

PENNSYLVANIA COMPENSATION RATING BUREAU

FEBRUARY 1, 2003 F CLASS RATE FILING

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Pennsylvania F Class Rate Revision
Proposed Effective February 1, 2003

Calculation of Composite Pure Premium Multiplier

Item	Total
(1) Pure Premium Test Correction Factor	0.9926
(2) Off-Balance Factor (Collectible Prem Ratio)	1.0672
(3) Expense Provision (1 / 0.6558)	1.5249
(4) Rate Test Correction Factor	1.0220
(5) Composite Pure Premium Multiplier (1)*(2)*(3)*(4)	1.6508

CALCULATION OF IBNR AMOUNTS

Loss amounts shown in this Class Book attributable to IBNR (incurred but not reported losses) include frequency trend and are calculated as a function of expected losses. The factors used appear below:

INJURY TYPE

MANUAL YEAR	SERIOUS INCL. MEDICAL	NON-SERIOUS INCL. MEDICAL	MEDICAL ONLY
1995	0.2684	0.2719	0.0000
1996	0.0000	(0.0591)	0.0000
1997	0.0006	(0.2877)	0.0114
1998	(0.4868)	(0.3111)	0.0222
1999	(0.5412)	(0.0188)	0.0783

CALCULATION OF PER CLAIM AND CATASTROPHE LIMITATIONS

All Death, Permanent Total and Major Disability claims in the Pennsylvania experience for Manual Years 1995 through 1999 were translated using composite multipliers, yielding an average claim value of \$3,955. A value of \$409,552 was selected based on a review of Pennsylvania State Act coverage experience as reported in the approved 4/1/02 Loss Cost Filing. Using twice the value as unity and using the indicated Hazard Group Relativities produced the following results:

Hazard Group (1)	Hazard Group Relativities @ (2)	Per Claim Limit [2 * 409,552] * (2) (3)	Per Accident Limit (3) * 2 (4)
I	0.857	701,972	1,403,944
II	0.913	747,842	1,495,684
III	1.115	913,301	1,826,602
IV	1.322	1,082,855	2,165,710

@ From Pennsylvania 4/1/02 Loss Cost Filing - Excess Loss Factor Study

CREDIBILITY

The classification relativity criteria for 100 percent credibility for the various categories of loss are as follows:

Serious: 175 * Average Cost of Serious Case (including Medical)
 Non-Serious: 500 * Average Cost of Non-Serious Case (including Medical)
 Medical: 10 Percent of the Non-Serious

The following calculations are based on the figures in Table V, Section B.

	No. Cases	INDEMNITY AMOUNT (in hundreds)	MEDICAL AMOUNT (in hundreds)	TOTAL AMOUNT (in hundreds)	AVERAGE COST (4) / (1)
	(1)	(2)	(3)	(4)	(5)
Death	2	2,503	0	2,503	1,252
Permanent Total	6	73,554	5,732	79,286	13,214
Major	61	162,469	30,457	192,926	3,163
Total Serious	69	238,526	36,189	274,715	3,981
Minor	86	34,626	8,861	43,487	506
Temporary	239	32,101	14,627	46,728	196
Total Non-Serious	325	66,727	23,488	90,215	278

Accordingly, the criteria for 100 percent credibility will be:

Selected @

Serious: 175 *	3,981 =	696,675	71,671,600
Non-Serious: 500 *	278 =	139,000	7,642,500
Medical: .10 *	139,000 =	13,900	764,250

@ From PA State Act Coverage Loss Cost filing approval of 4/1/02.

