



Pennsylvania Compensation Rating Bureau

United Plaza Building • Suite 1500
30 South 17th Street • Philadelphia, PA 19103-4007
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

June 8, 2012

VIA FEDERAL EXPRESS

The Honorable Michael F. Consedine
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Attention: Property & Casualty Bureau

RE: PCRB Filing No. 246 - Manual Revisions to Sections 1 and 2

Proposed Effective April 1, 2013

- 1) Codes 808, Parcel Delivery Company, and 811, Trucking, N.O.C., Class Study Results
- 2) Code 976, YMCA, YWCA – Class Study Results
- 3) Code 955, Engineering Consulting Firm – Class Study Results
- 4) Codes 968, Sports, Recreational or Amusement Facility, Indoor, and 884, Health or Exercise Club – Class Study Results

Dear Commissioner Consedine:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB) I am filing herewith proposed revisions to Sections 1 and 2 of the Manual, which are proposed to be **effective as of 12:01 a.m., April 1, 2013** with respect to new and renewal business only.

This proposed effective date is intended to make the implementation of these changes concurrent with the PCRB's normal annual loss cost filing revision, which will be filed separately at a later date. This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems to once annually. However, the PCRB's normal annual loss cost proposal must anticipate and reflect approved classification definitions and designations in the course of its preparation and submission. Accordingly, if the adjudication of this filing cannot be accomplished by October 1, 2012, the PCRB may be required to withdraw or amend this filing or to present alternative schedules of proposed loss costs and related rating values consistent with the approval or disapproval of this filing in the normal annual loss cost filing.

The various proposals in this filing, as listed above, are discussed below.

1) Codes 808, Parcel Delivery Company, and 811, Trucking, N.O.C., Class Study Results

The PCRB undertook this class study of Codes 808 and 811 to review their scopes and determine their correct application. Code 811 was also studied to consider the possibilities of creating separate classifications for long haul trucking and short haul trucking and/or creating a separate classification for employers engaged in the rental or leasing of cranes with operators.

Based on the class study, the PCRB recommends the following:

- Employers engaged in long haul and short haul trucking/hauling operations should remain assigned to a single common classification, Code 811.
- Creation of a new class, Code 802, Mobile Crane Rental With Operators, for employers engaged in the rental or leasing of cranes with operators pursuant to the finding that there are significant statistical differences between employers renting mobile cranes with operators and the rest of Code 811.
- The current criteria for assignment to Codes 808 and 811 remain intact and their Manual language clarified by adding the types of tariff charges denoting an assignment to Code 811: haulage or transport for which charges are assessed based on distance, mileage or an hourly rate.

Staff memoranda dated April 11, 2012 and related exhibits are attached as **Exhibit 1**. The proposed Manual revisions are shown below.

SECTION 2

CLASSIFICATIONS

ADDITIONS

802 MOBILE CRANE RENTAL WITH OPERATORS

Applicable to specialist contractors engaged in the rental and/or leasing of cranes with operators.

OPERATIONS NOT INCLUDED:

1. Does not include the installation and/or service/repair of overhead cranes in an industrial setting.
2. Assign Code 657 to rigging contractors.
3. Assign Code 814 to the rental or leasing of mobile cranes without operators.

Hazard Group E

ADDITIONS (continued)

UNDERWRITING GUIDE

Crane Rental (Mobile) – With Operators By Specialist Contractor
Mobile Crane Leasing Or Rental – With Operators By Specialist Contractor

CHANGES

808 PARCEL DELIVERY Company – No handling of bulk merchandise or freight

Applies to risks engaged in the delivery of envelopes, parcels or packages limited to 150 pounds or less. Envelopes, parcels or packages refers to those items where the delivery tariff or charge is allocable to the individual envelope, parcel or package.

[Assign Code 811 when the haulage or transport charge is based on truckload or partial truckload, the cumulative weight of the packages and/or parcels being transported or a flat contract price for the consignment.

The transport of mail under contract to the United States Postal Service is to be assigned to Code 812.]

OPERATIONS NOT INCLUDED:

1. Assign Code 811 to the hauling or transporting of materials or merchandise when the haulage or transport charge is based on truckload or partial truckload, the cumulative weight of the materials/merchandise being transported, the distance or mileage that the materials/merchandise is being transported, an hourly rate, or a flat contract price for the consignment.
2. Assign Code 811 to the transporting or delivery and setting into place at customers' locations of furniture and/or major household appliances under contract for a manufacturer or store.
3. Assign Code 802 to specialist contractors engaged in the rental and/or leasing of cranes with operators.
4. Assign Code 805 to the hauling of unprocessed or processed milk, water or other liquid food products by tank truck.
5. Assign Code 810 to the hauling of unprepared coal.
6. Assign Code 812 to the hauling or delivery of mail involving letters, parcels, packages, sacks, pallets or rolling containers under contract to the United States Postal Service.

811 TRUCKING, N.O.C.

[Includes dispatchers and/or clerks on loading platforms, drivers, chauffeurs and their helpers and employees repairing vehicles.]

CHANGES (continued)

Applicable to hauling contractors principally engaged in hauling or [delivering] transporting materials or merchandise for unrelated concerns [or transporting or delivering and setting into place furniture and/or major household appliances at customers' locations under contract with a manufacturer or store] when the haulage or transport charge is based on truckload or partial truckload, the cumulative weight of the materials/merchandise being transported, the distance or mileage that the materials/merchandise is being transported, an hourly rate, or a flat contract price for the consignment. [Payroll developed in the hauling of unprepared coal shall be assigned in accordance with the rules for Code 810.
Also includes the rental of cranes with operator by a specialist contractor.]

OPERATIONS ALSO INCLUDED:

1. Dispatchers and/or clerks on loading platforms, drivers, chauffeurs and their helpers and employees repairing vehicles.
2. The transporting or delivery and setting into place at customers' locations of furniture and/or major household appliances under contract for a manufacturer or store.
3. Hauling contractors engaged in trucking of prepared coal from coal preparation plants.

OPERATIONS NOT INCLUDED:

1. Assign Code 802 to specialist contractors engaged in the rental and/or leasing of cranes with operators.
2. Assign Code 805 to the hauling of unprocessed or processed milk, water or other liquid food products by tank truck.
3. Assign Code 808 to the delivery of envelopes, parcels or packages limited to 150 pounds or less where the delivery tariff or charge is allocable to the individual envelope, parcel or package.
4. Assign Code 810 to the hauling of unprepared coal.
5. Assign Code 812 to the hauling or delivery of mail involving letters, parcels, packages, sacks, pallets or rolling containers under contract to the United States Postal Service.
6. Assign Code 995 to rubbish or garbage collection or debris box rental/service and dumpster rental/service.

UNDERWRITING GUIDE

To 802 (from 811):

Crane Rental - With Operators By Specialist Contractor
Mobile Crane Leasing Or Rental – With Operators By Specialist Contractor

DELETION

From 811:

Refrigerator Car Loading And Unloading

2) Code 976, YMCA, YWCA – Class Study Results

The Code 976 study was initiated to explore the feasibility of classifying YMCAs and YWCAs based upon the manner in which such entities are principally engaged rather than on the basis of a YMCA or YWCA affiliation, since the fact that not all YMCA/YWCAs operate under the same business model was determined by reviewing the individual files.

Based on the study results, the PCRB recommends the following:

- One YMCA/YWCA which is principally engaged as a camp and misclassified to Code 976 will be reclassified to Code 978, Camps, Summer or Winter, effective upon the employer's first normal policy anniversary at least 60 days subsequent to the misclassification notice.
- Those YMCAs, YWCAs or community centers principally engaged in the operation of health or exercise clubs and misclassified to Code 976 will be reclassified to Code 884, Health or Exercise Club, effective for each impacted employer's policy in effect as of the date of the misclassification notice and for the prior policy within 12 months after the termination thereof.
- After School Programs (including YMCAs and YWCAs that operate principally as after school programs) and misclassified to Code 976 will be reclassified to Code 891, Pre-School Child Care or Early Education Services, effective for each impacted employer's policy in effect as of the date of the misclassification notice and for the prior policy within 12 months after the termination thereof.

Staff memoranda dated April 23, 2012 and related exhibits are attached as **Exhibit 2**. The proposed Manual revisions are shown below.

SECTION 2

ADDITIONS

UNDERWRITING GUIDE

To 891:

After School Program

To 976:

Boys & Girls Club

Recreation Association, Commission or Authority

Youth Athletic League (Including Police Athletic League)

CHANGES

976 [Y.M.C.A., Y.W.C.A., And Community Center, Including Summer Camps And Day Care Centers]**COMMUNITY CENTER** – all employees including office [except home health care employees].

CHANGES (continued)

[Payroll developed by separate staff(s) performing home health care services shall be separately classified as provided in this Manual.]

Applies to a YMCA, YWCA that follows the "traditional" YMCA, YWCA. business model. A traditional YMCA will provide a range of recreational, informational and social services but is not principally engaged in the operation of a camp, health or exercise club or after school program. The range of programs and services provided by a traditional YMCA, YWCA include but are not necessarily limited to: sports leagues, personal fitness services, pre-school child day care, overnight camping, employment readiness and training programs, advice services, immigrant services and conference centers.

Also applies to a community center that is not principally engaged in the operation of a camp, health or exercise club or after school program. A community center is a public location (usually a space within a home, a school or a church) where members of a community gather for group activities, social support, public information, and other purposes. Community centers may be open to the entire community in which they are located or to a specific group within the greater community.

Further applicable to a senior citizens center and an adult day care. A senior citizens center provides programs and services to a clientele that is typically ages 55 and older. The focus of such centers is to assist senior citizens in living active and engaged lives. Typical programs and services provided by a senior citizens center may include but are not necessarily limited to: arts and crafts, social functions such as dances, seminars and classes on a range of topics such as computer literacy, and field trips. An adult day care provides non-residential custodial care for individuals typically 18 years and older who can not care for themselves due to age and/or illness.

OPERATIONS ALSO INCLUDED:

1. A camp operated by a traditional YMCA, YWCA.
2. Pre-school (child care or early education) or after school program services provided by a traditional YMCA, YWCA.

OPERATIONS NOT INCLUDED:

1. Assign Code 884 to a YMCA, YWCA or Community Center that is principally engaged in the operation of a health or exercise club.
2. Assign Code 891 to a YMCA, YWCA or Community Center that is principally engaged in the operation of an after school program.
3. Assign Code 978 to a YMCA, YWCA that is principally engaged in the operation of a camp.
4. Assign Code 986 to a YMCA, YWCA that is principally engaged in the operation of a shelter or halfway house.
5. Assign separate staff performing home health care services to Code 942 or Code 943 as provided in this Manual.

DELETIONS

UNDERWRITING GUIDE

From 976:

YMCA, YMHA, YWCA, YWHA, Etc.

3) Code 955, Engineering Consulting Firm – Class Study Results

The study of Code 955 was undertaken to review files and identify and reclassify misclassified employers, to review the feasibility of establishing a separate classification for analytical testing firms, to determine the classification applicable to interior design businesses, and to examine the feasibility of discontinuing the payroll division between Code 955 and the standard exception classifications of Codes 951, Salesperson – Outside, and 953, Clerical Office Employees.

Based on the class study, the PCRB recommends the following:

- Analytical testing firms are properly classified to Code 955.
- Creation of a new classification, Code 905, Architectural Firm, Supervising or Consulting, All Employees Including Office, for employers operating principally as architectural or interior design firms.
- The payroll division between Code 955 and the standard exception classes, Codes 951 and 953, should be discontinued, and Code 955 be revised to become an all-inclusive class retitled “Engineering Consulting Firms – All Employees Including Office.”

Staff memoranda dated April 26, 2012 and related exhibits are attached as **Exhibit 3**. The proposed Manual revisions are shown below.

SECTION 1

CHANGES

RULE IV - CLASSIFICATIONS

B. CLASSIFICATIONS

2. Standard Exception Classification

- a. **CLERICAL OFFICE EMPLOYEES – Code 953** – are..... in this rule.

Office employees shall be separately classified except in connection with those classes which specifically include Office Employees.

CHANGES (continued)

If any clerical office employee (including drafting employees) has any other regular duty, the entire payroll of that employee shall be assigned in accordance with the class to which the business is assigned.

(1) and (2) remain unchanged.

[(3) Office employees shall be separately classified except in connection with those classes which specifically include Office Employees.]

[b. DRAFTING EMPLOYEES, Code 953, are employees engaged exclusively in drafting and confined to office work. The entire payroll of any such employees engaged in any other operations shall be assigned to the insuring carrier's highest-valued classification representing any part of their work.]

[c.]b. SALESPERSONS – OUTSIDE..... of this rule.

SECTION 2

ADDITION

905 ARCHITECTURAL CONSULTING FIRM – all employees including office.

A business that employs one or more state licensed architect(s) and is principally engaged in the professional practice of architecture (i.e., designing buildings and/or their interiors and/or landscaping).

OPERATIONS ALSO INCLUDED:

1. Interior design firms. Such businesses engage in the practice of planning and supervising the design and execution of building interiors and their furnishings.

OPERATIONS NOT INCLUDED:

1. Architects or interior designers employed by concerns whose field-of-business is actual construction, manufacturing, mining or installation operations shall be assigned in accordance with the class or classes appropriate to the business of the employer, unless the operations subject to Code 905 fulfill the multiple enterprise conditions described in Section 1, Rule IV, C. 3. a.

Hazard Group D

UNDERWRITING GUIDE

Architectural Firm, Supervising Or Consulting
Landscape Architectural Firm – No Construction Work
Interior Design Firm, Supervising Or Consulting

CHANGES:

955 ENGINEERING CONSULTING FIRM, mechanical, civil, electrical or mining engineering consulting firms[, or architectural firms] – all employees including office.

OPERATIONS NOT INCLUDED:

2. Engineers [or architects] employed by concerns whose field-of-business is actual construction, manufacturing, mining or installation operations shall be assigned in accordance with the class or classes appropriate to the business of the employer, unless the operations subject to Code 955 fulfill the multiple enterprise conditions described in Section 1, Rule IV, C. 3. a.
- [3. Clerical or drafting employees of consulting architects or engineers are properly assigned to Code 953 provided they meet the conditions described in Section 1, Rule IV, B. 2. a. and b.]
3. Assign Code 905 to businesses principally engaged in architectural and/or interior design consulting.
4. [Assign] Separately rate to Code 607 [to separate staff performing test boring for soil samples]drilling and/or obtaining subsurface soil samples by drilling or alternate technologies.

DELETIONS:

UNDERWRITING GUIDE

From 953:

Draftsman

From 955:

Architectural Firm, Supervising

4) **Codes 968, Sports, Recreational or Amusement Facility, Indoor, and 884, Health or Exercise Club – Class Study Results**

The study of Codes 968 and 884 was undertaken to determine if their scopes were sound, and the study concluded that such was the case. The study also uncovered an inconsistency in the class assignment of recreation associations, commissions or authorities in the Code 968 study and the separate study of Code 976 (Item 2 above). Based on these studies, the PCRB recommends the following:

- Three recreation associations, commissions or authorities misclassified to Code 968 should be reclassified to Code 976.
- Creation of Manual language to clarify the classification procedure for recreation authorities.

Staff memoranda dated April 23, 2012 and related exhibits are attached as **Exhibit 4**. The proposed Manual revisions are shown below.

SECTION 2

ADDITIONS

UNDERWRITING GUIDE

To 884:

Tai Chi Instruction

To 976:

Recreation Association, Commission or Authority

CHANGES

968 AMATEUR SPORTS, RECREATIONAL OR AMUSEMENT FACILITY, INDOOR

OPERATIONS NOT INCLUDED:

1. and 2. remain unchanged.
3. Assign Code 976 to a recreation association, commission or authority.

884 HEALTH OR EXERCISE CLUB – all employees including office

OPERATIONS NOT INCLUDED:

1. remains unchanged.
2. Assign Code 970 to [organized athletics]professional or semiprofessional sports teams.
3. Assign indoor rock climbing wall facilities to Code 968.
4. Assign outdoor rock climbing wall facilities to Code 969.
5. Assign a day spa not affiliated with a health or exercise club to Code 977.

CHANGES (continued)

UNDERWRITING GUIDE

To 884:

Fitness Instructor – By Independent Contractor – No Permanent Facility

DELETIONS

Underwriting Guide

From 884:

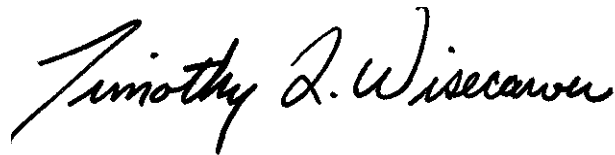
Health Spa

From 968:

Bingo Hall

Particularly in light of the intended coordination of this filing with the PCRB's next normal annual loss cost filing noted at the beginning of this letter, the PCRB respectfully requests a prompt review and approval of this filing toward the objective of its implementation, as proposed, on a new and renewal basis **effective April 1, 2013**. Toward that objective, the PCRB will be pleased to answer any questions you or Insurance Department staff may have.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. Wisecarver". The signature is written in a cursive, flowing style.

Timothy L. Wisecarver
President

TLW/kg
Enclosures



Pennsylvania Compensation Rating Bureau

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TO: Pennsylvania Classification & Rating Committee

FROM: Kenneth R. Ferry, Senior Classification Analyst
David T. Rawson, Technical Director - Classification and Field Operations

DATE: April 11, 2012

RE: **Executive Summary:** Code 808, Parcel Delivery Company, and
Code 811, Trucking, N.O.C.

The Pennsylvania Compensation Rating Bureau, Inc. (PCRB) has completed a study of Codes 808, Parcel Delivery Company, and 811, Trucking, N.O.C. The objective of the combined study of Codes 808 and 811 was to review their scopes and to determine their correct application. At the same time, Code 811 was also studied to consider the possibilities of creating separate classifications for long haul trucking and short haul trucking and/or creating a separate classification for employers engaged in the rental or leasing of cranes with operators.

Based on the PCRB's findings, this report recommends:

1. That separate classifications should not be created for long haul trucking and short haul trucking operations. Employers engaged in long haul and short haul trucking/hauling operations should remain assigned to a single common classification, Code 811.
2. That a new classification, Code 802, Mobile Crane Rental With Operators, be created for employers engaged in the rental or leasing of cranes with operators pursuant to the finding that there are significant statistical differences between employers renting mobile cranes with operators and the remainder of Code 811.
3. The current criteria for assignment to Codes 808 and 811 should remain intact and their Manual language clarified by adding the types of tariff charges denoting an assignment of Code 811: haulage or transport for which charges are assessed based on distance, mileage or an hourly rate.

The PCRB proposes the above classification revisions to become effective upon new and renewal policies having normal anniversary rating dates of **April 1, 2013** or later.



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TO: Pennsylvania Classification & Rating Committee

FROM: Kenneth R. Ferry, Senior Classification Analyst
David T. Rawson, Technical Director - Classification and Field Operations

DATE: April 11, 2012

RE: **Class Study Report:** Code 808, Parcel Delivery Company, and
Code 811, Trucking, N.O.C.

The Pennsylvania Compensation Rating Bureau (PCR B) has completed a study of Codes 808, Parcel Delivery Company, and 811, Trucking, N.O.C. Code 808 contemplates the delivery of envelopes, parcels or packages limited to 150 pounds or less where the delivery tariff or charge is allocable to the individual envelope, parcel or package. Code 808 also contemplates armored motor truck delivery and automobile driveway services. Code 811 contemplates hauling contractors principally engaged in hauling or delivering materials or merchandise for unrelated concerns that are not otherwise classified. Code 811 also specifically contemplates contractors transporting or delivering and setting into place furniture or major household appliances at customers' locations under contract with a manufacturer or store and contractors principally engaged in the rental or leasing of cranes with operators.

The objective of the combined study of Codes 808 and 811 was to sort out their respective scopes and determine if they were being applied correctly. At the same time, Code 811 was also studied to consider the possibilities of creating separate classifications for long haul and short haul trucking and/or creating a separate classification for employers engaged in the rental or leasing of cranes with operators.

A review of the PCR B's historical record reveals that Code 808, Contractors For Retail Merchants Delivery, N.P.D. with Code 811, was created effective for new and renewal business as of July 10, 1936 and thereafter. Effective October 1, 1983, the title of Code 808 was changed to Parcel Delivery Company. The Code 808 Manual language has also been periodically revised to clarify the scope of Code 808.

The PCR B's review of classification procedure in most other states that use the National Council on Compensation Insurance Inc.'s (NCCI) classification plan reveals that their equivalent classification is Code 7231, Mail, Parcel Or Package Delivery And Courier Or Messenger Service Companies - All Employees & Drivers.¹ PCR B staff also reviewed the classification procedure utilized in California (an independent bureau state). The equivalent Workers' Compensation Insurance Rating Bureau of California (WCIRB) classification to Code 808 is Code 7198, Parcel Delivery Companies.

¹ Mail delivered under contract with the U.S. Postal Service is assigned to NCCI Code 7232. In Pennsylvania, these operations are separately assigned to Code 812, Mail Hauling Company.

A review of the PCRB's historical record reveals that Code 811 has been in existence since the Pennsylvania uniform classification system was established effective for new and renewal business as of December 31, 1922 and thereafter. Several revisions to the scope of Code 811 have occurred since its creation, including:

- The reassignment of the rental of mobile cranes with operators from Code 655, Iron Erection, to Code 811 effective for new and renewal policies as of January 1, 1972 and later.
- The reassignment of rigging contractors from Code 811 to the newly-created Code 657, Rigging - N.O.C., effective for new and renewal policies as of July 1, 1983 and later.
- Removal of wording "all employees except office," allowing for the division of payroll for salesmen to Code 951, Salesperson - Outside, effective for new and renewal policies as of October 1, 1983.

The Code 811 Manual language has also been periodically revised to clarify its scope.

The PCRB's review of classification procedure in NCCI states reveals that most have the following five separate classes equivalent in whole or in part to portions of Pennsylvania Code 811:

Code 7222, Trucking: Oil Field Equipment-All Employees And Drivers
Code 7228, Trucking: Local Hauling Only-All Employees And Drivers
Code 7229, Trucking: Long Distance Hauling-All Employees And Drivers
Code 7230, Trucking: Parcel Or Package Delivery-All Employees & Drivers²
Code 9534, Mobile Crane And Hoisting Service Contractors, NOC.

As stated in their titles, NCCI Codes 7228 and 7229 differ from Pennsylvania Code 811 by virtue of their focus upon short and long haul trucking, respectively, and their inclusion of Automobile Driveaway Service, Automobile Towing Company, and Automobile Repossessing as parts of their classes. In Pennsylvania, Automobile Driveaway Service is assignable to Code 808, Automobile Towing Company is assignable to Code 815, Automobile Service Center, and Automobile Repossessing is assignable to Code 954, Security Agency.

As was done for Code 808, PCRB staff also reviewed the classification procedure utilized by the WCIRB for Code 811. The five WCIRB classifications that are equivalent in whole or in part to portions of Pennsylvania Code 811, are as follow:

² As noted in the November 1, 2011 Scopes Manual, "Applies to risks engaged exclusively in delivery from retail stores under term contracts."

Code 7219(1), Trucking Firms - N.O.C.
 Code 7219(2), Express Companies
 Code 7219(3), Mobile Crane And Hoisting Service Contractors - N.O.C.
 Code 7272, Water Truck Service Companies
 Code 2727, Log Hauling

For this study, the PCRB performed a file-by-file review of the 485 employers reporting payroll to Code 808 and the 4,885 employers reporting payroll to Code 811. The file-by-file review divided these employers into the following study groups:

CODE 808

Group No.	Group	Number of Employers
1	Parcel Delivery Company	192
2	Armored Truck delivery Service	5
3	Automobile Driveaway Service	3
4	Messenger Or Courier Service (Foot Or Bicycle)	0
5	PEO – No Customer Information	7
6	Misclassified	13
7	No Current Coverage/Unable to Determine (NCC/UTD)	164
8	Not Yet Group Assigned (NYGA)	101

CODE 811

Group No.	Group	Number of Employers
1	Long Haul Trucking/Hauling Contractor	357
2	Short Haul Trucking/Hauling Contractor	1,395
3	Trucking/Hauling Contractor-No Long/Short Haul Info	152
4A	Automobile Hauler-Long Haul	4
4B	Automobile Hauler-Short Haul	20
5	Prepared/Processed Coal Hauling	12
6	Crane Rental-With Operators	63
7	Contract Delivery/Transportation And Setting Into place Of Furniture Or Household Appliances	47
8	PEO – No Customer Information	30
9	Misclassified	79
10	No Current Coverage/Unable to Determine (NCC/UTD)	2,143
11	Not Yet Group Assigned (NYGA)	583

The Codes 808 and 811 definitions of Misclassified, NCC/UTD and Not Yet Group Assigned are the same. Any Codes 808 or 811 files found upon PCRB survey, PCRB Description of Operations Questionnaire or test audit to have no operations assignable to Codes 808 or 811 was found to be misclassified and has been reassigned to the employer's appropriate PCRB classification(s). None of the employers assigned to the NCC/UTD groups have any record of current compensation coverage, and there is no information (PCRB survey, questionnaire or

test audit) in any of their files that indicate what each employer's operations had been when in business. The Not Yet Group Assigned groups includes employers who have not responded to numerous requests for information, employers who are being held as pending until further information can be obtained, employers whose operations have just recently begun and therefore have not yet reported any historical experience or employers whose payroll and loss information begins after the years in this report's historical experience exhibits. The Not Yet Group Assigned files will be slotted to their appropriate study groups based on their operations as information becomes available.

A number of historical experience exhibits were developed during the course of this study. The study report will discuss only those historical experience and statistical exhibits whose results pertain to the PCRB's recommendation to the Committee. The report notes that a historical experience or statistical exhibit may be cited more than once. The exhibits are presented as attachments in the sequence in which they are first referenced in this report.

The historical experience exhibits are based on the PCRB's April 1, 2012 loss costs, as filed with and approved by the Pennsylvania Insurance Commissioner. The indicated loss cost values found at the bottom of any of the historical experience exhibits have not been adjusted for the Small Business Advocate Assessment or off-balance factors related to the revenue-neutral plans (e.g., the Merit Rating Plan and the Certified Safety Committee Credit Program) that are part of the PCRB's April 1, 2012 class loss cost values. The PCRB loss cost value may be calculated by multiplying the indicated loss cost from the accompanying historical experience exhibits by a factor of 1.0146, which adjusts the indicated loss cost for the aforementioned programs.

LONG HAUL TRUCKING AND SHORT HAUL TRUCKING

For purposes of this study, "short haul" trucking is construed as hauling enterprises conducted within a radius of operations which permits drivers to complete the assigned deliveries and return to the point of dispatch within a normal workday. By contrast, "long haul" trucking involves hauling enterprises encompassing distances which require time beyond a normal workday to complete assigned deliveries and return to the point of dispatch.

Based on the Code 811 study group table above, the PCRB's file-by-file review identified a total of 361 employers primarily engaged in long haul trucking/hauling (Group 1 + Group 4A), and 1,474 employers primarily engaged in short haul trucking/hauling (Group 2 + Group 4B + Group 5 + Group 7).

The report will comment below upon the following historical experience exhibits:

Exhibit No.	Exhibit Title
1	Long Haul Trucking/Hauling Contractor
4	Automobile Hauler-Long Haul
2	Short Haul Trucking/Hauling Contractor
5	Automobile Hauler-Short Haul
6	Prepared /Processed Coal Hauling
8	Contract Delivery/Transportation & Setting Of Furniture Or Household Appliances
14	Exhibit 1 + Exhibit 4
15	Exhibit 2 + Exhibit 5 + Exhibit 6 + Exhibit 8

The PCRB compared the historical experience of the employers primarily engaged in long haul trucking/hauling operations (Exhibit 14) to the experience of the employers primarily engaged in short haul trucking/hauling operations (Exhibit 15). This comparison reveals that the historical experience of Exhibit 14 compares favorably to the historical experience of Exhibit 15. The differences between the two exhibits are \$0.971 (\$7.633 - \$6.662) for the pre-test indicated loss cost and \$0.843 (\$6.627 - \$5.784) for the post-test indicated loss cost, respectively.

The experience results are summarized below:

Exhibit No.	Reported Pure Premium	Indicated (Pre-Test)	Indicated (Post-Test)
14	\$4.661	\$6.662	\$5.784
15	5.267	7.633	6.627

In addition to the review of historical experience exhibits, the PCRB's classification plan analysis includes the application of paired t-test analyses to determine when there is a natural correspondence or "pairing" of specific observations between study groups. The t-test reduces the two samples to one by examining the differences between the observations in the two groups. The advantage to this approach is that the variation within the groups does not mask the difference between their means as much as if the two groups were not paired. For this study, t-tests were run for reported pure premium, claim frequency (per million dollars of payroll), and claim severity (excluding medical-only). For these tests, values of .1000 or less are considered as indicating significant statistical differences.

The T-Test Exhibit A referenced in this portion of the report is shown below:

Exhibit No.	Exhibit Title
A	T-Test #1 Comparing Long Haul Trucking/Hauling Contractors to Short Haul Trucking/Hauling Contractors (Exhibits 14 and 15)

Exhibit A shows that there is no significant statistical difference between Exhibit 14 and Exhibit 15 for either reported pure premium or claim severity, while there is a significant statistical difference for claim frequency. Based on these results, PCRB would not consider the historical experience between the two groups to be significantly statistically different. As a result, the PCRB concludes that separate classifications should not be created for long haul and short haul trucking operations. Employers engaged in long haul and short haul trucking/hauling operations should remain assigned to a single common classification, Code 811.

The results of Exhibit A are summarized below:

Exhibit No.	T-Test Value Reported Pure Premium	T-Test Value Claim Frequency (per million)	T-Test Value Claim Severity Excl. Med. Only
A	0.2299	0.0096	0.7239

CRANE RENTAL WITH OPERATORS

In 1971, the PCRB completed a study of employers engaged in the rental or leasing of cranes with operators. That study was the result of the appeals of several employers engaged in such operations who were assigned to Code 655, Iron Erection, the fact that the NCCI had established a separate classification for these types of operations, and the fact that the WCIRB had included crane rental with operators in their Code 7219, Trucking. The 1971 study revealed that the experience of these employers more closely resembled the experience of Code 811 than that of Code 655. As a result, employers engaged in the rental or leasing of cranes with operators were reassigned from Code 655 to Code 811 for new and renewal policies as of January 1, 1972 and later. The PCRB has once again reviewed the feasibility of reclassifying these employers, either from Code 811 to an existing classification or from Code 811 to a new, separate classification.

As noted in the Code 811 study group table, the PCRB's file-by-file review identified a total of 63 employers engaged in the rental or leasing of cranes with operators (Group 6).

The report will comment below upon the following historical experience exhibits:

Exhibit No.	Exhibit Title
7	Crane Rental With Operators
10	Misclassified
11	No Current Coverage/Unable To Determine (NCC/UTD)
12	Not Yet Group Assigned (NYGA)
13	Code 811 Residual
16	Code 657 April 1, 2012 Class Book Page
17	Code 814 April 1, 2012 Class Book Page

The PCRB compared the historical experience of the employers engaged in the rental or leasing of cranes with operators (Exhibit 7) to the experience of the employers in the remaining "active" study groups of Code 811 (Exhibit 13). This comparison subjectively suggests a favorable comparison of the historical experience of Exhibits 7 and 13. The differences

between the two exhibits are \$1.632 (\$7.449 - \$5.817) for the pre-test indicated loss cost and \$1.416 (\$6.467 - \$5.051) for the post-test indicated loss cost, respectively.

The experience results are summarized below:

Exhibit No.	Reported Pure Premium	Indicated (Pre-Test)	Indicated (Post-Test)
7	\$4.195	\$5.817	\$5.051
13	\$5.161	\$7.449	\$6.467

In addition to the review of historical experience exhibits, a paired t-test analysis was also performed.

The T-Test Exhibit B referenced in this portion of the report is shown below:

Exhibit No.	Exhibit Title
B	T-Test #2 Comparing Crane Rental With Operators to Code 811 Residual (Exhibits 7 and 13)

Exhibit B shows that there are significant statistical differences between Exhibits 7 and 13 for both claim frequency and claim severity, while there is no significant statistical difference for reported pure premium. Based on these results, the PCRB considers the historical experience between the two groups to be significantly statistically different. As a result, the PCRB concludes that employers engaged in the rental or leasing of cranes with operators should not continue to be assigned to Code 811.

The results of Exhibit B are summarized below:

Exhibit No.	T-Test Value Reported Pure Premium	T-Test Value Claim Frequency (per million)	T-Test Value Claim Severity Excl. Med. Only
B	0.1782	0.0002	0.0080

Once it was determined that these employers should not be assigned to Code 811, the PCRB reviewed the feasibility of assigning them to an existing classification. NCCI Code 9534, Mobile Crane And Hoisting Service Contractors, NOC, and WCIRB Code 7219(3), Mobile Crane And Hoisting Service Contractors - N.O.C., both include rigging contractors within the scope of their classifications. In Pennsylvania, the classification which is applicable to rigging contractors is Code 657, Rigging, N.O.C. Therefore, Code 657 was reviewed as a possible assignment for these employers. Pennsylvania Code 814, Dealer In Mobile, Self-Propelled Equipment, includes the rental of cranes without operators. As a result, Code 814 was also reviewed as a possible assignment for these employers.

The PCRB compared the historical experience of the employers engaged in the rental or leasing of cranes with operators (Exhibit 7) to the experience of the employers in Code 657 (Exhibit 16) and Code 814 (Exhibit 17). This comparison revealed that the historical experience of Exhibit 7 compares favorably to the historical experience of Exhibit 16 and unfavorably to the

historical experience of Exhibit 17. The differences between Exhibits 7 and 16 are \$2.940 (\$8.757 - \$5.817) for the pre-test indicated loss cost and \$2.550 (\$7.601 - \$5.051) for the post-test indicated loss cost, respectively. The differences between Exhibits 7 and 17 are \$2.554 (\$5.817 - \$3.263) for the pre-test indicated loss cost and \$2.218 (\$5.051 - \$2.833) for the post-test indicated loss cost, respectively.

The experience results are summarized below:

Exhibit No.	Reported Pure Premium	Indicated (Pre-Test)	Indicated (Post-Test)
7	\$4.195	\$5.817	\$5.051
16	\$6.029	\$8.757	\$7.601
17	\$2.321	\$3.263	\$2.833

In addition to the review of the historical experience exhibits, paired t-test analyses were also performed.

The T-Test Exhibits C and D referenced in this portion of the report are shown below:

Exhibit No.	Exhibit Title
C	T-Test #3 Comparing Crane Rental With Operators to Code 657 April 1, 2012 Class Book Page (Exhibits 7 and 16)
D	T-Test #4 Comparing Crane Rental With Operators to Code 814 April 1, 2012 Class Book Page (Exhibits 7 and 17)

Exhibit C shows there are significant statistical differences between Exhibits 7 and 16 for both claim frequency and claim severity, while there is no significant statistical difference for reported pure premium. Exhibit D shows there are significant statistical differences between Exhibits 7 and 17 for reported pure premium, claim frequency and claim severity. Based on these results, PCRB considers the historical experience of Exhibit 7 and both Exhibits 16 and 17 to be significantly statistically different. As a result, the PCRB concludes that employers engaged in the rental or leasing of cranes with operators should also not be assigned to either Codes 657 or 814.

