



May 14, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Retrospective Rating Plan Manual and
Endorsements

The North Carolina Rate Bureau has adopted and the North Carolina Commissioner of Insurance has approved the adoption of the 2009 version of NCCI's Retrospective Rating Plan Manual. The revised manual has been rewritten in its entirety, with the intent to clarify language being used. There are no changes to the calculation of premium for Retrospectively Rated Policies, the formulas, and/or the currently approved thresholds for North Carolina.

In addition to changes to the manual, several forms are being replaced:

OLD FORM NUMBER	REVISED FORM NUMBER	FORM DESCRIPTION
WC 00 05 03 A	WC 00 05 03 B	Retrospective Rating Plan Premium Endorsement One-Year Plan
WC 00 05 04 A	WC 00 05 04 B	Retrospective Rating Plan Premium Endorsement Three-Year Plan
WC 00 05 05 A	WC 00 05 05 B	Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project
WC 00 05 10	WC 00 05 10 A	Retrospective Rating Plan Premium Endorsement Nonratable Catastrophe Element or Surcharge
WC 00 05 12 A	WC 00 05 12 B	Retrospective Rating Plan Premium Endorsement One-Year Plan – Multiple Lines
WC 00 05 13 A	WC 00 05 13 B	Retrospective Rating Plan Premium Endorsement Three-Year Plan – Multiple Lines
WC 00 05 14 A	WC 00 05 14 B	Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project – Multiple Lines
WC 00 05 15	WC 00 05 15 A	Retrospective Rating Plan Premium Endorsement – Flexibility Options
<NEW FORM>	WC 00 05 16	Retrospective Rating Plan Premium Endorsement – Large Risk Alternative Rating Option (LRARO)

The revised manual and revised forms shown here will be **effective January 1, 2010**. The Rate Bureau files form and rule changes with the Department of Insurance on behalf of all member carriers, and thus individual carriers *do not* need to make a filing with the DOI to adopt these changes. Contact the Information Center at 919-582-1056 or winfo@ncrb.org, if you require additional information.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dg

C-09-13



Retrospective Rating Plan Manual

FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

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PREFACE

A. JURISDICTIONS WHERE THIS PLAN APPLIES

Alabama	Kansas	North Carolina [†]
Alaska	Kentucky	Oklahoma
Arizona	Louisiana	Oregon
Arkansas	Maine	Rhode Island
Colorado	Maryland	South Carolina
Connecticut	Massachusetts [†]	South Dakota
District of Columbia	Minnesota [†]	Tennessee
Florida	Mississippi	Utah
Georgia	Missouri	Vermont
Hawaii	Montana	Virginia
Idaho	Nebraska	West Virginia
Illinois	Nevada	Wisconsin [†]
Indiana [†]	New Hampshire	
Iowa	New Mexico	

[†] Independent Bureau States

For interstate retrospective rating plans in the following jurisdictions, this Plan applies to employers liability insurance only:

- North Dakota
- Ohio
- Washington
- Wyoming

B. JURISDICTIONS WHERE INDEPENDENT PLANS APPLY

California	New Jersey	Texas [*]
Delaware [*]	New York [*]	
Michigan	Pennsylvania [*]	

^{*} Independent retrospective rating plans permit a combination with states listed in A.

C. INTRODUCTION

The rules contained in this manual apply only to workers compensation and employers liability insurance, whether written alone or in combination with other commercial casualty insurance. A retrospective rating plan is based on a mutual agreement between the insured and the carrier. Refer to the Retrospective Rating Plan issued by the Insurance Service Office for rules that govern other commercial casualty lines of insurance.

Premium under a retrospective rating plan is the direct result of incurred losses. A retrospective rating plan reflects the cost of losses plus the insurance carrier's expenses in providing this insurance.

RULE 1—GENERAL EXPLANATION

A. OBJECT OF THE PLAN

The application of this Plan is optional and may be used only upon election by insured and acceptance by the insurance carrier.

A retrospective rating plan adjusts the premium for the insured's policy on the basis of losses incurred during the term of that policy. The intent is to charge premium that reflects the actual experience of the insured based on the insured's individual loss history during the policy term. A retrospective rating plan uses the losses incurred during the term of the policy to establish the cost of insurance, and it includes provisions for all expenses and taxes on premium.

