

PENNSYLVANIA COMPENSATION RATING BUREAU

State and Hazard Group Relativities

The attached exhibit pages present an analysis of Pennsylvania State and Hazard Group relativities.

Page 1 shows the indicated State and Hazard Group Relativities for 7 Hazard Groups.

Calculation of PA Hazard Group Relativities.

Injury	(1) Incurred Losses	(2) # Claims	(3) Average Severity (1) / (2)	(4) NCCI Average Severity +	(5) Indicated Relativites (4T) / (3i)	(6) Adjusted Current Relativities Col(C) below	(7) Credibility ++	Credibility Weighted Relativities (5)*(7)+(6)*[1-(7)]
(i) Hazard Group A	288,222,295	7,239	39,815		1.40	1.51	0.2161	1.49
(ii) Hazard Group B	1,784,850,494	32,071	55,653		1.00	1.03	0.4549	1.02
(iii) Hazard Group C	3,441,177,167	56,643	60,752		0.92	0.93	0.6045	0.92
(iv) Hazard Group D	1,463,996,153	22,152	66,089		0.84	0.86	0.3780	0.85
(v) Hazard Group E	3,108,332,911	40,646	76,473		0.73	0.72	0.5121	0.73
(vi) Hazard Group F	2,008,226,979	19,136	104,945		0.53	0.55	0.3514	0.54
(vii) Hazard Group G	471,879,601	3,535	133,488		0.42	0.47	0.1510	0.46
Total - All Hazard Groups	12,566,685,600	181,422	69,268	55,818				

Calculation of Current PA Adjusted Average Severities

Injury	(A) PA Current Relativity	(B) Adjustment Factor #	(C) Adjusted Current Relativities (A) *(B)
(a) Hazard Group A	1.46	1.0316	1.51
(b) Hazard Group B	1.00	1.0316	1.03
(c) Hazard Group C	0.90	1.0316	0.93
(d) Hazard Group D	0.83	1.0316	0.86
(e) Hazard Group E	0.70	1.0316	0.72
(f) Hazard Group F	0.53	1.0316	0.55
(g) Hazard Group G	0.46	1.0316	0.47

Notes:

- + Countrywide Average Severity of NCCI states
- ++ Full credibility equals 155,000 claims for each Hazard Group. $Z = (\text{calculated \# claims} / 155,000)^{0.5}$
- # Change in Countrywide Overall Average Cost / Change in PA Overall Average Cost = 0.9788/0.9488