

PENNSYLVANIA COMPENSATION RATING BUREAU

Claim Frequencies

The attached exhibits examine historical Workers Compensation claim frequencies in Pennsylvania.

Page 1 shows counts of claims and wages as compiled by the Pennsylvania Department of Labor and Industry along with resulting claim frequencies per \$1 million of payroll. Claim counts are available through the twelve months ending June 30, 2006.

Indicated average annual changes in claim frequency are also shown (column (8)) based on an exponential regression for frequencies during the calendar periods shown in column (7). The figures in column (6) indicate that there have been four distinct periods since 1991 with regard to observed average annual changes in claim frequency. The period 1991-1994 showed an average change of -8.0% followed by three years (1995-1997) at -16.6%. Annual changes since 1997 have slowed somewhat with an estimate average change for 1998 - 2000 of -8.3%. With the exception of 2004, Labor & Industry claim counts showed increases since 2001 due to changes in the types of claims certain carriers were reporting. The result is that patterns of claim reporting in recent years must be reviewed with great cautions.

The second portion of page 1 presents claim frequencies on a fiscal year basis.

The second page shows a graph of the frequencies appearing in column (5) of page 1.

Claim frequencies per \$1 million of expected losses are shown on page 3 based on statistics gathered by the PCRB. For informational purposes, claim frequencies are also shown at constant (1987) wage levels. The data excludes the experience of deductible business. The pattern of changes in claim frequency on page 3 are similar to, although generally lower than, the Pennsylvania Department of Labor and Industry data shown on page 1 until 2001. Staff is proposing an annual change in claim frequency of -6.1%. Last year's filing included an annual claim frequency trend of -6.2%.

The fourth page shows a graph of the frequencies appearing in column (5) of page 3.

The fifth and sixth pages are comparable to pages 3 and 4 but include the experience of deductible policies.

The seventh page shows a graph comparing claim frequencies presented on pages 2, 4 and 6, all indexed to a common value of 1.0 at January 1, 1988.

Page 8 presents the Unit Statistical Plan claim frequencies of page 3 by industry group and page 9 shows a graph of those industry group claim frequencies.

Pennsylvania W.C. - Injury Frequencies

per Department of Labor & Industry Statistics

Calendar Year	Fatal & Non-Fatal Claim Counts (1)	% Change Counts (2)	Wages (Excl. Fed. Govt.) (3)	% Change Wages (4)	Claim Frequency (# per \$1million) (5)	% Change Frequency (6)
1985	135,258		82,424,929,323		1.6410	
1986	138,168	2.2%	87,088,766,188	5.7%	1.5865	-3.3%
1987	139,706	1.1%	94,082,048,196	8.0%	1.4849	-6.4%
1988	146,461	4.8%	101,779,435,543	8.2%	1.4390	-3.1%
1989	148,445	1.4%	108,000,446,952	6.1%	1.3745	-4.5%
1990	158,030	6.5%	114,126,673,936	5.7%	1.3847	0.7%
1991	145,667	-7.8%	116,536,044,622	2.1%	1.2500	-9.7%
1992	143,268	-1.6%	123,163,218,565	5.7%	1.1632	-6.9%
1993	136,769	-4.5%	126,453,677,063	2.7%	1.0816	-7.0%
1994	130,093	-4.9%	131,499,113,452	4.0%	0.9893	-8.5%
1995	118,313	-9.1%	137,992,970,047	4.9%	0.8574	-13.3%
1996	102,132	-13.7%	144,910,231,319	5.0%	0.7048	-17.8%
1997	88,451	-13.4%	154,383,264,744	6.5%	0.5729	-18.7%
1998	85,783	-3.0%	164,800,517,598	6.7%	0.5205	-9.1%
1999	82,676	-3.6%	173,807,881,592	5.5%	0.4757	-8.6%
2000	80,133	-3.1%	181,587,857,121 @	4.5%	0.4413	-7.2%
2001	90,405	12.8%	189,076,552,680	4.1%	0.4781	8.3%
2002	95,206	5.3%	191,748,691,971	1.4%	0.4965	3.8%
2003	99,161	4.2%	196,855,782,892	2.7%	0.5037	1.5%
2004	93,566	-5.6%	206,119,193,715	4.7%	0.4539	-9.9%
2005	102,259	9.3%	214,210,346,697	3.9%	0.4774	5.2%
2005.5	108,979	6.6% **	221,858,158,830	3.6%	0.4912	2.9%

