

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, 2005.

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 -8.0% 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%. Starting in 2001 and continuing until 2004, Labor & Industry claim counts showed increases due to changes in the types of claims certain carriers were reporting. The result is that patterns of claim reporting in recent years must be reviewed with great cautions.

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 until 2001. Staff is proposing an annual change in claim frequency of -6.2%. Last year's filing included an annual claim frequency trend of -6.2%.

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	8.3%
2002	95,206	5.3%	191,748,691,971	1.4%	0.4965	3.8%
2003	99,161	4.2%	196,855,782,892	2.7%	0.5037	1.5%
2004	93,566	-5.6%	206,119,193,715	4.7%	0.4539	-9.9%
2004.5	92,719	-0.9% **	209,319,767,534	1.6%	0.4430	-2.4%

Period (7)	Annual % Change in Claim Frequency (8) #
CY85 - FY end 6/05	-7.60%
CY86 - FY end 6/05	-7.74%
CY87 - FY end 6/05	-7.85%
CY88 - FY end 6/05	-7.97%
CY89 - FY end 6/05	-8.03%
CY90 - FY end 6/05	-8.03%
CY91 - FY end 6/05	-7.79%
CY92 - FY end 6/05	-7.50%
CY93 - FY end 6/05	-7.01%
CY94 - FY end 6/05	-6.23%
CY95 - FY end 6/05	-5.05%
CY96 - FY end 6/05	-3.54%
CY97 - FY end 6/05	-2.04%
CY98 - FY end 6/05	-1.10%
CY99 - FY end 6/05	-0.30%
CY00 - FY end 6/05	-0.22%
CY01 - FY end 6/05	-2.50%
CY02 - FY end 6/05	-5.02%

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%	193,398,561,446	1.9%	0.5069	2.1%
2004	98,041	0.0%	199,943,996,390	3.4%	0.4903	-3.3%
2005	92,719	-5.4%	209,319,767,534	4.7%	0.4430	-9.6%

Period Ending 6/30 (7)	Annual % Change in Claim Frequency (8) #
96-05	-4.39%
97-05	-2.69%
98-05	-1.33%
99-05	-0.22%
00-05	0.56%
01-05	0.01%
02-05	-3.67%
03-05	-6.52%

