

**PENNSYLVANIA COMPENSATION RATING BUREAU**

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**Summary of Material for Modification of Experience  
April 1, 2011 Loss Cost Revision**

**As Filed**

**PENNSYLVANIA 2011 LOSS COST FILING**

**EFFECTIVE DATE - April 1, 2011**

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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 2006 Ratio of Loss to Expected Loss	0.5010	0.4759	0.9769
(2) Policy Year 2007 Ratio of Loss to Expected Loss	0.5463	0.5125	1.0588
(3) Policy Year 2008 Ratio of Loss to Expected Loss	0.5427	0.4844	1.0271
(4) Average (Midpoint = 1/1/2008)	0.5300	0.4909	1.0209
(5) Policy Year 2006 Ratio Trended to 4/1/2012 +	0.4969	0.4654	0.9623
(6) Policy Year 2007 Ratio Trended to 4/1/2012 +	0.5427	0.5033	1.0460
(7) Policy Year 2008 Ratio Trended to 4/1/2012 +	0.5400	0.4778	1.0178
(8) Average at 4/1/2012	0.5265	0.4822	1.0087
(9) Indicated Change in Loss Costs	0.5265	0.4822	1.0087

### 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	1.0291	1.0842	1.0231	
(11) Anticipated Collectible Premium Ratio	1.0244	1.0827	1.0165	
(12) Final Indicated Change in Manual Loss Cost Level (9T) * (11) / (10)	1.0041	1.0073	1.0022	1.0036

+ Refer to pages 18 and 19

**EXHIBIT II**

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

<b>(1)</b>	2009 PCRB Member Paid Loss*	2,228,811,603
<b>(2)</b>	2010/2011 Fiscal Year Membership Assessment Amount	
	a. Administration Fund	45,396,190
	b. Subsequent Injury Fund	159,738
	c. Supersedeas Fund	11,805,904
	d. Uninsured Employers Guaranty Fund	2,253,298
	e. Total	<u>59,615,130</u>
<b>(3)</b>	2009 Employer Assessment Premium Base	3,170,919,550
<b>(4)</b>	2010/2011 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (2a) / (3)	0.0143
	b. Subsequent Injury Fund (2b) / (3)	0.0001
	c. Supersedeas Fund (2c) / (3)	0.0037
	d. Uninsured Employers Guaranty Fund (2d) / (3)	0.0007
	e. Employer Assessment Factor	<b>0.0188</b>
<b>(5)</b>	2010/2011 Fiscal Year Budget for the Office of Small Business Advocate	190,000
<b>(6)</b>	2010/2011 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (5) / (1)	0.0001
<b>(7)</b>	Merit Rating Plan Increment Factor	0.0029
<b>(8)</b>	Certified Safety Committee Program Increment Factor	0.0109
<b>(9)</b>	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (6) + (7) + (8)	0.0139

\* Loss payments on deductible policies have been adjusted to a first dollar basis.

**EXHIBIT III - 1**

**POLICY YEAR LOSS RATIO 2008**

( 1 ) Standard Earned Premium Reported (Table I)				1,697,585,928
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0139
( 3 ) Expense Constant Removal Factor				1.0000
( 4 ) PCCPAP On-Level Factor				0.9990
( 5 ) Factor to Remove Loss Based Assessments				0.9862
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,695,732,626
( 7 ) Loss Cost Change to 4/1/10 Level				0.9413
( 8 ) Expected Loss at Current Level (6) * (7)				1,596,193,121
<b>Losses - Paid-to-22nd Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	216,722,448	372,014,109		588,736,557
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	4.2955	2.2147		
(11) Ultimate Incurred Losses (9) * (10)	930,931,275	823,899,647		1,754,830,922
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	930,931,275	823,899,647		1,754,830,922
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5832	0.5162		1.0994
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	427,670,395	516,336,690		944,007,085
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8746	1.3990		
(17) Ultimate Incurred Losses (15) * (16)	801,710,922	722,355,029		1,524,065,951
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	801,710,922	722,355,029		1,524,065,951
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5023	0.4525		0.9548
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	866,321,099	773,127,338		1,639,448,437
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5427	0.4844		1.0271
(23) Normalized Claim Frequency (Exhibit VI-2)	0.4941	0.4941		
(24) Severity Ratio * (22) / (23)	1.0984	0.9804		2.0788

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

**EXHIBIT III - 2**

**POLICY YEAR LOSS RATIO 2007**

( 1 ) Standard Earned Premium Reported (Table I)			1,836,138,654
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
( 3 ) Expense Constant Removal Factor			1.0000
( 4 ) PCCPAP On-Level Factor			1.0013
( 5 ) Factor to Remove Loss Based Assessments			0.9873
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,815,176,359
( 7 ) Loss Cost Change to 4/1/10 Level			0.8845
( 8 ) Expected Loss at Current Level (6) * (7)			1,605,523,490
<b>Losses - Paid-to-22nd Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
( 9 ) Paid Losses Reported (Table I-D & I-E)	425,741,036	501,646,551	927,387,587
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	2.1945	1.7363	
(11) Ultimate Incurred Losses (9) * (10)	934,288,704	871,008,907	1,805,297,611
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	934,288,704	871,008,907	1,805,297,611
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5819	0.5425	1.1244
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	633,640,727	614,658,186	1,248,298,913
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2942	1.2604	
(17) Ultimate Incurred Losses (15) * (16)	820,057,829	774,715,178	1,594,773,007
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	820,057,829	774,715,178	1,594,773,007
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5108	0.4825	0.9933
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	877,173,267	822,862,043	1,700,035,310
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5463	0.5125	1.0588
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5326	0.5326	
(24) Severity Ratio * (22) / (23)	1.0257	0.9623	1.9880

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

**EXHIBIT III - 3**

**POLICY YEAR LOSS RATIO 2006**

( 1 ) Standard Earned Premium Reported (Table I)				1,772,424,895
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				0.9992
( 3 ) Expense Constant Removal Factor				1.0000
( 4 ) PCCPAP On-Level Factor				1.0019
( 5 ) Factor to Remove Loss Based Assessments				0.9897
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,756,095,838
( 7 ) Loss Cost Change to 4/1/10 Level				0.8768
( 8 ) Expected Loss at Current Level (6) * (7)				1,539,744,831
<b>Losses - Paid-to-22nd Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	501,517,366	494,838,289		996,355,655
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.6104	1.5827		
(11) Ultimate Incurred Losses (9) * (10)	807,643,566	783,180,560		1,590,824,126
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	807,643,566	783,180,560		1,590,824,126
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5245	0.5086		1.0331
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	653,117,036	564,203,565		1,217,320,601
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1258	1.2095		
(17) Ultimate Incurred Losses (15) * (16)	735,279,159	682,404,212		1,417,683,371
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	735,279,159	682,404,212		1,417,683,371
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4775	0.4432		0.9207
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	771,461,363	732,792,386		1,504,253,749
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5010	0.4759		0.9769
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5645	0.5645		
(24) Severity Ratio * (22) / (23)	0.8875	0.8430		1.7305

