

Experience Modification Calculator User Guide

Pennsylvania Compensation Rating Bureau



Issued: July 2023

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A. INTRODUCTION

The Experience Rating Calculator is a tool designed to empower users with a comprehensive understanding of Pennsylvania's workers' compensation experience rating calculations. Seamlessly navigate through the intricacies of the system as our application guides you through a detailed comparison of old and new plan calculations.

With a focus on user convenience, our application delivers quick results. Please note that these results are estimates and are only intended for personal reference and may not be used by agents, producers, insurers, or employers in determining policy prices or as a replacement for an Experience Rating Worksheet issued by the PCRB.

B. ELIGIBILITY REQUIREMENTS

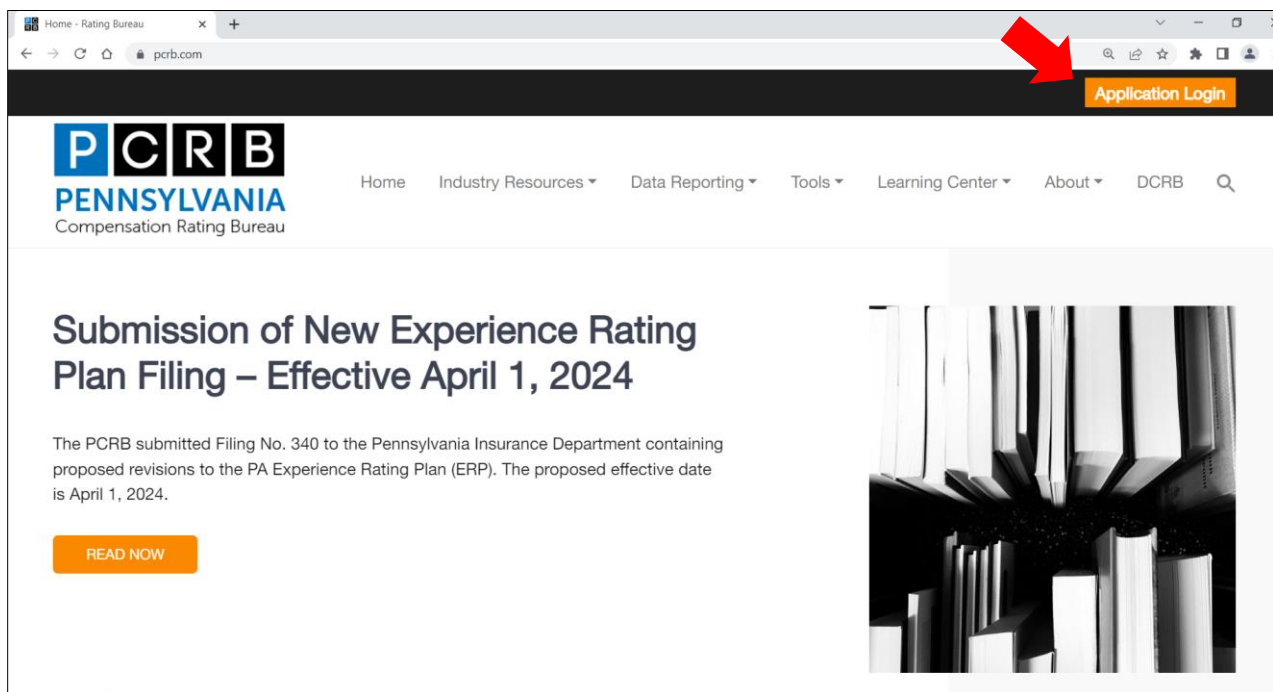
Note: Experience rating is mandatory for all employers that meet the minimum premium eligibility threshold.

1. A risk shall qualify for a rating under this Plan if the premium developed by the audited payrolls or other exposures of the experience period, extended at current PCRB Loss Costs, is \$5,000 or more.

C. HOW TO USE CALCULATOR

Step 1: Accessing the Calculator

The Experience Modification Calculator is in the PCRB website's Application Manager. The direct website for the Application Manager is: <https://www.pcrbdata.com/ui>. It can also be accessed via the Application Login button on the PCRB website, www.pcrb.com.



The user should enter their **Username** and **Password**. The password field is case-sensitive. You must read the paragraph below these fields and click the **I Agree** button to proceed.

