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**PENNSYLVANIA COAL MINE EXPERIENCE RATING PLAN MANUAL**

Effective: December 1, 1993

Original Printing

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**----- IMPORTANT NOTICE -----**

Act 44 of 1993 prohibits a licensed, domiciled rating organization from filing full workers' compensation rates effective December 1, 1993. In compliance with this Act, the Coal Mine Compensation Rating Bureau of Pennsylvania will file only the loss provision for each classification's manual rate, and will calculate an experience modification factor which must be applied to the individual carrier's approved manual rate.

This Experience Rating Plan has been revised to remove any references to Bureau manual rates and Bureau published experience rates. Any reference in this Experience Rating Plan to a rate or premium shall be based on the individual carrier's filing.



## GENERAL RULES

### SECTION I - INSTRUCTIONS

1. The Experience Rating Plan is intended to determine whether a specific risk presents a hazard for future insurance which is better or worse than the hazard of the average risk in the classification to which the risk has been assigned.
2. The rules of this plan shall govern the experience rating procedure to be followed in connection with Workers' Compensation and Employers' Liability Insurance.

These rules have been prepared as applicable to policies written or issued for a period not in excess of one year. When, however, policies are written for periods of more than one year, such policies shall be considered as consisting of consecutive units of twelve months, or if the period of coverage is not a multiple of twelve months the first or last unit shall be considered as though it were a short term policy. If, however, coverage is written for a period that is more than one year, but not more than one year and sixteen days, such entire period shall be considered as a unit of coverage. Each unit as defined above shall be subject separately to all of the rules and procedures specified in the Plan to the same degree as if it actually constituted a separate policy.

In the event the policy period for a long term policy is more than one year and sixteen days, and is not made up of complete twelve-month periods, an endorsement shall be attached to the policy specifying whether the first or last unit shall be considered as though it were a short term policy.
3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first normal anniversary rating date of the risk, as established by the Bureau, which is on or after the effective date of any change in the rules or rating values of this Plan, but shall not otherwise be available to outstanding ratings.
4. It shall not be permissible by cancellation, or rewriting, or by the extension of the policy term, to alter an existing policy for the purpose of enabling the risk to qualify for, or avoid, application of this Plan.
5. Experience rating shall apply only to the traumatic portion of the policy. No occupational disease experience rating modification is permitted.

### SECTION II - DEFINITIONS

1. RISK. The term "risk" as used in this Plan shall mean:
  - a. A single legal entity.
  - b. Two or more legal entities which qualify for combination under the rules of Section III of this Plan.
2. LEGAL ENTITY. The term "legal entity" shall mean an individual, partnership, corporation, unincorporated association or fiduciary (e.g., trustee, receiver, executor or administrator).
3. EXPERIENCE. For the purpose of this Plan, experience shall mean the record established by a risk under Workers' Compensation and Employers' Liability Insurance as disclosed by the traumatic losses incurred by the insurance carrier or carriers and the payrolls or other exposures segregated according to classification of operations.

If the classification assigned to a risk is revised or modified, for the purpose of this Plan, the Bureau shall similarly reassign the classification of the Experience Period, except that if the revision is due to a change in operations, no part of the experience period prior to such operations change shall be affected.

NOTE: For special provisions applicable to self-insurers' data, see Rule 5 of Section III.

4. Provision for claim payment shall be the traumatic portion of the Bureau's latest approved filing representing the charges for losses only. The Bureau's provision for claim payment shall include considerations for trend and loss development, but shall not include any provision for loss adjustment expenses, underwriting expenses, state and/or federal taxes, and profit and contingencies.
5. BASIC COMPONENT shall mean that portion of the Bureau's latest approved provision for claim payment which represents the loss charge for the layer of reported losses less than or equal to the primary limiting value.
6. RATABLE EXCESS COMPONENT shall mean that portion of the Bureau's latest approved provision for claim



payment which represents the loss charge for the layer of losses between the primary and secondary limiting values.

