



Pennsylvania Compensation Rating Bureau

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June 5, 2003

BUREAU CIRCULAR NO. 1460

To All Members of the Bureau:

Re: **EXPERIENCE RATING PLAN FILING – BUREAU FILING NO. 208**

All Bureau members are to be advised that a filing has been made proposing changes in the approved Experience Rating Plan. Bureau Filing No. 208 has been submitted with a requested **effective date of April 1, 2004** in the hope that revisions to the Experience Rating Plan can be implemented concurrent with the next annual loss cost filing.

This filing represents the culmination of several years of work by Bureau staff developing and testing hundreds of alternatives to the existing Experience Rating Plan. In broad terms, the filing proposes to retain the existing qualification standards for experience rating and to continue the existing arithmetic formula for the promulgation of experience modifications. Changes are proposed for assigning credibility weights to employers' reported data and in the limitations applicable to the amounts that can be charged against an employer's record on account of any individual claim or loss occurrence. In addition, a proposal is made to limit year-to-year swings in experience modifications to a specified range about the expiring modification, indications otherwise derived from the Experience Rating Plan notwithstanding.

The Bureau expects an active review of this proposal by the Insurance Department. Given the time allowed before the filing is proposed to be effective and the possibility that some aspect(s) of the filing may be amended before it is approved by the Insurance Commissioner, the Bureau intends to publish the approved Experience Rating Plan on its website after the plan is actually approved but still well in advance of such plan's effective date.

Questions regarding or specific requests for copies of the filing materials may be directed to Michael J. Doyle, Chief Actuary, by phone or e-mail at mjdoyle@pcrb.com.

Timothy L. Wisecarver
President

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