PENNSYLVANIA COMPENSATION RATING BUREAU
F CLASS FILING

ANALYSIS OF EXPERIENCE

The following pages present an analysis of Pennsylvania "F" class experience. The analysis is based on data reported to the PCRB under the Unit Statistical Plan.

Reported Premium and Losses - Pages 1 and 2 present reported standard earned premiums and incurred losses by policy year, separately for indemnity (page 1) and medical (page 2). Losses are shown through 10th report, which is the latest report currently available under the Unit Statistical Plan.

Indicated Loss Development Factors - Page 3 (indemnity) and page 4 (medical) show age-to-age development factors based on reported losses. A seven-year average or all available points, if fewer than seven were available, for indemnity and medical was calculated and formed the basis for the factors ultimately selected. The process for calculation of selected loss development factors and a tail factor for indemnity is shown on page 5. Factors to ultimate are calculated by compounding the age-to-age and 10th-to-ultimate factors.

Selected Loss Development Factors - Page 5 shows the derivation of selected age-to-age and 10th-to-ultimate development factors for indemnity. The residuals of all years available average indicated age-to-age development factors from page 3 were fitted to a curve of the form $Y = 1/(a+b*x+c*x^2)$ for indemnity. A value of 1.0000 was selected as input for the 14th-to-15th development stage to ensure a more reasonable shape for the final fitted curve. The 10th-to-ultimate factor was then calculated by compounding the age-to-age factors for 10th-to-11th and all subsequent development stages through the 15th report. These factors became the "selected" values on page 3. The actual data points (seven-year average) for medical were used for age-to-age development factors and a 10th-to-ultimate factor of 1.0000 was selected. These factors became the "selected" values on page 4.

Loss Ratios - Indemnity and medical ultimate loss ratios are calculated on page 6.

Graphs - Indemnity, medical and total ultimate loss ratio graphs for policy years 2003 through 2012 are shown on page 7.

Trend Summary - Ultimate loss ratios were then fitted to both a linear and experimental curve to project a loss ratio for the prospective rating period. A summary of these results are shown on page 8.

PENNSYLVANIA COMPENSATION RATING BUREAU

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

REPORTED STANDARD EARNED PREMIUM AND INDEMNITY INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Indemnity Incurred Losses Report Level									
		1	2	3	4	5	6	7	8	9	10
97	6,729,291	1,665,526	2,517,585	2,932,035	2,936,181	2,959,307	3,143,129	2,838,081	2,838,080	2,838,080	3,012,679
98	11,198,940	2,189,207	2,741,853	1,455,480	1,638,418	1,655,549	2,145,803	1,734,303	1,752,606	1,752,606	1,752,606
99	7,004,741	2,278,068	1,444,801	1,491,375	1,545,642	1,413,730	1,525,607	1,578,164	1,500,805	1,500,805	1,510,804
00	10,673,321	968,974	2,575,955	3,013,038	3,243,897	3,259,124	3,385,904	3,322,367	3,322,367	3,322,367	3,322,367
01	16,185,988	1,167,275	2,142,613	2,358,411	2,720,696	3,100,357	3,409,132	3,862,772	3,823,070	3,823,070	3,823,070
02	18,811,734	1,334,807	1,840,111	2,309,583	2,603,880	2,645,245	2,940,184	2,940,184	2,940,184	2,940,184	2,940,184
03	9,703,002	1,654,185	2,378,806	3,594,256	4,307,912	4,693,497	4,806,614	4,707,955	4,723,547	4,740,167	4,757,763
04	5,412,095	1,206,032	2,063,556	2,214,772	2,227,923	2,311,423	2,368,031	2,472,464	2,382,031	2,382,031	
05	4,247,161	1,180,618	1,163,588	1,682,054	1,682,054	1,416,004	1,416,004	1,416,004	1,417,771		
06	6,041,432	1,874,241	2,929,488	4,459,050	4,377,122	4,397,932	4,649,398	4,820,299			
07	4,712,048	718,534	1,126,675	1,376,732	1,358,792	1,335,668	1,386,903				
08	3,876,520	766,266	1,028,131	1,301,614	1,313,724	1,368,724					
09	4,063,288	249,857	369,448	434,100	434,100						
10	3,298,898	302,481	353,923	472,568							
11	4,288,780	829,749	993,310								
12	12,004,769	613,722									

