

PENNSYLVANIA COMPENSATION RATING BUREAU

**Summary of Material for Modification of Experience
April 1, 2012 Loss Cost Revision**

As Filed

PENNSYLVANIA 2012 LOSS COST FILING

EFFECTIVE DATE - April 1, 2012

INDEX

PART I - INDICATED LOSS COST CHANGE

<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
I	Indicated Change in Loss Cost Level	1
II	Employer Assessment Factor and Loss Assessment Load	2
III	Policy Year Ratios of Losses to Expected Losses	3
IV	Policy Year Premium On-Level Factors	13
V	Policy Year Development Factors	15
VI	Determination of Trend Factors	18

<u>Table</u>	<u>Description</u>	
I	Policy Year Data From Supplemental Call - Accumulated Standard Earned Premium	20
I-A	Adjusted Policy Year Data From Supplemental Call - Total Incurred Losses *	21
I-B	Adjusted Policy Year Data From Supplemental Call - Indemnity Incurred Losses *	22
I-C	Adjusted Policy Year Data From Supplemental Call - Medical Incurred Losses *	23
I-D	Adjusted Policy Year Data From Supplemental Call - Indemnity Paid Losses	24
I-E	Adjusted Policy Year Data From Supplemental Call - Medical Paid Losses	25

* Incurred Losses exclude IBNR and Bulk Reserves.

Note: Table I reflects the adjustment of reported data to a Post-Act 44 and Post-Act 57 basis.

PART II - CLASSIFICATION RELATIVITY

<u>Exhibit</u>	<u>Description</u>	
VII	Loss Cost Formulae	26

PART III - EXPERIENCE RATING PLAN

<u>Exhibit</u>	<u>Description</u>	
VIII	Collectible Premium Ratios	28
IX	Expected Loss Cost Factors	29
X	Retrospective Development Factors	30

EXHIBIT I

INDICATED CHANGE IN LOSS COSTS

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1) Policy Year 2007 Ratio of Loss to Expected Loss	0.5060	0.5025	1.0085
(2) Policy Year 2008 Ratio of Loss to Expected Loss	0.5060	0.4759	0.9819
(3) Policy Year 2009 Ratio of Loss to Expected Loss	0.4882	0.4714	0.9596
(4) Average (Midpoint = 1/1/2009)	0.5001	0.4833	0.9834
(5) Policy Year 2007 Ratio Trended to 4/1/2013 +	0.4849	0.4733	0.9582
(6) Policy Year 2008 Ratio Trended to 4/1/2013 +	0.4888	0.4533	0.9421
(7) Policy Year 2009 Ratio Trended to 4/1/2013 +	0.4755	0.4542	0.9297
(8) Average at 4/1/2013	0.4831	0.4603	0.9434
(9) Indicated Change in Loss Costs	0.4831	0.4603	0.9434

CHANGES IN MANUAL LOSS COST LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(10) Current Collectible Premium Ratio	1.0244	1.0827	1.0165	
(11) Anticipated Collectible Premium Ratio	1.0276	1.0838	1.0150	
(12) Final Indicated Change in Manual Loss Cost Level (9T) * (11) / (10)	0.9463	0.9444	0.9420	0.9433

+ Refer to pages 18 and 19

EXHIBIT II

**CALCULATION OF EMPLOYER ASSESSMENT FACTOR AND
LOADING FOR LOSS BASED ASSESSMENTS**

(1)	2010 PCRB Member Paid Loss*	2,252,542,887
(2)	2011/2012 Fiscal Year Membership Assessment Amount	
	a. Administration Fund	49,546,912
	b. Subsequent Injury Fund	155,893
	c. Supersedeas Fund	12,981,228
	d. Uninsured Employers Guaranty Fund	2,276,587
	e. Total	<u>64,960,620</u>
(3)	2010 Employer Assessment Premium Base	2,901,894,094
(4)	2011/2012 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (2a) / (3)	0.0171
	b. Subsequent Injury Fund (2b) / (3)	0.0001
	c. Supersedeas Fund (2c) / (3)	0.0045
	d. Uninsured Employers Guaranty Fund (2d) / (3)	0.0008
	e. Employer Assessment Factor (4a) + (4b) + (4c) + (4d)	<u>0.0225</u>
(5)	2011/2012 Fiscal Year Budget for the Office of Small Business Advocate	194,000
(6)	2011/2012 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (5) / (1)	0.0001
(7)	Merit Rating Plan Increment Factor	0.0029
(8)	Certified Safety Committee Program Increment Factor	0.0116
(9)	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (6) + (7) + (8)	0.0146

* Loss payments on deductible policies have been adjusted to a first dollar basis.

EXHIBIT III - 1

POLICY YEAR LOSS RATIO 2009

(1) Standard Earned Premium Reported (Table I)				1,591,611,438
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0124
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9986
(5) Factor to Remove Loss Based Assessments				0.9859
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,586,403,343
(7) Loss Cost Change to 4/1/11 Level				1.0059
(8) Expected Loss at Current Level (6) * (7)				1,595,763,123
Losses - Paid-to-23rd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	208,905,139	365,826,611		574,731,750
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	4.0521	2.1562		
(11) Ultimate Incurred Losses (9) * (10)	846,504,514	788,795,339		1,635,299,853
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	846,504,514	788,795,339		1,635,299,853
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5305	0.4943		1.0248
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	402,016,581	501,793,757		903,810,338
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.7702	1.4265		
(17) Ultimate Incurred Losses (15) * (16)	711,649,752	715,808,794		1,427,458,546
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	711,649,752	715,808,794		1,427,458,546
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4460	0.4486		0.8946
Losses - Average of Incurred and Paid-to-23rd Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	779,077,133	752,302,067		1,531,379,200
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4882	0.4714		0.9596
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5130	0.5130		
(24) Severity Ratio * (22) / (23)	0.9517	0.9189		1.8706

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 2

POLICY YEAR LOSS RATIO 2008

(1) Standard Earned Premium Reported (Table I)				1,784,530,904
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0037
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9989
(5) Factor to Remove Loss Based Assessments				0.9862
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,764,472,966
(7) Loss Cost Change to 4/1/11 Level				0.9498
(8) Expected Loss at Current Level (6) * (7)				1,675,896,423
Losses - Paid-to-23rd Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	440,279,411	489,925,821		930,205,232
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	2.0662	1.7003		
(11) Ultimate Incurred Losses (9) * (10)	909,705,319	833,020,873		1,742,726,192
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	909,705,319	833,020,873		1,742,726,192
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5428	0.4971		1.0399
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	627,198,812	585,618,466		1,212,817,278
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2537	1.3011		
(17) Ultimate Incurred Losses (15) * (16)	786,319,151	761,948,186		1,548,267,337
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	786,319,151	761,948,186		1,548,267,337
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4692	0.4547		0.9239
Losses - Average of Incurred and Paid-to-23rd Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	848,012,235	797,484,530		1,645,496,765
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5060	0.4759		0.9819
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5296	0.5296		
(24) Severity Ratio * (22) / (23)	0.9554	0.8986		1.8540