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

**EXHIBIT III - 4**

**POLICY YEAR LOSS RATIO 2005**

( 1 ) Standard Earned Premium Reported (Table I)				1,798,982,735
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				0.9989
( 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)				1,784,040,124
( 7 ) Loss Cost Change to 4/1/10 Level				0.8178
( 8 ) Expected Loss at Current Level (6) * (7)				1,458,988,013
<b>Losses - Paid-to-22nd Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	552,102,123	498,040,996		1,050,143,119
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3845	1.5093		
(11) Ultimate Incurred Losses (9) * (10)	764,385,389	751,693,275		1,516,078,664
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	764,385,389	751,693,275		1,516,078,664
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5239	0.5152		1.0391
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	653,027,404	566,759,435		1,219,786,839
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0646	1.1956		
(17) Ultimate Incurred Losses (15) * (16)	695,212,974	677,617,580		1,372,830,554
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	695,212,974	677,617,580		1,372,830,554
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4765	0.4644		0.9409
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	729,799,182	714,655,428		1,444,454,610
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5002	0.4898		0.9900
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5857	0.5857		
(24) Severity Ratio * (22) / (23)	0.8540	0.8363		1.6903

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



**EXHIBIT III - 5**

**POLICY YEAR LOSS RATIO 2004**

( 1 )	Standard Earned Premium Reported (Table I)			1,641,548,075
( 2 )	Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9997
( 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)			1,625,629,688
( 7 )	Loss Cost Change to 4/1/10 Level			0.8092
( 8 )	Expected Loss at Current Level (6) * (7)			1,315,459,544
<b>Losses - Paid-to-22nd Method</b>				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
( 9 )	Paid Losses Reported (Table I-D & I-E)	563,655,621	496,985,558	1,060,641,179
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2792	1.4656	
(11)	Ultimate Incurred Losses (9) * (10)	721,028,270	728,382,034	1,449,410,304
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	721,028,270	728,382,034	1,449,410,304
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5481	0.5537	1.1018
<b>Losses - Incurred Method</b>				
(15)	Incurred Losses Reported (Table I-B & I-C)	646,560,982	546,443,354	1,193,004,336
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0371	1.1888	
(17)	Ultimate Incurred Losses (15) * (16)	670,548,394	649,611,859	1,320,160,253
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	670,548,394	649,611,859	1,320,160,253
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5097	0.4938	1.0035
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	695,788,332	688,996,947	1,384,785,279
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5289	0.5238	1.0527
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.6335	0.6335	
(24)	Severity Ratio * (22) / (23)	0.8349	0.8268	1.6617

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

**EXHIBIT III - 6**

**POLICY YEAR LOSS RATIO 2003**

( 1 ) Standard Earned Premium Reported (Table I)			1,580,048,701
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9995
( 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)			1,563,793,312
( 7 ) Loss Cost Change to 4/1/10 Level			0.8217
( 8 ) Expected Loss at Current Level (6) * (7)			1,284,968,964
<b>Losses - Paid-to-22nd Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
( 9 ) Paid Losses Reported (Table I-D & I-E)	578,439,415	474,212,426	1,052,651,841
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2142	1.4238	
(11) Ultimate Incurred Losses (9) * (10)	702,341,138	675,183,652	1,377,524,790
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	702,341,138	675,183,652	1,377,524,790
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5466	0.5254	1.0720
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	630,963,832	520,148,325	1,151,112,157
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0209	1.1778	
(17) Ultimate Incurred Losses (15) * (16)	644,150,976	612,630,697	1,256,781,673
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	644,150,976	612,630,697	1,256,781,673
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5013	0.4768	0.9781
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	673,246,057	643,907,175	1,317,153,232
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5239	0.5011	1.0250
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6680	0.6680	
(24) Severity Ratio * (22) / (23)	0.7843	0.7501	1.5344

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

**EXHIBIT III - 7**

**POLICY YEAR LOSS RATIO 2002**

(1) Standard Earned Premium Reported (Table I)			1,556,958,003
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9999
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9988
(5) Factor to Remove Loss Based Assessments			0.9929
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,543,894,112
(7) Loss Cost Change to 4/1/10 Level			0.8131
(8) Expected Loss at Current Level (6) * (7)			1,255,340,302
<b>Losses - Paid-to-22nd Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	612,184,208	466,815,378	1,078,999,586
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1807	1.3909	
(11) Ultimate Incurred Losses (9) * (10)	722,805,894	649,293,509	1,372,099,403
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	722,805,894	649,293,509	1,372,099,403
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5758	0.5172	1.0930
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	664,305,894	511,909,445	1,176,215,339
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0139	1.1631	
(17) Ultimate Incurred Losses (15) * (16)	673,539,746	595,401,875	1,268,941,621
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	673,539,746	595,401,875	1,268,941,621
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5365	0.4743	1.0108
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	698,172,820	622,347,692	1,320,520,512
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5562	0.4958	1.0520
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7287	0.7287	
(24) Severity Ratio * (22) / (23)	0.7633	0.6804	1.4437

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

**EXHIBIT III - 8**

**POLICY YEAR LOSS RATIO 2001**

(1) Standard Earned Premium Reported (Table I)	1,509,180,874
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)	0.9996
(3) Expense Constant Removal Factor	1.0000
(4) PCCPAP On-Level Factor	0.9974
(5) Factor to Remove Loss Based Assessments	0.9923
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)	1,493,069,058
(7) Loss Cost Change to 4/1/10 Level	0.8212
(8) Expected Loss at Current Level (6) * (7)	1,226,108,310

<b>Losses - Paid-to-22nd Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	625,765,746	464,459,697	1,090,225,443
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1569	1.3643	
(11) Ultimate Incurred Losses (9) * (10)	723,948,392	633,662,365	1,357,610,757
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	723,948,392	633,662,365	1,357,610,757
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5904	0.5168	1.1072

<b>Losses - Incurred Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(15) Incurred Losses Reported (Table I-B & I-C)	653,102,792	496,879,316	1,149,982,108
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0128	1.1564	
(17) Ultimate Incurred Losses (15) * (16)	661,462,508	574,591,241	1,236,053,749
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	661,462,508	574,591,241	1,236,053,749
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5395	0.4686	1.0081

<b>Losses - Average of Incurred and Paid-to-22nd Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	692,705,450	604,126,803	1,296,832,253
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5650	0.4927	1.0577
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7596	0.7596	
(24) Severity Ratio * (22) / (23)	0.7438	0.6486	1.3924