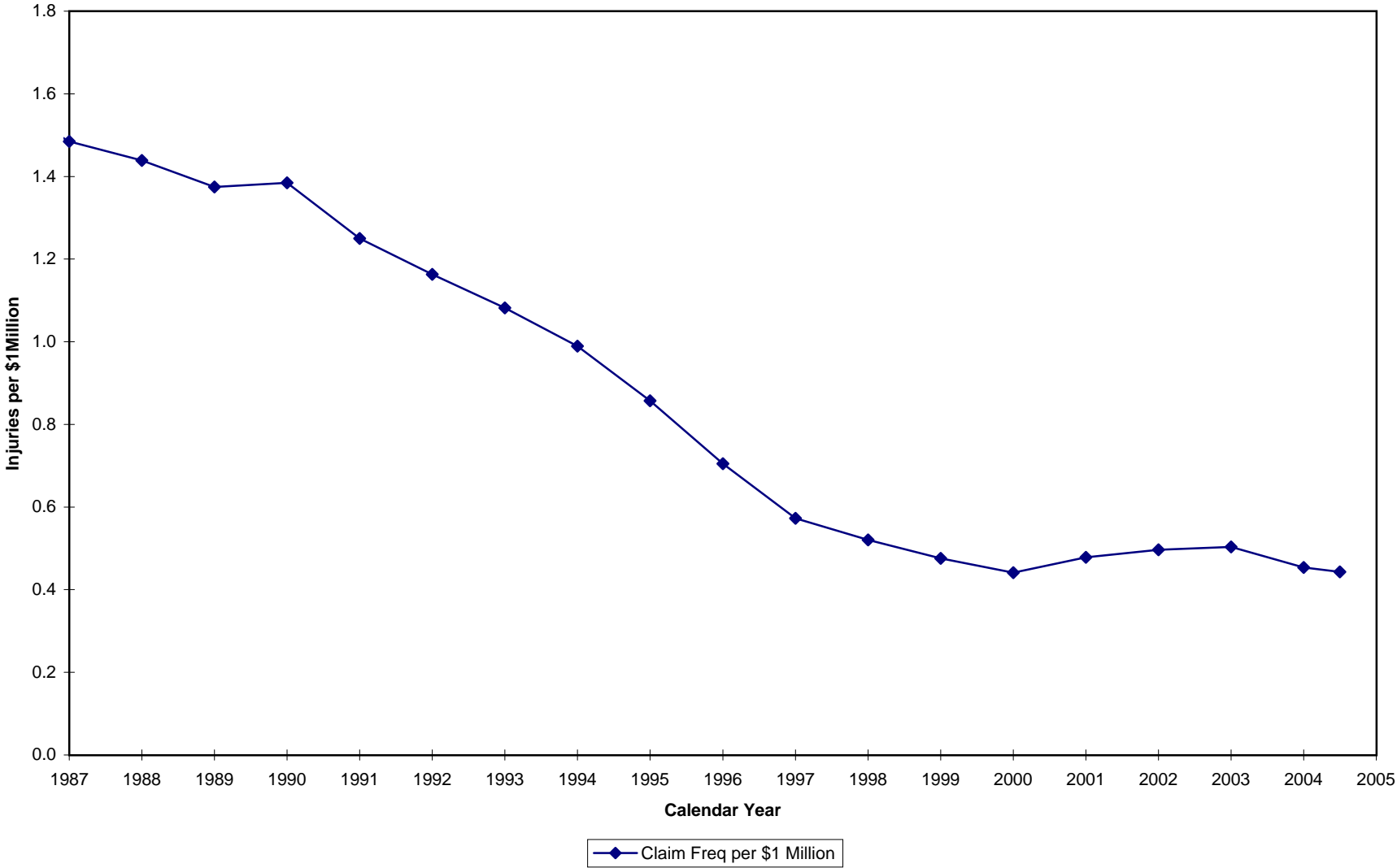
* July 1, 2004 thru June 30, 2005 .

** Six month change 1/05-12/05 to 7/05-6/06. Annualized changes are -1.8% (Counts), +3.2% (Wages) and -4.7% (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					
1988	81,465	3.5%				
1989	82,954	1.8%				
1990	78,202	-5.7%	1,799,214,615		43.46	
1991	69,370	-11.3%	1,722,041,821	-4.3%	40.28	-7.3%
1992	56,625	-18.4%	1,518,757,223	-11.8%	37.28	-7.4%
1993	48,001	-15.2%	1,386,305,485	-8.7%	34.63	-7.1%
1994	42,198	-12.1%	1,362,587,655	-1.7%	30.97	-10.6%
1995	36,926	-12.5%	1,338,655,268	-1.8%	27.58	-10.9%
1996	36,006	-2.5%	1,433,246,010	7.1%	25.12	-8.9%
1997	37,689	4.7%	1,586,835,881	10.7%	23.75	-5.5%
1998	37,250	-1.2%	1,682,611,804	6.0%	22.14	-6.8%
1999	37,467	0.6%	1,787,181,610	6.2%	20.96	-5.3%
2000	35,926	-4.1%	1,835,849,077	2.7%	19.57	-6.6%
2001	32,345	-10.0%	1,777,372,031	-3.2%	18.20	-7.0%
2002	30,109	-6.9%	1,727,236,410	-2.8%	17.43	-4.2%
2003	27,655	-8.2%	1,723,586,977	-0.2%	16.05	-7.9%