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 3

POLICY YEAR LOSS RATIO 2007

(1) Standard Earned Premium Reported (Table I)				1,931,653,266
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0019
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0013
(5) Factor to Remove Loss Based Assessments				0.9873
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,913,228,768
(7) Loss Cost Change to 4/1/11 Level				0.8922
(8) Expected Loss at Current Level (6) * (7)				1,706,982,707
Losses - Paid-to-23rd Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	582,776,586	566,586,301		1,149,362,887
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.5559	1.5599		
(11) Ultimate Incurred Losses (9) * (10)	906,742,090	883,817,971		1,790,560,061
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	906,742,090	883,817,971		1,790,560,061
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5312	0.5178		1.0490
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	739,147,751	663,491,496		1,402,639,247
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1103	1.2537		
(17) Ultimate Incurred Losses (15) * (16)	820,675,748	831,819,289		1,652,495,037
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	820,675,748	831,819,289		1,652,495,037
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4808	0.4873		0.9681
Losses - Average of Incurred and Paid-to-23rd Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	863,708,919	857,818,630		1,721,527,549
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5060	0.5025		1.0085
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5740	0.5740		
(24) Severity Ratio * (22) / (23)	0.8815	0.8754		1.7569

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 4

POLICY YEAR LOSS RATIO 2006

(1)	Standard Earned Premium Reported (Table I)			1,871,984,081
(2)	Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(3)	Expense Constant Removal Factor			1.0000
(4)	PCCPAP On-Level Factor			1.0019
(5)	Factor to Remove Loss Based Assessments			0.9897
(6)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,856,408,402
(7)	Loss Cost Change to 4/1/11 Level			0.8839
(8)	Expected Loss at Current Level (6) * (7)			1,640,879,387
Losses - Paid-to-23rd Method				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9)	Paid Losses Reported (Table I-D & I-E)	599,199,670	540,328,172	1,139,527,842
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3559	1.4913	
(11)	Ultimate Incurred Losses (9) * (10)	812,454,833	805,791,403	1,618,246,236
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	812,454,833	805,791,403	1,618,246,236
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4951	0.4911	0.9862
Losses - Incurred Method				
(15)	Incurred Losses Reported (Table I-B & I-C)	712,215,484	606,433,840	1,318,649,324
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0642	1.2274	
(17)	Ultimate Incurred Losses (15) * (16)	757,939,718	744,336,895	1,502,276,613
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	757,939,718	744,336,895	1,502,276,613
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4619	0.4536	0.9155
Losses - Average of Incurred and Paid-to-23rd Method				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	785,197,276	775,064,149	1,560,261,425
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4785	0.4723	0.9508
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.6087	0.6087	
(24)	Severity Ratio * (22) / (23)	0.7861	0.7759	1.5620

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 5

POLICY YEAR LOSS RATIO 2005

(1)	Standard Earned Premium Reported (Table I)			1,896,614,758
(2)	Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0009
(3)	Expense Constant Removal Factor			1.0000
(4)	PCCPAP On-Level Factor			1.0016
(5)	Factor to Remove Loss Based Assessments			0.9912
(6)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,884,627,067
(7)	Loss Cost Change to 4/1/11 Level			0.8248
(8)	Expected Loss at Current Level (6) * (7)			1,554,440,405
Losses - Paid-to-23rd Method				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9)	Paid Losses Reported (Table I-D & I-E)	620,739,273	539,132,586	1,159,871,859
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2657	1.4521	
(11)	Ultimate Incurred Losses (9) * (10)	785,669,698	782,874,428	1,568,544,126
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	785,669,698	782,874,428	1,568,544,126
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5054	0.5036	1.0090
Losses - Incurred Method				
(15)	Incurred Losses Reported (Table I-B & I-C)	695,997,660	606,044,126	1,302,041,786
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0482	1.2178	
(17)	Ultimate Incurred Losses (15) * (16)	729,544,747	738,040,537	1,467,585,284
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	729,544,747	738,040,537	1,467,585,284
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4693	0.4748	0.9441
Losses - Average of Incurred and Paid-to-23rd Method				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	757,607,223	760,457,483	1,518,064,706
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4874	0.4892	0.9766
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.6332	0.6332	
(24)	Severity Ratio * (22) / (23)	0.7697	0.7726	1.5423

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 6

POLICY YEAR LOSS RATIO 2004

(1)	Standard Earned Premium Reported (Table I)			1,729,290,873
(2)	Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9996
(3)	Expense Constant Removal Factor			1.0000
(4)	PCCPAP On-Level Factor			1.0000
(5)	Factor to Remove Loss Based Assessments			0.9906
(6)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,712,350,325
(7)	Loss Cost Change to 4/1/11 Level			0.8163
(8)	Expected Loss at Current Level (6) * (7)			1,397,791,570
Losses - Paid-to-23rd Method				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9)	Paid Losses Reported (Table I-D & I-E)	618,169,450	530,687,593	1,148,857,043
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2077	1.4157	
(11)	Ultimate Incurred Losses (9) * (10)	746,563,245	751,294,425	1,497,857,670
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	746,563,245	751,294,425	1,497,857,670
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5341	0.5375	1.0716
Losses - Incurred Method				
(15)	Incurred Losses Reported (Table I-B & I-C)	686,907,908	585,079,503	1,271,987,411
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0344	1.1950	
(17)	Ultimate Incurred Losses (15) * (16)	710,537,540	699,170,006	1,409,707,546
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	710,537,540	699,170,006	1,409,707,546
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5083	0.5002	1.0085
Losses - Average of Incurred and Paid-to-23rd Method				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	728,550,393	725,232,216	1,453,782,609
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5212	0.5188	1.0400
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.6819	0.6819	
(24)	Severity Ratio * (22) / (23)	0.7643	0.7608	1.5251

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 7

POLICY YEAR LOSS RATIO 2003

(1) Standard Earned Premium Reported (Table I)			1,639,011,236
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0001
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9992
(5) Factor to Remove Loss Based Assessments			0.9910
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,623,123,023
(7) Loss Cost Change to 4/1/11 Level			0.8289
(8) Expected Loss at Current Level (6) * (7)			1,345,406,674
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	618,540,680	501,381,666	1,119,922,346
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1706	1.3820	
(11) Ultimate Incurred Losses (9) * (10)	724,063,720	692,909,462	1,416,973,182
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	724,063,720	692,909,462	1,416,973,182
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5382	0.5150	1.0532
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	661,666,375	547,464,316	1,209,130,691
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0218	1.1775	
(17) Ultimate Incurred Losses (15) * (16)	676,090,702	644,639,232	1,320,729,934
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	676,090,702	644,639,232	1,320,729,934
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5025	0.4791	0.9816
Losses - Average of Incurred and Paid-to-23rd Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	700,077,211	668,774,347	1,368,851,558
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5203	0.4971	1.0174
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7220	0.7220	
(24) Severity Ratio * (22) / (23)	0.7206	0.6885	1.4091

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 8

POLICY YEAR LOSS RATIO 2002

(1) Standard Earned Premium Reported (Table I)			1,608,921,162
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9998
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9988
(5) Factor to Remove Loss Based Assessments			0.9929
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,595,261,708
(7) Loss Cost Change to 4/1/11 Level			0.8202
(8) Expected Loss at Current Level (6) * (7)			1,308,433,653
Losses - Paid-to-23rd Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	651,129,625	494,403,347	1,145,532,972
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1457	1.3572	
(11) Ultimate Incurred Losses (9) * (10)	745,999,211	671,004,223	1,417,003,434
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	745,999,211	671,004,223	1,417,003,434
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5701	0.5128	1.0829
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	695,924,907	541,473,775	1,237,398,682
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0159	1.1655	
(17) Ultimate Incurred Losses (15) * (16)	706,990,113	631,087,685	1,338,077,798
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	706,990,113	631,087,685	1,338,077,798
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5403	0.4823	1.0226
Losses - Average of Incurred and Paid-to-23rd Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	726,494,662	651,045,954	1,377,540,616
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5552	0.4976	1.0528
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7877	0.7877	
(24) Severity Ratio * (22) / (23)	0.7048	0.6317	1.3365

