

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.

PENNSYLVANIA
 State and Hazard Group Relativities
 April 1, 2012 Filing

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	271,473,755	6,981	38,888		1.47	1.46	0.2122	1.46
(ii) Hazard Group B	1,777,536,721	30,882	57,559		0.99	1.01	0.4464	1.00
(iii) Hazard Group C	3,558,860,071	56,232	63,289		0.90	0.90	0.6023	0.90
(iv) Hazard Group D	1,565,299,387	22,482	69,625		0.82	0.84	0.3808	0.83
(v) Hazard Group E	3,346,955,129	41,294	81,052		0.70	0.71	0.5162	0.70
(vi) Hazard Group F	2,217,033,543	19,770	112,141		0.51	0.54	0.3571	0.53
(vii) Hazard Group G	492,194,469	3,575	137,677		0.41	0.47	0.1519	0.46
Total - All Hazard Groups	13,229,353,075	181,216	73,003	57,027				

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	1.45	1.0086	1.46
(b) Hazard Group B	1.00	1.0086	1.01
(c) Hazard Group C	0.89	1.0086	0.90
(d) Hazard Group D	0.83	1.0086	0.84
(e) Hazard Group E	0.70	1.0086	0.71
(f) Hazard Group F	0.54	1.0086	0.54
(g) Hazard Group G	0.47	1.0086	0.47

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 = 0.9867/0.9783