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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(s) 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 (WC 00 04 05) 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 rating effective 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. A policy cannot be cancelled, rewritten or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan.
5. Experience rating shall apply only to the traumatic portion of the policy. Experience rating shall not apply to occupational disease or USL & HW coverages.

SECTION II – DEFINITIONS

1. RISK. The term "risk" as used in this Plan shall mean:
 - a. A single legal entity.
 - b. Two or more affiliates 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 reported 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 traumatic payroll development factors contained in the latest approved filing.
13. **Rating Effective Date (RED)** is the earliest date that a specific experience modification (MOD) is applied to a policy.

SECTION III – GENERAL PROVISIONS

1. ELIGIBILITY REQUIREMENTS FOR EXPERIENCE RATING

Any risk with a modified traumatic payroll of at least \$300,000 during the three (3) year experience period shall qualify for experience rating.

The RED may differ from a risk's policy effective date for reasons including, but not limited to:

- Short-term policies
- Cancellations
- Gaps in Coverage
- Changes in ownership or combinability status
- Multiple policy effective dates
- A policy that is longer than one year and 16 days
- Late receipt of current policy information by the Bureau

To determine a risk's RED, the Bureau will review the most recent full-term policies and unit statistical data. For purposes of this rule, a full-term policy is written for 12 months and is not cancelled prior to its expiration date.

2. EXPERIENCE PERIOD

The experience period shall be the latest three (3) calendar accident years of losses and payrolls reported to the Bureau in accordance with the approved Statistical Plan. Data that is reported as of June 30th is used to calculate MODS for policies with rating effective dates on or after the following December 1st.

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 the 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 any 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. OWNERSHIP CHANGES

- a. For purposes of this Plan, a change in ownership includes any of the following:
 - (i) sale, transfer or conveyance of all or a portion of an entity's ownership interest
 - (ii) sale, transfer or conveyance of an entity's physical assets to a purchasing entity which takes over the operation of the selling entity and wherein the selling entity
 - (a) becomes entirely inactive with no employees or
 - (b) retains a few employees for the purpose of closing out its affairs prior to dissolution as a legal entity or
 - (c) retains a few clerical employees for the purpose of carrying on operations in connection with investment of its financial assets
 - (iii) merger or consolidation of two or more entities
 - (iv) formation of a new entity subsequent to the dissolution or non-operative capacity of an entity
 - (v) voluntary or court mandated establishment of a trustee or receiver, excluding a debtor in possession, a trustee under a revocable trust or franchisor
- b. Reporting Requirement. When an ownership change occurs, the 90-Day Reporting Requirement – Notification of Change in Ownership Endorsement (WC 00 04 14 A) requires any change in ownership and/or combinability status be reported in writing by the employer to its carrier within ninety (90) days of the date of the change. This can be accomplished by

submitting a completed Confidential Request for Information Form (ERM-14 form) or by providing the information in narrative form on the letterhead of the insured, signed by an officer of the entity.

Failure to report changes in ownership in line with Endorsement WC 00 04 14 A may be considered modification evasion. See Section III, 8-h.

- c. Continuation of Experience. Unless excluded under paragraph (d), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the effective date of the policy in effect at the time the Bureau receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.
 - (i) 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.

