Exhibit 14
As Filed

PENNSYLVANIA COMPENSATION RATING BUREAU
PENNSYLVANIA CONSTRUCTION CLASSIFICATION
PREMIUM ADJUSTMENT PROGRAM ("PCCPAP")

The PCCPAP program has been used in Pennsylvania since 1991 as a means of addressing construction employers' concerns regarding the effects of wage differentials on workers' compensation premium. The program establishes a set of tabular premium credits given to employers engaged in the construction trades and who have paid wages in excess of minimum qualifying levels. Until January 1, 2002, when an experience-rated employer received a PCCPAP credit, the expected losses used in determining that employer's modification were reduced in proportion to the PCCPAP credit, thereby avoiding redundant credits based on prevailing wage levels.

Beginning January 1, 2002, the practice of adjusting PCCPAP participating employers' experience modifications was discontinued. Instead, an equivalent adjustment is now made to reduce the insured's policy credit factor.

The PCCPAP is intended to be a means of redistributing a portion of workers' compensation insurance premiums between lower-wage and higher-wage employers. On balance the program is intended to be revenue neutral. Prior to 1995, classifications in which employers were eligible for credits had been subject to a flat loading of 1 percent, intended to offset the credits being provided to relatively high-wage employers. Starting with the 1995 loss cost filing, the current procedure, as described herein, has been used.

The PCRB has assembled 2011 policy year experience data that provides historical measures of the extent to which employers in each eligible classification have qualified for PCCPAP credits, and the magnitude of credits granted under this program. The attached exhibit presents the staff analysis of this experience, and derives a proposed revised set of PCCPAP loadings to maintain the intended balance within the affected classifications. A brief description of page 14.1 follows:

Column (1) - Class: The numeric designation of each classification eligible for PCCPAP credit.

Column (2) - # of Policies (Total): The number of policies reported in each class, whether or not those policies applied for or received PCCPAP credit.

Column (3) - # of Policies (PCCPAP): The number of policies qualified for PCCPAP credit for the 2011 policy term.

Column (4) - Payroll (Total): The payroll attributable to the policies reported in column (2).

Column (5) - Payroll (PCCPAP): the payroll attributable to policies reported in column (3).

Column (6) - PCCPAP Policy Premium, Pre-PCCPAP: The Standard Premium which would have applied to qualifying PCCPAP policies ABSENT both the tabular PCCPAP credit and the adjustment to that tabular credit to offset any redundancy resulting from the calculation of experience modifications. The current PCCPAP load on Manual Rates is omitted from this calculation.

Column (7) - PCCPAP Policy Premium, Post-PCCPAP: The Standard Premium attributable to qualifying PCCPAP policies, reflecting BOTH the tabular PCCPAP credits and the adjustment to that tabular credit to offset any redundancy resulting from the calculation of experience modifications. The current PCCPAP load on Manual Rates is omitted from this calculation.

Columns (8) and (9) - Non-PCCPAP Policy Premium, Pre PCCPAP: The Standard Premium attributable to policies that did not qualify for PCCPAP credit in 2011. The current PCCPAP load on Manual Rates is omitted from this calculation

Column (10) - Indicated Surcharge: The ratio of Pre-PCCPAP premiums for both qualifying and non-qualifying policies to Post-PCCPAP premiums for those same policies. Computed as (Column (6) + Column (8)) / (Column (7) + Column (9)).

Column (11) - Average PCCPAP Credit: For qualifying policies, the average credit given in 2011. For example, an average credit of 0.0834 indicates that the average qualifying risk in Code 601 received an 8.34 percent reduction in standard premium by operation of the PCCPAP plan's tabular credit and experience rating plan adjustment.

Column (12) - Class "Z": This is the credibility assigned each classification's indicated PCCPAP surcharge. The credibility formula is a linear function of total classification policies, with 280 policies or more receiving full credibility. This formula is an adaptation of procedures used in NCCI jurisdictions where credibility is a linear function of the number of policies qualifying for Premium Adjustment Plan credits. Staff perceives the use of total policies to be more appropriate where large portions of a class have not historically qualified for PCCPAP credit.