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

**EXHIBIT III - 9**

**POLICY YEAR LOSS RATIO 2000**

(1) Standard Earned Premium Reported (Table I)				1,456,429,637
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0000
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9966
(5) Factor to Remove Loss Based Assessments				0.9925
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,440,591,693
(7) Loss Cost Change to 4/1/10 Level				0.8227
(8) Expected Loss at Current Level (6) * (7)				1,185,174,786
<b>Losses - Paid-to-22nd Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	648,515,125	481,562,320		1,130,077,445
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1407	1.3385		
(11) Ultimate Incurred Losses (9) * (10)	739,761,203	644,571,165		1,384,332,368
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	739,761,203	644,571,165		1,384,332,368
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6242	0.5439		1.1681
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	676,123,459	533,268,893		1,209,392,352
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0111	1.1513		
(17) Ultimate Incurred Losses (15) * (16)	683,628,429	613,952,477		1,297,580,906
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	683,628,429	613,952,477		1,297,580,906
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5768	0.5180		1.0948
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	711,694,816	629,261,821		1,340,956,637
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6005	0.5309		1.1314
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8246	0.8246		
(24) Severity Ratio * (22) / (23)	0.7282	0.6438		1.3720

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

**EXHIBIT III - 10**

**POLICY YEAR LOSS RATIO 1999**

( 1 ) Standard Earned Premium Reported (Table I)				1,431,714,189
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0000
( 3 ) Expense Constant Removal Factor				1.0000
( 4 ) PCCPAP On-Level Factor				0.9919
( 5 ) Factor to Remove Loss Based Assessments				0.9651
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,370,555,210
( 7 ) Loss Cost Change to 4/1/10 Level				0.8348
( 8 ) Expected Loss at Current Level (6) * (7)				1,144,139,489
<b>Losses - Paid-to-22nd Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	620,032,427	468,103,278		1,088,135,705
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1264	1.3112		
(11) Ultimate Incurred Losses (9) * (10)	698,404,526	613,777,018		1,312,181,544
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	698,404,526	613,777,018		1,312,181,544
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6104	0.5365		1.1469
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	643,435,972	518,630,041		1,162,066,013
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0137	1.1469		
(17) Ultimate Incurred Losses (15) * (16)	652,251,045	594,816,794		1,247,067,839
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	652,251,045	594,816,794		1,247,067,839
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5701	0.5199		1.0900
<b>Losses - Average of Incurred and Paid-to-22nd Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	675,327,786	604,296,906		1,279,624,692
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5902	0.5282		1.1184
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8793	0.8793		
(24) Severity Ratio * (22) / (23)	0.6712	0.6007		1.2719

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

**EXHIBIT IV - 1**

**POLICY YEARS 1999 - 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 4/01/10 LC LEVEL</u>
1999	4/01/98	BASE	1.0000	0.3019	0.3019	0.8348
	4/01/99	0.9474	0.9474	0.6981	0.6614	
	4/01/00	0.8489	0.8042	-----	-----	
	to 4/01/10			1.0000	0.9633	
2000	4/01/99	BASE	1.0000	0.2912	0.2912	0.8227
	4/01/00	1.0450	1.0450	0.7088	0.7407	
	4/01/01	0.8123	0.8489	-----	-----	
	to 4/01/10			1.0000	1.0319	
2001	4/01/00	BASE	1.0000	0.3007	0.3007	0.8212
	4/01/01	0.9845	0.9845	0.6993	0.6885	
	4/01/02	0.8251	0.8123	-----	-----	
	to 4/01/10			1.0000	0.9892	
2002	4/01/01	BASE	1.0000	0.3024	0.3024	0.8131
	4/01/02	1.0212	1.0212	0.6976	0.7124	
	4/01/03	0.8080	0.8251	-----	-----	
	to 4/01/10			1.0000	1.0148	
2003	4/01/02	BASE	1.0000	0.3075	0.3075	0.8217
	4/01/03	0.9759	0.9759	0.6925	0.6758	
	4/01/04	0.8280	0.8080	-----	-----	
	to 4/01/10			1.0000	0.9833	
2004	4/01/03	BASE	1.0000	0.3019	0.3019	0.8092
	4/01/04	1.0332	1.0332	0.6981	0.7213	
	4/01/05	0.8014	0.8280	-----	-----	
	to 4/01/10			1.0000	1.0232	

**EXHIBIT IV - 2**

**POLICY YEARS 2005 - 2009  
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 4/01/10 LC LEVEL</u>
2005	4/01/04	BASE	1.0000	0.3071	0.3071	
	4/01/05	0.9711	0.9711	0.6929	0.6729	
	4/01/06	0.8252	0.8014	-----	-----	
	to 4/01/10			1.0000	0.9800	0.8178
2006	4/01/05	BASE	1.0000	0.3148	0.3148	
	4/01/06	0.9142	0.9142	0.6852	0.6264	
	4/01/07	0.9027	0.8252	-----	-----	
	to 4/01/10			1.0000	0.9412	0.8768
2007	4/01/06	BASE	1.0000	0.3003	0.3003	
	4/01/07	1.0295	1.0295	0.6997	0.7203	
	4/01/08	0.8768	0.9027	-----	-----	
	to 4/01/10			1.0000	1.0206	0.8845
2008	4/01/07	BASE	1.0000	0.3299	0.3299	
	4/01/08	0.8978	0.8978	0.6701	0.6016	
	4/01/09	0.9766	0.8768	-----	-----	
	to 4/01/10			1.0000	0.9315	0.9413
2009	4/01/08	BASE	1.0000	0.3130	0.3130	
	4/01/09	0.9700	0.9700	0.6870	0.6664	
	4/01/10	1.0068	0.9766	-----	-----	
				1.0000	0.9794	0.9971



