

PENNSYLVANIA COMPENSATION RATING BUREAU

FEBRUARY 1, 2005 F CLASS RATE FILING

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Pennsylvania F Class Rate Revision
Proposed Effective February 1, 2005

Calculation of Composite Pure Premium Multiplier

Item	Total
(1) Pure Premium Test Correction Factor	1.0025
(2) Off-Balance Factor (Collectible Prem Ratio)	1.0656
(3) Expense Provision (1 / 0.6605)	1.5140
(4) Rate Test Correction Factor	0.9958
(5) Composite Pure Premium Multiplier (1)*(2)*(3)*(4)	1.6105

CALCULATION OF PER CLAIM AND CATASTROPHE LIMITATIONS

All Death, Permanent Total and Major Disability claims in the Pennsylvania experience for Manual Years 1997 through 2001 were translated using composite multipliers, yielding an average claim value of \$5,544. A value of \$487,279 was selected based on a review of Pennsylvania State Act coverage experience as reported in the approved 4/1/04 Loss Cost Filing. Using twice the value as unity and using the indicated Hazard Group Relativities produced the following results:

Hazard Group (1)	Hazard Group Relativities @ (2)	Per Claim Limit [2 * 487,279] * (2) (3)	Per Accident Limit (3) * 2 (4)
I	0.855	833,247	1,666,494
II	0.911	887,822	1,775,644
III	1.104	1,075,912	2,151,824
IV	1.305	1,271,798	2,543,596

@ From Pennsylvania 4/1/04 Loss Cost Filing - Excess Loss Factor Study

CREDIBILITY

The classification relativity criteria for 100 percent credibility for the various categories of loss are as follows:

Serious: 175 * Average Cost of Serious Case (including Medical)
 Non-Serious: 500 * Average Cost of Non-Serious Case (including Medical)
 Medical: 10 Percent of the Non-Serious

The following calculations are based on the figures in Table V, Section B.

	No. Cases	INDEMNITY AMOUNT (in hundreds)	MEDICAL AMOUNT (in hundreds)	TOTAL AMOUNT (in hundreds)	AVERAGE COST (4) / (1)
	(1)	(2)	(3)	(4)	(5)
Death	3	5,777	40	5,817	1,939
Permanent Total Major	5	111,105	13,721	124,826	24,965
	40	99,453	35,995	135,448	3,386
Total Serious	48	216,335	49,756	266,091	5,544
Minor	124	61,278	22,768	84,046	678
Temporary	178	24,141	19,063	43,204	243
Total Non-Serious	302	85,419	41,831	127,250	421

Accordingly, the criteria for 100 percent credibility will be:

Selected @

Serious: 175 *	5,544 =	970,200	85,273,825
Non-Serious: 500 *	421 =	210,500	10,070,000
Medical: .10 *	210,500 =	21,050	1,007,000

@ From PA State Act Coverage Loss Cost filing approval of 4/1/04.

