

PENNSYLVANIA COMPENSATION RATING BUREAU

**Summary of Material for Modification of Experience
April 1, 2008 Loss Cost Revision**

As Filed

PENNSYLVANIA 2008 LOSS COST FILING

EFFECTIVE DATE - April 1, 2008

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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 2003 Ratio of Loss to Expected Loss	0.4644	0.4716	0.9360
(2) Policy Year 2004 Ratio of Loss to Expected Loss	0.4813	0.5193	1.0006
(3) Policy Year 2005 Ratio of Loss to Expected Loss	0.4341	0.4901	0.9242
(4) Average (Midpoint = 1/1/2005)	0.4599	0.4937	0.9536
(5) Policy Year 2003 Ratio Trended to 4/1/2009 +	0.3892	0.4783	0.8675
(6) Policy Year 2004 Ratio Trended to 4/1/2009 +	0.4171	0.5253	0.9424
(7) Policy Year 2005 Ratio Trended to 4/1/2009 +	0.3891	0.4944	0.8835
(8) Average at 4/1/2009	0.3985	0.4993	0.8978
(9) Indicated Change in Loss Costs	0.3985	0.4993	0.8978

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	1.0767	1.1133	1.0648	
(11) Anticipated Collectible Premium Ratio	1.0562	1.1063	1.0544	
(12) Final Indicated Change in Manual Loss Cost Level (9T) * (11) / (10)	0.8807	0.8922	0.8890	0.8877

+ Refer to pages 18 and 19.

EXHIBIT II

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

(1)	2006 PCRB Member Paid Loss*	2,067,767,590
(2a)	2006 Total Paid Loss (From PA Dept of Labor and Industry) * ^	2,683,454,360
(2b)	2006 Total Paid Loss (From PA Dept of Labor and Industry) * ^^	2,669,416,628
(3a)	2006 Ratio of PCRB Member Paid Loss to Total Paid Loss (1)/(2a)	0.7706
(3b)	2006 Ratio of PCRB Member Paid Loss to Total Paid Loss (1)/(2b)	0.7746
(4)	2007/2008 Fiscal Year Budget	
	a. Administration Fund	63,383,000
	b. Subsequent Injury Fund	245,757
	c. Supersedeas Fund	22,446,690
	d. Uninsured Employers Guaranty Fund	2,669,417
	e. Total	88,744,864
(5)	2007/2008 Fiscal Year Membership Assessment Amount	
	a. Administration Fund (4a) * (3b)	49,096,472
	b. Subsequent Injury Fund (4b) * (3a)	189,380
	c. Supersedeas Fund (4c) * (3a)	17,297,419
	d. Uninsured Employers Guaranty Fund (4d) * (3b)	2,067,730
	e. Total	68,651,001
(6)	2006 Employer Assessment Premium Base	3,050,219,404
(7)	2007/2008 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (5a) / (6)	0.0161
	b. Subsequent Injury Fund (5b) / (6)	0.0001
	c. Supersedeas Fund (5c) / (6)	0.0057
	d. Uninsured Employers Guaranty Fund (5d) / (6)	0.0007
	e. Employer Assessment Factor	0.0226
(8)	2007/2008 Fiscal Year Budget for the Office of Small Business Advocate	174,000
(9)	2007/2008 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (8) / (1)	0.0001
(10)	Merit Rating Plan Increment Factor	0.0031
(11)	Certified Safety Committee Program Increment Factor	0.0110
(12)	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (9) + (10) + (11)	0.0142

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

^ Used as a basis for the Supersedeas and Subsequent Injury Funds.

^^ Used as a basis for the Administration and Uninsured Employers Guaranty Funds.

EXHIBIT III - 1

POLICY YEAR LOSS RATIO 2005

(1) Standard Earned Premium Reported (Table I)			1,706,095,381
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0125
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0016
(5) Factor to Remove Loss Based Assessments			0.9912
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,714,959,816
(7) Loss Cost Change 12/1/95 to 4/1/07			0.9325
(8) Expected Loss at Current Level (6)*(7)			1,599,200,028
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	174,547,578	335,483,823	510,031,401
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	4.2795	2.3078	
(11) Ultimate Incurred Losses	746,976,360	774,229,567	1,521,205,927
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	746,976,360	774,229,567	1,521,205,927
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4671	0.4841	0.9512
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	351,072,821	481,964,596	833,037,417
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8272	1.6459	
(17) Ultimate Incurred Losses	641,480,259	793,265,529	1,434,745,788
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	641,480,259	793,265,529	1,434,745,788
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4011	0.4960	0.8971
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	694,228,310	783,747,548	1,477,975,858
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4341	0.4901	0.9242
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4525	0.4525	
(24) Severity Ratio * (22) / (23)	0.9593	1.0831	2.0424

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

EXHIBIT III - 2

POLICY YEAR LOSS RATIO 2004

(1) Standard Earned Premium Reported (Table I)			1,591,644,567
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0020
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0000
(5) Factor to Remove Loss Based Assessments			0.9906
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,579,836,474
(7) Loss Cost Change 12/1/95 to 4/1/07			0.9229
(8) Expected Loss at Current Level (6) *(7)			1,458,031,082
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	317,530,785	417,509,439	735,040,224
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	2.3451	1.8107	
(11) Ultimate Incurred Losses	744,641,444	755,984,341	1,500,625,785
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	744,641,444	755,984,341	1,500,625,785
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5107	0.5185	1.0292
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	503,562,863	513,763,024	1,017,325,887
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3082	1.4758	
(17) Ultimate Incurred Losses	658,760,937	758,211,471	1,416,972,408
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	658,760,937	758,211,471	1,416,972,408
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4518	0.5200	0.9718
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	701,701,191	757,097,906	1,458,799,097
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4813	0.5193	1.0006
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4909	0.4909	
(24) Severity Ratio * (22) / (23)	0.9804	1.0579	2.0383