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 9

POLICY YEAR LOSS RATIO 2001

(1) Standard Earned Premium Reported (Table I)				1,551,770,796
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0001
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9974
(5) Factor to Remove Loss Based Assessments				0.9923
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,535,972,205
(7) Loss Cost Change to 4/1/11 Level				0.8283
(8) Expected Loss at Current Level (6) * (7)				1,272,245,777
Losses - Paid-to-23rd Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	653,707,301	482,977,664		1,136,684,965
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1315	1.3343		
(11) Ultimate Incurred Losses (9) * (10)	739,669,811	644,437,097		1,384,106,908
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	739,669,811	644,437,097		1,384,106,908
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5814	0.5065		1.0879
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	676,203,555	516,148,026		1,192,351,581
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0135	1.1606		
(17) Ultimate Incurred Losses (15) * (16)	685,332,303	599,041,399		1,284,373,702
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	685,332,303	599,041,399		1,284,373,702
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5387	0.4709		1.0096
Losses - Average of Incurred and Paid-to-23rd Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	712,501,057	621,739,248		1,334,240,305
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5600	0.4887		1.0487
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8206	0.8206		
(24) Severity Ratio * (22) / (23)	0.6824	0.5955		1.2779

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 10

POLICY YEAR LOSS RATIO 2000

(1) Standard Earned Premium Reported (Table I)			1,474,286,883
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9966
(5) Factor to Remove Loss Based Assessments			0.9925
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,458,254,750
(7) Loss Cost Change to 4/1/11 Level			0.8298
(8) Expected Loss at Current Level (6) * (7)			1,210,059,792
Losses - Paid-to-23rd Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	659,063,912	490,426,747	1,149,490,659
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1192	1.3100	
(11) Ultimate Incurred Losses (9) * (10)	737,624,330	642,459,039	1,380,083,369
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	737,624,330	642,459,039	1,380,083,369
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6096	0.5309	1.1405
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	682,963,179	537,823,572	1,220,786,751
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0104	1.1514	
(17) Ultimate Incurred Losses (15) * (16)	690,065,996	619,250,061	1,309,316,057
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	690,065,996	619,250,061	1,309,316,057
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5703	0.5118	1.0821
Losses - Average of Incurred and Paid-to-23rd Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	713,845,163	630,854,550	1,344,699,713
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5899	0.5213	1.1112
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8906	0.8906	
(24) Severity Ratio * (22) / (23)	0.6624	0.5853	1.2477

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT IV - 1

**POLICY YEARS 2000 - 2005
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) LOSS COST DATE</u>	<u>(2) LOSS COST CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 4/01/11 LC LEVEL</u>
2000	4/01/99	BASE	1.0000	0.2912	0.2912	
	4/01/00	1.0450	1.0450	0.7088	0.7407	
	4/01/01	0.8194	0.8563	-----	-----	
	to 4/01/11			1.0000	1.0319	0.8298
2001	4/01/00	BASE	1.0000	0.3007	0.3007	
	4/01/01	0.9845	0.9845	0.6993	0.6885	
	4/01/02	0.8323	0.8194	-----	-----	
	to 4/01/11			1.0000	0.9892	0.8283
2002	4/01/01	BASE	1.0000	0.3024	0.3024	
	4/01/02	1.0212	1.0212	0.6976	0.7124	
	4/01/03	0.8150	0.8323	-----	-----	
	to 4/01/11			1.0000	1.0148	0.8202
2003	4/01/02	BASE	1.0000	0.3075	0.3075	
	4/01/03	0.9759	0.9759	0.6925	0.6758	
	4/01/04	0.8352	0.8151	-----	-----	
	to 4/01/11			1.0000	0.9833	0.8289
2004	4/01/03	BASE	1.0000	0.3058	0.3058	
	4/01/04	1.0332	1.0332	0.6942	0.7172	
	4/01/05	0.8083	0.8351	-----	-----	
	to 4/01/11			1.0000	1.0230	0.8163
2005	4/01/04	BASE	1.0000	0.3073	0.3073	
	4/01/05	0.9711	0.9711	0.6927	0.6727	
	4/01/06	0.8324	0.8083	-----	-----	
	to 4/01/11			1.0000	0.9800	0.8248

EXHIBIT IV - 2

**POLICY YEARS 2006 - 2010
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) LOSS COST DATE</u>	<u>(2) LOSS COST CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 4/01/11 LC LEVEL</u>
2006	4/01/05	BASE	1.0000	0.3200	0.3200	
	4/01/06	0.9142	0.9142	0.6800	0.6217	
	4/01/07	0.9105	0.8324	-----	-----	
	to 4/01/11			1.0000	0.9417	0.8839
2007	4/01/06	BASE	1.0000	0.3043	0.3043	
	4/01/07	1.0295	1.0295	0.6957	0.7162	
	4/01/08	0.8844	0.9105	-----	-----	
	to 4/01/11			1.0000	1.0205	0.8922
2008	4/01/07	BASE	1.0000	0.3260	0.3260	
	4/01/08	0.8978	0.8978	0.6740	0.6051	
	4/01/09	0.9851	0.8844	-----	-----	
	to 4/01/11			1.0000	0.9311	0.9498
2009	4/01/08	BASE	1.0000	0.3095	0.3095	
	4/01/09	0.9700	0.9700	0.6905	0.6698	
	4/01/10	1.0156	0.9851	-----	-----	
	to 4/01/11			1.0000	0.9793	1.0059
2010	4/01/09	BASE	1.0000	0.3014	0.3014	
	4/01/10	1.0068	1.0068	0.6986	0.7034	
	4/01/11	1.0087	1.0156	-----	-----	
				1.0000	1.0048	1.0107

EXHIBIT V - 1**DEVELOPMENT FACTORS****PREMIUM**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Policy Year</u>	<u>2007-2008 Ratio</u>	<u>Policy Year</u>	<u>2006-2007 Ratio</u>	<u>Unweighted Average</u>	<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2009	0.9983	2008	1.0093	2007	1.0062	2006	1.0210	1.0087	1.0087	1.0124
3rd to 2nd	2008	1.0027	2007	1.0031	2006	0.9990	2005	1.0024	1.0018	1.0018	1.0037
4th to 3rd	2007	1.0053	2006	0.9994	2005	1.0003	2004	1.0023	1.0018	1.0018	1.0019
5th to 4th	2006	0.9989	2005	1.0001	2004	0.9981	2003	0.9995	0.9992	0.9992	1.0001
6th to 5th	2005	1.0052	2004	0.9999	2003	0.9994	2002	1.0006	1.0013	1.0013	1.0009
7th to 6th	2004	0.9999	2003	1.0001	2002	0.9982	2001	0.9999	0.9995	0.9995	0.9996
8th to 7th	2003	0.9999	2002	1.0000	2001	0.9999	2000	1.0015	1.0003	1.0003	1.0001
9th to 8th	2002	1.0000	2001	1.0000	2000	0.9982	1999	1.0005	0.9997	0.9997	0.9998
10th to 9th	2001	1.0001	2000	1.0000	1999	1.0000	1998	1.0002	1.0001	1.0001	1.0001
11th to 10th	2000	1.0000	1999	1.0000	1998	0.9999	1997	1.0000	1.0000	1.0000	1.0000
12th to 11th	1999	0.9994	1998	1.0000	1997	0.9999	1996	1.0002	0.9999	1.0000	1.0000
13th to 12th	1998	1.0000	1997	1.0000	1996	0.9999	1995	1.0000	1.0000	1.0000	1.0000
14th to 13th	1997	1.0000	1996	1.0001	1995	1.0000	1994	1.0000	1.0000	1.0000	1.0000
15th to 14th	1996	1.0001	1995	0.9998	1994	1.0003	1993	1.0001	1.0001	1.0000	1.0000
16th to 15th	1995	1.0000	1994	1.0000	1993	1.0002	1992	0.9993	0.9999	1.0000	1.0000
17th to 16th	1994	1.0000	1993	1.0000	1992	1.0002	1991	1.0003	1.0001	1.0000	1.0000
18th to 17th	1993	1.0001	1992	0.9999	1991	1.0000	1990	1.0002	1.0001	1.0000	1.0000
19th to 18th	1992	1.0000	1991	1.0001	1990	1.0008	1989	1.0004	1.0003	1.0000	1.0000
20th to 19th	1991	1.0002	1990	1.0002	1989	1.0002	1988	0.9999	1.0001	1.0000	1.0000
21st to 20th	1990	1.0000	1989	1.0000	1988	1.0001	1987	1.0000	1.0000	1.0000	1.0000
22nd to 21st	1989	1.0001	1988	1.0000	1987	1.0003				1.0000	1.0000
23rd to 22nd	1988	0.9999	1987	1.0001						1.0000	1.0000

