

PENNSYLVANIA COMPENSATION RATING BUREAU (PCRB)

ANALYSIS OF EXPERIENCE UNDER THE PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP)

The PCCPAP responds to wage differentials within the construction industry, providing a program of premium credits to higher-wage employers. These credits are offset by loadings applied to construction classifications reflecting the portion of employers participating in the program and the average premium credit obtained by those participating businesses, thus maintaining the required premium level in each classification. The table of qualifying wages applicable to the PCCPAP is regularly amended based on actual changes to statewide average wage levels, with such filings subject to review and approval by the Insurance Department. The current table was updated last year effective October 1, 2023. A new filing will be submitted to the Department to update the wage table with an effective date of October 1, 2024.

The PCRB has compiled and reviewed aggregate statistical data for the PCCPAP covering Policy Years 2006 (Exhibit I) through 2020 (Exhibit XV) and the total of those years (Exhibit XVI).

Exhibits I through XVI each present 16 statistics (described in the Appendix below) separately for each of the following three groups of policies:

1. Construction classification experience for policies eligible for participation in the PCCPAP during the indicated 12-month experience period (Column (1)). Policies including construction classifications may also include other classifications outside the construction series. Experience for such non-construction classifications is excluded from Exhibits I through XVI.
2. Construction classification experience for policies eligible for, and participating in, the PCCPAP during the indicated 12-month experience period (Column (2)).
3. Construction classification experience for policies eligible for, but not participating in, the PCCPAP during the indicated 12-month experience period (Column (3)).

The following summary observations are based on a review of Exhibits I through XVI:

- For the 15-year period, in total, a debit of 9.1% was indicated for PCCPAP participating risks. There was only one year in which the indicated credit exceeded the actual credit given. For 13 of the 15 years shown, reported experience indicates a debit or surcharge adjustment for PCCPAP participating risks.
- Indicated PCCPAP credits vary considerably from year to year, in part due to large claim volatility, with indicated credits ranging from 20.3% for 2016 to an indicated debit of 35.8% in 2010.
- Average PCCPAP credits given to participating risks have been generally increasing since 2008. The credit shown for 2020, 15.6%, is up slightly from 15.4% in 2019. PCCPAP credits have averaged 14.6% over the period included in the study.

- For Policy Year 2020, 6.2% of eligible risks participated in the PCCPAP. The premium for participating risks represented 13.6% of total premium on eligible risks in 2020. The portion of eligible risks participating and the portion of premium for participating risks have generally declined since 2006.
- In recent years, the average policy size for eligible risks has generally been between 10,000 and 13,000, prior to 2020. Policy Year 2019 and 2020 saw more sizable drops in premium as these years were impacted by the pandemic. In rough terms, average policy size for participating risks is more than twice the average size of non-participating risks.
- In each year, claim frequency has been consistently lower for participating PCCPAP risks than for non-participating risks.
- Claim severity has been higher for participating PCCPAP risks compared to non-participating risks in each year shown, with one exception. The extent of those observed differences varies significantly from year to year.
- The fact that the indicated PCCPAP credits for participating employers may be smaller than those actually granted does not necessarily mean that the employers in question should have paid higher workers compensation premium than they, in fact, did. The comparisons made in Exhibits I through XV are based on PCRБ loss costs only. Actual workers compensation premium paid by both participating and non-participating employers in those years were affected by many pricing parameters, programs and considerations not reflected in those loss costs. Such additional pricing factors would include, but not be limited to, individual insurers' respective loss cost multipliers, schedule rating credits or debits, dividend plans, retrospective rating plans and sub-classifications.