1

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

REPORTED STANDARD EARNED PREMIUM AND MEDICAL INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Medical Incurred Losses									
		1	2	3	4	5	6	7	8	9	10
97	6,729,291	840,133	1,020,538	917,578	871,202	863,085	877,234	1,041,526	1,041,526	1,041,526	879,526
98	11,198,940	3,005,891	2,084,986	1,484,608	1,461,769	1,442,004	2,078,423	1,308,839	1,141,665	1,141,665	1,141,665
99	7,004,741	1,102,392	277,212	281,541	260,139	256,350	260,301	265,301	265,601	259,001	259,001
00	10,673,321	577,870	751,041	975,821	1,166,316	1,259,843	1,333,519	1,330,827	1,300,737	1,337,427	1,307,688
01	16,185,988	599,903	1,077,410	1,140,050	1,167,045	1,307,657	1,235,261	1,358,737	1,362,556	1,362,647	1,362,647
02	18,811,734	688,788	764,960	902,425	876,765	907,488	1,199,647	1,202,876	1,203,277	1,203,277	1,203,277
03	9,703,002	1,186,330	1,360,549	1,431,650	1,482,740	1,470,197	1,468,379	1,442,222	1,442,441	1,438,324	1,433,599
04	5,412,095	793,110	984,276	1,070,624	1,126,241	1,110,882	1,126,617	1,111,232	1,118,431	1,118,832	
05	4,247,161	619,947	499,031	552,839	552,839	523,427	523,427	523,427	509,182		
06	6,041,432	1,132,127	1,641,357	1,793,848	1,896,328	2,177,628	2,362,481	2,602,541			
07	4,712,048	525,340	529,351	763,343	800,089	561,293	803,743				
08	3,876,520	470,052	474,481	449,476	417,262	455,206					
09	4,063,288	170,604	180,148	208,283	199,988						
10	3,298,898	291,669	307,898	320,260							
11	4,288,780	364,814	391,357								
12	12,004,769	328,175									

PENNSYLVANIA COMPENSATION RATING BUREAU

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

INDEMNITY INCURRED LOSS DEVELOPMENT FACTORS

Age-to-Age Development Factors

Policy Year	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	Report 6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
97	****	1.1646	****	1.0079	1.0621	0.9029	1.0000	1.0000	1.0615	
98	1.2524	****	1.1257	1.0105	1.2961	0.8082	1.0106	1.0000	1.0000	
99	****	1.0322	1.0364	0.9147	1.0791	1.0344	0.9510	1.0000	1.0067	
00	2.6584	****	1.0766	1.0047	1.0389	0.9812	1.0000	1.0000	1.0000	
01	****	1.1007	1.1536	1.1395	1.0996	1.1331	0.9897	1.0000	1.0000	
02	1.3786	****	1.1274	1.0159	1.1115	1.0000	1.0000	1.0000	1.0000	
03	1.4381	1.5109	1.1986	1.0895	1.0241	0.9795	1.0033	1.0035	1.0037	
04	1.7110	1.0733	1.0059	1.0375	1.0245	1.0441	0.9634	1.0000		
05	0.9856	1.4456	1.0000	****	1.0000	1.0000	1.0012			
06	****	1.5221	****	1.0048	1.0572	1.0368				
07	1.5680	1.2219	0.9870	0.9830	1.0384					
08	****	1.2660	1.0093	1.0419						
09	1.4786	1.1750	1.0000							
10	1.1701	1.3352								
11	1.1971									
3 Yr Avg (Latest 3)	1.2819	1.2587	0.9988	1.0099	1.0319	1.0270	0.9893	1.0012	1.0012	
5 Yr Avg	1.2799	1.3040	1.0004	1.0313	1.0288	1.0121	0.9915	1.0007	1.0021	
7 Yr Avg	1.3641	1.2913	1.0469	1.0446	1.0508	1.0250	0.9869	1.0005	1.0103	
Selected (Fitted)	1.3644	1.2901	1.0662	1.0265	1.0140	1.0086	1.0058	1.0042	1.0032	1.0086