7. NON-RATABLE EXCESS COMPONENT shall mean that portion of the Bureau's latest approved provision for claim payment which represents the loss charge for the layer of reported losses greater than the secondary limiting value. This component is not subject to experience rating.
8. PRIMARY LIMITING VALUE shall be \$50,000.
9. SECONDARY LIMITING VALUE shall be \$150,000.
10. EXPERIENCE MODIFICATION FACTOR (MOD) shall be the factor calculated by the Bureau representing the composite impact on the combined basic and excess components. The mod shall be published by the Bureau, but will be applied by the carrier to the carrier's own manual rate for the classification.
11. CALCULATION OF THE MOD shall be based upon the combined data of all traumatic classifications under the jurisdiction of the Bureau. Only one mod will be applicable to the coal classes on the policy. The published mod shall be applied by the carrier to all coal traumatic classes on the policy.
12. MODIFIED PAYROLL shall be the actual reported payrolls multiplied by the payroll development factors contained in the latest approved traumatic filing.

### SECTION III - GENERAL PROVISIONS

#### 1. ELIGIBILITY REQUIREMENTS FOR EXPERIENCE RATING

Any risk with a modified payroll of at least three hundred thousand dollars (\$300,000) during the three year experience period shall qualify for experience rating.

#### 2. EXPERIENCE PERIOD

The experience period shall be latest three (3) calendar accident years of losses and payrolls reported to the Bureau in accordance with the approved Statistical Plan.

#### 3. EXPERIENCE TO BE USED

The entire experience of the risk (except as otherwise provided in Rule 1 of Section V of this Plan) incurred within the experience period on all its operations shall be reported and used in determining the experience mod. The Bureau may, at its discretion, verify all the data from which the experience mod is to be determined.

Experience developed on work let to and performed by an uninsured contractor shall be considered as the experience of the primary contractor or principal whose insurance carrier is liable for the payment of compensation under any provisions of the Pennsylvania Workers' Compensation and Occupational Disease Acts, as respects such work.

#### 4. CALCULATION OF EXPERIENCE

All experience mods shall be calculated by the Bureau on the basis of experience valued in accordance with Sections V and VI.

#### 5. SELF-INSURERS' DATA

The experience of self-insurers may be accepted by the Bureau provided the experience on self-insured operations is submitted on the approved form, giving the required information with respect to payrolls and losses. Such statement shall be secured, verified and submitted by an interested carrier. Self-insured experience shall not be used in rating a risk unless the operations that produced such experience are to be insured under a Standard Workers' Compensation and Employers' Liability Policy. In the event the experience of any part thereof is not made available to the Bureau in accordance with the rules of this Manual, the policy shall be issued at the carrier's manual rates and continue to be manually rated until the experience in question is made available to the Bureau for rating or the risk otherwise qualifies for experience rating.

#### 6. ADMINISTRATION OF PROPERTY (FIDUCIARY AND NON-FIDUCIARY)

Ownership interest shall be deemed to be vested in a fiduciary when a fiduciary is involved. However, "Fiduciary" shall not include a debtor in possession or a trustee under a revocable trust or a franchisor. Ownership interest held by an entity in a fiduciary capacity and ownership interest held by the same entity in a non-fiduciary capacity shall be deemed to be ownership by the same entity.



## 7. COMBINATION OF ENTITIES

- a. Two or more entities shall not be combined for rating purposes; provided, however, that combination shall be made as respects entities in each of which the same person, or group of persons, or corporation owns a majority interest and:
  - (i) The entities involved constitute the component parts of an enterprise performing a continuous process or operation, or
  - (ii) There is interchange of employment (other than office and salesmen) among two or more of the entities involved in the combination.
- b. At the option of the insured and the carrier or carriers involved, the experience of entities in each of which the same person, or group of persons, or corporation owns a majority interest, may be combined for rating purposes, providing
  - (i) Neither of the conditions specified in Rules 7 a.(i) and 7 a.(ii) is present, and
  - (ii) The experience of all entities which are combinable under this Rule is used to determine the experience mod.

If combination of all of the entities related by a common interest is not elected, then each entity shall be insured under a separate policy and rated on its own experience, providing it meets the qualifications for experience rating as specified in Rule 1 of this Section.

