

PENNSYLVANIA COMPENSATION RATING BUREAU (PCRB)

ANALYSIS OF EXPERIENCE UNDER THE PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP)

The PCCPAP program responds to wage differentials within the construction industry, providing a program of premium credits to higher-wage employers. These credits are offset by loadings applied to construction classifications reflecting the portion of employers participating in the program and the average premium credit obtained by those participating businesses, thus maintaining the required premium level in each classification. The table of qualifying wages applicable to the PCCPAP is regularly amended based on actual changes to statewide average wage levels, with such filings subject to review and approval by the Insurance Department and most recently updated effective October 1, 2011.

The program was revised effective January 1, 2002 to eliminate adjustment of experience modifications in recognition of the effects of PCCPAP credits as the approved means of avoiding providing redundant credits. The revised plan makes adjustments within the computation of the credits themselves for the effect of high wages on experience modifications.

The PCRB has compiled and reviewed aggregate statistical data for the above-referenced program. This data covers Policy Years 1994 (Exhibit I) through 2008 (Exhibit XV). Also shown is the total of those years (Exhibit XVI).

Exhibits I through XVI each present 16 statistics (described in the Appendix below) separately for each of the following three groups of policies:

1. Construction classification experience for policies eligible for participation in the PCCPAP during the indicated 12-month experience period (Column (1)). This is, in effect, all experience reported under Pennsylvania's 600 series of classification codes. Policies including construction classifications may also include other classifications outside the construction (or 600) series. Experience for such non-construction classifications has been excluded from Exhibits I through XVI.
2. Construction classification experience for policies eligible for and participating in the PCCPAP during the indicated 12-month experience period (Column (2)).
3. Construction classification experience for policies eligible for but not participating in the PCCPAP during the indicated 12-month experience period (Column (3)).

The following summary observations are based on a review of the attached Exhibits I through XVI:

- Indicated PCCPAP credits vary considerably from year-to-year, ranging from an indicated credit of 13.3 percent for 2001 to an indicated debit of 20.8 percent in 1998. 2001 and 2004 were the only years for which the indicated credit exceeded the actual credit given. For ten of the fifteen years shown, reported experience indicates a debit or surcharge adjustment for PCCPAP participating risks. For the period 1994 through 2008 in total, a modest credit of 0.8 percent was indicated for PCCPAP participating risks.

- For Policy Year 2008, 10.4 percent of eligible risks participated in the PCCPAP program. The portion of eligible risks participating has been relatively stable since 1996. The premium for participating risks represented 21.6 percent of total premium on eligible risks in 2008. The portion of premium for participating risks has declined somewhat in 2008 compared with Policy Years 2003 through 2007 which had been relatively stable.
- Average PCCPAP credits given to participating risks have been relatively consistent during the period 1994 through 2008. The credit shown for 2008, 13.5%, is down from 2007 which showed the highest level at 14.8 percent. PCCPAP credits have averaged 12.2 percent over the period included in the study.
- In each year claim frequency has been consistently better for participating PCCPAP risks than for non-participating risks.
- Claim severity has been higher for participating PCCPAP risks in each year shown, with the extent of those observed differences varying significantly from year-to-year.
- The fact that the indicated PCCPAP credits for participating employers are smaller than those actually granted does not mean that the employers in question should have paid higher workers' compensation premium than they, in fact, did for the years 1994 through 2008. The comparisons done in Exhibits I through XVI are based on PCRБ loss costs only. Actual workers' compensation premium paid by both participating and non-participating employers in those years were affected by many pricing parameters, programs and considerations not reflected in those loss costs. Such additional pricing factors would include, but not be limited to, individual insurers' respective loss cost multipliers, schedule rating credits or debits, dividend plans, retrospective rating plans and sub-classifications.

