

PENNSYLVANIA COMPENSATION RATING BUREAU

**Summary of Material for Modification of Experience
April 1, 2003 Loss Cost Revision**

As Filed

PENNSYLVANIA 2003 LOSS COST FILING

EFFECTIVE DATE - April 1, 2003

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* Incurred Losses exclude IBNR and Bulk Reserves

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EXHIBIT I

INDICATED CHANGE IN LOSS COSTS

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1) Policy Year 1998 Ratio of Loss to Expected Loss	0.4560	0.4464	0.9024
(2) Policy Year 1999 Ratio of Loss to Expected Loss	0.4775	0.4459	0.9234
(3) Policy Year 2000 Ratio of Loss to Expected Loss	0.4877	0.4609	0.9486
(4) Average (Midpoint = 1/1/2000)	0.4737	0.4511	0.9248
(5) Policy Year 1998 Ratio Trended to 4/1/2004 +	0.4846	0.4865	0.9711
(6) Policy Year 1999 Ratio Trended to 4/1/2004 +	0.4967	0.4734	0.9701
(7) Policy Year 2000 Ratio Trended to 4/1/2004 +	0.5077	0.4874	0.9951
(8) Average at 4/1/2004	0.4963	0.4824	0.9787
(9) Savings at 9/1/1993	0.9943	1.0000	
(10) Act 57 Savings	1.0000	1.0000	
(11) Combined Impact: Act 44 & Act 57 (9) * (10)	0.9943	1.0000	0.9971
(12) Indicated Change in Loss Costs (8) * (11)	0.4935	0.4824	0.9759

CHANGES IN MANUAL LOSS COST LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(13) Current Collectible Premium Ratio	1.0888	1.0698	1.0554	1.0672
(14) Anticipated Collectible Premium Ratio	1.0899	1.0525	1.0526	1.0626
(15) Final Indicated Change in Manual Loss Cost Level (12T) * (14) / (13)	0.9769	0.9601	0.9733	0.9717

+ Refer to pages 20 and 21

EXHIBIT II

**CALCULATION OF EMPLOYER ASSESSMENT FACTOR AND
LOADING FOR LOSS BASED ASSESSMENTS**

(1)	2001 PCRB Member Paid Loss (From Schedule W) *	1,823,716,450
(2)	2001 Total Paid Loss (From PA Dept of Labor and Industry) *	2,376,300,746
(3)	2001 Ratio of PCRB Member Paid Loss to Total Paid Loss (1)/(2)	0.7675
(4)	2002/2003 Fiscal Year Budget	
	a. Administration Fund	55,435,000
	b. Subsequent Injury Fund	229,070
	c. Supersedeas Injury Fund	31,453,771
	d. Total	87,117,841
(5)	2002/2003 Fiscal Year Membership Assessment Amount	
	a. Administration Fund (4)a * (3)	42,546,363
	b. Subsequent Injury Fund (4)b * (3)	175,811
	c. Supersedeas Injury Fund (4)c * (3)	24,140,769
	d. Total	66,862,943
(6)	2001 Employer Assessment Premium Base Schedule W Part A-1, Lines 5 + 8a + 8b	2,396,768,451
(7)	2002/2003 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (5)a / (6)	0.0178
	b. Subsequent Injury Fund (5)b / (6)	0.0001
	c. Supersedeas Injury Fund (5)c / (6)	0.0101
	d. Employer Assessment Factor	0.0280
(8)	2002/2003 Fiscal Year Budget for the Office of Small Business Advocate	175,000
(9)	2002/2003 Fiscal Year Membership Assessment Amount for the Office of Small Business Advocate (8) * (3)	134,313
(10)	2002/2003 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (9) / (1)	0.0001
(11)	Merit Rating Plan Increment Factor	0.0035
(12)	Certified Safety Committee Program Increment Factor	0.0029
(13)	Overall Adjustment for Loss Based Assessments, Merit Rating Plan and Safety Committee Program (10) + (11) + (12)	0.0065

* Loss payments on deductible policies have been adjusted to a 1st dollar basis.

EXHIBIT III - 1

POLICY YEAR LOSS RATIO 2000

(1) Standard Earned Premium Reported (Table I)			1,550,296,572
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0140
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9964
(5) Factor to Remove Loss Based Assessments			0.9925
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,554,593,960
(7) Loss Cost Change 12/1/95 to 4/1/02			1.0181
(8) Expected Loss at Current Level (6)*(7)			1,582,732,111
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	190,151,326	304,944,640	495,095,966
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	4.4720	2.3657	
(11) Ultimate Incurred Losses	850,356,730	721,407,535	1,571,764,265
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	855,203,763	721,407,535	1,576,611,298
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5403	0.4558	0.9961
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	397,426,448	446,973,275	844,399,723
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.7228	1.6504	
(17) Ultimate Incurred Losses	684,686,285	737,684,693	1,422,370,978
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	688,588,997	737,684,693	1,426,273,690
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4351	0.4661	0.9012
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	771,896,380	729,546,114	1,501,442,494
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4877	0.4609	0.9486
(23) Normalized Claim Frequency (Exhibit VI-3)	0.4201	0.4201	
(24) Severity Ratio * (22) / (23)	1.1609	1.0971	2.2580

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 2

POLICY YEAR LOSS RATIO 1999

(1) Standard Earned Premium Reported (Table I)			1,551,585,443
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0040
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9919
(5) Factor to Remove Loss Based Assessments			0.9653
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,491,556,145
(7) Loss Cost Change 12/1/95 to 4/1/02			1.0327
(8) Expected Loss at Current Level (6) *(7)			1,540,330,031
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	320,756,365	372,991,932	693,748,297
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	2.5014	1.8195	
(11) Ultimate Incurred Losses	802,339,971	678,658,820	1,480,998,791
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	806,913,309	678,658,820	1,485,572,129
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5239	0.4406	0.9645
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	530,757,299	473,188,251	1,003,945,550
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2443	1.4690	
(17) Ultimate Incurred Losses	660,421,307	695,113,541	1,355,534,848
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	664,185,708	695,113,541	1,359,299,249
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4312	0.4513	0.8825
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	735,549,509	686,886,181	1,422,435,690
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4775	0.4459	0.9234
(23) Normalized Claim Frequency (Exhibit VI-3)	0.4542	0.4542	
(24) Severity Ratio * (22) / (23)	1.0513	0.9817	2.0330

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 3

POLICY YEAR LOSS RATIO 1998

(1) Standard Earned Premium Reported (Table I)			1,525,335,436
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0016
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9919
(5) Factor to Remove Loss Based Assessments			0.9661
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,464,028,894
(7) Loss Cost Change 12/1/95 to 4/1/02			0.9725
(8) Expected Loss at Current Level (6) *(7)			1,423,768,099
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	383,585,628	375,993,745	759,579,373
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.8402	1.6570	
(11) Ultimate Incurred Losses	705,874,273	623,021,635	1,328,895,908
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	709,897,756	623,021,635	1,332,919,391
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4986	0.4376	0.9362
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	539,181,501	466,981,950	1,006,163,451
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0855	1.3879	
(17) Ultimate Incurred Losses	585,281,519	648,124,248	1,233,405,767
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	588,617,624	648,124,248	1,236,741,872
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4134	0.4552	0.8686
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	649,257,690	635,572,942	1,284,830,632
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.456	0.4464	0.9024
(23) Normalized Claim Frequency (Exhibit VI-3)	0.4805	0.4805	
(24) Severity Ratio * (22) / (23)	0.9490	0.9290	1.8780

