

**PENNSYLVANIA COMPENSATION RATING BUREAU**

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**Summary of Material for Modification of Experience  
April 1, 2015 Loss Cost Revision**

**As Filed**

**PENNSYLVANIA 2015 LOSS COST FILING**

**EFFECTIVE DATE - April 1, 2015**

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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 2010 Ratio of Loss to Expected Loss	0.5049	0.5545	1.0594
(2) Policy Year 2011 Ratio of Loss to Expected Loss	0.4842	0.5463	1.0305
(3) Policy Year 2012 Ratio of Loss to Expected Loss	0.4609	0.5221	0.9830
(4) Average (Midpoint = 1/1/2012)	0.4833	0.5410	1.0243
(5) Policy Year 2010 Ratio Trended to 4/1/2016 +	0.4313	0.5293	0.9606
(6) Policy Year 2011 Ratio Trended to 4/1/2016 +	0.4263	0.5261	0.9524
(7) Policy Year 2012 Ratio Trended to 4/1/2016 +	0.4181	0.5073	0.9254
(8) Average at 4/1/2016	0.4252	0.5209	0.9461
(9) House Bill 1846 Adjustment	1.0000	0.9884	
(10) Indicated Change in Loss Costs	0.4252	0.5149	0.9401

### CHANGES IN MANUAL LOSS COST LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(11) Current Collectible Premium Ratio	1.0391	1.0935	1.0089	
(12) Anticipated Collectible Premium Ratio	1.0389	1.1002	0.9995	
(13) Final Indicated Change in Manual Loss Cost Level (10T) * (12) / (11)	0.9399	0.9459	0.9313	0.9360

+ Refer to pages 18 and 19.

**EXHIBIT II**

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

<b>(1)</b>	2013 PCRB Member Paid Loss*	2,272,376,857
<b>(2)</b>	2014/2015 Fiscal Year Membership Assessment Amount	
	a. Administration Fund	40,096,155
	b. Subsequent Injury Fund	148,198
	c. Supersedeas Fund	16,064,792
	d. Uninsured Employers Guaranty Fund	2,289,259
	e. Total	<u>58,598,404</u>
<b>(3)</b>	2013 Employer Assessment Premium Base	3,548,566,915
<b>(4)</b>	2014/2015 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (2a) / (3)	0.0113
	b. Subsequent Injury Fund (2b) / (3)	0.0000
	c. Supersedeas Fund (2c) / (3)	0.0045
	d. Uninsured Employers Guaranty Fund (2d) / (3)	0.0006
	e. Employer Assessment Factor (4a) + (4b) + (4c) + (4d)	<u>0.0164</u>
<b>(5)</b>	2014/2015 Fiscal Year Budget for the Office of Small Business Advocate	194,000
<b>(6)</b>	2014/2015 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	0.0122
<b>(9)</b>	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (6) + (7) + (8)	0.0152

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

**EXHIBIT III - 1**

**POLICY YEAR LOSS RATIO 2012**

( 1 ) Standard Earned Premium Reported (Table I)				1,656,277,581
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0094
( 3 ) Expense Constant Removal Factor				1.0000
( 4 ) PCCPAP On-Level Factor				1.0067
( 5 ) Factor to Remove Loss Based Assessments				0.9858
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,659,148,681
( 7 ) Loss Cost Change to 4/1/14 Level				0.8940
( 8 ) Expected Loss at Current Level (6) * (7)				1,483,278,921
<b>Losses - Paid-to-26th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	207,375,977	390,348,228		597,724,205
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	3.5260	2.0939		
(11) Ultimate Incurred Losses (9) * (10)	731,207,695	817,350,155		1,548,557,850
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	731,207,695	817,350,155		1,548,557,850
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4930	0.5510		1.0440
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	386,615,612	533,431,487		920,047,099
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.6452	1.3712		
(17) Ultimate Incurred Losses (15) * (16)	636,060,005	731,441,255		1,367,501,260
(18) Adjustment to Post-Act 44 Loss Level:	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	636,060,005	731,441,255		1,367,501,260
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4288	0.4931		0.9219
<b>Losses - Average of Incurred and Paid-to-26th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	683,633,850	774,395,705		1,458,029,555
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4609	0.5221		0.9830
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5399	0.5399		
(24) Severity Ratio * (22) / (23)	0.8537	0.9670		1.8207

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

**EXHIBIT III - 2**

**POLICY YEAR LOSS RATIO 2011**

( 1 ) Standard Earned Premium Reported (Table I)				1,753,516,695
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0031
( 3 ) Expense Constant Removal Factor				1.0000
( 4 ) PCCPAP On-Level Factor				1.0057
( 5 ) Factor to Remove Loss Based Assessments				0.9862
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,744,566,722
( 7 ) Loss Cost Change to 4/1/14 Level				0.8611
( 8 ) Expected Loss at Current Level (6) * (7)				1,502,246,404
<b>Losses - Paid-to-26th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	420,466,751	519,833,272		940,300,023
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8343	1.6617		
(11) Ultimate Incurred Losses (9) * (10)	771,262,161	863,806,948		1,635,069,109
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	771,262,161	863,806,948		1,635,069,109
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5134	0.5750		1.0884
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	583,460,415	616,142,377		1,199,602,792
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1715	1.2618		
(17) Ultimate Incurred Losses (15) * (16)	683,523,876	777,448,451		1,460,972,327
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	683,523,876	777,448,451		1,460,972,327
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4550	0.5175		0.9725
<b>Losses - Average of Incurred and Paid-to-26th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	727,393,019	820,627,700		1,548,020,719
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4842	0.5463		1.0305
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5770	0.5770		
(24) Severity Ratio * (22) / (23)	0.8392	0.9468		1.7860

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

**EXHIBIT III - 3**

**POLICY YEAR LOSS RATIO 2010**

( 1 ) Standard Earned Premium Reported (Table I)				1,675,967,530
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0024
( 3 ) Expense Constant Removal Factor				1.0000
( 4 ) PCCPAP On-Level Factor				1.0055
( 5 ) Factor to Remove Loss Based Assessments				0.9859
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,665,411,656
( 7 ) Loss Cost Change to 4/1/14 Level				0.8681
( 8 ) Expected Loss at Current Level (6) * (7)				1,445,743,859
<b>Losses - Paid-to-26th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	539,122,500	543,817,288		1,082,939,788
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.4221	1.5363		
(11) Ultimate Incurred Losses (9) * (10)	766,686,107	835,466,500		1,602,152,607
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	766,686,107	835,466,500		1,602,152,607
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5303	0.5779		1.1082
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	652,743,788	626,763,666		1,279,507,454
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0618	1.2249		
(17) Ultimate Incurred Losses (15) * (16)	693,083,354	767,722,814		1,460,806,168
(18) Adjustment to Post-Act 44 Loss Level:	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	693,083,354	767,722,814		1,460,806,168
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4794	0.5310		1.0104
<b>Losses - Average of Incurred and Paid-to-26th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	729,884,731	801,594,657		1,531,479,388
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5049	0.5545		1.0594
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6183	0.6183		
(24) Severity Ratio * (22) / (23)	0.8166	0.8968		1.7134

