

PENNSYLVANIA COMPENSATION RATING BUREAU

**Summary of Material for Modification of Experience
April 1, 2004 Loss Cost Revision**

Amended December 2003

PENNSYLVANIA 2004 LOSS COST FILING

EFFECTIVE DATE - April 1, 2004

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* Incurred Losses exclude IBNR and Bulk Reserves.

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EXHIBIT I

INDICATED CHANGE IN LOSS COSTS

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1) Policy Year 1999 Ratio of Loss to Expected Loss	0.5046	0.4626	0.9672
(2) Policy Year 2000 Ratio of Loss to Expected Loss	0.5294	0.4769	1.0063
(3) Policy Year 2001 Ratio of Loss to Expected Loss	0.4967	0.4514	0.9481
(4) Average (Midpoint = 1/1/2001)	0.5102	0.4636	0.9739
(5) Policy Year 1999 Ratio Trended to 4/1/2005 +	0.5504	0.4938	1.0442
(6) Policy Year 2000 Ratio Trended to 4/1/2005 +	0.5680	0.5027	1.0707
(7) Policy Year 2001 Ratio Trended to 4/1/2005 +	0.5242	0.4700	0.9942
(8) Average at 4/1/2005	0.5475	0.4888	1.0363
(9) Savings at 9/1/1993	0.9943	1.0000	
(10) Act 57 Savings	1.0000	1.0000	
(11) Combined Impact: Act 44 & Act 57 (9) * (10)	0.9943	1.0000	0.9970
(12) Indicated Change in Loss Costs (8) * (11)	0.5444	0.4888	1.0332

CHANGES IN MANUAL LOSS COST LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(13) Current Collectible Premium Ratio	1.0899	1.0525	1.0526	
(14) Anticipated Collectible Premium Ratio	1.0835	1.0805	1.0530	
(15) Final Indicated Change in Manual Loss Cost Level (12T) * (14) / (13)	1.0271	1.0607	1.0336	1.0365

+ Refer to pages 21 and 22

EXHIBIT II

**CALCULATION OF EMPLOYER ASSESSMENT FACTOR AND
LOADING FOR LOSS BASED ASSESSMENTS**

(1)	2002 PCRB Member Paid Loss (From Schedule W) *	1,872,583,065
(2)	2002 Total Paid Loss (From PA Dept of Labor and Industry) *	2,478,442,343
(3)	2002 Ratio of PCRB Member Paid Loss to Total Paid Loss (1)/(2)	0.7555
(4)	2003/2004 Fiscal Year Budget	
	a. Administration Fund	55,006,000
	b. Subsequent Injury Fund	259,955
	c. Supersedeas Injury Fund	27,526,784
	d. Total	82,792,739
(5)	2003/2004 Fiscal Year Membership Assessment Amount	
	a. Administration Fund (4)a * (3)	41,557,033
	b. Subsequent Injury Fund (4)b * (3)	196,396
	c. Supersedeas Injury Fund (4)c * (3)	20,796,485
	d. Total	62,549,914
(6)	2002 Employer Assessment Premium Base Schedule W Part A-1, Lines 5 + 8a + 8b	2,652,283,070
(7)	2003/2004 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (5)a / (6)	0.0157
	b. Subsequent Injury Fund (5)b / (6)	0.0001
	c. Supersedeas Injury Fund (5)c / (6)	0.0078
	d. Employer Assessment Factor	0.0236
(8)	2003/2004 Fiscal Year Budget for the Office of Small Business Advocate	184,000
(9)	2003/2004 Fiscal Year Membership Assessment Amount for the Office of Small Business Advocate (8) * (3)	139,012
(10)	2003/2004 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (9) / (1)	0.0001
(11)	Merit Rating Plan Increment Factor	0.0036
(12)	Certified Safety Committee Program Increment Factor	0.0055
(13)	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (10) + (11) + (12)	0.0092

* Loss payments on deductible policies have been adjusted to a 1st dollar basis.

EXHIBIT III - 1

POLICY YEAR LOSS RATIO 2001

(1) Standard Earned Premium Reported (Table I)			1,570,111,882
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0104
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9973
(5) Factor to Remove Loss Based Assessments			0.9923
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,569,975,041
(7) Loss Cost Change 12/1/95 to 4/1/03			0.9916
(8) Expected Loss at Current Level (6)*(7)			1,556,787,251
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	181,172,597	296,411,592	477,584,189
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	4.5974	2.3859	
(11) Ultimate Incurred Losses	832,922,897	707,208,417	1,540,131,314
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	837,670,558	707,208,417	1,544,878,975
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5381	0.4543	0.9924
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	382,448,269	415,523,972	797,972,241
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8427	1.6802	
(17) Ultimate Incurred Losses	704,737,425	698,163,378	1,402,900,803
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	708,754,428	698,163,378	1,406,917,806
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4553	0.4485	0.9038
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	773,212,493	702,685,898	1,475,898,391
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4967	0.4514	0.9481
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4210	0.4210	
(24) Severity Ratio * (22) / (23)	1.1798	1.0722	2.2520

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 2

POLICY YEAR LOSS RATIO 2000

(1) Standard Earned Premium Reported (Table I)			1,526,067,206
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0029
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9966
(5) Factor to Remove Loss Based Assessments			0.9926
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,514,001,986
(7) Loss Cost Change 12/1/95 to 4/1/03			0.9943
(8) Expected Loss at Current Level (6) *(7)			1,505,372,175
Losses - Paid-to-20th Method			
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	343,254,465	385,994,713	729,249,178
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	2.5277	1.8393	
(11) Ultimate Incurred Losses	867,644,311	709,960,076	1,577,604,387
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	872,589,884	709,960,076	1,582,549,960
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5797	0.4716	1.0513
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	556,408,387	490,297,806	1,046,706,193
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2890	1.4806	
(17) Ultimate Incurred Losses	717,210,411	725,934,932	1,443,145,343
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	721,298,510	725,934,932	1,447,233,442
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4791	0.4822	0.9613
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	796,944,197	717,947,504	1,514,891,701
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5294	0.4769	1.0063
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4500	0.4500	
(24) Severity Ratio * (22) / (23)	1.1764	1.0598	2.2362

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 3

POLICY YEAR LOSS RATIO 1999

(1) Standard Earned Premium Reported (Table I)			1,523,076,857
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0011
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9919
(5) Factor to Remove Loss Based Assessments			0.9654
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,460,072,648
(7) Loss Cost Change 12/1/95 to 4/1/03			1.0080
(8) Expected Loss at Current Level (6) *(7)			1,471,753,229
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	439,309,763	406,406,187	845,715,950
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8305	1.6644	
(11) Ultimate Incurred Losses	804,156,521	676,422,458	1,480,578,979
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	808,740,213	676,422,458	1,485,162,671
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5495	0.4596	1.0091
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	606,336,103	490,734,115	1,097,070,218
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1093	1.3963	
(17) Ultimate Incurred Losses	672,608,639	685,212,045	1,357,820,684
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	676,442,508	685,212,045	1,361,654,553
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4596	0.4656	0.9252
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	742,591,361	680,817,252	1,423,408,613
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5046	0.4626	0.9672
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4785	0.4785	
(24) Severity Ratio * (22) / (23)	1.0545	0.9668	2.0213

