

PENNSYLVANIA COMPENSATION RATING BUREAU

**Summary of Material for Modification of Experience
April 1, 2013 Loss Cost Revision**

As Filed

PENNSYLVANIA 2012 LOSS COST FILING

EFFECTIVE DATE - April 1, 2013

INDEX

PART I - INDICATED LOSS COST CHANGE

<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
I	Indicated Change in Loss Cost Level	1
II	Employer Assessment Factor and Loss Assessment Load	2
III	Policy Year Ratios of Losses to Expected Losses	3
IV	Policy Year Premium On-Level Factors	13
V	Policy Year Development Factors	15
VI	Determination of Trend Factors	18

<u>Table</u>	<u>Description</u>	
I	Policy Year Data From Supplemental Call - Accumulated Standard Earned Premium	20
I-A	Adjusted Policy Year Data From Supplemental Call - Total Incurred Losses *	21
I-B	Adjusted Policy Year Data From Supplemental Call - Indemnity Incurred Losses *	22
I-C	Adjusted Policy Year Data From Supplemental Call - Medical Incurred Losses *	23
I-D	Adjusted Policy Year Data From Supplemental Call - Indemnity Paid Losses	24
I-E	Adjusted Policy Year Data From Supplemental Call - Medical Paid Losses	25

* Incurred Losses exclude IBNR and Bulk Reserves.

Note: Table I reflects the adjustment of reported data to a Post-Act 44 and Post-Act 57 basis.

PART II - CLASSIFICATION RELATIVITY

<u>Exhibit</u>	<u>Description</u>	
VII	Loss Cost Formulae	26

PART III - EXPERIENCE RATING PLAN

<u>Exhibit</u>	<u>Description</u>	
VIII	Collectible Premium Ratios	28
IX	Expected Loss Cost Factors	29
X	Retrospective Development Factors	30

EXHIBIT I

INDICATED CHANGE IN LOSS COSTS

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1) Policy Year 2008 Ratio of Loss to Expected Loss	0.5170	0.5094	1.0264
(2) Policy Year 2009 Ratio of Loss to Expected Loss	0.4990	0.4958	0.9948
(3) Policy Year 2010 Ratio of Loss to Expected Loss	0.4906	0.5219	1.0125
(4) Average (Midpoint = 1/1/2010)	0.5022	0.5090	1.0112
(5) Policy Year 2008 Ratio Trended to 4/1/2014 +	0.4791	0.4832	0.9623
(6) Policy Year 2009 Ratio Trended to 4/1/2014 +	0.4692	0.4751	0.9443
(7) Policy Year 2010 Ratio Trended to 4/1/2014 +	0.4680	0.5051	0.9731
(8) Average at 4/1/2014	0.4721	0.4878	0.9599
(9) Indicated Change in Loss Costs	0.4721	0.4878	0.9599

CHANGES IN MANUAL LOSS COST LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(10) Current Collectible Premium Ratio	1.0276	1.0838	1.0150	
(11) Anticipated Collectible Premium Ratio	1.0368	1.0883	1.0148	
(12) Final Indicated Change in Manual Loss Cost Level (9T) * (11) / (10)	0.9685	0.9639	0.9597	0.9623

+ Refer to pages 18 and 19.

EXHIBIT II

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

(1)	2011 PCRB Member Paid Loss*	2,237,565,107
(2)	2012/2013 Fiscal Year Membership Assessment Amount	
	a. Administration Fund	63,303,300
	b. Subsequent Injury Fund	155,778
	c. Supersedeas Fund	17,300,001
	d. Uninsured Employers Guaranty Fund	2,254,950
	e. Total	<u>83,014,029</u>
(3)	2011 Employer Assessment Premium Base	3,163,141,077
(4)	2012/2013 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (2a) / (3)	0.0200
	b. Subsequent Injury Fund (2b) / (3)	0.0000
	c. Supersedeas Fund (2c) / (3)	0.0055
	d. Uninsured Employers Guaranty Fund (2d) / (3)	0.0007
	e. Employer Assessment Factor (4a) + (4b) + (4c) + (4d)	<u>0.0262</u>
(5)	2012/2013 Fiscal Year Budget for the Office of Small Business Advocate	194,000
(6)	2012/2013 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (5) / (1)	0.0001
(7)	Merit Rating Plan Increment Factor	0.0030
(8)	Certified Safety Committee Program Increment Factor	0.0119
(9)	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (6) + (7) + (8)	0.0150

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

EXHIBIT III - 1

POLICY YEAR LOSS RATIO 2010

(1) Standard Earned Premium Reported (Table I)				1,661,309,874
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0068
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9980
(5) Factor to Remove Loss Based Assessments				0.9859
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,645,724,979
(7) Loss Cost Change to 4/1/12 Level				0.9535
(8) Expected Loss at Current Level (6) * (7)				1,569,198,767
Losses - Paid-to-24th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	214,861,171	397,568,166		612,429,337
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	3.7663	2.1048		
(11) Ultimate Incurred Losses (9) * (10)	809,231,628	836,801,476		1,646,033,104
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	809,231,628	836,801,476		1,646,033,104
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5157	0.5333		1.0490
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	415,526,835	559,831,385		975,358,220
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.7577	1.4309		
(17) Ultimate Incurred Losses (15) * (16)	730,371,518	801,062,729		1,531,434,247
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	730,371,518	801,062,729		1,531,434,247
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4654	0.5105		0.9759
Losses - Average of Incurred and Paid-to-24th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	769,801,573	818,932,103		1,588,733,676
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4906	0.5219		1.0125
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5319	0.5319		
(24) Severity Ratio * (22) / (23)	0.9224	0.9812		1.9036

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

EXHIBIT III - 2

POLICY YEAR LOSS RATIO 2009

(1) Standard Earned Premium Reported (Table I)				1,598,737,716
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0024
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9987
(5) Factor to Remove Loss Based Assessments				0.9859
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,577,924,412
(7) Loss Cost Change to 4/1/12 Level				0.9492
(8) Expected Loss at Current Level (6) * (7)				1,497,765,852
Losses - Paid-to-24th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	400,324,256	455,885,359		856,209,615
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.9576	1.6833		
(11) Ultimate Incurred Losses (9) * (10)	783,674,764	767,391,825		1,551,066,589
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	783,674,764	767,391,825		1,551,066,589
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5232	0.5124		1.0356
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	569,064,637	542,401,714		1,111,466,351
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2497	1.3231		
(17) Ultimate Incurred Losses (15) * (16)	711,160,077	717,651,708		1,428,811,785
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	711,160,077	717,651,708		1,428,811,785
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4748	0.4791		0.9539
Losses - Average of Incurred and Paid-to-24th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	747,417,421	742,521,767		1,489,939,188
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4990	0.4958		0.9948
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5402	0.5402		
(24) Severity Ratio * (22) / (23)	0.9237	0.9178		1.8415