Period	Annual % Change In Claim Frequency
PY87-PY03	
PY88-PY03	
PY89-PY03	
PY90-PY03	-7.5%
PY91-PY03	-7.4%
PY92-PY03	-7.2%
PY93-PY03	-7.0%
PY94-PY03	-6.7%
PY95-PY03	-6.3%
PY96-PY03	-6.2%
PY97-PY03	-6.2%
PY98-PY03	-6.2%
PY99-PY03	-6.3%
PY00-PY03	-6.2%
PY01-PY03	-6.1%
PY02-PY03	-7.9%

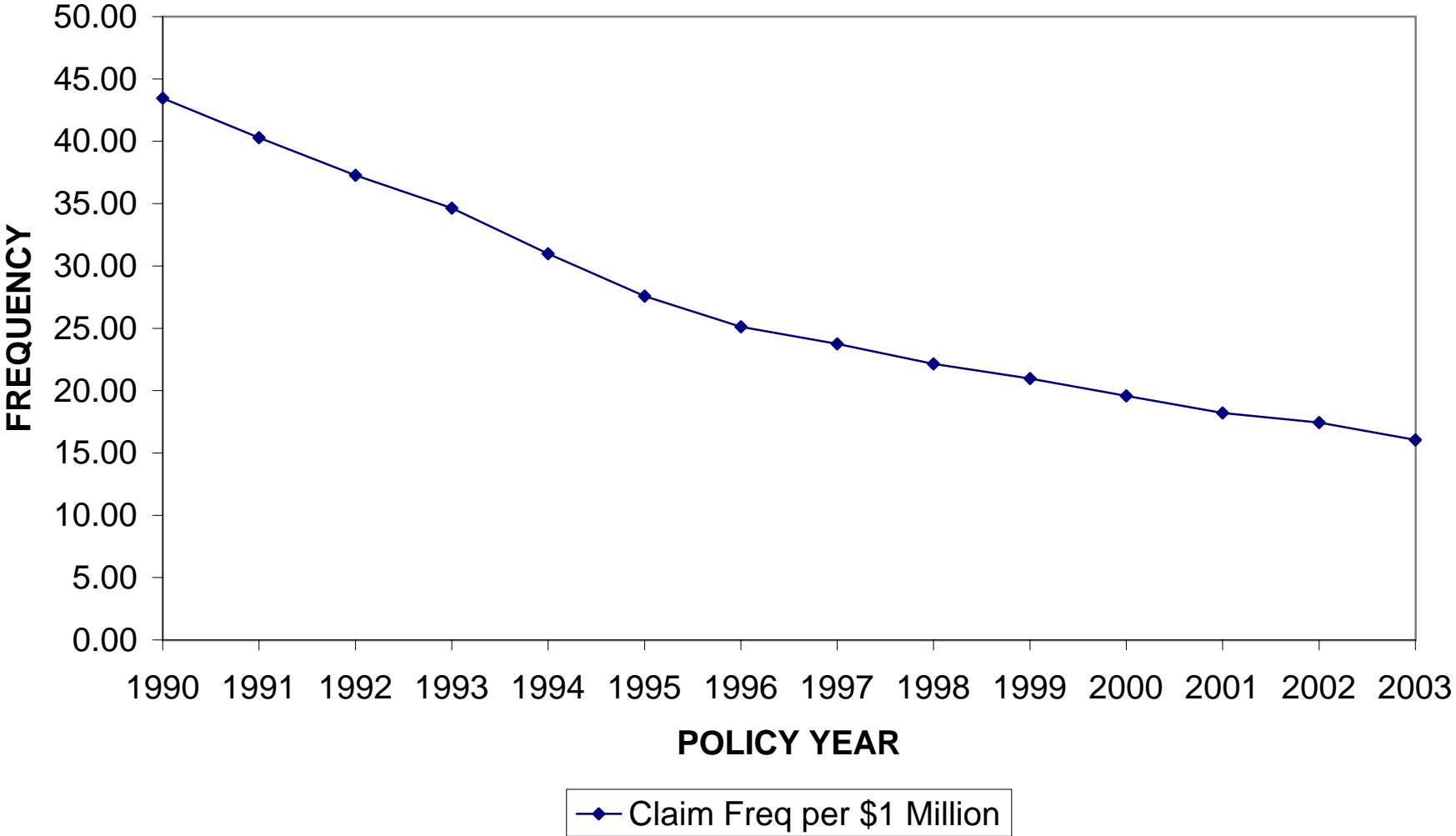
Policy Year	SAWW	% Change SAWW	SAWW Index	Adj Claim Freq. * (#Claims per \$1 million)	% Change Adj Claim Frequency
1987	398.39		1.0000		
1988	417.37	4.8%	1.0476		
1989	434.65	4.1%	1.0910		
1990	454.62	4.6%	1.1411	49.60	
1991	474.71	4.4%	1.1916	48.00	-3.2%
1992	493.67	4.0%	1.2392	46.20	-3.8%
1993	508.37	3.0%	1.2761	44.19	-4.4%
1994	523.85	3.0%	1.3149	40.72	-7.9%
1995	540.71	3.2%	1.3572	37.44	-8.1%
1996	560.78	3.7%	1.4076	35.36	-5.6%
1997	586.55	4.6%	1.4723	34.97	-1.1%
1998	611.63	4.3%	1.5353	33.99	-2.8%
1999	640.37	4.7%	1.6074	33.70	-0.9%
2000	659.99	3.1%	1.6566	32.42	-3.8%
2001	674.51	2.2%	1.6931	30.81	-5.0%
2002	691.45	2.5%	1.7356	30.25	-1.8%
2003	716.47	3.6%	1.7984	28.86	-4.6%

