



Pennsylvania Compensation Rating Bureau

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January 14, 2002

BUREAU CIRCULAR NO. 1431

To All Members of the Bureau:

Re: **APRIL 1, 2002 LOSS COST FILING** **STATUS REPORT**

As indicated in Bureau Circular No. 1426, the Bureau will be providing monthly circular updates on the status of Proposal No. C-343, the April 1, 2002 Loss Cost Filing until such time as that filing is resolved. This circular is the second such update on this filing, which was submitted to the Insurance Department on November 13, 2001.

In response to the invitation for public comment included in the notice of the filing in the November 24, 2001 issue of The Pennsylvania Bulletin (Volume 31, No. 47), the Insurance Department and the Bureau received comments from the Office of the Small Business Advocate (OSBA). The Bureau is unaware of any other public comment regarding the filing having been presented to the Insurance Department.

By letter dated December 21, 2001, OSBA submitted separate reports from an actuarial consulting firm and an economic consulting firm in support of their comments and requested that loss costs be reduced an average of 12.02 percent effective April 1, 2002 instead of the 2.12 percent increase proposed in the Bureau's filing.

The reports of OSBA's actuarial and economic consultants disagreed with various parts of the Bureau's analysis in support of the filing, most notably the provisions therein for loss development and trend. On January 4, 2002 the Bureau submitted a written response to the OSBA's comments, including its supporting consultants' reports, to the Insurance Department and OSBA. The Bureau's response defended the filing's original proposal and took issue with certain aspects of the consultants' work.

On January 8, 2002 the Bureau provided the Insurance Department and OSBA with additional documentation of the capping procedures applied to the determination of individual classification loss costs in the current filing and the April 1, 2001 filing.

The Insurance Department review of the filing is ongoing. The Bureau expects that a determination regarding rating values to be effective April 1, 2002 will be forthcoming soon.

Absent a decision on this filing in the interim, the next circular update with respect to Proposal C-343 will be issued on or about February 13, 2002.

Timothy L. Wisecarver
President

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