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 premium. 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. Until January 1, 2002, when an experience-rated employer received a PCCPAP credit, the expected losses used in determining that employer's modification were reduced in proportion to the PCCPAP credit, thereby avoiding redundant credits based on prevailing wage levels.

Beginning January 1, 2002, the practice of adjusting PCCPAP participating employers' experience modifications was discontinued. Instead, an equivalent adjustment is now made to reduce the insured's policy credit factor.

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 2006 policy year experience data that 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 2006 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 that tabular credit to offset any redundancy resulting from the calculation of experience modifications. The current PCCPAP load on Manual Rates is omitted from this calculation.

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 that tabular credit to offset any redundancy resulting from the calculation of experience modifications. 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 that did not qualify for PCCPAP credit in 2006. 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 2006. For example, an average credit of 0.1154 indicates that the average qualifying risk in Code 601 received an 11.54 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 3.42 percent.

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

Page 14.2 shows a comparison of current and proposed PCCPAP surcharges by class and overall.

PCCPAP Surcharges
For Policy Effective Dates 01/01/06 Through 12/31/06

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	757	101	235,423,975	49,920,221	2,996,014	2,650,411	11,857,133	11,857,133	1.0238	0.1154	1.00	1.0238	0.9990	1.0228
602	219	66	146,310,449	40,305,763	1,688,925	1,516,003	4,522,363	4,522,363	1.0286	0.1024	0.95	1.0289	0.9990	1.0279
603	314	100	90,459,978	37,855,685	1,861,143	1,616,671	2,332,797	2,332,797	1.0619	0.1314	1.00	1.0619	0.9990	1.0609
605	38	0	22,012,236	0	0	0	1,351,194	1,351,194	1.0000	0.0000	0.17	1.0284	0.9990	1.0274
606	34	0	42,955,582	0	0	0	5,854,510	5,854,510	1.0000	0.0000	0.15	1.0291	0.9990	1.0281
607	315	24	96,004,739	11,466,929	704,412	566,980	6,477,229	6,477,229	1.0195	0.1951	1.00	1.0195	0.9990	1.0185
608	2,789	399	457,563,817	125,955,219	7,455,883	6,638,809	19,740,674	19,740,674	1.0310	0.1096	1.00	1.0310	0.9990	1.0300
609	2,810	263	641,794,993	119,516,134	5,578,950	4,952,525	24,281,304	24,281,304	1.0214	0.1123	1.00	1.0214	0.9990	1.0204
611	26	12	3,106,426	2,019,457	170,679	148,001	89,976	89,976	1.0953	0.1329	0.11	1.0409	0.9990	1.0399
615	1	0	1,488,766	0	0	0	149,998	149,998	1.0000	0.0000	0.00	1.0342	0.9990	1.0332
617	332	103	144,376,141	29,564,471	1,433,534	1,272,810	5,920,731	5,920,731	1.0223	0.1121	1.00	1.0223	0.9990	1.0213
645	870	205	257,495,857	124,630,547	6,968,896	5,968,631	7,849,220	7,849,220	1.0724	0.1435	1.00	1.0724	0.9990	1.0714
646	392	55	83,608,775	21,486,245	925,777	748,319	3,079,700	3,079,700	1.0464	0.1917	1.00	1.0464	0.9990	1.0454
647	191	10	42,468,440	1,174,546	63,030	53,366	2,728,513	2,728,513	1.0035	0.1533	0.83	1.0087	0.9990	1.0077
648	1,266	84	126,423,176	28,251,708	1,431,130	1,209,163	5,248,329	5,248,329	1.0344	0.1551	1.00	1.0344	0.9990	1.0334
649	259	113	91,233,758	61,559,190	1,590,931	1,369,143	849,131	849,131	1.1000	0.1394	1.00	1.1000	0.9990	1.0989
651	2,618	385	575,717,304	164,945,306	9,826,113	8,557,336	25,422,152	25,422,152	1.0373	0.1291	1.00	1.0373	0.9990	1.0363
652	8,186	121	636,676,012	28,981,928	2,076,235	1,850,906	47,798,001	47,798,001	1.0045	0.1085	1.00	1.0045	0.9990	1.0035
653	2,329	255	344,130,246	103,046,802	7,011,724	6,082,329	16,234,658	16,234,658	1.0416	0.1325	1.00	1.0416	0.9990	1.0406
654	667	167	188,581,278	59,119,069	4,522,685	3,852,183	9,715,910	9,715,910	1.0494	0.1483	1.00	1.0494	0.9990	1.0484
655	333	82	98,623,632	19,582,401	2,251,638	1,752,297	8,492,586	8,492,586	1.0487	0.2218	1.00	1.0487	0.9990	1.0477
656	93	7	77,699,274	3,006,062	185,141	142,158	4,627,289	4,627,289	1.0090	0.2322	0.40	1.0241	0.9990	1.0231
657	39	4	5,970,049	546,593	38,046	36,905	424,324	424,324	1.0025	0.0300	0.17	1.0288	0.9990	1.0278
658	436	87	58,414,527	14,485,473	1,127,776	935,085	3,652,185	3,652,185	1.0420	0.1709	1.00	1.0420	0.9990	1.0410
659	950	102	120,997,909	34,725,879	4,605,459	4,084,548	12,729,785	12,729,785	1.0310	0.1131	1.00	1.0310	0.9990	1.0300
660	895	94	251,737,872	43,976,304	833,301	702,885	4,064,915	4,064,915	1.0274	0.1565	1.00	1.0274	0.9990	1.0264
661	3,154	445	944,287,178	399,136,756	11,967,139	9,759,887	17,374,156	17,374,156	1.0813	0.1844	1.00	1.0813	0.9990	1.0803
662	249	8	82,225,395	2,681,019	172,745	163,865	4,232,543	4,232,543	1.0020	0.0514	1.00	1.0020	0.9990	1.0010
663	3,611	477	832,499,066	243,190,663	9,155,794	7,730,349	24,360,481	24,360,481	1.0444	0.1557	1.00	1.0444	0.9990	1.0434
664	2,519	338	702,782,833	234,319,309	9,015,660	7,635,465	18,812,009	18,812,009	1.0522	0.1531	1.00	1.0522	0.9990	1.0512
665	1,526	92	150,873,245	25,742,008	1,701,562	1,469,526	9,338,766	9,338,766	1.0215	0.1364	1.00	1.0215	0.9990	1.0205
666	264	37	50,366,901	16,233,906	1,039,214	898,658	1,897,604	1,897,604	1.0503	0.1353	1.00	1.0503	0.9990	1.0493
667	319	31	30,070,301	8,657,975	174,279	151,792	402,428	402,428	1.0406	0.1290	1.00	1.0406	0.9990	1.0396
668	465	70	63,523,462	19,704,103	964,529	850,843	2,043,592	2,043,592	1.0393	0.1179	1.00	1.0393	0.9990	1.0383
669	182	41	15,889,726	4,740,460	318,761	270,312	774,995	774,995	1.0463	0.1520	0.79	1.0438	0.9990	1.0428
670	594	60	58,364,829	20,713,725	921,648	748,078	1,734,909	1,734,909	1.0699	0.1883	1.00	1.0699	0.9990	1.0689
673	215	5	34,860,627	1,672,320	72,470	67,231	1,750,334	1,750,334	1.0029	0.0723	0.93	1.0051	0.9990	1.0041
674	219	2	24,997,191	478,931	20,862	18,879	1,195,139	1,195,139	1.0016	0.0951	0.95	1.0032	0.9990	1.0022
675	1,486	107	521,363,782	61,532,148	2,651,298	2,266,777	19,073,548	19,073,548	1.0180	0.1450	1.00	1.0180	0.9990	1.0170
676	313	50	52,853,539	16,040,111	645,738	539,214	1,616,111	1,616,111	1.0494	0.1650	1.00	1.0494	0.9990	1.0484
677	64	10	147,827,913	7,364,347	283,169	237,555	4,772,283	4,772,283	1.0091	0.1611	0.28	1.0272	0.9990	1.0262
679	16	0	10,460,365	0	0	0	690,104	690,104	1.0000	0.0000	0.07	1.0318	0.9990	1.0308
681	79	0	5,098,185	0	0	0	243,781	243,781	1.0000	0.0000	0.34	1.0226	0.9990	1.0216
682	71	0	11,156,416	0	0	0	1,358,913	1,358,913	1.0000	0.0000	0.31	1.0236	0.9990	1.0226
691	26	0	1,425,201	0	0	0	96,184	96,184	1.0000	0.0000	0.11	1.0304	0.9990	1.0294
693	37	0	1,329,079	0	0	0	120,653	120,653	1.0000	0.0000	0.16	1.0287	0.9990	1.0277
695	40	0	4,103,674	0	0	0	196,175	196,175	1.0000	0.0000	0.17	1.0284	0.9990	1.0274
Total	42,608	4,612	8,587,634,119	2,188,329,693	104,452,290	89,515,895	347,579,315	347,579,315	1.0342	0.1430		1.0352	0.9990	1.0342

