS COST	7.19	7.19	ADJ. LOSS CO	7.19
MAN/LOSS COST	7.04	7.19		

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:

CODE:
Exhibit 9-Misclassed-To Be Reassigned To Code 818

CLASS:
861

3

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases				
							Death	P.T.	Minor	Temp	All
1999	210	4,932	2,349	6,959	4,247	4,7619	0	0	0	1	1
2000	151	1,932	1,279	2,025	#DIV/0!	0.0000	0	0	0	0	0
2001	206	100	0.049	107	#DIV/0!	0.0000	0	0	0	0	0
2002	176	848	0.482	882	#DIV/0!	0.0000	0	0	0	0	0
2003	214	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0
TOTAL	957	7,812	0.816	9,973	4,247	1,0449	0	0	0	1	1
O.D.	0	0	0.000				0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	0	0	168	0	0	4,079
2000	0	0	0	0	0	0
2001	0	0	0	0	0	1,932
2002	0	0	0	0	0	100
2003	0	0	0	0	0	848
TOTAL	0	0	168	0	0	4,079
O.D.	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	0	0	195	0	0	6,017
2000	0	0	0	0	0	0
2001	0	0	0	0	0	2,025
2002	0	0	0	0	0	107
2003	0	0	0	0	0	882
TOTAL	0	0	195	0	0	6,017
O.D.	0	0	0	0	0	0

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	0	6,212	3,761	
IBNR + FREQ. ADJUSTMENT	2,232	(2,509)	24	
TOTAL LOSSES	2,232	3,703	3,785	
EXPECTED LOSSES	35,696	24,193	2,373	
CREDIBILITY	0.00	0.01	0.01	
PURE PREMIUMS				
INDICATED (PRE-TEST)	0.233	0.387	0.396	1.016
INDICATED (POST-TEST)	0.209	0.348	0.356	0.913
PRES. ON LOSS COST LEVEL	3.778	2.561	0.251	6.590
DERIVED BY FORMULA	3.778	2.539	0.252	6.569
UNDERLYING PRES. LOSS COST	3.730	2.528	0.248	6.506
PROPOSED	3.778	2.539	0.252	6.569
YEAR	4-1-06	4-1-07		7.267
IND. LOSS COST	7.27	7.27		
MAN/LOSS COST	7.04	7.27		7.27
				ADJ. LOSS CO

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	1,068,845	27,565,174	2,579	32,522,261	36,045	0.6633	1	2	46	28	632	709
2000	1,117,240	25,881,598	2,317	37,846,802	34,838	0.6095	1	1	51	39	589	681
2001	1,168,489	29,750,862	2,546	39,471,449	41,769	0.5683	2	2	61	42	557	664
2002	1,214,869	22,628,792	1,863	38,012,295	29,290	0.5754	2	0	44	44	609	699
2003	1,327,176	19,443,827	1,465	40,587,324	24,888	0.5222	1	0	12	68	612	693
TOTAL	5,896,619	125,270,253	2,124	188,440,131	33,296	0.5844	7	5	214	221	2999	3446
O.D.		900,154	0.015				0	0	3	2	7	12

REPORTED LOSSES

Manual Year	Indemnity				Medical			
	Death	P.T.	Minor	Temp	Death	P.T.	Minor	Temp
1999	226,850	1,123,796	8,103,165	3,715,668	0	923,847	6,291,273	4,101,391
2000	453,000	421,922	8,870,302	3,709,240	0	166,625	3,815,032	4,208,948
2001	266,095	138,340	9,939,734	3,446,466	286,402	4,056,000	3,355,571	3,809,902
2002	983,547	0	5,999,513	3,946,183	18,252	0	2,493,940	4,659,970
2003	76,909	0	1,623,726	4,595,658	0	0	889,254	6,440,023
TOTAL	2,006,401	1,684,058	34,536,440	19,413,215	304,654	5,146,472	16,845,070	23,220,234
O.D.	0	0	500,136	126,252	0	0	120,587	50,831

TRANSLATED LOSSES

Manual Year	Indemnity				Medical			
	Death	P.T.	Minor	Temp	Death	P.T.	Minor	Temp
1999	316,909	953,559	10,156,215	4,317,606	0	802,546	6,281,234	6,049,552
2000	539,737	1,114,507	11,785,357	3,993,712	4,709	503,117	8,976,258	5,851,990
2001	335,926	1,124,577	13,936,485	3,614,115	602,401	1,340,811	8,394,242	4,971,407
2002	1,164,647	1,008,139	11,566,766	3,934,070	53,159	987,715	8,721,263	5,368,083
2003	113,249	1,180,439	11,902,222	4,386,019	15,922	1,267,007	8,990,031	6,274,765
TOTAL	2,470,468	5,381,221	59,347,045	20,245,522	676,191	4,901,196	41,363,028	28,515,797
O.D.	111	50,385	677,104	143,262	460	38,664	239,524	82,277

TOTAL

SERIOUS

NON-SER

TOTAL TRANSLATED LOSSES

IND. LOSS COST

115,145,397	63,446,390	11,231,873	0.192	3,234
6,351,709	(5,547,048)	103,268	0.173	2,908
121,497,106	57,899,342	11,335,141	0.168	2,892
104,252,224	54,307,861	9,788,388	0.173	2,899
0.86	1.00	1.00	0.166	2,855
			0.173	2,899
4-1-06	4-1-07	IND. LOSS COST =		3,207
3.09	3.21	ADJ. LOSS CO		3.21

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:

CODE:
Exhibit 10-Misclassified-To Be Reassigned To Code 858 (ferrous)

CLASS:
861

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Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	428	172,891	40,395	241,401	57,289	7,0093	1	0	0	0	2	3
2000	483	67,138	13,900	95,301	21,985	6,2112	0	0	0	1	2	3
2001	474	0	0,000	0	#DIV/0!	0,0000	0	0	0	0	0	0
2002	608	2,119,613	348,621	878,469	2,118,731	1,6447	0	0	1	0	0	1
2003	847	486,677	57,459	826,741	240,979	2,3613	1	0	0	0	1	2
TOTAL	2,840	2,846,319	100,223	2,041,912	315,390	3,1690	2	0	1	1	5	9
O.D.	0	0	0,000	0	0	0	0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	151,904	0	4,250	1,183	0	14,529
2000	0	0	10,402	0	0	10,049
2001	0	0	0	0	0	0
2002	0	0	0	0	0	0
2003	230,588	0	17,940	229,430	0	4,000
TOTAL	382,492	0	32,592	230,613	0	28,578
O.D.	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	212,210	0	4,939	1,704	0	21,430
2000	0	434	11,227	0	215	14,186
2001	0	0	0	0	0	0
2002	(7)	4,830	1,238	823	84,935	16,610
2003	325,649	2,300	16,044	441,588	326	3,706
TOTAL	537,852	7,564	33,448	444,115	85,476	55,932
O.D.	0	0	0	0	0	0

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	1,850,208	183,399	8,305
IBNR + FREQ. ADJUSTMENT	6,714	(6,662)	91
TOTAL LOSSES	1,856,922	176,737	8,396