SIGN IN

User Name:

Password:

Click the "I Agree" button to submit your User Name and Password. Doing so acknowledges that you have read and accept the Bureau's "Privacy and Security Statement"(see Privacy) and "Term of Service and Conditions of Use"(see Legal) regarding use of the facilities on this website.

[I Agree](#)

[First Time User](#) [Forget Password?](#)

Once successfully logged in, the user will observe the Application Manager home screen. Select **Experience Modification Calculator** to launch the application.

APPLICATION MANAGER

[Home](#) [Message Board](#) [Help Section](#) [Request Access](#) [Carrier List](#)

Welcome to the PCRB Application Manager

- Data Analytics**
 - Industry Reports View Industry Reports
 - WC Data Pro View, compare and export premium and loss data
- Data Management Applications**
 - Medical Data Manager View, Enter and Edit Medical Information
 - Policy Data Manager View, Enter and Edit Policy Information
 - Unit Data Manager View, Enter and Edit Unit Stat Information
- Market / Underwriting Tools and Information**
 - Carrier Pricing Benchmark Pricing Benchmark Information
 - Experience Modification Calculator** Calculate Experience Modification
 - Rating and Underwriting Reference Experience Modifications, Merit Ratings, Rating Values, Underwriting Guide
 - View Authorized Class Authorized Class
- Membership Tools and Information**
 - Invoice Online View Invoices

Step 2: Navigating and Using the Calculator

Once the user has launched the application, the following screen will be displayed:

APPLICATION MANAGER

[Home](#) [Message Board](#) [Help Section](#) [Request Access](#) [Carrier List](#)

[Help Guide](#)

Rating Calculation

State: *

Rating Effective Date: *

Insured Name:

[Add Payrolls](#)

Basic Information

This tool is specifically designed for Pennsylvania and is intended for use by insured whose primary address is located within the state.



The screenshot shows a web form titled "Rating Calculation". It has three input fields: "State:" with a dropdown menu showing "Pennsylvania", "Rating Effective Date:" with a dropdown menu showing "MM/DD/YYYY", and "Insured Name:" with an empty text box. To the right of the "Insured Name" field is a button labeled "Add Exposures".

Next, the user will input the **Rating Effective Date** of the insured's policy in the format of MM/DD/YYYY.

The Rating Effective Date (RED) determines the effective date of the experience modification. The RED is the earliest date that a specific experience modification is applied to a policy.



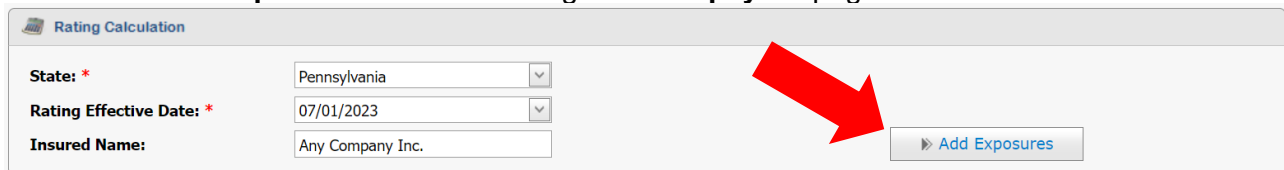
The screenshot shows the "Rating Calculation" form with "State:" set to "Pennsylvania" and "Rating Effective Date:" set to "07/01/2023". The "Insured Name:" field is still empty. The "Add Exposures" button is visible.

The **Insured Name** section is optional and does not need to be filled out to calculate the modification.



The screenshot shows the "Rating Calculation" form with "State:" set to "Pennsylvania", "Rating Effective Date:" set to "07/01/2023", and "Insured Name:" set to "Any Company Inc.". The "Add Exposures" button is visible.

Select the "Add Exposures" button to navigate to the **payroll** page.



The screenshot shows the "Rating Calculation" form with "State:" set to "Pennsylvania", "Rating Effective Date:" set to "07/01/2023", and "Insured Name:" set to "Any Company Inc.". A large red arrow points to the "Add Exposures" button.

