

PENNSYLVANIA COMPENSATION RATING BUREAU

Claim Frequencies

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

Claim frequencies per \$1 million of expected losses are shown on page 1 based on statistics gathered by the PCRB. For informational purposes, claim frequencies are also shown at constant (1998) wage levels. The data excludes the experience of deductible business.

Staff is proposing an annual change in claim frequency of -5.0%. This is based on a claim frequency trend line of the form $y=a*b^x$ using the most recent seven points.

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

The third and fourth pages are comparable to pages 1 and 2 but include the experience of deductible policies.

The fifth page shows a graph comparing claim frequencies presented on pages 2 and 4, all indexed to a common value of 1.0 at January 1, 199: .

Page 6 presents the Unit Statistical Plan claim frequencies of page 1 by industry group and page 7 shows a graph of those industry group claim frequencies.

Pennsylvania W.C - Claim Frequencies

PCRB Unit Statistical Plan
(Excluding Deductible Business)

| Policy Year | # of Claim Indemnity (1) | % Change Counts (2) | Expected Losses (3) | % Change Exp Loss (4) | Claim Frequency (#Claims per \$1 million) (5) | % Change Claim Freq (6) |
|-------------|--------------------------|---------------------|---------------------|-----------------------|---|-------------------------|
| 1998 | 36,902 | | 1,157,785,628 | | 31.87 | |
| 1999 | 37,226 | 0.9% | 1,230,956,012 | 6.3% | 30.24 | -5.1% |
| 2000 | 35,867 | -3.7% | 1,262,719,878 | 2.6% | 28.40 | -6.1% |
| 2001 | 32,072 | -10.6% | 1,225,677,895 | -2.9% | 26.17 | -7.9% |
| 2002 | 29,918 | -6.7% | 1,190,809,360 | -2.8% | 25.12 | -4.0% |
| 2003 | 27,809 | -7.0% | 1,207,007,853 | 1.4% | 23.04 | -8.3% |
| 2004 | 27,374 | -1.6% | 1,253,141,662 | 3.8% | 21.84 | -5.2% |
| 2005 | 26,707 | -2.4% | 1,316,766,231 | 5.1% | 20.28 | -7.1% |
| 2006 | 26,734 | 0.1% | 1,364,942,415 | 3.7% | 19.59 | -3.4% |
| 2007 | 26,364 | -1.4% | 1,429,695,756 | 4.7% | 18.44 | -5.9% |
| 2008 | 23,959 | -9.1% | 1,408,560,964 | -1.5% | 17.01 | -7.8% |
| 2009 | 22,257 | -7.1% | 1,355,230,659 | -3.8% | 16.42 | -3.5% |
| 2010 | 23,137 | 4.0% | 1,429,697,445 | 5.5% | 16.18 | -1.5% |
| 2011 | 22,847 | -1.3% | 1,512,584,050 | 5.8% | 15.10 | -6.7% |
| 2012 | 21,020 | -8.0% | 1,487,885,067 | -1.6% | 14.13 | -6.4% |

| Period | Annual % Change In Claim Frequency | Period | Annual % Change In Claim Frequency |
|-----------|------------------------------------|-----------|------------------------------------|
| PY98-PY12 | -5.6% | PY98-PY11 | -5.7% |
| PY99-PY12 | -5.6% | PY99-PY11 | -5.6% |
| PY00-PY12 | -5.5% | PY00-PY11 | -5.5% |
| PY01-PY12 | -5.4% | PY01-PY11 | -5.4% |
| PY02-PY12 | -5.3% | PY02-PY11 | -5.3% |
| PY03-PY12 | -5.1% | PY03-PY11 | -5.1% |
| PY04-PY12 | -5.1% | PY04-PY11 | -5.0% |
| PY05-PY12 | -4.9% | PY05-PY11 | -4.8% |
| PY06-PY12 | -5.0% | PY06-PY11 | -4.8% |
| PY07-PY12 | -4.7% | PY07-PY11 | -4.4% |
| PY08-PY12 | -4.4% | PY08-PY11 | -3.7% |
| PY09-PY12 | -5.1% | PY09-PY11 | -4.1% |
| PY10-PY12 | -6.5% | PY10-PY11 | -6.7% |
| PY11-PY12 | -6.4% | | |