The results of Exhibits C and D are summarized below:

Exhibit No.	T-Test Value Reported Pure Premium	T-Test Value Claim Frequency (per million)	T-Test Value Claim Severity Excl. Med. Only
C	0.2129	0.0103	0.0683
D	0.0450	0.0266	0.0069

PCRB staff also reviewed the feasibility of assigning these employers to a new, separate 600 level classification. However, this approach would require moving the employers from an Industry Group 3 to an Industry Group 2 classification. The change in the Composite Pure Premium Multiplier (balancing factor) associated with such a change in industry group would result in an increase of approximately five percent in the proposed rating value of the new classification. Based on the resultant higher rating value, it was determined that these employers should not be moved to a new, separate 600 level Industry Group 2 classification.

As a result, the PCRB proposes that the 63 employers engaged in the rental or leasing of cranes with operators remain in Industry Group 3 and be reassigned from Code 811 to a new, separate Code 802, Mobile Crane Rental With Operators, effective upon each such employer's first normal policy renewal on or after April 1, 2013. Based on the April 1, 2012 loss cost filing, the PCRB loss cost of Code 802 would be \$7.02, which represents a reduction of 3.3 percent from the April 1, 2012 loss cost for Code 811 of \$7.26, as shown in Exhibit 18. Exhibit 19 shows that the reassignment of these employers from Code 811 to Code 802 would revise the Code 811 loss cost from \$7.26 to \$7.25. Please note that the actual April 1, 2013 loss costs for Codes 802 and 811 will be calculated concurrent with the PCRB's April 1, 2013 comprehensive loss cost filing.

APPLICATION OF CODE 808 & CODE 811

Our file-by-file review of the employers assigning payroll to Codes 808 and 811 indicated that their scopes are sound. As such, the PCRB proposes that the current criteria for assignment to Codes 808 and 811 remain intact. However, for further clarification PCRB also proposes to revise the Manual language to assign haulage or transport for which charges are assessed based on distance, mileage or an hourly rate to Code 811.

CONCLUSION

The PCRB proposes that separate classifications should not be created for long haul and short haul trucking operations. Employers engaged in long haul and short haul trucking/hauling operations should remain assigned to a single common classification, Code 811. The PCRB also proposes that employers engaged in the rental or leasing of cranes with operators should be reassigned to a new, separate classification. The PCRB further proposes to revise the Manual language under Code 808 to specifically exclude haulage or transport for which charges are assessed based on distance, mileage or an hourly rate, which will be subject instead to Code 811. This classification revision is proposed to become effective with new and renewal policies of April 1, 2013 and later.

The proposed enabling Section 2 Manual language amendments for the classification proposals are attached for the Committee's review. As is customary, the PCRB would notify all employers currently assigned to Code 811 of the PCRB's classification filing contemporaneously with the submission of that filing. Assuming the Insurance Commissioner's subsequent approval of the classification filing, the carrier-of-record for each employer would then be notified of their policyholder's classification reassignment with a copy of such notice being provided to every employer.

Memorandum of April 11, 2012

RE: Class Study Report: Codes 808, Parcel Delivery Company, and 811, Trucking
Page 10

c: Vincent Dean
Joseph Lombo
Timothy Wisecarver

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MANUAL REVISIONS

SECTION 2

ADDITIONS

802 MOBILE CRANE RENTAL WITH OPERATORS

Applicable to specialist contractors engaged in the rental and/or leasing of cranes with operators.

OPERATIONS NOT INCLUDED:

1. Does not include the installation and/or service/repair of overhead cranes in an industrial setting.
2. Assign Code 657 to rigging contractors.
3. Assign Code 814 to the rental or leasing of mobile cranes without operators.

CHANGES

808 PARCEL DELIVERY Company – No handling of bulk merchandise or freight

Applies to risks engaged in the delivery of envelopes, parcels or packages limited to 150 pounds or less. Envelopes, parcels or packages refers to those items where the delivery tariff or charge is allocable to the individual envelope, parcel or package.

[Assign Code 811 when the haulage or transport charge is based on truckload or partial truckload, the cumulative weight of the packages and/or parcels being transported or a flat contract price for the consignment.

The transport of mail under contract to the United States Postal Service is to be assigned to Code 812.]

OPERATIONS NOT INCLUDED:

1. Assign Code 811 to the hauling or transporting of materials or merchandise when the haulage or transport charge is based on truckload or partial truckload, the cumulative weight of the materials/merchandise being transported, the distance or mileage that the materials/merchandise is being transported, an hourly rate, or a flat contract price for the consignment.
2. Assign Code 811 to the transporting or delivery and setting into place at customers' locations of furniture and/or major household appliances under contract for a manufacturer or store.
3. Assign Code 802 to specialist contractors engaged in the rental and/or leasing of cranes with operators.
4. Assign Code 805 to the hauling of unprocessed or processed milk, water or other liquid food products by tank truck.
5. Assign Code 810 to the hauling of unprepared coal.
6. Assign Code 812 to the delivery of mail under contract to the United States Postal Service.

CHANGES (continued)

811 TRUCKING, N.O.C.

[Includes dispatchers and/or clerks on loading platforms, drivers, chauffeurs and their helpers and employees repairing vehicles.]

Applicable to hauling contractors principally engaged in hauling or [delivering] transporting materials or merchandise for unrelated concerns [or transporting or delivering and setting into place furniture and/or major household appliances at customers' locations under contract with a manufacturer or store when the haulage or transport charge is based on truckload or partial truckload, the cumulative weight of the materials/merchandise being transported, the distance or mileage that the materials/merchandise is being transported, an hourly rate, or a flat contract price for the consignment. [Payroll developed in the hauling of unprepared coal shall be assigned in accordance with the rules for Code 810.

Also includes the rental of cranes with operator by a specialist contractor.]

OPERATIONS ALSO INCLUDED:

1. Dispatchers and/or clerks on loading platforms, drivers, chauffeurs and their helpers and employees repairing vehicles.
2. The transporting or delivery and setting into place at customers' locations of furniture and/or major household appliances under contract for a manufacturer or store.
3. Hauling contractors engaged in trucking of prepared coal from coal preparation plants.

OPERATIONS NOT INCLUDED:

1. Assign Code 802 to specialist contractors engaged in the rental and/or leasing of cranes with operators.
2. Assign Code 805 to the hauling of unprocessed or processed milk, water or other liquid food products by tank truck.
3. Assign Code 808 to the delivery of envelopes, parcels or packages limited to 150 pounds or less where the delivery tariff or charge is allocable to the individual envelope, parcel or package.
4. Assign Code 810 to the hauling of unprepared coal.
5. Assign Code 812 to the delivery of mail under contract to the United States Postal Service.
6. Assign Code 995 to rubbish or garbage collection or debris box rental/service and dumpster rental/service.

CHANGES (continued)

UNDERWRITING GUIDE

To 802 (from 811):

Crane Rental - With Operators By Specialist Contractor

Mobile Crane Leasing Or Rental – With Operators By Specialist Contractor

DELETION

From 811:

Refrigerator Car Loading And Unloading

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**Listing of Exhibits for Class Study Report
(in the order in which they first appear)**

**Code 808, Parcel Delivery Company,
and Code 811, Trucking, N.O.C.**

Exhibit No.	Exhibit Title
1	Long Haul Trucking/Hauling Contractor
4	Automobile Hauler-Long Haul
2	Short Haul Trucking/Hauling Contractor
5	Automobile Hauler-Short Haul
6	Prepared/Processed Coal Hauling
8	Contract Delivery/Transportation & Setting Of Furniture Or Household Appliances
14	Exhibit 1 + Exhibit 4
15	Exhibit 2 + Exhibit 5 + Exhibit 6 + Exhibit 8
A	T-Test #1 Comparing Long Haul Trucking/Hauling Contractors to Short Haul Trucking/Hauling Contractors (Exhibits 14 and 15)
7	Crane Rental With Operators
10	Misclassified
11	No Current Coverage/Unable To Determine (NCC/UTD)
12	Not Yet Group Assigned (NYGA)
13	Code 811 Residual
16	Code 657 April 1, 2012 Class Book Page
17	Code 814 April 1, 2012 Class Book Page
B	T-Test #2 Comparing Crane Rental With Operators To Code 811 Residual (Exhibit 7 and 13)
C	T-Test #3 Comparing Crane Rental With Operators To Code 657 Class Book Page (Exhibit 7 and 16)
D	T-Test #4 Comparing Crane Rental With Operators To Code 814 Class Book Page (Exhibit 7 and 17)
18	Code 811 April 1, 2012 Class Book Page
19	Code 811 April 1, 2012 Class Book Page Minus Crane Rental With Operators And Misclassified (Exhibit 7 and 10)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	306,972	17,986,361	5,859	30,092,593	52,432	1.0978	3	0	45	37	252	337
2005	357,551	19,569,919	5,473	27,091,771	55,613	0.9621	1	1	39	40	263	344
2006	390,634	18,157,778	4,648	30,147,306	49,800	0.9088	6	1	37	50	261	355
2007	457,157	18,082,014	3,955	31,339,143	46,462	0.8290	2	0	43	52	282	379
2008	438,629	17,240,940	3,931	32,960,573	48,047	0.7957	3	0	29	46	271	349
TOTAL	1,950,943	91,037,012	4,666	151,631,386	50,372	0.9042	15	2	193	225	1329	1764
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	REPORTED LOSSES						
			Indemnity			Medical			
			Major	Minor	Temp	Major	Minor	Temp	Med. Only
2004	1,260,850	0	8,444,934	1,193,387	1,535,200	3,210,801	644,561	1,376,417	316,836
2005	13,606	212,765	9,151,913	1,350,575	1,337,010	4,843,620	620,055	1,440,715	439,153
2006	1,612,834	338,304	6,445,225	2,155,941	1,722,941	2,256,742	1,272,323	1,804,816	478,629
2007	745,056	0	7,606,852	2,102,095	1,992,932	2,272,520	963,983	1,925,424	473,044
2008	1,661,285	0	5,046,563	2,295,432	2,566,541	1,115,838	1,215,516	2,859,649	472,545
TOTAL	5,293,631	551,069	36,695,487	9,097,430	9,154,624	13,699,521	4,716,438	9,407,021	2,180,207
O.D.	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	TRANSLATED LOSSES									
			Indemnity					Medical				
			Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only	
2004	1,820,667	0	13,127,813	1,791,274	2,348,856	5,900	0	7,580,120	1,018,406	2,037,097	362,460	
2005	25,980	473,864	11,207,568	1,899,429	2,003,909	558	387,921	7,606,126	914,737	2,076,754	494,925	
2006	2,379,316	729,215	11,039,171	2,823,668	2,439,795	1,074	301,873	5,812,905	1,721,378	2,368,111	530,800	
2007	1,114,049	308,139	14,369,420	2,625,670	2,629,574	10,465	124,682	6,096,200	1,278,545	2,278,134	504,265	
2008	2,243,709	408,489	14,200,712	2,977,486	2,775,039	29,559	282,629	5,537,471	1,537,150	2,461,761	506,568	
TOTAL	7,583,721	1,919,707	63,944,684	12,117,527	12,197,173	47,556	1,097,105	32,632,822	6,470,216	11,221,857	2,399,018	
O.D.	0	0	0	0	0	0	0	0	0	0	0	

YEAR	TOTAL TRANSLATED LOSSES			SERIOUS			NON-SER			MED ONLY			TOTAL
	IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES	EXPECTED LOSSES CREDIBILITY	INDICATED (PRE-TEST)	INDICATED (POST-TEST)	PRES. ON LOSS COST LEVEL	DERIVED BY FORMULA	UNDERLYING PRES. LOSS COST PROPOSED	IND. LOSS COST	ADJ. LOSS COST =	IND. LOSS COST =	ADJ. LOSS COST =	
2004	107,225,595	107,225,595	107,750,582	4,829	4,193	5,203	4,870	1,555	666	666	666		
2005	(13,009,285)	(13,009,285)	35,780,295	1,491	1,728	1,555	1,834	1,555	666	666	666		
2006	33,497,609	33,497,609	2,341,132	1,717	0,108	0,113	0,120	1,555	666	666	666		
2007	2,417,473	2,417,473	0,73	1,491	0,108	0,113	0,120	1,555	666	666	666		
2008	2,417,473	2,417,473	2,341,132	1,717	0,108	0,113	0,120	1,555	666	666	666		
TOTAL	107,225,595	107,225,595	107,750,582	4,829	4,193	5,203	4,870	1,555	666	666	666		

YEAR	IND. LOSS COST	ADJ. LOSS COST =	IND. LOSS COST =	ADJ. LOSS COST =
2004	666	666	666	666
2005	666	666	666	666
2006	666	666	666	666
2007	666	666	666	666
2008	666	666	666	666
TOTAL	666	666	666	666

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P.T.	Major	Minor	Temp	All	
2004	635	93,830	14,776	143,036	93,830	1.5748	0	0	0	0	0	0	1
2005	926	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0	0
2006	1,506	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0	0
2007	1,492	76,655	5,138	154,550	38,070	1.3405	0	0	0	0	1	1	2
2008	1,447	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0	0
TOTAL	6,006	170,485	2,839	297,586	56,657	0.4995	0	0	0	0	1	2	3
O.D.	0	0	0.000	0			0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	REPORTED LOSSES							
			Major	Minor		Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	83,365	0	0	0	0	0	0	0	0
2005	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	0	0	0	0	47,267	0	0	0	0	19,709	0	2,118	515
2008	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	47,267	0	0	0	0	19,709	0	12,583	515
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	TRANSLATED LOSSES							
			Major	Minor		Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	127,548	0	0	0	0	0	0	15,488	0
2005	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	73	1,071	57,370	43,518	11,330	91	512	18,883	17,150	4,003	549	549	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	73	1,071	57,370	43,518	138,878	91	512	18,883	17,150	19,491	549	549	0
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 78,000 219,037 549
 IBNR + FREQ. ADJUSTMENT (39,424) (25,835) 60
 TOTAL LOSSES 38,576 193,202 609

EXPECTED LOSSES 331,711 110,150 7,207
 CREDIBILITY 0.01 0.02 0.02

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.642 3.217 0.010 3,869
 INDICATED (POST-TEST) 0.557 2.793 0.009 3,359
 PRES. ON LOSS COST LEVEL 5.203 1,728 0.113 7,044
 DERIVED BY FORMULA 5.157 1,749 0.111 7,017
 UNDERLYING PRES. LOSS COST 5.523 1,834 0.120 7,477
 PROPOSED 5.157 1,749 0.111 7,017

YEAR	4-1-11	4-1-12	IND. LOSS COST =	7.157
IND. LOSS COST	7.16	7.16		
MAN. LOSS COST	7.60	7.16	ADJ. LOSS COST =	7.16

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	556,502	32,913,978	5,914	52,205,515	49,803	1,1644	7	2	65	140	434	648
2005	637,935	29,804,311	4,672	47,410,203	45,584	0,9954	3	0	63	134	435	635
2006	632,838	35,770,448	5,652	58,711,833	50,632	1,0856	5	1	74	169	438	687
2007	689,793	35,032,871	5,079	59,373,902	49,761	0,9931	5	0	66	159	455	685
2008	652,498	31,260,581	4,791	55,365,488	50,687	0,9134	1	2	33	141	419	596
TOTAL	3,169,566	164,782,189	5,199	273,066,941	49,308	1,0257	21	5	301	743	2181	3251
O.D.			0	0,000			0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	3,077,212	650,579	12,490,537	3,147,278	2,124,952	747,526	40,000	4,742,964	3,009,534	2,242,035	641,361
2005	1,053,193	0	12,601,903	2,877,814	2,067,290	38,242	0	6,119,789	1,984,654	2,202,987	858,439
2006	1,833,333	175,077	15,785,106	3,704,264	2,481,561	3,649	75,000	5,489,504	2,626,682	2,610,322	985,950
2007	2,628,527	0	12,272,674	4,733,207	2,656,588	190,533	0	5,084,014	3,577,162	2,943,569	946,597
2008	574,262	914,043	5,985,650	4,553,729	3,624,534	90,000	3,755,000	3,049,946	3,940,755	3,721,570	1,051,092
TOTAL	9,166,527	1,739,699	59,135,870	19,016,292	12,954,925	1,069,950	3,870,000	24,486,217	15,138,787	13,720,483	4,483,439
O.D.	0	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	4,305,163	1,327,392	19,318,144	4,687,637	3,251,177	862,013	81,988	9,966,855	4,353,217	3,318,212	733,717
2005	1,807,664	122,457	19,195,488	3,994,584	3,113,210	79,934	96,667	12,080,180	2,752,594	3,199,964	967,461
2006	2,706,603	642,519	25,517,124	4,933,446	3,611,227	10,902	478,175	12,725,910	3,504,021	3,488,487	1,093,419
2007	3,254,592	508,943	24,078,162	5,339,686	3,676,490	356,616	282,783	13,328,059	3,857,231	3,682,258	1,009,072
2008	801,508	818,918	21,077,058	4,984,697	3,985,433	187,827	2,121,705	13,116,803	3,636,964	3,497,804	1,126,771
TOTAL	12,875,530	3,420,229	109,185,976	23,940,050	17,647,537	1,497,292	3,061,318	61,217,817	18,104,027	17,186,725	4,930,440
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
 IBNR + FREQ. ADJUSTMENT
 TOTAL LOSSES

EXPECTED LOSSES
 CREDIBILITY

PURE PREMIUMS
 INDICATED (PRE-TEST)
 INDICATED (POST-TEST)
 PRES. ON LOSS COST LEVEL
 DERIVED BY FORMULA
 UNDERLYING PRES. LOSS COST
 PROPOSED

YEAR 4-1-11 4-1-12 IND. LOSS COST = 6.942
 IND. LOSS COST 6.94
 MAN LOSS COST 7.60 ADJ. LOSS COST = 6.94

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						All
							Death	P.T.	Major	Minor	Temp	Temp	
2004	1,758	295,653	16,818	484,922	98.436	1.7065	0	0	1	0	0	2	3
2005	1,922	173,561	9,030	261,501	43.349	2.0812	0	0	0	1	1	3	4
2006	2,226	412,009	18,509	791,504	136.764	1.3477	0	0	1	1	1	1	3
2007	2,372	88,519	3,732	168,954	42.277	0.8432	0	0	0	1	1	1	2
2008	2,669	97,460	3,652	219,240	95.910	0.3747	0	0	0	0	0	1	1
TOTAL	10,947	1,067,202	9,749	1,926,121	81.497	1.1875	0	0	2	3	3	8	13
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity			Temp	Death	P.T.	Medical			Med. Only
			Major	Minor	Temp				Major	Minor	Temp	
2004	0	0	228,579	0	0	13,124	0	0	27,353	0	26,253	344
2005	0	0	0	67,492	0	29,635	0	0	0	60,787	15,481	166
2006	0	0	219,171	0	0	1,505	0	0	187,653	0	1,964	1,716
2007	0	0	0	33,071	0	32,500	0	0	0	18,364	618	3,966
2008	0	0	0	0	0	56,160	0	0	0	0	39,750	1,550
TOTAL	0	0	447,750	100,563	0	132,924	0	0	215,006	79,151	84,066	7,742
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity			Temp	Death	P.T.	Medical			Med. Only
			Major	Minor	Temp				Major	Minor	Temp	
2004	0	0	359,783	0	0	20,080	0	0	65,811	0	38,854	394
2005	135	57	11,932	90,417	0	44,352	55	3	10,966	79,964	23,433	187
2006	0	0	328,201	6,044	0	4,648	0	9,912	420,418	11,175	4,837	1,903
2007	60	1,130	53,001	34,700	0	39,961	84	469	17,277	15,823	2,221	4,228
2008	51	1,966	75,440	21,599	0	52,083	52	1,069	24,407	9,031	31,880	1,662
TOTAL	246	7,519	828,357	152,760	0	161,124	191	11,453	538,879	115,993	101,225	8,374
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

TOTAL TRANSLATED LOSSES 1,386,645
 IBNR + FREQ. ADJUSTMENT (71,057)
 TOTAL LOSSES 1,315,588

SERIOUS 604,603
 NON-SER 200,768
 MED ONLY 13,136
 CREDIBILITY 0.01

PURE PREMIUMS
 INDICATED (PRE-TEST) 12.018
 INDICATED (POST-TEST) 10.434
 PRES. ON LOSS COST LEVEL 5.203
 DERIVED BY FORMULA 5.255
 UNDERLYING PRES. LOSS COST 5.255
 PROPOSED 1.770

YEAR	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =
4-1-11	7.28	7.60	7.28	7.28
4-1-12	7.28	7.28	7.28	7.28

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	957	662	0.069	757	#DIV/0!	0.0000	0	0	0	0	0	0
2005	1,042	1,268	0.122	1,429	#DIV/0!	0.0000	0	0	0	0	0	0
2006	589	207	0.035	230	#DIV/0!	0.0000	0	0	0	0	0	0
2007	512	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
2008	631	2,420	0.384	6,182	2,420	1,5848	0	0	0	0	1	1
TOTAL	3,731	4,557	0.122	8,598	2,420	0.2680	0	0	0	0	1	1
O.D.	0	0	0.000	0			0	0	0	0	0	0

Manual Year	Death	P.T.	Medical		REPORTED LOSSES							
			Major	Minor	Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	0	0	0	0	0	0	0	662
2005	0	0	0	0	0	0	0	0	0	0	0	1,268
2006	0	0	0	0	0	0	0	0	0	0	0	207
2007	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0	0	0	0	0	325
TOTAL	0	0	0	0	0	0	0	0	0	0	0	325
O.D.	0	0	0	0	0	0	0	0	0	0	0	2,137

Manual Year	Death	P.T.	Medical		TRANSLATED LOSSES							
			Major	Minor	Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	0	0	0	0	0	0	0	757
2005	0	0	0	0	0	0	0	0	0	0	0	1,429
2006	0	0	0	0	0	0	0	0	0	0	0	230
2007	0	0	0	0	0	0	0	0	0	0	0	0
2008	2	73	2,814	806	0	9	9	200	200	74	261	74
TOTAL	2	73	2,814	806	0	9	9	200	200	74	261	2,416
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 3,098
 IBNR + FREQ. ADJUSTMENT (25,480)
 TOTAL LOSSES 0

SERIOUS 0
 NON-SER 3,084
 MED ONLY 29

EXPECTED LOSSES 206,063
 CREDIBILITY 0.01

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.000
 INDICATED (POST-TEST) 0.000
 PRES. ON LOSS COST LEVEL 5.203
 DERIVED BY FORMULA 1.728
 UNDERLYING PRES. LOSS COST 1.711
 PROPOSED 1.834

YEAR	IND. LOSS COST	MAN. LOSS COST	ADJ. LOSS COST =
4-1-11	7.11	7.60	7.11
4-1-12	7.11		7.11
IND. LOSS COST =	7.113		7.113
ADJ. LOSS COST =	7.11		7.11

Manual Year	Payroll in Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	3,358	426,045	12,687	698,181	52.855	2,3824	0	0	1	2	5	8
2005	5,211	580,722	11,144	931,383	43.330	2,4947	0	0	1	0	12	13
2006	5,579	398,155	7,137	721,953	61,700	1,0755	0	0	1	1	4	6
2007	6,662	1,119,073	16,798	1,857,685	84.503	1,9514	1	0	1	2	9	13
2008	3,891	653,125	16,786	1,617,515	46.219	3,5980	0	0	0	5	9	14
TOTAL	24,701	3,177,120	12,862	5,826,717	57.443	2,1861	1	1	4	10	39	54
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical			
			Major	Minor				Major	Minor	Temp	Med. Only
2004	0	0	151,299	118,757	31,471	0	0	48,699	53,263	19,348	3,208
2005	0	0	139,663	0	233,670	0	0	62,830	0	127,133	17,426
2006	0	0	116,591	14,545	31,031	0	0	145,183	17,685	45,165	27,955
2007	441,000	0	143,724	151,983	142,015	7,866	0	25,860	69,191	116,905	20,529
2008	0	0	0	320,275	89,033	0	0	0	166,096	71,658	6,063
TOTAL	441,000	0	551,277	605,560	527,220	7,866	0	282,572	306,235	380,209	75,181
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical			
			Major	Minor				Major	Minor	Temp	Med. Only
2004	0	0	238,145	178,254	48,151	0	0	117,170	84,156	28,635	3,670
2005	0	1,603	225,258	6,851	343,087	0	1,219	148,409	4,168	181,149	19,639
2006	23	2,500	186,332	22,330	43,083	14	7,977	337,218	31,837	59,637	31,002
2007	657,022	9,575	448,635	166,483	178,405	14,366	3,401	145,924	75,505	136,485	21,884
2008	977	20,539	739,426	250,203	112,098	923	13,920	283,043	115,590	74,296	6,500
TOTAL	658,022	34,217	1,837,796	624,121	724,824	15,303	26,517	1,031,764	311,256	480,202	82,695
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 3,603,619
 IBNR + FREQ. ADJUSTMENT (177,897)
 TOTAL LOSSES 3,425,722

SERIOUS 1,364,236
 NON-SER 2,140,403
 MED ONLY 82,905

EXPECTED LOSSES 1,364,236
 CREDIBILITY 0.02

PURE PREMIUMS 13,869
 INDICATED (PRE-TEST) 12,041
 INDICATED (POST-TEST) 5,203
 PRES. ON LOSS COST LEVEL 5,340
 DERIVED BY FORMULA 5,523
 UNDERLYING PRES. LOSS COST 5,340
 PROPOSED 1,944

YEAR	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =
4-1-11	7.56	7.60	7.56	7.56
4-1-12	7.56	7.56	7.56	7.56

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases			All		
							Death	P T	Major		Minor	Temp
2004	307,607	18,080,191	5,878	30,235,629	52.554	1.0988	3	0	45	37	253	338
2005	358,477	19,569,919	5,459	27,091,771	55.613	0.9596	1	1	39	40	263	344
2006	392,140	18,157,778	4,630	30,147,306	49.800	0.9053	6	1	37	50	261	355
2007	458,649	18,158,669	3,959	31,493,694	46.418	0.8307	2	0	43	53	283	381
2008	440,076	17,240,940	3,918	32,960,573	48.047	0.7930	3	0	29	46	271	349
TOTAL	1,956,949	91,207,497	4,661	151,928,973	50.383	0.9029	15	2	193	226	1331	1767
O.D.			0	0.000			0	0	0	0	0	0

Manual Year	Death	P T	Indemnity		Temp	Death	P T	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	1,260,850	0	8,444,934	1,193,387	1,618,565	3,375	0	3,210,801	644,561	1,366,882	316,836
2005	13,606	212,765	9,151,913	1,350,575	1,337,010	0	160,507	4,843,620	620,055	1,440,715	439,153
2006	1,612,834	338,304	6,445,225	2,155,941	1,722,941	23	70,000	2,256,742	1,272,323	1,804,816	478,629
2007	745,056	0	7,606,852	2,149,362	1,999,978	108	0	2,272,520	983,692	1,927,542	473,559
2008	1,661,285	0	5,046,563	2,295,432	2,566,541	7,571	0	1,115,838	1,215,516	2,859,649	472,545
TOTAL	5,293,631	551,069	36,695,487	9,144,697	9,245,035	11,077	230,507	13,659,521	4,736,147	9,419,604	2,180,722
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P T	Indemnity		Temp	Death	P T	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	1,820,667	0	13,127,813	1,791,274	2,476,404	5,900	0	7,580,120	1,018,406	2,052,585	362,460
2005	25,980	473,864	11,207,568	1,899,429	2,003,909	558	387,921	7,606,126	914,737	2,076,754	494,925
2006	2,379,316	729,215	11,039,171	2,823,668	2,439,795	1,074	301,873	5,812,905	1,721,378	2,368,111	530,800
2007	1,114,122	309,211	14,426,790	2,669,188	2,640,904	10,557	125,194	6,115,082	1,295,696	2,282,136	504,814
2008	2,243,709	408,489	14,200,712	2,977,486	2,775,039	29,559	282,629	5,537,471	1,537,150	2,461,761	506,568
TOTAL	7,583,794	1,920,779	64,002,054	12,161,045	12,336,051	47,648	1,097,617	32,651,704	6,487,367	11,241,347	2,399,567
O.D.	0	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

TOTAL TRANSLATED LOSSES 107,303,596
 IBNR + FREQ. ADJUSTMENT (13,048,709)
 TOTAL LOSSES 94,254,887

EXPECTED LOSSES 108,082,293
 CREDIBILITY 0.33

PURE PREMIUMS INDICATED (PRE-TEST) 4.816
 INDICATED (POST-TEST) 4.181
 PRES. ON LOSS COST LEVEL 5.203
 DERIVED BY FORMULA 4.866
 UNDERLYING PRES. LOSS COST 5.523
 PROPOSED 4.866

SERIOUS 35,890,445
 NON-SER 2,348,339
 MED ONLY 1.00

IND. LOSS COST = 6.663
 MAN. LOSS COST = 6.66

YEAR 4-1-11 4-1-12
 IND. LOSS COST 6.66
 MAN. LOSS COST 7.60
 ADJ. LOSS COST = 6.66

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	562,575	33,636,338	5,979	53,389,374	50.062	1.1714	7	2	67	142	441	659
2005	646,110	30,559,862	4,730	48,604,514	45.525	1.0091	3	0	64	135	450	652
2006	641,232	36,580,819	5,705	60,225,516	51.099	1.0854	5	1	76	171	443	696
2007	699,339	36,240,463	5,182	61,400,545	50.385	1.0009	6	0	67	162	465	700
2008	659,689	32,013,586	4,853	57,208,421	50.580	0.9277	1	2	33	146	430	612
TOTAL	3,208,945	169,031,068	5,267	280,828,370	49.552	1.0343	22	5	307	756	2229	3319
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	REPORTED LOSSES								
			Indemnity			Medical					
			Major	Minor	Temp	Major	Minor	Temp	Med. Only		
2004	3,077,212	650,579	12,870,415	3,266,035	2,169,547	747,526	40,000	4,819,016	3,062,797	2,287,636	645,575
2005	1,053,193	0	12,741,566	2,945,306	2,330,595	38,242	0	6,182,619	2,045,441	2,345,601	877,299
2006	1,833,333	175,077	16,120,868	3,718,809	2,514,097	3,649	75,000	5,822,340	2,644,367	2,657,451	1,015,828
2007	3,069,527	0	12,416,398	4,918,261	2,831,103	198,399	0	5,109,874	3,664,717	3,061,092	971,092
2008	574,262	914,043	5,985,650	4,874,004	3,771,822	90,000	3,755,000	3,049,946	4,106,851	3,833,303	1,058,705
TOTAL	9,607,527	1,739,699	60,134,897	19,722,415	13,617,164	1,077,816	3,870,000	24,983,795	15,524,173	14,185,083	4,568,459
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	TRANSLATED LOSSES								
			Indemnity			Medical					
			Major	Minor	Temp	Major	Minor	Temp	Med. Only		
2004	4,305,163	1,327,392	19,916,072	4,865,892	3,319,407	862,013	81,986	10,149,836	4,437,372	3,385,701	738,538
2005	1,807,799	124,116	19,432,680	4,031,852	3,500,648	79,989	97,889	12,239,554	2,836,725	3,404,546	988,716
2006	2,706,626	649,384	26,031,656	4,961,819	3,658,960	10,916	496,064	13,483,545	3,547,032	3,552,961	1,126,553
2007	3,911,674	519,648	24,579,799	5,540,868	3,894,857	371,067	286,654	13,491,270	3,948,559	3,820,965	1,035,184
2008	802,538	841,496	21,894,737	5,257,306	4,161,557	188,802	2,136,703	13,424,452	3,761,658	3,504,240	1,134,932
TOTAL	13,533,800	3,462,036	111,854,944	24,717,737	18,535,429	1,512,787	3,099,298	62,788,657	18,531,346	17,768,413	5,023,923
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 196,251,522
 IBNR + FREQ. ADJUSTMENT (21,676,401)
 TOTAL LOSSES 174,575,121

SERIOUS 177,230,032
 NON-SER 58,852,051
 MED ONLY 3,850,734
 CREDIBILITY 1.00

PURE PREMIUMS
 INDICATED (PRE-TEST) 5,440
 INDICATED (POST-TEST) 4,723
 PRES. ON LOSS COST LEVEL 5,203
 DERIVED BY FORMULA 4,982
 UNDERLYING PRES. LOSS COST 5,523
 PROPOSED 4,982

IND. LOSS COST = 7.02
 ADJ. LOSS COST = 7.02

YEAR 4-1-11 4-1-12
 IND. LOSS COST 7.02
 MAN. LOSS COST 7.60

STATISTICAL STUDY

811
Exhibit 14: Exhibit 1 + Exhibit 4

811
Exhibit 15: Exhibit 2 + Exhibit 5 + Exhibit 6 + Exhibit 8

Manual Year	Pure Premium Reported		T - test values	
2004	5.878	5.979		
2005	5.459	4.730		
2006	4.630	5.705	2004 - 2008	0.2299
2007	3.959	5.182		
2008	3.918	4.853		

Manual Year	Claim Frequency per million		T - test values	
2004	1.099	1.171		
2005	0.960	1.009		
2006	0.905	1.085	2004 - 2008	0.0096
2007	0.831	1.001		
2008	0.793	0.928		

Manual Year	Claim Severity Excl Med Only		T - test values	
2004	52,554	50,062		
2005	55,613	45,525		
2006	49,800	51,099	2004 - 2008	0.7239
2007	46,418	50,385		
2008	48,047	50,580		

Manual Year	Payroll in Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P.T.	Major	Minor	Temp	All	
2004	22,264	678,517	3,048	1,196,913	108,886	0.2695	0	0	3	0	0	3	6
2005	25,173	1,431,402	5,686	2,192,296	174,202	0.3178	0	0	2	2	0	4	8
2006	29,265	1,618,658	5,531	2,678,395	173,615	0.3075	0	0	3	0	0	6	9
2007	30,193	955,251	3,164	1,614,716	91,141	0.3312	1	0	1	2	2	6	10
2008	27,895	971,256	3,482	1,663,255	118,470	0.2868	1	0	2	1	1	4	8
TOTAL	134,790	5,655,084	4,195	9,345,575	133,381	0.3042	2	0	11	5	23	41	
O.D.			0	0			0	0	0	0	0	0	0

Manual Year	Death	P.T.	REPORTED LOSSES								
			Major	Minor	Temp	Medical Major	Medical Minor	Medical Temp	Medical Med Only		
2004	0	0	457,615	0	5,762	0	0	170,489	0	19,444	25,207
2005	0	0	294,769	56,131	48,994	0	0	182,478	744,234	67,007	37,789
2006	0	0	866,105	0	64,559	0	0	566,121	0	65,746	56,127
2007	343,823	0	118,643	86,928	36,737	197	0	117,005	114,143	93,931	43,844
2008	289,792	0	236,948	21,006	34,452	1,000	0	135,629	157,500	71,431	23,488
TOTAL	633,615	0	1,974,080	164,065	190,504	1,197	0	1,171,722	1,015,877	317,559	186,465
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	TRANSLATED LOSSES								
			Major	Minor	Temp	Medical Major	Medical Minor	Medical Temp	Medical Med Only		
2004	0	0	720,286	0	8,816	0	0	410,197	0	28,777	28,837
2005	102	2,958	462,191	72,315	73,578	605	3,480	538,712	884,222	111,545	42,588
2006	(2)	16,212	1,216,693	26,288	95,381	(3)	26,268	1,113,089	33,195	89,029	62,245
2007	512,174	6,000	288,705	90,427	51,183	1,175	8,030	372,838	120,555	116,891	46,738
2008	395,403	11,448	383,235	48,194	42,489	3,448	27,629	517,554	129,929	78,736	25,190
TOTAL	907,677	36,618	3,071,110	237,224	271,447	5,225	65,407	2,952,390	1,167,901	424,978	205,598
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 7,038,427 SERIOUS NON-SER MED ONLY TOTAL
 IBNR + FREQ. ADJUSTMENT (909,051) (596,605) 1,228
 TOTAL LOSSES 6,129,376 1,504,945 206,826
 EXPECTED LOSSES 7,444,452 2,472,049 161,748
 CREDIBILITY 0.06 0.12 0.18
 PURE PREMIUMS
 INDICATED (PRE-TEST) 4,547 1,117 0.153 5,817
 INDICATED (POST-TEST) 3,948 0.970 0.133 5,061
 PRES. ON LOSS COST LEVEL 5,203 1,728 0.113 7,044
 DERIVED BY FORMULA 5,128 1,637 0.117 6,882
 UNDERLYING PRES. LOSS COST 5,523 1,834 0.120 7,477
 PROPOSED 5,128 1,637 0.117 6,882