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 4

POLICY YEAR LOSS RATIO 1997

(1) Standard Earned Premium Reported (Table I)			1,599,191,029
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0007
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9937
(5) Factor to Remove Loss Based Assessments			0.9726
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,546,656,246
(7) Loss Cost Change 12/1/95 to 4/1/02			0.8532
(8) Expected Loss at Current Level (6) *(7)			1,319,607,109
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	441,035,321	374,012,626	815,047,947
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.5795	1.5812	
(11) Ultimate Incurred Losses	696,615,290	591,388,764	1,288,004,054
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	700,585,997	591,388,764	1,291,974,761
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5309	0.4482	0.9791
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	552,334,318	434,192,216	986,526,534
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0263	1.3546	
(17) Ultimate Incurred Losses	566,860,711	588,156,776	1,155,017,487
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	570,091,817	588,156,776	1,158,248,593
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4320	0.4457	0.8777
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	635,338,907	589,772,770	1,225,111,677
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4815	0.4469	0.9284
(23) Normalized Claim Frequency (Exhibit VI-3)	0.5168	0.5168	
(24) Severity Ratio * (22) / (23)	0.9317	0.8647	1.7964

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 5

POLICY YEAR LOSS RATIO 1996

(1) Standard Earned Premium Reported (Table I)			1,908,649,062
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9998
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9963
(5) Factor to Remove Loss Based Assessments			0.9789
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,861,091,281
(7) Loss Cost Change 12/1/95 to 4/1/02			0.6947
(8) Expected Loss at Current Level (6) *(7)			1,292,900,113
Losses - Paid-to-20th Method			
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	439,801,593	348,747,466	788,549,059
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.4472	1.5331	
(11) Ultimate Incurred Losses	636,480,865	534,664,740	1,171,145,605
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	640,108,806	534,664,740	1,174,773,546
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.4951	0.4135	0.9086
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	535,052,082	401,226,971	936,279,053
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0009	1.3261	
(17) Ultimate Incurred Losses	535,533,629	532,067,086	1,067,600,715
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	538,586,171	532,067,086	1,070,653,257
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4166	0.4115	0.8281
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	589,347,489	533,365,913	1,122,713,402
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4558	0.4125	0.8683
(23) Normalized Claim Frequency (Exhibit VI-3)	0.5444	0.5444	
(24) Severity Ratio * (22) / (23)	0.8373	0.7577	1.5950

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 6

POLICY YEAR LOSS RATIO 1995

(1) Standard Earned Premium Reported (Table I)			1,881,342,593
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0002
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0038
(5) Factor to Remove Loss Based Assessments			0.9864
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			1,863,236,453
(7) Loss Cost Change 12/1/95 to 4/1/02			0.6328
(8) Expected Loss at Current Level (6) *(7)			1,179,056,027
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	520,013,396	354,753,653	874,767,049
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3638	1.4963	
(11) Ultimate Incurred Losses	709,194,269	530,817,891	1,240,012,160
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(13) Adjusted Losses (11) * (12)	713,236,676	530,817,891	1,244,054,567
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6049	0.4502	1.0551
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	629,782,995	394,868,241	1,024,651,236
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9906	1.3046	
(17) Ultimate Incurred Losses	623,863,035	515,145,107	1,139,008,142
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000	
(19) Adjusted Losses (17) * (18)	627,419,054	515,145,107	1,142,564,161
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5321	0.4369	0.9690
Losses - Average of Incurred and Paid to 20th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	670,327,865	522,981,499	1,193,309,364
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5685	0.4436	1.0121
(23) Normalized Claim Frequency (Exhibit VI-3)	0.6003	0.6003	
(24) Severity Ratio * (22) / (23)	0.9470	0.7390	1.6860

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 7

POLICY YEAR LOSS RATIO 1994

(1) Standard Earned Premium Reported (Table I)				1,993,399,287
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0007
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0050
(5) Factor to Remove Loss Based Assessments				0.9869
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)				1,978,506,171
(7) Loss Cost Change 12/1/95 to 4/1/02				0.6292
(8) Expected Loss at Current Level (6) *(7)				1,244,876,083
Losses - Paid-to-20th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	613,138,694	384,345,662	997,484,356	
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3090	1.4671		
(11) Ultimate Incurred Losses	802,598,550	563,873,521	1,366,472,071	
(12) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000		
(13) Adjusted Losses (11) * (12)	807,173,362	563,873,521	1,371,046,883	
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6484	0.4530	1.1014	
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	733,110,850	421,420,143	1,154,530,993	
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9943	1.2927		
(17) Ultimate Incurred Losses	728,932,118	544,769,819	1,273,701,937	
(18) Adjustment to Post-Act 44 Loss Levels	1.0057	1.0000		
(19) Adjusted Losses (17) * (18)	733,087,031	544,769,819	1,277,856,850	
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5889	0.4376	1.0265	
Losses - Average of Incurred and Paid to 20th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	770,130,197	554,321,670	1,324,451,867	
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6186	0.4453	1.0639	
(23) Normalized Claim Frequency (Exhibit VI-3)	0.6742	0.6742		
(24) Severity Ratio * (22) / (23)	0.9175	0.6605	1.5780	

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 8

POLICY YEAR LOSS RATIO 1993

(1) Standard Earned Premium Reported at Bureau DSR (Table I)	2,669,141,209
(2) Portion of PY 1993 at Bureau 12/1/92 Rate Level	0.9528
(3) Standard Earned Premium at Bureau 12/1/92 Rate Level (1)*(2)	2,543,157,744
(4) Factor to 12/1/92 Rate Level	1.0000
(5) Premium Development Factor to Ultimate Level (Exhibit V-1)	0.9999
(6) Expense Constant Removal Factor	0.9933
(7) PCCPAP On-Level Factor	1.0048
(8) Standard Earned Premium on Level (3)*(4)*(5)*(6)*(7)	2,537,990,132
(9) Permissible Loss Ratio Underlying 12/1/92 Rates	0.7815
(10) Expected Losses as of 12/1/92 (8)*(9)	1,983,439,288
(11) Loss Cost Changes	0.6166
(12) Expected Loss at Current Level (10) *(11)	1,222,988,665
(13) Portion of PY 1993 at Bureau 12/1/93 Loss Cost Level	0.0472
(14) Standard Earned Premium at Bureau 12/1/93 Loss Cost Level (1)*(13)	125,983,465
(15) Premium Development Factor to Ultimate Level (Exhibit V-1)	0.9999
(16) Expense Constant Removal Factor	1.0000
(17) PCCPAP On-Level Factor	1.0048
(18) Standard Earned Premium on Level (14)*(15)*(16)*(17)	126,575,527
(19) Permissible loss Ratio at 12/1/93	0.9869
(20) Expected Losses at 12/1/93	124,917,388
(21) Loss Cost Change 12/1/93 to 4/1/02	0.6292
(22) Expected Losses At Current Level (20) * (21)	78,598,021
(23) Total Expected Losses (12) + (22)	1,301,586,686

EXHIBIT III - 8 Continued**POLICY YEAR LOSS RATIO 1993**

Losses - Paid-to-20th Method	Indemnity	Medical	Total
(24) Paid Losses Reported (Table I-D & I-E)	679,682,735	421,811,951	1,101,494,686
(25) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2677	1.4435	
(26) Ultimate Incurred Losses	861,633,803	608,885,551	1,470,519,354
(27) Adjustment to Post-Act 44 Loss Levels	1.0044	1.0000	
(28) Adjusted Losses (26) * (27)	865,424,992	608,885,551	1,474,310,543
(29) Policy Year Ratio of Losses to Expected Losses (28) / (8)	0.6649	0.4678	1.1327
Losses - Incurred Method			
(30) Incurred Losses Reported (Table I-B & I-C)	800,119,191	460,793,625	1,260,912,816
(31) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9948	1.2711	
(32) Ultimate Incurred Losses	795,958,571	585,714,777	1,381,673,348
(33) Adjustment to Post-Act 44 Loss Levels	1.0044	1.0000	
(34) Adjusted Losses (32) * (33)	799,460,789	585,714,777	1,385,175,566
(35) Policy Year Ratio of Losses to Expected Losses (34) / (8)	0.6142	0.4500	1.0642
Losses - Average of Incurred and Paid to 20th Method			
(36) Adjusted Ultimate Incurred Losses ((28)+(34))/2	832,442,891	597,300,164	1,429,743,055
(37) Policy Year Ratio of Losses to Expected Losses (36) / (23)	0.6396	0.4589	1.0985
(38) Normalized Claim Frequency (Exhibit VI-3)	0.7522	0.7522	
(39) Severity Ratio * (37) / (38)	0.8503	0.6101	1.4604

