Exhibit 14
As Filed

PENNSYLVANIA COMPENSATION RATING BUREAU
PENNSYLVANIA CONSTRUCTION CLASSIFICATION
PREMIUM ADJUSTMENT PROGRAM ("PCCPAP")

The PCCPAP program has been used in Pennsylvania since 1991 as a means of addressing construction employers' concerns regarding the effects of wage differentials on workers compensation premiums. The program establishes a set of tabular premium credits given to employers engaged in the construction trades and who have paid wages in excess of minimum qualifying levels. When an experience-rated employer receives a PCCPAP credit, the expected losses used in determining that employer's modification are reduced in proportion to the PCCPAP credit, thereby avoiding redundant credits based on prevailing wage levels.

The PCCPAP is intended to be a means of redistributing a portion of workers compensation insurance premiums between lower-wage and higher-wage employers. On balance the program is intended to be revenue neutral. Prior to 1995, classifications in which employers were eligible for credits had been subject to a flat loading of 1 percent, intended to offset the credits being provided to relatively high-wage employers. Starting with the 1995 loss cost filing, the current procedure, as described herein, has been used.

The PCRB has assembled 1999 policy year experience data which provides historical measures of the extent to which employers in each eligible classification have qualified for PCCPAP credits, and the magnitude of credits granted under this program. The attached exhibit presents the staff analysis of this experience, and derives a proposed revised set of PCCPAP loadings to maintain the intended balance within the affected classifications. A brief description of page 14.1 follows:

Column (1) - Class: The numeric designation of each classification eligible for PCCPAP credit.

Column (2) - # of Policies (Total): The number of policies reported in each class, whether or not those policies applied for or received PCCPAP credit.

Column (3) - # of Policies (PCCPAP): The number of policies qualified for PCCPAP credit for the 1999 policy term.

Column (4) - Payroll (Total): The payroll attributable to the policies reported in column (2).

Column (5) - Payroll (PCCPAP): the payroll attributable to policies reported in column (3).

Column (6) - PCCPAP Policy Premium, Pre-PCCPAP: The Standard Premium which would have applied to qualifying PCCPAP policies ABSENT both the tabular PCCPAP credit and the adjustment to experience modifications made where applicable for those policies. The current PCCPAP load on Manual Rates is omitted from this calculation.

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(continued)

Column (7) - PCCPAP Policy Premium, Post-PCCPAP: The Standard Premium attributable to qualifying PCCPAP policies, reflecting BOTH the tabular PCCPAP credits and the adjustment to experience modifications made where applicable. The current PCCPAP load on Manual Rates is omitted from this calculation.

Columns (8) and (9) - Non-PCCPAP Policy Premium, Pre PCCPAP: The Standard Premium attributable to policies which did not qualify for PCCPAP credit in 1999. The current PCCPAP load on Manual Rates is omitted from this calculation

Column (10) - Indicated Surcharge: The ratio of Pre-PCCPAP premiums for both qualifying and non-qualifying policies to Post-PCCPAP premiums for those same policies. Computed as (Column (6) + Column (8)) / (Column (7) + Column (9)).

Column (11) - Average PCCPAP Credit: For qualifying policies, the average credit given in 1998. For example, an average credit of .0861 indicates that the average qualifying risk in Code 601 received an 8.61 percent reduction in standard premium by operation of the PCCPAP plan's tabular credit and experience rating plan adjustment.

Column (12) - Class "Z": This is the credibility assigned each classification's indicated PCCPAP surcharge. The credibility formula is a linear function of total classification policies, with 230 policies or more receiving full credibility. This formula is an adaptation of procedures used in NCCI jurisdictions where credibility is a linear function of the number of policies qualifying for Premium Adjustment Plan credits. Staff perceives the use of total policies to be more appropriate where large portions of a class have not historically qualified for PCCPAP credit.

Column (13) - Formula Surcharge: The credibility-weighted classification loadings for PCCPAP credits. The calculation uses the following values:

   Column (10) x Column (12) + (1.00 - (Column (12)) x Average Column (10)

Column (14) - TCF: The test correction factor necessary to balance credibility-weighted surcharges across all classifications to the overall indicated surcharge of 3.41 percent.

Column (15) - Final Surcharge: The product of the TCF (Column (14)) and the formula surcharges (Column (13)) by classification.