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 4

POLICY YEAR LOSS RATIO 1998

(1) Standard Earned Premium Reported (Table I)			1,507,840,803
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9919
(5) Factor to Remove Loss Based Assessments			0.9661
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,445,070,020
(7) Loss Cost Change 12/1/95 to 4/1/03			0.9491
(8) Expected Loss at Current Level (6) *(7)			1,371,515,956
Losses - Paid-to-20th Method			
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	450,669,276	389,220,984	839,890,260
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.5481	1.5853	
(11) Ultimate Incurred Losses	697,681,106	617,032,026	1,314,713,132
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	701,657,888	617,032,026	1,318,689,914
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5116	0.4499	0.9615
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	566,273,232	461,544,198	1,027,817,430
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0471	1.3761	
(17) Ultimate Incurred Losses	592,944,701	635,130,971	1,228,075,672
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	596,324,486	635,130,971	1,231,455,457
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4348	0.4631	0.8979
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	648,991,187	626,081,499	1,275,072,686
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4732	0.4565	0.9297
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5064	0.5064	
(24) Severity Ratio * (22) / (23)	0.9344	0.9015	1.8359

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 5

POLICY YEAR LOSS RATIO 1997

(1) Standard Earned Premium Reported (Table I)			1,577,926,543
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9994
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9937
(5) Factor to Remove Loss Based Assessments			0.9726
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,524,107,787
(7) Loss Cost Change 12/1/95 to 4/1/03			0.8326
(8) Expected Loss at Current Level (6) *(7)			1,268,972,143
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	477,504,106	379,358,758	856,862,864
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.4159	1.5407	
(11) Ultimate Incurred Losses	676,098,064	584,478,038	1,260,576,102
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	679,951,823	584,478,038	1,264,429,861
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5358	0.4606	0.9964
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	559,960,774	432,393,203	992,353,977
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0186	1.3471	
(17) Ultimate Incurred Losses	570,376,044	582,476,884	1,152,852,928
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	573,627,187	582,476,884	1,156,104,071
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4520	0.4590	0.9110
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	626,789,505	583,477,461	1,210,266,966
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4939	0.4598	0.9537
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5438	0.5438	
(24) Severity Ratio * (22) / (23)	0.9082	0.8455	1.7537

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 6

POLICY YEAR LOSS RATIO 1996

(1) Standard Earned Premium Reported (Table I)			1,879,946,574
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9998
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9963
(5) Factor to Remove Loss Based Assessments			0.9789
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,833,103,972
(7) Loss Cost Change 12/1/95 to 4/1/03			0.6780
(8) Expected Loss at Current Level (6) *(7)			1,242,844,493
Losses - Paid-to-20th Method			
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	461,351,512	351,141,975	812,493,487
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3367	1.5067	
(11) Ultimate Incurred Losses	616,688,566	529,065,614	1,145,754,180
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	620,203,691	529,065,614	1,149,269,305
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4990	0.4257	0.9247
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	537,079,893	395,123,266	932,203,159
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0053	1.3340	
(17) Ultimate Incurred Losses	539,926,416	527,094,437	1,067,020,853
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	543,003,997	527,094,437	1,070,098,434
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4369	0.4241	0.8610
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	581,603,844	528,080,026	1,109,683,870
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4680	0.4249	0.8929
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5741	0.5741	
(24) Severity Ratio * (22) / (23)	0.8152	0.7401	1.5553

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 7

POLICY YEAR LOSS RATIO 1995

(1) Standard Earned Premium Reported (Table I)				1,843,213,738
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0005
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0038
(5) Factor to Remove Loss Based Assessments				0.9864
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)				1,826,022,085
(7) Loss Cost Change 12/1/95 to 4/1/03				0.6176
(8) Expected Loss at Current Level (6) *(7)				1,127,751,240
Losses - Paid-to-20th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	535,793,407	356,696,793	892,490,200	
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2847	1.4770		
(11) Ultimate Incurred Losses	688,333,790	526,841,163	1,215,174,953	
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000		
(13) Adjusted Losses (11) * (12)	692,257,293	526,841,163	1,219,098,456	
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6138	0.4672	1.0810	
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	628,199,460	397,090,770	1,025,290,230	
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0031	1.3093		
(17) Ultimate Incurred Losses	630,146,878	519,910,945	1,150,057,823	
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000		
(19) Adjusted Losses (17) * (18)	633,738,715	519,910,945	1,153,649,660	
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5619	0.4610	1.0229	
Losses - Average of Incurred and Paid to 20th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	662,998,004	523,376,054	1,186,374,058	
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5879	0.4641	1.0520	
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6340	0.6340		
(24) Severity Ratio * (22) / (23)	0.9273	0.7320	1.6593	

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 8

POLICY YEAR LOSS RATIO 1994

(1) Standard Earned Premium Reported (Table I)			1,959,540,710
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9999
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0050
(5) Factor to Remove Loss Based Assessments			0.9869
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,943,345,726
(7) Loss Cost Change 12/1/95 to 4/1/03			0.6140
(8) Expected Loss at Current Level (6) *(7)			1,193,214,276
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	622,847,947	384,823,421	1,007,671,368
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2500	1.4543	
(11) Ultimate Incurred Losses	778,559,934	559,648,701	1,338,208,635
(12) Adjustment to Post-Act 44 Loss Levels	1.0044	1.0000	
(13) Adjusted Losses (11) * (12)	781,985,598	559,648,701	1,341,634,299
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6554	0.4690	1.1244
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	722,623,996	418,719,947	1,141,343,943
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0030	1.2898	
(17) Ultimate Incurred Losses	724,791,868	540,064,988	1,264,856,856
(18) Adjustment to Post-Act 44 Loss Levels	1.0044	1.0000	
(19) Adjusted Losses (17) * (18)	727,980,952	540,064,988	1,268,045,940
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.6101	0.4526	1.0627
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	754,983,275	549,856,845	1,304,840,120
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6327	0.4608	1.0935
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7122	0.7122	
(24) Severity Ratio * (22) / (23)	0.8884	0.6470	1.5354

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 9

POLICY YEAR LOSS RATIO 1993

(1) Standard Earned Premium Reported at Bureau DSR (Table I)	2,627,980,684
(2) Portion of PY 1993 at Bureau 12/1/92 Rate Level	0.9528
(3) Standard Earned Premium at Bureau 12/1/92 Rate Level (1)*(2)	2,503,939,996
(4) Factor to 12/1/92 Rate Level	1.0000
(5) Premium Development Factor to Ultimate Level (Exhibit V-1)	1.0000
(6) Expense Constant Removal Factor	0.9933
(7) PCCPAP On-Level Factor	1.0048
(8) Standard Earned Premium on Level (3)*(4)*(5)*(6)*(7)	2,499,101,983
(9) Permissible Loss Ratio Underlying 12/1/92 Rates	0.7815
(10) Expected Losses as of 12/1/92 (8)*(9)	1,953,048,200
(11) Loss Cost Changes	0.6018
(12) Expected Loss at Current Level (10) *(11)	1,175,344,407
(13) Portion of PY 1993 at Bureau 12/1/93 Loss Cost Level	0.0472
(14) Standard Earned Premium at Bureau 12/1/93 Loss Cost Level (1)*(13)	124,040,688
(15) Premium Development Factor to Ultimate Level (Exhibit V-1)	1.0000
(16) Expense Constant Removal Factor	1.0000
(17) PCCPAP On-Level Factor	1.0048
(18) Standard Earned Premium on Level (14)*(15)*(16)*(17)	124,636,083
(19) Permissible loss Ratio at 12/1/93	0.9869
(20) Expected Losses at 12/1/93 (18)*(19)	123,003,350
(21) Loss Cost Change 12/1/93 to 4/1/03	0.6140
(22) Expected Losses At Current Level (20) * (21)	75,524,057
(23) Total Expected Losses (12) + (22)	1,250,868,464

