

PENNSYLVANIA COMPENSATION RATING BUREAU

**Summary of Material for Modification of Experience
April 1, 2006 Loss Cost Revision**

As Filed

PENNSYLVANIA 2006 LOSS COST FILING

EFFECTIVE DATE - April 1, 2006

INDEX

PART I - INDICATED LOSS COST CHANGE

<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
I	Indicated Change in Loss Cost Level	1
II	Employer Assessment Factor and Loss Assessment Load	2
III	Policy Year Ratios of Losses to Expected Losses	3
IV	Policy Year Premium On-Level Factors	13
V	Policy Year Development Factors	15
VI	Determination of Trend Factors	18

<u>Table</u>	<u>Description</u>	
I	Policy Year Data From Supplemental Call - Accumulated Standard Earned Premium	20
I-A	Adjusted Policy Year Data From Supplemental Call - Total Incurred Losses *	21
I-B	Adjusted Policy Year Data From Supplemental Call - Indemnity Incurred Losses *	22
I-C	Adjusted Policy Year Data From Supplemental Call - Medical Incurred Losses *	23
I-D	Adjusted Policy Year Data From Supplemental Call - Indemnity Paid Losses	24
I-E	Adjusted Policy Year Data From Supplemental Call - Medical Paid Losses	25

* Incurred Losses exclude IBNR and Bulk Reserves.

Note: Table I reflects the adjustment of reported data to a Post-Act 44 and Post-Act 57 basis.

PART II - CLASSIFICATION RELATIVITY

<u>Exhibit</u>	<u>Description</u>	
VII	Loss Cost Formulae	26

PART III - EXPERIENCE RATING PLAN

<u>Exhibit</u>	<u>Description</u>	
VIII	Collectible Premium Ratios	28
IX	Expected Loss Cost Factors	29
X	Retrospective Development Factors	30

EXHIBIT I

INDICATED CHANGE IN LOSS COSTS

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1) Policy Year 2001 Ratio of Loss to Expected Loss	0.4873	0.4376	0.9249
(2) Policy Year 2002 Ratio of Loss to Expected Loss	0.4780	0.4447	0.9227
(3) Policy Year 2003 Ratio of Loss to Expected Loss	0.4501	0.4408	0.8909
(4) Average (Midpoint = 1/1/2003)	0.4718	0.4410	0.9128
(5) Policy Year 2001 Ratio Trended to 4/1/2007 +	0.4900	0.4367	0.9267
(6) Policy Year 2002 Ratio Trended to 4/1/2007 +	0.4801	0.4439	0.9240
(7) Policy Year 2003 Ratio Trended to 4/1/2007 +	0.4517	0.4402	0.8919
(8) Average at 4/1/2007	0.4739	0.4403	0.9142
(9) Indicated Change in Loss Costs	0.4739	0.4403	0.9142

CHANGES IN MANUAL LOSS COST LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(10) Current Collectible Premium Ratio	1.1115	1.1044	1.0717	
(11) Anticipated Collectible Premium Ratio	1.1192	1.1190	1.0821	
(12) Final Indicated Change in Manual Loss Cost Level (9T) * (11) / (10)	0.9205	0.9263	0.9231	0.9229

+ Refer to pages 18 and 19

EXHIBIT II

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

(1)	2004 PCRB Member Paid Loss (From Schedule W) *	1,971,935,845
(2)	2004 Total Paid Loss (From PA Dept of Labor and Industry) *	2,595,558,561
(3)	2004 Ratio of PCRB Member Paid Loss to Total Paid Loss (1)/(2)	0.7597
(4)	2005/2006 Fiscal Year Budget	
	a. Administration Fund	57,525,000
	b. Subsequent Injury Fund	278,942
	c. Supersedeas Fund	22,212,395
	d. Total	<u>80,016,337</u>
(5)	2005/2006 Fiscal Year Membership Assessment Amount	
	a. Administration Fund (4)a * (3)	43,701,743
	b. Subsequent Injury Fund (4)b * (3)	211,912
	c. Supersedeas Fund (4)c * (3)	16,874,756
	d. Total	<u>60,788,411</u>
(6)	2004 Employer Assessment Premium Base Schedule W Part A-1, Lines 5 + 8a + 8b	3,075,112,584
(7)	2005/2006 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (5)a / (6)	0.0142
	b. Subsequent Injury Fund (5)b / (6)	0.0001
	c. Supersedeas Fund (5)c / (6)	0.0055
	d. Employer Assessment Factor	<u>0.0198</u>
(8)	2005/2006 Fiscal Year Budget for the Office of Small Business Advocate	184,000
(9)	2005/2006 Fiscal Year Membership Assessment Amount for the Office of Small Business Advocate (8) * (3)	139,785
(10)	2005/2006 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (9) / (1)	0.0001
(11)	Merit Rating Plan Increment Factor	0.0035
(12)	Certified Safety Committee Program Increment Factor	0.0075
(13)	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (10) + (11) + (12)	<u>0.0111</u>

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

EXHIBIT III - 1

POLICY YEAR LOSS RATIO 2003

(1) Standard Earned Premium Reported (Table I)			1,485,152,443
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0135
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9993
(5) Factor to Remove Loss Based Assessments			0.9910
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,490,611,024
(7) Loss Cost Change 12/1/95 to 4/1/05			0.9955
(8) Expected Loss at Current Level (6)*(7)			1,483,903,274
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	162,076,871	287,291,527	449,368,398
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	4.5353	2.2836	
(11) Ultimate Incurred Losses	735,067,233	656,058,931	1,391,126,164
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	735,067,233	656,058,931	1,391,126,164
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4954	0.4421	0.9375
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	323,894,671	393,143,275	717,037,946
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8547	1.6589	
(17) Ultimate Incurred Losses	600,727,446	652,185,379	1,252,912,825
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	600,727,446	652,185,379	1,252,912,825
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4048	0.4395	0.8443
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	667,897,340	654,122,155	1,322,019,495
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4501	0.4408	0.8909
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4305	0.4305	
(24) Severity Ratio * (22) / (23)	1.0455	1.0239	2.0694