**EXHIBIT V - 1**

**DEVELOPMENT FACTORS**

**PREMIUM**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Policy Year</u>	<u>2007-2008 Ratio</u>	<u>Policy Year</u>	<u>2006-2007 Ratio</u>	<u>Policy Year</u>	<u>2005-2006 Ratio</u>	<u>Unweighted Average</u>	<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2008	1.0093	2007	1.0062	2006	1.0210	2005	1.0191	1.0139	1.0139	1.0139
3rd to 2nd	2007	1.0031	2006	0.9990	2005	1.0024	2004	0.9985	1.0008	1.0008	1.0000
4th to 3rd	2006	0.9994	2005	1.0003	2004	1.0023	2003	0.9993	1.0003	1.0003	0.9992
5th to 4th	2005	1.0001	2004	0.9981	2003	0.9995	2002	0.9990	0.9992	0.9992	0.9989
6th to 5th	2004	0.9999	2003	0.9994	2002	1.0006	2001	1.0007	1.0002	1.0002	0.9997
7th to 6th	2003	1.0001	2002	0.9982	2001	0.9999	2000	1.0003	0.9996	0.9996	0.9995
8th to 7th	2002	1.0000	2001	0.9999	2000	1.0015	1999	0.9997	1.0003	1.0003	0.9999
9th to 8th	2001	1.0000	2000	0.9982	1999	1.0005	1998	0.9996	0.9996	0.9996	0.9996
10th to 9th	2000	1.0000	1999	1.0000	1998	1.0002	1997	1.0000	1.0001	1.0000	1.0000
11th to 10th	1999	1.0000	1998	0.9999	1997	1.0000	1996	1.0006	1.0001	1.0000	1.0000
12th to 11th	1998	1.0000	1997	0.9999	1996	1.0002	1995	1.0000	1.0000	1.0000	1.0000
13th to 12th	1997	1.0000	1996	0.9999	1995	1.0000	1994	0.9994	0.9998	1.0000	1.0000
14th to 13th	1996	1.0001	1995	1.0000	1994	1.0000	1993	1.0000	1.0000	1.0000	1.0000
15th to 14th	1995	0.9998	1994	1.0003	1993	1.0001	1992	1.0000	1.0001	1.0000	1.0000
16th to 15th	1994	1.0000	1993	1.0002	1992	0.9993	1991	0.9977	0.9993	1.0000	1.0000
17th to 16th	1993	1.0000	1992	1.0002	1991	1.0003	1990	0.9960	0.9991	1.0000	1.0000
18th to 17th	1992	0.9999	1991	1.0000	1990	1.0002	1989	0.9947	0.9987	1.0000	1.0000
19th to 18th	1991	1.0001	1990	1.0008	1989	1.0004	1988	0.9994	1.0002	1.0000	1.0000
20th to 19th	1990	1.0002	1989	1.0002	1988	0.9999	1987	0.9994	0.9999	1.0000	1.0000
21st to 20th	1989	1.0000	1988	1.0001	1987	1.0000			1.0000	1.0000	1.0000
22nd to 21st	1988	1.0000	1987	1.0003						1.0000	1.0000

**INCURRED METHOD**

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1988	Twenty-First	1.0000
1989	Twentieth	1.0000
1990	Nineteenth	1.0000
1991	Eighteenth	1.0000
1992	Seventeenth	1.0000
1993	Sixteenth	1.0000
1994	Fifteenth	1.0000
1995	Fourteenth	1.0000
1996	Thirteenth	1.0000
1997	Twelfth	1.0000
1998	Eleventh	1.0000
1999	Tenth	1.0000
2000	Ninth	1.0000
2001	Eighth	0.9996
2002	Seventh	0.9999
2003	Sixth	0.9995
2004	Fifth	0.9997
2005	Fourth	0.9989
2006	Third	0.9992
2007	Second	1.0000
2008	First	1.0139

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

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Policy Year</u>	<u>2007-2008 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2008	1.9906	2007	1.9241	1.9574	4.2955	
3rd to 2nd	a	2007	1.3435	2006	1.3819	1.3627	2.1945	
4th to 3rd	a	2006	1.1536	2005	1.1728	1.1632	1.6104	
5th to 4th	a	2005	1.0725	2004	1.0921	1.0823	1.3845	
6th to 5th	a	2004	1.0511	2003	1.0558	1.0535	1.2792	
7th to 6th	a	2003	1.0318	2002	1.0250	1.0284	1.2142	
8th to 7th	a	2002	1.0185	2001	1.0226	1.0206	1.1807	
9th to 8th	a	2001	1.0146	2000	1.0137	1.0142	1.1569	
10th to 9th	a	2000	1.0104	1999	1.0149	1.0127	1.1407	
11th to 10th	a	1999	1.0092	1998	1.0077	1.0085	1.1264	
12th to 11th	a	1998	1.0076	1997	1.0119	1.0098	1.1169	
13th to 12th	a	1997	1.0085	1996	1.0100	1.0093	1.1060	
14th to 13th	a	1996	1.0074	1995	1.0073	1.0074	1.0958	
15th to 14th	a	1995	1.0088	1994	1.0084	1.0086	1.0878	
16th to 15th	a	1994	1.0077	1993	1.0073	1.0075	1.0785	
17th to 16th	a	1993	1.0068	1992	1.0084	1.0076	1.0705	
18th to 17th	a	1992	1.0068	1991	1.0057	1.0063	1.0624	
19th to 18th	a	1991	1.0063	1990	1.0060	1.0062	1.0558	
20th to 19th	a	1990	1.0049	1989	1.0043	1.0046	1.0493	
21st to 20th	a	1989	1.0041	1988	1.0040	1.0041	1.0445	
22nd to 21st	b	1988	1.0345	1987	1.0411	1.0378	1.0402	
Beyond 22nd		1987	1.0054	1986	1.0026	1.0040	1.0023	d

**INCURRED METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Policy Year</u>	<u>2007-2008 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2008	1.4239	2007	1.4728	1.4484	1.8746	
3rd to 2nd	c	2007	1.1358	2006	1.1634	1.1496	1.2942	
4th to 3rd	c	2006	1.0449	2005	1.0701	1.0575	1.1258	
5th to 4th	c	2005	1.0145	2004	1.0385	1.0265	1.0646	
6th to 5th	c	2004	1.0132	2003	1.0185	1.0159	1.0371	
7th to 6th	c	2003	1.0121	2002	1.0016	1.0069	1.0209	
8th to 7th	c	2002	1.0022	2001	1.0000	1.0011	1.0139	
9th to 8th	c	2001	1.0022	2000	1.0009	1.0016	1.0128	
10th to 9th	c	2000	1.0017	1999	0.9933	0.9975	1.0111	
11th to 10th	c	1999	1.0007	1998	1.0006	1.0007	1.0137	
12th to 11th	c	1998	1.0005	1997	0.9998	1.0002	1.0130	
13th to 12th	c	1997	1.0029	1996	1.0025	1.0027	1.0128	
14th to 13th	c	1996	1.0016	1995	1.0019	1.0018	1.0100	
15th to 14th	c	1995	1.0025	1994	1.0016	1.0021	1.0082	
16th to 15th	c	1994	1.0021	1993	1.0007	1.0014	1.0061	
17th to 16th	c	1993	0.9993	1992	1.0012	1.0003	1.0047	
18th to 17th	c	1992	1.0006	1991	1.0000	1.0003	1.0044	
19th to 18th	c	1991	1.0018	1990	1.0015	1.0017	1.0041	
20th to 19th	c	1990	1.0001	1989	1.0002	1.0002	1.0024	
21st to 20th	c	1989	1.0006	1988	1.0006	1.0006	1.0022	
22nd to 21st	c	1988	1.0003	1987	0.9982	0.9993	1.0016	
Beyond 22nd		1987	1.0054	1986	1.0026	1.0040	1.0023	d

a From Table I-D

b 21st (Paid - Table 1-D) to 22nd (Incurred - Table I-B)

c From Table I-B

d Derived separately. See Exhibit # 7 of the April 1, 2011 Filing Package.

