

PENNSYLVANIA COMPENSATION RATING BUREAU

Claim Frequencies

The attached exhibits examine historical Workers Compensation claim frequencies in Pennsylvania.

Page 1 shows counts of claims and wages as compiled by the Pennsylvania Department of Labor and Industry along with resulting claim frequencies per \$1 million of payroll. Claim counts are available through the twelve months ending June 30, 2003.

Indicated average annual changes in claim frequency are also shown (column (8)) based on an exponential regression for frequencies during the calendar periods shown in column (7). The figures in column (6) indicate that there have been three distinct periods during the last ten years with regard to observed average annual changes in claim frequency. The period 1991-1994 showed an average change of -8.1% followed by three years (1995-1997) at -16.6%. Annual changes since 1997 have slowed somewhat with an estimate average change for 1998 - 2000 of -8.3%. Labor & Industry claim counts showed an increase during the first six months of 2003, which will be further discussed at the November 2003 meeting.

The second portion of page 1 presents claim frequencies on a fiscal year basis.

The second page shows a graph of the frequencies appearing in column (5) of page 1.

Claim frequencies per \$1 million of expected losses are shown on page 3 based on statistics gathered by the PCRB. For informational purposes, claim frequencies are also shown at constant (1987) wage levels. The data excludes the experience of deductible business. The pattern of changes in claim frequency on page 3 are similar to, although generally lower than, the Pennsylvania Department of Labor and Industry data shown on page 1. Staff is proposing an annual change in claim frequency of -6.0%.

The fourth page shows a graph of the frequencies appearing in column (5) of page 3.

The fifth and sixth pages are comparable to pages 3 and 4 but include the experience of deductible policies.

The seventh page shows a graph comparing claim frequencies presented on pages 2, 4 and 6, all indexed to a common value of 1.0 at January 1, 1988.

Page 8 presents the Unit Statistical Plan claim frequencies of page 3 by industry group and page 9 shows a graph of those industry group claim frequencies.

Pennsylvania W.C. - Injury Frequencies
per Department of Labor & Industry Statistics

Calendar Year	Fatal & Non-Fatal Claim Counts (1)	% Change Counts (2)	Wages (Excl. Fed. Govt.) (3)	% Change Wages (4)	Claim Frequency (# per \$1million) (5)	% Change Frequency (6)
1985	135,258		82,424,929,323		1.6410	
1986	138,168	2.2%	87,088,766,188	5.7%	1.5865	-3.3%
1987	139,706	1.1%	94,082,048,196	8.0%	1.4849	-6.4%
1988	146,461	4.8%	101,779,435,543	8.2%	1.4390	-3.1%
1989	148,445	1.4%	108,000,446,952	6.1%	1.3745	-4.5%
1990	158,030	6.5%	114,126,673,936	5.7%	1.3847	0.7%
1991	145,667	-7.8%	116,536,044,622	2.1%	1.2500	-9.7%
1992	143,268	-1.6%	123,163,218,565	5.7%	1.1632	-6.9%
1993	136,769	-4.5%	126,453,677,063	2.7%	1.0816	-7.0%
1994	130,093	-4.9%	131,499,113,452	4.0%	0.9893	-8.5%
1995	118,313	-9.1%	137,992,970,047	4.9%	0.8574	-13.3%
1996	102,132	-13.7%	144,910,231,319	5.0%	0.7048	-17.8%
1997	88,451	-13.4%	154,383,264,744	6.5%	0.5729	-18.7%
1998	85,783	-3.0%	164,800,517,598	6.7%	0.5205	-9.1%
1999	82,676	-3.6%	173,807,881,592	5.5%	0.4757	-8.6%
2000	80,133	-3.1%	181,587,857,121 @	4.5%	0.4413	-7.2%
2001	90,405	12.8%	189,076,552,680	4.1%	0.4781	8.4%
2002	95,206	5.3%	191,748,691,971	1.4%	0.4965	3.8%
2002.5	98,042	3.0% **	193,308,679,435	0.8%	0.5072	2.1%

Period (7)	Annual % Change in Claim Frequency (8) #
CY85 - FY end 6/03	-8.10%
CY86 - FY end 6/03	-8.33%
CY87 - FY end 6/03	-8.54%
CY88 - FY end 6/03	-8.80%
CY89 - FY end 6/03	-9.00%
CY90 - FY end 6/03	-9.16%
CY91 - FY end 6/03	-9.03%
CY92 - FY end 6/03	-8.87%
CY93 - FY end 6/03	-8.48%
CY94 - FY end 6/03	-7.69%
CY95 - FY end 6/03	-6.27%
CY96 - FY end 6/03	-4.20%
CY97 - FY end 6/03	-1.83%
CY98 - FY end 6/03	0.12%
CY99 - FY end 6/03	2.69%
CY00 - FY end 6/03	5.58%

