

**PENNSYLVANIA COMPENSATION RATING BUREAU**

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**Summary of Material for Modification of Experience  
April 1, 2016 Loss Cost Revision**

**As Filed**

**PENNSYLVANIA 2016 LOSS COST FILING**

**EFFECTIVE DATE - April 1, 2016**

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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 2011 Ratio of Loss to Expected Loss	0.5105	0.5966	1.1071
(2) Policy Year 2012 Ratio of Loss to Expected Loss	0.4849	0.5635	1.0484
(3) Policy Year 2013 Ratio of Loss to Expected Loss	0.4990	0.5827	1.0817
(4) Average (Midpoint = 1/1/2013)	0.4981	0.5809	1.0790
(5) Policy Year 2011 Ratio Trended to 4/1/2017 +	0.4337	0.5701	1.0038
(6) Policy Year 2012 Ratio Trended to 4/1/2017 +	0.4249	0.5428	0.9677
(7) Policy Year 2013 Ratio Trended to 4/1/2017 +	0.4511	0.5656	1.0167
(8) Average at 4/1/2017	0.4366	0.5595	0.9961
(9) House Bill 1846 Adjustment	1.0000	0.9908	
(10) Indicated Change in Loss Costs	0.4366	0.5544	0.9910

### 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	1.0389	1.1002	0.9995	
(12) Anticipated Collectible Premium Ratio	1.0357	1.1081	0.9960	
(13) Final Indicated Change in Manual Loss Cost Level (10T) * (12) / (11)	0.9879	0.9981	0.9875	0.9897

+ Refer to pages 18 and 19.

**EXHIBIT II**

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

<b>(1)</b>	2014 PCRB Member Paid Loss*	2,290,061,913
<b>(2)</b>	2015/2016 Fiscal Year Membership Assessment Amount	
	a. Administration Fund	47,152,072
	b. Subsequent Injury Fund	151,576
	c. Supersedeas Fund	10,033,104
	d. Uninsured Employers Guaranty Fund	2,316,691
	e. Total	<u>59,653,443</u>
<b>(3)</b>	2014 Employer Assessment Premium Base	3,512,219,318
<b>(4)</b>	2015/2016 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (2a) / (3)	0.0134
	b. Subsequent Injury Fund (2b) / (3)	0.0000
	c. Supersedeas Fund (2c) / (3)	0.0029
	d. Uninsured Employers Guaranty Fund (2d) / (3)	0.0007
	e. Employer Assessment Factor (4a) + (4b) + (4c) + (4d)	<u>0.0170</u>
<b>(5)</b>	2015/2016 Fiscal Year Budget for the Office of Small Business Advocate	194,000
<b>(6)</b>	2015/2016 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	0.0117
<b>(9)</b>	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (6) + (7) + (8)	0.0147

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

**EXHIBIT III - 1**

**POLICY YEAR LOSS RATIO 2013**

(1) Standard Earned Premium Reported (Table I)			1,604,826,802
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0087
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0068
(5) Factor to Remove Loss Based Assessments			0.9853
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,605,838,550
(7) Loss Cost Change to 4/1/15 Level			0.8805
(8) Expected Loss at Current Level (6) * (7)			1,413,940,843
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	218,365,267	406,237,585	624,602,852
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	3.4540	2.0983	
(11) Ultimate Incurred Losses (9) * (10)	754,233,632	852,408,325	1,606,641,957
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	754,233,632	852,408,325	1,606,641,957
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5334	0.6029	1.1363
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	401,628,735	558,576,089	960,204,824
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.6355	1.4240	
(17) Ultimate Incurred Losses (15) * (16)	656,863,796	795,412,351	1,452,276,147
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	656,863,796	795,412,351	1,452,276,147
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4646	0.5625	1.0271
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	705,548,714	823,910,338	1,529,459,052
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4990	0.5827	1.0817
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5527	0.5527	
(24) Severity Ratio * (22) / (23)	0.9028	1.0543	1.9571

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

**EXHIBIT III - 2**

**POLICY YEAR LOSS RATIO 2012**

(1) Standard Earned Premium Reported (Table I)			1,646,014,190
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0067
(5) Factor to Remove Loss Based Assessments			0.9858
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,633,675,833
(7) Loss Cost Change to 4/1/15 Level			0.8404
(8) Expected Loss at Current Level (6) * (7)			1,372,941,170
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	391,184,931	482,299,648	873,484,579
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8120	1.6745	
(11) Ultimate Incurred Losses (9) * (10)	708,827,095	807,610,761	1,516,437,856
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	708,827,095	807,610,761	1,516,437,856
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5163	0.5882	1.1045
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	527,991,908	561,425,250	1,089,417,158
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1791	1.3174	
(17) Ultimate Incurred Losses (15) * (16)	622,555,259	739,621,624	1,362,176,883
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	622,555,259	739,621,624	1,362,176,883
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4534	0.5387	0.9921
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	665,691,177	773,616,193	1,439,307,370
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4849	0.5635	1.0484
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5648	0.5648	
(24) Severity Ratio * (22) / (23)	0.8585	0.9977	1.8562

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

**EXHIBIT III - 3**

**POLICY YEAR LOSS RATIO 2011**

(1) Standard Earned Premium Reported (Table I)			1,722,823,535
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0057
(5) Factor to Remove Loss Based Assessments			0.9862
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,708,733,147
(7) Loss Cost Change to 4/1/15 Level			0.8095
(8) Expected Loss at Current Level (6) * (7)			1,383,219,482
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	529,208,368	553,497,296	1,082,705,664
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.4028	1.5452	
(11) Ultimate Incurred Losses (9) * (10)	742,373,499	855,264,022	1,597,637,521
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	742,373,499	855,264,022	1,597,637,521
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5367	0.6183	1.1550
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	627,544,086	623,880,241	1,251,424,327
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0673	1.2746	
(17) Ultimate Incurred Losses (15) * (16)	669,777,803	795,197,755	1,464,975,558
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	669,777,803	795,197,755	1,464,975,558
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4842	0.5749	1.0591
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	706,075,651	825,230,889	1,531,306,540
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5105	0.5966	1.1071
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6032	0.6032	
(24) Severity Ratio * (22) / (23)	0.8463	0.9891	1.8354

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

**EXHIBIT III - 4**

**POLICY YEAR LOSS RATIO 2010**

(1) Standard Earned Premium Reported (Table I)			1,645,730,829
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0055
(5) Factor to Remove Loss Based Assessments			0.9859
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,631,613,062
(7) Loss Cost Change to 4/1/15 Level			0.8161
(8) Expected Loss at Current Level (6) * (7)			1,331,559,420
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	588,573,874	550,615,567	1,139,189,441
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2598	1.4860	
(11) Ultimate Incurred Losses (9) * (10)	741,485,366	818,214,733	1,559,700,099
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	741,485,366	818,214,733	1,559,700,099
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5569	0.6145	1.1714
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	661,481,327	618,866,347	1,280,347,674
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0352	1.2566	
(17) Ultimate Incurred Losses (15) * (16)	684,765,470	777,667,452	1,462,432,922
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	684,765,470	777,667,452	1,462,432,922
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5143	0.5840	1.0983
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	713,125,418	797,941,093	1,511,066,511
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5356	0.5993	1.1349
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6458	0.6458	
(24) Severity Ratio * (22) / (23)	0.8294	0.9280	1.7574

