

PENNSYLVANIA COMPENSATION RATING BUREAU (PCRB)

ANALYSIS OF EXPERIENCE UNDER THE PENNSYLVANIA SCHEDULE RATING PLAN

Act 57 of 1996 contained provisions for schedule rating in pricing Workers' Compensation policies. In response to that statute, the Insurance Department identified the following criteria as conditions for approval of individual carrier schedule rating plans.

- Act 57 allows approval of plans that provide schedule rating plan adjustment of the rate, including the loss portion of the rate, for risks ineligible for experience rating.
- The Department will consider schedule rating plans for risks eligible for experience rating provided that the schedule rating plan modification for these risks is not based on measurement of loss producing characteristics of the individual insured.

Per Act 44 of 1993, the uniform Experience Rating Plan is the exclusive means of providing prospective premium adjustments based on measurements of loss producing characteristics of an individual insured in Pennsylvania. As a means of providing pricing flexibility for experience-rated risks, the PCRB incorporated a schedule rating plan into the approved uniform Experience Rating Plan. By using the PCRB's schedule rating plan, carriers were advised as followings:

- For risks eligible for experience rating, the loss and or expense components of an insured risk's premium may be adjusted to reflect characteristics of the risk which are deemed to be not adequately reflected in prior experience of the insured risk.

The PCRB has compiled and reviewed aggregate statistical data for schedule rating programs covering Policy Years 1996 (Exhibit I) through 2008 (Exhibit XIII) and the total of those years (Exhibit XIV). This data includes application of the PCRB's schedule rating plan by its various member insurers, and application of independently filed carrier programs.

Exhibits I through XIV each present 16 statistics (described in the Appendix below) separately for each of the following four groups of policies:

1. Experience for policies subject to schedule rating and receiving schedule rating credits during the indicated 12-month experience period (Column (1)).
2. Experience for policies subject to schedule rating and receiving schedule rating debits during the indicated 12-month experience period (Column (2)).
3. Experience for policies not subject to schedule rating during the indicated 12-month experience period (Column (3)).
4. Experience for all policies during the indicated 12-month experience period (Column (4)). This represents the sum of all risks identified in columns (1), (2) and (3).

The following summary observations are based on a review of the attached Exhibits I through XIV:

- Over the period 1996-2008 risks receiving schedule rating credits tended to receive larger credits than were indicated by an after-the-fact assessment of their experience. For those risks receiving schedule rating credits, the average credit applied was 21.63% while the average credit indicated for those same risks was only 8.59%.

- Risks receiving schedule rating debits tended to receive larger debits than were indicated by an after-the-fact assessment of their experience. For those risks receiving schedule rating debits, the average debit was 17.99% while the average debit indicated for those same risks was only 11.30%.
- The above-described results suggest that carriers have tended to correctly identify the risks that should receive either schedule rating credits or debits respectively, but that carriers then have generally overestimated the appropriate level of credits or debits to be applied.
- Average schedule rating credits and debits were relatively more stable from year to year than were average indicated adjustments. Risks with schedule rating credits had average indicated credits in excess of average actual credits in only two years (1996 and 1998) while the average indicated debit for risks with schedule rating debits exceeded the average actual debit five times (in 2000, 2004, 2005, 2007 and 2008).
- Approximately 26% of eligible risks, representing 58% of eligible total standard premium, were subject to schedule rating in 2008. As a percentage of eligible risks this is the highest level over the thirteen years included in the study and the 58% of eligible premium for 2008 was exceeded only by the 60% of 2007.
- The number of risks and premiums for risks receiving schedule rating debits increased significantly through policy year 2002, on an absolute basis and also as a portion of risks subject to schedule rating. In 2002 approximately 31% of risks subject to schedule rating received debits. Since 2002 that figure has dropped significantly and by 2007 approximately 13% of schedule rated risks received debits.
- Based on average premium size, risks subject to schedule rating tend to be more than four times as large as risks that are not subject to schedule rating. Risks receiving schedule rating credits also tend to be approximately 70% larger than risks receiving schedule rating debits.
- With rare exception, average claim severity is lowest for risks receiving schedule rating credits, second lowest for risks receiving schedule rating debits and highest for risks that are not subject to schedule rating. The differences are consistent but not very large with the average cost for the highest group (not schedule rated) only 18% above that of the lowest group (schedule rating credits) over the combined 1996-2008 period.
- Indemnity claim frequency for risks not subject to schedule rating is consistently better than the indemnity claim frequency for risks with schedule rating credits or debits. Indemnity claim frequency for risks with schedule rating credits is very similar to that of risks with schedule rating debits.

