

PENNSYLVANIA COMPENSATION RATING BUREAU (PCRB)

ANALYSIS OF EXPERIENCE UNDER THE PENNSYLVANIA CERTIFIED SAFETY COMMITTEE PROGRAM (PCSCP)

The PCSCP provides for premium credits to employers certified by the Department of Labor & Industry as having a safety committee and associated procedures which comply with statutory requirements of the Commonwealth. Characteristics of this program that may be of interest to a variety of constituencies within the Pennsylvania workers compensation system include employer participation in the plan, magnitude of credits granted and the extent to which those credits are consistent with loss experience of employers receiving them.

The PCRB has compiled and reviewed aggregate statistical data for the above-referenced program covering its inception in 1994 through 2008. Results of that compilation and review are set forth below. Exhibits I through XV show 16 experience statistics for various groups of employers for 1994 through 2008 respectively. Exhibit XVI shows the total for Policy Years 1994 through 2008. The 16 statistics are described in the accompanying appendix. Exhibits I through XVI each present the statistics separately for each of three groups of policies, as described below:

1. Experience for policies eligible for participation in the PCSCP during the indicated 12-month experience period (Column (1)). This is in effect ALL Pennsylvania commercially insured policies for workers' compensation insurance other than coal mine coverage.
2. Experience for policies qualifying for and participating in the PCSCP during the indicated 12-month experience period (Column (2)).
3. Experience for policies not qualifying for and participating in the PCSCP during the indicated 12-month experience period (Column (3)).

The following summary observations are based on a review of Exhibits I through XVI.

- For the total of the fifteen years 1994 to 2008, shown in Exhibit XVI, the average credit provided to participating employers of 4.97 percent (Line (15)) was 5.17 points lower than the indicated credit of 10.14 percent (Line (16)) for those participating employers, based on the actual performance of the certified employers during the years to which the credits applied.
- The PCSCP credits provided to qualifying employers in all but five years of the study (1999, 2000, 2001, 2004 and 2008) were less than the indicated credits. For two of those years (2000 and 2001) results show that the indicated credits were negative, suggesting that a debit would have been required to balance the experience of participating risks with that of all other eligible risks.
- Total claim frequency has been consistently higher for participating risks than for non-participating risks. Most of this difference is attributable to a higher incidence of medical-only claims for participating risks. Indemnity claim frequency is very similar for the two groups. Over the fifteen-year history of the program, participating risks showed

a 4.8 percent lower indemnity claim frequency, a 31 percent higher medical-only frequency, and 24 percent higher frequency for all claims.

- Claim severities were consistently more favorable for participating risks on an indemnity and combined basis. Over the fifteen-year history of the program, participating risks showed 10 percent lower indemnity claim severity and, on a combined basis, participating risks exhibited a 28 percent lower claim severity than that of non-participating risks. The combined indemnity and medical-only severity differential of 28 percent primarily reflects the greater incidence of medical-only claims for participating risks as cited above. The fifteen year average medical only severity for participating and non-participating risks were roughly equal, but this is attributable simply to the increasing participating rates over the years included in the study.
- The number of risks participating in the PCSPC increased each year from 1994 through 2000 and then dropped off somewhat in 2001 and 2002. The increase over the first four years of the program was due in part to increasing employer awareness of the plan. Due to statutory provisions of Act 44, none of the employees receiving credits in 1995 had also received a PCSCP credit in 1994. Under Act 57 of 1996, employers became eligible to receive credits in up to five separate policy years. The decrease in the number of participating risks in 2001 and 2002 is the result of employers having already reached the maximum of five years of credits allowable under Act 57. In December 2002 the cap on the number of years risks may receive credits was lifted and employers can now qualify for the program every year. In response to the 2002 legislation, both the number and percentage of risks participating and the premiums and market share of those risks have increased significantly. During 2008, 2.2% of eligible risks representing 20.1% of eligible premiums participated in the program.
- The average standard premium at Bureau level per policy for participating employers in 1994 was over \$200,000. Average policy size has tended to decline as the number of participating employers has grown (and increased as participation dropped in 2001 and 2002), although average policy size remained in a rather narrow range around \$120,000 from 1997 to 2001. Since 2001, average policy sizes for participating risks increased through policy year 2005 and have decreased since then. In rough terms average policy size for participating risks is more than ten times the average size of non- participating risks.
- The fact that indicated credits may be higher (or lower) than actual credits provided does not mean that the employers in question should have paid lower (or higher) workers' compensation premiums than they, in fact, did. The comparisons done in Exhibits I through XVI are based on PCRB loss costs only. Actual workers' compensation premiums paid by both qualified and non-qualified employers in those years were affected by many pricing parameters, programs and considerations not reflected in those lost costs. Such additional pricing factors would include but not be limited to individual insurers' respective loss cost multipliers, schedule rating credits or debits, dividend plans, retrospective rating plans and subclassifications.