APPENDIX

Described below are the 16 statistics used in the PCCPAP analysis shown in the attached Exhibits I through XV:

- (1) Number of Policies: The number of policies issued to the groups of employers variously described in each column of Exhibits I through XVI. Note that some Pennsylvania employers may not have a workers' compensation policy (i.e., self-insureds or those not subject to mandatory coverage), and some insured employers may change insurers and, thus, may have different policies in effect during a given year(s).
- (2) Standard Premium: This is premium at Bureau loss cost level, absent both the tabular PCCPAP credit and the adjustment to experience modifications made where applicable for those policies. The current PCCPAP load on manual rates is omitted from this calculation.
- (3) Average Premium: Computed by dividing total standard premium by the number of policies reported.
- (4) PCCPAP Net Credits: These are the total amount of premium credits given under PCCPAP to participating employers included in each column of Exhibits I through XVI.
- (5) Net Premium: The standard premium less any applicable PCCPAP credits. For non-participating employers, net premium and standard premium are equal because no PCCPAP credits were applied.
- (6) Number of Indemnity Claims: The number of indemnity claims reported on the policies variously described in each column of Exhibits I through XVI. Indemnity claims are cases involving some wage loss or other form of benefit payable to the worker or their dependents in addition to any applicable treatment costs.
- (7) Number of Total Claims: The total number of claims reported on the policies variously described in each column of Exhibits I through XVI. These counts include indemnity claims and medical-only claims, those cases involving only payment of medical treatment costs.
- (8) Indemnity Claim Frequency: The number of indemnity claims reported per \$1,000 of standard premiums in each group of policies presented in Exhibits I through XVI.
- (9) Total Claim Frequency: The number of total claims reported per \$1,000 of standard premium in each group of policies presented in Exhibits I through XVI. Total claim frequency is shown bold-faced and underlined, as this statistic is one of the key bases of comparison between employer groups used in the PCB's review of the PCCPAP.

- (10) Incurred Losses: The reported dollar value of losses incurred on the various groups of policies presented on Exhibits I through XVI for indemnity and medical-only claims.
- (11) Average Claim: Total incurred losses divided by the total number of claims. Average claim amounts are shown bold-faced and underlined, as this statistic is another of the key bases of comparison between employer groups used in the PCRB's review of the PCCPAP.
- (12) Loss Ratio: The total incurred losses divided by the net premium for each group of policies presented on Exhibits I through XVI. Loss ratios are shown bold-faced and underlined, as this statistic is the third key basis of comparison between employer groups used in the PCRB's review of the PCCPAP.

The last four experience statistics are computed only for Column (2) in each exhibit, which is the only column exclusively comprised of participants in the PCCPAP. These statistics are described below:

- (13) Net Premium to Balance PCCPAP and Non-PCCPAP Loss Ratios: This is the amount of net premium which would produce the same loss ratio for the PCCPAP participants studied in each exhibit's Column (2) as was reported for all non-participating employers.
- (14) Indicated PCCPAP Credits to Balance: This is the difference between standard premium for the PCCPAP participants studied in each exhibit's Column (2) and the balancing net premium computed in Item (13).
- (15) Average PCCPAP Credit Factor: This is the average ratio of PCCPAP credits actually granted to standard premium for the PCCPAP participants studied in each exhibit's Column (2). This average PCCPAP credit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the PCCPAP.
- (16) Indicated PCCPAP Credit Factor: This is the average PCCPAP credit ratio that would have resulted in the balancing PCCPAP credits computed in Item (14). This indicated PCCPAP credit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the PCCPAP, especially for purposes of comparison to the actual average PCCPAP credit shown in Item (15).

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/94 - 12/31/94)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	38,080	5,045	33,035
(2) Standard Premium	\$473,605,382	\$164,473,482	\$309,131,900
(3) Average Premium (2)/(1)	\$12,437	\$32,601	\$9,358
(4) PCCPAP Net Credits	\$19,845,867	\$19,845,867	\$0
(5) Net Premium (2) - (4)	\$453,759,515	\$144,627,615	\$309,131,900
(6) # of Indemnity Claims	7,517	2,286	5,231
(7) # of Total Claims	32,414	10,023	22,391
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0159	0.0139	0.0169
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0684</u>	<u>0.0609</u>	<u>0.0724</u>
(10) Incurred Losses	\$181,287,763	\$66,543,934	\$114,743,829
(11) Average Claim (10)/(7)	<u>\$5,593</u>	<u>\$6,639</u>	<u>\$5,125</u>
(12) Loss Ratio (10)/(5)	<u>40.0%</u>	<u>46.0%</u>	<u>37.1%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$179,322,649	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$14,849,167	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1207</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0903</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/95 - 12/31/95)**