EXPECTED LOSS CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credi- bility (1)	Serious (2)	Non-Serious (3)	Medical (4)
1.00	84,635,104	9,994,574	999,457
0.99	83,362,472	9,844,288	984,429
0.98	82,096,283	9,694,764	969,476
0.97	80,836,570	9,546,004	954,600
0.96	79,583,366	9,398,013	939,801
0.95	78,336,705	9,250,795	925,080
0.94	77,096,622	9,104,353	910,435
0.93	75,863,152	8,958,693	895,869
0.92	74,636,331	8,813,817	881,382
0.91	73,416,194	8,669,731	866,973
0.90	72,202,779	8,526,438	852,644
0.89	70,996,123	8,383,944	838,394
0.88	69,796,264	8,242,253	824,225
0.87	68,603,241	8,101,368	810,137
0.86	67,417,093	7,961,296	796,130
0.85	66,237,860	7,822,040	782,204
0.84	65,065,584	7,683,606	768,361
0.83	63,900,306	7,545,998	754,600
0.82	62,742,067	7,409,221	740,922
0.81	61,590,912	7,273,281	727,328
0.80	60,446,883	7,138,183	713,818
0.79	59,310,026	7,003,931	700,393
0.78	58,180,387	6,870,532	687,053
0.77	57,058,011	6,737,990	673,799
0.76	55,942,945	6,606,312	660,631
0.75	54,835,240	6,475,503	647,550
0.74	53,734,942	6,345,569	634,557
0.73	52,642,103	6,216,515	621,652
0.72	51,556,774	6,088,348	608,835
0.71	50,479,008	5,961,075	596,108
0.70	49,408,857	5,834,700	583,470
0.69	48,346,376	5,709,232	570,923
0.68	47,291,622	5,584,676	558,468
0.67	46,244,651	5,461,039	546,104
0.66	45,205,521	5,338,328	533,833
0.65	44,174,293	5,216,550	521,655
0.64	43,151,026	5,095,712	509,571
0.63	42,135,784	4,975,822	497,582
0.62	41,128,631	4,856,887	485,689
0.61	40,129,632	4,738,915	473,892
0.60	39,138,854	4,621,914	462,191
0.59	38,156,366	4,505,892	450,589
0.58	37,182,239	4,390,857	439,086
0.57	36,216,545	4,276,818	427,682
0.56	35,259,358	4,163,784	416,378
0.55	34,310,755	4,051,763	405,176
0.54	33,370,814	3,940,765	394,077
0.53	32,439,615	3,830,800	383,080
0.52	31,517,242	3,721,877	372,188
0.51	30,603,780	3,614,006	361,401
0.50	29,699,316	3,507,198	350,720
0.49	28,803,942	3,401,463	340,146
0.48	27,917,750	3,296,812	329,681
0.47	27,040,836	3,193,257	319,326
0.46	26,173,301	3,090,810	309,081

EXPECTED LOSS CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credi- bility (1)	Serious (2)	Non-Serious (3)	Medical (4)
0.45	25,315,245	2,989,482	298,948
0.44	24,466,776	2,889,286	288,929
0.43	23,628,003	2,790,235	279,024
0.42	22,799,039	2,692,343	269,234
0.41	21,980,002	2,595,622	259,562
0.40	21,171,014	2,500,089	250,009
0.39	20,372,200	2,405,757	240,576
0.38	19,583,693	2,312,642	231,264
0.37	18,805,630	2,220,760	222,076
0.36	18,038,151	2,130,129	213,013
0.35	17,281,406	2,040,764	204,076
0.34	16,535,548	1,952,686	195,269
0.33	15,800,739	1,865,912	186,591
0.32	15,077,149	1,780,463	178,046
0.31	14,364,952	1,696,360	169,636
0.30	13,664,336	1,613,624	161,362
0.29	12,975,495	1,532,279	153,228
0.28	12,298,633	1,452,348	145,235
0.27	11,633,967	1,373,858	137,386
0.26	10,981,724	1,296,834	129,683
0.25	10,342,147	1,221,306	122,131
0.24	9,715,490	1,147,304	114,730
0.23	9,102,027	1,074,860	107,486
0.22	8,502,047	1,004,009	100,401
0.21	7,915,861	934,786	93,479
0.20	7,343,802	867,231	86,723
0.19	6,786,226	801,387	80,139
0.18	6,243,522	737,299	73,730
0.17	5,716,107	675,017	67,502
0.16	5,204,441	614,594	61,459
0.15	4,709,022	556,090	55,609
0.14	4,230,402	499,569	49,957
0.13	3,769,195	445,105	44,511
0.12	3,326,082	392,778	39,278
0.11	2,901,838	342,679	34,268
0.10	2,497,341	294,912	29,491
0.09	2,113,608	249,597	24,960
0.08	1,751,831	206,874	20,687
0.07	1,413,432	166,913	16,691
0.06	1,100,156	129,918	12,992
0.05	814,209	96,150	9,615
0.04	558,505	65,954	6,595
0.03	337,168	39,817	3,982
0.02	156,708	18,506	1,851
0.01	30,161	3,562	356
0.00	0	0	0

