



April 10, 2012

Rate Recommendations for
Private Employers
State of Ohio
Bureau of Workers' Compensation

Deloitte Consulting LLP

Audit • Tax • Consulting • Financial Advisory •



Deloitte Consulting LLP
1700 Market Street
Philadelphia, PA 19103-3984
USA

Tel: (215) 299-4655
Fax: (215) 405-3027
www.deloitte.com

April 10, 2012

Mr. Christopher Carlson, FCAS, MAAA
Chief Actuarial Officer
Ohio Bureau of Workers' Compensation
30 West Spring Street
Columbus, OH 43266-0581

Subject:

Private Employer 7-1-12 Rate Recommendations

Dear Mr. Carlson:

We are pleased to provide this Final Report, which provides our rate recommendations for the State of Ohio Bureau of Workers' Compensation ("BWC") private employer ("PA") rates to be effective July 1, 2012.

We have provided a baseline rate level recommendation, as well as a reasonable range around that recommendation, as shown below. The baseline indicated rate change is based primarily on average historical loss costs over the past five accident years at current cost levels. The range around the baseline rate change is based primarily on the range of historical loss costs at current cost levels observed over the last several accident years. The following table illustrates the indicated rate changes at a 4.0% discount rate as recommended by BWC:

	Baseline Scenario	Reasonable Expectation Optimistic Scenario	Reasonable Expectation Conservative Scenario
4.0% Discount Rate	+2.8%	-2.8%	+7.0%

The loss costs used to determine the rate change recommendations are derived from Deloitte Consulting's December 31, 2011 Loss & LAE reserve analysis for PA.

At a discount rate of 4.0%, it is our opinion that a rate change of -2.8% to +7.0% is appropriate for the policy year beginning July 1, 2012. Base rates for the individual manual classes should be adjusted according to their experience so as to achieve the applicable overall rate level change. "Off-balance" factors resulting from experience rating should also be considered in the base rates, as these factors are not contemplated in the overall rate indications presented herein.

Please note that our recommendations are subject to the Conditions and Limitations described in the attached report which are inherent in estimating workers' compensation loss costs.

It has been our pleasure to be of service to you in this regard.

Yours very truly,

A handwritten signature in black ink, appearing to read "R. Miccolis". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Robert S. Miccolis, FCAS, MAAA

Director

A handwritten signature in black ink, appearing to read "David E. Heppen". The signature is cursive and clearly legible, with a large initial "D" and a long, sweeping underline.

David E. Heppen, FCAS, MAAA

Director

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Background

Rates for private employers are set annually to be applied to payrolls from July 1 to June 30 of the following year. Billings are actually sent to employers in December and June, with payments made throughout the twelve month effective period. Rates are applicable to \$100 of payroll.

The overall rate level recommended in this study is intended to provide for the following costs associated with the July 1, 2012 to June 30, 2013 policy year:

- Indemnity losses
- Medical losses
- Health Partnership Programs (“HPP”)
- Premium Payment Security Fund (“PPSF”)
- Safety and Hygiene (“S&H”)

Rate Level Recommendations

Our rate projections are based on our analysis of historical loss cost trends for Indemnity and Medical losses separately. We have selected a Baseline, Reasonable Expectation - Optimistic, and Reasonable Expectation - Conservative Loss Costs for Indemnity and Medical losses that can be seen in Exhibits 5 and 6. These Loss Costs are also displayed in Exhibit 1, where we determine the range of rate level indications at a discount rate of 4.0%.

The main assumptions and observations underlying our rate level indications are as follows:

- Loss costs from accident year 1999 to 2010 are considered in the analysis. The results for accident years 2006 through 2010 were given the majority of the weight in the baseline rate indication.
- Loss costs are brought on-level in order to determine the rate level indication. On-leveling is a ratemaking procedure that allows past years to be evaluated at current cost levels, thus providing a relevant basis for the selection of current year rates. On-leveling includes the impact of changes in the frequency of claims, the severity of claims, and the change in wage levels over time.
- Loss costs are discounted at a rate of 4.0%. Discounting loss costs adds variability to estimates of appropriate rate levels, as discount is influenced by the timing of loss payments and the actual rate of return achieved by BWC on invested assets. If the timing of the payments or the expected investment returns are not achieved, the results could vary significantly. Our discount factors for Indemnity and Medical are derived from our December 31, 2011 PA reserve study. Support for

our discount factors can be seen on Exhibit 14.

- Historical frequency trends (Ultimate Lost Time Claims/On-Level Payroll) can be seen in Exhibit 9. From accident year 1999 to 2008 the annual trends have been distinctively negative, meaning the ultimate number of claims have been decreasing relative to on-level payroll. Starting in accident year 2009 we have started to see upward annual trends, possibly indicating a leveling off in the frequency trend pattern. We will continue to monitor the results and adjust our selections in future periods appropriately. The Deloitte selected on-level annual frequency trend for accident year 2011 to 2012 is 0.0%.
- BWC Indemnity severity trends (Ultimate Indemnity losses/Ultimate Lost Time Claim Counts) have varied significantly over the 1999-2011 accident years as shown in Exhibit 10. Due to this variability we have considered both BWC indications and NCCI benchmark indications in determining our selected severity trend assumptions. Wage levels are a key component in determining indemnity benefits. We selected annual Indemnity severity trends of 0% for accident years 2009 and 2010 in recognition of the fact that employers have generally held wages constant or have downsized during this period, meaning wage levels have remained stable over these years. For accident year 2011 to 2012 we are selecting an annual indemnity severity trend of 2%, anticipating that wage levels will increase at this rate, based on our review of Ohio Average Weekly Wage and employment information available from the Bureau of Labor Statistics.
- BWC Medical severity trends (Ultimate losses/Ultimate Lost Time Claim Counts) over the 1999-2010 accident years have been relatively consistent with NCCI benchmark indications as shown in Exhibit 11. Although the annual medical severity trends dropped modestly for accident years 2009 and 2010 we are anticipating medical inflation to restore to historical levels and have selected an annual Medical severity trend of 6.0% for accident year 2011 to 2012.
- HPP costs are projected to be 9.5% of the discounted total pure premium. The percentage was determined from our December 31, 2011 PA reserve study by relating HPP payments in recent fiscal years to the fiscal year Loss & ALAE payments. HPP costs are related to claim determinations and allowances, paying lost time compensation, second level of dispute resolution, and educating injured workers, employers and providers about HPP. Please see Exhibit 13 for the development of the HPP load.
- A loading of 0.5% is included for the Premium Payment Security Fund (PPSF) for all scenarios.
- A loading of 1.0% is included for Safety and Hygiene.
- A Premium Lag Adjustment is included to recognize the fact that there is a lag between the inception of the coverage period and the time the premium is collected from the insureds. To

estimate the premium discount factor, as shown on Exhibit 15, we discounted the actual premium collections made by month for calendar year 2010 at a 4% discount rate to the inception of the policy year 2010. It is assumed the premium collection in the 6 month period 1/1-6/30/xx relates to coverage provided 7/1-12/31/xx-1, and the premium collection in the six month period 7/1-12/31/xx relates to coverage provided 1/1-6/30/xx.

- Rate change indications are based on a current collectible rate of \$1.43 per \$100 of payroll.
- No margin has been included for contingencies or profit.

Change from the 7/1/2011 Rate Indication at 4.0% Discount

1) Prior Baseline Indicated Rate Change at 7/1/2011 (at 4.0% discount)	1.3%
2) Actual Rate Change (Approved by BWC)	-4.0%
3) Prior Loss Cost Trend (from 7/1/2011 Baseline rate indication at 4.0% discount)	1.2%
4) Expected Baseline Change at 7/1/2012 based on indications from prior year $[\{1+(1)\}/\{1+(2)\}*\{1+(3)\}]-1$	6.8%
5) Deloitte Current Indicated Baseline Change	2.8%
6) Deterioration/(Improvement) in Baseline Indicated Change - Current versus Prior $[\{1+(5)\}/\{1+(4)\}]-1$ (Improvement is indicated by a negative number; deterioration by a positive number)	-3.7%

Terrorism Risk Insurance Act (TRIA)

Due to the passage of the Terrorism Risk Insurance Act and its subsequent renewal through December 31, 2014, the Ohio BWC is subject to assessment for terrorist related losses in other locations and lines of business, provided certain thresholds are met. The assessment is limited to a maximum of 3% of annual premium per year. We have not included a provision in the indicated rate level for this assessment.

Deloitte Rate Development Procedure

In developing the rate recommendations, we consider medical and indemnity loss experience separately, and then combine the two to develop the Total Loss and Expense rate. The rate is developed from the indicated loss costs, or losses per \$100 of payroll. All losses and payroll data are trended to the rate effective period of July 1, 2012 to June 30, 2013.

Severity trends for Indemnity and Medical are based on ultimate loss projections and ultimate lost time claim projections from our December 31, 2011 PA reserve study. The severity trends for Indemnity and Medical can be found in Exhibits 10 and 11 respectively.

The frequency trend is based on BWC's payroll and our ultimate lost time claim projections. The payroll is adjusted for future development and average weekly wage trend to bring it on-level for the rate effective period. Our analysis and selection of the frequency trend is on Exhibit 9.

The frequency and severity trends are then multiplied together to form a loss trend. The loss trends are calculated on Exhibit 12, in columns 1 through 6.

On-level loss costs are developed for Indemnity and Medical separately. Our ultimate loss projections are trended to the rate effective period. Dividing the on-level ultimate losses by on-level payroll yields the on-level loss costs. From the accident year on-level loss cost indications we select a Baseline, Optimistic, and Conservative loss cost. The loss cost projections for Indemnity and Medical are shown in Exhibits 5 and 6, respectively. These loss costs are undiscounted.

The undiscounted loss costs for Indemnity and Medical are multiplied by their respective discount factors and then added to develop the Total Loss Cost. The discount factors for Indemnity and Medical were derived from our December 2011 PA reserve study and were calculated at discount rate of 4.0%. The Total Loss Costs are adjusted for Health Partnership Program (HPP) costs. These have been estimated to be 9.5% of discounted losses. Support for the 9.5% selection can be found on Exhibit 13. The Total Loss Cost is also adjusted for loads related to the Premium Payment Security Fund (PPSF) and Safety and Hygiene ("S&H") program. The PPSF load is 0.5% and the S&H load is 1.0%. These loadings are consistent with prior rate recommendations.

The indicated rate is adjusted for the lag in premium collections. The impact of the premium lag can be found in Exhibit 15. After adjusting for the loads and the impact of the lag in premium collection, the result is the Total Discounted Loss & Expense Rate indication effective July 1, 2012 as seen on Exhibit 1 at a 4.0% discount rate. Exhibit 2 shows the Undiscounted Total Loss & Expense Rate. Exhibit 3 (4.0% discount) quantifies the dollar impact of discounting the rates.

Group and Non Group Rate Levels

The indicated rate change will be distributed to group and non group employers based on the actual experience relativities of the group and non group policies. The key element in determining the relativities for the group and non-group policies is the experience modification factors (“e-mods”).