YEAR 4-1-11 4-1-12 IND. LOSS COST = 7,020
 IND. LOSS COST 7.02
 MAN. LOSS COST 7.60 ADJ. LOSS COST = 7.02

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	11,368	150,635	1,325	226,387	36,281	0.3519	0	0	0	0	0	4
2005	16,067	6,386	0.040	7,837	1,582	0.0622	0	0	0	0	0	1
2006	22,782	380,028	1,668	658,570	46,431	0.3512	0	0	1	1	1	8
2007	14,235	570,450	4,007	987,560	109,636	0.3512	0	0	2	1	1	5
2008	14,403	86,197	0.598	172,035	20,964	0.2777	0	0	0	0	0	4
TOTAL	78,855	1,193,696	1,514	2,052,389	52,281	0.2790	0	0	3	2	17	22
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity			Temp	Death	P.T.	Medical			Temp	Med. Only
			Major	Minor	Temp				Major	Minor	Temp		
2004	0	0	0	0	0	105,987	0	0	0	0	39,136	5,512	
2005	0	0	0	0	0	1,416	0	0	0	0	166	4,804	
2006	0	0	113,257	41,998	0	40,469	0	0	89,112	21,413	65,201	8,578	
2007	0	0	371,889	40,446	0	3,473	0	0	111,556	19,620	1,194	22,272	
2008	0	0	0	0	0	28,798	0	0	0	0	55,057	2,342	
TOTAL	0	0	485,146	82,444	0	180,143	0	0	200,668	41,033	160,754	43,508	
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	

Manual Year	Death	P.T.	Indemnity			Temp	Death	P.T.	Medical			Temp	Med. Only
			Major	Minor	Temp				Major	Minor	Temp		
2004	0	0	0	0	0	162,160	0	0	0	0	57,921	6,306	
2005	0	1	68	33	0	2,076	0	0	5	4	236	5,414	
2006	67	2,645	196,102	55,037	0	56,535	17	5,105	215,096	34,094	84,359	9,513	
2007	99	12,484	587,360	57,930	0	15,241	358	4,922	251,568	28,178	5,678	23,742	
2008	26	1,008	38,684	11,076	0	26,707	72	1,481	33,805	12,509	44,156	2,511	
TOTAL	192	16,138	822,214	124,076	0	262,719	447	11,508	560,474	74,785	192,350	47,486	
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	

TRANSLATED LOSSES

TOTAL TRANSLATED LOSSES	1,350,973	SERIOUS	NON-SER	MED ONLY	TOTAL
IBNR + FREQ. ADJUSTMENT	(532,479)		(356,816)	47,486	
TOTAL LOSSES	818,494	818,494	297,114	48,164	
EXPECTED LOSSES	4,355,162	4,355,162	1,446,201	94,626	
CREDIBILITY	0.04	0.04	0.09	0.13	
PURE PREMIUMS					
INDICATED (PRE-TEST)	1,038	1,038	0.377	0.061	1,476
INDICATED (POST-TEST)	0.901	0.901	0.327	0.053	1,281
PRES. ON LOSS COST LEVEL	5.203	5.203	1.728	0.113	7,044
DERIVED BY FORMULA	5.031	5.031	1.602	0.105	6,738
UNDERLYING PRES. LOSS COST	5.523	5.523	1.834	0.120	7,477
PROPOSED	5.031	5.031	1.602	0.105	6,738

YEAR	4-1-11	4-1-12	IND. LOSS COST =	6.873
IND. LOSS COST	6.87	6.87		
MAN. LOSS COST	7.60	6.87	ADJ. LOSS COST =	6.87

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases		All			
							Death	P.T.		Major	Minor	Temp
2004	89,735	6,541,133	7,289	11,057,533	52.059	1.3707	1	1	18	12	91	123
2005	76,823	8,225,074	10,707	13,961,764	73.955	1.4188	3	0	22	10	74	109
2006	69,800	6,804,111	9,748	11,379,183	66.383	1.4327	0	0	16	8	76	100
2007	67,449	6,928,120	10,272	11,772,729	74.567	1.3640	0	0	19	13	60	92
2008	45,869	3,371,432	7,350	7,105,669	54.061	1.3299	0	0	6	13	42	61
TOTAL	349,676	31,869,870	9,114	55,276,878	64.455	1.3870	4	1	81	56	343	485
O.D.		0	0.000				0	0	0	0	0	0

Manual Year	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor		
2004	178,439	251,616	3,091,239	611,121	393,129	80,000
2005	1,410,038	0	3,670,021	364,112	564,843	0
2006	0	0	3,246,749	284,625	747,395	0
2007	0	0	3,548,050	570,569	594,242	0
2008	0	0	883,840	762,596	605,061	0
TOTAL	1,588,477	251,616	14,439,899	2,593,023	2,904,670	80,000
O.D.	0	0	0	0	0	0

Manual Year	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor		
2004	257,666	595,827	4,704,155	917,293	601,487	202,000
2005	2,376,142	36,677	5,709,503	533,600	846,207	27,121
2006	452	66,744	4,981,513	470,390	1,039,601	80,186
2007	1,367	127,415	5,925,619	799,100	807,252	59,455
2008	3,034	96,601	3,393,872	824,437	663,528	62,928
TOTAL	2,638,661	923,264	24,714,662	3,544,820	3,958,075	431,690
O.D.	0	0	0	0	0	0

SERIOUS		NON-SER		MED ONLY		TOTAL	
TOTAL TRANSLATED LOSSES	42,370,660	12,228,362	677,856				
IBNR + FREQ. ADJUSTMENT	(2,502,104)	(1,641,944)	2,629				
TOTAL LOSSES	39,868,556	10,586,418	680,485				
EXPECTED LOSSES	19,312,605	6,413,058	419,611				
CREDIBILITY	0.11	0.23	0.35				
PURE PREMIUMS							
INDICATED (PRE-TEST)	11,402	3,027	0,195				
INDICATED (POST-TEST)	9,899	2,628	0,169				
PRES. ON LOSS COST LEVEL	5,203	1,728	0,113				
DERIVED BY FORMULA	5,720	1,935	0,133				
UNDERLYING PRES. LOSS COST	5,523	1,834	0,120				
PROPOSED	5,720	1,935	0,133				

YEAR	4-1-11	4-1-12	IND. LOSS COST =	7.94
IND. LOSS COST	7.94	7.94		
MAN. LOSS COST	7.60	7.94	ADJ. LOSS COST =	7.94

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	86,228	9,663,319	11,207	16,578,692	73.083	1.5076	1	0	21	25	83	130
2005	88,718	5,457,339	6,151	9,163,893	46.203	1.3075	0	0	14	17	85	116
2006	97,726	9,632,947	9,857	16,656,195	72.062	1.3507	0	0	28	22	82	132
2007	96,317	6,521,168	6,771	11,859,261	56.422	1.1732	0	0	13	37	63	113
2008	86,883	3,565,573	4,104	7,445,423	41.737	0.9438	1	0	3	24	54	82
TOTAL	455,872	34,840,346	7,643	61,703,464	59.635	1.2569	2	0	79	125	367	573
O.D.	0	0.000	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	152,091	0	4,930,526	687,550	620,009	0	0	1,999,695	489,112	621,814	162,522
2005	0	0	2,706,425	452,672	498,342	0	0	1,004,293	277,553	420,287	97,767
2006	0	0	5,327,542	656,419	532,328	0	0	2,043,145	433,888	518,888	120,737
2007	0	0	2,512,938	1,291,165	378,457	0	0	1,023,509	742,892	426,736	145,471
2008	326,980	0	491,825	868,645	346,058	41,110	0	303,390	698,533	355,876	143,156
TOTAL	479,071	0	15,969,256	3,946,451	2,375,194	41,110	0	6,374,032	2,641,978	2,343,601	669,653
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	219,619	0	7,729,207	1,032,013	948,614	0	0	4,770,232	772,797	920,285	185,925
2005	905	0	4,243,026	640,237	746,428	250	0	2,374,661	393,540	608,295	110,183
2006	1,050	0	8,372,696	949,720	793,793	347	0	4,821,468	655,163	701,968	133,897
2007	2,302	0	5,299,169	1,359,921	583,137	5,958	0	2,930,542	789,542	561,731	155,072
2008	448,847	0	2,741,623	755,211	417,954	71,484	0	1,776,401	542,196	368,451	153,463
TOTAL	672,723	0	28,385,721	4,737,102	3,489,926	78,039	0	16,673,304	3,153,238	3,160,740	738,540
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES		SERIOUS		NON-SER		MED ONLY		TOTAL	
IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES								
46,423,918	43,316,888	25,177,811	8,360,692	547,046	738,540	3,983	742,523	920,285	185,925
14,541,006	12,495,945	0.13	0.28	0.41	3,983	742,523	742,523	3,160,740	738,540
2,741,623	2,741,623	0.163	0.142	0.113	12,406	10,772	7,044	701,968	133,897
1,911,666	1,911,666	0.125	0.120	0.125	7,635	7,477	7,635	561,731	155,072
1,834,000	1,834,000	0.125	0.125	0.125	7,635	7,635	7,635	368,451	153,463
1,911,666	1,911,666	0.125	0.125	0.125	7,635	7,635	7,635	368,451	153,463

YEAR	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =
4-1-11	7.79	7.60	7.79	7.79
4-1-12	7.79	7.79	7.79	7.79

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases		All				
							Death	P.T.		Major	Minor	Temp	
2004	972,168	58,893,793	6,058	94,664,595	50.929	1,1665	11	2	123	197	801	1134	
2005	1,113,588	57,526,271	5,166	86,859,933	50.360	0,9986	6	2	121	184	799	1112	
2006	1,144,693	63,318,379	5,531	102,568,120	51,480	1,0466	12	2	127	239	818	1198	
2007	1,273,735	61,560,630	4,835	105,299,986	49,910	0,9437	11	0	126	231	834	1202	
2008	1,184,208	52,285,470	4,415	96,383,059	48,537	0,8808	4	2	65	202	770	1043	
TOTAL	5,688,392	293,604,543	5,161	485,775,693	50,280	1,0001	44	8	562	1053	4022	5689	
O.D.	0	820,482	0	0	0	0	0	0	0	0	3	3	17

Manual Year	Death	P.T.	Medical		Death	P.T.	Major	Minor	Temp	Med Only	
			Major	Minor							
2004	4,545,252	650,579	23,502,635	5,037,664	4,505,962	812,771	40,000	10,280,729	4,111,976	4,296,163	1,140,062
2005	1,881,018	941,550	24,815,216	4,771,550	4,044,782	38,242	550,507	11,838,418	2,799,119	4,320,019	1,525,850
2006	4,220,593	513,381	25,774,893	6,452,256	4,980,279	4,445	145,000	10,079,281	4,272,948	5,229,771	1,645,532
2007	4,572,156	0	22,857,390	7,705,448	5,429,994	206,007	0	8,355,340	5,226,849	5,638,719	1,588,727
2008	2,235,547	914,043	11,610,378	7,577,858	7,024,608	97,571	3,755,000	5,548,260	5,548,217	7,452,563	1,661,425
TOTAL	17,454,566	3,019,553	108,560,512	31,544,776	25,985,625	1,159,036	4,490,507	44,932,028	21,959,109	26,937,235	7,561,596
O.D.	0	0	443,947	31,282	79,530	0	0	133,577	44,145	73,031	14,970

Manual Year	Death	P.T.	Indemnity		Death	P.T.	Major	Minor	Temp	Med Only	
			Major	Minor							
2004	6,425,013	1,327,392	36,088,768	7,525,107	6,894,122	976,062	81,988	21,588,516	6,095,075	6,358,321	1,304,231
2005	3,024,868	1,226,995	35,239,371	6,664,638	6,074,429	80,667	846,635	21,776,206	3,959,558	6,246,933	1,719,633
2006	6,086,558	1,437,944	41,488,959	8,585,709	7,137,542	13,889	871,628	22,394,489	5,804,064	6,922,443	1,824,895
2007	6,155,394	938,688	44,126,984	9,035,679	7,338,954	400,063	468,513	22,330,161	5,913,573	6,898,394	1,693,583
2008	3,048,239	1,318,422	38,530,697	8,824,824	7,631,664	222,222	2,481,701	20,194,989	5,641,344	6,707,909	1,781,048
TOTAL	24,740,072	6,249,441	195,474,779	40,635,957	35,076,711	1,692,903	4,750,465	108,284,361	27,413,614	33,134,000	8,323,390
O.D.	141	8,364	748,665	45,707	103,624	449	7,616	379,485	46,588	81,332	16,304

YEAR	IND. LOSS COST	MAN. LOSS COST	SERIOUS		NON-SER		MED ONLY		TOTAL
			IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES	EXPECTED LOSSES	CREDIBILITY	TOTAL TRANSLATED LOSSES	TOTAL	
4-1-11	4-1-11	7.60	342,336,741	303,934,592	314,169,890	104,325,109	6,826,070	8,339,694	6,780
4-1-12	4-1-12	6.78	(38,402,149)	111,380,536	104,325,109	6,826,070	51,797	6,780	6.78
ADJ. LOSS COST =			(25,156,997)	8,391,491	1,00	1,00	8,391,491	6,780	6.78

YEAR	IND. LOSS COST	MAN. LOSS COST	ADJ. LOSS COST =
4-1-11	4-1-11	7.60	6.78
4-1-12	4-1-12	6.78	6.78

YEAR	IND. LOSS COST	MAN. LOSS COST	ADJ. LOSS COST =
4-1-11	4-1-11	7.60	6.78
4-1-12	4-1-12	6.78	6.78

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B							
				DEATH	P. T.	MAJOR	MINOR	TEMP	MED. ONLY	ALL	
2004	5,934	261,196	4,401	5,934				2	2	1	3
2005	8,684	554,209	6,381	8,684				1	1	8	11
2006	5,972	232,083	3,886	5,972				1	1	4	5
2007	9,400	556,148	5,916	9,400				1	1	9	11
2008	8,295	704,380	8,491	8,295				1	1	4	6
TOTAL	38,285	2,308,016	6,029	38,285				5	5	26	36

MANUAL YEAR	DEATH	P. T.	REPORTED LOSSES							
			MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MINOR	TEMP
2004			296,310	136,035	3,750	42,213	64,235	106,209	1,359	13,843
2005			111,664	24,958	4,213	36,782	16,718	23,636	73,085	29,772
2006			211,969	98,000	72,378	72,378	2,720	60,000	37,576	29,343
2007			441,337	40,167	20,910		100,187	45,448	92,868	18,213
2008			1,061,280	299,160	176,033		183,860	235,293	45,748	10,583
TOTAL										101,754

MANUAL YEAR	DEATH	P. T.	TRANSLATED LOSSES							
			MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MINOR	TEMP
2004	50	2,946	460,107	204,188	5,738	63,291	154,210	167,810	2,011	15,836
2005	5	2,315	172,826	37,100	63,291	50,129	40,681	33,926	104,793	33,553
2006	214	9,633	453,366	111,137	95,472	95,472	83,407	3,314	47,530	32,541
2007	299	19,844	657,808	73,856	39,178		275,996	62,488	108,389	19,415
2008	568	34,738	1,744,107	431,864	253,808		554,294	319,539	45,358	11,345
TOTAL										112,690

YEAR	SERIOUS				NON-SERIOUS				MED. ONLY	TOTAL
	IND. RATES	MAN. RATES	IND. RATE	MINIMUM PREMIUM	IND. RATES	MAN. RATES	IND. RATE	MINIMUM PREMIUM		
2004	4.1-09	7.93	4.1-10	7.81	4.1-11	7.74	4.1-12	7.25	7.251	
2005	4.1-09	7.93	4.1-10	7.81	4.1-11	7.74	4.1-12	7.25	7.251	
2006	4.1-09	7.93	4.1-10	7.81	4.1-11	7.74	4.1-12	7.25	7.251	
2007	4.1-09	7.93	4.1-10	7.81	4.1-11	7.74	4.1-12	7.25	7.251	
2008	4.1-09	7.93	4.1-10	7.81	4.1-11	7.74	4.1-12	7.25	7.251	
TOTAL	4.1-09	7.93	4.1-10	7.81	4.1-11	7.74	4.1-12	7.25	7.251	

+PROPOSED

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B	NUMBER OF CASES						
					DEATH	P. T.	MAJOR	MINOR	TEMP	ALL	
2004	201,054	6,399,041	3,182	201,054		1	11	9	12	123	147
2005	214,739	5,413,460	2,520	214,739	1		9	9	9	96	115
2006	235,518	6,011,446	2,552	235,518	1		13	17	17	119	150
2007	288,745	6,424,406	2,224	288,745			13	15	15	93	121
2008	274,449	3,939,965	1,435	274,449			3	3	11	94	108
TOTAL	1,214,505	28,188,318	2,321	1,214,505	2	1	49	64	64	525	641

MANUAL YEAR	DEATH	P. T.	MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MINOR	TEMP	MED. ONLY	REPORTED LOSSES									
												IND. RATES	MAN. RATES	IND. RATE	MINIMUM PREMIUM	PRESENT	PROPOSED				
2004	428,646	1,157,306	1,881,960	158,194	628,622		525,233	584,802	232,874	812,345	477,855	4.1-09	3.47	4.1-10	3.45	4.1-11	3.39	4.1-12	3.12	IND. RATE	3.117
2005	283,121	1,729,164	1,972,427	392,558	707,702	799		785,679	330,917	742,801	296,993										
2006		2,411,198	2,411,198	392,938	558,424			1,440,143	375,709	720,941	525,053										
2007		463,164	463,164	438,539	1,020,498			116,416	387,757	1,167,228	346,363										
2008	711,767	1,157,306	8,457,913	1,761,158	3,560,115	799	525,233	3,680,866	1,919,383	4,296,850	2,116,928										
TOTAL																					

MANUAL YEAR	DEATH	P. T.	MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MINOR	TEMP	MED. ONLY	TRANSLATED LOSSES									
												IND. RATES	MAN. RATES	IND. RATE	MINIMUM PREMIUM	PRESENT	PROPOSED				
2004	734,145	615,147	2,962,204	237,449	961,785	293	297,689	1,407,034	367,940	1,202,271	477,855	4.1-09	3.47	4.1-10	3.45	4.1-11	3.39	4.1-12	3.12	IND. RATE	3.117
2005	417,680	17,761	2,745,521	555,547	1,049,038	2,495	15,088	1,889,153	466,310	1,067,647	333,584										
2006	1,218	43,515	3,235,599	541,947	892,516	4,581	48,831	2,036,413	783,295	1,115,387	589,782										
2007	2,193	87,754	4,068,436	569,979	728,092	4,272	59,850	2,958,336	523,042	861,786	559,706										
2008	1,155,236	77,362	2,798,813	728,893	1,003,690	4,272	71,448	1,487,059	514,004	980,025	371,301										
TOTAL		841,539	15,810,573	2,633,815	4,635,121	11,741	492,906	9,777,995	2,654,591	5,227,116	2,332,226										

YEAR	IND. RATES	MAN. RATES	IND. RATE	MINIMUM PREMIUM	PRESENT	PROPOSED
4-1-09		3.47	4.1-10	3.45	4.1-11	3.39
4-1-10		3.45	4.1-11	3.39	4.1-12	3.12
4-1-11		3.39	4.1-12	3.12	IND. RATE	3.117
4-1-12		3.12	IND. RATE	3.117		

STATISTICAL STUDY

811
Exhibit 7 - Crane Rental With Operators

811

Exhibit 13: Code 811 Class Book Page - (Exhibit 7 + Exhibit 10 + Exhibit 11 + Exhibit 12)

Manual Year	Pure Premium Reported	T - test values	
2004	3.048	6.058	
2005	5.686	5.166	
2006	5.531	5.531	2004 - 2008
2007	3.164	4.835	0.1782
2008	3.482	4.415	

Manual Year	Claim Frequency per million	T - test values	
2004	0.270	1.167	
2005	0.318	0.999	
2006	0.308	1.047	2004 - 2008
2007	0.331	0.944	0.0002
2008	0.287	0.881	

Manual Year	Claim Severity Excl Med Only	T - test values	
2004	108,885	50,929	
2005	174,202	50,360	
2006	173,615	51,480	2004 - 2008
2007	91,141	49,910	0.0080
2008	118,470	48,537	

STATISTICAL STUDY

811
Exhibit 7 - Crane Rental With Operators

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RIGGING N.O.C

Manual Year	Pure Premium Reported	T - test values	
2004	3.048	4.402	
2005	5.686	6.382	
2006	5.531	3.886	2004 - 2008 0.2129
2007	3.164	5.916	
2008	3.482	8.492	

Manual Year	Claim Frequency per million	T - test values	
2004	0.270	0.506	
2005	0.318	1.267	
2006	0.308	0.837	2004 - 2008 0.0103
2007	0.331	1.170	
2008	0.287	0.723	

Manual Year	Claim Severity Excl Med Only	T - test values	
2004	108,885	82,451	
2005	174,202	47,676	
2006	173,615	40,548	2004 - 2008 0.0683
2007	91,141	48,903	
2008	118,470	115,633	

STATISTICAL STUDY

811
Exhibit 7 - Crane Rental With Operators

814
DEALERS IN MBL, SELF-PRPLD EQUIP

Manual Year	Pure Premium Reported		T - test values	
2004	3.048	3.183		
2005	5.686	2.521		
2006	5.531	2.552	2004 - 2008	0.0450
2007	3.164	2.225		
2008	3.482	1.436		

Manual Year	Claim Frequency per million		T - test values	
2004	0.270	0.731		
2005	0.318	0.536		
2006	0.308	0.637	2004 - 2008	0.0266
2007	0.331	0.419		
2008	0.287	0.394		

Manual Year	Claim Severity Excl Med Only		T - test values	
2004	108,885	40,689		
2005	174,202	44,500		
2006	173,615	36,531	2004 - 2008	0.0069
2007	91,141	48,755		
2008	118,470	33,274		

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B		NUMBER OF CASES						
				DEATH	P. T.	MAJOR	MINOR	TEMP	MED. ONLY	ALL		
2004	1,181,763	75,927,397	6,424	1,181,763	13	3	165	234	982	1397		
2005	1,320,369	72,646,472	5,501	1,320,369	9	2	159	213	963	1346		
2006	1,364,266	81,754,123	5,992	1,364,266	12	2	175	270	988	1447		
2007	1,481,929	76,555,619	5,165	1,481,929	12	1	161	284	965	1422		
2008	1,359,258	60,279,928	4,434	1,359,258	6	2	76	240	874	1198		
TOTAL	6,707,585	367,163,539	5,474	6,707,585	52	9	736	1241	4772	6810		

MANUAL YEAR	DEATH	P. T.	INDEMNITY		TEMP	DEATH		P. T.	MEDICAL		MED. ONLY
			MAJOR	MINOR		DEATH	MINOR		MAJOR	MINOR	
2004	4,875,782	902,195	31,982,015	6,336,335	5,630,849	812,771	120,000	13,629,291	4,752,985	5,414,048	1,471,126
2005	3,291,056	944,550	31,486,431	5,644,465	5,158,377	36,242	550,507	14,448,040	4,015,908	5,241,673	1,830,223
2006	4,220,593	513,381	35,326,546	7,435,298	6,326,030	4,445	145,000	14,326,293	4,825,207	6,593,504	1,996,826
2007	4,915,979	914,043	29,408,910	9,694,556	6,442,903	206,204	3,755,000	10,994,901	6,432,939	6,590,992	1,868,235
2008	2,852,319	914,043	13,222,991	9,220,105	8,038,977	139,681	4,570,507	5,090,312	6,749,351	8,393,026	1,904,123
TOTAL	20,155,729	3,271,169	141,428,893	38,330,759	31,636,136	1,201,343	4,570,507	58,488,837	26,776,390	32,233,243	9,070,533

MANUAL YEAR	DEATH	P. T.	INDEMNITY		TEMP	DEATH		P. T.	MEDICAL		MED. ONLY
			MAJOR	MINOR		DEATH	MINOR		MAJOR	MINOR	
2004	6,902,299	1,923,219	49,242,423	9,474,410	8,615,202	976,063	283,988	29,502,900	7,107,874	8,012,784	1,682,968
2005	5,401,951	1,292,607	45,652,517	7,910,486	7,742,705	81,612	896,460	28,014,701	5,532,108	7,594,764	2,062,661
2006	6,088,273	1,635,788	56,262,536	10,093,200	9,122,219	15,345	1,095,943	31,937,315	6,769,762	8,719,952	2,214,480
2007	6,674,235	1,192,980	56,226,041	11,340,895	8,786,693	412,084	605,344	28,866,827	7,306,548	8,116,899	1,991,539
2008	3,895,139	1,505,558	45,091,221	10,463,776	8,783,504	300,842	2,665,731	23,745,252	6,672,602	7,610,992	2,041,220
TOTAL	28,961,897	7,550,152	252,474,738	49,282,767	43,060,323	1,785,946	5,547,466	142,065,995	33,387,894	40,055,391	9,992,866

TOTAL TRANS. LOSSES PG B		SERIOUS		NON-SERIOUS		MED. ONLY		TOTAL	
439,530,914	166,063,626	10,009,172	60,428	10,069,600	8,049,103	1,00	1,50	8,057	
TOTAL TRANS. LOSSES PG A		-45,458,699		-29,797,423		60,428		6,994	
TOTAL LOSSES		394,072,215		136,266,203		10,069,600		7,043	
EXPECTED LOSSES		370,459,919		123,017,108		8,049,103		7,019	
CREDIBILITY		.76		1.00		1.00		7.477	
PURE PREMIUMS		5.875		2.032		.150		7.019	
INDICATED (PRE-TEST)		5.100		1.764		.130		7.043	
INDICATED (POST-TEST)		5.203		1.728		.112		7.019	
PRES. ON RATE LEVEL		5.125		1.764		.130		7.019	
DERIVED BY FORMULA		5.523		1.834		.120		7.477	
UNDERLYING PRES. RATE		5.125		1.764		.130		7.019	
PROPOSED		5.125		1.764		.130		7.019	

YEAR	IND. RATES	MAN. RATES	IND. RATE	MINIMUM PREMIUM	PRESENT
4-1-09	7.50	7.51	7.16	7.16	7.159
4-1-10	7.51	7.60	7.16	7.16	7.159
4-1-11	7.60	7.60	7.16	7.16	7.159
4-1-12	7.60	7.60	7.16	7.16	7.159
4-1-12	7.60	7.60	7.16	7.16	7.159

+PROPOSED

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						All
							Death	P.T.	Major	Minor	Temp	Temp	
2004	1,148,131	75,098,245	6,541	122,300,819	53.106	1,2081	13	3	162	234	975	1387	
2005	1,279,129	71,208,684	5,567	109,985,593	51.923	1,0452	9	2	157	211	958	1337	
2006	1,312,219	79,755,437	6,078	130,603,496	54.422	1,0898	12	2	171	269	976	1430	
2007	1,437,501	75,029,918	5,219	128,931,979	52.045	0.9788	11	0	158	281	957	1407	
2008	1,316,960	59,222,475	4,497	110,934,151	48.351	0.9006	5	2	74	239	866	1186	
TOTAL	6,493,940	360,314,759	5,548	602,756,038	52.093	1.0390	50	9	722	1234	4732	6747	
O.D.		820,482	0.013				0	0	3	3	11	17	

Manual Year	Death	P.T.	REPORTED LOSSES						Death	P.T.	MEDICAL						Med Only
			Major	Minor	Temp	Temp	Temp	Temp			Major	Minor	Temp	Temp	Temp	Temp	
2004	4,875,782	902,195	31,524,400	6,336,335	5,519,100	812,771	120,000	13,458,802	4,752,985	5,355,468	1,440,407						
2005	3,291,056	941,550	31,191,662	5,588,334	5,107,967	38,242	550,507	14,265,562	3,271,674	5,174,500	1,787,630						
2006	4,220,593	513,381	34,349,184	7,393,300	6,260,002	4,445	145,000	4,803,794	6,462,557	1,932,121							
2007	4,572,156	0	28,918,378	9,567,182	6,402,693	206,007	0	10,766,340	6,299,176	6,485,867	1,802,119						
2008	2,562,527	914,043	12,986,043	9,199,099	7,975,727	138,681	3,755,000	4,954,683	6,591,851	8,266,538	1,878,283						
TOTAL	19,522,114	3,271,169	138,969,667	38,084,250	31,265,489	1,200,146	4,570,507	57,116,447	25,719,480	31,754,930	8,840,560						
O.D.	0	0	443,947	31,282	79,530	0	0	133,577	44,145	73,031	14,970						

Manual Year	Death	P.T.	TRANSLATED LOSSES						Death	P.T.	MEDICAL						Med Only
			Major	Minor	Temp	Temp	Temp	Temp			Major	Minor	Temp	Temp	Temp	Temp	
2004	6,902,298	1,923,219	48,522,131	9,474,412	8,444,223	976,062	283,988	29,092,699	7,107,869	7,926,093	1,647,825						
2005	5,401,916	1,290,874	45,191,900	7,838,476	7,667,065	81,092	892,922	27,476,316	4,647,374	7,482,999	2,014,659						
2006	6,088,060	1,616,555	54,843,169	10,005,820	8,970,935	14,310	1,066,041	30,606,701	6,702,133	8,547,050	2,142,722						
2007	6,159,063	1,176,326	55,351,772	11,194,700	8,729,344	410,578	589,631	28,243,486	7,159,505	7,996,515	1,921,059						
2008	3,500,120	1,492,732	44,666,192	10,404,474	8,713,147	297,776	2,636,704	23,191,967	6,528,954	7,488,566	2,013,519						
TOTAL	28,051,457	7,499,706	248,575,164	48,917,882	42,524,714	1,779,818	5,469,286	138,611,169	32,145,835	39,441,223	9,739,784						
O.D.	141	8,364	748,665	45,707	103,624	449	7,616	379,485	46,588	81,332	16,304						

TOTAL TRANSLATED LOSSES 431,131,320
 IBNR + FREQ. ADJUSTMENT (44,011,283)
 TOTAL LOSSES 387,120,037

EXPECTED LOSSES 358,660,306
 CREDIBILITY 0.74

PURE PREMIUMS INDICATED (PRE-TEST) 5,961
 INDICATED (POST-TEST) 5,175
 PRES. ON LOSS COST LEVEL 5,203
 DERIVED BY FORMULA 5,182
 UNDERLYING PRES. LOSS COST 5,523
 PROPOSED 5,177

SERIOUS 119,098,860
 NON-SER 7,792,728
 MED ONLY 1.00

TOTAL 7,246

YEAR	IND. LOSS COST	MANLOSS COST	IND. LOSS COST =	ADJ. LOSS COST =
4-1-11	7.25	7.60		
4-1-12	7.25	7.25		
			7.25	7.25



Pennsylvania Compensation Rating Bureau

United Plaza Building • Suite 1500
 30 South 17th Street • Philadelphia, PA 19103-4007
 (215)568-2371 • FAX (215)564-4328 • www.pcrb.com

TO: Pennsylvania Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst
 David T. Rawson, Technical Director, Classification and Field Operations

DATE: April 23, 2012

RE: **Executive Summary** – Classification Study Report
 Code 976, YMCA, YWCA

Code 976 is applied to YMCAs or YWCAs, community centers, adult day care, senior citizen centers or other analogous operations pursuant to the Code 976 Underwriting Guide. Staff found that not all YMCAs or YWCAs operate under the same business model by reviewing individual files for YMCAs and YWCAs. The Code 976 study was initiated to explore the feasibility of classifying YMCAs and YWCAs based upon the manner in which such entities are principally engaged rather than on the basis of a YMCA or YWCA affiliation. Staff concluded from the study results that to classify an employer exclusively on the basis of a YMCA or YWCA affiliation does not satisfy the objective of the classification procedure and recommends that:

- YMCAs and YWCAs principally engaged as a camp are misclassified to Code 976 and are properly classified to Code 978, Camps, Summer or Winter. Staff identified two such YMCAs and/or YWCAs. One of these entities is assigned to Code 978, and the other is classified to Code 976. Staff will reclassify the camp operation conducted by the employer classified to Code 976 to Code 978, effective upon the employer's first normal policy anniversary at least 60 days subsequent to the PCRB's misclassification notice. The current loss cost values are \$2.28 for Code 978 and \$1.35 for Code 976. The reclassification of the employer's camp operation from Code 976 to Code 978 results in an increase in rating value of 68.89 percent.
- YMCAs, YWCAs or community centers principally engaged in the operation of health or exercise clubs misclassified to Code 976 should be reclassified from Code 976 to Code 884, effective for each impacted employer's policy in effect as of the date of the PCRB's misclassification notice and for the prior policy within 12 months after the termination thereof. The April 1, 2012 loss cost for Code 884 is \$0.92. The reclassification of these employers from Code 976 to Code 884 results in a decrease in rating value of 31.85 percent based on the April 1, 2012 loss costs.
- After School Programs (including YMCAs and YWCAs that operate principally as after school programs) which have been misclassified to Code 976 should be reclassified from Code 976 to Code 891, Pre-School Child Care or Early Education Services, effective for each impacted employer's policy in effect as of the date of the PCRB's misclassification notice and for the prior policy within 12 months after the termination thereof. The April 1, 2012 loss cost for Code 891 is \$1.24. The reclassification of employers operating after school programs from Code 976 to Code 891 results in a decrease in rating value of 8.15 percent based on the April 1, 2012 loss costs.



Pennsylvania Compensation Rating Bureau

United Plaza Building • Suite 1500
30 South 17th Street • Philadelphia, PA 19103-4007
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

TO: Pennsylvania Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst
David T. Rawson, Technical Director – Classification & Field Operations

DATE: April 23, 2012

RE: **Class Study Report** – Code 976, YMCA, YWCA

INTRODUCTION AND CLASS HISTORY

Exhibit A lists the current Code 976 Underwriting Guide entries. Code 976 is applied to an employer operating a YMCA, YWCA, community center, adult day center, senior citizen center or other analogous operations pursuant to the Code 976 Underwriting Guide. The Pennsylvania Compensation Rating Bureau (PCRB) staff became aware by reviewing individual files for YMCAs and YWCAs that not all YMCAs and YWCAs follow the same business model. Operations conducted by a YMCA or YWCA may vary from chapter-to-chapter. Staff initiated the study of Code 976 with the objective of determining whether the scope of Code 976 was sound and to explore the feasibility of reclassifying YMCAs and YWCAs from Code 976 to another existing PCRB classification based upon how individual YMCAs and YWCAs were principally engaged. The PCRB determines how employers are “principally engaged” based upon the business activity that generates more than 50 percent of employer’s overall revenue.

