

PENNSYLVANIA COMPENSATION RATING BUREAU

State and Hazard Group Relativities

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

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

Calculation of PA Hazard Group Relativities.

Injury	(1) Incurred Losses	(2) # Claims	(3) Average Severity (1) / (2)	(4) NCCI Average Severity +	(5) Indicated Relativities (4T) / (3i)	(6) Adjusted Current Relativities Col(C) below	(7) Credibility ++	(8) Credibility Weighted Relativities (5)*(7)+(6)*[1-(7)]
(i) Hazard Group A	235,126,920	6,439	36,516		1.64	1.67	0.2038	1.66
(ii) Hazard Group B	1,307,271,593	26,000	50,280		1.19	1.19	0.4096	1.19
(iii) Hazard Group C	2,560,471,642	45,010	56,887		1.05	1.07	0.5389	1.06
(iv) Hazard Group D	1,095,364,973	18,146	60,364		0.99	0.99	0.3422	0.99
(v) Hazard Group E	2,149,145,673	29,522	72,798		0.82	0.82	0.4364	0.82
(vi) Hazard Group F	1,274,930,758	12,712	100,293		0.60	0.59	0.2864	0.59
(vii) Hazard Group G	287,690,673	2,564	112,204		0.53	0.50	0.1286	0.50
Total - All Hazard Groups	8,910,002,232	140,393	63,465	59,736				

Calculation of Current PA Adjusted Average Severities

Injury	(A) PA Current Relativity	(B) Adjustment Factor #	(C) Adjusted Current Relativities (A) *(B)
(a) Hazard Group A	1.56	1.0736	1.67
(b) Hazard Group B	1.11	1.0736	1.19
(c) Hazard Group C	1.00	1.0736	1.07
(d) Hazard Group D	0.92	1.0736	0.99
(e) Hazard Group E	0.76	1.0736	0.82
(f) Hazard Group F	0.55	1.0736	0.59
(g) Hazard Group G	0.47	1.0736	0.50

Notes:

- + Countrywide Average Severity of NCCI states
- ++ Full credibility equals 155,000 claims for each Hazard Group. $Z = (\text{calculated \# claims} / 155,000)^{0.5}$
- # Change in Countrywide Overall Average Cost / Change in PA Overall Average Cost = 1.0000/0.9314