PCRB

EXPERIENCE RATING PLAN COMPARISON

The goal was to enhance plan performance through improved predictive accuracy that incentivizes workplace safety.

	Current	2024 Update
Plan	Single Split Point	Variable Split Point
Formula	$[Ap \times C + E \times C \times L + E(1.000 - C)] / E$	
	Ap = Actual Primary Loss, E = Expected Loss, C = Credibility, and L = Limitation Charge	
Eligibility	$10,000	$5,000
Credibility	0.283 - 0.938	0.690 - 0.974
Expected Loss Range	10,706 – 5,806,852	5,000 - 4,338,871
Split Points	Single (1): $42,500	Variable (88): $10,000 – $300,000
Med-Only Claims	100%	100%
Capping %	+/-25% Swing Limit	Max Mod and 40% swing limit
		(2-year Transition Period*)
Secondary Capping	Yes (Rule #2)	Eliminate (After Transition Period*)

* Transition Period: The new Max Mod will apply, however the current capping rules (+/-25% swing limits and secondary capping) will also apply for a 2-year period to ensure mod stability during the transition to the new plan.

GLOSSARY

Name	Description	Current	2024 Update
Actual Losses (A)	Total reported losses from all claims (indemnity and medical) as of the valuation date	Losses As Reported	Actual Losses
Actual Primary Losses (Ap)	Total reported losses from all claims limited by the split point for individual claims that exceed this amount	Losses As Used	Actual Primary Losses
Authorized Classes	Only the classifications issued by the PCRB shall be used in auditing the payroll for that employer	Authorized Classes	Authorized Classes
Class Code	Pennsylvania's class codes are numerical codes that insurers use to classify employers exposure to risk	Class Code	Class Code
Credibility (C)	Credibility refers to the statistical weight or level of confidence assigned to an employer's own loss experience	Credibility	Credibility
Expected Loss Rate	Expected Loss Rate reflects the anticipated average cost of benefits, per $100 of payroll, for a classification during the experience period	Expected Loss Factor	Expected Loss Rate
Expected Losses (E)	Expected losses are determined by multiplying total payroll (per $100) for each classification by the Expected Loss Rate factors	Expected Losses	Expected Losses
Final Modification	Final modification refers to the modification after the application of capping rules	Final Mod	Final Modification
Indicated Modification	Indicated modification refers to the calculated modification derived from the formula before the application of any capping rules	Ind Mod	Indicated Modification
Limitation Charge (L)	Limitation charge is used to divide Expected Loss into primary and excess loss portions	L*C	L
Loss Free Mod	Modification factor assigned to an employer with no losses during the experience rating period	N/A	Loss Free Mod
Max Mod	Highest modification factor that can be assigned to an empoyer based on a formula specified in the ERP: $1.10 + 0.0004\ (E/G)$	N/A	Max Mod
Number of Claims	Total number of claims reported as of the valuation date for the experience period	N/A	Number of Claims
Payrolls	Payroll amounts are shown by classification for the reported policies within the experience period	Payrolls	Payrolls
Premium Adjustment Factors	Premium for the policy may be adjusted by a Pennsylvania Construction Classification Premium Adjustment factor or Certified Safety Committee Credit	N/A	Premium Adjustment Class
Split Point	Split point is a specific dollar threshold used to separate the primary losses from the excess losses when calculating an employer's experience modification factor	Maximum Value	Split Point