- c. If the experience of two or more entities is combined under Rule 7 a. above, insurance for the entire risk shall be provided by means of a single policy; if combination is made under Rule 7 b., insurance may be provided either by a single policy insuring the entire risk, or by separate policies issued by one or more insurance carriers. In the latter case, the experience mod established for the entire risk shall apply to each entity.
- d. If an entity owns a majority interest in another entity which, in turn, owns the majority interest in another entity, all entities so related shall be considered as being under the same ownership for the purposes of this rule, regardless of the number of entities in succession.
- e. Separate legal entities organized for religious purposes within the same religious denomination shall not be combined for rating purposes; however, that combination may be made as respects all such entities in each of which the same central authority appoints or controls the appointment of the board of trustees or similar body and exercises direct complete and active control over the finances, properties, operations and activities.

In the term "majority interest" as used in this rule, "majority" shall mean more than 50%.

If any entity other than a partnership

- (i) has issued voting stock, majority interest shall mean a majority of the issued voting stock;
- (ii) has not issued voting stock, majority interest shall mean a majority of the members;
- (iii) has not issued voting stock and has no members, majority interest shall mean a majority of the board of directors or comparable governing body.

If an entity is a partnership, majority interest shall be determined in accordance with the participation of each general partner in the profits of the partnership.

Note: If a combination of entities is required or has been elected, and if two or more different combinations are possible in accordance with the provisions of this rule, the combination involving the greatest number of entities shall be made. The experience of any entity used in such a combination shall not otherwise be used in combination with any other entity.

The experience to be used in a rating combination shall be subject to the provisions of the rule "Change of Ownership" of this Section.

## 8. CHANGE OF OWNERSHIP, CONTROL, MANAGEMENT OR OPERATIONS

The following rules govern the use of past experience in future ratings when a change has occurred in ownership, control, management or operations:

- a. Use of Incurred Experience. Except as provided in Rules (d) through (j) below, incurred experience shall be used in future ratings regardless of any change in ownership, control, management or operations.
- b. Disposition of Physical Assets. If any entity disposes of most, or all, of its physical assets by sale or lease and then



- (i) Becomes entirely inactive with no employees, or
  - (ii) Retains a few employees for the purpose of closing out its affairs prior to dissolution as a legal entity, or
  - (iii) Retains a few clerical employees for the purpose of carrying on operations in connection with investment of its financial assets, its incurred experience shall be assigned to that entity, if any, which has taken over its previous operations and employees, provided that there was no substantial change of such operations and employees at the time of the take-over.
- c. Partial Sale. If an entity disposes of a part of its assets or operations, but otherwise continues to operate its business, all experience incurred prior to the sale shall be used in future ratings of the entity. The experience incurred prior to the Partial Sale shall be used in future ratings for the part of the assets or operations disposed of unless a substantial change of operations or employees, in which event the experience incurred prior to the partial sale shall be discarded from future ratings.
- d. Changes of Management. The experience incurred on all operations of a risk shall be used in determining the experience modification regardless of, and shall be applicable to, trusteeships, receiverships, bondholders' protective committees and similar temporary changes of management, whether voluntary or at the direction of the Courts, except that experience incurred prior to such a change of management shall not be used in future ratings if such change is also accompanied by a substantial change of operations or employees.
- e. Individual Proprietorship. If the ownership of an individual proprietorship has been changed so that the previous owner either holds no ownership in, or holds less than 50% of, the new ownership, the experience incurred prior to the change shall be used in future ratings unless such change is also accompanied by a substantial change of operations or employees, in which event the experience incurred prior to the change shall be discarded from future ratings.
- f. Partnership. If the ownership of a partnership has been changed so that the combined interest of the previous owners in the new ownership ranges from none to less than 50%, the experience incurred prior to the change shall be used in future ratings unless such change is also accompanied by a substantial change of operations or employees, in which event the experience incurred prior to the change shall be discarded from future ratings.
- g. Unincorporated Association. If the ownership or membership has been changed so that the combined interest of all previous owners or members in the new ownership ranges from none to less than 50%, the experience incurred prior to the change shall be used in future ratings unless such change is also accompanied by a substantial change of operations or employees, in which event the experience incurred prior to the change shall be discarded from future ratings.
- h. Corporations - Cash Transactions. If the ownership of a corporation has been changed through outright purchase so that the combined interest of all previous owners in the new ownership ranges from none to less than 50%, the experience incurred prior to the change shall be used in future ratings unless such change is also accompanied by a substantial change of operations or employees, in which event the experience incurred prior to the change shall be discarded from future ratings.
- i. Corporations - Exchange of Stock and Similar Transactions. If the entire ownership of a corporation has been acquired by another corporation or group of corporations by exchange of stock or similar means, resulting in a blending of the ownership of the acquiring and acquired corporations, the experience of the acquired corporation incurred prior to the change shall be retained and combined with that of the acquiring corporation or corporations for use in future ratings unless such change is also accompanied by a substantial change of operations or employees, in which event the experience incurred prior to the change shall be discarded from future ratings.
- j. Merger. If two or more entities are merged so that the ownership interest of all such entities is combined in the surviving entity, the incurred experience of all such merged entities shall be used for experience rating the surviving entity unless the merger is also accompanied by a substantial change of operations or employees of one or more of the merged entities, in which event the experience of any such merged entity incurred prior to the merger shall be discarded from future ratings.
- k. Consolidation. If two or more entities are consolidated by replacing them with a new entity combining the ownership interest of the prior entities, the incurred experience of all such consolidated entities shall be used for experience rating the new entity, unless the consolidation is also accompanied by a substantial change of operations or employees of one or more of the replaced