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

EXHIBIT III - 3

POLICY YEAR LOSS RATIO 2008

(1) Standard Earned Premium Reported (Table I)				1,785,240,937
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0011
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9989
(5) Factor to Remove Loss Based Assessments				0.9862
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,760,602,482
(7) Loss Cost Change to 4/1/12 Level				0.8960
(8) Expected Loss at Current Level (6) * (7)				1,577,499,824
Losses - Paid-to-24th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	564,973,441	532,829,153		1,097,802,594
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.5085	1.5541		
(11) Ultimate Incurred Losses (9) * (10)	852,262,436	828,069,787		1,680,332,223
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	852,262,436	828,069,787		1,680,332,223
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5403	0.5249		1.0652
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	692,958,353	607,515,662		1,300,474,015
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1239	1.2823		
(17) Ultimate Incurred Losses (15) * (16)	778,815,893	779,017,333		1,557,833,226
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	778,815,893	779,017,333		1,557,833,226
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4937	0.4938		0.9875
Losses - Average of Incurred and Paid-to-24th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	815,539,165	803,543,560		1,619,082,725
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5170	0.5094		1.0264
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5590	0.5590		
(24) Severity Ratio * (22) / (23)	0.9249	0.9113		1.8362

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

EXHIBIT III - 4

POLICY YEAR LOSS RATIO 2007

(1)	Standard Earned Premium Reported (Table I)			1,932,612,006
(2)	Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9997
(3)	Expense Constant Removal Factor			1.0000
(4)	PCCPAP On-Level Factor			1.0013
(5)	Factor to Remove Loss Based Assessments			0.9873
(6)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,909,975,157
(7)	Loss Cost Change to 4/1/12 Level			0.8417
(8)	Expected Loss at Current Level (6) * (7)			1,607,626,090
Losses - Paid-to-24th Method				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9)	Paid Losses Reported (Table I-D & I-E)	655,760,996	591,335,623	1,247,096,619
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3308	1.4895	
(11)	Ultimate Incurred Losses (9) * (10)	872,686,733	880,794,410	1,753,481,143
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	872,686,733	880,794,410	1,753,481,143
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5428	0.5479	1.0907
Losses - Incurred Method				
(15)	Incurred Losses Reported (Table I-B & I-C)	763,721,982	675,886,708	1,439,608,690
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0842	1.2559	
(17)	Ultimate Incurred Losses (15) * (16)	828,027,373	848,846,117	1,676,873,490
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	828,027,373	848,846,117	1,676,873,490
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5151	0.5280	1.0431
Losses - Average of Incurred and Paid-to-24th Method				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	850,357,053	864,820,264	1,715,177,317
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5290	0.5379	1.0669
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.6059	0.6059	
(24)	Severity Ratio * (22) / (23)	0.8731	0.8878	1.7609

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

EXHIBIT III - 5

POLICY YEAR LOSS RATIO 2006

(1)	Standard Earned Premium Reported (Table I)			1,872,129,835
(2)	Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0004
(3)	Expense Constant Removal Factor			1.0000
(4)	PCCPAP On-Level Factor			1.0019
(5)	Factor to Remove Loss Based Assessments			0.9897
(6)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,857,109,854
(7)	Loss Cost Change to 4/1/12 Level			0.8340
(8)	Expected Loss at Current Level (6) * (7)			1,548,829,618
Losses - Paid-to-24th Method				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9)	Paid Losses Reported (Table I-D & I-E)	640,982,820	555,469,786	1,196,452,606
(10)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2436	1.4499	
(11)	Ultimate Incurred Losses (9) * (10)	797,126,235	805,375,643	1,602,501,878
(12)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13)	Adjusted Losses (11) * (12)	797,126,235	805,375,643	1,602,501,878
(14)	Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5147	0.5200	1.0347
Losses - Incurred Method				
(15)	Incurred Losses Reported (Table I-B & I-C)	725,911,440	614,082,435	1,339,993,875
(16)	Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0655	1.2414	
(17)	Ultimate Incurred Losses (15) * (16)	773,458,639	762,321,935	1,535,780,574
(18)	Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19)	Adjusted Losses (17) * (18)	773,458,639	762,321,935	1,535,780,574
(20)	Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4994	0.4922	0.9916
Losses - Average of Incurred and Paid-to-24th Method				
(21)	Adjusted Ultimate Incurred Losses ((13)+(19))/2	785,292,437	783,848,789	1,569,141,226
(22)	Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5070	0.5061	1.0131
(23)	Normalized Claim Frequency (Exhibit VI-2)	0.6430	0.6430	
(24)	Severity Ratio * (22) / (23)	0.7885	0.7871	1.5756

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

EXHIBIT III - 6

POLICY YEAR LOSS RATIO 2005

(1) Standard Earned Premium Reported (Table I)				1,896,901,806
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				0.9992
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0016
(5) Factor to Remove Loss Based Assessments				0.9912
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,881,710,831
(7) Loss Cost Change to 4/1/12 Level				0.7782
(8) Expected Loss at Current Level (6) * (7)				1,464,347,369
Losses - Paid-to-24th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	645,374,660	549,931,048		1,195,305,708
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1933	1.4200		
(11) Ultimate Incurred Losses (9) * (10)	770,125,582	780,902,088		1,551,027,670
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	770,125,582	780,902,088		1,551,027,670
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5259	0.5333		1.0592
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	705,307,386	612,886,572		1,318,193,958
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0516	1.2204		
(17) Ultimate Incurred Losses (15) * (16)	741,701,247	747,966,772		1,489,668,019
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	741,701,247	747,966,772		1,489,668,019
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5065	0.5108		1.0173
Losses - Average of Incurred and Paid-to-24th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	755,913,415	764,434,430		1,520,347,845
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5162	0.5220		1.0382
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6675	0.6675		
(24) Severity Ratio * (22) / (23)	0.7733	0.7820		1.5553

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

EXHIBIT III - 7

POLICY YEAR LOSS RATIO 2004

(1) Standard Earned Premium Reported (Table I)			1,729,607,120
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			0.9996
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0000
(5) Factor to Remove Loss Based Assessments			0.9906
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,712,663,474
(7) Loss Cost Change to 4/1/12 Level			0.7702
(8) Expected Loss at Current Level (6) * (7)			1,319,093,408
Losses - Paid-to-24th Method	Indemnity	Medical	Total
(9) Paid Losses Reported (Table I-D & I-E)	635,558,687	540,400,701	1,175,959,388
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1587	1.3928	
(11) Ultimate Incurred Losses (9) * (10)	736,421,851	752,670,096	1,489,091,947
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	736,421,851	752,670,096	1,489,091,947
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5583	0.5706	1.1289
Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	696,933,836	591,646,506	1,288,580,342
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0375	1.2047	
(17) Ultimate Incurred Losses (15) * (16)	723,068,855	712,756,546	1,435,825,401
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	723,068,855	712,756,546	1,435,825,401
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5482	0.5403	1.0885
Losses - Average of Incurred and Paid-to-24th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	729,745,353	732,713,321	1,462,458,674
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5532	0.5555	1.1087
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7191	0.7191	
(24) Severity Ratio * (22) / (23)	0.7693	0.7725	1.5418

