



Pennsylvania Compensation Rating Bureau

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February 28, 2019

PCRB CIRCULAR NO. 1720

To All Members of the PCRB:

Re: **APRIL 1, 2019 LOSS COST REVISION APPROVAL**

By action dated February 27, 2019, Pennsylvania Insurance Commissioner Jessica Altman has approved revised loss costs and related rating values **effective on a new and renewal basis** as of 12:01 a.m., **April 1, 2019**.

The PCRB's April 1, 2019 loss cost filing, PCRB Filing No. C-374, initially proposed an overall average change in collectible loss costs of -9.92 percent, which was subsequently amended to -9.80 percent.

The Pennsylvania Insurance Department performed an extensive review of Filing C-374, including public comments received with respect to the filing and the PCRB's response to those public comments. At the conclusion of that review, the PCRB agreed to revert to its historical loss development methodology for Filing C-374. The Insurance Department's position was that the PCRB should continue its past approach of using two years of loss development factors for both the paid loss and the case incurred loss indications. In the initial filing, the PCRB applied three years of loss development factors for the paid loss indications and five years of loss development factors for the case incurred loss indications.

Following the agreement for an adjustment, the PCRB submitted an amendment to Filing C-374 on February 26, 2019, using the historical loss development methodology. The amendment resulted in an overall average change in collectible loss costs of -12.95 percent, which was approved to be effective on a new and renewal basis as of April 1, 2019.

All approved loss costs, expected loss factors and other rating values are available in two Excel files in the "Rating Values" section of the PCRB's website.

The Manual loss costs in the files include all of the following provisions and/or adjustments:

- Offset for Experience Rating Plan off-balance
- Offset for Merit Rating Plan off-balance
- Loadings in construction classifications for the effects of Pennsylvania Construction Classification Premium Adjustment Program (PCCPAP) credits
- Provision for the Office of the Small Business Advocate's portion of the Administration Fund
- Offsets for the effects of credits granted under the Certified Safety Committee Program

The items listed above are included in current loss costs in Pennsylvania and continue to be included in the approved values effective April 1, 2019.

The other rating values approved by the Insurance Commissioner, effective April 1, 2019 are:

- Code 994 loss costs by population band
- State and hazard group relativities
- Optional retrospective rating plan loss development factors

Manual revisions reflecting approval of PCRB Filing No. C-374 with respect to rating values effective April 1, 2019 will be updated on our website (www.pcrb.com) at a later date.

Questions regarding the approved April 1, 2019 Loss Cost Filing may be directed to Ken Creighton, Chief Actuary, at Extension 4924 or kcreighton@pcrb.com or to me at Extension 4413 or wtaylor@pcrb.com.

William V. Taylor
President

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