APPENDIX

Described below are the 16 statistics used in the PCSCP analysis shown in the attached Exhibits I through XVI.

- (1) Number of Risks: The number of policies issued to groups of employers variously described in each column of Exhibits I through XVI. Note that some Pennsylvania employers may not have a workers' compensation policy (i.e., self-insureds or those not subject to mandatory coverage), and some insured employers may change insurers and, thus, may have different policies in effect during a given year(s).
- (2) Standard Premium: The product of reported exposures for each group of employers variously described in each column of Exhibits I through XVI times approved Bureau loss costs and times each employer's experience modification (if applicable).
- (3) Average Premium: Computed by dividing total standard premium by the number of policies reported.
- (4) Safety Credits: The total amount of loss cost credits given under the PCSCP to participating employers included in each column of Exhibits I through XVI.
- (5) Net Premium: The standard premium less any applicable certified safety committee credits are shown in Exhibits I through XVI. For non-participating employers, net premium and standard premium are equal, because no certified safety committee credits were applied.
- (6) Number of Indemnity Claims: The number of indemnity claims reported on the policies variously described in each column of Exhibits I through XVI. Indemnity claims are cases involving some wage loss or other form of benefit payable to the worker or their dependents in addition to any applicable treatment costs.
- (7) Number of Total Claims: The number of claims reported on the policies variously described in each column of Exhibits I through XVI. These counts include both indemnity claims and medical-only claims, those cases involving only payment of medical treatment costs.
- (8) Indemnity Claim Frequency: The number of indemnity claims reported per \$1,000 of net premium in each group of policies presented in Exhibits I through XVI.
- (9) Total Claim Frequency: The number of total claims reported per \$1,000 of net premium in each group of policies presented in Exhibits I through XVI. Total claim frequency is shown bold-faced and underlined, as this statistic is one of the key bases of comparison between employer groups used in the PCRB's review of the PCSCP.
- (10) Incurred Losses: The reported dollar value of losses incurred on the various groups of policies presented on Exhibits I through XVI for indemnity and medical-only claims.

- (11) Average Claim: Total incurred losses divided by the total number of claims. Average claim amounts are shown bold-faced and underlined, as this statistic is another of the key bases of comparison between employer groups used in the PCRB's review of the PCSCP.
- (12) Loss Ratio: The total incurred losses divided by the net premium for each group of policies presented on Exhibits I through XVI. Loss ratios are shown bold-faced and underlined, as this statistic is the third key basis of comparison between employer groups used in the PCRB's review of the PCSCP.

The last four experience statistics are computed only for column (2) in each exhibit, which is the only column exclusively comprised of participants in the PCSCP. These statistics are described below:

- (13) Net Premium to Balance PCSCP and Non-Participating Loss Ratios: This is the amount of net premium which would produce the same loss ratio for the PCSCP participants studied in each exhibit's column (2) as was reported for all non-participating employers.
- (14) Indicated PCSCP Credits to Balance: This is the difference between premium for the PCSCP participants studied in each exhibit's column (2) and the balancing net premium computed in item (13).
- (15) Average PCSCP Credit Factor: This is the average ratio of PCSCP credits actually granted to premium for the PCSCP participants studied in each exhibit's column (2). The average PCSCP credit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the PCSCP.
- (16) Indicated PCSCP Credit Factor: This is the average PCSCP credit ratio, which would have resulted in the balancing PCSCP credits, computed in item (14). This indicated PCSCP credit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the PCSCP, especially for purposes of comparison to the actual average PCSCP credit shown in item (15).