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

**EXHIBIT III - 4**

**POLICY YEAR LOSS RATIO 2009**

( 1 ) Standard Earned Premium Reported (Table I)				1,590,198,634
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0013
( 3 ) Expense Constant Removal Factor				1.0000
( 4 ) PCCPAP On-Level Factor				0.9987
( 5 ) Factor to Remove Loss Based Assessments				0.9859
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,567,774,184
( 7 ) Loss Cost Change to 4/1/14 Level				0.8642
( 8 ) Expected Loss at Current Level (6) * (7)				1,354,870,450
<b>Losses - Paid-to-26th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
( 9 ) Paid Losses Reported (Table I-D & I-E)	568,387,254	510,050,235		1,078,437,489
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2786	1.4805		
(11) Ultimate Incurred Losses (9) * (10)	726,739,943	755,129,373		1,481,869,316
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	726,739,943	755,129,373		1,481,869,316
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5364	0.5573		1.0937
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	637,994,017	562,313,399		1,200,307,416
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0360	1.2163		
(17) Ultimate Incurred Losses (15) * (16)	660,961,802	683,941,787		1,344,903,589
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	660,961,802	683,941,787		1,344,903,589
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4878	0.5048		0.9926
<b>Losses - Average of Incurred and Paid-to-26th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	693,850,873	719,535,580		1,413,386,453
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5121	0.5311		1.0432
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6275	0.6275		
(24) Severity Ratio * (22) / (23)	0.8161	0.8464		1.6625

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

**EXHIBIT III - 5**

**POLICY YEAR LOSS RATIO 2008**

( 1 )	Standard Earned Premium Reported (Table I)			1,776,888,915
( 2 )	Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0015
( 3 )	Expense Constant Removal Factor			1.0000
( 4 )	PCCPAP On-Level Factor			0.9989
( 5 )	Factor to Remove Loss Based Assessments			0.9862
( 6 )	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,753,065,904
( 7 )	Loss Cost Change to 4/1/14 Level			0.8158
( 8 )	Expected Loss at Current Level (6) * (7)			1,430,151,164
<b>Losses - Paid-to-26th Method</b>				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
( 9 )	Paid Losses Reported (Table I-D & I-E)	654,547,638	561,621,667	1,216,169,305
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2163	1.4435	
(11)	Ultimate Incurred Losses (9) * (10)	796,126,292	810,700,876	1,606,827,168
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	796,126,292	810,700,876	1,606,827,168
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5567	0.5669	1.1236
<b>Losses - Incurred Method</b>				
(15)	Incurred Losses Reported (Table I-B & I-C)	710,595,106	611,562,880	1,322,157,986
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0305	1.2107	
(17)	Ultimate Incurred Losses (15) * (16)	732,268,257	740,419,179	1,472,687,436
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	732,268,257	740,419,179	1,472,687,436
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5120	0.5177	1.0297
<b>Losses - Average of Incurred and Paid-to-26th Method</b>				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	764,197,275	775,560,028	1,539,757,303
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5343	0.5423	1.0766
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.6500	0.6500	
(24)	Severity Ratio * (22) / (23)	0.8220	0.8343	1.6563

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

**EXHIBIT III - 6**

**POLICY YEAR LOSS RATIO 2007**

( 1 )	Standard Earned Premium Reported (Table I)			1,926,165,942
( 2 )	Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
( 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)			1,904,366,267
( 7 )	Loss Cost Change to 4/1/14 Level			0.7664
( 8 )	Expected Loss at Current Level (6) * (7)			1,459,506,307
<b>Losses - Paid-to-26th Method</b>				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
( 9 )	Paid Losses Reported (Table I-D & I-E)	707,483,156	616,400,633	1,323,883,789
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1774	1.4179	
(11)	Ultimate Incurred Losses (9) * (10)	832,990,668	873,994,458	1,706,985,126
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	832,990,668	873,994,458	1,706,985,126
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5707	0.5988	1.1695
<b>Losses - Incurred Method</b>				
(15)	Incurred Losses Reported (Table I-B & I-C)	763,040,085	679,198,759	1,442,238,844
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0297	1.1988	
(17)	Ultimate Incurred Losses (15) * (16)	785,702,376	814,223,472	1,599,925,848
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	785,702,376	814,223,472	1,599,925,848
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5383	0.5579	1.0962
<b>Losses - Average of Incurred and Paid-to-26th Method</b>				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	809,346,522	844,108,965	1,653,455,487
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5545	0.5784	1.1329
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.7046	0.7046	
(24)	Severity Ratio * (22) / (23)	0.7870	0.8209	1.6079

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

**EXHIBIT III - 7**

**POLICY YEAR LOSS RATIO 2006**

( 1) Standard Earned Premium Reported (Table I)			1,864,332,405
( 2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
( 3) Expense Constant Removal Factor			1.0000
( 4) PCCPAP On-Level Factor			1.0019
( 5) Factor to Remove Loss Based Assessments			0.9897
( 6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,848,635,528
( 7) Loss Cost Change to 4/1/14 Level			0.7593
( 8) Expected Loss at Current Level (6) * (7)			1,403,668,956
<b>Losses - Paid-to-26th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
( 9) Paid Losses Reported (Table I-D & I-E)	681,388,429	574,446,498	1,255,834,927
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1498	1.3897	
(11) Ultimate Incurred Losses (9) * (10)	783,460,416	798,308,298	1,581,768,714
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	783,460,416	798,308,298	1,581,768,714
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5582	0.5687	1.1269
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	729,721,980	620,510,082	1,350,232,062
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0254	1.1966	
(17) Ultimate Incurred Losses (15) * (16)	748,256,918	742,502,364	1,490,759,282
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	748,256,918	742,502,364	1,490,759,282
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5331	0.5290	1.0621
<b>Losses - Average of Incurred and Paid-to-26th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	765,858,667	770,405,331	1,536,263,998
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5456	0.5489	1.0945
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7485	0.7485	
(24) Severity Ratio * (22) / (23)	0.7289	0.7333	1.4622

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

**EXHIBIT III - 8**

**POLICY YEAR LOSS RATIO 2005**

(1) Standard Earned Premium Reported (Table I)	1,888,743,752
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)	1.0000
(3) Expense Constant Removal Factor	1.0000
(4) PCCPAP On-Level Factor	1.0016
(5) Factor to Remove Loss Based Assessments	0.9912
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)	1,875,118,203
(7) Loss Cost Change to 4/1/14 Level	0.7085
(8) Expected Loss at Current Level (6) * (7)	1,328,521,247

<b>Losses - Paid-to-26th Method</b>	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	667,650,595	566,297,256	1,233,947,851
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1273	1.3677	
(11) Ultimate Incurred Losses (9) * (10)	752,642,516	774,524,757	1,527,167,273
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	752,642,516	774,524,757	1,527,167,273
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5665	0.5830	1.1495

<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	705,078,102	616,384,161	1,321,462,263
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0220	1.1854	
(17) Ultimate Incurred Losses (15) * (16)	720,589,820	730,661,784	1,451,251,604
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	720,589,820	730,661,784	1,451,251,604
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5424	0.5500	1.0924

<b>Losses - Average of Incurred and Paid-to-26th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	736,616,168	752,593,271	1,489,209,439
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5545	0.5665	1.1210
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7749	0.7749	
(24) Severity Ratio * (22) / (23)	0.7156	0.7311	1.4467