Fiscal Year Ending June 30	Fatal & Non-Fatal Claim Counts (1)	% Change Counts (2)	Wages (Excl. Fed. Govt.) (3)	% Change Wages (4)	Claim Frequency (# per \$1million) (5)	% Change Frequency (6)
1996	111,412		141,080,588,470		0.7897	
1997	94,081	-15.6%	148,855,166,710	5.5%	0.6320	-20.0%
1998	87,339	-7.2%	159,326,932,528	7.0%	0.5482	-13.3%
1999	83,769	-4.1%	168,545,476,679	5.8%	0.4970	-9.3%
2000	81,338	-2.9%	178,133,454,425 @	5.7%	0.4566	-8.1%
2001	82,813	1.8%	188,197,864,473	5.6%	0.4400	-3.6%
2002	94,215	13.8%	189,850,330,342	0.9%	0.4963	12.8%
2003	98,042	4.1%	193,308,679,435	1.8%	0.5072	2.2%

Period Ending 6/30 (7)	Annual % Change in Claim Frequency (8) #
96-03	-5.84%
97-03	-3.44%
98-03	-1.22%
99-03	1.25%
00-03	4.45%
01-03	7.36%

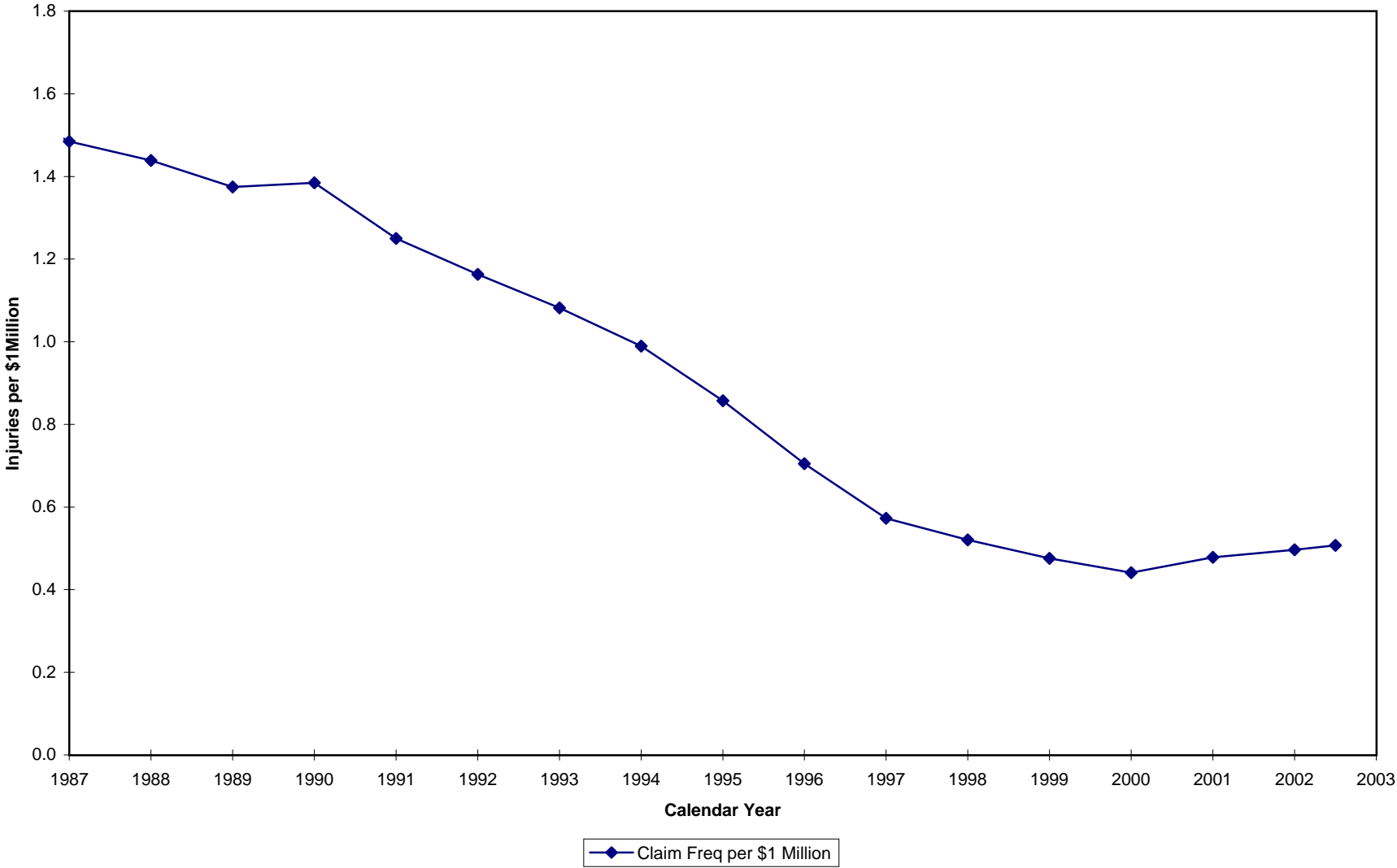
* July 1, 2002 thru June 30, 2003 .

