

**PENNSYLVANIA COMPENSATION RATING BUREAU**

---

**Summary of Material for Modification of Experience  
April 1, 2017 Loss Cost Revision**

**As Filed  
Corrected-12/1/2016**

**PENNSYLVANIA 2017 LOSS COST FILING**

**EFFECTIVE DATE - April 1, 2017**

**INDEX**

**PART I - INDICATED LOSS COST CHANGE**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>	<b><u>Page</u></b>
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

<b><u>Table</u></b>	<b><u>Description</u></b>	
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 57 basis and a Pre-HB 1846 basis.

**PART II - CLASSIFICATION RELATIVITY**

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

**PART III - EXPERIENCE RATING PLAN**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>	
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 2012 Ratio of Loss to Expected Loss	0.4772	0.5262	1.0034
(2) Policy Year 2013 Ratio of Loss to Expected Loss	0.4917	0.5514	1.0431
(3) Policy Year 2014 Ratio of Loss to Expected Loss	0.4742	0.5326	1.0068
(4) Average (Midpoint = 1/1/2014)	0.4810	0.5367	1.0177
(5) Policy Year 2012 Ratio Trended to 4/1/2018 +	0.4097	0.5036	0.9133
(6) Policy Year 2013 Ratio Trended to 4/1/2018 +	0.4346	0.5315	0.9661
(7) Policy Year 2014 Ratio Trended to 4/1/2018 +	0.4315	0.5172	0.9487
(8) Average at 4/1/2018	0.4253	0.5174	0.9427
(9) House Bill 1846 Adjustment	1.0000	0.9908	
(10) Indicated Change in Loss Costs	0.4253	0.5126	0.9379

### CHANGES IN MANUAL LOSS COST LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(11) Current Collectible Premium Ratio	1.0357	1.1081	0.9960	
(12) Anticipated Collectible Premium Ratio	1.0362	1.1145	0.9915	
(13) Final Indicated Change in Manual Loss Cost Level (10T) * (12) / (11)	0.9384	0.9433	0.9337	0.9366

+ Refer to pages 18 and 19

**EXHIBIT II**

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

<b>(1)</b>	2015 PCRB Member Paid Loss*	2,277,246,132
<b>(2)</b>	2016/2017 Fiscal Year Membership Assessment Amount	
	a. Administration Fund	63,959,320
	b. Subsequent Injury Fund	139,774
	c. Supersedeas Fund	17,292,191
	d. Uninsured Employers Guaranty Fund	2,299,668
	e. Total	<u>83,690,953</u>
<b>(3)</b>	2015 Employer Assessment Premium Base	3,600,225,958
<b>(4)</b>	2016/2017 Fiscal Year Membership Assessment Rate	
	a. Administration Fund (2a) / (3)	0.0178
	b. Subsequent Injury Fund (2b) / (3)	0.0000
	c. Supersedeas Fund (2c) / (3)	0.0048
	d. Uninsured Employers Guaranty Fund (2d) / (3)	0.0006
	e. Employer Assessment Factor (4a) + (4b) + (4c) + (4d)	<u>0.0232</u>
<b>(5)</b>	2016/2017 Fiscal Year Budget for the Office of Small Business Advocate	274,000
<b>(6)</b>	2016/2017 Fiscal Year Membership Assessment Rate for the Office of Small Business Advocate (5) / (1)	0.0001
<b>(7)</b>	Merit Rating Plan Increment Factor	0.0030
<b>(8)</b>	Certified Safety Committee Program Increment Factor	0.0105
<b>(9)</b>	Overall Adjustment for the Office of Small Business Advocate, Merit Rating Plan and Certified Safety Committee Program (6) + (7) + (8)	0.0136

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

**EXHIBIT III - 1**

**POLICY YEAR LOSS RATIO 2014**

(1) Standard Earned Premium Reported (Table I)				1,622,578,331
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0098
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0066
(5) Factor to Remove Loss Based Assessments				0.9857
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,625,708,666
(7) Loss Cost Change to 4/1/16 Level				0.9162
(8) Expected Loss at Current Level (6) * (7)				1,489,474,280
<b>Losses - Paid-to-28th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	225,428,208	426,830,725	652,258,933	
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	3.3602	1.9800		
(11) Ultimate Incurred Losses (9) * (10)	757,483,865	845,124,836	1,602,608,701	
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	757,483,865	845,124,836	1,602,608,701	
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5086	0.5674	1.0760	
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	407,365,553	574,498,944	981,864,497	
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.6083	1.2907		
(17) Ultimate Incurred Losses (15) * (16)	655,166,019	741,505,787	1,396,671,806	
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	655,166,019	741,505,787	1,396,671,806	
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4399	0.4978	0.9377	
<b>Losses - Average of Incurred and Paid-to-28th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	706,324,942	793,315,312	1,499,640,254	
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4742	0.5326	1.0068	
(23) Normalized Claim Frequency (Exhibit VI-2)	0.5494	0.5494		
(24) Severity Ratio * (22) / (23)	0.8631	0.9694	1.8325	

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

**EXHIBIT III - 2**

**POLICY YEAR LOSS RATIO 2013**

(1) Standard Earned Premium Reported (Table I)				1,650,899,023
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				0.9997
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0067
(5) Factor to Remove Loss Based Assessments				0.9853
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,637,037,975
(7) Loss Cost Change to 4/1/16 Level				0.8726
(8) Expected Loss at Current Level (6) * (7)				1,428,479,337
<b>Losses - Paid-to-28th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	424,913,687	520,049,635	944,963,322	
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.7556	1.5806		
(11) Ultimate Incurred Losses (9) * (10)	745,978,469	821,990,453	1,567,968,922	
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	745,978,469	821,990,453	1,567,968,922	
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5222	0.5754	1.0976	
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	567,781,572	628,821,943	1,196,603,515	
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1603	1.1978		
(17) Ultimate Incurred Losses (15) * (16)	658,796,958	753,202,923	1,411,999,881	
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	658,796,958	753,202,923	1,411,999,881	
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4612	0.5273	0.9885	
<b>Losses - Average of Incurred and Paid-to-28th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	702,387,714	787,596,688	1,489,984,402	
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4917	0.5514	1.0431	
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6038	0.6038		
(24) Severity Ratio * (22) / (23)	0.8143	0.9132	1.7275	

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

**EXHIBIT III - 3**

**POLICY YEAR LOSS RATIO 2012**

(1) Standard Earned Premium Reported (Table I)				1,677,291,387
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				0.9998
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0067
(5) Factor to Remove Loss Based Assessments				0.9858
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,664,219,214
(7) Loss Cost Change to 4/1/16 Level				0.8328
(8) Expected Loss at Current Level (6) * (7)				1,385,961,761
<b>Losses - Paid-to-28th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	503,790,432	526,689,805		1,030,480,237
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.3787	1.4686		
(11) Ultimate Incurred Losses (9) * (10)	694,575,869	773,496,648		1,468,072,517
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	694,575,869	773,496,648		1,468,072,517
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5012	0.5581		1.0593
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	597,235,441	588,088,132		1,185,323,573
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0516	1.1651		
(17) Ultimate Incurred Losses (15) * (16)	628,052,790	685,181,483		1,313,234,273
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	628,052,790	685,181,483		1,313,234,273
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4532	0.4944		0.9476
<b>Losses - Average of Incurred and Paid-to-28th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	661,314,330	729,339,066		1,390,653,396
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.4772	0.5262		1.0034
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6177	0.6177		
(24) Severity Ratio * (22) / (23)	0.7725	0.8519		1.6244