EXHIBIT III - 9 Continued**POLICY YEAR LOSS RATIO 1993**

Losses - Paid-to-20th Method	Indemnity	Medical	Total
(24) Paid Losses Reported (Table I-D & I-E)	689,078,272	423,562,427	1,112,640,699
(25) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2185	1.4315	
(26) Ultimate Incurred Losses	839,641,874	606,329,614	1,445,971,488
(27) Adjustment to Post-Act 44 Loss Levels	1.0003	1.0000	
(28) Adjusted Losses (26) * (27)	839,893,767	606,329,614	1,446,223,381
(29) Policy Year Ratio of Losses to Expected Losses (28) / (23)	0.6714	0.4847	1.1561
Losses - Incurred Method			
(30) Incurred Losses Reported (Table I-B & I-C)	788,428,395	459,995,344	1,248,423,739
(31) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0054	1.2643	
(32) Ultimate Incurred Losses	792,685,908	581,572,113	1,374,258,021
(33) Adjustment to Post-Act 44 Loss Levels	1.0003	1.0000	
(34) Adjusted Losses (32) * (33)	792,923,714	581,572,113	1,374,495,827
(35) Policy Year Ratio of Losses to Expected Losses (34) / (23)	0.6339	0.4649	1.0988
Losses - Average of Incurred and Paid to 20th Method			
(36) Adjusted Ultimate Incurred Losses ((28)+(34))/2	816,408,741	593,950,864	1,410,359,605
(37) Policy Year Ratio of Losses to Expected Losses (36) / (23)	0.6527	0.4748	1.1275
(38) Normalized Claim Frequency (Exhibit VI-2)	0.7955	0.7955	
(39) Severity Ratio * (37) / (38)	0.8205	0.5969	1.4174

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 10

POLICY YEAR LOSS RATIO 1992

(1) Standard Earned Premium Reported (Table I)			2,451,088,722
(2) Factor to 12/1/92 Rate Level (Exhibit IV)			1.2271
(3) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(4) Expense Constant Removal Factor			0.9916
(5) PCCPAP On-Level Factor			1.0048
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			2,996,781,868
(7) Permissible Loss Ratio Underlying 12/1/92 Rates			0.7815
(8) Expected Losses as of 12/1/92 (6)*(7)			2,341,985,030
(9) Loss Cost Change 12/1/95 to 4/1/03			0.6018
(10) Expected Loss at Current Level (8) *(9)			1,409,406,591
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(11) Paid Losses Reported (Table I-D & I-E)	807,095,642	492,870,265	1,299,965,907
(12) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1932	1.4118	
(13) Ultimate Incurred Losses	963,026,520	695,834,240	1,658,860,760
(14) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(15) Adjusted Losses (13) * (14)	963,026,520	695,834,240	1,658,860,760
(16) Policy Year Ratio of Losses to Expected Losses (15) / (10)	0.6833	0.4937	1.1770
Losses - Incurred Method			
(17) Incurred Losses Reported (Table I-B & I-C)	914,974,717	544,425,488	1,459,400,205
(18) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0062	1.2513	
(19) Ultimate Incurred Losses	920,647,560	681,239,613	1,601,887,173
(20) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(21) Adjusted Losses (19) * (20)	920,647,560	681,239,613	1,601,887,173
(22) Policy Year Ratio of Losses to Expected Losses (21) / (10)	0.6532	0.4834	1.1366
Losses - Average of Incurred and Paid to 20th Method			
(23) Adjusted Ultimate Incurred Losses ((15)+(21))/2	941,837,040	688,536,927	1,630,373,967
(24) Policy Year Ratio of Losses to Expected Losses (23) / (10)	0.6683	0.4885	1.1568
(25) Normalized Claim Frequency (Exhibit VI-2)	0.8574	0.8574	
(26) Severity Ratio * (24) / (25)	0.7794	0.5697	1.3491

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT IV - 1

**POLICY YEARS 1980 - 1986
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) RATE CHANGE DATE</u>	<u>(2) RATE CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 12/01/92 RATE LEVEL</u>
1980	10/01/79	BASE	1.0000	1.0000	1.0000	
	1/01/81	1.9426	1.9426	-----	-----	
	to 12/01/92			1.0000	1.0000	1.9426
1981	1/01/81	BASE	1.0000	0.8342	0.8342	
	10/01/81	0.9782	0.9782	0.1658	0.1622	
	10/01/82	2.0418	1.9973	-----	-----	
	to 12/01/92			1.0000	0.9964	2.0045
1982	10/01/81	BASE	1.0000	0.8119	0.8119	
	10/01/82	0.8975	0.8975	0.1881	0.1688	
	10/01/83	2.2750	2.0418	-----	-----	
	to 12/01/92			1.0000	0.9807	2.0820
1983	10/01/82	BASE	1.0000	0.8135	0.8135	
	10/01/83	0.9983	0.9983	0.1865	0.1862	
	10/01/84	2.2789	2.2750	-----	-----	
	to 12/01/92			1.0000	0.9997	2.2757
1984	10/01/83	BASE	1.0000	0.8163	0.8163	
	10/01/84	1.0579	1.0579	0.1837	0.1943	
	10/01/85	2.1542	2.2789	-----	-----	
	to 12/01/92			1.0000	1.0106	2.2550
1985	10/01/84	BASE	1.0000	0.8152	0.8152	
	10/01/85	1.1245	1.1245	0.1848	0.2078	
	10/01/86	1.9157	2.1542	-----	-----	
	to 12/01/92			1.0000	1.0230	2.1058
1986	10/01/85	BASE	1.0000	0.8044	0.8044	
	10/01/86	1.0739	1.0739	0.1956	0.2101	
	10/01/87	1.7838	1.9157	-----	-----	
	to 12/01/92			1.0000	1.0145	1.8883

EXHIBIT IV - 2

**POLICY YEARS 1987 - 1993
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) RATE CHANGE DATE</u>	<u>(2) RATE CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 12/01/92 RATE LEVEL</u>
1987	10/01/86	BASE	1.0000	0.7958	0.7958	
	10/01/87	1.0006	1.0006	0.2042	0.2043	
	10/01/88	1.7828	1.7838	-----	-----	
	to 12/01/92			1.0000	1.0001	1.7836
1988	10/01/87	BASE	1.0000	0.8032	0.8032	
	10/01/88	1.0867	1.0867	0.1968	0.2139	
	1/01/90	1.6405	1.7828	-----	-----	
	to 12/01/92			1.0000	1.0171	1.7528
1989	10/01/88	BASE	1.0000	0.8304	0.8304	
	1/01/90	1.0749	1.0749	0.1696	0.1823	
	8/01/90	1.5262	1.6405	-----	-----	
	to 12/01/92			1.0000	1.0127	1.6199
1990	1/01/90	BASE	1.0000	0.6833	0.6833	
	8/01/90	1.0850	1.0850	0.3167	0.3436	
	1/01/91	1.4067	1.5262	-----	-----	
	to 12/01/92			1.0000	1.0269	1.4862
1991	1/01/91	BASE	1.0000	1.0000	1.0000	
	12/01/92	1.2445	1.2445	-----	-----	
				1.0000	1.0000	1.2445
1992	1/01/91	BASE	1.0000	0.9421	0.9421	
	12/01/92	1.2445	1.2445	0.0579	0.0721	
				-----	-----	
				1.0000	1.0142	1.2271
1993 (JAN - NOV)	12/01/92	BASE	1.0000	1.0000	1.0000	
				-----	-----	
				1.0000	1.0000	1.0000