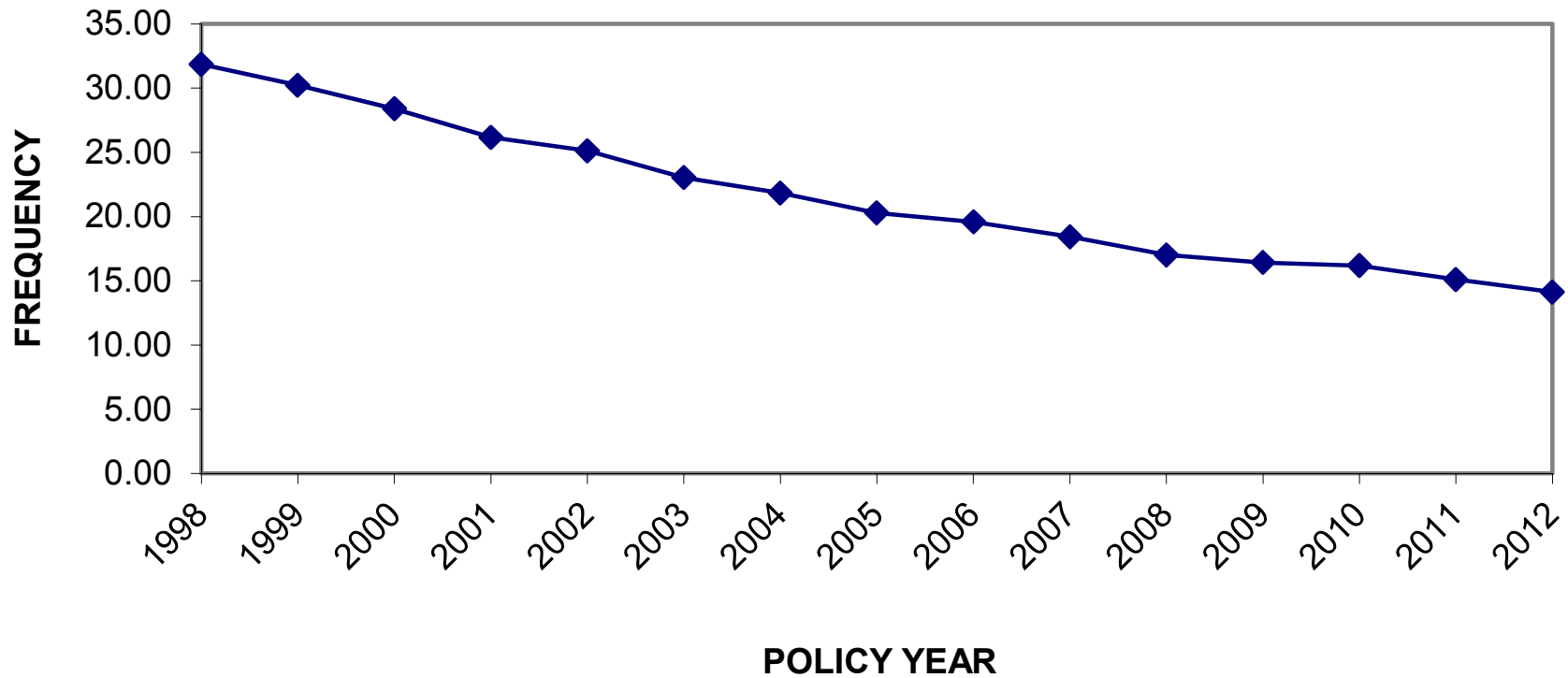
| Policy Year | SAWW | % Change SAWW | SAWW Index | Adjusted Claim Frequency * (# Claims per \$1 million) | % Change Adj Claim Frequency |
|-------------|-------|---------------|------------|---|------------------------------|
| 1998 | 612.3 | | 1.0000 | 31.87 | |
| 1999 | 642.1 | 4.9% | 1.0488 | 31.72 | -0.5% |
| 2000 | 661.4 | 3.0% | 1.0802 | 30.68 | -3.3% |
| 2001 | 675.3 | 2.1% | 1.1029 | 28.86 | -5.9% |
| 2002 | 691.4 | 2.4% | 1.1292 | 28.37 | -1.7% |
| 2003 | 716.4 | 3.6% | 1.1701 | 26.96 | -5.0% |
| 2004 | 745.6 | 4.1% | 1.2178 | 26.60 | -1.3% |
| 2005 | 778.3 | 4.4% | 1.2711 | 25.78 | -3.1% |
| 2006 | 807.1 | 3.7% | 1.3183 | 25.82 | 0.2% |
| 2007 | 833.5 | 3.3% | 1.3614 | 25.10 | -2.8% |
| 2008 | 845.5 | 1.4% | 1.3810 | 23.49 | -6.4% |
| 2009 | 860.1 | 1.7% | 1.4049 | 23.07 | -1.8% |
| 2010 | 887.9 | 3.2% | 1.4502 | 23.47 | 1.7% |
| 2011 | 915.3 | 3.1% | 1.4949 | 22.58 | -3.8% |
| 2012 | 932.5 | 1.9% | 1.5231 | 21.52 | -4.7% |

