



Pennsylvania Compensation Rating Bureau

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December 22, 2003

BUREAU CIRCULAR NO. 1468

To All Members of the Bureau:

Re: **APPROVAL OF EXPERIENCE RATING PLAN REVISIONS**
BUREAU FILING NO. 208
EFFECTIVE APRIL 1, 2004

The Insurance Commissioner has approved the Bureau's previously-filed revisions to the Experience Rating Plan. These revisions become **effective as of 12:01 a.m., April 1, 2004** with respect to new and renewal policies having normal anniversary rating dates on or after that date.

Significant changes to the Plan include the following:

- Credibility values for smaller risks have been increased significantly, with the minimum credibility increasing from five percent to 28.3 percent for the smallest eligible risks.
- The maximum credibility for the largest risks is now 93.8 percent instead of the 100 percent assigned under the current Plan.
- The amount charged to an employer for a single claim will be \$42,500, regardless of risk size. Previously, those amounts varied from approximately \$50,000 for the smallest risks to approximately \$350,000 for the largest risks.
- A cap of plus or minus 25 percent will be placed on the year-to-year swing in experience modifications of an employer.

Other aspects of the Plan that will remain unchanged are as follows:

- The eligibility threshold will remain \$10,000.
- The arithmetic formula for the promulgation of experience modifications has not changed.

A copy of Bureau Filing No. 208 as approved will be available on our website (www.pcrb.com) in the "Filings" section not later than December 31, 2003.

Recognizing the effect of changes to the Experience Rating Plan on manual rating values by classification, the Bureau is amending its Proposal C-346 – April 1, 2004 Loss Cost Filing to reflect the provisions of the new Experience Rating Plan. Filing materials pertaining to Proposal C-346, as originally submitted and as amended, will be available on our website in the "Filings" section not later than December 31, 2003.

The Experience Rating Plan section of the Bureau Manual will be updated on our website (www.pcrb.com) at a later date.

Timothy L. Wisecarver
President

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Remember to visit our web site at www.pcrb.com for more information about this and other topics.