Development Factors to Ultimate

	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT *
3 Yr Avg (Latest 3)										
5 Yr Avg										
7 Yr Avg	2.0875	1.5303	1.1851	1.1320	1.0837	1.0313	1.0061	1.0195	1.0190	1.0086
Selected	2.0137	1.4759	1.1440	1.0730	1.0453	1.0308	1.0220	1.0161	1.0118	1.0086

* Based on selected value

**** Loss development factor not used

Age-to-Age Development Factors

Policy Year	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	Report 6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
97	****	0.8991	****	0.9907	1.0164	1.1873	1.0000	1.0000	0.8445	
98	0.6936	****	0.9846	0.9865	1.4413	0.6297	0.8723	1.0000	1.0000	
99	****	1.0156	0.9240	0.9854	1.0154	1.0192	1.0011	****	1.0000	
00	1.2997	****	1.1952	1.0802	1.0585	0.9980	****	1.0282	0.9778	
01	****	1.0581	****	1.1205	0.9446	****	1.0028	1.0001	1.0000	
02	1.1106	****	0.9716	1.0350	1.3219	1.0027	1.0003	1.0000	1.0000	
03	1.1469	1.0523	1.0357	0.9915	0.9988	0.9822	1.0002	0.9971	0.9967	
04	1.2410	1.0877	1.0519	0.9864	1.0142	0.9863	1.0065	1.0004		
05	0.8050	1.1078	1.0000	****	1.0000	1.0000	0.9728			
06	1.4498	1.0929	****	1.1483	1.0849	1.1016				
07	1.0076	1.4420	1.0481	0.7015	1.4319					
08	****	0.9473	0.9283	1.0909						
09	1.0559	1.1562	0.9602							
10	1.0556	1.0401								
11	1.0728									
3 Yr Avg (Latest 3)	1.0614	1.0479	0.9789	0.9802	1.1723	1.0293	0.9932	0.9992	0.9989	
5 Yr Avg	1.1283	1.1357	0.9977	0.9837	1.1060	1.0146	0.9965	1.0043	0.9949	
7 Yr Avg	1.0982	1.1249	0.9994	1.0106	1.1138	1.0129	0.9794	1.0037	0.9741	
Selected (7 yr Avg)	1.0982	1.1249	0.9994	1.0106	1.1138	1.0129	0.9794	1.0037	0.9741	1.0000

Development Factors to Ultimate

	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT *
3 Yr Avg (Latest 3)										
5 Yr Avg										
7 Yr Avg	1.3480	1.2275	1.0912	1.0919	1.0804	0.9700	0.9576	0.9777	0.9741	1.0000
Selected	1.3480	1.2275	1.0912	1.0919	1.0804	0.9700	0.9576	0.9777	0.9741	1.0000

* Based on selected value

**** Loss development factor not used

PENNSYLVANIA COMPENSATION RATING BUREAU

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

FITTED DEVELOPMENT FACTORS

INDEMNITY INCURRED LOSSES

$Y = 1/(a+b*x+c*x^2)$

a	12.99831076
b	-15.7319807
c	5.478140851
R^2 =	0.9776

Incurred Development (a)	7 Year Average	7 Year Average - 1	Fitted Value	Fitted Value + 1
1 1st to 2nd	1.3641	0.3641	0.3644	1.3644
2 2nd to 3rd	1.2913	0.2913	0.2901	1.2901
3 3rd to 4th	1.0469	0.0469	0.0662	1.0662
4 4th to 5th	1.0446	0.0446	0.0265	1.0265
5 5th to 6th	1.0508	0.0508	0.0140	1.0140
6 6th to 7th	1.0250	0.0250	0.0086	1.0086
7 7th to 8th	0.9869	(0.0131)	0.0058	1.0058
8 8th to 9th	1.0005	0.0005	0.0042	1.0042
9 9th to 10th	1.0103	0.0103	0.0032	1.0032
10 10th to 11th			0.0025	1.0025
11 11th to 12th			0.0020	1.0020
12 12th to 13th			0.0016	1.0016
13 13th to 14th			0.0014	1.0014
14 14th to 15th	1.0000	-	0.0012	1.0012
10th to Ultimate				1.0086

(a) 14th to 15th age-to-age factor set at 1.0000 to ensure proper tendency for the fitted curve.