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

EXHIBIT III - 2

POLICY YEAR LOSS RATIO 2002

(1) Standard Earned Premium Reported (Table I)			1,450,386,847
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0029
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9988
(5) Factor to Remove Loss Based Assessments			0.9929
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,442,532,240
(7) Loss Cost Change 12/1/95 to 4/1/05			0.9854
(8) Expected Loss at Current Level (6) *(7)			1,421,471,269
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	299,357,547	352,750,887	652,108,434
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	2.4631	1.7925	
(11) Ultimate Incurred Losses	737,347,574	632,305,965	1,369,653,539
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	737,347,574	632,305,965	1,369,653,539
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5187	0.4448	0.9635
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	480,050,092	424,609,410	904,659,502
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2950	1.4880	
(17) Ultimate Incurred Losses	621,664,869	631,818,802	1,253,483,671
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	621,664,869	631,818,802	1,253,483,671
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4373	0.4445	0.8818
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	679,506,222	632,062,384	1,311,568,606
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.478	0.4447	0.9227
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4675	0.4675	
(24) Severity Ratio * (22) / (23)	1.0225	0.9512	1.9737

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

EXHIBIT III - 3

POLICY YEAR LOSS RATIO 2001

(1) Standard Earned Premium Reported (Table I)			1,433,137,726
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0004
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9974
(5) Factor to Remove Loss Based Assessments			0.9923
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,418,972,461
(7) Loss Cost Change 12/1/95 to 4/1/05			0.9951
(8) Expected Loss at Current Level (6) *(7)			1,412,019,496
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	417,753,811	375,385,344	793,139,155
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.7888	1.6349	
(11) Ultimate Incurred Losses	747,278,017	613,717,499	1,360,995,516
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	747,278,017	613,717,499	1,360,995,516
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5292	0.4346	0.9638
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	559,943,487	436,169,513	996,113,000
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1232	1.4263	
(17) Ultimate Incurred Losses	628,928,525	622,108,576	1,251,037,101
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	628,928,525	622,108,576	1,251,037,101
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4454	0.4406	0.8860
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	688,103,271	617,913,038	1,306,016,309
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4873	0.4376	0.9249
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4882	0.4882	
(24) Severity Ratio * (22) / (23)	0.9982	0.8964	1.8946

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

EXHIBIT III - 4

POLICY YEAR LOSS RATIO 2000

(1) Standard Earned Premium Reported (Table I)			1,391,143,240
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0012
(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)			1,377,805,279
(7) Loss Cost Change 12/1/95 to 4/1/05			0.9969
(8) Expected Loss at Current Level (6) *(7)			1,373,534,083
Losses - Paid-to-20th Method			
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	499,189,118	408,636,434	907,825,552
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.5108	1.5517	
(11) Ultimate Incurred Losses	754,174,919	634,081,155	1,388,256,074
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	754,174,919	634,081,155	1,388,256,074
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5491	0.4616	1.0107
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	621,879,957	479,933,365	1,101,813,322
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0521	1.3911	
(17) Ultimate Incurred Losses	654,279,903	667,635,304	1,321,915,207
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	654,279,903	667,635,304	1,321,915,207
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4763	0.4861	0.9624
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	704,227,411	650,858,230	1,355,085,641
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5127	0.4739	0.9866
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5249	0.5249	
(24) Severity Ratio * (22) / (23)	0.9768	0.9028	1.8796

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

EXHIBIT III - 5

POLICY YEAR LOSS RATIO 1999

(1) Standard Earned Premium Reported (Table I)			1,353,134,094
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0010
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9919
(5) Factor to Remove Loss Based Assessments			0.9651
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,296,627,177
(7) Loss Cost Change 12/1/95 to 4/1/05			1.0117
(8) Expected Loss at Current Level (6) *(7)			1,311,797,715
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	504,542,512	393,129,730	897,672,242
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3697	1.4976	
(11) Ultimate Incurred Losses	691,071,879	588,751,084	1,279,822,963
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	691,071,879	588,751,084	1,279,822,963
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5268	0.4488	0.9756
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	587,223,077	457,497,856	1,044,720,933
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0263	1.3608	
(17) Ultimate Incurred Losses	602,667,044	622,563,082	1,225,230,126
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	602,667,044	622,563,082	1,225,230,126
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4594	0.4746	0.9340
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	646,869,462	605,657,083	1,252,526,545
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4931	0.4617	0.9548
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5622	0.5622	
(24) Severity Ratio * (22) / (23)	0.8771	0.8212	1.6983

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

EXHIBIT III - 6

POLICY YEAR LOSS RATIO 1998

(1) Standard Earned Premium Reported (Table I)			1,317,415,293
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0024
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9919
(5) Factor to Remove Loss Based Assessments			0.9660
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,265,344,481
(7) Loss Cost Change 12/1/95 to 4/1/05			0.9533
(8) Expected Loss at Current Level (6) *(7)			1,206,252,894
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	448,042,212	358,545,721	806,587,933
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2903	1.4618	
(11) Ultimate Incurred Losses	578,108,866	524,122,135	1,102,231,001
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	578,108,866	524,122,135	1,102,231,001
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4793	0.4345	0.9138
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	507,149,034	418,250,282	925,399,316
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0065	1.3390	
(17) Ultimate Incurred Losses	510,445,503	560,037,128	1,070,482,631
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	510,445,503	560,037,128	1,070,482,631
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4232	0.4643	0.8875
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	544,277,185	542,079,632	1,086,356,817
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4512	0.4494	0.9006
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5939	0.5939	
(24) Severity Ratio * (22) / (23)	0.7597	0.7567	1.5164

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

EXHIBIT III - 7

POLICY YEAR LOSS RATIO 1997

(1) Standard Earned Premium Reported (Table I)				1,363,552,291
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0004
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9937
(5) Factor to Remove Loss Based Assessments				0.9725
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)				1,318,227,539
(7) Loss Cost Change 12/1/95 to 4/1/05				0.8382
(8) Expected Loss at Current Level (6) *(7)				1,104,938,323
Losses - Paid-to-20th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	437,582,228	330,818,705		768,400,933
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2444	1.4338		
(11) Ultimate Incurred Losses	544,527,325	474,327,859		1,018,855,184
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	544,527,325	474,327,859		1,018,855,184
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4928	0.4293		0.9221
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	479,117,364	364,964,820		844,082,184
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9941	1.3166		
(17) Ultimate Incurred Losses	476,290,572	480,512,682		956,803,254
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	476,290,572	480,512,682		956,803,254
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4311	0.4349		0.8660
Losses - Average of Incurred and Paid to 20th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	510,408,949	477,420,271		987,829,220
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4619	0.4321		0.8940
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6371	0.6371		
(24) Severity Ratio * (22) / (23)	0.7250	0.6782		1.4032