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

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Policy Year</u>	<u>2007-2008 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2008	1.2811	2007	1.2698	1.2755	2.2147	
3rd to 2nd	a	2007	1.1009	2006	1.0933	1.0971	1.7363	
4th to 3rd	a	2006	1.0487	2005	1.0484	1.0486	1.5827	
5th to 4th	a	2005	1.0270	2004	1.0326	1.0298	1.5093	
6th to 5th	a	2004	1.0293	2003	1.0295	1.0294	1.4656	
7th to 6th	a	2003	1.0280	2002	1.0191	1.0236	1.4238	
8th to 7th	a	2002	1.0189	2001	1.0200	1.0195	1.3909	
9th to 8th	a	2001	1.0197	2000	1.0188	1.0193	1.3643	
10th to 9th	a	2000	1.0194	1999	1.0222	1.0208	1.3385	
11th to 10th	a	1999	1.0271	1998	1.0176	1.0224	1.3112	
12th to 11th	a	1998	1.0147	1997	1.0139	1.0143	1.2825	
13th to 12th	a	1997	1.0125	1996	1.0128	1.0127	1.2644	
14th to 13th	a	1996	1.0151	1995	1.0134	1.0143	1.2486	
15th to 14th	a	1995	1.0144	1994	1.0114	1.0129	1.2310	
16th to 15th	a	1994	1.0111	1993	1.0129	1.0120	1.2153	
17th to 16th	a	1993	1.0134	1992	1.0123	1.0129	1.2009	
18th to 17th	a	1992	1.0103	1991	1.0098	1.0101	1.1856	
19th to 18th	a	1991	1.0088	1990	1.0102	1.0095	1.1737	
20th to 19th	a	1990	1.0100	1989	1.0100	1.0100	1.1627	
21st to 20th	a	1989	1.0096	1988	1.0101	1.0099	1.1512	
22nd to 21st	b	1988	1.1032	1987	1.0872	1.0952	1.1399	
Beyond 22nd		1987	1.0313	1986	1.0453	1.0383	1.0408	d

**INCURRED METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Policy Year</u>	<u>2007-2008 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2008	1.1087	2007	1.1110	1.1099	1.3990	
3rd to 2nd	c	2007	1.0475	2006	1.0366	1.0421	1.2604	
4th to 3rd	c	2006	1.0182	2005	1.0049	1.0116	1.2095	
5th to 4th	c	2005	1.0044	2004	1.0072	1.0058	1.1956	
6th to 5th	c	2004	1.0152	2003	1.0033	1.0093	1.1888	
7th to 6th	c	2003	1.0145	2002	1.0106	1.0126	1.1778	
8th to 7th	c	2002	1.0077	2001	1.0039	1.0058	1.1631	
9th to 8th	c	2001	1.0006	2000	1.0084	1.0045	1.1564	
10th to 9th	c	2000	1.0034	1999	1.0041	1.0038	1.1513	
11th to 10th	c	1999	1.0083	1998	1.0088	1.0086	1.1469	
12th to 11th	c	1998	1.0127	1997	1.0020	1.0074	1.1371	
13th to 12th	c	1997	1.0091	1996	1.0076	1.0084	1.1288	
14th to 13th	c	1996	1.0106	1995	1.0166	1.0136	1.1194	
15th to 14th	c	1995	1.0119	1994	1.0025	1.0072	1.1043	
16th to 15th	c	1994	1.0093	1993	1.0074	1.0084	1.0965	
17th to 16th	c	1993	1.0114	1992	1.0074	1.0094	1.0873	
18th to 17th	c	1992	1.0116	1991	1.0068	1.0092	1.0772	
19th to 18th	c	1991	1.0017	1990	1.0071	1.0044	1.0674	
20th to 19th	c	1990	1.0081	1989	1.0121	1.0101	1.0627	
21st to 20th	c	1989	1.0089	1988	1.0033	1.0061	1.0521	
22nd to 21st	c	1988	1.0058	1987	1.0035	1.0047	1.0457	
Beyond 22nd		1987	1.0313	1986	1.0453	1.0383	1.0408	d

a From Table I-E

b 21st (Paid - Table 1-E) to 22nd (Incurred - Table I-C)

c From Table I-C

d Derived separately. See Exhibit # 7 of the April 1, 2011 Filing Package.

**EXHIBIT VI - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2002	2003	2004	2005	2006	2007	2008
Actual Loss Ratio	0.5562	0.5239	0.5289	0.5002	0.5010	0.5463	0.5427
Normalized Frequency	0.7287	0.6680	0.6335	0.5857	0.5645	0.5326	0.4941
Severity Loss Ratio	0.7633	0.7843	0.8349	0.8540	0.8875	1.0257	1.0984
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7633	0.7843	0.8349	0.8540	0.8875	1.0257	1.0984

7 Point Exponential Regression:  $y = 0.695576 * 1.062203 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/12 (2)	Severity Trend to 4/1/12 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2006	1.0622	5.2500	1.3727	0.7226
2007	1.0622	4.2500	1.2923	0.7688
2008	1.0622	3.2500	1.2167	0.8178

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2006	0.5010	0.9919	0.4969
2007	0.5463	0.9935	0.5427
2008	0.5427	0.9950	0.5400

**MEDICAL**

Policy Year	2002	2003	2004	2005	2006	2007	2008
Actual Loss Ratio	0.4958	0.5011	0.5238	0.4898	0.4759	0.5125	0.4844
Normalized Frequency	0.7287	0.6680	0.6335	0.5857	0.5645	0.5326	0.4941
Severity Loss Ratio	0.6804	0.7501	0.8268	0.8363	0.8430	0.9623	0.9804
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.6804	0.7501	0.8268	0.8363	0.8430	0.9623	0.9804

7 Point Exponential Regression:  $y = 0.662317 * 1.059317 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/12 (2)	Severity Trend to 4/1/12 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2006	1.0593	5.2500	1.3533	0.7226
2007	1.0593	4.2500	1.2775	0.7688
2008	1.0593	3.2500	1.2060	0.8178

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2006	0.4759	0.9779	0.4654
2007	0.5125	0.9821	0.5033
2008	0.4844	0.9863	0.4778

# See page 19.

**EXHIBIT VI - 2**

**DETERMINATION OF TREND**

**Claim Frequency**

Policy Year Frequency per \$1 million of Expected Losses  
{1 = PY 1997, 12 = PY 2008}