Exposure Information

At least one year of experience data must be entered into this application to calculate an experience modification. Enter only one 4-digit year, class code and exposure amount per line. After the year, class code and exposure data have all been entered, click **ADD**. The Expected Loss Rate (ELR) will be selected for the classification exposure based on the 4-digit year entered. Expected Losses are then calculated by multiplying the Expected Loss Rate (ELR) factor times the corresponding class code exposure and dividing the result by 100.

1. Select a **Policy Year** from the drop-down box, enter as a four-digit year.

The screenshot shows the 'Rating Calculation' form. The 'Policy Year' dropdown menu is open, displaying the years 2021, 2020, and 2019. The 'Class Code', 'USL&HW', and 'Exposure' fields are currently empty. An 'Add' button is visible to the right of the form. Below the form is a table with the following columns: Policy Year, Class Code, USL&HW, Exposure, ELR, and Expected Losses. The table currently contains the text 'No data to display'. At the bottom right, there are buttons for 'Insured Info' and 'Add Losses'.

2. Select a **Class Code** from the drop-down box.

The screenshot shows the 'Rating Calculation' form with the 'Policy Year' set to 2021. The 'Class Code' dropdown menu is open, displaying a list of codes and descriptions:

Code	Description
0141	Laundry, N.O.C.
0142	Dry Cleaning Plant
0152	NON-Rateable Element - Class 615
0153	Surface and Culm - Anthracite
0154	NON-Rateable Element Class 615
0156	Surface and Culm - Bituminous
0157	Auger Mining - Surface

The 'USL&HW' field is highlighted in blue. The 'Exposure' field is empty. The 'Add' button is visible to the right of the form.

3. If the selected class is for USL&HW coverage, select **Yes** to ensure the correct ELR calculation for the USL&HW coverage.

The screenshot shows the 'Rating Calculation' form. The 'Policy Year' and 'Class Code' dropdown menus are empty. The 'USL&HW' dropdown menu is open, showing 'No' and 'Yes' options. The 'Yes' option is selected. The 'Exposure' field is empty. The 'Add' button is visible to the right of the form.

4. Enter the exposure amount for the selected classification.

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Rating Calculation

Policy Year: *
Class Code: *
USL&HW: * No Yes
Exposure: *

Policy Year	Class Code	USL&HW	Exposure	ELR	Expected Losses
No data to display					

- Click the **ADD** button to calculate Expected Losses. When all exposures have been entered, click the **Add Losses** button to navigate to the Claims Information page.

Rating Calculation

Policy Year: *
Class Code: *
USL&HW: * No Yes
Exposure: *

Policy Year	Class Code	USL&HW	Exposure	ELR	Expected Losses
No data to display					
				0	\$0

Rating Calculation

Policy Year: *
Class Code: *
USL&HW: * No Yes
Exposure: *

	Policy Year	Class Code	USL&HW	Exposure	ELR	Expected Losses
<input type="button" value="edit"/> <input type="button" value="delete"/>	2021	0142; Dry Cleaning Plant	<input type="checkbox"/>	\$1,000,000	0.96	\$9,600
<input type="button" value="edit"/> <input type="button" value="delete"/>	2020	0142; Dry Cleaning Plant	<input type="checkbox"/>	\$1,100,000	1.17	\$12,870
<input type="button" value="edit"/> <input type="button" value="delete"/>	2019	0142; Dry Cleaning Plant	<input type="checkbox"/>	\$940,000	1.28	\$12,032
				3,040,000		\$34,502

* When entering Class 994, Volunteer Fire Co. or 989, Volunteer Fire Co. – Support Staff enter the Loss Cost that corresponds to the population figures by year.

Claim Information

The experience rating formula is more sensitive to loss frequency than to loss severity. As a result, an insured having many small losses may develop a higher experience modification than will another insured having the same total dollar amount of losses resulting from fewer, larger claims. In part, this difference reflects the premise that loss frequency is more susceptible to change by virtue of management's attitudes and other factors than is the amount of loss on individual claims once they have occurred.

The Experience Rating Plan limits the effect of accident severity on employer rates by placing a maximum accident limitation on claim amounts used in the experience rating calculation for any one accident for every rated employer regardless of the employer's size or the actual amount of the claim.