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

**EXHIBIT III - 5**

**POLICY YEAR LOSS RATIO 2009**

(1) Standard Earned Premium Reported (Table I)			1,559,734,511
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(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)			1,535,896,764
(7) Loss Cost Change to 4/1/15 Level			0.8124
(8) Expected Loss at Current Level (6) * (7)			1,247,762,531
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	586,635,574	513,895,455	1,100,531,029
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2022	1.4496	
(11) Ultimate Incurred Losses (9) * (10)	705,253,287	744,942,852	1,450,196,139
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	705,253,287	744,942,852	1,450,196,139
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5652	0.5970	1.1622
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	630,594,303	558,931,500	1,189,525,803
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0291	1.2395	
(17) Ultimate Incurred Losses (15) * (16)	648,944,597	692,795,594	1,341,740,191
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	648,944,597	692,795,594	1,341,740,191
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5201	0.5552	1.0753
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	677,098,942	718,869,223	1,395,968,165
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5427	0.5761	1.1188
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6552	0.6552	
(24) Severity Ratio * (22) / (23)	0.8283	0.8793	1.7076

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

**EXHIBIT III - 6**

**POLICY YEAR LOSS RATIO 2008**

(1) Standard Earned Premium Reported (Table I)			1,735,020,482
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(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)			1,709,365,934
(7) Loss Cost Change to 4/1/15 Level			0.7669
(8) Expected Loss at Current Level (6) * (7)			1,310,912,735
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	662,541,980	560,377,835	1,222,919,815
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1692	1.4225	
(11) Ultimate Incurred Losses (9) * (10)	774,644,083	797,137,470	1,571,781,553
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	774,644,083	797,137,470	1,571,781,553
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5909	0.6081	1.1990
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	701,843,019	603,988,859	1,305,831,878
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0272	1.2282	
(17) Ultimate Incurred Losses (15) * (16)	720,933,149	741,819,117	1,462,752,266
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	720,933,149	741,819,117	1,462,752,266
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5499	0.5659	1.1158
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	747,788,616	769,478,294	1,517,266,910
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5704	0.5870	1.1574
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6782	0.6782	
(24) Severity Ratio * (22) / (23)	0.8410	0.8655	1.7065

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

**EXHIBIT III - 7**

**POLICY YEAR LOSS RATIO 2007**

(1) Standard Earned Premium Reported (Table I)			1,886,269,702
(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)			1,864,735,085
(7) Loss Cost Change to 4/1/15 Level			0.7205
(8) Expected Loss at Current Level (6) * (7)			1,343,541,629
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	709,759,405	614,958,145	1,324,717,550
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1437	1.3912	
(11) Ultimate Incurred Losses (9) * (10)	811,751,831	855,529,771	1,667,281,602
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	811,751,831	855,529,771	1,667,281,602
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6042	0.6368	1.2410
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	753,662,299	665,969,637	1,419,631,936
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0225	1.2177	
(17) Ultimate Incurred Losses (15) * (16)	770,619,701	810,951,227	1,581,570,928
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	770,619,701	810,951,227	1,581,570,928
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5736	0.6036	1.1772
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	791,185,766	833,240,499	1,624,426,265
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5889	0.6202	1.2091
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7347	0.7347	
(24) Severity Ratio * (22) / (23)	0.8016	0.8442	1.6458

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

**EXHIBIT III - 8**

**POLICY YEAR LOSS RATIO 2006**

(1) Standard Earned Premium Reported (Table I)			1,827,335,876
(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)			1,811,950,494
(7) Loss Cost Change to 4/1/15 Level			0.7137
(8) Expected Loss at Current Level (6) * (7)			1,293,189,068
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	681,971,018	574,734,685	1,256,705,703
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1252	1.3687	
(11) Ultimate Incurred Losses (9) * (10)	767,353,789	786,639,363	1,553,993,152
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	767,353,789	786,639,363	1,553,993,152
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5934	0.6083	1.2017
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	722,647,813	625,711,857	1,348,359,670
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0194	1.1963	
(17) Ultimate Incurred Losses (15) * (16)	736,667,181	748,539,095	1,485,206,276
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	736,667,181	748,539,095	1,485,206,276
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5697	0.5788	1.1485
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	752,010,485	767,589,229	1,519,599,714
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5815	0.5936	1.1751
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7803	0.7803	
(24) Severity Ratio * (22) / (23)	0.7452	0.7607	1.5059

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

**EXHIBIT III - 9**

**POLICY YEAR LOSS RATIO 2005**

(1) Standard Earned Premium Reported (Table I)			1,852,889,246
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0016
(5) Factor to Remove Loss Based Assessments			0.9912
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,839,706,307
(7) Loss Cost Change to 4/1/15 Level			0.6660
(8) Expected Loss at Current Level (6) * (7)			1,225,244,400
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	667,609,553	567,136,675	1,234,746,228
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1104	1.3472	
(11) Ultimate Incurred Losses (9) * (10)	741,313,648	764,046,529	1,505,360,177
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	741,313,648	764,046,529	1,505,360,177
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6050	0.6236	1.2286
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	698,027,140	615,202,939	1,313,230,079
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0156	1.1811	
(17) Ultimate Incurred Losses (15) * (16)	708,916,363	726,616,191	1,435,532,554
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	708,916,363	726,616,191	1,435,532,554
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5786	0.5930	1.1716
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	725,115,006	745,331,360	1,470,446,366
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5918	0.6083	1.2001
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8078	0.8078	
(24) Severity Ratio * (22) / (23)	0.7326	0.7530	1.4856

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

**EXHIBIT III - 10**

**POLICY YEAR LOSS RATIO 2004**

(1) Standard Earned Premium Reported (Table I)			1,684,881,834
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0000
(5) Factor to Remove Loss Based Assessments			0.9906
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,669,043,945
(7) Loss Cost Change to 4/1/15 Level			0.6592
(8) Expected Loss at Current Level (6) * (7)			1,100,233,769
<b>Losses - Paid-to-27th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	650,020,849	551,524,642	1,201,545,491
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0983	1.3293	
(11) Ultimate Incurred Losses (9) * (10)	713,917,898	733,141,707	1,447,059,605
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	713,917,898	733,141,707	1,447,059,605
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6489	0.6664	1.3153
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	687,310,473	594,915,589	1,282,226,062
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0136	1.1724	
(17) Ultimate Incurred Losses (15) * (16)	696,657,895	697,479,037	1,394,136,932
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	696,657,895	697,479,037	1,394,136,932
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.6332	0.6339	1.2671
<b>Losses - Average of Incurred and Paid-to-27th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	705,287,897	715,310,372	1,420,598,269
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6410	0.6501	1.2911
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8700	0.8700	
(24) Severity Ratio * (22) / (23)	0.7368	0.7472	1.4840