Policy Year	Claim Frequency	Normalized Frequency
1997	30.14	1.0000
1998	27.96	0.9277
1999	26.50	0.8793
2000	24.85	0.8246
2001	22.89	0.7596
2002	21.96	0.7287
2003	20.13	0.6680
2004	19.09	0.6335
2005	17.65	0.5857
2006	17.01	0.5645
2007	16.05	0.5326
2008	14.89	0.4941

Policy Year	2001	2002	2003	2004	2005	2006	2007
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7287	0.6680	0.6335	0.5857	0.5645	0.5326	0.4941

7 Point Exponential Regression:  $y = 0.764002 * 0.939952 ^ x$

**SELECTED FREQUENCY TREND FACTOR**

**-6.00%**

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/12 (2)	Frequency Trend to 4/1/12 (3) = (1)^(2)
2005	0.9400	5.2500	0.7226
2006	0.9400	4.2500	0.7688
2007	0.9400	3.2500	0.8178

TABLE I - PA 2011

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior			
to 1986	11,782,953,574	11,783,810,817	1.0001
1986	1,469,569,221	1,470,062,905	1.0003
1987	1,751,818,733	1,751,997,968	1.0001
1988	1,965,286,797	1,965,597,068	1.0002
1989	2,114,608,381	2,116,383,249	1.0008
1990	2,384,123,702	2,384,132,875	1.0000
1991	2,525,105,017	2,525,518,830	1.0002
1992	2,379,752,116	2,380,145,529	1.0002
1993	2,553,383,248	2,554,243,933	1.0003
1994	1,930,243,314	1,930,287,929	1.0000
1995	1,816,572,450	1,816,410,956	0.9999
1996	1,746,611,450	1,746,486,510	0.9999
1997	1,477,262,914	1,477,075,426	0.9999
1998	1,462,439,135	1,462,443,781	1.0000
1999	1,492,982,891	1,490,247,555	0.9982
2000	1,517,570,991	1,517,402,826	0.9999
2001	1,575,552,329	1,572,760,013	0.9982
2002	1,609,534,266	1,608,524,099	0.9994
2003	1,629,851,932	1,626,835,735	0.9981
2004	1,687,656,320	1,688,221,998	1.0003
2005	1,860,056,912	1,858,201,149	0.9990
2006	1,817,475,063	1,828,833,197	1.0062
2007	1,089,466,111	1,888,223,431	1.7332
2008		1,058,565,067	

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior			
to 1986	11,535,894,916	11,535,140,253	0.9999
1986	1,431,064,540	1,431,193,644	1.0001
1987	1,699,826,107	1,699,777,056	1.0000
1988	1,888,541,768	1,888,495,528	1.0000
1989	2,039,080,080	2,039,424,626	1.0002
1990	2,309,724,240	2,309,869,752	1.0001
1991	2,431,625,514	2,431,488,389	0.9999
1992	2,286,651,354	2,286,618,007	1.0000
1993	2,426,291,058	2,426,343,976	1.0000
1994	1,830,151,699	1,829,852,695	0.9998
1995	1,694,750,404	1,694,941,558	1.0001
1996	1,629,994,687	1,630,001,252	1.0000
1997	1,386,137,497	1,386,133,258	1.0000
1998	1,400,074,773	1,400,127,627	1.0000
1999	1,431,676,997	1,431,714,189	1.0000
2000	1,456,408,509	1,456,429,637	1.0000
2001	1,509,187,338	1,509,180,874	1.0000
2002	1,556,809,317	1,556,958,003	1.0001
2003	1,580,192,979	1,580,048,701	0.9999
2004	1,641,403,671	1,641,548,075	1.0001
2005	1,800,131,221	1,798,982,735	0.9994
2006	1,766,989,185	1,772,424,895	1.0031
2007	1,819,294,823	1,836,138,654	1.0093
2008	1,007,794,153	1,697,585,928	1.6845
2009		886,272,974	

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**

<b>Policy Year Valued</b>	<b>As of 12/31/07</b>	<b>As of 12/31/08</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	6,296,208,276	6,312,613,554	1.0026
1986	1,050,905,636	1,050,704,060	0.9998
1987	1,313,299,774	1,315,291,118	1.0015
1988	1,518,945,918	1,525,353,401	1.0042
1989	1,788,607,078	1,794,760,754	1.0034
1990	1,847,420,979	1,851,886,839	1.0024
1991	1,669,509,653	1,675,353,385	1.0035
1992	1,457,170,228	1,461,938,939	1.0033
1993	1,243,838,033	1,246,297,581	1.0020
1994	1,151,761,905	1,160,464,700	1.0076
1995	1,031,786,126	1,036,469,013	1.0045
1996	949,464,688	950,179,026	1.0008
1997	1,004,141,856	1,008,359,434	1.0042
1998	1,091,200,826	1,089,301,227	0.9983
1999	1,204,112,417	1,209,194,891	1.0042
2000	1,260,791,100	1,262,952,466	1.0017
2001	1,197,122,816	1,203,665,029	1.0055
2002	1,196,930,985	1,211,102,287	1.0118
2003	1,147,690,710	1,175,356,736	1.0241
2004	1,183,514,486	1,229,785,657	1.0391
2005	1,119,300,812	1,230,931,185	1.0997
2006	910,113,980	1,157,644,363	1.2720
2007	399,100,169	1,041,941,609	2.6107
2008		373,484,597	

<b>Policy Year Valued</b>	<b>As of 12/31/08</b>	<b>As of 12/31/09</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	6,176,885,462	6,188,584,177	1.0019
1986	1,032,641,190	1,034,613,102	1.0019
1987	1,287,932,068	1,290,623,107	1.0021
1988	1,481,360,025	1,486,363,344	1.0034
1989	1,737,477,292	1,742,509,973	1.0029
1990	1,808,246,636	1,811,441,709	1.0018
1991	1,620,138,537	1,627,760,643	1.0047
1992	1,403,784,788	1,409,309,394	1.0039
1993	1,194,596,835	1,200,373,997	1.0048
1994	1,105,203,095	1,111,976,016	1.0061
1995	972,440,968	977,506,161	1.0052
1996	885,532,909	890,535,961	1.0056
1997	938,156,859	943,665,543	1.0059
1998	1,037,202,957	1,041,613,013	1.0043
1999	1,159,256,684	1,162,066,013	1.0024
2000	1,207,584,662	1,209,392,352	1.0015
2001	1,144,763,727	1,149,982,108	1.0046
2002	1,161,000,568	1,176,215,339	1.0131
2003	1,135,111,367	1,151,112,157	1.0141
2004	1,181,396,319	1,193,004,336	1.0098
2005	1,181,614,335	1,219,786,839	1.0323
2006	1,113,671,814	1,217,320,601	1.0931
2007	999,404,970	1,248,298,913	1.2490
2008	358,427,136	944,007,085	2.6337
2009		327,265,283	