Code 976 became a Pennsylvania classification effective for new and renewal business as of January 1, 1936 and later. Code 976 does not permit a division of payroll with either standard exception classification (Codes 953, Office, and 951, Salesperson – Outside). Staff has periodically clarified the scope of Code 976 by amending the Manual language as follows:

- Effective for new and renewal business as of October 1, 1983 and later, the Code 976 “Settlement Houses” (a Victorian Era term) Underwriting Guide entry was deleted and the Code 976 “Community Center” Underwriting Guide entry added.
- Effective for new and renewal business as of June 1, 1985 and later, the Code 976 classification description was revised to read “YMCA, YWCA, and Community Center, Including Summer Camps – All Employees Including Office.”
- Effective for new and renewal business as of October 1, 1986 and later, Code 976 was amended to segregate home health care services, and the Code 976 classification description was revised to read “YMCA, YWCA, and Community Center, Including

Summer Camps – All Employees, Including Office Except Home Health Care Services Employees.” Payroll developed by employees performing home health care services shall be separately classified as provided in this Manual.”

- Effective for new and renewal business as of October 1, 1989 and later, the following additions to the Code 976 Underwriting Guide were made: “Home for Unwed Mothers – No Adoption or Medical Services” and “Senior Citizens Center.”
- Effective for new and renewal business as of January 1, 1991 and later, non-medical residential facilities were reclassified from Code 976 to the newly-created Code 941, Social Rehabilitation Facility. Code 976 was focused to YMCA/YWCAs, community centers and similar operations, and the pertinent Underwriting Guide entries were reassigned as warranted. An amendment to the Code 976 classification description was also enacted to clarify that Code 976 contemplates child day care centers operated by a YMCA or a YWCA: “YMCA, YWCA and Community Center, Including Summer Camps and Daycare Centers - All Employees, Including Office Except Home Health Care Services Employees. Payroll developed by employees performing home health care services shall be separately classified as provided in this Manual.”

CLASSIFICATION PROCEDURE IN OTHER JURISDICTIONS

National Council on Compensation Insurance, Inc. (NCCI) Code 9063, YMCA, YWCA, YMHA, or YWHA, Institution – All Employees & Clerical, includes all of the types of operations classified to Pennsylvania Code 976. NCCI Code 9063 differs from Code 976 in that it also includes health or exercise clubs, which Pennsylvania classifies to Code 884, Health or Exercise Club. NCCI Code 9063 further includes tanning salons, which Pennsylvania classifies to Code 977, Barber Shop, Beauty Parlor or Hair Styling Salon. The Code 9063 classification titles and scopes in the independent bureau states of New Jersey and New York are the same as the NCCI classification.

Workers' Compensation Insurance Rating Bureau of California (WCIRB) Codes 9067 (1), YMCA or YWCA Institutions, and 9067 (2), Clubs – Boys and Girls, in combination are equivalent to Pennsylvania Code 976, except that the classification wording for both Codes 9067 (1) and 9067 (2) states that camps are to be separately classified to WCIRB Code 9048 (1), Camps. Pennsylvania Code 976 includes camps when such are incident to a YMCA, YWCA operation.

CLASS STUDY GROUPS

The file-by-file review of the 701 employers classified to Code 976 divided those employers into the following study groups:

Group No.	Study Group	No. of Employers
1	YMCA, YWCA – Follows the Traditional YMCA, YWCA Business Model	64
2	YMCA, YWCA – Operates Principally as a Health or Exercise Club	21
3	YMCA, YWCA – Operates Principally as an After School Program	1
4	YMCA, YWCA – Including Shelter or Residential Program	4
5	YMCA, YWCA – Operates Principally as a Campground	2
6	Senior Citizens Center	102
7	Adult Day Care	55
8	Day Care for the Mentally Disabled	52
9	Day Care for the Blind	1
10	Community Center (Not a YMCA, YWCA)	144
11	Police Athletic League	2
12	Community Center (Not a YMCA, YWCA) - Operates Principally as a Health or Exercise Club	4
13	Boys & Girls Club	18
14	After School Program (Not Operated By a YMCA, YWCA)	6
15	Youth Athletic Leagues	5
16	Conducts Multiple Operations Assignable to More Than One Code 976 Study Group	8
17	Employer Leasing Contractor (No Client Information)	1
18	Recreation Associations, Commissions or Authorities Classified to Code 976	7
19	No Current Coverage/Unable To Determine (NCC/UTD)	85
20	Misclassified	50
21	Not Yet Group Assigned	69

The employers assigned to Group 19, NCC/UTD, did not have current compensation coverage at the time of review, and there was no information (e.g., a PCRB survey, Description of Operations Questionnaire or test audit) in their file that disclosed what each individual employer's operations had been when in business. There are 85 employers in the NCC/UTD study group.

The survey determined that each of the employers in Group 20, Misclassified, were misclassified to Code 976. Staff has reclassified the employers in Group 20 from Code 976 to each individual employer's appropriate Pennsylvania business classification(s) based upon each individual employer's operations.

The employers in Group 21, Not Yet Group Assigned, either have not responded to a PCRB questionnaire or have no information in their file that discloses what their business operations are. Staff will assign the employers in Group 21 to each employer's appropriate study group based upon each individual employer's operations as information becomes available.

YMCA, YWCA AND COMMUNITY CENTERS

The Young Men's Christian Association (YMCA) is a worldwide organization of more than 45 million members from 125 national federations affiliated through the World Alliance of YMCAs. It was founded in London, England on June 6, 1844 to provide housing and healthy activities for young men drawn by job opportunities to major cities due to the Industrial Revolution. The first YMCA in the United States opened on December 29, 1851 in Boston, Massachusetts to provide housing and healthy activities for sailors on shore leave. As the organization expanded in the United States throughout the 1860s, YMCAs operated primarily to give young men moving to cities from rural areas safe and affordable lodging. Facilities provided included gyms, auditoriums and hotel-like rooms. In 1872, the first Railroad YMCA was organized in Cleveland as a partnership between the YMCA and railroad companies to provide overnight lodging and meeting space for railroad workers. In 1885 camping became a component of the organization's programming when the YMCA opened Camp Dudley, the United States' first known summer camp program.

Over time, the YMCA's focus has moved away from lodging to a variety of programs offered in response to local community needs. There are presently over 2,600 YMCAs in the United States. An individual YMCA may offer one, some or all of the following programs and services: sports leagues, personal fitness services, child care, overnight camping, employment readiness and training programs, advice services, immigrant services, conference centers and educational activities. A traditional YMCA will provide a range of recreational, informational and social services, typically with no individual service comprising an individual YMCA's principal operation. Staff has found that the majority of the YMCAs identified in the course of the Code 976 study file-by-file review (64) operate following the traditional business model.

The first Young Women's Christian Association (YWCA) was founded in New York in 1858 with a focus on providing services, such as access to educational and religious classes, housing in the form of hostels, and opportunities for both service and recreation to young women. The YWCA is independent of the YMCA, though many local YMCA and YWCA associations have amalgamated into YM/YWCAs or YMCA-YWCAs, and belong to both organizations while providing the programs of each. As with the YMCA, the YWCA's range of services has expanded over time. An individual YWCA may provide some or all of the following services according to local community needs: domestic violence programs (including shelters), child care, economic empowerment and leadership programs, racial justice programs, youth and teen programs, and health and exercise facilities.

Community centers are public locations, usually a space within a home, a school, a church or some other space, where members of a community gather for group activities, social support, public information, and other purposes. Community centers may be open to the entire community in which they are located or to a specific group(s) within the greater community. These community centers tend to be operated by non-profit agencies and, like the YMCAs/YWCAs, may offer a range of services depending upon the needs of the community being serviced, including but not necessarily limited to: sports leagues, personal fitness services, child care, employment readiness and training programs, advice services, immigrant services, conference centers and educational activities. An individual community center may provide a range of services with no individual service comprising the individual community center's principal operation, or a community center may be principally-to-exclusively engaged in providing a single service.

YMCAS OR YWCAS THAT OPERATE UNDER AN ALTERNATE BUSINESS MODEL

The report has noted that 64 of the YMCAs or YWCAs identified in the course of the Code 976 study file-by-file review follow the traditional business model in which an individual YMCA or YWCA will provide a range of recreational, informational and social services with no individual service comprising their principal operation. Staff has also identified YMCAs and YWCAs in the course of the study that do not follow the traditional business model. Such YMCAs or YWCAs tend to be principally engaged in providing a single program or service, e.g., a camp, health or exercise club or after school program. YMCAs or YWCAs operating under these alternate business models have been classified to Code 976 solely on the basis of their YMCA or YWCA affiliation. Employers principally engaged in the operation of camps are assigned to Code 978, Camps, Summer or Winter; employers principally engaged in the operation of health or exercise clubs are classified to Code 884, Health or Exercise Club; and employers principally engaged in the operation of after school programs are classified to Code 891, Pre-School Child Care or Early Education Services.

Staff reviewed the Delaware Compensation Rating Bureau, Inc., (DCRB) file of a Delaware YWCA that is principally engaged in providing services to women and children, including the operation a shelter. That employer opined that their operations should not be classified on the basis of their YWCA affiliation but rather should be determined based on their principal operation. The DCRB agreed with that employer's contention and approved the employer's request for reclassification from Code 976 to 986, Shelter or Halfway House – Residential – Non-Medical, effective upon the employer's July 1, 2004 policy anniversary. The scope of Delaware Code 976 is the same as the scope of Pennsylvania Code 976. This report will discuss the feasibility of reclassifying Pennsylvania YMCAs and YWCAs that do not follow the traditional business model from Code 976 to another classification based upon each individual YMCAs or YWCA's principal operation.

YMCAS AND YWCAS THAT OPERATE PRINCIPALLY AS CAMPS

The current Code 976 Manual language states that Code 976 includes "...summer camps..." This language is intended to convey that Code 976 includes camps when the camp operation is incidental to a specific Code 976 employer's principal operation as a YMCA or YWCA

Staff has identified two Pennsylvania YMCAs that operate principally as camps. Staff became aware of the first of these two YMCAs in the course of a review of Pennsylvania rock wall climbing facilities. This YMCA is on the Climbing Wall Association's facilities listing. Staff's review of this YMCA's file revealed that the employer was exclusively engaged in the operation of a year-round family campground and that the employer had no other operations or locations in Pennsylvania. This employer has been classified to Code 978 since the employer's October 6, 1996 policy anniversary. There is no record in this employer's file that the employer has ever appealed the assignment of Code 978 to their camp operation.

Staff became aware of the second YMCA that operates principally as a camp in the course of the Code 976 study file-by-file review. This employer conducts overnight camps (accounting for 38 percent of the employer's payroll), day camps (accounting for six percent of payroll) and retreats (accounting for 43 percent of payroll) at their camp location. This employer also

operates a separately located and staffed day care program (accounting for six percent of payroll) and generates revenue from grants and donations (accounting for seven percent of their payroll). This employer's entire operation is presently classified to Code 976.

The object of the classification procedure is to assign the one basic classification which best describes each distinct business enterprise of the insured within Pennsylvania. Subject to certain exceptions, each classification includes all the various types of labor found in a distinct enterprise. It is the business which is classified, not the individual employments, occupations or operations within a business. Their YMCA affiliation notwithstanding, the two employers cited above are in the business of operating campgrounds pursuant to the scope of Code 978. Staff concludes that the YMCA referenced above that is presently classified to Code 978 is correctly assigned thereto. Staff also concludes that the camp operation of the second Y.M.C.A described above that is presently classified to Code 976 is misclassified and is reclassifying the employer's camp operation to Code 978, effective upon the employer's first normal policy anniversary at least 60 days subsequent to the PCRB's misclassification notice. The current loss cost values are \$2.28 for Code 978 and \$1.35 for Code 976. The reclassification of the employer's camp operation from Code 976 to Code 978 will result in an increase in rating value of 68.89 percent.

YMCAS, YWCAS OR COMMUNITY CENTERS THAT OPERATE PRINCIPALLY AS HEALTH OR EXERCISE CLUBS

Staff identified 21 YMCAs or YWCAs and four community centers (not YMCAs/ YWCAs) that operate principally as health or exercise clubs in the course of the file-by-file review. As noted earlier in the report, the object of the classification procedure is to assign the one basic classification which best describes each distinct business enterprise of the employer within Pennsylvania. Staff notes that their designations as either YMCAs, YWCAs or community centers notwithstanding, these 25 employers are in the business of operating health or exercise clubs as described in the Code 884 Manual language, which states that Code 884 applies to:

A facility providing exercise programs (e.g., aerobics classes) for their members and, in some cases, the general public. Attendants will evaluate the type of equipment best suited to individual member needs and will assist members in exercise instruction or weight loss. The available equipment and services may vary from club-to-club. A club's exercise equipment may include but is not necessarily limited to: free weights (e.g., dumbbells and barbells) and other equipment (e.g., a cardio theater) that includes various types of equipment related to cardiovascular training, such as rowing machines, stationary exercise bikes, elliptical trainers or treadmills. Larger clubs may employ personal trainers who are accessible to members for training, exercise, nutrition and/or health advice and consultation. Personal trainers may devise a customized fitness plan to assist members achieve their goals. They may also demonstrate exercises and monitor the members' exercises.

Staff does not consider the operations conducted by these employers to be analogous to the operations conducted by a YMCA or YWCA operating under the traditional model, as described earlier in this report. It is concluded that YMCAs, YWCAs or community centers that operate principally as health or exercise clubs are misclassified to Code 976 and are properly classified to Code 884. The April 1, 2012 loss cost for Code 976 is \$1.35, and the April 1, 2012 loss cost

for Code 884 is \$0.92. Based on the April 1, 2012 loss costs, the reclassification of these employers from Code 976 to Code 884 results in a decrease in rating value of 31.85 percent. Staff recommends that each impacted employer be reclassified from Code 976 to Code 884 effective for each employer's policy in effect as of the date of the PCRB's misclassification notice and for the prior policy within 12 months after the termination thereof. Staff's Code 976 study Manual language proposals include revised language to clarify the classification procedure applicable to YMCAs, YWCAs or community centers that operate principally as health or exercise clubs.

AFTER SCHOOL PROGRAMS

Staff identified seven employers operating after school programs in the course of the Code 976 study file-by-file review. Of those seven employers, one has a YMCA or YWCA affiliation. These programs are typically geared towards children in elementary school Grade 1 through high school, though the age ranges of the children served may vary from program-to-program. The programs are operated at the end of the school day in order to provide custodial care for the children while their parents finish work. The services provided by these employers include but are not necessarily limited to: homework assistance, access to computer labs, meals or snacks, and social and recreational activities.

Staff observes that the business focus of these employers is the custodial care of children. Employers principally engaged in providing child care services are classified to Code 891, Pre-School Child Care or Early Education Services. The Code 891 Manual language states that Code 891 "Includes but is not necessarily limited to nursery schools, Head Start, kindergarten or child daycare services. Child daycare services provide for care and custody of children for various periods of time during the day (no residential facilities), typically during normal business hours (i.e., from 6:30 a.m. to 6:00 p.m., Monday through Friday). Also applicable to employers principally engaged in operating nursery schools or kindergartens. Nursery schools are generally directed towards children ages three to four years, can be academically oriented and are designed to provide children with basic educational and social skills prior to the time they begin elementary school..."

Staff concludes that employers operating after school programs (including the one employer with a YMCA or YWCA affiliation) are misclassified to Code 976 and are properly classified to Code 891. The April 1, 2012 loss cost for Code 976 is \$1.35, and the April 1, 2012 loss cost for Code 891 is \$1.24. Based on the April 1, 2012 loss costs, the reclassification of employers operating after school programs from Code 976 to Code 891 results in a decrease in rating value of 8.15 percent. Staff recommends that each impacted employer be reclassified from Code 976 to Code 891 effective for each employer's policy in effect as of the date of the PCRB's misclassification notice and for the prior policy within 12 months after the termination thereof. Staff's Code 976 study Manual language proposals include revised language to clarify the classification procedure applicable to after school programs.

RECREATION ASSOCIATIONS, COMMISSIONS OR AUTHORITIES

The separate study report on Code 968, Sports, Recreation or Amusement Facility, Indoor, and Code 884, which was also presented to the Committee on April 23, 2012, discussed the classification applicable to recreation associations, commissions or authorities. Staff discovered an inconsistency in the classification assignment of recreation associations, commissions or authorities in the course of the study of Code 976 and the separate study of Code 968. The Code 976 file-by-file review revealed seven recreation associations, commissions or authorities classified to Code 976. The separate Code 968 file-by-file review revealed three recreation associations, commissions or authorities classified to Code 968. Pursuant to an underwriting analysis and historical experience comparison, staff concluded that recreation associations, Commissions or authorities are properly classified to Code 976 and recommended that the three recreation associations, commissions or authorities classified to Code 968 be reclassified to Code 976 effective upon each employer's first normal policy anniversary on or after April 1, 2013 and later. The April 1, 2012 loss costs for Code 976 is \$1.35, and the April 1, 2012 loss cost for Code 968 is \$1.24. The reclassification of the recreation associations, commissions or authorities from Code 968 to Code 976 represents an increase in rating value of approximately nine percent. The report notes that the maximum permissible increase for Industry Group 3 is 19 percent. See the separate study report on Code 968 and Code 884 for additional details.

CONCLUSION

Staff concludes from the study results that to classify an employer exclusively on the basis of a YMCA or YWCA affiliation does not satisfy the objective of the classification procedure. Staff recommends that an individual YMCA or YWCA be classified to the appropriate field-of-business classification (e.g., Code 976 for a YMCA or YWCA that operates under the traditional business model, Code 884 for a YMCA or YWCA that operates principally as a health or exercise club, or Code 891 for a YMCA or YWCA that operates principally as an after school program) based upon the individual principal operations. Staff further recommends that Code 976 be focused to the YMCAs and YWCAs that follow the traditional business model, community centers that do not operate principally as health or exercise clubs and the employers assigned to the Senior Citizens Center, Adult Day Care, Daycare for the Mentally Disabled and Recreation Associations, Commissions or Authorities, Police Athletic League, Boys & Girls Club and Youth Athletic League study groups employer groups. The clarifying Section 2 Manual language amendments for the classification proposals discussed in this report are attached for the Committee's review.

c: Timothy Wisecarver
Bruce Decker
Vincent Dean
Joseph Lombo
Christina Yost

EXHIBIT A
CODE 976 UNDERWRITING GUIDE ENTRIES

Adult Day Center

Community Center

Day Center for the Elderly

Daycare – Mentally Disabled, No Residential Facility Affiliation

Daycare Center Operated by a YMCA, YWCA.

Senior Citizens Center

YMCA, YMHA, YWCA, YWHA, Etc.

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MANUAL REVISIONS

SECTION 2

ADDITIONS:

UNDERWRITING GUIDE

To 891:

After School Program

To 976:

Boys & Girls Club

Recreation Association, Commission or Authority

Youth Athletic League (Including Police Athletic League)

CHANGES:

976 **[Y.M.C.A., Y.W.C.A., And Community Center, Including Summer Camps And Day Care Centers]****COMMUNITY CENTER** – all employees including office [except home health care employees].

[Payroll developed by separate staff(s) performing home health care services shall be separately classified as provided in this Manual.]

Applies to a YMCA, YWCA that follows the “traditional” YMCA, YWCA business model. A traditional YMCA will provide a range of recreational, informational and social services but is not principally engaged in the operation of a camp, health or exercise club or after school program. The range of programs and services provided by a traditional YMCA, YWCA include but are not necessarily limited to: sports leagues, personal fitness services, pre-school child day care, overnight camping, employment readiness and training programs, advice services, immigrant services and conference centers.

Also applies to a community center that is not principally engaged in the operation of a camp, health or exercise club or after school program. A community center is a public location, usually a space within a home, a school or a church) where members of a community gather for group activities, social support, public information, and other purposes. Community centers may be open to the entire community in which they are located or to a specific group within the greater community.

Further applicable to a senior citizens center and an adult day care. A senior citizens center provides programs and services to a clientele that is typically ages 55 and older. The focus of such centers is to assist senior citizens in living active and engaged lives. Typical programs and services provided by a senior citizens center may include but are not necessarily limited to: arts and crafts, social functions such as dances, seminars and classes on a range of topics such as computer literacy, and field trips. An adult day care provides non-residential custodial care for individuals typically 18 years and older who can not care for themselves due to age and/or illness.

OPERATIONS ALSO INCLUDED:

1. A camp operated by a traditional YMCA, YWCA.
2. Pre-school (child care or early education) or after school program services provided by a traditional YMCA, YWCA.

OPERATIONS NOT INCLUDED:

1. Assign Code 884 to a YMCA, YWCA or Community Center that is principally engaged in the operation of a health or exercise club.
2. Assign Code 891 to a YMCA, YWCA or Community Center that is principally engaged in the operation of an after school program.
3. Assign Code 978 to a YMCA, YWCA that is principally engaged in the operation of a camp.
4. Assign Code 986 to a YMCA, YWCA that is principally engaged in the operation of a shelter or halfway house.
5. Assign separate staff performing home health care services to Code 942 or Code 943 as provided in this Manual.

DELETIONS:

UNDERWRITING GUIDE

From 976:

YMCA, YMHA, YWCA, YWHA, Etc.

**Pennsylvania Compensation Rating Bureau**

United Plaza Building • Suite 1500
30 South 17th Street • Philadelphia, PA 19103-4007
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

TO: Pennsylvania Classification and Rating Committee

FROM: Matthew Lotierzo – Senior Classification Analyst
David T. Rawson, Technical Director - Classification and Field Operations

DATE: April 26, 2012

RE: **Executive Summary** - Code 955, Engineering Consulting Firm
Class Study Report

The PCR B has completed a study of Code 955, Engineering Consulting Firm. The first objective of this study was to review files and to identify and reclassify misclassified employers. The second objective was to review the feasibility of establishing a separate classification for analytical testing firms. The third objective was to determine the classification applicable to interior design businesses. The final objective was to examine the feasibility of discontinuing the payroll division between Code 955 and the standard exception classifications, Code 951, Salesperson – Outside, and Code 953, Clerical Office Employees.

In the course of the file-by-file review 356 employers were identified as misclassified and reclassified to their proper PCR B classification(s).

The study found that analytical testing firms are properly classified by Code 955, and the report recommends that such businesses continue to be assigned thereto.

The report recommends that a new classification, Code 905, Architectural Firm, Supervising or Consulting, All Employees Including Office, be created for employers operating principally as architectural or interior design firms. Based upon the PCR B's approved April 1, 2012 Loss Cost Filing, the projected loss cost for this new classification is \$0.23.

Finally, the report recommends that the payroll division between Code 955 and the standard exceptions classifications, Code 951 and 953, be discontinued, and Code 955 be revised to become an all-inclusive classification re-titled "Engineering Consulting Firm - All Employees Including Office." Based upon the approved April 1, 2012 Loss Cost Filing the projected lost cost value for the revised Code 955 is \$0.25.

The PCR B recommends the classification revisions discussed above become effective upon for new and renewal policies having normal anniversary rating dates of **April 1, 2013** or later, which is the anticipated effective date of the PCR B's next annual comprehensive loss cost filing.

As noted above, the projected loss cost values for the new class and the revised Code 955 are based upon the approved April 1, 2012 Loss Cost Filing. Those projected loss cost values are provided for informational purposes only. The proposed rating value for the new class and the revised Code 955 effective April 1, 2013 will incorporate the class revisions into that forthcoming filing. The final proposed loss cost values of the PCR B's April 1, 2013 Loss Cost Filing will almost certainly differ from the projected loss cost values provided at this time.



Pennsylvania Compensation Rating Bureau

United Plaza Building • Suite 1500
30 South 17th Street • Philadelphia, PA 19103-4007
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TO: Pennsylvania Classification and Rating Committee

FROM: Matthew Lotierzo – Senior Classification Analyst
David T. Rawson - Technical Director, Classification & Field Operations

DATE: April 26, 2012

RE: **Class Study Report:** Code 955, Engineering Consulting Firm, Mechanical, Civil, Electrical Or Mining Engineering Consulting Firms, Or Architectural Firms

The Code 955 classification study had four objectives. The first of these was to make a systematic review of the Pennsylvania Compensation Rating Bureau (PCR) files of businesses assigned to Code 955 to identify and reclassify misclassified employers. Prior to this classification study, the PCR had reviewed and found a number of businesses to be misclassified to Code 955. The reassignment of such businesses resulted in substantial premium increases ranging from several hundred to as much as 1,000 percent. Each business subject to these reassignments subsequently initiated a classification appeal, at least in part because of the premium increase precipitated by their reassignment.

The second objective of this study was to review the feasibility of separating analytical testing firms into a new, separate classification. Such businesses are subject to alternative classification assignments in National Council on Compensation Insurance, Inc. (NCCI) and other independent bureau states.

The third objective was to determine the classification most appropriate for interior design businesses. Prior to this study there appeared to be two different classification assignments in use for such enterprises. Some of these businesses were assigned to Code 955, while others were assigned to Codes 951 and 953 only. A consistent assignment for similarly-situated enterprises is imperative under a uniform classification plan.

The final objective of this study was to examine the feasibility of discontinuing the payroll division between Code 955 and the standard exception classifications, Code 951, Salesperson – Outside, and Code 953, Clerical Office Employees. An individual employee's eligibility for assignment to Codes 955, 951 or 953 can be based upon subtle differences in the employee's job duties and thus subject to considerable judgment.

CLASS HISTORY

A review of the PCR's historical record shows that Code 955 is an original Pennsylvania classification created at the inception of the Pennsylvania classification system (effective with new and renewal policies of December 31, 1922 and later). Some time in the early 1940s

Code 955 was revised to end the payroll division between Code 955 and Codes 951, Salesperson – Outside, and 953, Office, making Code 955 “all employees including office” or an all-inclusive classification. Effective for new and renewal policies of October 1, 1982 and later, the payroll division between Code 955 and Codes 951 and 953 was reinstated and “all employees including office” was removed from the Code 955 class description.

There are several types of Code 955 businesses that also perform drilling. Some analytical laboratories also obtain subsurface soil samples that the generally separate laboratory staff will test. This is done as construction companies need to be aware if the soil of a construction site will support the weight of the planned structure(s), whether additional construction tasks such as pile driving will be necessary, or if the site is not at all suitable for the planned construction. Some environmental engineering firms also perform drilling. An example of such work is the drilling of monitor wells which help observe the progress of remediation efforts. The depth range for these activities tends to average from 40-to-60 feet. Separate staff employed by a business assigned to Code 955 who perform drilling or obtain subsurface soil samples by drilling or other means are assigned to Code 607.

NCCI CLASSIFICATION PROCEDURE

A review of NCCI classification procedure reveals the following five classifications that are equivalent in whole or in part to Pennsylvania Code 955:

Code 4511, Analytical Laboratories Or Assaying – Including Laboratory, Outside Employees, Collectors of Samples, & Drivers, includes analytical laboratories, assaying firms, testing contractors and research and development laboratories. All such Pennsylvania businesses are presently assignable to Code 955. NCCI revised Code 4511 beginning effective new and renewal policies of January 1, 2010 and later (on a state-by-state basis) to specifically include the collection of samples away from the lab and to clarify the class' scope.

Code 8601, Architectural Or Engineering Firm – Including Salespersons & Drivers, includes architectural and engineering firms of all types. Pennsylvania businesses of such type are presently assignable to Code 955. NCCI also revised Code 8601 beginning effective with new and renewal policies of January 1, 2010 and later (on a state-by-state basis) to specifically include Salespersons (previously assigned to NCCI Code 8742, Salespersons or Collectors – Outside) and Drivers (previously assigned to Code 7380, Drivers, Chauffeurs, Messengers and Their Helpers, N.O.C.).

Code 8602, Surveyors, Timber Cruisers, Oil Or Gas Geologists or Scouts, & Drivers, includes land surveying firms, independent timber cruisers and timber buyers, as well as independent geologists or scouts of oil and gas fields. Code 8602 was created effective beginning new and renewal policies of January 1, 2010 and later (on a state-by-state basis). The operations now contemplated by Code 8602 were previously assigned to Code 8601. Code 8602 has been given the Code 8601 rating value until it is able to be rated based upon its own separate experience.

PCRB assigns land surveying firms and geology specializing firms to Code 955, while timber cruisers and timber buyers are assigned to Code 951, Salesperson – Outside, which includes the additional Underwriting Guide title “Timber Cruiser (Exclusive Duties).”

Code 8603, Architectural Or Engineering Firm – Clerical, applies to the clerical employees or draftsmen employed by architectural and engineering firms. Pennsylvania classification procedure dictates that employees of this type are assigned to the standard clerical classification of Code 953 subject to the normal rules pertaining to that classification. Code 8603 was also created effective beginning with new and renewal policies of January 1, 2010 (on a state-by-state basis). The operations now contemplated by Code 8603 were previously assigned to NCCI Code 8810, Office. Code 8603 will use the Code 8810 rating value until it is able to be rated upon its separate experience.

Code 8606, Geophysical Exploration – All Employees & Drivers, includes all employees of geophysical exploration firms. Pennsylvania businesses operating primarily as geophysical exploration firms are assigned to Code 955. However, any personnel performing drilling and/or using drilling or an alternate technology to obtain subsurface soil samples are assigned to Code 607, Drilling N.O.C.

STAFF REVIEW

As part of its normal study protocol, PCRB performed a file review of each employer reporting payroll to the classification being studied. For the Code 955 study, staff reviewed 5,819 files. Each file was reviewed and assigned to its applicable study group. Since one of the objectives of the study was to review for the possibility of revising Code 955 to become an “all employees including office” classification, the file-by-file review divided the employers into two sets of study groups. The first set of study groups included employers that were single enterprise businesses to which only Codes 955, 951 and 953 were assigned. The second set of study groups included employers that were multiple enterprise businesses to which Codes 955, 951 and 953 were assigned in addition to one or more additional PCRB field-of-business classifications. The attached Exhibit A contains a listing of the Code 955 study groups with the corresponding numbers of employers assigned to each.

The employers assigned to Group 12 did not have current coverage at the time of review and were presumed to be out of business. The PCRB was unable to determine the nature of each such employer's Code 955 business prior to ceasing operations because there was no available file information (i.e., previously completed test audits, surveys or description of operations questionnaires) for these employers.

Employers assigned to Group 20 have current coverage, but Code 955 was not being used on the current policy or had been intermittently used or used on an “if any” basis. The PCRB has had difficulties securing information from such businesses pertaining to the nature of their operations.

Group 40 includes employers that PCRB continues to review and for which PCRB is awaiting additional information, employers that have not responded to a PCRB questionnaire, and employers who have only recently begun business operations in Pennsylvania and whose payroll and loss information thus begins after the years included in the study's historical experience exhibits. Staff continues to make every reasonable effort to identify each of these file's Code 955 operations.

The employers in Group 30 were determined to be misclassified to Code 955 based upon information obtained through file review, questionnaires, surveys and/or test audits. The PCRB has taken the necessary steps to reassign those employers to their proper classification(s). Such measures satisfied the first objective of the study to identify and reclassify misclassified employers. Group 30 was used to create one historical exhibit (Exhibit 10: Misclassified.)

A number of Code 955 historical experience exhibits were developed during the course of this study. The study report will discuss only those historical experience and statistical exhibits whose results pertain to the PCRB's recommendation to the Committee. The report notes that a historical experience or statistical exhibit may be cited more than once. These are presented as attachments in the sequence in which they are first referenced in this report. Also attached is a copy of the Code 955 Class Book page (Exhibit 22).

The attached historical experience exhibits are based on the PCRB's April 1, 2012 loss costs, as approved by the Insurance Commissioner. The adjusted loss cost values found at the bottom of any of the Code 955 historical experience exhibits have not been adjusted for the Small Business Advocate Assessment or off-balance factors related to the revenue-neutral plans (e.g., the Merit Rating Plan and the Certified Safety Committee Credit Program) that are part of the PCRB's April 1, 2012 loss cost values. The PCRB loss cost value may be calculated by multiplying the adjusted loss cost from the accompanying historical experience exhibits by a factor of 1.0146, which adjusts the indicated loss cost for the aforementioned programs.

Please note that any citation in this report of proposed loss cost values based on exhibits created from the April 1, 2012 Loss Cost filing is for informational purposes only. Assuming the class revision separately-discussed proposals below are filed with and approved in principle by the Pennsylvania Insurance Department, staff will perform the necessary maintenance to PCRB data systems to incorporate these class revisions into the PCRB's April 1, 2013 comprehensive loss cost filing. In other words, the proposed rating value for any new or revised class effective April 1, 2013 will be a part of that forthcoming filing. The proposed loss cost values in the PCRB's April 1, 2013 Loss Cost Filing will almost certainly differ from the proposed loss cost values cited at this time.

In addition to the review of historical experience exhibits, the PCRB's classification plan analysis includes statistical testing to determine whether the data for the various study groups are or are not significantly different based on specified statistical criteria. In this procedure, selected exhibits are compared using a paired t-test analysis to determine when there is a natural correspondence or "pairing" of specific observations between study groups. The t-test effectively reduces the two samples to one by examining the differences between the corresponding observations in the two groups. The advantage to this approach is that variation within the groups does not mask the difference between their means as much as if the two groups were not paired. T-tests were run for reported pure premium, claim frequency (per million dollars of payroll) and claim severity (excluding medical only). For each of these tests, a t-test result of 0.10 or less indicates a significant statistical difference.

ANALYTICAL TESTING FIRMS

PCRB staff reviewed whether analytical laboratories and all non-destructive testing contractors should remain assigned to Code 955 or if a new, separate classification was appropriate. Such businesses are subject to the alternate classification, Code 4511, Analytical Laboratories Or Assaying – Including Laboratory, Outside Employees, Collectors of Samples, & Drivers, in NCCI states. The PCRB's file-by-file review identified 337 employers in Code 955 whose principal operation was analytical testing of some kind. During the file-by-file review these employers were slotted to two separate study groups, Study Group 4, Analytical Chemical Firm, Assaying Firm or a Dermatological Lab – Testing Cosmetics – Specialist Contractors, and Study Group 6, Non-Destructive Testing – All Kinds, Air Conditioning: Non Portable – Air Flow Testing & Balancing – Specialist Contractors.¹

Assigned to Study Group 4 were businesses operating laboratories performing the analytical testing of various specimens, including but not limited to pharmaceutical products, cosmetics, food items, water, and soil samples. Study Group 6 includes employers principally engaged in performing non-destructive testing of all kinds. Some common types of such non-destructive testing are air flow testing and balancing of air conditioning systems and the testing of construction materials, such as concrete, for strength and durability.

Due to the possibility of the new classification being an “all employees including office” classification, multiple exhibits were created which separated the experience of employers included in the above cited study groups. Exhibit 3, Analytical Laboratories, is based on the Code 955 experience for such firms. Exhibit 3A, Analytical Laboratories, is based on the Code 951, Outside Sales, experience for such firms. Exhibit 3B, Analytical Laboratories, is based on the Code 953, Clerical, experience for such firms. Exhibits 3, 3A and 3B were then combined to create Exhibit 3C, Analytical Laboratories – All Employees Including Office, which includes the combined experience of all such firms. Exhibit 5, Non-Destructive Testing Contractors, is based on the Code 955 experience for such firms. Exhibit 5A, Non-Destructive Testing Contractors, is based on the Code 951, Outside Sales, experience for such firms. Exhibit 5B, Non-Destructive Testing Contractors, is based on the Code 953, Clerical, experience for such firms. Exhibits 5, 5A and 5B were then combined to create Exhibit 5C, Non-Destructive Testing Contractors – All Employees Including Office, which includes the experience of all such firms.

