

How the handler might actually derive its premiums by utilization:	Realistic Market		HYPOTHETICAL		Net Premium	
		Premiums		Utilization		
PA Class I Over-Order Premium	\$	2.60		22.13%		\$ 0.5753
Non-PA Class I	\$	1.50		22.9%		\$ 0.34
Class II	\$	1.00		18.0%		\$ 0.18
Class III	\$	0.30		15.0%		\$ 0.05
Class IV	\$	-		22.0%		\$ -
				100.0%		
Total Blended Premium: \$ 1.14						

\$ 0.57 Current Over-Price Premium
(Completely unrelated to PA Class I sales)

CURRENT allocation of over-price premium:	Premium	Over Price Premium	Total Premium	Same HYPOTHETICAL Utilization	Net Premium
PA Class I Premium	\$ 2.60	\$ 0.57	\$ 3.17	22.13%	\$ 0.7010
Non-PA Class I	\$ -	\$ 0.57	\$ 0.57	22.9%	\$ 0.13
Class II	\$ -	\$ 0.57	\$ 0.57	18.0%	\$ 0.10
Class III	\$ -	\$ 0.57	\$ 0.57	15.0%	\$ 0.09
Class IV	\$ -	\$ 0.57	\$ 0.57	22.0%	\$ 0.12
				100.0%	
Total Blended Premium: \$ 1.14					

PA Class I carries unnecessary burden

Over order premium not specifically identified to a class is applied proportionately to Class I Pennsylvania utilization as a fraction of utilization

Alternative allocation of over-price premium:	Estimated Market Premium	Over Price Premium	Total Premium	Same HYPOTHETICAL Utilization	Net Premium
PA Class I Premium	\$ 2.60	\$ -	\$ 2.60	22.13%	\$ 0.5753
Non-PA Class I	\$ -	\$ 0.73	\$ 0.73	22.9%	\$ 0.17
Class II	\$ -	\$ 0.73	\$ 0.73	18.0%	\$ 0.13
Class III	\$ -	\$ 0.73	\$ 0.73	15.0%	\$ 0.11
Class IV	\$ -	\$ 0.73	\$ 0.73	22.0%	\$ 0.16
				100.0%	
Total Blended Premium: \$ 1.14					

(No additional burden on PA Class I sales)

Other Classes carry due burden

Over order premium spread evenly over other Classes or allocated down to lower Classes until all are equal to or greater than PA Class I Over-Order Premium