| Period | Annual % Change In Adjusted Claim Frequency | Period | Annual % Change in SAWW |
|-----------|---|-----------|-------------------------|
| PY98-PY12 | -2.7% | PY98-PY12 | 3.1% |
| PY99-PY12 | -2.7% | PY99-PY12 | 3.0% |
| PY00-PY12 | -2.6% | PY00-PY12 | 3.0% |
| PY01-PY12 | -2.5% | PY01-PY12 | 3.0% |
| PY02-PY12 | -2.5% | PY02-PY12 | 3.0% |
| PY03-PY12 | -2.4% | PY03-PY12 | 2.9% |
| PY04-PY12 | -2.5% | PY04-PY12 | 2.7% |
| PY05-PY12 | -2.5% | PY05-PY12 | 2.5% |
| PY06-PY12 | -2.7% | PY06-PY12 | 2.4% |
| PY07-PY12 | -2.5% | PY07-PY12 | 2.4% |
| PY08-PY12 | -1.9% | PY08-PY12 | 2.6% |
| PY09-PY12 | -2.4% | PY09-PY12 | 2.8% |
| PY10-PY12 | -4.2% | PY10-PY12 | 2.5% |
| PY11-PY12 | -4.7% | PY11-PY12 | 1.9% |

* Adjusted claim frequency is claim frequency per \$1 million expected losses at constant (1998) wages

Projected Annual Change in Claim Frequency : -5.0% (See PY06-PY12)

PA W.C. - CLAIM FREQUENCIES PCRB Unit Statistical Plan (Excl. Deductible Business)



—◆— Claim Freq per \$1 Million Expected Losses

Pennsylvania W.C - Claim Frequencies

PCRB Unit Statistical Plan

All Business Including Deductible Business

| Policy Year | # of Claim Indemnity (1) | % Change Counts (2) | Expected Losses (3) | % Change Exp Loss (4) | Claim Frequency (#Claims per \$1 million) (5) | % Change Claim Freq (6) |
|-------------|--------------------------|---------------------|---------------------|-----------------------|---|-------------------------|
| 1998 | 50,037 | | 1,628,305,897 | | 30.73 | |
| 1999 | 51,214 | 2.4% | 1,760,133,655 | 8.1% | 29.10 | -5.3% |
| 2000 | 50,662 | -1.1% | 1,832,242,129 | 4.1% | 27.65 | -5.0% |
| 2001 | 47,062 | -7.1% | 1,854,320,021 | 1.2% | 25.38 | -8.2% |
| 2002 | 44,963 | -4.5% | 1,842,368,415 | -0.6% | 24.40 | -3.9% |
| 2003 | 43,373 | -3.5% | 1,908,988,970 | 3.6% | 22.72 | -6.9% |
| 2004 | 42,304 | -2.5% | 1,994,923,257 | 4.5% | 21.21 | -6.6% |
| 2005 | 41,234 | -2.5% | 2,077,469,665 | 4.1% | 19.85 | -6.4% |
| 2006 | 40,231 | -2.4% | 2,139,880,740 | 3.0% | 18.80 | -5.3% |
| 2007 | 40,367 | 0.3% | 2,276,138,612 | 6.4% | 17.73 | -5.7% |
| 2008 | 36,199 | -10.3% | 2,219,798,775 | -2.5% | 16.31 | -8.0% |
| 2009 | 34,080 | -5.9% | 2,167,967,624 | -2.3% | 15.72 | -3.6% |
| 2010 | 34,939 | 2.5% | 2,299,536,647 | 6.1% | 15.19 | -3.4% |
| 2011 | 34,532 | -1.2% | 2,472,842,206 | 7.5% | 13.96 | -8.1% |
| 2012 | 32,285 | -6.5% | 2,446,645,778 | -1.1% | 13.20 | -5.4% |