APPENDIX

Described below are the 16 statistics used in the analysis shown in Exhibits I through XVI:

- (1) Number of Policies: The number of policies issued to the groups of employers described in each column of Exhibits I through XVI. Note that some Pennsylvania employers may not have a workers compensation policy (i.e., self-insureds or those not subject to mandatory coverage), and some insured employers may change insurers and, thus, may have different policies in effect during a given year(s).
- (2) Standard Premium: This is premium at PCRB loss cost level, absent both the tabular PCCPAP credit and the adjustment to experience modifications made where applicable for those policies. The current PCCPAP load on manual rates is omitted from this calculation.
- (3) Average Premium: Computed by dividing total standard premium by the number of policies reported.
- (4) PCCPAP Net Credits: These are the total amount of premium credits given under PCCPAP to participating employers included in each column of Exhibits I through XVI.
- (5) Net Premium: The standard premium less any applicable PCCPAP credits. For non-participating employers, net premium and standard premium are equal because no PCCPAP credits were applied.
- (6) Number of Indemnity Claims: The number of indemnity claims reported on the policies described in each column of Exhibits I through XVI. Indemnity claims are cases involving some wage loss or other form of benefit payable to the worker or their dependents in addition to any applicable treatment costs.
- (7) Number of Total Claims: The total number of claims reported on the policies described in each column of Exhibits I through XVI. These counts include indemnity claims and medical only claims, those cases involving only payment of medical treatment costs.
- (8) Indemnity Claim Frequency: The number of indemnity claims reported per \$1,000 of standard premium in each group of policies presented in Exhibits I through XVI.
- (9) Total Claim Frequency: The number of total claims reported per \$1,000 of standard premium in each group of policies presented in Exhibits I through XVI. Total claim frequency is shown bold-faced and underlined, as this statistic is one of the key bases of comparison between employer groups used in the PCRB's review of the PCCPAP.

- (10) Incurred Losses: The reported dollar value of losses incurred on the various groups of policies presented on Exhibits I through XVI for indemnity and medical only claims.
- (11) Average Claim: Total incurred losses divided by the total number of claims. Average claim amounts are shown bold-faced and underlined, as this statistic is another of the key bases of comparison between employer groups used in the PCRB's review of the PCCPAP.
- (12) Loss Ratio: The total incurred losses divided by the net premium for each group of policies presented on Exhibits I through XVI. Loss ratios are shown bold-faced and underlined, as this statistic is the third key basis of comparison between employer groups used in the PCRB's review of the PCCPAP.

The last four experience statistics are computed only for Column (2) in each exhibit, which is the only column exclusively comprised of participants in the PCCPAP. These statistics are described below:

- (13) Net Premium to Balance PCCPAP and Non-PCCPAP Loss Ratios: This is the amount of net premium which would produce the same loss ratio for the PCCPAP participants studied in each exhibit's Column (2) as was reported for all non-participating employers.
- (14) Indicated PCCPAP Credits to Balance: This is the difference between standard premium for the PCCPAP participants studied in each exhibit's Column (2) and the balancing net premium computed in Item (13).
- (15) Average PCCPAP Credit Factor: This is the average ratio of PCCPAP credits actually granted to standard premium for the PCCPAP participants studied in each exhibit's Column (2). This average PCCPAP credit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the PCCPAP.
- (16) Indicated PCCPAP Credit Factor: This is the average PCCPAP credit or debit ratio that would have resulted in the balancing PCCPAP credits computed in Item (14). This indicated PCCPAP credit is shown bold-faced and underlined, as this statistic is a key measure of the operation of the PCCPAP, especially for purposes of comparison to the actual average PCCPAP credit shown in Item (15).