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

**EXHIBIT III - 4**

**POLICY YEAR LOSS RATIO 2011**

(1) Standard Earned Premium Reported (Table I)				1,758,338,049
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0000
(3) Expense Constant Removal Factor				1.0000
(4) PCCPAP On-Level Factor				1.0057
(5) Factor to Remove Loss Based Assessments				0.9862
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)				1,743,957,200
(7) Loss Cost Change to 4/1/16 Level				0.8022
(8) Expected Loss at Current Level (6) * (7)				1,399,002,466
<b>Losses - Paid-to-28th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	594,141,011	582,238,969		1,176,379,980
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.2456	1.4166		
(11) Ultimate Incurred Losses (9) * (10)	740,062,043	824,799,723		1,564,861,766
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	740,062,043	824,799,723		1,564,861,766
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5290	0.5896		1.1186
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	655,837,843	630,167,412		1,286,005,255
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0224	1.1607		
(17) Ultimate Incurred Losses (15) * (16)	670,528,611	731,435,315		1,401,963,926
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	670,528,611	731,435,315		1,401,963,926
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.4793	0.5228		1.0021
<b>Losses - Average of Incurred and Paid-to-28th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	705,295,327	778,117,519		1,483,412,846
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5041	0.5562		1.0603
(23) Normalized Claim Frequency (Exhibit VI-2)	0.6602	0.6602		
(24) Severity Ratio * (22) / (23)	0.7636	0.8425		1.6061

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



**EXHIBIT III - 5**

**POLICY YEAR LOSS RATIO 2010**

(1) Standard Earned Premium Reported (Table I)			1,681,950,007
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			1.0055
(5) Factor to Remove Loss Based Assessments			0.9859
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,667,354,802
(7) Loss Cost Change to 4/1/16 Level			0.8088
(8) Expected Loss at Current Level (6) * (7)			1,348,556,564
<b>Losses - Paid-to-28th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	631,613,850	577,331,914	1,208,945,764
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1884	1.3851	
(11) Ultimate Incurred Losses (9) * (10)	750,609,899	799,662,434	1,550,272,333
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	750,609,899	799,662,434	1,550,272,333
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5566	0.5930	1.1496
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	681,221,007	642,386,488	1,323,607,495
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0171	1.1477	
(17) Ultimate Incurred Losses (15) * (16)	692,869,886	737,266,972	1,430,136,858
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	692,869,886	737,266,972	1,430,136,858
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5138	0.5467	1.0605
<b>Losses - Average of Incurred and Paid-to-28th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	721,739,893	768,464,703	1,490,204,596
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5352	0.5698	1.1050
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7056	0.7056	
(24) Severity Ratio * (22) / (23)	0.7585	0.8075	1.5660

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

**EXHIBIT III - 6**

**POLICY YEAR LOSS RATIO 2009**

(1) Standard Earned Premium Reported (Table I)				1,593,696,309
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0001
(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)				1,569,339,517
(7) Loss Cost Change to 4/1/16 Level				0.8051
(8) Expected Loss at Current Level (6) * (7)				1,263,475,245
<b>Losses - Paid-to-28th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	617,531,185	533,617,379	1,151,148,564	
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1512	1.3621		
(11) Ultimate Incurred Losses (9) * (10)	710,901,900	726,840,232	1,437,742,132	
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	710,901,900	726,840,232	1,437,742,132	
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5627	0.5753	1.1380	
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	649,677,302	572,972,975	1,222,650,277	
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0098	1.1444		
(17) Ultimate Incurred Losses (15) * (16)	656,044,140	655,710,273	1,311,754,413	
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	656,044,140	655,710,273	1,311,754,413	
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5192	0.5190	1.0382	
<b>Losses - Average of Incurred and Paid-to-28th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	683,473,020	691,275,253	1,374,748,273	
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5409	0.5471	1.0880	
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7158	0.7158		
(24) Severity Ratio * (22) / (23)	0.7557	0.7643	1.5200	

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

**EXHIBIT III - 7**

**POLICY YEAR LOSS RATIO 2008**

(1) Standard Earned Premium Reported (Table I)			1,781,499,416
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(3) Expense Constant Removal Factor			1.0000
(4) PCCPAP On-Level Factor			0.9989
(5) Factor to Remove Loss Based Assessments			0.9862
(6) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5)			1,754,982,118
(7) Loss Cost Change to 4/1/16 Level			0.7601
(8) Expected Loss at Current Level (6) * (7)			1,333,961,908
<b>Losses - Paid-to-28th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	684,217,596	581,795,481	1,266,013,077
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1334	1.3382	
(11) Ultimate Incurred Losses (9) * (10)	775,492,223	778,558,713	1,554,050,936
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	775,492,223	778,558,713	1,554,050,936
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5813	0.5836	1.1649
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	717,647,285	624,621,203	1,342,268,488
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0071	1.1361	
(17) Ultimate Incurred Losses (15) * (16)	722,742,581	709,632,149	1,432,374,730
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	722,742,581	709,632,149	1,432,374,730
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5418	0.5320	1.0738
<b>Losses - Average of Incurred and Paid-to-28th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	749,117,402	744,095,431	1,493,212,833
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5616	0.5578	1.1194
(23) Normalized Claim Frequency (Exhibit VI-2)	0.7403	0.7403	
(24) Severity Ratio * (22) / (23)	0.7586	0.7535	1.5121

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

**EXHIBIT III - 8****POLICY YEAR LOSS RATIO 2007**

(1) Standard Earned Premium Reported (Table I)			1,932,104,213
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)			1.0000
(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)			1,910,046,326
(7) Loss Cost Change to 4/1/16 Level			0.7140
(8) Expected Loss at Current Level (6) * (7)			1,363,773,077
<b>Losses - Paid-to-28th Method</b>	<b>Indemnity</b>	<b>Medical</b>	<b>Total</b>
(9) Paid Losses Reported (Table I-D & I-E)	732,438,762	640,744,301	1,373,183,063
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1170	1.3189	
(11) Ultimate Incurred Losses (9) * (10)	818,134,097	845,077,659	1,663,211,756
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(13) Adjusted Losses (11) * (12)	818,134,097	845,077,659	1,663,211,756
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5999	0.6197	1.2196
<b>Losses - Incurred Method</b>			
(15) Incurred Losses Reported (Table I-B & I-C)	766,567,526	684,263,405	1,450,830,931
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0056	1.1248	
(17) Ultimate Incurred Losses (15) * (16)	770,860,304	769,659,478	1,540,519,782
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000	
(19) Adjusted Losses (17) * (18)	770,860,304	769,659,478	1,540,519,782
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5652	0.5644	1.1296
<b>Losses - Average of Incurred and Paid-to-28th Method</b>			
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	794,497,201	807,368,569	1,601,865,770
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5826	0.5920	1.1746
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8012	0.8012	
(24) Severity Ratio * (22) / (23)	0.7272	0.7389	1.4661

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

**EXHIBIT III - 9**

**POLICY YEAR LOSS RATIO 2006**

(1) Standard Earned Premium Reported (Table I)				1,872,561,568
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0001
(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)				1,856,981,084
(7) Loss Cost Change to 4/1/16 Level				0.7073
(8) Expected Loss at Current Level (6) * (7)				1,313,442,721
<b>Losses - Paid-to-28th Method</b>				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(9) Paid Losses Reported (Table I-D & I-E)	702,384,589	594,243,813		1,296,628,402
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.1029	1.2995		
(11) Ultimate Incurred Losses (9) * (10)	774,659,963	772,219,835		1,546,879,798
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	774,659,963	772,219,835		1,546,879,798
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.5898	0.5879		1.1777
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	733,546,671	641,015,474		1,374,562,145
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0049	1.1146		
(17) Ultimate Incurred Losses (15) * (16)	737,141,050	714,475,847		1,451,616,897
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	737,141,050	714,475,847		1,451,616,897
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5612	0.5440		1.1052
<b>Losses - Average of Incurred and Paid-to-28th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	755,900,507	743,347,841		1,499,248,348
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5755	0.5660		1.1415
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8511	0.8511		
(24) Severity Ratio * (22) / (23)	0.6762	0.6650		1.3412