Period (7)	Annual % Change in Claim Frequency (8) #
CY85 - FY end 6/06	-7.14%
CY86 - FY end 6/06	-7.22%
CY87 - FY end 6/06	-7.27%
CY88 - FY end 6/06	-7.31%
CY89 - FY end 6/06	-7.30%
CY90 - FY end 6/06	-7.22%
CY91 - FY end 6/06	-6.90%
CY92 - FY end 6/06	-6.52%
CY93 - FY end 6/06	-5.97%
CY94 - FY end 6/06	-5.14%
CY95 - FY end 6/06	-3.97%
CY96 - FY end 6/06	-2.53%
CY97 - FY end 6/06	-1.14%
CY98 - FY end 6/06	-0.22%
CY99 - FY end 6/06	0.58%
CY00 - FY end 6/06	0.85%
CY01 - FY end 6/06	-0.34%
CY02 - FY end 6/06	-1.00%
CY03 - FY end 6/06	-0.61%

Fiscal Year Ending June 30	Fatal & Non-Fatal Claim Counts (1)	% Change Counts (2)	Wages (Excl. Fed. Govt.) (3)	% Change Wages (4)	Claim Frequency (# per \$1million) (5)	% Change Frequency (6)
1996	111,412		141,080,588,470		0.7897	
1997	94,081	-15.6%	148,855,166,710	5.5%	0.6320	-20.0%
1998	87,339	-7.2%	159,326,932,528	7.0%	0.5482	-13.3%
1999	83,769	-4.1%	168,545,476,679	5.8%	0.4970	-9.3%
2000	81,338	-2.9%	178,133,454,425 @	5.7%	0.4566	-8.1%
2001	82,813	1.8%	188,197,864,473	5.6%	0.4400	-3.6%
2002	94,215	13.8%	189,850,330,342	0.9%	0.4963	12.8%
2003	98,042	4.1%	193,398,561,446	1.9%	0.5069	2.1%
2004	98,041	0.0%	199,943,996,390	3.4%	0.4903	-3.3%
2005	92,719	-5.4%	209,858,012,135	5.0%	0.4418	-9.9%
2006	108,979	17.5%	221,858,158,830	5.7%	0.4912	11.2%

Period Ending 6/30 (7)	Annual % Change in Claim Frequency (8) #
96-06	-3.59%
97-06	-2.05%
98-06	-0.84%
99-06	0.12%
00-06	0.77%
01-06	0.48%
02-06	-1.57%
03-06	-1.97%
04-06	0.09%

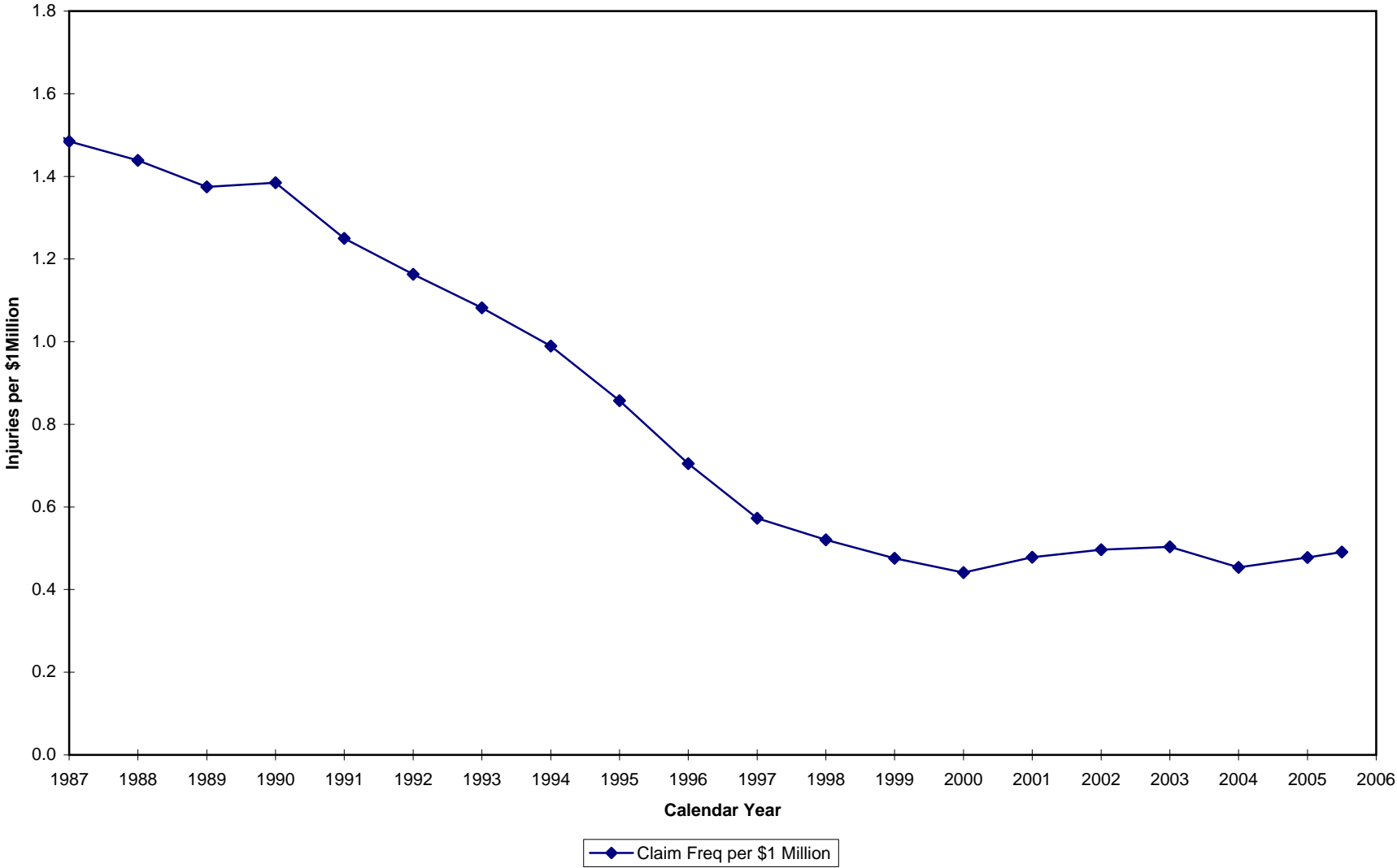
* July 1, 2005 thru June 30, 2006 .