100% Credibility = 230 Policies
Partial Credibility = # of Policies / 230

Class (1)	# of Policies (Total) (2)	# of Policies (PCCPAP) (3)	Payroll (Total) (4)	Payroll (PCCPAP) (5)	***PCCPAP Policies*** Premium Pre-PCCPAP (6)	Premium Post-PCCPAP (7)	**Non-PCCPAP Policies** Premium Pre-PCCPAP (8)	Premium Post-PCCPAP (9)	Indicated Surcharge (10)	Average PCCPAP Credit (11)	Class "Z" (12)	Formula Surcharge (13)	TCF (14)	Final Surcharge (15)
601	437	99	136,804,392	49,625,177	3,661,079	3,346,040	7,149,645	7,149,645	1.0300	0.0861	1.00	1.0300	0.99942	1.0294
602	186	56	81,863,084	25,541,586	973,329	881,824	1,753,695	1,753,695	1.0347	0.0940	0.81	1.0346	0.99942	1.0340
603	257	96	59,265,925	28,786,393	2,001,762	1,765,520	1,583,429	1,583,429	1.0705	0.1180	1.00	1.0705	0.99942	1.0699
605	30	2	7,295,965	714,203	92,636	83,944	545,546	545,546	1.0138	0.0938	0.13	1.0315	0.99942	1.0309
606	13	0	7,837,917	0	0	0	1,037,534	1,037,534	1.0000	0.0000	0.06	1.0321	0.99942	1.0315
607	282	23	47,434,650	6,269,057	424,041	357,917	3,982,329	3,982,329	1.0152	0.1559	1.00	1.0152	0.99942	1.0146
608	2732	381	378,324,120	111,274,231	6,891,956	6,188,927	16,196,929	16,196,929	1.0314	0.1020	1.00	1.0314	0.99942	1.0308
609	2636	270	439,037,330	91,897,047	4,460,708	4,007,215	16,312,524	16,312,524	1.0223	0.1017	1.00	1.0223	0.99942	1.0217
611	45	28	5,173,562	1,393,514	162,557	135,215	551,837	551,837	1.0398	0.1682	0.20	1.0352	0.99942	1.0346
615	3	1	682,924	3,186	549	520	164,494	164,494	1.0002	0.0528	0.01	1.0338	0.99942	1.0332
617	266	84	85,735,116	28,491,454	1,612,115	1,433,780	3,163,367	3,163,367	1.0388	0.1106	1.00	1.0388	0.99942	1.0382
645	781	169	173,107,817	72,642,379	5,147,374	4,493,538	7,162,677	7,162,677	1.0561	0.1270	1.00	1.0561	0.99942	1.0555
646	314	34	62,276,783	16,441,065	855,967	743,884	2,589,317	2,589,317	1.0336	0.1309	1.00	1.0336	0.99942	1.0330
647	140	9	23,315,869	1,882,997	182,828	157,130	2,042,162	2,042,162	1.0117	0.1406	0.61	1.0204	0.99942	1.0198
648	1116	95	99,351,326	24,344,249	1,108,266	958,331	3,482,420	3,482,420	1.0338	0.1353	1.00	1.0338	0.99942	1.0332
649	213	79	61,036,327	32,308,144	1,133,406	964,865	985,019	985,019	1.0864	0.1487	0.93	1.0827	0.99942	1.0821
651	2882	397	463,761,433	157,301,699	10,761,667	9,581,648	23,269,214	23,269,214	1.0359	0.1097	1.00	1.0359	0.99942	1.0353
652	8333	167	491,152,160	29,040,073	2,208,463	1,967,606	36,100,112	36,100,112	1.0063	0.1091	1.00	1.0063	0.99942	1.0057
653	2183	235	279,340,389	104,387,155	7,413,583	6,692,602	13,349,998	13,349,998	1.0360	0.0973	1.00	1.0360	0.99942	1.0354
654	602	192	133,419,446	45,311,689	4,776,312	4,222,254	8,809,572	8,809,572	1.0425	0.1160	1.00	1.0425	0.99942	1.0419
655	335	81	57,423,364	15,358,502	2,837,769	2,481,883	8,115,073	8,115,073	1.0336	0.1254	1.00	1.0336	0.99942	1.0330
656	71	5	29,035,454	1,517,935	129,207	99,055	2,198,098	2,198,098	1.0131	0.2334	0.31	1.0276	0.99942	1.0270
657	60	14	11,691,335	2,440,963	165,990	147,598	1,182,223	1,182,223	1.0138	0.1108	0.26	1.0288	0.99942	1.0282
658	403	89	43,103,227	18,431,489	1,879,992	1,628,298	2,558,616	2,558,616	1.0601	0.1339	1.00	1.0601	0.99942	1.0595
659	863	101	103,140,517	31,047,834	4,954,344	4,397,789	11,725,050	11,725,050	1.0345	0.1123	1.00	1.0345	0.99942	1.0339
660	722	60	139,880,867	17,071,574	406,427	354,358	3,210,446	3,210,446	1.0146	0.1281	1.00	1.0146	0.99942	1.0140
661	2914	410	765,553,801	332,646,536	11,187,060	9,544,190	16,914,234	16,914,234	1.0621	0.1469	1.00	1.0621	0.99942	1.0615
662	285	2	39,424,826	98,907	3,140	3,026	1,298,868	1,298,868	1.0001	0.0363	1.00	1.0001	0.99942	1.0000
663	3446	401	601,981,383	187,018,907	8,288,107	7,164,401	19,836,551	19,836,551	1.0416	0.1356	1.00	1.0416	0.99942	1.0410
664	2329	289	548,594,268	205,144,804	8,403,769	7,391,550	14,176,351	14,176,351	1.0469	0.1204	1.00	1.0469	0.99942	1.0463
665	1518	104	113,193,112	30,150,107	2,396,504	2,105,812	7,753,192	7,753,192	1.0295	0.1213	1.00	1.0295	0.99942	1.0289
666	250	32	35,325,096	8,971,765	619,967	526,885	1,981,680	1,981,680	1.0371	0.1501	1.00	1.0371	0.99942	1.0365
667	400	47	31,138,557	7,857,424	179,800	162,245	573,300	573,300	1.0239	0.0976	1.00	1.0239	0.99942	1.0233
668	324	41	40,725,615	16,773,829	940,357	815,118	1,490,202	1,490,202	1.0543	0.1332	1.00	1.0543	0.99942	1.0537
669	184	30	16,087,676	5,481,345	451,260	399,183	809,424	809,424	1.0431	0.1154	0.80	1.0413	0.99942	1.0407
670	546	33	37,518,258	8,373,798	448,217	376,013	1,648,959	1,648,959	1.0357	0.1611	1.00	1.0357	0.99942	1.0351
673	184	7	25,953,406	4,241,859	235,669	216,719	1,389,009	1,389,009	1.0118	0.0804	0.80	1.0163	0.99942	1.0157
674	194	6	14,089,018	1,050,176	76,061	68,135	788,381	788,381	1.0093	0.1042	0.84	1.0133	0.99942	1.0127
675	1398	155	347,702,068	66,669,666	3,360,126	2,943,997	13,239,593	13,239,593	1.0257	0.1238	1.00	1.0257	0.99942	1.0251
676	284	47	51,553,041	15,741,844	827,919	693,301	1,919,600	1,919,600	1.0515	0.1626	1.00	1.0515	0.99942	1.0509
677	60	14	35,779,766	4,309,617	378,137	330,871	2,948,682	2,948,682	1.0144	0.1250	0.26	1.0290	0.99942	1.0284
679	18	1	3,898,764	2,154	294	279	419,052	419,052	1.0000	0.0510	0.08	1.0314	0.99942	1.0308
681	76	0	4,632,763	0	0	0	258,581	258,581	1.0000	0.0000	0.33	1.0228	0.99942	1.0222
682	68	0	3,150,440	0	0	0	971,363	971,363	1.0000	0.0000	0.30	1.0239	0.99942	1.0233
Total	40,383	4,386	6,136,793,157	1,808,056,333	102,038,714	89,833,466	267,638,348	267,638,348	1.0341	0.1196		1.0347	0.99942	1.0341