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

**EXHIBIT III - 9**

**POLICY YEAR LOSS RATIO 2004**

(1) Standard Earned Premium Reported (Table I)				1,721,291,681
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0001
(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)				1,705,282,050
(7) Loss Cost Change to 4/1/14 Level				0.7013
(8) Expected Loss at Current Level (6) * (7)				1,195,914,302
<b>Losses - Paid-to-26th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	656,396,749	555,714,902		1,212,111,651
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1119	1.3452		
(11) Ultimate Incurred Losses (9) * (10)	729,847,545	747,547,686		1,477,395,231
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	729,847,545	747,547,686		1,477,395,231
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6103	0.6251		1.2354
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	700,722,493	601,041,162		1,301,763,655
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0178	1.1697		
(17) Ultimate Incurred Losses (15) * (16)	713,195,353	703,037,847		1,416,233,200
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	713,195,353	703,037,847		1,416,233,200
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5964	0.5879		1.1843
<b>Losses - Average of Incurred and Paid-to-26th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	721,521,449	725,292,767		1,446,814,216
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6033	0.6065		1.2098
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8345	0.8345		
(24) Severity Ratio * (22) / (23)	0.7229	0.7268		1.4497

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

**EXHIBIT III - 10**

**POLICY YEAR LOSS RATIO 2003**

( 1 ) Standard Earned Premium Reported (Table I)			1,630,774,833
( 2 ) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
( 3 ) Expense Constant Removal Factor			1.0000
( 4 ) PCCPAP On-Level Factor			0.9992
( 5 ) Factor to Remove Loss Based Assessments			0.9910
( 6 ) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,614,804,981
( 7 ) Loss Cost Change to 4/1/14 Level			0.7120
( 8 ) Expected Loss at Current Level (6) * (7)			1,149,741,146
<b>Losses - Paid-to-26th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
( 9 ) Paid Losses Reported (Table I-D & I-E)	642,091,755	522,012,636	1,164,104,391
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0992	1.3279	
(11) Ultimate Incurred Losses (9) * (10)	705,787,257	693,180,579	1,398,967,836
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	705,787,257	693,180,579	1,398,967,836
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6139	0.6029	1.2168
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	671,527,645	557,110,186	1,228,637,831
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0169	1.1664	
(17) Ultimate Incurred Losses (15) * (16)	682,876,462	649,813,321	1,332,689,783
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	682,876,462	649,813,321	1,332,689,783
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5939	0.5652	1.1591
<b>Losses - Average of Incurred and Paid-to-26th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	694,331,860	671,496,950	1,365,828,810
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6039	0.5840	1.1879
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8804	0.8804	
(24) Severity Ratio * (22) / (23)	0.6859	0.6633	1.3492

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

EXHIBIT IV - 1

**POLICY YEARS 2003 - 200,  
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 4/01/14 LC LEVEL</u>
2003	4/01/02	BASE	1.0000	0.3075	0.3075	0.7120
	4/01/03	0.9759	0.9759	0.6925	0.6758	
	4/01/04	0.7174	0.7001	-----	-----	
	to 4/01/14			1.0000	0.9833	
2004	4/01/03	BASE	1.0000	0.3058	0.3058	0.7013
	4/01/04	1.0332	1.0332	0.6942	0.7172	
	4/01/05	0.6943	0.7174	-----	-----	
	to 4/01/14			1.0000	1.0230	
2005	4/01/04	BASE	1.0000	0.3072	0.3072	0.7085
	4/01/05	0.9711	0.9711	0.6928	0.6728	
	4/01/06	0.7150	0.6943	-----	-----	
	to 4/01/14			1.0000	0.9800	
2006	4/01/05	BASE	1.0000	0.3203	0.3203	0.7593
	4/01/06	0.9142	0.9142	0.6797	0.6214	
	4/01/07	0.7821	0.7150	-----	-----	
	to 4/01/14			1.0000	0.9417	
2007	4/01/06	BASE	1.0000	0.3043	0.3043	0.7664
	4/01/07	1.0295	1.0295	0.6957	0.7162	
	4/01/08	0.7597	0.7821	-----	-----	
	to 4/01/14			1.0000	1.0205	
2008	4/01/07	BASE	1.0000	0.3260	0.3260	0.8158
	4/01/08	0.8978	0.8978	0.6740	0.6051	
	4/01/09	0.8461	0.7596	-----	-----	
	to 4/01/14			1.0000	0.9311	

**EXHIBIT IV - 2**

**POLICY YEARS 2009 - 201'  
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 4/01/14 LC LEVEL</u>
2009	4/01/08	BASE	1.0000	0.3039	0.3039	
	4/01/09	0.9700	0.9700	0.6961	0.6752	
	4/01/10	0.8723	0.8461	-----	-----	
	to 4/01/14			1.0000	0.9791	0.8642
2010	4/01/09	BASE	1.0000	0.2930	0.2930	
	4/01/10	1.0068	1.0068	0.7070	0.7118	
	4/01/11	0.8664	0.8723	-----	-----	
	to 4/01/14			1.0000	1.0048	0.8681
2011	4/01/10	BASE	1.0000	0.2933	0.2933	
	4/01/11	1.0087	1.0087	0.7067	0.7128	
	4/01/12	0.8589	0.8664	-----	-----	
	to 4/01/14			1.0000	1.0061	0.8611
2012	4/01/11	BASE	1.0000	0.3074	0.3074	
	4/01/12	0.9434	0.9434	0.6926	0.6534	
	4/01/13	0.9105	0.8590	-----	-----	
	to 4/01/14			1.0000	0.9608	0.8940
2013	4/01/12	BASE	1.0000	0.3038	0.3038	
	4/01/13	0.9599	0.9599	0.6962	0.6683	
	4/01/14	0.9485	0.9105	-----	-----	
				1.0000	0.9721	0.9366

**EXHIBIT V - 1**

**DEVELOPMENT FACTORS**

**PREMIUM**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Policy Year</u>	<u>2011-2012 Ratio</u>	<u>Policy Year</u>	<u>2010-2011 Ratio</u>	<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Unweighted Average</u>	<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2012	1.0093	2011	1.0136	2010	1.0038	2009	0.9984	1.0063	1.0063	1.0094
3rd to 2nd	2011	0.9988	2010	1.0010	2009	1.0003	2008	1.0027	1.0007	1.0007	1.0031
4th to 3rd	2010	0.9992	2009	0.9995	2008	1.0004	2007	1.0053	1.0011	1.0011	1.0024
5th to 4th	2009	1.0001	2008	1.0000	2007	1.0000	2006	0.9989	0.9998	0.9998	1.0013
6th to 5th	2008	1.0000	2007	1.0002	2006	1.0001	2005	1.0052	1.0014	1.0014	1.0015
7th to 6th	2007	1.0000	2006	1.0003	2005	1.0001	2004	0.9999	1.0001	1.0001	1.0001
8th to 7th	2006	1.0000	2005	1.0000	2004	1.0001	2003	0.9999	1.0000	1.0000	1.0000
9th to 8th	2005	0.9999	2004	0.9996	2003	1.0001	2002	1.0000	0.9999	0.9999	1.0000
10th to 9th	2004	1.0000	2003	1.0002	2002	1.0000	2001	1.0001	1.0001	1.0001	1.0001
11th to 10th	2003	1.0000	2002	1.0001	2001	1.0002	2000	1.0000	1.0001	1.0000	1.0000
12th to 11th	2002	0.9999	2001	1.0000	2000	1.0000	1999	0.9994	0.9998	1.0000	1.0000
13th to 12th	2001	1.0001	2000	0.9999	1999	1.0001	1998	1.0000	1.0000	1.0000	1.0000
14th to 13th	2000	1.0000	1999	1.0000	1998	1.0000	1997	1.0000	1.0000	1.0000	1.0000
15th to 14th	1999	1.0000	1998	1.0000	1997	1.0000	1996	1.0001	1.0000	1.0000	1.0000
16th to 15th	1998	1.0000	1997	1.0000	1996	1.0000	1995	1.0000	1.0000	1.0000	1.0000
17th to 16th	1997	1.0000	1996	1.0000	1995	1.0000	1994	1.0000	1.0000	1.0000	1.0000
18th to 17th	1996	1.0000	1995	1.0000	1994	1.0000	1993	1.0001	1.0000	1.0000	1.0000
19th to 18th	1995	1.0000	1994	1.0000	1993	1.0000	1992	1.0000	1.0000	1.0000	1.0000
20th to 19th	1994	1.0000	1993	1.0000	1992	1.0000	1991	1.0002	1.0001	1.0000	1.0000
21st to 20th	1993	1.0000	1992	1.0000	1991	1.0000	1990	1.0000	1.0000	1.0000	1.0000
22nd to 21st	1992	1.0000	1991	1.0000	1990	1.0000	1989	1.0001	1.0000	1.0000	1.0000
23rd to 22nd	1991	1.0000	1990	1.0000	1989	1.0000	1988	0.9999		1.0000	1.0000
24th to 23rd	1990	1.0000	1989	1.0000	1988	1.0000				1.0000	1.0000
25th to 24th	1989	1.0000	1988	1.0000						1.0000	1.0000
26th to 25th	1988	1.0000								1.0000	1.0000

