

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, 2017 Filing

Calculation of PA Hazard Group Relativities.

Injury	(1) Incurred Losses	(2) # Claims	(3) Average Severity (1) / (2)	(4) NCCI Average Severity +	(5) Indicated Relativities (4T) / (3i)	(6) Adjusted Current Relativities Col(C) below	(7) Credibility ++	(8) Credibility Weighted Relativities (5)*(7)+(6)*[1-(7)]
(i) Hazard Group A	247,352,085	7,049	35,090		1.71	1.71	0.2133	1.71
(ii) Hazard Group B	1,392,420,558	27,906	49,897		1.20	1.19	0.4243	1.19
(iii) Hazard Group C	2,699,085,194	49,158	54,906		1.09	1.12	0.5632	1.10
(iv) Hazard Group D	1,167,822,179	19,435	60,089		1.00	1.00	0.3541	1.00
(v) Hazard Group E	2,329,319,847	32,208	72,321		0.83	0.85	0.4558	0.84
(vi) Hazard Group F	1,430,591,772	14,418	99,223		0.60	0.60	0.3050	0.60
(vii) Hazard Group G	371,759,935	2,864	129,804		0.46	0.52	0.1359	0.51
Total - All Hazard Groups	9,638,351,570	153,038	62,980	60,022				

Calculation of Current PA Adjusted Average Severities

Injury	(A) PA Current Relativity	(B) Adjustment Factor #	(C) Adjusted Current Relativities (A) *(B)
(a) Hazard Group A	1.67	1.0245	1.71
(b) Hazard Group B	1.16	1.0245	1.19
(c) Hazard Group C	1.09	1.0245	1.12
(d) Hazard Group D	0.98	1.0245	1.00
(e) Hazard Group E	0.83	1.0245	0.85
(f) Hazard Group F	0.59	1.0245	0.60
(g) Hazard Group G	0.51	1.0245	0.52

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 = 0.9988/0.9736