

PENNSYLVANIA COMPENSATION RATING BUREAU

Claim Frequencies

The attached exhibits examine historical Workers Compensation claim frequencies in Pennsylvania.

Page 1 shows counts of claims and wages as compiled by the Pennsylvania Department of Labor and Industry along with resulting claim frequencies per \$1 million of payroll. Claim counts are available through the twelve months ending June 30, 2001.

Indicated average annual changes in claim frequency are also shown (column (8)) based on an exponential regression for frequencies during the calendar periods shown in column (7). The figures in column (6) indicate that there have been three distinct periods during the last ten years with regard to observed average annual changes in claim frequency. The period 1991-1994 showed an average change of -8.1% followed by three years (1995-1997) at -16.6%. Annual changes since 1997 have slowed somewhat with an estimate average change for 1998 - 2000 of -8.3%. Labor & Industry claim counts showed an increase during the first six months of 2001, which will be further discussed at the November 2001 meeting.

The second portion of page 1 presents claim frequencies on a fiscal year basis. This presentation suggests a more consistent slowing of claim frequency reductions over time.

The second page shows a graph of the frequencies appearing in column (5) of page 1.

Claim frequencies per \$1 million of expected losses are shown on page 3 based on statistics gathered by the PCRB. The pattern of changes in claim frequency on page 3 are similar to, although generally lower than, the Pennsylvania Department of Labor and Industry data shown on page 1. Staff is proposing an annual change in claim frequency of -4.3% from 1/1/00 to 12/31/00, -3.0% from 1/1/01 to 12/31/01, and -1.0% subsequent to 12/31/01.

The fourth page shows a graph of the frequencies appearing in column (5) of page 3.

The fifth page shows a graph comparing the changes in claim frequencies presented by the Pennsylvania Department of Labor and Industry data and the PCRB Unit Statistical Plan experience.

Pennsylvania W.C. - Injury Frequencies
per Department of Labor & Industry Statistics

Calendar Year	Fatal & Non-Fatal Claim Counts (1)	% Change Counts (2)	Wages (Excl. Fed. Govt.) (3)	% Change Wages (4)	Claim Frequency (# per \$1million) (5)	% Change Frequency (6)
1985	135,258		82,424,929,323		1.6410	
1986	138,168	2.2%	87,088,766,188	5.7%	1.5865	-3.3%
1987	139,706	1.1%	94,082,048,196	8.0%	1.4849	-6.4%
1988	146,461	4.8%	101,779,435,543	8.2%	1.4390	-3.1%
1989	148,445	1.4%	108,000,446,952	6.1%	1.3745	-4.5%
1990	158,030	6.5%	114,126,673,936	5.7%	1.3847	0.7%
1991	145,667	-7.8%	116,536,044,622	2.1%	1.2500	-9.7%
1992	143,268	-1.6%	123,163,218,565	5.7%	1.1632	-6.9%
1993	136,769	-4.5%	126,453,677,063	2.7%	1.0816	-7.0%
1994	130,093	-4.9%	131,499,113,452	4.0%	0.9893	-8.5%
1995	118,313	-9.1%	137,992,970,047	4.9%	0.8574	-13.3%
1996	102,132	-13.7%	144,910,231,319	5.0%	0.7048	-17.8%
1997	88,451	-13.4%	154,383,264,744	6.5%	0.5729	-18.7%
1998	85,783	-3.0%	164,800,517,598	6.7%	0.5205	-9.1%
1999	82,676	-3.6%	173,807,881,592	5.5%	0.4757	-8.6%
2000	80,133	-3.1%	181,587,857,121	@ 4.5%	0.4413	-7.2%
2000.5 *	82,813	3.3%	** 188,739,848,388	3.9%	** 0.4388	-0.6%

