

PENNSYLVANIA COMPENSATION RATING BUREAU

Loss Elimination Ratios

The attached pages show the derivation of loss elimination ratios applicable to small deductible coverages at the \$1,000, \$5,000 and \$10,000 levels.

The method used is very similar to that employed in the calculation of excess loss factors and also relies solely on Pennsylvania experience. Within each hazard group, excess ratios by type of injury are weighted together to derive average excess ratios as shown on page 2.

Page 1 shows the proposed loss elimination ratios which are the complement of the excess loss factors from page 3 and compares the proposed 2014 loss elimination ratios with the current loss elimination ratios.

PENNSYLVANIA  
SMALL DEDUCTIBLE PROGRAM  
PROPOSED EFFECTIVE DATE: 4/1/14

Deductible Level	Proposed Loss Elimination Ratios							Current Loss Elimination Ratios (Effective 04/01/2013)							Percentage Change						
	Hazard Group							Hazard Group							Hazard Group						
	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
\$ 1,000	9.5%	8.0%	6.5%	5.4%	4.2%	3.6%	3.1%	9.0%	7.8%	6.6%	5.4%	4.3%	3.7%	3.1%	5.6%	2.6%	-1.5%	0.0%	-2.3%	-2.7%	0.0%
\$ 5,000	21.8%	18.5%	15.2%	12.8%	10.3%	8.9%	7.4%	20.7%	18.0%	15.3%	12.9%	10.5%	8.9%	7.1%	5.3%	2.8%	-0.7%	-0.8%	-1.9%	0.0%	4.2%
\$ 10,000	29.7%	25.5%	21.2%	18.2%	15.1%	13.0%	10.8%	28.7%	25.0%	21.3%	18.4%	15.3%	13.0%	10.3%	3.5%	2.0%	-0.5%	-1.1%	-1.3%	0.0%	4.9%

SMALL DEDUCTIBLE CREDIT FACTORS  
PENNSYLVANIA Effective:4/1/14  
Excess Loss Factors Calculation