INCURRED METHOD

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1988	Twenty-Second	1.0000
1989	Twenty-First	1.0000
1990	Twentieth	1.0000
1991	Nineteenth	1.0000
1992	Eighteenth	1.0000
1993	Seventeenth	1.0000
1994	Sixteenth	1.0000
1995	Fifteenth	1.0000
1996	Fourteenth	1.0000
1997	Thirteenth	1.0000
1998	Twelfth	1.0000
1999	Eleventh	1.0000
2000	Tenth	1.0000
2001	Ninth	1.0001
2002	Eighth	0.9998
2003	Seventh	1.0001
2004	Sixth	0.9996
2005	Fifth	1.0009
2006	Fourth	1.0001
2007	Third	1.0019
2008	Second	1.0037
2009	First	1.0124

EXHIBIT V - 2

DEVELOPMENT FACTORS

**INDEMNITY LOSSES
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2009	1.9319	2008	1.9902	1.9611	4.0521	
3rd to 2nd	a	2008	1.3121	2007	1.3439	1.3280	2.0662	
4th to 3rd	a	2007	1.1419	2006	1.1530	1.1475	1.5559	
5th to 4th	a	2006	1.0704	2005	1.0722	1.0713	1.3559	
6th to 5th	a	2005	1.0445	2004	1.0515	1.0480	1.2657	
7th to 6th	a	2004	1.0316	2003	1.0318	1.0317	1.2077	
8th to 7th	a	2003	1.0245	2002	1.0189	1.0217	1.1706	
9th to 8th	a	2002	1.0105	2001	1.0147	1.0126	1.1457	
10th to 9th	a	2001	1.0115	2000	1.0105	1.0110	1.1315	
11th to 10th	a	2000	1.0079	1999	1.0093	1.0086	1.1192	
12th to 11th	a	1999	1.0059	1998	1.0076	1.0068	1.1096	
13th to 12th	a	1998	1.0046	1997	1.0085	1.0066	1.1021	
14th to 13th	a	1997	1.0059	1996	1.0074	1.0067	1.0949	
15th to 14th	a	1996	1.0063	1995	1.0088	1.0076	1.0876	
16th to 15th	a	1995	1.0070	1994	1.0078	1.0074	1.0794	
17th to 16th	a	1994	1.0082	1993	1.0068	1.0075	1.0715	
18th to 17th	a	1993	1.0075	1992	1.0068	1.0072	1.0635	
19th to 18th	a	1992	1.0057	1991	1.0063	1.0060	1.0559	
20th to 19th	a	1991	1.0048	1990	1.0050	1.0049	1.0496	
21st to 20th	a	1990	1.0036	1989	1.0042	1.0039	1.0445	
22nd to 21st	a	1989	1.0040	1988	1.0034	1.0037	1.0404	
23rd to 22nd	b	1988	1.0301	1987	1.0379	1.0340	1.0366	
Beyond 23rd		1987	1.0040	1986	1.0048	1.0044	1.0025	d

INCURRED METHOD

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2009	1.3976	2008	1.4263	1.4120	1.7702	
3rd to 2nd	c	2008	1.1189	2007	1.1392	1.1291	1.2537	
4th to 3rd	c	2007	1.0399	2006	1.0469	1.0434	1.1103	
5th to 4th	c	2006	1.0159	2005	1.0145	1.0152	1.0642	
6th to 5th	c	2005	1.0129	2004	1.0138	1.0134	1.0482	
7th to 6th	c	2004	1.0125	2003	1.0121	1.0123	1.0344	
8th to 7th	c	2003	1.0095	2002	1.0021	1.0058	1.0218	
9th to 8th	c	2002	1.0023	2001	1.0024	1.0024	1.0159	
10th to 9th	c	2001	1.0043	2000	1.0017	1.0030	1.0135	
11th to 10th	c	2000	1.0000	1999	1.0007	1.0004	1.0104	
12th to 11th	c	1999	1.0001	1998	1.0005	1.0003	1.0100	
13th to 12th	c	1998	0.9990	1997	1.0030	1.0010	1.0097	
14th to 13th	c	1997	1.0012	1996	1.0016	1.0014	1.0087	
15th to 14th	c	1996	1.0006	1995	1.0025	1.0016	1.0073	
16th to 15th	c	1995	0.9994	1994	1.0021	1.0008	1.0057	
17th to 16th	c	1994	0.9998	1993	0.9993	0.9996	1.0049	
18th to 17th	c	1993	0.9989	1992	1.0007	0.9998	1.0053	
19th to 18th	c	1992	1.0026	1991	1.0018	1.0022	1.0055	
20th to 19th	c	1991	1.0002	1990	1.0001	1.0002	1.0033	
21st to 20th	c	1990	0.9998	1989	1.0006	1.0002	1.0031	
22nd to 21st	c	1989	1.0003	1988	1.0003	1.0003	1.0029	
23rd to 22nd	c	1988	0.9995	1987	1.0006	1.0001	1.0026	
Beyond 23rd		1987	1.0040	1986	1.0048	1.0044	1.0025	d

- a From Table I-D
- b 22nd (Paid - Table 1-D) to 23rd (Incurred - Table I-B)
- c From Table I-B
- d Derived separately. See Exhibit # 7 of the April 1, 2012 Filing Package.