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

EXHIBIT III - 8

POLICY YEAR LOSS RATIO 1996

(1) Standard Earned Premium Reported (Table I)			1,617,007,318
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0004
(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)			1,577,662,589
(7) Loss Cost Change 12/1/95 to 4/1/05			0.6802
(8) Expected Loss at Current Level (6) *(7)			1,073,126,093
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	418,213,326	310,919,458	729,132,784
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2108	1.4092	
(11) Ultimate Incurred Losses	506,372,695	438,147,700	944,520,395
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	506,372,695	438,147,700	944,520,395
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4719	0.4083	0.8802
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	462,865,866	349,424,505	812,290,371
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9959	1.2961	
(17) Ultimate Incurred Losses	460,968,116	452,889,101	913,857,217
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	460,968,116	452,889,101	913,857,217
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4296	0.4220	0.8516
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	483,670,406	445,518,401	929,188,807
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4507	0.4152	0.8659
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6738	0.6738	
(24) Severity Ratio * (22) / (23)	0.6689	0.6162	1.2851

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

EXHIBIT III - 9

POLICY YEAR LOSS RATIO 1995

(1) Standard Earned Premium Reported (Table I)			1,608,084,178
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(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)			1,592,241,847
(7) Loss Cost Change 12/1/95 to 4/1/05			0.6197
(8) Expected Loss at Current Level (6) *(7)			986,712,273
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	474,677,989	313,940,504	788,618,493
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1833	1.3878	
(11) Ultimate Incurred Losses	561,686,464	435,686,631	997,373,095
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	561,686,464	435,686,631	997,373,095
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5693	0.4416	1.0109
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	526,343,690	347,279,100	873,622,790
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9971	1.2709	
(17) Ultimate Incurred Losses	524,817,293	441,357,008	966,174,301
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	524,817,293	441,357,008	966,174,301
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5319	0.4473	0.9792
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	543,251,879	438,521,820	981,773,699
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5506	0.4444	0.9950
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7398	0.7398	
(24) Severity Ratio * (22) / (23)	0.7443	0.6007	1.3450

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

EXHIBIT III - 10

POLICY YEAR LOSS RATIO 1994

(1) Standard Earned Premium Reported (Table I)			1,681,128,562
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(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)			1,667,401,307
(7) Loss Cost Change 12/1/95 to 4/1/05			0.6161
(8) Expected Loss at Current Level (6) *(7)			1,027,285,945
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	553,079,188	341,155,887	894,235,075
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1608	1.3669	
(11) Ultimate Incurred Losses	642,014,321	466,325,982	1,108,340,303
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	642,014,321	466,325,982	1,108,340,303
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6250	0.4539	1.0789
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	618,504,479	376,224,982	994,729,461
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0006	1.2485	
(17) Ultimate Incurred Losses	618,875,582	469,716,890	1,088,592,472
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	618,875,582	469,716,890	1,088,592,472
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.6024	0.4572	1.0596
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	630,444,952	468,021,436	1,098,466,388
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6137	0.4556	1.0693
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8307	0.8307	
(24) Severity Ratio * (22) / (23)	0.7388	0.5485	1.2873

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

EXHIBIT IV-1

**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 4/01/05 LC LEVEL</u>
PRIOR TO DEC 1993	12/01/92	BASE	1.0000	1.0000	1.0000	
	12/01/93 to 4/01/05	0.6038	0.6038	----- 1.0000	----- 1.0000	0.6038
1993 (DEC)	12/01/93	BASE	1.0000	1.0000	1.0000	
	12/01/95 to 4/01/05	0.6161	0.6161	----- 1.0000	----- 1.0000	0.6161
1994	12/01/93	BASE	1.0000	1.0000	1.0000	
	12/01/95 to 4/01/05	0.6161	0.6161	----- 1.0000	----- 1.0000	0.6161
1995	12/01/93	BASE	1.0000	0.9386	0.9386	
	12/01/95	0.9057	0.9057	0.0614	0.0556	
	2/01/97 to 4/01/05	0.6802	0.6161	----- 1.0000	----- 0.9942	0.6197
1996	12/01/95	BASE	1.0000	1.0000	1.0000	
	2/01/97 to 4/01/05	0.6802	0.6802	----- 1.0000	----- 1.0000	0.6802
1997	12/01/95	BASE	1.0000	0.2464	0.2464	
	2/01/97	0.7500	0.7500	0.7536	0.5652	
	4/01/98 to 4/01/05	0.9070	0.6803	----- 1.0000	----- 0.8116	0.8382
1998	2/01/97	BASE	1.0000	0.2997	0.2997	
	4/01/98	0.9306	0.9306	0.7003	0.6517	
	4/01/99 to 4/01/05	0.9746	0.9070	----- 1.0000	----- 0.9514	0.9533
1999	4/01/98	BASE	1.0000	0.3027	0.3027	
	4/01/99	0.9474	0.9474	0.6973	0.6606	
	4/01/00 to 4/01/05	1.0287	0.9746	----- 1.0000	----- 0.9633	1.0117

EXHIBIT IV-2

**POLICY YEARS 2000 - 2004
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 4/01/05 LC LEVEL</u>
2000	4/01/99	BASE	1.0000	0.2921	0.2921	
	4/01/00	1.0450	1.0450	0.7079	0.7398	
	4/01/01	0.9844	1.0287	-----	-----	
	to 4/01/05			1.0000	1.0319	0.9969
2001	4/01/00	BASE	1.0000	0.3013	0.3013	
	4/01/01	0.9845	0.9845	0.6987	0.6879	
	4/01/02	0.9999	0.9844	-----	-----	
	to 4/01/05			1.0000	0.9892	0.9951
2002	4/01/01	BASE	1.0000	0.3039	0.3039	
	4/01/02	1.0212	1.0212	0.6961	0.7109	
	4/01/03	0.9792	1.0000	-----	-----	
	to 4/01/05			1.0000	1.0148	0.9854
2003	4/01/02	BASE	1.0000	0.3136	0.3136	
	4/01/03	0.9759	0.9759	0.6864	0.6699	
	4/01/04	1.0033	0.9791	-----	-----	
	to 4/01/05			1.0000	0.9835	0.9955
2004	4/01/03	BASE	1.0000	0.3015	0.3015	
	4/01/04	1.0332	1.0332	0.6985	0.7217	
	4/01/05	0.9711	1.0033	-----	-----	
				1.0000	1.0232	0.9806