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

EXHIBIT III - 3

POLICY YEAR LOSS RATIO 2003

(1) Standard Earned Premium Reported (Table I)			1,518,380,313
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0003
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9992
(5) Factor to Remove Loss Based Assessments			0.9910
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,503,962,172
(7) Loss Cost Change 12/1/95 to 4/1/07			0.9372
(8) Expected Loss at Current Level (6) *(7)			1,409,513,348
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	414,061,828	407,108,260	821,170,088
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.6916	1.6455	
(11) Ultimate Incurred Losses	700,426,988	669,896,642	1,370,323,630
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	700,426,988	669,896,642	1,370,323,630
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4969	0.4753	0.9722
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	537,411,187	472,730,667	1,010,141,854
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1326	1.3955	
(17) Ultimate Incurred Losses	608,671,910	659,695,646	1,268,367,556
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	608,671,910	659,695,646	1,268,367,556
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4318	0.4680	0.8998
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	654,549,449	664,796,144	1,319,345,593
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4644	0.4716	0.9360
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5157	0.5157	
(24) Severity Ratio * (22) / (23)	0.9005	0.9145	1.8150

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

EXHIBIT III - 4

POLICY YEAR LOSS RATIO 2002

(1) Standard Earned Premium Reported (Table I)			1,477,636,462
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0007
(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)			1,466,410,438
(7) Loss Cost Change 12/1/95 to 4/1/07			0.9274
(8) Expected Loss at Current Level (6) *(7)			1,359,949,040
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	489,154,959	414,429,098	903,584,057
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.4531	1.5615	
(11) Ultimate Incurred Losses	710,791,071	647,131,037	1,357,922,108
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	710,791,071	647,131,037	1,357,922,108
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5227	0.4758	0.9985
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	594,731,315	479,954,740	1,074,686,055
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0770	1.3483	
(17) Ultimate Incurred Losses	640,525,626	647,122,976	1,287,648,602
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	640,525,626	647,122,976	1,287,648,602
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4710	0.4758	0.9468
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	675,658,349	647,127,007	1,322,785,356
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4968	0.4758	0.9726
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5614	0.5614	
(24) Severity Ratio * (22) / (23)	0.8849	0.8475	1.7324

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

EXHIBIT III - 5

POLICY YEAR LOSS RATIO 2001

(1)	Standard Earned Premium Reported (Table I)			1,480,393,167
(2)	Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0005
(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)			1,465,907,342
(7)	Loss Cost Change 12/1/95 to 4/1/07			0.9366
(8)	Expected Loss at Current Level (6) *(7)			1,372,968,817
Losses - Paid-to-20th Method				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9)	Paid Losses Reported (Table I-D & I-E)	555,658,139	428,218,442	983,876,581
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3284	1.5060	
(11)	Ultimate Incurred Losses	738,136,272	644,896,974	1,383,033,246
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	738,136,272	644,896,974	1,383,033,246
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5376	0.4697	1.0073
Losses - Incurred Method				
(15)	Incurred Losses Reported (Table I-B & I-C)	627,219,117	473,637,430	1,100,856,547
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0535	1.3224	
(17)	Ultimate Incurred Losses	660,775,340	626,338,137	1,287,113,477
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	660,775,340	626,338,137	1,287,113,477
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4813	0.4562	0.9375
Losses - Average of Incurred and Paid to 20th Method				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	699,455,806	635,617,556	1,335,073,362
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5094	0.4630	0.9724
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.5853	0.5853	
(24)	Severity Ratio * (22) / (23)	0.8703	0.7910	1.6613

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

EXHIBIT III - 6

POLICY YEAR LOSS RATIO 2000

(1) Standard Earned Premium Reported (Table I)			1,450,330,323
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0015
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9966
(5) Factor to Remove Loss Based Assessments			0.9925
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,436,710,544
(7) Loss Cost Change 12/1/95 to 4/1/07			0.9383
(8) Expected Loss at Current Level (6) *(7)			1,348,065,503
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	610,318,634	455,856,328	1,066,174,962
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2606	1.4648	
(11) Ultimate Incurred Losses	769,367,670	667,738,349	1,437,106,019
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	769,367,670	667,738,349	1,437,106,019
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5707	0.4953	1.0660
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	673,212,614	524,528,724	1,197,741,338
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0449	1.2989	
(17) Ultimate Incurred Losses	703,439,860	681,310,360	1,384,750,220
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	703,439,860	681,310,360	1,384,750,220
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5218	0.5054	1.0272
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	736,403,765	674,524,355	1,410,928,120
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5463	0.5004	1.0467
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6343	0.6343	
(24) Severity Ratio * (22) / (23)	0.8613	0.7889	1.6502

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

EXHIBIT III - 7

POLICY YEAR LOSS RATIO 1999

(1) Standard Earned Premium Reported (Table I)				1,438,088,243
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				0.9996
(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)				1,376,106,319
(7) Loss Cost Change 12/1/95 to 4/1/07				0.9522
(8) Expected Loss at Current Level (6) *(7)				1,310,328,437
Losses - Paid-to-20th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	591,693,678	444,727,188		1,036,420,866
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2174	1.4309		
(11) Ultimate Incurred Losses	720,327,884	636,360,133		1,356,688,017
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	720,327,884	636,360,133		1,356,688,017
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5497	0.4856		1.0353
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	641,780,755	508,950,503		1,150,731,258
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0354	1.2819		
(17) Ultimate Incurred Losses	664,499,794	652,423,650		1,316,923,444
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	664,499,794	652,423,650		1,316,923,444
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5071	0.4979		1.0050
Losses - Average of Incurred and Paid to 20th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	692,413,839	644,391,892		1,336,805,731
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5284	0.4918		1.0202
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6763	0.6763		
(24) Severity Ratio * (22) / (23)	0.7813	0.7272		1.5085

