

PENNSYLVANIA COMPENSATION RATING BUREAU

State and Hazard Group Relativities

The attached exhibit pages present an analysis of Pennsylvania State and Hazard Group relativities.

Page 1 shows the indicated State and Hazard Group Relativities for seven Hazard Groups.

Superseded

Calculation of PA Hazard Group Relativities

Injury	(1) Incurred Losses	(2) # Claims	(3) Average Severity (1) / (2)	(4) NCCI Average Severity +	(5) Indicated Relativities (4T) / (3i)	(6) Adjusted Current Relativities Col(C) below	(7) Credibility ++	(8) Credibility Weighted Relativities (5)*(7)+(6)*[1-(7)]
(i) Hazard Group A	247,572,239	6,393	38,726		1.54	1.57	0.2031	1.56
(ii) Hazard Group B	1,352,105,088	25,387	53,260		1.12	1.10	0.4047	1.11
(iii) Hazard Group C	2,681,655,367	44,430	60,357		0.99	1.02	0.5354	1.00
(iv) Hazard Group D	1,185,117,864	18,038	65,701		0.91	0.94	0.3411	0.93
(v) Hazard Group E	2,278,263,989	29,205	78,009		0.77	0.76	0.4341	0.76
(vi) Hazard Group F	1,375,018,418	12,838	107,105		0.56	0.54	0.2878	0.55
(vii) Hazard Group G	329,243,435	2,620	125,665		0.48	0.47	0.1300	0.47
Total - All Hazard Groups	9,448,976,400	138,911	68,022	59,736				

Calculation of Current PA Adjusted Average Severities

Injury	(A) PA Current Relativity	(B) Adjustment Factor #	(C) Adjusted Current Relativities (A) * (B)
(a) Hazard Group A	1.51	1.0404	1.57
(b) Hazard Group B	1.06	1.0404	1.10
(c) Hazard Group C	0.98	1.0404	1.02
(d) Hazard Group D	0.90	1.0404	0.94
(e) Hazard Group E	0.73	1.0404	0.76
(f) Hazard Group F	0.52	1.0404	0.54
(g) Hazard Group G	0.45	1.0404	0.47

Notes:

- + Countrywide Average Severity of NCCI states
- ++ Full credibility equals 155,000 claims for each Hazard Group. $Z = (\text{calculated \# claims} / 155,000)^{0.5}$
- # Change in Countrywide Overall Average Cost / Change in PA Overall Average Cost = 1.0000/0.9611