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1988	Twenty-Fifth	1.0000
1989	Twenty-Fourth	1.0000
1990	Twenty-Third	1.0000
1991	Twenty-Second	1.0000
1992	Twenty-First	1.0000
1993	Twentieth	1.0000
1994	Nineteenth	1.0000
1995	Eighteenth	1.0000
1996	Seventeenth	1.0000
1997	Sixteenth	1.0000
1998	Fifteenth	1.0000
1999	Fourteenth	1.0000
2000	Thirteenth	1.0000
2001	Twelfth	1.0000
2002	Eleventh	1.0000
2003	Tenth	1.0000
2004	Ninth	1.0001
2005	Eighth	1.0000
2006	Seventh	1.0000
2007	Sixth	1.0001
2008	Fifth	1.0015
2009	Fourth	1.0013
2010	Third	1.0024
2011	Second	1.0031
2012	First	1.0094

**EXHIBIT V - 2**

**DEVELOPMENT FACTORS**

**INDEMNITY LOSSES  
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Policy Year</u>	<u>2011-2012 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2012	1.9106	2011	1.9338	1.9222	3.5260	
3rd to 2nd	a	2011	1.2985	2010	1.2813	1.2899	1.8343	
4th to 3rd	a	2010	1.1147	2009	1.1096	1.1122	1.4221	
5th to 4th	a	2009	1.0495	2008	1.0529	1.0512	1.2786	
6th to 5th	a	2008	1.0273	2007	1.0388	1.0331	1.2163	
7th to 6th	a	2007	1.0266	2006	1.0214	1.0240	1.1774	
8th to 7th	a	2006	1.0175	2005	1.0223	1.0199	1.1498	
9th to 8th	a	2005	1.0138	2004	1.0139	1.0139	1.1273	
10th to 9th	a	2004	1.0100	2003	1.0130	1.0115	1.1119	
11th to 10th	a	2003	1.0108	2002	1.0067	1.0088	1.0992	
12th to 11th	a	2002	1.0075	2001	1.0073	1.0074	1.0897	
13th to 12th	a	2001	1.0051	2000	1.0043	1.0047	1.0817	
14th to 13th	a	2000	1.0023	1999	1.0010	1.0017	1.0766	
15th to 14th	a	1999	1.0024	1998	1.0036	1.0030	1.0748	
16th to 15th	a	1998	1.0026	1997	1.0038	1.0032	1.0715	
17th to 16th	a	1997	1.0050	1996	1.0057	1.0054	1.0681	
18th to 17th	a	1996	1.0038	1995	1.0050	1.0044	1.0624	
19th to 18th	a	1995	1.0069	1994	1.0051	1.0060	1.0577	
20th to 19th	a	1994	1.0053	1993	1.0055	1.0054	1.0514	
21st to 20th	a	1993	1.0052	1992	1.0042	1.0047	1.0458	
22nd to 21st	a	1992	1.0037	1991	1.0034	1.0036	1.0409	
23rd to 22nd	a	1991	1.0033	1990	1.0040	1.0037	1.0372	
24th to 23rd	a	1990	1.0038	1989	1.0035	1.0037	1.0333	
25th to 24th	a	1989	1.0024	1988	1.0035	1.0030	1.0295	
26th to 25th	b	1988	1.0202	1987	1.0287	1.0245	1.0264	
Beyond 26th		1987	1.0019	1986	1.0009	1.0014	1.0019	d

**INCURRED METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Policy Year</u>	<u>2011-2012 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2012	1.3946	2011	1.4141	1.4044	1.6452	
3rd to 2nd	c	2011	1.1108	2010	1.0957	1.1033	1.1715	
4th to 3rd	c	2010	1.0286	2009	1.0212	1.0249	1.0618	
5th to 4th	c	2009	1.0089	2008	1.0017	1.0053	1.0360	
6th to 5th	c	2008	1.0000	2007	1.0016	1.0008	1.0305	
7th to 6th	c	2007	1.0067	2006	1.0016	1.0042	1.0297	
8th to 7th	c	2006	1.0025	2005	1.0041	1.0033	1.0254	
9th to 8th	c	2005	1.0050	2004	1.0032	1.0041	1.0220	
10th to 9th	c	2004	1.0021	2003	0.9996	1.0009	1.0178	
11th to 10th	c	2003	1.0021	2002	1.0028	1.0025	1.0169	
12th to 11th	c	2002	1.0051	2001	1.0017	1.0034	1.0144	
13th to 12th	c	2001	1.0016	2000	1.0009	1.0013	1.0109	
14th to 13th	c	2000	0.9997	1999	0.9975	0.9986	1.0096	
15th to 14th	c	1999	1.0006	1998	1.0021	1.0014	1.0111	
16th to 15th	c	1998	1.0014	1997	1.0028	1.0021	1.0096	
17th to 16th	c	1997	0.9998	1996	1.0012	1.0005	1.0075	
18th to 17th	c	1996	1.0009	1995	1.0011	1.0010	1.0070	
19th to 18th	c	1995	1.0025	1994	0.9999	1.0012	1.0060	
20th to 19th	c	1994	1.0011	1993	1.0025	1.0018	1.0048	
21st to 20th	c	1993	0.9992	1992	1.0013	1.0003	1.0030	
22nd to 21st	c	1992	0.9990	1991	1.0001	0.9996	1.0027	
23rd to 22nd	c	1991	1.0008	1990	1.0022	1.0015	1.0031	
24th to 23rd	c	1990	1.0009	1989	0.9975	0.9992	1.0016	
25th to 24th	c	1989	0.9999	1987	1.0010	1.0005	1.0024	
26th to 25th	c	1988	0.9994	1986	1.0005	1.0000	1.0019	
Beyond 26th	c	1987	1.0019	1986	1.0009	1.0014	1.0019	d

a From Table I-D

b 25th (Paid - Table 1-D) to 26th (Incurred - Table I-B)

c From Table I-B

d Derived separately. See Exhibit # 7 of the April 1, 2015 Filing Package.