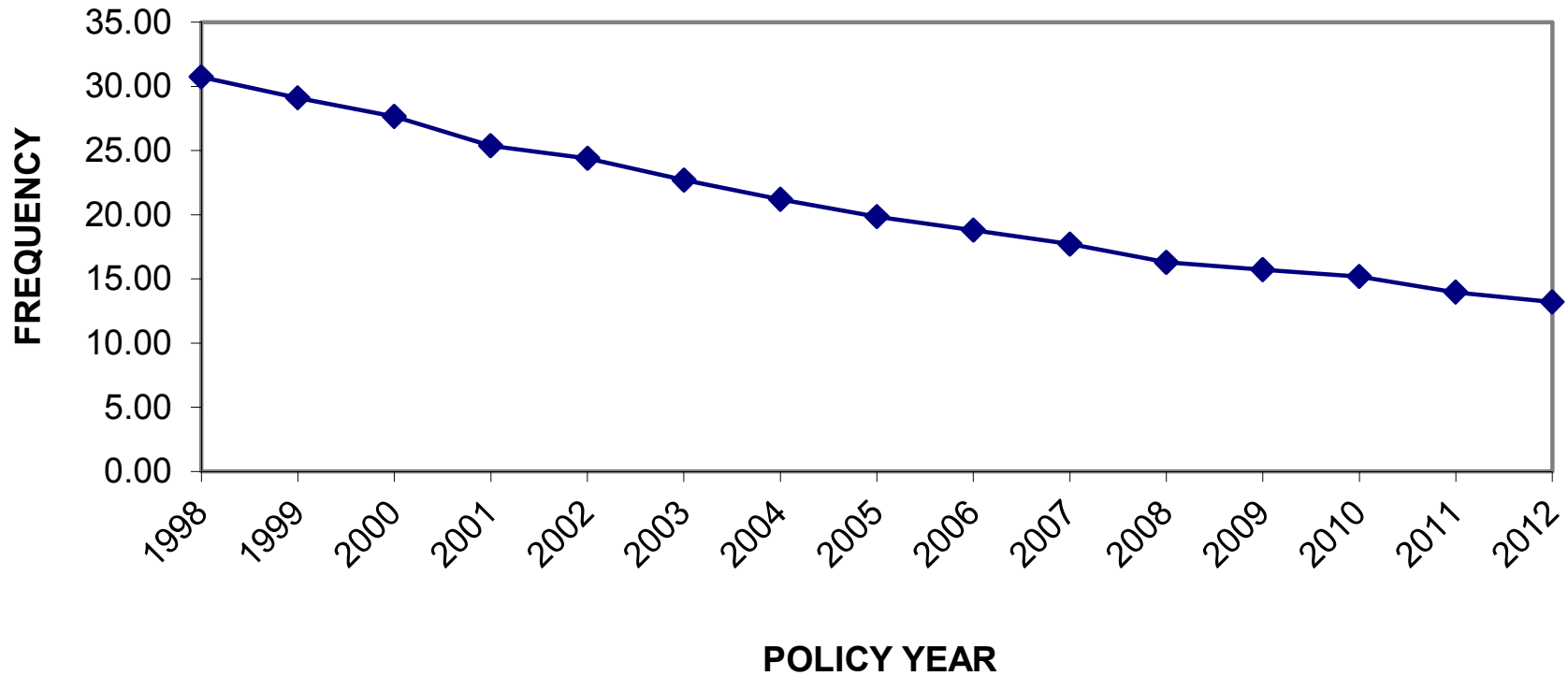
| Period | Annual % Change In Claim Frequency | Period | Annual % Change In Claim Frequency |
|-----------|------------------------------------|-----------|------------------------------------|
| PY98-PY12 | -5.9% | PY98-PY11 | -5.9% |
| PY99-PY12 | -5.9% | PY99-PY11 | -5.9% |
| PY00-PY12 | -5.9% | PY00-PY11 | -5.9% |
| PY01-PY12 | -5.8% | PY01-PY11 | -5.8% |
| PY02-PY12 | -5.8% | PY02-PY11 | -5.9% |
| PY03-PY12 | -5.8% | PY03-PY11 | -5.8% |
| PY04-PY12 | -5.7% | PY04-PY11 | -5.7% |
| PY05-PY12 | -5.6% | PY05-PY11 | -5.6% |
| PY06-PY12 | -5.6% | PY06-PY11 | -5.5% |
| PY07-PY12 | -5.5% | PY07-PY11 | -5.3% |
| PY08-PY12 | -5.3% | PY08-PY11 | -4.9% |
| PY09-PY12 | -5.9% | PY09-PY11 | -5.8% |
| PY10-PY12 | -6.8% | PY10-PY11 | -8.1% |
| PY11-PY12 | -5.4% | | |