** Six month change 1/03-12/03 to 7/03-6/04. Annualized changes are +6.0% (Counts), +1.6% (Wages) and 4.3% (Frequency)

Exponential Trend

@1ST Quarter 2000 wages have been adjusted (from 45,317,695,400 to 42,864,043,865) for unusually high wage levels during the period.

PA W.C. - CLAIM FREQUENCIES
per Department of Labor & Industry Statistics



Pennsylvania W.C - Claim Frequencies

PCRB Unit Statistical Plan
(Excluding Deductible Business)

Policy Year	# of Claim Indemnity (1)	% Change Counts (2)	Expected Losses (3)	% Change Exp Loss (4)	Claim Frequency (#Claims per \$1 million) (5)	% Change Claim Freq (6)
1987	78,735		1,611,603,702		48.86	
1988	81,465	3.5%	1,702,896,394	5.7%	47.84	-2.1%
1989	82,954	1.8%	1,748,043,956	2.7%	47.46	-0.8%
1990	78,360	-5.5%	1,745,808,618	-0.1%	44.88	-5.4%
1991	69,693	-11.1%	1,681,121,227	-3.7%	41.46	-7.6%
1992	57,491	-17.5%	1,494,159,200	-11.1%	38.48	-7.2%
1993	49,010	-14.8%	1,372,786,155	-8.1%	35.70	-7.2%
1994	43,199	-11.9%	1,351,806,518	-1.5%	31.96	-10.5%
1995	37,729	-12.7%	1,326,333,569	-1.9%	28.45	-11.0%
1996	36,831	-2.4%	1,429,827,240	7.8%	25.76	-9.5%
1997	38,209	3.7%	1,565,673,029	9.5%	24.40	-5.3%
1998	37,806	-1.1%	1,664,199,860	6.3%	22.72	-6.9%
1999	38,476	1.8%	1,791,999,666	7.7%	21.47	-5.5%
2000	36,665	-4.7%	1,815,875,894	1.3%	20.19	-6.0%
2001	32,614	-11.1%	1,726,735,814	-4.9%	18.89	-6.4%

Period	Annual % Change In Claim Frequency
PY87-PY01	-7.3%
PY88-PY01	-7.5%
PY89-PY01	-7.8%
PY90-PY01	-7.8%
PY91-PY01	-7.7%
PY92-PY01	-7.6%
PY93-PY01	-7.4%
PY94-PY01	-6.9%
PY95-PY01	-6.4%
PY96-PY01	-6.0%
PY97-PY01	-6.1%
PY98-PY01	-6.0%
PY99-PY01	-6.2%
PY00-PY01	-6.4%