NOTE: Future experience ratings of a risk shall retain all experience for any part of its operations which may have been discontinued or self-insured.
- d. Exclusion of Experience. The experience of any entity undergoing a change in ownership shall be retained and used in future experience ratings unless one or both of the following requirements (i) and (ii) are met at the same time of the ownership change:
 - (i) A change in majority interest occurs and the change in majority interest is accompanied by a complete change in operation and function sufficient to result in a change of governing classification and the change in majority interest is accompanied by a change in the process and hazard of the operation.
 - (ii) A change in majority interest occurs and the change in majority interest is accompanied by a change in employees such that all or a substantial portion of the employees of the new ownership are not retained from the prior ownership.
- e. If the experience of an entity undergoing a change in ownership is to be excluded from future experience ratings for the entity, the experience modification no longer applies as of the date of the ownership change unless the entity is acquired by another entity which has an existing experience modification. In that case, the modification of the acquiring entity shall apply.
- f. 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.
- g. Employee Leasing. If (1) an entity terminates its employment relationship with all, or substantially all, its employees, (2) all or substantially all such employees are thereafter employed by another entity which leases such employees to the original employer, and (3) workers compensation insurance for the leased employees is provided under a Master Policy issued to the second entity, the experience incurred prior to the termination of the original employment relationship shall be used in future ratings of the second entity.
- h. Evasion of Experience Rating Modification.
- (i) Actions. Employers, or their representatives, at times take actions for the purpose of avoiding an experience rating modification. They may also take actions for otherwise legitimate business reasons that nonetheless result in the improper application of an experience rating modification. Regardless of intent, any action resulting in the miscalculation, misapplication or omission of an experience rating modification determined in accordance with this Plan is prohibited. These actions can include, but are not limited to:
 - (a) Failure to report changes in accordance with Endorsement WC 00 04 14 A
 - (b) A change in ownership
 - (c) A change in combinability status
 - (d) Creation of a new entity
 - (e) Misrepresentation on audits or failure to cooperate with an audit
 - (ii) Bureau Response. In such circumstances the Bureau may obtain information that indicates evasion or improper calculation, application or omission of experience rating modifications due to actions included, but not limited to, those listed above. The Bureau will act to ensure the proper calculation and application of experience rating modifications impacted by these actions. This may include, but is not limited to the:
 - (a) Combination of experience that would otherwise not be combinable
 - (b) Separation of experience that would otherwise be combinable
 - (c) Exclusion of experience that would otherwise be included
 - (d) Continuation of experience that would otherwise be withdrawn
 - (e) Issuance of experience rating modifications that were not originally issued
 - (f) Revision and/or retraction of experience rating modifications
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 modification 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 ratings 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 ventures.

SECTION IV – APPLICATION OF EXPERIENCE MODIFICATION

1. EXPERIENCE MOD

An experience mod for a qualified risk shall be determined annually by the Bureau and shall be effective as of the RED of the risk. 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 in force on the effective date of the policy for traumatic coverage only.

2. SINGLE POLICY RISK

If a risk is covered by a single policy, the following procedure shall apply:

- a. The experience mod effective as of the RED 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 experience mod in effect as of the original termination date shall remain in effect until the termination date of the extended policy. The experience mod which would have become effective as of the RED shall apply for a period of one year from the effective date of the new policy.
- c. If a policy becomes effective on a date more than three months after the RED:
 - i. the outstanding experience mod shall apply to the new policy for the period corresponding to the unexpired term of the rating.
 - ii. a new experience mod then shall apply for the unexpired term of the outstanding policy.
 - iii. thereafter, a new modification shall apply annually as of a new RED. The new RED shall be the date twelve months after the effective date of the new policy.

3. MULTIPLE POLICY RISK

If a risk is covered by several policies (as provided in Rule 7 of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single experience mod shall be computed to be effective for a period of twelve months beginning on the RED to be established by the Bureau. The Bureau may, however, authorize the application of an existing experience mod for a period not to exceed fifteen months or a new experience mod for a period greater than three months and less than twelve months for the purpose of establishing a new RED. Any policy effective prior to the new RED established by the Bureau shall be cancelled as of such date and rewritten for a period of twelve months. Any policy effective subsequent to the new RED established by the Bureau shall be written to expire concurrently with the next ensuing RED or shall be cancelled as of that date.

Any policies subject to this rule which are extended beyond the new period of twelve months shall be subject to the provisions of Rules 2(b) and 2(c) of this section.

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 (3) year total of modified traumatic payroll for all coal classifications shall determine the risk's credibility.