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

ULTIMATE LOSS RATIOS

|	Policy Year	Standard Earned Premium	Premium On-Level Factor	Adjusted Premium	Reported Incurred Loss	Loss Level	Loss Development Factor	Ultimate Incurred Loss	Loss Ratio
		(1)	(2)	(3)	(4)	(5)	(6)	(7)=(4)*(6)	(8)=(7)/(3)
Indemnity	**2003**	9,703,002	0.9067	8,797,712	4,757,763	10	1.0086	4,798,680	0.5454
	2004	5,412,095	0.8915	4,824,883	2,382,031	9	1.0118	2,410,139	0.4995
	2005	4,247,161	0.9618	4,084,919	1,417,771	8	1.0161	1,440,597	0.3527
	2006	6,041,432	0.9783	5,910,333	4,820,299	7	1.0220	4,926,346	0.8335
	2007	4,712,048	1.0932	5,151,211	1,386,903	6	1.0308	1,429,620	0.2775
	2008	3,876,520	1.1521	4,466,139	1,368,724	5	1.0453	1,430,727	0.3203
	2009	4,063,288	1.0789	4,383,881	434,100	4	1.0730	465,789	0.1063
	2010	3,298,898	1.0499	3,463,513	472,568	3	1.1440	540,618	0.1561
	2011	4,288,780	1.0141	4,349,252	993,310	2	1.4759	1,466,026	0.3371
	2012	12,004,769	0.9816	11,783,881	613,722	1	2.0137	1,235,852	0.1049
	10 Year Total	57,647,993		57,215,724	18,647,191			20,144,394	0.3521
	6 Year Average								0.2170
Medical									
	2003	9,703,002	0.9067	8,797,712	1,433,599	10	1.0000	1,433,599	0.1630
	2004	5,412,095	0.8915	4,824,883	1,118,832	9	0.9741	1,089,854	0.2259
	2005	4,247,161	0.9618	4,084,919	509,182	8	0.9777	497,827	0.1219
	2006	6,041,432	0.9783	5,910,333	2,602,541	7	0.9576	2,492,193	0.4217
	2007	4,712,048	1.0932	5,151,211	803,743	6	0.9700	779,631	0.1513
	2008	3,876,520	1.1521	4,466,139	455,206	5	1.0804	491,805	0.1101
	2009	4,063,288	1.0789	4,383,881	199,988	4	1.0919	218,367	0.0498
	2010	3,298,898	1.0499	3,463,513	320,260	3	1.0912	349,468	0.1009
	2011	4,288,780	1.0141	4,349,252	391,357	2	1.2275	480,391	0.1105
	2012	12,004,769	0.9816	11,783,881	328,175	1	1.3480	442,380	0.0375
	10 Year Total	57,647,993		57,215,724	8,162,883			8,275,515	0.1446
	6 Year Average								0.0934
Total	**2003**	9,703,002	0.9067	8,797,712	6,191,362			6,232,279	0.7084
	2004	5,412,095	0.8915	4,824,883	3,500,863			3,499,993	0.7254
	2005	4,247,161	0.9618	4,084,919	1,926,953			1,938,424	0.4745
	2006	6,041,432	0.9783	5,910,333	7,422,840			7,418,539	1.2552
	2007	4,712,048	1.0932	5,151,211	2,190,646			2,209,251	0.4289
	2008	3,876,520	1.1521	4,466,139	1,823,930			1,922,532	0.4305
	2009	4,063,288	1.0789	4,383,881	634,088			684,156	0.1561
	2010	3,298,898	1.0499	3,463,513	792,828			890,086	0.2570
	2011	4,288,780	1.0141	4,349,252	1,384,667			1,946,417	0.4475
	2012	12,004,769	0.9816	11,783,881	941,897			1,678,232	0.1424
	10 Year Total	57,647,993		57,215,724	26,810,074			28,419,909	0.4967
	6 Year Average								0.3104