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 9

POLICY YEAR LOSS RATIO 1992

(1) Standard Earned Premium Reported (Table I)			2,491,406,339
(2) Factor to 12/1/92 Rate Level (Exhibit IV)			1.2271
(3) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(4) Expense Constant Removal Factor			0.9916
(5) PCCPAP On-Level Factor			1.0048
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			3,046,075,515
(7) Permissible Loss Ratio Underlying 12/1/92 Rates			0.7815
(8) Expected Losses as of 12/1/92 (6)*(7)			2,380,508,015
(9) Loss Cost Change 12/1/95 to 4/1/01			0.6166
(10) Expected Loss at Current Level (8) *(9)			1,467,821,242
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(11) Paid Losses Reported (Table I-D & I-E)	798,733,727	491,487,230	1,290,220,957
(12) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2351	1.4211	
(13) Ultimate Incurred Losses	986,516,026	698,452,503	1,684,968,529
(14) Adjustment to Post-Act 44 Loss Levels	1.0003	1.0000	
(15) Adjusted Losses (13) * (14)	986,811,981	698,452,503	1,685,264,484
(16) Policy Year Ratio of Losses to Expected Losses (15) / (10)	0.6723	0.4758	1.1481
Losses - Incurred Method			
(17) Incurred Losses Reported (Table I-B & I-C)	925,293,664	545,057,191	1,470,350,855
(18) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9939	1.2436	
(19) Ultimate Incurred Losses	919,649,373	677,833,123	1,597,482,496
(20) Adjustment to Post-Act 44 Loss Levels	1.0003	1.0000	
(21) Adjusted Losses (19) * (20)	919,925,268	677,833,123	1,597,758,391
(22) Policy Year Ratio of Losses to Expected Losses (21) / (10)	0.6267	0.4618	1.0885
Losses - Average of Incurred and Paid to 20th Method			
(23) Adjusted Ultimate Incurred Losses ((15)+(21))/2	953,368,625	688,142,813	1,641,511,438
(24) Policy Year Ratio of Losses to Expected Losses (23) / (10)	0.6495	0.4688	1.1183
(25) Normalized Claim Frequency (Exhibit VI-3)	0.8083	0.8083	
(26) Severity Ratio * (24) / (25)	0.8035	0.5800	1.3835

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT III - 10

POLICY YEAR LOSS RATIO 1991

(1) Standard Earned Premium Reported (Table I)			2,715,167,000
(2) Factor to 12/1/92 Rate Level (Exhibit IV)			1.2445
(3) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(4) Expense Constant Removal Factor			0.9913
(5) PCCPAP On-Level Factor			1.0051
(6) Standard Earned Premium on Level (1)*(2)*(3)*(4)*(5)			3,366,710,913
(7) Permissible Loss Ratio Underlying 12/1/92 Rates			0.7815
(8) Expected Losses as of 12/1/92 (6)*(7)			2,631,084,579
(9) Loss Cost Change 12/1/95 to 4/1/01			0.6166
(10) Expected Loss at Current Level (8) *(9)			1,622,326,751
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(11) Paid Losses Reported (Table I-D & I-E)	994,302,227	568,908,064	1,563,210,291
(12) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2109	1.3998	
(13) Ultimate Incurred Losses	1,204,000,567	796,357,508	2,000,358,075
(14) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(15) Adjusted Losses (13) * (14)	1,204,000,567	796,357,508	2,000,358,075
(16) Policy Year Ratio of Losses to Expected Losses (15) / (8)	0.7421	0.4909	1.2330
Losses - Incurred Method			
(17) Incurred Losses Reported (Table I-B & I-C)	1,111,133,001	621,044,562	1,732,177,563
(18) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	0.9966	1.2304	
(19) Ultimate Incurred Losses	1,107,355,149	764,133,229	1,871,488,378
(20) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(21) Adjusted Losses (19) * (20)	1,107,355,149	764,133,229	1,871,488,378
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.6826	0.4710	1.1536
Losses - Average of Incurred and Paid to 20th Method			
(23) Adjusted Ultimate Incurred Losses ((15)+(21))/2	1,155,677,858	780,245,369	1,935,923,227
(24) Policy Year Ratio of Losses to Expected Losses (23) / (10)	0.7124	0.4809	1.1933
(25) Normalized Claim Frequency (Exhibit VI-3)	0.8739	0.8739	
(26) Severity Ratio * (24) / (25)	0.8152	0.5503	1.3655

* Severity Ratio represents loss ratio adjusted to a common level of claim frequency.

EXHIBIT IV - 1

**POLICY YEARS 1980 - 1988
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) RATE CHANGE DATE</u>	<u>(2) RATE CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 12/01/92 RATE LEVEL</u>
1980	10/01/79	BASE	1.0000	1.0000	1.0000	
	1/01/81 to 12/01/92	1.9426	1.9426	----- 1.0000	----- 1.0000	1.9426
1981	1/01/81	BASE	1.0000	0.8342	0.8342	
	10/01/81	0.9782	0.9782	0.1658	0.1622	
	10/01/82	2.0418	1.9973	-----	-----	
	to 12/01/92			1.0000	0.9964	2.0045
1982	10/01/81	BASE	1.0000	0.8119	0.8119	
	10/01/82	0.8975	0.8975	0.1881	0.1688	
	10/01/83	2.2750	2.0418	-----	-----	
	to 12/01/92			1.0000	0.9807	2.0820
1983	10/01/82	BASE	1.0000	0.8135	0.8135	
	10/01/83	0.9983	0.9983	0.1865	0.1862	
	10/01/84	2.2789	2.2750	-----	-----	
	to 12/01/92			1.0000	0.9997	2.2757
1984	10/01/83	BASE	1.0000	0.8163	0.8163	
	10/01/84	1.0579	1.0579	0.1837	0.1943	
	10/01/85	2.1542	2.2789	-----	-----	
	to 12/01/92			1.0000	1.0106	2.2550
1985	10/01/84	BASE	1.0000	0.8152	0.8152	
	10/01/85	1.1245	1.1245	0.1848	0.2078	
	10/01/86	1.9157	2.1542	-----	-----	
	to 12/01/92			1.0000	1.0230	2.1058
1986	10/01/85	BASE	1.0000	0.8044	0.8044	
	10/01/86	1.0739	1.0739	0.1956	0.2101	
	10/01/87	1.7838	1.9157	-----	-----	
	to 12/01/92			1.0000	1.0145	1.8883
1987	10/01/86	BASE	1.0000	0.7958	0.7958	
	10/01/87	1.0006	1.0006	0.2042	0.2043	
	10/01/88	1.7828	1.7838	-----	-----	
	to 12/01/92			1.0000	1.0001	1.7836
1988	10/01/87	BASE	1.0000	0.8032	0.8032	
	10/01/88	1.0867	1.0867	0.1968	0.2139	
	1/01/90	1.6405	1.7828	-----	-----	
	to 12/01/92			1.0000	1.0171	1.7528