Classification Credibility Table

Payroll Conversion Factors

Convert the Expected Loss Credibility Table to a Payroll Basis

A)	<hr/> Five Year Payroll (00's) <hr/>		
	5,840,153,640		
B)	<hr/> Five Year Expected Losses * <hr/>		
	Serious	Non-Serious	Medical Only
	5,321,461,271	4,908,419,252	841,314,200
C) =A/B	<hr/> Ratio Payroll to Expected Loss <hr/>		
	Serious	Non-Serious	Medical Only
	1.0975	1.1898	6.9417

PAYROLL CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credibility (1)	Serious (2)	Non-Serious (3)	Medical (4)
1.00	92,887,027	11,891,544	6,937,931
0.99	91,490,313	11,712,734	6,833,611
0.98	90,100,671	11,534,830	6,729,812
0.97	88,718,136	11,357,836	6,626,547
0.96	87,342,744	11,181,756	6,523,817
0.95	85,974,534	11,006,596	6,421,628
0.94	84,613,543	10,832,359	6,319,967
0.93	83,259,809	10,659,053	6,218,854
0.92	81,913,373	10,486,679	6,118,289
0.91	80,574,273	10,315,246	6,018,266
0.90	79,242,550	10,144,756	5,918,799
0.89	77,918,245	9,975,217	5,819,880
0.88	76,601,400	9,806,633	5,721,523
0.87	75,292,057	9,639,008	5,623,728
0.86	73,990,260	9,472,350	5,526,496
0.85	72,696,051	9,306,663	5,429,826
0.84	71,409,478	9,141,954	5,333,732
0.83	70,130,586	8,978,228	5,238,207
0.82	68,859,419	8,815,491	5,143,258
0.81	67,596,026	8,653,750	5,048,893
0.80	66,340,454	8,493,010	4,955,110
0.79	65,092,754	8,333,277	4,861,918
0.78	63,852,975	8,174,559	4,769,316
0.77	62,621,167	8,016,861	4,677,311
0.76	61,397,382	7,860,190	4,585,902
0.75	60,181,676	7,704,553	4,495,098
0.74	58,974,099	7,549,958	4,404,904
0.73	57,774,708	7,396,410	4,315,322
0.72	56,583,559	7,243,916	4,226,350
0.71	55,400,711	7,092,487	4,138,003
0.70	54,226,221	6,942,126	4,050,274
0.69	53,060,148	6,792,844	3,963,176
0.68	51,902,555	6,644,648	3,876,717
0.67	50,753,504	6,497,544	3,790,890
0.66	49,613,059	6,351,543	3,705,709
0.65	48,481,287	6,206,651	3,621,173
0.64	47,358,251	6,062,878	3,537,289
0.63	46,244,023	5,920,233	3,454,065
0.62	45,138,673	5,778,724	3,371,507
0.61	44,042,271	5,638,361	3,289,616
0.60	42,954,892	5,499,153	3,208,391
0.59	41,876,612	5,361,110	3,127,854
0.58	40,807,507	5,224,242	3,048,003
0.57	39,747,658	5,088,558	2,968,840
0.56	38,697,145	4,954,070	2,890,371
0.55	37,656,054	4,820,788	2,812,610
0.54	36,624,468	4,688,722	2,735,564
0.53	35,602,477	4,557,886	2,659,226
0.52	34,590,173	4,428,289	2,583,617
0.51	33,587,649	4,299,944	2,508,737
0.50	32,594,999	4,172,864	2,434,593
0.49	31,612,326	4,047,061	2,361,191
0.48	30,639,731	3,922,547	2,288,547
0.47	29,677,318	3,799,337	2,216,665
0.46	28,725,198	3,677,446	2,145,548