APPENDIX

Described below are the 16 statistics used in the analysis shown in the attached Exhibits I through XIV:

- (1) Number of Policies: The number of policies issued to the groups of employers variously described in each column of Exhibits I through XIV. 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 XIV times approved Bureau loss costs times each employer's experience modification (if applicable).
- (3) Average Premium: Computed by dividing total standard premium by the number of policies reported.
- (4) Schedule Rating Adjustment: The total amount of premium credits or debits given under the schedule rating plan to employers included in each column of Exhibits I through XIV.
- (5) Net Premium: The standard premium less any applicable schedule rating credits or debits. For employers not subject to schedule rating, net premium and standard premium are equal because no schedule rating adjustments 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 XIV. 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 total number of claims reported on the policies variously described in each column of Exhibits I through XIV. 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 standard premiums in each group of policies presented in Exhibits I through XIV.
- (9) Total Claim Frequency: The number of total claims reported per \$1,000 of standard premium in each group of policies presented in Exhibits I through XIV. 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 schedule rating plan.
- (10) Incurred Losses: The reported dollar value of losses incurred on the various groups of policies presented on Exhibits I through XIV 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 schedule rating plan.

- (12) Loss Ratio: The total incurred losses divided by the net premium for each group of policies presented on Exhibits I through XIV. 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 schedule rating plan.

The last four experience statistics are computed only for Columns (1) and (2) in each exhibit, as those columns represent risks subject to schedule rating. These statistics are described below:

- (13) Net Premium to Balance Schedule Rated Employers with Schedule Rating Credits (Column (1)) or Schedule Rated Employers with Schedule Rating Debits (Column (2)) with Non-Schedule Rated Loss Ratios: This is the amount of net premium which would produce the same loss ratio for the schedule rated employers studied in each exhibit's Columns (1) and (2) as was reported for all non-schedule rated employers (Column (3)).
- (14) Indicated Schedule Rating Credits or Debits to Balance: This is the difference between standard premium for the schedule rated employers studied in each exhibit's Columns (1) and (2) and the balancing net premium computed in Item (13).
- (15) Average Schedule Rating Credit or Debit Factor: This is the average ratio of schedule rating credits or debits actually granted to standard premium for the schedule rated employers studied in each exhibit's Columns (1) and (2). This average schedule rating credit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the schedule rating plan.
- (16) Indicated Schedule Rating Credit or Debit Factor: This is the average schedule rating credit or debit ratio that would have resulted in the balancing schedule rating credits or debits computed in Item (14). This indicated schedule rating credit or debit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the schedule rating plan, especially for purposes of comparison to the actual average schedule rating plan credit or debit shown in Item (15).