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2006)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	42,758	4,645	38,113
(2) Standard Premium	\$509,922,625	\$116,682,747	\$393,239,878
(3) Average Premium (2)/(1)	\$11,926	\$25,120	\$10,318
(4) PCCPAP Net Credits	\$16,687,358	\$16,687,358	\$0
(5) Net Premium (2) - (4)	\$493,235,267	\$99,995,389	\$393,239,878
(6) # of Indemnity Claims	5,969	1,228	4,741
(7) # of Total Claims	24,677	5,095	19,582
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0117	0.0105	0.0121
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0484</u>	<u>0.0437</u>	<u>0.0498</u>
(10) Incurred Losses	\$256,536,447	\$58,829,457	\$197,706,990
(11) Average Claim (10)/(7)	<u>\$10,396</u>	<u>\$11,547</u>	<u>\$10,096</u>
(12) Loss Ratio (10)/(5)	<u>52.0%</u>	<u>58.8%</u>	<u>50.3%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$116,893,218	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$210,471	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1430</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0018</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2007)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	43,366	4,755	38,611
(2) Standard Premium	\$522,636,205	\$122,348,265	\$400,287,940
(3) Average Premium (2)/(1)	\$12,052	\$25,730	\$10,367
(4) PCCPAP Net Credits	\$18,107,601	\$18,107,601	\$0
(5) Net Premium (2) - (4)	\$504,528,604	\$104,240,664	\$400,287,940
(6) # of Indemnity Claims	5,847	1,222	4,625
(7) # of Total Claims	23,790	4,997	18,793
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0112	0.0100	0.0116
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0455</u>	<u>0.0408</u>	<u>0.0469</u>
(10) Incurred Losses	\$289,784,423	\$70,113,399	\$219,671,024
(11) Average Claim (10)/(7)	<u>\$12,181</u>	<u>\$14,031</u>	<u>\$11,689</u>
(12) Loss Ratio (10)/(5)	<u>57.4%</u>	<u>67.3%</u>	<u>54.9%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$127,785,003	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$5,436,738	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1480</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0444</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2008)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	43,148	4,502	38,646
(2) Standard Premium	\$466,095,275	\$100,719,586	\$365,375,689
(3) Average Premium (2)/(1)	\$10,802	\$22,372	\$9,454
(4) PCCPAP Net Credits	\$13,559,371	\$13,559,371	\$0
(5) Net Premium (2) - (4)	\$452,535,904	\$87,160,215	\$365,375,689
(6) # of Indemnity Claims	4,808	923	3,885
(7) # of Total Claims	19,586	3,894	15,692
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0103	0.0092	0.0106
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0420</u>	<u>0.0387</u>	<u>0.0429</u>
(10) Incurred Losses	\$239,720,646	\$55,144,317	\$184,576,329
(11) Average Claim (10)/(7)	<u>\$12,239</u>	<u>\$14,161</u>	<u>\$11,762</u>
(12) Loss Ratio (10)/(5)	<u>53.0%</u>	<u>63.3%</u>	<u>50.5%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$109,252,309	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$8,532,723	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1346</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0847</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2009)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	41,099	4,000	37,099
(2) Standard Premium	\$401,626,564	\$78,317,642	\$323,308,922
(3) Average Premium (2)/(1)	\$9,772	\$19,579	\$8,715
(4) PCCPAP Net Credits	\$10,843,150	\$10,843,150	\$0
(5) Net Premium (2) - (4)	\$390,783,414	\$67,474,492	\$323,308,922
(6) # of Indemnity Claims	4,173	742	3,431
(7) # of Total Claims	16,322	2,899	13,423
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0104	0.0095	0.0106
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0406</u>	<u>0.0370</u>	<u>0.0415</u>
(10) Incurred Losses	\$229,024,473	\$53,059,966	\$175,964,507
(11) Average Claim (10)/(7)	<u>\$14,032</u>	<u>\$18,303</u>	<u>\$13,109</u>
(12) Loss Ratio (10)/(5)	<u>58.6%</u>	<u>78.6%</u>	<u>54.4%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$97,490,718	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$19,173,076	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1385</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.2448</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2010)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	37,725	3,419	34,306
(2) Standard Premium	\$458,410,868	\$83,362,092	\$375,048,776
(3) Average Premium (2)/(1)	\$12,151	\$24,382	\$10,932
(4) PCCPAP Net Credits	\$11,467,911	\$11,467,911	\$0
(5) Net Premium (2) - (4)	\$446,942,957	\$71,894,181	\$375,048,776
(6) # of Indemnity Claims	4,292	714	3,578
(7) # of Total Claims	17,005	2,785	14,220
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0094	0.0086	0.0095
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0371</u>	<u>0.0334</u>	<u>0.0379</u>
(10) Incurred Losses	\$239,855,403	\$55,608,590	\$184,246,813
(11) Average Claim (10)/(7)	<u>\$14,105</u>	<u>\$19,967</u>	<u>\$12,957</u>
(12) Loss Ratio (10)/(5)	<u>53.7%</u>	<u>77.3%</u>	<u>49.1%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$113,185,747	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$29,823,655	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1376</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.3578</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2011)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	37,502	3,382	34,120