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

**EXHIBIT IV - 1****POLICY YEARS 2004 - 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 4/01/15 LC LEVEL</u>
2004	4/01/03	BASE	1.0000	0.3058	0.3058	
	4/01/04	1.0332	1.0332	0.6942	0.7172	
	4/01/05	0.6527	0.6744	-----	-----	
	to 4/01/15			1.0000	1.0230	0.6592
2005	4/01/04	BASE	1.0000	0.3072	0.3072	
	4/01/05	0.9711	0.9711	0.6928	0.6728	
	4/01/06	0.6721	0.6527	-----	-----	
	to 4/01/15			1.0000	0.9800	0.6660
2006	4/01/05	BASE	1.0000	0.3203	0.3203	
	4/01/06	0.9142	0.9142	0.6797	0.6214	
	4/01/07	0.7352	0.6721	-----	-----	
	to 4/01/15			1.0000	0.9417	0.7137
2007	4/01/06	BASE	1.0000	0.3043	0.3043	
	4/01/07	1.0295	1.0295	0.6957	0.7162	
	4/01/08	0.7142	0.7353	-----	-----	
	to 4/01/15			1.0000	1.0205	0.7205
2008	4/01/07	BASE	1.0000	0.3260	0.3260	
	4/01/08	0.8978	0.8978	0.6740	0.6051	
	4/01/09	0.7954	0.7141	-----	-----	
	to 4/01/15			1.0000	0.9311	0.7669
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	0.8200	0.7954	-----	-----	
	to 4/01/15			1.0000	0.9791	0.8124

**EXHIBIT IV - 2**

**POLICY YEARS 2010 - 2014  
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 4/01/15 LC LEVEL</u>
2010	4/01/09	BASE	1.0000	0.2929	0.2929	
	4/01/10	1.0068	1.0068	0.7071	0.7119	
	4/01/11	0.8145	0.8200	-----	-----	
	to 4/01/15			1.0000	1.0048	0.8161
2011	4/01/10	BASE	1.0000	0.2931	0.2931	
	4/01/11	1.0087	1.0087	0.7069	0.7131	
	4/01/12	0.8075	0.8145	-----	-----	
	to 4/01/15			1.0000	1.0062	0.8095
2012	4/01/11	BASE	1.0000	0.3080	0.3080	
	4/01/12	0.9434	0.9434	0.6920	0.6528	
	4/01/13	0.8559	0.8075	-----	-----	
	to 4/01/15			1.0000	0.9608	0.8404
2013	4/01/12	BASE	1.0000	0.3043	0.3043	
	4/01/13	0.9599	0.9599	0.6957	0.6678	
	4/01/14	0.8917	0.8559	-----	-----	
	to 4/01/15			1.0000	0.9721	0.8805
2014	4/01/13	BASE	1.0000	0.3043	0.3043	
	4/01/14	0.9485	0.9485	0.6957	0.6599	
	4/01/15	0.9401	0.8917	-----	-----	
				1.0000	0.9642	0.9248

**EXHIBIT V - 1**

**DEVELOPMENT FACTORS**

**PREMIUM**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2013-2014 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>Unweighted Average</u>	<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2012	1.0075	2011	1.0094	2010	1.0136	2009	1.0038	1.0086	1.0086	1.0087
3rd to 2nd	2011	1.0004	2010	0.9987	2009	1.0010	2008	1.0003	1.0001	1.0001	1.0001
4th to 3rd	2010	1.0003	2009	0.9992	2008	0.9995	2007	1.0004	0.9999	0.9999	1.0000
5th to 4th	2009	0.9997	2008	1.0001	2007	1.0000	2006	1.0000	1.0000	1.0000	1.0001
6th to 5th	2008	0.9996	2007	1.0000	2006	1.0002	2005	1.0001	1.0000	1.0000	1.0001
7th to 6th	2007	0.9999	2006	1.0000	2005	1.0003	2004	1.0001	1.0001	1.0001	1.0001
8th to 7th	2006	1.0000	2005	1.0000	2004	1.0000	2003	1.0001	1.0000	1.0000	1.0000
9th to 8th	2005	1.0000	2004	0.9999	2003	0.9996	2002	1.0001	0.9999	0.9999	1.0000
10th to 9th	2004	1.0000	2003	1.0000	2002	1.0002	2001	1.0000	1.0001	1.0001	1.0001
11th to 10th	2003	0.9999	2002	1.0000	2001	1.0001	2000	1.0002	1.0001	1.0000	1.0000
12th to 11th	2002	1.0000	2001	0.9999	2000	1.0000	1999	1.0000	1.0000	1.0000	1.0000
13th to 12th	2001	1.0000	2000	1.0001	1999	0.9999	1998	1.0001	1.0000	1.0000	1.0000
14th to 13th	2000	1.0001	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	1.0000	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	1.0000	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	1.0000	1.0000	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	1.0000	1.0000	1.0000	1.0000
23rd to 22nd	1991	1.0000	1990	1.0000	1989	1.0000	1988	1.0000	1.0000	1.0000	1.0000
24th to 23rd	1990	1.0000	1989	1.0000	1988	1.0000	1987	1.0000	1.0000	1.0000	1.0000
25th to 24th	1989	1.0000	1988	1.0000	1987	1.0000	1986	1.0000	1.0000	1.0000	1.0000
26th to 25th	1988	1.0000	1987	1.0000	1986	1.0000				1.0000	1.0000
27th to 26th	1987	1.0001	1986	1.0000						1.0000	1.0000

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1987	Twenty-Sixth	1.0000
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	1.0001
2009	Fourth	1.0001
2010	Third	1.0000
2011	Second	1.0001
2012	First	1.0087