EXHIBIT V - 3

DEVELOPMENT FACTORS

**MEDICAL LOSSES
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2009	1.2551	2008	1.2811	1.2681	2.1562	
3rd to 2nd	a	2008	1.0786	2007	1.1014	1.0900	1.7003	
4th to 3rd	a	2007	1.0431	2006	1.0489	1.0460	1.5599	
5th to 4th	a	2006	1.0266	2005	1.0274	1.0270	1.4913	
6th to 5th	a	2005	1.0221	2004	1.0293	1.0257	1.4521	
7th to 6th	a	2004	1.0206	2003	1.0282	1.0244	1.4157	
8th to 7th	a	2003	1.0173	2002	1.0192	1.0183	1.3820	
9th to 8th	a	2002	1.0134	2001	1.0208	1.0171	1.3572	
10th to 9th	a	2001	1.0176	2000	1.0195	1.0186	1.3343	
11th to 10th	a	2000	1.0144	1999	1.0169	1.0157	1.3100	
12th to 11th	a	1999	1.0167	1998	1.0147	1.0157	1.2897	
13th to 12th	a	1998	1.0102	1997	1.0125	1.0114	1.2698	
14th to 13th	a	1997	1.0111	1996	1.0152	1.0132	1.2555	
15th to 14th	a	1996	1.0120	1995	1.0144	1.0132	1.2391	
16th to 15th	a	1995	1.0153	1994	1.0112	1.0133	1.2230	
17th to 16th	a	1994	1.0090	1993	1.0134	1.0112	1.2069	
18th to 17th	a	1993	1.0117	1992	1.0103	1.0110	1.1936	
19th to 18th	a	1992	1.0102	1991	1.0088	1.0095	1.1806	
20th to 19th	a	1991	1.0092	1990	1.0101	1.0097	1.1695	
21st to 20th	a	1990	1.0109	1989	1.0096	1.0103	1.1582	
22nd to 21st	a	1989	1.0094	1988	1.0096	1.0095	1.1464	
23rd to 22nd	b	1988	1.1005	1987	1.0809	1.0907	1.1356	
Beyond 23rd		1987	1.0667	1986	1.0263	1.0465	1.0412	d

INCURRED METHOD

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2009	1.0823	2008	1.1105	1.0964	1.4265	
3rd to 2nd	c	2008	1.0261	2007	1.0495	1.0378	1.3011	
4th to 3rd	c	2007	1.0234	2006	1.0194	1.0214	1.2537	
5th to 4th	c	2006	1.0108	2005	1.0050	1.0079	1.2274	
6th to 5th	c	2005	1.0230	2004	1.0152	1.0191	1.2178	
7th to 6th	c	2004	1.0148	2003	1.0149	1.0149	1.1950	
8th to 7th	c	2003	1.0128	2002	1.0078	1.0103	1.1775	
9th to 8th	c	2002	1.0069	2001	1.0015	1.0042	1.1655	
10th to 9th	c	2001	1.0124	2000	1.0035	1.0080	1.1606	
11th to 10th	c	2000	1.0066	1999	1.0081	1.0074	1.1514	
12th to 11th	c	1999	1.0080	1998	1.0127	1.0104	1.1429	
13th to 12th	c	1998	1.0040	1997	1.0092	1.0066	1.1311	
14th to 13th	c	1997	1.0074	1996	1.0107	1.0091	1.1237	
15th to 14th	c	1996	1.0030	1995	1.0120	1.0075	1.1136	
16th to 15th	c	1995	0.9984	1994	1.0093	1.0039	1.1053	
17th to 16th	c	1994	1.0099	1993	1.0113	1.0106	1.1010	
18th to 17th	c	1993	1.0091	1992	1.0119	1.0105	1.0895	
19th to 18th	c	1992	1.0060	1991	1.0017	1.0039	1.0781	
20th to 19th	c	1991	1.0094	1990	1.0081	1.0088	1.0740	
21st to 20th	c	1990	1.0109	1989	1.0089	1.0099	1.0646	
22nd to 21st	c	1989	1.0075	1988	1.0058	1.0067	1.0542	
23rd to 22nd	c	1988	1.0065	1987	1.0049	1.0057	1.0471	
Beyond 23rd		1987	1.0667	1986	1.0263	1.0465	1.0412	d

- a From Table I-E
- b 22nd (Paid - Table 1-E) to 23rd (Incurred - Table I-C)
- c From Table I-C
- d Derived separately. See Exhibit # 7 of the April 1, 2012 Filing Package.

EXHIBIT VI - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	2003	2004	2005	2006	2007	2008	2009
Actual Loss Ratio	0.5203	0.5212	0.4874	0.4785	0.5060	0.5060	0.4882
Normalized Frequency	0.7220	0.6819	0.6332	0.6087	0.5740	0.5296	0.5130
Severity Loss Ratio	0.7206	0.7643	0.7697	0.7861	0.8815	0.9554	0.9517
x	1	2	3	4	5	6	7
y	0.7206	0.7643	0.7697	0.7861	0.8815	0.9554	0.9517

7 Point Exponential Regression: $y = 0.676418 * 1.051889 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/13 (2)	Severity Trend to 4/1/13 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2007	1.0519	5.2500	1.3043	0.7348
2008	1.0519	4.2500	1.2399	0.7792
2009	1.0519	3.2500	1.1787	0.8263

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2007	0.5060	0.9584	0.4849
2008	0.5060	0.9661	0.4888
2009	0.4882	0.9740	0.4755

MEDICAL

Policy Year	2003	2004	2005	2006	2007	2008	2009
Actual Loss Ratio	0.4971	0.5188	0.4892	0.4723	0.5025	0.4759	0.4714
Normalized Frequency	0.7220	0.6819	0.6332	0.6087	0.5740	0.5296	0.5130
Severity Loss Ratio	0.6885	0.7608	0.7726	0.7759	0.8754	0.8986	0.9189
x	1	2	3	4	5	6	7
y	0.6885	0.7608	0.7726	0.7759	0.8754	0.8986	0.9189

7 Point Exponential Regression: $y = 0.669673 * 1.048416 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/13 (2)	Severity Trend to 4/1/13 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2007	1.0484	5.2500	1.2816	0.7348
2008	1.0484	4.2500	1.2225	0.7792
2009	1.0484	3.2500	1.1660	0.8263

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2007	0.5025	0.9417	0.4733
2008	0.4759	0.9526	0.4533
2009	0.4714	0.9635	0.4542

See page 19

EXHIBIT VI - 2

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1998, 12 = PY 2009}

Policy Year	Claim Frequency	Normalized Frequency
1998	27.70	1.0000
1999	26.31	0.9498
2000	24.67	0.8906
2001	22.73	0.8206
2002	21.82	0.7877
2003	20.00	0.7220
2004	18.89	0.6819
2005	17.54	0.6332
2006	16.86	0.6087
2007	15.90	0.5740
2008	14.67	0.5296
2009	14.21	0.5130

Policy Year	2003	2004	2005	2006	2007	2008	2009
x	1	2	3	4	5	6	7
y	0.7220	0.6819	0.6332	0.6087	0.5740	0.5296	0.5130

7 Point Exponential Regression: $y = 0.763236 * 0.943484 ^ x$

SELECTED FREQUENCY TREND FACTOR

-5.7%

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/13 (2)	Frequency Trend to 4/1/13 (3) = (1)^(2)
2007	0.9430	5.2500	0.7348
2008	0.9430	4.2500	0.7792
2009	0.9430	3.2500	0.8263