EXPECTED LOSSES CREDIBILITY

EXPECTED LOSSES	105,932	71,795	7,043
CREDIBILITY	0.01	0.01	0.02

PURE PREMIUMS

INDICATED (PRE-TEST)	65,385	6,223	0,296
INDICATED (POST-TEST)	58,781	5,594	0,266
PRES. ON LOSS COST LEVEL	3,778	2,561	0,251
DERIVED BY FORMULA	4,328	2,591	0,251
UNDERLYING PRES. LOSS COST PROPOSED	3,730	2,528	0,248
	4,328	2,591	0,251

YEAR	4-1-06	4-1-07	7.931
IND. LOSS COST	7.93		
MAN. LOSS COST	7.04		7.93
			ADJ. LOSS CO

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	29,372	2,156,511	73,421	3,150,640	39,668	1.7704	1	1	3	8	39	52
2000	30,564	1,769,291	57,888	2,601,935	26,860	2.0285	0	0	5	7	50	62
2001	30,456	2,743,863	90,093	4,439,618	48,959	1.7730	0	0	6	8	40	54
2002	38,175	4,764,810	124,815	4,550,021	89,289	1.3621	1	0	4	7	40	52
2003	40,633	3,088,128	76,000	5,246,361	52,574	1.3782	2	0	2	5	47	56
TOTAL	169,200	14,522,603	8,583	19,988,575	50,576	1.6312	4	1	20	35	216	276
O.D.		12,303	0.073				0	0	0	0	1	1

REPORTED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	151,904	291,124	183,985	1,183	245,806	264,671
2000	0	0	238,364	0	0	285,902
2001	0	0	142,972	0	719,153	276,616
2002	189,201	0	275,208	5,000	2,692,347	348,128
2003	406,432	0	238,123	232,179	553,660	833,397
TOTAL	747,537	291,124	1,078,652	238,362	4,314,133	2,008,714
O.D.	0	0	4,956	0	0	5,877

TRANSLATED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	212,210	445,243	213,791	1,704	432,809	390,390
2000	122	38,524	258,472	93	18,004	397,359
2001	209	95,459	166,911	872	109,124	382,464
2002	227,630	84,857	285,957	14,059	209,984	431,225
2003	574,243	81,207	231,652	449,855	236,747	763,637
TOTAL	1,014,414	745,290	1,156,783	466,583	1,006,668	2,365,075
O.D.	0	0	5,759	0	0	8,669

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	13,448,802	5,955,513	600,253
IBNR + FREQ. ADJUSTMENT	393,850	(469,407)	16,514
TOTAL LOSSES	13,842,652	5,486,106	616,767

EXPECTED LOSSES CREDIBILITY

6,439,752	4,715,604	1,482,192
0.08	0.22	0.31

PURE PREMIUMS

INDICATED (PRE-TEST)	8.181	3.242	0.365	11.788
INDICATED (POST-TEST)	7.355	2.915	0.328	10.598
PRES. ON LOSS COST LEVEL	3.855	2.823	0.887	7.565
DERIVED BY FORMULA	4.135	2.843	0.714	7.692
UNDERLYING PRES. LOSS COST PROPOSED	3.806	2.787	0.876	7.469
	4.135	2.843	0.714	7.692

YEAR	4-1-06	4-1-07	IND. LOSS COST =	8.509
IND. LOSS COST		8.51		
MAN. LOSS COST	8.08	8.51	ADJ. LOSS CO	8.51

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

CODE:
Exhibit 11-Misclassed-To Be Reassigned To Code 859 (non-ferrous)

CLASS:
861

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	916	629,264	68,697	1,014,087	125,687	5,4585	0	0	2	0	3	5
2000	918	1,384	0.151	1,760	1,153	1,0893	0	0	0	0	1	1
2001	912	12,998	1,425	18,787	6,210	2,1930	0	0	0	0	2	2
2002	1,018	18,192	1,787	30,873	17,674	0,9823	0	0	0	0	1	1
2003	1,132	81,176	7,171	179,588	19,707	3,5336	0	0	0	0	4	4
TOTAL	4,896	743,014	15,176	1,245,095	56,808	2,6552	0	0	2	0	11	13
O.D.		0	0.000				0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity				Medical				
	Death	P.T.	Minor	Temp	Death	P.T.	Minor	Temp	Med. Only
1999	0	0	0	10,299	0	0	0	7,065	829
2000	0	0	0	583	0	0	0	570	231
2001	0	0	0	4,583	0	0	0	7,836	579
2002	0	0	0	8,095	0	0	0	9,579	518
2003	0	0	0	38,840	0	0	0	39,986	2,350
TOTAL	0	0	0	62,400	0	0	0	65,036	4,507
O.D.	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity				Medical				
	Death	P.T.	Minor	Temp	Death	P.T.	Minor	Temp	Med. Only
1999	0	0	0	11,967	0	0	0	10,421	904
2000	0	3	8	617	0	0	10	778	242
2001	0	95	168	4,550	0	92	296	9,878	621
2002	1	444	672	7,571	3	363	753	10,582	539
2003	27	4,979	7,768	34,735	44	3,259	5,198	37,047	2,505
TOTAL	28	5,521	8,616	59,440	47	3,714	6,257	68,706	4,811
O.D.	0	0	0	0	0	0	0	0	0

TOTAL

	SERIOUS		NON-SER		MED ONLY		TOTAL
	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST	MAN. LOSS COST	
TOTAL TRANSLATED LOSSES	1,097,265	11,180	143,019	(12,644)	4,811	130	25,404
IBNR + FREQ. ADJUSTMENT	1,108,445	130,375	130,375	4,941			22,838
TOTAL LOSSES	182,621	123,771	123,771	0.02	12,142	0.03	6,590
EXPECTED LOSSES	0.01						6,748
CREDIBILITY							6,506
PURE PREMIUMS							6,748
INDICATED (PRE-TEST)	22,640		2,663		0.101		
INDICATED (POST-TEST)	20,353		2,394		0.091		
PRES. ON LOSS COST LEVEL	3,778		2,561		0.251		
DERIVED BY FORMULA	3,944		2,558		0.246		
UNDERLYING PRES. LOSS COST	3,730		2,528		0.248		
PROPOSED	3,944		2,558		0.246		
YEAR	4-1-06	4-1-07	IND. LOSS COST =				7,465
IND. LOSS COST	7.47	7.47					
MAN. LOSS COST	7.04	7.47	ADJ. LOSS CO				7.47

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

Exhibit 20: Revised Code 859

CLASS: 859+EX11

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	14,396	1,579,238	10,970	2,383,217	59,546	1,8061	0	0	4	2	20	26
2000	14,077	656,552	4,664	981,898	29,731	1,4918	0	0	2	2	17	21
2001	15,210	776,230	5,103	1,293,178	53,307	0,9204	0	0	3	1	10	14
2002	14,723	1,081,720	7,347	2,059,339	54,761	1,2905	0	0	1	4	14	19
2003	16,174	1,210,366	7,483	2,025,243	51,299	1,4220	0	0	2	1	20	23
TOTAL	74,580	5,304,106	7,112	8,742,875	49,895	1,3811	0	0	12	10	81	103
O.D.		373	0.001				0	0	0	0	1	1