EXHIBIT IV - 3

**POLICY YEARS 1993 - 1999
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) LOSS COST DATE</u>	<u>(2) LOSS COST CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 4/01/03 LC LEVEL</u>
PRIOR TO DEC 1993	12/01/92	BASE	1.0000	1.0000	1.0000	
	12/01/93 to 4/01/03	0.6018	0.6018	----- 1.0000	----- 1.0000	0.6018
1993 (DEC)	12/01/93	BASE	1.0000	1.0000	1.0000	
	12/01/95 to 4/01/03	0.6140	0.6140	----- 1.0000	----- 1.0000	0.6140
1994	12/01/93	BASE	1.0000	1.0000	1.0000	
	12/01/95 to 4/01/03	0.6140	0.6140	----- 1.0000	----- 1.0000	0.6140
1995	12/01/93	BASE	1.0000	0.9392	0.9392	
	12/01/95	0.9057	0.9057	0.0608	0.0551	
	2/01/97 to 4/01/03	0.6780	0.6141	----- 1.0000	----- 0.9943	0.6176
1996	12/01/95	BASE	1.0000	1.0000	1.0000	
	2/01/97 to 4/01/03	0.6780	0.6780	----- 1.0000	----- 1.0000	0.6780
1997	12/01/95	BASE	1.0000	0.2573	0.2573	
	2/01/97	0.7500	0.7500	0.7427	0.5570	
	4/01/98 to 4/01/03	0.9040	0.6780	----- 1.0000	----- 0.8143	0.8326
1998	2/01/97	BASE	1.0000	0.3160	0.3160	
	4/01/98	0.9306	0.9306	0.6840	0.6365	
	4/01/99 to 4/01/03	0.9714	0.9040	----- 1.0000	----- 0.9525	0.9491
1999	4/01/98	BASE	1.0000	0.3106	0.3106	
	4/01/99	0.9474	0.9474	0.6894	0.6531	
	4/01/00 to 4/01/03	1.0253	0.9714	----- 1.0000	----- 0.9637	1.0080

EXHIBIT IV - 4

**POLICY YEARS 2000 - 2002
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) LOSS COST DATE</u>	<u>(2) LOSS COST CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 4/01/03 LC LEVEL</u>
2000	4/01/99	BASE	1.0000	0.3082	0.3082	
	4/01/00	1.0450	1.0450	0.6918	0.7229	
	4/01/01	0.9811	1.0252	-----	-----	
	to 4/01/03			1.0000	1.0311	0.9943
2001	4/01/00	BASE	1.0000	0.3213	0.3213	
	4/01/01	0.9845	0.9845	0.6787	0.6682	
	4/01/02	0.9966	0.9812	-----	-----	
	to 4/01/03			1.0000	0.9895	0.9916
2002	4/01/01	BASE	1.0000	0.3131	0.3131	
	4/01/02	1.0212	1.0212	0.6869	0.7015	
	4/01/03	0.9759	0.9966	-----	-----	
				1.0000	1.0146	0.9823

EXHIBIT V - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2001-2002 Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Policy Year</u>	<u>1999-2000 Ratio</u>	<u>Policy Year</u>	<u>1998-1999 Ratio</u>	<u>Unweighted Average</u>		<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2000	1.0060	1999	1.0077	1998	1.0039	1997	1.0123	1.0075		1.0075	1.0104
3rd to 2nd	1999	0.9970	1998	1.0092	1997	1.0020	1996	0.9991	1.0018		1.0018	1.0029
4th to 3rd	1998	1.0002	1997	0.9983	1996	1.0052	1995	1.0003	1.0010		1.0010	1.0011
5th to 4th	1997	1.0000	1996	1.0010	1995	1.0013	1994	1.0006	1.0007		1.0007	1.0001
6th to 5th	1996	1.0001	1995	1.0002	1994	0.9977	1993	0.9999	0.9995	*	0.9996	0.9994
7th to 6th	1995	0.9997	1994	0.9999	1993	1.0021	1992	0.9986	1.0001	+	0.9993	0.9998
8th to 7th	1994	0.9998	1993	1.0001	1992	1.0006	1991	0.9994	1.0000	#	1.0006	1.0005
9th to 8th	1993	0.9967	1992	0.9999	1991	1.0019	1990	0.9990	0.9994	@	0.9999	0.9999
10th to 9th	1992	1.0003	1991	1.0003	1990	0.9988	1989	1.0002	0.9999		1.0000	1.0000
11th to 10th	1991	0.9997	1990	1.0001	1989	1.0012	1988	0.9999	1.0002		1.0000	1.0000
12th to 11th	1990	1.0000	1989	0.9998	1988	1.0027	1987	0.9997	1.0006		1.0000	1.0000
13th to 12th	1989	1.0003	1988	1.0000	1987	1.0012	1986	1.0000	1.0004		1.0000	1.0000
14th to 13th	1988	1.0000	1987	0.9998	1986	1.0024	1985	1.0002	1.0006		1.0000	1.0000
15th to 14th	1987	1.0000	1986	1.0000	1985	1.0004	1984	1.0000	1.0001		1.0000	1.0000
16th to 15th	1986	1.0002	1985	1.0001	1984	1.0002	1983	1.0000	1.0001		1.0000	1.0000
17th to 16th	1985	1.0021	1984	1.0001	1983	1.0000	1982	1.0005	1.0007		1.0000	1.0000

INCURRED METHOD

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1985	Seventeenth	1.0000
1986	Sixteenth	1.0000
1987	Fifteenth	1.0000
1988	Fourteenth	1.0000
1989	Thirteenth	1.0000
1990	Twelfth	1.0000
1991	Eleventh	1.0000
1992	Tenth	1.0000
1993	Ninth	1.0000
1994	Eighth	0.9999
1995	Seventh	1.0005
1996	Sixth	0.9998
1997	Fifth	0.9994
1998	Fourth	1.0001
1999	Third	1.0011
2000	Second	1.0029
2001	First	1.0104

* Due to the impact of Act 44, the 1998-1999 ratio was excluded and the 1997-1998 ratio(1.0003) was included in the selected average.

+ Due to the impact of Act 44, the 1999-2000 ratio was excluded and the 1997-1998 ratio(0.9988) was included in the selected average.

Due to the impact of Act 44, the 2000-2001 ratio was excluded and the 1997-1998 ratio(1.0024) was included in the selected average.

@ Due to the impact of Act 44, the 2001-2002 ratio was excluded and the 1997-1998 ratio(0.9989) was included in the selected average.

EXHIBIT V - 2

DEVELOPMENT FACTORS

**INDEMNITY LOSSES
PAID METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2001-2002 Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2000	1.8423	1999	1.7952	1.8188	4.5974
3rd to 2nd	a	1999	1.3878	1998	1.3740	1.3809	2.5277
4th to 3rd	a	1998	1.1934	1997	1.1714	1.1824	1.8305
5th to 4th	a	1997	1.0934	1996	1.0933	1.0934	1.5481
6th to 5th	a	1996	1.0551	1995	1.0633	1.0592	1.4159
7th to 6th	a	1995	1.0395	1994	1.0415	1.0405	1.3367
8th to 7th	a	1994	1.0272	1993	1.0283	1.0278	1.2847
9th to 8th	a	1993	1.0229	1992	1.0286	1.0258	1.2500
10th to 9th	a	1992	1.0224	1991	1.0199	1.0212	1.2185
11th to 10th	a	1991	1.0148	1990	1.0168	1.0158	1.1932
12th to 11th	a	1990	1.0134	1989	1.0154	1.0144	1.1747
13th to 12th	a	1989	1.0125	1988	1.0125	1.0125	1.1580
14th to 13th	a	1988	1.0098	1987	1.0113	1.0106	1.1437
15th to 14th	a	1987	1.0093	1986	1.0117	1.0105	1.1317
16th to 15th	a	1986	1.0123	1985	1.0123	1.0123	1.1199
17th to 16th	a	1985	1.0080	1984	1.0102	1.0091	1.1063
18th to 17th	a	1984	1.0072	1983	1.0073	1.0073	1.0964
19th to 18th	a	1983	1.0076	1982	1.0103	1.0090	1.0884
20th to 19th	b	1982	1.0700	1981	1.0723	1.0712	1.0787
Beyond 20th		1981	1.0127	1980	0.9901	1.0014	1.0070