Period	Annual % Change In Adjusted Claim Frequency
PY87-PY03	
PY88-PY03	
PY89-PY03	
PY90-PY03	-4.1%
PY91-PY03	-4.1%
PY92-PY03	-3.9%
PY93-PY03	-3.7%
PY94-PY03	-3.3%
PY95-PY03	-3.0%
PY96-PY03	-2.9%
PY97-PY03	-3.2%
PY98-PY03	-3.4%
PY99-PY03	-3.7%
PY00-PY03	-3.6%
PY01-PY03	-3.2%
PY02-PY03	-4.6%

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

Projected Annual Change in Claim Frequency : -6.2% (See PY97-PY03)

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



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					
1988	81,465	3.5%				
1989	82,954	1.8%				
1990	78,484	-5.4%	1,806,399,500		43.45	
1991	71,695	-8.7%	1,779,787,487	-1.5%	40.28	-7.3%
1992	67,130	-6.4%	1,797,851,508	1.0%	37.34	-7.3%
1993	62,121	-7.5%	1,797,998,449	0.0%	34.55	-7.5%
1994	58,080	-6.5%	1,879,465,524	4.5%	30.90	-10.6%
1995	53,116	-8.6%	1,915,162,415	1.9%	27.73	-10.3%
1996	50,177	-5.5%	2,037,896,071	6.4%	24.62	-11.2%
1997	50,045	-0.3%	2,200,164,893	8.0%	22.75	-7.6%
1998	50,793	1.5%	2,368,225,282	7.6%	21.45	-5.7%
1999	51,739	1.9%	2,559,660,660	8.1%	20.21	-5.8%
2000	50,714	-2.0%	2,673,228,940	4.4%	18.97	-6.1%
2001	47,079	-7.2%	2,680,749,471	0.3%	17.56	-7.4%
2002	44,967	-4.5%	2,680,975,273	0.0%	16.77	-4.5%
2003	42,725	-5.0%	2,676,376,347	-0.2%	15.96	-4.8%