Period (7)	Annual % Change in Claim Frequency (8) #
CY85 - FY end 6/01	-8.94%
CY86 - FY end 6/01	-9.35%
CY87 - FY end 6/01	-9.77%
CY88 - FY end 6/01	-10.28%
CY89 - FY end 6/01	-10.81%
CY90 - FY end 6/01	-11.36%
CY91 - FY end 6/01	-11.64%
CY92 - FY end 6/01	-11.99%
CY93 - FY end 6/01	-12.21%
CY94 - FY end 6/01	-12.09%
CY95 - FY end 6/01	-11.26%
CY96 - FY end 6/01	-9.62%
CY97 - FY end 6/01	-7.58%
CY98 - FY end 6/01	-6.85%

Fiscal Year Ending June 30	Fatal & Non-Fatal Claim Counts (1)	% Change Counts (2)	Wages (Excl. Fed. Govt.) (3)	% Change Wages (4)	Claim Frequency (# per \$1million) (5)	% Change Frequency (6)
1996	111,412		141,080,588,470		0.7897	
1997	94,081	-15.6%	148,855,166,710	5.5%	0.6320	-20.0%
1998	87,339	-7.2%	159,326,932,528	7.0%	0.5482	-13.3%
1999	83,769	-4.1%	168,545,476,679	5.8%	0.4970	-9.3%
2000	81,338	-2.9%	180,587,105,960	7.1%	0.4504	-9.4%
2001	82,813	1.8%	188,739,848,388	4.5%	0.4388	-2.6%

Period Ending 6/30 (7)	Annual % Change in Claim Frequency (8) #
96-01	-10.93%
97-01	-8.85%
98-01	-7.38%
99-01	-6.04%

* July 1, 2000 thru June 30, 2001 .

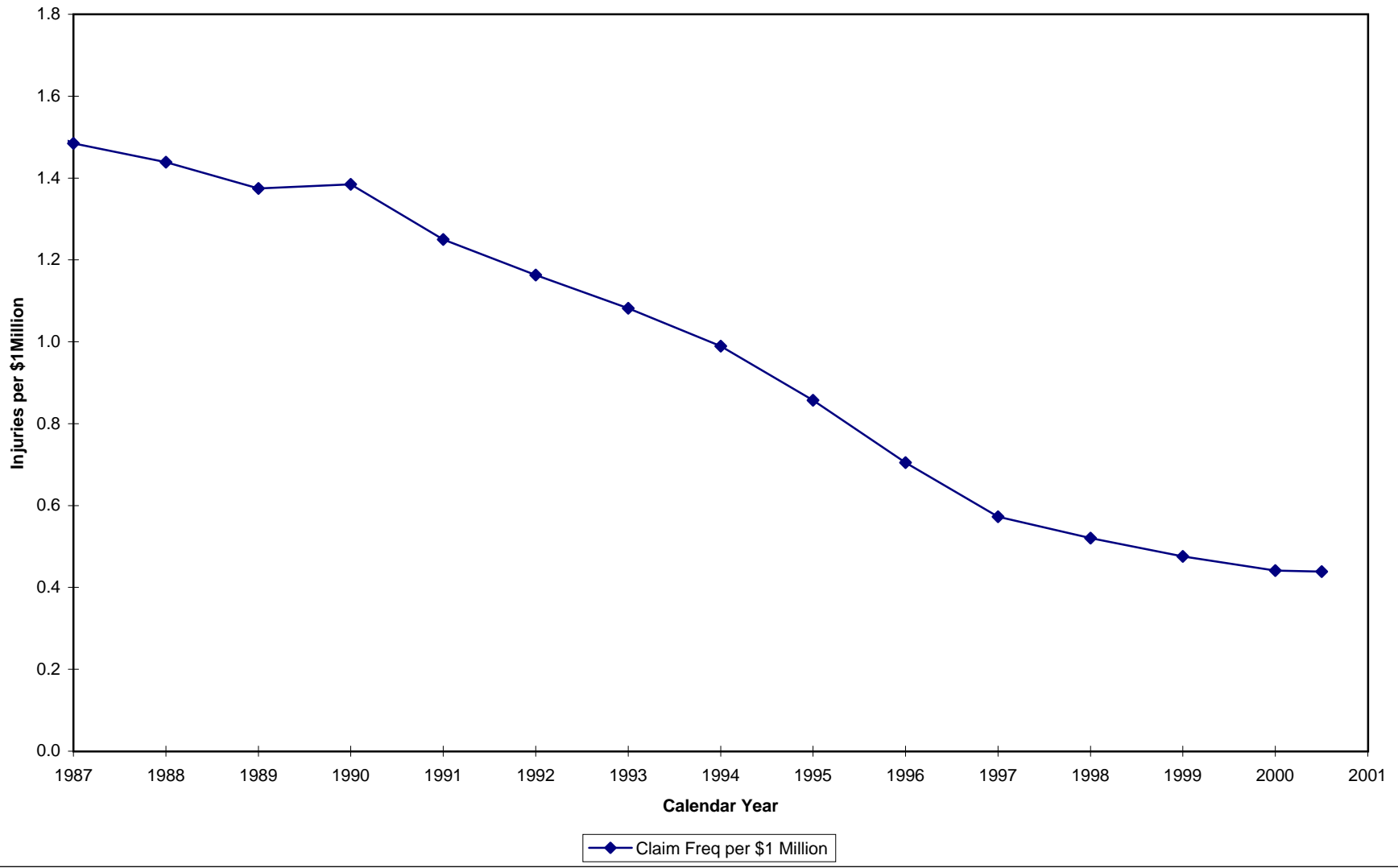
Includes an estimate for the 2nd Quarter 2001 wages and employment levels.