6

Indemnity Ultimate Incurred Loss Ratio
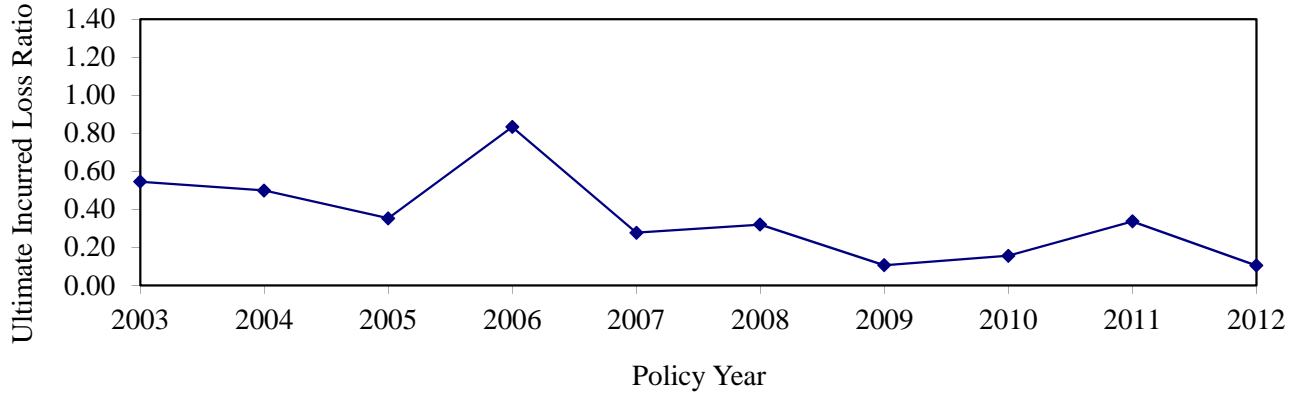
Medical Ultimate Incurred Loss Ratio
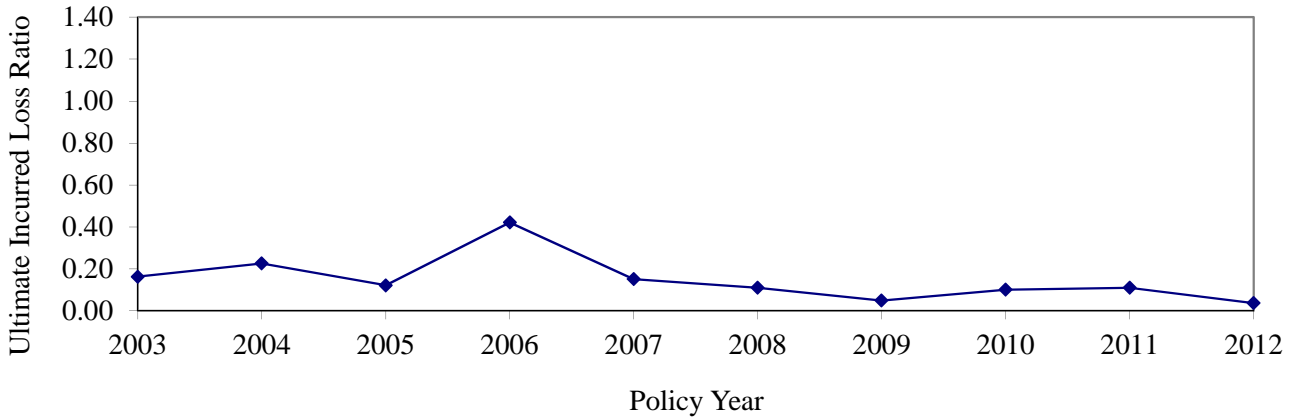
Total Ultimate Incurred Loss Ratio
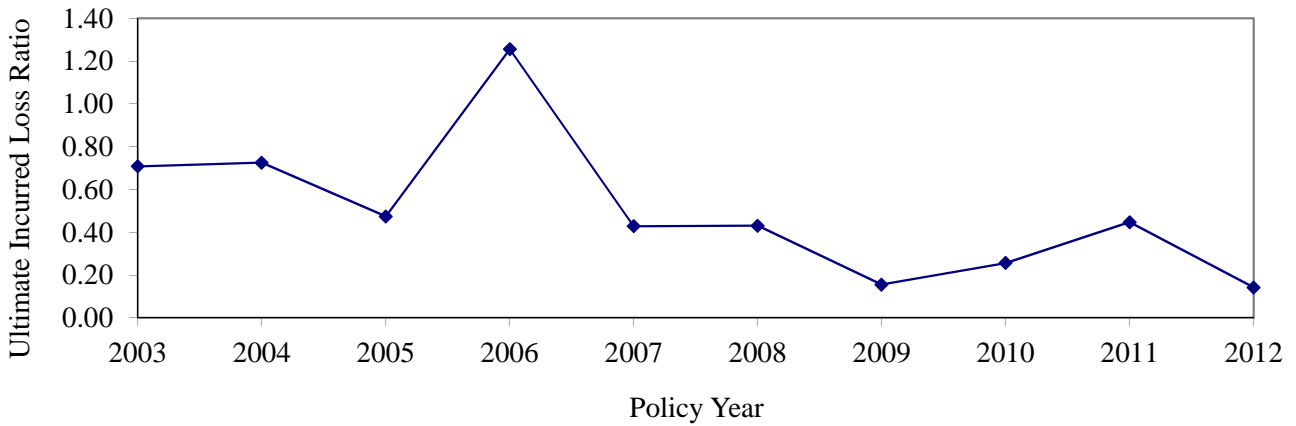
		3 points	4 points	5 points	6 points	7 points	8 points	9 points	10 points
INDEMNITY									
LINEAR	Average Loss Ratio	0.1994	0.1761	0.2049	0.2170	0.3051	0.3111	0.3320	0.3533
	Trended Loss Ratio	0.0906	0.2601	0.0999	0.0917	(0.1928)	(0.0742)	(0.0488)	(0.0329)
	Trend Factor	0.4544	1.4770	0.4876	0.4226	(0.6319)	(0.2385)	(0.1470)	(0.0931)
	Annual. Trend Factor	0.8814	1.0553	0.9166	0.9111	#NUM!	#NUM!	#NUM!	#NUM!
	R^2	0.0440	0.0431	0.0756	0.1451	0.4640	0.3554	0.3973	0.4478
EXPONENTIAL	Trended Loss Ratio	0.0759	0.2202	0.1021	0.0950	0.0552	0.0700	0.0743	0.0789
	Trend Factor	0.3806	1.2504	0.4983	0.4378	0.1809	0.2250	0.2238	0.2233
	Annual. Trend Factor	0.8568	1.0313	0.9190	0.9146	0.8464	0.8758	0.8850	0.8930
	R^2	0.1121	0.0297	0.0884	0.1817	0.4636	0.4347	0.4929	0.5398