entities, in which event the experience of any such replaced entity incurred prior to the consolidation shall be discarded from future ratings.

I. Multiple Entities. When two entities under substantially the same ownership have been insured under a single policy, and the ownership of one or both of them is changed so that there is no longer any connection between them, the procedure shall be as follows:

- (i) If the experience of the entities has been combined for rating purposes during the entire experience period, the experience incurred prior to the change shall not be used for future ratings, unless
  - (a) the insurance carrier or carriers request that new mods be established, and
  - (b) the Bureau is furnished with the experience required for the calculation of such experience mods.
- (ii) If the experience of the entities has been combined for less than two years at the time of the change, so that the experience for each entity is available during the period they were separately insured, the experience for each entity shall be used for the purpose of calculating new experience mods.

When three or more entities under substantially the same ownership have been insured under a single policy, and the ownership of one of the entities has been changed so that there is no longer any connection between it and the remaining entities, the existing experience mod shall continue to apply to the entities whose ownership has not changed. The entity whose ownership has changed shall not be subject to experience rating unless it has been purchased by an entity which has an applicable experience mod.

When three or more entities under substantially the same ownership have been insured under a single policy and the ownership of two or more of the entities has been changed so that common ownership no longer is present, the experience incurred prior to the date of the change shall not be used for future ratings, unless

- (i) the insurance carrier or carriers request that new mods be established, and
- (ii) the Bureau is furnished with the experience required for the calculation of such mods.

#### **9. JOINT VENTURES**

When two or more risks associate for the purpose of undertaking one or more projects as a joint venture, the premium for the operation involved shall not be subject to experience mod until such time as the joint venture qualifies for experience rating in accordance with the provisions of Rule 1 of this Section, subject, however, to the following conditions:

- a. The contracts shall be awarded in the name of the associated risks as a joint venture.
- b. The joint ventures shall share responsibility for and participate in the control, direction and supervision of all work undertaken.
- c. The joint ventures shall maintain a common bank account, payroll and business records.
- d. When the joint venture becomes subject to experience rating, all applicable experience rates shall be based exclusively on the experience of the joint venture. The experience developed under a joint venture shall be excluded from the future rating of the individual venture.

### **SECTION IV - APPLICATION OF EXPERIENCE MODS**

#### **1. EXPERIENCE MOD**

An experience mod for a qualified risk shall be determined annually by the Bureau and shall be effective as of the anniversary rating date of the policy. No more than one experience mod shall apply to a risk at the same time for all coal mine classifications. The experience mod shall be multiplied times the carrier's manual rate for traumatic coverage only. The mod shall not be applied to the carrier's occupational disease rates.