** Six month change 1/00-12/00 to 7/00-6/01. Annualized changes are +6.8% (Counts), +8.0% (Wages) and -1.1% (Frequency)

Exponential Trend

@ 1ST Quarter 2000 wages have been adjusted (from 45,317,695,400 to 42,864,043,865) for unusually high wage levels during the period.

PA W.C - CLAIM FREQUENCIES
per Department of Labor & Industry Statistics



Pennsylvania W.C - Claim Frequencies

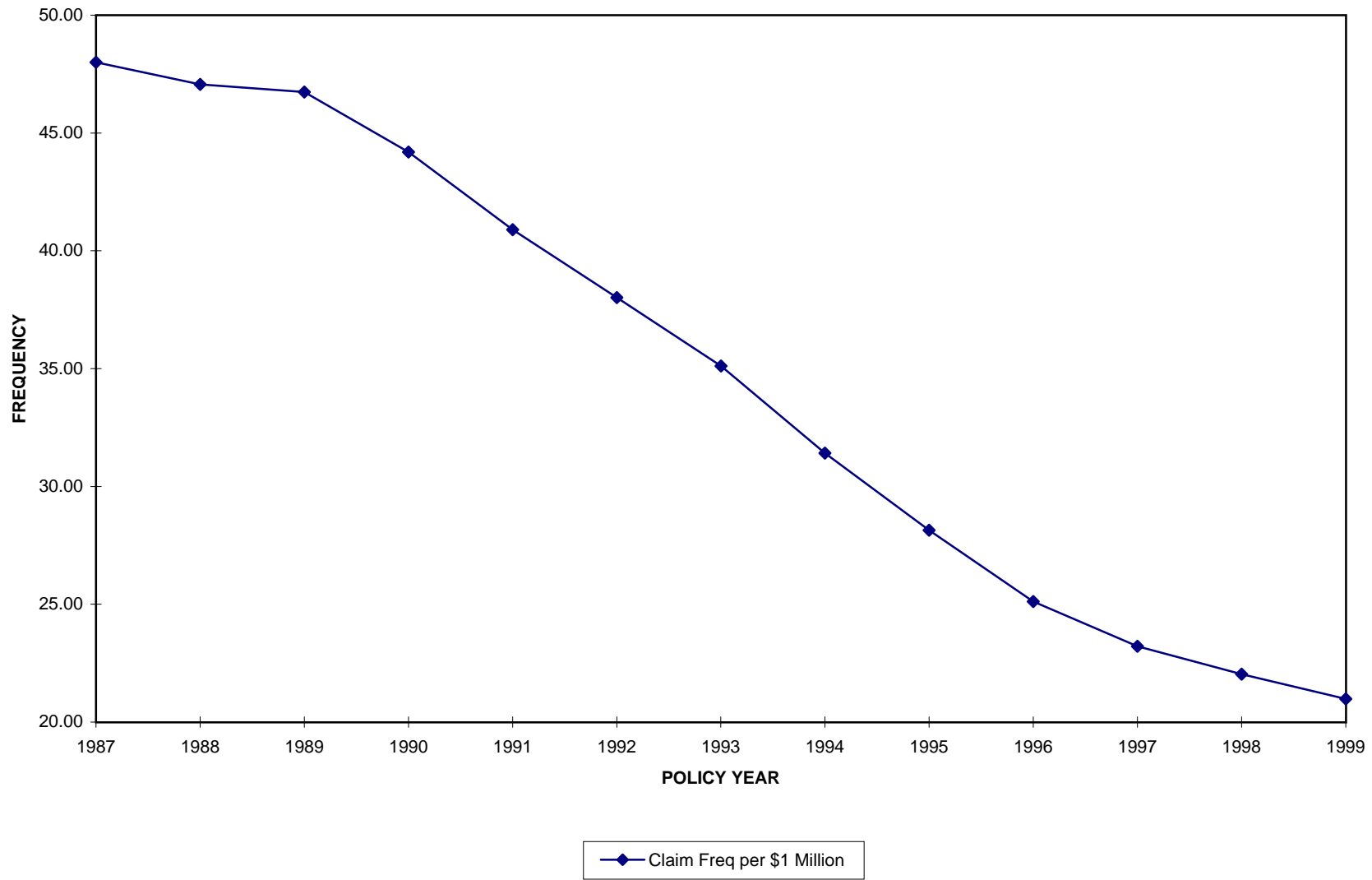
PCRB Unit Statistical Plan

Policy Year	# of Claim Indemnity (1)	% Change Counts (2)	Expected Losses (3)	% Change Exp Loss (4)	Claim Frequency (#Claims per \$1 million) (5)	% Change Frequency (6)	Period	Annual % Change In Claim Frequency
1987	78,584		1,637,061,416		48.00		PY87-PY99	-7.5%
1988	81,238	3.4%	1,726,235,330	5.4%	47.06	-2.0%	PY88-PY99	-7.9%
1989	82,807	1.9%	1,771,608,989	2.6%	46.74	0.0%	PY89-PY99	-8.3%
1990	78,496	-5.2%	1,776,333,325	0.3%	44.19	-5.5%	PY90-PY99	-8.5%
