Exhibit 14
As Filed

PENNSYLVANIA COMPENSATION RATING BUREAU
PENNSYLVANIA CONSTRUCTION CLASSIFICATION
PREMIUM ADJUSTMENT PROGRAM ("PCCPAP")

The PCCPAP program has been used in Pennsylvania since 1991 as a means of addressing construction employers' concerns regarding the effects of wage differentials on workers' compensation premium. The program establishes a set of tabular premium credits given to employers engaged in the construction trades and who have paid wages in excess of minimum qualifying levels. Until January 1, 2002, when an experience-rated employer received a PCCPAP credit, the expected losses used in determining that employer's modification were reduced in proportion to the PCCPAP credit, thereby avoiding redundant credits based on prevailing wage levels.

Beginning January 1, 2002, the practice of adjusting PCCPAP participating employers' experience modifications was discontinued. Instead, an equivalent adjustment is now made to reduce the insured's policy credit factor.

The PCCPAP is intended to be a means of redistributing a portion of workers' compensation insurance premiums between lower-wage and higher-wage employers. On balance the program is intended to be revenue neutral. Prior to 1995, classifications in which employers were eligible for credits had been subject to a flat loading of 1 percent, intended to offset the credits being provided to relatively high-wage employers. Starting with the 1995 loss cost filing, the current procedure, as described herein, has been used.

The PCRB has assembled 2004 policy year experience data that provides historical measures of the extent to which employers in each eligible classification have qualified for PCCPAP credits, and the magnitude of credits granted under this program. The attached exhibit presents the staff analysis of this experience, and derives a proposed revised set of PCCPAP loadings to maintain the intended balance within the affected classifications. A brief description of page 14.1 follows:

Column (1) - Class: The numeric designation of each classification eligible for PCCPAP credit.

Column (2) - # of Policies (Total): The number of policies reported in each class, whether or not those policies applied for or received PCCPAP credit.

Column (3) - # of Policies (PCCPAP): The number of policies qualified for PCCPAP credit for the 2004 policy term.

Column (4) - Payroll (Total): The payroll attributable to the policies reported in column (2).

Column (5) - Payroll (PCCPAP): the payroll attributable to policies reported in column (3).

Column (6) - PCCPAP Policy Premium, Pre-PCCPAP: The Standard Premium which would have applied to qualifying PCCPAP policies ABSENT both the tabular PCCPAP credit and the adjustment to that tabular credit to offset any redundancy resulting from the calculation of experience modifications. The current PCCPAP load on Manual Rates is omitted from this calculation.

Column (7) - PCCPAP Policy Premium, Post-PCCPAP: The Standard Premium attributable to qualifying PCCPAP policies, reflecting BOTH the tabular PCCPAP credits and the adjustment to that tabular credit to offset any redundancy resulting from the calculation of experience modifications. The current PCCPAP load on Manual Rates is omitted from this calculation.

Columns (8) and (9) - Non-PCCPAP Policy Premium, Pre PCCPAP: The Standard Premium attributable to policies that did not qualify for PCCPAP credit in 2004. The current PCCPAP load on Manual Rates is omitted from this calculation

Column (10) - Indicated Surcharge: The ratio of Pre-PCCPAP premiums for both qualifying and non-qualifying policies to Post-PCCPAP premiums for those same policies. Computed as (Column (6) + Column (8)) / (Column (7) + Column (9)).

Column (11) - Average PCCPAP Credit: For qualifying policies, the average credit given in 2004. For example, an average credit of .0776 indicates that the average qualifying risk in Code 601 received a 7.76 percent reduction in standard premium by operation of the PCCPAP plan's tabular credit and experience rating plan adjustment.

Column (12) - Class "Z": This is the credibility assigned each classification's indicated PCCPAP surcharge. The credibility formula is a linear function of total classification policies, with 210 policies or more receiving full credibility. This formula is an adaptation of procedures used in NCCI jurisdictions where credibility is a linear function of the number of policies qualifying for Premium Adjustment Plan credits. Staff perceives the use of total policies to be more appropriate where large portions of a class have not historically qualified for PCCPAP credit.