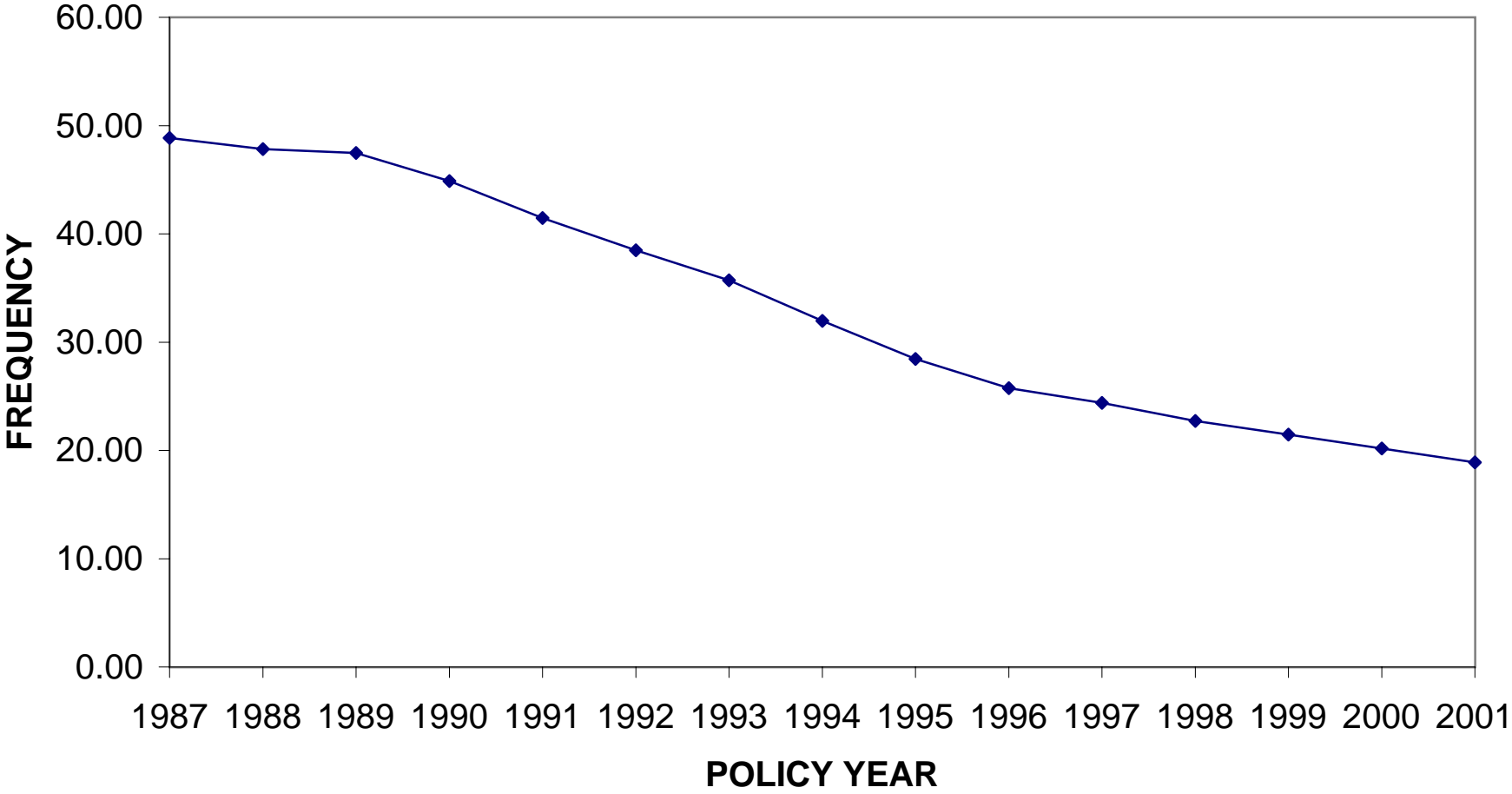
Policy Year	SAWW	% Change SAWW	SAWW Index	Adj Claim Freq. (1) (#Claims per \$1 million)	% Change Adj Claim Frequency
1987	398.16		1.0000	48.86	
1988	417.18	4.8%	1.0478	50.13	2.6%
1989	434.44	4.1%	1.0911	51.78	3.3%
1990	454.44	4.6%	1.1414	51.23	-1.1%
1991	474.46	4.4%	1.1916	49.40	-3.6%
1992	493.63	4.0%	1.2398	47.70	-3.4%
1993	508.17	2.9%	1.2763	45.57	-4.5%
1994	523.55	3.0%	1.3149	42.02	-7.8%
1995	540.49	3.2%	1.3575	38.62	-8.1%
1996	560.56	3.7%	1.4079	36.27	-6.1%
1997	586.27	4.6%	1.4724	35.93	-0.9%
1998	611.43	4.3%	1.5356	34.88	-2.9%
1999	639.95	4.7%	1.6073	34.51	-1.1%
2000	659.74	3.1%	1.6570	33.46	-3.0%
2001	674.35	2.2%	1.6937	31.99	-4.4%

Period	Annual % Change In Adjusted Claim Frequency
PY87-PY01	-3.7%
PY88-PY01	-4.1%
PY89-PY01	-4.3%
PY90-PY01	-4.4%
PY91-PY01	-4.3%
PY92-PY01	-4.2%
PY93-PY01	-3.9%
PY94-PY01	-3.3%
PY95-PY01	-2.7%
PY96-PY01	-2.4%
PY97-PY01	-2.7%
PY98-PY01	-2.9%
PY99-PY01	-3.7%
PY00-PY01	-4.4%

(1) Adjusted claim frequency is claim frequency per \$1 million expected losses at constant (1987) wages