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/94 - 12/31/94)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	212,753	292	212,461
(2) Standard Premium	\$3,103,881,964	\$58,560,773	\$3,045,321,191
(3) Average Premium (2)/(1)	\$14,589	\$200,551	\$14,334
(4) Safety Credits	\$2,693,796	\$2,693,796	\$0
(5) Net Premium (2)-(4)	\$3,101,188,168	\$55,866,977	\$3,045,321,191
(6) # of Indemnity Claims	59,213	923	58,290
(7) # of Total Claims	301,838	6,046	295,792
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0191	0.0158	0.0191
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0972</u>	<u>0.1032</u>	<u>0.0971</u>
(10) Incurred Losses	\$1,751,408,618	\$28,751,949	\$1,722,656,669
(11) Average Claim (10)/(7)	<u>\$5,802</u>	<u>\$4,756</u>	<u>\$5,824</u>
(12) Loss Ratio (10)/(5)	<u>56.5%</u>	<u>51.5%</u>	<u>56.6%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$50,833,027	
(14) Indicated CSC Credits to Balance (2)-(13)		\$7,727,746	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0460</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.1320</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/95 - 12/31/95)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	214,167	742	213,425
(2) Standard Premium	\$3,014,689,150	\$147,159,942	\$2,867,529,208
(3) Average Premium (2)/(1)	\$14,076	\$198,329	\$13,436
(4) Safety Credits	\$6,519,185	\$6,519,185	\$0
(5) Net Premium (2)-(4)	\$3,008,169,965	\$140,640,757	\$2,867,529,208
(6) # of Indemnity Claims	53,637	2,491	51,146
(7) # of Total Claims	285,276	16,687	268,589
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0178	0.0169	0.0178
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0946</u>	<u>0.1134</u>	<u>0.0937</u>
(10) Incurred Losses	\$1,561,453,967	\$72,040,844	\$1,489,413,123
(11) Average Claim (10)/(7)	<u>\$5,473</u>	<u>\$4,317</u>	<u>\$5,545</u>
(12) Loss Ratio (10)/(5)	<u>51.9%</u>	<u>51.2%</u>	<u>51.9%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$138,743,868	
(14) Indicated CSC Credits to Balance (2)-(13)		\$8,416,074	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0443</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.0572</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/96 - 12/31/96)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	215,564	801	214,763
(2) Standard Premium	\$3,025,242,109	\$118,598,423	\$2,906,643,686
(3) Average Premium (2)/(1)	\$14,034	\$148,063	\$13,534
(4) Safety Credits	\$5,502,967	\$5,502,967	\$0
(5) Net Premium (2)-(4)	\$3,019,739,142	\$113,095,456	\$2,906,643,686
(6) # of Indemnity Claims	51,191	1,998	49,193
(7) # of Total Claims	278,302	13,732	264,570
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0169	0.0168	0.0169
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0920</u>	<u>0.1158</u>	<u>0.0910</u>
(10) Incurred Losses	\$1,553,406,055	\$52,308,008	\$1,501,098,047
(11) Average Claim (10)/(7)	<u>\$5,582</u>	<u>\$3,809</u>	<u>\$5,674</u>
(12) Loss Ratio (10)/(5)	<u>51.4%</u>	<u>46.3%</u>	<u>51.6%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$101,479,062	
(14) Indicated CSC Credits to Balance (2)-(13)		\$17,119,361	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0464</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.1443</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/97 - 12/31/97)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	218,290	1,783	216,507
(2) Standard Premium	\$2,480,366,727	\$216,560,436	\$2,263,806,291
(3) Average Premium (2)/(1)	\$11,363	\$121,458	\$10,456
(4) Safety Credits	\$10,503,181	\$10,503,181	\$0
(5) Net Premium (2)-(4)	\$2,469,863,546	\$206,057,255	\$2,263,806,291
(6) # of Indemnity Claims	50,659	4,512	46,147
(7) # of Total Claims	280,793	31,572	249,221
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0204	0.0208	0.0204
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.1132</u>	<u>0.1458</u>	<u>0.1101</u>
(10) Incurred Losses	\$1,407,771,389	\$115,300,630	\$1,292,470,759
(11) Average Claim (10)/(7)	<u>\$5,014</u>	<u>\$3,652</u>	<u>\$5,186</u>
(12) Loss Ratio (10)/(5)	<u>57.0%</u>	<u>56.0%</u>	<u>57.1%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$202,087,676	
(14) Indicated CSC Credits to Balance (2)-(13)		\$14,472,760	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0485</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.0668</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/98 - 12/31/98)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	220,898	2,188	218,710
(2) Standard Premium	\$2,360,941,094	\$257,871,218	\$2,103,069,876
(3) Average Premium (2)/(1)	\$10,688	\$117,857	\$9,616
(4) Safety Credits	\$12,094,160	\$12,094,160	\$0
(5) Net Premium (2)-(4)	\$2,348,846,934	\$245,777,058	\$2,103,069,876
(6) # of Indemnity Claims	51,035	5,473	45,562
(7) # of Total Claims	283,801	38,685	245,116
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0216	0.0212	0.0217
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.1202</u>	<u>0.1500</u>	<u>0.1166</u>
(10) Incurred Losses	\$1,661,636,560	\$141,003,404	\$1,520,633,156
(11) Average Claim (10)/(7)	<u>\$5,855</u>	<u>\$3,645</u>	<u>\$6,204</u>
(12) Loss Ratio (10)/(5)	<u>70.7%</u>	<u>57.4%</u>	<u>72.3%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$195,125,908	
(14) Indicated CSC Credits to Balance (2)-(13)		\$62,745,310	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0469</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.2433</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/99 - 12/31/99)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	222,990	2,496	220,494
(2) Standard Premium	\$2,437,068,760	\$290,272,431	\$2,146,796,329
(3) Average Premium (2)/(1)	\$10,929	\$116,295	\$9,736
(4) Safety Credits	\$13,904,049	\$13,904,049	\$0
(5) Net Premium (2)-(4)	\$2,423,164,711	\$276,368,382	\$2,146,796,329
(6) # of Indemnity Claims	52,451	6,375	46,076
(7) # of Total Claims	288,934	43,459	245,475
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0215	0.0220	0.0215
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.1186</u>	<u>0.1497</u>	<u>0.1143</u>
