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## **PENNSYLVANIA SPECIAL SCHEDULE “W” 2003 INSTRUCTIONS**

These instructions pertain to Special Schedule W submissions made to both the Pennsylvania Compensation Rating Bureau (PCRB) via their Financial Data Reporting Application (FDRA) as well as submissions of coal mine experience directly to the Pennsylvania Insurance Department. Refer to the PCRB’s web site, [www.pcrb.com](http://www.pcrb.com), for further information on reporting Workers’ Compensation experience for Special Schedule W via the FDRA. Refer to the Insurance Department’s web site, [www.ins.state.pa.us](http://www.ins.state.pa.us), for further information on reporting coal mine experience.

Parts A through E are Pennsylvania state exhibits. All items refer to direct business in the Commonwealth of Pennsylvania. Direct business is to include all business exclusive of any reinsurance assumed and before any reinsurance ceded. Dollar amounts are to be reported in whole dollars only.

## **DEFINITIONS**

**Incurred Claims:** Include closed claims for which a payment was made and claims which remain open, whether a payment has been made or not. Claims with both a medical and indemnity payment or reserve should be counted on both the medical and indemnity parts.

**State and Federally Funded Projects:** Experience on the “F” Classifications for policies effective January 1, 1974 and thereafter, experience on the National Defense Projects written under either the old Comprehensive Rating Plan or the National Defense Projects Rating Plan, and experience on excess policies.

**Large Deductible:** A deductible equal to or in excess of \$100,000 per occurrence.

**Small Deductible:** A deductible less than \$100,000 per occurrence.

**First Dollar Basis:** Data reported prior to the application of large deductible credits.

**As Written Basis:** Data reported after the application of large deductible credits.

## **SPECIFIC LINE INSTRUCTIONS**

### **Part A**

Part A contains six sections. **Section 1, the new Statistical Code 9740 section, and Section 5 are the only sections that need to be completed for non-coal carriers.** Each section collects information regarding Pennsylvania direct business as follows:

- Section 1: All Workers’ Compensation Business Except Coal Mine and State and Federally Funded Projects
- Section 2: All Coal Mining Except Black Lung and State and Federally Funded Projects
- Section 3: Black Lung: State Occupational Disease Only Except State and Federally Funded Projects

Section 4: Black Lung: Federal Occupational Disease Only Except State and Federally Funded Projects  
Statistical Code 9740 Section: All Workers' Compensation Business Including Coal Mine and State and Federally Funded Projects  
Section 5: All Workers' Compensation Business Including Coal Mine and State and Federally Funded Projects

Line 1 Net Written Premiums on Direct Business. This is the net written premium on direct business as specified in each section.

Line 2 Premiums Unearned December 31 Previous Year. This number should balance to your 2002 Schedule "W" data call Part A Line 4 – Premiums Unearned December 31 Current Year.

Line 3 Total. This is the sum of Line 1 and Line 2.

Line 4 Premiums Unearned December 31 Current Year.

Line 5 Net Earned Premiums on Direct Business. This is the net earned premium on direct business as specified in each section.

Line 6A Retrospective Rating Adjustment. This represents the premium impact resulting from the use of retrospective rating plans. If this impact was to increase the otherwise premium applicable, this impact should be entered as a negative number, and vice-versa.

Line 6B Premium Discount Adjustment. This amount should be the premium dollar adjustment resulting from the use of a premium discount table. Premium discounts serve to reduce an insurer's premium, and should therefore be entered as a positive amount.

Line 6C Premium Deviation and Loss Cost Multiplier Adjustments. These represent the premium impact resulting from the use of deviations and loss cost multipliers. If this impact was to increase the otherwise premium applicable, this impact should be entered as a negative number, and vice-versa. This should yield the premium applicable if the deviation and loss cost multiplier were both 1.0000.

Line 6D Premium Credits for Pennsylvania Certified Safety Committee Credit Program. This represents a 5% premium discount the insureds received for being certified for establishing a safety committee which operates within the workplace to detect hazards and prevent accidents. These credits serve to reduce an insurer's premium and should therefore be entered as a positive number.

Line 6E Premium Adjustment for Schedule Rating Plan. This represents the premium impact resulting from the use of a schedule rating plan. If this impact was to increase the otherwise premium applicable, this impact should be entered as a negative number, and vice-versa.

Line 6F Premium Adjustment for Merit Rating Plan. This represents the premium impact resulting from the use of a merit rating plan. If this impact was to increase the otherwise premium applicable, this impact should be entered as a negative number, and vice-versa.

Line 6G Employer Assessments. This represents the assessments for the maintenance of the Subsequent Injury Fund, the Workmen's Compensation Supersedeas Fund and the Workmen's Compensation Administration Fund for policies effective July 1, 1998 through September 30, 1999, inclusive. Do not include employer assessments on policies effective October 1, 1999 and subsequent. This amount should be entered as a positive number.

Line 6H Total Adjustment. This is the sum of Line 6A, Line 6B, Line 6C, Line 6D, Line 6E, Line 6F, and Line 6G.

Line 7 Loss Costs. This is the sum of Line 5 and Line 6H.

Line 8A Small Deductible Premium Adjustment. This represents the reduction to premium as a result of writing small deductible policies and should be entered as a positive amount. The adjustment, when added to small deductible policy premiums, will yield the full coverage premium applicable if there had been no small deductible policies written. The adjustment should be on a standard earned premium basis at designated statistical reporting levels consistent with Line 7.