EXPECTED LOSS CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credi- bility (1)	Serious (2)	Non-Serious (3)	Medical (4)
1.00	71,134,763	7,585,256	758,526
0.99	70,065,131	7,471,199	747,120
0.98	69,000,915	7,357,719	735,772
0.97	67,942,142	7,244,820	724,482
0.96	66,888,839	7,132,504	713,250
0.95	65,841,036	7,020,775	702,078
0.94	64,798,762	6,909,635	690,964
0.93	63,762,046	6,799,087	679,909
0.92	62,730,917	6,689,136	668,914
0.91	61,705,407	6,579,783	657,978
0.90	60,685,547	6,471,033	647,103
0.89	59,671,367	6,362,889	636,289
0.88	58,662,900	6,255,354	625,535
0.87	57,660,179	6,148,432	614,843
0.86	56,663,237	6,042,126	604,213
0.85	55,672,106	5,936,439	593,644
0.84	54,686,823	5,831,376	583,138
0.83	53,707,420	5,726,941	572,694
0.82	52,733,935	5,623,136	562,314
0.81	51,766,403	5,519,966	551,997
0.80	50,804,861	5,417,434	541,743
0.79	49,849,347	5,315,546	531,555
0.78	48,899,899	5,214,304	521,430
0.77	47,956,555	5,113,713	511,371
0.76	47,019,357	5,013,778	501,378
0.75	46,088,344	4,914,502	491,450
0.74	45,163,557	4,815,890	481,589
0.73	44,245,040	4,717,946	471,795
0.72	43,332,834	4,620,676	462,068
0.71	42,426,985	4,524,083	452,408
0.70	41,527,536	4,428,173	442,817
0.69	40,634,534	4,332,950	433,295
0.68	39,748,026	4,238,420	423,842
0.67	38,868,060	4,144,587	414,459
0.66	37,994,684	4,051,457	405,146
0.65	37,127,949	3,959,035	395,904
0.64	36,267,906	3,867,327	386,733
0.63	35,414,608	3,776,338	377,634
0.62	34,568,108	3,686,074	368,607
0.61	33,728,462	3,596,540	359,654
0.60	32,895,725	3,507,744	350,774
0.59	32,069,956	3,419,690	341,969
0.58	31,251,214	3,332,386	333,239
0.57	30,439,560	3,245,838	324,584
0.56	29,635,056	3,160,052	316,005
0.55	28,837,767	3,075,035	307,504
0.54	28,047,758	2,990,794	299,079
0.53	27,265,097	2,907,338	290,734
0.52	26,489,854	2,824,672	282,467
0.51	25,722,100	2,742,804	274,280
0.50	24,961,910	2,661,744	266,174
0.49	24,209,359	2,581,497	258,150
0.48	23,464,525	2,502,074	250,207
0.47	22,727,490	2,423,483	242,348
0.46	21,998,337	2,345,731	234,573
0.45	21,277,152	2,268,830	226,883

EXPECTED LOSS CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credibility (1)	Serious (2)	Non-Serious (3)	Medical (4)
0.44	20,564,024	2,192,787	219,279
0.43	19,859,046	2,117,614	211,761
0.42	19,162,312	2,043,320	204,332
0.41	18,473,921	1,969,915	196,992
0.40	17,793,976	1,897,411	189,741
0.39	17,122,584	1,825,819	182,582
0.38	16,459,853	1,755,151	175,515
0.37	15,805,900	1,685,418	168,542
0.36	15,160,844	1,616,634	161,663
0.35	14,524,809	1,548,813	154,881
0.34	13,897,924	1,481,967	148,197
0.33	13,280,327	1,416,111	141,611
0.32	12,672,158	1,351,260	135,126
0.31	12,073,566	1,287,431	128,743
0.30	11,484,707	1,224,640	122,464
0.29	10,905,744	1,162,904	116,290
0.28	10,336,850	1,102,241	110,224
0.27	9,778,206	1,042,672	104,267
0.26	9,230,004	984,216	98,422
0.25	8,692,447	926,895	92,690
0.24	8,165,750	870,732	87,073
0.23	7,650,142	815,752	81,575
0.22	7,145,866	761,980	76,198
0.21	6,653,184	709,444	70,944
0.20	6,172,375	658,174	65,817
0.19	5,703,740	608,203	60,820
0.18	5,247,603	559,564	55,956
0.17	4,804,318	512,295	51,230
0.16	4,374,268	466,438	46,644
0.15	3,957,875	422,037	42,204
0.14	3,555,601	379,142	37,914
0.13	3,167,962	337,807	33,781
0.12	2,795,531	298,094	29,809
0.11	2,438,959	260,072	26,007
0.10	2,098,985	223,820	22,382
0.09	1,776,462	189,428	18,943
0.08	1,472,392	157,005	15,701
0.07	1,187,972	126,677	12,668
0.06	924,668	98,600	9,860
0.05	684,333	72,972	7,297
0.04	469,417	50,055	5,006
0.03	283,386	30,218	3,022
0.02	131,711	14,045	1,405
0.01	25,350	2,704	270
0.00	0	0	0