Projected Annual Change in Claim Frequency : -6.0% (See PY96-PY01)

PA W.C. - CLAIM FREQUENCIES
PCRB Unit Statistical Plan (Excl. Deductible Business)



—◆— Claim Freq per \$1 Million

Pennsylvania W.C - Claim Frequencies
 PCRB Unit Statistical Plan
 All Business Including Deductible Business

Policy Year	# of Claim Indemnity (1)	% Change Counts (2)	Expected Losses (3)	% Change Exp Loss (4)	Claim Frequency (#Claims per \$1 million) (5)	% Change Frequency (6)
1987	78,735		1,611,603,702		48.86	
1988	81,465	3.5%	1,702,896,394	5.7%	47.84	-2.1%
1989	82,954	1.8%	1,748,043,956	2.7%	47.46	-0.8%
1990	78,642	-5.2%	1,753,164,618	0.3%	44.86	-5.5%
1991	71,845	-8.6%	1,733,116,413	-1.1%	41.45	-7.6%
1992	67,289	-6.3%	1,747,272,013	0.8%	38.51	-7.1%
1993	62,254	-7.5%	1,752,185,213	0.3%	35.53	-7.7%
1994	58,172	-6.6%	1,831,509,136	4.5%	31.76	-10.6%
1995	53,235	-8.5%	1,867,194,012	1.9%	28.51	-10.2%
1996	50,202	-5.7%	1,982,686,640	6.2%	25.32	-11.2%
1997	50,086	-0.2%	2,142,981,258	8.1%	23.37	-7.7%
1998	50,862	1.6%	2,308,035,773	7.7%	22.04	-5.7%
1999	51,811	1.9%	2,495,331,990	8.1%	20.76	-5.8%
2000	50,399	-2.7%	2,578,779,522	3.3%	19.54	-5.9%
2001	44,934	-10.8%	2,456,720,571	-4.7%	18.29	-6.4%

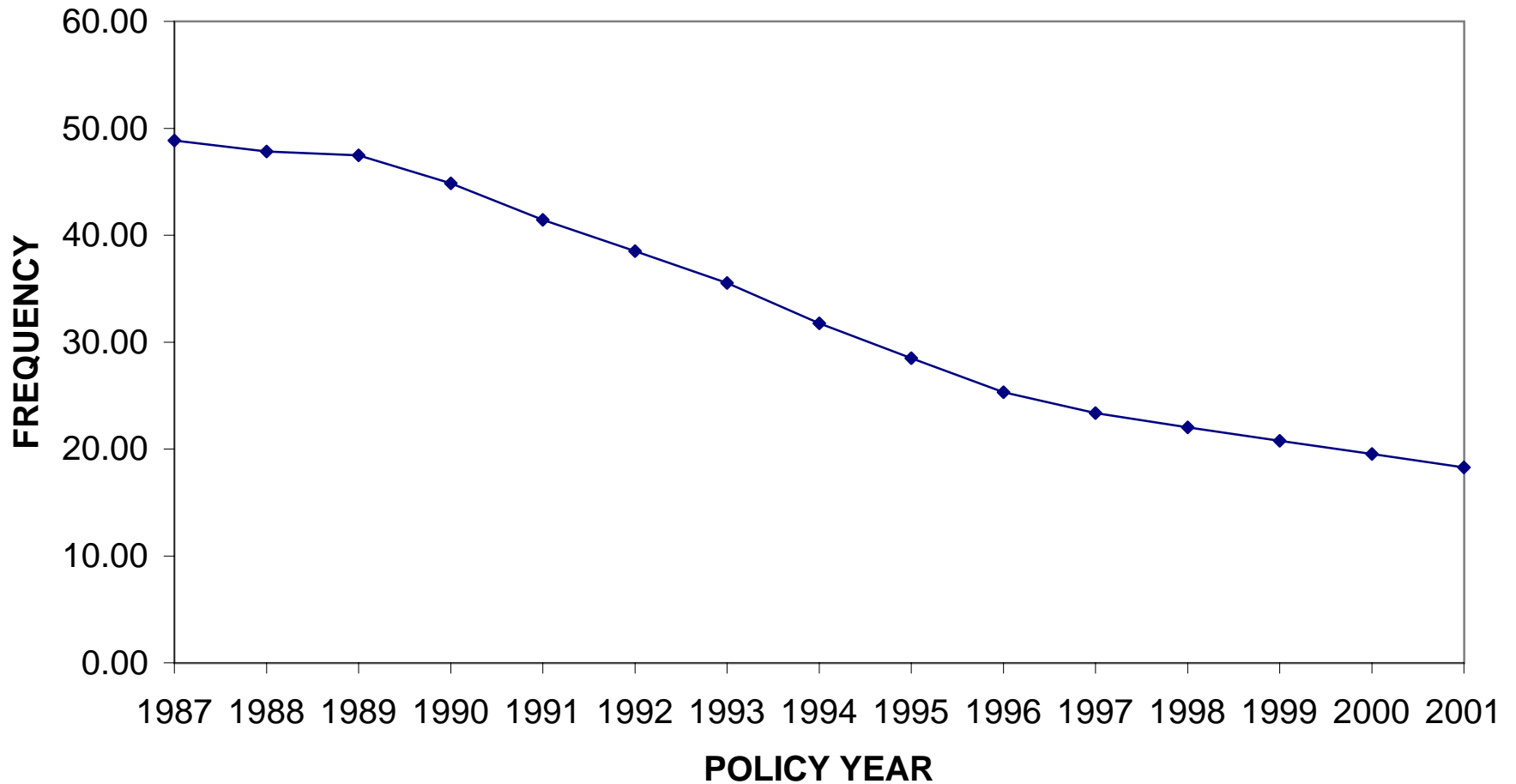
Period	Annual % Change In Claim Frequency
PY87-PY01	-7.6%
PY88-PY01	-7.9%
PY89-PY01	-8.1%
PY90-PY01	-8.2%
PY91-PY01	-8.1%
PY92-PY01	-8.1%
PY93-PY01	-7.8%
PY94-PY01	-7.3%
PY95-PY01	-6.8%
PY96-PY01	-6.2%
PY97-PY01	-5.9%
PY98-PY01	-6.0%
PY99-PY01	-6.1%
PY00-PY01	-6.4%