REPORTED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	0	0	101,195	0	0	60,423
2000	0	0	65,314	0	0	50,717
2001	0	0	23,918	0	0	65,317
2002	0	0	53,025	0	0	111,372
2003	0	0	119,984	0	0	137,240
TOTAL	0	0	363,436	0	0	425,069
O.D.	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Death	P.T.	Temp
1999	0	0	117,589	0	0	89,124
2000	66	19,417	71,869	43	7,979	71,967
2001	90	38,305	30,745	266	32,260	90,127
2002	67	35,480	63,867	947	81,544	166,992
2003	151	45,708	118,627	1,969	156,846	163,838
TOTAL	374	138,910	402,697	3,225	278,629	582,048
O.D.						175,085

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	6,420,407	2,147,383	175,492	9,554
IBNR + FREQ. ADJUSTMENT	186,504	(195,646)	14,476	9.55
TOTAL LOSSES	6,606,911	1,951,737	189,968	9.55
EXPECTED LOSSES	3,058,526	1,883,891	1,416,274	
CREDIBILITY	0.05	0.12	0.18	
PURE PREMIUMS				
INDICATED (PRE-TEST)	8,859	2,617	0,255	11.731
INDICATED (POST-TEST)	7,964	2,353	0,229	10.546
PRES. ON LOSS COST LEVEL	4,154	2,559	1,924	8.637
DERIVED BY FORMULA	4,345	2,534	1,619	8.498
UNDERLYING PRES. LOSS COST	4,101	2,526	1,899	8.526
PROPOSED	4,416	2,575	1,645	8.637
YEAR	4-1-06	4-1-07	IND. LOSS COST =	9.554
IND. LOSS COST		9.55		
MAN. LOSS COST	9.23		ADJ. LOSS CO	9.55

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

CODE:
Exhibit 12-Misclassified-Entire Operation To Be Reassigned To Code 934

CLASS:
861

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	205	98	0.048	107	#DIV/0!	0.0000	0	0	0	0	0	0
2000	239	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
2001	341	43,052	12,625	66,838	42,173	2,9326	0	0	0	1	0	1
2002	256	24,812	9,692	48,352	24,702	3,9063	0	0	0	1	0	1
2003	281	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
TOTAL	1,322	67,962	5,141	115,297	33,438	1,5129	0	0	0	2	0	2
O.D.	0	0	0.000				0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Major	Minor	Med. Only
1999	0	0	0	0	0	98
2000	0	0	0	0	0	0
2001	0	0	0	0	0	0
2002	0	0	0	26,363	15,810	879
2003	0	0	0	21,902	2,800	110
TOTAL	0	0	0	48,265	18,610	1,087
O.D.	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity			Medical		
	Death	P.T.	Temp	Major	Minor	Med. Only
1999	0	0	0	0	0	107
2000	0	0	0	0	0	0
2001	3	1,326	788	23,094	17,282	942
2002	4	2,258	1,314	15,191	2,912	114
2003	0	0	0	0	0	0
TOTAL	7	3,584	2,102	38,285	19,626	1,163
O.D.	0	0	0	0	0	0

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	53,189	60,945	1,163		8,698
IBNR + FREQ. ADJUSTMENT	2,988	(3,334)	34		7,820
TOTAL LOSSES	56,177	57,611	1,197		7,820
EXPECTED LOSSES	49,311	33,420	3,279		6,590
CREDIBILITY	0.00	0.01	0.01		6,602
PURE PREMIUMS					6,506
INDICATED (PRE-TEST)	4,249	4,358	0.091		6,602
INDICATED (POST-TEST)	3,820	3,918	0.082		
PRES. ON LOSS COST LEVEL	3,778	2,561	0.251		
DERIVED BY FORMULA	3,778	2,575	0.249		
UNDERLYING PRES. LOSS COST	3,730	2,528	0.248		
PROPOSED	3,778	2,575	0.249		
YEAR	4-1-06	4-1-07	IND. LOSS COST =		7.303
IND. LOSS COST	7.30	7.30			
MAN. LOSS COST	7.04	7.30	ADJ. LOSS CO		7.3

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	254,784	5,964,604	2,341	8,436,565	29.481	0.7143	1	0	13	11	157	182
2000	236,242	6,728,201	2,848	9,084,545	42.622	0.6180	0	2	10	15	119	146
2001	285,963	6,221,529	2,176	8,982,366	29.958	0.6644	0	0	13	21	156	190
2002	254,645	6,065,928	2,382	10,461,912	34.036	0.6401	1	0	10	18	134	163
2003	272,565	5,312,354	1,949	8,855,670	31.632	0.5430	0	0	1	14	133	148
TOTAL	1,304,199	30,292,616	2,323	45,821,058	33.184	0.6356	2	2	47	79	699	829
O.D.	83,058		0.006				0	0	0	1	2	3

REPORTED LOSSES

Manual Year	Indemnity				Medical						
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
1999	6,588	0	1,711,629	471,553	1,048,205	1	0	600,435	382,260	1,144,783	599,150
2000	0	1,176,829	1,318,431	325,433	1,048,725	0	300,950	643,343	437,277	971,841	505,372
2001	0	0	1,467,839	519,021	913,637	0	0	705,318	1,185,947	900,216	529,551
2002	68,512	0	1,375,956	746,522	1,087,492	0	0	619,912	322,776	1,326,734	518,024
2003	0	0	175,500	433,682	987,548	0	0	1,274,499	349,409	1,460,855	630,861
TOTAL	75,100	1,176,829	6,049,355	2,496,211	5,085,607	1	300,950	3,843,507	2,677,669	5,804,429	2,782,958
O.D.	0	0	0	21,732	2,084	0	0	0	29,800	9,902	19,540

TRANSLATED LOSSES

Manual Year	Indemnity				Medical						
	Death	P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only
1999	9,203	0	2,255,927	608,775	1,218,014	1	0	1,450,051	552,366	1,688,555	653,673
2000	929	1,179,095	1,908,534	386,020	1,124,020	4,301	328,025	1,648,776	623,235	1,351,980	529,630
2001	345	168,478	2,341,133	506,575	944,723	1,037	146,554	2,216,797	893,742	1,195,303	567,679
2002	82,912	287,887	3,264,328	657,997	1,100,036	2,742	259,035	2,305,716	437,864	1,524,650	538,745
2003	917	217,563	2,251,250	457,146	930,953	3,993	306,718	2,154,198	435,578	1,424,856	672,498
TOTAL	94,306	1,853,023	12,021,172	2,616,513	5,317,746	12,074	1,040,332	9,775,538	2,942,785	7,185,344	2,962,225
O.D.	1	1,124	11,276	19,084	2,852	9	1,224	18,899	32,940	13,874	20,521

