

PENNSYLVANIA COMPENSATION RATING BUREAU

Merit Rating Plan Off-Balance Indications

This exhibit shows data relevant to the calculation of the Merit Rating Plan Off-Balance Factor applicable to Manual Premium. The factor, as a ratio to standard premium, is 0.0035, representing a slight increase compared to the 0.0034 factor included in current loss costs.

**Pennsylvania Compensation Rating Bureau**

**Analysis of Merit Rating Plan Off-Balance Indications**

<b>Risk Type</b>	<b># of Risks</b>	<b>Manual Premium Before MRP</b>	<b>MRP Adjustment</b>	<b>Standard Premium Before Adjustment</b>	<b>Average Debit / Credit</b>
1. Not Qualified for MRP	47,299	30,992,498	0	33,060,628	0.00%
2. Qualified for MRP Discount	136,224	159,228,297	-7,964,562	163,209,045	-5.00%
3. Qualified for MRP No Adjustment	5,890	18,235,950	0	18,349,407	0.00%
4. Qualified for MRP Surcharge	886	5,716,035	285,818	5,731,300	5.00%
5. Experience Rated Risks	48,389	2,136,915,867	0	1,971,791,955	0.00%
<b>Total</b>	<b>238,688</b>	<b>2,351,088,647</b>	<b>-7,678,744</b>	<b>2,192,142,335</b>	<b>-0.33%</b>
<b>Ratio to Standard Premium</b>					<b>-0.35%</b>
<b>Increment to Manual Premium</b>					<b>0.0035</b>

Data from policies effective 1998-1999 using 1999 Manual and Standard Premium .