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**

<b>Policy Year Valued</b>	<b>As of 12/31/07</b>	<b>As of 12/31/08</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	4,821,729,417	4,823,613,335	1.0004
1986	730,672,424	729,365,680	0.9982
1987	884,836,289	885,407,408	1.0006
1988	1,006,375,461	1,006,570,459	1.0002
1989	1,162,380,675	1,164,088,392	1.0015
1990	1,191,278,975	1,191,295,662	1.0000
1991	1,048,346,975	1,049,568,925	1.0012
1992	895,688,174	896,325,114	1.0007
1993	769,831,198	771,091,629	1.0016
1994	708,469,604	709,821,060	1.0019
1995	614,794,802	616,311,682	1.0025
1996	534,816,918	534,720,552	0.9998
1997	562,406,511	562,718,687	1.0006
1998	590,884,269	586,919,103	0.9933
1999	668,995,652	669,590,595	1.0009
2000	706,599,751	706,572,308	1.0000
2001	684,748,404	685,847,135	1.0016
2002	671,009,539	683,448,332	1.0185
2003	620,892,784	644,770,809	1.0385
2004	620,691,855	664,194,830	1.0701
2005	557,513,421	648,604,553	1.1634
2006	404,948,381	596,426,891	1.4728
2007	137,290,841	460,887,927	3.3570
2008		130,532,565	

<b>Policy Year Valued</b>	<b>As of 12/31/08</b>	<b>As of 12/31/09</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	4,722,969,189	4,726,386,567	1.0007
1986	717,417,262	717,837,164	1.0006
1987	868,658,261	868,928,019	1.0003
1988	980,736,049	981,295,867	1.0006
1989	1,130,415,700	1,130,532,401	1.0001
1990	1,164,544,319	1,166,661,363	1.0018
1991	1,015,496,729	1,016,096,476	1.0006
1992	862,764,133	862,142,434	0.9993
1993	740,489,644	742,057,339	1.0021
1994	677,520,655	679,209,664	1.0025
1995	581,520,312	582,426,523	1.0016
1996	499,297,369	500,769,471	1.0029
1997	523,527,601	523,772,482	1.0005
1998	558,175,269	558,586,259	1.0007
1999	642,362,764	643,435,972	1.0017
2000	674,635,480	676,123,459	1.0022
2001	651,666,815	653,102,792	1.0022
2002	656,388,606	664,305,894	1.0121
2003	622,770,411	630,963,832	1.0132
2004	637,331,347	646,560,982	1.0145
2005	624,983,847	653,027,404	1.0449
2006	575,046,617	653,117,036	1.1358
2007	445,014,069	633,640,727	1.4239
2008	125,124,912	427,670,395	3.4179
2009		113,755,227	

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**

<b>Policy Year Valued</b>	<b>As of 12/31/07</b>	<b>As of 12/31/08</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	1,474,478,859	1,489,000,219	1.0098
1986	320,233,212	321,338,380	1.0035
1987	428,463,485	429,883,710	1.0033
1988	512,570,457	518,782,942	1.0121
1989	626,226,403	630,672,362	1.0071
1990	656,142,004	660,591,177	1.0068
1991	621,162,678	625,784,460	1.0074
1992	561,482,054	565,613,825	1.0074
1993	474,006,835	475,205,952	1.0025
1994	443,292,301	450,643,640	1.0166
1995	416,991,324	420,157,331	1.0076
1996	414,647,770	415,458,474	1.0020
1997	441,735,345	445,640,747	1.0088
1998	500,316,557	502,382,124	1.0041
1999	535,116,765	539,604,296	1.0084
2000	554,191,349	556,380,158	1.0039
2001	512,374,412	517,817,894	1.0106
2002	525,921,446	527,653,955	1.0033
2003	526,797,926	530,585,927	1.0072
2004	562,822,631	565,590,827	1.0049
2005	561,787,391	582,326,632	1.0366
2006	505,165,599	561,217,472	1.1110
2007	261,809,328	581,053,682	2.2194
2008		242,952,032	

<b>Policy Year Valued</b>	<b>As of 12/31/08</b>	<b>As of 12/31/09</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	1,453,916,273	1,462,197,610	1.0057
1986	315,223,928	316,775,938	1.0049
1987	419,273,807	421,695,088	1.0058
1988	500,623,976	505,067,477	1.0089
1989	607,061,592	611,977,572	1.0081
1990	643,702,317	644,780,346	1.0017
1991	604,641,808	611,664,167	1.0116
1992	541,020,655	547,166,960	1.0114
1993	454,107,191	458,316,658	1.0093
1994	427,682,440	432,766,352	1.0119
1995	390,920,656	395,079,638	1.0106
1996	386,235,540	389,766,490	1.0091
1997	414,629,258	419,893,061	1.0127
1998	479,027,688	483,026,754	1.0083
1999	516,893,920	518,630,041	1.0034
2000	532,949,182	533,268,893	1.0006
2001	493,096,912	496,879,316	1.0077
2002	504,611,962	511,909,445	1.0145
2003	512,340,956	520,148,325	1.0152
2004	544,064,972	546,443,354	1.0044
2005	556,630,488	566,759,435	1.0182
2006	538,625,197	564,203,565	1.0475
2007	554,390,901	614,658,186	1.1087
2008	233,302,224	516,336,690	2.2132
2009		213,510,056	

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 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior			
to 1986	4,672,439,154	4,692,269,216	1.0042
1986	700,598,789	703,416,898	1.0040
1987	853,116,668	856,551,416	1.0040
1988	964,887,308	969,047,801	1.0043
1989	1,112,245,676	1,118,932,684	1.0060
1990	1,133,446,235	1,139,859,652	1.0057
1991	984,535,832	992,798,221	1.0084
1992	831,868,174	837,921,787	1.0073
1993	715,150,463	721,145,120	1.0084
1994	657,588,044	662,413,840	1.0073
1995	575,355,464	581,111,064	1.0100
1996	499,791,935	505,743,873	1.0119
1997	536,063,589	540,172,704	1.0077
1998	555,654,749	563,928,131	1.0149
1999	632,037,320	640,691,657	1.0137
2000	654,717,460	669,492,443	1.0226
2001	631,962,354	647,775,238	1.0250
2002	585,482,359	618,149,490	1.0558
2003	521,843,845	569,883,005	1.0921
2004	467,255,274	548,004,144	1.1728
2005	359,845,123	497,258,548	1.3819
2006	200,936,949	386,615,475	1.9241
2007	46,421,264	222,442,555	4.7918
2008		47,522,590	