| Policy Year | SAWW | % Change SAWW | SAWW Index | Adjusted Claim Frequency * # Claims per \$1 million | % Change Adj Claim Frequency |
|-------------|-------|---------------|------------|---|------------------------------|
| 1998 | 612.3 | | 1.0000 | 30.73 | |
| 1999 | 642.1 | 4.9% | 1.0488 | 30.52 | -0.7% |
| 2000 | 661.4 | 3.0% | 1.0802 | 29.87 | -2.1% |
| 2001 | 675.3 | 2.1% | 1.1029 | 27.99 | -6.3% |
| 2002 | 691.4 | 2.4% | 1.1292 | 27.56 | -1.5% |
| 2003 | 716.4 | 3.6% | 1.1701 | 26.59 | -3.5% |
| 2004 | 745.6 | 4.1% | 1.2178 | 25.82 | -2.9% |
| 2005 | 778.3 | 4.4% | 1.2711 | 25.23 | -2.3% |
| 2006 | 807.1 | 3.7% | 1.3183 | 24.78 | -1.8% |
| 2007 | 833.5 | 3.3% | 1.3614 | 24.14 | -2.6% |
| 2008 | 845.5 | 1.4% | 1.3810 | 22.52 | -6.7% |
| 2009 | 860.1 | 1.7% | 1.4049 | 22.08 | -2.0% |
| 2010 | 887.9 | 3.2% | 1.4502 | 22.03 | -0.2% |
| 2011 | 915.3 | 3.1% | 1.4949 | 20.88 | -5.2% |
| 2012 | 932.5 | 1.9% | 1.5231 | 20.10 | -3.7% |

| Period | Annual % Change In Adjusted Claim Frequency | Period | Annual % Change in SAWW |
|-----------|---|-----------|-------------------------|
| PY98-PY12 | -3.0% | PY98-PY12 | 3.1% |
| PY99-PY12 | -3.1% | PY99-PY12 | 3.0% |
| PY00-PY12 | -3.0% | PY00-PY12 | 3.0% |
| PY01-PY12 | -3.0% | PY01-PY12 | 3.0% |
| PY02-PY12 | -3.0% | PY02-PY12 | 3.0% |
| PY03-PY12 | -3.0% | PY03-PY12 | 2.9% |
| PY04-PY12 | -3.1% | PY04-PY12 | 2.7% |
| PY05-PY12 | -3.2% | PY05-PY12 | 2.5% |
| PY06-PY12 | -3.3% | PY06-PY12 | 2.4% |
| PY07-PY12 | -3.2% | PY07-PY12 | 2.4% |
| PY08-PY12 | -2.8% | PY08-PY12 | 2.6% |
| PY09-PY12 | -3.3% | PY09-PY12 | 2.8% |
| PY10-PY12 | -4.5% | PY10-PY12 | 2.5% |
| PY11-PY12 | -3.7% | PY11-PY12 | 1.9% |