EXHIBIT V - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2003-2004 Ratio</u>	<u>Policy Year</u>	<u>2002-2003 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>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2002	1.0188	2001	1.0079	2000	1.0079	1999	1.0077	1.0106	1.0106	1.0135
3rd to 2nd	2001	1.0054	2000	0.9986	1999	0.9969	1998	1.0092	1.0025	1.0025	1.0029
4th to 3rd	2000	0.9972	1999	1.0011	1998	1.0002	1997	0.9983	0.9992	0.9992	1.0004
5th to 4th	1999	0.9985	1998	1.0011	1997	1.0001	1996	1.0010	1.0002	1.0002	1.0012
6th to 5th	1998	1.0012	1997	0.9934	1996	0.9997	1995	1.0002	0.9986	0.9986	1.0010
7th to 6th	1997	1.0084	1996	1.0000	1995	0.9998	1994	0.9999	1.0020	1.0020	1.0024
8th to 7th	1996	0.9997	1995	0.9999	1994	0.9999	1993	1.0001	0.9999	1.0000	1.0004
9th to 8th	1995	0.9998	1994	1.0001	1993	0.9997	1992	0.9999	0.9999	# 1.0004	1.0004
10th to 9th	1994	0.9999	1993	0.9999	1992	1.0002	1991	1.0003	1.0001	@ 1.0000	1.0000
11th to 10th	1993	0.9998	1992	1.0001	1991	0.9997	1990	1.0001	0.9999	& 1.0000	1.0000
12th to 11th	1992	1.0000	1991	1.0000	1990	1.0000	1989	0.9998	1.0000	1.0000	1.0000
13th to 12th	1991	0.9999	1990	1.0000	1989	1.0003	1988	1.0000	1.0001	1.0000	1.0000
14th to 13th	1990	1.0001	1989	1.0000	1988	1.0000	1987	0.9998	1.0000	1.0000	1.0000
15th to 14th	1989	1.0000	1988	1.0000	1987	1.0000	1986	1.0000	1.0000	1.0000	1.0000
16th to 15th	1988	1.0000	1987	1.0000	1986	1.0002	1985	1.0001	1.0001	1.0000	1.0000
17th to 16th	1987	1.0000	1986	0.9998	1985	1.0005	1984	1.0000	1.0001	1.0000	1.0000
18th to 17th	1986	1.0000	1985	1.0002	1984	1.0007	1983	1.0000	1.0002	1.0000	1.0000
19th to 18th	1985	1.0000	1984	1.0000	1983	1.0010	1982	1.0000	1.0003	1.0000	1.0000
20th to 19th	1984	1.0000	1983	1.0000	1982	1.0000	1981	1.0000	1.0000	1.0000	1.0000

INCURRED METHOD

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1985	Nineteenth	1.0000
1986	Eighteenth	1.0000
1987	Seventeenth	1.0000
1988	Sixteenth	1.0000
1989	Fifteenth	1.0000
1990	Fourteenth	1.0000
1991	Thirteenth	1.0000
1992	Twelfth	1.0000
1993	Eleventh	1.0000
1994	Tenth	1.0000
1995	Ninth	1.0000
1996	Eighth	1.0004
1997	Seventh	1.0004
1998	Sixth	1.0024
1999	Fifth	1.0010
2000	Fourth	1.0012
2001	Third	1.0004
2002	Second	1.0029
2003	First	1.0135

+ Due to the impact of Act 44, the 2000-2001 ratio was excluded and the 1999-2000 ratio(1.0006) was included in the selected average.

Due to the impact of Act 44, the 2001-2002 ratio was excluded and the 1999-2000 ratio(1.0019) was included in the selected average.

@ Due to the impact of Act 44, the 2002-2003 ratio was excluded and the 1999-2000 ratio(0.9988) was included in the selected average.

& Due to the impact of Act 44, the 2003-2004 ratio was excluded and the 1999-2000 ratio(1.0012) 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>2003-2004 Ratio</u>	<u>Policy Year</u>	<u>2002-2003 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2002	1.8239	2001	1.8587	1.8413	4.5353	
3rd to 2nd	a	2001	1.3737	2000	1.3803	1.3770	2.4631	
4th to 3rd	a	2000	1.1773	1999	1.1907	1.1840	1.7888	
5th to 4th	a	1999	1.1060	1998	1.0999	1.1030	1.5108	
6th to 5th	a	1998	1.0628	1997	1.0601	1.0615	1.3697	
7th to 6th	a	1997	1.0368	1996	1.0369	1.0369	1.2903	
8th to 7th	a	1996	1.0265	1995	1.0291	1.0278	1.2444	
9th to 8th	a	1995	1.0228	1994	1.0235	1.0232	1.2108	
10th to 9th	a	1994	1.0179	1993	1.0209	1.0194	1.1833	
11th to 10th	a	1993	1.0160	1992	1.0172	1.0166	1.1608	
12th to 11th	a	1992	1.0151	1991	1.0127	1.0139	1.1418	
13th to 12th	a	1991	1.0126	1990	1.0104	1.0115	1.1262	
14th to 13th	a	1990	1.0114	1989	1.0100	1.0107	1.1134	
15th to 14th	a	1989	1.0078	1988	1.0096	1.0087	1.1016	
16th to 15th	a	1988	1.0083	1987	1.0078	1.0081	1.0921	
17th to 16th	a	1987	1.0077	1986	1.0083	1.0080	1.0833	
18th to 17th	a	1986	1.0089	1985	1.0069	1.0079	1.0747	
19th to 18th	a	1985	1.0072	1984	1.0070	1.0071	1.0663	
20th to 19th	b	1984	1.0581	1983	1.0566	1.0574	1.0588	
Beyond 20th		1983	1.0023	1982	1.0005	1.0014	1.0013	d