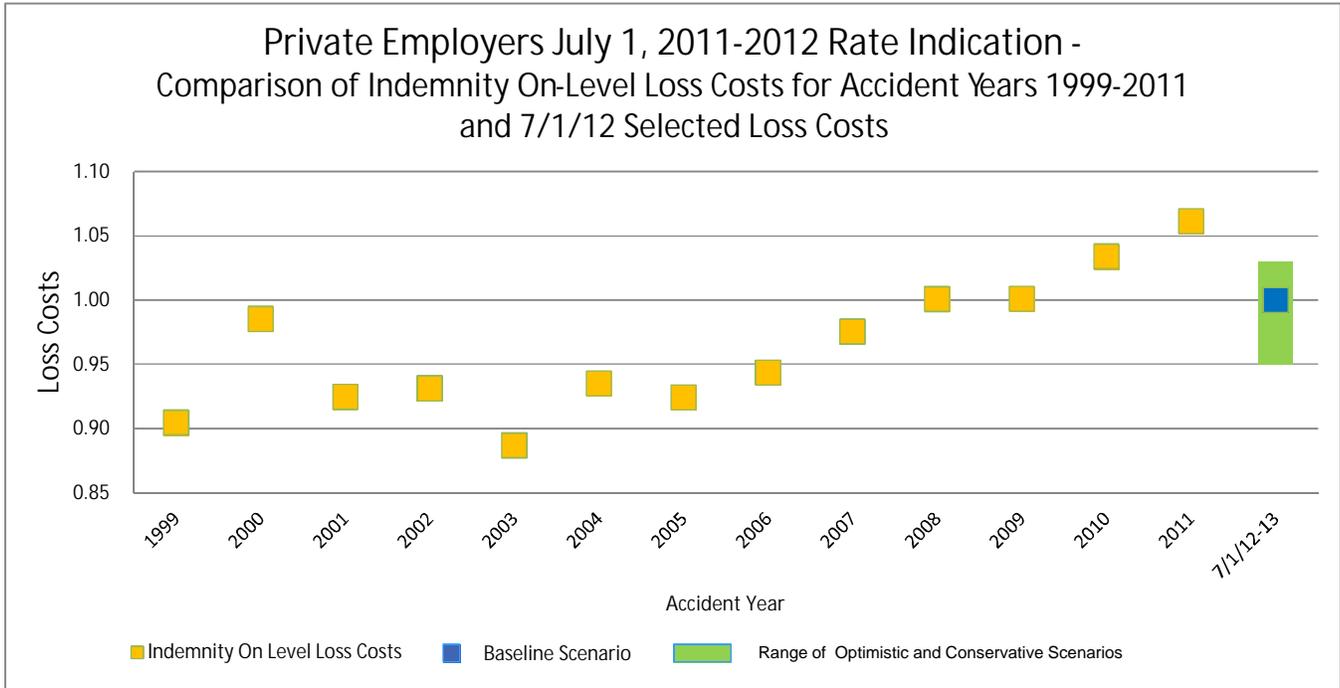
Conditions and Limitations

In estimating future loss and loss adjustment expense, it is necessary to project future indemnity, medical and loss adjustment expenses. It is certain that actual indemnity, medical and loss adjustment expenses will not develop exactly as indicated and may, in fact, vary significantly from our estimates. No warranty is expressed or implied that such variance will not occur. Furthermore, our estimates make no provision for the broadening of coverage by legislative action or judicial interpretation or for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in the BWC’s historical database or which are not yet quantifiable, and which might affect the claim experience. We believe, however, that the actuarial techniques and assumptions used in our analysis are reasonable.

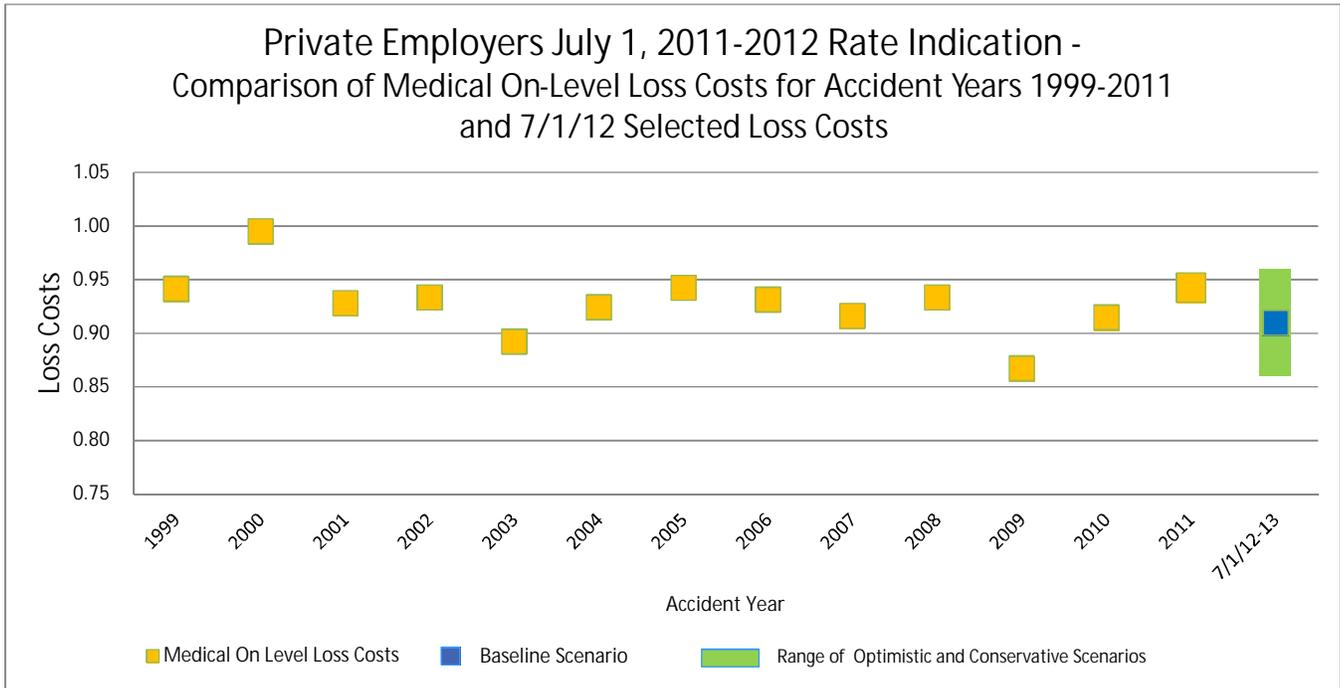
Loss Cost Trends and Projections

Medical and Indemnity loss cost calculations are developed separately. On-level factors are needed to adjust the payrolls and losses from each accident year to the level anticipated for the rate period effective July 1, 2012. We have used data from our PA reserve study as of December 31, 2011 to calculate the historical trends in Medical and Indemnity loss costs. The two graphs below show the undiscounted on-level loss costs for indemnity and medical respectively. The loss costs are brought to an on-level basis by considering changes in frequency, severity, and payrolls from year to year.

Loss costs from accident year 1999 to 2011 are considered in the analysis. The results for accident years 2006 through 2010 were given the majority of the weight in the baseline rate indication. The indemnity on-level loss costs for accident years 2010-11 are higher than loss costs from older years, but the more recent accident years are immature and were not considered to be as reliable as more mature years. The medical on-level loss costs have exhibited a more stable pattern.



Loss Cost Data from Exhibit 5

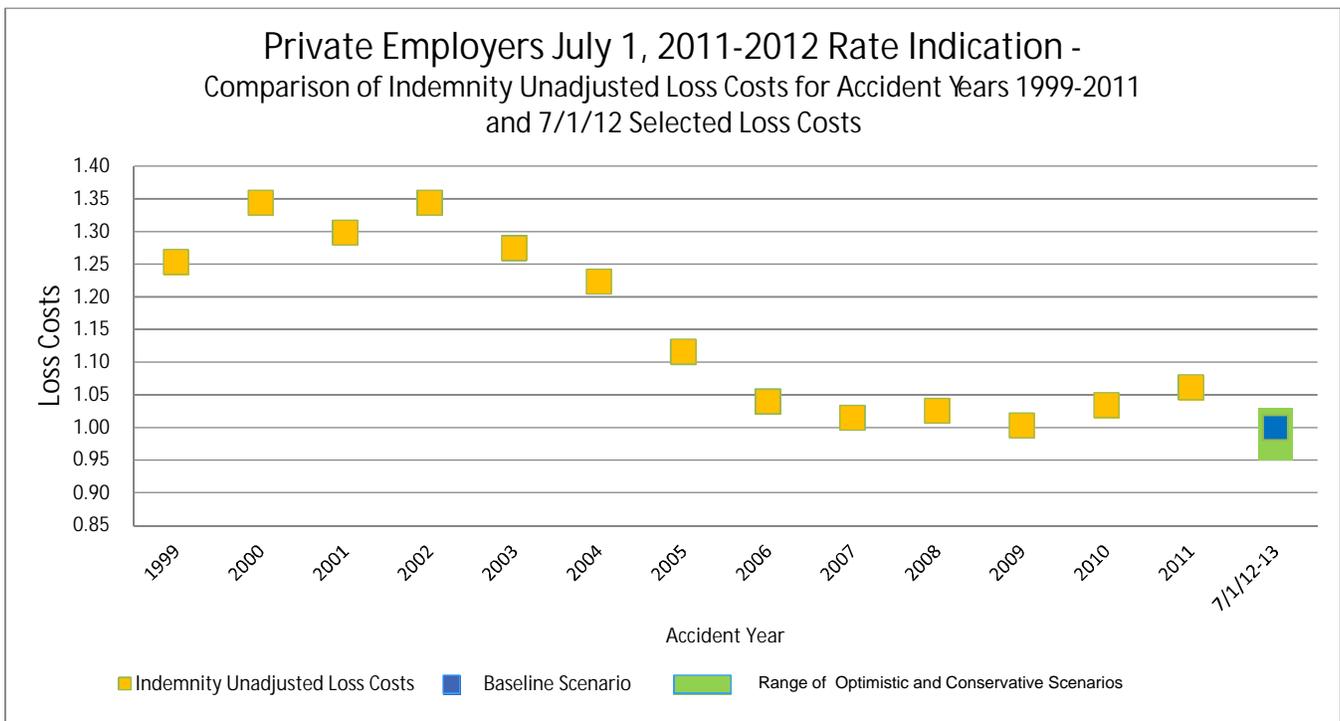


Loss Cost Data from Exhibit 6

As described above, Indemnity and Medical Loss Costs are brought on-level by considering trends in frequency, Indemnity severity, and Medical severity. The data we used to select our frequency, Indemnity severity, and Medical severity can be seen on Exhibits 9, 10, and 11 respectively.