(2) Standard Premium	\$511,391,578	\$87,210,104	\$424,181,474
(3) Average Premium (2)/(1)	\$13,636	\$25,787	\$12,432
(4) PCCPAP Net Credits	\$12,104,321	\$12,104,321	\$0
(5) Net Premium (2) - (4)	\$499,287,257	\$75,105,783	\$424,181,474
(6) # of Indemnity Claims	4,389	742	3,647
(7) # of Total Claims	16,906	2,805	14,101
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0086	0.0085	0.0086
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0331</u>	<u>0.0322</u>	<u>0.0332</u>
(10) Incurred Losses	\$260,078,716	\$48,793,732	\$211,284,984
(11) Average Claim (10)/(7)	<u>\$15,384</u>	<u>\$17,395</u>	<u>\$14,984</u>
(12) Loss Ratio (10)/(5)	<u>52.1%</u>	<u>65.0%</u>	<u>49.8%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$98,029,636	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$10,819,532	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1388</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.1241</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2012)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	37,154	3,249	33,905
(2) Standard Premium	\$460,191,311	\$80,320,596	\$379,870,715
(3) Average Premium (2)/(1)	\$12,386	\$24,722	\$11,204
(4) PCCPAP Net Credits	\$11,641,713	\$11,641,713	\$0
(5) Net Premium (2) - (4)	\$448,549,598	\$68,678,883	\$379,870,715
(6) # of Indemnity Claims	3,896	650	3,246
(7) # of Total Claims	14,793	2,576	12,217
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0085	0.0081	0.0085
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0321</u>	<u>0.0321</u>	<u>0.0322</u>
(10) Incurred Losses	\$253,739,589	\$50,438,155	\$203,301,434
(11) Average Claim (10)/(7)	<u>\$17,153</u>	<u>\$19,580</u>	<u>\$16,641</u>
(12) Loss Ratio (10)/(5)	<u>56.6%</u>	<u>73.4%</u>	<u>53.5%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$94,224,860	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$13,904,264	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1449</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.1731</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2013)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	37,061	3,135	33,926
(2) Standard Premium	\$452,456,856	\$77,277,472	\$375,179,384
(3) Average Premium (2)/(1)	\$12,208	\$24,650	\$11,059
(4) PCCPAP Net Credits	\$10,930,686	\$10,930,686	\$0
(5) Net Premium (2) - (4)	\$441,526,170	\$66,346,786	\$375,179,384
(6) # of Indemnity Claims	3,856	572	3,284
(7) # of Total Claims	14,536	2,259	12,277
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0085	0.0074	0.0088
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0321</u>	<u>0.0292</u>	<u>0.0327</u>
(10) Incurred Losses	\$242,930,213	\$51,582,832	\$191,347,381
(11) Average Claim (10)/(7)	<u>\$16,712</u>	<u>\$22,834</u>	<u>\$15,586</u>
(12) Loss Ratio (10)/(5)	<u>55.0%</u>	<u>77.7%</u>	<u>51.0%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$101,081,280	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$23,803,808	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1414</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.3080</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2014)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	37,506	3,071	34,435
(2) Standard Premium	\$456,138,520	\$70,849,295	\$385,289,225
(3) Average Premium (2)/(1)	\$12,162	\$23,070	\$11,189
(4) PCCPAP Net Credits	\$10,292,311	\$10,292,311	\$0
(5) Net Premium (2) - (4)	\$445,846,209	\$60,556,984	\$385,289,225
(6) # of Indemnity Claims	3,834	505	3,329
(7) # of Total Claims	14,010	1,902	12,108
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0084	0.0071	0.0086
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0307</u>	<u>0.0268</u>	<u>0.0314</u>
(10) Incurred Losses	\$269,106,531	\$37,275,767	\$231,830,764
(11) Average Claim (10)/(7)	<u>\$19,208</u>	<u>\$19,598</u>	<u>\$19,147</u>
(12) Loss Ratio (10)/(5)	<u>60.4%</u>	<u>61.6%</u>	<u>60.2%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$61,965,286	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		\$8,884,009	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1453</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>0.1254</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2015)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	37,900	2,923	34,977
(2) Standard Premium	\$439,647,767	\$77,235,572	\$362,412,195
(3) Average Premium (2)/(1)	\$11,600	\$26,423	\$10,361
(4) PCCPAP Net Credits	\$11,578,949	\$11,578,949	\$0
(5) Net Premium (2) - (4)	\$428,068,818	\$65,656,623	\$362,412,195
(6) # of Indemnity Claims	3,546	556	2,990
(7) # of Total Claims	13,261	1,987	11,274
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0081	0.0072	0.0083
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0302</u>	<u>0.0257</u>	<u>0.0311</u>
(10) Incurred Losses	\$220,939,304	\$39,848,286	\$181,091,018
(11) Average Claim (10)/(7)	<u>\$16,661</u>	<u>\$20,054</u>	<u>\$16,063</u>
(12) Loss Ratio (10)/(5)	<u>51.6%</u>	<u>60.7%</u>	<u>50.0%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$79,707,140	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$2,471,568	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1499</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0320</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2016)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	38,413	2,949	35,464