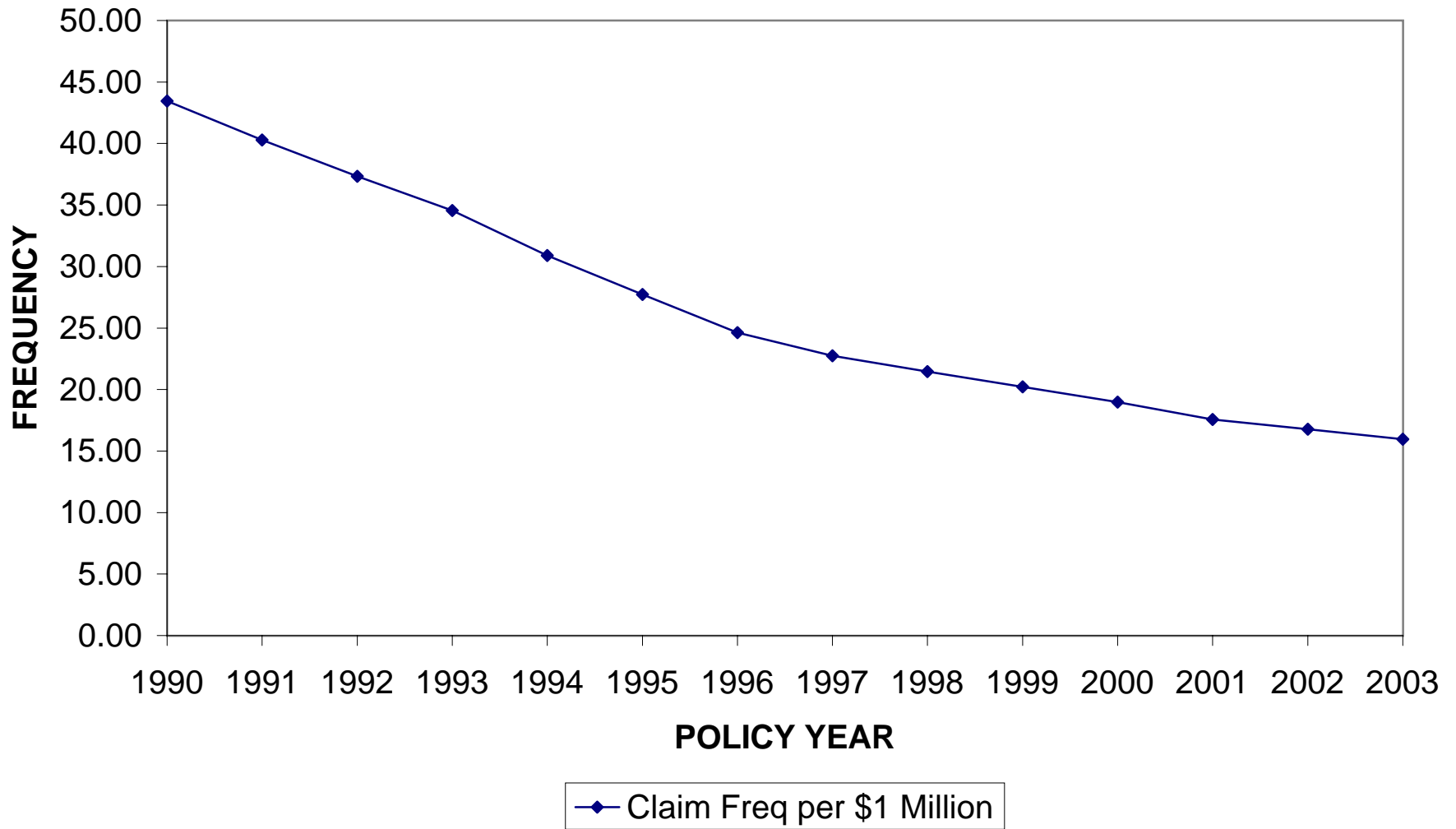
Period	Annual % Change In Claim Frequency
PY90-PY03	-7.7%
PY91-PY03	-7.7%
PY92-PY03	-7.5%
PY93-PY03	-7.3%
PY94-PY03	-6.9%
PY95-PY03	-6.5%
PY96-PY03	-6.0%
PY97-PY03	-5.9%
PY98-PY03	-5.9%
PY99-PY03	-5.8%
PY00-PY03	-5.5%
PY01-PY03	-4.7%
PY02-PY03	-4.8%