Because of the noticeable upward trend in the above graph for on-level indemnity loss costs for the last 6 years, there could be some risk that the 2012-2013 indemnity loss cost might exceed the range of selected scenarios. However, we considered this risk to be somewhat mitigated since the underlying actual loss data for 2010 and 2012 is quite immature and therefore it seems inappropriate to give much credibility weight to the early estimates for those years in selecting the baseline and the range of scenarios for the 7/1/2012 rates. Nonetheless, further analyses of indemnity loss costs were performed in order to support the selected baseline indemnity loss cost.

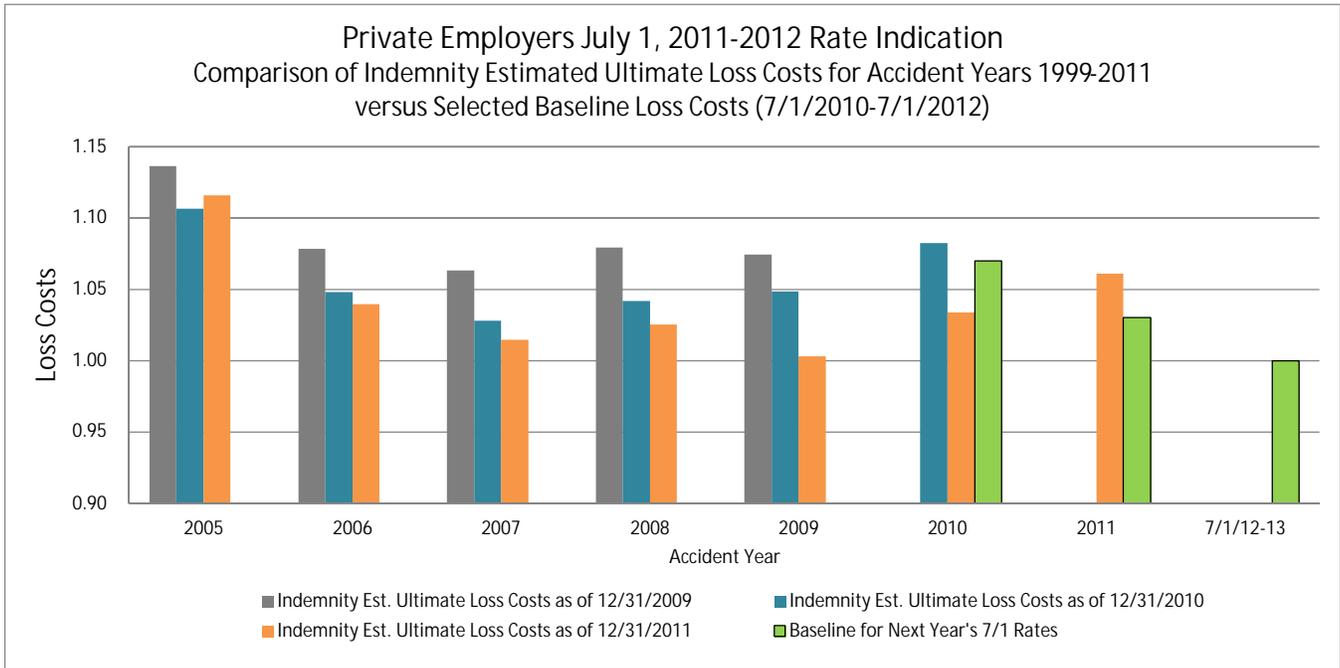
The graph below shows the undiscounted loss costs for indemnity before the on-level adjustments are made. These loss costs are not adjusted for changes in the historical levels of frequency, severity or payrolls from each past year to the period when new rates would be effective. Since these unadjusted loss costs show a year to year pattern that is fairly stable for the most recent 6 years, there is some indication that the trends in frequency, severity and payrolls may be somewhat offsetting each other over that period. However, this graph is not conclusive, since the underlying trends could be masked by combining the impact of differing and changing trends. One consideration is that there appears to be some evidence in interpreting these trends that the financial crisis of the past few years may have mitigated some of the trends affecting workers compensation costs in Ohio, at least temporarily.



Loss Cost Data from Exhibit 5

Another consideration in interpreting the potential risk of an upward trend in the indemnity on-level loss costs is the potential for changes in the estimated ultimate indemnity losses for the most recent years. The graph below illustrates that the recent pattern of re-estimated ultimate indemnity loss costs has been reduced for each of the last 5 accident years, from 12/31/2009 to 12/31/2010 and 12/31/2011. The baseline estimate for 7/1/2012-2013 indemnity loss costs is in line with an expectation of a continuation of this pattern of reduced estimates for accident years 2010 and 2011 as those years mature over the next 2 to 3 years.

The graph also shows that the selected baseline indemnity loss cost has decreased for each of the last 2 rate reviews (for 7/1/2010 and 7/1/2011) to the most recent selected baseline loss cost for indemnity. The estimated ultimate indemnity loss costs are based heavily on projections of past loss costs with somewhat different trend assumptions. Consequently, it is important that the baseline loss cost is not selected solely from trend assumptions, given the changes in trends that are emerging. The risk associated with higher trends in loss costs is reflected in the selected conservative loss cost.



12/31/11 and 12/31/10 Loss Cost Data are from Exhibit 5 of the 7/1/12 and 7/1/11 rate recommendation studies; 12/31/09 Loss Cost Data is from Exhibit 4 of the 7/1/10 rate recommendation study

The data tables below show the indicated annual trend based on an exponential curve fit of the data for the years indicated. Our selected frequency trend (ultimate claim counts divided by on-level payroll) for 2011 is 0.0%. The selected Indemnity severity trend for 2011 is 2.0% while the selected Medical severity trend is 6.0%. Multiplying the frequency and severity trends yields the overall loss trends. Loss costs trends are then calculated by dividing by the payroll trend. Our selected payroll trend for 2011 is 2.0%. Please note that the payroll shown for 2011 in the table below is reported through June 30, 2011 and therefore represents six months of payroll, while 1999-2010 represent full years.

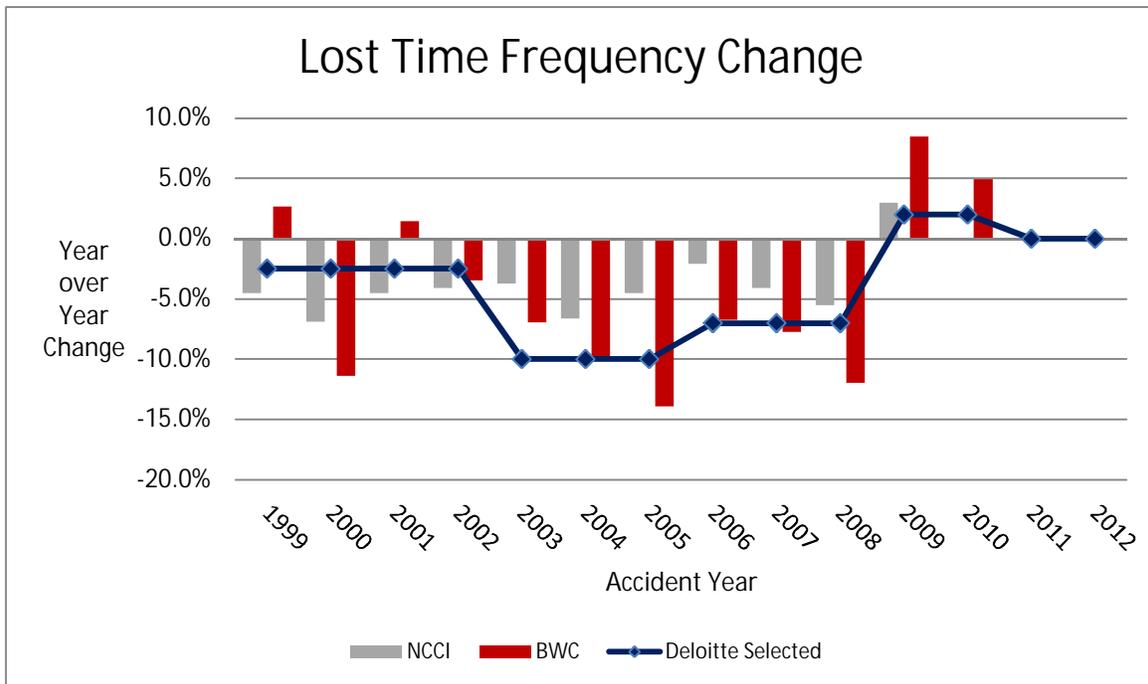
Medical Severity Trend		
<u>Years</u>	<u>BWC</u>	<u>NCCI State of Line</u>
1999-2010	6.7%	7.0%
2000-2010	6.4%	6.8%
2001-2010	6.2%	6.3%
2002-2010	6.3%	6.0%
2003-2010	6.5%	5.8%
2004-2010	6.3%	5.6%
2005-2010	5.8%	5.1%
2006-2010	5.1%	4.7%
2007-2010	4.9%	4.3%
2007-2010	3.1%	3.8%
2008-2010	2.1%	2.2%

Indemnity Severity Trend		
<u>Years</u>	<u>BWC</u>	<u>NCCI State of Line</u>
1999-2010	7.2%	4.5%
2000-2010	7.1%	4.2%
2001-2010	7.1%	4.0%
2002-2009	7.6%	4.0%
2003-2009	8.2%	4.1%
2004-2009	8.4%	4.2%
2005-2009	8.6%	4.0%
2006-2009	7.7%	3.2%
2007-2009	6.8%	1.8%
2008-2009	3.8%	-1.1%
2008-2010	-2.9%	-3.0%