Classification Credibility Table

Payroll Conversion Factors

Convert the Expected Loss Credibility Table to a Payroll Basis

A)	<hr/> Five Year Payroll (00's) <hr/>		
	5,034,421,020		
B)	<hr/> Five Year Expected Losses * <hr/>		
	Serious	Non-Serious	Medical Only
	4,829,116,247	4,051,443,758	617,907,781
C) =A/B	<hr/> Ratio Payroll to Expected Loss <hr/>		
	Serious	Non-Serious	Medical Only
	1.0425	1.2426	8.1475

PAYROLL CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credi- bility (1)	Serious (2)	Non-Serious (3)	Medical (4)
1.00	74,157,990	9,425,439	6,180,091
0.99	73,042,899	9,283,712	6,087,160
0.98	71,933,454	9,142,702	5,994,702
0.97	70,829,683	9,002,413	5,902,717
0.96	69,731,615	8,862,849	5,811,204
0.95	68,639,280	8,724,015	5,720,181
0.94	67,552,709	8,585,912	5,629,629
0.93	66,471,933	8,448,546	5,539,559
0.92	65,396,981	8,311,920	5,449,977
0.91	64,327,887	8,176,038	5,360,876
0.90	63,264,683	8,040,906	5,272,272
0.89	62,207,400	7,906,526	5,184,165
0.88	61,156,073	7,772,903	5,096,546
0.87	60,110,737	7,640,042	5,009,433
0.86	59,071,425	7,507,946	4,922,825
0.85	58,038,171	7,376,619	4,836,714
0.84	57,011,013	7,246,068	4,751,117
0.83	55,989,985	7,116,297	4,666,024
0.82	54,975,127	6,987,309	4,581,453
0.81	53,966,475	6,859,110	4,497,396
0.80	52,964,068	6,731,703	4,413,851
0.79	51,967,944	6,605,097	4,330,844
0.78	50,978,145	6,479,294	4,248,351
0.77	49,994,709	6,354,300	4,166,395
0.76	49,017,680	6,230,121	4,084,977
0.75	48,047,099	6,106,760	4,004,089
0.74	47,083,008	5,984,225	3,923,746
0.73	46,125,454	5,862,520	3,843,950
0.72	45,174,479	5,741,652	3,764,699
0.71	44,230,132	5,621,626	3,685,994
0.70	43,292,456	5,502,448	3,607,852
0.69	42,361,502	5,384,124	3,530,271
0.68	41,437,317	5,266,661	3,453,253
0.67	40,519,953	5,150,064	3,376,805
0.66	39,609,458	5,034,340	3,300,927
0.65	38,705,887	4,919,497	3,225,628
0.64	37,809,292	4,805,541	3,150,907
0.63	36,919,729	4,692,478	3,076,773
0.62	36,037,253	4,580,316	3,003,226
0.61	35,161,922	4,469,061	2,930,281
0.60	34,293,793	4,358,723	2,857,931
0.59	33,432,929	4,249,307	2,786,192
0.58	32,579,391	4,140,823	2,715,065
0.57	31,733,241	4,033,278	2,644,548
0.56	30,894,546	3,926,681	2,574,651
0.55	30,063,372	3,821,038	2,505,389
0.54	29,239,788	3,716,361	2,436,746
0.53	28,423,864	3,612,658	2,368,755
0.52	27,615,673	3,509,937	2,301,400
0.51	26,815,289	3,408,208	2,234,696
0.50	26,022,791	3,307,483	2,168,653
0.49	25,238,257	3,207,768	2,103,277
0.48	24,461,767	3,109,077	2,038,562
0.47	23,693,408	3,011,420	1,974,530
0.46	22,933,266	2,914,805	1,911,184
0.45	22,181,431	2,819,248	1,848,529