(2) Standard Premium	\$443,573,807	\$77,401,515	\$366,172,292
(3) Average Premium (2)/(1)	\$11,547	\$26,247	\$10,325
(4) PCCPAP Net Credits	\$11,938,322	\$11,938,322	\$0
(5) Net Premium (2) - (4)	\$431,635,485	\$65,463,193	\$366,172,292
(6) # of Indemnity Claims	3,396	520	2,876
(7) # of Total Claims	12,849	1,953	10,896
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0077	0.0067	0.0079
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0290</u>	<u>0.0252</u>	<u>0.0298</u>
(10) Incurred Losses	\$235,741,180	\$33,988,652	\$201,752,528
(11) Average Claim (10)/(7)	<u>\$18,347</u>	<u>\$17,403</u>	<u>\$18,516</u>
(12) Loss Ratio (10)/(5)	<u>54.6%</u>	<u>51.9%</u>	<u>55.1%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LR: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$61,661,338	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		\$15,740,177	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1542</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>0.2034</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2017)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	38,726	2,871	35,855
(2) Standard Premium	\$461,151,876	\$71,093,853	\$390,058,023
(3) Average Premium (2)/(1)	\$11,908	\$24,763	\$10,879
(4) PCCPAP Net Credits	\$10,908,599	\$10,908,599	\$0
(5) Net Premium (2) - (4)	\$450,243,277	\$60,185,254	\$390,058,023
(6) # of Indemnity Claims	3,437	474	2,963
(7) # of Total Claims	12,725	1,757	10,968
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0075	0.0067	0.0076
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0276</u>	<u>0.0247</u>	<u>0.0281</u>
(10) Incurred Losses	\$247,578,214	\$40,832,262	\$206,745,952
(11) Average Claim (10)/(7)	<u>\$19,456</u>	<u>\$23,240</u>	<u>\$18,850</u>
(12) Loss Ratio (10)/(5)	<u>55.0%</u>	<u>67.8%</u>	<u>53.0%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$76,991,702	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$5,897,849	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1534</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0830</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2018)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	39,351	2,825	36,526
(2) Standard Premium	\$519,304,401	\$75,412,876	\$443,891,525
(3) Average Premium (2)/(1)	\$13,197	\$26,695	\$12,153
(4) PCCPAP Net Credits	\$11,703,769	\$11,703,769	\$0
(5) Net Premium (2) - (4)	\$507,600,632	\$63,709,107	\$443,891,525
(6) # of Indemnity Claims	3,334	434	2,900
(7) # of Total Claims	12,998	1,681	11,317
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0064	0.0058	0.0065
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0250</u>	<u>0.0223</u>	<u>0.0255</u>
(10) Incurred Losses	\$252,024,454	\$38,777,332	\$213,247,122
(11) Average Claim (10)/(7)	<u>\$19,389</u>	<u>\$23,068</u>	<u>\$18,843</u>
(12) Loss Ratio (10)/(5)	<u>49.7%</u>	<u>60.9%</u>	<u>48.0%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$80,830,930	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$5,418,054	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1552</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0718</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2019)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	39,959	2,756	37,203
(2) Standard Premium	\$413,081,630	\$56,831,340	\$356,250,290
(3) Average Premium (2)/(1)	\$10,338	\$20,621	\$9,576
(4) PCCPAP Net Credits	\$8,722,338	\$8,722,338	\$0
(5) Net Premium (2) - (4)	\$404,359,292	\$48,109,002	\$356,250,290
(6) # of Indemnity Claims	3,101	417	2,684
(7) # of Total Claims	11,798	1,489	10,309
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0075	0.0073	0.0075
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0286</u>	<u>0.0262</u>	<u>0.0289</u>
(10) Incurred Losses	\$228,912,515	\$38,543,692	\$190,368,823
(11) Average Claim (10)/(7)	<u>\$19,403</u>	<u>\$25,886</u>	<u>\$18,466</u>
(12) Loss Ratio (10)/(5)	<u>56.6%</u>	<u>80.1%</u>	<u>53.4%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$72,163,503	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$15,332,163	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1535</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.2698</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (POLICY YEAR 2020)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	39,427	2,443	36,984
(2) Standard Premium	\$361,112,220	\$49,138,229	\$311,973,991
(3) Average Premium (2)/(1)	\$9,159	\$20,114	\$8,435
(4) PCCPAP Net Credits	\$7,662,930	\$7,662,930	\$0
(5) Net Premium (2) - (4)	\$353,449,290	\$41,475,299	\$311,973,991
(6) # of Indemnity Claims	2,881	373	2,508
(7) # of Total Claims	10,293	1,275	9,018
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0080	0.0076	0.0080
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0285</u>	<u>0.0259</u>	<u>0.0289</u>
(10) Incurred Losses	\$221,440,450	\$32,105,455	\$189,334,995
(11) Average Claim (10)/(7)	<u>\$21,514</u>	<u>\$25,181</u>	<u>\$20,995</u>
(12) Loss Ratio (10)/(5)	<u>62.7%</u>	<u>77.4%</u>	<u>60.7%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$52,886,131	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$3,747,902	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1559</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0763</u>	