#### **2. POLICY RISK**

If a risk is covered by a single policy or more than one policy, the following procedure shall apply:

- a. The experience mod effective as of the anniversary rating date shall apply for the full term of the policy.
- b. If a policy is written for a period of one year, but is extended for a period of not more than 16 days,

the carrier's manual rates and experience mod in effect as of the normal termination date shall remain in effect until the termination date of the extended policy. The carrier's manual rates and experience mod which would have become effective shall apply for a period of one year.

- c. If a policy is written for a period of one year, but is extended for a period of more than 16 days but not in excess of 60 days, the carrier's rates and experience mod shall apply as of the anniversary rating date for the unexpired portion of the extended policy period, and shall also apply for a period of one year from the effective date of the renewal policy.

## **SECTION V - TABULATION OF EXPERIENCE**

### **1. EXPERIENCE USED FOR RATING**

The experience used for rating purposes shall be the individual risk's traumatic experience valued and reported in accordance with the provisions of the Coal Mine Compensation Rating Bureau of Pennsylvania Workers' Compensation Statistical Plan.

### **2. RATING FORMS**

To determine the experience mod, the prescribed experience shall be tabulated by the Bureau on approved rating forms.

### **3. PAYROLLS**

The audited payrolls or other exposures for each classification for the experience period shall be tabulated by calendar year. The three year total of modified payroll by classification shall determine the risk's credibility.

### **4. LOSSES**

Incurred losses shall be tabulated by calendar year, described below:

- a. Total losses as reported, except as provided for in Rule 5 below.
- b. Reported losses on claims up to the primary limiting value (basic).
- c. Reported losses on claims between the primary limiting value and the secondary limiting value (ratable excess).
- d. Reported losses on claims exceeding the secondary limiting value (non-ratable excess).

### **5. MORAL RESPONSIBILITY**

No loss shall be excluded from the experience of a risk on the grounds that the employer was not morally responsible for the accident that caused such loss.

### **6. REVISION OF LOSSES**

It shall not be permissible to revise values because of department of judicial decision or because of developments in the nature of injury between two valuation dates. Provided, however, that:

- a. in cases where loss values are included or excluded through mistake other than error of judgment
- b. where a claim is declared non-compensable (see note below)
- c. where the claimant or carrier has recovered in an action against a third party, it shall be permissible to submit a revised reporting requesting adjustment of the affected rating or ratings, provided such request is made within 24 months of the expiration of the period to which the experience rate applied.

Note: For purposes of this rule, the term "non-compensable" refers to:

- (i) an official ruling specifically holding that a claimant is not entitled to benefits under the provisions of the Pennsylvania Workers' Compensation or Occupational Disease Act.
- (ii) a case where no claim was filed during the period of limitation provided by the Pennsylvania Workers' Compensation or Occupational Disease Act for the filing of such claim and the carrier therefore closes the case.
- (iii) a case where the carrier contends, prior to the valuation date, that a claimant is not entitled to benefits under the Pennsylvania Workers' Compensation or Occupational Disease Act and the claim is officially closed because of the claimant's failure to prosecute his claim.



**7. THIRD PARTY CASES**

- a. Pending Cases. When a negligence claim or suit has been instituted by a claimant against a third party, the procedure shall be as follows:  
If the claim or suit against the third party has not been settled or finally adjudicated, the incurred loss shall be included in the rating, since failure to recover against a third party is no bar to compensation and the insurance carrier may eventually be obliged to indemnify the claimant in whole or in part for the loss sustained.
- b. Settled Cases. In cases where the carrier has received reimbursement under subrogation rights, or where the injured employee or his dependents have recovered from a third party, the procedure shall be as follows:  
In cases where the total incurred cost prior to recovery is less than the accident limitation value, only the net loss shall be used in the rating. In cases where the total incurred cost prior to recovery exceeds the accident limitation value, the amount to be used in the rating shall be such proportion of the limiting value as the net loss bears to the total incurred cost prior to recovery.