(10) Incurred Losses	\$1,638,968,560	\$188,164,361	\$1,450,804,199
(11) Average Claim (10)/(7)	<u>\$5,672</u>	<u>\$4,330</u>	<u>\$5,910</u>
(12) Loss Ratio (10)/(5)	<u>67.6%</u>	<u>68.1%</u>	<u>67.6%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$278,412,527	
(14) Indicated CSC Credits to Balance (2)-(13)		\$11,859,904	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0479</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.0409</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/00 - 12/31/00)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	224,382	2,626	221,756
(2) Standard Premium	\$2,420,318,955	\$306,447,416	\$2,113,871,539
(3) Average Premium (2)/(1)	\$10,787	\$116,697	\$9,532
(4) Safety Credits	\$14,249,805	\$14,249,805	\$0
(5) Net Premium (2)-(4)	\$2,406,069,150	\$292,197,611	\$2,113,871,539
(6) # of Indemnity Claims	51,487	6,882	44,605
(7) # of Total Claims	281,224	46,476	234,748
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0213	0.0225	0.0211
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.1162</u>	<u>0.1517</u>	<u>0.1111</u>
(10) Incurred Losses	\$1,640,390,520	\$209,789,454	\$1,430,601,066
(11) Average Claim (10)/(7)	<u>\$5,833</u>	<u>\$4,514</u>	<u>\$6,094</u>
(12) Loss Ratio (10)/(5)	<u>68.2%</u>	<u>71.8%</u>	<u>67.7%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$309,893,478	
(14) Indicated CSC Credits to Balance (2)-(13)		-\$3,446,062	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0465</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>-0.0112</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/01 - 12/31/01)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	222,560	2,146	220,414
(2) Standard Premium	\$2,489,495,492	\$259,407,030	\$2,230,088,462
(3) Average Premium (2)/(1)	\$11,186	\$120,879	\$10,118
(4) Safety Credits	\$11,803,020	\$11,803,020	\$0
(5) Net Premium (2)-(4)	\$2,477,692,472	\$247,604,010	\$2,230,088,462
(6) # of Indemnity Claims	45,981	5,075	40,906
(7) # of Total Claims	249,463	34,335	215,128
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0185	0.0196	0.0183
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.1002</u>	<u>0.1324</u>	<u>0.0965</u>
(10) Incurred Losses	\$1,130,108,859	\$121,943,716	\$1,008,165,143
(11) Average Claim (10)/(7)	<u>\$4,530</u>	<u>\$3,552</u>	<u>\$4,686</u>
(12) Loss Ratio (10)/(5)	<u>45.6%</u>	<u>49.2%</u>	<u>45.2%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$269,515,869	
(14) Indicated CSC Credits to Balance (2)-(13)		-\$10,108,839	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0455</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>-0.0390</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/02 - 12/31/02)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
(1) Number of Risks	220,071	1,699	218,372
(2) Standard Premium	\$2,506,613,024	\$211,993,889	\$2,294,619,135
(3) Average Premium (2)/(1)	\$11,390	\$124,776	\$10,508
(4) Safety Credits	\$11,299,274	\$11,299,274	\$0
(5) Net Premium (2)-(4)	\$2,495,313,750	\$200,694,615	\$2,294,619,135
(6) # of Indemnity Claims	43,856	3,801	40,055
(7) # of Total Claims	232,101	26,361	205,740
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0175	0.0179	0.0175
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0926</u>	<u>0.1243</u>	<u>0.0897</u>
(10) Incurred Losses	\$1,135,727,286	\$91,913,477	\$1,043,813,809
(11) Average Claim (10)/(7)	<u>\$4,893</u>	<u>\$3,487</u>	<u>\$5,073</u>
(12) Loss Ratio (10)/(5)	<u>45.5%</u>	<u>45.8%</u>	<u>45.5%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$202,017,876	
(14) Indicated CSC Credits to Balance (2)-(13)		\$9,976,013	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0533</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.0471</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/03 - 12/31/03)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	219,944	2,864	217,080
(2) Standard Premium	\$2,644,756,944	\$363,432,498	\$2,281,324,446
(3) Average Premium (2)/(1)	\$12,025	\$126,897	\$10,509
(4) Safety Credits	\$18,644,087	\$18,644,087	\$0
(5) Net Premium (2)-(4)	\$2,626,112,857	\$344,788,411	\$2,281,324,446
(6) # of Indemnity Claims	43,093	6,049	37,044
(7) # of Total Claims	228,849	42,031	186,818
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0163	0.0166	0.0162
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0865</u>	<u>0.1157</u>	<u>0.0819</u>
(10) Incurred Losses	\$1,182,012,341	\$152,646,388	\$1,029,365,953
(11) Average Claim (10)/(7)	<u>\$5,165</u>	<u>\$3,632</u>	<u>\$5,510</u>
(12) Loss Ratio (10)/(5)	<u>45.0%</u>	<u>44.3%</u>	<u>45.1%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$338,672,430	
(14) Indicated CSC Credits to Balance (2)-(13)		\$24,760,068	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0513</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.0681</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/04 - 12/31/04)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
(1) Number of Risks	224,251	3,322	220,929
(2) Standard Premium	\$2,875,269,409	\$461,633,132	\$2,413,636,277
(3) Average Premium (2)/(1)	\$12,822	\$138,962	\$10,925
(4) Safety Credits	\$24,004,923	\$24,004,923	\$0
(5) Net Premium (2)-(4)	\$2,851,264,486	\$437,628,209	\$2,413,636,277
(6) # of Indemnity Claims	42,444	6,917	35,527
(7) # of Total Claims	225,082	47,069	178,013
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0148	0.0150	0.0147
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0783</u>	<u>0.1020</u>	<u>0.0738</u>
(10) Incurred Losses	\$1,234,540,273	\$194,923,972	\$1,039,616,301
(11) Average Claim (10)/(7)	<u>\$5,485</u>	<u>\$4,141</u>	<u>\$5,840</u>
(12) Loss Ratio (10)/(5)	<u>43.3%</u>	<u>44.5%</u>	<u>43.1%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$451,843,510	
(14) Indicated CSC Credits to Balance (2)-(13)		\$9,789,622	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0520</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.0212</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/05 - 12/31/05)**