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

**EXHIBIT III - 10****POLICY YEAR LOSS RATIO 2005**

(1) Standard Earned Premium Reported (Table I)				1,897,487,977
(2) Premium Development Factor to Ultimate Level (Exhibit V-1)				1.0000
(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)				1,883,799,347
(7) Loss Cost Change to 4/1/16 Level				0.6600
(8) Expected Loss at Current Level (6) * (7)				1,243,307,569
<b>Losses - Paid-to-28th Method</b>				
		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(9) Paid Losses Reported (Table I-D & I-E)	684,264,154	585,202,866		1,269,467,020
(10) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0919	1.2822		
(11) Ultimate Incurred Losses (9) * (10)	747,148,030	750,347,115		1,497,495,145
(12) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(13) Adjusted Losses (11) * (12)	747,148,030	750,347,115		1,497,495,145
(14) Policy Year Ratio of Losses to Expected Losses (13) / (8)	0.6009	0.6035		1.2044
<b>Losses - Incurred Method</b>				
(15) Incurred Losses Reported (Table I-B & I-C)	710,941,538	627,794,079		1,338,735,617
(16) Loss Development Factor to Ultimate Valuation (Exhibit V-2 & V-3)	1.0033	1.1066		
(17) Ultimate Incurred Losses (15) * (16)	713,287,645	694,716,928		1,408,004,573
(18) Adjustment to Post-Act 44 Loss Levels	1.0000	1.0000		
(19) Adjusted Losses (17) * (18)	713,287,645	694,716,928		1,408,004,573
(20) Policy Year Ratio of Losses to Expected Losses (19) / (8)	0.5737	0.5588		1.1325
<b>Losses - Average of Incurred and Paid-to-28th Method</b>				
(21) Adjusted Ultimate Incurred Losses ((13) + (19)) / 2	730,217,838	722,532,022		1,452,749,860
(22) Policy Year Ratio of Losses to Expected Losses (21) / (8)	0.5873	0.5811		1.1684
(23) Normalized Claim Frequency (Exhibit VI-2)	0.8818	0.8818		
(24) Severity Ratio * (22) / (23)	0.6660	0.6590		1.3250

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

**EXHIBIT IV - 1****POLICY YEARS 2005 - 201\$  
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 4/01/16 LC LEVEL</u>
2005	4/01/04	BASE	1.0000	0.3072	0.3072	0.6600
	4/01/05	0.9711	0.9711	0.6928	0.6728	
	4/01/06	0.6661	0.6468	-----	-----	
	to 4/01/16			1.0000	0.9800	
2006	4/01/05	BASE	1.0000	0.3203	0.3203	0.7073
	4/01/06	0.9142	0.9142	0.6797	0.6214	
	4/01/07	0.7286	0.6661	-----	-----	
	to 4/01/16			1.0000	0.9417	
2007	4/01/06	BASE	1.0000	0.3043	0.3043	0.7140
	4/01/07	1.0295	1.0295	0.6957	0.7162	
	4/01/08	0.7077	0.7286	-----	-----	
	to 4/01/16			1.0000	1.0205	
2008	4/01/07	BASE	1.0000	0.3260	0.3260	0.7601
	4/01/08	0.8978	0.8978	0.6740	0.6051	
	4/01/09	0.7883	0.7077	-----	-----	
	to 4/01/16			1.0000	0.9311	
2009	4/01/08	BASE	1.0000	0.3039	0.3039	0.8051
	4/01/09	0.9700	0.9700	0.6961	0.6752	
	4/01/10	0.8127	0.7883	-----	-----	
	to 4/01/16			1.0000	0.9791	
2010	4/01/09	BASE	1.0000	0.2935	0.2935	0.8088
	4/01/10	1.0068	1.0068	0.7065	0.7113	
	4/01/11	0.8072	0.8127	-----	-----	
	to 4/01/16			1.0000	1.0048	

**EXHIBIT IV - 2**

**POLICY YEARS 2011 - 201)  
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 4/01/16 LC LEVEL</u>
2011	4/01/10	BASE	1.0000	0.2931	0.2931	
	4/01/11	1.0087	1.0087	0.7069	0.7131	
	4/01/12	0.8002	0.8072	-----	-----	
	to 4/01/16			1.0000	1.0062	0.8022
2012	4/01/11	BASE	1.0000	0.3077	0.3077	
	4/01/12	0.9434	0.9434	0.6923	0.6531	
	4/01/13	0.8482	0.8002	-----	-----	
	to 4/01/16			1.0000	0.9608	0.8328
2013	4/01/12	BASE	1.0000	0.3069	0.3069	
	4/01/13	0.9599	0.9599	0.6931	0.6653	
	4/01/14	0.8837	0.8483	-----	-----	
	to 4/01/16			1.0000	0.9722	0.8726
2014	4/01/13	BASE	1.0000	0.3097	0.3097	
	4/01/14	0.9485	0.9485	0.6903	0.6547	
	4/01/15	0.9316	0.8836	-----	-----	
	to 4/01/16			1.0000	0.9644	0.9162
2015	4/01/14	BASE	1.0000	0.3113	0.3113	
	4/01/15	0.9401	0.9401	0.6887	0.6474	
	4/01/16	0.9910	0.9316	-----	-----	
				1.0000	0.9587	0.9717



**EXHIBIT V - 1**

**DEVELOPMENT FACTORS**

**PREMIUM**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2014-2015 Ratio</u>	<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Policy Year</u>	<u>2012-2013 Ratio</u>	<u>Policy Year</u>	<u>2011-2012 Ratio</u>	<u>Unweighted Average</u>	<u>Selected Average</u>	<u>Cumulative Average</u>
2nd to 1st	2013	1.0101	2012	1.0073	2011	1.0094	2010	1.0136	1.0101	1.0101	1.0098
3rd to 2nd	2012	0.9996	2011	1.0003	2010	0.9987	2009	1.0010	0.9999	0.9999	0.9997
4th to 3rd	2011	1.0003	2010	1.0002	2009	0.9992	2008	0.9995	0.9998	0.9998	0.9998
5th to 4th	2010	1.0001	2009	0.9997	2008	1.0001	2007	1.0000	1.0000	1.0000	1.0000
6th to 5th	2009	0.9997	2008	0.9997	2007	1.0000	2006	1.0002	0.9999	0.9999	1.0000
7th to 6th	2008	1.0000	2007	0.9999	2006	1.0000	2005	1.0003	1.0001	1.0001	1.0001
8th to 7th	2007	1.0000	2006	1.0000	2005	1.0000	2004	1.0000	1.0000	1.0000	1.0000
9th to 8th	2006	1.0000	2005	1.0000	2004	0.9999	2003	0.9996	0.9999	0.9999	1.0000
10th to 9th	2005	1.0000	2004	1.0000	2003	1.0000	2002	1.0002	1.0001	1.0001	1.0001
11th to 10th	2004	1.0000	2003	0.9999	2002	1.0000	2001	1.0001	1.0000	1.0000	1.0000
12th to 11th	2003	1.0001	2002	1.0000	2001	0.9999	2000	1.0000	1.0000	1.0000	1.0000
13th to 12th	2002	1.0000	2001	1.0000	2000	1.0001	1999	0.9999	1.0000	1.0000	1.0000
14th to 13th	2001	1.0000	2000	1.0001	1999	1.0000	1998	1.0000	1.0000	1.0000	1.0000
15th to 14th	2000	1.0000	1999	1.0000	1998	1.0000	1997	1.0000	1.0000	1.0000	1.0000
16th to 15th	1999	1.0000	1998	1.0000	1997	1.0000	1996	1.0000	1.0000	1.0000	1.0000
17th to 16th	1998	1.0000	1997	1.0000	1996	1.0000	1995	1.0000	1.0000	1.0000	1.0000
18th to 17th	1997	1.0000	1996	1.0000	1995	1.0000	1994	1.0000	1.0000	1.0000	1.0000
19th to 18th	1996	1.0001	1995	1.0000	1994	1.0000	1993	1.0000	1.0000	1.0000	1.0000
20th to 19th	1995	1.0000	1994	1.0000	1993	1.0000	1992	1.0000	1.0000	1.0000	1.0000
21st to 20th	1994	1.0000	1993	1.0000	1992	1.0000	1991	1.0000	1.0000	1.0000	1.0000
22nd to 21st	1993	1.0000	1992	1.0000	1991	1.0000	1990	1.0000	1.0000	1.0000	1.0000
23rd to 22nd	1992	1.0000	1991	1.0000	1990	1.0000	1989	1.0000	1.0000	1.0000	1.0000
24th to 23rd	1991	1.0000	1990	1.0000	1989	1.0000	1988	1.0000	1.0000	1.0000	1.0000
25th to 24th	1990	1.0000	1989	1.0000	1988	1.0000	1987	1.0000	1.0000	1.0000	1.0000
26th to 25th	1989	1.0000	1988	1.0000	1987	1.0000	1986	1.0000	1.0000	1.0000	1.0000
27th to 26th	1988	1.0000	1987	1.0001	1986	1.0000				1.0000	1.0000
28th to 27th	1987	1.0000	1986	1.0000						1.0000	1.0000