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

EXHIBIT III - 8

POLICY YEAR LOSS RATIO 1998

(1) Standard Earned Premium Reported (Table I)				1,400,234,613
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				0.9999
(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)				1,341,536,193
(7) Loss Cost Change 12/1/95 to 4/1/07				0.8972
(8) Expected Loss at Current Level (6) *(7)				1,203,626,272
Losses - Paid-to-20th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	517,507,714	399,526,553		917,034,267
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1856	1.4041		
(11) Ultimate Incurred Losses	613,557,146	560,975,233		1,174,532,379
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	613,557,146	560,975,233		1,174,532,379
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5098	0.4661		0.9759
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	556,395,801	465,961,495		1,022,357,296
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0303	1.2527		
(17) Ultimate Incurred Losses	573,254,594	583,709,965		1,156,964,559
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	573,254,594	583,709,965		1,156,964,559
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4763	0.4850		0.9613
Losses - Average of Incurred and Paid to 20th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	593,405,870	572,342,599		1,165,748,469
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4930	0.4755		0.9685
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7147	0.7147		
(24) Severity Ratio * (22) / (23)	0.6898	0.6653		1.3551

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

EXHIBIT III - 9

POLICY YEAR LOSS RATIO 1997

(1) Standard Earned Premium Reported (Table I)			1,440,349,313
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(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)			1,391,915,047
(7) Loss Cost Change 12/1/95 to 4/1/07			0.7888
(8) Expected Loss at Current Level (6) *(7)			1,097,942,589
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	489,706,701	367,057,091	856,763,792
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1644	1.3809	
(11) Ultimate Incurred Losses	570,214,483	506,869,137	1,077,083,620
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	570,214,483	506,869,137	1,077,083,620
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5193	0.4617	0.9810
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	521,822,987	408,379,622	930,202,609
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0222	1.2308	
(17) Ultimate Incurred Losses	533,407,457	502,633,639	1,036,041,096
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	533,407,457	502,633,639	1,036,041,096
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4858	0.4578	0.9436
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	551,810,970	504,751,388	1,056,562,358
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5026	0.4597	0.9623
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7670	0.7670	
(24) Severity Ratio * (22) / (23)	0.6553	0.5993	1.2546

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

EXHIBIT III - 10

POLICY YEAR LOSS RATIO 1996

(1) Standard Earned Premium Reported (Table I)			1,724,812,772
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(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)			1,682,172,071
(7) Loss Cost Change 12/1/95 to 4/1/07			0.6402
(8) Expected Loss at Current Level (6) *(7)			1,076,926,560
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	460,472,161	340,299,302	800,771,463
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1474	1.3607	
(11) Ultimate Incurred Losses	528,345,758	463,045,260	991,391,018
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	528,345,758	463,045,260	991,391,018
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4906	0.4300	0.9206
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	498,799,033	381,411,954	880,210,987
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0176	1.2153	
(17) Ultimate Incurred Losses	507,577,896	463,529,948	971,107,844
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	507,577,896	463,529,948	971,107,844
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4713	0.4304	0.9017
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	517,961,827	463,287,604	981,249,431
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4810	0.4302	0.9112
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8103	0.8103	
(24) Severity Ratio * (22) / (23)	0.5936	0.5309	1.1245

* 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 4/01/07 LC LEVEL</u>
PRIOR TO DEC 1993	12/01/92	BASE	1.0000	1.0000	1.0000	
	12/01/93 to 4/01/07	0.5682	0.5682	----- 1.0000	----- 1.0000	0.5682
1993 (DEC)	12/01/93	BASE	1.0000	1.0000	1.0000	
	12/01/95 to 4/01/07	0.5798	0.5798	----- 1.0000	----- 1.0000	0.5798
1994	12/01/93	BASE	1.0000	1.0000	1.0000	
	12/01/95 to 4/01/07	0.5798	0.5798	----- 1.0000	----- 1.0000	0.5798
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 4/01/07	0.6402	0.5798	----- 1.0000	----- 0.9942	0.5832
1996	12/01/95	BASE	1.0000	1.0000	1.0000	
	2/01/97 to 4/01/07	0.6402	0.6402	----- 1.0000	----- 1.0000	0.6402
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 4/01/07	0.8536	0.6402	----- 1.0000	----- 0.8116	0.7888
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 4/01/07	0.9173	0.8536	----- 1.0000	----- 0.9514	0.8972
1999	4/01/98	BASE	1.0000	0.3019	0.3019	
	4/01/99	0.9474	0.9474	0.6981	0.6614	
	4/01/00 to 4/01/07	0.9682	0.9173	----- 1.0000	----- 0.9633	0.9522

EXHIBIT IV-2

**POLICY YEARS 2000 - 2006
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 4/01/07 LC LEVEL</u>
2000	4/01/99	BASE	1.0000	0.2912	0.2912	0.9383
	4/01/00	1.0450	1.0450	0.7088	0.7407	
	4/01/01	0.9265	0.9682	-----	-----	
	to 4/01/07			1.0000	1.0319	
2001	4/01/00	BASE	1.0000	0.3006	0.3006	0.9366
	4/01/01	0.9845	0.9845	0.6994	0.6886	
	4/01/02	0.9411	0.9265	-----	-----	
	to 4/01/07			1.0000	0.9892	
2002	4/01/01	BASE	1.0000	0.3019	0.3019	0.9274
	4/01/02	1.0212	1.0212	0.6981	0.7129	
	4/01/03	0.9216	0.9411	-----	-----	
	to 4/01/07			1.0000	1.0148	
2003	4/01/02	BASE	1.0000	0.3068	0.3068	0.9372
	4/01/03	0.9759	0.9759	0.6932	0.6765	
	4/01/04	0.9443	0.9215	-----	-----	
	to 4/01/07			1.0000	0.9833	
2004	4/01/03	BASE	1.0000	0.3013	0.3013	0.9229
	4/01/04	1.0332	1.0332	0.6987	0.7219	
	4/01/05	0.9140	0.9443	-----	-----	
	to 4/01/07			1.0000	1.0232	
2005	4/01/04	BASE	1.0000	0.3145	0.3145	0.9325
	4/01/05	0.9711	0.9711	0.6855	0.6657	
	4/01/06	0.9412	0.9140	-----	-----	
	to 4/01/07			1.0000	0.9802	
2006	4/01/05	BASE	1.0000	0.3276	0.3276	0.9988
	4/01/06	0.9142	0.9142	0.6724	0.6147	
	4/01/07	1.0295	0.9412	-----	-----	
				1.0000	0.9423	