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))

14.1

Comparison of PCCPAP Surcharges by Class

Class (1)	Current PCCPAP Surcharge (2)	Proposed PCCPAP Surcharge (3)	Percentage Change (4)=(3)/(2)-1.0
601	1.0215	1.0228	0.1%
602	1.0301	1.0279	-0.2%
603	1.0521	1.0609	0.8%
605	1.0273	1.0274	0.0%
606	1.0299	1.0281	-0.2%
607	1.0109	1.0185	0.8%
608	1.0349	1.0300	-0.5%
609	1.0220	1.0204	-0.2%
611	1.0361	1.0399	0.4%
615	1.0321	1.0332	0.1%
617	1.0248	1.0213	-0.3%
645	1.0683	1.0714	0.3%
646	1.0443	1.0454	0.1%
647	1.0092	1.0077	-0.1%
648	1.0277	1.0334	0.6%
649	1.0866	1.0989	1.1%
651	1.0321	1.0363	0.4%
652	1.0043	1.0035	-0.1%
653	1.0409	1.0406	0.0%
654	1.0470	1.0484	0.1%
655	1.0253	1.0477	2.2%
656	1.0218	1.0231	0.1%
657	1.0271	1.0278	0.1%
658	1.0554	1.0410	-1.4%
659	1.0270	1.0300	0.3%
660	1.0226	1.0264	0.4%
661	1.0747	1.0803	0.5%
662	1.0050	1.0010	-0.4%
663	1.0415	1.0434	0.2%
664	1.0542	1.0512	-0.3%
665	1.0207	1.0205	0.0%
666	1.0493	1.0493	0.0%
667	1.0301	1.0396	0.9%
668	1.0412	1.0383	-0.3%
669	1.0415	1.0428	0.1%
670	1.0622	1.0689	0.6%
673	1.0036	1.0041	0.0%
674	1.0007	1.0022	0.1%
675	1.0203	1.0170	-0.3%
676	1.0574	1.0484	-0.9%
677	1.0276	1.0262	-0.1%
679	1.0295	1.0308	0.1%
681	1.0207	1.0216	0.1%
682	1.0211	1.0226	0.1%
691	1.0288	1.0294	0.1%
693	1.0261	1.0277	0.2%
695	1.0258	1.0274	0.2%
Total	1.0335	1.0342	0.1%