	Statistic	(1) Eligibles	(2) Participating	(3) Non-Participating
(1)	Number of Risks	245,423	3,934	241,489
(2)	Standard Premium	\$3,425,354,852	\$566,859,225	\$2,858,495,627
(3)	Average Premium (2)/(1)	\$13,957	\$144,092	\$11,837
(4)	Safety Credits	\$28,399,647	\$28,399,647	\$0
(5)	Net Premium (2)-(4)	\$3,396,955,205	\$538,459,578	\$2,858,495,627
(6)	# of Indemnity Claims	44,230	7,329	36,901
(7)	# of Total Claims	231,406	50,031	181,375
(8)	Indemnity Claim Frequency (6)/{(2)/1,000}	0.0129	0.0129	0.0129
(9)	Total Claim Frequency (7)/{(2)/1,000}	<u>0.0676</u>	<u>0.0883</u>	<u>0.0635</u>
(10)	Incurred Losses	\$1,399,897,268	\$220,594,945	\$1,179,302,323
(11)	Average Claim (10)/(7)	<u>\$6,050</u>	<u>\$4,409</u>	<u>\$6,502</u>
(12)	Loss Ratio (10)/(5)	<u>41.2%</u>	<u>41.0%</u>	<u>41.3%</u>
(13)	Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$534,548,249	
(14)	Indicated CSC Credits to Balance (2)-(13)		\$32,310,976	
(15)	Average CSC Credit Factor (4)/(2)		<u>0.0501</u>	
(16)	Indicated CSC Credit Factor (14)/(2)		<u>0.0570</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/06 - 12/31/06)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
(1) Number of Risks	231,436	4,311	227,125
(2) Standard Premium	\$3,097,319,984	\$617,071,757	\$2,480,248,227
(3) Average Premium (2)/(1)	\$13,383	\$143,139	\$10,920
(4) Safety Credits	\$30,483,345	\$30,483,345	\$0
(5) Net Premium (2)-(4)	\$3,066,836,639	\$586,588,412	\$2,480,248,227
(6) # of Indemnity Claims	40,323	8,001	32,322
(7) # of Total Claims	214,855	52,510	162,345
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0130	0.0130	0.0130
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0694</u>	<u>0.0851</u>	<u>0.0655</u>
(10) Incurred Losses	\$1,334,058,245	\$244,070,036	\$1,089,988,209
(11) Average Claim (10)/(7)	<u>\$6,209</u>	<u>\$4,648</u>	<u>\$6,714</u>
(12) Loss Ratio (10)/(5)	<u>43.5%</u>	<u>41.6%</u>	<u>43.9%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$555,855,990	
(14) Indicated CSC Credits to Balance (2)-(13)		\$61,215,767	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0494</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.0992</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/07 - 12/31/07)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	234,664	4,716	229,948
(2) Standard Premium	\$3,205,688,892	\$631,838,527	\$2,573,850,365
(3) Average Premium (2)/(1)	\$13,661	\$133,978	\$11,193
(4) Safety Credits	\$32,223,765	\$32,223,765	\$0
(5) Net Premium (2)-(4)	\$3,173,465,127	\$599,614,762	\$2,573,850,365
(6) # of Indemnity Claims	39,869	8,172	31,697
(7) # of Total Claims	209,680	53,675	156,005
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0124	0.0129	0.0123
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0654</u>	<u>0.0850</u>	<u>0.0606</u>
(10) Incurred Losses	\$1,474,559,112	\$262,180,168	\$1,212,378,944
(11) Average Claim (10)/(7)	<u>\$7,032</u>	<u>\$4,885</u>	<u>\$7,771</u>
(12) Loss Ratio (10)/(5)	<u>46.5%</u>	<u>43.7%</u>	<u>47.1%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$556,330,469	
(14) Indicated CSC Credits to Balance (2)-(13)		\$75,508,058	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0510</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.1195</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/08 - 12/31/08)**