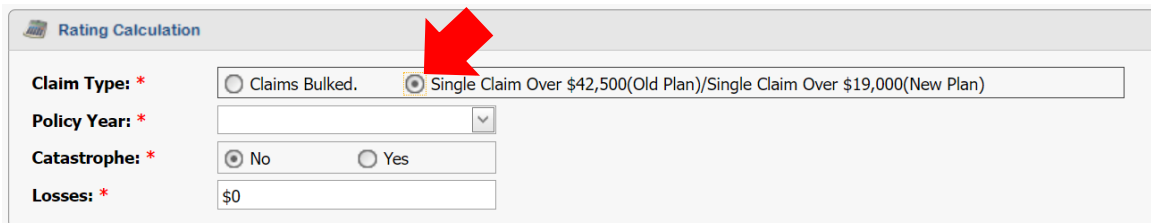
The user will now be prompted to add all claims that occurred during the policy term.

1. Select a **Claim Type**.

Claims reported and used in the experience rating calculations are required to be on an incurred (paid plus reserves) basis.

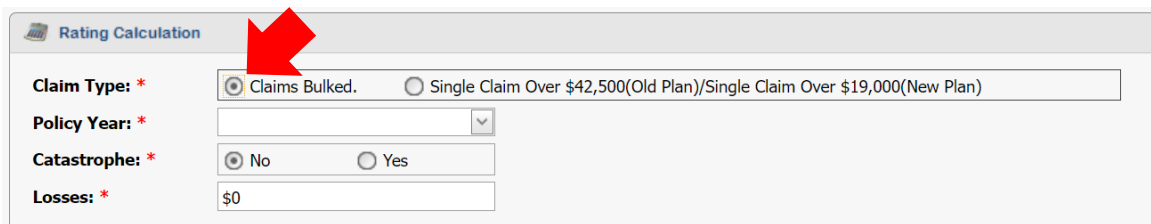
There are two categories of claims:

- Claim(s) over the split point.
 - All claims that exceed the split point must be entered individually in the experience modification calculation. These claims are automatically adjusted by reducing them to the split point value. These claims cannot be grouped together and doing so will result in incorrect experience modification calculations.



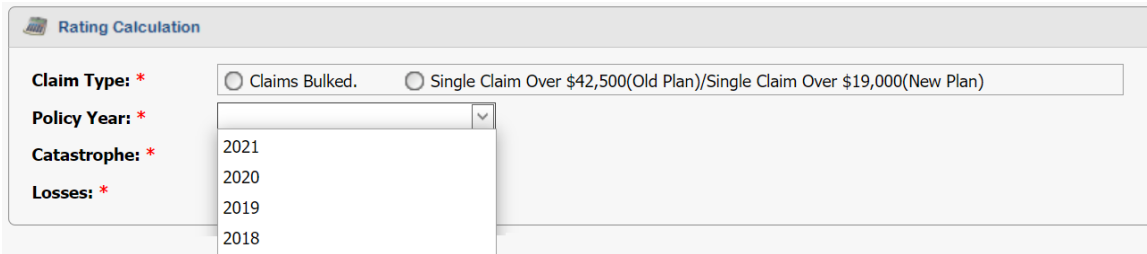
The screenshot shows the 'Rating Calculation' form. The 'Claim Type' field is selected with the option 'Single Claim Over \$42,500(Old Plan)/Single Claim Over \$19,000(New Plan)'. A red arrow points to this selection. Other fields include 'Policy Year' (dropdown), 'Catastrophe' (radio buttons for No and Yes), and 'Losses' (text input with '\$0').

- Claim(s) under the split point.
 - Claims under the split point may be grouped together for each policy year. Input claims by individual policy year. For example, for a policy effective 10/1/21, 10 claims occurring between 10/1/21 - 10/1/22 would be entered as policy year 2021.



The screenshot shows the 'Rating Calculation' form. The 'Claim Type' field is selected with the option 'Claims Bulked.'. A red arrow points to this selection. Other fields include 'Policy Year' (dropdown), 'Catastrophe' (radio buttons for No and Yes), and 'Losses' (text input with '\$0').