d

INCURRED METHOD

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2001-2002 Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2000	1.4386	1999	1.4206	1.4296	1.8427
3rd to 2nd	c	1999	1.1619	1998	1.1621	1.1620	1.2890
4th to 3rd	c	1998	1.0673	1997	1.0514	1.0594	1.1093
5th to 4th	c	1997	1.0278	1996	1.0280	1.0279	1.0471
6th to 5th	c	1996	1.0098	1995	1.0167	1.0133	1.0186
7th to 6th	c	1995	1.0061	1994	0.9982	1.0022	1.0053
8th to 7th	c	1994	0.9982	1993	1.0020	1.0001	1.0031
9th to 8th	c	1993	0.9937	1992	1.0015	0.9976	1.0030
10th to 9th	c	1992	1.0016	1991	0.9967	0.9992	1.0054
11th to 10th	c	1991	0.9980	1990	0.9985	0.9983	1.0062
12th to 11th	c	1990	0.9994	1989	0.9989	0.9992	1.0079
13th to 12th	c	1989	1.0028	1988	0.9983	1.0006	1.0087
14th to 13th	c	1988	1.0033	1987	1.0029	1.0031	1.0081
15th to 14th	c	1987	0.9978	1986	0.9991	0.9985	1.0050
16th to 15th	c	1986	1.0017	1985	0.9982	1.0000	1.0065
17th to 16th	c	1985	1.0005	1984	1.0006	1.0006	1.0065
18th to 17th	c	1984	0.9991	1983	0.9977	0.9984	1.0059
19th to 18th	c	1983	1.0007	1982	0.9993	1.0000	1.0075
20th to 19th	c	1982	1.0000	1981	1.0010	1.0005	1.0075
Beyond 20th		1981	1.0127	1980	0.9901	1.0014	1.0070

d

- a From Table I-D
- b 19th (Paid - Table 1-D) to 20th (Incurred - Table I-B)
- c From Table I-B
- d Derived separately. See Exhibit # 7 of the April 1, 2004 Filing Package.

EXHIBIT V - 3

DEVELOPMENT FACTORS

**MEDICAL LOSSES
PAID METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2001-2002 Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2000	1.2926	1999	1.3018	1.2972	2.3859
3rd to 2nd	a	1999	1.1046	1998	1.1056	1.1051	1.8393
4th to 3rd	a	1998	1.0500	1997	1.0498	1.0499	1.6644
5th to 4th	a	1997	1.0275	1996	1.0302	1.0289	1.5853
6th to 5th	a	1996	1.0221	1995	1.0231	1.0226	1.5407
7th to 6th	a	1995	1.0198	1994	1.0204	1.0201	1.5067
8th to 7th	a	1994	1.0176	1993	1.0135	1.0156	1.4770
9th to 8th	a	1993	1.0148	1992	1.0169	1.0159	1.4543
10th to 9th	a	1992	1.0154	1991	1.0125	1.0140	1.4315
11th to 10th	a	1991	1.0118	1990	1.0152	1.0135	1.4118
12th to 11th	a	1990	1.0127	1989	1.0130	1.0129	1.3930
13th to 12th	a	1989	1.0116	1988	1.0132	1.0124	1.3752
14th to 13th	a	1988	1.0126	1987	1.0117	1.0122	1.3584
15th to 14th	a	1987	1.0132	1986	1.0124	1.0128	1.3420
16th to 15th	a	1986	1.0117	1985	1.0164	1.0141	1.3251
17th to 16th	a	1985	1.0146	1984	1.0135	1.0141	1.3066
18th to 17th	a	1984	1.0120	1983	1.0171	1.0146	1.2885
19th to 18th	a	1983	1.0122	1982	1.0159	1.0141	1.2699
20th to 19th	b	1982	1.1334	1981	1.1259	1.1297	1.2523
Beyond 20th		1981	1.1183	1980	1.0878	1.1031	1.1085

d

INCURRED METHOD

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2001-2002 Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2000	1.1258	1999	1.1438	1.1348	1.6802
3rd to 2nd	c	1999	1.0547	1998	1.0660	1.0604	1.4806
4th to 3rd	c	1998	1.0046	1997	1.0247	1.0147	1.3963
5th to 4th	c	1997	1.0133	1996	1.0296	1.0215	1.3761
6th to 5th	c	1996	0.9981	1995	1.0214	1.0098	1.3471
7th to 6th	c	1995	1.0188	1994	1.0190	1.0189	1.3340
8th to 7th	c	1994	1.0104	1993	1.0198	1.0151	1.3093
9th to 8th	c	1993	1.0088	1992	1.0315	1.0202	1.2898
10th to 9th	c	1992	1.0053	1991	1.0155	1.0104	1.2643
11th to 10th	c	1991	1.0133	1990	1.0120	1.0127	1.2513
12th to 11th	c	1990	1.0047	1989	1.0136	1.0092	1.2356
13th to 12th	c	1989	1.0110	1988	1.0261	1.0186	1.2243
14th to 13th	c	1988	1.0098	1987	1.0105	1.0102	1.2020
15th to 14th	c	1987	1.0025	1986	0.9992	1.0009	1.1898
16th to 15th	c	1986	1.0157	1985	1.0120	1.0139	1.1887
17th to 16th	c	1985	1.0088	1984	1.0195	1.0142	1.1724
18th to 17th	c	1984	1.0117	1983	1.0155	1.0136	1.1560
19th to 18th	c	1983	1.0133	1982	1.0071	1.0102	1.1405
20th to 19th	c	1982	1.0193	1981	1.0177	1.0185	1.1290
Beyond 20th		1981	1.1183	1980	1.0878	1.1031	1.1085

d

a From Table I-E

b 19th (Paid - Table 1-E) to 20th (Incurred - Table I-C)

c From Table I-C

d Derived separately. See Exhibit # 7 of the April 1, 2004 Filing Package.

EXHIBIT VI - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	1996	1997	1998	1999	2000	2001
Actual Loss Ratio	0.4680	0.4939	0.4732	0.5046	0.5294	0.4967
Normalized Frequency	0.5741	0.5438	0.5064	0.4785	0.4500	0.4210
Severity Loss Ratio	0.8152	0.9082	0.9344	1.0545	1.1764	1.1798
x	1	2	3	4	5	6
y	0.8152	0.9082	0.9344	1.0545	1.1764	1.1798

6 Point Exponential Regression: $y = 0.761487 * 1.08160 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/04 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
1999	0.9635	1.4545	1.5096	0.7226
2000	1.0422	1.4545	1.3956	0.7688
2001	1.1272	1.4545	1.2904	0.8178

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
1999	0.5046	1.0908	0.5504
2000	0.5294	1.0729	0.5680
2001	0.4967	1.0553	0.5242

MEDICAL

Policy Year	1996	1997	1998	1999	2000	2001
Actual Loss Ratio	0.4249	0.4598	0.4565	0.4626	0.4769	0.4514
Normalized Frequency	0.5741	0.5438	0.5064	0.4785	0.4500	0.4210
Severity Loss Ratio	0.7401	0.8455	0.9015	0.9668	1.0598	1.0722
x	1	2	3	4	5	6
y	0.7401	0.8455	0.9015	0.9668	1.0598	1.0722

6 Point Exponential Regression: $y = 0.71188 * 1.077147 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/04 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
1999	0.8897	1.3142	1.4771	0.7226
2000	0.9583	1.3142	1.3714	0.7688
2001	1.0322	1.3142	1.2732	0.8178

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
1999	0.4626	1.0674	0.4938
2000	0.4769	1.0543	0.5027
2001	0.4514	1.0412	0.4700

See page 22 for column (4).