EXHIBIT V - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2005-2006 Ratio</u>	<u>Policy Year</u>	<u>2004-2005 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>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2005	1.0186	2004	1.0004	2003	1.0151	2002	1.0079	1.0105	1.0105	1.0125
3rd to 2nd	2004	0.9990	2003	1.0034	2002	1.0058	2001	0.9986	1.0017	1.0017	1.0020
4th to 3rd	2003	0.9996	2002	0.9988	2001	0.9988	2000	1.0011	0.9996	0.9996	1.0003
5th to 4th	2002	0.9989	2001	0.9998	2000	1.0008	1999	1.0011	1.0002	1.0002	1.0007
6th to 5th	2001	1.0007	2000	1.0007	1999	1.0013	1998	0.9934	0.9990	0.9990	1.0005
7th to 6th	2000	1.0002	1999	0.9989	1998	1.0083	1997	1.0000	1.0019	1.0019	1.0015
8th to 7th	1999	0.9996	1998	0.9995	1997	0.9997	1996	0.9999	0.9997	0.9997	0.9996
9th to 8th	1998	0.9995	1997	1.0001	1996	0.9998	1995	1.0001	0.9999	0.9999	0.9999
10th to 9th	1997	1.0000	1996	1.0001	1995	0.9999	1994	0.9999	1.0001	+	1.0000
11th to 10th	1996	1.0006	1995	1.0004	1994	0.9998	1993	1.0001	1.0002	#	1.0000
12th to 11th	1995	1.0000	1994	1.0006	1993	1.0000	1992	1.0000	1.0000	@	1.0000
13th to 12th	1994	0.9993	1993	1.0002	1992	0.9999	1991	1.0000	1.0001	&	1.0000
14th to 13th	1993	1.0000	1992	1.0000	1991	1.0001	1990	1.0000	1.0000		1.0000
15th to 14th	1992	1.0000	1991	1.0001	1990	1.0000	1989	1.0000	1.0000		1.0000
16th to 15th	1991	0.9974	1990	0.9999	1989	1.0000	1988	1.0000	0.9993		1.0000
17th to 16th	1990	0.9956	1989	1.0000	1988	1.0000	1987	0.9998	0.9989		1.0000
18th to 17th	1989	0.9942	1988	1.0000	1987	1.0000	1986	1.0002	0.9986		1.0000
19th to 18th	1988	0.9994	1987	1.0001	1986	1.0002	1985	1.0000	0.9999		1.0000
20th to 19th	1987	0.9994	1986	1.0001	1985	1.0000	1984	1.0000	0.9999		1.0000

INCURRED METHOD

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1988	Nineteenth	1.0000
1989	Eighteenth	1.0000
1990	Seventeenth	1.0000
1991	Sixteenth	1.0000
1992	Fifteenth	1.0000
1993	Fourteenth	1.0000
1994	Thirteenth	1.0000
1995	Twelfth	1.0000
1996	Eleventh	1.0000
1997	Tenth	1.0000
1998	Ninth	1.0000
1999	Eighth	0.9999
2000	Seventh	0.9996
2001	Sixth	1.0015
2002	Fifth	1.0005
2003	Fourth	1.0007
2004	Third	1.0003
2005	Second	1.0020
2006	First	1.0125

+ Due to the impact of Act 44, the 2002-2003 ratio was excluded and the 2001-2002 ratio(1.0002) was included in the unweighted average.

Due to the impact of Act 44, the 2003-2004 ratio was excluded and the 2001-2002 ratio(0.9997) was included in the unweighted average.

@ Due to the impact of Act 44, the 2004-2005 ratio was excluded and the 2001-2002 ratio(1.0000) was included in the unweighted average.

& Due to the impact of Act 44, the 2005-2006 ratio was excluded and the 2001-2002 ratio(1.0003) was included in the unweighted average.

EXHIBIT V - 2**DEVELOPMENT FACTORS****INDEMNITY LOSSES
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2005-2006 Ratio</u>	<u>Policy Year</u>	<u>2004-2005 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2005	1.8327	2004	1.8170	1.8249	4.2795	
3rd to 2nd	a	2004	1.3836	2003	1.3889	1.3863	2.3451	
4th to 3rd	a	2003	1.1574	2002	1.1708	1.1641	1.6916	
5th to 4th	a	2002	1.0860	2001	1.1017	1.0939	1.4531	
6th to 5th	a	2001	1.0545	2000	1.0531	1.0538	1.3284	
7th to 6th	a	2000	1.0350	1999	1.0359	1.0355	1.2606	
8th to 7th	a	1999	1.0292	1998	1.0243	1.0268	1.2174	
9th to 8th	a	1998	1.0176	1997	1.0188	1.0182	1.1856	
10th to 9th	a	1997	1.0143	1996	1.0153	1.0148	1.1644	
11th to 10th	a	1996	1.0119	1995	1.0174	1.0147	1.1474	
12th to 11th	a	1995	1.0115	1994	1.0155	1.0135	1.1308	
13th to 12th	a	1994	1.0101	1993	1.0121	1.0111	1.1157	
14th to 13th	a	1993	1.0089	1992	1.0098	1.0094	1.1035	
15th to 14th	a	1992	1.0081	1991	1.0078	1.0080	1.0932	
16th to 15th	a	1991	1.0065	1990	1.0068	1.0067	1.0845	
17th to 16th	a	1990	1.0065	1989	1.0066	1.0066	1.0773	
18th to 17th	a	1989	1.0060	1988	1.0055	1.0058	1.0702	
19th to 18th	a	1988	1.0052	1987	1.0069	1.0061	1.0641	
20th to 19th	b	1987	1.0507	1986	1.0557	1.0532	1.0576	
Beyond 20th		1986	1.0056	1985	1.0082	1.0069	1.0042	d