	Statistic	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1)	Number of Policies	38,133	5,181	32,952
(2)	Standard Premium	\$444,657,344	\$146,925,337	\$297,732,007
(3)	Average Premium (2)/(1)	\$11,661	\$28,358	\$9,035
(4)	PCCPAP Net Credits	\$17,477,791	\$17,477,791	\$0
(5)	Net Premium (2) - (4)	\$427,179,553	\$129,447,546	\$297,732,007
(6)	# of Indemnity Claims	6,623	1,873	4,750
(7)	# of Total Claims	28,855	8,649	20,206
(8)	Indemnity Claim Frequency (6)/{(2)/1,000}	0.0149	0.0127	0.0160
(9)	Total Claim Frequency (7)/{(2)/1,000}	<u>0.0649</u>	<u>0.0589</u>	<u>0.0679</u>
(10)	Incurred Losses	\$172,349,854	\$52,627,524	\$119,722,330
(11)	Average Claim (10)/(7)	<u>\$5,973</u>	<u>\$6,085</u>	<u>\$5,925</u>
(12)	Loss Ratio (10)/(5)	<u>40.3%</u>	<u>40.7%</u>	<u>40.2%</u>
(13)	Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$131,057,590	
(14)	Indicated PCCPAP Credits to Balance (2)-(13)		\$15,867,747	
(15)	Average PCCPAP Credit Factor (4)/(2)		<u>0.1190</u>	
(16)	Indicated PCCPAP Credit Factor (14)/(2)		<u>0.1080</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/96 - 12/31/96)

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	38,936	4,714	34,222
(2) Standard Premium	\$442,542,189	\$138,562,374	\$303,979,815
(3) Average Premium (2)/(1)	\$11,366	\$29,394	\$8,883
(4) PCCPAP Net Credits	\$15,492,741	\$15,492,741	\$0
(5) Net Premium (2) - (4)	\$427,049,448	\$123,069,633	\$303,979,815
(6) # of Indemnity Claims	6,815	1,822	4,993
(7) # of Total Claims	29,843	8,299	21,544
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0154	0.0131	0.0164
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0674</u>	<u>0.0599</u>	<u>0.0709</u>
(10) Incurred Losses	\$172,485,699	\$59,386,787	\$113,098,912
(11) Average Claim (10)/(7)	<u>\$5,780</u>	<u>\$7,156</u>	<u>\$5,250</u>
(12) Loss Ratio (10)/(5)	<u>40.4%</u>	<u>48.3%</u>	<u>37.2%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$159,792,023	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$21,229,649	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1118</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.1532</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/97 - 12/31/97)

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
Statistic			
(1) Number of Policies	40,230	4,415	35,815
(2) Standard Premium	\$361,491,107	\$106,285,581	\$255,205,526
(3) Average Premium (2)/(1)	\$8,986	\$24,074	\$7,126
(4) PCCPAP Net Credits	\$12,672,380	\$12,672,380	\$0
(5) Net Premium (2) - (4)	\$348,818,727	\$93,613,201	\$255,205,526
(6) # of Indemnity Claims	6,759	1,648	5,111
(7) # of Total Claims	29,617	7,461	22,156
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0187	0.0155	0.0200
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0819</u>	<u>0.0702</u>	<u>0.0868</u>
(10) Incurred Losses	\$171,428,460	\$52,275,778	\$119,152,682
(11) Average Claim (10)/(7)	<u>\$5,788</u>	<u>\$7,007</u>	<u>\$5,378</u>
(12) Loss Ratio (10)/(5)	<u>49.1%</u>	<u>55.8%</u>	<u>46.7%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$111,854,746	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$5,569,165	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1192</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0524</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/98 - 12/31/98)