4. LOSSES

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

- a. Total losses as reported. Losses incurred shall be on a gross basis before the application of the deductible, when such coverage is provided.
- 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 ground 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 or judicial decision or because of developments in the nature of injury between two valuation dates except in cases:

- a. where loss values are included or excluded through mistake other than error of judgment,
or
- 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, or
- d. where a claim or a portion of a claim is ruled or officially declared fraudulent.

In the above circumstances, revised statistical report(s) are required to be submitted in accordance with the approved Statistical Plan. When a change to a claim value due to the above circumstances is known to the insurer with certainty within 48 months of the expiration of an experience rating which included loss values for that claim, such revised statistical report(s) shall be used to adjust that experience rating. Such adjustments to experience ratings shall be made regardless of when the correction report(s) reflecting the cited event(s) is/are submitted to or received by the Bureau.

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 their 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 values. For expected loss values, refer to Table 1, 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. For credibility values, refer to Table 2, Section VIII.
10. The experience ratio times the basic and ratable excess component, plus the non-ratable excess component shall equal the adjustment ratio. For these portions (or components), see Table 3, Section VIII.
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. For the off-balance factor, see Table 4, Section VIII.
12. The mod to be charged shall be the policy's adjustment ratio divided by the experience rating off-balance factor, unless limited. For mod limits, see Table 5, Section VIII.

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 and Ratable Excess Component)] + Non-Ratable Excess Component

Mod = Adjustment Ratio divided by Experience Rating Off-Balance, Unless Limitation Applies

SECTION VIII – FACTORS AND TABLES

TABLE 1 – EXPECTED LOSS VALUES

		Most Current Year	First Prior Year	Second Prior Year
1001 -	Basic	2.36	2.08	2.49
	Ratable Excess	0.13	1.14	0.88
1010 -	Basic	7.55	6.66	7.98
	Ratable Excess	0.42	3.65	2.83
1012 -	Basic	3.62	3.19	3.82
	Ratable Excess	0.20	1.75	1.35
1014 -	Basic	0.73	0.65	0.77
	Ratable Excess	0.04	0.36	0.27
1015 -	Basic	3.93	3.46	4.15
	Ratable Excess	0.22	1.90	1.47
1469 -	Basic	1.25	1.10	1.32
	Ratable Excess	0.07	0.60	0.47
1021 -	Basic	1.71	1.51	1.80
	Ratable Excess	0.09	0.82	0.64
1023 -	Basic	0.47	0.42	0.51
	Ratable Excess	0.03	0.23	0.18
1025 -	Basic	1.59	1.41	1.68
	Ratable Excess	0.09	0.77	0.60
1027 -	Basic	0.98	0.87	1.04
	Ratable Excess	0.05	0.48	0.37

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 traumatic payroll development factors by class from the latest approved loss cost filing to the respective traumatic 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.

