

**PENNSYLVANIA COMPENSATION RATING BUREAU
F-CLASS FILING**

RATE FORMULAE

The experience used for classification relativities for the April 1, 2026 F-Class revision will include all available risks. It is proposed that individual claims and catastrophes be limited in accordance with the procedure previously employed in other PCRB filings. The experience period will be ten (10) years for both Statewide and Countrywide data for all classifications. Countrywide data is reported by NCCI. Relativities will be based on Countrywide pure premiums for each classification. All occupational disease losses will be included in the exhibit of experience, the total amount of such losses by type of injury being shown on a separate line on the classification rate sheets.

The calculation of classification rates will be made in accordance with the following procedure:

- (1) Determine the Pennsylvania Statewide pure premiums using a weighted ten-year average of losses divided by payroll.
- (2) Determine the Countrywide pure premiums using a weighted ten-year average of losses divided by payroll.
- (3) Apply 50% weight to both the Pennsylvania Statewide and Countrywide pure premiums derived in (1) and (2) above to obtain the Selected State base pure premium.
- (4) Divide the Selected State base pure premium calculated in (3) above by the Permissible Loss Ratio to get the Final State base rate.
- (5) Determine Countrywide relativities of individual classification pure premiums to the Countrywide aggregate F-class pure premium.
- (6) Calculate the Indicated Rate by multiplying the classification relativities calculated above in (5) by the Final State Base Rate calculated in (4).
- (7) Indicated rates are then balanced back to the State base rate (4) through a balancing factor derived by dividing the state base rate by the weighted average indicated pre-cap rate.

- (8) Test to assure that the maximum departure of the Indicated Rate from the current is in accordance with the following formulae:

Maximum Changes in Rates:

Upward: Overall change plus 25% rounded to the nearest 0.1%.

Downward: Overall change minus 25% rounded to the nearest 0.1%.

- (a) If Indicated Rate is outside of allowed range of maximum departure from current rate, select +/- 25% capped rate for Manual Rate.
(b) Otherwise, select Indicated Rate for Manual Rate.

- (9) Manual Rates are to be rounded to the nearest \$.001.