INCURRED METHOD

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2003-2004 Ratio</u>	<u>Policy Year</u>	<u>2002-2003 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2002	1.4263	2001	1.4381	1.4322	1.8547	
3rd to 2nd	c	2001	1.1375	2000	1.1682	1.1529	1.2950	
4th to 3rd	c	2000	1.0641	1999	1.0711	1.0676	1.1232	
5th to 4th	c	1999	1.0296	1998	1.0208	1.0252	1.0521	
6th to 5th	c	1998	1.0264	1997	1.0128	1.0196	1.0263	
7th to 6th	c	1997	1.0098	1996	1.0151	1.0125	1.0065	
8th to 7th	c	1996	0.9999	1995	0.9965	0.9982	0.9941	
9th to 8th	c	1995	0.9993	1994	0.9983	0.9988	0.9959	
10th to 9th	c	1994	0.9926	1993	1.0003	0.9965	0.9971	
11th to 10th	c	1993	1.0003	1992	1.0013	1.0008	1.0006	
12th to 11th	c	1992	0.9984	1991	1.0038	1.0011	0.9998	
13th to 12th	c	1991	0.9993	1990	0.9989	0.9991	0.9987	
14th to 13th	c	1990	0.9986	1989	1.0002	0.9994	0.9996	
15th to 14th	c	1989	0.9981	1988	0.9989	0.9985	1.0002	
16th to 15th	c	1988	0.9997	1987	1.0007	1.0002	1.0017	
17th to 16th	c	1987	0.9984	1986	1.0021	1.0003	1.0015	
18th to 17th	c	1986	1.0005	1985	1.0019	1.0012	1.0012	
19th to 18th	c	1985	0.9996	1984	0.9998	0.9997	1.0000	
20th to 19th	c	1984	1.0010	1983	0.9970	0.9990	1.0003	
Beyond 20th		1983	1.0023	1982	1.0005	1.0014	1.0013	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, 2006 Filing Package.

EXHIBIT V - 3**DEVELOPMENT FACTORS****MEDICAL LOSSES
PAID METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2003-2004 Ratio</u>	<u>Policy Year</u>	<u>2002-2003 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2002	1.2777	2001	1.2702	1.2740	2.2836
3rd to 2nd	a	2001	1.0963	2000	1.0964	1.0964	1.7925
4th to 3rd	a	2000	1.0590	1999	1.0481	1.0536	1.6349
5th to 4th	a	1999	1.0387	1998	1.0335	1.0361	1.5517
6th to 5th	a	1998	1.0269	1997	1.0220	1.0245	1.4976
7th to 6th	a	1997	1.0179	1996	1.0210	1.0195	1.4618
8th to 7th	a	1996	1.0175	1995	1.0174	1.0175	1.4338
9th to 8th	a	1995	1.0149	1994	1.0159	1.0154	1.4092
10th to 9th	a	1994	1.0160	1993	1.0145	1.0153	1.3878
11th to 10th	a	1993	1.0123	1992	1.0153	1.0138	1.3669
12th to 11th	a	1992	1.0144	1991	1.0131	1.0138	1.3483
13th to 12th	a	1991	1.0135	1990	1.0128	1.0132	1.3299
14th to 13th	a	1990	1.0132	1989	1.0116	1.0124	1.3126
15th to 14th	a	1989	1.0130	1988	1.0188	1.0159	1.2965
16th to 15th	a	1988	1.0116	1987	1.0109	1.0113	1.2762
17th to 16th	a	1987	1.0108	1986	1.0131	1.0120	1.2620
18th to 17th	a	1986	1.0114	1985	1.0154	1.0134	1.2470
19th to 18th	a	1985	1.0142	1984	1.0120	1.0131	1.2305
20th to 19th	b	1984	1.1394	1983	1.1017	1.1206	1.2146
Beyond 20th		1983	0.9972	1982	1.0804	1.0388	1.0839

d**INCURRED METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2003-2004 Ratio</u>	<u>Policy Year</u>	<u>2002-2003 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2002	1.1145	2001	1.1152	1.1149	1.6589
3rd to 2nd	c	2001	1.0500	2000	1.0363	1.0432	1.4880
4th to 3rd	c	2000	1.0314	1999	1.0192	1.0253	1.4263
5th to 4th	c	1999	1.0309	1998	1.0137	1.0223	1.3911
6th to 5th	c	1998	1.0282	1997	1.0043	1.0163	1.3608
7th to 6th	c	1997	1.0082	1996	1.0258	1.0170	1.3390
8th to 7th	c	1996	1.0215	1995	1.0101	1.0158	1.3166
9th to 8th	c	1995	1.0222	1994	1.0173	1.0198	1.2961
10th to 9th	c	1994	1.0256	1993	1.0103	1.0180	1.2709
11th to 10th	c	1993	1.0157	1992	1.0090	1.0124	1.2485
12th to 11th	c	1992	1.0178	1991	1.0172	1.0175	1.2332
13th to 12th	c	1991	1.0075	1990	1.0136	1.0106	1.2120
14th to 13th	c	1990	1.0091	1989	1.0125	1.0108	1.1993
15th to 14th	c	1989	1.0100	1988	1.0126	1.0113	1.1864
16th to 15th	c	1988	1.0137	1987	1.0180	1.0159	1.1732
17th to 16th	c	1987	1.0111	1986	1.0282	1.0197	1.1548
18th to 17th	c	1986	1.0095	1985	1.0154	1.0125	1.1325
19th to 18th	c	1985	1.0143	1984	1.0185	1.0164	1.1185
20th to 19th	c	1984	1.0209	1983	1.0096	1.0153	1.1005
Beyond 20th		1983	0.9972	1982	1.0804	1.0388	1.0839

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, 2006 Filing Package.