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 1996**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	1,857	38	214,049	215,944
(2) Standard Premium	129,934,496	4,312,200	2,933,764,494	3,068,011,190
(3) Average Premium (2)/(1)	69,970	113,479	13,706	14,207
(4) Schedule Rating Credit(Debit)	26,390,514	(465,340)	-	25,925,174
(5) Net Premium (2)-(4)	103,543,982	4,777,540	2,933,764,494	3,042,086,016
(6) # of Indemnity Claims	2,068	58	49,858	51,984
(7) # of Total Claims	10,707	336	271,971	283,014
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0159	0.0135	0.0170	0.0169
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0824	0.0779	0.0927	0.0922
(10) Incurred Losses	49,704,641	1,164,043	1,521,374,514	1,572,243,198
(11) Average Claim (10)/(7)	4,642	3,464	5,594	5,555
(12) Loss Ratio-Net (10)/(5)	0.4800	0.2436	0.5186	0.5168
(13) Net Premium to Balance SR LR to Non-SR LRs:	95,837,083	2,244,136	2,933,764,494	
(14) Indicated SR Adjustment to Balance (2)-(13) Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	34,097,413	2,068,064	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2031	(0.1079)	-	0.0085
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.2624	0.4796	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 1997**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	19,300	700	198,809	218,809
(2) Standard Premium	887,145,709	38,377,406	1,599,623,437	2,525,146,552
(3) Average Premium (2)/(1)	45,966	54,825	8,046	11,540
(4) Schedule Rating Credit(Debit)	180,725,196	(6,554,570)	-	174,170,626
(5) Net Premium (2)-(4)	706,420,513	44,931,976	1,599,623,437	2,350,975,926
(6) # of Indemnity Claims	18,059	1,032	32,716	51,807
(7) # of Total Claims	110,117	5,127	172,499	287,743
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0204	0.0269	0.0205	0.0205
(9) Total Claim Frequency (7)/{(2)/1,000}	0.1241	0.1336	0.1078	0.1140
(10) Incurred Losses	495,444,434	24,257,407	914,933,937	1,434,635,778
(11) Average Claim (10)/(7)	4,499	4,731	5,304	4,986
(12) Loss Ratio-Net (10)/(5)	0.7013	0.5399	0.5720	0.6102
(13) Net Premium to Balance SR LR to Non-SR LRs:	866,106,129	42,410,444	1,599,623,437	
(14) Indicated SR Adjustment to Balance (2)-(13) $Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)$	21,039,580	(4,033,038)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2037	(0.1708)	-	0.0690
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0237	(0.1051)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 1998**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	33,874	1,138	186,570	221,582
(2) Standard Premium	1,173,083,897	33,097,839	1,228,477,124	2,434,658,860
(3) Average Premium (2)/(1)	34,631	29,084	6,585	10,988
(4) Schedule Rating Credit(Debit)	225,689,522	(4,999,424)	-	220,690,098
(5) Net Premium (2)-(4)	947,394,375	38,097,263	1,228,477,124	2,213,968,762
(6) # of Indemnity Claims	25,455	865	26,426	52,746
(7) # of Total Claims	149,381	4,501	139,930	293,812
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0217	0.0261	0.0215	0.0217
(9) Total Claim Frequency (7)/{(2)/1,000}	0.1273	0.1360	0.1139	0.1207
(10) Incurred Losses	717,951,812	28,049,942	964,305,126	1,710,306,880
(11) Average Claim (10)/(7)	4,806	6,232	6,891	5,821
(12) Loss Ratio-Net (10)/(5)	0.7578	0.7363	0.7850	0.7725
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	914,567,462	35,733,777	1,228,477,124	
(14) Indicated SR Adjustment to Balance (2)-(13)	258,516,435	(2,635,938)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.1924	(0.1510)	-	0.0906
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.2204	(0.0796)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 1999**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	42,510	2,897	178,424	223,831
(2) Standard Premium	1,258,428,020	64,191,216	1,183,612,747	2,506,231,983
(3) Average Premium (2)/(1)	29,603	22,158	6,634	11,197
(4) Schedule Rating Credit(Debit)	222,940,742	(10,029,069)	-	212,911,673
(5) Net Premium (2)-(4)	1,035,487,278	74,220,285	1,183,612,747	2,293,320,310
(6) # of Indemnity Claims	26,565	1,620	25,741	53,926
(7) # of Total Claims	155,926	8,740	134,296	298,962
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0211	0.0252	0.0217	0.0215
(9) Total Claim Frequency (7)/{(2)/1,000}	0.1239	0.1362	0.1135	0.1193
(10) Incurred Losses	802,555,400	50,831,115	837,805,033	1,691,191,548
(11) Average Claim (10)/(7)	5,147	5,816	6,238	5,657
(12) Loss Ratio-Net (10)/(5)	0.7751	0.6849	0.7078	0.7374
(13) Net Premium to Balance SR LR to Non-SR LRs:	1,133,944,884	71,818,979	1,183,612,747	
(14) Indicated SR Adjustment to Balance (2)-(13) $\text{Col}(x)\text{Line}(5)*\text{Col}(x)\text{Line}(12)/\text{Col}(3)\text{Line}(12)$	124,483,136	(7,627,763)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.1772	(0.1562)	-	0.0850
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0989	(0.1188)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2000**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	42,888	5,881	176,408	225,177
(2) Standard Premium	1,244,816,905	112,268,577	1,126,582,311	2,483,667,793
(3) Average Premium (2)/(1)	29,025	19,090	6,386	11,030
(4) Schedule Rating Credit(Debit)	228,942,155	(18,391,901)	-	210,550,254