** Six month change 1/06-12/06 to 7/06-6/07. Annualized changes are 13.6% (Counts), 7.3% (Wages) and 5.9% (Frequency)

Exponential Trend

@ 1ST Quarter 2000 wages have been adjusted (from 45,317,695,400 to 42,864,043,865) for unusually high wage levels during the period

PA W.C. - CLAIM FREQUENCIES
per Department of Labor & Industry Statistics



Pennsylvania W.C - Claim Frequencies

PCRB Unit Statistical Plan
(Excluding Deductible Business)

Policy Year	# of Claim Indemnity (1)	% Change Counts (2)	Expected Losses (3)	% Change Exp Loss (4)	Claim Frequency (#Claims per \$1 million) (5)	% Change Claim Freq (6)
1987	78,735					
1988	81,465	3.5%				
1989	82,954	1.8%				
1990	78,202	-5.7%				
1991	69,369	-11.3%	1,591,856,442		43.58	
1992	56,625	-18.4%	1,404,234,051	-11.8%	40.32	-7.5%
1993	48,000	-15.2%	1,282,402,070	-8.7%	37.43	-7.2%
1994	42,194	-12.1%	1,261,183,978	-1.7%	33.46	-10.6%
1995	36,927	-12.5%	1,239,088,932	-1.8%	29.80	-10.9%
1996	35,989	-2.5%	1,326,960,497	7.1%	27.12	-9.0%
1997	37,693	4.7%	1,468,643,085	10.7%	25.67	-5.3%
1998	37,231	-1.2%	1,556,727,825	6.0%	23.92	-6.8%
1999	37,414	0.5%	1,652,397,304	6.1%	22.64	-5.4%
2000	36,040	-3.7%	1,697,671,191	2.7%	21.23	-6.2%
2001	32,279	-10.4%	1,644,908,773	-3.1%	19.62	-7.6%
2002	30,094	-6.8%	1,605,695,630	-2.4%	18.74	-4.5%
2003	28,026	-6.9%	1,619,689,818	0.9%	17.30	-7.7%
2004	27,551	-1.7%	1,668,703,508	3.0%	16.51	-4.6%

Period	Annual % Change In Claim Frequency
PY87-PY04	
PY88-PY04	
PY89-PY04	
PY90-PY04	
PY91-PY04	-7.2%
PY92-PY04	-7.1%
PY93-PY04	-6.9%
PY94-PY04	-6.6%
PY95-PY04	-6.3%
PY96-PY04	-6.1%
PY97-PY04	-6.2%
PY98-PY04	-6.1%
PY99-PY04	-6.2%
PY00-PY04	-6.1%
PY01-PY04	-5.8%
PY02-PY04	-6.1%
PY03-PY04	-4.6%