Column (13) - Formula Surcharge: The credibility-weighted classification loadings for PCCPAP credits. The calculation uses the following values:

  Column (10) x Column (12) + (1.00 - (Column (12)) x Average Column (10)

Column (14) - TCF: The test correction factor necessary to balance credibility-weighted surcharges across all classifications to the overall indicated surcharge of 2.42 percent.

Column (15) - Final Surcharge: The product of the TCF (Column (14)) and the formula surcharges (Column (13)) by classification.

Page 14.2 shows a comparison of current and proposed PCCPAP surcharges by class and overall.

PCCPAP Surcharges
For Policy Effective Dates 01/01/11 Through 12/31/11

100% Credibility = 280 Policies
Partial Credibility = # of Policies / 280

Class (1)	# of Policies (Total) (2)	# of Policies (PCCPAP) (3)	Payroll (Total) (4)	Payroll (PCCPAP) (5)	***PCCPAP Policies*** Premium Pre-PCCPAP (6)	Premium Post-PCCPAP (7)	**Non-PCCPAP Policies** Premium Pre-PCCPAP (8)	Premium Post-PCCPAP (9)	Indicated Surcharge (10)	Average PCCPAP Credit (11)	Class "Z" (12)	Formula Surcharge (13)	TCF (14)	Final Surcharge (15)
601	373	65	238,724,051	42,938,879	2,629,909	2,410,510	11,764,516	11,764,516	1.0155	0.0834	1.00	1.0155	0.9985	1.0140
603	292	71	97,425,394	35,039,765	1,719,603	1,435,449	2,805,713	2,805,713	1.0670	0.1652	1.00	1.0670	0.9985	1.0654
605	45	0	19,740,215	0	0	0	1,256,569	1,256,569	1.0000	0.0000	0.16	1.0203	0.9985	1.0188
606	51	0	361,798,307	0	0	0	31,836,187	31,836,187	1.0000	0.0000	0.18	1.0198	0.9985	1.0183
607	478	14	618,472,007	18,886,741	1,266,865	1,015,870	38,513,896	38,513,896	1.0063	0.1981	1.00	1.0063	0.9985	1.0048
608	2,429	304	402,151,511	96,947,898	5,561,054	4,869,375	17,244,410	17,244,410	1.0313	0.1244	1.00	1.0313	0.9985	1.0298
609	2,656	261	1,170,341,200	137,137,680	6,207,747	5,563,086	46,529,074	46,529,074	1.0124	0.1038	1.00	1.0124	0.9985	1.0109
611	24	10	7,236,845	2,081,587	174,621	154,883	416,733	416,733	1.0345	0.1130	0.09	1.0251	0.9985	1.0236
615	6	0	4,178,970	0	0	0	392,105	392,105	1.0000	0.0000	0.02	1.0237	0.9985	1.0222
617	321	68	304,623,112	33,118,270	1,534,322	1,386,383	11,115,590	11,115,590	1.0118	0.0964	1.00	1.0118	0.9985	1.0103
645	708	141	185,576,364	67,654,725	3,853,430	3,393,489	6,933,249	6,933,249	1.0445	0.1194	1.00	1.0445	0.9985	1.0429
646	380	29	81,119,044	13,129,808	645,364	547,863	3,790,908	3,790,908	1.0225	0.1511	1.00	1.0225	0.9985	1.0210
647	237	11	45,641,196	1,611,177	98,457	81,128	2,882,201	2,882,201	1.0058	0.1760	0.85	1.0086	0.9985	1.0071
648	1,128	56	92,774,060	18,467,615	991,122	843,820	4,183,430	4,183,430	1.0293	0.1486	1.00	1.0293	0.9985	1.0278
649	246	94	78,140,445	44,469,708	1,236,067	1,064,025	946,089	946,089	1.0856	0.1392	0.88	1.0782	0.9985	1.0766
651	2,314	298	536,697,037	138,072,369	8,153,765	7,139,528	24,356,424	24,356,424	1.0322	0.1244	1.00	1.0322	0.9985	1.0307
652	6,372	59	421,081,175	13,607,056	1,119,018	984,010	33,113,038	33,113,038	1.0040	0.1206	1.00	1.0040	0.9985	1.0025
653	1,845	167	268,082,753	69,645,558	4,510,763	3,912,910	13,205,907	13,205,907	1.0349	0.1325	1.00	1.0349	0.9985	1.0333