INCURRED METHOD

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2005-2006 Ratio</u>	<u>Policy Year</u>	<u>2004-2005 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2005	1.3963	2004	1.3972	1.3968	1.8272	
3rd to 2nd	c	2004	1.1613	2003	1.1486	1.1550	1.3082	
4th to 3rd	c	2003	1.0551	2002	1.0481	1.0516	1.1326	
5th to 4th	c	2002	1.0212	2001	1.0234	1.0223	1.0770	
6th to 5th	c	2001	1.0053	2000	1.0113	1.0083	1.0535	
7th to 6th	c	2000	1.0064	1999	1.0118	1.0091	1.0449	
8th to 7th	c	1999	1.0042	1998	1.0057	1.0050	1.0354	
9th to 8th	c	1998	1.0080	1997	1.0077	1.0079	1.0303	
10th to 9th	c	1997	1.0052	1996	1.0037	1.0045	1.0222	
11th to 10th	c	1996	1.0036	1995	1.0036	1.0036	1.0176	
12th to 11th	c	1995	0.9987	1994	1.0024	1.0006	1.0140	
13th to 12th	c	1994	0.9984	1993	1.0039	1.0012	1.0134	
14th to 13th	c	1993	1.0011	1992	1.0037	1.0024	1.0122	
15th to 14th	c	1992	0.9981	1991	1.0021	1.0001	1.0097	
16th to 15th	c	1991	1.0014	1990	1.0019	1.0017	1.0096	
17th to 16th	c	1990	1.0011	1989	1.0032	1.0022	1.0079	
18th to 17th	c	1989	0.9995	1988	1.0015	1.0005	1.0057	
19th to 18th	c	1988	1.0010	1987	1.0023	1.0017	1.0052	
20th to 19th	c	1987	0.9969	1986	1.0017	0.9993	1.0035	
Beyond 20th		1986	1.0056	1985	1.0082	1.0069	1.0042	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, 2008 Filing Package.

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

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2005-2006 Ratio</u>	<u>Policy Year</u>	<u>2004-2005 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2005	1.2891	2004	1.2599	1.2745	2.3078
3rd to 2nd	a	2004	1.1066	2003	1.0942	1.1004	1.8107
4th to 3rd	a	2003	1.0553	2002	1.0523	1.0538	1.6455
5th to 4th	a	2002	1.0386	2001	1.0351	1.0369	1.5615
6th to 5th	a	2001	1.0271	2000	1.0290	1.0281	1.5060
7th to 6th	a	2000	1.0241	1999	1.0233	1.0237	1.4648
8th to 7th	a	1999	1.0222	1998	1.0160	1.0191	1.4309
9th to 8th	a	1998	1.0185	1997	1.0151	1.0168	1.4041
10th to 9th	a	1997	1.0139	1996	1.0156	1.0148	1.3809
11th to 10th	a	1996	1.0145	1995	1.0163	1.0154	1.3607
12th to 11th	a	1995	1.0172	1994	1.0141	1.0157	1.3401
13th to 12th	a	1994	1.0141	1993	1.0143	1.0142	1.3194
14th to 13th	a	1993	1.0141	1992	1.0127	1.0134	1.3009
15th to 14th	a	1992	1.0125	1991	1.0108	1.0117	1.2837
16th to 15th	a	1991	1.0115	1990	1.0136	1.0126	1.2689
17th to 16th	a	1990	1.0122	1989	1.0103	1.0113	1.2531
18th to 17th	a	1989	1.0108	1988	1.0103	1.0106	1.2391
19th to 18th	a	1988	1.0114	1987	1.0125	1.0120	1.2261
20th to 19th	b	1987	1.1160	1986	1.1712	1.1436	1.2115
Beyond 20th		1986	1.0745	1985	1.0554	1.0650	1.0594

d**INCURRED METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2005-2006 Ratio</u>	<u>Policy Year</u>	<u>2004-2005 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2005	1.1233	2004	1.1072	1.1153	1.6459
3rd to 2nd	c	2004	1.0693	2003	1.0456	1.0575	1.4758
4th to 3rd	c	2003	1.0495	2002	1.0205	1.0350	1.3955
5th to 4th	c	2002	1.0140	2001	1.0252	1.0196	1.3483
6th to 5th	c	2001	1.0134	2000	1.0227	1.0181	1.3224
7th to 6th	c	2000	1.0082	1999	1.0184	1.0133	1.2989
8th to 7th	c	1999	1.0260	1998	1.0206	1.0233	1.2819
9th to 8th	c	1998	1.0158	1997	1.0198	1.0178	1.2527
10th to 9th	c	1997	1.0084	1996	1.0169	1.0127	1.2308
11th to 10th	c	1996	1.0124	1995	1.0114	1.0119	1.2153
12th to 11th	c	1995	1.0213	1994	1.0153	1.0183	1.2010
13th to 12th	c	1994	1.0115	1993	1.0155	1.0135	1.1795
14th to 13th	c	1993	1.0151	1992	1.0183	1.0167	1.1637
15th to 14th	c	1992	1.0110	1991	1.0102	1.0106	1.1446
16th to 15th	c	1991	1.0121	1990	1.0139	1.0130	1.1326
17th to 16th	c	1990	1.0093	1989	1.0078	1.0086	1.1181
18th to 17th	c	1989	1.0078	1988	1.0180	1.0129	1.1086
19th to 18th	c	1988	1.0153	1987	1.0174	1.0164	1.0944
20th to 19th	c	1987	1.0153	1986	1.0175	1.0164	1.0768
Beyond 20th		1986	1.0745	1985	1.0554	1.0650	1.0594

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, 2008 Filing Package.

EXHIBIT VI - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	1999	2000	2001	2002	2003	2004	2005
Actual Loss Ratio	0.5284	0.5463	0.5094	0.4968	0.4644	0.4813	0.4341
Normalized Frequency	0.6763	0.6343	0.5853	0.5614	0.5157	0.4909	0.4525
Severity Loss Ratio	0.7813	0.8613	0.8703	0.8849	0.9005	0.9804	0.9593
x	1	2	3	4	5	6	7
y	0.7813	0.8613	0.8703	0.8849	0.9005	0.9804	0.9593

7 Point Exponential Regression: $y = 0.780768 * 1.03299^x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/08 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2003	0.8890	1.0542	1.1858	0.7067
2004	0.9183	1.0542	1.1480	0.7550
2005	0.9486	1.0542	1.1113	0.8066

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2003	0.4644	0.8380	0.3892
2004	0.4813	0.8667	0.4171
2005	0.4341	0.8964	0.3891