**EXHIBIT V - 2**

**DEVELOPMENT FACTORS**

**INDEMNITY LOSSES  
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2012	1.9045	2011	1.9079	1.9062	3.4540	
3rd to 2nd	a	2011	1.2847	2010	1.2987	1.2917	1.8120	
4th to 3rd	a	2010	1.1119	2009	1.1150	1.1135	1.4028	
5th to 4th	a	2009	1.0463	2008	1.0494	1.0479	1.2598	
6th to 5th	a	2008	1.0292	2007	1.0272	1.0282	1.2022	
7th to 6th	a	2007	1.0180	2006	1.0266	1.0223	1.1692	
8th to 7th	a	2006	1.0154	2005	1.0175	1.0165	1.1437	
9th to 8th	a	2005	1.0127	2004	1.0138	1.0133	1.1252	
10th to 9th	a	2004	1.0120	2003	1.0100	1.0110	1.1104	
11th to 10th	a	2003	1.0085	2002	1.0108	1.0097	1.0983	
12th to 11th	a	2002	1.0063	2001	1.0074	1.0069	1.0878	
13th to 12th	a	2001	1.0052	2000	1.0051	1.0052	1.0803	
14th to 13th	a	2000	1.0033	1999	1.0022	1.0028	1.0747	
15th to 14th	a	1999	1.0019	1998	1.0024	1.0022	1.0717	
16th to 15th	a	1998	1.0025	1997	1.0026	1.0026	1.0694	
17th to 16th	a	1997	1.0041	1996	1.0049	1.0045	1.0666	
18th to 17th	a	1996	1.0033	1995	1.0039	1.0036	1.0618	
19th to 18th	a	1995	1.0046	1994	1.0068	1.0057	1.0580	
20th to 19th	a	1994	1.0056	1993	1.0053	1.0055	1.0520	
21st to 20th	a	1993	1.0052	1992	1.0052	1.0052	1.0463	
22nd to 21st	a	1992	1.0052	1991	1.0037	1.0045	1.0408	
23rd to 22nd	a	1991	1.0034	1990	1.0033	1.0034	1.0362	
24th to 23rd	a	1990	1.0031	1989	1.0037	1.0034	1.0327	
25th to 24th	a	1989	1.0034	1988	1.0024	1.0029	1.0292	
26th to 25th	a	1988	1.0026	1987	1.0030	1.0028	1.0262	
27th to 26th	b	1987	1.0177	1986	1.0260	1.0219	1.0233	
Beyond 27th	c	1986	1.0010	1985	1.0010	1.0010	1.0014	d

**INCURRED METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2012	1.3805	2011	1.3937	1.3871	1.6355	
3rd to 2nd	c	2011	1.0994	2010	1.1100	1.1047	1.1791	
4th to 3rd	c	2010	1.0329	2009	1.0291	1.0310	1.0673	
5th to 4th	c	2009	1.0030	2008	1.0089	1.0060	1.0352	
6th to 5th	c	2008	1.0035	2007	1.0000	1.0018	1.0291	
7th to 6th	c	2007	1.0023	2006	1.0068	1.0046	1.0272	
8th to 7th	c	2006	1.0036	2005	1.0025	1.0031	1.0225	
9th to 8th	c	2005	1.0024	2004	1.0050	1.0037	1.0194	
10th to 9th	c	2004	1.0018	2003	1.0022	1.0020	1.0156	
11th to 10th	c	2003	1.0024	2002	1.0020	1.0022	1.0136	
12th to 11th	c	2002	1.0011	2001	1.0051	1.0031	1.0114	
13th to 12th	c	2001	1.0014	2000	1.0015	1.0015	1.0082	
14th to 13th	c	2000	0.9993	1999	0.9997	0.9995	1.0067	
15th to 14th	c	1999	1.0006	1998	1.0005	1.0006	1.0072	
16th to 15th	c	1998	1.0015	1997	1.0014	1.0015	1.0066	
17th to 16th	c	1997	0.9982	1996	0.9998	0.9990	1.0051	
18th to 17th	c	1996	1.0003	1995	1.0009	1.0006	1.0061	
19th to 18th	c	1995	1.0012	1994	1.0025	1.0019	1.0055	
20th to 19th	c	1994	1.0003	1993	1.0011	1.0007	1.0036	
21st to 20th	c	1993	1.0020	1992	0.9992	1.0006	1.0029	
22nd to 21st	c	1992	0.9995	1991	0.9990	0.9993	1.0023	
23rd to 22nd	c	1991	1.0007	1990	1.0009	1.0008	1.0030	
24th to 23rd	c	1990	1.0001	1989	1.0009	1.0005	1.0022	
25th to 24th	c	1989	0.9995	1988	0.9999	0.9997	1.0017	
26th to 25th	c	1988	1.0002	1987	0.9994	0.9998	1.0020	
27th to 26th	c	1987	1.0006	1986	1.0010	1.0008	1.0022	
Beyond 27th	c	1986	1.0010	1985	1.0010	1.0010	1.0014	d

- a From Table I-D
- b 26th (Paid - Table 1-D) to 27th (Incurred - Table I-B)
- c From Table I-B
- d Derived separately. See Exhibit # 7 of the April 1, 2016 Filing Package.

**EXHIBIT V - 3**

**DEVELOPMENT FACTORS**

**MEDICAL LOSSES  
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	a	2012	1.2513	2011	1.2548	1.2531	2.0983
3rd to 2nd	a	2011	1.0845	2010	1.0828	1.0837	1.6745
4th to 3rd	a	2010	1.0385	2009	1.0410	1.0398	1.5452
5th to 4th	a	2009	1.0241	2008	1.0260	1.0251	1.4860
6th to 5th	a	2008	1.0178	2007	1.0204	1.0191	1.4496
7th to 6th	a	2007	1.0224	2006	1.0225	1.0225	1.4225
8th to 7th	a	2006	1.0159	2005	1.0168	1.0164	1.3912
9th to 8th	a	2005	1.0150	2004	1.0169	1.0160	1.3687
10th to 9th	a	2004	1.0137	2003	1.0130	1.0134	1.3472
11th to 10th	a	2003	1.0129	2002	1.0151	1.0140	1.3293
12th to 11th	a	2002	1.0165	2001	1.0119	1.0142	1.3110
13th to 12th	a	2001	1.0089	2000	1.0123	1.0106	1.2926
14th to 13th	a	2000	1.0099	1999	1.0111	1.0105	1.2791
15th to 14th	a	1999	1.0139	1998	1.0105	1.0122	1.2658
16th to 15th	a	1998	1.0075	1997	1.0106	1.0091	1.2505
17th to 16th	a	1997	1.0097	1996	1.0175	1.0136	1.2393
18th to 17th	a	1996	1.0105	1995	1.0120	1.0113	1.2226
19th to 18th	a	1995	1.0086	1994	1.0119	1.0103	1.2090
20th to 19th	a	1994	1.0111	1993	1.0128	1.0120	1.1966
21st to 20th	a	1993	1.0116	1992	1.0117	1.0117	1.1824
22nd to 21st	a	1992	1.0118	1991	1.0098	1.0108	1.1688
23rd to 22nd	a	1991	1.0083	1990	1.0089	1.0086	1.1563
24th to 23rd	a	1990	1.0069	1989	1.0106	1.0088	1.1464
25th to 24th	a	1989	1.0085	1988	1.0076	1.0081	1.1364
26th to 25th	a	1988	1.0090	1987	1.0109	1.0100	1.1273
27th to 26th	b	1987	1.0908	1986	1.0900	1.0904	1.1161
Beyond 27th	c	1986	1.0220	1985	1.0059	1.0139	1.0236