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	40,876	4,284	36,592
(2) Standard Premium	\$362,389,939	\$99,388,120	\$263,001,819
(3) Average Premium (2)/(1)	\$8,866	\$23,200	\$7,187
(4) PCCPAP Net Credits	\$12,317,462	\$12,317,462	\$0
(5) Net Premium (2) - (4)	\$350,072,477	\$87,070,658	\$263,001,819
(6) # of Indemnity Claims	7,033	1,579	5,454
(7) # of Total Claims	30,931	7,204	23,727
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0194	0.0159	0.0207
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0854</u>	<u>0.0725</u>	<u>0.0902</u>
(10) Incurred Losses	\$185,832,816	\$58,292,289	\$127,540,527
(11) Average Claim (10)/(7)	<u>\$6.008</u>	<u>\$8.092</u>	<u>\$5.375</u>
(12) Loss Ratio (10)/(5)	<u>53.1%</u>	<u>66.9%</u>	<u>48.5%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$120,103,650	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$20,715,530	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1239</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.2084</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/99 - 12/31/99)

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
Statistic			
(1) Number of Policies	42,219	4,640	37,579
(2) Standard Premium	\$390,090,568	\$102,905,056	\$287,185,512
(3) Average Premium (2)/(1)	\$9,240	\$22,178	\$7,642
(4) PCCPAP Net Credits	\$12,320,086	\$12,320,086	\$0
(5) Net Premium (2) - (4)	\$377,770,482	\$90,584,970	\$287,185,512
(6) # of Indemnity Claims	7,297	1,613	5,684
(7) # of Total Claims	31,286	7,364	23,922
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0187	0.0157	0.0198
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0802</u>	<u>0.0716</u>	<u>0.0833</u>
(10) Incurred Losses	\$202,167,062	\$51,714,565	\$150,452,497
(11) Average Claim (10)/(7)	<u>\$6.462</u>	<u>\$7.023</u>	<u>\$6.289</u>
(12) Loss Ratio (10)/(5)	<u>53.5%</u>	<u>57.1%</u>	<u>52.4%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$98,709,958	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		\$4,195,098	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1197</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>0.0408</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/00 - 12/31/00)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
Statistic			
(1) Number of Policies	42,594	4,745	37,849
(2) Standard Premium	\$409,483,315	\$108,720,154	\$300,763,161
(3) Average Premium (2)/(1)	\$9,614	\$22,913	\$7,946
(4) PCCPAP Net Credits	\$12,792,240	\$12,792,240	\$0
(5) Net Premium (2) - (4)	\$396,691,075	\$95,927,914	\$300,763,161
(6) # of Indemnity Claims	7,320	1,626	5,694
(7) # of Total Claims	30,516	7,001	23,515
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0179	0.0150	0.0189
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0745</u>	<u>0.0644</u>	<u>0.0782</u>
(10) Incurred Losses	\$213,462,229	\$58,635,076	\$154,827,153
(11) Average Claim (10)/(7)	<u>\$6,995</u>	<u>\$8,375</u>	<u>\$6,584</u>
(12) Loss Ratio (10)/(5)	<u>53.8%</u>	<u>61.1%</u>	<u>51.5%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$113,809,622	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$5,089,468	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1177</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0468</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/01 - 12/31/01)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	42,125	4,683	37,442
(2) Standard Premium	\$426,028,522	\$108,785,202	\$317,243,320
(3) Average Premium (2)/(1)	\$10,113	\$23,230	\$8,473
(4) PCCPAP Net Credits	\$12,318,481	\$12,318,481	\$0
(5) Net Premium (2) - (4)	\$413,710,041	\$96,466,721	\$317,243,320
(6) # of Indemnity Claims	7,083	1,523	5,560
(7) # of Total Claims	29,019	6,366	22,653
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0166	0.0140	0.0175
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0681</u>	<u>0.0585</u>	<u>0.0714</u>
(10) Incurred Losses	\$221,403,375	\$50,766,944	\$170,636,431
(11) Average Claim (10)/(7)	<u>\$7,630</u>	<u>\$7,975</u>	<u>\$7,533</u>
(12) Loss Ratio (10)/(5)	<u>53.5%</u>	<u>52.6%</u>	<u>53.8%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$94,315,047	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		\$14,470,155	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1132</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>0.1330</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/02 - 12/31/02)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	42,369	4,970	37,399