Exhibits 3 and 5 were then combined to create Exhibit 12, All Analytical Testing Firms,² and Exhibits 3C and 5C were combined to create Exhibit 13, All Analytical Testing Firms – All Employees Including Office.

Staff conducted a t-test (Exhibit B) to determine if there were any significant statistical differences between all analytical testing firms (Exhibit 12) and all other businesses that are assigned to Code 955 except those with no current coverage, employers not yet assigned to one of the Code 955 study groups, employers found to be misclassified to Code 955 and analytical testing firms and architectural and interior design firms (Exhibit 21).³

¹ Such businesses that are multiple enterprises and are assigned to at least one other basic classification in addition to Code 955 were assigned the respective multiple enterprise counterpart group for each of the cited study groups. Each multiple enterprise study group was broken down into two subsets, one where Code 955 is the governing classification of the employer and one where it is not.

² Exhibit 12 accounts for 15.74 percent of the payroll and 20.27 percent of the losses represented in the Code 955 April 1, 2012 Class Book page.

This report comments below on the historical experience comparisons based on the following historical experience exhibits:

Exhibit No.	Exhibit Title
12	All Analytical Testing Firms.
21	All Groups Except All Analytical Testing Firms, Architectural & Interior Design Firms, Risks With No Current Coverage, Misclassified Businesses & Businesses Not Yet Assigned
22	Code 955, Engineering Consulting Firm, April 1, 2012 Class Book Page

The results of the historical experience comparison are summarized in the following table:

Exhibit No.	Reported Pure Premium	Indicated Pure Premium (Pre-Test)	Indicated Pure Premium (Post-Test)
12	\$0.527	\$0.599	\$0.520
21	\$0.398	\$0.500	\$0.433
22	\$0.410	\$0.518	\$0.449

The statistical exhibit referenced in this portion of the report is shown below:

Exhibit	Exhibit Title
B	T-Test #1 Comparing All Assigned Code 955 Exposure to all Analytical Testing Firms (Exhibits 12 and 21)

The results of the statistical exhibit are summarized in the following table:

Exhibit	T-Test Value Reported Pure Premium	T-Test Value Claim Frequency (per million)	T-Test Value Claim Severity Excl. Med. Only
B	0.5560	0.6359	0.6744

The results of Exhibit B show no significant statistical difference between analytical testing firms and other Code 955 exposures for reported pure premium, claim frequency or claim severity. Based on these findings, the PCRB has determined that analytical testing firm operations should continue to be assigned to Code 955.

ARCHITECTURAL & INTERIOR DESIGN FIRMS

The initial historical exhibits that were created suggested the possibility of a need for a new, separate classification for businesses principally engaged in either architectural or interior design consulting services. The PCRB's file-by-file review identified 417 employers in Code 955 whose principal operations were architectural or interior design consulting. Architectural firms engage in the practice of designing buildings. Such businesses typically employ one or

³ The experience of architectural & interior design firms was not included in this statistical test due to findings regarding such businesses which are discussed later in this report.

more state licensed architect(s). A subset of architectural firms is landscape architectural firms, which are engaged in the design of outdoor public areas, landmarks, and structures. During the course of the file-by-file review, it was observed that interior design businesses and architectural firms were similar in terms of both process and hazard. The study findings also indicated that a significant portion of architectural firms also performed interior design as part of their services. For these reasons it is recommended that interior design businesses and architectural firms be classified in the same manner.

Due to the possibility of the new classification being an “all employees including office” classification, multiple exhibits were created which separated the experience of architectural and interior design firms. Exhibit 2, Architectural & Interior Design Firms,⁴ is based on the experience of Code 955 for such firms. Exhibit 2A, Architectural & Interior Design Firms, is based on the experience of Code 951, Outside Sales, for such firms. Exhibit 2B, Architectural & Interior Design Firms, is based on the experience of Code 953, Clerical, for such firms. Exhibits 2, 2A and 2B were then combined to create Exhibit 2C, Architectural & Interior Design Firms – All Employees Including Office, which includes the experience of all such firms.

The report comments below upon the historical experience comparisons among the following historical experience exhibits:

Exhibit No.	Exhibit Title
2	Architectural & Interior Design Firms – All Employees Including Office
17	All Groups Except Architectural & Interior Design Firms, Risks With No Current Coverage, Misclassified Businesses & Businesses Not Yet Assigned
22	Code 955 April 1, 2012 Class Book Page

The results of the historical experience comparisons are summarized in the following table:

Exhibit No.	Reported Pure Premium	Indicated Pure Premium (Pre-Test)	Indicated Pure Premium (Post-Test)
2	\$0.095	\$0.085	\$0.074
17	\$0.423	\$0.671	\$0.583
22	\$0.410	\$0.518	\$0.449

The experience of architectural and interior design firms in Exhibit 2 shows overall favorable reported, indicated pre-test and indicated post-test pure premiums compared to all of the other exhibits cited above. Once the historical experience was reviewed, staff conducted a t-test (Exhibit C) to determine if there were any significant statistical differences between architectural and interior design firms (Exhibit 2) and all other businesses that are assigned to Code 955, except those with no current coverage, employers not yet assigned to one of the Code 955 study groups, employers found to be misclassified to Code 955, and architectural and interior design firms (Exhibit 17).

⁴ Exhibit 2 accounts for 8.15 percent of the payroll and 1.88 percent of the losses represented in the Code 955 April 1, 2012 Class Book page.

The statistical exhibit referenced in this portion of the report is shown below:

Exhibit	Exhibit Title
C	T-Test #2 Comparing All Assigned Code 955 Exposure to Architectural and Interior Design Firms (Exhibits 2 & 17)

The results of the statistical exhibit are summarized below:

Exhibit	T-Test Value Reported Pure Premium	T-Test Value Claim Frequency (per million)	T-Test Value Claim Severity Excl. Med. Only
C	0.0005	0.0002	0.1751

The t-test shows significant statistical differences between architectural and interior design firms and the other types of Code 955 businesses for reported pure premium and claim frequency. There is no significant statistical difference between these groups for claim severity. These statistical differences lead staff to conclude that erecting a new classification specifically for architectural and interior design consulting firms is appropriate. Accordingly, staff proposes to erect a new and separate classification for architectural and interior design firms, Code 905, Architectural Firm, Supervising or Consulting, All Employees Including Office. It is proposed that employers who are operating principally as architectural or interior design firms be reassigned from Code 955 to Code 905, effective upon each such employer's first normal policy renewal on or after April 1, 2013. Based upon the PCRБ's approved April 1, 2012 rating values filing, the class rating value if the new classification were implemented now has a balanced indicated loss cost value that would be capped at \$0.23. That loss cost would be multiplied by a surcharge factor of 1.0146 to recognize the Workplace Safety and Merit Rating programs, which would yield a proposed PCRБ loss cost value of \$0.23.

PROPOSED SCOPE OF CODE 955

The class history section of this report noted that current procedure dictates separate staff employed by a business assigned to Code 955 who perform drilling or obtain subsurface soil samples by drilling or other means are assigned to Code 607. Drilling has been consistently construed by PCRБ staff as construction, which is a general exclusion as outlined in the Pennsylvania Workers Compensation Manual (Manual). The PCRБ has been excluding drilling from Code 955 for 40 or more years. The recent file review for both this class study and in response to insurer requests for review of one of their Code 955 insured's PCRБ file has shown that subsurface soil samples may be obtained either by drilling or a more modern technology that goes by the trade name – Geoprobe. Staff does not know whether any additional technologies exist to obtain subsurface soil samples. Having concluded that the obtaining of subsurface soil samples by any means or actual drilling for whatever purpose is more like construction than consulting engineering, staff has determined it is appropriate to continue to exclude drilling from Code 955. The authorized classifications for a Code 955 single enterprise business that also performs operations assignable to Code 607 will be Codes 955 and 607. It is noted that the general exclusions defined in the Manual permit the division of payroll between the classification to which the excluded activity is assigned and the employer's assigned field-of-business classification unless that classification's description explicitly includes the excluded operations. The recent file review has also shown the employer may have a

separate staff for the well drilling and/or obtaining subsurface soil samples or that such duties are among the job duties of the persons performing those tasks. Adding “separately rate” to the excluded operation means that payroll division between Codes 955 and 607 will be allowed, provided the employer maintains separate payroll records for interchanging employees. By Manual rule, in the event separate payroll records are not maintained, the entire payroll of interchanging employees shall be assignable to the class having the highest insurer rating value contemplating any of the employee’s job duties (here Code 607). Staff has also concluded that the Manual language excluding these activities from Code 955 and providing a specific alternate assignment needs to be broadened to encompass whatever technology is utilized to accomplish the tasks.

The introduction of this report noted that one objective of the study was to examine the feasibility of discontinuing the payroll division between Code 955 and the standard exception classifications, Code 951, Salesperson – Outside, and Code 953, Clerical Office Employees. An individual employee’s eligibility for assignment to Codes 955, 951 or 953 can be based upon subtle differences in the employee’s job duties and how those differences are perceived by premium auditors. This classification issue has given premium auditors problems in auditing employers that are assigned to Code 955. In response to this issue, PCRB staff has developed a proposal to revise Code 955’s scope which would eliminate these types of auditing disputes. This proposal is to revise Code 955 to become an “all employees including office” classification. Such a classification scope would mean that personnel of businesses assigned to Code 955, excepting only for those performing drilling or using drilling or an alternate technology to obtain subsurface soil samples, would be assigned to Code 955 regardless of their individual job duties or whether any employees work in a physically separate work area or department.

The overall collectible premium from businesses assigned to Code 955 would be unchanged by virtue of adopting an “all employees including office” scope. In addition, each employer’s future workers’ compensation policy audits would be uniform, since each employer’s entire annual auditable payroll would be assigned to one classification. Under this approach, there could be no error in the allocation of payroll to different classifications (as there would be one classification in place instead of the present three classes) and all incurred losses would be (correctly) assigned to that classification.

With regard to multiple enterprise employers using Code 955, the PCRB’s file-by-file review also included employers using Codes 955, 951, 953 and any additional field-of-business classification(s). Based upon that review, the PCRB proposes that Code 955 multiple enterprise employers should be classified in the same manner as any other multiple enterprise employer, where at least one of the separate enterprises is assigned to a classification that is “all employees including office.” Staff will follow the criteria set forth below in evaluating whether an employer is also eligible for assignment to Codes 951, Salesperson - Outside, and/or Code 953, Clerical:

- In the event that each of an employer’s different, separate enterprises employs separate clerical and over-the-road sales staff and those different, separate enterprises are also separately located from the enterprise(s) assignable to Code 955, the employer’s non-

Code 955 operations will be allowed to use the standard exceptions, Codes 951 and 953. Any and all payroll developed in the Code 955 enterprise's clerical and outside sales operations would be assigned to Code 955. A separate PCRB data card will be established that shows the classification(s) authorized for each different, separate enterprise.

- In the event that an employer does not employ separate over-the-road sales and/or clerical staffs for their several different enterprises and Code 955 is the employer's governing classification, then all of the employer's over-the-road sales and clerical staffs will be assigned to Code 955.
- In the event that an employer does not employ separate over-the-road sales and/or clerical staffs for their several different enterprises and Code 955 is not the employer's governing classification, then the employer's over-the-road sales and clerical staffs will be separately classified to Codes 951 and 953, respectively, if the employer's governing class permits payroll division with both standard exception classifications.

In any case where the use of Codes 951 and 953 is allowed, all other applicable Manual rules will apply.

The PCRB's administration of the proposed revised scope of Code 955 as it pertains to multiple enterprises will follow the multiple enterprise rule delineated in Section 1, Rule IV of the Manual.

Please note that Code 955 has been the governing classification for all Code 955 files also assigned to Code 607 reviewed to date. Thus, the presence of Code 607 should not trigger the multiple enterprise review discussed above.

The proposed rating values for an "all employees including office" Code 955 and for the revised Codes 951 and 953 (adjusted to remove the sales and clerical experience of businesses assigned to Code 955) have been balanced on the basis of the PCRB's approved April 1, 2012 Loss Cost Filing.

Exhibit 16, All Groups Except Architectural & Interior Design Firms – All Employees Including Office, is the Code 955 residual. The balanced indicated loss cost value for the resulting Code 955 residual is \$0.25. That loss cost is multiplied by a surcharge factor of 1.0146 to recognize the Workplace Safety and Merit Rating programs, producing the Code 955 rating value of \$0.25 if it were to be implemented on the basis of the PCRB's approved April 1, 2012 Loss Cost Filing.

Exhibit 18, Residual Code 951, is the result of removing the Code 951 experience for businesses in Code 955 from the April 1, 2012 Code 951 Class Book page. The PCRB proposes to reassign 3.75 percent of the April 1, 2012 Code 951 Class Book page five-year payroll and 2.29 percent of the five-year reported Code 951 loss to Code 955. The balanced indicated loss cost value for the resulting Code 951 is \$0.41. The balanced Code 951 indicated loss cost is then multiplied by the surcharge factor cited above to produce the proposed October 1, 2012 Code 951 rating value of \$0.42, which is identical to the approved April 1, 2012 Code 951 loss cost.

Exhibit 19, Residual Code 953, is the result of removing the Code 953 experience for businesses in Code 955 from the April 1, 2012 Code 953 Class Book page. The PCRB proposes to reassign 6.68 percent of the April 1, 2012 Code 953 Class Book page five-year payroll and 3.82 percent of the five-year reported Code 953 loss to Code 955. The balanced indicated loss cost value for the resulting Code 953 is \$0.20. The balanced Code 953 indicated loss cost is then multiplied by the surcharge factor cited above to produce the proposed April 1, 2013 revised Code 953 rating value of \$0.20. The resulting loss cost of \$0.20 is \$0.01 or five percent higher than the approved April 1, 2012 loss cost of \$0.19, which is well within the industry group maximum swing limit of +19 percent.

CONCLUSION

Based on the findings of the Code 955 study, the PCRB recommends the following in regard to the current Code 955 classification:

- That all analytical testing firms remain assigned to Code 955.
- That a new, separate classification (Code 905) be created for architectural and interior design firms.
- That payroll division between Codes 955 and 607 be allowed for personnel of a business eligible for assignment to Code 955 performing drilling and/or using drilling or an alternate technology to obtain subsurface soil samples.
- That Code 955 be revised to become an “all employees including office” classification.

The PCRB recommends the above changes to become effective for new and renewal policies of April 1, 2013 or later.

The proposed enabling Sections 1 and 2 Manual language amendments for the classification proposals are attached for the Committee’s review. As is customary, the PCRB would first notify all employers currently assigned to Code 955 of the PCRB’s classification filing. Assuming the Insurance Commissioner’s approval of the classification filing, the carrier-of-record for each employer would then be notified of their policyholder’s classification reassignment with a copy of such notice being provided to the employer.

c: Timothy Wisecarver
Vincent Dean
Bruce Decker
Joseph Lombo
Christina Yost

MANUAL REVISIONS

SECTION 1

CHANGE:

RULE IV - CLASSIFICATIONS

B. CLASSIFICATIONS

2. Standard Exception Classification

- a. **CLERICAL OFFICE EMPLOYEES – Code 953** – are..... in this rule.

Office employees shall be separately classified except in connection with those classes which specifically include Office Employees.

If any clerical office employee (including drafting employees) has any other regular duty, the entire payroll of that employee shall be assigned in accordance with the class to which the business is assigned.

(1) and (2) remain unchanged.

[(3) Office employees shall be separately classified except in connection with those classes which specifically include Office Employees.]

DELETION:

RULE IV - CLASSIFICATIONS

B. CLASSIFICATIONS

2. Standard Exception Classification

[b. **DRAFTING EMPLOYEES, Code 953**, are employees engaged exclusively in drafting and confined to office work. The entire payroll of any such employees engaged in any other operations shall be assigned to the insuring carrier’s highest-valued classification representing any part of their work.]

[c.]b. **SALESPERSONS – OUTSIDE**..... of this rule.

SECTION 2

ADDITION:

905 ARCHITECTURAL CONSULTING FIRM – all employees including office.

A business that employs one or more state licensed architect(s) and is principally engaged in the professional practice of architecture (i.e., designing buildings and/or their interiors and/or landscaping).

ADDITION (continued)

OPERATIONS ALSO INCLUDED:

1. Interior design firms. Such businesses engage in the practice of planning and supervising the design and execution of building interiors and their furnishings.

OPERATIONS NOT INCLUDED:

1. Architects or interior designers employed by concerns whose field-of-business is actual construction, manufacturing, mining or installation operations shall be assigned in accordance with the class or classes appropriate to the business of the employer, unless the operations subject to Code 905 fulfill the multiple enterprise conditions described in Section 1, Rule IV, C. 3. a.

Hazard Group D

UNDERWRITING GUIDE

Architectural Firm, Supervising Or Consulting
Landscape Architectural Firm – No Construction Work
Interior Design Firm, Supervising Or Consulting

CHANGES:

955 ENGINEERING CONSULTING FIRM, mechanical, civil, electrical or mining engineering consulting firms[, or architectural firms] – all employees including office.

OPERATIONS NOT INCLUDED:

2. Engineers [or architects] employed by concerns whose field-of-business is actual construction, manufacturing, mining or installation operations shall be assigned in accordance with the class or classes appropriate to the business of the employer, unless the operations subject to Code 955 fulfill the multiple enterprise conditions described in Section 1, Rule IV, C. 3. a.
- [3. Clerical or drafting employees of consulting architects or engineers are properly assigned to Code 953 provided they meet the conditions described in Section 1, Rule IV, B. 2. a. and b.]
3. Assign Code 905 to businesses principally engaged in architectural and/or interior design consulting.
4. [Assign] Separately rate to Code 607 [to separate staff performing test boring for soil samples]drilling and/or obtaining subsurface soil samples by drilling or alternate technologies.

DELETIONS:

UNDERWRITING GUIDE

From 953:

Draftsman

From 955:

Architectural Firm, Supervising

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Exhibit A

Group No.	Group	Number Of Employers
SINGLE ENTERPRISES – CODES 955, 951 & 953 ONLY		
1	Art, Book or Paper Document – Preservation, Restoration or Conservation	5
2	Museum Display Creation – By Specialist Contractor	1
3	Architectural or Landscape Architectural Firm – No Construction	397
4	Analytical Chemical Firm, Assaying Firm or a Dermatological Lab – Testing Cosmetics – Specialist Contractors	105
5	Surveying – By Specialist Contractor	217
6	Non-Destructive Testing – All Kinds, Air Conditioning: Non Portable – Air Flow Testing & Balancing – Specialist Contractors	175
7	Engineering Consulting Firm – All Kinds (e.g., Civil, Electrical, Mechanical , Mining)	1419
8	Research & Development (including building of prototypes) – By Specialist Contractor	256
21	Conservation Districts	11
23	Interior Design Businesses	10
12	No Current Coverage	1215
20	No File Information, Unable to Determine	440
30	Misclassified	356
40	Not Yet Group Assigned	976
MULTIPLE ENTERPRISES – CODES 955, 951 & 953 ALONG WITH ANY FOURTH PCRB FIELD OF BUSINESS CLASS		
9	Museum Display Creation	0
11	PEO – No customer Information	17
13	Art, Book or Paper Document – Preservation, Restoration or Conservation	2
14	Architectural or Landscape Architectural Firm – No Construction	9
15	Analytical Chemical Firm, Assaying Firm or a Dermatological Lab – Testing Cosmetics – Specialist Contractors	21
16	Surveying – By Specialist Contractor	2
17	Non-Destructive Testing – All Kinds, Air Conditioning: Non Portable – Air Flow Testing & Balancing – Specialist Contractors	36
18	Engineering Consulting Firm – All Kinds (e.g., Civil, Electrical, Mechanical, Mining)	109
19	Research & Development (including building of prototypes) – By Specialist Contractor	37
22	Conservation Districts	2
24	Interior Design Businesses	1
TOTAL		5819

Manual Year	Payroll in Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	31,288	404,934	1,294	676,950	99,396	0.1278	0	0	1	1	2	4
2005	31,714	42,423	0.134	47,811	#DIV/0!	0.0000	0	0	0	0	0	0
2006	28,059	197,703	0.705	285,779	90,745	0.0713	0	0	0	0	2	2
2007	24,579	355,565	1.447	620,847	355,000	0.0407	0	0	1	0	0	1
2008	26,903	187,416	0.697	470,389	61,577	0.1115	0	0	0	2	1	3
TOTAL	142,543	1,188,041	0.833	2,101,776	111,881	0.0702	0	0	2	3	5	10
O.D.	0	0.000	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity			Death	P.T.	Medical			
			Major	Minor	Temp			Major	Minor	Temp	Med Only
2004	0	0	114,308	72,182	85,898	0	0	64,631	37,140	23,426	7,349
2005	0	0	0	0	0	0	0	0	0	0	42,423
2006	0	0	0	0	83,565	0	0	0	0	97,925	16,213
2007	0	0	260,000	0	0	0	0	95,000	0	0	565
2008	0	0	0	106,786	24,319	0	0	0	32,727	20,900	2,684
TOTAL	0	0	374,308	178,968	193,782	0	0	159,631	69,867	142,251	69,234
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity			Death	P.T.	Medical			
			Major	Minor	Temp			Major	Minor	Temp	Med Only
2004	0	0	179,921	108,345	131,424	0	0	155,502	58,681	34,670	8,407
2005	0	0	0	0	0	0	0	0	0	0	47,811
2006	0	217	12,986	5,758	110,832	0	215	8,402	6,062	123,327	17,980
2007	26	8,112	377,156	14,742	5,954	228	3,762	198,408	9,548	2,309	602
2008	321	6,660	239,331	81,359	32,399	191	2,925	59,934	24,315	20,077	2,877
TOTAL	347	14,989	809,394	210,204	280,609	419	6,902	422,246	98,606	180,383	77,677
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES

SERIOUS NON-SER MED ONLY TOTAL
1,254,297 769,802 77,677
(51,875) (48,670) 352
1,202,422 721,132 78,029

EXPECTED LOSSES 424,778 198,135 49,890
CREDIBILITY 0.06 0.13 0.19

PURE PREMIUMS
INDICATED (PRE-TEST) 0.844 0.506 0.055 1.405
INDICATED (POST-TEST) 0.733 0.439 0.048 1.220
PRES. ON LOSS COST LEVEL 0.281 0.131 0.033 0.445
DERIVED BY FORMULA 0.308 0.171 0.036 0.515
UNDERLYING PRES. LOSS COST 0.298 0.139 0.035 0.472
PROPOSED 0.308 0.171 0.036 0.515

YEAR 4-1-11 4-1-12 IND. LOSS COST = 0.525
IND. LOSS COST 0.53
MAN. LOSS COST 0.48 ADJ. LOSS COST = 0.53

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	MINOR	TEMP	DEATH	P. T.	MAJOR	MEDICAL		TEMP	MED. ONLY	TOTAL PAYROLL EXCL SIC PG A+B	NUMBER OF CASES					
									DEATH	P. T.				MAJOR	MINOR	TEMP	ALL		
2004	1,596,107	8,706,327	545	510,383	681,161	10,000		3,029,391	395,106	643,837		609,850	1,596,107	2	13	16	94	125	
2005	1,723,953	7,087,618	,411	454,837	734,413			1,199,222	385,859	764,652		746,101	1,723,953	1	11	14	113	139	
2006	1,968,860	8,103,352	,295	488,593	493,728	97,000		1,150,697	920,612	757,486		904,730	1,968,860	2	7	18	92	117	
2007	2,116,753	9,232,767	,382	962,211	917,862	2,500		865,915	469,983	959,371		751,902	2,116,753	2	10	25	96	133	
2008	2,103,796	9,232,767	,438	450,977	766,311			2,944,828	361,019	1,302,889		710,245	2,103,796	4	9	9	77	99	
TOTAL	9,509,459	38,942,994	,410	2,867,001	3,592,475	109,500		9,170,053	2,532,579	4,428,235		3,722,828	9,509,459	9	50	82	472	613	

REPORTED LOSSES

MANUAL YEAR	DEATH	P. T.	MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MEDICAL		TEMP	MED. ONLY
									DEATH	P. T.		
2004	813,660		2,021,939	510,383	681,161	10,000		3,029,391	395,106	643,837		609,850
2005	726,024		2,066,510	454,837	734,413			1,199,222	385,859	764,652		746,101
2006	1,363,018		1,118,084	488,593	493,728	97,000		1,150,697	920,612	757,486		904,730
2007	772,676		1,716,090	962,211	917,862	2,500		865,915	469,983	959,371		751,902
2008	3,675,378		1,921,322	450,977	766,311			2,944,828	361,019	1,302,889		710,245
TOTAL			8,843,945	2,867,001	3,592,475	109,500		9,170,053	2,532,579	4,428,235		3,722,828

TRANSLATED LOSSES

MANUAL YEAR	DEATH	P. T.	MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MEDICAL		TEMP	MED. ONLY
									DEATH	P. T.		
2004	1,122,119		2,758,152	766,085	1,042,171	15,815		2,969,827	624,269	952,875		697,868
2005	941,582		3,013,188	640,519	1,089,636	861		2,351,244	542,769	1,100,741		840,856
2006	763		1,925,920	631,406	688,035	79,359		2,661,620	1,142,294	1,013,108		1,003,346
2007	887,761		4,018,464	1,102,509	1,169,835	15,157		2,471,383	601,163	1,127,578		801,528
2008	1,056,286		3,809,931	732,693	807,823			3,249,852	664,686	1,124,563		761,383
TOTAL	4,008,491		15,325,655	3,873,312	4,794,500	111,192		13,703,926	3,575,091	5,318,665		4,104,781

TOTAL TRANS. LOSSES PG B	34,075,691	SERIOUS	NON-SERIOUS	MED. ONLY	TOTAL
TOTAL TRANS. LOSSES PG A					
IBNR + FREQUENCY ADJUST.		-3,413,146	-3,154,518	25,951	
TOTAL LOSSES		30,662,445	14,416,670	4,142,780	
EXPECTED LOSSES		28,338,218	13,218,162	3,328,315	
CREDIBILITY		.96	1.00	1.00	
PURE PREMIUMS					
INDICATED (PRE-TEST)		.322	.152	.044	.518
INDICATED (POST-TEST)		.279	.132	.038	.449
PRES. ON RATE LEVEL		.281	.131	.033	.445
DERIVED BY FORMULA		.279	.132	.038	.449
UNDERLYING PRES. RATE		.298	.139	.035	.472
PROPOSED		.279	.132	.038	.449

YEAR	4-1-09	4-1-10	4-1-11	4-1-12	IND. RATE
IND. RATES	.50	.48	.48	.46	MINIMUM PREMIUM
MAN. RATES					PRESENT
					.457

+PROPOSED

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						All
							Death	P.T.	Major	Minor	Temp		
2004	51,741	298,663	0.577	464,159	34.946	0.1353	0	0	1	1	1	5	7
2005	61,788	576,623	0.933	898,908	39.857	0.2104	0	0	2	3	3	8	13
2006	64,414	416,338	0.646	818,518	63.662	0.0931	0	0	1	0	0	5	6
2007	74,283	261,089	0.351	393,403	45.872	0.0538	0	0	1	0	0	3	4
2008	75,010	211,610	0.282	423,256	33.124	0.0533	0	0	0	1	1	3	4
TOTAL	327,236	1,764,323	0.539	2,998,244	42.963	0.1039	0	0	5	5	5	24	34
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indermity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	144,590	16,386	18,181	0	0	25,605	17,396	22,464	54,041
2005	0	0	228,570	114,479	48,005	0	0	48,424	59,651	19,017	58,477
2006	0	0	113,155	0	8,422	0	0	235,032	0	25,363	34,366
2007	0	0	121,051	0	7,419	0	0	35,000	0	20,019	77,600
2008	0	0	0	85,720	3,959	0	0	0	36,240	6,578	79,113
TOTAL	0	0	607,366	216,585	85,986	0	0	344,061	113,287	93,441	303,597
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indermity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	227,585	24,595	27,817	0	0	61,606	27,486	33,247	61,823
2005	229	2,334	370,506	155,574	72,737	54	924	122,478	79,545	28,623	65,904
2006	0	2,274	170,634	3,647	12,539	0	12,466	528,530	15,413	34,903	38,112
2007	14	3,879	179,058	8,008	11,392	88	1,492	77,784	5,840	23,126	82,722
2008	244	4,802	171,212	59,324	11,575	190	2,794	56,196	23,163	8,947	84,809
TOTAL	487	13,289	1,118,995	251,148	136,060	332	17,676	846,594	151,447	128,846	333,370
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES

EXPECTED LOSSES
CREDIBILITY

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR	IND. LOSS COST	MAN. LOSS COST	ADJ. LOSS COST =
4-1-11	0.48	0.50	0.499
4-1-12	0.50	0.50	0.5

CLASS: 951

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
EXHIBIT 3A ANALYTICAL LABORATORIES

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases								
							Death	P.T.	Major	Minor	Temp	All			
2004	5,890	21,842	0 371	32 434	21.132	0.1698	0	0	0	0	0	0	0	0	1
2005	7,279	176,620	2,426	254,887	147,944	0.1374	0	0	0	0	0	1	1	0	1
2006	6,654	72,858	1,095	114,205	31,357	0.3006	0	0	0	0	0	1	1	1	2
2007	6,673	244,559	3,665	415,075	60,976	0.5994	0	0	0	0	1	1	1	2	4
2008	6,923	6,345	0 092	6 802	#DIV/0!	0.0000	0	0	0	0	0	0	0	0	0
TOTAL	33,419	522,224	1,563	823,403	59,462	0.2394	0	0	0	0	1	3	4	4	8
O.D.			0 000				0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	REPORTED LOSSES								
			Major	Minor		Death	P.T.	Major	Minor	Temp	Med Only			
2004	0	0	0	0	6.933	0	0	0	0	0	0	14.199	710	0
2005	0	0	0	0	0	0	0	0	0	0	0	0	28,676	0
2006	0	0	0	0	9.170	0	0	0	0	0	0	7,329	10,145	0
2007	0	0	162,743	36,611	14.032	0	0	13,215	4,204	13,099	0	13,099	655	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	6,345	0
TOTAL	0	0	162,743	36,611	30.135	0	0	13,215	102,126	34,627	0	34,627	46,531	0
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	TRANSLATED LOSSES								
			Major	Minor		Death	P.T.	Major	Minor	Temp	Med Only			
2004	0	0	0	0	10.607	0	0	0	0	0	0	21.015	812	0
2005	125	25	9,738	83,090	838	77	0	14,799	111,903	1,974	0	1,974	32,318	0
2006	54	253	17,759	40,135	13,360	10	166	6,420	14,913	9,884	0	9,884	11,251	0
2007	75	6,026	284,511	44,258	22,466	54	699	34,588	6,453	15,247	0	15,247	698	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	6,802	0
TOTAL	254	6,304	312,008	167,483	47,271	141	865	55,807	133,269	48,120	0	48,120	51,881	0
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES
375,379
(10,876)
364,503
396,143
(10,182)
385,961
51,881
72
51,953

EXPECTED LOSSES
CREDIBILITY
89,563
0.02
42,108
0.05
9,692
0.07

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED
1,091
0.947
0.252
0.266
0.268
0.266
1.155
1.003
0.119
0.163
0.126
0.163
0.155
0.135
0.027
0.035
0.029
0.035
2,401
2,085
0.398
0.464
0.423
0.464

YEAR	IND. LOSS COST	MAN. LOSS COST	ADJ. LOSS COST =
4-1-11	0.47	0.43	
4-1-12	0.47	0.47	
IND. LOSS COST =	0.473		
ADJ. LOSS COST =	0.47		

CLASS: 953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
EXHIBIT 3B ANALYTICAL LABORATORIES

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	28,008	303,735	1,084	466,353	273.773	0.0357	0	0	0	1	0	1
2005	30,325	16,427	0.054	20,178	4.445	0.0330	0	0	0	1	0	1
2006	33,789	7,638	0.023	8,471	#DIV/0!	0.0000	0	0	0	0	0	0
2007	45,463	450,251	0.990	852,615	109.322	0.0880	0	0	1	3	0	4
2008	47,021	58,824	0.125	89,120	12.746	0.0425	0	0	0	0	0	2
TOTAL	184,606	836,875	0.453	1,436,737	92.625	0.0433	0	0	1	5	2	8
O.D.		0	0.000				0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	0	6,153	0	0	0	0	267,620	0	29,962
2005	0	0	0	4,091	0	0	0	0	354	0	11,982
2006	0	0	0	0	0	0	0	0	0	0	7,638
2007	0	0	133,822	130,893	0	0	0	63,690	108,883	0	12,963
2008	0	0	0	0	10,571	0	0	0	0	14,921	33,332
TOTAL	0	0	133,822	141,137	10,571	0	0	63,690	376,857	14,921	95,877
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	0	9,236	0	0	0	0	422,840	0	34,277
2005	8	2	637	5,439	55	0	0	61	464	8	13,504
2006	0	0	0	0	0	0	0	0	0	0	8,471
2007	209	6,871	343,890	125,091	11,769	654	5,288	234,594	99,790	10,640	13,819
2008	10	370	14,200	4,066	9,804	19	401	9,161	3,390	11,967	35,732
TOTAL	227	7,243	358,727	143,832	21,628	673	5,689	243,816	526,484	22,615	105,803
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 616,375 714,559 105,803
 IBNR + FREQ. ADJUSTMENT (29,371) (31,256) 278
 TOTAL LOSSES 587,004 683,303 106,081

EXPECTED LOSSES 249,218 134,762 33,229
 CREDIBILITY 0.07 0.15 0.23

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.318 0.370 0.057 0.745
 INDICATED (POST-TEST) 0.276 0.321 0.049 0.646
 PRES. ON LOSS COST LEVEL 0.127 0.069 0.017 0.213
 DERIVED BY FORMULA 0.137 0.107 0.024 0.268
 UNDERLYING PRES. LOSS COST 0.135 0.018 0.226 0.226
 PROPOSED 0.137 0.107 0.024 0.268

YEAR	4-1-11	4-1-12	IND. LOSS COST =	0.273
IND. LOSS COST	0.23	0.27		
MANLOSS COST	0.23	0.27	ADJ. LOSS COST =	0.27

CLASS:
955+951+953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
Exhibit 3C - Analytical Laboratories - All Employees Incl. Office

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	85,639	624,240	0.729	962,944	59.947	0.1051	0	0	1	2	6	9
2005	99,392	769,670	0.774	1,173,969	44.702	0.1509	0	0	2	5	8	15
2006	104,857	496,834	0.474	941,193	55.586	0.0763	0	0	1	1	6	8
2007	126,419	955,899	0.756	1,661,090	72.057	0.0949	0	0	3	4	5	12
2008	128,954	276,779	0.215	519,174	26.332	0.0465	0	0	0	1	5	6
TOTAL	545,261	3,123,422	0.573	5,258,370	53.548	0.0917	0	0	7	13	30	50
O.D.			0.000				0	0	0	0	0	0