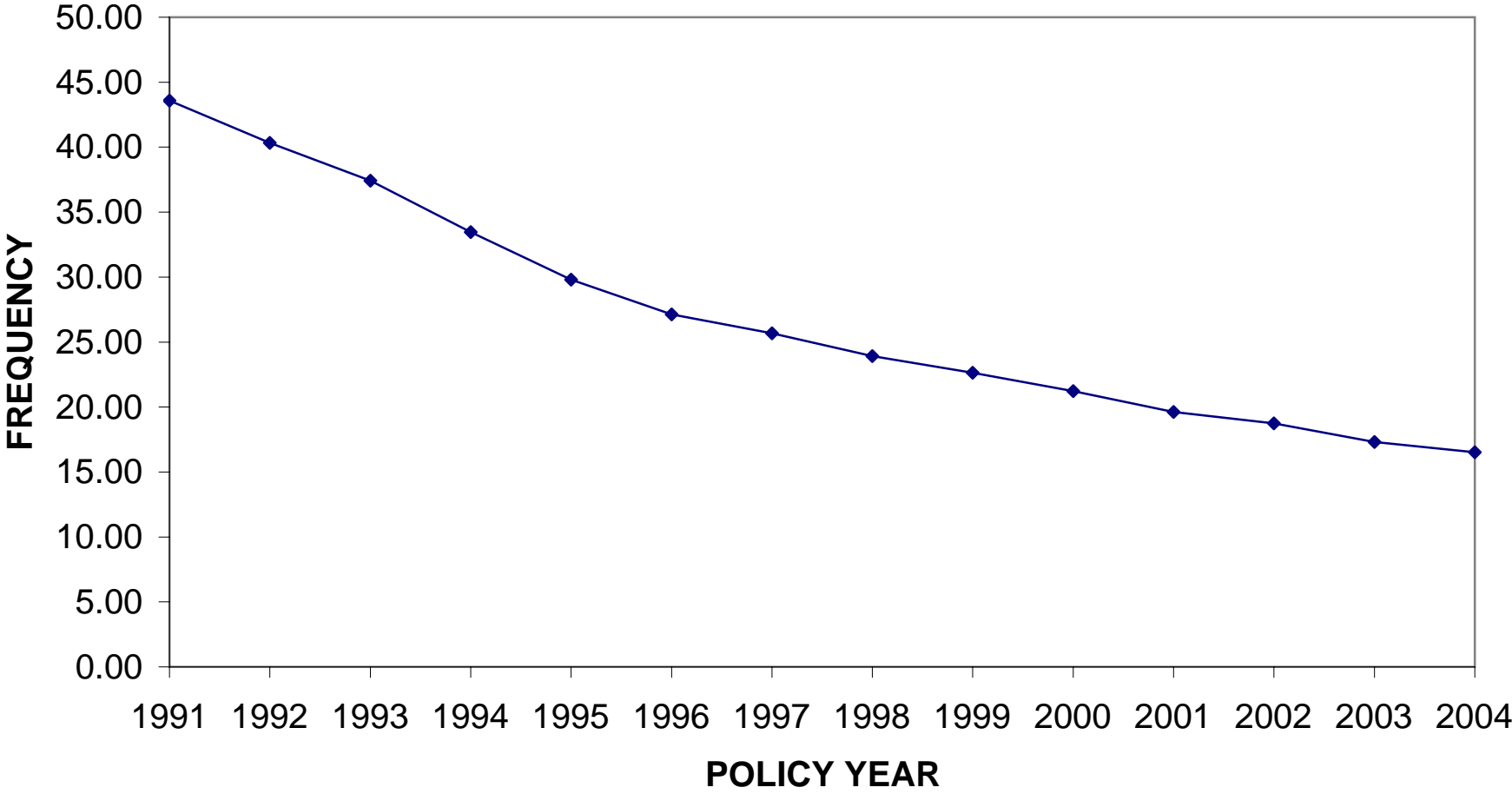
Policy Year	SAWW	% Change SAWW	SAWW Index	Adj Claim Freq. * (#Claims per \$1 million)	% Change Adj Claim Frequency
1987	398.42		1.0000		
1988	417.40	4.8%	1.0476		
1989	434.68	4.1%	1.0910		
1990	454.65	4.6%	1.1411		
1991	474.75	4.4%	1.1916	51.93	
1992	493.70	4.0%	1.2391	49.97	-3.8%
1993	508.42	3.0%	1.2761	47.76	-4.4%
1994	523.89	3.0%	1.3149	43.99	-7.9%
1995	540.75	3.2%	1.3572	40.45	-8.0%
1996	560.82	3.7%	1.4076	38.18	-5.6%
1997	586.58	4.6%	1.4723	37.79	-1.0%
1998	611.66	4.3%	1.5352	36.72	-2.8%
1999	640.43	4.7%	1.6074	36.40	-0.9%
2000	660.04	3.1%	1.6566	35.17	-3.4%
2001	674.56	2.2%	1.6931	33.22	-5.5%
2002	691.50	2.5%	1.7356	32.53	-2.1%
2003	716.52	3.6%	1.7984	31.12	-4.3%
2004	744.58	3.9%	1.8688	30.85	-0.9%

Period	Annual % Change In Adjusted Claim Frequency
PY87-PY04	
PY88-PY04	
PY89-PY04	
PY90-PY04	
PY91-PY04	-3.9%
PY92-PY04	-3.8%
PY93-PY04	-3.6%
PY94-PY04	-3.2%
PY95-PY04	-3.0%
PY96-PY04	-2.9%
PY97-PY04	-3.1%
PY98-PY04	-3.2%
PY99-PY04	-3.4%
PY00-PY04	-3.2%
PY01-PY04	-2.6%
PY02-PY04	-2.6%
PY03-PY04	-0.9%

* Adjusted claim frequency is claim frequency per \$1 million expected losses at constant (1987) wages:

Projected Annual Change in Claim Frequency : -6.1% (See PY98-PY04)