Column (13) - Formula Surcharge: The credibility-weighted classification loadings for PCCPAP credits. The calculation uses the following values:

Column (10) x Column (12) + (1.00 - (Column (12)) x Average Column (10)

Column (14) - TCF: The test correction factor necessary to balance credibility-weighted surcharges across all classifications to the overall indicated surcharge of 2.75 percent.

Column (15) - Final Surcharge: The product of the TCF (Column (14)) and the formula surcharges (Column (13)) by classification.

Page 14.2 shows a comparison of current and proposed PCCPAP surcharges by class and overall.

PCCPAP Surcharges

For Policy Effective Dates 01/01/04 Through 12/31/04

100% Credibility = 210 Policies

Partial Credibility = # of Policies / 210

Class (1)	# of Policies (Total) (2)	# of Policies (PCCPAP) (3)	Payroll (Total) (4)	Payroll (PCCPAP) (5)	***PCCPAP Policies*** Premium Pre-PCCPAP (6)	Premium Post-PCCPAP (7)	**Non-PCCPAP Policies** Premium Pre-PCCPAP (8)	Premium Post-PCCPAP (9)	Indicated Surcharge (10)	Average PCCPAP Credit (11)	Class "Z" (12)	Formula Surcharge (13)	TCF (14)	Final Surcharge (15)
601	704	91	182,668,616	37,591,109	2,407,667	2,220,871	10,288,059	10,288,059	1.0149	0.0776	1.00	1.0149	0.9995	1.0144
602	226	66	111,758,667	26,591,823	1,201,668	1,117,452	3,700,167	3,700,167	1.0175	0.0701	1.00	1.0175	0.9995	1.0170
603	315	107	88,368,995	34,290,209	2,272,157	2,009,895	2,892,030	2,892,030	1.0535	0.1154	1.00	1.0535	0.9995	1.0530
605	43	5	12,017,058	388,802	27,561	21,110	880,737	880,737	1.0072	0.2341	0.20	1.0234	0.9995	1.0229
606	16	0	13,380,072	0	0	0	1,741,761	1,741,761	1.0000	0.0000	0.08	1.0253	0.9995	1.0248
607	315	29	82,706,635	9,355,769	823,076	735,192	7,159,414	7,159,414	1.0111	0.1068	1.00	1.0111	0.9995	1.0106
608	2,934	415	405,426,767	120,266,527	7,290,623	6,544,710	17,414,106	17,414,106	1.0311	0.1023	1.00	1.0311	0.9995	1.0306
609	2,846	280	595,531,578	99,481,685	5,229,170	4,613,047	25,901,007	25,901,007	1.0202	0.1178	1.00	1.0202	0.9995	1.0197
611	44	23	2,569,366	1,431,975	135,759	127,303	118,934	118,934	1.0343	0.0623	0.21	1.0289	0.9995	1.0284
615	2	0	949,964	0	0	0	122,038	122,038	1.0000	0.0000	0.01	1.0272	0.9995	1.0267
617	305	103	117,422,778	32,901,716	1,960,343	1,747,272	5,252,131	5,252,131	1.0304	0.1087	1.00	1.0304	0.9995	1.0299
645	902	240	212,930,767	117,561,249	8,203,635	7,465,465	6,818,766	6,818,766	1.0517	0.0900	1.00	1.0517	0.9995	1.0512
646	403	54	75,316,777	16,397,687	796,744	697,720	3,126,613	3,126,613	1.0259	0.1243	1.00	1.0259	0.9995	1.0254
647	158	10	35,380,305	1,587,611	110,557	95,984	2,891,847	2,891,847	1.0049	0.1318	0.75	1.0106	0.9995	1.0101
648	1,274	93	122,424,606	23,523,793	1,363,279	1,195,936	6,300,372	6,300,372	1.0223	0.1228	1.00	1.0223	0.9995	1.0218
649	276	134	67,152,191	45,802,073	1,575,874	1,383,310	649,514	649,514	1.0947	0.1222	1.00	1.0947	0.9995	1.0942
651	2,920	427	513,534,222	157,496,392	10,955,752	9,809,774	27,276,566	27,276,566	1.0309	0.1046	1.00	1.0309	0.9995	1.0304
652	8,563	137	632,376,739	25,842,334	2,241,472	1,949,063	55,037,537	55,037,537	1.0051	0.1305	1.00	1.0051	0.9995	1.0046