MEDICAL									
LINEAR	Average Loss Ratio	0.0830	0.0747	0.0818	0.0934	0.1403	0.1380	0.1477	0.1493
	Trended Loss Ratio	(0.0518)	0.0617	0.0374	0.0085	(0.1373)	(0.0515)	(0.0373)	(0.0010)
	Trend Factor	(0.6241)	0.8260	0.4572	0.0910	(0.9786)	(0.3732)	(0.2525)	(0.0067)
	Annual. Trend Factor	#NUM!	0.9740	0.9095	0.7717	#NUM!	#NUM!	#NUM!	#NUM!
	R^2	0.6387	0.0094	0.1435	0.4235	0.5444	0.3255	0.3597	0.2851
EXPONENTIAL	Trended Loss Ratio	0.0091	0.0471	0.0365	0.0300	0.0178	0.0275	0.0293	0.0358
	Trend Factor	0.1096	0.6305	0.4462	0.3212	0.1269	0.1993	0.1984	0.2398
	Annual. Trend Factor	0.7021	0.9384	0.9068	0.8845	0.8176	0.8664	0.8763	0.8978
	R^2	0.6817	0.0343	0.1782	0.3853	0.6158	0.4617	0.5205	0.4731
TOTAL									
LINEAR	Average Loss Ratio	0.2824	0.2508	0.2867	0.3104	0.4454	0.4491	0.4797	0.5026
	Trended Loss Ratio	0.0388	0.3218	0.1373	0.1002	(0.3301)	(0.1257)	(0.0861)	(0.0339)
EXPONENTIAL	Trended Loss Ratio	0.0850	0.2673	0.1386	0.1250	0.0730	0.0975	0.1036	0.1147