2. Select the **Policy Year** from the drop-down box.

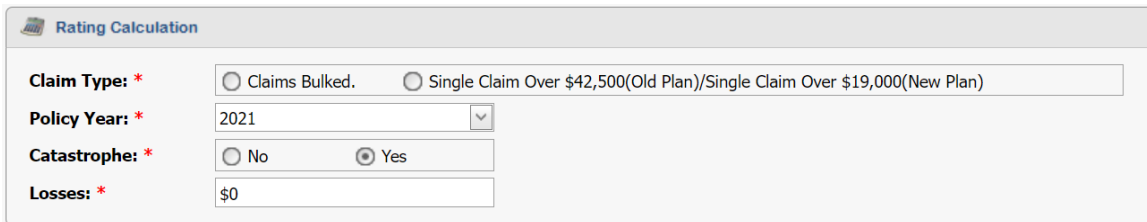


The screenshot shows the 'Rating Calculation' form. The 'Claim Type' field has two radio buttons: 'Claims Bulked.' and 'Single Claim Over \$42,500(Old Plan)/Single Claim Over \$19,000(New Plan)'. The 'Policy Year' field is a dropdown menu with '2021' selected. The 'Catastrophe' field has a dropdown menu with '2021', '2020', '2019', and '2018' listed. The 'Losses' field is empty.

3. Select 'Yes' if the claim is a **Catastrophe** or 'No' if it is not.

Accidents that involve injuries to two or more persons are limited to the split point value for experience rating purposes.

Enter each claim separately and set the Catastrophe indicator on each claim equal to 'Yes'.



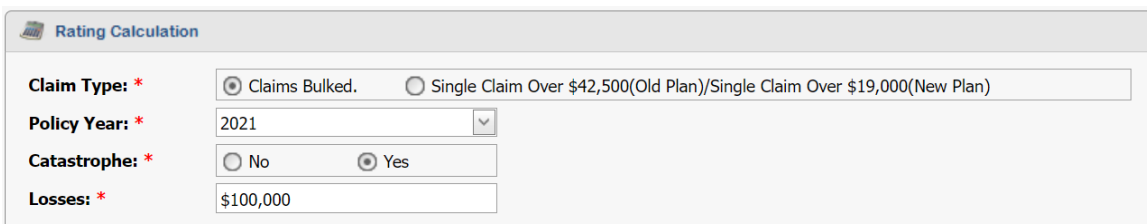
The screenshot shows the 'Rating Calculation' form. The 'Claim Type' field has two radio buttons: 'Claims Bulked.' and 'Single Claim Over \$42,500(Old Plan)/Single Claim Over \$19,000(New Plan)'. The 'Policy Year' field is a dropdown menu with '2021' selected. The 'Catastrophe' field has two radio buttons: 'No' and 'Yes', with 'Yes' selected. The 'Losses' field contains '\$0'.

The total amount of all combined claims for a catastrophic accident must be greater than a split point for the catastrophe limitation to apply.

Once all claim information has been entered and calculated, the Actual Primary Losses are used for the experience modification calculation.

4. Enter the loss amount (whole dollar amounts only) for the claim.

For bulked claims, enter the sum of claims for the specified Policy Year.



The screenshot shows the 'Rating Calculation' form. The 'Claim Type' field has two radio buttons: 'Claims Bulked.' and 'Single Claim Over \$42,500(Old Plan)/Single Claim Over \$19,000(New Plan)'. The 'Policy Year' field is a dropdown menu with '2021' selected. The 'Catastrophe' field has two radio buttons: 'No' and 'Yes', with 'Yes' selected. The 'Losses' field contains '\$100,000'.

5. Click the **ADD** button to calculate the Actual Primary Losses.


Rating Calculation



Claim Type: * Claims Bulkded. Single Claim Over \$42,500(Old Plan)/Single Claim Over \$19,000(New Plan)

Policy Year: *

Catastrophe: * No Yes

Losses: *



	Policy Year	Claim Type	Catastrophe	Actual Losses	Actual Primary Losses (Old Plan)	Actual Primary Losses (New Plan)
 	2021	Claims Bulkded.	No	\$100,000	\$100,000	\$100,000
				\$100,000	\$100,000	\$100,000

6. Click the **Results** button to view the mod result.



Rating Calculation

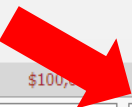
Claim Type: * Claims Bulkded. Single Claim Over \$42,500(Old Plan)/Single Claim Over \$19,000(New Plan)

Policy Year: *

Catastrophe: * No Yes

Losses: *

	Policy Year	Claim Type	Catastrophe	Actual Losses	Actual Primary Losses (Old Plan)	Actual Primary Losses (New Plan)
 	2021	Claims Bulkded.	No	\$100,000	\$100,000	\$100,000
				\$100,000	\$100,000	\$100,000



Step 3: Understanding the Results

If you have the prior mod available, please enter it and click on **Recalculate Mod**. This will calculate the final mod, taking into account the capping rule.