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

EXHIBIT III - 8

POLICY YEAR LOSS RATIO 2003

(1) Standard Earned Premium Reported (Table I)	1,639,851,075
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)	0.9996
(3) Expense Constant Removal Factor	1.0000
(4) PCCPAP On-Level Factor	0.9992
(5) Factor to Remove Loss Based Assessments	0.9910
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)	1,623,142,824
(7) Loss Cost Change to 4/1/12 Level	0.7820
(8) Expected Loss at Current Level (6) * (7)	1,269,297,688

Losses - Paid-to-24th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	629,415,235	509,779,170	1,139,194,405
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1349	1.3695	
(11) Ultimate Incurred Losses (9) * (10)	714,323,350	698,142,573	1,412,465,923
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	714,323,350	698,142,573	1,412,465,923
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5628	0.5500	1.1128

Losses - Incurred Method			
(15) Incurred Losses Reported (Table I-B & I-C)	670,402,546	551,991,564	1,222,394,110
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0259	1.1922	
(17) Ultimate Incurred Losses (15) * (16)	687,765,972	658,084,343	1,345,850,315
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	687,765,972	658,084,343	1,345,850,315
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5418	0.5185	1.0603

Losses - Average of Incurred and Paid-to-24th Method			
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	701,044,661	678,113,458	1,379,158,119
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5523	0.5342	1.0865
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7602	0.7602	
(24) Severity Ratio * (22) / (23)	0.7265	0.7027	1.4292

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

EXHIBIT III - 9

POLICY YEAR LOSS RATIO 2002

(1) Standard Earned Premium Reported (Table I)				1,613,746,467
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0000
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9988
(5) Factor to Remove Loss Based Assessments				0.9929
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,600,366,120
(7) Loss Cost Change to 4/1/12 Level				0.7737
(8) Expected Loss at Current Level (6) * (7)				1,238,203,267
Losses - Paid-to-24th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	664,077,831	504,581,883		1,168,659,714
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1206	1.3491		
(11) Ultimate Incurred Losses (9) * (10)	744,165,617	680,731,418		1,424,897,035
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	744,165,617	680,731,418		1,424,897,035
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6010	0.5498		1.1508
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	705,725,337	551,404,341		1,257,129,678
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0199	1.1794		
(17) Ultimate Incurred Losses (15) * (16)	719,769,271	650,326,280		1,370,095,551
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	719,769,271	650,326,280		1,370,095,551
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5813	0.5252		1.1065
Losses - Average of Incurred and Paid-to-24th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	731,967,444	665,528,849		1,397,496,293
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5912	0.5375		1.1287
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8294	0.8294		
(24) Severity Ratio * (22) / (23)	0.7128	0.6481		1.3609

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

EXHIBIT III - 10

POLICY YEAR LOSS RATIO 2001

(1) Standard Earned Premium Reported (Table I)				1,573,286,108
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0000
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				0.9974
(5) Factor to Remove Loss Based Assessments				0.9923
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,557,112,758
(7) Loss Cost Change to 4/1/12 Level				0.7814
(8) Expected Loss at Current Level (6) * (7)				1,216,727,909
Losses - Paid-to-24th Method	Indemnity	Medical	Total	
(9) Paid Losses Reported (Table I-D & I-E)	670,581,974	497,856,089		1,168,438,063
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1106	1.3301		
(11) Ultimate Incurred Losses (9) * (10)	744,748,340	662,198,384		1,406,946,724
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	744,748,340	662,198,384		1,406,946,724
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6121	0.5442		1.1563
Losses - Incurred Method				
(15) Incurred Losses Reported (Table I-B & I-C)	690,293,328	530,896,350		1,221,189,678
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0164	1.1662		
(17) Ultimate Incurred Losses (15) * (16)	701,614,139	619,131,323		1,320,745,462
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	701,614,139	619,131,323		1,320,745,462
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5766	0.5088		1.0854
Losses - Average of Incurred and Paid-to-24th Method				
(21) Adjusted Ultimate Incurred Losses ((13)+(19))/2	723,181,240	640,664,854		1,363,846,094
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5944	0.5265		1.1209
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8644	0.8644		
(24) Severity Ratio * (22) / (23)	0.6876	0.6091		1.2967

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

EXHIBIT IV - 1

**POLICY YEARS 2001 - 2006
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 4/01/12 LC LEVEL</u>
2001	4/01/00	BASE	1.0000	0.3007	0.3007	0.7814
	4/01/01	0.9845	0.9845	0.6993	0.6885	
	4/01/02	0.7852	0.7730	-----	-----	
	to 4/01/12			1.0000	0.9892	
2002	4/01/01	BASE	1.0000	0.3024	0.3024	0.7737
	4/01/02	1.0212	1.0212	0.6976	0.7124	
	4/01/03	0.7689	0.7852	-----	-----	
	to 4/01/12			1.0000	1.0148	
2003	4/01/02	BASE	1.0000	0.3075	0.3075	0.7820
	4/01/03	0.9759	0.9759	0.6925	0.6758	
	4/01/04	0.7879	0.7689	-----	-----	
	to 4/01/12			1.0000	0.9833	
2004	4/01/03	BASE	1.0000	0.3058	0.3058	0.7702
	4/01/04	1.0332	1.0332	0.6942	0.7172	
	4/01/05	0.7626	0.7879	-----	-----	
	to 4/01/12			1.0000	1.0230	
2005	4/01/04	BASE	1.0000	0.3072	0.3072	0.7782
	4/01/05	0.9711	0.9711	0.6928	0.6728	
	4/01/06	0.7853	0.7626	-----	-----	
	to 4/01/12			1.0000	0.9800	
2006	4/01/05	BASE	1.0000	0.3199	0.3199	0.8340
	4/01/06	0.9142	0.9142	0.6801	0.6217	
	4/01/07	0.8590	0.7853	-----	-----	
	to 4/01/12			1.0000	0.9416	

EXHIBIT IV - 2

**POLICY YEARS 2007 - 2011
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 4/01/12 LC LEVEL</u>
2007	4/01/06	BASE	1.0000	0.3043	0.3043	
	4/01/07	1.0295	1.0295	0.6957	0.7162	
	4/01/08	0.8344	0.8590	-----	-----	
	to 4/01/12			1.0000	1.0205	0.8417
2008	4/01/07	BASE	1.0000	0.3259	0.3259	
	4/01/08	0.8978	0.8978	0.6741	0.6052	
	4/01/09	0.9293	0.8343	-----	-----	
	to 4/01/12			1.0000	0.9311	0.8960
2009	4/01/08	BASE	1.0000	0.3036	0.3036	
	4/01/09	0.9700	0.9700	0.6964	0.6755	
	4/01/10	0.9581	0.9294	-----	-----	
	to 4/01/12			1.0000	0.9791	0.9492
2010	4/01/09	BASE	1.0000	0.2957	0.2957	
	4/01/10	1.0068	1.0068	0.7043	0.7091	
	4/01/11	0.9516	0.9581	-----	-----	
	to 4/01/12			1.0000	1.0048	0.9535
2011	4/01/10	BASE	1.0000	0.2952	0.2952	
	4/01/11	1.0087	1.0087	0.7048	0.7109	
	4/01/12	0.9434	0.9516	-----	-----	
				1.0000	1.0061	0.9458