d

**INCURRED METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	c	2012	1.0714	2011	1.0904	1.0809	1.4240
3rd to 2nd	c	2011	1.0331	2010	1.0340	1.0336	1.3174
4th to 3rd	c	2010	1.0139	2009	1.0146	1.0143	1.2746
5th to 4th	c	2009	1.0145	2008	1.0130	1.0138	1.2566
6th to 5th	c	2008	1.0064	2007	1.0120	1.0092	1.2395
7th to 6th	c	2007	1.0104	2006	1.0067	1.0086	1.2282
8th to 7th	c	2006	1.0222	2005	1.0135	1.0179	1.2177
9th to 8th	c	2005	1.0112	2004	1.0145	1.0129	1.1963
10th to 9th	c	2004	1.0121	2003	1.0026	1.0074	1.1811
11th to 10th	c	2003	1.0104	2002	1.0103	1.0104	1.1724
12th to 11th	c	2002	1.0176	2001	1.0071	1.0124	1.1603
13th to 12th	c	2001	1.0047	2000	1.0079	1.0063	1.1461
14th to 13th	c	2000	1.0079	1999	1.0064	1.0072	1.1389
15th to 14th	c	1999	1.0144	1998	1.0073	1.0109	1.1308
16th to 15th	c	1998	1.0045	1997	1.0092	1.0069	1.1186
17th to 16th	c	1997	1.0065	1996	1.0111	1.0088	1.1109
18th to 17th	c	1996	1.0134	1995	1.0073	1.0104	1.1012
19th to 18th	c	1995	1.0037	1994	1.0051	1.0044	1.0899
20th to 19th	c	1994	1.0086	1993	1.0054	1.0070	1.0851
21st to 20th	c	1993	1.0110	1992	1.0091	1.0101	1.0776
22nd to 21st	c	1992	1.0055	1991	1.0101	1.0078	1.0668
23rd to 22nd	c	1991	1.0035	1990	1.0066	1.0051	1.0586
24th to 23rd	c	1990	1.0095	1989	1.0055	1.0075	1.0532
25th to 24th	c	1989	1.0040	1988	1.0109	1.0075	1.0453
26th to 25th	c	1988	1.0065	1987	1.0099	1.0082	1.0376
27th to 26th	c	1987	1.0049	1986	1.0058	1.0054	1.0291
Beyond 27th	c	1986	1.0220	1985	1.0059	1.0139	1.0236

d

- a From Table I-E
- b 26th (Paid - Table 1-D) to 27th (Incurred - Table I-B)
- c From Table I-C
- d Derived separately. See Exhibit # 7 of the April 1, 2016 Filing Package.

**EXHIBIT VI - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2007	2008	2009	2010	2011	2012	2013
Actual Loss Ratio	0.5889	0.5704	0.5427	0.5356	0.5105	0.4849	0.4990
Normalized Frequency	0.7347	0.6782	0.6552	0.6458	0.6032	0.5648	0.5527
Severity Loss Ratio	0.8016	0.8410	0.8283	0.8294	0.8463	0.8585	0.9028
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.8016	0.8410	0.8283	0.8294	0.8463	0.8585	0.9028

7 Point Exponential Regression:  $y = 0.794442 * 1.015090 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/17 (2)	Severity Trend to 4/1/17 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2011	1.0151	5.2500	1.0819	0.7853
2012	1.0151	4.2500	1.0658	0.8223
2013	1.0151	3.2500	1.0499	0.8610

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2011	0.5105	0.8496	0.4337
2012	0.4849	0.8764	0.4249
2013	0.4990	0.9040	0.4511

**MEDICAL**

Policy Year	2007	2008	2009	2010	2011	2012	2013
Actual Loss Ratio	0.6202	0.5870	0.5761	0.5993	0.5966	0.5635	0.5827
Normalized Frequency	0.7347	0.6782	0.6552	0.6458	0.6032	0.5648	0.5527
Severity Loss Ratio	0.8442	0.8655	0.8793	0.9280	0.9891	0.9977	1.0543
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.8442	0.8655	0.8793	0.9280	0.9891	0.9977	1.0543

7 Point Exponential Regression:  $y = 0.801804 * 1.038905 ^ x$

Selected Annual Severity Trend to 1/1/15 = 3.89%

HB1846 Adjustment to Annual Severity Trend from 1/1/15 and later = -0.19%

Selected Annual Severity Trend from 1/1/15 and later = 3.70%

Policy Year	Severity Trend Factor to 1/1/15 (1)	# of years to 1/1/15 (2)	Severity Trend to 1/1/15 (3) = (1) ^ (2)	Severity Trend Factor from 1/1/15 to 4/1/17 (4)	# of years from 1/1/15 to 4/1/17 (5)	Severity Trend from 1/1/15 to 4/1/17 (6) = (4) ^ (5)	Frequency Trend Factor (7) #
2011	1.0389	3.0000	1.1213	1.0370	2.2500	1.0852	0.7853
2012	1.0389	2.0000	1.0793	1.0370	2.2500	1.0852	0.8223
2013	1.0389	1.0000	1.0389	1.0370	2.2500	1.0852	0.8610

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3) * (6) * (7)	Trended Loss Ratio (10) = (8) * (9)
2011	0.5966	0.9556	0.5701
2012	0.5635	0.9631	0.5428
2013	0.5827	0.9707	0.5656

# See page 19

**EXHIBIT VI - 2**

**DETERMINATION OF TREND**

**Claim Frequency**

Policy Year Frequency per \$1 million of Expected Losses  
{1 = PY 2002, 12 = PY 2013}

Policy Year	Claim Frequency	Normalized Frequency
2002	26.54	1.0000
2003	24.34	0.9171
2004	23.09	0.8700
2005	21.44	0.8078
2006	20.71	0.7803
2007	19.50	0.7347
2008	18.00	0.6782
2009	17.39	0.6552
2010	17.14	0.6458
2011	16.01	0.6032
2012	14.99	0.5648
2013	14.67	0.5527

Policy Year	2007	2008	2009	2010	2011	2012	2013
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7347	0.6782	0.6552	0.6458	0.6032	0.5648	0.5527

7 Point Exponential Regression:  $y = 0.759698 * 0.954545 ^ x$

**SELECTED FREQUENCY TREND FACTOR**

**-4.5%**

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/17 (2)	Frequency Trend to 4/1/17 (3) = (1) ^ (2)
2011	0.9550	5.2500	0.7853
2012	0.9550	4.2500	0.8223
2013	0.9550	3.2500	0.8610