Policy Year	SAWW	% Change SAWW	SAWW Index	Adj Claim Freq. * (#Claims per \$1 million)	% Change Adj Claim Frequency
1987	398.39		1.0000		
1988	417.37	4.8%	1.0476		
1989	434.65	4.1%	1.0910		
1990	454.62	4.6%	1.1411	49.58	
1991	474.71	4.4%	1.1916	48.00	-3.2%
1992	493.67	4.0%	1.2392	46.27	-3.6%
1993	508.37	3.0%	1.2761	44.09	-4.7%
1994	523.85	3.0%	1.3149	40.63	-7.8%
1995	540.71	3.2%	1.3572	37.64	-7.4%
1996	560.78	3.7%	1.4076	34.66	-7.9%
1997	586.55	4.6%	1.4723	33.49	-3.4%
1998	611.63	4.3%	1.5353	32.93	-1.7%
1999	640.37	4.7%	1.6074	32.49	-1.3%
2000	659.99	3.1%	1.6566	31.43	-3.3%
2001	674.51	2.2%	1.6931	29.73	-5.4%
2002	691.45	2.5%	1.7356	29.11	-2.1%
2003	716.47	3.6%	1.7984	28.71	-1.4%

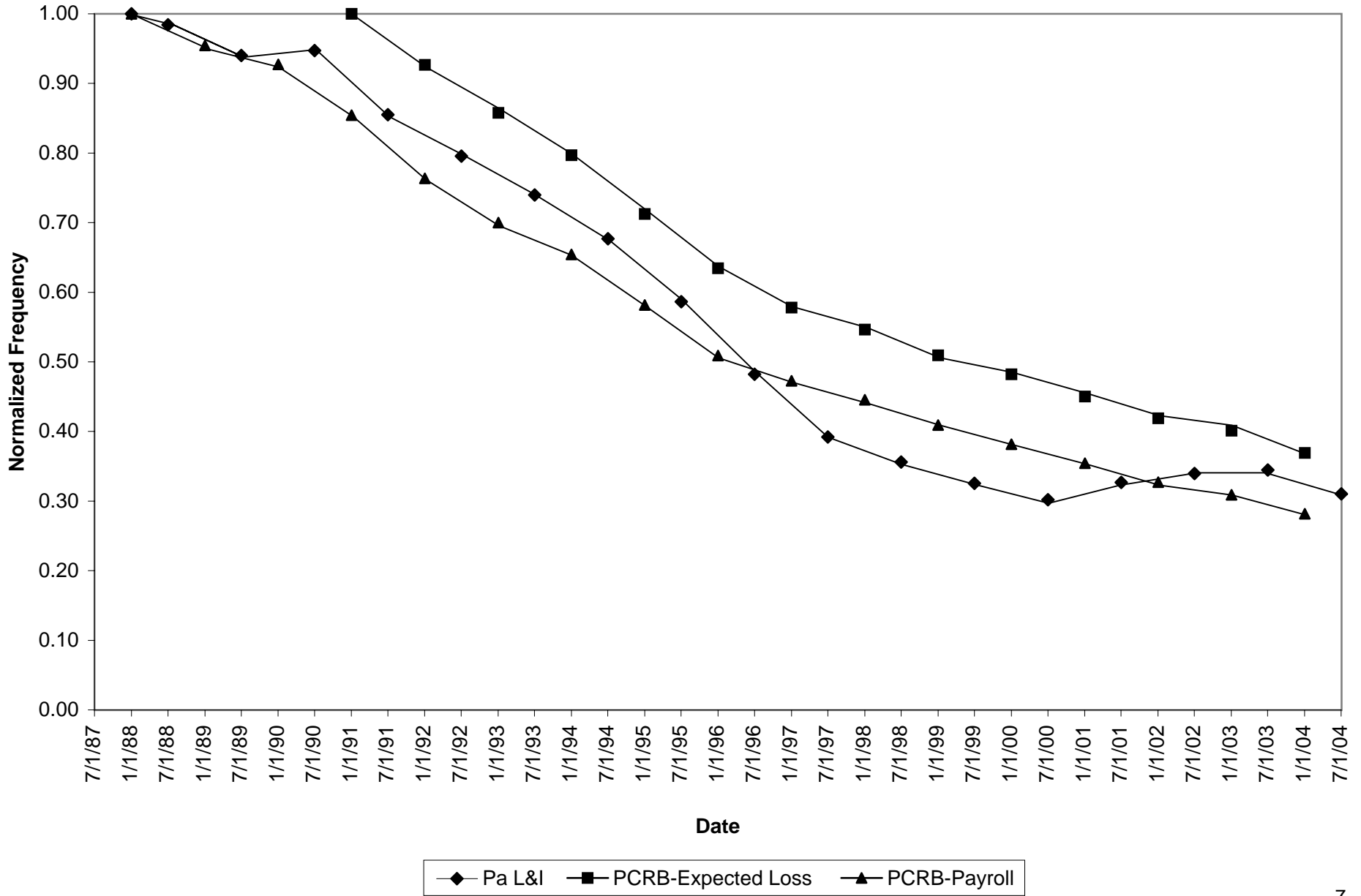
Period	Annual % Change In Adjusted Claim Frequency
PY90-PY03	-4.4%
PY91-PY03	-4.3%
PY92-PY03	-4.2%
PY93-PY03	-3.9%
PY94-PY03	-3.5%
PY95-PY03	-3.1%
PY96-PY03	-2.8%
PY97-PY03	-2.8%
PY98-PY03	-3.0%
PY99-PY03	-3.2%
PY00-PY03	-2.9%
PY01-PY03	-1.7%
PY02-PY03	-1.4%