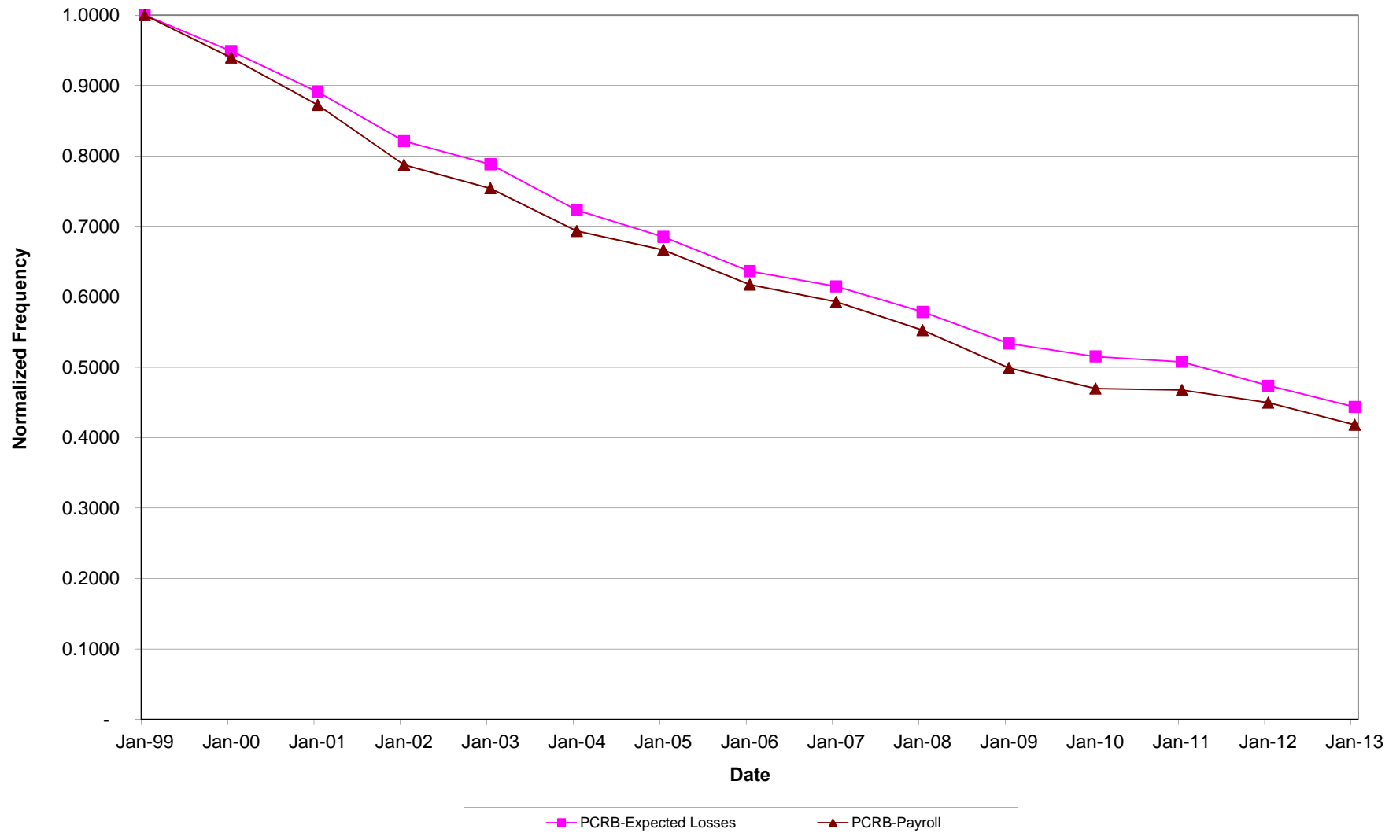
* Adjusted claim frequency is claim frequency per \$1 million expected losses at constant (1987) wages

PA W.C. - CLAIM FREQUENCIES
PCRB Unit Statistical Plan (All Business Incl. Deductible Business)