653	2,442	303	324,171,688	96,821,258	7,176,162	6,505,662	17,156,536	17,156,536	1.0283	0.0934	1.00	1.0283	0.9995	1.0278
654	748	222	148,034,136	48,227,955	4,000,860	3,582,083	8,392,270	8,392,270	1.0350	0.1047	1.00	1.0350	0.9995	1.0345
655	408	77	87,743,562	16,068,682	2,314,139	2,058,647	9,525,961	9,525,961	1.0221	0.1104	1.00	1.0221	0.9995	1.0216
656	85	10	50,390,265	3,280,112	255,262	213,562	3,623,827	3,623,827	1.0109	0.1634	0.40	1.0209	0.9995	1.0204
657	47	12	6,382,309	2,655,308	229,753	213,643	406,196	406,196	1.0260	0.0701	0.22	1.0272	0.9995	1.0267
658	511	121	52,535,334	16,040,272	1,503,348	1,246,089	3,307,392	3,307,392	1.0565	0.1711	1.00	1.0565	0.9995	1.0560
659	980	123	116,080,222	37,044,320	5,179,763	4,720,587	12,871,274	12,871,274	1.0261	0.0886	1.00	1.0261	0.9995	1.0256
660	865	85	251,481,407	32,380,820	726,926	633,548	4,462,643	4,462,643	1.0183	0.1285	1.00	1.0183	0.9995	1.0178
661	3,177	570	842,110,775	368,985,447	13,763,784	11,805,917	19,232,513	19,232,513	1.0631	0.1422	1.00	1.0631	0.9995	1.0626
662	245	5	52,555,658	1,585,748	119,905	113,895	2,323,630	2,323,630	1.0025	0.0501	1.00	1.0025	0.9995	1.0020
663	3,723	515	779,033,244	195,199,976	8,499,922	7,352,372	26,382,072	26,382,072	1.0340	0.1350	1.00	1.0340	0.9995	1.0335
664	2,521	374	638,629,775	198,263,610	7,906,389	6,814,032	18,176,678	18,176,678	1.0437	0.1382	1.00	1.0437	0.9995	1.0432
665	1,577	105	129,015,603	19,331,289	1,644,208	1,494,460	9,810,029	9,810,029	1.0132	0.0911	1.00	1.0132	0.9995	1.0127
666	318	57	43,792,956	13,943,389	893,590	785,804	1,868,719	1,868,719	1.0406	0.1206	1.00	1.0406	0.9995	1.0401
667	356	44	28,296,080	7,826,777	182,157	166,868	490,564	490,564	1.0233	0.0839	1.00	1.0233	0.9995	1.0228
668	412	64	52,439,625	17,016,331	1,030,381	930,285	2,001,651	2,001,651	1.0341	0.0971	1.00	1.0341	0.9995	1.0336
669	215	45	15,625,893	5,962,373	433,902	397,049	705,517	705,517	1.0334	0.0849	1.00	1.0334	0.9995	1.0329
670	587	64	53,817,684	14,094,829	798,910	679,277	2,243,397	2,243,397	1.0409	0.1497	1.00	1.0409	0.9995	1.0404
673	217	4	29,970,226	1,637,246	83,609	74,643	1,746,633	1,746,633	1.0049	0.1072	1.00	1.0049	0.9995	1.0044
674	217	1	22,569,871	228,690	18,433	16,590	1,245,138	1,245,138	1.0015	0.1000	1.00	1.0015	0.9995	1.0010
675	1,506	134	527,518,403	81,230,572	3,550,254	3,139,656	22,118,748	22,118,748	1.0163	0.1157	1.00	1.0163	0.9995	1.0158
676	324	51	53,963,243	16,029,592	767,699	669,442	1,885,784	1,885,784	1.0385	0.1280	1.00	1.0385	0.9995	1.0380
677	60	10	78,278,431	5,984,464	377,713	331,826	4,124,648	4,124,648	1.0103	0.1215	0.29	1.0225	0.9995	1.0220
679	18	0	8,978,255	0	0	0	692,921	692,921	1.0000	0.0000	0.09	1.0250	0.9995	1.0245
681	76	0	4,961,862	0	0	0	275,679	275,679	1.0000	0.0000	0.36	1.0176	0.9995	1.0171
682	83	0	3,518,750	0	0	0	597,318	597,318	1.0000	0.0000	0.40	1.0165	0.9995	1.0160
691	26	0	861,606	0	0	0	44,630	44,630	1.0000	0.0000	0.12	1.0242	0.9995	1.0237
693	49	0	1,613,143	0	0	0	152,072	152,072	1.0000	0.0000	0.23	1.0212	0.9995	1.0207
695	37	0	2,006,410	0	0	0	92,660	92,660	1.0000	0.0000	0.18	1.0226	0.9995	1.0221
Total	44,076	5,210	7,678,292,519	1,950,349,814	108,052,406	95,680,041	353,528,699	353,528,699	1.0275	0.1145		1.0280	0.9995	1.0275