Policy Year	SAWW	% Change SAWW	SAWW Index	Adj Claim Freq. (1) (#Claims per \$1 million)	% Change Adj Claim Frequency
1987	398.16		1.0000	48.86	
1988	417.18	4.8%	1.0478	50.13	2.6%
1989	434.44	4.1%	1.0911	51.78	3.3%
1990	454.44	4.6%	1.1414	51.20	-1.1%
1991	474.46	4.4%	1.1916	49.40	-3.5%
1992	493.63	4.0%	1.2398	47.75	-3.3%
1993	508.17	2.9%	1.2763	45.35	-5.0%
1994	523.55	3.0%	1.3149	41.76	-7.9%
1995	540.49	3.2%	1.3575	38.70	-7.3%
1996	560.56	3.7%	1.4079	35.65	-7.9%
1997	586.27	4.6%	1.4724	34.41	-3.5%
1998	611.43	4.3%	1.5356	33.84	-1.7%
1999	639.95	4.7%	1.6073	33.37	-1.4%
2000	659.74	3.1%	1.6570	32.38	-3.0%
2001	674.35	2.2%	1.6937	30.98	-4.3%

Period	Annual % Change In Adjusted Claim Frequency
PY87-PY01	-4.0%
PY88-PY01	-4.4%
PY89-PY01	-4.7%
PY90-PY01	-4.8%
PY91-PY01	-4.7%
PY92-PY01	-4.6%
PY93-PY01	-4.3%
PY94-PY01	-3.7%
PY95-PY01	-3.1%
PY96-PY01	-2.5%
PY97-PY01	-2.5%
PY98-PY01	-2.9%
PY99-PY01	-3.6%
PY00-PY01	-4.3%