EXHIBIT IV - 2

**POLICY YEARS 1989 - 1993
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) RATE CHANGE DATE</u>	<u>(2) RATE CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 12/01/92 RATE LEVEL</u>
1989	10/01/88	BASE	1.0000	0.8304	0.8304	
	1/01/90	1.0749	1.0749	0.1696	0.1823	
	8/01/90	1.5262	1.6405	-----	-----	
	to 12/01/92			1.0000	1.0127	1.6199
1990	1/01/90	BASE	1.0000	0.6833	0.6833	
	8/01/90	1.0850	1.0850	0.3167	0.3436	
	1/01/91	1.4067	1.5262	-----	-----	
	to 12/01/92			1.0000	1.0269	1.4862
1991	1/01/91	BASE	1.0000	1.0000	1.0000	
	12/01/92	1.2445	1.2445	-----	-----	
				1.0000	1.0000	1.2445
1992	1/01/91	BASE	1.0000	0.9421	0.9421	
	12/01/92	1.2445	1.2445	0.0579	0.0721	
				-----	-----	
				1.0000	1.0142	1.2271
1993 (JAN - NOV)	12/01/92	BASE	1.0000	1.0000	1.0000	
				-----	-----	
				1.0000	1.0000	1.0000

EXHIBIT IV - 3

**POLICY YEARS 1993 - 2001
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>	<u>(1) LOSS COST DATE</u>	<u>(2) LOSS COST CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 4/01/02 LC LEVEL</u>
PRIOR TO DEC 1993	12/01/92	BASE	1.0000	1.0000	1.0000	0.6166
	12/01/93 to 4/01/02	0.6166	0.6166	----- 1.0000	----- 1.0000	
1993 (DEC)	12/01/93	BASE	1.0000	1.0000	1.0000	0.6292
	12/01/95 to 4/01/02	0.6292	0.6292	----- 1.0000	----- 1.0000	
1994	12/01/93	BASE	1.0000	1.0000	1.0000	0.6292
	12/01/95 to 4/01/02	0.6292	0.6292	----- 1.0000	----- 1.0000	
1995	12/01/93	BASE	1.0000	0.9392	0.9392	0.6328
	12/01/95	0.9057	0.9057	0.0608	0.0551	
	2/01/97	0.6947	0.6292	-----	-----	
	to 4/01/02			1.0000	0.9943	
1996	12/01/95	BASE	1.0000	1.0000	1.0000	0.6947
	2/01/97 to 4/01/02	0.6947	0.6947	----- 1.0000	----- 1.0000	
1997	12/01/95	BASE	1.0000	0.2568	0.2568	0.8532
	2/01/97	0.7500	0.7500	0.7432	0.5574	
	4/01/98	0.9263	0.6947	-----	-----	
	to 4/01/02			1.0000	0.8142	
1998	2/01/97	BASE	1.0000	0.3160	0.3160	0.9725
	4/01/98	0.9306	0.9306	0.6840	0.6365	
	4/01/99	0.9954	0.9263	-----	-----	
	to 4/01/02			1.0000	0.9525	
1999	4/01/98	BASE	1.0000	0.3118	0.3118	1.0327
	4/01/99	0.9474	0.9474	0.6882	0.6520	
	4/01/00	1.0506	0.9953	-----	-----	
	to 4/01/02			1.0000	0.9638	
2000	4/01/99	BASE	1.0000	0.2913	0.2913	1.0181
	4/01/00	1.0450	1.0450	0.7087	0.7406	
	4/01/01	1.0054	1.0506	-----	-----	
	to 4/01/02			1.0000	1.0319	
2001	4/01/00	BASE	1.0000	0.3038	0.3038	1.0164
	4/01/01	0.9845	0.9845	0.6962	0.6854	
	4/01/02	1.0212	1.0054	----- 1.0000	----- 0.9892	

EXHIBIT V - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Policy Year</u>	<u>1999-2000 Ratio</u>	<u>Policy Year</u>	<u>1998-1999 Ratio</u>	<u>Policy Year</u>	<u>1997-1998 Ratio</u>	<u>Unweighted Average</u>	<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	1999	1.0088	1998	1.0039	1997	1.0123	1996	1.0148	1.0100	1.0100	1.0140
3rd to 2nd	1998	1.0092	1997	1.0020	1996	0.9991	1995	0.9991	1.0024	1.0024	1.0040
4th to 3rd	1997	0.9983	1996	1.0052	1995	1.0003	1994	0.9999	1.0009	1.0009	1.0016
5th to 4th	1996	1.0010	1995	1.0013	1994	1.0006	1993	1.0002	1.0008	*	1.0007
6th to 5th	1995	1.0002	1994	0.9977	1993	0.9999	1992	1.0003	0.9995	+	0.9996
7th to 6th	1994	0.9999	1993	1.0021	1992	0.9986	1991	0.9988	0.9999	#	0.9995
8th to 7th	1993	1.0001	1992	1.0006	1991	0.9994	1990	1.0024	1.0006	@	1.0008
9th to 8th	1992	0.9999	1991	1.0019	1990	0.9990	1989	0.9989	0.9999		0.9999
10th to 9th	1991	1.0003	1990	0.9988	1989	1.0002	1988	0.9998	0.9998		1.0000
11th to 10th	1990	1.0001	1989	1.0012	1988	0.9999	1987	1.0001	1.0003		1.0000
12th to 11th	1989	1.0000	1988	1.0027	1987	0.9997	1986	0.9997	1.0005		1.0000
13th to 12th	1988	1.0001	1987	1.0012	1986	1.0000	1985	0.9999	1.0003		1.0000
14th to 13th	1987	1.0000	1986	1.0024	1985	1.0002	1984	0.9995	1.0005		1.0000
15th to 14th	1986	1.0000	1985	1.0004	1984	1.0000	1983	1.0003	1.0002		1.0000
16th to 15th	1985	1.0001	1984	1.0002	1983	1.0000	1982	1.0000	1.0001		1.0000
17th to 16th	1984	1.0001	1983	1.0000	1982	1.0005	1981	1.0002	1.0002		1.0000

INCURRED METHOD

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1984	Seventeenth	1.0000
1985	Sixteenth	1.0000
1986	Fifteenth	1.0000
1987	Fourteenth	1.0000
1988	Thirteenth	1.0000
1989	Twelfth	1.0000
1990	Eleventh	1.0000
1991	Tenth	1.0000
1992	Ninth	1.0000
1993	Eighth	0.9999
1994	Seventh	1.0007
1995	Sixth	1.0002
1996	Fifth	0.9998
1997	Fourth	1.0007
1998	Third	1.0016
1999	Second	1.0040
2000	First	1.0140

* Due to the impact of Act 44, the 1997-1998 ratio was excluded and the 1996-1997 ratio(1.0008) was included in the selected average.

+ Due to the impact of Act 44, the 1998-1999 ratio was excluded and the 1996-1997 ratio(1.0001) was included in the selected average.

Due to the impact of Act 44, the 1999-2000 ratio was excluded and the 1996-1997 ratio(1.0007) was included in the selected average.

@ Due to the impact of Act 44, the 2000-2001 ratio was excluded and the 1996-1997 ratio(1.0008) was included in the selected average.

EXHIBIT V - 2**DEVELOPMENT FACTORS****INDEMNITY LOSSES
PAID METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Policy Year</u>	<u>1999-2000 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	1999	1.7935	1998	1.7821	1.7878	4.1619
3rd to 2nd	a	1998	1.3741	1997	1.3445	1.3593	2.3280
4th to 3rd	a	1997	1.1662	1996	1.1639	1.1651	1.7126
5th to 4th	a	1996	1.0875	1995	1.0952	1.0914	1.4699
6th to 5th	a	1995	1.0611	1994	1.0610	1.0611	1.3468
7th to 6th	a	1994	1.0415	1993	1.0423	1.0419	1.2693
8th to 7th	a	1993	1.0283	1992	1.0368	1.0326	1.2182
9th to 8th	a	1992	1.0286	1991	1.0242	1.0264	1.1798
10th to 9th	a	1991	1.0199	1990	1.0201	1.0200	1.1494
11th to 10th	a	1990	1.0171	1989	1.0173	1.0172	1.1269
12th to 11th	a	1989	1.0159	1988	1.0146	1.0153	1.1078
13th to 12th	a	1988	1.0131	1987	1.0130	1.0131	1.0911
14th to 13th	a	1987	1.0113	1986	1.0139	1.0126	1.0770
15th to 14th	a	1986	1.0117	1985	1.0116	1.0117	1.0636
16th to 15th	a	1985	1.0122	1984	1.0119	1.0121	1.0513
17th to 16th	a	1984	1.0101	1983	1.0111	1.0106	1.0388
18th to 17th	a	1983	1.0073	1982	1.0069	1.0071	1.0279
19th to 18th	a	1982	1.0103	1981	1.0087	1.0095	1.0206
20th to 19th	b	1981	1.0073	1980	1.0113	1.0093	1.0110
Beyond 19th	d	1980	0.9901	1979	1.0166	1.0017	1.0017