PA W.C. - CLAIM FREQUENCIES
PCRB Unit Statistical Plan (Excl. Deductible Business)



—◆— Claim Freq per \$1 Million

Pennsylvania W.C - Claim Frequencies

PCRB Unit Statistical Plan

All Business Including Deductible Business

Policy Year	# of Claim Indemnity (1)	% Change Counts (2)	Expected Losses (3)	% Change Exp Loss (4)	Claim Frequency (#Claims per \$1 million) (5)	% Change Claim Freq (6)
1987	78,735					
1988	81,465	3.5%				
1989	82,954	1.8%				
1990	78,484	-5.4%				
1991	71,694	-8.7%	1,646,123,412		43.55	
1992	67,130	-6.4%	1,662,383,928	1.0%	40.38	-7.3%
1993	62,120	-7.5%	1,661,968,778	0.0%	37.38	-7.4%
1994	58,073	-6.5%	1,737,531,187	4.5%	33.42	-10.6%
1995	53,113	-8.5%	1,769,820,644	1.9%	30.01	-10.2%
1996	50,156	-5.6%	1,885,318,044	6.5%	26.60	-11.4%
1997	50,037	-0.2%	2,035,022,013	7.9%	24.59	-7.6%
1998	50,769	1.5%	2,192,049,272	7.7%	23.16	-5.8%
1999	51,759	2.0%	2,367,849,639	8.0%	21.86	-5.6%
2000	51,048	-1.4%	2,472,197,589	4.4%	20.65	-5.5%
2001	47,430	-7.1%	2,492,308,511	0.8%	19.03	-7.8%
2002	45,233	-4.6%	2,499,633,609	0.3%	18.10	-4.9%
2003	43,860	-3.0%	2,578,473,147	3.2%	17.01	-6.0%
2004	42,282	-3.6%	2,642,892,453	2.5%	16.00	-5.9%

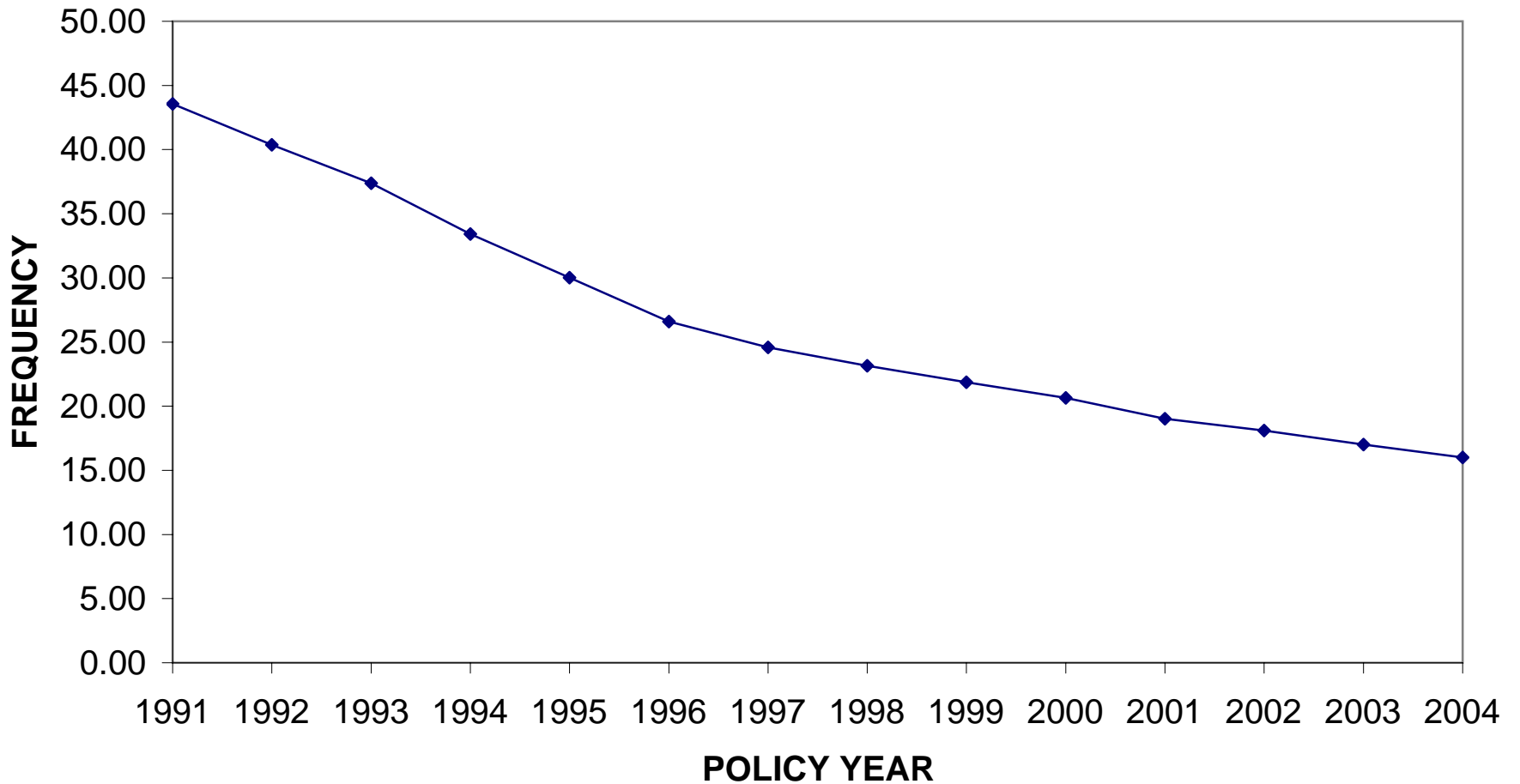
Period	Annual % Change In Claim Frequency
PY87-PY04	
PY88-PY04	
PY89-PY04	
PY90-PY04	
PY91-PY04	-7.5%
PY92-PY04	-7.4%
PY93-PY04	-7.1%
PY94-PY04	-6.8%
PY95-PY04	-6.4%
PY96-PY04	-6.1%
PY97-PY04	-6.0%
PY98-PY04	-6.0%
PY99-PY04	-6.1%
PY00-PY04	-6.0%
PY01-PY04	-5.7%
PY02-PY04	-6.0%
PY03-PY04	-5.9%