EXHIBIT VI - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	1997	1998	1999	2000	2001	2002	2003
Actual Loss Ratio	0.4619	0.4512	0.4931	0.5127	0.4873	0.4780	0.4501
Normalized Frequency	0.6371	0.5939	0.5622	0.5249	0.4882	0.4675	0.4305
Severity Loss Ratio	0.7250	0.7597	0.8771	0.9768	0.9982	1.0225	1.0455
x	1	2	3	4	5	6	7
y	0.7250	0.7597	0.8771	0.9768	0.9982	1.0225	1.0455

7 Point Exponential Regression: $y = 0.69889 * 1.06723 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/06 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2001	0.9066	1.2758	1.4072	0.7146
2002	0.9676	1.2758	1.3185	0.7618
2003	1.0326	1.2758	1.2355	0.8122

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2001	0.4873	1.0056	0.4900
2002	0.4780	1.0044	0.4801
2003	0.4501	1.0035	0.4517

MEDICAL

Policy Year	1997	1998	1999	2000	2001	2002	2003
Actual Loss Ratio	0.4321	0.4494	0.4617	0.4739	0.4376	0.4447	0.4408
Normalized Frequency	0.6371	0.5939	0.5622	0.5249	0.4882	0.4675	0.4305
Severity Loss Ratio	0.6782	0.7567	0.8212	0.9028	0.8964	0.9512	1.0239
x	1	2	3	4	5	6	7
y	0.6782	0.7567	0.8212	0.9028	0.8964	0.9512	1.0239

7 Point Exponential Regression: $y = 0.66241 * 1.06567 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/06 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2001	0.8543	1.1930	1.3965	0.7146
2002	0.9104	1.1930	1.3104	0.7618
2003	0.9702	1.1930	1.2296	0.8122

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2001	0.4376	0.9979	0.4367
2002	0.4447	0.9983	0.4439
2003	0.4408	0.9987	0.4402

See page 19 for column (4).

EXHIBIT VI - 2

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1992, 12 = PY 2003}

Policy Year	Claim Frequency	Normalized Frequency
1992	37.28	1.0000
1993	34.63	0.9289
1994	30.97	0.8307
1995	27.58	0.7398
1996	25.12	0.6738
1997	23.75	0.6371
1998	22.14	0.5939
1999	20.96	0.5622
2000	19.57	0.5249
2001	18.20	0.4882
2002	17.43	0.4675
2003	16.05	0.4305

Policy Year	1997	1998	1999	2000	2001	2002	2003
x	1	2	3	4	5	6	7
y	0.6371	0.5939	0.5622	0.5249	0.4882	0.4675	0.4305

7 Point Exponential Regression: $y = 0.67833 * 0.937881 ^ x$

SELECTED FREQUENCY TREND FACTOR

-6.2%

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/06 (2)	Frequency Trend to 4/1/06 (3) = (1)^(2)
2001	0.9380	5.2500	0.7146
2002	0.9380	4.2500	0.7618
2003	0.9380	3.2500	0.8122

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior			
to 1983	7,876,872,968	7,876,925,764	1.0000
1983	877,728,069	877,727,088	1.0000
1984	968,253,906	968,255,519	1.0000
1985	1,101,395,885	1,101,626,941	1.0002
1986	1,308,051,926	1,307,807,403	0.9998
1987	1,540,200,363	1,540,196,060	1.0000
1988	1,740,518,746	1,740,567,468	1.0000
1989	1,877,374,101	1,877,440,295	1.0000
1990	2,106,539,023	2,106,541,270	1.0000
1991	2,265,183,461	2,265,203,956	1.0000
1992	2,161,066,195	2,161,341,578	1.0001
1993	2,400,207,842	2,400,040,164	0.9999
1994	1,776,792,233	1,777,039,362	1.0001
1995	1,690,608,714	1,690,432,572	0.9999
1996	1,703,773,292	1,703,781,360	1.0000
1997	1,435,476,735	1,425,966,313	0.9934
1998	1,390,928,896	1,392,419,189	1.0011
1999	1,416,707,261	1,418,263,531	1.0011
2000	1,472,918,434	1,470,803,243	0.9986
2001	1,489,741,544	1,501,563,974	1.0079
2002	889,672,767	1,481,696,724	1.6654
2003		893,747,648	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year
Prior			
to 1984	7,917,150,017	7,917,709,914	1.0001
1984	894,564,563	894,564,550	1.0000
1985	1,009,268,398	1,009,269,203	1.0000
1986	1,195,588,763	1,195,588,763	1.0000
1987	1,399,173,562	1,399,172,939	1.0000
1988	1,575,445,550	1,575,446,812	1.0000
1989	1,673,767,688	1,673,767,689	1.0000
1990	1,882,375,082	1,882,557,098	1.0001
1991	2,040,703,683	2,040,579,846	0.9999
1992	2,005,790,537	2,005,755,190	1.0000
1993	2,249,509,154	2,249,043,304	0.9998
1994	1,681,229,667	1,681,128,562	0.9999
1995	1,608,377,800	1,608,084,178	0.9998
1996	1,617,462,303	1,617,007,318	0.9997
1997	1,352,172,733	1,363,552,291	1.0084
1998	1,315,829,605	1,317,415,293	1.0012
1999	1,355,201,357	1,353,134,094	0.9985
2000	1,395,065,122	1,391,143,240	0.9972
2001	1,425,376,213	1,433,137,726	1.0054
2002	1,423,654,788	1,450,386,847	1.0188
2003	875,169,164	1,485,152,443	1.6970
2004		923,653,558	

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 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior			
to 1983	3,669,260,834	3,681,119,780	1.0032
1983	535,977,651	536,186,606	1.0004
1984	663,245,957	666,547,321	1.0050
1985	786,271,000	791,017,312	1.0060
1986	909,125,894	918,094,554	1.0099
1987	1,137,355,625	1,144,402,672	1.0062
1988	1,310,145,469	1,314,661,568	1.0034
1989	1,557,147,060	1,563,959,964	1.0044
1990	1,631,738,858	1,638,234,616	1.0040
1991	1,477,536,896	1,490,381,554	1.0087
1992	1,309,531,505	1,315,052,020	1.0042
1993	1,118,131,924	1,122,572,960	1.0040
1994	1,028,706,607	1,034,167,128	1.0053
1995	908,912,661	910,559,370	1.0018
1996	836,069,177	852,513,668	1.0197
1997	880,482,309	888,523,010	1.0091
1998	937,411,980	953,885,634	1.0176
1999	1,006,154,272	1,054,241,382	1.0478
2000	992,326,202	1,097,096,068	1.1056
2001	746,962,288	948,102,635	1.2693
2002	278,596,642	733,012,737	2.6311
2003		281,175,624	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year
Prior			
to 1984	3,771,294,017	3,771,828,121	1.0001
1984	608,082,217	612,119,510	1.0066
1985	722,565,276	725,611,878	1.0042
1986	826,859,264	829,510,329	1.0032
1987	1,023,492,650	1,026,102,459	1.0025
1988	1,168,627,582	1,173,765,205	1.0044
1989	1,381,122,850	1,384,140,903	1.0022
1990	1,468,562,435	1,471,920,595	1.0023
1991	1,345,209,525	1,348,282,013	1.0023
1992	1,237,620,900	1,244,708,118	1.0057
1993	1,073,095,536	1,079,538,871	1.0060
1994	989,915,124	994,729,461	1.0049
1995	866,456,712	873,622,790	1.0083
1996	804,964,764	812,290,371	1.0091
1997	836,448,558	844,082,184	1.0091
1998	900,895,494	925,399,316	1.0272
1999	1,014,136,827	1,044,720,933	1.0302
2000	1,049,772,574	1,101,813,322	1.0496
2001	907,650,693	996,113,000	1.0975
2002	717,576,427	904,659,502	1.2607
2003	275,326,095	717,037,946	2.6043
2004		306,750,864	