INCURRED METHOD

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>1999-2000 Ratio</u>	<u>Policy Year</u>	<u>1998-1999 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	1999	1.4252	1998	1.3439	1.3846	1.7228
3rd to 2nd	c	1998	1.1649	1997	1.1276	1.1463	1.2443
4th to 3rd	c	1997	1.0489	1996	1.0662	1.0576	1.0855
5th to 4th	c	1996	1.0237	1995	1.0270	1.0254	1.0263
6th to 5th	c	1995	1.0152	1994	1.0056	1.0104	1.0009
7th to 6th	c	1994	0.9982	1993	0.9944	0.9963	0.9906
8th to 7th	c	1993	1.0020	1992	0.9969	0.9995	0.9943
9th to 8th	c	1992	1.0017	1991	1.0001	1.0009	0.9948
10th to 9th	c	1991	0.9967	1990	0.9979	0.9973	0.9939
11th to 10th	c	1990	0.9986	1989	1.0004	0.9995	0.9966
12th to 11th	c	1989	0.9994	1988	1.0021	1.0008	0.9971
13th to 12th	c	1988	0.9988	1987	0.9981	0.9985	0.9963
14th to 13th	c	1987	1.0029	1986	0.9969	0.9999	0.9978
15th to 14th	c	1986	0.9991	1985	0.9956	0.9974	0.9979
16th to 15th	c	1985	0.9982	1984	1.0009	0.9996	1.0005
17th to 16th	c	1984	1.0006	1983	1.0012	1.0009	1.0009
18th to 17th	c	1983	0.9977	1982	0.9978	0.9978	1.0000
19th to 18th	c	1982	0.9993	1981	0.9983	0.9988	1.0022
20th to 19th	c	1981	1.0010	1980	1.0023	1.0017	1.0034
Beyond 19th	d	1980	0.9901	1979	1.0166	1.0017	1.0017

a From Table I-D**b** 19th to 20th

20th Report Paid to Incurred - Tables I-B & I-D

c From Table I-B**d** Derived separately, see Exhibit # 7 of the April 1, 2003 Filing Package.

EXHIBIT V - 3**DEVELOPMENT FACTORS****MEDICAL LOSSES
PAID METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2000-2001 Ratio</u>	<u>Policy Year</u>	<u>1999-2000 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	1999	1.3017	1998	1.2986	1.3002	2.1276
3rd to 2nd	a	1998	1.1057	1997	1.0905	1.0981	1.6363
4th to 3rd	a	1997	1.0498	1996	1.0459	1.0479	1.4902
5th to 4th	a	1996	1.0302	1995	1.0325	1.0314	1.4220
6th to 5th	a	1995	1.0231	1994	1.0260	1.0246	1.3788
7th to 6th	a	1994	1.0204	1993	1.0194	1.0199	1.3456
8th to 7th	a	1993	1.0135	1992	1.0190	1.0163	1.3194
9th to 8th	a	1992	1.0169	1991	1.0147	1.0158	1.2982
10th to 9th	a	1991	1.0125	1990	1.0179	1.0152	1.2780
11th to 10th	a	1990	1.0153	1989	1.0163	1.0158	1.2589
12th to 11th	a	1989	1.0134	1988	1.0144	1.0139	1.2393
13th to 12th	a	1988	1.0137	1987	1.0135	1.0136	1.2223
14th to 13th	a	1987	1.0117	1986	1.0123	1.0120	1.2059
15th to 14th	a	1986	1.0124	1985	1.0154	1.0139	1.1916
16th to 15th	a	1985	1.0164	1984	1.0132	1.0148	1.1753
17th to 16th	a	1984	1.0135	1983	1.0144	1.0140	1.1582
18th to 17th	a	1983	1.0171	1982	1.0112	1.0142	1.1422
19th to 18th	a	1982	1.0159	1981	1.0173	1.0166	1.1262
20th to 19th	b	1981	1.0180	1980	1.0207	1.0194	1.1078
Beyond 19th	d	1980	1.0878	1979	1.0844	1.0867	1.0867

INCURRED METHOD

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>1999-2000 Ratio</u>	<u>Policy Year</u>	<u>1998-1999 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	1999	1.1480	1998	1.0989	1.1235	1.6504
3rd to 2nd	c	1998	1.0694	1997	1.0473	1.0584	1.4690
4th to 3rd	c	1997	1.0292	1996	1.0200	1.0246	1.3879
5th to 4th	c	1996	1.0296	1995	1.0133	1.0215	1.3546
6th to 5th	c	1995	1.0215	1994	1.0114	1.0165	1.3261
7th to 6th	c	1994	1.0190	1993	0.9994	1.0092	1.3046
8th to 7th	c	1993	1.0198	1992	1.0142	1.0170	1.2927
9th to 8th	c	1992	1.0315	1991	1.0127	1.0221	1.2711
10th to 9th	c	1991	1.0154	1990	1.0059	1.0107	1.2436
11th to 10th	c	1990	1.0121	1989	1.0139	1.0130	1.2304
12th to 11th	c	1989	1.0140	1988	1.0076	1.0108	1.2146
13th to 12th	c	1988	1.0265	1987	1.0089	1.0177	1.2016
14th to 13th	c	1987	1.0105	1986	0.9998	1.0052	1.1807
15th to 14th	c	1986	0.9992	1985	1.0057	1.0025	1.1746
16th to 15th	c	1985	1.0120	1984	1.0176	1.0148	1.1717
17th to 16th	c	1984	1.0195	1983	1.0153	1.0174	1.1546
18th to 17th	c	1983	1.0155	1982	1.0149	1.0152	1.1349
19th to 18th	c	1982	1.0070	1981	0.9999	1.0035	1.1179
20th to 19th	c	1981	1.0177	1980	1.0324	1.0251	1.1140
Beyond 19th	d	1980	1.0878	1979	1.0844	1.0867	1.0867

a From Table I-E

b 19th to 20th

20th Report Paid to Incurred - Tables I-C & I-E

c From Table I-C

d Derived separately, see Exhibit # 7 of the April 1, 2003 Filing Package.

DETERMINATION OF TREND

INDEMNITY

Policy Year	1996	1997	1998	1999	2000
Actual Loss Ratio	0.4558	0.4815	0.4560	0.4775	0.4877
Normalized Frequency	0.5444	0.5168	0.4805	0.4542	0.4201
Severity Loss Ratio	0.8373	0.9317	0.9490	1.0513	1.1609
x	1	2	3	4	5
y	0.8373	0.9317	0.9490	1.0513	1.1609

5 Point Exponential Regression: $y = 0.776793 * 1.08051 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/04 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
1998	0.9799	1.4714	1.5016	0.7077
1999	1.0588	1.4714	1.3897	0.7486
2000	1.1441	1.4714	1.2861	0.8094

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
1998	0.4560	1.0627	0.4846
1999	0.4775	1.0403	0.4967
2000	0.4877	1.0410	0.5077

See page 22 for column (4).