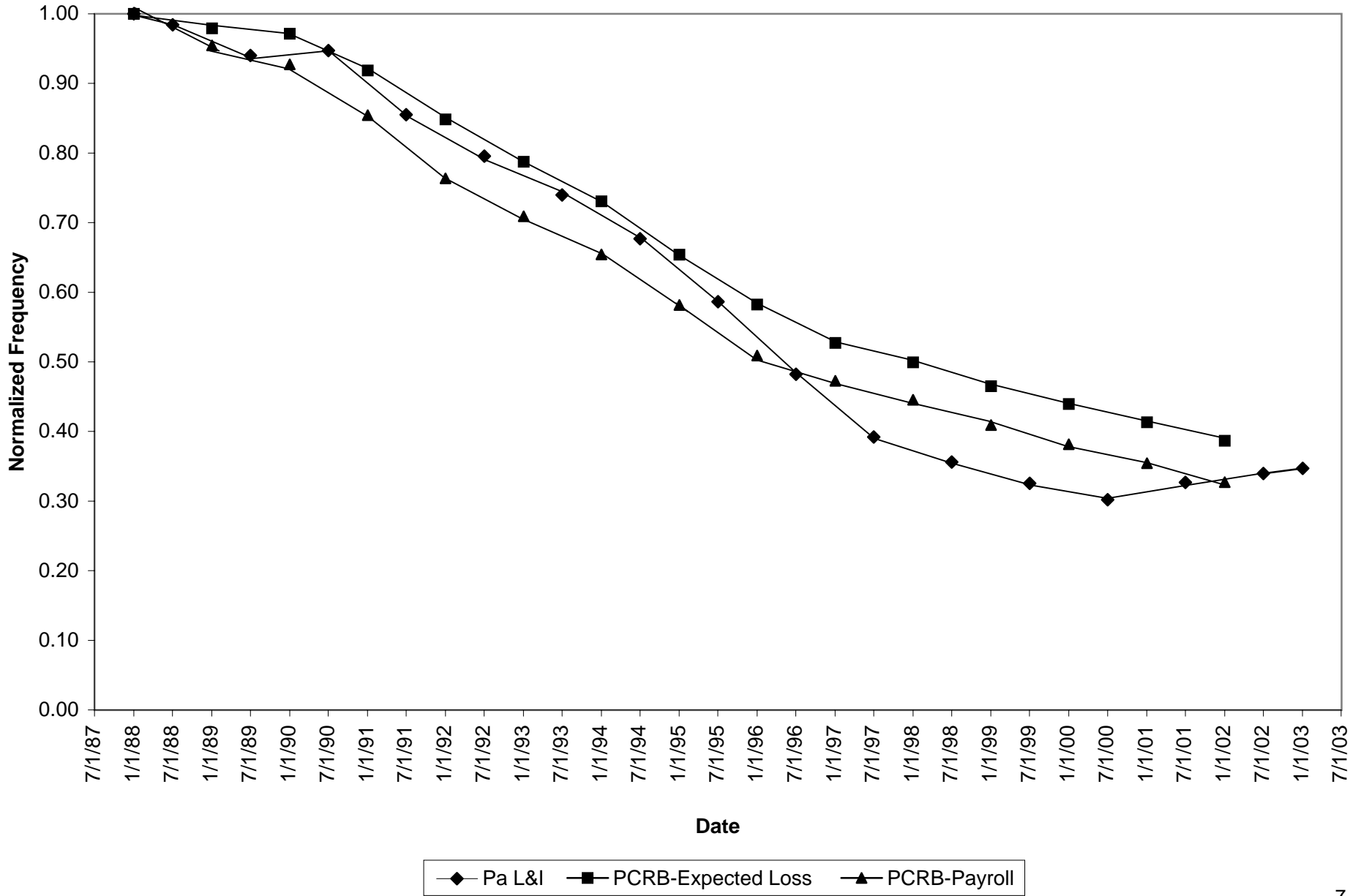
(1) Adjusted claim frequency is claim frequency per \$1 million payroll at constant (1987) wages

PA W.C. - CLAIM FREQUENCIES
PCRB Unit Statistical Plan (All Business Incl. Deductible Business)



—◆— Claim Freq per \$1 Million

**PA W.C. - COMPARISON OF CLAIM FREQUENCIES
(PCR B Data Excludes Deductible Business)**



Pennsylvania W.C. - Claim Frequencies

PCRB Unit Statistical Plan
(Excluding Deductible Business)

Policy Year	Industry Group	# of Claim Indemnity (1)	% Change Counts (2)	Expected Losses (3)	% Change Exp Loss (4)	Claim Frequency (#Claims per \$1 million) (5)	% Change Frequency (6)
1987	1 (MFG)	26,756		506,748,388		52.80	
1988	1	28,444	6.3%	528,682,884	4.3%	53.80	1.9%
1989	1	27,777	-2.3%	527,398,892	-0.2%	52.67	-2.1%
1990	1	25,045	-9.8%	510,034,208	-3.3%	49.10	-6.8%
1991	1	20,727	-17.2%	476,164,174	-6.6%	43.53	-11.3%
1992	1	16,342	-21.2%	391,662,371	-17.7%	41.72	-4.2%
1993	1	13,613	-16.7%	351,917,921	-10.1%	38.68	-7.3%
1994	1	11,922	-12.4%	348,445,354	-1.0%	34.21	-11.6%
1995	1	10,127	-15.1%	327,559,135	-6.0%	30.92	-9.6%
1996	1	9,446	-6.7%	345,334,338	5.4%	27.35	-11.5%
1997	1	10,338	9.4%	389,848,414	12.9%	26.52	-3.0%
1998	1	9,927	-4.0%	405,059,173	3.9%	24.51	-7.6%
1999	1	9,393	-5.4%	402,003,973	-0.8%	23.37	-4.7%
2000	1	8,703	-7.4%	395,957,315	-1.5%	21.98	-5.9%
2001	1	7,119	-18.2%	347,292,169	-12.3%	20.50	-6.7%