Policy Year	SAWW	% Change SAWW	SAWW Index	Adj Claim Freq. * (#Claims per \$1 million)	% Change Adj Claim Frequency
1987	398.42		1.0000		
1988	417.40	4.8%	1.0476		
1989	434.68	4.1%	1.0910		
1990	454.65	4.6%	1.1411		
1991	474.75	4.4%	1.1916	51.90	
1992	493.70	4.0%	1.2391	50.04	-3.6%
1993	508.42	3.0%	1.2761	47.70	-4.7%
1994	523.89	3.0%	1.3149	43.95	-7.9%
1995	540.75	3.2%	1.3572	40.73	-7.3%
1996	560.82	3.7%	1.4076	37.45	-8.1%
1997	586.58	4.6%	1.4723	36.20	-3.3%
1998	611.66	4.3%	1.5352	35.56	-1.8%
1999	640.43	4.7%	1.6074	35.14	-1.2%
2000	660.04	3.1%	1.6566	34.21	-2.6%
2001	674.56	2.2%	1.6931	32.22	-5.8%
2002	691.50	2.5%	1.7356	31.41	-2.5%
2003	716.52	3.6%	1.7984	30.59	-2.6%
2004	744.58	3.9%	1.8688	29.90	-2.3%

Period	Annual % Change In Adjusted Claim Frequency
PY87-PY04	
PY88-PY04	
PY89-PY04	
PY90-PY04	
PY91-PY04	-4.2%
PY92-PY04	-4.1%
PY93-PY04	-3.8%
PY94-PY04	-3.5%
PY95-PY04	-3.1%
PY96-PY04	-2.9%
PY97-PY04	-2.9%
PY98-PY04	-3.1%
PY99-PY04	-3.3%
PY00-PY04	-3.2%
PY01-PY04	-2.5%
PY02-PY04	-2.4%
PY03-PY04	-2.3%