<u>Policy Year</u>	<u>Present Valuation</u>	<u>Premium Development Factor</u>
1988	Twenty-Seventh	1.0000
1989	Twenty-Sixth	1.0000
1990	Twenty-Fifth	1.0000
1991	Twenty-Fourth	1.0000
1992	Twenty-Third	1.0000
1993	Twenty-Second	1.0000
1994	Twenty-First	1.0000
1995	Twentieth	1.0000
1996	Nineteenth	1.0000
1997	Eighteenth	1.0000
1998	Seventeenth	1.0000
1999	Sixteenth	1.0000
2000	Fifteenth	1.0000
2001	Fourteenth	1.0000
2002	Thirteenth	1.0000
2003	Twelfth	1.0000
2004	Eleventh	1.0000
2005	Tenth	1.0000
2006	Ninth	1.0001
2007	Eighth	1.0000
2008	Seventh	1.0000
2009	Sixth	1.0001
2010	Fifth	1.0000
2011	Fourth	1.0000
2012	Third	0.9998
2013	Second	0.9997
2014	First	1.0098

**EXHIBIT V - 2**

**DEVELOPMENT FACTORS**

**INDEMNITY LOSSES  
PAID METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2014-2015 Ratio</u>	<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	a	2013	1.9175	2012	1.9105	1.9140	3.3602
3rd to 2nd	a	2012	1.2615	2011	1.2852	1.2734	1.7556
4th to 3rd	a	2011	1.1002	2010	1.1133	1.1068	1.3787
5th to 4th	a	2010	1.0499	2009	1.0465	1.0482	1.2456
6th to 5th	a	2009	1.0354	2008	1.0291	1.0323	1.1884
7th to 6th	a	2008	1.0130	2007	1.0184	1.0157	1.1512
8th to 7th	a	2007	1.0142	2006	1.0152	1.0147	1.1334
9th to 8th	a	2006	1.0130	2005	1.0125	1.0128	1.1170
10th to 9th	a	2005	1.0082	2004	1.0118	1.0100	1.1029
11th to 10th	a	2004	1.0093	2003	1.0083	1.0088	1.0919
12th to 11th	a	2003	1.0071	2002	1.0057	1.0064	1.0824
13th to 12th	a	2002	1.0053	2001	1.0049	1.0051	1.0755
14th to 13th	a	2001	1.0039	2000	1.0037	1.0038	1.0701
15th to 14th	a	2000	1.0031	1999	1.0019	1.0025	1.0660
16th to 15th	a	1999	1.0013	1998	1.0024	1.0019	1.0634
17th to 16th	a	1998	1.0026	1997	1.0039	1.0033	1.0613
18th to 17th	a	1997	1.0029	1996	1.0034	1.0032	1.0579
19th to 18th	a	1996	1.0028	1995	1.0043	1.0036	1.0545
20th to 19th	a	1995	1.0034	1994	1.0054	1.0044	1.0507
21st to 20th	a	1994	1.0045	1993	1.0049	1.0047	1.0461
22nd to 21st	a	1993	1.0042	1992	1.0049	1.0046	1.0412
23rd to 22nd	a	1992	1.0039	1991	1.0033	1.0036	1.0364
24th to 23rd	a	1991	1.0034	1990	1.0030	1.0032	1.0327
25th to 24th	a	1990	1.0032	1989	1.0033	1.0033	1.0294
26th to 25th	a	1989	1.0031	1988	1.0025	1.0028	1.0260
27th to 26th	a	1988	1.0021	1987	1.0020	1.0021	1.0232
28th to 27th	b	1987	1.0165	1986	1.0229	1.0197	1.0210
Beyond 28th	c	1986	1.0027	1985	1.0010	1.0019	1.0013

**INCURRED METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2014-2015 Ratio</u>	<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>	
2nd to 1st	c	2013	1.3914	2012	1.3808	1.3861	1.6083
3rd to 2nd	c	2012	1.1073	2011	1.0992	1.1033	1.1603
4th to 3rd	c	2011	1.0235	2010	1.0337	1.0286	1.0516
5th to 4th	c	2010	1.0067	2009	1.0037	1.0052	1.0224
6th to 5th	c	2009	1.0110	2008	1.0034	1.0072	1.0171
7th to 6th	c	2008	1.0028	2007	1.0025	1.0027	1.0098
8th to 7th	c	2007	0.9994	2006	1.0035	1.0015	1.0071
9th to 8th	c	2006	0.9988	2005	1.0026	1.0007	1.0056
10th to 9th	c	2005	1.0013	2004	1.0018	1.0016	1.0049
11th to 10th	c	2004	0.9995	2003	1.0024	1.0010	1.0033
12th to 11th	c	2003	1.0000	2002	1.0007	1.0004	1.0023
13th to 12th	c	2002	0.9985	2001	1.0014	1.0000	1.0019
14th to 13th	c	2001	0.9996	2000	0.9993	0.9995	1.0019
15th to 14th	c	2000	0.9998	1999	1.0004	1.0001	1.0024
16th to 15th	c	1999	0.9994	1998	1.0010	1.0002	1.0023
17th to 16th	c	1998	0.9996	1997	0.9983	0.9990	1.0021
18th to 17th	c	1997	0.9996	1996	1.0002	0.9999	1.0031
19th to 18th	c	1996	0.9970	1995	1.0011	0.9991	1.0032
20th to 19th	c	1995	1.0004	1994	1.0002	1.0003	1.0041
21st to 20th	c	1994	1.0008	1993	1.0017	1.0013	1.0038
22nd to 21st	c	1993	1.0003	1992	0.9995	0.9999	1.0025
23rd to 22nd	c	1992	0.9989	1991	1.0000	0.9995	1.0026
24th to 23rd	c	1991	1.0006	1990	1.0001	1.0004	1.0031
25th to 24th	c	1990	1.0002	1989	0.9996	0.9999	1.0027
26th to 25th	c	1989	1.0019	1988	1.0002	1.0011	1.0028
27th to 26th	c	1988	0.9996	1987	1.0006	1.0001	1.0017
28th to 27th	c	1987	1.0005	1986	1.0001	1.0003	1.0016
Beyond 28th	c	1986	1.0027	1985	1.0010	1.0019	1.0013

- a From Table I-D
- b 27th (Paid - Table 1-D) to 28th (Incurred - Table I-B)
- c From Table I-B
- d Derived separately. See Exhibit 7 of the April 1, 2017 Filing.