Capping during the transition Period (4/1/2024 ~ 3/31/2026): The new Max Mod will apply, however the current capping rules (+/-25% swing limits and secondary capping) will also apply for a 2-year period to ensure mod stability during the transition to the new plan.

Rating Calculation

State:	PENNSYLVANIA	Print
Insured's Name:	ANY COMPANY INC.	
Rating Effective Date	07/01/2023	

Experience Rating Totals

Old Plan	New Plan
Total Incurred Losses	\$100,000
Losses Subject to Limitation	\$0
Split Point	\$42,500

Experience Modification Calculation

Actual Primary Losses (Ap)	\$100,000
Expected Losses (E)	\$34,502
Credibility (C)	0.372
Limit Charge (L)	0.2
Indicated Modification (M)	1.906

$[Ap \times C + E \times (L \times C) + E (1.0 - C)] / E$

Final Experience Modification

Prior Modification	<input type="text"/>	Recalculate Mod	
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Final Mod	1.906	2.818
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* Capping or transitional rules apply.

◀ Losses
⏮ Start Over

Definitions:

Experience Period: The experience rating calculation generally consists of an experience period of three policy years (36 months) of payroll and claim data organized by classification code(s). If for any reason a part of the earliest policy period falls outside of the normal three (3) year maximum period, such earliest policy period shall be retained in full provided the entire experience period does not then exceed three and three-quarters (3¾) years and shall be rejected in full if its retention serves to increase the experience period beyond three and three-quarters (3¾) years. The most recent policy year of data used in

experience rating is the policy year that expired one year prior to the rating effective date. The experience rating calculation may include less than three years of experience data, if the employer being rated meets the minimum premium eligibility requirements based on the reduced period of experience data.

Actual Primary Losses (Ap): The total reported losses from all claims limited by the split point.

Expected Losses (E): Expected losses are determined by multiplying total payroll (per \$100) for each classification by the Expected Loss Rate factors.

Credibility (C): The statistical weight or level of confidence assigned to the employer's own loss experience.

Limit Charge (L): Limit charge is used to divide Expected Loss into primary and excess loss portions.

Split Point: The specific dollar threshold used to separate primary losses from excess losses.

Credibility Complement (1-C): The Credibility Complement is computed by subtracting the Credibility (C) from unity (1.0)

Experience Modification (M): The Experience Modification shall be determined from the formula:

$$M = [Ap \times C + E \times (L \times C) + E(1.000-C)] / E$$

Note: Under the new Experience Rating Plan, a two-year transition period (4/1/2024 – 3/31/2026) for capping will be implemented. During this transition period, the current capping rule will remain in effect, which limits changes (up or down) to no more than 25% of the prior experience modification. Additionally, the maximum modification, calculated using the formula below, will be applied to the new modification:

$$1.10 + 0.0004 \times (E / G), G=10$$

During the transition period, the final modification factor will be determined by selecting the lower value between the modification calculated based on the current capping rule and the maximum modification. This ensures a smooth transition and provides a safeguard against extreme fluctuations in the modification factor caused by the transition.

Once the two-year transition period concludes, the indicated modification will be capped at the maximum modification calculated by the formula mentioned above. However, if both the indicated modification and maximum modification exceed +40% of the prior experience modification, the final modification will be capped at 40% of the prior modification. This additional capping measure helps to limit excessive fluctuations in the modification factor beyond a certain threshold.

Double Swing Cap (Secondary Capping):

The double swing cap recognizes the favorable experience of the risk by setting the Final Modification to 1.000. When the application of the swing cap to the employer's previous experience modification is above 1.000, but the Indicated Modification is below 1.000, the Final Modification shall be set at 1.000. The double swing cap will be phased out once the two-year transition period concludes.

Disclaimers:

The Experience Modification Calculator cannot be used to calculate the below scenarios:

- Wrap-up policies
- Employee Leasing Company
- Combinations