(5) Net Premium (2)-(4)	1,015,874,750	130,660,478	1,126,582,311	2,273,117,539
(6) # of Indemnity Claims	25,859	2,813	24,186	52,858
(7) # of Total Claims	147,836	15,948	125,942	289,726
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0208	0.0251	0.0215	0.0213
(9) Total Claim Frequency (7)/{(2)/1,000}	0.1188	0.1421	0.1118	0.1167
(10) Incurred Losses	808,377,298	97,127,111	785,166,308	1,690,670,717
(11) Average Claim (10)/(7)	5,468	6,090	6,234	5,835
(12) Loss Ratio-Net (10)/(5)	0.7957	0.7434	0.6969	0.7438
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	1,159,896,023	139,378,676	1,126,582,311	
(14) Indicated SR Adjustment to Balance (2)-(13)	84,920,882	(27,110,099)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.1839	(0.1638)	-	0.0848
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0682	(0.2415)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2001**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	34,215	8,377	180,772	223,364
(2) Standard Premium	1,082,859,734	204,671,100	1,272,182,713	2,559,713,547
(3) Average Premium (2)/(1)	31,649	24,433	7,037	11,460
(4) Schedule Rating Credit(Debit)	205,199,938	(35,729,507)	-	169,470,431
(5) Net Premium (2)-(4)	877,659,796	240,400,607	1,272,182,713	2,390,243,116
(6) # of Indemnity Claims	19,443	4,327	23,645	47,415
(7) # of Total Claims	112,689	23,230	122,732	258,651
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0180	0.0211	0.0186	0.0185
(9) Total Claim Frequency (7)/{(2)/1,000}	0.1041	0.1135	0.0965	0.1010
(10) Incurred Losses	465,785,312	111,064,991	590,252,835	1,167,103,138
(11) Average Claim (10)/(7)	4,133	4,781	4,809	4,512
(12) Loss Ratio-Net (10)/(5)	0.5307	0.4620	0.4640	0.4883
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	1,003,823,392	239,364,397	1,272,182,713	
(14) Indicated SR Adjustment to Balance (2)-(13)	79,036,342	(34,693,297)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.1895	(0.1746)	-	0.0662
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0730	(0.1695)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2002**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	26,387	11,990	182,613	220,990
(2) Standard Premium	954,746,379	257,051,123	1,390,475,454	2,602,272,956
(3) Average Premium (2)/(1)	36,182	21,439	7,614	11,776
(4) Schedule Rating Credit(Debit)	194,285,778	(49,234,452)	-	145,051,326
(5) Net Premium (2)-(4)	760,460,601	306,285,575	1,390,475,454	2,457,221,630
(6) # of Indemnity Claims	16,801	5,098	23,567	45,466
(7) # of Total Claims	97,621	25,493	119,077	242,191
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0176	0.0198	0.0169	0.0175
(9) Total Claim Frequency (7)/{(2)/1,000}	0.1022	0.0992	0.0856	0.0931
(10) Incurred Losses	415,787,057	134,174,986	628,151,247	1,178,113,290
(11) Average Claim (10)/(7)	4,259	5,263	5,275	4,864
(12) Loss Ratio-Net (10)/(5)	0.5468	0.4381	0.4518	0.4794
(13) Net Premium to Balance SR LR to Non-SR LRs:	920,362,675	296,998,031	1,390,475,454	
(14) Indicated SR Adjustment to Balance (2)-(13) Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	34,383,704	(39,946,908)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2035	(0.1915)	-	0.0557
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0360	(0.1554)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2003**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	26,109	11,902	182,607	220,618
(2) Standard Premium	1,045,608,701	271,366,178	1,395,848,985	2,712,823,864
(3) Average Premium (2)/(1)	40,048	22,800	7,644	12,296
(4) Schedule Rating Credit(Debit)	231,863,849	(51,658,150)	-	180,205,699
(5) Net Premium (2)-(4)	813,744,852	323,024,328	1,395,848,985	2,532,618,165
(6) # of Indemnity Claims	17,000	4,911	22,142	44,053
(7) # of Total Claims	100,236	25,404	109,438	235,078
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0163	0.0181	0.0159	0.0162
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0959	0.0936	0.0784	0.0867
(10) Incurred Losses	440,545,086	135,297,936	633,589,217	1,209,432,239
(11) Average Claim (10)/(7)	4,395	5,326	5,789	5,145
(12) Loss Ratio-Net (10)/(5)	0.5414	0.4188	0.4539	0.4775
(13) Net Premium to Balance SR LR to Non-SR LRs:	970,613,489	298,044,919	1,395,848,985	
(14) Indicated SR Adjustment to Balance (2)-(13) Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	74,995,212	(26,678,741)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2218	(0.1904)	-	0.0664
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0717	(0.0983)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2004**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	26,134	11,118	187,648	224,900
(2) Standard Premium	1,216,670,219	249,013,533	1,466,957,049	2,932,640,801
(3) Average Premium (2)/(1)	46,555	22,397	7,818	13,040
(4) Schedule Rating Credit(Debit)	297,267,575	(47,708,711)	-	249,558,864
(5) Net Premium (2)-(4)	919,402,644	296,722,244	1,466,957,049	2,683,081,937
(6) # of Indemnity Claims	17,350	4,433	21,447	43,230
(7) # of Total Claims	102,528	22,457	104,978	229,963
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0143	0.0178	0.0146	0.0147
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0843	0.0902	0.0716	0.0784
(10) Incurred Losses	484,213,305	130,829,750	643,184,602	1,258,227,657