EXHIBIT V - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2010-2011 Ratio</u>	<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Policy Year</u>	<u>2008-2009 Ratio</u>	<u>Policy Year</u>	<u>2007-2008 Ratio</u>	<u>Unweighted Average</u>	<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2010	1.0037	2009	0.9984	2008	1.0093	2007	1.0062	1.0044	1.0044	1.0068
3rd to 2nd	2009	1.0003	2008	1.0027	2007	1.0031	2006	0.9990	1.0013	1.0013	1.0024
4th to 3rd	2008	1.0004	2007	1.0053	2006	0.9994	2005	1.0003	1.0014	1.0014	1.0011
5th to 4th	2007	1.0000	2006	0.9989	2005	1.0001	2004	0.9981	0.9993	0.9993	0.9997
6th to 5th	2006	1.0001	2005	1.0052	2004	0.9999	2003	0.9994	1.0012	1.0012	1.0004
7th to 6th	2005	1.0001	2004	0.9999	2003	1.0001	2002	0.9982	0.9996	0.9996	0.9992
8th to 7th	2004	1.0001	2003	0.9999	2002	1.0000	2001	0.9999	1.0000	1.0000	0.9996
9th to 8th	2003	1.0001	2002	1.0000	2001	1.0000	2000	0.9982	0.9996	0.9996	0.9996
10th to 9th	2002	1.0000	2001	1.0001	2000	1.0000	1999	1.0000	1.0000	1.0000	1.0000
11th to 10th	2001	1.0002	2000	1.0000	1999	1.0000	1998	0.9999	1.0000	1.0000	1.0000
12th to 11th	2000	1.0000	1999	0.9994	1998	1.0000	1997	0.9999	0.9998	1.0000	1.0000
13th to 12th	1999	1.0001	1998	1.0000	1997	1.0000	1996	0.9999	1.0000	1.0000	1.0000
14th to 13th	1998	1.0000	1997	1.0000	1996	1.0001	1995	1.0000	1.0000	1.0000	1.0000
15th to 14th	1997	1.0000	1996	1.0001	1995	0.9998	1994	1.0003	1.0001	1.0000	1.0000
16th to 15th	1996	1.0001	1995	1.0000	1994	1.0000	1993	1.0002	1.0001	1.0000	1.0000
17th to 16th	1995	1.0000	1994	1.0000	1993	1.0000	1992	1.0002	1.0001	1.0000	1.0000
18th to 17th	1994	1.0000	1993	1.0001	1992	0.9999	1991	1.0000	1.0000	1.0000	1.0000
19th to 18th	1993	1.0000	1992	1.0000	1991	1.0001	1990	1.0008	1.0002	1.0000	1.0000
20th to 19th	1992	0.9999	1991	1.0002	1990	1.0002	1989	1.0002	1.0001	1.0000	1.0000
21st to 20th	1991	1.0001	1990	1.0000	1989	1.0000	1988	1.0001	1.0001	1.0000	1.0000
22nd to 21st	1990	1.0000	1989	1.0001	1988	1.0000	1987	1.0003	1.0001	1.0000	1.0000
23rd to 22nd	1989	1.0004	1988	0.9999	1987	1.0001				1.0000	1.0000
24th to 23rd	1988	1.0000	1987	1.0000						1.0000	1.0000

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1988	Twenty-Third	1.0000
1989	Twenty-Second	1.0000
1990	Twenty-First	1.0000
1991	Twentieth	1.0000
1992	Nineteenth	1.0000
1993	Eighteenth	1.0000
1994	Seventeenth	1.0000
1995	Sixteenth	1.0000
1996	Fifteenth	1.0000
1997	Fourteenth	1.0000
1998	Thirteenth	1.0000
1999	Twelfth	1.0000
2000	Eleventh	1.0000
2001	Tenth	1.0000
2002	Ninth	1.0000
2003	Eighth	0.9996
2004	Seventh	0.9996
2005	Sixth	0.9992
2006	Fifth	1.0004
2007	Fourth	0.9997
2008	Third	1.0011
2009	Second	1.0024
2010	First	1.0068

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

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2010-2011 Ratio</u>	<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2010		2009	1.9318	1.9239	3.7663
3rd to 2nd	a	2009		2008	1.3121	1.2977	1.9576
4th to 3rd	a	2008		2007	1.1419	1.1336	1.5085
5th to 4th	a	2007		2006	1.0704	1.0701	1.3308
6th to 5th	a	2006		2005	1.0445	1.0421	1.2436
7th to 6th	a	2005		2004	1.0316	1.0299	1.1933
8th to 7th	a	2004		2003	1.0244	1.0210	1.1587
9th to 8th	a	2003		2002	1.0104	1.0127	1.1349
10th to 9th	a	2002		2001	1.0111	1.0090	1.1206
11th to 10th	a	2001		2000	1.0078	1.0074	1.1106
12th to 11th	a	2000		1999	1.0058	1.0066	1.1025
13th to 12th	a	1999		1998	1.0046	1.0052	1.0952
14th to 13th	a	1998		1997	1.0059	1.0051	1.0896
15th to 14th	a	1997		1996	1.0063	1.0060	1.0841
16th to 15th	a	1996		1995	1.0071	1.0062	1.0776
17th to 16th	a	1995		1994	1.0082	1.0070	1.0709
18th to 17th	a	1994		1993	1.0075	1.0070	1.0635
19th to 18th	a	1993		1992	1.0058	1.0054	1.0561
20th to 19th	a	1992		1991	1.0048	1.0050	1.0504
21st to 20th	a	1991		1990	1.0036	1.0037	1.0452
22nd to 21st	a	1990		1989	1.0040	1.0036	1.0414
23rd to 22nd	a	1989		1988	1.0040	1.0037	1.0376
24rd to 23rd	b	1988		1987	1.0348	1.0305	1.0338
Beyond 24th		1987		1986	1.0022	1.0035	1.0032

d**INCURRED METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2010-2011 Ratio</u>	<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2010		2009	1.3976	1.4065	1.7577
3rd to 2nd	c	2009		2008	1.1189	1.1119	1.2497
4th to 3rd	c	2008		2007	1.0399	1.0366	1.1239
5th to 4th	c	2007		2006	1.0159	1.0176	1.0842
6th to 5th	c	2006		2005	1.0129	1.0132	1.0655
7th to 6th	c	2005		2004	1.0125	1.0136	1.0516
8th to 7th	c	2004		2003	1.0094	1.0113	1.0375
9th to 8th	c	2003		2002	1.0022	1.0059	1.0259
10th to 9th	c	2002		2001	1.0042	1.0034	1.0199
11th to 10th	c	2001		2000	1.0000	1.0019	1.0164
12th to 11th	c	2000		1999	1.0000	1.0009	1.0145
13th to 12th	c	1999		1998	0.9990	0.9999	1.0136
14th to 13th	c	1998		1997	1.0012	1.0009	1.0137
15th to 14th	c	1997		1996	1.0006	1.0006	1.0128
16th to 15th	c	1996		1995	0.9994	1.0000	1.0122
17th to 16th	c	1995		1994	0.9998	1.0013	1.0122
18th to 17th	c	1994		1993	0.9989	1.0006	1.0108
19th to 18th	c	1993		1992	1.0027	1.0025	1.0102
20th to 19th	c	1992		1991	1.0002	1.0005	1.0077
21st to 20th	c	1991		1990	0.9998	1.0004	1.0072
22nd to 21st	c	1990		1989	1.0004	1.0021	1.0068
23rd to 22nd	c	1989		1988	0.9995	1.0005	1.0047
24th to 23rd	c	1988		1987	1.0017	1.0010	1.0042
Beyond 24th		1987		1986	1.0022	1.0035	1.0032

d**a** From Table I-D**b** 23rd (Paid - Table 1-D) to 24th (Incurred - Table I-B)**c** From Table I-B**d** Derived separately. See Exhibit # 7 of the April 1, 2013 Filing Package.

