



Pennsylvania Compensation Rating Bureau

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March 9, 2009

BUREAU CIRCULAR NO. 1560

To All Members of the Bureau:

Re: **APRIL 1, 2009 LOSS COST REVISION AMENDMENT AND APPROVAL**

By action March 6, 2009 the Insurance Commissioner has approved revised loss costs and related rating values **effective on a new and renewal basis** as of 12:01 a.m., **April 1, 2009**.

The Bureau's April 1, 2009 Loss Cost Filing, Bureau Filing No. C-356, originally proposed an overall average increase of 0.70 percent in loss costs.

The Pennsylvania Insurance Department performed an extensive review of Bureau Filing No. C-356. At the conclusion of that review and recognizing various technical matters with respect to which the Department and the Bureau differed, it was agreed that the Bureau would make and the Insurance Department would approve an amended filing requesting an overall average decrease of 3.00 percent in loss costs to be effective on a new and renewal basis as of April 1, 2009.

All members are advised that the amended filing, as agreed, has now been submitted and approved by the Insurance Department.

For reference purposes a complete table of approved loss costs and expected loss factors has been attached to this circular. In addition, copies of this circular and the accompanying tables will be available in various locations within the Bureau's website (www.pcrb.com).

The Manual loss costs set forth in the attachment 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 effect 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, 2009.

In addition to loss costs and expected loss factors the following rating values, as included in Proposal C-356 and approved by the Insurance Commissioner effective April 1, 2009, are provided in attachments to this circular for informational purposes.

- Excess loss (pure premium) factors*
- Small deductible loss elimination ratios*
- State and hazard group relativities*
- Optional retrospective rating plan loss development factors
- Employer assessment factor (0.0241)

* ***Bureau Filing No. C-356 included a reassignment of classifications to hazard groups along with an expansion to the number of hazard groups from four (I-IV) to seven (A-G), consistent with similar changes that have been implemented in many other jurisdictions. The seven hazard groups have also been combined into a more traditional set of four hazard groups now designated as Hazard Groups 1, 2, 3 and 4. Note that the classification assignments for the new Hazard Groups 1-4 are quite different from those of the historical groupings I-IV.***

In addition to revisions to the above noted rating values the following approved revisions to Manual language effective April 1, 2009 are of note:

- ***Revisions to Designated Auditable Payrolls for executive officers, taxicab drivers and salaried police or firefighters as follows:***
 - o Executive officers maximum weekly payroll - revised from \$1,950 to \$2,000 per week
 - o Taxicab drivers for leased cabs where no payroll is available - revised from \$38,950 to \$40,350 per annum
 - o Salaried police or firefighters - minimum payroll revised from \$3,900 to \$4,050 per year

Manual revisions reflecting approval of Proposal C-356 with respect to rating values and rules effective April 1, 2009 will be updated on our website (www.pcrb.com) at a later date.

Questions regarding the approved April 1, 2009 Loss Cost Filing may be directed to me at Extension 4413 or twisecarver@pcrb.com or to Michael Doyle, Chief Actuary, at Extension 4480 or mdoyle@pcrb.com.

Timothy L. Wisecarver
President

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