EXHIBIT VI - 2

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1990, 12 = PY 2001}

Policy Year	Claim Frequency	Normalized Frequency
1990	44.88	1.0000
1991	41.46	0.9238
1992	38.48	0.8574
1993	35.70	0.7955
1994	31.96	0.7122
1995	28.45	0.6340
1996	25.76	0.5741
1997	24.40	0.5438
1998	22.72	0.5064
1999	21.47	0.4785
2000	20.19	0.4500
2001	18.89	0.4210

Policy Year	1996	1997	1998	1999	2000	2001
x	1	2	3	4	5	6
y	0.5741	0.5438	0.5064	0.4785	0.4500	0.4210

6 Point Exponential Regression: $y = 0.61263 * 0.9397345 ^ x$

SELECTED FREQUENCY TREND FACTOR

-6.0%

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/04 (2)	Frequency Trend to 4/1/04 (3) = (1)^(2)
1999	0.9400	5.2500	0.7226
2000	0.9400	4.2500	0.7688
2001	0.9400	3.2500	0.8178

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	6,578,732,477	6,578,789,234	1.0000
1981	1,114,031,748	1,113,996,781	1.0000
1982	980,033,745	980,039,728	1.0000
1983	1,002,519,671	1,002,527,414	1.0000
1984	1,115,516,081	1,115,504,911	1.0000
1985	1,276,710,115	1,276,788,052	1.0001
1986	1,524,464,861	1,524,455,149	1.0000
1987	1,821,238,566	1,820,900,494	0.9998
1988	2,075,943,510	2,075,995,001	1.0000
1989	2,260,223,946	2,259,713,386	0.9998
1990	2,534,532,467	2,534,718,908	1.0001
1991	2,712,436,120	2,713,316,343	1.0003
1992	2,492,159,184	2,491,812,488	0.9999
1993	2,668,972,640	2,669,347,358	1.0001
1994	1,991,109,320	1,990,968,500	0.9999
1995	1,880,722,324	1,881,173,082	1.0002
1996	1,905,159,449	1,906,976,079	1.0010
1997	1,600,982,380	1,598,246,881	0.9983
1998	1,511,360,365	1,525,246,108	1.0092
1999	1,531,719,583	1,543,536,006	1.0077
2000	878,789,716	1,536,078,443	1.7479
2001		917,922,872	

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior			
to 1982	7,539,337,328	7,539,286,733	1.0000
1982	949,682,880	949,699,381	1.0000
1983	963,893,744	964,832,778	1.0010
1984	1,076,436,487	1,077,192,417	1.0007
1985	1,238,196,274	1,238,813,683	1.0005
1986	1,481,131,869	1,481,415,921	1.0002
1987	1,767,170,190	1,767,171,528	1.0000
1988	2,032,289,725	2,032,331,147	1.0000
1989	2,211,478,166	2,212,062,292	1.0003
1990	2,474,749,851	2,474,656,891	1.0000
1991	2,635,568,417	2,634,796,335	0.9997
1992	2,450,429,123	2,451,088,722	1.0003
1993	2,628,792,865	2,627,980,684	0.9997
1994	1,959,862,557	1,959,540,710	0.9998
1995	1,843,715,331	1,843,213,738	0.9997
1996	1,879,774,099	1,879,946,574	1.0001
1997	1,577,911,868	1,577,926,543	1.0000
1998	1,507,548,105	1,507,840,803	1.0002
1999	1,527,607,793	1,523,076,857	0.9970
2000	1,517,007,491	1,526,067,206	1.0060
2001	907,249,122	1,570,111,882	1.7306
2002		914,721,776	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - A - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	3,047,294,108	3,053,893,198	1.0022
1981	497,516,363	499,965,527	1.0049
1982	504,351,005	505,029,229	1.0013
1983	607,789,734	609,274,533	1.0024
1984	778,984,497	783,462,081	1.0057
1985	925,550,234	927,662,924	1.0023
1986	1,070,258,235	1,069,320,171	0.9991
1987	1,339,781,362	1,346,765,124	1.0052
1988	1,560,978,023	1,572,260,938	1.0072
1989	1,855,881,023	1,862,885,396	1.0038
1990	1,918,232,036	1,924,185,023	1.0031
1991	1,722,664,943	1,728,460,853	1.0034
1992	1,446,921,603	1,464,965,319	1.0125
1993	1,248,337,083	1,258,854,703	1.0084
1994	1,147,152,098	1,153,706,999	1.0057
1995	1,007,313,644	1,025,984,497	1.0185
1996	911,732,278	937,888,274	1.0287
1997	948,240,399	985,700,950	1.0395
1998	898,908,243	1,002,697,654	1.1155
1999	782,553,560	997,899,336	1.2752
2000	310,610,680	836,847,019	2.6942
2001		314,996,783	

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior			
to 1982	3,489,223,851	3,509,201,666	1.0057
1982	493,865,608	496,373,554	1.0051
1983	589,634,626	592,038,906	1.0041
1984	752,414,302	754,365,107	1.0026
1985	897,020,491	899,686,874	1.0030
1986	1,041,117,879	1,047,079,528	1.0057
1987	1,312,124,731	1,311,164,780	0.9993
1988	1,547,430,135	1,555,746,376	1.0054
1989	1,829,052,488	1,839,210,727	1.0056
1990	1,880,177,261	1,882,467,475	1.0012
1991	1,687,527,055	1,693,364,795	1.0035
1992	1,455,052,681	1,459,400,205	1.0030
1993	1,249,352,772	1,248,423,739	0.9993
1994	1,138,343,571	1,141,343,943	1.0026
1995	1,014,164,194	1,025,290,230	1.0110
1996	927,750,375	932,203,159	1.0048
1997	971,553,799	992,353,977	1.0214
1998	989,986,381	1,027,817,430	1.0382
1999	987,112,264	1,097,070,218	1.1114
2000	822,310,860	1,046,706,193	1.2729
2001	312,946,948	797,972,241	2.5499
2002		293,963,435	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - B - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	2,553,237,550	2,549,485,519	0.9985
1981	379,603,999	379,970,990	1.0010
1982	372,575,204	372,323,631	0.9993
1983	446,541,129	445,531,451	0.9977
1984	567,746,320	568,097,488	1.0006
1985	653,231,617	652,083,047	0.9982
1986	760,837,788	760,157,757	0.9991
1987	925,708,217	928,353,826	1.0029
1988	1,060,865,170	1,059,092,992	0.9983
1989	1,236,456,417	1,235,061,229	0.9989
1990	1,262,855,506	1,260,912,239	0.9985
1991	1,111,593,960	1,107,918,425	0.9967
1992	919,681,285	921,100,448	1.0015
1993	796,815,536	798,412,943	1.0020
1994	733,704,921	732,408,463	0.9982
1995	620,611,611	630,999,732	1.0167
1996	522,255,977	536,864,758	1.0280
1997	526,453,564	553,493,726	1.0514
1998	462,509,998	537,497,944	1.1621
1999	371,460,852	527,699,573	1.4206
2000	120,748,891	393,696,953	3.2605
2001		126,948,348	

