



Pennsylvania Compensation Rating Bureau

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February 3, 1997

BUREAU CIRCULAR NO. 1350

To All Members of the Bureau:

Re: **ADDITIONAL FEBRUARY 1, 1997 RATING VALUES**
PER COMMISSIONER'S ORDER

Bureau Circular No. 1346, dated January 20, 1997, provided loss costs and expected loss factors consistent with the Insurance Commissioner's approval of the February 1, 1997 Filing. The following rating values were also affected by the Insurance Commissioner's Order and have subsequently been reviewed by the Bureau:

- Excess Loss Factors
- State and Hazard Group Relativities
- Small Deductible Plan Loss Elimination Ratios
- Retrospective Rating Plan Optional Loss Development Factors

Attached are revised values for the above items consistent with approved loss costs effective February 1, 1997.

Manual reprints will be prepared and distributed in the usual manner.

Timothy L. Wisecarver
President

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Attachments

PENNSYLVANIA
EXCESS LOSS (PURE PREMIUM) FACTORS
EFFECTIVE DATE: 2/1/97

Per Accident Limit	Hazard Group			
	I	II	III	IV
\$10,000	0.738	0.748	0.810	0.837
\$15,000	0.682	0.695	0.764	0.805
\$20,000	0.644	0.658	0.734	0.779
\$25,000	0.604	0.620	0.707	0.753
\$30,000	0.570	0.592	0.682	0.731
\$35,000	0.547	0.565	0.655	0.714
\$40,000	0.517	0.540	0.632	0.690
\$50,000	0.475	0.499	0.596	0.649
\$75,000	0.386	0.410	0.506	0.569
\$100,000	0.318	0.344	0.436	0.500
\$125,000	0.269	0.291	0.381	0.445
\$150,000	0.231	0.253	0.335	0.393
\$175,000	0.198	0.217	0.290	0.348
\$200,000	0.172	0.189	0.254	0.307
\$225,000	0.149	0.164	0.223	0.269
\$250,000	0.129	0.143	0.196	0.236
\$275,000	0.113	0.125	0.170	0.209
\$300,000	0.099	0.110	0.151	0.186
\$325,000	0.088	0.097	0.134	0.164
\$350,000	0.079	0.087	0.120	0.148
\$375,000	0.071	0.078	0.108	0.134
\$400,000	0.065	0.072	0.098	0.121
\$425,000	0.060	0.066	0.091	0.112
\$450,000	0.056	0.061	0.084	0.104
\$475,000	0.051	0.057	0.078	0.097
\$500,000	0.048	0.053	0.073	0.091
\$600,000	0.040	0.045	0.061	0.076
\$700,000	0.036	0.040	0.054	0.067
\$800,000	0.033	0.036	0.049	0.062
\$900,000	0.031	0.034	0.046	0.057
\$1,000,000	0.0293	0.0324	0.0438	0.0539
\$2,000,000	0.0187	0.0202	0.0263	0.0321
\$3,000,000	0.0150	0.0159	0.0201	0.0240
\$4,000,000	0.0119	0.0126	0.0168	0.0198
\$5,000,000	0.0095	0.0104	0.0144	0.0173
\$6,000,000	0.0086	0.0090	0.0128	0.0156
\$7,000,000	0.0074	0.0081	0.0114	0.0141
\$8,000,000	0.0063	0.0074	0.0104	0.0126
\$9,000,000	0.0059	0.0069	0.0090	0.0114
\$10,000,000	0.0056	0.0060	0.0086	0.0105

PENNSYLVANIA
 STATE AND HAZARD GROUP RELATIVITIES
 EFFECTIVE DATE: 2/1/97

<u>Hazard Group</u>	<u>Factor</u>
I	0.898
II	0.817
III	0.544
IV	0.500

SMALL DEDUCTIBLE PROGRAM
 LOSS ELIMINATION RATIOS
 EFFECTIVE DATE: 2/1/97

<u>Deductible Level</u>	<u>Hazard Group</u>			
	I	II	III	IV
\$ 1,000	9.1%	9.0%	6.4%	5.5%
\$ 5,000	20.1%	19.5%	14.6%	12.4%
\$ 10,000	27.5%	25.9%	20.2%	16.6%

PENNSYLVANIA RETROSPECTIVE DEVELOPMENT FACTORS *
EFFECTIVE DATE: 2/1/97

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 =	0.4946
Second Adjustment	RDF =	0.3447
Third Adjustment	RDF =	0.2500

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 = Expected Loss Factors for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{ELF} = \$25,000 \text{ limit, Hazard Group II ELF} = 0.620$$

$$\text{First Adjustment RDF} = (1 - 0.620) * 0.4946$$

$$\text{RDF} = 0.1879$$

* The use of retrospective development factors is optional.