TABLE I - PA 2012

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior			
to 1986	11,530,348,424	11,529,593,761	0.9999
1986	1,429,130,879	1,429,259,983	1.0001
1987	1,695,925,840	1,695,876,789	1.0000
1988	1,885,179,553	1,885,133,313	1.0000
1989	2,026,893,176	2,027,237,722	1.0002
1990	2,292,011,905	2,292,157,417	1.0001
1991	2,413,235,050	2,413,097,925	0.9999
1992	2,265,286,119	2,265,252,772	1.0000
1993	2,403,051,037	2,403,103,955	1.0000
1994	1,813,149,523	1,812,850,869	0.9998
1995	1,677,025,298	1,677,216,452	1.0001
1996	1,615,562,370	1,615,568,935	1.0000
1997	1,376,416,942	1,376,412,792	1.0000
1998	1,381,282,354	1,381,335,906	1.0000
1999	1,422,585,485	1,422,623,463	1.0000
2000	1,441,034,704	1,441,062,020	1.0000
2001	1,482,398,329	1,482,396,271	1.0000
2002	1,530,093,354	1,530,242,605	1.0001
2003	1,558,319,210	1,558,170,405	0.9999
2004	1,624,801,040	1,624,947,184	1.0001
2005	1,791,777,181	1,790,612,712	0.9994
2006	1,753,639,640	1,759,038,254	1.0031
2007	1,801,701,251	1,818,420,213	1.0093
2008	999,974,398	1,684,589,000	1.6846
2009		880,871,936	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	11,631,510,310	11,631,893,294	1.0000
1986	1,448,867,127	1,448,875,589	1.0000
1987	1,727,843,626	1,727,675,697	0.9999
1988	1,940,618,147	1,940,727,976	1.0001
1989	2,087,218,654	2,087,302,178	1.0000
1990	2,358,983,668	2,359,447,684	1.0002
1991	2,489,704,407	2,489,807,495	1.0000
1992	2,348,391,240	2,348,514,415	1.0001
1993	2,522,068,896	2,522,047,227	1.0000
1994	1,915,562,914	1,915,579,679	1.0000
1995	1,801,762,366	1,801,929,511	1.0001
1996	1,733,894,564	1,733,930,351	1.0000
1997	1,465,732,577	1,465,724,871	1.0000
1998	1,421,821,059	1,420,975,725	0.9994
1999	1,444,370,611	1,444,377,014	1.0000
2000	1,474,125,540	1,474,286,883	1.0001
2001	1,551,794,419	1,551,770,796	1.0000
2002	1,609,041,858	1,608,921,162	0.9999
2003	1,639,193,037	1,639,011,236	0.9999
2004	1,720,305,537	1,729,290,873	1.0052
2005	1,898,622,488	1,896,614,758	0.9989
2006	1,862,062,728	1,871,984,081	1.0053
2007	1,926,368,183	1,931,653,266	1.0027
2008	1,787,539,334	1,784,530,904	0.9983
2009	944,171,539	1,591,611,438	1.6857
2010		936,322,049	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I -A - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior			
to 1986	6,173,354,434	6,185,045,145	1.0019
1986	1,031,500,648	1,033,465,754	1.0019
1987	1,284,885,938	1,287,575,764	1.0021
1988	1,478,875,507	1,483,878,826	1.0034
1989	1,730,161,526	1,735,155,336	1.0029
1990	1,795,968,523	1,799,135,387	1.0018
1991	1,608,785,840	1,616,584,958	1.0048
1992	1,392,532,375	1,397,984,545	1.0039
1993	1,186,311,623	1,192,084,573	1.0049
1994	1,098,750,024	1,105,518,257	1.0062
1995	967,163,144	972,228,130	1.0052
1996	880,675,210	885,678,535	1.0057
1997	932,982,781	938,488,046	1.0059
1998	1,016,251,932	1,020,404,328	1.0041
1999	1,153,249,009	1,156,122,109	1.0025
2000	1,187,584,547	1,190,009,772	1.0020
2001	1,125,610,980	1,130,782,439	1.0046
2002	1,144,766,428	1,160,038,773	1.0133
2003	1,121,973,848	1,138,171,845	1.0144
2004	1,167,628,022	1,179,460,372	1.0101
2005	1,180,200,211	1,220,251,515	1.0339
2006	1,108,559,026	1,214,892,169	1.0959
2007	991,395,609	1,240,285,727	1.2511
2008	355,639,653	937,858,126	2.6371
2009		326,301,322	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	6,246,524,476	6,261,570,087	1.0024
1986	1,039,389,847	1,048,062,491	1.0083
1987	1,299,718,311	1,302,025,981	1.0018
1988	1,513,132,343	1,517,337,285	1.0028
1989	1,779,518,231	1,786,144,944	1.0037
1990	1,840,084,340	1,846,461,531	1.0035
1991	1,658,041,209	1,664,460,048	1.0039
1992	1,445,422,012	1,449,626,523	1.0029
1993	1,240,886,423	1,245,444,782	1.0037
1994	1,155,464,055	1,154,280,583	0.9990
1995	1,031,771,489	1,033,427,670	1.0016
1996	951,035,136	954,771,025	1.0039
1997	1,004,503,961	1,005,690,300	1.0012
1998	1,057,342,957	1,061,340,740	1.0038
1999	1,158,924,747	1,162,334,023	1.0029
2000	1,211,270,234	1,220,786,751	1.0079
2001	1,187,309,997	1,192,351,581	1.0042
2002	1,224,037,541	1,237,398,682	1.0109
2003	1,192,986,948	1,209,130,691	1.0135
2004	1,250,123,780	1,271,987,411	1.0175
2005	1,284,715,958	1,302,041,786	1.0135
2006	1,277,485,507	1,318,649,324	1.0322
2007	1,307,224,710	1,402,639,247	1.0730
2008	989,847,958	1,212,817,278	1.2253
2009	342,496,554	903,810,338	2.6389
2010		377,063,674	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - B - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior			
to 1986	4,720,082,988	4,723,492,361	1.0007
1986	716,626,830	717,039,472	1.0006
1987	866,865,235	867,133,780	1.0003
1988	978,843,644	979,403,462	1.0006
1989	1,125,706,486	1,125,823,186	1.0001
1990	1,156,253,572	1,158,349,805	1.0018
1991	1,009,363,429	1,010,036,500	1.0007
1992	855,112,055	854,493,305	0.9993
1993	735,100,819	736,668,141	1.0021
1994	673,813,633	675,497,186	1.0025
1995	578,870,941	579,777,152	1.0016
1996	496,384,927	497,857,135	1.0030
1997	520,279,216	520,524,155	1.0005
1998	549,935,604	550,315,412	1.0007
1999	638,638,524	639,711,732	1.0017
2000	667,088,302	668,707,016	1.0024
2001	640,117,495	641,480,690	1.0021
2002	646,369,345	654,218,207	1.0121
2003	614,547,337	623,011,834	1.0138
2004	630,813,939	639,977,707	1.0145
2005	624,423,113	653,699,997	1.0469
2006	573,124,095	652,929,123	1.1392
2007	441,238,708	629,348,058	1.4263
2008	123,965,858	424,835,135	3.4270
2009		113,070,766	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	4,766,671,573	4,768,295,550	1.0003
1986	721,208,637	722,419,920	1.0017
1987	874,562,405	874,117,794	0.9995
1988	995,668,799	996,003,920	1.0003
1989	1,150,909,971	1,150,653,517	0.9998
1990	1,183,092,910	1,183,312,399	1.0002
1991	1,034,669,216	1,037,355,463	1.0026
1992	881,689,358	880,750,537	0.9989
1993	764,311,636	764,167,875	0.9998
1994	705,308,718	704,857,990	0.9994
1995	610,985,215	611,363,392	1.0006
1996	533,315,194	533,947,467	1.0012
1997	558,115,870	557,533,723	0.9990
1998	569,069,629	569,149,174	1.0001
1999	643,313,749	643,297,773	1.0000
2000	680,050,984	682,963,179	1.0043
2001	674,675,013	676,203,555	1.0023
2002	689,384,354	695,924,907	1.0095
2003	653,486,206	661,666,375	1.0125
2004	678,186,237	686,907,908	1.0129
2005	685,120,386	695,997,660	1.0159
2006	684,907,604	712,215,484	1.0399
2007	660,624,941	739,147,751	1.1189
2008	448,769,463	627,198,812	1.3976
2009	117,474,648	402,016,581	3.4222
2010		124,595,155	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - C - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior to 1986	1,453,271,446	1,461,552,784	1.0057
1986	314,873,818	316,426,282	1.0049
1987	418,020,703	420,441,984	1.0058
1988	500,031,863	504,475,364	1.0089
1989	604,455,040	609,332,150	1.0081
1990	639,714,951	640,785,582	1.0017
1991	599,422,411	606,548,458	1.0119
1992	537,420,320	543,491,240	1.0113
1993	451,210,804	455,416,432	1.0093
1994	424,936,391	430,021,071	1.0120
1995	388,292,203	392,450,978	1.0107
1996	384,290,283	387,821,400	1.0092
1997	412,703,565	417,963,891	1.0127
1998	466,316,328	470,088,916	1.0081
1999	514,610,485	516,410,377	1.0035
2000	520,496,245	521,302,756	1.0015
2001	485,493,485	489,301,749	1.0078
2002	498,397,083	505,820,566	1.0149
2003	507,426,511	515,160,011	1.0152
2004	536,814,083	539,482,665	1.0050
2005	555,777,098	566,551,518	1.0194
2006	535,434,931	561,963,046	1.0495
2007	550,156,901	610,937,669	1.1105
2008	231,673,795	513,022,991	2.2144
2009		213,230,556	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	1,479,852,903	1,493,274,537	1.0091
1986	318,181,210	325,642,571	1.0235
1987	425,155,906	427,908,187	1.0065
1988	517,463,544	521,333,365	1.0075
1989	628,608,260	635,491,427	1.0109
1990	656,991,430	663,149,132	1.0094
1991	623,371,993	627,104,585	1.0060
1992	563,732,654	568,875,986	1.0091
1993	476,574,787	481,276,907	1.0099
1994	450,155,337	449,422,593	0.9984
1995	420,786,274	422,064,278	1.0030
1996	417,719,942	420,823,558	1.0074
1997	446,388,091	448,156,577	1.0040
1998	488,273,328	492,191,566	1.0080
1999	515,610,998	519,036,250	1.0066
2000	531,219,250	537,823,572	1.0124
2001	512,634,984	516,148,026	1.0069
2002	534,653,187	541,473,775	1.0128
2003	539,500,742	547,464,316	1.0148
2004	571,937,543	585,079,503	1.0230
2005	599,595,572	606,044,126	1.0108
2006	592,577,903	606,433,840	1.0234
2007	646,599,769	663,491,496	1.0261
2008	541,078,495	585,618,466	1.0823
2009	225,021,906	501,793,757	2.2300
2010		252,468,519	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - D - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior			
to 1986	4,590,312,874	4,607,001,086	1.0036
1986	690,879,535	694,001,987	1.0045
1987	838,321,801	841,148,702	1.0034
1988	942,198,287	946,109,188	1.0042
1989	1,081,636,079	1,087,013,044	1.0050
1990	1,105,564,707	1,112,477,192	1.0063
1991	954,123,763	960,629,305	1.0068
1992	798,581,604	804,035,146	1.0068
1993	685,723,157	691,039,373	1.0078
1994	626,899,612	632,446,579	1.0088
1995	545,005,282	549,044,064	1.0074
1996	468,208,018	472,181,070	1.0085
1997	499,786,051	503,574,239	1.0076
1998	528,262,395	533,170,514	1.0093
1999	609,929,927	616,308,187	1.0105
2000	631,760,328	641,034,161	1.0147
2001	603,018,725	614,397,328	1.0189
2002	583,826,046	602,375,656	1.0318
2003	542,873,059	570,825,055	1.0515
2004	520,807,845	558,420,708	1.0722
2005	479,266,368	552,570,627	1.1530
2006	373,005,032	501,264,414	1.3439
2007	212,416,930	422,755,232	1.9902
2008	45,604,325	215,530,878	4.7261
2009		39,731,672	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	4,649,506,372	4,666,666,915	1.0037
1986	698,123,282	701,070,884	1.0042
1987	848,566,137	851,952,412	1.0040
1988	961,633,238	965,452,066	1.0040
1989	1,110,928,961	1,114,896,000	1.0036
1990	1,136,571,700	1,142,000,475	1.0048
1991	984,269,108	989,881,302	1.0057
1992	829,684,990	835,871,746	1.0075
1993	718,255,868	724,163,881	1.0082
1994	661,723,714	666,352,151	1.0070
1995	579,270,938	582,927,059	1.0063
1996	506,823,157	509,804,878	1.0059
1997	539,545,127	542,034,259	1.0046
1998	551,118,662	554,376,557	1.0059
1999	620,578,097	625,469,278	1.0079
2000	651,586,134	659,063,912	1.0115
2001	646,903,649	653,707,301	1.0105
2002	635,568,260	651,129,625	1.0245
2003	599,580,142	618,540,680	1.0316
2004	591,838,387	618,169,450	1.0445
2005	579,899,068	620,739,273	1.0704
2006	524,719,788	599,199,670	1.1419
2007	444,152,492	582,776,586	1.3121
2008	227,904,157	440,279,411	1.9319
2009	41,705,869	208,905,139	5.0090
2010		42,781,578	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - E - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/08	As of 12/31/09	Ratio to Prior Year
Prior to 1986	1,302,099,718	1,316,927,668	1.0114
1986	292,741,607	295,586,988	1.0097
1987	380,998,192	384,644,017	1.0096
1988	467,312,959	471,811,881	1.0096
1989	558,234,710	563,846,987	1.0101
1990	601,760,461	607,075,493	1.0088
1991	552,936,836	558,606,347	1.0103
1992	492,200,889	498,813,282	1.0134
1993	420,176,507	424,883,761	1.0112
1994	389,677,560	395,288,676	1.0144
1995	353,318,391	358,671,335	1.0152
1996	347,538,950	351,890,728	1.0125
1997	376,514,995	382,052,502	1.0147
1998	411,535,240	418,500,625	1.0169
1999	457,016,517	465,909,647	1.0195
2000	464,331,373	473,993,980	1.0208
2001	448,262,003	456,871,854	1.0192
2002	448,036,305	460,688,621	1.0282
2003	456,250,092	469,623,150	1.0293
2004	479,264,734	492,376,178	1.0274
2005	474,560,797	497,775,042	1.0489
2006	447,345,514	492,716,588	1.1014
2007	389,187,811	498,600,861	1.2811
2008	108,804,657	369,680,987	3.3977
2009		99,022,458	

