



## Pennsylvania Compensation Rating Bureau

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January 21, 2019

### VIA SERFF

The Honorable Jessica K. Altman  
Insurance Commissioner  
Commonwealth of Pennsylvania - Insurance Department  
1311 Strawberry Square  
Harrisburg, PA 17120

Attention: Mark Lersch, Director, Bureau of Property & Casualty Insurance  
Michael McKenney, Actuarial Supervisor, Bureau of Property & Casualty Insurance

RE: **Amendment to PCRB C-374 Loss Cost Filing  
Effective April 1, 2019**

Dear Commissioner Altman:

On behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit an amendment to Filing C-374 which contains workers compensation loss costs and rating values proposed to be **effective 12:01 a.m., April 1, 2019** with respect to new and renewal policies having effective dates on or after that date.

Subsequent to the submission of Filing C-374, the PCRB became aware that the 2014-2015 set of medical incurred and medical paid-incurred age-to-age loss development factors were inadvertently misstated. There was no impact to any other age-to-age factors (i.e. no impact to any other medical incurred or medical paid-incurred factors; no impact to any medical paid loss development factors; no impact to any indemnity loss development factors). This issue, however, also impacted the medical tail factor. This change results in an overall average change in collectible loss costs of -9.80%, which is +0.12 percentage point higher than the overall average loss cost level in original Filing C-374.

Additionally, the Schedule of Annual Loss Costs for Classification Code 994, Volunteer Firemen, in Exhibit 28 was identified as having incorrect loss cost values in the original filing submission. A revised Schedule of Annual Loss Costs for Code 994 by population band is included in this amendment. Further insights on the adjustment for Code 994 are found within two other separate filings: Filing C-375, which includes an informational adjustment related to Filing C-373, the January 1, 2019 Loss Cost Filing, and Filing C-376, a proposed filing effective February 1, 2019.

This amendment to Filing C-374 revises the incorrect loss development factors and includes their effects on other exhibits within the filing. The PCRB respectfully submits this amendment and its attachments to replace the following parts of our original Filing C-374:

- Brown Book Summary of Materials for Modification of Experience

- Index and Supporting Exhibits
- Class Book
- Exhibit 1 Indicated Change in Loss Costs
- Exhibit 6 Paid & Incurred Loss Development & Trend
- Exhibit 7 Tail Factors for Loss Development
- Exhibit 8 Claim Frequencies
- Exhibit 10 Graphs of Indemnity and Medical Loss Ratios
- Exhibit 19 Review of Experience Rating Plan Parameters
- Exhibit 20a Table II
- Exhibit 20b Table III
- Exhibit 22 Empirical Loss Distributions
- Exhibit 23 Excess Loss (Pure Premium) Factors
- Exhibit 24 State & Hazard Group Relativities
- Exhibit 25 Loss Elimination Ratios
- Exhibit 26 Retrospective Development Factors
- Exhibit 28 Loss Costs and Expected Loss Factors
- Exhibit 29 Tests of Indicated & Selected Loss Costs
- Exhibit 30 Distribution of Loss Cost Percentage Changes

All other materials originally submitted with PCRB Filing C-374 remain unchanged by this amendment. In addition to this SERFF submission, the revised exhibits will be available on the PCRB's website: [www.pcrb.com](http://www.pcrb.com)

The PCRB regrets any inconvenience caused by the revision to our original filing submission. Please direct all questions concerning this amendment to Kenneth Creighton, Chief Actuary.

Sincerely,

William V. Taylor  
President

WVT/dn