**EXHIBIT V - 3**

**DEVELOPMENT FACTORS**

**MEDICAL LOSSES  
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Policy Year</u>	<u>2011-2012 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	a	2012	1.2563	2011	1.2639	1.2601	2.0939
3rd to 2nd	a	2011	1.0830	2010	1.0802	1.0816	1.6617
4th to 3rd	a	2010	1.0409	2009	1.0345	1.0377	1.5363
5th to 4th	a	2009	1.0260	2008	1.0252	1.0256	1.4805
6th to 5th	a	2008	1.0205	2007	1.0157	1.0181	1.4435
7th to 6th	a	2007	1.0225	2006	1.0180	1.0203	1.4179
8th to 7th	a	2006	1.0169	2005	1.0152	1.0161	1.3897
9th to 8th	a	2005	1.0170	2004	1.0164	1.0167	1.3677
10th to 9th	a	2004	1.0131	2003	1.0129	1.0130	1.3452
11th to 10th	a	2003	1.0152	2002	1.0101	1.0127	1.3279
12th to 11th	a	2002	1.0120	2001	1.0124	1.0122	1.3113
13th to 12th	a	2001	1.0125	2000	1.0127	1.0126	1.2955
14th to 13th	a	2000	1.0112	1999	1.0090	1.0101	1.2793
15th to 14th	a	1999	1.0106	1998	1.0107	1.0107	1.2666
16th to 15th	a	1998	1.0106	1997	1.0090	1.0098	1.2531
17th to 16th	a	1997	1.0176	1996	1.0173	1.0175	1.2410
18th to 17th	a	1996	1.0120	1995	1.0125	1.0123	1.2196
19th to 18th	a	1995	1.0120	1994	1.0098	1.0109	1.2048
20th to 19th	a	1994	1.0129	1993	1.0111	1.0120	1.1918
21st to 20th	a	1993	1.0118	1992	1.0087	1.0103	1.1777
22nd to 21st	a	1992	1.0099	1991	1.0071	1.0085	1.1657
23rd to 22nd	a	1991	1.0089	1990	1.0096	1.0093	1.1559
24th to 23rd	a	1990	1.0107	1989	1.0084	1.0096	1.1452
25th to 24th	a	1989	1.0077	1989	1.0081	1.0079	1.1343
26th to 25th	b	1988	1.0968	1988	1.0933	1.0951	1.1254
Beyond 26th		1987	1.0106	1986	1.0139	1.0123	1.0277

d

**INCURRED METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Policy Year</u>	<u>2011-2012 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	c	2012	1.0908	2011	1.0825	1.0867	1.3712
3rd to 2nd	c	2011	1.0335	2010	1.0267	1.0301	1.2618
4th to 3rd	c	2010	1.0143	2009	0.9998	1.0071	1.2249
5th to 4th	c	2009	1.0132	2008	0.9960	1.0046	1.2163
6th to 5th	c	2008	1.0120	2007	1.0077	1.0099	1.2107
7th to 6th	c	2007	1.0068	2006	0.9970	1.0019	1.1988
8th to 7th	c	2006	1.0136	2005	1.0051	1.0094	1.1966
9th to 8th	c	2005	1.0147	2004	1.0121	1.0134	1.1854
10th to 9th	c	2004	1.0027	2003	1.0031	1.0029	1.1697
11th to 10th	c	2003	1.0103	2002	1.0051	1.0077	1.1664
12th to 11th	c	2002	1.0072	2001	1.0034	1.0053	1.1574
13th to 12th	c	2001	1.0080	2000	1.0023	1.0052	1.1513
14th to 13th	c	2000	1.0064	1999	1.0080	1.0072	1.1454
15th to 14th	c	1999	1.0074	1998	1.0087	1.0081	1.1372
16th to 15th	c	1998	1.0092	1997	1.0083	1.0088	1.1281
17th to 16th	c	1997	1.0111	1996	1.0122	1.0117	1.1182
18th to 17th	c	1996	1.0074	1995	1.0197	1.0136	1.1053
19th to 18th	c	1995	1.0051	1994	1.0083	1.0067	1.0905
20th to 19th	c	1994	1.0056	1993	1.0098	1.0077	1.0832
21st to 20th	c	1993	1.0092	1992	1.0090	1.0091	1.0749
22nd to 21st	c	1992	1.0103	1991	1.0029	1.0066	1.0652
23rd to 22nd	c	1991	1.0067	1990	1.0075	1.0071	1.0582
24th to 23rd	c	1990	1.0055	1989	1.0037	1.0046	1.0508
25th to 24th	c	1989	1.0110	1988	1.0050	1.0080	1.0460
26th to 25th	c	1988	1.0097	1986	1.0096	1.0097	1.0377
Beyond 26th	c	1987	1.0106	1986	1.0139	1.0123	1.0277

d

- a From Table I-E
- b 25th (Paid - Table 1-D) to 26th (Incurred - Table I-B)
- c From Table I-C
- d Derived separately. See Exhibit # 7 of the April 1, 2015 Filing Package.

**EXHIBIT VI - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2006	2007	2008	2009	2010	2011	2012
Actual Loss Ratio	0.5456	0.5545	0.5343	0.5121	0.5049	0.4842	0.4609
Normalized Frequency	0.7485	0.7046	0.6500	0.6275	0.6183	0.5770	0.5399
Severity Loss Ratio	0.7289	0.7870	0.8220	0.8161	0.8166	0.8392	0.8537
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7289	0.7870	0.8220	0.8161	0.8166	0.8392	0.8537

7 Point Exponential Regression:  $y = 0.742190 * 1.021513 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/16 (2)	Severity Trend to 4/1/16 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2010	1.0215	5.2500	1.1182	0.7640
2011	1.0215	4.2500	1.0946	0.8042
2012	1.0215	3.2500	1.0716	0.8465

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2010	0.5049	0.8543	0.4313
2011	0.4842	0.8803	0.4263
2012	0.4609	0.9071	0.4181

**MEDICAL**

Policy Year	2006	2007	2008	2009	2010	2011	2012
Actual Loss Ratio	0.5489	0.5784	0.5423	0.5311	0.5545	0.5463	0.5221
Normalized Frequency	0.7485	0.7046	0.6500	0.6275	0.6183	0.5770	0.5399
Severity Loss Ratio	0.7333	0.8209	0.8343	0.8464	0.8968	0.9468	0.9670
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7333	0.8209	0.8343	0.8464	0.8968	0.9468	0.9670

7 Point Exponential Regression:  $y = 0.726131 * 1.043325 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/16 (2)	Severity Trend to 4/1/16 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2010	1.0433	5.2500	1.2492	0.7640
2011	1.0433	4.2500	1.1974	0.8042
2012	1.0433	3.2500	1.1477	0.8465

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2010	0.5545	0.9544	0.5293
2011	0.5463	0.9629	0.5261
2012	0.5221	0.9715	0.5073

**EXHIBIT VI - 2**

**DETERMINATION OF TREND**

**Claim Frequency**

Policy Year Frequency per \$1 million of Expected Losses  
{1 = PY 2001, 12 = PY 2012}

Policy Year	Claim Frequency	Normalized Frequency
2001	26.17	1.0000
2002	25.12	0.9599
2003	23.04	0.8804
2004	21.84	0.8345
2005	20.28	0.7749
2006	19.59	0.7485
2007	18.44	0.7046
2008	17.01	0.6500
2009	16.42	0.6275
2010	16.18	0.6183
2011	15.10	0.5770
2012	14.13	0.5399