0.9994

Note:

For each Class:

Indicated Surcharge = (Total Premium Pre-PCCPAP) / (Total Premium Post-PCCPAP)

Basis of Credibility: 1 / ((# PCCPAP Policies)/(# Total Policies)) * 25 = 230 Policies for Full Credibility

Formula Surcharge = (Indicated Surcharge) * (Credibility for that Class) + (1- Credibility) * (Average Indicated Surcharge)

Test Correction Factor = (Total Indicated Surcharge) / ((Total Weighted Formula Surcharge) / (Total Premium Post-PCCPAP))

Comparison of PCCPAP Surcharges by Class

Class (1)	Current PCCPAP Surcharge (2)	Proposed PCCPAP Surcharge (3)	Percentage Change (4)=(3)/(2)-1.0
601	1.0275	1.0294	0.2%
602	1.0292	1.0340	0.5%
603	1.0641	1.0699	0.5%
605	1.0338	1.0309	-0.3%
606	1.0340	1.0315	-0.2%
607	1.0287	1.0146	-1.4%
608	1.0299	1.0308	0.1%
609	1.0263	1.0217	-0.4%
611	1.0399	1.0346	-0.5%
615	1.0359	1.0332	-0.3%
617	1.0302	1.0382	0.8%
645	1.0569	1.0555	-0.1%
646	1.0404	1.0330	-0.7%
647	1.0328	1.0198	-1.3%
648	1.0390	1.0332	-0.6%
649	1.0765	1.0821	0.5%
651	1.0405	1.0353	-0.5%
652	1.0066	1.0057	-0.1%
653	1.0422	1.0354	-0.7%
654	1.0354	1.0419	0.6%
655	1.0425	1.0330	-0.9%
656	1.0317	1.0270	-0.5%
657	1.0337	1.0282	-0.5%
658	1.0681	1.0595	-0.8%
659	1.0267	1.0339	0.7%
660	1.0158	1.0140	-0.2%
661	1.0663	1.0615	-0.5%
662	1.0000	1.0000	0.0%
663	1.0474	1.0410	-0.6%
664	1.0576	1.0463	-1.1%
665	1.0304	1.0289	-0.1%
666	1.0428	1.0365	-0.6%
667	1.0337	1.0233	-1.0%
668	1.0441	1.0537	0.9%
669	1.0394	1.0407	0.1%
670	1.0432	1.0351	-0.8%
673	1.0172	1.0157	-0.1%
674	1.0182	1.0127	-0.5%
675	1.0252	1.0251	0.0%
676	1.0633	1.0509	-1.2%
677	1.0322	1.0284	-0.4%
679	1.0329	1.0308	-0.2%
681	1.0256	1.0222	-0.3%
682	1.0259	1.0233	-0.3%
Total	1.0367	1.0341	-0.3%