



December 7, 2018

The Honorable Jessica K. Altman
Insurance Commissioner
Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Re: Pennsylvania Compensation Rating Bureau Nov. 13, 2018 loss cost filing

Dear Commissioner Altman:

I write on behalf of the PA Chamber of Business and Industry in response to the loss cost filing submitted by the Pennsylvania Compensation Rating Bureau (PCRB) on Nov. 13, 2018, and the situation that prompted this interim filing.

According to the PCRB's filing and related documents, it is now known that in 2017 an insurance carrier submitted flawed data to the PCRB, which compromised the accuracy of the April 1, 2018 annual loss cost filing. It appears the impact of the error was particularly extensive based on the carrier's relatively significant share of the workers' compensation insurance market in Pennsylvania, and the severity of the data error. While we recognize that loss cost filings from the PCRB are but one of numerous variables that may determine employers' insurance premium rates, it is evident that there are employers who have been erroneously and potentially substantially overcharged for their workers' compensation insurance.

The Pennsylvania Chamber of Business and Industry serves on the Governing Board of the PCRB; we have been engaged with and kept up-to-date by PCRB personnel and we commend the diligence with which they are responding to this situation. Preparing an interim loss cost filing of this nature in relatively short order is no easy feat and employers planning to purchase or renew workers' compensation policies in the near future will no doubt appreciate this effort to expeditiously adjust loss cost to help ensure that future rates are based on sound data.

However, it is our understanding that the impact of this filing is strictly prospective: it seemingly provides no recourse for employers to recover premium paid in 2018 that was based on the error and therefore would not otherwise have been assessed. No remedy of this incident is complete unless employers who were impacted have an opportunity to recover their 2018 overpayment. We understand carriers are reviewing policies to assess the impact and potential responses. We hope this undertaking proceeds thoroughly and expeditiously and urge the Insurance Department to help facilitate a resolution.

We appreciate and share the sense of urgency to approve this filing and limit the damage going forward. This process should proceed; however, if a resolution to rectifying 2018 overpayments cannot be determined prior to the Insurance Department approving an interim filing, we would urge you to facilitate a resolution as soon as possible.

Thank you for considering our views on this important matter.

Sincerely,

A handwritten signature in black ink that reads "Alex J. Halper". The signature is written in a cursive, slightly slanted style.

Alex Halper
Pennsylvania Chamber of Business and Industry
Director, Government Affairs

cc: Mr. Michael McKenney, Actuarial Review Supervisor, Bureau of Property & Casualty Insurance
Mr. William Taylor, President, Pennsylvania Compensation Rating Bureau