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	24,828,978	18,131,138	2,982,746	3.191
IBNR + FREQ. ADJUSTMENT	1,099,258	(1,714,447)	25,169	3.19
TOTAL LOSSES	25,928,236	16,416,691	3,007,915	3.19
EXPECTED LOSSES	18,037,072	16,485,075	2,517,104	
CREDIBILITY	0.31	0.84	1.00	
PURE PREMIUMS				
INDICATED (PRE-TEST)	1.988	1.259	0.231	3.478
INDICATED (POST-TEST)	1.787	1.132	0.208	3.127
PRES. ON LOSS COST LEVEL	1.401	1.280	0.196	2.877
DERIVED BY FORMULA	1.521	1.156	0.208	2.885
UNDERLYING PRES. LOSS COST	1.383	1.264	0.193	2.840
PROPOSED	1.521	1.156	0.208	2.885
YEAR	4-1-06	4-1-07	IND. LOSS COST =	3.191
IND. LOSS COST		3.19		
MAN. LOSS COST		3.19	ADJ. LOSS CO	3.19

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:

CODE:

Exhibit 13-Misclassified-To Be Reassigned To 825

CLASS:
861

3

Manual Year	PAYROLL IN THOUS	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
1999	74	7,000	9,459	8,760	7,000	13,5135	0	0	0	0	1	1
2000	71	109,556	154,304	155,195	109,556	14,0845	0	0	1	0	0	1
2001	56	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
2002	93	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
2003	116	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
TOTAL	410	116,556	28,428	163,955	58,278	4,8780	0	0	1	0	1	2
O.D.	0	0	0.000	0			0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Indemnity				Medical			
	Death	P.T.	Minor	Temp	Death	P.T.	Major	Med. Only
1999	0	0	0	5,000	0	0	0	0
2000	0	0	101,677	0	0	0	7,879	0
2001	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0
TOTAL	0	0	101,677	5,000	0	0	7,879	0
O.D.	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Indemnity				Medical			
	Death	P.T.	Minor	Temp	Death	P.T.	Major	Med. Only
1999	0	0	0	5,810	0	0	0	0
2000	20	5,562	129,282	651	3	577	17,963	165
2001	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0
TOTAL	20	5,562	129,282	6,461	3	577	17,963	165
O.D.	0	0	0	0	0	0	0	0

SERIOUS NON-SER MED ONLY TOTAL

TOTAL TRANSLATED LOSSES	153,407	0	0	0	0	0	0	0
IBNR + FREQ. ADJUSTMENT	962	(1,004)	13	13	13	13	13	13
TOTAL LOSSES	154,369	9,544	13	13	13	13	13	13
EXPECTED LOSSES	15,293	10,365	1,017	1,017	1,017	1,017	1,017	1,017
CREDIBILITY	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01
PURE PREMIUMS								
INDICATED (PRE-TEST)	37,651	2,328	0.003	0.003	0.003	0.003	0.003	0.003
INDICATED (POST-TEST)	33,848	2,093	0.003	0.003	0.003	0.003	0.003	0.003
PRES. ON LOSS COST LEVEL	3,778	2,561	0.251	0.251	0.251	0.251	0.251	0.251
DERIVED BY FORMULA	3,778	2,561	0.249	0.249	0.249	0.249	0.249	0.249
UNDERLYING PRES. LOSS COST	3,730	2,528	0.248	0.248	0.248	0.248	0.248	0.248
PROPOSED	3,779	2,562	0.249	0.249	0.249	0.249	0.249	0.249
YEAR	4-1-06	IND. LOSS COST =	7.290					
IND. LOSS COST	7.29							
MAN. LOSS COST	7.04	ADJ. LOSS CO	7.29					

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B				NUMBER OF CASES					
				DEATH	P. T.	MAJOR	MINOR	TEMP	ALL	MAJOR	MINOR	TEMP	ALL
1999	848,881	26,355,987	3,104	848,881	1	53	108	624	786				
2000	884,182	27,234,957	3,080	884,182	3	64	66	582	716				
2001	913,564	22,026,556	2,411	913,564	1	56	63	515	635				
2002	923,309	23,487,057	2,543	923,309	3	37	90	543	674				
2003	951,172	15,554,217	1,635	951,172	3	13	81	512	609				
TOTAL	4,521,108	114,658,774	2,536	4,521,108	11	223	408	2776	3420				
O. D.		302,410	.006				1	7	9				

REPORTED LOSSES

MANUAL YEAR	INDEMNITY				MEDICAL						
	DEATH	P. T.	MAJOR	MINOR	TEMP.	DEATH	P. T.	MAJOR	MINOR	TEMP.	MED. ONLY
1999	6,800	445,895	7,889,240	2,617,415	3,801,697	309,611	115,162	3,697,480	3,090,232	3,610,071	1,643,052
2000	173,878	428,785	10,075,931	1,945,150	3,562,438	14,958	994,325	3,973,716	1,145,377	3,655,871	1,831,928
2001	135,052	874,660	8,395,903	1,360,142	3,076,896	296,693	62,827	3,357,256	1,009,848	2,922,330	1,754,171
2002	327,979	33,466,153	5,379,186	2,421,429	3,752,280	684,089	1,109,487	2,181,871	1,926,640	3,988,241	1,789,648
2003	520,054	136,247	1,725,893	2,206,637	2,903,614	17,096,925	19,101	659,710	1,629,996	4,013,311	1,832,175
TOTAL	1,163,763	874,660	33,466,153	10,550,773	17,096,925	684,089	1,109,487	13,870,033	8,802,093	18,189,824	8,850,974
O. D.			136,247	37,674	22,941			19,101	24,626	38,248	23,573

TRANSLATED LOSSES

MANUAL YEAR	INDEMNITY				MEDICAL						
	DEATH	P. T.	MAJOR	MINOR	TEMP.	DEATH	P. T.	MAJOR	MINOR	TEMP.	MED. ONLY
1999	9,500	1,261,081	10,244,589	3,366,105	4,417,573	533,040	457,144	8,007,315	4,116,471	5,324,868	1,792,570
2000	209,090	828,146	13,460,645	2,262,333	3,857,517	35,460	560,889	9,423,935	1,675,326	5,102,077	1,919,861
2001	172,510	1,185,182	11,805,680	1,444,143	3,220,102	590,377	1,572,669	8,417,306	1,389,646	3,849,919	1,880,471
2002	321,583	1,042,927	11,834,259	2,181,596	3,751,829	132,931	993,747	8,409,262	2,155,466	4,656,612	1,861,234
2003	737,935	4,317,336	57,655,360	11,250,184	18,160,376	1,291,808	3,584,449	6,747,949	1,582,056	4,000,766	1,953,099
TOTAL	1,450,618	4,317,336	57,655,360	11,250,184	18,160,376	1,291,808	3,584,449	41,005,767	10,918,965	22,934,242	9,407,235
O. D.	40	13,392	241,729	40,186	75,013	27	4,051	79,807	31,121	63,794	24,951

TOTAL TRANS. LOSSES	LOSSES PG B	SERIOUS	NON-SERIOUS	MED. ONLY	TOTAL
109,644,384	63,473,881	2,558	1,268	.211	4.037
6,005,056	-6,136,510	2,300	1,140	.190	3.630
115,649,440	57,337,371	2,228	1,319	.188	3.735
99,419,164	58,864,826	2,280	1,140	.190	3.610
.72	1.00	2,199	1,302	.186	3.687
		2,293	1,146	.191	3.630