Policy Year	2006	2007	2008	2009	2010	2011	2012
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7485	0.7046	0.6500	0.6275	0.6183	0.5770	0.5399

7 Point Exponential Regression:  $y = 0.778352 * 0.950223 ^ x$

**SELECTED FREQUENCY TREND FACTOR**

**-5.0%**

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/16 (2)	Frequency Trend to 4/1/16 (3) = (1)^(2)
2010	0.9500	5.2500	0.7640
2011	0.9500	4.2500	0.8042
2012	0.9500	3.2500	0.8465

TABLE I - PA 2015

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior to 1986	11,463,947,224	11,463,949,377	1.0000
1986	1,437,170,453	1,437,170,453	1.0000
1987	1,710,992,728	1,710,992,728	1.0000
1988	1,927,163,870	1,927,163,870	1.0000
1989	2,068,513,527	2,068,513,527	1.0000
1990	2,331,283,305	2,331,283,305	1.0000
1991	2,457,665,807	2,457,668,602	1.0000
1992	2,319,183,876	2,319,155,370	1.0000
1993	2,501,548,483	2,501,530,319	1.0000
1994	1,895,079,107	1,895,074,634	1.0000
1995	1,788,562,081	1,788,562,018	1.0000
1996	1,726,522,936	1,726,522,340	1.0000
1997	1,455,902,074	1,455,903,584	1.0000
1998	1,407,695,763	1,407,694,185	1.0000
1999	1,433,126,944	1,433,006,272	0.9999
2000	1,458,062,256	1,458,009,512	1.0000
2001	1,537,738,867	1,537,889,417	1.0001
2002	1,600,583,043	1,600,907,748	1.0002
2003	1,634,211,397	1,633,483,742	0.9996
2004	1,721,700,192	1,721,764,583	1.0000
2005	1,888,631,556	1,889,127,173	1.0003
2006	1,864,374,264	1,864,692,077	1.0002
2007	1,926,484,503	1,926,509,588	1.0000
2008	1,777,949,467	1,776,994,418	0.9995
2009	1,591,195,864	1,592,726,192	1.0010
2010	1,656,516,158	1,679,079,823	1.0136
2011	942,725,763	1,738,413,333	1.8440
2012		938,810,388	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	11,463,949,377	11,463,949,377	1.0000
1986	1,437,170,453	1,437,170,453	1.0000
1987	1,710,819,128	1,710,819,128	1.0000
1988	1,926,560,145	1,926,560,145	1.0000
1989	2,067,823,039	2,067,823,039	1.0000
1990	2,330,595,056	2,330,609,152	1.0000
1991	2,456,625,148	2,456,626,212	1.0000
1992	2,317,658,487	2,317,659,920	1.0000
1993	2,499,465,607	2,499,440,469	1.0000
1994	1,892,422,121	1,892,468,484	1.0000
1995	1,787,027,585	1,787,027,373	1.0000
1996	1,723,557,819	1,723,557,069	1.0000
1997	1,445,469,131	1,445,469,606	1.0000
1998	1,406,577,675	1,406,588,304	1.0000
1999	1,420,971,117	1,420,968,286	1.0000
2000	1,444,486,318	1,444,673,013	1.0001
2001	1,520,730,370	1,520,593,342	0.9999
2002	1,587,113,159	1,587,071,309	1.0000
2003	1,630,792,288	1,630,774,833	1.0000
2004	1,721,475,002	1,721,291,681	0.9999
2005	1,888,793,002	1,888,743,752	1.0000
2006	1,864,377,621	1,864,332,405	1.0000
2007	1,926,215,388	1,926,165,942	1.0000
2008	1,776,694,693	1,776,888,915	1.0001
2009	1,591,491,556	1,590,198,634	0.9992
2010	1,678,003,587	1,675,967,530	0.9988
2011	1,737,382,930	1,753,516,695	1.0093
2012	937,911,960	1,656,277,581	1.7659
2013		926,650,167	

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 - REPORTED

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior			
to 1986	7,963,981,149	7,969,264,679	1.0007
1986	1,267,251,174	1,270,786,810	1.0028
1987	1,567,419,284	1,570,589,235	1.0020
1988	1,814,616,746	1,813,755,627	0.9995
1989	2,102,440,891	2,110,096,487	1.0036
1990	2,142,609,096	2,144,671,642	1.0010
1991	1,903,691,084	1,910,768,156	1.0037
1992	1,629,211,421	1,637,268,022	1.0049
1993	1,331,921,090	1,335,773,525	1.0029
1994	1,214,569,826	1,224,400,948	1.0081
1995	1,064,952,134	1,070,930,338	1.0056
1996	961,121,103	966,139,419	1.0052
1997	1,006,443,391	1,011,513,495	1.0050
1998	1,049,460,933	1,051,931,777	1.0024
1999	1,164,929,979	1,166,725,448	1.0015
2000	1,214,514,199	1,217,497,847	1.0025
2001	1,188,584,425	1,193,087,632	1.0038
2002	1,248,722,120	1,250,140,252	1.0011
2003	1,218,942,144	1,227,756,127	1.0072
2004	1,283,926,344	1,289,795,316	1.0046
2005	1,312,856,409	1,312,201,632	0.9995
2006	1,335,277,469	1,341,193,933	1.0044
2007	1,435,803,456	1,434,363,497	0.9990
2008	1,293,397,048	1,307,924,333	1.0112
2009	1,106,969,236	1,175,563,158	1.0620
2010	975,935,204	1,194,258,125	1.2237
2011	392,963,530	983,670,888	2.5032
2012		362,725,731	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior			
to 1986	7,969,264,679	7,971,594,834	1.0003
1986	1,270,786,810	1,273,535,014	1.0022
1987	1,570,566,132	1,574,172,907	1.0023
1988	1,813,619,614	1,819,331,354	1.0031
1989	2,109,506,758	2,114,184,751	1.0022
1990	2,143,721,367	2,149,251,105	1.0026
1991	1,910,463,249	1,915,771,025	1.0028
1992	1,636,374,106	1,640,899,545	1.0028
1993	1,334,974,452	1,338,657,634	1.0028
1994	1,223,411,140	1,227,766,706	1.0036
1995	1,070,660,023	1,074,403,514	1.0035
1996	965,056,766	969,659,149	1.0048
1997	1,002,420,922	1,007,331,075	1.0049
1998	1,050,287,461	1,054,218,263	1.0037
1999	1,157,802,786	1,160,972,776	1.0027
2000	1,207,764,203	1,213,084,805	1.0044
2001	1,177,559,215	1,184,659,069	1.0060
2002	1,240,744,059	1,247,831,693	1.0057
2003	1,225,697,784	1,228,637,831	1.0024
2004	1,289,554,690	1,301,763,655	1.0095
2005	1,311,452,749	1,321,462,263	1.0076
2006	1,341,180,551	1,350,232,062	1.0067
2007	1,434,154,801	1,442,238,844	1.0056
2008	1,307,916,254	1,322,157,986	1.0109
2009	1,174,635,519	1,200,307,416	1.0219
2010	1,194,091,295	1,279,507,454	1.0715
2011	983,221,668	1,199,602,792	1.2201
2012	362,485,913	920,047,099	2.5382
2013		375,886,382	