* 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)



PA W.C. - COMPARISON OF CLAIM FREQUENCIES
(PCRB 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	25,016	-9.9%	526,115,232	-0.2%	47.55	-9.7%
1991	1	20,542	-17.9%	486,329,144	-7.6%	42.24	-11.2%
1992	1	16,089	-21.7%	397,477,739	-18.3%	40.48	-4.2%
1993	1	13,343	-17.1%	354,577,850	-10.8%	37.63	-7.0%
1994	1	11,560	-13.4%	339,814,676	-4.2%	34.02	-9.6%
1995	1	9,912	-14.3%	324,941,298	-4.4%	30.50	-10.3%
1996	1	9,242	-6.8%	339,018,879	4.3%	27.26	-10.6%
1997	1	10,093	9.2%	387,054,447	14.2%	26.08	-4.3%
1998	1	9,786	-3.0%	403,603,553	4.3%	24.25	-7.0%
1999	1	9,271	-5.3%	402,982,943	-0.2%	23.01	-5.1%
2000	1	8,508	-8.2%	394,180,772	-2.2%	21.58	-6.2%
2001	1	7,167	-15.8%	360,172,028	-8.6%	19.90	-7.8%
2002	1	6,185	-13.7%	339,735,024	-5.7%	18.21	-8.5%
2003	1	5,856	-5.3%	328,206,318	-3.4%	17.84	-2.0%

Period	Annual % Change In Claim Frequency
PY87-PY03	-7.3%
PY88-PY03	-7.5%
PY89-PY03	-7.5%
PY90-PY03	-7.4%
PY91-PY03	-7.3%
PY92-PY03	-7.3%
PY93-PY03	-7.1%
PY94-PY03	-6.8%
PY95-PY03	-6.5%
PY96-PY03	-6.2%
PY97-PY03	-6.4%
PY98-PY03	-6.4%
PY99-PY03	-6.6%
PY00-PY03	-6.4%
PY01-PY03	-5.3%
PY02-PY03	-2.0%