YEAR	4-1-04	4-1-05	4-1-06	4-1-07	IND. RATE
IND. RATES					4.02 MINIMUM PREMIUM
MAN. RATES	4.19	4.12	3.99	4.02	PRESENT

+PROPOSED

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	NUMBER OF CASES				ALL	
				DEATH	P. T.	MAJOR	MINOR		TEMP
1999	1,068,635	27,560,242	2,579	1	2	46	28	631	708
2000	1,117,089	25,879,666	2,316	1	1	51	39	589	681
2001	1,168,283	29,750,762	2,546	2	2	61	42	557	664
2002	1,214,693	22,627,944	1,862	2	2	44	44	609	699
2003	1,326,962	19,443,827	1,465	1	1	12	68	612	693
TOTAL	5,895,662	125,262,441	2,125	7	5	214	221	2998	3445
O. D.	900,154		.015			3	2	7	12

REPORTED LOSSES

MANUAL YEAR	INDEMNITY				MEDICAL				MED. ONLY	
	DEATH	P. T.	MAJOR	MINOR	DEATH	P. T.	MAJOR	MINOR		TEMP.
1999	226,850	1,123,796	8,103,165	607,522	3,715,500	923,847	6,291,273	462,557	4,097,312	2,008,420
2000	453,000	421,922	8,870,302	987,523	3,709,240	166,625	3,815,032	1,092,205	4,208,948	2,154,869
2001	266,095	138,340	9,939,734	1,397,094	3,446,466	4,056,000	3,355,571	1,039,162	3,809,902	2,015,996
2002	983,547		5,999,513	1,285,089	3,946,183		2,493,940	1,086,872	4,659,970	2,154,578
2003	76,909		1,623,726	1,885,814	4,595,658		889,254	1,735,988	6,440,023	2,196,455
TOTAL	2,006,401	1,684,058	34,536,440	6,163,042	19,413,047	5,146,472	16,845,070	5,416,784	23,216,155	10,530,318
O. D.			500,136	61,793	126,252		120,587	7,021	50,831	33,534

TRANSLATED LOSSES

MANUAL YEAR	INDEMNITY				MEDICAL				MED. ONLY	
	DEATH	P. T.	MAJOR	MINOR	DEATH	P. T.	MAJOR	MINOR		TEMP.
1999	316,909	953,558	10,156,218	784,312	4,317,403	802,546	6,281,232	668,398	6,043,538	2,191,186
2000	540,040	1,114,066	11,785,469	1,205,523	3,993,917	502,859	8,976,163	1,611,935	5,852,145	2,258,303
2001	336,588	1,125,342	13,936,182	1,517,982	3,612,726	1,341,325	8,392,855	1,472,208	4,971,554	2,161,148
2002	1,164,977	1,009,060	11,567,554	1,436,964	3,933,798	985,861	8,720,331	1,531,649	5,368,401	2,240,761
2003	113,213	1,178,396	11,903,167	2,136,300	4,386,497	1,266,442	8,988,064	1,978,837	6,275,429	2,341,421
TOTAL	2,471,727	5,380,422	59,348,590	7,081,081	20,244,341	4,899,033	41,358,645	7,263,027	28,511,067	11,192,819
O. D.	50,385		677,104	93,070	143,262		239,524	23,379	82,277	35,293

TOTAL TRANS. LOSSES	PG B	SERIOUS	NON-SERIOUS	MED. ONLY	TOTAL
TOTAL TRANS. LOSSES	PG A	115,140,641	63,441,504	11,228,112	
IBNR + FREQUENCY ADJUST.		6,351,375	-5,547,118	103,326	
TOTAL LOSSES		121,492,016	57,894,386	11,331,438	
EXPECTED LOSSES		104,235,304	54,299,047	9,786,799	
CREDIBILITY		.86	1.00	1.00	
PURE PREMIUMS					
INDICATED (PRE-TEST)		2,061	.982	.192	3,235
INDICATED (POST-TEST)		1,853	.883	.173	2,909
PRES. ON RATE LEVEL		1,791	.933	.168	2,892
DERIVED BY FORMULA		1,844	.883	.173	2,900
UNDERLYING PRES. RATE		1,768	.921	.166	2,855
PROPOSED		1,844	.883	.173	2,900

YEAR	4-1-05	1-1-06	4-1-06	4-1-07	IND. RATE
IND. RATES					3.207
MAN. RATES	3.24	3.25	3.09 +	3.21	PRESENT

+PROPOSED

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B			NUMBER OF CASES			
				DEATH	P. T.	MAJOR	MINOR	TEMP	ALL	
1999	54,385	1,158,465	2,130			54,385	2	5	30	37
2000	62,716	1,368,229	2,181			62,716	1	7	80	88
2001	77,766	1,345,000	1,729			77,766		10	35	46
2002	75,947	1,419,350	1,868			75,947		5	46	52
2003	75,037	1,008,619	1,344			75,037		6	35	41
TOTAL	345,851	6,299,663	1,821			345,851	1	4	33	264
O. D.		13,585	.003						2	2

MANUAL YEAR	INDEMNITY			MEDICAL			P. T.	DEATH	TEMP.	MAJOR	MINOR	TEMP.	MED. ONLY
	DEATH	P. T.	MAJOR	MINOR	TEMP.	MAJOR							
1999			261,916	192,935	193,903	76,925	19,000		179,212	121,496	82,463	318,158	132,078
2000	14,524		121,000	280,795	520,195	24,818			315,732	155,636	171,795	308,060	133,094
2001			149,869	387,869	200,964	42,191				115,243	115,243	276,508	184,591
2002				257,496	305,348					646,633	646,633	1,397,670	839,422
2003				177,535	188,655							8,927	546
TOTAL	14,524		532,785	1,296,630	1,409,065	143,934	19,000		8,927	1,397,670	1,397,670	8,927	546
O. D.				4,112									

MANUAL YEAR	INDEMNITY			SERIOUS			NON-SERIOUS			P. T.	DEATH	TEMP.	MAJOR	MINOR	TEMP.	MED. ONLY
	DEATH	P. T.	MAJOR	MINOR	TEMP.	MINOR	TEMP.	MAJOR	MINOR							
1999			345,205	249,079	225,313	185,774	41,909		175,562	175,562	264,340	144,097				
2000	20	41,512	110,384	315,121	553,779	43,636	13,370		116,842	116,842	436,277	139,483				
2001	64	33,941	402,351	349,207	212,908	214,939	83		183,399	183,399	405,953	148,988				
2002	124	59,796	671,785	209,369	305,190	414,660	457		172,452	172,452	356,167	191,975				
2003	209	59,215	602,762	143,073	187,572	382,571	679		104,710	104,710	272,407	267,223				
TOTAL	417	194,484	2,132,487	1,265,849	1,484,762	1,241,580	1,816		752,965	752,965	1,735,144	891,766				
O. D.		34	585	77	4,295	60			257	257	11,654	591				