Note:

For each Class:

Indicated Surcharge = (Total Premium Pre-PCCPAP) / (Total Premium Post-PCCPAP)

Basis of Credibility: 1 / ((# PCCPAP Policies)/(# Total Policies)) * 25 = 210 Policies for Full Credibility

Formula Surcharge = (Indicated Surcharge) * (Credibility for that Class) + (1- Credibility) * (Average Indicated Surcharge)

Test Correction Factor = (Total Indicated Surcharge) / ((Total Weighted Formula Surcharge) / (Total Premium Post-PCCPAP))

14.1

Comparison of PCCPAP Surcharges by Class

Class (1)	Current PCCPAP Surcharge (2)	Proposed PCCPAP Surcharge (3)	Percentage Change (4)=(3)/(2)-1.0
601	1.0189	1.0144	-0.4%
602	1.0195	1.0170	-0.2%
603	1.0658	1.0530	-1.2%
605	1.0218	1.0229	0.1%
606	1.0228	1.0248	0.2%
607	1.0155	1.0106	-0.5%
608	1.0282	1.0306	0.2%
609	1.0185	1.0197	0.1%
611	1.0311	1.0284	-0.3%
615	1.0245	1.0267	0.2%
617	1.0247	1.0299	0.5%
645	1.0377	1.0512	1.3%
646	1.0476	1.0254	-2.1%
647	1.0111	1.0101	-0.1%
648	1.0211	1.0218	0.1%
649	1.0669	1.0942	2.6%
651	1.0248	1.0304	0.5%
652	1.0042	1.0046	0.0%
653	1.0266	1.0278	0.1%
654	1.0283	1.0345	0.6%
655	1.0160	1.0216	0.6%
656	1.0190	1.0204	0.1%
657	1.0400	1.0267	-1.3%
658	1.0485	1.0560	0.7%
659	1.0226	1.0256	0.3%
660	1.0210	1.0178	-0.3%
661	1.0548	1.0626	0.7%
662	1.0000	1.0020	0.2%
663	1.0296	1.0335	0.4%
664	1.0365	1.0432	0.6%
665	1.0149	1.0127	-0.2%
666	1.0391	1.0401	0.1%
667	1.0224	1.0228	0.0%
668	1.0332	1.0336	0.0%
669	1.0178	1.0329	1.5%
670	1.0238	1.0404	1.6%
673	1.0079	1.0044	-0.3%
674	1.0030	1.0010	-0.2%
675	1.0183	1.0158	-0.2%
676	1.0399	1.0380	-0.2%
677	1.0192	1.0220	0.3%
679	1.0223	1.0245	0.2%
681	1.0164	1.0171	0.1%
682	1.0167	1.0160	-0.1%
691	1.0218	1.0237	0.2%
693	1.0197	1.0207	0.1%
695	1.0208	1.0221	0.1%
Total	1.0253	1.0275	0.2%

14.2