PAYROLL CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credi- bility (1)	Serious (2)	Non-Serious (3)	Medical (4)
0.45	27,783,481	3,556,886	2,075,207
0.44	26,852,287	3,437,672	2,005,658
0.43	25,931,733	3,319,822	1,936,901
0.42	25,021,945	3,203,350	1,868,942
0.41	24,123,052	3,088,271	1,801,802
0.40	23,235,188	2,974,606	1,735,487
0.39	22,358,490	2,862,370	1,670,006
0.38	21,493,103	2,751,581	1,605,365
0.37	20,639,179	2,642,260	1,541,585
0.36	19,796,871	2,534,427	1,478,672
0.35	18,966,343	2,428,101	1,416,634
0.34	18,147,764	2,323,306	1,355,499
0.33	17,341,311	2,220,062	1,295,259
0.32	16,547,171	2,118,395	1,235,942
0.31	15,765,535	2,018,329	1,177,562
0.30	14,996,609	1,919,890	1,120,127
0.29	14,240,606	1,823,106	1,063,663
0.28	13,497,750	1,728,004	1,008,178
0.27	12,768,279	1,634,616	953,692
0.26	12,052,442	1,542,973	900,220
0.25	11,350,506	1,453,110	847,797
0.24	10,662,750	1,365,062	796,421
0.23	9,989,475	1,278,868	746,136
0.22	9,330,997	1,194,570	696,954
0.21	8,687,657	1,112,208	648,903
0.20	8,059,823	1,031,831	602,005
0.19	7,447,883	953,490	556,301
0.18	6,852,265	877,238	511,812
0.17	6,273,427	803,135	468,579
0.16	5,711,874	731,244	426,630
0.15	5,168,152	661,636	386,021
0.14	4,642,866	594,387	346,787
0.13	4,136,692	529,586	308,982
0.12	3,650,375	467,327	272,656
0.11	3,184,767	407,719	237,878
0.10	2,740,832	350,886	204,718
0.09	2,319,685	296,971	173,265
0.08	1,922,635	246,139	143,603
0.07	1,551,242	198,593	115,864
0.06	1,207,421	154,576	90,187
0.05	893,594	114,399	66,744
0.04	612,959	78,472	45,781
0.03	370,042	47,374	27,642
0.02	171,987	22,018	12,849
0.01	33,102	4,238	2,471
0.00	0	0	0

TABLE V

TOTAL EXPERIENCE ALL INDUSTRIES - MANUAL YEARS 1997 - 2001

MAN YEAR	PAYROLL IN THOUS	ALL LOSSES	DEATH NO.	COMP. IN HUNDREDS	PERM. NO.	TOTAL COMP. IN HUNDREDS	MAJOR NO.	PERM. COMP. IN HUNDREDS	MINOR NO.	PERM. COMP. IN HUNDREDS	TEMPORARY NO.	COMP. IN HUNDREDS	MEDICAL IN HUNDREDS	PURE PREM.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A. EXPERIENCE AS REPORTED														
97	31,823	3,921,284	1	681	1	5,327	5	13,963	17	3,849	51	6,402	8,991	12.322
98	50,581	5,305,164	1	749		0	9	21,836	37	8,762	48	1,471	20,233	10.488
99	46,075	4,438,260		0		0	10	21,805	43	11,627	26	1,006	9,944	9.633
00	24,571	3,616,256		0	2	7,994	5	10,668	13	3,491	32	5,370	8,640	14.718
01	25,162	3,179,275		0		0	7	13,718	29	6,960	16	887	10,228	12.635
ALL	178,212	20,460,239	2	1,430	3	13,321	36	81,990	139	34,689	173	15,136	58,036	11.481
B. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (EXCLUDING IBNR AND FREQUENCY TREND)														
97	31,823	6,602,899	1	1,814	1	20,472	5	12,427	17	8,403	51	6,920	15,993	20.749
98	50,581	8,252,985	1	1,816		8,747	10	24,872	34	16,802	50	6,780	23,513	16.316
99	46,075	9,360,443		0	1	20,471	11	27,351	38	18,776	29	3,932	23,074	20.316
00	24,571	7,980,813		332	2	40,945	5	12,437	14	6,918	29	3,932	15,245	32.481
01	25,162	7,436,994	1	1,815	1	20,470	9	22,366	21	10,379	19	2,577	16,763	29.556
ALL	178,212	39,634,134	3	5,777	5	111,105	40	99,453	124	61,278	178	24,141	94,588	22.240
PURE PREMIUM		22.240		.324		6.234		5.581		3.438		1.355	5.308	
C. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (INCLUDING IBNR AND FREQUENCY TREND)														
97	31,823	7,123,631	1	1,814	1	20,472	6	14,912	29	14,334	25	3,393	16,310	22.385
98	50,581	8,664,477	1	1,816		8,747	10	24,872	44	21,868	39	5,241	24,101	17.130
99	46,075	11,111,223		0	2	40,942	9	22,386	38	18,963	34	4,653	24,168	24.116
00	24,571	5,523,563		332	1	20,500	4	9,990	20	10,052	18	2,494	11,868	22.480
01	25,162	6,003,675	1	1,815	1	20,501	5	12,586	20	9,799	18	2,465	12,870	23.860
ALL	178,212	38,426,569	3	5,777	5	111,162	34	84,746	151	75,016	134	18,246	89,317	21.562
PURE PREMIUM		21.562		.324		6.238		4.755		4.209		1.024	5.012	