1991	71,755	-8.6%	1,754,386,781	-1.2%	40.90	-7.4%	PY91-PY99	-8.5%
1992	67,264	-6.3%	1,768,944,057	0.8%	38.02	-7.0%	PY92-PY99	-8.6%
1993	62,246	-7.5%	1,773,113,432	0.2%	35.11	-7.7%	PY93-PY99	-8.4%
1994	58,226	-6.5%	1,853,845,847	4.6%	31.41	-10.5%	PY94-PY99	-7.8%
1995	53,280	-8.5%	1,893,541,695	2.1%	28.14	-10.4%	PY95-PY99	-6.9%
1996	50,414	-5.4%	2,007,632,816	6.0%	25.11	-10.8%	PY96-PY99	-5.7%
1997	50,083	-0.7%	2,156,510,230	7.4%	23.22	-7.5%	PY97-PY99	-4.9%
1998	50,684	1.2%	2,300,837,553	6.7%	22.03	-5.1%	PY98-PY99	-4.8%
1999	48,576	-4.2%	2,315,098,379	0.6%	20.98	-4.8%		

Projected Annual Change in Claim Frequency

	Historical Selection	Final Selection
January 1, 2000 to December 31, 2000	-4.3%	-4.3%
January 1, 2001 to December 31, 2001	-3.8%	-3.0%
January 1, 2002 and later	-3.3%	-1.0%

PA W.C- CLAIM FREQUENCIES
PCRB Unit Statistical Plan



PCRB April 1, 2002 Loss Cost Filing Comparison of Changes in Claim Frequencies