(2) Standard Premium	\$445,253,179	\$107,021,932	\$338,231,247
(3) Average Premium (2)/(1)	\$10,509	\$21,534	\$9,044
(4) PCCPAP Net Credits	\$11,809,171	\$11,809,171	\$0
(5) Net Premium (2) - (4)	\$433,444,008	\$95,212,761	\$338,231,247
(6) # of Indemnity Claims	6,507	1,415	5,092
(7) # of Total Claims	26,769	5,740	21,029
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0146	0.0132	0.0151
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0601</u>	<u>0.0536</u>	<u>0.0622</u>
(10) Incurred Losses	\$221,964,801	\$54,605,351	\$167,359,450
(11) Average Claim (10)/(7)	<u>\$8,292</u>	<u>\$9,513</u>	<u>\$7,959</u>
(12) Loss Ratio (10)/(5)	<u>51.2%</u>	<u>57.4%</u>	<u>49.5%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$110,408,333	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$3,386,401	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1103</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0316</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/03 - 12/31/03)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	42,331	4,831	37,500
(2) Standard Premium	\$434,246,324	\$101,257,999	\$332,988,325
(3) Average Premium (2)/(1)	\$10,258	\$20,960	\$8,880
(4) PCCPAP Net Credits	\$10,635,701	\$10,635,701	\$0
(5) Net Premium (2) - (4)	\$423,610,623	\$90,622,298	\$332,988,325
(6) # of Indemnity Claims	6,265	1,164	5,101
(7) # of Total Claims	25,597	4,966	20,631
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0144	0.0115	0.0153
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0589</u>	<u>0.0490</u>	<u>0.0620</u>
(10) Incurred Losses	\$223,903,813	\$48,613,252	\$175,290,561
(11) Average Claim (10)/(7)	<u>\$8,747</u>	<u>\$9,789</u>	<u>\$8,496</u>
(12) Loss Ratio (10)/(5)	<u>52.9%</u>	<u>53.6%</u>	<u>52.6%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$92,345,155	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		\$8,912,844	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1050</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>0.0880</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/04 - 12/31/04)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	43,299	5,246	38,053
(2) Standard Premium	\$464,071,626	\$109,312,314	\$354,759,312
(3) Average Premium (2)/(1)	\$10,718	\$20,837	\$9,323
(4) PCCPAP Net Credits	\$12,518,642	\$12,518,642	\$0
(5) Net Premium (2) - (4)	\$451,552,984	\$96,793,672	\$354,759,312
(6) # of Indemnity Claims	6,199	1,169	5,030
(7) # of Total Claims	25,387	5,179	20,208
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0134	0.0107	0.0142
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0547</u>	<u>0.0474</u>	<u>0.0570</u>
(10) Incurred Losses	\$241,663,064	\$51,413,248	\$190,249,816
(11) Average Claim (10)/(7)	<u>\$9,519</u>	<u>\$9,927</u>	<u>\$9,415</u>
(12) Loss Ratio (10)/(5)	<u>53.5%</u>	<u>53.1%</u>	<u>53.6%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$95,890,746	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		\$13,421,568	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1145</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>0.1228</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/05 - 12/31/05)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	42,891	5,155	37,736
(2) Standard Premium	\$502,647,888	\$120,578,769	\$382,069,119
(3) Average Premium (2)/(1)	\$11,719	\$23,391	\$10,125
(4) PCCPAP Net Credits	\$16,203,266	\$16,203,266	\$0
(5) Net Premium (2) - (4)	\$486,444,622	\$104,375,503	\$382,069,119
(6) # of Indemnity Claims	6,241	1,299	4,942
(7) # of Total Claims	26,084	5,496	20,588
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0124	0.0108	0.0129
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0519</u>	<u>0.0456</u>	<u>0.0539</u>
(10) Incurred Losses	\$251,965,352	\$62,088,397	\$189,876,955
(11) Average Claim (10)/(7)	<u>\$9,660</u>	<u>\$11,297</u>	<u>\$9,223</u>
(12) Loss Ratio (10)/(5)	<u>51.8%</u>	<u>59.5%</u>	<u>49.7%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$124,956,588	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$4,377,819	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1344</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0363</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/06 - 12/31/06)

