

PENNSYLVANIA COMPENSATION RATING BUREAU

State and Hazard Group Relativities

The attached exhibit pages present an analysis of Pennsylvania State and Hazard Group relativities.

Page 1 shows the indicated State and Hazard Group Relativities for 7 Hazard Groups.

Page 2 shows the indicated State and Hazard Group Relativities for 4 Hazard Groups.

**Calculation of PA Hazard Group Relativities.**

Injury	(1) Incurred Losses	(2) # Claims	(3) Average Severity (1) / (2)	(4) NCCI Average Severity +	(5) Indicated Relativites (4T) / (3i)	(6) Adjusted Current Relativities Col(C) below	(7) Credibility ++	Credibility Weighted Relativities (5)*(7)+(6)*[1-(7)]
(i) Hazard Group A	399,833,332	9,394	42,563		1.36	1.56	0.2462	1.51
(ii) Hazard Group B	2,313,662,346	39,962	57,897		1.00	1.12	0.5078	1.06
(iii) Hazard Group C	4,987,136,384	77,877	64,039		0.90	0.94	0.7088	0.91
(iv) Hazard Group D	2,071,858,482	30,575	67,763		0.85	0.89	0.4441	0.87
(v) Hazard Group E	4,505,933,942	55,579	81,073		0.71	0.76	0.5988	0.73
(vi) Hazard Group F	2,871,057,832	26,992	106,367		0.54	0.61	0.4173	0.58
(vii) Hazard Group G	613,098,931	4,941	124,084		0.47	0.49	0.1785	0.49
Total - All Hazard Groups	17,762,581,249	245,320	72,406	57,797				

**Calculation of Current PA Adjusted Average Severities**

Injury	(A) PA Current Relativity	(B) Adjustment Factor #	(C) Adjusted Current Relativities (A) *(B)
(a) Hazard Group A	1.67	0.9324	1.56
(b) Hazard Group B	1.20	0.9324	1.12
(c) Hazard Group C	1.01	0.9324	0.94
(d) Hazard Group D	0.95	0.9324	0.89
(e) Hazard Group E	0.81	0.9324	0.76
(f) Hazard Group F	0.65	0.9324	0.61
(g) Hazard Group G	0.53	0.9324	0.49

Notes:

+ Countrywide Average Severity of NCCI states

++ Full credibility equals 155,000 claims for each Hazard Group.  $Z = (\text{calculated \# claims} / 155,000)^{0.5}$

# Change in Countrywide Overall Average Cost / Change in PA Overall Average Cost = 1.007 / 1.080

PENNSYLVANIA  
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**Calculation of PA Hazard Group Relativities.**

Injury	(1) Incurred Losses	(2) # Claims	(3) Average Severity (1) / (2)	(4) NCCI Average Severity +	Weighted Relativities (From Page 1)
(i) Hazard Group 1	2,713,495,678	49,356	54,978		1.13
(ii) Hazard Group 2	7,058,994,866	108,452	65,089		0.90
(iii) Hazard Group 3	7,376,991,774	82,571	89,341		0.67
(iv) Hazard Group 4	613,098,931	4,941	124,084		0.49
Total - All Hazard Groups	17,762,581,249	245,320	72,406	57,797	

Notes:

+ Countrywide Average Severity of NCCI states