



## Pennsylvania Compensation Rating Bureau

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March 15, 2005

### **BUREAU CIRCULAR NO. 1495**

To All Members of the Bureau:

Re: **MANUAL REVISIONS - SECTION 4**  
**RETROSPECTIVE RATING PLANS - PENNSYLVANIA**  
**EFFECTIVE OCTOBER 1, 2005**

The Pennsylvania Compensation Rating Bureau has filed and the Insurance Commissioner has approved Manual revisions to Section 4, Retrospective Rating Plans – Pennsylvania. These revisions are **effective 12:01 a.m., October 1, 2005** with respect to new and renewal business only.

When this section of the Manual was last revised in 1993 to reflect the changes necessitated by Act 44 of 1993, the detailed explanation of the changes in the pricing system included a copy of Bureau Circular No. 1299. With the passage of time, the Bureau believes the one-page alternative shown below (with new wording underlined and deleted wording bracketed) will be more informative and useable.

### **SECTION 4**

#### **RETROSPECTIVE RATING PLANS – PENNSYLVANIA**

##### **[I. INTRODUCTION]**

Retrospective rating is an insurance pricing system which adjusts the premium for the insurance to which it applies on the basis of losses incurred during the period covered by that insurance. In Pennsylvania a carrier must file with the Pennsylvania Insurance Department such plan rules and rating values as necessary to implement retrospective rating plans for use in writing workers compensation insurance.[\*]

Act 44 of 1993 requires Bureau filings other than USL&HW filings to exclude all expense and profit considerations, as well as loss adjustment expenses. Effective December 1, 1993, the Bureau has filed[,] and this Manual includes only selected rating values which are

exclusive of expense and profit considerations for coverages other than USL&HW and which are inclusive of such provisions for USL&HW coverage. [The Bureau rating values are printed in the State Special Rating Values pages herein.]

For sake of consistency with standard language in retrospective rating plans in use in other jurisdictions, [the] selected Pennsylvania [State Special Rating Values] retrospective rating plan rating values are identified using terminology common to such other retrospective rating plans. The use of such terminology in this section of the Manual does not change the meaning of words or terms used elsewhere in the Manual nor are differences in precise wording used to describe specific items indicative of any substantive difference between sections. For example, the term "pure premium" used in this section and the term "loss cost" used elsewhere in this Manual are synonymous.

A carrier may file retrospective rating plans which use different and/or additional rating values from those shown in [the State Special Rating Values pages herein] this Manual. In such cases the individual carrier values supercede application of the Bureau values. Information regarding such individual carrier retrospective rating plans must be obtained from those carriers or their authorized representatives.

#### **IMPORTANT NOTES**

[\* See attached bureau circular No. 1299 for information regarding implementation of Act 44 with regards to retrospective rating plan.]

- Carriers may refer to Bureau Circular No. 1299 for information regarding implementation of Act 44 of 1993 with respect to retrospective rating plans.
- Selected Retrospective Rating Plan Rating Values  
See Section 2 - Rating Values and Classifications of this Manual for values.

Questions about Retrospective Rating Plans should be directed to the Rating Rules & Policy Reporting Department at Extension 4421.

The Manual will be updated on our website ([www.pcrb.com](http://www.pcrb.com)) at a future date.

Timothy L. Wisecarver  
President

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