EXHIBIT VI - 1

DETERMINATION OF TREND

MEDICAL

Policy Year	1993	1994	1995	1996	1997	1998	1999	2000
Actual Loss Ratio	0.4589	0.4453	0.4436	0.4125	0.4469	0.4464	0.4459	0.4609
Normalized Frequency	0.7522	0.6742	0.6003	0.5444	0.5168	0.4805	0.4542	0.4201
Severity Loss Ratio	0.6101	0.6605	0.7390	0.7577	0.8647	0.9290	0.9817	1.0971
x	1	2	3	4	5	6	7	8
y	0.6101	0.6605	0.7390	0.7577	0.8647	0.9290	0.9817	1.0971

8 Point Exponential Regression: $y = 0.563125 * 1.085709 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 4/1/04 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
1998	0.9223	1.4203	1.5400	0.7077
1999	1.0014	1.4203	1.4183	0.7486
2000	1.0872	1.4203	1.3064	0.8094

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
1998	0.4464	1.0899	0.4865
1999	0.4459	1.0617	0.4734
2000	0.4609	1.0574	0.4874

See page 22 for column (4).

EXHIBIT VI - 3

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1989, 12 = PY 2000}

TREND FACTOR TO 1/1/01

Policy Year	Claim Frequency	Normalized Frequency	Trend Factor to 1/1/00
1989	46.31	1.0000	0.4201
1990	43.82	0.9462	0.4440
1991	40.47	0.8739	0.4807
1992	37.43	0.8083	0.5197
1993	34.83	0.7522	0.5585
1994	31.22	0.6742	0.6231
1995	27.80	0.6003	0.6998
1996	25.21	0.5444	0.7717
1997	23.93	0.5168	0.8129
1998	22.25	0.4805	0.8743
1999	21.03	0.4542	0.9249
2000	19.45	0.4201	1.0000

TREND FACTOR FROM 1/1/01 TO 4/1/04

(1)	Selected Annual Trend Factor from 1/1/01 to 12/31/01	0.9370
(2)	Selected Annual Trend Factor from 1/1/02 to 12/31/03	0.9370
(3)	Selected Annual Trend Factor from 1/1/03 to 4/1/04	0.9370
(4)	Selected Trend Factor from 1/1/01 to 4/1/04: (1)*(2)*(3)^1.25	0.8094

TOTAL FREQUENCY TREND FACTOR TO 4/1/04

Policy Year	Trend to 1/1/01	Trend from 1/1/01 - 4/1/04	Total to 4/1/04
1998	0.8743	0.8094	0.7077
1999	0.9249	0.8094	0.7486
2000	1.0000	0.8094	0.8094