—◆— Claim Freq per \$1 Million Expected Losses

PA W.C. - COMPARISON OF CLAIM FREQUENCIES (Excludes Deductible Business)



Pennsylvania W.C. - Claim Frequencies

PCRB Unit Statistical Plan
(Excluding Deductible Business)

| Policy Year | Industry Group | # of Claim Indemnity (1) | % Change Counts (2) | Expected Losses (3) | % Change Exp Loss (4) | Claim Frequency (#Claims per \$1 million) (5) | % Change Frequency (6) |
|-------------|----------------|--------------------------|---------------------|---------------------|-----------------------|---|------------------------|
| 1998 | 1 (MFG) | 9,579 | | 270,382,167 | | 35.43 | |
| 1999 | 1 | 9,094 | -5.1% | 271,683,018 | 0.5% | 33.47 | -5.5% |
| 2000 | 1 | 8,340 | -8.3% | 264,975,851 | -2.5% | 31.47 | -6.0% |
| 2001 | 1 | 6,986 | -16.2% | 241,934,682 | -8.7% | 28.88 | -8.2% |
| 2002 | 1 | 6,085 | -12.9% | 229,358,541 | -5.2% | 26.53 | -8.1% |
| 2003 | 1 | 5,796 | -4.7% | 224,811,676 | -2.0% | 25.78 | -2.8% |
| 2004 | 1 | 5,828 | 0.6% | 229,325,108 | 2.0% | 25.41 | -1.4% |
| 2005 | 1 | 5,514 | -5.4% | 234,515,135 | 2.3% | 23.51 | -7.5% |
| 2006 | 1 | 5,669 | 2.8% | 246,343,583 | 5.0% | 23.01 | -2.1% |
| 2007 | 1 | 5,149 | -9.2% | 251,592,820 | 2.1% | 20.47 | -11.0% |
| 2008 | 1 | 4,306 | -16.4% | 240,229,350 | -4.5% | 17.92 | -12.5% |
| 2009 | 1 | 3,738 | -13.2% | 223,954,198 | -6.8% | 16.69 | -6.9% |
| 2010 | 1 | 4,020 | 7.5% | 236,964,813 | 5.8% | 16.96 | 1.6% |
| 2011 | 1 | 4,208 | 4.7% | 254,186,478 | 7.3% | 16.55 | -2.4% |
| 2012 | 1 | 3,634 | -13.6% | 240,945,745 | -5.2% | 15.08 | -8.9% |

| Period | Annual % Change In Claim Frequency |
|-----------|------------------------------------|
| PY98-PY12 | -6.0% |
| PY99-PY12 | -6.0% |
| PY00-PY12 | -5.9% |
| PY01-PY12 | -5.9% |
| PY02-PY12 | -5.9% |
| PY03-PY12 | -6.2% |
| PY04-PY12 | -6.4% |
| PY05-PY12 | -6.2% |
| PY06-PY12 | -6.1% |
| PY07-PY12 | -4.9% |
| PY08-PY12 | -3.5% |
| PY09-PY12 | -3.2% |
| PY10-PY12 | -5.7% |
| PY11-PY12 | -8.9% |

| | | | | | | | |
|------|-----------------|-------|--------|-------------|-------|-------|--------|
| 1998 | 2 (Contracting) | 6,703 | | 263,167,457 | | 25.47 | |
| 1999 | 2 | 6,787 | 1.3% | 283,577,356 | 7.8% | 23.93 | -6.0% |
| 2000 | 2 | 6,824 | 0.5% | 294,732,061 | 3.9% | 23.15 | -3.3% |
| 2001 | 2 | 6,403 | -6.2% | 297,928,595 | 1.1% | 21.49 | -7.2% |
| 2002 | 2 | 5,918 | -7.6% | 293,925,799 | -1.3% | 20.13 | -6.3% |
| 2003 | 2 | 5,569 | -5.9% | 299,554,379 | 1.9% | 18.59 | -7.7% |
| 2004 | 2 | 5,452 | -2.1% | 313,765,129 | 4.7% | 17.38 | -6.5% |
| 2005 | 2 | 5,573 | 2.2% | 332,370,717 | 5.9% | 16.77 | -3.5% |
| 2006 | 2 | 5,312 | -4.7% | 346,330,200 | 4.2% | 15.34 | -8.5% |
| 2007 | 2 | 5,246 | -1.2% | 366,434,549 | 5.8% | 14.32 | -6.6% |
| 2008 | 2 | 4,317 | -17.7% | 345,906,643 | -5.6% | 12.48 | -12.8% |
| 2009 | 2 | 3,734 | -13.5% | 313,016,349 | -9.5% | 11.93 | -4.4% |
| 2010 | 2 | 3,838 | 2.8% | 328,813,744 | 5.0% | 11.67 | -2.2% |
| 2011 | 2 | 3,842 | 0.1% | 353,647,737 | 7.6% | 10.86 | -6.9% |
| 2012 | 2 | 3,484 | -9.3% | 353,854,048 | 0.1% | 9.85 | -9.3% |