Period	Annual % Change In Claim Frequency
PY87-PY01	-7.4%
PY88-PY01	-7.7%
PY89-PY01	-7.8%
PY90-PY01	-7.7%
PY91-PY01	-7.6%
PY92-PY01	-7.6%
PY93-PY01	-7.3%
PY94-PY01	-6.7%
PY95-PY01	-6.2%
PY96-PY01	-5.7%
PY97-PY01	-6.0%
PY98-PY01	-5.8%
PY99-PY01	-6.3%
PY00-PY01	-6.7%

1987	2 (Contracting)	11,093		316,844,901		35.01	
1988	2	11,547	4.1%	332,676,545	5.0%	34.71	-0.9%
1989	2	11,619	0.6%	334,130,696	0.4%	34.77	0.2%
1990	2	10,444	-10.1%	324,077,782	-3.0%	32.23	-7.3%
1991	2	9,025	-13.6%	297,359,528	-8.2%	30.35	-5.8%
1992	2	8,160	-9.6%	277,422,102	-6.7%	29.41	-3.1%
1993	2	7,238	-11.3%	264,982,450	-4.5%	27.32	-7.1%
1994	2	7,213	-0.4%	273,142,972	3.1%	26.41	-3.3%
1995	2	6,357	-11.9%	267,511,416	-2.1%	23.76	-10.0%
1996	2	6,591	3.7%	290,700,245	8.7%	22.67	-4.6%
1997	2	6,577	-0.2%	313,965,283	8.0%	20.95	-7.6%
1998	2	6,763	2.8%	347,863,457	10.8%	19.44	-7.2%
1999	2	6,843	1.2%	373,506,878	7.4%	18.32	-5.8%
2000	2	6,790	-0.8%	387,211,522	3.7%	17.54	-4.3%
2001	2	6,406	-5.7%	388,452,473	0.3%	16.49	-6.0%

PY87-PY01	-5.7%
PY88-PY01	-5.9%
PY89-PY01	-6.1%
PY90-PY01	-6.1%
PY91-PY01	-6.2%
PY92-PY01	-6.3%
PY93-PY01	-6.3%
PY94-PY01	-6.4%
PY95-PY01	-6.0%
PY96-PY01	-6.0%
PY97-PY01	-5.7%
PY98-PY01	-5.2%
PY99-PY01	-5.1%
PY00-PY01	-6.0%

1987	3 (Other)	40,886		788,010,413		51.89	
1988	3	41,474	1.4%	841,536,965	6.8%	49.28	-5.0%
1989	3	43,558	5.0%	886,514,368	5.3%	49.13	-0.3%
1990	3	42,871	-1.6%	911,696,628	2.8%	47.02	-4.3%
1991	3	39,941	-6.8%	907,597,525	-0.4%	44.01	-6.4%
1992	3	32,989	-17.4%	825,074,727	-9.1%	39.98	-9.2%
1993	3	28,159	-14.6%	755,885,784	-8.4%	37.25	-6.8%
1994	3	24,064	-14.5%	730,218,192	-3.4%	32.95	-11.5%
1995	3	21,245	-11.7%	731,263,018	0.1%	29.05	-11.8%
1996	3	20,794	-2.1%	793,792,657	8.6%	26.20	-9.8%
1997	3	21,294	2.4%	861,859,332	8.6%	24.71	-5.7%
1998	3	21,116	-0.8%	911,277,230	5.7%	23.17	-6.2%
1999	3	22,240	5.3%	1,016,488,815	11.5%	21.88	-5.6%
2000	3	21,172	-4.8%	1,032,707,057	1.6%	20.50	-6.3%
2001	3	19,089	-9.8%	990,991,172	-4.0%	19.26	-6.0%

PY87-PY01	-7.5%
PY88-PY01	-7.8%
PY89-PY01	-8.0%
PY90-PY01	-8.1%
PY91-PY01	-8.1%
PY92-PY01	-7.9%
PY93-PY01	-7.6%
PY94-PY01	-7.0%
PY95-PY01	-6.4%
PY96-PY01	-6.0%
PY97-PY01	-6.0%
PY98-PY01	-6.0%
PY99-PY01	-6.2%
PY00-PY01	-6.0%

PA W.C. - CLAIM FREQUENCIES BY INDUSTRY GROUP PCRB Unit Statistical Plan (Excl. Deductible Business)