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	10,403	-10.5%	339,686,123	1.7%	30.63	-11.9%
1991	2	9,007	-13.4%	311,559,253	-8.3%	28.91	-5.6%
1992	2	8,119	-9.9%	288,819,204	-7.3%	28.11	-2.8%
1993	2	7,193	-11.4%	275,513,858	-4.6%	26.11	-7.1%
1994	2	7,200	0.1%	285,350,524	3.6%	25.23	-3.4%
1995	2	6,289	-12.7%	277,974,465	-2.6%	22.62	-10.3%
1996	2	6,541	4.0%	301,659,593	8.5%	21.68	-4.2%
1997	2	6,555	0.2%	329,037,892	9.1%	19.92	-8.1%
1998	2	6,730	2.7%	362,641,416	10.2%	18.56	-6.8%
1999	2	6,811	1.2%	390,754,452	7.8%	17.43	-6.1%
2000	2	6,801	-0.1%	405,971,205	3.9%	16.75	-3.9%
2001	2	6,412	-5.7%	410,713,993	1.2%	15.61	-6.8%
2002	2	5,912	-7.8%	405,891,652	-1.2%	14.57	-6.7%
2003	2	5,560	-6.0%	410,052,397	1.0%	13.56	-6.9%

PY87-PY03	-6.0%
PY88-PY03	-6.2%
PY89-PY03	-6.3%
PY90-PY03	-6.2%
PY91-PY03	-6.3%
PY92-PY03	-6.4%
PY93-PY03	-6.4%
PY94-PY03	-6.4%
PY95-PY03	-6.2%
PY96-PY03	-6.2%
PY97-PY03	-6.1%
PY98-PY03	-6.0%
PY99-PY03	-6.2%
PY00-PY03	-6.8%
PY01-PY03	-6.8%
PY02-PY03	-6.9%

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	42,783	-1.8%	933,413,260	5.3%	45.84	-6.7%
1991	3	39,821	-6.9%	924,153,424	-1.0%	43.09	-6.0%
1992	3	32,417	-18.6%	832,460,280	-9.9%	38.94	-9.6%
1993	3	27,465	-15.3%	756,213,777	-9.2%	36.32	-6.7%
1994	3	23,438	-14.7%	737,422,455	-2.5%	31.78	-12.5%
1995	3	20,725	-11.6%	735,739,505	-0.2%	28.17	-11.4%
1996	3	20,223	-2.4%	792,567,538	7.7%	25.52	-9.4%
1997	3	21,041	4.0%	870,743,542	9.9%	24.16	-5.3%
1998	3	20,734	-1.5%	916,366,835	5.2%	22.63	-6.3%
1999	3	21,385	3.1%	993,444,215	8.4%	21.53	-4.9%
2000	3	20,617	-3.6%	1,035,697,100	4.3%	19.91	-7.5%
2001	3	18,766	-9.0%	1,006,486,010	-2.8%	18.65	-6.3%
2002	3	18,012	-4.0%	981,609,734	-2.5%	18.35	-1.6%
2003	3	16,239	-9.8%	985,328,262	0.4%	16.48	-10.2%

PY87-PY03	-7.4%
PY88-PY03	-7.6%
PY89-PY03	-7.7%
PY90-PY03	-7.6%
PY91-PY03	-7.5%
PY92-PY03	-7.3%
PY93-PY03	-7.0%
PY94-PY03	-6.5%
PY95-PY03	-6.1%
PY96-PY03	-5.9%
PY97-PY03	-5.9%
PY98-PY03	-5.9%
PY99-PY03	-6.0%
PY00-PY03	-5.7%
PY01-PY03	-6.0%
PY02-PY03	-10.2%

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