PAYROLL CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credi- bility (1)	Serious (2)	Non-Serious (3)	Medical (4)
0.44	21,437,995	2,724,757	1,786,576
0.43	20,703,055	2,631,347	1,725,323
0.42	19,976,710	2,539,029	1,664,795
0.41	19,259,063	2,447,816	1,604,992
0.40	18,550,220	2,357,723	1,545,915
0.39	17,850,294	2,268,763	1,487,587
0.38	17,159,397	2,180,951	1,430,008
0.37	16,477,651	2,094,300	1,373,196
0.36	15,805,180	2,008,829	1,317,149
0.35	15,142,113	1,924,555	1,261,893
0.34	14,488,586	1,841,492	1,207,435
0.33	13,844,741	1,759,660	1,153,776
0.32	13,210,725	1,679,076	1,100,939
0.31	12,586,693	1,599,762	1,048,934
0.30	11,972,807	1,521,738	997,775
0.29	11,369,238	1,445,025	947,473
0.28	10,776,166	1,369,645	898,050
0.27	10,193,780	1,295,624	849,515
0.26	9,622,279	1,222,987	801,893
0.25	9,061,876	1,151,760	755,192
0.24	8,512,794	1,081,972	709,427
0.23	7,975,273	1,013,653	664,632
0.22	7,449,565	946,836	620,823
0.21	6,935,944	881,555	578,016
0.20	6,434,701	817,847	536,244
0.19	5,946,149	755,753	495,531
0.18	5,470,626	695,314	455,902
0.17	5,008,502	636,578	417,396
0.16	4,560,174	579,596	380,032
0.15	4,126,085	524,423	343,857
0.14	3,706,714	471,122	308,904
0.13	3,302,600	419,759	275,231
0.12	2,914,341	370,412	242,869
0.11	2,542,615	323,165	211,892
0.10	2,188,192	278,119	182,357
0.09	1,851,962	235,383	154,338
0.08	1,534,969	195,094	127,924
0.07	1,238,461	157,409	103,213
0.06	963,966	122,520	80,334
0.05	713,417	90,675	59,452
0.04	489,367	62,198	40,786
0.03	295,430	37,549	24,622
0.02	137,309	17,452	11,447
0.01	26,427	3,360	2,200
0.00	0	0	0

TABLE V

MAN YEAR	PAYROLL IN THOUS	TOTAL FEDERAL DATA ONLY					- MANUAL YEARS						1995 - 1999	
		ALL LOSSES	DEATH NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	MAJOR NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	MINOR NO. COMP. IN HUNDREDS	TEMPORARY NO. COMP. IN HUNDREDS	MEDICAL IN HUNDREDS	PURE PREM.				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A. EXPERIENCE AS REPORTED														
95	32,136	1,617,751		0	1	1,708	5	6,732	7	1,675	32	1,125	4,938	5.034
96	46,049	4,513,967		0		0	14	26,884	24	4,315	63	4,786	9,154	9.803
97	27,764	3,869,126	1	681		0	7	18,875	14	2,287	55	8,695	8,153	13.936
98	38,580	4,867,862		0		0	8	15,314	37	9,728	50	2,764	20,873	12.618
99	44,734	3,406,797		0		0	6	6,104	53	16,343	19	781	10,840	7.616
ALL	189,263	18,275,503	1	681	1	1,708	40	73,909	135	34,348	219	18,151	53,958	9.656
B. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (EXCLUDING IBNR AND FREQUENCY TREND)														
95	32,136	3,824,113		0	1	11,233	5	13,316	7	2,817	32	4,296	6,579	11.900
96	46,049	7,449,461		0		6,155	14	37,300	20	8,051	66	8,866	14,121	16.177
97	27,764	5,591,030	1	1,251	1	11,233	8	21,300	12	4,831	55	7,390	9,906	20.138
98	38,580	9,760,649		0	2	22,467	16	42,616	23	9,262	54	7,250	16,011	25.300
99	44,734	10,144,939	1	1,252	2	22,466	18	47,937	24	9,665	32	4,299	15,831	22.678
ALL	189,263	36,770,192	2	2,503	6	73,554	61	162,469	86	34,626	239	32,101	62,448	19.428
PURE PREMIUM		19.428		.132		3.886		8.584		1.830		1.696	3.300	
C. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (INCLUDING IBNR AND FREQUENCY TREND)														
95	32,136	5,971,780		0	1	11,233	10	26,638	12	4,831	48	6,445	10,571	18.583
96	46,049	7,283,469		0		6,155	14	37,300	17	6,707	67	8,999	13,673	15.817
97	27,764	5,148,497	1	1,251	1	11,233	8	21,327	9	3,780	40	5,432	8,461	18.544
98	38,580	6,373,589		0	1	11,250	11	29,437	13	5,243	51	6,822	10,984	16.520
99	44,734	6,904,593	1	1,256	1	11,447	12	31,039	15	6,096	56	7,495	11,714	15.435
ALL	189,263	31,681,928	2	2,507	4	51,318	55	145,741	66	26,657	262	35,193	55,403	16.740
PURE PREMIUM		16.740		.132		2.711		7.700		1.408		1.859	2.927	