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	1,330,416,232	1,344,587,779	1.0107
1986	296,859,063	299,465,312	1.0088
1987	388,844,207	392,302,739	1.0089
1988	482,388,836	486,927,147	1.0094
1989	579,912,626	586,216,906	1.0109
1990	621,298,565	627,017,545	1.0092
1991	572,745,632	578,577,168	1.0102
1992	515,593,134	521,632,644	1.0117
1993	442,642,875	446,648,709	1.0090
1994	411,739,392	418,023,109	1.0153
1995	384,224,770	388,853,762	1.0120
1996	376,750,729	380,918,883	1.0111
1997	405,883,006	410,007,461	1.0102
1998	431,373,720	438,595,364	1.0167
1999	466,499,717	473,206,212	1.0144
2000	481,936,419	490,426,747	1.0176
2001	476,582,925	482,977,664	1.0134
2002	485,980,807	494,403,347	1.0173
2003	491,283,692	501,381,666	1.0206
2004	519,230,372	530,687,593	1.0221
2005	525,187,782	539,132,586	1.0266
2006	518,012,428	540,328,172	1.0431
2007	525,301,244	566,586,301	1.0786
2008	390,362,248	489,925,821	1.2551
2009	104,790,324	365,826,611	3.4910
2010		115,411,738	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

EXHIBIT VII

LOSS COST FORMULAE

The experience used for classification relativities for the April 1, 2012 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other Bureau filings. The experience period will be five (5) years for all classifications regardless of whether a classification might meet the full credibility requirements with less than five years of data. Credibility will be based on reported payrolls for classifications using payroll as the exposure base. For non-payroll classifications, expected losses will be used as the basis for credibility. Thus, two credibility tables will be prepared for use in the April 1, 2012 filing. The values for these respective tables will be established such that the credibilities assigned to a payroll-based classification having the same portion of total statewide expected losses and payrolls attributable to its experience using each table would be equal. All occupational disease losses will be included in the exhibit of classification experience, with the total amount of such losses by type of injury being shown on a separate line on the classification loss cost worksheets.