	Statistic	(1) Eligibles	(2) Participating	(3) Non-Participating
(1)	Number of Risks	238,043	5,233	232,810
(2)	Standard Premium	\$2,943,969,665	\$591,016,785	\$2,352,952,880
(3)	Average Premium (2)/(1)	\$12,367	\$112,940	\$10,107
(4)	Safety Credits	\$30,378,263	\$30,378,263	\$0
(5)	Net Premium (2)-(4)	\$2,913,591,402	\$560,638,522	\$2,352,952,880
(6)	# of Indemnity Claims	35,948	7,726	28,222
(7)	# of Total Claims	189,231	49,314	139,917
(8)	Indemnity Claim Frequency (6)/{(2)/1,000}	0.0122	0.0131	0.0120
(9)	Total Claim Frequency (7)/{(2)/1,000}	<u>0.0643</u>	<u>0.0834</u>	<u>0.0595</u>
(10)	Incurred Losses	\$1,390,526,641	\$273,864,485	\$1,116,662,156
(11)	Average Claim (10)/(7)	<u>\$7,348</u>	<u>\$5,553</u>	<u>\$7,981</u>
(12)	Loss Ratio (10)/(5)	<u>47.7%</u>	<u>48.8%</u>	<u>47.5%</u>
(13)	Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$575,982,313	
(14)	Indicated CSC Credits to Balance (2)-(13)		\$15,034,472	
(15)	Average CSC Credit Factor (4)/(2)		<u>0.0514</u>	
(16)	Indicated CSC Credit Factor (14)/(2)		<u>0.0254</u>	