Manual Year	Death	P.T.	Indernity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	144,590	22,539	25,114	0	0	25,605	285,016	36,663	84,713
2005	0	0	228,570	181,072	48,005	0	0	48,424	145,447	19,017	99,135
2006	0	0	113,155	33,734	17,592	0	0	235,032	12,480	32,692	52,149
2007	0	0	417,616	167,504	21,451	0	0	111,905	113,087	33,118	91,218
2008	0	0	85,720	85,720	14,530	0	0	0	36,240	21,499	118,790
TOTAL	0	0	903,931	490,569	126,692	0	0	420,956	592,270	142,989	446,005
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indernity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	227,585	33,831	38,424	0	0	61,606	450,325	54,261	96,912
2005	362	2,360	380,881	244,103	73,629	131	924	137,337	191,912	30,605	111,725
2006	54	2,527	188,393	43,782	25,899	10	12,632	534,950	30,326	44,787	57,833
2007	299	16,777	807,459	177,355	45,626	796	7,479	346,966	112,083	49,012	97,238
2008	253	\$ 1,172	185,412	63,389	21,378	209	3,195	65,357	26,553	20,913	127,343
TOTAL	968	26,836	1,789,730	562,460	204,956	1,146	24,230	1,146,216	811,199	199,578	491,051
O.D.	0	0	0	0	0	0	0	0	0	0	0

YEAR	IND. LOSS COST	MAN LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =	TOTAL	SERIOUS		NON-SER		MED ONLY	
						IND. LOSS COST	MAN LOSS COST	IND. LOSS COST	MAN LOSS COST	IND. LOSS COST	MAN LOSS COST
2004	4-1-11	0.39	4-1-11	0.47	0.474	2,989,126	1,778,193	481,051	1,270	491,051	491,051
2005	4-1-12	0.46	4-1-12	0.47	0.474	(156,827)	(149,056)	1,270	1,270	1,270	1,270
2006						2,832,299	1,629,137	492,321	492,321	492,321	492,321
2007											
2008											
TOTAL											

YEAR	IND. LOSS COST	MAN LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =	TOTAL	SERIOUS		NON-SER		MED ONLY	
						IND. LOSS COST	MAN LOSS COST	IND. LOSS COST	MAN LOSS COST	IND. LOSS COST	MAN LOSS COST
2004	0.519	0.299	0.090	0.908	0.908	0.519	0.299	0.090	0.908	0.908	
2005	0.451	0.260	0.078	0.789	0.789	0.451	0.260	0.078	0.789	0.789	
2006	0.227	0.109	0.027	0.363	0.363	0.227	0.109	0.027	0.363	0.363	
2007	0.258	0.156	0.051	0.465	0.465	0.258	0.156	0.051	0.465	0.465	
2008	0.241	0.116	0.029	0.386	0.386	0.241	0.116	0.029	0.386	0.386	
TOTAL	0.258	0.156	0.051	0.465	0.465	0.258	0.156	0.051	0.465	0.465	

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	169,408	428,958	0.253	663,043	65.943	0.0354	0	0	1	1	1	4
2005	184,032	1,443,650	0.784	2,019,777	96.272	0.0761	1	0	1	2	2	10
2006	288,378	417,296	0.145	593,711	17.035	0.0555	0	0	0	1	2	14
2007	290,067	602,456	0.208	1,085,046	29.118	0.0655	0	0	1	4	4	14
2008	237,664	3,238,851	1.363	2,647,994	158.393	0.0842	0	0	3	1	1	16
TOTAL	1,169,549	6,131,211	0.524	7,009,571	76.495	0.0641	1	0	6	10	10	58
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	148,779	54,633	96.661	0	0	19,098	17,259	59,226	33,302
2005	726,024	0	154,639	89,974	105.845	10,000	0	30,000	172,281	59,041	95,846
2006	0	0	0	102,020	47.265	0	0	0	45,639	77,640	144,732
2007	0	0	139,355	104,909	110.943	0	0	114,166	26,432	57,440	49,211
2008	0	0	690,587	86,944	134.624	0	0	2,061,245	25,000	169,458	70,993
TOTAL	726,024	0	1,133,360	438,480	495.338	10,000	0	2,224,509	286,611	422,805	394,084
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	234,178	82,004	147.891	0	0	45,950	27,269	87,654	38,097
2005	940,855	1,657	256,123	123,619	156.942	15,630	582	100,654	227,588	88,109	108,018
2006	163	817	56,743	122,722	66.310	37	719	27,838	57,683	100,171	160,508
2007	204	8,040	373,940	119,185	139.072	407	5,496	276,541	40,808	68,894	52,459
2008	544	26,276	896,866	148,808	148.727	3,544	56,702	1,010,241	122,386	157,696	76,104
TOTAL	941,766	36,790	1,817,850	596,338	658.942	19,718	63,499	1,461,224	475,734	502,524	435,186
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 4,340,847 2,233,538 435,186
 IBNR + FREQ. ADJUSTMENT (429,073) (392,704) 3,146
 TOTAL LOSSES 3,911,774 1,840,834 438,332

EXPECTED LOSSES 3,485,256 1,625,673 409,342
 CREDIBILITY 0.24 0.52 0.78

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.334 0.157 0.037 0.528
 INDICATED (POST-TEST) 0.290 0.136 0.032 0.458
 PRES. ON LOSS COST LEVEL 0.281 0.131 0.033 0.445
 DERIVED BY FORMULA 0.283 0.134 0.032 0.449
 UNDERLYING PRES. LOSS COST 0.298 0.139 0.035 0.472
 PROPOSED 0.283 0.134 0.032 0.449

YEAR 4-1-11 4-1-12
 IND. LOSS COST 0.46
 MAN. LOSS COST 0.48
 ADJ. LOSS COST = 0.46

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	10,517	7,683	0.073	10,733	2,691	0.1902	0	0	0	0	0	2
2005	9,803	167	0.002	188	#DIV/0!	0.0000	0	0	0	0	0	0
2006	12,062	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
2007	11,377	3,755	0.033	6,174	3,755	0.0879	0	0	0	0	0	1
2008	6,533	11,256	0.172	22,313	10,916	0.1531	0	0	0	0	0	1
TOTAL	50,292	22,861	0.045	39,408	5,013	0.0795	0	0	0	0	0	4
O.D.		0	0.000				0	0	0	0	0	0

Manual Year	Death	P.T.	REPORTED LOSSES								
			Major	Minor	Temp	Medical Major	Medical Minor	Medical Temp	Medical Med Only		
2004	0	0	0	0	2,701	0	0	0	0	2,681	2,301
2005	0	0	0	0	0	0	0	0	0	0	167
2006	0	0	0	0	0	0	0	0	0	0	0
2007	0	0	0	0	2,010	0	0	0	0	1,745	0
2008	0	0	0	0	3,633	0	0	0	0	7,283	340
TOTAL	0	0	0	0	8,344	0	0	0	0	11,709	2,808
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	TRANSLATED LOSSES								
			Major	Minor	Temp	Medical Major	Medical Minor	Medical Temp	Medical Med Only		
2004	0	0	0	0	4,133	0	0	0	0	3,968	2,632
2005	0	0	0	0	0	0	0	0	0	0	188
2006	0	0	0	0	0	0	0	0	0	0	0
2007	1	28	938	310	2,335	0	9	409	202	1,942	0
2008	3	127	4,880	1,397	3,369	9	196	4,472	1,555	5,841	364
TOTAL	4	155	5,818	1,707	9,837	9	205	4,881	1,857	11,751	3,184
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 11,072 25,152 3,184
 IBNR + FREQ. ADJUSTMENT (17,627) (16,204) 94
 TOTAL LOSSES 0 8,948 3,278

EXPECTED LOSSES 134,783 63,368 14,585
 CREDIBILITY 0.03 0.06 0.10

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.000 0.018 0.007 0.025
 INDICATED (POST-TEST) 0.000 0.016 0.006 0.022
 PRES. ON LOSS COST LEVEL 0.252 0.119 0.027 0.398
 DERIVED BY FORMULA 0.244 0.113 0.025 0.382
 UNDERLYING PRES. LOSS COST 0.268 0.126 0.029 0.423
 PROPOSED 0.244 0.113 0.025 0.382

YEAR 4-1-11 4-1-12
 IND. LOSS COST 0.39
 MAN. LOSS COST 0.43
 ADJ. LOSS COST = 0.39

CLASS: 953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

EXHIBIT 5B NON-DESTRUCTIVE TESTING CONTRACTORS
CODE:

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P.T.	Major	Minor	Temp	All	
2004	96,399	39,490	0.041	54,208	13.011	0.0207	0	0	0	0	0	0	2
2005	97,029	250,821	0.259	422,194	80.111	0.0309	0	0	0	1	1	1	3
2006	132,914	83,736	0.063	134,416	24.473	0.0226	0	0	0	0	2	1	3
2007	122,252	345,526	0.283	604,320	336.246	0.0082	0	0	0	1	0	0	1
2008	86,754	652,269	0.752	976,872	107.149	0.0692	0	0	0	1	1	0	6
TOTAL	535,348	1,371,842	0.256	2,192,010	87.928	0.0280	0	0	0	3	3	3	15
O.D.			0.000				0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	0	0	5,755	0	0	0	0	20,266	13,469
2005	0	0	123,663	42,000	14,013	0	0	50,154	2,618	7,886	10,487
2006	0	0	0	9,738	2,661	0	0	0	58,530	2,491	10,316
2007	0	0	236,246	0	0	0	0	100,000	0	0	9,280
2008	0	0	546,953	0	32,808	0	0	0	0	63,134	9,374
TOTAL	0	0	906,862	51,738	55,237	0	0	150,154	61,148	93,777	52,926
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	0	0	8,805	0	0	0	0	29,994	15,409
2005	84	1,243	196,777	57,387	21,552	2	955	116,271	4,631	11,473	11,819
2006	16	73	5,129	11,586	3,875	47	707	27,372	67,967	6,204	11,440
2007	24	7,371	342,698	13,395	5,410	240	3,960	208,850	10,050	2,430	9,892
2008	249	22,151	728,036	60,586	50,280	82	1,698	38,764	14,344	50,633	10,049
TOTAL	373	30,838	1,272,640	142,954	89,922	371	7,320	391,257	96,992	100,734	58,609
O.D.	0	0	0	0	0	0	0	0	0	0	0

YEAR	IND. LOSS COST	MAN. LOSS COST	ADJ. LOSS COST =	IND. LOSS COST =	ADJ. LOSS COST =	TOTAL
4-1-11	0.23	0.23	0.23	0.23	0.23	0.228
4-1-12	0.23	0.23	0.23	0.23	0.23	0.228

TOTAL TRANSLATED LOSSES		SERIOUS		NON-SER		MED ONLY		TOTAL	
IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES	IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES	IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES	IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES	IBNR + FREQ. ADJUSTMENT	TOTAL LOSSES
1,702,799	1,610,993	1,702,799	1,610,993	430,602	333,039	58,609	59,281	672	672
722,720	722,720	390,804	390,804	96,363	96,363	0.46	0.46	0.31	0.31

PURE PREMIUMS		INDICATED (PRE-TEST)		INDICATED (POST-TEST)		PRES ON LOSS COST LEVEL		DERIVED BY FORMULA		UNDERLYING PRES. LOSS COST		PROPOSED	
INDICATED (PRE-TEST)	INDICATED (POST-TEST)	PRES ON LOSS COST LEVEL	DERIVED BY FORMULA	UNDERLYING PRES. LOSS COST	PROPOSED	INDICATED (PRE-TEST)	INDICATED (POST-TEST)	PRES ON LOSS COST LEVEL	DERIVED BY FORMULA	UNDERLYING PRES. LOSS COST	PROPOSED	INDICATED (PRE-TEST)	INDICATED (POST-TEST)
0.301	0.261	0.127	0.146	0.135	0.146	0.301	0.261	0.127	0.146	0.135	0.146	0.301	0.261
0.062	0.054	0.069	0.064	0.073	0.064	0.062	0.054	0.069	0.064	0.073	0.064	0.062	0.054

CLASS:
955+951+953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

CODE:
Exhibit 5C-Non-Destructive Testing Contractors - All Employees Incl. Office

Manual Year	Payroll In Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						All
							Death	P.T.	Major	Minor	Temp	Temp	
2004	276,324	476,131	0.172	727,984	42.706	0.0362	0	0	1	1	1	8	10
2005	290,864	1,694,638	0.583	2,442,160	93.420	0.0584	1	0	2	2	3	11	17
2006	433,354	501,032	0.116	728,125	18.210	0.0438	0	0	0	0	4	15	19
2007	423,696	951,737	0.225	1,695,543	42.536	0.0496	0	0	2	2	4	15	21
2008	330,951	3,902,376	1.179	3,647,187	141.543	0.0816	0	0	4	4	1	22	27
TOTAL	1,755,189	7,525,914	0.429	9,240,999	75.278	0.0536	1	0	9	9	13	71	94
O.D.			0.000				0	0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Death	Indemnity			Medical			Temp	Med Only
		Major	Minor	Temp	Major	Minor	Temp		
2004	0	148,779	54,633	105,117	0	19,098	17,259	82,173	49,072
2005	726,024	278,302	131,974	119,858	10,000	80,154	174,899	66,927	106,500
2006	0	0	111,758	49,926	0	0	104,169	80,131	155,048
2007	0	375,601	104,909	112,953	0	214,166	26,432	59,185	58,491
2008	0	1,237,540	86,944	171,065	0	2,061,245	25,000	239,875	80,797
TOTAL	726,024	2,040,222	490,218	558,919	10,000	2,374,663	347,759	528,291	449,818
O.D.	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Death	Indemnity			Medical			Temp	Med Only
		Major	Minor	Temp	Major	Minor	Temp		
2004	0	234,178	82,004	160,829	0	45,950	27,269	121,616	56,138
2005	940,939	452,900	181,006	178,494	15,632	1,536	232,219	99,682	120,026
2006	179	61,872	134,309	70,184	83	1,426	125,650	106,375	171,948
2007	229	15,439	132,891	146,817	648	9,466	51,060	73,266	62,351
2008	796	48,554	210,792	202,378	3,736	58,697	138,385	214,171	86,518
TOTAL	942,143	67,783	741,002	758,702	20,099	71,025	574,583	615,010	496,981
O.D.	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES
EXPECTED LOSSES
CREDIBILITY

SERIOUS NON-SER MED ONLY TOTAL
6,054,721 2,689,297 496,981
(539,858) (506,254) 3,915
5,514,863 2,183,043 500,896

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR	4-1-11	4-1-12	IND LOSS COST =	0.387
IND LOSS COST	0.40	0.39		
MAN LOSS COST		0.39	ADJ LOSS COST =	0.39

CLASS:
955

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
Exhibit 12 - All Analytical Testing Firms (exh 3 & 5)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P T	Major	Minor	Temp	All	
2004	221,149	727,621	0,329	1,127,202	49.252	0.0588	0	0	2	2	2	9	13
2005	245,820	2,020,273	0,822	2,918,687	69.109	0.1098	1	0	3	3	5	18	27
2006	352,792	833,634	0,236	1,412,229	29.752	0.0624	0	0	1	1	2	19	22
2007	364,350	863,545	0,237	1,478,450	32.032	0.0631	0	0	2	2	4	17	23
2008	312,674	3,450,481	1,104	3,071,250	137.515	0.0768	0	0	3	3	2	19	24
TOTAL	1,496,785	7,895,534	0,527	10,007,818	66.035	0.0728	1	0	11	11	15	82	109
O.D.			0	0			0	0	0	0	0	0	0

Manual Year	Death	REPORTED LOSSES								
		Indemnity			Medical					
		P T	Major	Minor	Temp	Med Only	Temp			
2004	0	0	293,369	71,019	114,842	0	44,703	34,655	81,690	87,343
2005	726,024	0	383,209	204,453	153,850	10,000	78,424	231,932	78,058	154,323
2006	0	0	113,155	102,020	55,687	0	235,032	45,639	103,003	179,098
2007	0	0	260,406	104,909	118,362	0	149,166	26,432	77,459	126,811
2008	0	0	690,587	172,664	138,583	0	2,061,245	61,240	176,036	150,106
TOTAL	726,024	0	1,740,726	655,065	581,324	10,000	2,568,570	399,898	516,246	697,681
O.D.	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	TRANSLATED LOSSES											
		Indemnity						Medical					
		P T	Major	Minor	Temp	Death	P T	Major	Minor	Temp	Med Only	Temp	
2004	0	0	461,763	106,600	175,708	0	0	107,555	54,755	120,901	99,920	99,920	
2005	941,084	3,991	626,629	279,194	229,679	15,684	1,506	223,132	307,133	116,733	173,922	173,922	
2006	163	3,091	227,377	126,369	78,849	37	13,185	556,368	73,096	135,074	198,620	198,620	
2007	219	11,919	552,998	127,193	150,464	495	6,989	354,324	46,647	92,021	135,181	135,181	
2008	788	31,077	1,058,079	206,132	160,303	3,834	59,496	1,066,437	145,547	166,543	160,514	160,514	
TOTAL	942,254	50,078	2,936,846	847,488	795,003	20,050	81,176	2,307,816	627,178	631,372	768,557	768,557	
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	

YEAR	IND LOSS COST	MAN LOSS COST	ADJ LOSS COST =
4-1-11	0.48		
4-1-12	0.49		
TOTAL	0.49		0.486

TOTAL TRANSLATED LOSSES	SERIOUS	NON-SER	MED ONLY	TOTAL
IBNR + FREQ ADJUSTMENT	6,338,220	2,901,041	768,557	9,007,818
TOTAL LOSSES	(546,064)	(500,566)	4,053	772,610
EXPECTED LOSSES	5,792,156	2,400,475	772,610	8,965,241
CREDIBILITY	4,460,419	2,080,531	523,875	7,064,825
PURE PREMIUMS	0.28	0.61	0.92	0.81
INDICATED (PRE-TEST)	0.387	0.160	0.052	0.599
INDICATED (POST-TEST)	0.336	0.139	0.045	0.520
PRES ON LOSS COST LEVEL	0.281	0.131	0.033	0.445
DERIVED BY FORMULA	0.296	0.136	0.044	0.476
UNDERLYING PRES LOSS COST	0.298	0.139	0.035	0.472
PROPOSED	0.296	0.136	0.044	0.476

CLASS:
955+951+953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
Exhibit 13 -All Analytical Testing Firms (exh 3C & 5C)

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses		Claim Severity	Claim Frequency	Number of Cases		All			
				Major	Minor			Major	Minor				
2004	361,963	1,100,371	0.304	1,690,928	50.873	0.0525	0	0	2	3	14	19	
2005	390,256	2,464,308	0.631	3,616,130	70.584	0.0820	1	0	4	4	8	19	32
2006	538,211	997,866	0.185	1,689,317	29.284	0.0502	0	0	0	1	5	21	27
2007	550,115	1,907,636	0.347	3,356,631	53.271	0.0600	0	0	0	5	8	20	33
2008	459,905	4,179,155	0.909	4,165,361	120.566	0.0718	0	0	0	4	2	27	33
TOTAL	2,300,450	10,649,336	0.463	14,499,367	67.733	0.0626	1	0	0	16	26	101	144
O.D.		0	0.000				0	0	0	0	0	0	0

Manual Year	Death	P.T		Indemnity		Death	P.T	Medical		Med Only		
		Major	Minor	Major	Minor			Major	Minor		Temp	Temp
2004	0	0	0	293,369	77,172	130,231	0	44,703	302,275	118,836	133,785	
2005	726,024	0	0	506,872	313,046	167,863	10,000	128,578	320,346	85,944	205,635	
2006	0	0	0	113,155	145,492	67,518	0	235,032	116,649	112,823	207,197	
2007	0	0	0	793,217	272,413	134,404	0	326,071	139,519	92,303	149,709	
2008	0	0	0	1,237,540	172,664	185,595	0	2,061,245	61,240	261,374	199,487	
TOTAL	726,024	0	0	2,944,153	980,787	685,611	10,000	2,795,629	940,029	671,280	895,823	
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T		Indemnity		Death	P.T	Medical		Med Only		
		Major	Minor	Major	Minor			Major	Minor		Temp	Temp
2004	0	0	0	461,763	115,835	199,253	0	107,556	477,595	175,877	153,050	
2005	941,301	5,260	0	833,781	425,109	252,124	15,763	2,460	354,263	424,131	130,187	
2006	233	3,417	0	250,264	178,090	96,083	93	14,058	590,159	155,977	151,162	
2007	528	32,215	0	1,525,035	310,245	192,444	1,443	16,945	832,764	163,142	122,280	
2008	1,049	53,726	0	1,815,195	274,181	223,757	3,945	61,792	1,118,535	184,936	235,084	
TOTAL	943,111	94,618	0	4,886,038	1,303,460	963,661	21,244	95,255	3,003,576	1,385,781	814,590	
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

TOTAL TRANSLATED LOSSES	9,043,842	NON-SER	988,033	TOTAL
IBNR + FREQ ADJUSTMENT	(697,753)		5,055	
TOTAL LOSSES	8,346,089		993,088	
EXPECTED LOSSES	5,659,107	2,714,531	667,131	
CREDIBILITY	0.37	0.81	1.00	

PURE PREMIUMS

INDICATED (PRE-TEST)	0.363	0.166	0.043	0.572
INDICATED (POST-TEST)	0.315	0.144	0.037	0.496
PRES. ON LOSS COST LEVEL	0.232	0.111	0.027	0.370
DERIVED BY FORMULA	0.263	0.138	0.037	0.438
UNDERLYING PRES LOSS COST	0.246	0.118	0.029	0.393
PROPOSED	0.263	0.138	0.037	0.438

YEAR

IND. LOSS COST	4-1-11	4-1-12	IND LOSS COST =	0.447
MAN LOSS COST	0.40	0.45	ADJ LOSS COST =	0.45

CLASS: 955

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

Exhibit 21

CODE: 955 - EX 2,3,5,9,10 & 11

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	1,063,632	6,979,861	0.656	8,087,024	67,889	0.0903	2	0	8	13	73	96
2005	1,159,901	4,475,143	0.386	6,765,913	42,768	0.0810	0	0	6	9	79	94
2006	1,263,236	4,028,070	0.319	6,230,662	41,476	0.0665	0	0	4	15	65	84
2007	1,396,524	5,578,590	0.399	8,045,252	59,040	0.0623	2	0	5	12	68	87
2008	1,453,254	4,131,384	0.284	6,641,420	64,516	0.0392	2	0	4	3	48	57
TOTAL	6,336,547	25,193,048	0.398	35,770,271	54,630	0.0660	6	0	27	52	333	418
O.D.		125,019	0.002				0	0	1	0	1	2

REPORTED LOSSES

Manual Year	Death	Indemnity		Temp	Death	Medical		Temp	Med. Only
		Major	Minor			Major	Minor		
2004	813,660	1,348,264	367,182	451,748	0	2,751,885	323,311	461,276	462,535
2005	0	1,431,419	250,384	511,362	0	1,075,411	153,927	597,644	454,996
2006	0	710,013	371,273	334,440	0	736,245	843,991	488,014	544,094
2007	1,363,018	876,313	536,795	594,140	97,000	551,122	342,245	775,845	442,112
2008	196,314	911,582	139,105	503,545	0	800,148	226,908	899,819	453,963
TOTAL	2,372,992	5,277,591	1,664,739	2,395,235	97,000	5,914,811	1,890,362	3,222,598	2,357,700
O.D.	0	100,097	0	3,571	0	7,048	0	3,316	10,987

TRANSLATED LOSSES

Manual Year	Death	Indemnity		Temp	Death	Medical		Temp	Med. Only
		Major	Minor			Major	Minor		
2004	1,122,119	1,667,787	551,140	691,174	0	2,302,145	510,831	682,688	529,140
2005	501	1,967,256	357,318	757,603	139	2,020,991	232,658	857,268	512,780
2006	587	1,233,495	471,830	464,735	647	1,719,340	1,013,562	664,833	603,400
2007	886,832	2,162,547	623,184	746,096	77,970	1,661,923	438,930	905,252	471,291
2008	268,886	1,906,122	354,619	507,672	5,865	1,786,776	411,899	764,808	486,648
TOTAL	2,278,925	8,997,207	2,358,291	3,167,280	84,621	9,481,175	2,607,880	3,874,849	2,603,259
O.D.	1	1,103	158,234	2,363	4	18,285	898	2,686	12,048

TOTAL TRANSLATED LOSSES 21,336,558 12,017,920 2,615,307
 IBNR + FREQ ADJUSTMENT (2,256,313) (2,088,948) 17,484
 TOTAL LOSSES 19,080,245 9,928,972 2,632,791

EXPECTED LOSSES 18,882,910 8,807,800 2,217,791
 CREDIBILITY 0.73 1.00 1.00

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.301 0.157 0.042 0.500
 INDICATED (POST-TEST) 0.261 0.136 0.036 0.433
 PRES. ONLOSS COST LEVEL 0.281 0.131 0.033 0.445
 DERIVED BY FORMULA 0.266 0.136 0.036 0.438
 UNDERLYING PRES. LOSS COST 0.298 0.139 0.036 0.472
 PROPOSED 0.266 0.136 0.036 0.438

YEAR	IND. LOSS COST	ADJ. LOSS COST =	IND. LOSS COST =
4-1-11	0.48	0.45	0.447
MANLOSS COST	0.48	0.45	0.45

STATISTICAL STUDY

Code 955
Exhibit 12 - All
Analytical Testing
Firms (Ex 3 & 5)

Code 955
Residual excl. Ex
2,3,5,9,10 & 11

Manual Year	Pure Premium Reported	T - test values	
2004	0.329	0.656	
2005	0.822	0.386	
2006	0.236	0.319	2004 - 2008
2007	0.237	0.399	0.5560
2008	1.104	0.284	

Manual Year	Claim Frequency per million	T - test values	
2004	0.059	0.090	
2005	0.110	0.081	
2006	0.062	0.067	2004 - 2008
2007	0.063	0.062	0.6359
2008	0.077	0.039	

Manual Year	Claim Severity Excl Med Only	T - test values	
2004	49,252	67,889	
2005	69,109	42,768	
2006	29,752	41,476	2004 - 2008
2007	32,032	59,040	0.6744
2008	137,515	64,516	

CLASS: 955

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

ARCHITECTURAL & INTERIOR DESIGN FIRMS
REVISED EXHIBIT 2
CODE: 12

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P T	Major	Minor	Temp	All	
2004	134,042	375,751	0.280	709,567	89.873	0.0298	0	0	1	0	0	3	4
2005	146,845	46,436	0.032	57,561	4.708	0.0204	0	0	0	0	0	3	3
2006	161,810	89,209	0.055	129,106	27.905	0.0124	0	0	0	1	1	1	2
2007	174,428	133,817	0.077	161,164	19.352	0.0115	0	0	0	0	0	2	2
2008	158,569	88,328	0.056	140,914	48.425	0.0063	0	0	0	0	0	1	1
TOTAL	775,694	733,541	0.095	1,198,312	43.046	0.0155	0	0	1	1	1	10	12
O.D.		0	0.000				0	0	0	0	0	0	0

Manual Year	Death	Indemnity		Medical		Temp	Med. Only
		Major	Minor	Major	Minor		
2004	0	161,489	0	154,701	0	33,584	16,261
2005	0	0	0	0	0	9,099	32,313
2006	0	0	15,300	0	0	7,084	33,400
2007	0	0	0	0	0	29,738	95,114
2008	0	0	0	0	0	31,558	39,903
TOTAL	0	161,489	15,300	154,701	0	111,063	216,991
O.D.	0	0	0	0	0	0	0

Manual Year	Death	Indemnity		Medical		Temp	Med. Only
		Major	Minor	Major	Minor		
2004	0	254,184	0	372,211	0	49,704	18,603
2005	0	240	118	7,366	2	12,948	36,417
2006	24	7,788	18,084	3,783	25	14,984	10,545
2007	3	4,182	10,416	1,382	6	6,962	101,392
2008	15	590	6,487	15,642	41	19,377	42,775
TOTAL	42	289,051	26,071	52,072	72	131,596	236,229
O.D.	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES		SERIOUS	NON-SER	MED ONLY	TOTAL
IBNR + FREQ. ADJUSTMENT	705,183	256,900	236,229		
TOTAL LOSSES	(283,265)	(260,709)	2,048		
	421,918	0	238,277		
EXPECTED LOSSES	2,311,568	1,078,215	271,493		
CREDIBILITY	0.18	0.39	0.59		

PURE PREMIUMS		INDICATED (PRE-TEST)		INDICATED (POST-TEST)		PRES ON LOSS COST LEVEL		DERIVED BY FORMULA		UNDERLYING PRES. LOSS COST		PROPOSED	
YEAR	IND LOSS COST	4-1-11	4-1-12	IND LOSS COST =	0.36	ADJ. LOSS COST =	0.36	IND LOSS COST =	0.355	ADJ. LOSS COST =	0.36	IND LOSS COST =	0.36
2004	0	0.054	0.000	0.031	0.085	0.027	0.074	0.029	0.348	0.472	0.348	0.029	0.348
2005	0	0.047	0.000	0.027	0.074	0.033	0.445	0.029	0.348	0.472	0.348	0.029	0.348
2006	24	0.281	0.131	0.033	0.445	0.029	0.348	0.029	0.348	0.472	0.348	0.029	0.348
2007	3	0.239	0.080	0.029	0.348	0.035	0.472	0.029	0.348	0.472	0.348	0.029	0.348
2008	15	0.298	0.139	0.035	0.472	0.029	0.348	0.029	0.348	0.472	0.348	0.029	0.348
TOTAL	42	0.239	0.080	0.029	0.348	0.029	0.348	0.029	0.348	0.472	0.348	0.029	0.348

CLASS: 951

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

ARCHITECTURAL & INTERIOR DESIGN FIRMS
CODE: REVISED EXHIBIT 2A

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity #DIV/0!	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	6,528	470	0.007	538	#DIV/0!	0.0000	0	0	0	0	0	0
2005	6,910	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
2006	7,369	498	0.007	552	#DIV/0!	0.0000	0	0	0	0	0	0
2007	7,726	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
2008	7,299	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0
TOTAL	35,832	968	0.003	1,090	#DIV/0!	0.0000	0	0	0	0	0	0
O.D.			0.000				0	0	0	0	0	0

Manual Year	Death	REPORTED LOSSES					
		Indemnity			Medical		
		P.T.	Major	Minor	Temp	Med Only	
2004	0	0	0	0	0	0	470
2005	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	498
2007	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	968
O.D.	0	0	0	0	0	0	0

Manual Year	Death	TRANSLATED LOSSES					
		Indemnity			Medical		
		P.T.	Major	Minor	Temp	Med Only	
2004	0	0	0	0	0	0	538
2005	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	552
2007	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	1,090
O.D.	0	0	0	0	0	0	0

	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	0	0	1,090	
IBNR + FREQ ADJUSTMENT	(111,736)	(10,929)	78	
TOTAL LOSSES	0	0	1,168	
EXPECTED LOSSES	96,030	45,148	10,391	
CREDIBILITY	0.02	0.05	0.08	
PURE PREMIUMS				
INDICATED (PRE-TEST)	0.000	0.000	0.003	0.003
INDICATED (POST-TEST)	0.000	0.000	0.003	0.003
PRES ON LOSS COST LEVEL	0.252	0.119	0.027	0.398
DERIVED BY FORMULA	0.247	0.113	0.025	0.385
UNDERLYING PRES. LOSS COST	0.268	0.126	0.029	0.423
PROPOSED	0.247	0.113	0.025	0.385
YEAR	4-1-11	4-1-12	IND. LOSS COST =	0.393
IND. LOSS COST	0.43	0.39	ADJ. LOSS COST =	0.39
MANLOSS COST				

CLASS: 953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

ARCHITECTURAL & INTERIOR DESIGN FIRMS
CODE: REVISED EXHIBIT 2B

Manual Year	Payroll in Titous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P.T.	Major	Minor	Temp	All	
2004	176,368	106,883	0.061	152,892	29.125	0.0170	0	0	0	0	0	3	3
2005	194,426	15,000	0.008	21,091	12.057	0.0051	0	0	0	0	0	1	1
2006	210,036	47,190	0.022	61,430	28.862	0.0048	0	0	0	0	0	1	1
2007	225,622	30,611	0.014	57,789	29.427	0.0044	0	0	0	0	1	1	1
2008	217,956	36,791	0.017	85,541	16.854	0.0092	0	0	0	1	1	1	2
TOTAL	1,024,408	236,475	0.023	378,743	23.928	0.0078	0	0	0	2	2	6	8
O.D.		0	0.000				0	0	0	0	0	0	0

Manual Year	Death	Indemnity			REPORTED LOSSES							
		P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only	
2004	0	0	0	0	25,207	0	0	0	0	62,167	19,509	
2005	0	0	0	0	11	0	0	0	0	12,046	2,943	
2006	0	0	0	0	2,980	0	0	0	0	25,882	18,328	
2007	0	0	0	0	2,190	0	0	0	0	27,237	1,184	
2008	0	0	0	0	741	0	0	0	0	19,467	3,084	
TOTAL	0	0	0	0	28,939	0	0	0	0	100,218	45,048	0
O.D.	0	0	0	0	15,566	0	0	0	0	46,704	100,218	0

Manual Year	Death	Indemnity			TRANSLATED LOSSES							
		P.T.	Major	Minor	Temp	Death	P.T.	Major	Minor	Temp	Med. Only	
2004	0	0	0	0	38,567	0	0	0	0	92,007	22,318	
2005	0	0	1	0	16	0	2	341	0	17,141	3,317	
2006	0	8	463	205	3,952	0	57	2,221	1,602	32,596	20,326	
2007	3	45	1,966	146	1,966	125	692	25,409	23,361	2,274	1,262	
2008	38	754	26,882	9,304	1,920	97	1,409	28,053	11,667	2,071	3,306	
TOTAL	41	807	29,852	11,475	44,601	222	2,160	56,064	36,903	146,089	50,529	0
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES
EXPECTED LOSSES
CREDIBILITY

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR	4-1-11	4-1-12	IND LOSS COST =	0.149
IND LOSS COST	0.15	0.15		
MAN LOSS COST	0.23	0.16	ADJ LOSS COST =	0.16

CLASS:
955+951+953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
REVISED EXHIBIT 2C
ARCHITECTURAL & INTERIOR DESIGN FIRMS
ALL EMPLOYEES INCLUDING OFFICE

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses		Claim Severity	Claim Frequency	Number of Cases					
				Major	Minor			Death	P.T.	Major	Minor	Temp	All
2004	316,938	483,104	0.152	862,997	63,838	0.0221	0	0	0	1	0	6	7
2005	348,181	61,436	0.018	78,651	6,545	0.0115	0	0	0	0	0	4	4
2006	379,215	136,897	0.036	191,089	28,224	0.0079	0	0	0	0	1	2	3
2007	407,776	164,428	0.040	218,953	22,710	0.0074	0	0	0	0	1	2	3
2008	383,824	125,119	0.033	226,455	27,377	0.0078	0	0	0	0	1	2	3
TOTAL	1,835,934	970,984	0.053	1,578,145	35,399	0.0109	0	0	0	1	3	16	20
O.D.			0.000				0	0	0	0	0	0	0