Most classifications are subject to standard procedures as described below. However, circumstances will sometimes require that some classifications' rating procedure be modified to recognize situations where the normal rating process would not be appropriate. Such classifications, and the manner in which their loss costs have been derived, are separately identified within the filing material.

The calculation of classification loss costs will be made using the following procedure:

- (1) Determine the present pure premiums by category (serious, non-serious, medical only and total) for each classification.
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the April 1, 2012 loss cost level.
- (3) Determine Expected Losses (serious, non-serious, medical-only and total) for each classification by multiplying the exposures from the experience period by the present pure premiums.
- (4) Determine the indicated pure premiums (serious, non-serious, medical-only and total) from the exposures and losses from the experience period.
- (5) Test the indicated total pure premiums by multiplying the exposures of the latest two years for each classification and obtaining the total Actual Losses for all classifications combined.
- (6) Calculate Expected Losses by multiplying the present pure premiums by the exposures from the last two years for each classification and by the overall average loss cost change.
- (7) Obtain correction factors by dividing the Expected Losses derived in (6) by the Actual Losses derived in (5).

Loss Cost Formulae (Continued)

- (8) Multiply the indicated (pre-test) pure premiums from (4) times the correction factors derived in (7) to obtain indicated (post-test) pure premiums.
- (9) Determine “formula” pure premiums from (2) and (8) above for each type of loss (serious, non-serious and medical-only), with credibility for each category of loss corresponding to either the amount of reported payroll (for all classifications in which payroll is the exposure base) or to the amount of Expected Losses (for all “non-payroll” classifications). Credibility weights will be taken from exhibits appearing in the Class Book. The complement of credibility is in each case to be assigned to the present loss costs on April 1, 2012 level for each category of loss.
- (10) Select proposed total pure premiums for each classification, using the middle value from the total pure premiums derived in (2), (8) and (9) above. If the proposed pure premium selected on this basis is different from the formula pure premium derived in (9) above, partial pure premiums are to be allocated between categories (serious, non-serious and medical-only) in the same proportion as the partial pure premiums comprising the formula pure premium.
- (11) Test the proposed total pure premiums selected in (10) by multiplying by the exposures of the two latest years for each classification and obtaining the total Expected Losses for all classifications combined.
- (12) Obtain a correction factor by dividing the Expected Losses derived in (6) above by the Expected Losses derived in (11) above.
- (13) Calculate the “composite pure premium multiplier” as the product of the following items:
 - (a) The pure premium correction factor determined in (12) above.
 - (b) The proposed experience rating plan off-balance factor.
- (14) Apply the composite pure premium multiplier obtained in (13) above to the proposed total pure premiums to obtain classification loss costs.
- (15) Test to assure that the maximum departure of the classification loss costs derived in (14) above from current loss costs is in accordance with the following parameters:

Maximum Change in Loss Cost:
Upward: The overall average change plus 25% rounded to the nearest 1%.
Downward: The overall average change minus 25% rounded to the nearest 1%.
- (16) Loss costs are to be rounded to the nearest \$.01.
- (17) Test the limited loss costs derived in (16) above to determine if balance has been achieved within 0.0005 of the indicated change in loss cost level. If such balance has not been achieved, calculate the necessary correction factor to adjust the composite pure premium multipliers derived in (13) above to achieve the necessary balance. Perform steps (14) through (17) iteratively until the desired balance is achieved.

EXHIBIT VIII**COLLECTIBLE PREMIUM RATIOS ***

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2006	3,026,746,221	2,959,745,245	1.0226
2007	3,156,612,519	3,053,871,277	1.0336
2008	2,845,228,939	2,753,636,997	1.0333
TOTAL	9,028,587,679	8,767,253,519	1.0298
MANUFACTURING AND UTILITIES			
2006	692,454,016	683,038,113	1.0138
2007	691,400,731	667,967,652	1.0351
2008	593,860,310	573,671,895	1.0352
TOTAL	1,977,715,057	1,924,677,660	1.0276
CONTRACTING AND QUARRYING			
2006	560,920,600	521,249,435	1.0761
2007	580,882,698	535,283,100	1.0852
2008	520,656,988	477,390,560	1.0906
TOTAL	1,662,460,286	1,533,923,095	1.0838
OTHER INDUSTRIES			
2006	1,773,371,605	1,755,457,697	1.0102
2007	1,884,329,090	1,850,620,525	1.0182
2008	1,730,711,641	1,702,574,542	1.0165
TOTAL	5,388,412,336	5,308,652,764	1.0150

* Excludes classifications and coverages not subject to experience rating.

EXHIBIT IX

CALCULATION OF EXPECTED LOSS COST FACTORS (a)

Policy Year Beginning 4/1 (1)	Act 57 Adjust- ment (2)	Adjust- ment Factor (3)	Loss Ratio Development Factor (4)	Collectible Premium Ratio (5)	Trend Factor (6)	Product (2) * (3) * (4) * (5) * (6) (7)	Expected Loss Cost Factor 1.0 / (7) (8)
<u>Manufacturing and Utilities</u>							
2008	1.0000	1.0000	1.2036	1.0276	0.9503	1.1753	0.8508
2009	1.0000	1.0000	1.3728	1.0276	0.9595	1.3536	0.7388
2010	1.0000	1.0000	1.7532	1.0276	0.9689	1.7456	0.5729
<u>Contracting and Quarrying</u>							
2008	1.0000	1.0000	1.2531	1.0838	0.9503	1.2906	0.7748
2009	1.0000	1.0000	1.3708	1.0838	0.9595	1.4255	0.7015
2010	1.0000	1.0000	1.7240	1.0838	0.9689	1.8104	0.5524
<u>Other Industries</u>							
2008	1.0000	1.0000	1.2056	1.0150	0.9503	1.1629	0.8599
2009	1.0000	1.0000	1.3614	1.0150	0.9595	1.3259	0.7542
2010	1.0000	1.0000	1.7228	1.0150	0.9689	1.6943	0.5902

a Apply to pure Loss Costs (pre-LBA, Merit Rating Plan, PCCPAP and Certified Safety Committee adjustments).

RETROSPECTIVE DEVELOPMENT FACTORS *

Retrospective development factors for first, second and third adjustments are calculated below. They are intended for application to retrospective plans with no loss limitation.

First Adjustment	RDF =	0.3949
Second Adjustment	RDF =	0.2573
Third Adjustment	RDF =	0.1722

For those companies using retrospective development factors with loss limitations, the following formula may be used:

$$\text{RDF(LIM)} = (1.0 - \text{ELF}) \times \text{RDF}$$

RDF(LIM) = Retrospective Development Factors at limited basis
ELF = Excess Loss Factors for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

The \$25,000 limit Hazard Group C ELF = 0.682

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.682) \times 0.3949 \\ &= 0.1256 \end{aligned}$$

* The use of retrospective development factors is optional.