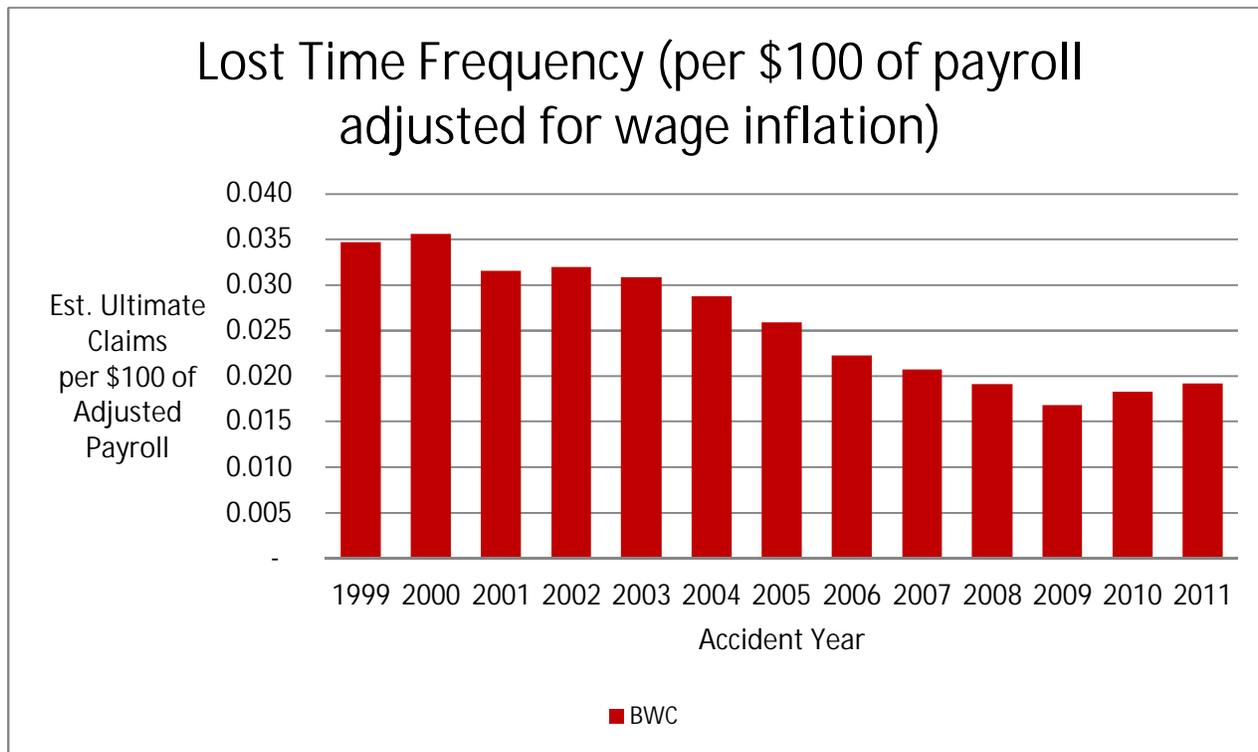
Payroll Trend	
<u>Years</u>	<u>BWC</u>
1999-2010	1.6%
2000-2010	1.4%
2001-2010	1.3%
2002-2010	1.1%
2003-2010	0.8%
2004-2010	0.3%
2005-2010	-0.5%
2006-2010	-1.7%
2007-2010	-3.1%
2008-2010	-3.7%
2009-2010	0.1%

Calendar	
<u>Year</u>	<u>Payroll</u>
1999	75,244,663
2000	79,122,396
2001	80,396,857
2002	81,621,352
2003	82,433,234
2004	84,632,753
2005	86,912,307
2006	90,822,757
2007	93,702,820
2008	93,449,349
2009	86,511,461
2010	86,612,948
2011 (6 months)	43,605,008

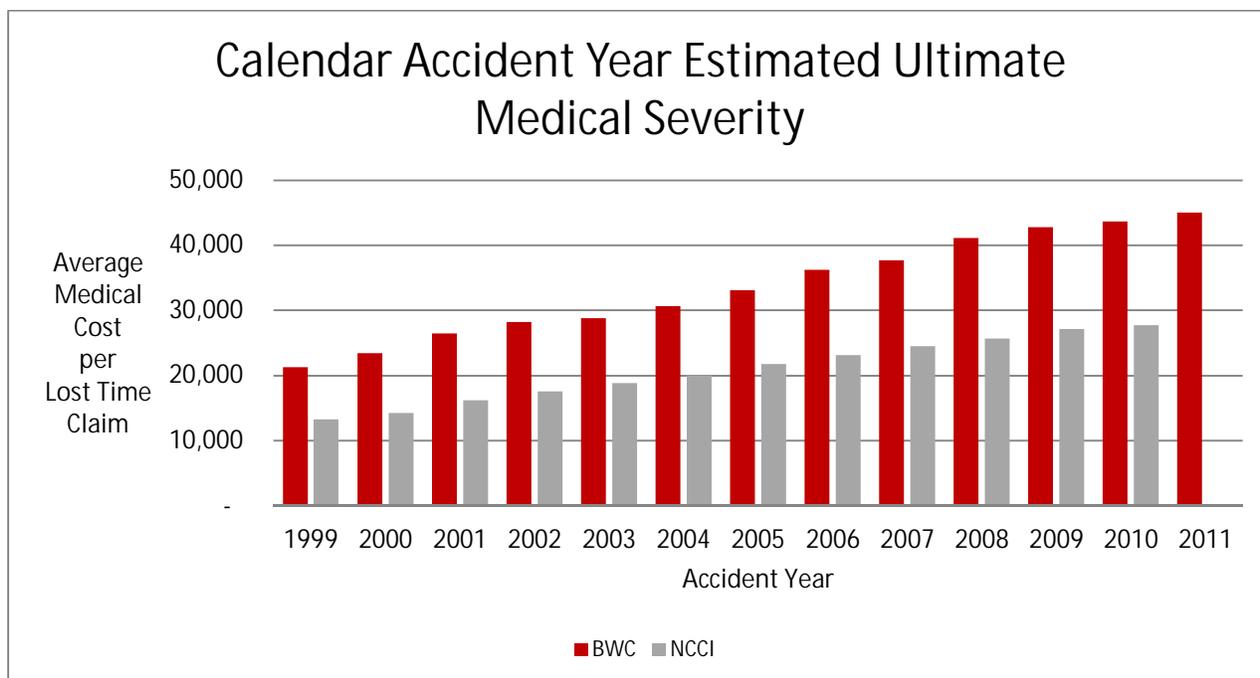
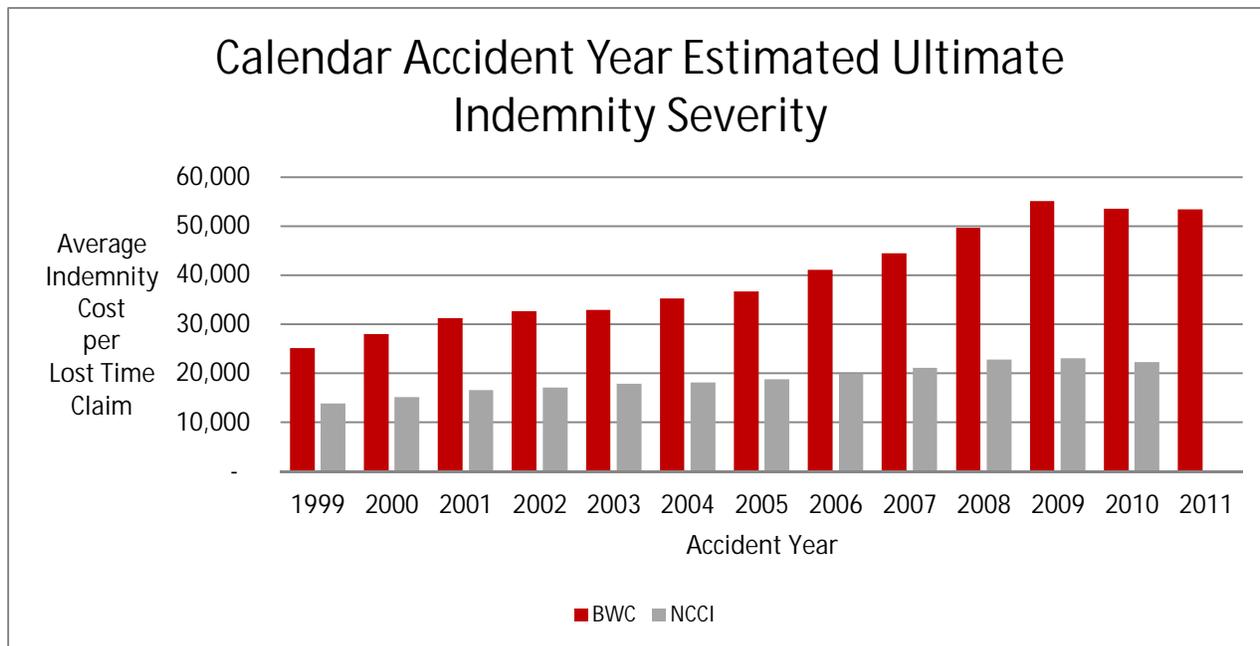
The graph below shows actual BWC and National Council on Compensation Insurance (“NCCI”) annual frequency percentage changes for lost time claims for each accident year experience period. The NCCI values come from the presentation “State of the Line” by Dennis Mealy, FCAS, MAAA, NCCI Chief Actuary, dated May 5, 2011. The 2010 NCCI values are preliminary based on data valued as 12/31/10. NCCI values for Accident Years 2009 and prior are based on data valued as of 12/31/09, developed to ultimate. The definition of the 1999 change is the change of frequency from 1999 to 2000 and so on for subsequent years.



The graph below shows actual accident year frequency ratios, BWC Lost Time claims per \$100 of payroll adjusted for wage inflation. These ratios are based on our estimates of ultimate lost time claims and payroll.



The graphs below show estimated ultimate average values of BWC and National Council on Compensation Insurance (“NCCI”) Indemnity severity and Medical severity for each accident year experience period. The NCCI values come from the presentation “State of the Line” by Dennis C. Mealy, FCAS, MAAA, NCCI Chief Actuary, dated May 5, 2011. The 2010 NCCI values are preliminary based on data valued as 12/31/10. NCCI values for Accident Years 2009 and prior are based on data valued as of 12/31/09.



The graphs below show estimated ultimate average values of observed BWC and NCCI Indemnity severity and Medical severity trends for each accident year experience period based on the severities on the previous page. The Deloitte selected annual trend for each accident period is also shown in comparison. The definition of the 1999 trend is the change of severity from 1999 to 2000 and so on for subsequent years.