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior			
to 1982	2,876,218,193	2,880,840,112	1.0016
1982	364,030,234	364,037,129	1.0000
1983	430,753,634	431,038,119	1.0007
1984	545,115,388	544,633,746	0.9991
1985	629,206,432	629,526,060	1.0005
1986	739,131,616	740,359,150	1.0017
1987	904,611,517	902,637,247	0.9978
1988	1,043,120,352	1,046,518,171	1.0033
1989	1,211,606,776	1,214,959,122	1.0028
1990	1,233,212,293	1,232,477,592	0.9994
1991	1,084,558,791	1,082,348,301	0.9980
1992	913,471,603	914,974,717	1.0016
1993	793,390,926	788,428,395	0.9937
1994	723,918,720	722,623,996	0.9982
1995	624,387,941	628,199,460	1.0061
1996	531,869,913	537,079,893	1.0098
1997	544,824,685	559,960,774	1.0278
1998	530,543,906	566,273,232	1.0673
1999	521,836,843	606,336,103	1.1619
2000	386,781,214	556,408,387	1.4386
2001	126,096,355	382,448,269	3.0330
2002		118,863,250	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - C - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	494,056,558	504,407,679	1.0210
1981	117,912,364	119,994,537	1.0177
1982	131,775,801	132,705,598	1.0071
1983	161,248,605	163,743,082	1.0155
1984	211,238,177	215,364,593	1.0195
1985	272,318,617	275,579,877	1.0120
1986	309,420,447	309,162,414	0.9992
1987	414,073,145	418,411,298	1.0105
1988	500,112,853	513,167,946	1.0261
1989	619,424,606	627,824,167	1.0136
1990	655,376,530	663,272,784	1.0120
1991	611,070,983	620,542,428	1.0155
1992	527,240,318	543,864,871	1.0315
1993	451,521,547	460,441,760	1.0198
1994	413,447,177	421,298,536	1.0190
1995	386,702,033	394,984,765	1.0214
1996	389,476,301	401,023,516	1.0296
1997	421,786,835	432,207,224	1.0247
1998	436,398,245	465,199,710	1.0660
1999	411,092,708	470,199,763	1.1438
2000	189,861,789	443,150,066	2.3341
2001		188,048,435	

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior			
to 1982	613,005,658	628,361,554	1.0251
1982	129,835,374	132,336,425	1.0193
1983	158,880,992	161,000,787	1.0133
1984	207,298,914	209,731,361	1.0117
1985	267,814,059	270,160,814	1.0088
1986	301,986,263	306,720,378	1.0157
1987	407,513,214	408,527,533	1.0025
1988	504,309,783	509,228,205	1.0098
1989	617,445,712	624,251,605	1.0110
1990	646,964,968	649,989,883	1.0047
1991	602,968,264	611,016,494	1.0133
1992	541,581,078	544,425,488	1.0053
1993	455,961,846	459,995,344	1.0088
1994	414,424,851	418,719,947	1.0104
1995	389,776,253	397,090,770	1.0188
1996	395,880,462	395,123,266	0.9981
1997	426,729,114	432,393,203	1.0133
1998	459,442,475	461,544,198	1.0046
1999	465,275,421	490,734,115	1.0547
2000	435,529,646	490,297,806	1.1258
2001	186,850,593	415,523,972	2.2238
2002		175,100,185	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - D - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	2,384,483,955	2,405,496,211	1.0088
1981	354,355,093	356,939,761	1.0073
1982	344,869,117	348,408,092	1.0103
1983	416,012,209	419,065,560	1.0073
1984	524,329,955	529,652,579	1.0102
1985	600,602,572	607,960,139	1.0123
1986	692,637,435	700,738,453	1.0117
1987	851,219,711	860,861,044	1.0113
1988	963,960,977	976,026,262	1.0125
1989	1,122,092,194	1,139,350,620	1.0154
1990	1,127,637,122	1,146,633,393	1.0168
1991	972,204,301	991,508,567	1.0199
1992	773,452,414	795,565,042	1.0286
1993	659,659,810	678,343,232	1.0283
1994	587,998,042	612,400,771	1.0415
1995	490,277,573	521,306,011	1.0633
1996	404,042,322	441,757,757	1.0933
1997	378,040,961	442,832,522	1.1714
1998	278,835,184	383,129,397	1.3740
1999	178,320,438	320,128,201	1.7952
2000	43,596,533	189,658,879	4.3503
2001		42,092,909	

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior			
to 1982	2,710,933,674	2,732,706,194	1.0080
1982	340,220,617	342,585,500	1.0070
1983	404,568,253	407,654,422	1.0076
1984	507,564,449	511,194,192	1.0072
1985	585,552,384	590,214,486	1.0080
1986	679,720,068	688,076,594	1.0123
1987	837,123,576	844,924,371	1.0093
1988	960,265,632	969,660,734	1.0098
1989	1,116,339,183	1,130,301,480	1.0125
1990	1,120,307,466	1,135,311,345	1.0134
1991	968,688,280	983,013,598	1.0148
1992	789,442,237	807,095,642	1.0224
1993	673,635,787	689,078,272	1.0229
1994	606,347,112	622,847,947	1.0272
1995	515,451,499	535,793,407	1.0395
1996	437,276,905	461,351,512	1.0551
1997	436,700,131	477,504,106	1.0934
1998	377,633,024	450,669,276	1.1934
1999	316,557,005	439,309,763	1.3878
2000	186,317,498	343,254,465	1.8423
2001	41,805,819	181,172,597	4.3337
2002		42,575,160	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - E - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior to 1981	433,828,144	441,557,137	1.0178
1981	106,577,168	108,492,951	1.0180
1982	117,669,843	119,542,890	1.0159
1983	147,602,170	150,125,746	1.0171
1984	192,051,203	194,644,470	1.0135
1985	236,577,746	240,459,353	1.0164
1986	284,789,741	288,310,099	1.0124
1987	376,618,613	381,030,115	1.0117
1988	465,768,962	471,937,865	1.0132
1989	568,508,439	575,874,014	1.0130
1990	605,804,952	615,013,567	1.0152
1991	561,409,113	568,429,419	1.0125
1992	482,451,529	490,614,987	1.0169
1993	415,883,465	421,480,263	1.0135
1994	376,567,411	384,248,722	1.0204
1995	346,861,480	354,871,485	1.0231
1996	338,286,473	348,497,718	1.0302
1997	356,173,342	373,913,427	1.0498
1998	339,794,938	375,688,452	1.1056
1999	285,768,342	372,002,568	1.3018
2000	77,884,636	303,482,233	3.8966
2001		80,285,442	

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior to 1982	538,966,004	547,718,873	1.0162
1982	116,755,587	118,120,125	1.0117
1983	145,374,494	147,151,407	1.0122
1984	187,558,894	189,816,918	1.0120
1985	233,036,320	236,437,610	1.0146
1986	281,403,277	284,690,549	1.0117
1987	370,543,864	375,417,607	1.0132
1988	463,403,015	469,223,525	1.0126
1989	566,178,730	572,756,820	1.0116
1990	600,903,091	608,532,683	1.0127
1991	553,368,420	559,878,473	1.0118
1992	485,397,842	492,870,265	1.0154
1993	417,368,399	423,562,427	1.0148
1994	378,183,122	384,823,421	1.0176
1995	349,776,252	356,696,793	1.0198
1996	343,534,457	351,141,975	1.0221
1997	369,197,441	379,358,758	1.0275
1998	370,703,109	389,220,984	1.0500
1999	367,914,577	406,406,187	1.1046
2000	298,624,643	385,994,713	1.2926
2001	79,845,849	296,411,592	3.7123
2002		80,270,790	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

EXHIBIT VII

LOSS COST FORMULAE

The experience used for classification relativities for the April 1, 2004 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other Bureau filings. The experience period will be five (5) years for all classifications regardless of whether a classification might meet the full credibility requirements with less than five years of data. Credibility will be based on reported payrolls for classifications using payroll as the exposure base. For non-payroll classifications, expected losses will be used as the basis for credibility. Thus, two credibility tables will be prepared for use in the April 1, 2004 filing. The values for these respective tables will be established such that the credibilities assigned to a payroll-based classification having the same portion of total statewide expected losses and payrolls attributable to its experience using each table would be equal. All occupational disease losses will be included in the exhibit of classification experience, with the total amount of such losses by type of injury being shown on a separate line on the classification loss cost worksheets.