Line 8B Large Deductible Premium Adjustment. This represents the reduction to premium as a result of writing large deductible policies and should be entered as a positive amount. The adjustment, when added to large deductible policy premiums, will yield the full coverage premium applicable if there had been no large deductible policies written. The adjustment should be on a standard earned premium basis at designated statistical reporting levels consistent with Line 7.

Lines 9A-9G Unpaid losses should be valued as of December 31 and should include a provision for incurred but not reported (IBNR) losses including bulk reserves.

Lines 9A through 9C should show all deductibles on an 'as written' basis.

Lines 9D through 9G should show the adjustment of losses from the deductible policies to a 'first dollar' basis. That is, subtract the paid loss as a result of issuing deductible policies from the paid loss of the same policies as if there were no deductibles. Generally, this amount should be entered as a positive number.

Line 9H This is the sum of Line 9D, Line 9E, Line 9F, and Line 9G.

NOTE: For the new Statistical Code 9740 Section, the Department would anticipate that any entries would be made in Lines 1 through 5, 6C, 6H and 7 only.

## **Parts B through E**

Part B and Part C each contain five sections. **Sections 1 and 5 of Parts B and C are the only two sections that need to be completed for non-coal carriers.** Each section collects information regarding Pennsylvania direct business as follows:

- Section 1: All Workers' Compensation Business Except Coal Mine and State and Federally Funded Projects
- Section 2: All Coal Mining Except Black Lung and State and Federally Funded Projects
- Section 3: Black Lung: State Occupational Disease Only Except State and Federally Funded Projects
- Section 4: Black Lung: Federal Occupational Disease Only Except State and Federally Funded Projects
- Section 5: All Workers' Compensation Business Including Coal Mine and State and Federally Funded Projects

For Parts B-1, B-5, and Parts C-1, C-5, exclude the experience resulting from large deductible policies (\$100,000 and larger). Include small deductible policies on a "first dollar" basis. All data (except for lines 3 through 6) should be reported cumulatively on a policy year basis.

Part D and Part E each contain two sections. **Parts D and E are only for non-coal business with large deductible policies.** Each section collects information regarding Pennsylvania direct business as follows:

- Section 1: All Business Except Coal Mining and State and Federally Funded Projects Indemnity Losses and Claims Only
- Section 2: All Business Except Coal Mining and State and Federally Funded Projects Medical Losses and Claims Only

Incurred claim counts on Part D should include only those claims with a paid, outstanding, or combined paid and outstanding amount in excess of the deductible amount. Claims closed counts under the deductible should be a count of those claims originally counted as incurred, but closed with payment less than or equal to the deductible amount or closed without payment. Part E should show the number of claims, which would have been incurred or closed, had there been no deductible. Claims closed with payment should include those closed with payment less than the deductible. These Parts should include all business except coal mining and state and federally funded projects.

Lines 1-2 Paid Losses Through Year-End. Line 1 should balance to the 2002 Schedule "W" Line 2. Line 2 should be the paid loss evaluated as of December 31, 2003 for each policy year listed. The paid loss should be reported on a cumulative basis.

Lines 3-4 Outstanding Losses Excluding Bulk & IBNR. Line 3 should balance to the 2002 Schedule "W" Line 4. Line 4 should be the Outstanding Loss Excluding Bulk and IBNR evaluated as of December 31, 2003 for each policy year listed.

- Lines 5-6 Bulk & IBNR Reserves. Line 5 should balance to the 2002 Schedule “W” Line 6. Line 6 should be the Bulk & IBNR reserves evaluated as of December 31, 2003 for each policy year listed.
- Lines 7-8 Losses Incurred Including Bulk & IBNR. Line 7 is the sum of Line 1, Line 3, and Line 5. Line 8 is the sum of Line 2, Line 4, and Line 6.
- Lines 9-10 Incurred Claims. Incurred Claims are closed claims for which a payment was made and claims, which remain open, whether or not a payment has been made. Line 9 should balance to the 2002 Schedule “W” Line 10. Line 10 should be the incurred claims evaluated as of December 31, 2003 for each policy year listed. This amount should be reported on a cumulative basis.
- Lines 11-12 Claims Closed With Payment. Line 11 should balance to the 2002 Schedule “W” Line 12. Line 12 should be the claims closed with payment evaluated as of December 31, 2003 for each policy year listed. This amount should be reported on a cumulative basis.
- Lines 13-14 Claims Closed Without Payment. Line 13 should balance to the 2002 Schedule “W” Line 14. Line 14 should be the claims closed without payment evaluated as of December 31, 2003 for each policy year listed. This amount should be reported on a cumulative basis.
- Lines 15-16 Net Earned Premiums on Direct Business. Line 15 should balance to the 2002 Schedule “W” Line 16. Line 16 should be the net premium earned on direct business evaluated as of December 31, 2003 for each policy year listed. This amount should be reported on a cumulative basis.
- Lines 17-18 (for Parts B-1, C-1, D-1, D-2, E-1, and E-2) Standard Earned Premium at Bureau Reporting Level. Line 17 should balance to the 2002 Schedule “W” Line 18. Line 18 should be the standard earned premium at Bureau reporting level evaluated as of December 31, 2003 for each policy year listed. This amount should be reported on a cumulative basis.