EXHIBIT V - 3

DEVELOPMENT FACTORS

**MEDICAL LOSSES
PAID METHOD**

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2010-2011 Ratio</u>	<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2010	1.2458	2009	1.2550	1.2504	2.1048	
3rd to 2nd	a	2009	1.0876	2008	1.0786	1.0831	1.6833	
4th to 3rd	a	2008	1.0436	2007	1.0431	1.0434	1.5541	
5th to 4th	a	2007	1.0280	2006	1.0266	1.0273	1.4895	
6th to 5th	a	2006	1.0200	2005	1.0221	1.0211	1.4499	
7th to 6th	a	2005	1.0183	2004	1.0206	1.0195	1.4200	
8th to 7th	a	2004	1.0167	2003	1.0173	1.0170	1.3928	
9th to 8th	a	2003	1.0170	2002	1.0132	1.0151	1.3695	
10th to 9th	a	2002	1.0114	2001	1.0171	1.0143	1.3491	
11th to 10th	a	2001	1.0141	2000	1.0142	1.0142	1.3301	
12th to 11th	a	2000	1.0135	1999	1.0184	1.0160	1.3115	
13th to 12th	a	1999	1.0182	1998	1.0101	1.0142	1.2908	
14th to 13th	a	1998	1.0112	1997	1.0110	1.0111	1.2728	
15th to 14th	a	1997	1.0108	1996	1.0120	1.0114	1.2588	
16th to 15th	a	1996	1.0091	1995	1.0154	1.0123	1.2446	
17th to 16th	a	1995	1.0121	1994	1.0090	1.0106	1.2295	
18th to 17th	a	1994	1.0094	1993	1.0117	1.0106	1.2166	
19th to 18th	a	1993	1.0131	1992	1.0103	1.0117	1.2038	
20th to 19th	a	1992	1.0099	1991	1.0092	1.0096	1.1899	
21st to 20th	a	1991	1.0080	1990	1.0108	1.0094	1.1786	
22nd to 21st	a	1990	1.0080	1989	1.0095	1.0088	1.1676	
23rd to 22nd	a	1989	1.0089	1988	1.0090	1.0090	1.1574	
24rd to 23rd	b	1988	1.0981	1987	1.0969	1.0975	1.1471	
Beyond 24th		1987	1.0790	1986	1.0415	1.0602	1.0452	d

INCURRED METHOD

<u>Reports in Ratio</u>		<u>Policy Year</u>	<u>2010-2011 Ratio</u>	<u>Policy Year</u>	<u>2009-2010 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2010	1.0806	2009	1.0823	1.0815	1.4309	
3rd to 2nd	c	2009	1.0374	2008	1.0261	1.0318	1.3231	
4th to 3rd	c	2008	1.0186	2007	1.0234	1.0210	1.2823	
5th to 4th	c	2007	1.0126	2006	1.0108	1.0117	1.2559	
6th to 5th	c	2006	1.0113	2005	1.0230	1.0172	1.2414	
7th to 6th	c	2005	1.0112	2004	1.0148	1.0130	1.2204	
8th to 7th	c	2004	1.0082	2003	1.0127	1.0105	1.2047	
9th to 8th	c	2003	1.0151	2002	1.0067	1.0109	1.1922	
10th to 9th	c	2002	1.0103	2001	1.0122	1.0113	1.1794	
11th to 10th	c	2001	1.0032	2000	1.0068	1.0050	1.1662	
12th to 11th	c	2000	1.0178	1999	1.0100	1.0139	1.1604	
13th to 12th	c	1999	0.9912	1998	1.0040	0.9976	1.1445	
14th to 13th	c	1998	1.0099	1997	1.0074	1.0087	1.1472	
15th to 14th	c	1997	1.0077	1996	1.0030	1.0054	1.1373	
16th to 15th	c	1996	1.0075	1995	0.9985	1.0030	1.1312	
17th to 16th	c	1995	1.0142	1994	1.0098	1.0120	1.1279	
18th to 17th	c	1994	1.0061	1993	1.0091	1.0076	1.1145	
19th to 18th	c	1993	1.0095	1992	1.0062	1.0079	1.1061	
20th to 19th	c	1992	1.0009	1991	1.0094	1.0052	1.0974	
21st to 20th	c	1991	1.0094	1990	1.0109	1.0102	1.0917	
22nd to 21st	c	1990	1.0107	1989	1.0076	1.0092	1.0807	
23rd to 22nd	c	1989	1.0125	1988	1.0063	1.0094	1.0709	
24th to 23rd	c	1988	1.0072	1987	1.0228	1.0150	1.0609	
Beyond 24th		1987	1.0790	1986	1.0415	1.0602	1.0452	d

- a From Table I-E
- b 23rd (Paid - Table 1-E) to 24th (Incurred - Table I-C)
- c From Table I-C
- d Derived separately. See Exhibit # 7 of the April 1, 2013 Filing Package.

EXHIBIT VI - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	2004	2005	2006	2007	2008	2009	2010
Actual Loss Ratio	0.5532	0.5162	0.5070	0.5290	0.5170	0.4990	0.4906
Normalized Frequency	0.7191	0.6675	0.6430	0.6059	0.5590	0.5402	0.5319
Severity Loss Ratio	0.7693	0.7733	0.7885	0.8731	0.9249	0.9237	0.9224
x	1	2	3	4	5	6	7
y	0.7693	0.7733	0.7885	0.8731	0.9249	0.9237	0.9224

7 Point Exponential Regression: $y = 0.731313 * 1.038564 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/14 (2)	Severity Trend to 4/1/14 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2008	1.0386	5.2500	1.2200	0.7597
2009	1.0386	4.2500	1.1746	0.8005
2010	1.0386	3.2500	1.1310	0.8436

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2008	0.5170	0.9268	0.4791
2009	0.4990	0.9403	0.4692
2010	0.4906	0.9541	0.4680

MEDICAL

Policy Year	2004	2005	2006	2007	2008	2009	2010
Actual Loss Ratio	0.5555	0.5220	0.5061	0.5379	0.5094	0.4958	0.5219
Normalized Frequency	0.7191	0.6675	0.6430	0.6059	0.5590	0.5402	0.5319
Severity Loss Ratio	0.7725	0.7820	0.7871	0.8878	0.9113	0.9178	0.9812
x	1	2	3	4	5	6	7
y	0.7725	0.7820	0.7871	0.8878	0.9113	0.9178	0.9812