PENNSYLVANIA CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP) ANALYSIS
PCCPAP CREDIT (TOTAL OF POLICY YEARS 2006 THROUGH 2020)
Excludes Experience for Non-Construction Classifications on PCCPAP Policies

	(1) Total All Policies	(2) PCCPAP Participating Policies	(3) Non-PCCPAP Policies
(1) Number of Policies	591,095	50,925	540,170
(2) Standard Premium	\$6,876,741,503	\$1,224,201,184	\$5,652,540,319
(3) Average Premium (2)/(1)	\$11,634	\$24,039	\$10,464
(4) PCCPAP Net Credits	\$178,149,329	\$178,149,329	\$0
(5) Net Premium (2) - (4)	\$6,698,592,174	\$1,046,051,855	\$5,652,540,319
(6) # of Indemnity Claims	60,759	10,072	50,687
(7) # of Total Claims	235,549	39,354	196,195
(8) Indemnity Claim Frequency (6)/{(2)/1,000}	0.0088	0.0082	0.0090
(9) Total Claim Frequency (7)/{(2)/1,000}	<u>0.0343</u>	<u>0.0321</u>	<u>0.0347</u>
(10) Incurred Losses	\$3,687,412,558	\$704,941,894	\$2,982,470,664
(11) Average Claim (10)/(7)	<u>\$15,655</u>	<u>\$17,913</u>	<u>\$15,202</u>
(12) Loss Ratio (10)/(5)	<u>55.0%</u>	<u>67.4%</u>	<u>52.8%</u>
(13) Net Premium to Balance PCCPAP & Non-PCCPAP LRs: Col(2)Line(5)*Col(2)Line(12)/Col(3)Line(12)		\$1,335,301,042	
(14) Indicated PCCPAP Credits to Balance (2)-(13)		-\$111,099,858	
(15) Average PCCPAP Credit Factor (4)/(2)		<u>0.1455</u>	
(16) Indicated PCCPAP Credit Factor (14)/(2)		<u>-0.0908</u>	