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 - REPORTED**

**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 12/31/11</b>	<b>As of 12/31/12</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	5,344,760,367	5,345,512,132	1.0001
1986	808,896,644	809,312,796	1.0005
1987	980,287,660	981,319,805	1.0011
1988	1,118,179,641	1,115,360,695	0.9975
1989	1,285,789,239	1,288,685,696	1.0023
1990	1,313,395,223	1,313,526,885	1.0001
1991	1,144,295,902	1,145,802,221	1.0013
1992	971,296,389	973,760,633	1.0025
1993	836,128,920	836,003,558	0.9999
1994	761,402,396	762,292,199	1.0012
1995	642,604,996	643,426,542	1.0013
1996	539,989,007	541,511,900	1.0028
1997	555,677,991	556,832,201	1.0021
1998	565,898,016	564,507,461	0.9975
1999	639,913,528	640,519,550	1.0009
2000	680,294,512	681,462,452	1.0017
2001	673,192,415	675,044,549	1.0028
2002	700,887,459	700,614,570	0.9996
2003	669,158,103	671,320,667	1.0032
2004	694,565,835	697,416,463	1.0041
2005	702,652,834	703,798,318	1.0016
2006	723,651,513	724,845,522	1.0016
2007	761,905,287	763,181,268	1.0017
2008	689,675,589	704,314,518	1.0212
2009	566,421,908	620,606,688	1.0957
2010	415,592,915	587,695,761	1.4141
2011	125,069,715	418,580,947	3.3468
2012		116,152,750	

<b>Policy Year Valued</b>	<b>As of 12/31/12</b>	<b>As of 12/31/13</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	5,345,512,132	5,346,254,615	1.0001
1986	809,312,796	810,148,521	1.0010
1987	981,313,665	980,716,319	0.9994
1988	1,115,304,482	1,115,230,507	0.9999
1989	1,288,344,799	1,289,470,380	1.0009
1990	1,312,811,492	1,313,908,083	1.0008
1991	1,145,673,727	1,144,545,813	0.9990
1992	973,170,644	972,401,118	0.9992
1993	835,613,734	836,598,684	1.0012
1994	761,844,832	763,825,249	1.0026
1995	643,349,809	643,922,664	1.0009
1996	541,040,957	540,942,621	0.9998
1997	552,266,572	553,017,236	1.0014
1998	563,919,426	564,235,439	1.0006
1999	635,577,544	635,387,084	0.9997
2000	676,052,671	677,103,151	1.0016
2001	667,762,615	671,186,150	1.0051
2002	695,844,268	697,300,145	1.0021
2003	670,090,891	671,527,645	1.0021
2004	697,243,635	700,722,493	1.0050
2005	703,344,525	705,078,102	1.0025
2006	724,844,917	729,721,980	1.0067
2007	763,029,806	763,040,085	1.0000
2008	704,314,518	710,595,106	1.0089
2009	620,254,649	637,994,017	1.0286
2010	587,637,456	652,743,788	1.1108
2011	418,370,451	583,460,415	1.3946
2012	116,109,092	386,615,612	3.3298
2013		116,896,126	

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 - REPORTED

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/11	As of 12/31/12	Ratio to Prior Year
Prior			
to 1986	2,619,220,782	2,623,752,547	1.0017
1986	458,354,530	461,474,014	1.0068
1987	587,131,624	589,269,430	1.0036
1988	696,437,105	698,394,932	1.0028
1989	816,651,652	821,410,791	1.0058
1990	829,213,873	831,144,757	1.0023
1991	759,395,182	764,965,935	1.0073
1992	657,915,032	663,507,389	1.0085
1993	495,792,170	499,769,967	1.0080
1994	453,167,430	462,108,749	1.0197
1995	422,347,138	427,503,796	1.0122
1996	421,132,096	424,627,519	1.0083
1997	450,765,400	454,681,294	1.0087
1998	483,562,917	487,424,316	1.0080
1999	525,016,451	526,205,898	1.0023
2000	534,219,687	536,035,395	1.0034
2001	515,392,010	518,043,083	1.0051
2002	547,834,661	549,525,682	1.0031
2003	549,784,041	556,435,460	1.0121
2004	589,360,509	592,378,853	1.0051
2005	610,203,575	608,403,314	0.9970
2006	611,625,956	616,348,411	1.0077
2007	673,898,169	671,182,229	0.9960
2008	603,721,459	603,609,815	0.9998
2009	540,547,328	554,956,470	1.0267
2010	560,342,289	606,562,364	1.0825
2011	267,893,815	565,089,941	2.1094
2012		246,572,981	

  

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior			
to 1986	2,623,752,547	2,625,340,219	1.0006
1986	461,474,014	463,386,493	1.0041
1987	589,252,467	593,456,588	1.0071
1988	698,315,132	704,100,847	1.0083
1989	821,161,959	824,714,371	1.0043
1990	830,909,875	835,343,022	1.0053
1991	764,789,522	771,225,212	1.0084
1992	663,203,462	668,498,427	1.0080
1993	499,360,718	502,058,950	1.0054
1994	461,566,308	463,941,457	1.0051
1995	427,310,214	430,480,850	1.0074
1996	424,015,809	428,716,528	1.0111
1997	450,154,350	454,313,839	1.0092
1998	486,368,035	489,982,824	1.0074
1999	522,225,242	525,585,692	1.0064
2000	531,711,532	535,981,654	1.0080
2001	509,796,600	513,472,919	1.0072
2002	544,899,791	550,531,548	1.0103
2003	555,606,893	557,110,186	1.0027
2004	592,311,055	601,041,162	1.0147
2005	608,108,224	616,384,161	1.0136
2006	616,335,634	620,510,082	1.0068
2007	671,124,995	679,198,759	1.0120
2008	603,601,736	611,562,880	1.0132
2009	554,380,870	562,313,399	1.0143
2010	606,453,839	626,763,666	1.0335
2011	564,851,217	616,142,377	1.0908
2012	246,376,821	533,431,487	2.1651
2013		258,990,256	

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 - REPORTED**

**POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR**

**INDEMNITY PAID LOSSES**

<b>Policy Year Valued</b>	<b>As of 12/31/11</b>	<b>As of 12/31/12</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	5,240,985,150	5,254,229,109	1.0025
1986	786,569,942	789,489,310	1.0037
1987	957,815,790	961,174,901	1.0035
1988	1,085,204,532	1,089,004,606	1.0035
1989	1,244,438,030	1,249,501,522	1.0041
1990	1,270,143,471	1,274,573,299	1.0035
1991	1,095,234,842	1,099,978,317	1.0043
1992	922,466,903	927,656,813	1.0056
1993	794,170,774	798,349,853	1.0053
1994	719,873,171	723,642,533	1.0052
1995	614,559,232	618,180,731	1.0059
1996	517,840,258	519,850,309	1.0039
1997	542,169,809	544,132,218	1.0036
1998	554,224,801	554,777,982	1.0010
1999	625,531,744	628,248,556	1.0043
2000	659,094,656	663,877,579	1.0073
2001	653,492,873	657,879,075	1.0067
2002	659,359,679	667,939,068	1.0130
2003	628,198,911	636,899,966	1.0139
2004	633,464,913	647,622,681	1.0223
2005	642,879,930	656,613,762	1.0214
2006	638,961,847	663,732,642	1.0388
2007	654,201,097	688,818,542	1.0529
2008	562,077,892	623,700,170	1.1096
2009	398,102,488	510,094,392	1.2813
2010	214,733,897	415,256,276	1.9338
2011	43,470,148	220,280,231	5.0674
2012		41,378,319	