| | |
|-----------|-------|
| PY98-PY12 | -6.6% |
| PY99-PY12 | -6.7% |
| PY00-PY12 | -6.8% |
| PY01-PY12 | -6.8% |
| PY02-PY12 | -6.9% |
| PY03-PY12 | -6.9% |
| PY04-PY12 | -6.9% |
| PY05-PY12 | -7.0% |
| PY06-PY12 | -6.7% |
| PY07-PY12 | -6.4% |
| PY08-PY12 | -5.5% |
| PY09-PY12 | -6.3% |
| PY10-PY12 | -8.1% |
| PY11-PY12 | -9.3% |

| | | | | | | | |
|------|-----------|--------|-------|-------------|-------|-------|--------|
| 1998 | 3 (Other) | 20,620 | | 624,236,004 | | 33.03 | |
| 1999 | 3 | 21,345 | 3.5% | 675,695,638 | 8.2% | 31.59 | -4.4% |
| 2000 | 3 | 20,703 | -3.0% | 703,011,966 | 4.0% | 29.45 | -6.8% |
| 2001 | 3 | 18,683 | -9.8% | 685,814,618 | -2.4% | 27.24 | -7.5% |
| 2002 | 3 | 17,915 | -4.1% | 667,525,020 | -2.7% | 26.84 | -1.5% |
| 2003 | 3 | 16,444 | -8.2% | 682,641,798 | 2.3% | 24.09 | -10.2% |
| 2004 | 3 | 16,094 | -2.1% | 710,051,425 | 4.0% | 22.67 | -5.9% |
| 2005 | 3 | 15,620 | -2.9% | 749,880,379 | 5.6% | 20.83 | -8.1% |
| 2006 | 3 | 15,753 | 0.9% | 772,268,632 | 3.0% | 20.40 | -2.1% |
| 2007 | 3 | 15,969 | 1.4% | 811,668,387 | 5.1% | 19.67 | -3.6% |
| 2008 | 3 | 15,336 | -4.0% | 822,424,971 | 1.3% | 18.65 | -5.2% |
| 2009 | 3 | 14,785 | -3.6% | 818,260,112 | -0.5% | 18.07 | -3.1% |
| 2010 | 3 | 15,279 | 3.3% | 863,918,888 | 5.6% | 17.69 | -2.1% |
| 2011 | 3 | 14,797 | -3.2% | 904,749,835 | 4.7% | 16.35 | -7.6% |
| 2012 | 3 | 13,902 | -6.0% | 893,085,274 | -1.3% | 15.57 | -4.8% |

| | |
|-----------|-------|
| PY98-PY12 | -5.2% |
| PY99-PY12 | -5.1% |
| PY00-PY12 | -5.0% |
| PY01-PY12 | -4.9% |
| PY02-PY12 | -4.8% |
| PY03-PY12 | -4.4% |
| PY04-PY12 | -4.2% |
| PY05-PY12 | -4.1% |
| PY06-PY12 | -4.3% |
| PY07-PY12 | -4.4% |
| PY08-PY12 | -4.5% |
| PY09-PY12 | -5.1% |
| PY10-PY12 | -6.2% |
| PY11-PY12 | -4.8% |

PA W.C. - CLAIM FREQUENCIES BY INDUSTRY GROUP PCRB Unit Statistical Plan (Excl. Deductible Business)