654	553	142	222,237,494	52,923,222	4,076,884	3,565,631	12,161,065	12,161,065	1.0325	0.1254	1.00	1.0325	0.9985	1.0310
655	300	65	115,585,818	19,802,818	2,378,753	1,963,015	10,501,398	10,501,398	1.0334	0.1748	1.00	1.0334	0.9985	1.0318
656	119	9	91,072,530	7,831,625	531,513	449,133	4,936,992	4,936,992	1.0153	0.1550	0.43	1.0204	0.9985	1.0189
657	45	1	11,263,548	138,914	10,676	10,462	852,966	852,966	1.0002	0.0200	0.16	1.0204	0.9985	1.0189
658	443	61	71,499,475	13,499,506	1,029,162	875,703	4,394,707	4,394,707	1.0291	0.1491	1.00	1.0291	0.9985	1.0276
659	840	62	130,047,025	16,365,832	2,468,709	2,109,769	16,526,249	16,526,249	1.0193	0.1454	1.00	1.0193	0.9985	1.0178
660	965	109	293,519,808	48,805,971	1,121,599	931,305	5,595,277	5,595,277	1.0292	0.1697	1.00	1.0292	0.9985	1.0277
661	2,791	332	887,932,345	339,592,086	10,709,759	9,033,432	17,376,405	17,376,405	1.0635	0.1565	1.00	1.0635	0.9985	1.0619
662	260	3	50,807,335	230,539	9,150	6,568	2,211,953	2,211,953	1.0012	0.2822	0.93	1.0028	0.9985	1.0013
663	3,345	338	854,320,018	202,265,016	7,941,838	6,634,859	26,178,910	26,178,910	1.0398	0.1646	1.00	1.0398	0.9985	1.0382
664	2,353	255	707,953,008	226,403,618	8,658,775	7,315,553	19,493,515	19,493,515	1.0501	0.1551	1.00	1.0501	0.9985	1.0485
665	1,415	63	136,873,240	25,449,888	1,622,570	1,391,858	7,739,912	7,739,912	1.0253	0.1422	1.00	1.0253	0.9985	1.0238
666	238	40	48,870,105	19,896,956	1,122,656	981,617	1,657,346	1,657,346	1.0534	0.1256	0.85	1.0490	0.9985	1.0474
667	215	16	20,933,722	5,431,593	90,188	81,699	291,238	291,238	1.0228	0.0941	0.77	1.0231	0.9985	1.0216
668	449	37	50,046,809	10,814,420	528,332	452,886	1,911,334	1,911,334	1.0319	0.1428	1.00	1.0319	0.9985	1.0304
669	144	23	9,093,986	2,328,903	135,627	121,017	433,658	433,658	1.0263	0.1077	0.51	1.0253	0.9985	1.0238
670	631	37	42,797,568	12,543,700	568,142	456,747	1,466,664	1,466,664	1.0579	0.1961	1.00	1.0579	0.9985	1.0563
673	208	3	34,526,744	1,143,662	65,073	60,787	1,670,987	1,670,987	1.0025	0.0659	0.74	1.0081	0.9985	1.0066
674	201	2	21,986,757	2,839,425	107,798	84,414	823,707	823,707	1.0257	0.2169	0.72	1.0253	0.9985	1.0238
675	1,535	89	742,252,766	47,862,998	1,851,632	1,580,850	26,491,551	26,491,551	1.0096	0.1462	1.00	1.0096	0.9985	1.0081
676	313	31	51,613,484	12,189,006	531,287	447,236	1,690,262	1,690,262	1.0393	0.1582	1.00	1.0393	0.9985	1.0377
677	78	12	76,262,290	5,725,016	186,829	148,049	2,341,151	2,341,151	1.0156	0.2076	0.28	1.0218	0.9985	1.0203
679	22	1	8,696,423	250,000	15,838	13,145	717,711	717,711	1.0037	0.1700	0.08	1.0226	0.9985	1.0211
681	80	0	6,804,934	0	0	0	317,860	317,860	1.0000	0.0000	0.29	1.0172	0.9985	1.0157
691	30	0	14,489,893	0	0	0	919,707	919,707	1.0000	0.0000	0.11	1.0215	0.9985	1.0200
693	35	0	2,213,724	0	0	0	201,724	201,724	1.0000	0.0000	0.13	1.0211	0.9985	1.0196
695	54	0	7,612,382	0	0	0	358,639	358,639	1.0000	0.0000	0.19	1.0196	0.9985	1.0181
Total	37,567	3,379	9,645,116,917	1,807,143,550	85,464,897	73,518,064	420,548,927	420,548,927	1.0242	0.1398		1.0257	0.9985	1.0242