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
Statistic			
(1) Number of Policies	42,758	4,645	38,113
(2) Standard Premium	\$509,922,625	\$116,682,747	\$393,239,878
(3) Average Premium (2)/(1)	\$11,926	\$25,120	\$10,318
(4) PCCPAP Net Credits	\$16,687,358	\$16,687,358	\$0
(5) Net Premium (2) - (4)	\$493,235,267	\$99,995,389	\$393,239,878
(6) # of Indemnity Claims	5,969	1,228	4,741
(7) # of Total Claims	24,677	5,095	19,582
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0117	0.0105	0.0121
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0484</u>	<u>0.0437</u>	<u>0.0498</u>
(10) Incurred Losses	\$256,536,447	\$58,829,457	\$197,706,990
(11) Average Claim (10)/(7)	<u>\$10,396</u>	<u>\$11,547</u>	<u>\$10,096</u>
(12) Loss Ratio (10)/(5)	<u>52.0%</u>	<u>58.8%</u>	<u>50.3%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$116,893,218	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$210,471	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1430</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0018</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/07 - 12/31/07)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	43,366	4,755	38,611
(2) Standard Premium	\$522,636,205	\$122,348,265	\$400,287,940
(3) Average Premium (2)/(1)	\$12,052	\$25,730	\$10,367
(4) PCCPAP Net Credits	\$18,107,601	\$18,107,601	\$0
(5) Net Premium (2) - (4)	\$504,528,604	\$104,240,664	\$400,287,940
(6) # of Indemnity Claims	5,847	1,222	4,625
(7) # of Total Claims	23,790	4,997	18,793
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0112	0.0100	0.0116
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0455</u>	<u>0.0408</u>	<u>0.0469</u>
(10) Incurred Losses	\$289,784,423	\$70,113,399	\$219,671,024
(11) Average Claim (10)/(7)	<u>\$12,181</u>	<u>\$14,031</u>	<u>\$11,689</u>
(12) Loss Ratio (10)/(5)	<u>57.4%</u>	<u>67.3%</u>	<u>54.9%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$127,785,003	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$5,436,738	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1480</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0444</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (1/1/08 - 12/31/08)

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
Statistic			
(1) Number of Policies	43,148	4,502	38,646
(2) Standard Premium	\$466,095,275	\$100,719,586	\$365,375,689
(3) Average Premium (2)/(1)	\$10,802	\$22,372	\$9,454
(4) PCCPAP Net Credits	\$13,559,371	\$13,559,371	\$0
(5) Net Premium (2) - (4)	\$452,535,904	\$87,160,215	\$365,375,689
(6) # of Indemnity Claims	4,808	923	3,885
(7) # of Total Claims	19,586	3,894	15,692
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0103	0.0092	0.0106
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0420</u>	<u>0.0387</u>	<u>0.0429</u>
(10) Incurred Losses	\$239,720,646	\$55,144,317	\$184,576,329
(11) Average Claim (10)/(7)	<u>\$12,239</u>	<u>\$14,161</u>	<u>\$11,762</u>
(12) Loss Ratio (10)/(5)	<u>53.0%</u>	<u>63.3%</u>	<u>50.5%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$109,252,309	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$8,532,723	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1346</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0847</u>	

**PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (TOTAL OF POLICY YEARS 1994 THROUGH 2008)**

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
Statistic			
(1) Number of Policies	623,355	71,811	551,544
(2) Standard Premium	\$6,655,161,488	\$1,753,966,918	\$4,901,194,570
(3) Average Premium (2)/(1)	\$10,676	\$24,425	\$8,886
(4) PCCPAP Net Credits	\$214,758,158	\$214,758,158	\$0
(5) Net Premium (2) - (4)	\$6,440,403,330	\$1,539,208,760	\$4,901,194,570
(6) # of Indemnity Claims	98,283	22,390	75,893
(7) # of Total Claims	414,371	97,734	316,637
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0148	0.0128	0.0155
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0623</u>	<u>0.0557</u>	<u>0.0646</u>
(10) Incurred Losses	\$3,245,955,804	\$851,050,318	\$2,394,905,486
(11) Average Claim (10)/(7)	<u>\$7,833</u>	<u>\$8,708</u>	<u>\$7,564</u>
(12) Loss Ratio (10)/(5)	<u>50.4%</u>	<u>55.3%</u>	<u>48.9%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$1,740,659,395	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		\$13,307,523	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1224</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>0.0076</u>	