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior			
to 1986	4,593,044,094	4,609,745,202	1.0036
1986	691,575,589	694,713,918	1.0045
1987	839,958,535	842,794,496	1.0034
1988	944,090,692	948,001,593	1.0041
1989	1,086,345,293	1,091,722,258	1.0049
1990	1,113,367,354	1,120,332,983	1.0063
1991	959,888,000	966,419,288	1.0068
1992	805,800,578	811,307,453	1.0068
1993	690,992,838	696,317,518	1.0077
1994	630,544,490	636,102,370	1.0088
1995	547,654,653	551,693,435	1.0074
1996	471,026,165	475,017,093	1.0085
1997	502,936,855	506,736,783	1.0076
1998	536,250,800	541,171,930	1.0092
1999	613,654,167	620,032,427	1.0104
2000	639,158,914	648,515,125	1.0146
2001	614,414,033	625,765,746	1.0185
2002	593,322,376	612,184,208	1.0318
2003	550,318,556	578,439,415	1.0511
2004	525,542,551	563,655,621	1.0725
2005	478,574,911	552,102,123	1.1536
2006	373,278,847	501,517,366	1.3435
2007	213,879,283	425,741,036	1.9906
2008	45,888,257	216,722,448	4.7228
2009		39,974,532	

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 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior			
to 1986	1,314,328,985	1,334,053,358	1.0150
1986	295,574,573	298,940,786	1.0114
1987	388,101,273	392,034,230	1.0101
1988	479,343,099	484,124,555	1.0100
1989	575,591,315	581,480,323	1.0102
1990	615,947,941	621,992,861	1.0098
1991	569,246,950	576,240,665	1.0123
1992	510,222,847	516,828,232	1.0129
1993	437,688,546	442,662,710	1.0114
1994	406,241,254	411,681,615	1.0134
1995	377,063,509	381,902,716	1.0128
1996	369,529,373	374,672,322	1.0139
1997	397,897,611	404,898,001	1.0176
1998	429,714,006	439,264,228	1.0222
1999	470,144,248	478,964,332	1.0188
2000	483,891,480	493,576,403	1.0200
2001	469,655,143	478,618,919	1.0191
2002	460,571,645	474,175,909	1.0295
2003	462,056,468	477,100,554	1.0326
2004	479,411,744	502,623,080	1.0484
2005	453,643,135	495,979,307	1.0933
2006	368,384,966	467,792,053	1.2698
2007	121,069,222	410,430,082	3.3900
2008		114,900,051	

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior			
to 1986	1,302,687,790	1,317,518,231	1.0114
1986	293,077,724	295,924,719	1.0097
1987	382,251,295	385,897,120	1.0095
1988	467,893,479	472,392,750	1.0096
1989	560,799,498	566,419,807	1.0100
1990	605,601,211	610,933,982	1.0088
1991	556,927,842	562,638,769	1.0103
1992	495,751,236	502,394,608	1.0134
1993	423,055,442	427,770,936	1.0111
1994	392,012,594	397,639,244	1.0144
1995	355,909,327	361,266,894	1.0151
1996	349,462,344	353,814,122	1.0125
1997	378,329,933	383,893,454	1.0147
1998	419,524,532	430,886,910	1.0271
1999	459,202,637	468,103,278	1.0194
2000	472,261,396	481,562,320	1.0197
2001	455,832,281	464,459,697	1.0189
2002	454,088,529	466,815,378	1.0280
2003	460,719,398	474,212,426	1.0293
2004	483,900,801	496,985,558	1.0270
2005	474,918,004	498,040,996	1.0487
2006	449,483,143	494,838,289	1.1009
2007	391,576,542	501,646,551	1.2811
2008	109,523,487	372,014,109	3.3967
2009		99,526,277	

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, 2011 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, 2011 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, 2011 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, 2011 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			
2005	3,085,292,623	2,984,453,058	1.0338
2006	3,014,202,014	2,949,831,083	1.0218
2007	3,143,330,454	3,040,491,674	1.0338
<b>TOTAL</b>	<b>9,242,825,091</b>	<b>8,974,775,815</b>	<b>1.0299</b>
MANUFACTURING AND UTILITIES			
2005	708,296,131	686,125,893	1.0323
2006	676,737,260	669,307,374	1.0111
2007	676,772,012	657,176,216	1.0298
<b>TOTAL</b>	<b>2,061,805,403</b>	<b>2,012,609,483</b>	<b>1.0244</b>
CONTRACTING AND QUARRYING			
2005	559,060,352	515,250,590	1.0850
2006	563,054,442	522,546,599	1.0775
2007	582,784,449	536,883,826	1.0855
<b>TOTAL</b>	<b>1,704,899,243</b>	<b>1,574,681,015</b>	<b>1.0827</b>
OTHER INDUSTRIES			
2005	1,817,936,140	1,783,076,575	1.0196
2006	1,774,410,312	1,757,977,110	1.0093
2007	1,883,773,993	1,846,431,632	1.0202
<b>TOTAL</b>	<b>5,476,120,445</b>	<b>5,387,485,317</b>	<b>1.0165</b>

\* Excludes classifications and coverages not subject to experience rating.

**EXHIBIT IX**

**CALCULATION OF EXPECTED LOSS COST FACTORS (a)**

<b>Policy Year Beginning 4/1 (1)</b>	<b>Act 57 Adjust- ment (2)</b>	<b>Adjust- ment Factor (3)</b>	<b>Loss Ratio Development Factor (4)</b>	<b>Collectible Premium Ratio (5)</b>	<b>Trend Factor (6)</b>	<b>Product (2) * (3) * (4) * (5) * (6) (7)</b>	<b>Expected Loss Cost Factor 1.0 / (7) (8)</b>
<b><u>Manufacturing and Utilities</u></b>							
2007	1.0000	1.0000	1.2256	1.0244	0.9852	1.2369	0.8085
2008	1.0000	1.0000	1.3826	1.0244	0.9881	1.3995	0.7145
2009	1.0000	1.0000	1.7874	1.0244	0.9908	1.8142	0.5512
<b><u>Contracting and Quarrying</u></b>							
2007	1.0000	1.0000	1.2820	1.0827	0.9852	1.3675	0.7313
2008	1.0000	1.0000	1.4114	1.0827	0.9881	1.5099	0.6623
2009	1.0000	1.0000	1.7675	1.0827	0.9908	1.8961	0.5274
<b><u>Other Industries</u></b>							
2007	1.0000	1.0000	1.2356	1.0165	0.9852	1.2374	0.8081
2008	1.0000	1.0000	1.3895	1.0165	0.9881	1.3956	0.7165
2009	1.0000	1.0000	1.7879	1.0165	0.9908	1.8007	0.5553

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 =	0.4110
Second Adjustment	RDF =	0.2672
Third Adjustment	RDF =	0.1885

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:

$$\text{The \$25,000 limit Hazard Group C ELF} = 0.686$$

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.686) * 0.411 \\ &= 0.1291 \end{aligned}$$

\* The use of retrospective development factors is optional.