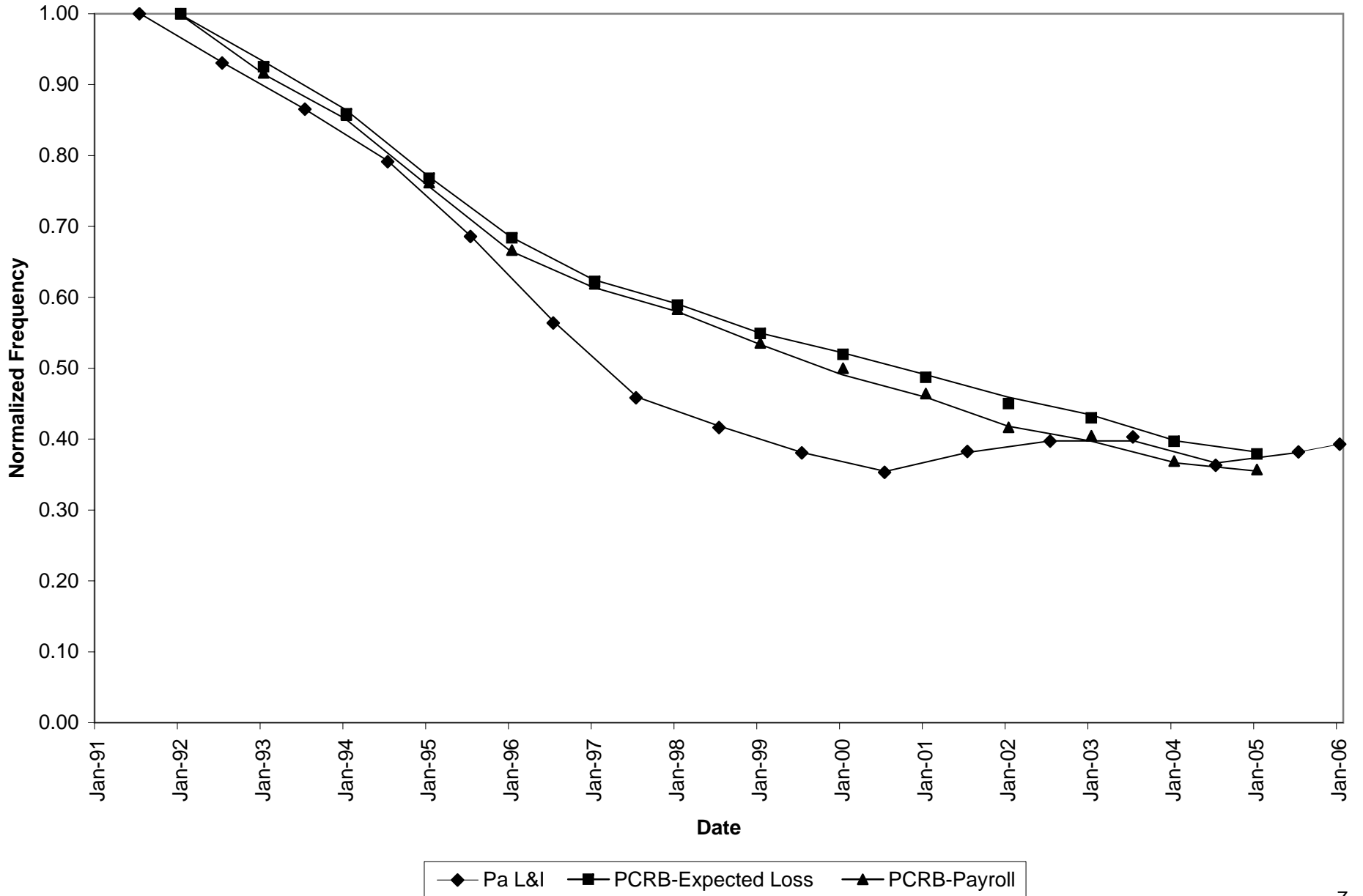
* Adjusted claim frequency is claim frequency per \$1 million payroll at constant (1987) wages

PA W.C. - CLAIM FREQUENCIES
PCRB Unit Statistical Plan (All Business Incl. Deductible Business)



—◆— Claim Freq per \$1 Million

PA W.C. - COMPARISON OF CLAIM FREQUENCIES
(PCRB Data Excludes Deductible Business)



Pennsylvania W.C. - Claim Frequencies

PCRB Unit Statistical Plan
(Excluding Deductible Business)

Policy Year	Industry Group	# of Claim Indemnity (1)	% Change Counts (2)	Expected Losses (3)	% Change Exp Loss (4)	Claim Frequency (#Claims per \$1 million) (5)	% Change Frequency (6)
1987	1 (MFG)	26,756		506,748,388		52.80	
1988	1	28,444	6.3%	528,682,884	4.3%	53.80	1.9%
1989	1	27,777	-2.3%	527,398,892	-0.2%	52.67	-2.1%
1990	1	25,016	-9.9%	526,115,232	-0.2%	47.55	-9.7%
1991	1	20,535	-17.9%	448,449,439	-14.8%	45.79	-3.7%
1992	1	16,087	-21.7%	365,983,839	-18.4%	43.96	-4.0%
1993	1	13,328	-17.2%	326,306,791	-10.8%	40.84	-7.1%
1994	1	11,563	-13.2%	312,403,737	-4.3%	37.01	-9.4%
1995	1	9,914	-14.3%	298,408,817	-4.5%	33.22	-10.2%
1996	1	9,236	-6.8%	311,668,584	4.4%	29.63	-10.8%
1997	1	10,092	9.3%	355,865,940	14.2%	28.36	-4.3%
1998	1	9,784	-3.1%	370,794,553	4.2%	26.39	-6.9%
1999	1	9,244	-5.5%	371,888,355	0.3%	24.86	-5.8%
2000	1	8,501	-8.0%	362,475,966	-2.5%	23.45	-5.7%
2001	1	7,146	-15.9%	331,040,883	-8.7%	21.59	-7.9%
2002	1	6,196	-13.3%	312,679,627	-5.5%	19.82	-8.2%
2003	1	5,935	-4.2%	306,279,889	-2.0%	19.38	-2.2%
2004	1	5,965	0.5%	311,187,324	1.6%	19.17	-1.1%