(11) Average Claim (10)/(7)	4,723	5,826	6,127	5,471
(12) Loss Ratio-Net (10)/(5)	0.5267	0.4409	0.4384	0.4689
(13) Net Premium to Balance SR LR to Non-SR LRs:	1,104,583,423	298,414,319	1,466,957,049	
(14) Indicated SR Adjustment to Balance (2)-(13) Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	112,086,796	(49,400,786)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2443	(0.1916)	-	0.0851
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0921	(0.1984)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2005**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	30,432	9,446	189,013	228,891
(2) Standard Premium	1,465,064,342	229,726,115	1,428,233,052	3,123,023,509
(3) Average Premium (2)/(1)	48,142	24,320	7,556	13,644
(4) Schedule Rating Credit(Debit)	355,004,174	(42,214,244)	-	312,789,930
(5) Net Premium (2)-(4)	1,110,060,168	271,940,359	1,428,233,052	2,810,233,579
(6) # of Indemnity Claims	19,590	3,774	18,621	41,985
(7) # of Total Claims	113,241	18,919	92,873	225,033
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0134	0.0164	0.0130	0.0134
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0773	0.0824	0.0650	0.0721
(10) Incurred Losses	574,758,137	141,039,767	607,873,649	1,323,671,553
(11) Average Claim (10)/(7)	5,076	7,455	6,545	5,882
(12) Loss Ratio-Net (10)/(5)	0.5178	0.5186	0.4256	0.4710
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	1,350,538,428	331,363,417	1,428,233,052	
(14) Indicated SR Adjustment to Balance (2)-(13)	114,525,914	(101,637,302)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2423	(0.1838)	-	0.1002
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0782	(0.4424)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2006**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	35,854	9,078	187,092	232,024
(2) Standard Premium	1,612,706,783	165,636,793	1,380,220,829	3,158,564,405
(3) Average Premium (2)/(1)	44,980	18,246	7,377	13,613
(4) Schedule Rating Credit(Debit)	385,068,320	(30,489,113)	-	354,579,207
(5) Net Premium (2)-(4)	1,227,638,463	196,125,906	1,380,220,829	2,803,985,198
(6) # of Indemnity Claims	20,824	2,672	17,521	41,017
(7) # of Total Claims	117,960	13,422	87,781	219,163
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0129	0.0161	0.0127	0.0130
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0731	0.0810	0.0636	0.0694
(10) Incurred Losses	655,455,008	85,535,472	614,725,459	1,355,715,939
(11) Average Claim (10)/(7)	5,557	6,373	7,003	6,186
(12) Loss Ratio-Net (10)/(5)	0.5339	0.4361	0.4454	0.4835
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	1,471,567,524	192,030,776	1,380,220,829	
(14) Indicated SR Adjustment to Balance (2)-(13)	141,139,259	(26,393,983)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2388	(0.1841)	-	0.1123
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0875	(0.1593)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2007**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	46,875	7,266	181,105	235,246
(2) Standard Premium	1,816,689,831	141,989,673	1,313,260,733	3,271,940,237
(3) Average Premium (2)/(1)	38,756	19,542	7,251	13,909
(4) Schedule Rating Credit(Debit)	425,098,401	(23,855,096)	-	401,243,305
(5) Net Premium (2)-(4)	1,391,591,430	165,844,769	1,313,260,733	2,870,696,932
(6) # of Indemnity Claims	22,481	2,262	15,897	40,640
(7) # of Total Claims	124,145	11,508	78,284	213,937
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0124	0.0159	0.0121	0.0124
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0683	0.0810	0.0596	0.0654
(10) Incurred Losses	804,214,082	96,953,625	600,646,462	1,501,814,169
(11) Average Claim (10)/(7)	6,478	8,425	7,673	7,020
(12) Loss Ratio-Net (10)/(5)	0.5779	0.5846	0.4574	0.5232
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	1,758,200,016	211,965,133	1,313,260,733	
(14) Indicated SR Adjustment to Balance (2)-(13)	58,489,815	(69,975,460)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2340	(0.1680)	-	0.1226
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0322	(0.4928)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year 2008**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	53,932	8,573	176,126	238,631
(2) Standard Premium	1,691,411,935	134,432,871	1,159,921,405	2,985,766,211
(3) Average Premium (2)/(1)	31,362	15,681	6,586	12,512
(4) Schedule Rating Credit(Debit)	391,201,454	(21,638,448)	-	369,563,006
(5) Net Premium (2)-(4)	1,300,210,481	156,071,319	1,159,921,405	2,616,203,205
(6) # of Indemnity Claims	20,433	2,041	14,035	36,509
(7) # of Total Claims	112,879	10,180	68,806	191,865
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0121	0.0152	0.0121	0.0122
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0667	0.0757	0.0593	0.0643
(10) Incurred Losses	763,304,698	77,600,729	571,782,766	1,412,688,193
(11) Average Claim (10)/(7)	6,762	7,623	8,310	7,363
(12) Loss Ratio-Net (10)/(5)	0.5871	0.4972	0.4929	0.5400
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	1,548,698,668	157,432,866	1,159,921,405	
(14) Indicated SR Adjustment to Balance (2)-(13)	142,713,267	(22,999,995)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2313	(0.1610)	-	0.1238
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0844	(0.1711)	-	