Note:
For each Class:
 Indicated Surcharge = (Total Premium Pre-PCCPAP) / (Total Premium Post-PCCPAP)
 Basis of Credibility: 1 / ((# PCCPAP Policies)/(# Total Policies)) * 25 = 280 Policies for Full Credibility
 Formula Surcharge = (Indicated Surcharge) * (Credibility for that Class) + (1- Credibility) * (Average Indicated Surcharge)
 Test Correction Factor = (Total Indicated Surcharge) / ((Total Weighted Formula Surcharge) / (Total Premium Post-PCCPAP))

14.1

Comparison of PCCPAP Surcharges by Class

Class (1)	Current PCCPAP Surcharge (2)	Proposed PCCPAP Surcharge (3)	Percentage Change (4)=(3)/(2)-1.0
601	1.0179	1.0140	-0.4%
603	1.0563	1.0654	0.9%
605	1.0191	1.0188	0.0%
606	1.0193	1.0183	-0.1%
607	1.0012	1.0048	0.4%
608	1.0298	1.0298	0.0%
609	1.0118	1.0109	-0.1%
611	1.0288	1.0236	-0.5%
615	1.0233	1.0222	-0.1%
617	1.0208	1.0103	-1.0%
645	1.0369	1.0429	0.6%
646	1.0338	1.0210	-1.2%
647	1.0024	1.0071	0.5%
648	1.0317	1.0278	-0.4%
649	1.0619	1.0766	1.4%
651	1.0303	1.0307	0.0%
652	1.0016	1.0025	0.1%
653	1.0317	1.0333	0.2%
654	1.0371	1.0310	-0.6%
655	1.0309	1.0318	0.1%
656	1.0169	1.0189	0.2%
657	1.0183	1.0189	0.1%
658	1.0381	1.0276	-1.0%
659	1.0169	1.0178	0.1%
660	1.0307	1.0277	-0.3%
661	1.0699	1.0619	-0.7%
662	1.0000	1.0013	0.1%
663	1.0351	1.0382	0.3%
664	1.0458	1.0485	0.3%
665	1.0213	1.0238	0.2%
666	1.0441	1.0474	0.3%
667	1.0328	1.0216	-1.1%
668	1.0326	1.0304	-0.2%
669	1.0291	1.0238	-0.5%
670	1.0503	1.0563	0.6%
673	1.0078	1.0066	-0.1%
674	1.0079	1.0238	1.6%
675	1.0105	1.0081	-0.2%
676	1.0296	1.0377	0.8%
677	1.0237	1.0203	-0.3%
679	1.0215	1.0211	0.0%
681	1.0158	1.0157	0.0%
691	1.0216	1.0200	-0.2%
693	1.0208	1.0196	-0.1%
695	1.0186	1.0181	0.0%
Total	1.0250	1.0242	-0.1%