LOSS LIMIT	DEATH				PT				PP				TT				MO				AVE. EX. RAT.
	RATIO TO AVE.	INJ. WGT.	EXCESS RATIO	EXCESS RATIO X INJ. WT.	RATIO TO AVE.	INJ. WGT.	EXCESS RATIO	EXCESS RATIO X INJ. WT.	RATIO TO AVE.	INJ. WGT.	EXCESS RATIO	EXCESS RATIO X INJ. WT.	RATIO TO AVE.	INJ. WGT.	EXCESS RATIO	EXCESS RATIO X INJ. WT.	RATIO TO AVE.	INJ. WGT.	EXCESS RATIO	EXCESS RATIO X INJ. WT.	
Hazard Group A																					
\$1,000	0.00	0.010	0.9968	0.0100	0.00	0.018	0.9994	0.0180	0.01	0.508	0.9923	0.5041	0.05	0.312	0.9456	0.2950		0.152	0.5627	0.0855	0.9126
\$5,000	0.02		0.9851	0.0099	0.00		0.9971	0.0179	0.04		0.9629	0.4891	0.27		0.7673	0.2394		0.2074	0.0315		0.7878
\$10,000	0.03		0.9711	0.0097	0.01		0.9942	0.0179	0.08		0.9280	0.4714	0.55		0.6129	0.1912		0.1165	0.0177		0.7079
Hazard Group B																					
\$1,000	0.00	0.011	0.9971	0.0110	0.00	0.023	0.9995	0.0230	0.01	0.569	0.9932	0.5652	0.05	0.270	0.9484	0.2561		0.127	0.5760	0.0732	0.9285
\$5,000	0.02		0.9864	0.0109	0.00		0.9974	0.0229	0.03		0.9672	0.5503	0.26		0.7774	0.2099		0.2166	0.0275		0.8215
\$10,000	0.03		0.9735	0.0107	0.01		0.9948	0.0229	0.07		0.9362	0.5327	0.52		0.6265	0.1692		0.1222	0.0155		0.7510
Hazard Group C																					
\$1,000	0.00	0.012	0.9973	0.0120	0.00	0.028	0.9996	0.0280	0.01	0.632	0.9940	0.6282	0.05	0.227	0.9511	0.2159		0.101	0.5892	0.0595	0.9436
\$5,000	0.01		0.9876	0.0119	0.00		0.9977	0.0279	0.03		0.9710	0.6137	0.25		0.7871	0.1787		0.2260	0.0228		0.8550
\$10,000	0.03		0.9759	0.0117	0.00		0.9954	0.0279	0.06		0.9435	0.5963	0.49		0.6399	0.1453		0.1282	0.0129		0.7941
Hazard Group D																					
\$1,000	0.00	0.015	0.9975	0.0150	0.00	0.038	0.9996	0.0380	0.01	0.657	0.9947	0.6535	0.05	0.210	0.9536	0.2002		0.080	0.6022	0.0482	0.9549
\$5,000	0.01		0.9887	0.0148	0.00		0.9980	0.0379	0.03		0.9744	0.6402	0.23		0.7964	0.1673		0.2357	0.0189		0.8791
\$10,000	0.03		0.9780	0.0147	0.00		0.9960	0.0378	0.05		0.9500	0.6242	0.46		0.6531	0.1372		0.1344	0.0108		0.8247
Hazard Group E																					
\$1,000	0.00	0.019	0.9978	0.0190	0.00	0.043	0.9997	0.0430	0.00	0.685	0.9954	0.6818	0.04	0.198	0.9560	0.1893		0.055	0.6151	0.0338	0.9669
\$5,000	0.01		0.9897	0.0188	0.00		0.9982	0.0429	0.02		0.9775	0.6696	0.22		0.8055	0.1595		0.2457	0.0135		0.9043
\$10,000	0.02		0.9800	0.0186	0.00		0.9965	0.0428	0.05		0.9558	0.6547	0.44		0.6661	0.1319		0.1409	0.0077		0.8557
Hazard Group F																					
\$1,000	0.00	0.023	0.9980	0.0230	0.00	0.068	0.9997	0.0680	0.00	0.687	0.9959	0.6842	0.04	0.176	0.9582	0.1686		0.046	0.6279	0.0289	0.9727
\$5,000	0.01		0.9907	0.0228	0.00		0.9985	0.0679	0.02		0.9801	0.6733	0.21		0.8142	0.1433		0.2560	0.0118		0.9191
\$10,000	0.02		0.9819	0.0226	0.00		0.9970	0.0678	0.04		0.9609	0.6602	0.42		0.6788	0.1195		0.1476	0.0068		0.8769
Hazard Group G																					
\$1,000	0.00	0.057	0.9981	0.0569	0.00	0.093	0.9998	0.0930	0.00	0.675	0.9964	0.6726	0.04	0.134	0.9604	0.1287		0.041	0.6404	0.0263	0.9775
\$5,000	0.01		0.9916	0.0565	0.00		0.9987	0.0929	0.02		0.9825	0.6632	0.20		0.8227	0.1102		0.2665	0.0109		0.9337
\$10,000	0.02		0.9836	0.0561	0.00		0.9974	0.0928	0.04		0.9655	0.6517	0.39		0.6912	0.0926		0.1546	0.0063		0.8995

Pennsylvania  
Loss Elimination Ratio Study

Loss Limitation (1)	Pennsylvania Hazard Group Per - Claim Factors							ELF adjusted for LBA's							ELF adjusted for LBA's & Risk Load						
	HG A	HG B	HG C	HG D	HG E	HG F	HG G	LBA Factor = 0.9859		HG D	HG E	HG F	HG G	HG A	HG B	HG C	HG D	HG E	HG F	HG G	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
								(2)*LBA	(3)*LBA	(4)*LBA	(5)*LBA	(6)*LBA	(7)*LBA	(8)*LBA	Columns (2)-(5) + 0.005 (Max Adj = 1/2 ELF)						
\$1,000	0.9126	0.9285	0.9436	0.9549	0.9669	0.9727	0.9775	0.8997	0.9154	0.9303	0.9414	0.9533	0.9590	0.9637	0.905	0.920	0.935	0.946	0.958	0.964	0.969
\$5,000	0.7878	0.8215	0.8550	0.8791	0.9043	0.9191	0.9337	0.7767	0.8099	0.8429	0.8667	0.8915	0.9061	0.9205	0.782	0.815	0.848	0.872	0.897	0.911	0.926
\$10,000	0.7079	0.7510	0.7941	0.8247	0.8557	0.8769	0.8995	0.6979	0.7404	0.7829	0.8131	0.8436	0.8645	0.8868	0.703	0.745	0.788	0.818	0.849	0.870	0.892