**Pennsylvania Schedule Rating Plan Analysis
Policy Year (1996 - 2008)**

Statistic	(1) Schedule Rated Risks With Credit Adjustment	(2) Schedule Rated Risks With Debit Adjustment	(3) Non - Schedule Rated Risks	(4) All Risks
(1) Number of Risks	420,367	88,404	2,421,236	2,930,007
(2) Standard Premium	15,579,166,951	1,906,134,624	18,879,160,333	36,364,461,908
(3) Average Premium (2)/(1)	37,061	21,562	7,797	12,411
(4) Schedule Rating Credit(Debit)	3,369,677,618	(342,968,025)	-	3,026,709,593
(5) Net Premium (2)-(4)	12,209,489,333	2,249,102,649	18,879,160,333	33,337,752,315
(6) # of Indemnity Claims	251,928	35,906	315,802	603,636
(7) # of Total Claims	1,455,266	185,265	1,628,607	3,269,138
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0162	0.0188	0.0167	0.0166
(9) Total Claim Frequency (7)/{(2)/1,000}	0.0934	0.0972	0.0863	0.0899
(10) Incurred Losses	7,478,096,270	1,113,926,874	9,913,791,155	18,505,814,299
(11) Average Claim (10)/(7)	5,139	6,013	6,087	5,661
(12) Loss Ratio-Net (10)/(5)	0.6125	0.4953	0.5251	0.5551
(13) Net Premium to Balance SR LR to Non-SR LRs: Col(x)Line(5)*Col(x)Line(12)/Col(3)Line(12)	14,241,691,519	2,121,463,611	18,879,160,333	
(14) Indicated SR Adjustment to Balance (2)-(13)	1,337,475,432	(215,328,987)	-	
(15) Average Schedule Rating Credit(Debit) (4)/(2)	0.2163	(0.1799)	-	0.0832
(16) Indicated SR Adjustment Credit(Debit) (14)/(2)	0.0859	(0.1130)	-	