**SECTION VI - MODIFICATION CALCULATION**

The experience mods shall be calculated as follows:

1. The Bureau shall calculate and publish one mod per policy. The mod shall be based upon the data of all coal mine traumatic classifications under the Bureau's jurisdiction.
2. Total traumatic losses reported for the policy shall be segregated by the Bureau into the basic, ratable excess, and non-ratable excess losses by year as defined in Section V.
3. For determining the value of each loss, the indemnity, medical and funeral components for each individual loss must be combined.
4. The basic, ratable excess, and non-ratable excess losses shall be tabulated separately by class. The sum across all classes shall be used to calculate the policy's mod.
5. The reported losses for basic and ratable excess portions shall each be multiplied by a separate credibility factor from the respective table in Section VIII. The total three (3) year modified payroll across all coal traumatic classifications under the Bureau's jurisdiction shall be the basis for determining the policy's credibilities.
6. The expected losses by class, by year, shall be calculated using the policy's annual payrolls by class and the class's expected loss rating factors from the table in Section VIII.
7. Three (3) years of expected losses shall be determined separately for the basic and ratable excess portions.
8. To the extent that the reported basic and ratable excess portions lack full credibility (1.000), the respective complement shall be applied to the respective expected losses.
9. The sum of the reported losses times credibility, plus the expected losses times the complementary credibility, all divided by the expected losses shall result in the experience ratio.
10. The experience ratio times the portion of the loss cost represented by the basic and ratable excess portions, plus the non-ratable excess portion shall equal the adjustment ratio. \* See Section VII, Table 4.
11. To assure that the Experience Rating Plan does not generate more or less dollars of claim payment than included in the manual loss costs, an off-balance factor shall be calculated across all experience rated risks. This off-balance factor shall be applied solely to the experience rated risks.
12. The mod to be charged shall be the policy's adjustment ratio divided by the experience rating off-balance factor, unless limited - see Section VIII, Table 3.

**SECTION VII - RATING FORMULA**

$$\text{Experience Ratio} = \frac{(L_B \times C_B) + [EL_B \times (1 - C_B)] + (L_{EX} \times C_{EX}) + [EL_{EX} \times (1 - C_{EX})]}{EL_B + EL_{EX}}$$

Where	$L_B$	=	Basic Losses Reported
	$C_B$	=	Basic Credibility
	$EL_B$	=	Basic Expected Losses
	$L_{EX}$	=	Ratable Excess Losses Reported
	$C_{EX}$	=	Ratable Excess Credibility
	$EL_{EX}$	=	Ratable Excess Expected Losses

Adjustment Ratio = [Experience Ratio X (Basic Plus Ratable Excess Component)] + Non-Ratable Excess Component

Mod = Adjustment Ratio Divided By Experience Rating Off-Balance, Unless Limitation Applies



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## SECTION VIII - FACTORS AND TABLES

TABLE 1 - EXPECTED LOSS VALUES

		1st Year	2nd year	3rd Year
1001 -	Basic	2.79	2.83	2.98
	Ratable Excess	0.92	2.04	2.22
1010 -	Basic	8.80	8.93	9.40
	Ratable Excess	2.89	6.43	7.02
1012 -	Basic	3.02	3.07	3.23
	Ratable Excess	0.99	2.21	2.41
1014 -	Basic	1.08	1.09	1.15
	Ratable Excess	0.35	0.78	0.86
1015 -	Basic	7.74	7.86	8.27
	Ratable Excess	2.54	5.66	6.18
1469 -	Basic	1.61	1.63	1.72
	Ratable Excess	0.53	1.18	1.29
1021 -	Basic	0.58	0.59	0.62
	Ratable Excess	0.19	0.42	0.46
1023 -	Basic	0.49	0.49	0.52
	Ratable Excess	0.16	0.36	0.39
1025 -	Basic	4.10	4.16	4.38
	Ratable Excess	1.35	3.00	3.27
1027 -	Basic	0.74	0.75	0.79
	Ratable Excess	0.24	0.54	0.59

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**TABLE 2 - CREDIBILITY**

Credibility is based upon the three-year modified payroll of the insured based upon all coal mine traumatic classes combined. Modified payroll is calculated by applying the payroll development factors by class from the latest approved traumatic loss cost filing to the respective payrolls by class of the insured. Each insured shall have a separate primary and ratable excess credibility.

This table is constructed to determine both the primary and ratable excess credibility from a single table entry. The payrolls listed on the table provide for a range in payroll from the listed entry to the next entry. The credibility assigned to the risk is the largest payroll entry that the insured's modified payroll exceeds.