TOTAL TRANS. LOSSES PG B	TOTAL TRANS. LOSSES PG A	TBNR + FREQUENCY ADJUST.	TOTAL LOSSES	EXPECTED LOSSES	CREDIBILITY	PURE PREMIUMS	INDICATED (PRE-TEST)	INDICATED (POST-TEST)	PRES. ON RATE LEVEL	DERIVED BY FORMULA	UNDERLYING PRES. RATE	PROPOSED	SERIOUS	NON-SERIOUS	MED. ONLY	TOTAL
													3,726,890	5,255,003	892,357	
													368,608	-575,857	7,575	
													4,095,498	4,679,146	899,932	
													6,118,105	5,786,087	719,370	
													.13	.35	.50	
													1,184	1,353	.260	2,797
													1,064	1,216	.234	2,514
													1,792	1,695	.210	3,697
													1,697	1,527	.222	3,446
													1,769	1,673	.208	3,650
													1,697	1,527	.222	3,446

YEAR	4-1-04	4-1-05	4-1-06	4-1-07	IND. RATE
IND. RATES					3.81
MAN. RATES	4.60	4.48	3.95	3.81	MINIMUM PREMIUM
					+ 3.81 PRESENT
					+PROPOSED

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	NUMBER OF CASES					
				DEATH	P.T.	MAJOR	MINOR	TEMP.	ALL
1999	28,944	1,983,620	6,853		1	3	8	37	49
2000	30,081	1,702,153	5,658			5	6	48	59
2001	29,982	2,743,863	9,151			6	8	40	54
2002	37,567	2,645,197	7,041		1	3	7	40	51
2003	39,786	2,601,451	6,538		1	2	5	46	54
TOTAL	166,360	11,676,284	7,019		2	19	34	211	267
O.D.		12,303	.007					1	1

REPORTED LOSSES

MANUAL YEAR	INDEMNITY			MEDICAL						
	DEATH	P.T.	TEMP.	MAJOR	MINOR	TEMP.	MAJOR	MINOR	TEMP.	MED. ONLY
1999		291,124	179,735	415,475	281,813	179,735	116,571	110,213	250,142	92,741
2000			227,962	608,941	182,985	227,962	232,402	71,225	275,853	102,785
2001			142,972	896,087	394,437	142,972	719,153	214,514	276,616	100,084
2002	189,201		275,208	403,931	321,769	275,208	835,564	145,470	348,128	120,926
2003	175,844		220,183	338,249	96,889	220,183	553,660	245,239	829,397	139,241
TOTAL	365,045	291,124	1,046,060	2,662,683	1,277,893	1,046,060	2,457,350	786,661	1,980,136	555,777
O.D.			4,956						5,877	1,470

TRANSLATED LOSSES

MANUAL YEAR	INDEMNITY			MEDICAL						
	DEATH	P.T.	TEMP.	MAJOR	MINOR	TEMP.	MAJOR	MINOR	TEMP.	MED. ONLY
1999		445,243	208,854	547,596	363,820	208,854	432,809	159,259	368,960	101,180
2000	142	38,049	247,259	833,490	208,492	247,259	17,778	104,404	383,177	107,719
2001	256	95,575	166,774	1,309,689	365,408	166,774	129,081	280,059	382,484	107,290
2002	227,657	80,010	284,675	895,230	256,510	284,675	104,898	184,507	414,750	125,763
2003	248,580	78,730	763,861	763,861	115,249	763,861	236,518	287,495	759,980	148,431
TOTAL	476,635	737,607	1,123,183	4,349,866	1,309,479	1,123,183	921,084	1,015,724	2,309,351	590,383
O.D.			5,759						8,669	1,565

TOTAL TRANS. LOSSES	PG B	SERIOUS	NON-SERIOUS	MED. ONLY	TOTAL
TOTAL TRANS. LOSSES		11,597,787	5,772,165	591,948	
IBNR + FREQUENCY ADJUST.		387,141	-462,815	16,411	
TOTAL LOSSES		11,984,928	5,309,350	608,359	
EXPECTED LOSSES		6,333,326	4,643,108	1,475,612	
CREDIBILITY		.08	.21		
PURE PREMIUMS					
INDICATED (PRE-TEST)		7,204	3,191	.366	10,761
INDICATED (POST-TEST)		6,476	2,869	.329	9,674
PRES. ON RATE LEVEL		3,856	2,827	.899	7,582
DERIVED BY FORMULA		4,066	2,836	.722	7,624
UNDERLYING PRES. RATE		3,807	2,791	.887	7,485
PROPOSED		4,066	2,836	.722	7,624

YEAR	4-1-04	4-1-05	4-1-06	4-1-07	IND. RATE
IND. RATES					8.43
MAN. RATES	8.45	8.57	8.10 +	8.43	PRESENT

+PROPOSED

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	NUMBER OF CASES			DEATH	P. T.	MAJOR	MINOR	TEMP.	MED. ONLY
				P. T.	MAJOR	MINOR						
1999	13,480	949,974	7,047		2	2		102,257	154,292	53,358		30,201
2000	13,159	655,168	4,978		2	2		106,643	16,946	50,147		31,971
2001	14,298	763,232	5,338		3	1		204,968	878	57,481		29,348
2002	13,705	1,063,528	7,760		1	4		40,800	527,885	101,793		40,734
2003	15,042	1,129,190	7,506		2	1		626,480	21,000	97,254		28,137
TOTAL	69,684	4,561,092	6,545		10	10		1,081,148	721,001	360,033		160,391
O. D.		373										373

REPORTED LOSSES

MANUAL YEAR	DEATH	P. T.	INDEMNITY			DEATH	P. T.	MEDICAL				
			MAJOR	MINOR	TEMP.			MAJOR	MINOR	TEMP.	MED. ONLY	
1999			443,013	75,957	90,896			102,257	154,292	53,358		30,201
2000			328,512	56,218	64,731			106,643	16,946	50,147		31,971
2001			444,465	6,757	19,335			204,968	878	57,481		29,348
2002			129,118	178,268	44,930			40,800	527,885	101,793		40,734
2003			255,039	20,136	81,144			626,480	21,000	97,254		28,137
TOTAL			1,600,147	337,336	301,036			1,081,148	721,001	360,033		160,391
O. D.												373

TRANSLATED LOSSES

MANUAL YEAR	DEATH	P. T.	INDEMNITY			DEATH	P. T.	MEDICAL				
			MAJOR	MINOR	TEMP.			MAJOR	MINOR	TEMP.	MED. ONLY	
1999	77	19,396	583,891	98,061	105,621			246,951	222,952	78,705		32,949
2000	118	38,250	435,353	65,091	71,259	38	7,976	250,620	25,649	71,190		33,506
2001	74	35,016	561,220	14,164	26,141	267	32,134	475,869	14,421	80,258		31,461
2002	125	40,692	384,620	132,055	56,270	884	81,289	685,165	454,154	156,350		42,363
2003	394	133,354	2,344,427	349,382	343,189	1,826	153,746	907,852	81,139	126,751		29,994
TOTAL			2,344,427	349,382	343,189	3,015	275,145	2,566,457	798,315	513,254		170,273
O. D.												407