TABLE I

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior			
to 1986	11,665,295,267	11,665,295,267	1.0000
1986	1,452,454,402	1,452,457,586	1.0000
1987	1,731,398,027	1,731,398,027	1.0000
1988	1,942,888,343	1,942,888,343	1.0000
1989	2,089,453,335	2,089,453,335	1.0000
1990	2,361,726,310	2,361,794,749	1.0000
1991	2,492,237,017	2,492,232,907	1.0000
1992	2,350,864,244	2,350,865,677	1.0000
1993	2,519,527,061	2,519,501,923	1.0000
1994	1,912,244,277	1,912,290,640	1.0000
1995	1,799,065,594	1,799,065,382	1.0000
1996	1,731,411,516	1,731,410,766	1.0000
1997	1,456,346,598	1,456,347,073	1.0000
1998	1,420,556,778	1,420,567,407	1.0000
1999	1,432,505,131	1,432,502,300	1.0000
2000	1,459,002,111	1,459,196,732	1.0001
2001	1,535,706,770	1,535,569,742	0.9999
2002	1,596,623,456	1,596,581,606	1.0000
2003	1,636,636,838	1,636,621,121	1.0000
2004	1,730,292,569	1,730,109,249	0.9999
2005	1,898,124,348	1,898,075,098	1.0000
2006	1,872,887,991	1,872,842,775	1.0000
2007	1,933,188,438	1,933,136,920	1.0000
2008	1,782,633,586	1,782,828,833	1.0001
2009	1,596,845,579	1,595,549,054	0.9992
2010	1,681,059,803	1,678,936,333	0.9987
2011	1,736,185,421	1,752,489,544	1.0094
2012	941,238,670	1,661,412,239	1.7651
2013		930,836,667	

  

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	10,928,195,519	10,928,244,928	1.0000
1986	1,373,186,711	1,373,186,711	1.0000
1987	1,655,877,499	1,655,998,714	1.0001
1988	1,858,221,355	1,858,221,355	1.0000
1989	1,992,025,517	1,992,025,517	1.0000
1990	2,254,554,763	2,254,554,808	1.0000
1991	2,361,348,718	2,361,375,955	1.0000
1992	2,202,412,379	2,202,412,398	1.0000
1993	2,346,615,650	2,346,615,650	1.0000
1994	1,788,646,384	1,788,644,915	1.0000
1995	1,669,092,182	1,669,093,126	1.0000
1996	1,596,723,983	1,596,724,050	1.0000
1997	1,354,087,980	1,354,088,537	1.0000
1998	1,309,937,874	1,309,915,700	1.0000
1999	1,329,185,264	1,329,147,357	1.0000
2000	1,350,581,780	1,350,688,169	1.0001
2001	1,457,164,630	1,457,163,854	1.0000
2002	1,542,733,554	1,542,741,874	1.0000
2003	1,587,674,376	1,587,574,463	0.9999
2004	1,684,881,642	1,684,881,834	1.0000
2005	1,852,921,071	1,852,889,246	1.0000
2006	1,827,343,866	1,827,335,876	1.0000
2007	1,886,413,867	1,886,269,702	0.9999
2008	1,735,630,680	1,735,020,482	0.9996
2009	1,560,208,467	1,559,734,511	0.9997
2010	1,645,316,197	1,645,730,829	1.0003
2011	1,722,216,818	1,722,823,535	1.0004
2012	1,633,833,972	1,646,014,190	1.0075
2013	917,665,612	1,604,826,802	1.7488
2014		896,777,480	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - A - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior			
to 1986	6,312,152,193	6,314,802,502	1.0004
1986	1,055,966,710	1,058,617,223	1.0025
1987	1,314,176,525	1,317,939,517	1.0029
1988	1,527,676,484	1,533,397,107	1.0037
1989	1,804,872,186	1,809,414,996	1.0025
1990	1,858,093,019	1,863,634,035	1.0030
1991	1,674,584,083	1,680,027,322	1.0033
1992	1,467,001,887	1,471,621,628	1.0031
1993	1,252,914,242	1,256,433,019	1.0028
1994	1,171,621,463	1,175,739,181	1.0035
1995	1,043,060,502	1,046,778,966	1.0036
1996	961,960,655	966,601,428	1.0048
1997	1,007,759,667	1,012,669,820	1.0049
1998	1,059,962,334	1,063,855,150	1.0037
1999	1,164,948,707	1,168,119,697	1.0027
2000	1,217,241,092	1,222,555,595	1.0044
2001	1,187,700,557	1,194,800,411	1.0060
2002	1,244,615,191	1,251,650,897	1.0057
2003	1,228,669,187	1,231,613,006	1.0024
2004	1,294,069,376	1,306,165,696	1.0093
2005	1,317,492,690	1,327,502,489	1.0076
2006	1,345,215,736	1,354,308,961	1.0068
2007	1,437,956,211	1,445,980,106	1.0056
2008	1,314,234,786	1,328,431,674	1.0108
2009	1,178,882,920	1,205,088,995	1.0222
2010	1,194,123,487	1,279,426,987	1.0714
2011	980,734,876	1,195,910,540	1.2194
2012	364,160,648	923,794,339	2.5368
2013		379,280,906	

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	5,939,271,704	5,944,520,851	1.0009
1986	1,005,784,566	1,008,193,832	1.0024
1987	1,271,199,272	1,273,753,051	1.0020
1988	1,477,207,951	1,480,790,184	1.0024
1989	1,736,319,876	1,738,291,123	1.0011
1990	1,785,993,343	1,792,245,517	1.0035
1991	1,596,027,520	1,598,859,903	1.0018
1992	1,375,566,112	1,378,200,078	1.0019
1993	1,168,056,725	1,174,469,034	1.0055
1994	1,111,523,070	1,115,478,076	1.0036
1995	977,491,301	979,706,313	1.0023
1996	893,613,089	899,145,569	1.0062
1997	946,884,766	948,755,151	1.0020
1998	975,271,443	978,106,027	1.0029
1999	1,070,148,452	1,077,548,645	1.0069
2000	1,112,019,489	1,115,484,409	1.0031
2001	1,129,541,354	1,132,768,800	1.0029
2002	1,216,389,799	1,226,609,323	1.0084
2003	1,202,853,250	1,210,102,474	1.0060
2004	1,273,838,659	1,282,226,062	1.0066
2005	1,304,765,959	1,313,230,079	1.0065
2006	1,332,174,498	1,348,359,670	1.0121
2007	1,411,033,037	1,419,631,936	1.0061
2008	1,299,528,513	1,305,831,878	1.0049
2009	1,179,663,081	1,189,525,803	1.0084
2010	1,250,836,652	1,280,347,674	1.0236
2011	1,174,706,538	1,251,424,327	1.0653
2012	906,493,925	1,089,417,158	1.2018
2013	364,277,336	960,204,824	2.6359
2014		372,592,893	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - B - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior			
to 1986	4,785,732,069	4,786,422,894	1.0001
1986	724,447,259	725,182,614	1.0010
1987	877,620,995	877,078,060	0.9994
1988	996,985,438	996,920,347	0.9999
1989	1,157,447,261	1,158,437,660	1.0009
1990	1,185,638,701	1,186,746,571	1.0009
1991	1,040,266,850	1,039,274,399	0.9990
1992	886,148,203	885,471,978	0.9992
1993	765,548,609	766,415,267	1.0011
1994	707,056,948	708,799,517	1.0025
1995	612,532,420	613,092,228	1.0009
1996	535,385,206	535,289,820	0.9998
1997	555,350,112	556,100,776	1.0014
1998	568,715,212	569,027,758	1.0005
1999	639,591,942	639,401,482	0.9997
2000	680,066,938	681,117,418	1.0015
2001	671,876,921	675,300,456	1.0051
2002	697,868,528	699,285,680	1.0020
2003	671,083,608	672,559,618	1.0022
2004	699,462,430	702,935,309	1.0050
2005	706,384,606	708,118,183	1.0025
2006	726,531,225	731,450,002	1.0068
2007	764,873,232	764,845,111	1.0000
2008	707,045,895	713,326,485	1.0089
2009	622,125,397	640,223,240	1.0291
2010	588,242,035	652,940,395	1.1100
2011	417,127,716	581,366,135	1.3937
2012	116,480,991	388,302,639	3.3336
2013		118,254,472	