TABLE V

TOTAL MEDICAL EXPERIENCE ALL INDUSTRIES - MANUAL YEARS 1997 - 2001

MAN YEAR	PAYROLL IN THOUS	ALL LOSSES	DEATH NO.	DEATH COMP. IN HUNDREDS	PERM. NO.	TOTAL COMP. IN HUNDREDS	MAJOR NO.	PERM. COMP. IN HUNDREDS	MINOR NO.	PERM. COMP. IN HUNDREDS	TEMPORARY NO.	TEMPORARY COMP. IN HUNDREDS	MEDICAL ONLY IN HUNDREDS	PURE PREM.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A. EXPERIENCE AS REPORTED														
97	31,823	899,109	1	0	1	720	5	2,728	17	1,095	51	4,025	423	2.825
98	50,581	2,023,269	1	0		0	9	11,947	37	4,886	48	2,854	546	4.000
99	46,075	994,355		0		0	10	3,285	43	5,375	26	661	623	2.158
00	24,571	863,980		0	2	2,162	5	2,468	13	1,028	32	2,695	287	3.516
01	25,162	1,022,756		0		0	7	4,886	29	3,504	16	1,135	702	4.065
ALL	178,212	5,803,469	2	0	3	2,882	36	25,314	139	15,888	173	11,370	2,581	3.256
B. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (EXCLUDING IBNR AND FREQUENCY TREND)														
97	31,823	1,599,278	1	0	1	2,336	5	4,501	17	3,121	51	5,462	573	5.026
98	50,581	2,351,257	1	0		2,041	10	8,995	34	6,244	50	5,357	876	4.648
99	46,075	2,307,361		0	1	2,335	11	9,899	38	6,976	29	3,105	758	5.008
00	24,571	1,524,522		1	2	4,672	5	4,501	14	2,571	29	3,105	394	6.205
01	25,162	1,676,318	1	39	1	2,337	9	8,099	21	3,856	19	2,034	399	6.662
ALL	178,212	9,458,736	3	40	5	13,721	40	35,995	124	22,768	178	19,063	3,000	5.308
PURE PREMIUM		5.308		.002		.770		2.020		1.278		1.070	.168	
C. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (INCLUDING IBNR AND FREQUENCY TREND)														
97	31,823	1,631,036		0	1	2,336	6	5,401	29	5,324	25	2,676	573	5.125
98	50,581	2,411,071		0		2,041	10	8,995	44	8,085	38	4,105	885	4.767
99	46,075	2,416,421		0	2	4,671	9	8,099	38	6,985	34	3,644	765	5.245
00	24,571	1,188,307		1	1	2,338	4	3,611	20	3,697	17	1,837	398	4.836
01	25,162	1,292,703	1	39	1	2,341	5	4,579	20	3,658	18	1,879	431	5.138
ALL	178,212	8,939,538	1	40	5	13,727	34	30,685	151	27,749	132	14,141	3,052	5.016
PURE PREMIUM		5.016		.002		.770		1.722		1.557		.793	.171	