MEDICAL

Policy Year	1999	2000	2001	2002	2003	2004	2005
Actual Loss Ratio	0.4918	0.5004	0.4630	0.4758	0.4716	0.5193	0.4901
Normalized Frequency	0.6763	0.6343	0.5853	0.5614	0.5157	0.4909	0.4525
Severity Loss Ratio	0.7272	0.7889	0.7910	0.8475	0.9145	1.0579	1.0831
x	1	2	3	4	5	6	7
y	0.7272	0.7889	0.7910	0.8475	0.9145	1.0579	1.0831

7 Point Exponential Regression: $y = 0.66689 * 1.07125^x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/08 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2003	0.8782	1.2605	1.4353	0.7067
2004	0.9408	1.2605	1.3398	0.7550
2005	1.0078	1.2605	1.2507	0.8066

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2003	0.4716	1.0143	0.4783
2004	0.5193	1.0115	0.5253
2005	0.4901	1.0088	0.4944

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 1994, 12 = PY 2005}

Policy Year	Claim Frequency	Normalized Frequency
1994	33.06	1.0000
1995	29.46	0.8911
1996	26.79	0.8103
1997	25.36	0.7670
1998	23.63	0.7147
1999	22.36	0.6763
2000	20.97	0.6343
2001	19.35	0.5853
2002	18.56	0.5614
2003	17.05	0.5157
2004	16.23	0.4909
2005	14.96	0.4525

Policy Year	1999	2000	2001	2002	2003	2004	2005
x	1	2	3	4	5	6	7
y	0.6763	0.6343	0.5853	0.5614	0.5157	0.4909	0.4525

7 Point Exponential Regression: $y = 0.72188 * 0.93624 ^ x$

SELECTED FREQUENCY TREND FACTOR

-6.4%

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/08 (2)	Frequency Trend to 4/1/08 (3) = (1)^(2)
2003	0.9360	5.2500	0.7067
2004	0.9360	4.2500	0.7550
2005	0.9360	3.2500	0.8066

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior			
to 1985	9,707,729,168	9,708,376,863	1.0001
1985	1,122,996,696	1,123,127,781	1.0001
1986	1,327,409,357	1,327,541,167	1.0001
1987	1,562,217,294	1,562,220,813	1.0000
1988	1,762,990,664	1,762,991,038	1.0000
1989	1,868,863,272	1,868,669,519	0.9999
1990	2,104,026,498	2,104,159,699	1.0001
1991	2,277,182,031	2,277,224,565	1.0000
1992	2,204,080,109	2,204,549,824	1.0002
1993	2,400,121,228	2,401,553,542	1.0006
1994	1,836,410,198	1,837,127,884	1.0004
1995	1,718,819,655	1,718,974,492	1.0001
1996	1,728,400,263	1,728,504,338	1.0001
1997	1,449,752,311	1,449,079,352	0.9995
1998	1,414,020,455	1,412,503,553	0.9989
1999	1,445,773,910	1,446,714,187	1.0007
2000	1,462,810,938	1,462,515,389	0.9998
2001	1,493,998,026	1,492,234,274	0.9988
2002	1,482,861,313	1,487,976,823	1.0034
2003	1,526,220,265	1,526,892,453	1.0004
2004	943,605,483	1,572,126,249	1.6661
2005		1,087,747,393	

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior			
to 1986	10,629,607,203	10,629,807,613	1.0000
1986	1,312,366,825	1,311,517,304	0.9994
1987	1,541,745,485	1,540,782,086	0.9994
1988	1,747,714,141	1,737,656,120	0.9942
1989	1,848,132,521	1,840,050,102	0.9956
1990	2,073,839,129	2,068,532,738	0.9974
1991	2,243,184,638	2,243,136,832	1.0000
1992	2,173,481,077	2,173,526,904	1.0000
1993	2,384,743,117	2,383,165,153	0.9993
1994	1,820,026,307	1,819,985,730	1.0000
1995	1,709,116,812	1,710,146,080	1.0006
1996	1,724,742,907	1,724,812,772	1.0000
1997	1,441,020,157	1,440,349,313	0.9995
1998	1,400,807,642	1,400,234,613	0.9996
1999	1,437,774,489	1,438,088,243	1.0002
2000	1,449,313,841	1,450,330,323	1.0007
2001	1,481,979,091	1,480,393,167	0.9989
2002	1,478,269,653	1,477,636,462	0.9996
2003	1,519,964,904	1,518,380,313	0.9990
2004	1,562,545,838	1,591,644,567	1.0186
2005	1,061,962,029	1,706,095,381	1.6066
2006		1,063,340,006	

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 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior			
to 1985	4,828,142,331	4,846,681,433	1.0038
1985	811,767,627	817,148,085	1.0066
1986	919,464,497	925,803,166	1.0069
1987	1,141,875,764	1,149,649,251	1.0068
1988	1,320,429,095	1,326,728,240	1.0048
1989	1,553,054,406	1,562,463,966	1.0061
1990	1,639,930,639	1,648,040,082	1.0049
1991	1,499,137,442	1,512,649,267	1.0090
1992	1,348,188,305	1,359,380,197	1.0083
1993	1,153,902,636	1,162,231,324	1.0072
1994	1,069,135,977	1,076,123,641	1.0065
1995	943,399,027	951,857,894	1.0090
1996	867,216,417	878,390,742	1.0129
1997	912,300,050	923,402,987	1.0122
1998	999,921,908	1,014,680,274	1.0148
1999	1,130,639,335	1,149,067,775	1.0163
2000	1,167,765,900	1,196,008,848	1.0242
2001	1,051,949,635	1,089,847,788	1.0360
2002	934,314,623	1,027,804,375	1.1001
2003	736,786,948	912,419,745	1.2384
2004	314,688,145	823,516,304	2.6169
2005		333,135,395	