Period	Annual % Change In Claim Frequency
PY87-PY04	-6.7%
PY88-PY04	-6.9%
PY89-PY04	-7.0%
PY90-PY04	-6.9%
PY91-PY04	-7.0%
PY92-PY04	-6.9%
PY93-PY04	-6.7%
PY94-PY04	-6.4%
PY95-PY04	-6.1%
PY96-PY04	-5.8%
PY97-PY04	-5.8%
PY98-PY04	-5.6%
PY99-PY04	-5.4%
PY00-PY04	-5.0%
PY01-PY04	-3.7%
PY02-PY04	-1.7%
PY03-PY04	-1.1%

1987	2 (Contracting)	11,093		316,844,901		35.01	
1988	2	11,547	4.1%	332,676,545	5.0%	34.71	-0.9%
1989	2	11,619	0.6%	334,130,696	0.4%	34.77	0.2%
1990	2	10,403	-10.5%	339,686,123	1.7%	30.63	-11.9%
1991	2	9,019	-13.3%	289,829,317	-14.7%	31.12	1.6%
1992	2	8,120	-10.0%	268,330,586	-7.4%	30.26	-2.8%
1993	2	7,193	-11.4%	256,007,854	-4.6%	28.10	-7.1%
1994	2	7,200	0.1%	265,303,515	3.6%	27.14	-3.4%
1995	2	6,289	-12.7%	258,522,287	-2.6%	24.33	-10.4%
1996	2	6,536	3.9%	280,443,581	8.5%	23.31	-4.2%
1997	2	6,559	0.4%	305,970,557	9.1%	21.44	-8.0%
1998	2	6,729	2.6%	337,068,616	10.2%	19.96	-6.9%
1999	2	6,805	1.1%	362,751,661	7.6%	18.76	-6.0%
2000	2	6,798	-0.1%	377,119,011	4.0%	18.03	-3.9%
2001	2	6,412	-5.7%	381,276,215	1.1%	16.82	-6.7%
2002	2	5,908	-7.9%	381,857,809	0.2%	15.47	-8.0%
2003	2	5,602	-5.2%	384,203,225	0.6%	14.58	-5.8%
2004	2	5,431	-3.1%	397,127,681	3.4%	13.68	-6.2%

PY87-PY04	-5.7%
PY88-PY04	-5.9%
PY89-PY04	-6.0%
PY90-PY04	-6.1%
PY91-PY04	-6.3%
PY92-PY04	-6.4%
PY93-PY04	-6.4%
PY94-PY04	-6.4%
PY95-PY04	-6.3%
PY96-PY04	-6.3%
PY97-PY04	-6.2%
PY98-PY04	-6.2%
PY99-PY04	-6.4%
PY00-PY04	-6.7%
PY01-PY04	-6.6%
PY02-PY04	-6.0%
PY03-PY04	-6.2%

1987	3 (Other)	40,886		788,010,413		51.89	
1988	3	41,474	1.4%	841,536,965	6.8%	49.28	-5.0%
1989	3	43,558	5.0%	886,514,368	5.3%	49.13	-0.3%
1990	3	42,783	-1.8%	933,413,260	5.3%	45.84	-6.7%
1991	3	39,815	-6.9%	853,577,686	-8.6%	46.64	1.7%
1992	3	32,418	-18.6%	769,919,626	-9.8%	42.11	-9.7%
1993	3	27,479	-15.2%	700,087,425	-9.1%	39.25	-6.8%
1994	3	23,431	-14.7%	683,476,726	-2.4%	34.28	-12.7%
1995	3	20,724	-11.6%	682,157,828	-0.2%	30.38	-11.4%
1996	3	20,217	-2.4%	734,848,332	7.7%	27.51	-9.4%
1997	3	21,042	4.1%	806,806,588	9.8%	26.08	-5.2%
1998	3	20,718	-1.5%	848,864,656	5.2%	24.41	-6.4%
1999	3	21,365	3.1%	917,757,288	8.1%	23.28	-4.6%
2000	3	20,741	-2.9%	958,076,214	4.4%	21.65	-7.0%
2001	3	18,721	-9.7%	932,591,675	-2.7%	20.07	-7.3%
2002	3	17,990	-3.9%	911,158,194	-2.3%	19.74	-1.6%
2003	3	16,489	-8.3%	929,206,704	2.0%	17.75	-10.1%
2004	3	16,155	-2.0%	960,388,503	3.4%	16.82	-5.2%

PY87-PY04	-6.9%
PY88-PY04	-7.1%
PY89-PY04	-7.3%
PY90-PY04	-7.3%
PY91-PY04	-7.4%
PY92-PY04	-7.2%
PY93-PY04	-6.9%
PY94-PY04	-6.5%
PY95-PY04	-6.1%
PY96-PY04	-6.0%
PY97-PY04	-6.0%
PY98-PY04	-6.1%
PY99-PY04	-6.2%
PY00-PY04	-6.1%
PY01-PY04	-6.2%
PY02-PY04	-7.7%
PY03-PY04	-5.2%