Manual Year	Death	Indemnity		Medical		Death	P.T.	Medical		Temp	Med Only
		Major	Minor	Major	Minor			Major	Minor		
2004	0	161,489	0	154,701	0	0	0	95,751	0	95,751	36,240
2005	0	0	0	0	0	0	0	21,145	0	21,145	35,256
2006	0	0	15,300	0	0	0	0	30,982	0	32,966	52,226
2007	0	0	2,190	0	0	0	0	27,237	0	29,738	96,298
2008	0	0	13,376	0	0	0	0	19,467	0	31,681	42,987
TOTAL	0	161,489	15,300	154,701	0	0	0	211,281	0	263,007	0
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	Indemnity		Medical		Death	P.T.	Medical		Temp	Med Only
		Major	Minor	Major	Minor			Major	Minor		
2004	0	254,184	0	372,211	0	0	0	141,711	0	141,711	41,459
2005	0	7,382	118	598	4	0	4	30,089	0	30,089	39,794
2006	24	8,251	18,290	17,204	445	25	445	37,937	0	43,140	57,919
2007	6	6,688	3,348	32,371	850	131	850	35,363	0	35,363	102,654
2008	53	49,540	15,791	47,489	2,258	198	2,258	18,837	0	27,380	46,082
TOTAL	83	318,904	37,547	96,675	0	294	3,557	469,853	0	277,683	287,848
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES	SERIOUS	NON-SER	MED ONLY	TOTAL
IBNR + FREQ ADJUSTMENT	794,327	495,970	287,848	1,578,145
TOTAL LOSSES	(461,023)	(451,257)	3,488	333,304
EXPECTED LOSSES	3,782,024	1,872,653	458,984	6,113,661
CREDIBILITY	0.32	0.70	1.00	

PURE PREMIUMS	INDICATED (PRE-TEST)	INDICATED (POST-TEST)	PRES ON LOSS COST LEVEL	DERIVED BY FORMULA	UNDERLYING PRES. LOSS COST	PROPOSED
0.018	0.016	0.002	0.014	0.036	0.016	0.036
0.016	0.002	0.014	0.014	0.032	0.014	0.032
0.194	0.096	0.024	0.024	0.314	0.194	0.314
0.137	0.030	0.014	0.014	0.181	0.137	0.181
0.206	0.102	0.025	0.025	0.333	0.206	0.333
0.137	0.030	0.014	0.014	0.181	0.137	0.181

YEAR	4-1-11	4-1-12	IND LOSS COST =	0.185
IND. LOSS COST	0.19	0.23	ADJ LOSS COST =	0.23
MAN LOSS COST	0.34			

CLASS: 955

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

Exhibit 17

CODE:

code 955 - rev 2 - 9 - 10 - 11

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses		Claim Severity	Claim Frequency	Number of Cases		All			
				Major	Minor			Major	Minor		Temp		
2004	1,283,993	7,707,482	0.600	14,010,305	65,666	0.0849	0.0849	2	0	10	15	82	109
2005	1,404,452	6,490,557	0.462	10,759,559	49,030	0.0854	0.0854	1	0	9	14	96	120
2006	1,614,230	4,861,704	0.301	8,122,916	39,043	0.0657	0.0657	0	0	5	17	84	106
2007	1,759,057	6,442,135	0.366	10,765,018	53,393	0.0625	0.0625	2	0	7	16	85	110
2008	1,764,159	7,575,472	0.429	14,250,112	86,145	0.0459	0.0459	2	0	7	5	67	81
TOTAL	7,825,891	33,077,350	0.423	57,917,910	57,093	0.0672	0.0672	7	0	38	67	414	526
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	813,660	0	1,641,633	438,201	566,590	0	0	2,796,588	357,966	542,966	549,878
2005	726,024	0	1,814,628	454,837	663,654	10,000	0	1,153,835	385,859	674,772	606,948
2006	0	0	823,168	473,293	390,127	0	0	971,277	889,630	723,192	591,017
2007	1,363,018	0	1,136,719	641,704	712,502	97,000	0	700,288	368,677	853,304	568,923
2008	196,314	0	1,602,169	311,769	642,128	0	0	2,861,393	288,148	1,075,855	597,696
TOTAL	3,099,016	0	7,018,317	2,319,804	2,975,001	107,000	0	8,483,381	2,290,280	3,737,914	3,046,637
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	1,174,925	0	2,563,930	657,740	866,883	0	0	6,728,591	565,586	603,590	629,060
2005	1,243,064	18,629	2,884,230	638,155	985,611	20,782	0	2,745,286	544,215	973,499	684,030
2006	757	20,613	1,521,583	603,414	544,187	712	63,259	2,638,672	1,124,517	803,182	802,020
2007	2,031,097	58,518	2,715,545	750,378	896,560	175,733	41,618	2,006,248	485,576	997,273	606,472
2008	269,825	100,957	3,469,450	597,698	682,414	23,442	352,193	6,286,733	828,759	1,007,911	640,730
TOTAL	4,719,668	198,717	13,174,738	3,247,385	3,975,655	220,669	479,128	20,405,590	3,548,653	4,585,455	3,362,312
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES

SERIOUS NON-SER MED ONLY TOTAL
39,198,450 15,357,148 3,362,312
(2,799,732) (2,587,081) 21,515
36,398,718 12,770,067 3,383,827

EXPECTED LOSSES CREDIBILITY 23,321,155 10,877,988 2,739,062 1.00 1.00

PURE PREMIUMS INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR	4-1-11	4-1-12	IND. LOSS COST =	0.580
IND. LOSS COST	0.48	0.58		
MAN. LOSS COST	0.48	0.57	ADJ. LOSS COST =	0.57

STATISTICAL STUDY

Code 955
Revised Ex 2 : Architectural
& Interior Design Firms

Code 955
Residual excl. Ex
Rev 2,9,10 & 11

Manual Year	Pure Premium Reported	T - test values	
2004	0.280	0.600	
2005	0.032	0.462	
2006	0.055	0.301	2004 - 2008 0.0005
2007	0.077	0.366	
2008	0.056	0.429	

Manual Year	Claim Frequency per million	T - test values	
2004	0.030	0.085	
2005	0.020	0.085	
2006	0.012	0.066	2004 - 2008 0.0002
2007	0.012	0.063	
2008	0.006	0.046	

Manual Year	Claim Severity Excl Med Only	T - test values	
2004	89,873	65,666	
2005	4,708	49,030	
2006	27,905	39,043	2004 - 2008 0.1751
2007	19,352	53,393	
2008	48,425	86,145	

CLASS:
955+951+953

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
Exhibit 16

All Groups Except Architectural & Interior
Design Firms - All Employees Incl. Offices

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	4,491,409	12,834,884	0.286	17,516,852	57.263	0.0454	4	0	24	39	137	204
2005	4,820,124	10,754,700	0.223	16,358,850	46.284	0.0434	1	0	19	42	147	209
2006	5,290,023	8,997,154	0.172	14,421,311	42.238	0.0352	0	0	14	42	128	184
2007	5,338,117	10,909,868	0.204	17,273,208	48.767	0.0380	2	0	14	44	143	203
2008	5,211,939	11,617,465	0.223	16,906,788	73.984	0.0276	4	0	11	19	110	144
TOTAL	25,091,612	55,114,071	0.220	82,477,009	52.627	0.0376	11	0	82	186	665	944
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	REPORTED LOSSES								
			Indemnity			Medical					
			Major	Minor	Temp	Major	Minor	Temp	Med Only		
2004	914,088	0	3,667,677	936,625	851,523	5,258	0	3,495,858	920,816	889,905	1,153,134
2005	726,024	0	3,278,930	1,052,438	1,010,636	10,000	0	1,780,801	800,397	1,014,221	1,081,253
2006	0	0	2,264,251	1,138,977	606,158	0	0	1,544,616	1,317,664	900,077	1,225,411
2007	1,363,018	0	2,311,061	1,554,300	1,213,244	97,000	0	971,338	1,000,873	1,388,882	1,010,152
2008	772,676	0	2,650,589	772,124	972,474	2,500	0	3,102,003	585,930	1,785,380	963,789
TOTAL	3,775,806	0	14,172,508	5,454,464	4,654,035	114,758	0	10,894,616	4,635,660	5,978,465	5,433,739
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	TRANSLATED LOSSES								
			Indemnity			Medical					
			Major	Minor	Temp	Major	Minor	Temp	Med Only		
2004	1,267,137	0	5,348,543	1,405,874	1,302,830	9,191	0	4,092,144	1,454,889	1,317,059	1,319,185
2005	942,780	31,545	4,921,306	1,453,175	1,506,853	16,195	29,071	3,669,559	1,102,290	1,467,504	1,218,572
2006	1,815	53,571	3,973,205	1,431,652	871,174	1,026	90,790	3,784,826	1,635,480	1,218,791	1,358,981
2007	888,687	120,867	5,696,833	1,713,414	1,565,952	82,131	71,248	3,287,480	1,117,178	1,652,586	1,076,822
2008	1,057,723	162,634	5,619,929	1,092,367	1,054,840	17,866	219,470	4,170,042	937,322	1,541,413	1,033,182
TOTAL	4,158,142	368,617	25,559,816	7,096,482	6,301,649	126,409	410,579	19,004,081	6,247,159	7,197,353	6,006,742
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES
EXPECTED LOSSES
CREDIBILITY

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR	IND. LOSS COST	MAN. LOSS COST	ADJ. LOSS COST =
4-1-11	0.25	0.33	
4-1-12	0.25		
TOTAL	0.25		0.25

CLASS: 951

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE: EXHIBIT 18
RESIDUAL CODE 951

Manual Year	Payroll in Thousands	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases			All		
							Death	P.T.	Major		Minor	Temp
2004	10,748,847	40,455,021	0.376	63,125,052	50.482	0.0679	7	0	78	125	520	730
2005	11,386,752	42,311,762	0.372	67,044,880	58.644	0.0581	4	1	80	113	464	662
2006	11,931,516	33,403,525	0.280	48,631,587	47.384	0.0527	2	1	48	108	470	629
2007	12,666,281	45,509,818	0.359	61,638,029	60.939	0.0533	3	1	57	136	478	675
2008	12,552,438	41,056,281	0.327	72,585,085	43.583	0.0667	5	0	34	218	580	837
TOTAL	59,285,834	202,736,407	0.342	313,024,633	51.823	0.0596	21	3	297	700	2512	3533
O.D.			0.000	0.000			1	0	5	8	12	26

REPORTED LOSSES

Manual Year	Death	Indemnity			Medical			
		P.T.	Major	Minor	Major	Minor	Temp	
2004	3,072,459	0	13,110,637	3,807,396	5,374,396	2,903,705	5,061,741	3,603,341
2005	1,860,004	179,482	15,489,721	3,421,917	7,754,243	2,864,705	3,858,478	3,489,728
2006	458,289	347,033	8,036,139	3,769,265	3,110,691	3,624,368	4,180,533	3,598,912
2007	570,132	469,622	10,267,419	4,982,522	7,884,167	3,650,592	6,338,733	4,312,136
2008	2,527,860	0	5,385,680	5,041,074	4,626,504	4,122,257	6,476,666	8,113,081
TOTAL	8,488,754	996,117	52,289,596	21,022,174	16,877,836	252,821	10,253,561	24,525,856
O.D.	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Death	Indemnity			Medical			
		P.T.	Major	Minor	Major	Minor	Temp	
2004	4,230,256	0	20,056,094	5,714,901	5,377,055	12,115	0	11,533,178
2005	2,947,298	444,301	23,642,179	4,768,484	4,457,870	104,291	777,030	16,400,537
2006	681,089	292,005	14,037,965	4,799,873	4,353,131	6,547	1,032,528	9,639,405
2007	858,293	511,556	21,784,071	5,445,509	3,647,971	40,862	1,043,401	13,263,261
2008	3,258,384	629,533	22,252,481	5,567,457	4,934,277	344,985	889,985	17,283,778
TOTAL	11,975,320	1,877,395	101,772,790	26,296,224	22,770,304	508,800	3,722,844	68,100,159
O.D.	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES

SERIOUS NON-SER MED ONLY TOTAL
187,957,308 103,449,673 21,617,652
(19,261,345) (17,972,902) 130,494
168,696,963 85,476,771 21,748,146

EXPECTED LOSSES
CREDIBILITY

158,866,035 74,700,151 17,192,892
1.00 1.00 1.00

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

0.285 0.144 0.037 0.466
0.247 0.125 0.032 0.404
0.252 0.119 0.027 0.398
0.247 0.125 0.032 0.404
0.268 0.126 0.029 0.423
0.247 0.125 0.032 0.404

YEAR 4-1-11 4-1-12 IND. LOSS COST = 0.412
IND. LOSS COST 0.41
MAN. LOSS COST 0.43 ADJ. LOSS COST = 0.41



Pennsylvania Compensation Rating Bureau

United Plaza Building • Suite 1500
30 South 17th Street • Philadelphia, PA 19103-4007
(215)568-2371 • FAX (215)564-4328 • www.pcrb.com

TO: Pennsylvania Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst
David T. Rawson, Technical Director -Classification and Field Operations

DATE: April 23, 2012

RE: **Executive Summary** – Classification Study Report
Code 968, Sports, Recreational or Amusement Facility, Indoor, and
Code 884, Health or Exercise Club

Code 968 applies to employers operating indoor amateur sport, recreational or amusement facilities and to employers operating indoor facilities where patrons can practice or receive training or instruction in a specific sport(s). Code 884 applies to employers providing exercise programs to their members or to the general public. The study objective was to determine if the scopes of Codes 968 and 884 were sound. Pursuant to the Codes 968 and 884 study historical experience exhibit comparisons, t-test results and underwriting analysis, staff has concluded that overall the scopes of Codes 968 and 884 are sound and recommends that Manual language should be created to clarify the scopes of Codes 968 and 884.

Staff discovered an inconsistency in the classification assignment of recreation associations, commissions or authorities in the Code 968 study and the separate study of Code 976, Y.M.C.A., Y.W.C.A. A recreation association, commission or authority is an entity created to provide shared recreation facilities to a specified population. The specific facilities and activities provided may vary by authority. The activities provided may include but are not necessarily limited to: youth athletic leagues, exercise and sports instruction, and hikes and foot races. The Code 968 file-by-file review revealed three recreation associations, commissions or authorities classified to Code 968, and the separate Code 976 file-by-file review revealed seven recreation associations, commissions or authorities classified to Code 976. Pursuant to historical experience exhibit comparisons, t-test results and underwriting analysis, staff concluded and recommends the following:

- That the three recreation associations, commissions or authorities classified to Code 968 are misclassified thereto and that those three employers should be reclassified from Code 968 to Code 976. One of the three recreations, associations or commissions presently classified to Code 968 attributes payroll to Code 968 only. The remaining two recreations, associations or commissions presently classified to Code 968 attribute payroll to Code 953 in addition to Code 968.
- That Manual language should be created to clarify the classification procedure for recreation authorities.

Staff recommends that the reclassifications and Manual language amendments discussed herein be made effective for new and renewal business as of April 1, 2013 and later, the projected effective date of the PCRB's next annual comprehensive loss cost filing.



Pennsylvania Compensation Rating Bureau

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TO: Pennsylvania Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst
David T. Rawson, Technical Director – Classification & Field Operations

DATE: April 23, 2012

RE: **Class Study Report:** Code 968, Sports, Recreational or Amusement Facility, Indoor, and Code 884, Health or Exercise Club

INTRODUCTION AND CLASS HISTORY

Exhibit A attached lists the current Underwriting Guide entries for Code 968. Exhibit B attached lists the current Underwriting Guide entries for Code 884. Code 968 applies to employers operating an indoor amateur sport, recreational or amusement facility and to employers operating an indoor facility where patrons can practice or receive training or instruction in a specific sport. Code 884 applies to employers providing exercise programs to their members or to the general public. The Pennsylvania Compensation Rating Bureau (PCRB) initiated this study with the objective of determining whether the scopes of Codes 968 and 884 were sound and whether the scopes of those classifications required clarification by way of revised Code 968 and Code 884 Manual language.

A review of the PCRB's historical record shows that Code 968 became a Pennsylvania classification concurrent with the creation of the uniform Pennsylvania classification plan, effective for new and renewal business as of December 31, 1922 and later. PCRB staff has periodically clarified the scope of Code 968 by amending the Underwriting Guide. The scope was most recently revised effective for new and renewal business as of October 1, 1982 and later to permit a division of payroll with Code 951, Salesperson – Outside, and Code 953, Office.

Staff presented the results of a previous study of Code 968 to the PCRB Classification and Rating Committee (Committee) on May 27, 1999. At the time of the 1999 study, Code 968 included employers operating health and exercise clubs. Staff found that the payroll assignment of certain employees of health and exercise clubs (e.g., inside salespersons, front desk personnel and club managers) had been a source of audit disputes between insurers and their insured health and exercise club operators. Insurance carrier auditors and PCRB test auditors generally assigned payroll developed by these employees to Code 968, while health and exercise club operators often contended that such payroll should be assigned to Code 953. Staff initiated the 1999 study as an effort to alleviate such disputes. The 1999 study reviewed the feasibility of reclassifying health and exercise clubs from Code 968 to Code 976, YMCA, YWCA, which included all employees and, as such, did not permit a division of payroll with

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RE: Class Study Report - Codes 968, Sports, Recreational or Amusement Facility, Indoor, and 884, Health or Exercise Club and Code 884

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either standard exception classification (i.e., Code 951, Salesperson – Outside, and Code 953, Office). Pursuant to the study results, staff concluded that it was not feasible to reclassify health and exercise clubs from Code 968 to Code 976 and recommended that such employers continue to be assigned to Code 968.

The 1999 study of Code 968 did not explore the feasibility of creating a new, separate, all employees including office classification for health and exercise clubs. Staff restudied Code 968 in 2000 for that specific purpose. The resulting March 23, 2000 study report noted that disproportionate amounts of payroll developed by health and exercise clubs were being assigned to Codes 951 and 953. Audited health and exercise clubs' payrolls were allocated as follows: Code 968 (41.17%), Code 951 (8.01%) and Code 953 (50.82%). That payroll allocation was compared to a staff analysis of employee listings by job duties from a sample of 122 health club operators. Based on the total number of employees in the sample, the PCRB's allocation to classification was: Code 968 (93.4%), 951 (0.3%) and Code 953 (6.3%). Based on the study results, staff concluded and recommended that health and exercise clubs should be reassigned from Codes 968, 951 and 953 to a new, separate all employees including office classification, Code 884. The Pennsylvania Insurance Commissioner (Commissioner) approved the PCRB's proposal, effective for new and renewal business as of December 1, 2000 and later.

The PCRB included Manual language amendments to clarify the scopes of Codes 968 and 884 as part of the housekeeping revisions filed and approved by the Commissioner for new and renewal business as of December 1, 2010 and later. Those amendments to the Code 968 Manual language were as follows:

- Changing of the Code 968 classification title from "Amusement, Indoor" to "Sports, Recreational or Amusement Facility, Indoor."
- The addition of a Code 968 classification description including "Operations Also Included" and "Operations Not Included" sections.
- The addition of Code 968 Underwriting Guide entries for "Amateur Sports Training Facility (e.g., Basketball, Ice Hockey, Boxing), Not Professional or Semiprofessional Sports" and "Rock Climbing Wall Facility – Indoor."
- The deletion of the Code 968 "Dance Hall" and "Skeeball Alley" Underwriting Guide entries.

The 2010 amendments to the Code 884 Manual language were as follows:

- The addition of a Code 884 classification description including "Operations Also Included" and "Operations Not Included" sections.
- The addition of Code 884 Underwriting Guide entries for "Aerobics Studio," "Pilates Studio" and "Yoga Studio."

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RE: Class Study Report - Codes 968, Sports, Recreational or Amusement Facility, Indoor, and 884, Health or Exercise Club and Code 884

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CLASSIFICATION PROCEDURE IN OTHER JURISDICTIONS

Staff finds that there is no National Council on Compensation Insurance, Inc. (NCCI) classification that is a direct equivalent to Code 968. The NCCI has five classifications that are equivalent in part to portions of Code 968. NCCI Code 8017, Store – Retail, N.O.C., is equivalent to the Pennsylvania Code 968 “Video Game Arcade” Underwriting Guide entry. NCCI Codes 9044, Casino Gambling Hotel, and, 9062, Code Casino Gambling, are equivalent to the Pennsylvania Code 968, Bingo Hall, Underwriting Guide entry. NCCI Code 9063, Y.M.C.A., Y.W.C.A., Y.M.H.A. OR Y.W.H.A., Institution, is equivalent to the Pennsylvania Code 968 “Racquetball Club” and “Tennis Club – Indoor” Underwriting Guide entries. NCCI Code 9089, Billiard Hall – No Bowling Lanes, is equivalent to the Pennsylvania Code 968 “Billiard Hall” and “Pool Room” Underwriting Guide entries. Finally, NCCI Code 9093, Bowling Lane, is equivalent to the Pennsylvania Code 968 “Bowling Alley” Underwriting Guide entry.

As is the case for NCCI, there is no Workers’ Compensation Insurance Rating Bureau of California (WCIRB) classification that is a direct equivalent to Code 968. The WCIRB has nine classifications that are equivalent in part to portions of Pennsylvania Code 968. The WCIRB assigns “Video Game Arcade” to Code 8017. WCIRB Codes 9053 (3), Swimming Pools, and 9053 (4), Clubs, Swimming, are equivalent to the Pennsylvania Code 968 “Swim Club – Indoor” Underwriting Guide entry. WCIRB Code 9053 (5), Clubs – Tennis or Racquetball, is equivalent to the Pennsylvania Code 968 “Racquetball Club” and “Tennis Club – Indoor” Underwriting Guide entries. WCIRB Code 9069, Clubs – Gaming, is equivalent to the Pennsylvania Code 968 “Bingo Hall” Underwriting Guide entry. WCIRB Code 9092 (1), Bowling Centers, is equivalent to the Pennsylvania Code 968 “Bowling Alley” Underwriting Guide entry. WCIRB Code 9092 (2), Billiard Halls, is equivalent to the Pennsylvania Code 968 “Billiard Hall” and “Pool Room” Underwriting Guide entries. WCIRB Code 9092 (3), Skating Centers, is equivalent to the Pennsylvania Code 968 “Skating Rink – Ice or Roller – Indoor” Underwriting Guide entry. WCIRB Code 9180 (2), Clubs – Shooting, is equivalent in part to the Code 968 “Shooting Gallery – Indoor” Underwriting Guide entry.

NCCI Code 9063 includes health or exercise clubs and is, therefore, also equivalent in part to Pennsylvania Code 884. WCIRB Code 9053 (2), Exercise or Health Institutes, is principally equivalent to Pennsylvania Code 884. WCIRB Code 9053 (1), Baths, N.O.C., is equivalent to the Pennsylvania Code 884 “Health Spa” Underwriting Guide entry.

HISTORICAL EXPERIENCE EXHIBITS AND STATISTICAL ANALYSIS

Staff created various historical experience exhibits for the study of Pennsylvania Codes 968 and 884. Only those historical experience exhibits discussed in this report are attached. The Codes 968 and 884 historical experience exhibits were developed on the basis of the PCR’s approved April 1, 2012 comprehensive rating values revision, as approved by the Pennsylvania Insurance Department (Department). The indicated loss cost values found at the bottom of the exhibits have not been loaded for the revenue-neutral plans (Merit Rating and the Certified Safety Committee Credit Program) that are a part of approved PCR loss cost values. The loading factor effective April 1, 2012 is 1.0146.

In addition to the review of historical experience exhibits, the PCRB's classification plan analysis includes statistical testing to determine whether the data for the various study groups are or are not significantly different based on specified statistical criteria. In this procedure, selected exhibits are compared using a paired t-test analysis to determine when there is a natural correspondence or "pairing" of specific observations between study groups. The t-test reduces the two samples to one by examining the difference between the corresponding observations in the two groups. The advantage to this approach is that variation within the groups does not mask the difference between their means as much as if the two groups were not paired. T-tests were run for reported pure premium, claim frequency (per million dollars of payroll) and claim severity (excluding medical-only). For these tests, a value of .10 or less indicates a significant statistical difference. Only those t-tests discussed in this report are attached.

CODE 968

The file-by-file review of the 1,238 employers classified to Code 968 divided those employers into the following study groups:

Group No.	Study Group	No. of Employers
1	Bowling Alley	200
2	Bingo Hall	27
3	Swim Club – Indoor	30
4	Tennis Club – Indoor	30
5	Racquetball Club	3
6	Ice or Roller Skating Rink	65
7	Indoor Amusement, N.O.C.	112
8	Sports Training Facility, N.O.C.	44
9	Gymnastics Training	90
10	Martial Arts Studio	55
11	Basketball Training	4
12	Hockey Training	6
13	Boxing Gym	1
14	Cheerleading Instruction	11
15	Rock Climbing Facility	6
16	Employee Leasing – No Client Information	4
17	Recreation Associations, Commissions or Authorities	3
18	No Current Coverage/Unable To Determine (NCC/UTD)	309
19	Misclassified	67
20	Not Yet Group Assigned	17

The employers assigned to Group 18, NCC/UTD, did not have current compensation coverage at the time of this study review, and there was no information (e.g., a PCRB survey, Description of Operations Questionnaire or test audit) in their file that disclosed what each individual employer's operations had been when in business. The NCC/UTD study group is the largest

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RE: Class Study Report - Codes 968, Sports, Recreational or Amusement Facility, Indoor, and 884, Health or Exercise Club and Code 884

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Code 968 study group by number of employers (309). Exhibit 12 attached shows the historical experience of the employers assigned to the Code 968 NCC/UTD study group. Exhibit 12 comprises 6.7 percent of the April 1, 2012 Code 968 Class Book page payroll and 2.5 percent of the April 1, 2012 Code 968 Class Book page loss.

Staff determined that each of the employers in Group 19, Misclassified, were misclassified to Code 968. Staff has reclassified each of the employers in Group 19 from Code 968 to the individual employer's appropriate Pennsylvania business classification(s) based upon each individual employer's operations.

The employers in Group 20, Not Yet Group Assigned, either have not responded to a PCRB questionnaire or have no information in their file that discloses what their business operations are. Staff will assign the employers in Group 20 to each employer's appropriate study group based upon each individual employer's operations as information becomes available.

INDOOR AMUSEMENT FACILITIES AND INDOOR SPORTS TRAINING FACILITIES

This report will cite the following exhibits in analyzing the classification applicable to indoor amusement facilities and indoor sports training facilities:

Exhibit No.	Exhibit Title
7	Indoor Amusement Facilities
8	Indoor Sports Training Facilities

Exhibit 7 includes businesses operating an indoor amateur sport, recreational or amusement facility and is comprised of Code 968 Study Groups 1 (Bowling Alley), 3 (Swim Club – Indoor), 4 (Tennis Club – Indoor), 5 (Racquet Ball Club), 6 (Ice or Roller Skating Rink) and 7 (Indoor Amusement – N.O.C.). Examples of the types of indoor amusement facilities in Study Group 7 include but are not necessarily limited to video game arcades, indoor shooting galleries and billiard halls. Exhibit 8 includes businesses operating an indoor facility where patrons can practice or receive training or instruction in a specific sport(s) and is comprised of Study Groups 8 (Sports Training Facility, N.O.C.), 9 (Gymnastics Training), 10 (Martial Arts Studio), 11 (Basketball Training), 12 (Hockey Training), 13 (Boxing Gym) and 14 (Cheerleading Instruction). Examples of the indoor sports training facilities included in Study Group 8 include but are not necessarily limited to golf, baseball and volleyball training facilities. The results of the historical experience comparison are summarized in the following table:

Exhibit No.	Reported Pure Premium	Indicated Pure Premium (Pre-Test)	Indicated Pure Premium (Post-Test)
7	\$1.116	\$1.643	\$1.426
8	\$0.885	\$1.176	\$1.020

The results of Exhibit C, the statistical exhibit testing Exhibit 7 against Exhibit 8, are summarized in the following table:

Exhibit	T-Test Value: Reported Pure Premium	T-Test Value: Claim Frequency	T-Test Value: Claim Severity (Excluding Medical Only)
C	0.3735	0.0299	0.9489

The results of Exhibit C show a significant statistical difference for claim frequency but no significant statistical differences for reported pure premium or claim severity between indoor amusement facilities and indoor sports training facilities. Exhibit 7 comprises 65.23 percent of the April 1, 2012 Code 968 Class Book page payroll and 76.56 percent of the April 1, 2012 Code 968 Class Book page loss. Exhibit 8 comprises 19.85 percent of the April 1, 2012 Code 968 Class Book page and 18.47 percent of the April 1, 2012 Code 968 Class Book page loss. Pursuant to the T-Test results and given that in combination Exhibits 7 and 8 comprise the substantial majority of Code 968, staff concludes that both indoor amusement facilities and indoor sports training facilities should continue to be classified to Code 968.

RECREATION ASSOCIATIONS, COMMISSIONS OR AUTHORITIES

A recreation association, commission or authority is an entity created to provide shared recreation facilities to a specified population. The activities and services provided may include but are not necessarily limited to: youth athletic leagues, exercise and sports instruction, hikes and foot races. Services may vary by association, commission or authority. The activities may be held at a variety of locations and facilities located within the specified municipality or municipalities. Staff discovered an inconsistency in the classification assignment of recreation associations, commissions or authorities in the course of the study of Code 968 and the separate study of Code 976. The Code 968 file-by-file review revealed three recreation associations, commissions or authorities classified to Code 968. Of these three employers, one was a municipal authority created pursuant to the Municipal Authority Act of 1945 and two were intergovernmental agencies servicing multiple municipalities. The separate Code 976 file-by-file review revealed seven recreation associations, commissions or authorities classified to Code 976. Of these seven employers, five were non-profit corporations created to service a single municipality, and two were intergovernmental agencies servicing multiple municipalities. The report will cite the following exhibits in analyzing the classification applicable to recreation associations, commissions or authorities:

Exhibit No.	Exhibit Title
10	Recreation Authorities Classified to Code 968
17	Recreation Authorities Classified to Code 976
20	April 1, 2012 Code 968 Class Book Page
22	April 1, 2012 Code 976 Class Book Page

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RE: Class Study Report - Codes 968, Sports, Recreational or Amusement Facility, Indoor, and 884, Health or Exercise Club and Code 884

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The results of the historical experience comparison are summarized in the following table:

Exhibit No.	Reported Pure Premium	Indicated Pure Premium (Pre-Test)	Indicated Pure Premium (Post-Test)
10	\$4.172	\$7.210	\$6.259
17	\$0.272	\$0.236	\$0.205
20	\$0.951	\$1.348	\$1.171
22	\$1.057	\$1.558	\$1.353

Exhibit 10 comprises 0.00158 percent of the April 1, 2012 Code 968 Class Book page payroll and 0.00693 percent of the April 1, 2012 Code 968 Class Book page loss. Exhibit 17 comprises 0.00216 percent of the April 1, 2012 Code 976 Class Book page payroll and 0.00055 percent of the April 1, 2012 Code 976 Class Book page loss. Ten recreation associations, commissions or authorities were identified in the course of the Codes 968 and 976 file-by-file reviews. Given the limited payroll and loss dated reported for those employers, staff has relied upon an underwriting analysis rather than t-tests to determine their most appropriate classification assignments.

Code 968 is focused to indoor facilities. The Code 968 Manual language states that Code 968 is:

Applicable to businesses operating an amateur sport, recreational or amusement facility. Such include but are not necessarily limited to bowling alleys or video game arcades. Patrons may pay a fee to enter the facility and/or pay to use amusement devices on an individual basis. Also applicable to businesses operating an indoor facility where patrons can practice or receive training or instruction in a specific sport including but not necessarily limited to: swimming, tennis, gymnastics, racquetball, ice or roller skating or karate or other martial arts training. Such facilities typically employ trainers or instructors who will oversee classes with multiple participants or who will provide individual training...

The separate study of Code 976 revealed that YMCAs, YWCAs and other community centers that do not operate principally as health and exercise clubs or after school programs may provide a range of programs to the community, some of which may be recreational in nature and which may be conducted off site and at outside venues. Staff's opinion is that the range of programs and services (both indoor and outdoor) provided by recreation associations, commissions or authorities is reasonably analogous to the operations conducted by those YMCAs, YWCAs and other community centers that do not operate principally as a health and exercise clubs or after school programs.

As shown earlier in the report, of the ten recreation associations, commissions or authorities identified in the course of the Codes 968 and 976 file-by-file reviews, the majority (seven) were classified to Code 976. Staff concludes that recreation associations, commissions or authorities are properly classified to Code 976 and recommends that the three recreation associations, commissions or authorities classified to Code 968 be reclassified to Code 976, effective upon each employer's first normal policy anniversary on or after April 1, 2013. Code 976 does not permit a division of payroll with either Code 951 or Code 953. One of the three recreations

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RE: Class Study Report - Codes 968, Sports, Recreational or Amusement Facility, Indoor, and 884, Health or Exercise Club and Code 884

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associations or commissions presently classified to Code 968 attributes payroll to Code 968 only. The remaining two recreations associations or commissions presently classified to Code 968 attribute payroll to Code 953 in addition to Code 968.

CODE 884

The report has already noted that Code 884 was created effective for new and renewal business as of December 1, 2000 and later. Code 884 was created as a result of the 2000 PCRB restudy of Code 968. Staff reviewed Code 884 in the course of the current study to determine whether the scope remained sound and to identify any employers misclassified to Code 884. The file-by-file review of the 1,327 employers classified to Code 884 divided those employers into the following study groups:

Group No.	Study Group	No. of Employers
1	Health or Exercise Club – Chain (e.g., Bally’s, Sweat, Planet Fitness or Curves)	225
2	Health or Exercise Club – Not Part of a Chain	293
3	Yoga Studio	9
4	Tai Chi Instruction	2
5	Pilates Studio	2
6	Aerobics Instruction	3
7	Fitness Instructors – Offsite, No Permanent Facility	17
8	Employee Leasing – No Client Information	1
9	NCC/UTD	537
10	Misclassified	40
11	Not Yet Group Assigned	198

The employers assigned to the Code 884 NCC/UTD (Study Group 9) did not have current compensation coverage at the time of review, and there was no information (e.g., a PCRB survey, Description of Operations Questionnaire or test audit) in their file that disclosed what each individual employer’s operations had been when in business. Study Group 19 is the largest Code 884 study group by number of employers (537). Exhibit 15 attached shows the historical experience of the employers assigned to the NCC/UTD study group. Exhibit 15 comprises 8.55 percent of the April 1, 2012 Code 884 Class Book page payroll and 1.53 percent of the April 1, 2012 Code 884 Class Book page loss.

The employers assigned to Group 10, Misclassified, have been reclassified from Code 884 to each individual employer’s appropriate Pennsylvania business classification(s), based upon each individual employer’s operations. Staff noted that of the 40 misclassified employers, 13 were reclassified from Code 884 to Code 977, Barber Shop, Beauty Parlor or Hair Styling Salon. Of those 13, two were beauty parlors, and seven were reclassified from Code 884 to Code 977 on the basis of the Code 977 “Day Spa – Not Affiliated With A Health Club or Swimming Pool” Underwriting Guide entry. Fifteen employers misclassified to Code 884 were sports training facilities (including one rock wall climbing facility) and, as such, were reclassified to Code 968. The remaining employers misclassified to Code 884 were reclassified to their appropriate field-of-business classification(s) based upon each individual employer’s operations.

The employers in Group 20, Not Yet Group Assigned, either have not responded to a PCRB questionnaire or have no information in their file that discloses what their business operations are. Staff will assign the employers in Group 20 to each employer's appropriate study group based upon each individual employer's operations as information becomes available.