**Pennsylvania Certified Safety Committee Program (PCSCP) Analysis
Safety Program Credit (1/01/94 - 12/31/08)**

	(1) Eligibles	(2) Participating	(3) Non-Participating
Statistic			
(1) Number of Risks	3,381,683	39,170	3,342,513
(2) Standard Premium	\$42,420,982,220	\$5,121,061,736	\$37,299,920,484
(3) Average Premium (2)/(1)	\$12,544	\$130,739	\$11,159
(4) Safety Credits	\$254,516,768	\$254,516,768	\$0
(5) Net Premium (2)-(4)	\$42,166,465,452	\$4,866,544,968	\$37,299,920,484
(6) # of Indemnity Claims	708,222	81,729	626,493
(7) # of Total Claims	3,790,703	552,043	3,238,660
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0167	0.0160	0.0168
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0894</u>	<u>0.1078</u>	<u>0.0868</u>
(10) Incurred Losses	\$21,591,170,983	\$2,370,554,140	\$19,220,616,843
(11) Average Claim (10)/(7)	<u>\$5,696</u>	<u>\$4,294</u>	<u>\$5,935</u>
(12) Loss Ratio (10)/(5)	<u>51.2%</u>	<u>48.7%</u>	<u>51.5%</u>
(13) Net Premium to Balance CSC & Non-Participating LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$4,601,956,115	
(14) Indicated CSC Credits to Balance (2)-(13)		\$519,105,621	
(15) Average CSC Credit Factor (4)/(2)		<u>0.0497</u>	
(16) Indicated CSC Credit Factor (14)/(2)		<u>0.1014</u>	