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior			
to 1986	5,571,082,736	5,595,497,802	1.0044
1986	915,117,122	917,454,060	1.0026
1987	1,136,906,091	1,143,340,546	1.0057
1988	1,316,465,642	1,319,512,125	1.0023
1989	1,545,265,839	1,551,456,514	1.0040
1990	1,626,602,594	1,635,108,784	1.0052
1991	1,492,631,061	1,496,890,521	1.0029
1992	1,345,499,482	1,354,168,304	1.0064
1993	1,154,675,858	1,158,550,458	1.0034
1994	1,068,993,877	1,076,746,993	1.0073
1995	946,541,856	953,246,403	1.0071
1996	874,456,883	880,210,987	1.0066
1997	919,731,322	930,202,609	1.0114
1998	1,008,223,955	1,022,357,296	1.0140
1999	1,142,501,738	1,150,731,258	1.0072
2000	1,187,232,030	1,197,741,338	1.0089
2001	1,081,301,743	1,100,856,547	1.0181
2002	1,020,963,543	1,074,686,055	1.0526
2003	904,878,679	1,010,141,854	1.1163
2004	818,020,676	1,017,325,887	1.2436
2005	325,807,057	833,037,417	2.5568
2006		322,751,077	

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 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior			
to 1985	3,804,909,342	3,809,476,184	1.0012
1985	559,645,744	560,619,701	1.0017
1986	641,296,242	642,795,665	1.0023
1987	773,686,230	774,827,604	1.0015
1988	872,890,659	875,704,591	1.0032
1989	1,013,036,174	1,014,938,011	1.0019
1990	1,061,863,545	1,064,066,970	1.0021
1991	951,332,869	954,813,525	1.0037
1992	835,611,943	838,848,429	1.0039
1993	722,949,713	724,665,760	1.0024
1994	665,509,195	667,904,596	1.0036
1995	568,178,787	570,279,863	1.0037
1996	494,449,925	498,251,986	1.0077
1997	516,932,572	519,883,532	1.0057
1998	550,915,171	557,411,578	1.0118
1999	634,434,216	641,609,533	1.0113
2000	658,898,136	674,312,377	1.0234
2001	590,359,140	618,777,509	1.0481
2002	494,039,806	567,433,905	1.1486
2003	333,255,730	465,612,742	1.3972
2004	122,072,367	363,047,043	2.9740
2005		119,797,473	

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior			
to 1986	4,298,045,064	4,301,573,964	1.0008
1986	634,744,403	632,805,522	0.9969
1987	766,644,275	767,416,139	1.0010
1988	868,604,640	868,160,758	0.9995
1989	1,003,194,118	1,004,329,039	1.0011
1990	1,049,591,927	1,051,089,416	1.0014
1991	941,485,379	939,654,891	0.9981
1992	829,497,253	830,378,186	1.0011
1993	719,970,602	718,850,531	0.9984
1994	663,243,698	662,350,406	0.9987
1995	567,284,453	569,302,822	1.0036
1996	496,236,047	498,799,033	1.0052
1997	517,700,738	521,822,987	1.0080
1998	554,080,452	556,395,801	1.0042
1999	637,709,769	641,780,755	1.0064
2000	669,657,337	673,212,614	1.0053
2001	614,217,770	627,219,117	1.0212
2002	563,659,437	594,731,315	1.0551
2003	462,770,700	537,411,187	1.1613
2004	360,638,403	503,562,863	1.3963
2005	116,464,394	351,072,821	3.0144
2006		113,940,839	

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 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior			
to 1985	1,023,232,989	1,037,205,249	1.0137
1985	252,121,883	256,528,384	1.0175
1986	278,168,255	283,007,501	1.0174
1987	368,189,534	374,821,647	1.0180
1988	447,538,436	451,023,649	1.0078
1989	540,018,232	547,525,955	1.0139
1990	578,067,094	583,973,112	1.0102
1991	547,804,573	557,835,742	1.0183
1992	512,576,362	520,531,768	1.0155
1993	430,952,923	437,565,564	1.0153
1994	403,626,782	408,219,045	1.0114
1995	375,220,240	381,578,031	1.0169
1996	372,766,492	380,138,756	1.0198
1997	395,367,478	403,519,455	1.0206
1998	449,006,737	457,268,696	1.0184
1999	496,205,119	507,458,242	1.0227
2000	508,867,764	521,696,471	1.0252
2001	461,590,495	471,070,279	1.0205
2002	440,274,817	460,370,470	1.0456
2003	403,531,218	446,807,003	1.1072
2004	192,615,778	460,469,261	2.3906
2005		213,337,922	

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior			
to 1986	1,273,037,672	1,293,923,838	1.0164
1986	280,372,719	284,648,538	1.0153
1987	370,261,816	375,924,407	1.0153
1988	447,861,002	451,351,367	1.0078
1989	542,071,721	547,127,475	1.0093
1990	577,010,667	584,019,368	1.0121
1991	551,145,682	557,235,630	1.0110
1992	516,002,229	523,790,118	1.0151
1993	434,705,256	439,699,927	1.0115
1994	405,750,179	414,396,587	1.0213
1995	379,257,403	383,943,581	1.0124
1996	378,220,836	381,411,954	1.0084
1997	402,030,584	408,379,622	1.0158
1998	454,143,503	465,961,495	1.0260
1999	504,791,969	508,950,503	1.0082
2000	517,574,693	524,528,724	1.0134
2001	467,083,973	473,637,430	1.0140
2002	457,304,106	479,954,740	1.0495
2003	442,107,979	472,730,667	1.0693
2004	457,382,273	513,763,024	1.1233
2005	209,342,663	481,964,596	2.3023
2006		208,810,238	

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 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior			
to 1985	3,649,182,143	3,669,798,593	1.0056
1985	531,038,181	534,581,093	1.0067
1986	606,091,811	610,286,028	1.0069
1987	736,498,926	740,536,066	1.0055
1988	827,609,389	833,080,707	1.0066
1989	957,583,345	964,061,195	1.0068
1990	994,260,487	1,001,979,310	1.0078
1991	877,549,383	886,183,874	1.0098
1992	761,343,609	770,569,260	1.0121
1993	647,816,724	657,860,950	1.0155
1994	595,674,298	606,011,055	1.0174
1995	513,803,711	521,679,440	1.0153
1996	447,573,850	456,005,069	1.0188
1997	471,949,910	483,418,423	1.0243
1998	488,299,264	505,836,389	1.0359
1999	546,027,918	575,037,167	1.0531
2000	528,893,260	582,695,151	1.1017
2001	440,083,888	515,261,736	1.1708
2002	306,315,474	425,445,317	1.3889
2003	165,775,844	301,218,357	1.8170
2004	40,248,552	174,443,184	4.3341
2005		42,654,251	