**EXHIBIT V - 3**

**DEVELOPMENT FACTORS**

**MEDICAL LOSSES  
PAID METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2014-2015 Ratio</u>	<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	a	2013	2012	1.2529	1.2527	1.9800
3rd to 2nd	a	2012	2011	1.0831	1.0763	1.5806
4th to 3rd	a	2011	2010	1.0390	1.0367	1.4686
5th to 4th	a	2010	2009	1.0251	1.0227	1.4166
6th to 5th	a	2009	2008	1.0177	1.0169	1.3851
7th to 6th	a	2008	2007	1.0226	1.0179	1.3621
8th to 7th	a	2007	2006	1.0156	1.0146	1.3382
9th to 8th	a	2006	2005	1.0148	1.0149	1.3189
10th to 9th	a	2005	2004	1.0135	1.0135	1.2995
11th to 10th	a	2004	2003	1.0126	1.0116	1.2822
12th to 11th	a	2003	2002	1.0156	1.0130	1.2675
13th to 12th	a	2002	2001	1.0085	1.0111	1.2513
14th to 13th	a	2001	2000	1.0107	1.0086	1.2375
15th to 14th	a	2000	1999	1.0129	1.0115	1.2270
16th to 15th	a	1999	1998	1.0072	1.0073	1.2130
17th to 16th	a	1998	1997	1.0091	1.0094	1.2042
18th to 17th	a	1997	1996	1.0100	1.0095	1.1930
19th to 18th	a	1996	1995	1.0082	1.0091	1.1818
20th to 19th	a	1995	1994	1.0106	1.0090	1.1711
21st to 20th	a	1994	1993	1.0112	1.0118	1.1607
22nd to 21st	a	1993	1992	1.0111	1.0104	1.1471
23rd to 22nd	a	1992	1991	1.0081	1.0091	1.1353
24th to 23rd	a	1991	1990	1.0071	1.0070	1.1251
25th to 24th	a	1990	1989	1.0083	1.0074	1.1173
26th to 25th	a	1989	1988	1.0087	1.0088	1.1091
27th to 26th	a	1988	1987	1.0086	1.0078	1.0994
28th to 27th	b	1987	1986	1.0816	1.0832	1.0909
Beyond 28th	c	1986	1986	1.0205	1.0071	1.0071

**INCURRED METHOD**

<u>Reports in Ratio</u>	<u>Policy Year</u>	<u>2014-2015 Ratio</u>	<u>Policy Year</u>	<u>2013-2014 Ratio</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	c	2013	2012	1.0682	1.0775	1.2907
3rd to 2nd	c	2012	2011	1.0316	1.0281	1.1978
4th to 3rd	c	2011	2010	1.0139	1.0038	1.1651
5th to 4th	c	2010	2009	1.0166	1.0113	1.1607
6th to 5th	c	2009	2008	1.0076	1.0029	1.1477
7th to 6th	c	2008	2007	1.0063	1.0073	1.1444
8th to 7th	c	2007	2006	1.0219	1.0101	1.1361
9th to 8th	c	2006	2005	1.0111	1.0091	1.1248
10th to 9th	c	2005	2004	1.0118	1.0072	1.1146
11th to 10th	c	2004	2003	1.0102	1.0054	1.1066
12th to 11th	c	2003	2002	1.0165	1.0112	1.1007
13th to 12th	c	2002	2001	1.0044	1.0068	1.0885
14th to 13th	c	2001	2000	1.0042	1.0036	1.0812
15th to 14th	c	2000	1999	1.0135	1.0093	1.0773
16th to 15th	c	1999	1998	1.0040	1.0019	1.0673
17th to 16th	c	1998	1997	1.0061	1.0030	1.0653
18th to 17th	c	1997	1996	1.0120	1.0071	1.0621
19th to 18th	c	1996	1995	1.0015	0.9976	1.0547
20th to 19th	c	1995	1994	1.0085	1.0094	1.0572
21st to 20th	c	1994	1993	1.0097	1.0082	1.0473
22nd to 21st	c	1993	1992	1.0051	1.0055	1.0388
23rd to 22nd	c	1992	1991	1.0018	1.0017	1.0331
24th to 23rd	c	1991	1990	1.0089	1.0066	1.0314
25th to 24th	c	1990	1989	1.0043	1.0040	1.0246
26th to 25th	c	1989	1988	1.0062	1.0079	1.0205
27th to 26th	c	1988	1987	1.0056	1.0025	1.0125
28th to 27th	c	1987	1986	1.0036	1.0029	1.0100
Beyond 28th	c	1986	1986	1.0205	1.0071	1.0071

- a From Table I-E
- b 27th (Paid - Table I-E) to 28th (Incurred - Table I-C)
- c From Table I-C
- d Derived separately. See Exhibit 7 of the April 1, 2017 Filing.

**EXHIBIT VI - 1**

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2008	2009	2010	2011	2012	2013	2014
Actual Loss Ratio	0.5616	0.5409	0.5352	0.5041	0.4772	0.4917	0.4742
Normalized Frequency	0.7403	0.7158	0.7056	0.6602	0.6177	0.6038	0.5494
Severity Loss Ratio	0.7586	0.7557	0.7585	0.7636	0.7725	0.8143	0.8631
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7586	0.7557	0.7585	0.7636	0.7725	0.8143	0.8631

**7 Point Exponential Regression:  $y = 0.723238 * 1.020013 ^ x$**

**Selected Annual Severity Trend Factor =**

**2.00%**

Policy Year	Annual Severity Trend Factor (1)	Trend Period # of Years to 4/1/18 (2)	Severity Trend Factor (3) = (1) ^ (2)	Frequency Trend Factor (4) #
2012	1.0200	5.2500	1.1096	0.7737
2013	1.0200	4.2500	1.0879	0.8125
2014	1.0200	3.2500	1.0665	0.8532

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3) * (4)	Trended Loss Ratio (7) = (5) * (6)
2012	0.4772	0.8585	0.4097
2013	0.4917	0.8839	0.4346
2014	0.4742	0.9099	0.4315

**MEDICAL**

Policy Year	2008	2009	2010	2011	2012	2013	2014
Actual Loss Ratio	0.5578	0.5471	0.5698	0.5562	0.5262	0.5514	0.5326
Normalized Frequency	0.7403	0.7158	0.7056	0.6602	0.6177	0.6038	0.5494
Severity Loss Ratio	0.7535	0.7643	0.8075	0.8425	0.8519	0.9132	0.9694
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7535	0.7643	0.8075	0.8425	0.8519	0.9132	0.9694

**7 Point Exponential Regression:  $y = 0.711309 * 1.042498 ^ x$**

**Selected Annual Severity Trend Factor to 1/1/15 =**

**4.25%**

**HB1846 Adjustment to Annual Severity Trend from 1/1/15 and later =**

**-0.19%**

**Selected Annual Severity Trend Factor from 1/1/15 and later =**

**4.06%**

Policy Year	Annual Severity Trend Factor to 1/1/15 (1)	Trend Period # of Years to 1/1/15 (2)	Severity Trend Factor to 1/1/15 (3) = (1) ^ (2)	Annual Severity Trend Factor from 1/1/15 to 4/1/18 (4)	Trend Period # of Years to 4/1/18 (5)	Severity Trend Factor from 1/1/15 to 4/1/18 (6) = (4) ^ (5)	Frequency Trend Factor (7) #
2012	1.0425	2.0000	1.0868	1.0406	3.2500	1.1381	0.7737
2013	1.0425	1.0000	1.0425	1.0406	3.2500	1.1381	0.8125
2014	1.0425	0.0000	1.0000	1.0406	3.2500	1.1381	0.8532

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3) * (6) * (7)	Trended Loss Ratio (10) = (8) * (9)
2012	0.5262	0.9570	0.5036
2013	0.5514	0.9640	0.5315
2014	0.5326	0.9710	0.5172

# See page 19

**EXHIBIT VI - 2**

**DETERMINATION OF TREND**

**CLAIM FREQUENCY**

Policy Year Frequency per \$1 million of Expected Losses  
{1 = PY 2003, 12 = PY 2014}

Policy Year	Claim Frequency	Normalized Frequency
2003	24.45	1.0000
2004	23.20	0.9489
2005	21.56	0.8818
2006	20.81	0.8511
2007	19.59	0.8012
2008	18.10	0.7403
2009	17.50	0.7158
2010	17.25	0.7056
2011	16.14	0.6602
2012	15.10	0.6177
2013	14.76	0.6038
2014	13.43	0.5494