TOTAL TRANS. LOSSES	PG B	SERIOUS	NON-SERIOUS	MED. ONLY	TOTAL
5,322,792		7,890	2,613	170,680	10,768
175,338		7,093	2,349	238	9,680
5,498,130		4,181	2,559	2,041	8,781
2,875,858		4,297	2,534	1,734	8,565
.04		4,127	2,526	2,015	8,668
		4,405	2,598	1,778	8,781
4-1-04	4-1-05	4-1-06	4-1-07	IND. RATE	9.713
10.18	9.93	9.38	9.71	MINIMUM PREMIUM	
				PRESENT	
				+PROPOSED	

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B		NUMBER OF CASES			
				DEATH	P.T.	MAJOR	MINOR	TEMP	ALL
1999	27,449	1,759,481	6,410	27,449	1	4	9	34	48
2000	28,680	1,923,447	6,706	28,680		7	8	30	45
2001	29,640	1,127,287	3,803	29,640		2	10	22	34
2002	29,612	2,929,293	9,892	29,612		1	11	16	28
2003	30,593	3,625,873	11,851	30,593	1		6	36	43
TOTAL	145,974	11,365,381	7,786	145,974	2	14	44	138	198
O.D.	18,330		.012				1		1

REPORTED LOSSES

MANUAL YEAR	INDEMNITY			MEDICAL			
	DEATH	P.T.	TEMP.	MAJOR	MINOR	TEMP.	MED. ONLY
1999	151,904		95,007	292,887	67,819	155,820	70,732
2000			66,527	289,765	196,973	75,782	72,018
2001			158,712	60,247	223,613	84,397	54,933
2002			89,176	1,856,783	165,639	97,736	62,630
2003	230,588		253,963		2,461,738	218,595	72,642
TOTAL	382,492		663,385	2,499,682	3,115,782	632,330	332,955
O.D.			8,095			9,579	656

TRANSLATED LOSSES

MANUAL YEAR	INDEMNITY			MEDICAL			
	DEATH	P.T.	TEMP.	MAJOR	MINOR	TEMP.	MED. ONLY
1999	212,210		110,400	707,321	98,000	229,834	77,169
2000			79,672	710,960	269,679	113,514	75,475
2001	82		170,753	280,408	250,942	118,710	58,888
2002	103		108,305	898,261	178,366	137,994	65,135
2003	325,871		242,293	816,054	283,706	262,641	77,436
TOTAL	538,486		711,423	3,413,004	1,080,693	862,693	354,103
O.D.	1		7,572	4,485	753	10,582	703

TOTAL TRANS. LOSSES PG B	TOTAL TRANS. LOSSES PG A	IBNR + FREQUENCY ADJUST.	EXPECTED LOSSES	CREDIBILITY	PURE PREMIUMS	SERIOUS		NON-SERIOUS		TOTAL
						MAJOR	MINOR	TEMP.	DEATH	
8,645,479	328,780	328,780	8,974,259	.07	6,148	8,645,479	4,081,126	354,806		
			3,695,827		5,527	3,695,827	3,690,222	3,639		
			362,016		2,276	362,016		.246		8.926
					3,779			.221		8.024
					3,901			.251		6.591
					3,730			.243		6.648
					3,901			.248		6.506
					3,901			.243		6.648

YEAR	4-1-04	4-1-05	4-1-06	4-1-07	IND. RATE
IND. RATES	7.25	7.38	7.04	7.35	MINIMUM PREMIUM
MAN. RATES	7.25	7.38	7.04	7.35	PRESENT

+PROPOSED

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B		NUMBER OF CASES			
				DEATH	P.T.	MAJOR	MINOR	TEMP	ALL
1999	254,579	5,964,506	2,342	254,579	1	13	11	157	182
2000	236,003	6,728,201	2,850	236,003	2	10	15	119	146
2001	285,622	6,178,477	2,163	285,622		13	20	156	189
2002	254,389	6,041,116	2,374	254,389	1	10	17	134	162
2003	272,284	5,312,354	1,951	272,284		1	14	133	148
TOTAL	1,302,877	30,224,654	2,320	1,302,877	2	47	77	699	827
O.D.	83,058		.006				1	2	3

REPORTED LOSSES

MANUAL YEAR	DEATH		P.T.		MAJOR		MINOR		TEMP.		MEDICAL	
	DEATH	P.T.	MAJOR	MINOR	MAJOR	MINOR	MAJOR	MINOR	MAJOR	MINOR	MAJOR	MINOR
1999	6,588	1,176,829	1,711,629	471,553	1,048,205	1,048,205	382,260	1,144,783	599,052			
2000			1,318,431	325,433	1,048,725	1,048,725	437,277	971,841	505,372			
2001			1,467,839	492,658	913,637	913,637	1,170,137	900,216	528,672			
2002	68,512		1,375,956	724,620	1,087,492	1,087,492	319,976	1,326,734	517,914			
2003			1,175,500	433,682	987,548	987,548	349,409	1,460,855	630,861			
TOTAL	75,100	1,176,829	6,049,355	2,447,946	5,085,607	5,085,607	2,659,059	5,804,429	2,781,871			
O.D.				21,732	2,084	2,084	29,800	9,902	19,540			

TRANSLATED LOSSES

MANUAL YEAR	DEATH		P.T.		MAJOR		MINOR		TEMP.		MEDICAL	
	DEATH	P.T.	MAJOR	MINOR	MAJOR	MINOR	MAJOR	MINOR	MAJOR	MINOR	MAJOR	MINOR
1999	9,203	1,179,045	2,255,929	608,774	1,218,016	1,218,016	1,450,050	1,688,557	653,566			
2000	975	167,238	1,908,572	386,077	1,124,099	1,124,099	1,648,775	1,352,027	529,630			
2001	440	285,762	3,240,822	483,475	943,691	943,691	2,207,502	1,194,563	566,736			
2002	82,995	217,119	2,251,420	642,873	1,098,623	1,098,623	2,302,549	1,524,501	538,631			
2003	905	1,849,164	11,984,643	457,162	931,066	931,066	2,153,505	1,424,942	672,498			
TOTAL	94,518	1,849,164	11,984,643	2,578,361	5,315,495	5,315,495	9,762,381	7,184,590	2,961,061			
O.D.	1	1,124	11,276	19,084	2,852	2,852	18,899	32,940	13,874			

TOTAL TRANS. LOSSES PG B	NON-SERIOUS	SERIOUS	TOTAL
18,070,263	2,981,582	24,774,413	2,981,582
IBNR + FREQUENCY ADJUST.			
25,871,124	25,158	1,096,711	25,158
17,992,731	3,006,740	25,871,124	3,006,740
	2,514,552	17,992,731	2,514,552
	1.00	.31	1.00
INDICATED (PRE-TEST)	1.256	1.986	3.473
INDICATED (POST-TEST)	1.129	1.785	3.122
PRES. ON RATE LEVEL	1.279	1.96	2.874
DERIVED BY FORMULA	1.153	1.519	2.880
UNDERLYING PRES. RATE	1.263	1.381	2.837
PROPOSED	1.153	1.519	2.880

YEAR	4-1-04	4-1-05	4-1-06	4-1-07	IND. RATE
IND. RATES					3.19
MAN. RATES	3.15	3.21	3.07 +	3.19	MINIMUM PREMIUM PRESENT

+PROPOSED



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EXHIBIT 2

TO: Pennsylvania Classification and Rating Committee

FROM: David T. Rawson,
Technical Director – Classification and Field Operations

DATE: March 13, 2007

RE: Proposed Manual Language Revisions to Sections 1 and 2 (Housekeeping)

The presentation of the proposed Manual language revisions accompanying this memorandum is in the new Manual format previously reviewed by the Committee, which incorporates the previously separate Section 5 (i. e., the Underwriting Guide and the Rulings and Interpretations) into Section 2. The PCRB intends to file the new Manual format with the Pennsylvania Insurance Department for an effective date of new and renewal policies of October 1, 2007 and later.