<b>Modified Payroll</b>	<b>Primary Credibility</b>	<b>Excess Credibility</b>	<b>Modified Payroll</b>	<b>Primary Credibility</b>	<b>Excess Credibility</b>
470,682	0.36	0.06	6,048,398	0.76	0.09
494,651	0.37	0.06	6,686,597	0.77	0.10
536,320	0.38	0.07	7,390,386	0.78	0.10
582,501	0.39	0.07	8,285,020	0.79	0.10
633,876	0.40	0.07	9,258,336	0.80	0.11
685,054	0.41	0.07	10,350,861	0.81	0.11
745,694	0.42	0.07	11,706,009	0.82	0.12
808,302	0.43	0.07	13,278,116	0.83	0.12
874,329	0.44	0.07	15,109,347	0.84	0.13
951,592	0.45	0.07	17,169,602	0.85	0.14
1,030,562	0.46	0.07	19,611,733	0.86	0.15
1,081,378	0.47	0.07	22,671,798	0.87	0.16
1,121,685	0.48	0.07	26,645,098	0.88	0.17
1,164,053	0.49	0.07	31,458,739	0.89	0.18
1,207,636	0.50	0.07	33,490,656	0.89	0.19
1,252,434	0.51	0.07	37,176,009	0.90	0.19
1,299,560	0.52	0.07	44,520,470	0.91	0.21
1,347,772	0.53	0.07	47,166,808	0.91	0.22
1,397,911	0.54	0.07	57,136,731	0.92	0.23
1,450,108	0.55	0.07	67,465,148	0.93	0.25
1,503,500	0.56	0.07	71,392,945	0.93	0.26
1,559,713	0.57	0.07	80,008,590	0.93	0.27
1,617,604	0.58	0.07	89,309,156	0.94	0.27
1,677,174	0.59	0.07	94,699,584	0.94	0.28
1,739,948	0.60	0.07	106,719,466	0.94	0.29
1,804,230	0.61	0.07	120,734,085	0.94	0.30
1,871,200	0.62	0.07	137,284,922	0.94	0.31
1,938,106	0.63	0.07	157,128,936	0.94	0.32
2,004,985	0.64	0.07			
2,180,655	0.65	0.07			
2,370,778	0.66	0.08			
2,586,696	0.67	0.08			
2,830,479	0.68	0.08			
3,091,489	0.69	0.08			
3,387,120	0.70	0.08			
3,704,822	0.71	0.08			
4,065,983	0.72	0.08			
4,482,478	0.73	0.09			
4,943,769	0.74	0.09			
5,441,417	0.75	0.09			



**TABLE 3 - MAXIMUM MOD LIMIT TABLE**

Accounts with three years of modified payrolls of less than \$1,000,000 can produce substantial debit experience mods. This substantial debit experience mod can be the result of a single large claim or two losses that exceed the basic loss limitation level. To mitigate the size of the debit mod on accounts with less than \$1,000,000 of three year modified payroll, the maximum mod limit table will apply. This table will apply to all accounts with a three year modified payroll total of less than \$1,000,000, including accounts which initially qualify for a mod, as well as accounts that were previously experience rated.

**MAXIMUM MOD LIMIT TABLE**

<b>3 Years of Modified Payroll</b>	<b>Maximum Mod Charge</b>
\$ 300,000 to \$ 499,999	1.20
\$ 500,000 to \$ 749,999	1.30
\$ 750,000 to \$ 999,999	1.40
\$ 1,000,000 and Over	No Maximum

**TABLE 4 - EXPECTED SIZE OF LOSS COMPONENTS**

Basic Plus Ratable Excess Component .....	0.66981
Non-Ratable Excess Component .....	0.33019

**TABLE 5 - OFF-BALANCE FACTOR .....**0.9813

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**SECTION IX - EXAMPLE** - This example represents an experience mod calculation for a hypothetical bituminous risk.