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 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior			
to 1983	2,967,633,001	2,967,847,667	1.0001
1983	391,162,883	389,987,738	0.9970
1984	478,755,465	478,646,535	0.9998
1985	544,589,482	545,610,164	1.0019
1986	639,363,225	640,715,570	1.0021
1987	776,135,275	776,693,885	1.0007
1988	874,784,959	873,813,261	0.9989
1989	1,024,593,328	1,024,763,991	1.0002
1990	1,062,690,165	1,061,470,384	0.9989
1991	941,589,869	945,195,749	1.0038
1992	818,375,785	819,461,749	1.0013
1993	705,725,451	705,909,803	1.0003
1994	649,992,976	648,918,349	0.9983
1995	551,731,327	549,781,669	0.9965
1996	482,273,490	489,578,546	1.0151
1997	497,452,523	503,839,366	1.0128
1998	512,229,857	522,894,170	1.0208
1999	554,171,625	593,569,230	1.0711
2000	521,349,784	609,017,440	1.1682
2001	356,398,710	512,529,705	1.4381
2002	112,901,704	342,845,222	3.0367
2003		106,525,140	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year
Prior			
to 1984	3,011,164,550	3,012,174,210	1.0003
1984	435,707,838	436,139,001	1.0010
1985	497,050,924	496,871,114	0.9996
1986	576,446,831	576,716,345	1.0005
1987	692,766,532	691,689,816	0.9984
1988	776,111,778	775,854,530	0.9997
1989	904,876,908	903,117,924	0.9981
1990	951,836,735	950,474,410	0.9986
1991	855,160,777	854,541,508	0.9993
1992	771,209,989	770,009,716	0.9984
1993	676,803,258	677,028,608	1.0003
1994	623,084,713	618,504,479	0.9926
1995	526,736,361	526,343,690	0.9993
1996	462,897,189	462,865,866	0.9999
1997	474,449,825	479,117,364	1.0098
1998	494,127,053	507,149,034	1.0264
1999	570,364,113	587,223,077	1.0296
2000	584,442,185	621,879,957	1.0641
2001	492,248,793	559,943,487	1.1375
2002	336,576,345	480,050,092	1.4263
2003	105,293,716	323,894,671	3.0761
2004		118,783,538	

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 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior			
to 1983	701,627,833	713,272,113	1.0166
1983	144,814,768	146,198,868	1.0096
1984	184,490,492	187,900,786	1.0185
1985	241,681,518	245,407,148	1.0154
1986	269,762,669	277,378,984	1.0282
1987	361,220,350	367,708,787	1.0180
1988	435,360,510	440,848,307	1.0126
1989	532,553,732	539,195,973	1.0125
1990	569,048,693	576,764,232	1.0136
1991	535,947,027	545,185,805	1.0172
1992	491,155,720	495,590,271	1.0090
1993	412,406,473	416,663,157	1.0103
1994	378,713,631	385,248,779	1.0173
1995	357,181,334	360,777,701	1.0101
1996	353,795,687	362,935,122	1.0258
1997	383,029,786	384,683,644	1.0043
1998	425,182,123	430,991,464	1.0137
1999	451,982,647	460,672,152	1.0192
2000	470,976,418	488,078,628	1.0363
2001	390,563,578	435,572,930	1.1152
2002	165,694,938	390,167,515	2.3547
2003		174,650,484	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year
Prior			
to 1984	760,129,467	759,653,911	0.9994
1984	172,374,379	175,980,509	1.0209
1985	225,514,352	228,740,764	1.0143
1986	250,412,433	252,793,984	1.0095
1987	330,726,118	334,412,643	1.0111
1988	392,515,804	397,910,675	1.0137
1989	476,245,942	481,022,979	1.0100
1990	516,725,700	521,446,185	1.0091
1991	490,048,748	493,740,505	1.0075
1992	466,410,911	474,698,402	1.0178
1993	396,292,278	402,510,263	1.0157
1994	366,830,411	376,224,982	1.0256
1995	339,720,351	347,279,100	1.0222
1996	342,067,575	349,424,505	1.0215
1997	361,998,733	364,964,820	1.0082
1998	406,768,441	418,250,282	1.0282
1999	443,772,714	457,497,856	1.0309
2000	465,330,389	479,933,365	1.0314
2001	415,401,900	436,169,513	1.0500
2002	381,000,082	424,609,410	1.1145
2003	170,032,379	393,143,275	2.3122
2004		187,967,326	