  

<b>Policy Year Valued</b>	<b>As of 12/31/12</b>	<b>As of 12/31/13</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	5,254,229,109	5,266,473,896	1.0023
1986	789,489,310	791,946,891	1.0031
1987	961,168,761	964,119,728	1.0031
1988	1,088,948,393	1,091,607,028	1.0024
1989	1,249,160,625	1,253,930,287	1.0038
1990	1,273,857,906	1,278,148,554	1.0034
1991	1,099,849,823	1,104,047,179	1.0038
1992	927,066,824	932,032,271	1.0054
1993	797,960,029	802,302,149	1.0054
1994	723,195,166	728,421,219	1.0072
1995	618,103,998	620,578,273	1.0040
1996	519,379,366	521,999,356	1.0050
1997	539,566,589	540,960,352	1.0026
1998	554,189,947	555,538,777	1.0024
1999	623,730,573	625,137,901	1.0023
2000	658,467,798	661,819,038	1.0051
2001	650,614,353	655,484,785	1.0075
2002	663,365,352	670,554,501	1.0108
2003	635,725,782	642,091,755	1.0100
2004	647,449,853	656,396,749	1.0138
2005	656,159,969	667,650,595	1.0175
2006	663,732,037	681,388,429	1.0266
2007	688,667,080	707,483,156	1.0273
2008	623,700,170	654,547,638	1.0495
2009	509,890,376	568,387,254	1.1147
2010	415,197,982	539,122,500	1.2985
2011	220,067,684	420,466,751	1.9106
2012	41,373,167	207,375,977	5.0123
2013		40,472,571	

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 - REPORTED**

**POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR**

**MEDICAL PAID LOSSES**

<b>Policy Year Valued</b>	<b>As of 12/31/11</b>	<b>As of 12/31/12</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	2,463,352,215	2,478,705,937	1.0062
1986	433,417,345	435,974,353	1.0059
1987	551,766,434	554,976,942	1.0058
1988	659,938,253	664,065,134	1.0063
1989	765,677,776	771,285,722	1.0073
1990	792,460,012	796,879,112	1.0056
1991	716,001,382	721,053,724	1.0071
1992	612,190,752	617,993,163	1.0095
1993	462,535,187	466,935,388	1.0095
1994	420,122,212	425,378,150	1.0125
1995	389,625,985	396,371,933	1.0173
1996	382,671,009	386,107,028	1.0090
1997	412,764,852	417,179,509	1.0107
1998	442,874,605	446,838,482	1.0090
1999	475,754,923	481,797,817	1.0127
2000	492,142,341	498,237,054	1.0124
2001	482,747,258	487,604,783	1.0101
2002	501,039,664	507,478,459	1.0129
2003	507,655,167	515,991,267	1.0164
2004	538,313,279	546,495,864	1.0152
2005	547,360,500	557,189,791	1.0180
2006	553,115,587	561,806,150	1.0157
2007	589,254,709	604,103,385	1.0252
2008	529,109,635	547,386,378	1.0345
2009	454,068,280	490,493,851	1.0802
2010	397,376,778	502,246,139	1.2639
2011	118,598,450	414,003,608	3.4908
2012		116,425,451	

  

<b>Policy Year Valued</b>	<b>As of 12/31/12</b>	<b>As of 12/31/13</b>	<b>Ratio to Prior Year</b>
Prior			
to 1986	2,478,705,937	2,492,511,929	1.0056
1986	435,974,353	439,243,895	1.0075
1987	554,959,979	559,329,334	1.0079
1988	663,985,334	667,767,772	1.0057
1989	771,036,890	777,373,046	1.0082
1990	796,644,230	802,219,498	1.0070
1991	720,877,311	726,655,775	1.0080
1992	617,689,236	623,952,375	1.0101
1993	466,526,139	472,363,273	1.0125
1994	424,835,709	429,916,411	1.0120
1995	396,178,351	400,915,766	1.0120
1996	385,495,318	392,263,443	1.0176
1997	413,126,648	417,512,097	1.0106
1998	445,782,201	450,505,965	1.0106
1999	478,380,620	483,723,250	1.0112
2000	493,964,715	500,121,528	1.0125
2001	479,425,854	485,180,281	1.0120
2002	503,916,187	511,559,215	1.0152
2003	515,281,099	522,012,636	1.0131
2004	546,428,066	555,714,902	1.0170
2005	556,894,701	566,297,256	1.0169
2006	561,793,373	574,446,498	1.0225
2007	604,046,151	616,400,633	1.0205
2008	547,378,299	561,621,667	1.0260
2009	489,994,800	510,050,235	1.0409
2010	502,138,614	543,817,288	1.0830
2011	413,779,264	519,833,272	1.2563
2012	116,379,284	390,348,228	3.3541
2013		118,145,725	

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, 2015 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, 2015 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, 2015 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, 2015 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			
2009	2,595,907,588	2,530,789,962	1.0257
2010	2,677,462,014	2,611,716,289	1.0252
2011	2,853,683,313	2,787,472,826	1.0238
<b>TOTAL</b>	<b>8,127,052,915</b>	<b>7,929,979,077</b>	<b>1.0249</b>
MANUFACTURING AND UTILITIES			
2009	532,656,119	512,036,327	1.0403
2010	545,781,987	525,538,806	1.0385
2011	581,489,963	560,182,820	1.0380
<b>TOTAL</b>	<b>1,659,928,069</b>	<b>1,597,757,953</b>	<b>1.0389</b>
CONTRACTING AND QUARRYING			
2009	449,517,887	412,614,353	1.0894
2010	496,680,939	451,720,019	1.0995
2011	560,312,083	504,989,411	1.1096
<b>TOTAL</b>	<b>1,506,510,909</b>	<b>1,369,323,783</b>	<b>1.1002</b>
OTHER INDUSTRIES			
2009	1,613,733,582	1,606,139,282	1.0047
2010	1,634,999,088	1,634,457,464	1.0003
2011	1,711,881,267	1,722,300,595	0.9940
<b>TOTAL</b>	<b>4,960,613,937</b>	<b>4,962,897,341</b>	<b>0.9995</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>HB 1846 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>							
2011	0.9936	1.0000	1.2005	1.0389	0.9296	1.1520	0.8681
2012	0.9936	1.0000	1.3077	1.0389	0.9467	1.2780	0.7825
2013	0.9936	1.0000	1.6474	1.0389	0.9640	1.6394	0.6100
<b><u>Contracting and Quarrying</u></b>							
2011	0.9936	1.0000	1.2312	1.1002	0.9296	1.2512	0.7992
2012	0.9936	1.0000	1.3724	1.1002	0.9467	1.4204	0.7040
2013	0.9936	1.0000	1.6500	1.1002	0.9640	1.7389	0.5751
<b><u>Other Industries</u></b>							
2011	0.9936	1.0000	1.1789	0.9995	0.9296	1.0884	0.9188
2012	0.9936	1.0000	1.2975	0.9995	0.9467	1.2199	0.8197
2013	0.9936	1.0000	1.6524	0.9995	0.9640	1.5820	0.6321

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 =	0.3661
Second Adjustment	RDF =	0.2274
Third Adjustment	RDF =	0.1585

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:

$$\text{The \$25,000 limit Hazard Group C ELF} = 0.676$$

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.676) * 0.3661 \\ &= 0.1186 \end{aligned}$$

\* The use of retrospective development factors is optional.