HEALTH OR EXERCISE CLUBS

Aside from the Misclassified group, Study Groups 1 and 2, respectively, comprise the largest and second largest employer-specific study groups for Code 884 by number of employers. The employers in Study Group 1 operate health and exercise clubs as part of national chains. The employers in Study Group 2 operate independently operated health or exercise clubs.

The report will cite the following historical experience exhibits for this discussion:

Exhibit No.	Exhibit Title
4	Health or Exercise Club – Chain (e.g., Bally's, Sweat, Planet Fitness or Curves)
5	Health or Exercise Club – Not Part of a Chain

Exhibit 4 comprises 29.87 percent of the April 1, 2012 Code 884 Class Book page payroll and 34.85 percent of the April 1, 2012 Code 884 Class Book page loss. Exhibit 5 comprises 54.38 percent of the April 1, 2012 Code 884 Class Book page payroll and 52.99 percent of the April 1, 2012 Code 884 Class Book page loss. Staff's file-by-file review shows that, from an operational standpoint, the employers assigned to Study Groups 1 and 2 are similarly situated. That is, the employers assigned to these groups operate health and exercise clubs in line with the Code 884 classification description, which states that Code 884 applies to "A facility providing exercise programs (e.g., aerobics classes) for their members and, in some cases, the general public. Attendants will evaluate the type of equipment best suited to individual member needs and will assist members in exercise instruction or weight loss. The available equipment and services may vary from club-to-club. A club's exercise equipment may include but is not necessarily limited to: free weights (e.g., dumbbells and barbells) and other equipment (e.g., a cardio theater) that includes various types of equipment related to cardiovascular training, such as rowing machines, stationary exercise bikes, elliptical trainers or treadmills. Larger clubs may employ personal trainers who are accessible to members for training, exercise, nutrition and/or health advice and consultation. Personal trainers may devise a customized fitness plan to assist members achieve their goals. They may also demonstrate exercises and monitor the members' exercises..." Staff notes that in combination these two groups comprise 84.25 percent of the April 1, 2012 Code 884 Class Book page payroll and 87.84 percent of the April 1, 2012 Code 884 Class Book page loss.

YOGA STUDIO, TAI CHI, PILATES STUDIO AND FITNESS INSTRUCTORS – OFFSITE, NO PERMANENT FACILITY

Yoga is a term for a range of traditional systems of physical exercise and meditation found in Hinduism. In Western culture, yoga has achieved popularity as a form of low impact exercise, where practitioners move through a range of poses or "postures" that are designed to increase muscle strength and flexibility. The employers included in Study Group 3 operate yoga studios

Memorandum of April 23, 2012

RE: Class Study Report - Codes 968, Sports, Recreational or Amusement Facility, Indoor,
and 884, Health or Exercise Club and Code 884

Page 10

where instructors will lead a group of practitioners through the “postures,” breathing techniques and meditative practices. Tai Chi is a Chinese exercise system that uses slow, smooth body movements to achieve a state of relaxation. The two employers in Study Group 4 are instructors that will hold Tai Chi sessions at various locations. Pilates is a body conditioning routine that helps build flexibility, muscle strength and endurance through the use of exercise apparatus that guide and train the body. The two employers in Study Group 2 operate studios where Pilates instruction is given, generally on a one-to-one instructor-to-client ratio. The employers in Study Group 7 - Fitness Instructors – Offsite, No Permanent Facility – provide fitness instruction on a range of disciplines (e.g., aerobics, weight lifting or cardiovascular training) either at client locations or in public spaces.

The employers assigned to each of the above discussed study groups were engaged in providing health and exercise instruction in specialized fields, either in an employer-operated facility, at customer locations or third party locations. Staff concludes that, because these employers were engaged in health and exercise instruction, their operations were reasonably analogous to the health and exercise clubs described above and recommends that these employers remain classified to Code 884.

CONCLUSION

The study results show that the overall scopes of Codes 968 and 884 remain sound. Staff proposes Section 2 Manual language amendments to implement the two revisions to classification procedure discussed above and to further clarify the scopes of Codes 968 and 884 in an effort to alleviate future misclassifications along the lines of those discussed earlier in the report. The proposed Section 2 Manual language amendments are attached for the Committee’s review.

c: Timothy Wisecarver
Bruce Decker
Vincent Dean
Joseph Lombo
Christina Yost

MANUAL REVISIONS

SECTION 2

ADDITIONS:

UNDERWRITING GUIDE

To 884:

Tai Chi Instruction

To 976:

Recreation Association, Commission or Authority

CHANGES:

968 AMATEUR SPORTS, RECREATIONAL OR AMUSEMENT FACILITY, INDOOR

OPERATIONS NOT INCLUDED:

1. and 2. remain unchanged.
3. Assign Code 976 to a recreation association, commission or authority.

884 HEALTH OR EXERCISE CLUB – all employees including office

OPERATIONS NOT INCLUDED:

1. remains unchanged.
2. Assign Code 970 to [organized athletics]professional or semiprofessional sports teams.
3. Assign indoor rock climbing wall facilities to Code 968.
4. Assign outdoor rock climbing wall facilities to Code 969.
5. Assign a day spa not affiliated with a health or exercise club to Code 977.

UNDERWRITING GUIDE

To 884:

Fitness Instructor – By Independent Contractor – No Permanent Facility

DELETIONS:

Underwriting Guide

From 884:

Health Spa

From 968:

Bingo Hall

EXHIBIT A
CODE 968 UNDERWRITING GUIDE ENTRIES

Amateur Sports Training Facility (e.g., Basketball, Ice Hockey, Boxing) Not Professional or Semiprofessional Sports

Amusements, Indoor - See Entry By Topical Name

Billiard Hall

Bingo Hall

Bowling Alley

Cheerleading Instruction – By Independent Contractor

Gymnastics Training

Karate or Other Martial Arts Institute

Pool Room

Racquetball Club

Recreational Facility Or Amusement Devices, Indoor - See Entry By Topical Name

Rock Climbing Wall Facility – Indoor

Shooting Gallery – Indoor

Skating Rink – Ice or Roller – Indoor

Sports (e.g., Basketball, Ice Hockey or Boxing) Training Facility – Not Organized Athletic Team

Swim Club – Indoor

Tennis Club – Indoor

Video Game Arcade

EXHIBIT B
CODE 884 UNDERWRITING GUIDE ENTRIES

Aerobics Studio

Exercise Club

Fitness Club

Fitness Instructor – By Independent Contractor

Health Club

Health or Exercise Club

Health Spa

Pilates Studio

Yoga Studio

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P.T.	Major	Minor	Temp	All	
2004	8,742	41,696	0.477	59,315	5.581	0.6863	0	0	0	0	0	6	6
2005	8,671	22,830	0.263	33,879	6.264	0.3460	2	0	0	0	0	1	3
2006	5,313	3,287	0.062	3,645	#DIV/0!	0.0000	0	0	0	0	0	0	0
2007	4,379	10,070	0.230	10,735	#DIV/0!	0.0000	0	0	0	0	0	0	0
2008	2,756	27,757	1.007	50,450	27.757	0.3628	0	0	0	0	0	1	1
TOTAL	29,861	105,640	0.354	158,024	8.004	0.3349	2	0	0	0	0	8	10
O.D.		0	0.000				0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Medical							
			Major	Minor		Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	7,271	0	0	0	0	0	0	26,215	8,210
2005	5,001	0	0	0	6,890	0	0	0	0	0	0	6,902	4,037
2006	0	0	0	0	0	0	0	0	0	0	0	0	3,287
2007	0	0	0	0	0	0	0	0	0	0	0	0	10,070
2008	0	0	0	0	3,977	0	0	0	0	0	0	23,780	0
TOTAL	5,001	0	0	0	18,138	0	0	0	0	0	0	56,897	25,604
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Medical							
			Major	Minor		Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	11,125	0	0	0	0	0	0	38,798	9,392
2005	8,556	7	329	161	10,101	1	1	195	0	0	0	9,822	4,550
2006	0	0	0	0	0	0	0	0	0	0	0	0	3,645
2007	0	0	0	0	0	0	0	0	0	0	0	0	10,735
2008	4	139	5,342	1,530	3,688	31	640	14,601	0	0	0	19,072	0
TOTAL	8,560	146	5,671	1,691	24,914	31	641	14,796	0	0	0	67,692	28,322
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 29,845 99,857 28,322
 IBNR + FREQ. ADJUSTMENT (26,757) (35,361) 254
 TOTAL LOSSES 3,088 64,496 28,576

EXPECTED LOSSES 201,562 133,777 46,583
 CREDIBILITY 0.02 0.04 0.07

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.010 0.216 0.096 0.322
 INDICATED (POST-TEST) 0.009 0.188 0.083 0.280
 PRES. ON LOSS COST LEVEL 0.636 0.422 0.147 1.205
 DERIVED BY FORMULA 0.623 0.413 0.143 1.179
 UNDERLYING PRES. LOSS COST 0.675 0.448 0.156 1.279
 PROPOSED 0.623 0.413 0.143 1.179

YEAR 4-1-11 4-1-12 IND. LOSS COST = 1.203
 IND. LOSS COST 1.20 1.20
 MAN. LOSS COST 1.30 1.20 ADJ. LOSS COST = 1.20

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						
							Death	P.T.	Major	Minor	Temp	All	
2004	56,364	805,523	1,429	1,367,062	55,411	0.2306	0	0	2	0	0	11	13
2005	53,346	793,880	1,488	1,295,997	34,898	0.3749	0	0	3	0	0	17	20
2006	56,814	662,731	1,166	1,041,816	19,308	0.5456	0	0	1	1	4	26	31
2007	62,870	703,012	1,118	1,163,931	37,332	0.2704	0	0	1	1	5	11	17
2008	60,557	270,259	0,446	443,500	11,646	0.2147	0	0	0	0	0	13	13
TOTAL	289,951	3,235,405	1,116	5,312,306	29,818	0.3242	0	0	7	7	9	78	94
O.D.			0	0,000			0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indermity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	433,771	0	36,083	0	0	175,036	0	75,456	85,177
2005	0	0	432,990	0	33,283	0	0	138,842	0	92,854	95,911
2006	0	0	106,724	127,883	76,463	0	0	44,928	73,796	168,760	64,177
2007	0	0	180,000	83,694	41,062	0	0	52,000	74,798	203,083	68,375
2008	0	0	0	0	61,810	0	0	0	0	89,590	118,859
TOTAL	0	0	1,153,485	211,577	248,701	0	0	410,806	148,594	629,743	432,499
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indermity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	682,112	0	55,207	0	0	420,626	0	111,675	97,442
2005	0	4,276	665,321	5,066	50,355	0	2,657	322,631	4,940	132,659	108,092
2006	205	3,193	233,505	157,911	107,244	59	3,629	149,337	98,592	216,969	71,172
2007	156	7,907	376,026	91,670	57,398	510	5,035	225,923	92,938	233,480	72,888
2008	56	2,163	83,029	23,772	57,323	116	2,410	55,008	20,355	71,851	127,417
TOTAL	417	17,539	2,039,993	278,419	327,527	685	13,731	1,173,525	216,825	766,634	477,011
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 3,245,890
 (238,032)
 IBNR + FREQ. ADJUSTMENT (313,086)
 477,011
 TOTAL LOSSES 3,007,858 1,276,319 480,423

EXPECTED LOSSES 1,957,169 1,298,980 452,324
 CREDIBILITY 0.09 0.20 0.31

PURE PREMIUMS
 INDICATED (PRE-TEST) 1.037 0.440 0.166 1.643
 INDICATED (POST-TEST) 0.900 0.382 0.144 1.426
 PRES. ON LOSS COST LEVEL 0.636 0.422 0.147 1.205
 DERIVED BY FORMULA 0.660 0.414 0.146 1.220
 UNDERLYING PRES. LOSS COST 0.675 0.448 0.156 1.279
 PROPOSED 0.660 0.414 0.146 1.220

YEAR 4-1-11 4-1-12 IND. LOSS COST = 1.244
 IND. LOSS COST 1.24 1.24
 MAN.LOSS COST 1.30 1.24 ADJ. LOSS COST = 1.24

CLASS:
968

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE:
EXHIBIT 8 - INDOOR SPORTS TRAINING FACILITY

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases						All	
							Death	P.T.	Major	Minor	Temp	Temp		
2004	15,487	64,522	0.417	79,490	4.955	0.1937	0	0	0	0	0	0	3	3
2005	16,788	129,389	0.771	176,026	16,258	0.2978	0	0	0	0	0	1	4	5
2006	17,975	250,628	1.394	402,434	44,072	0.2782	0	0	0	0	2	2	3	5
2007	19,065	269,266	1.412	456,649	68,374	0.1574	0	0	0	0	1	1	2	3
2008	18,923	66,948	0.354	89,463	19,808	0.0528	0	0	0	0	0	0	1	1
TOTAL	88,238	780,753	0.885	1,204,062	31,850	0.1927	0	0	0	0	4	4	13	17
O.D.			0.000				0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical					
			Major	Minor				Major	Minor	Temp	Med. Only		
2004	0	0	0	0	13,646	0	0	0	0	0	0	1,218	49,658
2005	0	0	0	0	10,868	0	0	0	0	0	0	23,758	48,097
2006	0	0	0	0	10,499	0	0	0	0	0	0	11,116	30,270
2007	0	0	0	0	18,639	0	0	0	0	0	0	47,725	64,143
2008	0	0	0	0	5,709	0	0	0	0	0	0	14,099	47,140
TOTAL	0	0	0	0	59,361	0	0	0	0	0	0	97,916	239,308
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical					
			Major	Minor				Major	Minor	Temp	Med. Only		
2004	0	0	0	0	20,878	0	0	0	0	0	0	1,803	56,809
2005	83	28	6,963	55,237	16,488	5	5	1,591	7,490	33,931	54,205	33,931	54,205
2006	206	902	63,940	151,410	18,493	56	865	33,462	81,861	17,670	33,569	33,569	33,569
2007	142	2,122	112,286	84,148	27,678	232	1,478	56,159	46,897	57,131	68,376	68,376	68,376
2008	5	200	7,669	2,196	5,295	18	379	8,657	3,203	11,307	50,534	50,534	50,534
TOTAL	436	3,252	190,858	292,991	88,832	311	2,727	99,869	139,451	121,842	263,493	263,493	263,493
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	297,453	643,116	263,493
IBNR + FREQ. ADJUSTMENT	(72,072)	(94,895)	1,053
TOTAL LOSSES	225,381	548,221	264,546

EXPECTED LOSSES

595,607	395,306	137,651
0.04	0.09	0.14

CREDIBILITY

PURE PREMIUMS

INDICATED (PRE-TEST)

INDICATED (POST-TEST)

PRES. ON LOSS COST LEVEL

DERIVED BY FORMULA

UNDERLYING PRES. LOSS COST

PROPOSED

0.255	0.621	0.300	1.176
0.221	0.539	0.260	1.020
0.636	0.422	0.147	1.205
0.619	0.433	0.163	1.215
0.675	0.448	0.156	1.279
0.614	0.429	0.162	1.205

YEAR	4-1-11	4-1-12	IND. LOSS COST =	1.229
IND. LOSS COST	1.23	1.23		
MANLOSS COST	1.30	1.23	ADJ. LOSS COST =	1.23

EXHIBIT C

STATISTICAL STUDY

Code 968 Ex 7 (excl ex 2)
Indoor Amusement
Facilities

Code 3
Indoor Sports
Training Facility

Manual Year	Pure Premium Reported	T - test values
2004	1,429	0.417
2005	1,488	0.771
2006	1,166	1.394
2007	1,118	1.412
2008	0,446	0.354
2004 - 2008		
		0.3735

Manual Year	Claim Frequency per million	T - test values
2004	0.231	0.194
2005	0.375	0.298
2006	0.546	0.278
2007	0.270	0.157
2008	0.215	0.053
2004 - 2008		
		0.0299

Manual Year	Claim Severity Excl Med Only	T - test values
2004	55,411	4,955
2005	34,898	16,258
2006	19,308	44,072
2007	37,332	68,374
2008	11,646	19,808
2004 - 2008		
		0.9489

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	NUMBER OF CASES						
							Death	P.T.	Major	Minor	Temp	All	
2004	112	218	0.195	249	#DIV/0!	0.0000	0	0	0	0	0	0	0
2005	179	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0	0
2006	129	234	0.181	260	#DIV/0!	0.0000	0	0	0	0	0	0	0
2007	157	0	0.000	0	#DIV/0!	0.0000	0	0	0	0	0	0	0
2008	126	28,876	22,917	51,544	28,876	7.9365	0	0	0	0	0	1	1
TOTAL	703	29,328	4,172	52,053	28,876	1.4225	0	0	0	0	0	1	1
O.D.	0	0	0.000	0			0	0	0	0	0	0	0

Manual Year	Death	P.T.	INDERMITY			Temp	REPORTED LOSSES							
			Major	Minor	Temp		Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	0	0	0	0	0	0	0	0	0	218
2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0	0	0	0	0	0	0	234
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	3,217	0	0	0	0	0	0	0	25,659
TOTAL	0	0	0	0	0	3,217	0	0	0	0	0	0	0	25,659
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0	452

Manual Year	Death	P.T.	INDERMITY			Temp	TRANSLATED LOSSES							
			Major	Minor	Temp		Death	P.T.	Major	Minor	Temp	Med Only		
2004	0	0	0	0	0	0	0	0	0	0	0	0	0	249
2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0	0	0	0	0	0	0	260
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	3	113	4,321	1,237	2,983	33	690	15,755	5,830	20,579	0	0	0	509
TOTAL	3	113	4,321	1,237	2,983	33	690	15,755	5,830	20,579	0	0	0	509
O.D.	0	0	0	0	0	0	0	0	0	0	0	0	0	0

YEAR	4-1-11	4-1-12	IND. LOSS COST =	1,229
IND. LOSS COST	1.23	1.23		
MANLOSS COST	1.30	1.23	ADJ. LOSS COST =	1.23

TOTAL TRANSLATED LOSSES	SERIOUS	NON-SER	MED ONLY	TOTAL
TOTAL TRANSLATED LOSSES	20,915	30,629	509	52,053
IBNR + FREQ. ADJUSTMENT	(600)	(778)	8	
TOTAL LOSSES	20,315	29,851	517	50,683

EXPECTED LOSSES	4,745	3,149	1,097	8,991
EXPECTED LOSSES	4,745	3,149	1,097	8,991
CREDIBILITY	0.00	0.00	0.01	

PURE PREMIUMS	2,890	4,246	0.074	7,210
INDICATED (PRE-TEST)	2,890	4,246	0.074	7,210
INDICATED (POST-TEST)	2,509	3,686	0.064	6,259
PRES. ON LOSS COST LEVEL	0.636	0.422	0.147	1,205
DERIVED BY FORMULA	0.636	0.422	0.146	1,204
UNDERLYING PRES. LOSS COST	0.675	0.448	0.156	1,279
PROPOSED	0.637	0.422	0.146	1,205

Manual Year	Payroll in Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	761	123	0.016	141	#DIV/0!	0.0000	0	0	0	0	0	0
2005	617	6,966	1.129	9,971	5,472	1.6207	0	0	0	0	0	1
2006	757	1,572	0.208	1,743	#DIV/0!	0.0000	0	0	0	0	0	0
2007	659	932	0.141	994	#DIV/0!	0.0000	0	0	0	0	0	0
2008	771	115	0.015	123	#DIV/0!	0.0000	0	0	0	0	0	0
TOTAL	3,565	9,708	0.272	12,972	5,472	0.2805	0	0	0	0	0	1
O.D.	0	0	0.000	0			0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	0	0	0	0	0	0	0	0	123
2005	0	0	0	0	3,478	0	0	0	0	1,994	1,494
2006	0	0	0	0	0	0	0	0	0	0	1,572
2007	0	0	0	0	0	0	0	0	0	0	932
2008	0	0	0	0	0	0	0	0	0	0	115
TOTAL	0	0	0	0	3,478	0	0	0	0	1,994	4,236
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	0	0	0	0	0	0	0	0	141
2005	0	3	166	81	5,099	0	0	56	0	2,837	1,684
2006	0	0	0	0	0	0	0	0	0	0	1,743
2007	0	0	0	0	0	0	0	0	0	0	994
2008	0	0	0	0	0	0	0	0	0	0	123
TOTAL	0	3	166	81	5,099	0	0	56	0	2,837	4,685
O.D.	0	0	0	0	0	0	0	0	0	0	0

TOTAL TRANSLATED LOSSES 225 8,062 4,685
 IBNR + FREQ. ADJUSTMENT (4,347)
 TOTAL LOSSES 0 3,715 4,723

SERIOUS NON-SER MED ONLY TOTAL
 EXPECTED LOSSES 21.675 18.110 5.098
 CREDIBILITY 0.00 0.01 0.02

PURE PREMIUMS
 INDICATED (PRE-TEST) 0.000 0.104 0.132 0.236
 INDICATED (POST-TEST) 0.000 0.090 0.115 0.205
 PRES. ON LOSS COST LEVEL 0.573 0.479 0.135 1.187
 DERIVED BY FORMULA 0.573 0.475 0.135 1.183
 UNDERLYING PRES. LOSS COST 0.608 0.508 0.143 1.259
 PROPOSED 0.573 0.475 0.135 1.183

YEAR	4-1-11	4-1-12	IND. LOSS COST =	1.207
IND. LOSS COST	1.21	1.21		
MAN. LOSS COST	1.28	1.21	ADJ. LOSS COST =	1.21

PAYROLLS REFLECTING STANDARD EXCEPTIONS

CODE 968

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MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	TOTAL PAYROLL EXCL S/C PG A+B		NUMBER OF CASES							
				DEATH	P. T.	MAJOR	MINOR	TEMP	MED. ONLY	ALL			
2004	86,984	915,436	1,064	85,964				2		1		20	22
2005	84,477	949,524	1,124	84,477	2			3		6		22	28
2006	87,115	927,194	1,064	87,115				1		6		30	37
2007	94,425	1,013,569	1,073	94,425				1		6		15	22
2008	92,530	420,435	.454	92,530								21	21
TOTAL	444,511	4,226,158	.951	444,511	2			7		13		108	130

MANUAL YEAR	DEATH	P. T.	INDEMNITY		TEMP	DEATH	P. T.	MEDICAL		MED. ONLY
			MAJOR	MINOR				MAJOR	MINOR	
2004			433,771		57,000			175,036		146,740
2005	5,001		432,990	41,359	51,041			138,842	5,307	151,470
2006			106,724	256,565	87,448			44,928	143,857	105,755
2007			180,000	174,230	69,574			52,000	123,021	161,160
2008					79,464					172,589
TOTAL	5,001		1,153,485	472,154	344,527			410,806	272,185	737,714

MANUAL YEAR	DEATH	P. T.	INDEMNITY		TEMP	DEATH	P. T.	MEDICAL		MED. ONLY
			MAJOR	MINOR				MAJOR	MINOR	
2004			682,412		87,210			420,625		167,871
2005	8,640		672,597	60,456	76,947	4		324,419	12,592	176,408
2006			297,587	309,342	126,367	132		183,023	180,581	117,282
2007	323		492,923	177,314	96,540	740		282,725	140,101	171,797
2008	54		106,732	30,568	73,678	212		103,429	38,284	185,015
TOTAL	9,403		2,251,921	577,680	460,742	1,088		1,314,221	371,558	812,672

TOTAL TRANS. LOSSES PG B		SERIOUS		NON-SERIOUS		MED. ONLY		TOTAL	
TOTAL TRANS. LOSSES PG A		3,616,195		2,404,541		813,734			
BNR + FREQUENCY ADJUST.		-364,791		-480,438		5,222			
TOTAL LOSSES		3,251,404		1,924,103		818,956			
EXPECTED LOSSES		3,000,450		1,991,409		693,437			
CREDIBILITY		.12		.27		.41			
PURE PREMIUMS									
INDICATED (PRE-TEST)		.731		.433		.184			1.348
INDICATED (POST-TEST)		.635		.376		.160			1.171
PRES. ON RATE LEVEL		.636		.422		.147			1.205
DERIVED BY FORMULA		.636		.410		.152			1.198
UNDERLYING PRES. RATE		.675		.448		.156			1.279
PROPOSED		.636		.410		.152			1.198
YEAR		4.1-09		4.1-10		4.1-11		4.1-12	IND. RATE
IND. RATES		1.27		1.26		1.30		1.22	MINIMUM PREMIUM
MAN. RATES									PRESENT

+PROPOSED

PAYROLLS REFLECTING STANDARD EXCEPTIONS CODE 976 PAGE 330

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	NUMBER OF CASES																
				DEATH	P. T.	MAJOR	MINOR	TEMP	MED. ONLY	ALL										
2004	312,810	2,919,821	.933																	
2005	313,022	4,644,692	1,483																	
2006	330,844	3,309,174	1,000																	
2007	341,250	3,485,317	1,024																	
2008	348,786	3,029,585	.868																	
TOTAL	1,646,712	17,398,589	1,057																	

MANUAL YEAR	DEATH	P. T.	REPORTED LOSSES							
			MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MINOR	TEMP
2004	308,700	242,100	357,114	438,993	785,995	20,000	374,329	175,465	629,971	373,149
2005	99,188	1,169,673	362,847	573,750	432,513	123,654	364,151	377,898	794,528	566,758
2006		309,304	376,544	838,003	236,774		207,167	539,349	723,068	524,023
2007		119,500	444,608	579,152			170,410	618,808	670,603	584,175
2008		407,888	2,217,121	2,576,322	2,473,427	143,654	1,131,057	288,821	793,066	789,438
TOTAL										

MANUAL YEAR	DEATH	P. T.	TRANSLATED LOSSES							
			MAJOR	MINOR	TEMP	DEATH	P. T.	MAJOR	MINOR	TEMP
2004	731,002	334,753	536,029	671,662	1,161,420	50,500	711,236	277,233	932,352	426,882
2005	189,837	1,985,827	513,364	1,161,420	597,689	258,495	942,058	523,614	1,140,753	638,736
2006	879	1,110,7	710,023	810,072	339,430	19,113	776,463	681,868	941,408	581,142
2007	1,428	32,424	1,615,562	810,072	339,430	26,243	1,090,136	625,461	801,815	622,731
2008	1,741	49,059	1,787,899	533,020	582,405	43,584	930,122	355,182	665,847	846,278
TOTAL	4,779	1,023,429	6,441,999	3,102,508	3,352,606	397,935	4,450,005	2,463,358	4,482,175	3,115,769

YEAR	IND. RATES	MAN. RATES	4-1-09	4-1-10	4-1-11	4-1-12	IND. RATE	MINIMUM PREMIUM	PRESENT
			1.19	1.24	1.28	1.33			+ 1.33
									PROPOSED

*PROPOSED

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity #DIV/0!	Claim Frequency	Number of Cases						
							Death	P.T.	Major	Minor	Temp	All	
2004	16,118	12,241	0.076	14,004		0.0000	0	0	0	0	0	0	0
2005	13,534	12,971	0.096	17,451	3.871	0.1478	0	0	0	0	0	2	2
2006	10,188	34,378	0.337	43,406	15.943	0.0982	0	0	0	0	0	1	1
2007	9,428	24,202	0.257	34,919	6.393	0.3182	0	0	0	0	0	3	3
2008	7,147	943	0.013	1,011	#DIV/0!	0.0000	0	0	0	0	0	0	0
TOTAL	56,415	84,735	0.150	110,791	7.144	0.1064	0	0	0	0	0	6	6
O.D.			0.000				0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical				
			Major	Minor				Major	Minor	Temp		
2004	0	0	0	0	0	0	0	0	0	0	12,241	0
2005	0	0	0	0	2,263	0	0	0	0	0	5,479	5,229
2006	0	0	0	0	3,433	0	0	0	0	0	12,510	18,435
2007	0	0	0	0	4,277	0	0	0	0	0	14,901	5,024
2008	0	0	0	0	0	0	0	0	0	0	943	943
TOTAL	0	0	0	0	9,973	0	0	0	0	0	32,890	41,872
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical				
			Major	Minor				Major	Minor	Temp		
2004	0	0	0	0	0	0	0	0	0	0	14,004	0
2005	0	2	108	53	3,318	0	1	155	124	7,797	5,893	5,893
2006	0	9	533	237	4,553	0	28	1,073	774	15,755	20,444	20,444
2007	1	59	1,995	660	4,969	3	79	3,488	1,729	16,580	5,356	5,356
2008	0	0	0	0	0	0	0	0	0	0	1,011	1,011
TOTAL	1	70	2,636	950	12,840	3	108	4,716	2,627	40,132	46,708	46,708
O.D.	0	0	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES			
	SERIOUS	NON-SER	TOTAL
TOTAL TRANSLATED LOSSES	7,534	56,549	46,708
IBNR + FREQ. ADJUSTMENT	(27,760)	(62,858)	212
TOTAL LOSSES	0	0	46,920
EXPECTED LOSSES	214,941	244,277	34,977
CREDIBILITY	0.03	0.07	0.10

PURE PREMIUMS			
	INDICATED (PRE-TEST)	INDICATED (POST-TEST)	PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA	0.000	0.000	0.083
UNDERLYING PRES. LOSS COST	0.000	0.000	0.072
PROPOSED	0.359	0.408	0.825
	0.348	0.379	0.786
	0.381	0.433	0.876
	0.348	0.379	0.786

YEAR	4-1-11	4-1-12	IND. LOSS COST =	0.802
IND. LOSS COST	0.89	0.80		
MAN. LOSS COST	0.89	0.80	ADJ. LOSS COST =	0.8

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Death		Medical		All		
							P.T.	Temp	Major	Minor	Major	Minor	Temp
2004	34,316	531,827	1,550	853,636	58,056	0.2623	0	0	48,540	41,143	1	2	6
2005	37,158	147,784	0.398	213,158	17,793	0.1884	0	0	0	70,580	0	1	6
2006	41,218	255,004	0.619	397,629	46,989	0.1213	0	0	0	44,900	0	1	4
2007	43,230	699,336	1.618	1,205,789	68,530	0.2313	0	0	52,546	39,273	2	4	5
2008	41,168	290,371	0.705	520,547	54,415	0.1215	0	0	0	0	0	0	5
TOTAL	197,090	1,924,322	0.976	3,190,759	51,094	0.1827	0	0	101,086	195,896	3	8	25
O.D.	0	0	0.000	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	139,916	16,996	141,883	0	0	48,540	41,143	134,023	9,326
2005	0	0	0	7,676	13,252	0	0	0	70,580	33,041	23,235
2006	0	0	0	103,865	11,613	0	0	0	44,900	74,567	20,059
2007	0	0	387,012	125,277	21,625	0	0	52,546	39,273	59,567	14,036
2008	0	0	0	0	45,292	0	0	0	0	226,781	18,298
TOTAL	0	0	526,928	253,814	233,665	0	0	101,086	195,896	527,979	84,954
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2004	0	0	220,228	25,511	217,081	0	0	116,787	65,006	198,354	10,689
2005	15	16	1,829	10,514	19,532	64	7	13,159	93,189	48,647	26,186
2006	166	736	52,096	122,426	19,089	36	703	27,232	56,637	96,263	22,245
2007	233	14,954	714,830	137,740	42,320	319	3,395	160,325	45,875	70,836	14,962
2008	41	1,585	60,841	17,419	42,004	295	6,100	139,244	51,525	181,878	19,615
TOTAL	455	17,291	1,049,824	313,610	340,026	714	10,205	456,747	312,232	595,978	93,677
O.D.	0	0	0	0	0	0	0	0	0	0	0

SERIOUS	NON-SER	MED ONLY	TOTAL	
				IND. LOSS COST
TOTAL TRANSLATED LOSSES	1,535,236	1,561,846	93,677	1,469
IBNR + FREQ. ADJUSTMENT	(91,412)	(205,706)	927	1,275
TOTAL LOSSES	1,443,824	1,356,140	94,604	0.825
EXPECTED LOSSES	750,913	853,400	122,196	0.870
CREDIBILITY	0.07	0.16	0.24	0.876
PURE PREMIUMS	0.733	0.688	0.048	0.870
INDICATED (PRE-TEST)	0.636	0.597	0.042	0.876
INDICATED (POST-TEST)	0.359	0.408	0.058	0.870
PRES. ON LOSS COST LEVEL	0.378	0.438	0.054	0.876
DERIVED BY FORMULA	0.381	0.433	0.062	0.870
UNDERLYING PRES. LOSS COST	0.378	0.438	0.054	0.870
PROPOSED				0.870

YEAR	IND. LOSS COST	ADJ. LOSS COST =
4-1-11	0.89	0.89
4-1-12	0.89	0.89
IND. LOSS COST	0.89	0.89
MAN. LOSS COST	0.89	0.89

EXHIBIT 5 - HEALTH OR EXERCISE CLUB -
NOT PART OF A CHAIN

Manual Year	Payroll In Thous.	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases					
							Death	P.T.	Major	Minor	Temp	All
2004	64,136	294,179	0.459	428,709	24,590	0.1559	0	0	0	2	8	10
2005	68,836	678,073	0.985	1,063,315	36,352	0.2470	0	0	2	1	14	17
2006	71,386	1,003,806	1.406	1,501,135	45,431	0.2942	0	0	1	2	18	21
2007	74,680	273,722	0.367	447,532	19,336	0.1607	0	0	0	3	9	12
2008	79,780	676,055	0.847	1,381,016	35,203	0.2131	0	0	0	1	16	17
TOTAL	358,818	2,925,835	0.815	4,821,707	34,395	0.2146	0	0	3	9	65	77
O.D.			0.000				0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	0	13,251	138,027	0	0	0	23,676	70,941	48,284
2005	0	0	315,480	33,396	77,993	0	0	60,256	4,417	126,450	60,081
2006	0	0	114,133	8,265	104,206	0	0	63,397	24,504	639,542	49,759
2007	0	0	0	23,824	26,052	0	0	0	87,349	94,804	41,693
2008	0	0	0	16,651	162,711	0	0	0	208,621	210,465	77,607
TOTAL	0	0	429,613	95,387	508,989	0	0	123,653	348,567	1,142,202	277,424
O.D.	0	0	0	0	0	0	0	0	0	0	0

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med Only
			Major	Minor				Major	Minor		
2004	0	0	0	19,890	211,181	0	0	0	37,408	104,993	55,237
2005	67	3,183	492,530	49,345	115,930	4	1,170	143,222	9,884	180,269	67,711
2006	13	2,598	190,985	19,951	139,882	20	5,048	208,221	71,712	807,522	55,183
2007	44	851	39,412	25,404	31,854	421	2,721	103,682	85,916	112,782	44,445
2008	193	6,601	250,795	73,807	152,433	1,317	20,724	429,473	172,552	189,926	83,195
TOTAL	317	13,233	973,722	188,397	651,280	1,762	29,663	884,598	377,472	1,395,492	305,771
O.D.	0	0	0	0	0	0	0	0	0	0	0

YEAR	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =	TOTAL
4-1-11	0.89	0.89	0.89	0.89	0.887
4-1-12	0.89	0.89	0.89	0.89	0.887

YEAR	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =	TOTAL
4-1-11	0.89	0.89	0.89	0.89	0.887
4-1-12	0.89	0.89	0.89	0.89	0.887

YEAR	IND. LOSS COST	MAN. LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =	TOTAL
4-1-11	0.89	0.89	0.89	0.89	0.887
4-1-12	0.89	0.89	0.89	0.89	0.887