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 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior to 1983	2,806,726,782	2,824,817,518	1.0064
1983	369,092,153	371,338,270	1.0061
1984	448,381,299	451,524,456	1.0070
1985	508,061,723	511,571,056	1.0069
1986	593,639,607	598,551,472	1.0083
1987	725,358,629	731,028,192	1.0078
1988	809,640,519	817,373,680	1.0096
1989	949,178,780	958,647,699	1.0100
1990	975,565,031	985,704,025	1.0104
1991	850,068,167	860,848,193	1.0127
1992	721,607,221	734,015,159	1.0172
1993	611,186,714	623,961,591	1.0209
1994	554,504,000	567,541,443	1.0235
1995	471,917,601	485,637,525	1.0291
1996	415,700,480	431,056,789	1.0369
1997	423,986,016	449,464,146	1.0601
1998	406,070,534	446,628,939	1.0999
1999	399,314,132	475,456,223	1.1907
2000	320,339,065	442,165,373	1.3803
2001	170,012,429	316,006,728	1.8587
2002	40,410,466	167,288,665	4.1397
2003		37,406,716	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year
Prior to 1984	2,872,955,291	2,890,030,065	1.0059
1984	412,173,929	414,678,449	1.0061
1985	466,863,296	470,225,841	1.0072
1986	538,422,379	543,217,667	1.0089
1987	652,835,749	657,838,530	1.0077
1988	726,873,436	732,910,312	1.0083
1989	844,341,667	850,900,779	1.0078
1990	879,013,854	889,060,759	1.0114
1991	774,378,228	784,096,987	1.0126
1992	688,900,523	699,330,941	1.0151
1993	596,049,388	605,590,842	1.0160
1994	543,358,333	553,079,188	1.0179
1995	464,092,399	474,677,989	1.0228
1996	407,427,390	418,213,326	1.0265
1997	422,053,319	437,582,228	1.0368
1998	421,550,246	448,042,212	1.0628
1999	456,180,967	504,542,512	1.1060
2000	424,000,131	499,189,118	1.1773
2001	304,104,293	417,753,811	1.3737
2002	164,131,653	299,357,547	1.8239
2003	36,824,289	162,076,871	4.4014
2004		39,129,531	

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 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior			
to 1983	612,572,020	621,644,842	1.0148
1983	132,697,500	134,299,342	1.0121
1984	166,844,238	168,839,466	1.0120
1985	209,593,589	212,828,082	1.0154
1986	249,193,026	252,455,582	1.0131
1987	329,756,579	333,349,505	1.0109
1988	399,639,482	407,163,707	1.0188
1989	486,855,974	492,503,276	1.0116
1990	529,980,350	536,761,977	1.0128
1991	489,265,753	495,686,162	1.0131
1992	444,399,790	451,217,629	1.0153
1993	378,630,914	384,130,550	1.0145
1994	347,770,230	353,303,198	1.0159
1995	320,958,160	326,535,680	1.0174
1996	318,398,976	325,090,573	1.0210
1997	338,851,183	346,319,650	1.0220
1998	358,245,094	370,256,868	1.0335
1999	375,569,203	393,642,581	1.0481
2000	369,936,103	405,589,341	1.0964
2001	281,846,290	357,999,070	1.2702
2002	76,696,148	282,193,861	3.6794
2003		80,140,811	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year
Prior			
to 1984	667,591,471	677,704,003	1.0151
1984	154,449,653	156,438,065	1.0129
1985	194,737,572	197,511,109	1.0142
1986	227,919,278	230,519,998	1.0114
1987	299,622,614	302,853,743	1.0108
1988	363,589,171	367,799,854	1.0116
1989	434,788,487	440,440,727	1.0130
1990	480,582,919	486,908,173	1.0132
1991	446,828,771	452,853,351	1.0135
1992	423,574,058	429,683,880	1.0144
1993	365,401,411	369,899,173	1.0123
1994	335,770,904	341,155,887	1.0160
1995	309,338,520	313,940,504	1.0149
1996	305,559,374	310,919,458	1.0175
1997	325,012,720	330,818,705	1.0179
1998	349,157,340	358,545,721	1.0269
1999	378,474,922	393,129,730	1.0387
2000	385,873,761	408,636,434	1.0590
2001	342,409,233	375,385,344	1.0963
2002	276,093,074	352,750,887	1.2777
2003	78,480,179	287,291,527	3.6607
2004		86,758,972	

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, 2006 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, 2006 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, 2006 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).

Loss Cost Formulae (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, 2006 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 Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2000	2,593,718,836	2,371,601,610	1.0937
2001	2,645,428,095	2,399,221,080	1.1026
2002	2,655,479,736	2,422,619,468	1.0961
TOTAL	7,894,626,667	7,193,442,158	1.0975
MANUFACTURING AND UTILITIES			
2000	675,235,853	603,337,712	1.1192
2001	633,874,375	561,023,467	1.1299
2002	614,636,171	554,479,685	1.1085
TOTAL	1,923,746,399	1,718,840,864	1.1192
CONTRACTING AND QUARRYING			
2000	450,819,885	406,920,738	1.1079
2001	475,300,866	423,440,361	1.1225
2002	493,146,083	437,957,982	1.1260
TOTAL	1,419,266,834	1,268,319,081	1.1190
OTHER INDUSTRIES			
2000	1,467,663,098	1,361,343,160	1.0781
2001	1,536,252,854	1,414,757,252	1.0859
2002	1,547,697,482	1,430,181,801	1.0822
TOTAL	4,551,613,434	4,206,282,213	1.0821

* Excludes classifications and coverages not subject to experience rating

EXHIBIT IX

CALCULATION OF EXPECTED LOSS COST FACTORS (a)

Policy Year Beginning 4/1	Act 57 Adjust- ment	Adjust- ment Factor	Loss Ratio Development Factor	Collectible Premium Ratio	Trend Factor	Product (2) * (3) * (4) * (5) * (6)	Expected Loss Cost Factor 1.0 / (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Manufacturing and Utilities</u>							
2002	1.0000	1.0000	1.3079	1.1192	1.0556	1.5452	0.6472
2003	1.0000	1.0000	1.4702	1.1192	1.0414	1.7136	0.5836
2004	1.0000	1.0000	1.9224	1.1192	1.0275	2.2107	0.4523
<u>Contracting and Quarrying</u>							
2002	1.0000	1.0000	1.3806	1.1190	1.0556	1.6308	0.6132
2003	1.0000	1.0000	1.5355	1.1190	1.0414	1.7894	0.5588
2004	1.0000	1.0000	1.9408	1.1190	1.0275	2.2315	0.4481
<u>Other Industries</u>							
2002	1.0000	1.0000	1.3172	1.0821	1.0556	1.5046	0.6646
2003	1.0000	1.0000	1.4713	1.0821	1.0414	1.6580	0.6031
2004	1.0000	1.0000	1.9402	1.0821	1.0275	2.1572	0.4636

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 =	0.4523
Second Adjustment	RDF =	0.3107
Third Adjustment	RDF =	0.2394

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:

Suppose the \$25,000 limit Hazard Group II ELF = 0.6000

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.6000) \times 0.4523 \\ &= 0.1809 \end{aligned}$$

* The use of retrospective development factors is optional.