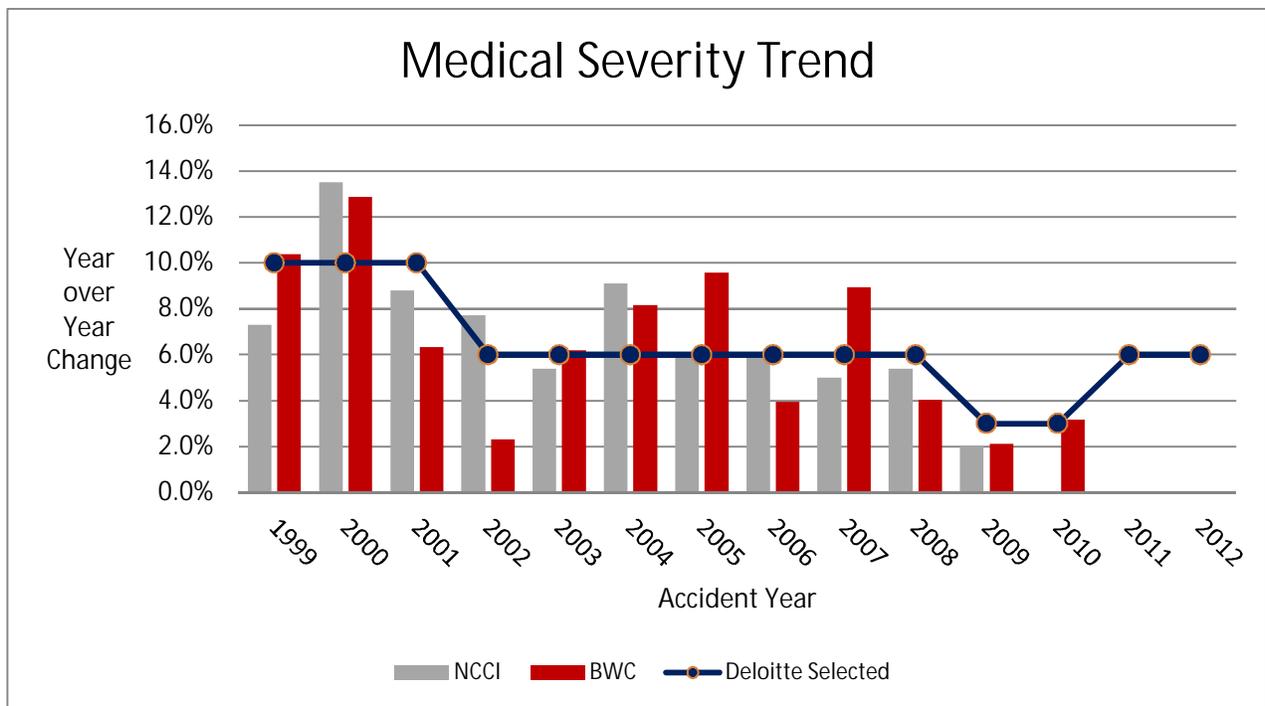
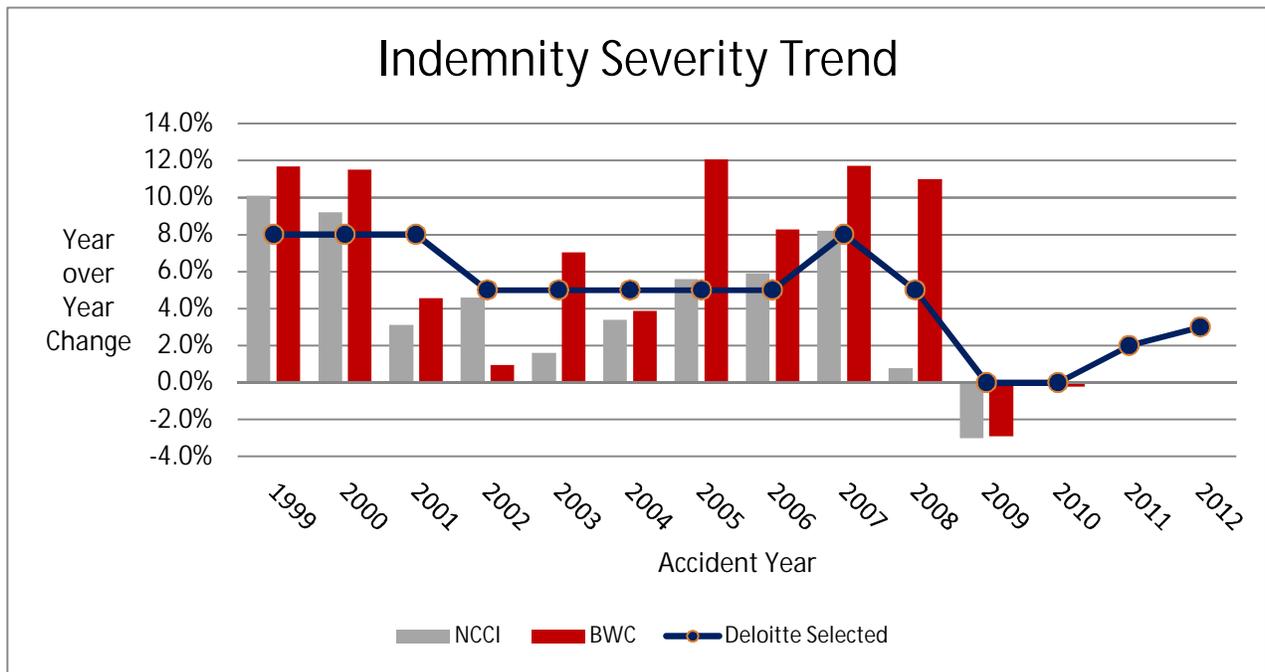


Table of Exhibits

Section 1, Exhibit 1: Determination of Overall Rate Change (Discounted at 4.0%)

This exhibit displays the indicated overall rate level discounted at 4.0% as well as the indicated rate change for the Baseline, Reasonable Expectation – Optimistic, and Reasonable Expectation – Conservative scenarios.

Section 1, Exhibit 2: Determination of Overall Rate Level (Undiscounted)

This exhibit displays the indicated overall rate level on an undiscounted basis for the Baseline, Reasonable Expectation – Optimistic, and Reasonable Expectation – Conservative scenarios.

Section 1, Exhibit 3: Determination of Overall Rate Level – Impact of Discount on Rates at a Discount Rate of 4.0%

This exhibit displays the impact of discounting rates at 4.0% for the Baseline, Reasonable Expectation – Optimistic, and Reasonable Expectation – Conservative scenarios.

Section 1, Exhibit 4: Impact of Premium Payment Lag (4.0%)

This exhibit displays the impact of the lag in collecting premium. The premium discount factor was calculated by discounting the actual premium collections made by month for calendar year 2009 at a 4% discount rate.

Section 1, Exhibit 5: Calculation of Loss Cost – Indemnity

This exhibit displays the selection of the undiscounted loss cost for Indemnity for the Baseline, Reasonable Expectation – Optimistic, and Reasonable Expectation – Conservative scenarios.

Section 1, Exhibit 6: Calculation of Loss Cost – Medical

This exhibit displays the selection of the undiscounted loss cost for Medical for the Baseline, Reasonable Expectation – Optimistic, and Reasonable Expectation – Conservative scenarios.

Section 1, Exhibit 7: Exposure Year Payroll Development

This exhibit displays the historical development of payroll and the resulting payroll development factors selected by Deloitte Consulting.

Section 1, Exhibit 8: Payroll Trend

This exhibit shows the historical change in Ohio average weekly wages and the resulting payroll trend assumptions selected by Deloitte Consulting.

Section 1, Exhibit 9: Frequency Trend

This exhibit shows the historical change in frequency of lost time claims relative to developed and on-level payroll, and the resulting frequency trend assumptions selected by Deloitte Consulting.

Section 1, Exhibit 10: Severity Trend – Indemnity

This exhibit shows the historical change in ultimate Indemnity losses per lost time claims, and the resulting severity trend assumptions selected by Deloitte Consulting.

Section 1, Exhibit 11: Severity Trend – Medical

This exhibit shows the historical change in ultimate Medical losses per lost time claims, and the resulting severity trend assumptions selected by Deloitte Consulting.

Section 1, Exhibit 12: Trend Summary

This exhibit shows the combined impact of the payroll, frequency, and severity trend assumptions selected by Deloitte Consulting in Exhibits 7 through 10 for Indemnity and Medical.

Section 1, Exhibit 13: Calculation of HPP Expense Factor

This exhibit shows the historical Claims Adjusting Expense Ratios and the selected ratio by Deloitte Consulting.

Section 1, Exhibit 14: Derivation of Discount factors at a 4.0% discount rate

This exhibit shows the support for the indemnity and medical discount factors at a 4.0% discount rate as displayed on Exhibit 1.

Section 1, Exhibit 15: Calculation of Premium Discount Factor

This exhibit shows the estimate of the premium discount factor at a 4% discount rate.

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Change (Discounted at 4.0%)
Private Employers

Section 1
Exhibit 1

Discounted
Effective July 1, 2012

	<u>Reasonable Expectation Optimistic</u>	<u>Baseline</u>	<u>Reasonable Expectation Conservative</u>
(1) Selected Indemnity Undiscounted Loss Cost:	\$0.95	\$1.00	\$1.03
(2) Selected Indemnity Discount Factor:	0.633	0.633	0.633
(3) Selected Medical Loss Cost:	\$0.86	\$0.91	\$0.96
(4) Selected Medical Discount Factor:	0.704	0.704	0.704
(5) Selected Total Loss Cost:	\$1.21	\$1.27	\$1.33
(6) HPP Expense Load; 9.5% of Losses	1.095	1.095	1.095
(7) PPSF Load (0.5%):	0.5%	0.5%	0.5%
(8) S&H Load (1.0%):	1.0%	1.0%	1.0%
(9) Contingency Load (0.0%):	0.0%	0.0%	0.0%
(10) Premium Lag Adjustment	0.963	0.963	0.963
(11) Calculated Total Loss & Expense Rate:	\$1.39	\$1.47	\$1.53
(12) Current Loss & Expense Rate (7/1/11 - 6/30/12)	\$1.43	\$1.43	\$1.43
(13) Indicated Base Rate Level Change:	-2.8%	2.8%	7.0%

1.028776978

0.98

0.88

-
- (1) From Section 1, Exhibit 5, Col. (11, 12, 13)
 - (2) From Section 1, Exhibit 14, Col. (3)
 - (3) From Section 1, Exhibit 6, Col. (11, 12, 13)
 - (4) From Section 1, Exhibit 14, Col. (3)
 - (5) = (1) * (2) + (3) * (4)
 - (6) From Section 1, Exhibit 13, Col. (6)
 - (7) Selected by Deloitte
 - (8) Selected by Deloitte
 - (9) Selected by Deloitte
 - (10) From Section 1, Exhibit 15
 - (11) = (5) x (6) / [1 - (7) - (8) - (9)] / (10)
 - (12) Actual Current Loss & Expense Rate
 - (13) = (11) / (12) - 1.0

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level (Undiscounted)
Private Employers

Section 1
Exhibit 2

Undiscounted
Effective July 1, 2012

	<u>Reasonable Expectation Optimistic</u>	<u>Baseline</u>	<u>Reasonable Expectation Conservative</u>
(1) Selected Indemnity Loss Cost:	\$0.95	\$1.00	\$1.03
(2) Selected Medical Loss Cost:	\$0.86	\$0.91	\$0.96
(3) Selected Total Loss Cost:	\$1.81	\$1.91	\$1.99
(4) HPP Expense Load; 9.5% of Losses	1.095	1.095	1.095
(5) PPSF Load (0.3%):	0.3%	0.3%	0.3%
(6) S&H Load (0.6%):	0.7%	0.7%	0.7%
(7) Contingency Load (0.0%):	0.0%	0.0%	0.0%
(8) Calculated Total Loss & Expense Rate:	\$2.00	\$2.11	\$2.20

(1) From Section 1, Exhibit 5, Col. (11, 12, 13)

(2) From Section 1, Exhibit 6, Col. (11, 12, 13)

(3) = (1) + (2)

(4) From Section 1, Exhibit 13, Col. (6)

(5) Selected by Deloitte. Factors on an undiscounted basis estimated by Deloitte.

(6) Selected by Deloitte. Factors on an undiscounted basis estimated by Deloitte.