CLASS	YEAR	PAYROLL	TOTAL			BASIC			RATABLE EXCESS			NON-RATABLE EXCESS			EXPECTED LOSSES	
			COUNT	LOSSES	COUNT	LOSSES	COUNT	LOSSES	COUNT	LOSSES	COUNT	LOSSES	COUNT	LOSSES	BASIC	RATABLE EXCESS
1014	2006	2,403,414	5	15,115	5	15,115	0	0	0	0	0	0	0	0	27,639	20,669
1014	2007	1,979,616	0	0	0	0	0	0	0	0	0	0	0	0	21,578	15,441
1014	2008	2,340,574	4	19,183	4	19,183	0	0	0	0	0	0	0	0	25,278	8,192
1027	2006	549,955	0	0	0	0	0	0	0	0	0	0	0	0	4,345	3,245
1027	2007	483,358	0	0	0	0	0	0	0	0	0	0	0	0	3,625	2,610
1027	2008	594,026	0	0	0	0	0	0	0	0	0	0	0	0	4,396	1,426

TOTAL PAYROLL	8,350,943	9	34,298	9	34,298	0	0	0	0	0	0	0	0	0	86,861	51,583
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## CREDIBILITY

Basic	Excess
0.79	0.10

EXPERIENCE RATIO	0.6628
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ADJUSTMENT RATIO	0.774
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OFF-BALANCE FACTOR	0.9813
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MOD	0.789
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**SECTION X - SCHEDULE RATING PLAN**

1. The loss and/or expense components of an insured risk's premium may, at the option of the underwriting carrier, be adjusted in accordance with provisions of this plan to reflect defined characteristics of the risk which, in the sole judgment of the underwriting carrier, are not adequately reflected in prior experience of the insured risk.
2. At the option of the underwriting carrier, this plan may be applied to any risk regardless of premium size.
3. At the option of the underwriting carrier, this Schedule Rating Plan may be applied individually or collectively to the traumatic and/or state occupational disease and/or federal occupational disease portions of the risk.
4. All statistical reporting requirements of the Coal Mine Compensation Rating Bureau and the Pennsylvania Insurance Department, including provisions of the uniform Statistical Plan and Pennsylvania Special Schedule W, are applicable to business written in accordance with this plan and must be complied with by carriers using this plan.
5. Schedule rating credits or debits must be applied as a percentage factor to premium computed after experience modification or Merit Rating Plan adjustment and before carrier premium discounts and expense constants, if applicable.
6. Schedule rating adjustments for any given risk shall be based on information contained in the carrier's files and records when the credit or debit is determined, and such supporting information must be retained in the carrier's files and records for such risk throughout the period of time in which the policy is subject to audit under provisions of the policy.
7. Acceptance of a policy by an insured shall constitute agreement with the amount of schedule rating credit or debit, or with the absence of any such credit or debit. Upon request of the insured, a carrier shall make available documentation supporting the derivation of any proposed schedule rating credit or debit.
8. Upon request of the Pennsylvania Insurance Department or the Coal Mine Compensation Rating Bureau, a carrier shall make available documentation supporting the derivation of a schedule rating credit or debit for any specified risk or risks.
9. No schedule rating credit or debit may be effective prior to the underwriting insurer's receipt of information for a risk supporting the schedule rating credit or debit in question. No schedule rating credit or debit may be changed mid-term without the mutual agreement of the insured risk and the underwriting carrier.
10. The following risk characteristics are eligible under this plan for assignment of credits or debits subject to the maximum ranges set forth below:

<u>Risk Characteristic</u>	<u>Allowable Range of Credits or Debits</u>
Features of Workplace Maintenance or Operation	-10% to +10%
Risk Elements Not Addressed in Classification Plan	-10% to +10%
Availability of Medical Facilities in or Near Workplace	-5% to +5%
Safety Equipment/Devices Present in/Missing from Workplace	-5% to +5%
Extraordinary Safety Programs Applicable to Workplace	-5% to +5%
Qualifications of Employees	-10% to +10%
Accommodations/Cooperation with Carrier by Management	-5% to +5%
Considerations Related to Policy Expenses	-5% to +5%
Other Risk Characteristics Not Addressed Above (Specify)	-10% to +10%

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11. The maximum schedule rating credit permissible for any risk under this plan is -25 percent. The maximum schedule rating debit permissible for any risk under this plan is +25%.