Policy Year	2008	2009	2010	2011	2012	2013	2014
x	1	2	3	4	5	6	7
y	0.7403	0.7158	0.7056	0.6602	0.6177	0.6038	0.5494

**7 Point Exponential Regression:  $y = 0.793839 * 0.952316 ^ x$**

**Selected Annual Frequency Trend Factor =**

<b>-4.8%</b>
--------------

Policy Year	Annual Frequency Trend Factor (1)	Trend Period # of Years to 4/1/18 (2)	Frequency Trend Factor (3) = (1) ^ (2)
2012	0.9523	5.2500	0.7737
2013	0.9523	4.2500	0.8125
2014	0.9523	3.2500	0.8532

TABLE I

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	11,662,922,148	11,662,971,557	1.0000
1986	1,452,335,777	1,452,335,777	1.0000
1987	1,731,217,432	1,731,338,647	1.0001
1988	1,942,714,581	1,942,714,581	1.0000
1989	2,089,334,105	2,089,334,105	1.0000
1990	2,361,764,198	2,361,764,243	1.0000
1991	2,492,195,821	2,492,223,058	1.0000
1992	2,350,813,256	2,350,813,275	1.0000
1993	2,519,433,109	2,519,433,109	1.0000
1994	1,912,026,459	1,912,024,990	1.0000
1995	1,798,746,684	1,798,747,628	1.0000
1996	1,730,890,803	1,730,890,870	1.0000
1997	1,455,907,979	1,455,908,536	1.0000
1998	1,420,317,678	1,420,295,504	1.0000
1999	1,432,313,583	1,432,275,676	1.0000
2000	1,458,158,953	1,458,265,342	1.0001
2001	1,535,587,343	1,535,586,567	1.0000
2002	1,595,713,588	1,595,721,908	1.0000
2003	1,635,926,116	1,635,826,203	0.9999
2004	1,729,694,355	1,729,692,070	1.0000
2005	1,897,689,491	1,897,657,666	1.0000
2006	1,872,759,784	1,872,751,794	1.0000
2007	1,932,604,684	1,932,460,519	0.9999
2008	1,782,350,454	1,781,740,258	0.9997
2009	1,595,947,462	1,595,473,422	0.9997
2010	1,682,575,875	1,682,978,741	1.0002
2011	1,758,598,223	1,759,063,077	1.0003
2012	1,666,935,900	1,679,121,714	1.0073
2013	930,234,605	1,629,601,157	1.7518
2014		915,883,240	
Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior			
to 1986	11,384,653,049	11,384,653,049	1.0000
1986	1,426,931,691	1,426,931,691	1.0000
1987	1,700,915,699	1,700,915,699	1.0000
1988	1,896,497,725	1,896,497,725	1.0000
1989	2,032,913,042	2,032,913,042	1.0000
1990	2,297,273,277	2,297,273,276	1.0000
1991	2,410,351,014	2,410,353,341	1.0000
1992	2,261,507,213	2,261,507,206	1.0000
1993	2,426,091,756	2,426,091,753	1.0000
1994	1,831,957,871	1,831,957,868	1.0000
1995	1,686,749,273	1,686,748,993	1.0000
1996	1,602,534,128	1,602,688,002	1.0001
1997	1,317,653,271	1,317,652,617	1.0000
1998	1,263,049,866	1,263,049,328	1.0000
1999	1,280,346,568	1,280,346,820	1.0000
2000	1,351,927,742	1,351,911,317	1.0000
2001	1,455,506,196	1,455,482,870	1.0000
2002	1,523,947,845	1,523,909,501	1.0000
2003	1,611,025,637	1,611,119,661	1.0001
2004	1,727,170,847	1,727,158,196	1.0000
2005	1,897,456,850	1,897,487,977	1.0000
2006	1,872,595,234	1,872,561,568	1.0000
2007	1,932,156,790	1,932,104,213	1.0000
2008	1,781,501,933	1,781,499,416	1.0000
2009	1,594,230,255	1,593,696,309	0.9997
2010	1,681,760,711	1,681,950,007	1.0001
2011	1,757,732,704	1,758,338,049	1.0003
2012	1,678,019,586	1,677,291,387	0.9996
2013	1,634,399,400	1,650,899,023	1.0101
2014	912,779,007	1,622,578,331	1.7776
2015		892,122,271	

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 A POST-ACT 44 AND 57 BASIS AND A PRE-HB 1846 BASIS

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	6,315,195,076	6,322,753,279	1.0012
1986	1,058,337,455	1,059,622,594	1.0012
1987	1,317,984,703	1,320,932,531	1.0022
1988	1,533,558,775	1,537,075,953	1.0023
1989	1,809,585,895	1,811,886,160	1.0013
1990	1,863,935,949	1,870,108,455	1.0033
1991	1,680,155,267	1,681,306,229	1.0007
1992	1,472,074,735	1,474,627,082	1.0017
1993	1,256,535,038	1,262,542,161	1.0048
1994	1,175,869,256	1,179,995,646	1.0035
1995	1,046,735,880	1,048,062,319	1.0013
1996	966,612,599	971,910,845	1.0055
1997	1,012,241,975	1,014,084,439	1.0018
1998	1,063,542,360	1,066,072,771	1.0024
1999	1,168,497,748	1,175,894,503	1.0063
2000	1,221,011,061	1,222,795,368	1.0015
2001	1,195,282,544	1,198,496,953	1.0027
2002	1,251,209,668	1,260,785,214	1.0077
2003	1,230,938,479	1,238,219,672	1.0059
2004	1,305,984,126	1,314,386,708	1.0064
2005	1,327,234,463	1,335,974,167	1.0066
2006	1,354,405,177	1,370,607,793	1.0120
2007	1,445,975,886	1,452,230,096	1.0043
2008	1,328,367,737	1,335,429,077	1.0053
2009	1,206,453,356	1,218,256,532	1.0098
2010	1,285,132,922	1,315,978,400	1.0240
2011	1,199,670,442	1,277,067,470	1.0645
2012	928,028,324	1,113,397,662	1.1997
2013	378,807,636	982,964,009	2.5949
2014		381,016,725	
Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior			
to 1986	6,179,199,952	6,178,904,858	1.0000
1986	1,042,276,839	1,042,435,183	1.0002
1987	1,303,609,150	1,305,043,535	1.0011
1988	1,511,880,938	1,511,110,491	0.9995
1989	1,781,193,423	1,789,510,931	1.0047
1990	1,837,143,956	1,839,824,424	1.0015
1991	1,638,729,889	1,641,890,512	1.0019
1992	1,431,541,785	1,431,501,518	1.0000
1993	1,235,659,335	1,238,696,796	1.0025
1994	1,147,900,070	1,151,525,200	1.0032
1995	1,003,134,040	1,007,675,444	1.0045
1996	917,892,699	913,755,557	0.9955
1997	937,369,001	938,100,907	1.0008
1998	964,355,220	964,089,855	0.9997
1999	1,061,898,664	1,061,426,219	0.9996
2000	1,132,707,151	1,135,154,772	1.0022
2001	1,135,110,750	1,136,353,972	1.0011
2002	1,211,529,551	1,215,478,411	1.0033
2003	1,217,048,637	1,220,326,364	1.0027
2004	1,312,753,928	1,312,739,206	1.0000
2005	1,336,157,517	1,338,735,617	1.0019
2006	1,370,981,155	1,374,562,145	1.0026
2007	1,452,401,420	1,450,830,931	0.9989
2008	1,335,129,596	1,342,268,488	1.0053
2009	1,216,708,765	1,222,650,277	1.0049
2010	1,315,235,899	1,323,607,495	1.0064
2011	1,274,907,538	1,286,005,255	1.0087
2012	1,113,333,130	1,185,323,573	1.0647
2013	986,641,531	1,196,603,515	1.2128
2014	380,173,285	981,864,497	2.5827
2015		367,289,333	

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 A POST-ACT 44 AND 57 BASIS AND A PRE-HB 1846 BASIS