Modified Payroll	Primary Credibility	Excess Credibility	Modified Payroll	Primary Credibility	Excess Credibility
300,000	0.30	0.06	3,747,596	0.69	0.08
317,127	0.31	0.06	4,105,969	0.70	0.08
381,619	0.32	0.06	4,491,097	0.71	0.09
426,785	0.33	0.06	4,928,908	0.72	0.09
465,737	0.34	0.06	5,433,795	0.73	0.09
507,612	0.35	0.07	5,992,986	0.74	0.09
570,576	0.36	0.07	6,596,250	0.75	0.10
599,631	0.37	0.07	7,332,050	0.76	0.10
650,144	0.38	0.07	8,105,695	0.77	0.10
706,125	0.39	0.07	8,958,849	0.78	0.11
768,404	0.40	0.07	10,043,351	0.79	0.11
830,443	0.41	0.07	11,223,235	0.80	0.12
903,952	0.42	0.07	12,547,626	0.81	0.12
979,848	0.43	0.07	14,190,378	0.82	0.13
1,059,888	0.44	0.07	16,096,133	0.83	0.14
1,153,548	0.45	0.07	18,316,007	0.84	0.14
1,249,278	0.46	0.07	20,813,510	0.85	0.15
1,310,879	0.47	0.07	23,773,936	0.86	0.16
1,359,740	0.48	0.07	27,483,438	0.87	0.17
1,411,100	0.49	0.07	32,299,993	0.88	0.18
1,463,933	0.50	0.07	35,073,666	0.88	0.19
1,518,239	0.51	0.07	38,135,234	0.89	0.20
1,575,366	0.52	0.07	45,065,881	0.90	0.21
1,633,810	0.53	0.07	49,908,820	0.90	0.22
1,694,590	0.54	0.07	53,969,059	0.91	0.23
1,757,864	0.55	0.07	62,598,008	0.91	0.24
1,822,588	0.56	0.07	69,262,872	0.92	0.25
1,890,731	0.57	0.07	81,783,291	0.93	0.26
1,960,908	0.58	0.07	88,120,581	0.93	0.27
2,033,121	0.59	0.07	99,118,112	0.93	0.28
2,109,218	0.60	0.07	108,263,258	0.94	0.29
2,187,143	0.61	0.07	126,769,048	0.94	0.30
2,268,325	0.62	0.07	144,482,928	0.94	0.31
2,349,431	0.63	0.08	165,861,750	0.94	0.32
2,430,504	0.64	0.08	192,174,145	0.94	0.33
2,643,456	0.65	0.08	225,350,644	0.94	0.34
2,873,929	0.66	0.08	268,480,093	0.94	0.35
3,135,671	0.67	0.08	326,831,699	0.94	0.36
3,431,192	0.68	0.08	410,191,138	0.94	0.37

TABLE 3 – EXPECTED SIZE OF LOSS COMPONENTS

Basic and Ratable Excess Component	=	0.65315
Non-Ratable Excess Component	=	0.34685

TABLE 4 – OFF-BALANCE FACTOR

Off-Balance Factor	=	1.0040
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TABLE 5 – MAXIMUM MOD LIMIT TABLE

Accounts with three (3) 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.

	3 Years of Modified <u>Payroll</u>	Maximum Mod <u>Charge</u>
\$	300,000 to \$ 499,999	1.200
\$	500,000 to \$ 749,999	1.300
\$	750,000 to \$ 999,999	1.400
\$	1,000,000 and Over	No Maximum

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

**Coal Mine Compensation Rating Bureau
 Experience Rate Sheet
 Policy # 0123456789**

Insurer: ABC Insurance Company

File Number: 999999

Operator: XYZ Mining Company

Class: Traumatic State Bituminous Surface, Traumatic State Bituminous Prep Plant

<u>Class</u>	<u>Year</u>	<u>Payroll</u>	<u>Count</u>	<u>Total</u>		<u>Basic</u>		<u>Ratable Excess</u>		<u>Non-Ratable Excess</u>		<u>Expected Losses</u>	
				<u>Losses</u>	<u>Count</u>	<u>Losses</u>	<u>Count</u>	<u>Losses</u>	<u>Count</u>	<u>Losses</u>	<u>Count</u>	<u>Basic</u>	<u>Ratable Excess</u>
1014	2015	4,858,457	4	133,331	4	57,726	1	75,605	0	0	37,410	13,118	
1014	2016	3,813,129	4	410,830	4	50,830	1	100,000	1	260,000	24,785	13,727	
1014	2017	5,215,295	2	306	2	306	0	0	0	0	38,072	2,086	
1027	2015	389,781	0	0	0	0	0	0	0	0	4,054	1,442	
1027	2016	593,059	0	0	0	0	0	0	0	0	5,160	2,847	
1027	2017	891,241	0	0	0	0	0	0	0	0	8,734	446	
Total		15,760,962	10	544,467	10	108,862	2	175,605	1	260,000	118,215	33,666	

Credibility

Basic	Excess
0.82	0.13

Experience Ratio: 1.0710
 Adjustment Ratio: 1.047
 Off-Balance Factor: 1.0040
 Mod: 1.043

SECTION X – SCHEDULE RATING PLAN

1. The loss and/or expense components or 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%

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 +25percent.