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior			
to 1986	4,133,791,235	4,155,205,691	1.0052
1986	602,297,514	606,184,221	1.0065
1987	732,368,805	736,191,699	1.0052
1988	825,980,756	830,957,330	1.0060
1989	952,317,305	958,539,476	1.0065
1990	988,008,183	994,380,890	1.0065
1991	872,897,095	879,987,672	1.0081
1992	761,684,488	768,438,202	1.0089
1993	653,438,134	660,052,088	1.0101
1994	601,350,158	608,282,302	1.0115
1995	518,824,419	525,023,683	1.0119
1996	453,989,130	460,472,161	1.0143
1997	481,235,629	489,706,701	1.0176
1998	502,809,917	517,507,714	1.0292
1999	571,679,555	591,693,678	1.0350
2000	578,796,845	610,318,634	1.0545
2001	511,659,850	555,658,139	1.0860
2002	422,650,803	489,154,959	1.1574
2003	299,267,353	414,061,828	1.3836
2004	173,262,403	317,530,785	1.8327
2005	41,095,133	174,547,578	4.2474
2006		40,075,686	

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 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior			
to 1985	912,643,487	924,886,150	1.0134
1985	219,034,895	221,576,399	1.0116
1986	254,391,373	257,567,988	1.0125
1987	334,832,523	338,272,322	1.0103
1988	414,467,841	418,740,322	1.0103
1989	492,665,890	499,377,253	1.0136
1990	540,062,211	545,897,137	1.0108
1991	502,370,874	508,766,631	1.0127
1992	465,201,756	471,844,024	1.0143
1993	395,458,315	401,051,193	1.0141
1994	366,470,466	372,436,668	1.0163
1995	338,223,046	343,486,698	1.0156
1996	332,512,051	337,516,490	1.0151
1997	356,177,604	361,886,099	1.0160
1998	384,534,395	393,512,171	1.0233
1999	424,539,810	436,858,832	1.0290
2000	432,296,643	447,466,849	1.0351
2001	395,265,972	415,942,269	1.0523
2002	361,344,992	395,370,916	1.0942
2003	294,875,460	371,527,090	1.2599
2004	88,479,329	325,643,551	3.6804
2005		92,177,162	

Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior			
to 1986	1,127,076,672	1,141,921,426	1.0132
1986	255,060,135	258,473,394	1.0134
1987	333,802,614	337,610,842	1.0114
1988	415,577,675	420,076,592	1.0108
1989	494,402,030	500,451,106	1.0122
1990	539,165,770	545,359,187	1.0115
1991	502,271,742	508,556,953	1.0125
1992	467,362,480	473,965,054	1.0141
1993	398,533,047	404,170,883	1.0141
1994	370,024,471	376,373,904	1.0172
1995	341,289,705	346,223,097	1.0145
1996	335,629,095	340,299,302	1.0139
1997	360,397,228	367,057,091	1.0185
1998	390,857,881	399,526,553	1.0222
1999	434,261,772	444,727,188	1.0241
2000	443,813,585	455,856,328	1.0271
2001	412,292,438	428,218,442	1.0386
2002	392,712,836	414,429,098	1.0553
2003	367,893,080	407,108,260	1.1066
2004	323,878,558	417,509,439	1.2891
2005	89,677,083	335,483,823	3.7410
2006		99,870,407	

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, 2008 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, 2008 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, 2008 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, 2008 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			
2002	2,666,499,945	2,491,753,964	1.0701
2003	2,715,352,859	2,533,964,366	1.0716
2004	2,875,006,477	2,735,690,410	1.0509
TOTAL	8,256,859,281	7,761,408,740	1.0638
MANUFACTURING AND UTILITIES			
2002	621,928,210	585,546,236	1.0621
2003	633,172,990	595,138,155	1.0639
2004	659,680,230	632,274,101	1.0433
TOTAL	1,914,781,430	1,812,958,492	1.0562
CONTRACTING AND QUARRYING			
2002	490,746,787	440,523,327	1.1140
2003	481,937,129	434,047,104	1.1103
2004	516,390,610	471,421,254	1.0954
TOTAL	1,489,074,526	1,345,991,685	1.1063
OTHER INDUSTRIES			
2002	1,553,824,948	1,465,684,401	1.0601
2003	1,600,242,740	1,504,779,107	1.0634
2004	1,698,935,637	1,631,995,055	1.0410
TOTAL	4,853,003,325	4,602,458,563	1.0544

* 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>							
2004	1.0000	1.0000	1.2885	1.0562	0.9873	1.3436	0.7443
2005	1.0000	1.0000	1.4732	1.0562	0.9902	1.5407	0.6491
2006	1.0000	1.0000	1.8947	1.0562	0.9933	1.9878	0.5031
<u>Contracting and Quarrying</u>							
2004	1.0000	1.0000	1.3432	1.1063	0.9873	1.4671	0.6816
2005	1.0000	1.0000	1.5343	1.1063	0.9902	1.6808	0.5950
2006	1.0000	1.0000	1.9609	1.1063	0.9933	2.1548	0.4641
<u>Other Industries</u>							
2004	1.0000	1.0000	1.3118	1.0544	0.9873	1.3656	0.7323
2005	1.0000	1.0000	1.4733	1.0544	0.9902	1.5382	0.6501
2006	1.0000	1.0000	1.9106	1.0544	0.9933	2.0010	0.4998

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 =	0.4508
Second Adjustment	RDF =	0.3130
Third Adjustment	RDF =	0.2314

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 = Excess Loss Factors for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{The \$25,000 limit Hazard Group II ELF} = 0.6430$$

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.6430) * 0.4508 \\ &= 0.1609 \end{aligned}$$

* The use of retrospective development factors is optional.