(7) Selected by Deloitte

(8) = (3) x (4) / [1 - (5) - (6) - (7)]

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level - Impact of Discount (4.0% Rate)
Private Employers

Section 1
Exhibit 3

Impact of Discount on Rates
Effective July 1, 2012

	Reasonable Expectation <u>Optimistic</u>	<u>Baseline</u>	Reasonable Expectation <u>Conservative</u>
(1) Estimated Payroll for the Period 7/1/12-6/30/13 (100s)	\$931,452,741	\$931,452,741	\$931,452,741
(2) Selected Total Undiscounted Loss Cost (prior to expense loading):	\$1.81	\$1.91	\$1.99
(3) Selected Total Discounted Loss Cost (prior to expense loading):	\$1.21	\$1.27	\$1.33
(4) Estimated Credit for Discounting Losses	\$561,319,440	\$592,166,443	\$616,179,893
(5) Selected Total Undiscounted HPP Rate:	\$0.17	\$0.18	\$0.19
(6) Selected Total Discounted HPP Rate	\$0.11	\$0.12	\$0.13
(7) Estimated Credit for Discounting HPP	\$53,325,347	\$56,255,812	\$58,537,090
(8) Estimated Credit for Discounting Total Loss & Expense	\$614,644,787	\$648,422,255	\$674,716,983

-
- (1) Selected by Deloitte
(2) From Section 1, Exhibit 2, Line (3)
(3) From Section 1, Exhibit 1, Line (5)
(4) (1) * [(2) - (3)]
(5) (From Section 1, Exhibit 2, Line (4) - 1) * Line (2)
(6) (From Section 1, Exhibit 2, Line (4) - 1) * Line (3)
(7) (1) * [(5) - (6)]
(8) (4) + (7)

OHIO BUREAU OF WORKERS' COMPENSATION
Indicated Overall Rate Change - Impact of Premium Discount (4.0% Rate)
Private Employers

Section 1
Exhibit 4

Impact of Premium Payment Lag
Effective July 1, 2012

	Reasonable Expectation <u>Optimistic</u>	<u>Baseline</u>	Reasonable Expectation <u>Conservative</u>
(1) Estimated Payroll for the Period 7/1/11-6/30/12 (100s)	\$931,452,741	\$931,452,741	\$931,452,741
(2) Discounted Loss Cost at Time 0	\$1.21	\$1.27	\$1.33
(3) Discounted Losses at Time 0	\$ 1,124,610,021	\$ 1,186,908,292	\$ 1,237,411,062
(4) Expenses	\$ 125,590,967	\$ 130,541,477	\$ 135,897,831
(5) Total Loss & Expenses	\$1,250,200,988	\$1,317,449,769	\$1,373,308,892
(6) Final Premium	\$1,294,719,310	\$1,369,235,529	\$1,425,122,694
(7) Premium Discount Charge	\$44,518,322	\$51,785,760	\$51,813,801

-
- (1) Selected by Deloitte
(2) From Section 1, Exhibit 1, Row (5)
(3) = (1) * (2)
(4) Calculated using expense assumptions from Section 1, Exhibit 1
(5) = (3) + (4)
(6) (1) x Section 1, Exhibit 1, Line (11) for the respective scenario
(7) = (6) - (5)

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Calculation of Loss Cost - Indemnity

Section 1
Exhibit 5

Effective July 1, 2012
(000's)

Calendar Accident Year	Payroll	Payroll Trend To Period Eff 07/01/12	Payroll Development Factor	Developed & Trended Payroll	Ultimate Loss Projection	Loss Trend To Period Eff 07/01/12	Adjusted & Trended Ultimate	Loss Cost Unadjusted	Loss Cost On-Level
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1999	75,244,663	1.442	1.000	108,477,605	942,978	1.041	981,175	1.25	0.90
2000	79,122,396	1.348	1.000	106,673,211	1,063,582	0.988	1,050,963	1.34	0.99
2001	80,396,857	1.318	1.000	105,978,545	1,043,943	0.938	979,636	1.30	0.92
2002	81,621,352	1.286	1.000	104,936,056	1,096,605	0.891	977,260	1.34	0.93
2003	82,433,234	1.251	1.000	103,115,528	1,050,411	0.870	914,376	1.27	0.89
2004	84,632,753	1.206	1.000	102,036,694	1,035,538	0.921	953,893	1.22	0.93
2005	86,912,307	1.177	1.000	102,268,993	969,712	0.975	945,246	1.12	0.92
2006	90,822,757	1.137	1.000	103,225,421	944,038	1.032	973,778	1.04	0.94
2007	93,702,820	1.099	1.000	102,986,290	950,869	1.056	1,004,428	1.01	0.98
2008	93,449,349	1.078	1.000	100,714,673	958,222	1.052	1,007,761	1.03	1.00
2009	86,476,352	1.079	1.000	93,358,165	867,656	1.077	934,473	1.00	1.00
2010	86,388,830	1.056	1.003	91,453,805	895,418	1.056	945,464	1.03	1.03
2011	43,605,008	1.035		93,135,102	954,793	1.035	988,389	1.06	1.06
Total	1,064,808,678			1,318,360,088	12,773,765		12,656,841	1.15	0.96
						All Year Weighted Average:*		1.16	0.95
						1999-05 Weighted Avg:		1.26	0.93
						2006-10 Weighted Avg:		1.02	0.99
						2008-10 Weighted Avg:		1.02	1.01
				(11)		Selected Reasonable Expectation - Optimistic			0.95
				(12)		Selected Baseline			1.00
				(13)		Selected Reasonable Expectation - Conservative			1.03

(1) Calendar Accident Year Beginning January 1, XXXX
(2) From Deloitte 12/31/11 PA Reserve Study
(3) From Section 1, Exhibit 8, Col. (5)
(4) From Section 1, Exhibit 7.
(5) = (2) x (3) x (4); 2010 Selected by Deloitte
(6) Based on Deloitte PA Reserve Study as of 12/31/11
(7) From Section 1, Exhibit 12, Col. (4)

(8) = (6) x (7)
(9) = (6) / [(2) x (4)] x 100
(10) = (8) / (5) x 100
(11) Selected by Deloitte
(12) Selected by Deloitte
(13) Selected by Deloitte

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Calculation of Loss Cost - Medical

Section 1
Exhibit 6

Effective July 1, 2012
(000's)

Calendar Accident Year	Payroll	Payroll Trend To Period Eff 07/01/12	Payroll Development Factor	Developed & Trended Payroll	Ultimate Loss Projection	Loss Trend To Period Eff 07/01/12	Adjusted & Trended Ultimate	Loss Cost Unadjusted	Loss Cost On-Level
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1999	75,244,663	1.442	1.000	108,477,605	799,282	1.277	1,021,051	1.06	0.94
2000	79,122,396	1.348	1.000	106,673,211	891,002	1.191	1,061,277	1.13	0.99
2001	80,396,857	1.318	1.000	105,978,545	885,350	1.111	983,259	1.10	0.93
2002	81,621,352	1.286	1.000	104,936,056	945,693	1.036	979,278	1.16	0.93
2003	82,433,234	1.251	1.000	103,115,528	918,092	1.002	919,881	1.11	0.89
2004	84,632,753	1.206	1.000	102,036,694	897,843	1.050	942,969	1.06	0.92
2005	86,912,307	1.177	1.000	102,268,993	875,250	1.101	963,563	1.01	0.94
2006	90,822,757	1.137	1.000	103,225,421	833,210	1.154	961,511	0.92	0.93
2007	93,702,820	1.099	1.000	102,986,290	805,840	1.171	943,322	0.86	0.92
2008	93,449,349	1.078	1.000	100,714,673	791,762	1.187	940,194	0.85	0.93
2009	86,476,352	1.079	1.000	93,358,165	672,078	1.205	809,567	0.78	0.87
2010	86,388,830	1.056	1.003	91,453,805	729,511	1.147	836,427	0.84	0.91
2011	43,605,008	1.035		93,135,102	804,530	1.091	878,014	0.89	0.94
Total	1,064,808,678			1,318,360,088	10,849,443		12,240,312	0.98	0.93
						All Year Weighted Average:*		0.98	0.93
						1999-05 Weighted Avg:		1.09	0.94
						2006-10 Weighted Avg:		0.85	0.91
						2008-10 Weighted Avg:		0.82	0.91
				(11)		Selected Reasonable Expectation - Optimistic			0.86
				(12)		Selected Baseline			0.91
				(13)		Selected Reasonable Expectation - Conservative			0.96

(1) Calendar Accident Year Beginning January 1, XXXX
(2) From Deloitte 12/31/11 PA Reserve Study
(3) From Section 1, Exhibit 8, Col. (5)
(4) From Section 1, Exhibit 7.
(5) = (2) x (3) x (4); 2010 Selected by Deloitte
(6) Based on Deloitte PA Reserve Study as of 12/31/11
(7) From Section 1, Exhibit 12, Col. (6)

(8) = (6) x (7)
(9) = (6) / [(2) x (4)] x 100
(10) = (8) / (5) x 100
(11) Selected by Deloitte
(12) Selected by Deloitte
(13) Selected by Deloitte

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Exposure Year Payroll Development
(000's)

Section 1
Exhibit 7

Calendar Accident Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162
1999				75,245,000	75,245,000	75,245,000	75,245,000	75,245,000	75,245,000	75,245,000	75,244,663	75,244,663	75,244,663	75,244,663
2000			79,049,000	79,122,000	79,122,000	79,122,000	79,122,000	79,122,396	79,122,000	79,122,396	79,122,396	79,122,396	79,122,396	79,122,396
2001		80,175,000	80,397,000	80,397,000	80,397,000	80,397,000	80,396,857	80,397,000	80,396,857	80,396,857	80,396,857	80,396,857	80,396,857	80,396,857
2002	40,689,000	81,309,000	81,309,000	81,621,000	81,621,000	81,621,352	81,621,000	81,621,352	81,621,352	81,621,352	81,621,352	81,621,352	81,621,352	81,621,352
2003	41,061,000	82,064,000	82,311,000	82,433,000	82,433,234	82,433,000	82,433,234	82,433,234	82,433,234	82,433,234	82,433,234	82,433,234	82,433,234	82,433,234
2004	41,443,000	83,866,000	84,502,000	84,632,753	84,633,000	84,632,753	84,632,754	84,632,754	84,632,754	84,632,754	84,632,754	84,632,754	84,632,754	84,632,754
2005	42,772,000	86,461,000	86,785,547	86,912,307	86,912,307	86,912,307	86,912,307	86,912,307	86,912,307	86,912,307	86,912,307	86,912,307	86,912,307	86,912,307
2006	44,311,000	90,292,513	90,692,880	90,822,757	90,822,757	90,822,757	90,822,757	90,822,757	90,822,757	90,822,757	90,822,757	90,822,757	90,822,757	90,822,757
2007	46,533,087	93,245,379	93,633,062	93,692,975	93,692,975	93,702,820	93,702,820	93,702,820	93,702,820	93,702,820	93,702,820	93,702,820	93,702,820	93,702,820
2008	48,021,000	93,009,410	93,405,356	93,441,172	93,449,349	93,449,349	93,449,349	93,449,349	93,449,349	93,449,349	93,449,349	93,449,349	93,449,349	93,449,349
2009	42,813,955	86,286,971	86,475,613	86,476,352	86,476,352	86,476,352	86,476,352	86,476,352	86,476,352	86,476,352	86,476,352	86,476,352	86,476,352	86,476,352
2010	40,680,344	86,015,662	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830	86,388,830
2011		43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008	43,605,008