7 Point Exponential Regression: $y = 0.725706 * 1.043200 ^ x$

Policy Year	Severity Trend Factor (1)	# of years to 4/1/13 (2)	Severity Trend to 4/1/13 (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2008	1.0432	5.2500	1.2486	0.7597
2009	1.0432	4.2500	1.1969	0.8005
2010	1.0432	3.2500	1.1473	0.8436

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2008	0.5094	0.9486	0.4832
2009	0.4958	0.9581	0.4751
2010	0.5219	0.9679	0.5051

See page 19

EXHIBIT VI - 2

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1999, 12 = PY 2010}

Policy Year	Claim Frequency	Normalized Frequency
1999	27.73	1.0000
2000	26.01	0.9380
2001	23.97	0.8644
2002	23.00	0.8294
2003	21.08	0.7602
2004	19.94	0.7191
2005	18.51	0.6675
2006	17.83	0.6430
2007	16.80	0.6059
2008	15.50	0.5590
2009	14.98	0.5402
2010	14.75	0.5319

Policy Year	2004	2005	2006	2007	2008	2009	2010
x	1	2	3	4	5	6	7
y	0.7191	0.6675	0.6430	0.6059	0.5590	0.5402	0.5319

7 Point Exponential Regression: $y = 0.747461 * 0.948928 ^ x$

SELECTED FREQUENCY TREND FACTOR

-5.1%

Policy Year	Frequency Trend Factor (1)	# of years to 4/1/14 (2)	Frequency Trend to 4/1/14 (3) = (1)^(2)
2008	0.9490	5.2500	0.7597
2009	0.9490	4.2500	0.8005
2010	0.9490	3.2500	0.8436

TABLE I - PA 2013

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	11,745,051,409	11,745,434,393	1.0000
1986	1,462,299,621	1,462,308,083	1.0000
1987	1,740,579,727	1,740,411,798	0.9999
1988	1,954,541,200	1,954,651,029	1.0001
1989	2,101,291,792	2,101,375,316	1.0000
1990	2,371,253,819	2,371,717,835	1.0002
1991	2,504,483,734	2,504,586,822	1.0000
1992	2,360,839,033	2,360,962,208	1.0001
1993	2,528,299,636	2,528,277,967	1.0000
1994	1,917,813,130	1,917,829,895	1.0000
1995	1,803,624,824	1,803,791,969	1.0001
1996	1,735,912,182	1,735,947,969	1.0000
1997	1,468,106,257	1,468,098,551	1.0000
1998	1,442,673,430	1,441,828,096	0.9994
1999	1,483,586,508	1,483,592,911	1.0000
2000	1,515,350,580	1,515,511,923	1.0001
2001	1,573,255,257	1,573,231,200	1.0000
2002	1,613,720,416	1,613,599,720	0.9999
2003	1,639,847,228	1,639,665,427	0.9999
2004	1,720,523,834	1,729,508,920	1.0052
2005	1,898,809,591	1,896,801,755	0.9989
2006	1,862,187,749	1,872,109,710	1.0053
2007	1,926,566,221	1,931,837,533	1.0027
2008	1,787,714,795	1,784,765,422	0.9984
2009	944,639,792	1,593,151,570	1.6865
2010		936,753,757	
Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior			
to 1986	11,715,006,554	11,715,165,659	1.0000
1986	1,458,665,465	1,458,799,103	1.0001
1987	1,736,505,803	1,736,513,473	1.0000
1988	1,951,994,573	1,952,705,896	1.0004
1989	2,098,501,927	2,098,482,967	1.0000
1990	2,368,270,403	2,368,510,816	1.0001
1991	2,500,476,542	2,500,182,207	0.9999
1992	2,356,709,483	2,356,671,227	1.0000
1993	2,528,277,967	2,528,316,839	1.0000
1994	1,917,829,895	1,917,781,973	1.0000
1995	1,803,791,969	1,803,949,008	1.0001
1996	1,735,947,969	1,735,944,891	1.0000
1997	1,468,085,431	1,468,086,946	1.0000
1998	1,441,798,977	1,441,884,789	1.0001
1999	1,483,588,014	1,483,621,747	1.0000
2000	1,515,506,149	1,515,798,138	1.0002
2001	1,573,231,200	1,573,286,108	1.0000
2002	1,613,599,720	1,613,746,467	1.0001
2003	1,639,665,427	1,639,851,075	1.0001
2004	1,729,508,920	1,729,607,120	1.0001
2005	1,896,801,755	1,896,901,806	1.0001
2006	1,872,109,710	1,872,129,835	1.0000
2007	1,931,837,533	1,932,612,006	1.0004
2008	1,784,696,381	1,785,240,937	1.0003
2009	1,592,786,415	1,598,737,716	1.0037
2010	936,032,350	1,661,309,874	1.7748
2011		926,258,143	

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 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	6,307,403,630	6,322,332,353	1.0024
1986	1,049,159,626	1,057,701,688	1.0081
1987	1,311,856,794	1,314,097,414	1.0017
1988	1,524,133,891	1,528,466,847	1.0028
1989	1,787,612,902	1,794,269,013	1.0037
1990	1,848,824,939	1,855,283,097	1.0035
1991	1,670,407,803	1,677,106,140	1.0040
1992	1,454,001,389	1,458,198,997	1.0029
1993	1,243,393,970	1,247,930,331	1.0036
1994	1,156,558,417	1,155,496,882	0.9991
1995	1,032,891,610	1,034,547,791	1.0016
1996	951,850,498	955,586,387	1.0039
1997	1,005,996,953	1,007,184,392	1.0012
1998	1,074,949,336	1,079,898,062	1.0046
1999	1,206,783,139	1,210,476,452	1.0031
2000	1,254,669,012	1,264,336,142	1.0077
2001	1,209,037,004	1,214,017,567	1.0041
2002	1,228,938,561	1,242,310,702	1.0109
2003	1,193,021,644	1,209,165,533	1.0135
2004	1,250,131,404	1,271,995,035	1.0175
2005	1,284,737,470	1,302,063,298	1.0135
2006	1,277,493,352	1,318,657,168	1.0322
2007	1,307,291,432	1,402,707,280	1.0730
2008	989,877,903	1,212,815,444	1.2252
2009	342,600,368	904,018,790	2.6387
2010		377,639,852	

Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior			
to 1986	6,305,504,463	6,332,647,096	1.0043
1986	1,055,353,174	1,057,485,222	1.0020
1987	1,308,217,957	1,311,446,344	1.0025
1988	1,525,654,272	1,533,677,277	1.0053
1989	1,793,023,007	1,804,068,384	1.0062
1990	1,852,898,753	1,860,277,692	1.0040
1991	1,674,700,346	1,676,031,768	1.0008
1992	1,453,688,184	1,461,119,720	1.0051
1993	1,247,918,875	1,252,628,058	1.0038
1994	1,155,519,174	1,163,789,697	1.0072
1995	1,034,519,479	1,037,977,767	1.0033
1996	955,584,140	959,086,058	1.0037
1997	1,007,184,392	1,011,912,120	1.0047
1998	1,079,770,302	1,075,760,196	0.9963
1999	1,210,476,452	1,221,325,994	1.0090
2000	1,264,336,142	1,268,730,063	1.0035
2001	1,214,017,567	1,221,189,678	1.0059
2002	1,242,310,702	1,257,129,678	1.0119
2003	1,209,165,533	1,222,394,110	1.0109
2004	1,271,995,035	1,288,580,342	1.0130
2005	1,302,063,298	1,318,193,958	1.0124
2006	1,318,657,168	1,339,993,875	1.0162
2007	1,402,707,280	1,439,608,690	1.0263
2008	1,212,812,962	1,300,474,015	1.0723
2009	903,996,916	1,111,466,351	1.2295
2010	377,343,544	975,358,220	2.5848
2011		385,399,553	

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 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	4,813,299,084	4,814,870,434	1.0003
1986	727,002,266	728,208,005	1.0017
1987	881,045,673	880,584,420	0.9995
1988	1,002,326,571	1,002,717,462	1.0004
1989	1,155,710,078	1,155,458,023	0.9998
1990	1,188,489,470	1,188,730,687	1.0002
1991	1,041,943,534	1,044,753,535	1.0027
1992	887,063,558	886,122,365	0.9989
1993	765,771,144	765,605,385	0.9998
1994	705,835,043	705,445,046	0.9994
1995	611,790,389	612,168,566	1.0006
1996	533,642,428	534,274,701	1.0012
1997	558,800,389	558,218,342	0.9990
1998	578,047,178	578,043,915	1.0000
1999	667,107,042	667,139,805	1.0000
2000	705,337,496	708,302,720	1.0042
2001	687,071,714	688,551,308	1.0022
2002	692,560,084	699,101,637	1.0094
2003	653,499,157	661,679,326	1.0125
2004	678,186,237	686,907,908	1.0129
2005	685,130,348	696,007,622	1.0159
2006	684,909,333	712,217,212	1.0399
2007	660,659,075	739,181,885	1.1189
2008	448,776,345	627,198,812	1.3976
2009	117,489,648	402,073,924	3.4222
2010		124,970,578	

Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior			
to 1986	4,802,827,989	4,805,803,313	1.0006
1986	727,040,543	727,529,937	1.0007
1987	878,082,368	878,215,976	1.0002
1988	1,000,863,481	1,002,300,758	1.0014
1989	1,155,069,829	1,159,317,276	1.0037
1990	1,187,412,983	1,188,564,248	1.0010
1991	1,043,686,766	1,044,425,965	1.0007
1992	883,270,033	885,260,217	1.0023
1993	765,584,952	767,364,409	1.0023
1994	705,467,338	707,355,887	1.0027
1995	612,140,254	612,426,423	1.0005
1996	534,272,454	534,523,808	1.0005
1997	558,218,342	558,506,856	1.0005
1998	577,938,609	578,322,082	1.0007
1999	667,139,805	668,324,264	1.0018
2000	708,302,720	710,895,016	1.0037
2001	688,551,308	690,293,328	1.0025
2002	699,101,637	705,725,337	1.0095
2003	661,679,326	670,402,546	1.0132
2004	686,907,908	696,933,836	1.0146
2005	696,007,622	705,307,386	1.0134
2006	712,217,212	725,911,440	1.0192
2007	739,181,885	763,721,982	1.0332
2008	627,198,812	692,958,353	1.1048
2009	402,064,285	569,064,637	1.4154
2010	124,850,822	415,526,835	3.3282
2011		123,165,057	

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 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior to 1986	1,494,104,546	1,507,461,919	1.0089
1986	322,157,360	329,493,683	1.0228
1987	430,811,121	433,512,994	1.0063
1988	521,807,320	525,749,385	1.0076
1989	631,902,824	638,810,990	1.0109
1990	660,335,469	666,552,410	1.0094
1991	628,464,269	632,352,605	1.0062
1992	566,937,831	572,076,632	1.0091
1993	477,622,826	482,324,946	1.0098
1994	450,723,374	450,051,836	0.9985
1995	421,101,221	422,379,225	1.0030
1996	418,208,070	421,311,686	1.0074
1997	447,196,564	448,966,050	1.0040
1998	496,902,158	501,854,147	1.0100
1999	539,676,097	543,336,647	1.0068
2000	549,331,516	556,033,422	1.0122
2001	521,965,290	525,466,259	1.0067
2002	536,378,477	543,209,065	1.0127
2003	539,522,487	547,486,207	1.0148
2004	571,945,167	585,087,127	1.0230
2005	599,607,122	606,055,676	1.0108
2006	592,584,019	606,439,956	1.0234
2007	646,632,357	663,525,395	1.0261
2008	541,101,558	585,616,632	1.0823
2009	225,110,720	501,944,866	2.2298
2010		252,669,274	

Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior to 1986	1,502,676,474	1,526,843,783	1.0161
1986	328,312,631	329,955,285	1.0050
1987	430,135,589	433,230,368	1.0072
1988	524,790,791	531,376,519	1.0125
1989	637,953,178	644,751,108	1.0107
1990	665,485,770	671,713,444	1.0094
1991	631,013,580	631,605,803	1.0009
1992	570,418,151	575,859,503	1.0095
1993	482,333,923	485,263,649	1.0061
1994	450,051,836	456,433,810	1.0142
1995	422,379,225	425,551,344	1.0075
1996	421,311,686	424,562,250	1.0077
1997	448,966,050	453,405,264	1.0099
1998	501,831,693	497,438,114	0.9912
1999	543,336,647	553,001,730	1.0178
2000	556,033,422	557,835,047	1.0032
2001	525,466,259	530,896,350	1.0103
2002	543,209,065	551,404,341	1.0151
2003	547,486,207	551,991,564	1.0082
2004	585,087,127	591,646,506	1.0112
2005	606,055,676	612,886,572	1.0113
2006	606,439,956	614,082,435	1.0126
2007	663,525,395	675,886,708	1.0186
2008	585,614,150	607,515,662	1.0374
2009	501,932,631	542,401,714	1.0806
2010	252,492,722	559,831,385	2.2172
2011		262,234,496	

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 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	4,694,874,484	4,712,180,487	1.0037
1986	703,706,630	706,670,719	1.0042
1987	854,651,142	858,087,096	1.0040
1988	968,016,731	971,934,216	1.0040
1989	1,115,729,068	1,119,696,107	1.0036
1990	1,141,797,733	1,147,246,457	1.0048
1991	991,061,521	996,812,462	1.0058
1992	834,690,295	840,928,438	1.0075
1993	719,693,378	725,601,391	1.0082
1994	662,250,039	666,939,119	1.0071
1995	580,076,112	583,732,233	1.0063
1996	507,150,391	510,132,112	1.0059
1997	540,229,646	542,718,778	1.0046
1998	559,974,848	563,248,266	1.0058
1999	643,341,416	648,385,429	1.0078
2000	676,820,898	684,357,897	1.0111
2001	659,157,013	666,039,407	1.0104
2002	638,743,990	654,305,355	1.0244
2003	599,593,093	618,553,631	1.0316
2004	591,838,387	618,169,450	1.0445
2005	579,909,030	620,749,235	1.0704
2006	524,721,516	599,201,398	1.1419
2007	444,186,626	582,810,720	1.3121
2008	227,907,039	440,279,411	1.9318
2009	41,718,409	208,947,012	5.0085
2010		42,992,299	

Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior			
to 1986	4,700,975,656	4,714,310,442	1.0028
1986	705,691,507	707,942,732	1.0032
1987	855,916,986	858,700,895	1.0033
1988	970,311,449	973,485,399	1.0033
1989	1,119,307,913	1,122,932,258	1.0032
1990	1,145,928,753	1,150,266,947	1.0038
1991	995,747,061	1,000,812,963	1.0051
1992	838,391,242	842,565,590	1.0050
1993	725,580,958	730,255,022	1.0064
1994	666,961,411	670,812,034	1.0058
1995	583,703,921	586,818,914	1.0053
1996	510,129,865	513,039,521	1.0057
1997	542,718,778	544,998,674	1.0042
1998	563,142,960	566,418,085	1.0058
1999	648,385,429	653,166,180	1.0074
2000	684,357,897	689,162,763	1.0070
2001	666,039,407	670,581,974	1.0068
2002	654,305,355	664,077,831	1.0149
2003	618,553,631	629,415,235	1.0176
2004	618,169,450	635,558,687	1.0281
2005	620,749,235	645,374,660	1.0397
2006	599,201,398	640,982,820	1.0697
2007	582,810,720	655,760,996	1.1252
2008	440,279,411	564,973,441	1.2832
2009	208,941,373	400,324,256	1.9160
2010	42,923,043	214,861,171	5.0057
2011		42,726,228	

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 12/31/09	As of 12/31/10	Ratio to Prior Year
Prior			
to 1986	1,344,103,079	1,358,354,107	1.0106
1986	300,392,704	303,008,756	1.0087
1987	393,584,153	397,131,941	1.0090
1988	486,390,947	490,987,534	1.0095
1989	583,138,927	589,460,546	1.0108
1990	624,552,300	630,287,447	1.0092
1991	576,800,835	582,727,410	1.0103
1992	518,639,387	524,706,191	1.0117
1993	443,690,914	447,696,748	1.0090
1994	412,307,429	418,642,352	1.0154
1995	384,539,717	389,168,709	1.0120
1996	377,238,857	381,407,011	1.0110
1997	406,691,479	410,815,934	1.0101
1998	438,597,996	446,649,030	1.0184
1999	486,211,254	493,096,869	1.0142
2000	499,406,570	507,949,264	1.0171
2001	485,837,963	492,248,313	1.0132
2002	487,706,097	496,128,637	1.0173
2003	491,305,437	501,403,557	1.0206
2004	519,237,996	530,695,217	1.0221
2005	525,199,332	539,144,136	1.0266
2006	518,018,544	540,334,288	1.0431
2007	525,333,831	566,620,200	1.0786
2008	390,379,770	489,928,303	1.2550
2009	104,853,540	365,951,414	3.4901
2010		115,530,201	

Policy Year Valued	As of 12/31/10	As of 12/31/11	Ratio to Prior Year
Prior			
to 1986	1,353,807,633	1,369,525,307	1.0116
1986	302,135,372	305,156,309	1.0100
1987	394,530,141	398,442,739	1.0099
1988	490,048,410	494,401,293	1.0089
1989	588,660,309	593,386,854	1.0080
1990	629,229,074	634,266,907	1.0080
1991	581,414,276	587,153,824	1.0099
1992	523,174,809	530,017,422	1.0131
1993	447,705,725	451,917,468	1.0094
1994	418,642,352	423,708,286	1.0121
1995	389,168,709	392,691,553	1.0091
1996	381,407,011	385,508,867	1.0108
1997	410,815,934	415,404,715	1.0112
1998	446,626,576	454,766,331	1.0182
1999	493,096,869	499,729,348	1.0135
2000	507,949,264	515,111,680	1.0141
2001	492,248,313	497,856,089	1.0114
2002	496,128,637	504,581,883	1.0170
2003	501,403,557	509,779,170	1.0167
2004	530,695,217	540,400,701	1.0183
2005	539,144,136	549,931,048	1.0200
2006	540,334,288	555,469,786	1.0280
2007	566,620,200	591,335,623	1.0436
2008	489,925,821	532,829,153	1.0876
2009	365,930,627	455,885,359	1.2458
2010	115,405,649	397,568,166	3.4450
2011		117,223,598	

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, 2013 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, 2013 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, 2013 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).

Loss Cost Formulae (Continued)

- (8) Multiply the indicated (pre-test) pure premiums from (4) times the correction factors derived in (7) to obtain indicated (post-test) pure premiums.
- (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, 2013 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 Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2007	3,158,716,562	3,056,131,345	1.0336
2008	2,849,868,633	2,755,989,099	1.0341
2009	2,591,144,766	2,521,222,727	1.0277
TOTAL	8,599,729,961	8,333,343,171	1.0320
MANUFACTURING AND UTILITIES			
2007	690,152,153	667,088,115	1.0346
2008	596,122,174	575,004,557	1.0367
2009	530,494,184	510,222,540	1.0397
TOTAL	1,816,768,511	1,752,315,212	1.0368
CONTRACTING AND QUARRYING			
2007	580,998,027	535,539,596	1.0849
2008	520,409,432	476,955,764	1.0911
2009	449,608,423	412,711,443	1.0894
TOTAL	1,551,015,882	1,425,206,803	1.0883
OTHER INDUSTRIES			
2007	1,887,566,382	1,853,503,634	1.0184
2008	1,733,337,027	1,704,028,778	1.0172
2009	1,611,042,159	1,598,288,744	1.0080
TOTAL	5,231,945,568	5,155,821,156	1.0148

* 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>Manufacturing and Utilities</u>							
2009	1.0000	1.0000	1.2314	1.0368	0.9523	1.2158	0.8225
2010	1.0000	1.0000	1.3591	1.0368	0.9640	1.3584	0.7362
2011	1.0000	1.0000	1.7271	1.0368	0.9759	1.7475	0.5722
<u>Contracting and Quarrying</u>							
2009	1.0000	1.0000	1.2539	1.0883	0.9523	1.2995	0.7695
2010	1.0000	1.0000	1.3690	1.0883	0.9640	1.4362	0.6963
2011	1.0000	1.0000	1.7128	1.0883	0.9759	1.8191	0.5497
<u>Other Industries</u>							
2009	1.0000	1.0000	1.2143	1.0148	0.9523	1.1735	0.8522
2010	1.0000	1.0000	1.3458	1.0148	0.9640	1.3166	0.7595
2011	1.0000	1.0000	1.7171	1.0148	0.9759	1.7005	0.5881

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 =	0.3914
Second Adjustment	RDF =	0.2500
Third Adjustment	RDF =	0.1797

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 = Excess Loss Factors for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{The \$25,000 limit Hazard Group C ELF} = 0.678$$

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.678) * 0.3914 \\ &= 0.1260 \end{aligned}$$

* The use of retrospective development factors is optional.