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	4,510,539,133	4,510,830,559	1.0001
1986	689,843,922	690,279,035	1.0006
1987	847,369,436	847,860,421	1.0006
1988	961,404,227	961,627,777	1.0002
1989	1,112,948,910	1,112,441,988	0.9995
1990	1,139,277,228	1,139,411,250	1.0001
1991	989,974,823	990,678,997	1.0007
1992	828,151,338	827,757,646	0.9995
1993	715,231,632	716,684,623	1.0020
1994	670,210,323	670,387,566	1.0003
1995	572,785,864	573,498,655	1.0012
1996	492,056,106	492,219,769	1.0003
1997	518,939,330	518,013,717	0.9982
1998	524,248,212	525,041,297	1.0015
1999	580,300,186	580,637,849	1.0006
2000	618,347,377	617,932,114	0.9993
2001	637,154,397	638,063,949	1.0014
2002	679,143,099	679,891,581	1.0011
2003	657,370,109	658,954,843	1.0024
2004	686,046,428	687,310,473	1.0018
2005	696,364,439	698,027,140	1.0024
2006	720,066,707	722,647,813	1.0036
2007	751,900,476	753,662,299	1.0023
2008	699,390,508	701,843,019	1.0035
2009	628,706,885	630,594,303	1.0030
2010	640,427,244	661,481,327	1.0329
2011	570,809,004	627,544,086	1.0994
2012	382,459,661	527,991,908	1.3805
2013	115,598,707	401,628,735	3.4743
2014		118,901,415	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - C - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior to 1986	1,526,420,124	1,528,379,608	1.0013
1986	331,519,451	333,434,609	1.0058
1987	436,555,530	440,861,457	1.0099
1988	530,691,046	536,476,760	1.0109
1989	647,424,925	650,977,336	1.0055
1990	672,454,318	676,887,464	1.0066
1991	634,317,233	640,752,923	1.0101
1992	580,853,684	586,149,650	1.0091
1993	487,365,633	490,017,752	1.0054
1994	464,564,515	466,939,664	1.0051
1995	430,528,082	433,686,738	1.0073
1996	426,575,449	431,311,608	1.0111
1997	452,409,555	456,569,044	1.0092
1998	491,247,122	494,827,392	1.0073
1999	525,356,765	528,718,215	1.0064
2000	537,174,154	541,438,177	1.0079
2001	515,823,636	519,499,955	1.0071
2002	546,746,663	552,365,217	1.0103
2003	557,585,579	559,053,388	1.0026
2004	594,606,946	603,230,387	1.0145
2005	611,108,084	619,384,306	1.0135
2006	618,684,511	622,858,959	1.0067
2007	673,082,979	681,134,995	1.0120
2008	607,188,891	615,105,189	1.0130
2009	556,757,523	564,865,755	1.0146
2010	605,881,452	626,486,592	1.0340
2011	563,607,160	614,544,405	1.0904
2012	247,679,657	535,491,700	2.1620
2013		261,026,434	

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior to 1986	1,428,732,571	1,433,690,292	1.0035
1986	315,940,644	317,914,797	1.0062
1987	423,829,836	425,892,630	1.0049
1988	515,803,724	519,162,407	1.0065
1989	623,370,966	625,849,135	1.0040
1990	646,716,115	652,834,267	1.0095
1991	606,052,697	608,180,906	1.0035
1992	547,414,774	550,442,432	1.0055
1993	452,825,093	457,784,411	1.0110
1994	441,312,747	445,090,510	1.0086
1995	404,705,437	406,207,658	1.0037
1996	401,556,983	406,925,800	1.0134
1997	427,945,436	430,741,434	1.0065
1998	451,023,231	453,064,730	1.0045
1999	489,848,266	496,910,796	1.0144
2000	493,672,112	497,552,295	1.0079
2001	492,386,957	494,704,851	1.0047
2002	537,246,700	546,717,742	1.0176
2003	545,483,141	551,147,631	1.0104
2004	587,792,231	594,915,589	1.0121
2005	608,401,520	615,202,939	1.0112
2006	612,107,791	625,711,857	1.0222
2007	659,132,561	665,969,637	1.0104
2008	600,138,005	603,988,859	1.0064
2009	550,956,196	558,931,500	1.0145
2010	610,409,408	618,866,347	1.0139
2011	603,897,534	623,880,241	1.0331
2012	524,034,264	561,425,250	1.0714
2013	248,678,629	558,576,089	2.2462
2014		253,691,478	

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 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior			
to 1986	4,704,731,989	4,715,614,030	1.0023
1986	706,798,562	708,973,074	1.0031
1987	859,875,070	862,474,720	1.0030
1988	973,794,714	976,134,047	1.0024
1989	1,122,969,105	1,127,165,931	1.0037
1990	1,151,166,142	1,154,959,479	1.0033
1991	999,946,397	1,003,639,651	1.0037
1992	845,581,451	849,950,548	1.0052
1993	732,272,696	736,117,620	1.0053
1994	673,049,107	677,647,511	1.0068
1995	589,098,968	591,408,855	1.0039
1996	514,373,463	516,914,853	1.0049
1997	542,650,129	544,043,892	1.0026
1998	558,862,680	560,227,314	1.0024
1999	627,744,971	629,152,299	1.0022
2000	662,482,063	665,833,303	1.0051
2001	654,728,658	659,599,090	1.0074
2002	665,350,887	672,540,036	1.0108
2003	636,717,257	643,097,761	1.0100
2004	649,662,669	658,609,565	1.0138
2005	659,076,098	670,585,829	1.0175
2006	665,335,690	683,019,076	1.0266
2007	690,423,123	709,227,313	1.0272
2008	625,818,687	656,762,468	1.0494
2009	511,354,611	570,170,850	1.1150
2010	415,556,824	539,684,689	1.2987
2011	219,819,988	419,389,764	1.9079
2012	41,535,001	208,168,253	5.0119
2013		40,586,476	

  