Calendar Accident Year	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162- ULT
1999				1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000			1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001		1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.998	1.000	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.999	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	2.024	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	2.021	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	2.038	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	2.004	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	1.937	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	2.015	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010	2.114	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Age to Age Factors ("ATA")

3yr Wtd Avg	2.017	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5yr Wtd Avg	2.019	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sel. ATA	2.019	1.004	1.001	1.000										
Sel. ATU	2.027	1.004	1.001	1.000										

Interpolated

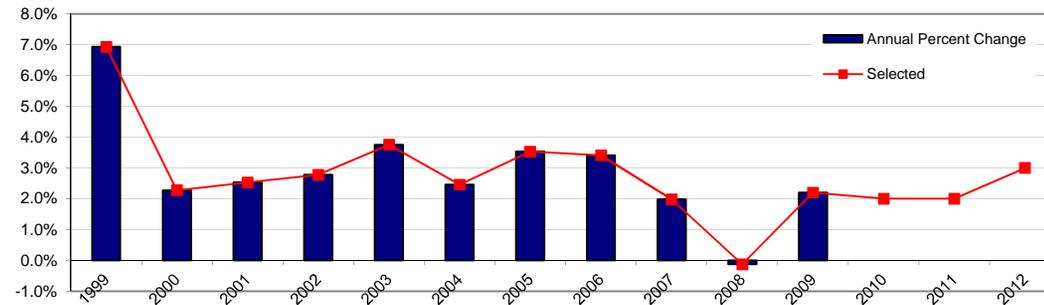
	12	24	36	48	60	72	84	96	108	120	132	144	156
Sel. ATU	1.343	1.003	1.000										

Note: The Italized Data is as of 1/1/12 and Excluded From the Averages

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Payroll Trend

Section 1
Exhibit 8

Calendar Year	Ohio Average Weekly Wage	Annual Percent Change	Selected Payroll Trend	Cumulative Payroll Trend Policy Period Effective To 07/01/12
(1)	(2)	(3)	(4)	(5)
1993	448	5.4%		
1994	472	1.8%		
1995	481	6.3%		
1996	511	3.3%		
1997	528	4.4%		
1998	551	4.8%		
1999	578	6.9%	6.9%	1.442
2000	618	2.3%	2.3%	1.348
2001	632	2.5%	2.5%	1.318
2002	648	2.8%	2.8%	1.286
2003	666	3.8%	3.8%	1.251
2004	691	2.5%	2.5%	1.206
2005	708	3.5%	3.5%	1.177
2006	733	3.4%	3.4%	1.137
2007	758	2.0%	2.0%	1.099
2008	773	-0.1%	-0.1%	1.078
2009	772	2.2%	2.2%	1.079
2010	789		2.0%	1.056
2011			2.0%	1.035
2012			3.0%	1.015

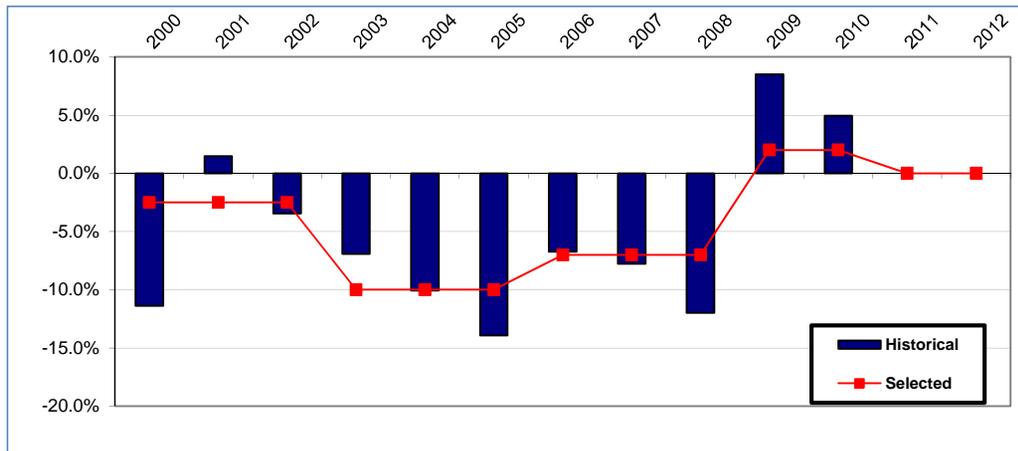


- (1) Calendar Year Beginning January 1, XXXX
- (2) Based on Bureau of Labor Statistics Ohio Average Weekly Wages
- (3) = [(2){CAY X+1} / (2)] - 1.0
- (4) Selected by Deloitte
- (5) = [1.0 + (4)] x (5){CAY X+1}

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Frequency Trend
(000's)

Section 1
Exhibit 9

Calendar Accident Year	Ultimate Lost Time Claims	Payroll	Payroll Development Factor	Payroll On-Level Factor	Developed Payroll On-Level	Claim Frequency Per \$100	Change in Frequency	Selected Frequency Trend	Cumulative Frequency Trend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1999	37,595	75,244,663	1.000	1.442	108,477,605	0.035	2.7%	-2.5%	0.551
2000	37,969	79,122,396	1.000	1.348	106,673,211	0.036	-11.4%	-2.5%	0.565
2001	33,425	80,396,857	1.000	1.318	105,978,545	0.032	1.5%	-2.5%	0.580
2002	33,580	81,621,352	1.000	1.286	104,936,056	0.032	-3.4%	-2.5%	0.595
2003	31,862	82,433,234	1.000	1.251	103,115,528	0.031	-6.9%	-10.0%	0.610
2004	29,341	84,632,753	1.000	1.206	102,036,694	0.029	-10.1%	-10.0%	0.678
2005	26,446	86,912,307	1.000	1.177	102,268,993	0.026	-13.9%	-10.0%	0.753
2006	22,977	90,822,757	1.000	1.137	103,225,421	0.022	-6.7%	-7.0%	0.837
2007	21,379	93,702,820	1.000	1.099	102,986,290	0.021	-7.8%	-7.0%	0.900
2008	19,284	93,449,349	1.000	1.078	100,714,673	0.019	-12.0%	-7.0%	0.968
2009	15,733	86,476,352	1.000	1.079	93,358,165	0.017	8.5%	2.0%	1.040
2010	16,721	86,388,830	1.003	1.056	91,453,805	0.018	4.9%	2.0%	1.020
2011	17,871	43,605,008		1.035	93,135,102	0.019		0.0%	1.000
2012								0.0%	1.000



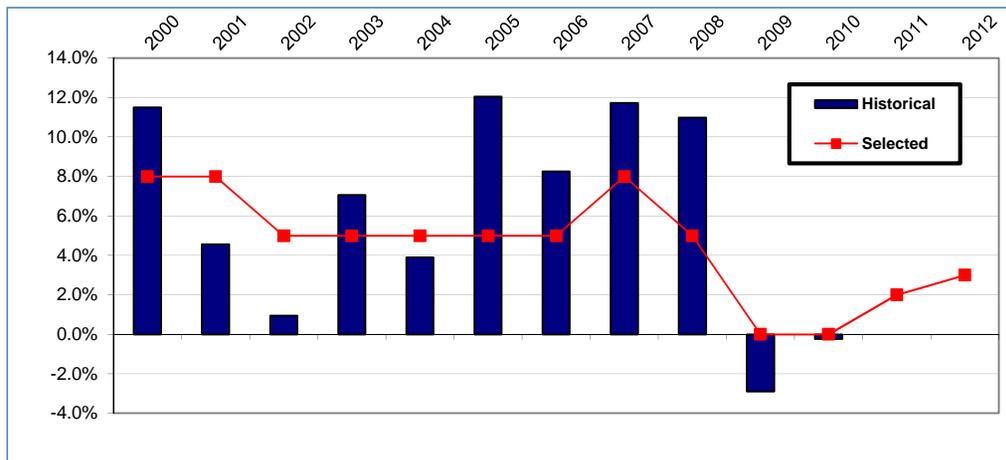
-6.9% All year trend*
-8.1% 7 yr trend*
-5.8% 5 yr trend*
-2.3% 3 yr trend*
* Excludes 2011

(1)	Calendar Accident Year Beginning January 1, XXXX	(7)	= (2) / (6) x 100
(2)	Based on Deloitte PA Reserve Study as of 12/31/11	(8)	= [(7) {CAY X+1} / (7)] - 1.0
(3)	From Deloitte 12/31/11 PA Reserve Study	(9)	Selected by Deloitte
(4)	From Section 1, Exhibit 7	(10)	= [1.0 + (9)] x (10){CAY X+1}
(5)	From Section 1, Exhibit 8, Col. (5)		
(6)	=(3) x (4) x (5); 2011 Selected by Deloitte		

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Severity Trend - Indemnity
(000's)

Section 1
Exhibit 10

Calendar Accident Year	Other Than Medical Ultimate Loss	Ultimate Lost Time Claims	Severity Loss / Claims	Change in Severity	NCCI State of Line	Selected Severity Trend	Cumulative Severity Trend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1999	942,978	37,595	25,083	11.7%	10.1%	8.0%	1.887
2000	1,063,582	37,969	28,012	11.5%	9.2%	8.0%	1.748
2001	1,043,943	33,425	31,232	4.6%	3.1%	8.0%	1.618
2002	1,096,605	33,580	32,657	1.0%	4.6%	5.0%	1.498
2003	1,050,411	31,862	32,968	7.1%	1.6%	5.0%	1.427
2004	1,035,538	29,341	35,293	3.9%	3.4%	5.0%	1.359
2005	969,712	26,446	36,667	12.1%	5.6%	5.0%	1.294
2006	944,038	22,977	41,086	8.3%	5.9%	5.0%	1.233
2007	950,869	21,379	44,477	11.7%	8.2%	8.0%	1.174
2008	958,222	19,284	49,690	11.0%	0.8%	5.0%	1.087
2009	867,656	15,733	55,149	-2.9%	-3.0%	0.0%	1.035
2010	895,418	16,721	53,549	-0.2%		0.0%	1.035
2011	954,793	17,871	53,427			2.0%	1.035
2012						3.0%	1.015



BWC
6.9% All year trend
11.6% 1999-2001 trend
7.4% 2002-2008 trend
-1.6% 2009-2011 trend