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	4,786,182,375	4,786,919,665	1.0002
1986	725,101,800	725,185,434	1.0001
1987	877,106,887	877,603,995	1.0006
1988	996,947,658	997,150,518	1.0002
1989	1,158,520,553	1,158,043,777	0.9996
1990	1,186,939,061	1,187,075,451	1.0001
1991	1,039,326,041	1,039,310,399	1.0000
1992	885,870,873	885,410,644	0.9995
1993	766,421,521	767,693,588	1.0017
1994	708,836,430	709,000,472	1.0002
1995	613,070,447	613,761,927	1.0011
1996	535,283,255	535,392,246	1.0002
1997	555,903,809	554,980,072	0.9983
1998	568,760,743	569,318,194	1.0010
1999	639,544,994	639,809,812	1.0004
2000	680,286,177	679,801,883	0.9993
2001	675,584,564	676,510,143	1.0014
2002	698,860,733	699,333,942	1.0007
2003	671,923,875	673,508,608	1.0024
2004	702,904,583	704,174,079	1.0018
2005	707,946,781	709,786,061	1.0026
2006	731,497,156	734,030,743	1.0035
2007	764,849,420	766,781,282	1.0025
2008	713,392,100	715,805,845	1.0034
2009	640,800,616	643,201,472	1.0037
2010	654,962,931	677,045,260	1.0337
2011	584,044,197	642,000,667	1.0992
2012	390,545,024	539,269,831	1.3808
2013	118,315,996	406,227,129	3.4334
2014		121,301,791	
Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior			
to 1986	4,679,321,229	4,680,551,171	1.0003
1986	714,801,006	715,510,562	1.0010
1987	866,265,107	866,734,307	1.0005
1988	982,422,184	982,042,135	0.9996
1989	1,140,722,428	1,142,902,544	1.0019
1990	1,168,077,729	1,168,287,167	1.0002
1991	1,015,812,970	1,016,383,416	1.0006
1992	862,758,837	861,793,648	0.9989
1993	753,552,790	753,779,445	1.0003
1994	692,466,961	693,044,106	1.0008
1995	589,265,644	589,525,879	1.0004
1996	508,136,635	506,626,359	0.9970
1997	514,880,216	514,667,789	0.9996
1998	517,060,944	516,844,526	0.9996
1999	588,531,178	588,207,224	0.9994
2000	630,753,523	630,650,107	0.9998
2001	642,564,149	642,313,352	0.9996
2002	673,723,870	672,714,757	0.9985
2003	664,066,878	664,073,542	1.0000
2004	703,324,506	702,956,741	0.9995
2005	710,016,990	710,941,538	1.0013
2006	734,432,760	733,546,671	0.9988
2007	766,998,939	766,567,526	0.9994
2008	715,653,573	717,647,285	1.0028
2009	642,620,984	649,677,302	1.0110
2010	676,672,071	681,221,007	1.0067
2011	640,766,463	655,837,843	1.0235
2012	539,362,194	597,235,441	1.1073
2013	408,052,007	567,781,572	1.3914
2014	121,163,862	407,365,553	3.3621
2015		116,824,922	

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 A POST-ACT 44 AND 57 BASIS AND A PRE-HB 1846 BASIS

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	1,529,012,701	1,535,833,614	1.0045
1986	333,235,655	334,437,160	1.0036
1987	440,877,816	443,328,536	1.0056
1988	536,611,117	539,925,435	1.0062
1989	651,065,342	653,842,383	1.0043
1990	676,996,888	683,033,004	1.0089
1991	640,829,226	641,995,830	1.0018
1992	586,203,862	589,216,438	1.0051
1993	490,113,517	494,848,573	1.0097
1994	467,032,826	470,995,174	1.0085
1995	433,665,433	434,300,392	1.0015
1996	431,329,344	436,518,599	1.0120
1997	456,338,166	459,104,367	1.0061
1998	494,781,617	496,754,577	1.0040
1999	528,952,754	536,084,691	1.0135
2000	540,724,884	542,993,485	1.0042
2001	519,697,980	521,986,810	1.0044
2002	552,348,935	561,451,272	1.0165
2003	559,014,604	564,711,064	1.0102
2004	603,079,543	610,212,629	1.0118
2005	619,287,682	626,188,106	1.0111
2006	622,908,021	636,577,050	1.0219
2007	681,126,466	685,448,814	1.0063
2008	614,975,637	619,623,232	1.0076
2009	565,652,740	575,055,060	1.0166
2010	630,169,991	638,933,140	1.0139
2011	615,626,245	635,066,803	1.0316
2012	537,483,300	574,127,831	1.0682
2013	260,491,640	576,736,880	2.2140
2014		259,714,934	

  

Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior			
to 1986	1,499,878,723	1,498,353,687	0.9990
1986	327,475,833	326,924,621	0.9983
1987	437,344,043	438,309,228	1.0022
1988	529,458,754	529,068,356	0.9993
1989	640,470,995	646,608,387	1.0096
1990	669,066,227	671,537,257	1.0037
1991	622,916,919	625,507,096	1.0042
1992	568,782,948	569,707,870	1.0016
1993	482,106,545	484,917,351	1.0058
1994	455,433,109	458,481,094	1.0067
1995	413,868,396	418,149,565	1.0103
1996	409,756,064	407,129,198	0.9936
1997	422,488,785	423,433,118	1.0022
1998	447,294,276	447,245,329	0.9999
1999	473,367,486	473,218,995	0.9997
2000	501,953,628	504,504,665	1.0051
2001	492,546,601	494,040,620	1.0030
2002	537,805,681	542,763,654	1.0092
2003	552,981,759	556,252,822	1.0059
2004	609,429,422	609,782,465	1.0006
2005	626,140,527	627,794,079	1.0026
2006	636,548,395	641,015,474	1.0070
2007	685,402,481	684,263,405	0.9983
2008	619,476,023	624,621,203	1.0083
2009	574,087,781	572,972,975	0.9981
2010	638,563,828	642,386,488	1.0060
2011	634,141,075	630,167,412	0.9937
2012	573,970,936	588,088,132	1.0246
2013	578,589,524	628,821,943	1.0868
2014	259,009,423	574,498,944	2.2181
2015		250,464,411	

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 A POST-ACT 44 AND 57 BASIS AND A PRE-HB 1846 BASIS

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	4,714,885,894	4,724,041,656	1.0019
1986	708,979,333	710,820,710	1.0026
1987	862,297,106	864,026,422	1.0020
1988	976,112,348	978,546,632	1.0025
1989	1,127,212,673	1,130,967,170	1.0033
1990	1,155,014,661	1,158,485,861	1.0030
1991	1,003,597,018	1,006,909,812	1.0033
1992	849,969,591	854,174,463	1.0049
1993	736,095,064	739,686,463	1.0049
1994	677,516,037	681,202,578	1.0054
1995	591,327,113	593,850,553	1.0043
1996	516,898,120	518,636,895	1.0034
1997	543,835,800	545,944,897	1.0039
1998	559,954,616	561,280,580	1.0024
1999	629,219,292	630,391,527	1.0019
2000	665,181,385	667,666,523	1.0037
2001	659,869,278	663,113,966	1.0049
2002	672,077,219	675,906,493	1.0057
2003	642,432,045	647,770,107	1.0083
2004	658,177,902	665,920,519	1.0118
2005	670,384,668	678,792,661	1.0125
2006	683,001,590	693,367,383	1.0152
2007	709,199,833	722,218,108	1.0184
2008	656,761,349	675,853,022	1.0291
2009	570,672,099	597,186,639	1.0465
2010	540,840,835	602,127,525	1.1133
2011	421,179,712	541,315,093	1.2852
2012	209,136,961	399,560,432	1.9105
2013	40,526,190	220,487,854	5.4406
2014		42,901,437	

  

Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior			
to 1986	4,615,543,439	4,624,210,096	1.0019
1986	700,253,904	702,452,876	1.0031
1987	852,689,360	854,487,182	1.0021
1988	963,503,891	965,496,432	1.0021
1989	1,113,172,471	1,116,597,000	1.0031
1990	1,138,563,253	1,142,203,623	1.0032
1991	982,463,565	985,846,238	1.0034
1992	830,728,050	833,967,133	1.0039
1993	724,688,855	727,752,096	1.0042
1994	663,657,940	666,663,675	1.0045
1995	569,122,681	571,052,521	1.0034
1996	491,023,262	492,392,387	1.0028
1997	505,806,050	507,250,603	1.0029
1998	508,916,667	510,244,604	1.0026
1999	579,436,554	580,185,420	1.0013
2000	618,427,629	620,359,124	1.0031
2001	628,977,643	631,460,431	1.0039
2002	649,792,617	653,258,345	1.0053
2003	638,015,495	642,516,901	1.0071
2004	664,647,571	670,857,508	1.0093
2005	678,668,195	684,264,154	1.0082
2006	693,345,644	702,384,589	1.0130
2007	722,186,237	732,438,762	1.0142
2008	675,411,684	684,217,596	1.0130
2009	596,391,344	617,531,185	1.0354
2010	601,597,961	631,613,850	1.0499
2011	540,019,218	594,141,011	1.1002
2012	399,363,921	503,790,432	1.2615
2013	221,593,553	424,913,687	1.9175
2014	42,813,940	225,428,208	5.2653
2015		41,592,495	

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 A POST-ACT 44 AND 57 BASIS AND A PRE-HB 1846 BASIS

## POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

## MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/13	As of 12/31/14	Ratio to Prior Year
Prior			
to 1986	1,394,428,592	1,408,430,932	1.0100
1986	309,202,291	313,090,563	1.0126
1987	406,564,430	410,047,259	1.0086
1988	500,051,989	504,410,136	1.0087
1989	603,295,495	608,310,344	1.0083
1990	643,212,244	647,761,176	1.0071
1991	596,139,745	600,975,573	1.0081
1992	541,449,915	547,464,128	1.0111
1993	460,698,613	465,836,127	1.0112
1994	432,852,111	437,447,584	1.0106
1995	403,739,638	407,045,471	1.0082
1996	394,824,032	398,789,303	1.0100
1997	419,497,553	423,312,354	1.0091
1998	455,013,030	458,291,408	1.0072
1999	486,887,183	493,187,849	1.0129
2000	504,439,904	509,836,667	1.0107
2001	490,950,433	495,112,816	1.0085
2002	513,208,673	521,238,134	1.0156
2003	523,731,570	530,324,459	1.0126
2004	557,663,369	565,185,089	1.0135
2005	569,055,440	577,463,219	1.0148
2006	576,489,535	585,507,536	1.0156
2007	618,268,368	632,211,941	1.0226
2008	564,439,998	574,427,374	1.0177
2009	513,065,312	525,965,719	1.0251
2010	545,021,326	566,252,177	1.0390
2011	520,510,251	563,787,099	1.0831
2012	393,192,271	492,611,589	1.2529
2013	118,030,984	413,710,790	3.5051
2014		123,567,026	

  

Policy Year Valued	As of 12/31/14	As of 12/31/15	Ratio to Prior Year
Prior			
to 1986	1,372,812,104	1,386,130,914	1.0097
1986	307,271,747	309,045,189	1.0058
1987	404,075,154	406,966,323	1.0072
1988	494,191,547	497,585,871	1.0069
1989	594,994,673	600,237,486	1.0088
1990	633,817,888	637,860,192	1.0064
1991	582,256,926	586,228,142	1.0068
1992	527,846,147	533,114,607	1.0100
1993	453,274,674	457,654,285	1.0097
1994	422,078,881	427,262,718	1.0123
1995	386,992,660	389,799,727	1.0073
1996	372,907,484	376,635,616	1.0100
1997	387,653,865	391,126,930	1.0090
1998	409,682,429	413,670,179	1.0097
1999	437,173,300	440,420,596	1.0074
2000	470,002,017	474,719,779	1.0100
2001	465,983,040	468,974,406	1.0064
2002	497,756,282	504,509,951	1.0136
2003	520,004,773	525,400,260	1.0104
2004	564,413,642	570,321,187	1.0105
2005	577,424,095	585,202,866	1.0135
2006	585,480,556	594,243,813	1.0150
2007	632,165,767	640,744,301	1.0136
2008	574,281,690	581,795,481	1.0131
2009	525,205,220	533,617,379	1.0160
2010	565,885,908	577,331,914	1.0202
2011	562,916,265	582,238,969	1.0343
2012	492,461,576	526,689,805	1.0695
2013	415,228,024	520,049,635	1.2524
2014	123,363,443	426,830,725	3.4599
2015		115,190,331	

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, 2017 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, 2017 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, 2017 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, 2017 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 are 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			
2011	2,855,470,481	2,798,168,590	1.0205
2012	2,774,556,629	2,718,683,892	1.0206
2013	2,764,776,946	2,695,188,118	1.0258
<b>TOTAL</b>	<b>8,394,804,056</b>	<b>8,212,040,600</b>	<b>1.0223</b>
MANUFACTURING AND UTILITIES			
2011	588,361,739	568,365,054	1.0352
2012	570,568,647	551,622,262	1.0343
2013	565,195,794	543,852,705	1.0392
<b>TOTAL</b>	<b>1,724,126,180</b>	<b>1,663,840,021</b>	<b>1.0362</b>
CONTRACTING AND QUARRYING			
2011	562,506,354	506,737,406	1.1101
2012	525,732,693	472,493,491	1.1127
2013	525,354,844	468,529,631	1.1213
<b>TOTAL</b>	<b>1,613,593,891</b>	<b>1,447,760,528</b>	<b>1.1145</b>
OTHER INDUSTRIES			
2011	1,704,602,388	1,723,066,130	0.9893
2012	1,678,255,289	1,694,568,139	0.9904
2013	1,674,226,308	1,682,805,782	0.9949
<b>TOTAL</b>	<b>5,057,083,985</b>	<b>5,100,440,051</b>	<b>0.9915</b>

\* Excludes classifications and coverages not subject to experience rating.

**EXHIBIT IX**

**CALCULATION OF EXPECTED LOSS COST FACTORS (a)**

<b>Policy Year Beginning 4/1 (1)</b>	<b>HB 1846 Adjustment Factor (2)</b>	<b>Adjustment Factor (3)</b>	<b>Loss Ratio Development Factor (4)</b>	<b>Collectible Premium Ratio (5)</b>	<b>Trend Factor (6)</b>	<b>Product (2) * (3) * (4) * (5) * (6) (7)</b>	<b>Expected Loss Cost Factor 1.0 / (7) (8)</b>
<b><u>Manufacturing and Utilities</u></b>							
2013	0.9950	1.0000	1.1462	1.0362	0.9316	1.1009	0.9083
2014	0.9950	1.0000	1.2346	1.0362	0.9475	1.2060	0.8292
2015	0.9950	1.0000	1.5424	1.0362	0.9645	1.5337	0.6520
<b><u>Contracting and Quarrying</u></b>							
2013	0.9950	1.0000	1.1740	1.1145	0.9316	1.2128	0.8245
2014	0.9950	1.0000	1.2722	1.1145	0.9475	1.3367	0.7481
2015	0.9950	1.0000	1.5518	1.1145	0.9645	1.6597	0.6025
<b><u>Other Industries</u></b>							
2013	0.9950	1.0000	1.1435	0.9915	0.9316	1.0509	0.9516
2014	0.9950	1.0000	1.2278	0.9915	0.9475	1.1477	0.8713
2015	0.9950	1.0000	1.5445	0.9915	0.9645	1.4696	0.6805

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 =	0.3257
Second Adjustment	RDF =	0.1794
Third Adjustment	RDF =	0.1260

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:

$$\text{The \$25,000 limit Hazard Group C ELF} = 0.665$$

$$\begin{aligned} \text{Then First Adjustment RDF} &= (1 - 0.665) * 0.3257 \\ &= 0.1091 \end{aligned}$$

\* The use of retrospective development factors is optional.