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior			
to 1980	5,476,324,384	5,476,232,335	1.0000
1980	1,168,045,620	1,168,099,560	1.0000
1981	1,151,069,159	1,151,069,162	1.0000
1982	1,015,313,053	1,015,312,623	1.0000
1983	1,024,848,657	1,024,918,653	1.0001
1984	1,147,247,812	1,147,465,472	1.0002
1985	1,304,149,095	1,304,615,298	1.0004
1986	1,548,642,510	1,552,350,269	1.0024
1987	1,848,226,925	1,850,509,820	1.0012
1988	2,101,055,010	2,106,715,402	1.0027
1989	2,286,234,371	2,289,066,778	1.0012
1990	2,574,017,092	2,570,945,607	0.9988
1991	2,749,165,646	2,754,323,415	1.0019
1992	2,531,348,098	2,532,909,814	1.0006
1993	2,696,818,583	2,702,556,597	1.0021
1994	2,018,785,949	2,014,183,041	0.9977
1995	1,896,236,962	1,898,744,710	1.0013
1996	1,907,486,357	1,917,422,795	1.0052
1997	1,607,330,362	1,610,590,494	1.0020
1998	1,516,131,690	1,521,998,401	1.0039
1999	887,211,440	1,553,374,237	1.7509
2000		891,328,677	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	6,584,451,643	6,584,508,400	1.0000
1981	1,114,595,553	1,114,560,586	1.0000
1982	980,405,516	980,412,836	1.0000
1983	1,002,988,643	1,002,997,139	1.0000
1984	1,115,839,070	1,115,828,199	1.0000
1985	1,277,039,026	1,277,117,744	1.0001
1986	1,525,051,255	1,525,050,445	1.0000
1987	1,822,574,818	1,822,575,699	1.0000
1988	2,077,578,304	2,077,715,390	1.0001
1989	2,261,645,314	2,261,648,181	1.0000
1990	2,536,263,656	2,536,529,463	1.0001
1991	2,714,279,995	2,715,167,000	1.0003
1992	2,491,737,733	2,491,406,339	0.9999
1993	2,668,749,849	2,669,141,209	1.0001
1994	1,993,526,558	1,993,399,287	0.9999
1995	1,880,874,393	1,881,342,593	1.0002
1996	1,906,830,204	1,908,649,062	1.0010
1997	1,601,924,405	1,599,191,029	0.9983
1998	1,511,421,444	1,525,335,436	1.0092
1999	1,537,998,722	1,551,585,443	1.0088
2000	886,669,664	1,550,296,572	1.7484
2001		932,657,410	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - A - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior			
to 1980	2,589,216,267	2,603,818,198	1.0056
1980	465,449,372	469,561,759	1.0088
1981	511,755,950	511,062,140	0.9986
1982	520,556,593	521,698,395	1.0022
1983	619,503,467	622,545,010	1.0049
1984	794,486,654	798,737,830	1.0054
1985	944,614,760	943,241,857	0.9985
1986	1,093,781,830	1,091,330,482	0.9978
1987	1,354,041,524	1,355,955,564	1.0014
1988	1,579,200,433	1,585,292,719	1.0039
1989	1,871,193,794	1,880,361,098	1.0049
1990	1,940,821,853	1,941,985,179	1.0006
1991	1,741,616,094	1,749,521,066	1.0045
1992	1,470,997,101	1,475,551,420	1.0031
1993	1,267,664,010	1,262,838,727	0.9962
1994	1,150,154,659	1,158,989,050	1.0077
1995	994,380,563	1,015,967,670	1.0217
1996	877,389,120	917,694,299	1.0459
1997	874,344,050	953,375,306	1.0904
1998	747,257,720	906,087,947	1.2126
1999	297,776,802	791,477,085	2.6580
2000		314,294,913	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	3,049,673,200	3,056,256,991	1.0022
1981	497,732,902	500,182,066	1.0049
1982	504,852,569	505,530,793	1.0013
1983	608,056,025	609,540,824	1.0024
1984	779,203,494	783,681,078	1.0057
1985	925,906,308	928,018,998	1.0023
1986	1,072,147,530	1,071,212,267	0.9991
1987	1,341,648,188	1,348,661,632	1.0052
1988	1,562,074,775	1,574,115,571	1.0077
1989	1,856,948,461	1,864,883,577	1.0043
1990	1,919,410,161	1,925,635,621	1.0032
1991	1,726,419,205	1,732,177,563	1.0033
1992	1,452,120,020	1,470,350,855	1.0126
1993	1,250,337,425	1,260,912,816	1.0085
1994	1,147,975,164	1,154,530,993	1.0057
1995	1,006,898,293	1,024,651,236	1.0176
1996	912,349,646	936,279,053	1.0262
1997	948,471,335	986,526,534	1.0401
1998	899,542,948	1,006,163,451	1.1185
1999	784,572,008	1,003,945,550	1.2796
2000	312,949,916	844,399,723	2.6982
2001		319,976,899	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - B - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior			
to 1980	2,203,268,103	2,209,331,499	1.0028
1980	364,324,361	365,157,687	1.0023
1981	389,675,783	388,998,684	0.9983
1982	385,578,902	384,711,563	0.9978
1983	456,844,817	457,399,404	1.0012
1984	581,536,717	582,031,470	1.0009
1985	668,156,678	665,198,751	0.9956
1986	777,870,053	775,488,645	0.9969
1987	938,671,394	936,889,822	0.9981
1988	1,075,138,892	1,077,406,049	1.0021
1989	1,252,873,558	1,253,415,795	1.0004
1990	1,280,995,441	1,278,270,932	0.9979
1991	1,129,165,150	1,129,280,109	1.0001
1992	941,125,206	938,173,956	0.9969
1993	810,975,175	806,402,326	0.9944
1994	737,909,705	742,045,959	1.0056
1995	609,421,964	625,906,261	1.0270
1996	492,930,095	525,553,467	1.0662
1997	469,090,910	528,951,510	1.1276
1998	346,626,195	465,838,055	1.3439
1999	124,410,850	375,187,115	3.0157
2000		121,883,336	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	2,555,151,990	2,551,383,639	0.9985
1981	379,765,024	380,132,019	1.0010
1982	372,851,091	372,599,518	0.9993
1983	446,694,794	445,685,116	0.9977
1984	567,919,044	568,270,212	1.0006
1985	653,514,468	652,365,898	0.9982
1986	762,319,614	761,635,555	0.9991
1987	927,242,967	929,911,717	1.0029
1988	1,061,665,779	1,060,440,672	0.9988
1989	1,237,348,132	1,236,625,873	0.9994
1990	1,263,707,206	1,261,981,069	0.9986
1991	1,114,815,689	1,111,133,001	0.9967
1992	923,704,018	925,293,664	1.0017
1993	798,499,788	800,119,191	1.0020
1994	734,407,310	733,110,850	0.9982
1995	620,347,755	629,782,995	1.0152
1996	522,648,835	535,052,082	1.0237
1997	526,590,640	552,334,318	1.0489
1998	462,856,789	539,181,501	1.1649
1999	372,402,142	530,757,299	1.4252
2000	121,466,959	397,426,448	3.2719
2001		128,687,449	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - C - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior			
to 1980	385,948,164	394,486,699	1.0221
1980	101,125,011	104,404,072	1.0324
1981	122,080,167	122,063,456	0.9999
1982	134,977,691	136,986,832	1.0149
1983	162,658,650	165,145,606	1.0153
1984	212,949,937	216,706,360	1.0176
1985	276,458,082	278,043,106	1.0057
1986	315,911,777	315,841,837	0.9998
1987	415,370,130	419,065,742	1.0089
1988	504,061,541	507,886,670	1.0076
1989	618,320,236	626,945,303	1.0139
1990	659,826,412	663,714,247	1.0059
1991	612,450,944	620,240,957	1.0127
1992	529,871,895	537,377,464	1.0142
1993	456,688,835	456,436,401	0.9994
1994	412,244,954	416,943,091	1.0114
1995	384,958,599	390,061,409	1.0133
1996	384,459,025	392,140,832	1.0200
1997	405,253,140	424,423,796	1.0473
1998	400,631,525	440,249,892	1.0989
1999	173,365,952	416,289,970	2.4012
2000		192,411,577	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	494,521,210	504,873,352	1.0209
1981	117,967,878	120,050,047	1.0177
1982	132,001,478	132,931,275	1.0070
1983	161,361,231	163,855,708	1.0155
1984	211,284,450	215,410,866	1.0195
1985	272,391,840	275,653,100	1.0120
1986	309,827,916	309,576,712	0.9992
1987	414,405,221	418,749,915	1.0105
1988	500,408,996	513,674,899	1.0265
1989	619,600,329	628,257,704	1.0140
1990	655,702,955	663,654,552	1.0121
1991	611,603,516	621,044,562	1.0154
1992	528,416,002	545,057,191	1.0315
1993	451,837,637	460,793,625	1.0198
1994	413,567,854	421,420,143	1.0190
1995	386,550,538	394,868,241	1.0215
1996	389,700,811	401,226,971	1.0296
1997	421,880,695	434,192,216	1.0292
1998	436,686,159	466,981,950	1.0694
1999	412,169,866	473,188,251	1.1480
2000	191,482,957	446,973,275	2.3343
2001		191,289,450	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - D - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior to 1980	2,045,600,206	2,066,685,456	1.0103
1980	332,958,747	336,731,349	1.0113
1981	360,080,344	363,218,306	1.0087
1982	353,386,617	355,833,333	1.0069
1983	421,539,523	426,214,823	1.0111
1984	531,214,834	537,519,227	1.0119
1985	604,092,696	611,118,369	1.0116
1986	695,081,599	704,754,811	1.0139
1987	849,577,987	860,629,485	1.0130
1988	963,851,053	977,916,837	1.0146
1989	1,116,548,700	1,135,819,124	1.0173
1990	1,118,353,139	1,140,875,990	1.0201
1991	964,163,592	987,484,909	1.0242
1992	761,035,503	789,025,128	1.0368
1993	640,872,268	667,977,418	1.0423
1994	560,836,893	595,027,085	1.0610
1995	451,691,431	494,704,487	1.0952
1996	349,536,467	406,838,953	1.1639
1997	282,623,995	379,999,914	1.3445
1998	157,821,400	281,247,926	1.7821
1999	41,825,946	180,637,993	4.3188
2000		44,072,395	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior to 1981	2,386,373,395	2,407,395,616	1.0088
1981	354,516,118	357,100,790	1.0073
1982	345,145,004	348,683,979	1.0103
1983	416,165,874	419,219,225	1.0073
1984	524,502,679	529,825,303	1.0101
1985	600,885,423	608,242,990	1.0122
1986	693,716,786	701,851,696	1.0117
1987	852,378,294	862,049,407	1.0113
1988	964,761,587	977,373,942	1.0131
1989	1,122,888,710	1,140,751,465	1.0159
1990	1,128,294,021	1,147,582,656	1.0171
1991	974,888,190	994,302,227	1.0199
1992	776,494,372	798,733,727	1.0286
1993	660,950,827	679,682,735	1.0283
1994	588,719,807	613,138,694	1.0415
1995	490,071,868	520,013,396	1.0611
1996	404,408,283	439,801,593	1.0875
1997	378,175,383	441,035,321	1.1662
1998	279,162,717	383,585,628	1.3741
1999	178,845,073	320,756,365	1.7935
2000	43,900,311	190,151,326	4.3314
2001		42,372,755	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - E - ADJUSTED TO POST ACT 44 MEDICAL COST AND POST ACT 57 LEVEL

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior			
to 1980	337,455,842	345,050,662	1.0225
1980	91,484,348	93,382,097	1.0207
1981	108,655,033	110,533,116	1.0173
1982	120,852,140	122,208,661	1.0112
1983	149,130,242	151,276,637	1.0144
1984	194,744,138	197,309,246	1.0132
1985	237,765,254	241,421,410	1.0154
1986	286,966,428	290,492,892	1.0123
1987	376,259,293	381,339,790	1.0135
1988	466,143,347	472,870,937	1.0144
1989	566,242,114	575,464,603	1.0163
1990	602,822,391	613,635,762	1.0179
1991	561,818,114	570,078,950	1.0147
1992	482,507,805	491,661,222	1.0190
1993	412,440,394	420,452,384	1.0194
1994	370,290,709	379,902,428	1.0260
1995	338,968,062	349,995,432	1.0325
1996	325,885,728	340,852,774	1.0459
1997	328,700,544	358,435,482	1.0905
1998	264,241,759	343,149,329	1.2986
1999	72,473,374	289,844,663	3.9993
2000		78,998,909	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year
Prior			
to 1981	434,244,691	441,975,106	1.0178
1981	106,632,682	108,548,461	1.0180
1982	117,895,520	119,768,567	1.0159
1983	147,714,796	150,238,372	1.0171
1984	192,097,476	194,690,743	1.0135
1985	236,650,969	240,532,576	1.0164
1986	285,139,621	288,668,721	1.0124
1987	376,950,689	381,368,732	1.0117
1988	466,055,963	472,441,848	1.0137
1989	568,639,922	576,275,368	1.0134
1990	606,113,076	615,395,335	1.0153
1991	561,880,466	568,908,064	1.0125
1992	483,302,749	491,487,230	1.0169
1993	416,177,618	421,811,951	1.0135
1994	376,660,535	384,345,662	1.0204
1995	346,743,958	354,753,653	1.0231
1996	338,535,782	348,747,466	1.0302
1997	356,265,390	374,012,626	1.0498
1998	340,064,714	375,993,745	1.1057
1999	286,542,245	372,991,932	1.3017
2000	78,655,530	304,944,640	3.8770
2001		80,741,870	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

EXHIBIT VII

LOSS COST FORMULAE

The experience used for classification relativities for the April 1, 2003 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other Bureau filings. The experience period will be five (5) years for all classifications regardless of whether a classification might meet the full credibility requirements with less than five years of data. Credibility will be based on reported payrolls for classifications using payroll as the exposure base. For non-payroll classifications, expected losses will be used as the basis for credibility. Thus, two credibility tables will be prepared for use in the April 1, 2003 filing. The values for these respective tables will be established such that the credibilities assigned to a payroll-based classification having the same portion of total statewide expected losses and payrolls attributable to its experience using each table would be equal. All occupational disease losses will be included in the exhibit of classification experience, with the total amount of such losses by type of injury being shown on a separate line on the classification loss cost worksheets.