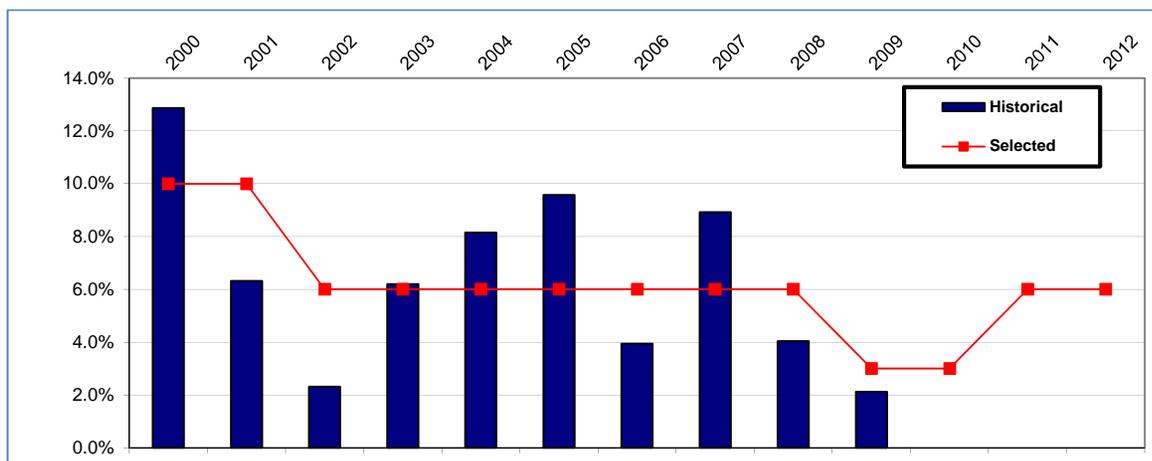
NCCI
4.5% All year trend
7.5% 1999-2001 trend
4.3% 2002-2008 trend

- | | |
|--|--|
| (1) Calendar Accident Year Beginning January 1, XXXX | (7) Selected by Deloitte |
| (2) Based on Deloitte PA Reserve Study as of 12/31/11 | (8) $= [1.0 + (7)] \times (8) \{CAY X+1\}$ |
| (3) Based on Deloitte PA Reserve Study as of 12/31/11, Lost Time Counts Only | |
| (4) $= (2) / (3) \times 1000$ | |
| (5) $= [(4) \{CAY X+1\} / (4)] - 1.0$ | |
| (6) From NCCI State Of Line Presentation May 5, 2011 | |

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Severity Trend - Medical
(000's)

Section 1
Exhibit 11

Calendar Accident Year	Medical Ultimate Loss	Ultimate Lost Time Claims	Severity Loss / Claims	Change in Severity	NCCI State of Line	Selected Severity Trend	Cumulative Severity Trend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1999	799,282	37,595	21,261	10.4%	7.3%	10.0%	2.317
2000	891,002	37,969	23,467	12.9%	13.5%	10.0%	2.106
2001	885,350	33,425	26,487	6.3%	8.8%	10.0%	1.915
2002	945,693	33,580	28,162	2.3%	7.7%	6.0%	1.741
2003	918,092	31,862	28,815	6.2%	5.4%	6.0%	1.642
2004	897,843	29,341	30,600	8.2%	9.1%	6.0%	1.549
2005	875,250	26,446	33,095	9.6%	6.1%	6.0%	1.462
2006	833,210	22,977	36,262	3.9%	6.1%	6.0%	1.379
2007	805,840	21,379	37,694	8.9%	5.0%	6.0%	1.301
2008	791,762	19,284	41,058	4.0%	5.4%	6.0%	1.227
2009	672,078	15,733	42,718	2.1%	2.0%	3.0%	1.158
2010	729,511	16,721	43,627	3.2%		3.0%	1.124
2011	804,530	17,871	45,019			6.0%	1.091
2012						6.0%	1.030



BWC
6.7% All year trend
11.6% 1999-2001 trend
6.6% 2002-2007 trend
3.1% 2008-2010 trend

NCCI
6.9% All year trend
9.9% 1999-2001 trend
6.6% 2002-2007 trend
3.7% 2008-2009 trend

(1)	Calendar Accident Year Beginning January 1, XXXX	(7)	Selected by Deloitte
(2)	Based on Deloitte PA Reserve Study as of 12/31/11	(8)	= [1.0 + (7)] x (8) / (CAY X+1)
(3)	Based on Deloitte PA Reserve Study as of 12/31/11, Lost Time Counts Only		
(4)	= (2) / (3) x 1000		
(5)	= [(4) {CAY X+1} / (4)] - 1.0		
(6)	From NCCI State Of Line Presentation May 5, 2011		

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Trend Summary

Section 1
Exhibit 12

Calendar Accident Year	Cumulative Frequency Trend	Indemnity Cumulative Severity Trend	Indemnity Cumulative Loss Trend	Medical Cumulative Severity Trend	Medical Cumulative Loss Trend	Selected Payroll Trend	Selected Frequency Trend	Indemnity Selected Severity Trend	Indemnity Selected Loss Cost Trend	Medical Selected Severity Trend	Medical Selected Loss Cost Trend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1999	0.551	1.887	1.041	2.317	1.277	6.9%	-2.5%	8.0%	-1.5%	10.0%	0.3%
2000	0.565	1.748	0.988	2.106	1.191	2.3%	-2.5%	8.0%	3.0%	10.0%	4.9%
2001	0.580	1.618	0.938	1.915	1.111	2.5%	-2.5%	8.0%	2.7%	10.0%	4.6%
2002	0.595	1.498	0.891	1.741	1.036	2.8%	-2.5%	5.0%	-0.4%	6.0%	0.6%
2003	0.610	1.427	0.870	1.642	1.002	3.8%	-10.0%	5.0%	-8.9%	6.0%	-8.1%
2004	0.678	1.359	0.921	1.549	1.050	2.5%	-10.0%	5.0%	-7.8%	6.0%	-6.9%
2005	0.753	1.294	0.975	1.462	1.101	3.5%	-10.0%	5.0%	-8.7%	6.0%	-7.9%
2006	0.837	1.233	1.032	1.379	1.154	3.4%	-7.0%	5.0%	-5.6%	6.0%	-4.7%
2007	0.900	1.174	1.056	1.301	1.171	2.0%	-7.0%	8.0%	-1.5%	6.0%	-3.3%
2008	0.968	1.087	1.052	1.227	1.187	-0.1%	-7.0%	5.0%	-2.2%	6.0%	-1.3%
2009	1.040	1.035	1.077	1.158	1.205	2.2%	2.0%	0.0%	-0.2%	3.0%	2.8%
2010	1.020	1.035	1.056	1.124	1.147	2.0%	2.0%	0.0%	0.0%	3.0%	3.0%
2011	1.000	1.035	1.035	1.091	1.091	2.0%	0.0%	2.0%	0.0%	6.0%	3.9%
2012	1.000	1.015	1.015	1.030	1.030	3.0%	0.0%	3.0%	0.0%	6.0%	2.9%

- (1) Calendar Accident Year Beginning January 1, XXXX
- (2) From Section 1, Exhibit 9, Col. (10)
- (3) From Section 1, Exhibit 10, Col. (8)
- (4) = (2) x (3)
- (5) From Section 1, Exhibit 11, Col. (8)
- (6) = (2) x (5)

- (7) From Section 1, Exhibit 8, Col. (4)
- (8) From Section 1, Exhibit 9, Col. (9)
- (9) From Section 1, Exhibit 10, Col. (7)
- (10) = [1.0 + (8)] x [1.0 + (9)] / [1.0 + (7)]-1
- (11) From Section 1, Exhibit 11, Col. (7)
- (12) = [1.0 + (8)] x [1.0 + (11)] / [1.0 + (7)]-1

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Calculation of HPP Expense Factor
(000's)

Section 1
Exhibit 13

Fiscal Year Ending 6/30/XX	Paid HPP Expense	Paid Loss	Claim Adjusting Expense Ratio
(1)	(2)	(3)	(4)
2003	145,600	1,456,746	10.0%
2004	146,200	1,460,076	10.0%
2005	141,700	1,505,743	9.4%
2006	142,800	1,464,998	9.7%
2007	142,400	1,476,948	9.6%
2008	137,300	1,578,082	8.7%
2009	130,400	1,481,721	8.8%
2010	131,383	1,414,955	9.3%
2011	132,059	1,360,912	9.7%
		3 Year:	9.3%
		5 Year:	9.2%
		All Years:	9.5%
		All Years ex Hi/Lo:	9.5%
		(5) Prior Selected:	9.5%
		(6) Selected:	9.5%

-
- (1) Fiscal Year Beginning 7/1/XXXX
 - (2) Provided by BWC
 - (3) Provided by BWC
 - (4) = (2) / (3)
 - (5) From the Deloitte 7/1/2011 PA Rate Recommendation Study
 - (6) Selected by Deloitte

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Loss Discount Factor using a 4% Discount Rate
Private Employers

Section 1
Exhibit 14

	<u>Discount Factor</u> <u>at Time 0</u> (1)	Calendar Accident Year 2011 <u>Undiscounted Ultimate (000s)</u> <u>@12/31/2011</u> (2)	<u>Wtd Avg</u> <u>Discount Factor</u> (3)
Medical			
Medical Only	0.955	92,822	
Medical Loss Time	0.672	711,708	
Total Medical			0.704
Compensation			
Permant Total Disability	0.450	242,574	
Death	0.493	80,879	
TT, WL, LMWL, LM, TP, CO	0.848	257,524	
% Permanent Partial & Permanent Partial	0.831	70,910	
Lump Sum Settlement	0.583	247,177	
Lump Sum Advancements	0.616	50,332	
Additional Awards	0.592	5,398	
Total Compensation			0.633

(1) Based on the Deloitte PA Reserve Study as of 12/31/11

(2) From Deloitte PA Reserve Study as of 12/31/11, Section 1, Exhibit 1 - 9, Sheet 3, Column (12)

(3) Weighted Average of Column (1) & Column (2)

OHIO BUREAU OF WORKERS' COMPENSATION
Determination of Indicated Overall Rate Level for Private Employers
Calculation of Premium Discount Factor

Section 1
Exhibit 15

Months to Discount	<u>Total</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>
Private Employers		<u>6.5</u>	<u>7.5</u>	<u>8.5</u>	<u>9.5</u>	<u>10.5</u>	<u>11.5</u>	<u>12.5</u>	<u>13.5</u>	<u>14.5</u>	<u>15.5</u>	<u>16.5</u>	<u>17.5</u>
Premiums (1)	1,279,513,696	73,909,143	197,169,731	134,426,353	12,403,031	194,044,304	51,825,895	89,465,434	193,129,870	76,953,209	23,345,599	188,158,304	44,682,823
Discounted													
Premiums (2)	1,231,670,078	72,355,538	192,395,277	130,743,207	12,023,838	187,498,038	49,914,094	85,883,990	184,793,607	73,391,334	22,192,367	178,279,968	42,198,821
Premium Discount													
Factor (3)	0.963												

(1) Provided by BWC; Premium collection in 12 month period 1/1-12/31/xx relates to coverage provided 7/1/xx-1 to 6/30/xx
(2) = (1) / (1.04)^(months to discount/12); Discounting premiums to time 0
(3) = Total (2) / Total (1)