Most classifications are subject to standard procedures as described below. However, circumstances will sometimes require that some classifications' rating procedure be modified to recognize situations where the normal rating process would not be appropriate. Such classifications, and the manner in which their loss costs have been derived, are separately identified within the filing material.

The calculation of classification loss costs will be made using the following procedure:

- (1) Determine the present pure premiums by category (serious, non-serious, medical only and total) for each classification.
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the April 1, 2004 loss cost level.
- (3) Determine Expected Losses (serious, non-serious, medical-only and total) for each classification by multiplying the exposures from the experience period by the present pure premiums.
- (4) Determine the indicated pure premiums (serious, non-serious, medical-only and total) from the exposures and losses from the experience period.
- (5) Test the indicated total pure premiums by multiplying the exposures of the latest two years for each classification and obtaining the total Actual Losses for all classifications combined.
- (6) Calculate Expected Losses by multiplying the present pure premiums by the exposures from the last two years for each classification and by the overall average loss cost change.
- (7) Obtain correction factors by dividing the Expected Losses derived in (6) by the Actual Losses derived in (5).

EXHIBIT VII (Continued)

- (8) Multiply the indicated (pre-test) pure premiums from (4) times the correction factors derived in (7) to obtain indicated (post-test) pure premiums.
- (9) Determine “formula” pure premiums from (2) and (8) above for each type of loss (serious, non-serious and medical-only), with credibility for each category of loss corresponding to either the amount of reported payroll (for all classifications in which payroll is the exposure base) or to the amount of Expected Losses (for all “non-payroll” classifications). Credibility weights will be taken from exhibits appearing in the Class Book. The complement of credibility is in each case to be assigned to the present loss costs on April 1, 2004 level for each category of loss.
- (10) Select proposed total pure premiums for each classification, using the middle value from the total pure premiums derived in (2), (8) and (9) above. If the proposed pure premium selected on this basis is different from the formula pure premium derived in (9) above, partial pure premiums are to be allocated between categories (serious, non-serious and medical-only) in the same proportion as the partial pure premiums comprising the formula pure premium.
- (11) Test the proposed total pure premiums selected in (10) by multiplying by the exposures of the two latest years for each classification and obtaining the total Expected Losses for all classifications combined.
- (12) Obtain a correction factor by dividing the Expected Losses derived in (6) above by the Expected Losses derived in (11) above.
- (13) Calculate the “composite pure premium multiplier” as the product of the following items:
 - (a) The pure premium correction factor determined in (12) above.
 - (b) The proposed experience rating plan off-balance factor.
- (14) Apply the composite pure premium multiplier obtained in (13) above to the proposed total pure premiums to obtain classification loss costs.
- (15) Test to assure that the maximum departure of the classification loss costs derived in (14) above from current loss costs is in accordance with the following parameters:

Maximum Change in Loss Cost:
Upward: The overall average change plus 25% rounded to the nearest 1%.
Downward: The overall average change minus 25% rounded to the nearest 1%.
- (16) Loss costs are to be rounded to the nearest \$.01.
- (17) Test the limited loss costs derived in (16) above to determine if balance has been achieved within 0.0005 of the indicated change in loss cost level. If such balance has not been achieved, calculate the necessary correction factor to adjust the composite pure premium multipliers derived in (13) above to achieve the necessary balance. Perform steps (14) through (17) iteratively until the desired balance is achieved.

EXHIBIT VIII**COLLECTIBLE PREMIUM RATIOS ***

Manual Years 1998 & 1999 & 2000 Unit Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
1998	2,344,721,778	2,226,801,571	1.0530
1999	2,453,214,724	2,319,780,737	1.0575
2000	2,609,253,955	2,404,535,791	1.0851
TOTAL	7,407,190,457	6,951,118,099	1.0656
MANUFACTURING AND UTILITIES			
1998	640,382,811	602,491,527	1.0629
1999	651,464,197	606,342,244	1.0744
2000	677,009,241	608,331,730	1.1129
TOTAL	1,968,856,249	1,817,165,501	1.0835
CONTRACTING AND QUARRYING			
1998	391,007,311	364,707,195	1.0721
1999	422,033,225	396,895,091	1.0633
2000	456,941,028	413,814,230	1.1042
TOTAL	1,269,981,564	1,175,416,516	1.0805
OTHER INDUSTRIES			
1998	1,313,331,656	1,259,602,849	1.0427
1999	1,379,717,302	1,316,543,402	1.0480
2000	1,475,303,686	1,382,389,831	1.0672
TOTAL	4,168,352,644	3,958,536,082	1.0530

* Excludes classifications and coverages not subject to experience rating

EXHIBIT IX

CALCULATION OF EXPECTED LOSS COST FACTORS (a)

Policy Year Beginning 4/1 (1)	Act 57 Adjust- ment (2)	Adjust- ment Factor (3)	Loss Ratio Development Factor (4)	Collectible Premium Ratio (5)	Trend Factor (6)	Product (2) * (3) * (4) *(5) * (6) (7)	Expected Loss Cost Factor 1.0 / (7) (8)
<u>Manufacturing and Utilities</u>							
2000	1.0000	1.0000	1.2406	1.0835	1.2003	1.6134	0.6198
2001	1.0000	1.0000	1.3846	1.0835	1.1467	1.7203	0.5813
2002	1.0000	1.0000	1.7863	1.0835	1.0955	2.1204	0.4716
<u>Contracting and Quarrying</u>							
2000	1.0000	1.0000	1.3374	1.0805	1.2003	1.7345	0.5765
2001	1.0000	1.0000	1.4627	1.0805	1.1467	1.8123	0.5518
2002	1.0000	1.0000	1.7961	1.0805	1.0955	2.1261	0.4703
<u>Other Industries</u>							
2000	1.0000	1.0000	1.2640	1.0530	1.2003	1.5976	0.6259
2001	1.0000	1.0000	1.3953	1.0530	1.1467	1.6848	0.5935
2002	1.0000	1.0000	1.7909	1.0530	1.0955	2.0660	0.4840

a Apply to pure Loss Costs (pre-LBA, Merit Rating Plan, PCCPAP and Certified Safety Committee adjustments).

EXHIBIT X

RETROSPECTIVE DEVELOPMENT FACTORS *

Retrospective development factors for first, second and third adjustments are calculated below. They are intended for application to retrospective plans with no loss limitation.

First Adjustment	RDF =	0.4097
Second Adjustment	RDF =	0.2743
Third Adjustment	RDF =	0.2079

For those companies using retrospective development factors with loss limitations, the following formula may be used:

$$\text{RDF(LIM)} = (1.0 - \text{ELF}) \times \text{RDF}$$

RDF(LIM) = Retrospective Development Factors at limited basis

ELF = Expected Loss Factors for given Hazard Group and Loss Limitation

RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{The \$25,000 limit Hazard Group II ELF} = 0.6120$$

$$\begin{aligned} \text{First Adjustment RDF} &= (1 - 0.6120) \times 0.4097 \\ &= 0.1590 \end{aligned}$$

* The use of retrospective development factors is optional.