TABLE V

TOTAL MEDICAL FEDERAL DATA ONLY														- MANUAL YEARS		1995 - 1999	
MAN YEAR	PAYROLL IN THOUS	ALL LOSSES	DEATH NO.	COMP. IN HUNDREDS	PERM. NO.	TOTAL COMP. IN HUNDREDS	MAJOR NO.	PERM. COMP. IN HUNDREDS	MINOR NO.	PERM. COMP. IN HUNDREDS	TEMPORARY NO.	COMP. IN HUNDREDS	MEDICAL ONLY IN HUNDREDS	PURE PREM.			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)			
A. EXPERIENCE AS REPORTED																	
95	32,136	493,786		0	1	411	5	2,621	7	594	32	1,085	227	1.537			
96	46,049	915,427		0		0	14	5,005	24	931	63	2,711	507	1.988			
97	27,764	815,271	1	0		0	7	3,233	14	1,219	55	3,253	447	2.936			
98	38,580	2,087,253		0		0	8	11,513	37	5,110	50	3,669	581	5.410			
99	44,734	1,083,984		0		0	6	1,454	53	8,151	19	670	564	2.423			
ALL	189,263	5,395,721	1	0	1	411	40	23,826	135	16,005	219	11,388	2,326	2.851			
B. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (EXCLUDING IBNR AND FREQUENCY TREND)																	
95	32,136	657,943		0	1	900	5	2,495	7	721	32	1,959	503	2.047			
96	46,049	1,412,141		0		330	14	6,990	20	2,061	66	4,038	703	3.067			
97	27,764	990,559	1	0	1	900	8	3,992	12	1,237	55	3,367	410	3.568			
98	38,580	1,601,087		0	2	1,801	16	7,993	23	2,369	54	3,304	543	4.150			
99	44,734	1,583,139	1	0	2	1,801	18	8,987	24	2,473	32	1,959	611	3.539			
ALL	189,263	6,244,869	2	0	6	5,732	61	30,457	86	8,861	239	14,627	2,770	3.300			
PURE PREMIUM		3.300		.000		.303		1.609		.468		.773	.146				
C. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (INCLUDING IBNR AND FREQUENCY TREND)																	
95	32,136	1,057,149		0	1	900	10	4,993	12	1,236	48	2,939	503	3.290			
96	46,049	1,367,781		0		330	14	6,990	17	1,713	67	3,942	703	2.970			
97	27,764	842,309	1	0	1	900	8	3,992	9	924	40	2,191	416	3.034			
98	38,580	1,101,691		0	1	902	11	5,510	13	1,240	51	2,807	558	2.856			
99	44,734	1,170,519	1	3	1	904	12	5,718	15	1,439	56	2,969	673	2.617			
ALL	189,263	5,539,449	2	3	4	3,936	55	27,203	66	6,552	262	14,848	2,853	2.927			
PURE PREMIUM		2.927		.000		.208		1.437		.346		.785	.151				