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	4,442,290,843	4,450,953,476	1.0020
1986	674,398,806	676,163,020	1.0026
1987	833,126,394	834,816,172	1.0020
1988	940,579,673	943,013,957	1.0026
1989	1,082,433,477	1,086,079,032	1.0034
1990	1,107,757,920	1,111,189,513	1.0031
1991	955,822,705	959,050,751	1.0034
1992	793,876,470	797,970,324	1.0052
1993	685,405,280	688,938,289	1.0052
1994	639,980,156	643,579,819	1.0056
1995	551,211,639	553,725,806	1.0046
1996	474,165,907	475,736,872	1.0033
1997	506,933,571	509,031,357	1.0041
1998	516,013,849	517,314,777	1.0025
1999	570,742,508	571,847,630	1.0019
2000	603,818,121	605,814,034	1.0033
2001	621,521,022	624,734,225	1.0052
2002	652,365,138	656,456,900	1.0063
2003	627,878,280	633,216,342	1.0085
2004	642,326,152	650,020,849	1.0120
2005	659,244,373	667,609,553	1.0127
2006	671,618,130	681,971,018	1.0154
2007	697,239,839	709,759,405	1.0180
2008	643,750,848	662,541,980	1.0292
2009	560,681,754	586,635,574	1.0463
2010	529,340,964	588,573,874	1.1119
2011	411,926,550	529,208,368	1.2847
2012	205,399,588	391,184,931	1.9045
2013	40,024,264	218,365,267	5.4558
2014		42,167,017	

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 12/31/12	As of 12/31/13	Ratio to Prior Year
Prior			
to 1986	1,380,467,860	1,394,587,719	1.0102
1986	305,898,559	309,189,596	1.0108
1987	402,238,518	406,619,878	1.0109
1988	496,242,372	500,028,906	1.0076
1989	596,932,320	603,283,704	1.0106
1990	637,495,398	643,185,753	1.0089
1991	590,366,382	596,146,282	1.0098
1992	535,174,624	541,459,233	1.0117
1993	454,855,154	460,692,288	1.0128
1994	427,833,916	432,914,618	1.0119
1995	399,035,001	403,808,931	1.0120
1996	388,024,645	394,828,826	1.0175
1997	415,381,853	419,767,302	1.0106
1998	450,368,692	455,107,580	1.0105
1999	481,512,143	486,854,773	1.0111
2000	499,112,413	505,269,299	1.0123
2001	485,110,646	490,869,971	1.0119
2002	505,749,856	513,392,884	1.0151
2003	517,210,189	523,941,226	1.0130
2004	548,611,185	557,904,127	1.0169
2005	559,787,978	569,198,143	1.0168
2006	563,859,009	576,523,903	1.0225
2007	605,979,258	618,327,208	1.0204
2008	550,328,733	564,639,539	1.0260
2009	492,245,547	512,403,699	1.0410
2010	501,731,998	543,263,864	1.0828
2011	413,318,398	518,626,995	1.2548
2012	116,971,903	391,856,219	3.3500
2013		118,709,466	

  

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	1,301,944,250	1,315,099,782	1.0101
1986	292,385,310	296,258,178	1.0132
1987	390,456,828	393,873,204	1.0087
1988	479,936,345	484,238,911	1.0090
1989	577,035,329	581,923,853	1.0085
1990	614,543,834	618,809,688	1.0069
1991	563,061,520	567,756,695	1.0083
1992	504,145,913	510,098,344	1.0118
1993	424,667,690	429,588,756	1.0116
1994	408,168,774	412,717,249	1.0111
1995	377,033,786	380,277,244	1.0086
1996	366,917,805	370,765,120	1.0105
1997	391,510,451	395,307,071	1.0097
1998	415,829,663	418,960,069	1.0075
1999	448,856,542	455,080,356	1.0139
2000	462,906,706	467,506,318	1.0099
2001	465,023,227	469,154,591	1.0089
2002	498,314,930	506,528,479	1.0165
2003	510,622,751	517,204,306	1.0129
2004	544,058,749	551,524,642	1.0137
2005	558,764,114	567,136,675	1.0150
2006	565,764,193	574,734,685	1.0159
2007	601,477,762	614,958,145	1.0224
2008	550,577,527	560,377,835	1.0178
2009	501,816,423	513,895,455	1.0241
2010	530,182,983	550,615,567	1.0385
2011	510,348,827	553,497,296	1.0845
2012	385,447,203	482,299,648	1.2513
2013	116,571,955	406,237,585	3.4849
2014		121,621,666	

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, 2016 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, 2016 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, 2016 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, 2016 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 are 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			
2010	2,673,352,757	2,608,618,527	1.0248
2011	2,853,312,836	2,788,508,641	1.0232
2012	2,774,508,952	2,710,764,327	1.0235
<b>TOTAL</b>	<b>8,301,174,545</b>	<b>8,107,891,495</b>	<b>1.0238</b>
MANUFACTURING AND UTILITIES			
2010	544,159,563	524,891,668	1.0367
2011	587,439,499	567,174,214	1.0357
2012	569,968,948	550,871,258	1.0347
<b>TOTAL</b>	<b>1,701,568,010</b>	<b>1,642,937,140</b>	<b>1.0357</b>
CONTRACTING AND QUARRYING			
2010	496,649,066	451,290,983	1.1005
2011	562,489,722	506,690,832	1.1101
2012	528,044,959	474,325,951	1.1133
<b>TOTAL</b>	<b>1,587,183,747</b>	<b>1,432,307,766</b>	<b>1.1081</b>
OTHER INDUSTRIES			
2010	1,632,544,128	1,632,435,876	1.0001
2011	1,703,383,615	1,714,643,595	0.9934
2012	1,676,495,045	1,685,567,118	0.9946
<b>TOTAL</b>	<b>5,012,422,788</b>	<b>5,032,646,589</b>	<b>0.9960</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>							
2012	0.9949	1.0000	1.1863	1.0357	0.9290	1.1355	0.8807
2013	0.9949	1.0000	1.3054	1.0357	0.9455	1.2717	0.7863
2014	0.9949	1.0000	1.6105	1.0357	0.9627	1.5975	0.6260
<b><u>Contracting and Quarrying</u></b>							
2012	0.9949	1.0000	1.2524	1.1081	0.9290	1.2826	0.7797
2013	0.9949	1.0000	1.3346	1.1081	0.9455	1.3911	0.7189
2014	0.9949	1.0000	1.6655	1.1081	0.9627	1.7676	0.5657
<b><u>Other Industries</u></b>							
2012	0.9949	1.0000	1.1836	0.9960	0.9290	1.0895	0.9179
2013	0.9949	1.0000	1.2963	0.9960	0.9455	1.2145	0.8234
2014	0.9949	1.0000	1.6234	0.9960	0.9627	1.5486	0.6457

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 =	0.3567
Second Adjustment	RDF =	0.2216
Third Adjustment	RDF =	0.1598

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:

$$\text{The \$25,000 limit Hazard Group C ELF} = 0.670$$

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.670) * 0.3567 \\ &= 0.1177 \end{aligned}$$

\* The use of retrospective development factors is optional.