The proposals discussed below are intended to make the Manual clearer and less ambiguous. Several of the proposed revisions clarify key classification procedures, while others update language defining certain classifications to bring it into alignment with other Manual provisions and/or to recognize technological or industrial change. The PCRB is not proposing an update to the Ruling and Interpretation (R&I) for Employment Contractor – Temporary Staffing or the cross-reference chart therein because the PCRB is not proposing to add any new classification(s) or to delete any existing classification(s) in the 2007 classification revision filing. The Bureau recommends that all of the Manual language revisions proposed herein become effective upon new and renewal policies of **October 1, 2007** and later.

The following narrative will first highlight the three proposed revisions to classification procedure and then will separately review the Manual language proposals by Manual section.

REVISIONS TO CLASSIFICATION PROCEDURE

The first proposed revision is a technical change involving the reclassification of the “Silo Mfg. – Fiberglass, Shop Only” Underwriting Guide entry from Code 222, Plastic Articles Mfg., N.O.C., to Code 227, officially entitled Oilcloth Mfg., but which also specifically contemplates “Plastic Composite Products Mfg.” A fiberglass silo is made by pouring a liquid resin over a fiberglass substrate in a mold. It is known as a plastic composite product, as the fiberglass and resin synergize, resulting in a product that is stronger than its component materials. The Code 222 Section 2 entry has for some time specified that businesses molding plastic composite products are to be assigned to Code 227.

The second proposed revision is the reclassification of the Underwriting Guide entry “Bathtub Liner Installation” from Code 652, Carpentry – Detached Dwelling, to Code 648, Carpentry – Installation of Cabinet Work. Further staff review of the classification applicable to “Bathtub Liner Installation” shows that the activity is more analogous to paneling installation than to general home carpentry, and paneling installation is assigned to Code 648.

The third proposed revision is the reclassification of “Microfilming” from Code 928, officially entitled “Retail Store, N.O.C.,” to Code 932, “Copying or Duplicating.” The historical inclusion of “Microfilming” in Code 928 was done pursuant to an analogy made with the Code 928 Underwriting Guide entries “Photographers” or “Photographic Studios.” From recent file review, staff has found that “Microfilming” of a customer’s records may be one of various services performed by a copying business and thus the proposed reclassification.

The final proposed revisions are the reclassification/restoration of the “Day Spa” and “Massage Therapy Services” from Code 884, Health Club, to Code 977, officially entitled “Barber Shop, Beauty Parlor or Hair Styling Salon.” Further review of the classification applicable to these businesses shows that “Day Spa” businesses offer the customer massage, facials, manicures, cleansings, hair and makeup and do not offer exercise or fitness services. A “Massage Therapy Service” simply offers massage. Last year staff made an incorrect analogy between these services and the scope of Code 884. This year staff proposes to correct that by substituting the better analogy between these two services and Code 977.

SECTION 1

Staff proposes a single revision to Section 1. The proposed revision to Rule IV, Paragraph C. 2. a. clarifies the fact that there is another instance where a policy containing more than a single classification may have a classification representing the payroll of less than that of a full-time employee. The additional scenario involves a business having basic and major operations that are described by the standard exception classifications and which also employs a person whose job duties are not assignable to either standard exception classification. The classic example of this is an insurance agency that also employs a part-time person whose sole responsibility is to clean the agency’s offices. Staff holds that it is inappropriate to use either standard exception classification as a governing class, because such a practice would go against the language and spirit of Rule IV, Paragraph C. 3. b. “Governing Classification.” Staff also holds that the proposed revision rounds out and reinforces the language and spirit of Rule IV, Paragraph C. 3. b. (4) regarding classification of a part-time employee(s) of a business whose basic and major operations are assigned to the standard exception classes and whose job duties do not “fit” either standard exception class definition in Code 971.

SECTION 2

Staff proposes to revise the Code 805, Milk Hauling – by contractor, description. While there are contractors exclusively engaged in hauling unprocessed or processed milk, there are also contractors assigned to Code 805 who have a separate staff performing this activity. Code 805 also includes contractors hauling water and/or other liquid food products by tank truck. The revision is proposed to clarify the class’ scope.

Staff also proposes revision to the Section 2 description for Code 981, Slot Machine Gambling. Code 981 was presented to the Pennsylvania Insurance Department in the PCRB's 2006 class revision filing as an "all employees including office" classification, despite the lack of such language in the classification's description. Staff relied upon another facet of the classification description which specifically stated that Code 981 included all personnel in the slot machine gambling facility. That feature resulted in the Department requesting additional analysis and background information from the PCRB prior to approval of the 2006 filing. Staff has become aware there are two interpretations being utilized with respect to this classification in the marketplace; one agrees with the PCRB's interpretation and the second seeks separate assignment of clerical staff. Staff believes that adding "and clerical" to the class' listing of included personnel should resolve this matter.

Staff proposes a single new Ruling and Interpretation (R&I) to be a part of the "General Auditing Index" and revisions to seven existing Rulings and Interpretations (five that are class-specific, one in the "General Classification Index" and the last in the "General Auditing Index.") The proposed R&I provides a guide to the applicable classification for various employees of a nursing home or a residential care facility. This has been the subject of a Test Audit Bulletin (No. 87) for several years. The proposed revisions to the five class-specific R&I entries (to Code 441, Tool Mfg., N.O.C., Code 442, Hand Tool Mfg. – Non-Forged, Code 608, Flat Cement Work, Code 659, Roofing, and Code 917, Grocery Store – Retail) clarify each class' scope via enhancements to either the class' basic description, the operations also included and/or the operations not included. The proposed revision to the General Classification Index R&I (Wrecking or Demolition or Building Moving or Raising Project) gives greater visibility to the direction to utilize the class with the highest rating value when such project involves a building or structure of more than one type of construction. The final proposed revision is to the Property Management Firms R&I that adds an "Operations Not Included" section that file review has shown to be needed to avoid misinterpretations of the R&I.

Finally, staff further proposes 14 new and revision to six Underwriting Guide entries (that do not involve a proposed revision to the entry's class assignment) to enhance various classifications' scopes.