Most classifications are subject to standard procedures as described below. However, circumstances will sometimes require that some classifications' rating procedure be modified to recognize situations where the normal rating process would not be appropriate. Such classifications, and the manner in which their loss costs have been derived, are separately identified within the filing material.

The calculation of classification loss costs will be made using the following procedure:

- (1) Determine the present pure premiums by category (serious, non-serious, medical only and total) for each classification
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the April 1, 2003 loss cost level.
- (3) Determine Expected Losses (serious, non-serious, medical-only and total) for each classification by multiplying the exposures from the experience period by the present pure premiums.
- (4) Determine the indicated pure premiums (serious, non-serious, medical-only and total) from the exposures and losses from the experience period.
- (5) Test the indicated total pure premiums by multiplying the exposures of the latest two years for each classification and obtaining the total Actual Losses for all classifications combined.
- (6) Calculate Expected Losses by multiplying the present pure premiums by the exposures from the last two years for each classification and by the overall average loss cost change.
- (7) Obtain correction factors by dividing the Expected Losses derived in (6) by the Actual Losses derived in (5).
- (8) Multiply the indicated (pre-test) pure premiums from (4) times the correction factors derived in (7) to obtain indicated (post-test) pure premiums.

EXHIBIT VII (Continued)

LOSS COST FORMULAE

- (9) Determine “formula” pure premiums from (2) and (8) above for each type of loss (serious, non-serious and medical-only), with credibility for each category of loss corresponding to either the amount of reported payroll (for all classifications in which payroll is the exposure base) or to the amount of Expected Losses (for all “non-payroll” classifications). Credibility weights will be taken from exhibits appearing in the Class Book. The complement of credibility is in each case to be assigned to the present loss costs on April 1, 2003 level for each category of loss.
- (10) Select proposed total pure premiums for each classification, using the middle value from the total pure premiums derived in (2), (8) and (9) above. If the proposed pure premium selected on this basis is different from the formula pure premium derived in (9) above, partial pure premiums are to be allocated between categories (serious, non-serious and medical-only) in the same proportion as the partial pure premiums comprising the formula pure premium.
- (11) Test the proposed total pure premiums selected in (10) by multiplying by the exposures of the two latest years for each classification and obtaining the total Expected Losses for all classifications combined.
- (12) Obtain a correction factor by dividing the Expected Losses derived in (6) above by the Expected Losses derived in (11) above.
- (13) Calculate the “composite pure premium multiplier” as the product of the following items:
 - (a) The pure premium correction factor determined in (12) above.
 - (b) The proposed experience rating plan off-balance factor.
- (14) Apply the composite pure premium multiplier obtained in (13) above to the proposed total pure premiums to obtain classification loss costs.
- (15) Test to assure that the maximum departure of the classification loss costs derived in (14) above from current loss costs is in accordance with the following parameters:

Maximum Change in Loss Cost:
Upward: The overall average change plus 25% rounded to the nearest 1%.
Downward: The overall average change minus 25% rounded to the nearest 1%.
- (16) Loss costs are to be rounded to the nearest \$.01.
- (17) Test the limited loss costs derived in (16) above to determine if balance has been achieved within 0.0005 of the indicated change in loss cost level. If such balance has not been achieved, calculate the necessary correction factor to adjust the composite pure premium multipliers derived in (13) above to achieve the necessary balance. Perform steps (14) through (17) iteratively until the desired balance is achieved.

EXHIBIT VIII

COLLECTIBLE PREMIUM RATIOS *

Manual Years 1997, 1998 and 1999 Unit Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
1997	2,449,775,686	2,313,513,146	1.0589
1998	2,331,723,028	2,203,990,974	1.0580
1999	2,447,001,547	2,284,864,193	1.0710
TOTAL	7,228,500,261	6,802,368,313	1.0626
MANUFACTURING AND UTILITIES			
1997	711,548,028	660,544,464	1.0772
1998	639,306,200	591,580,316	1.0807
1999	647,589,670	581,531,035	1.1136
TOTAL	1,998,443,898	1,833,655,815	1.0899
CONTRACTING AND QUARRYING			
1997	392,193,280	370,761,616	1.0578
1998	385,038,067	366,820,242	1.0497
1999	427,820,701	407,395,995	1.0501
TOTAL	1,205,052,048	1,144,977,853	1.0525
OTHER INDUSTRIES			
1997	1,346,034,378	1,282,207,066	1.0498
1998	1,307,378,761	1,245,590,416	1.0496
1999	1,371,591,176	1,295,937,163	1.0584
TOTAL	4,025,004,315	3,823,734,645	1.0526

* Excludes classifications and coverages not subject to experience rating

EXHIBIT IX

CALCULATION OF EXPECTED LOSS COST FACTORS (a)

Policy Year Beginning 4/1 (1)	Act 57 Adjust- ment (2)	Adjust- ment Factor (3)	Loss Ratio Development Factor (4)	Collectible Premium Ratio (5)	Trend Factor (6)	Product (2) * (3) * (4) *(5) * (6) (7)	Expected Loss Cost Factor 1.0 / (7) (8)
<u>Manufacture and Utilities</u>							
1999	1.0000	1.0000	1.2352	1.0899	1.1241	1.5133	0.6608
2000	1.0000	1.0000	1.3750	1.0899	1.0915	1.6357	0.6114
2001	1.0000	1.0000	1.7509	1.0899	1.0599	2.0226	0.4944
<u>Contracting and Quarrying</u>							
1999	1.0000	1.0000	1.3094	1.0525	1.1241	1.5492	0.6455
2000	1.0000	1.0000	1.4611	1.0525	1.0915	1.6785	0.5958
2001	1.0000	1.0000	1.8058	1.0525	1.0599	2.0145	0.4964
<u>Other Industries</u>							
1999	1.0000	1.0000	1.2436	1.0526	1.1241	1.4715	0.6796
2000	1.0000	1.0000	1.4027	1.0526	1.0915	1.6116	0.6205
2001	1.0000	1.0000	1.7502	1.0526	1.0599	1.9526	0.5121

a Apply to pure Loss Costs (pre-LBA, Merit Rating Plan, PCCPAP and Certified Safety Committee adjustments).

EXHIBIT X

RETROSPECTIVE DEVELOPMENT FACTORS *

Retrospective development factors for first, second and third adjustments are calculated below. They are intended for application to retrospective plans with no loss limitation.

First Adjustment	RDF =	0.4037
Second Adjustment	RDF =	0.2757
Third Adjustment	RDF =	0.1968

For those companies using retrospective development factors with loss limitations, the following formula may be used:

$$\text{RDF(LIM)} = (1.0 - \text{ELF}) \times \text{RDF}$$

RDF(LIM) = Retrospective Development Factors at limited basis
ELF = Expected Loss Factors for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

Suppose the \$25,000 limit Hazard Group II ELF = 0.600

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.600) * 0.4037 \\ &= 0.1615 \end{aligned}$$

* The use of retrospective development factors is optional.