B. DEFINITIONS

1. General Definitions

a. Allocated Loss Adjustment Expense (ALAE)

Allocated loss adjustment expense for workers compensation and employers liability insurance, as defined in the **Statistical Plan**, may also be included as part of incurred losses under a retrospective rating plan if agreed upon by the insured and carrier. This will be called the Allocated Loss Adjustment Expense Option (ALAE Option).

b. Increased Limits

The policy provides for increased limits for employers liability coverage. The losses may be subject to the retrospective rating loss limitation. The premium for employers liability increased limits is based on the percentages provided in NCCI's **Basic Manual**.

c. Incurred Losses

Incurred losses for workers compensation and employers liability insurance are defined in the **Statistical Plan**. Incurred losses include paid and outstanding losses.

If the ALAE Option is elected, then incurred losses will include ALAE.

Refer to Rule 1-B-1-a of this manual for the definition of Allocated Loss Adjustment Expense (ALAE) when including ALAE as part of incurred losses.

Note: The rating formula for incurred losses will not include a loss:

- Resulting from the nonratable element codes
- Developed by the passenger seat surcharge under Classification Code 7421
- Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
- Developed by the catastrophe provisions as outlined in NCCI's **Basic Manual**

d. Large Risk Alternative Rating Option (LRARO)

The Large Risk Alternative Rating Option is a flexible retrospective rating plan that is mutually agreed to by the insured and carrier. It is an available option for insureds with an estimated annual standard premium of at least \$500,000 individually or in any combination with any commercial casualty insurance line and/or workers compensation and employers liability insurance.

Refer to Rule 2-E of this manual for state-specific premium eligibility thresholds.

e. Loss Limitation

A loss limitation is the limit placed on a claim dollar amount that is to be included in the retrospective rating plan calculation. This is an elective element agreed upon by the insured and carrier; there is an additional charge associated with a loss limitation.

f. Standard Premium (SP)

For purposes of the retrospective rating plan, standard premium is determined on the basis of authorized rates, any experience rating modification, and minimum premiums. Determination of standard premium excludes:

- (1) Premium discount
- (2) Expense constant
- (3) Premium resulting from the nonratable element codes
- (4) Premium developed by the passenger seat surcharge under Classification Code 7421

(5) Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act

(6) Premium developed by the catastrophe provisions as outlined in NCCI's *Basic Manual*

g. Unallocated Loss Adjustment Expense (ULAE)

Unallocated loss adjustment expense for workers compensation and employers liability insurance is defined in the *Statistical Plan*. Unallocated loss adjustment expense includes the general overhead of a carrier.

2. Elements of the Retrospective Rating Plan Formula

The following formula includes all of the elective elements available under a retrospective rating plan. See *Rule 3 of this manual* for other variations of the retrospective rating formula.

Retrospective Rating Premium = (Basic Premium + Excess Loss Premium + Retrospective Rating Development Premium + Converted Losses) x Tax Multiplier.

a. Retrospective Rating Premium (RRP)

Retrospective rating premium is the premium based on the application of retrospective rating plan elements as a result of a mutual agreement between the insured and carrier.

b. Basic Premium (BP)

Basic premium is a percentage of standard premium. It is determined by multiplying the standard premium by a basic premium factor. The basic premium factor is developed by the carrier and includes:

- General administration costs of the carrier
- Related loss control service cost
- Insurance charges

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

c. Converted Losses

Converted losses are based on the incurred losses of the insured for the policy or policies to which a retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. (Losses x LCF)

d. Loss Conversion Factor (LCF)

The loss conversion factor covers the cost of the carrier's claim services (e.g, investigation of claims and filing claim reports). The loss conversion factor is established by negotiation between the insured and carrier.

If the ALAE option is elected as part of incurred losses, the loss conversion factor must be adjusted to exclude ALAE.

e. Excess Loss Premium (ELP)

Excess loss premium is a charge for election of a loss limitation. The excess loss premium factor is applied after the basic premium in the retrospective rating plan formula.

(Excess Loss Premium = Excess Loss Factor x Standard Premium x Loss Conversion Factor)

In states where NCCI files full rates, NCCI files the excess loss factors.

Refer to State Retrospective Rating Value page for the Excess Loss Pure Premium Factor. Refer to the latest approved state loss cost filing for the LAE% and Loss Assessment%.

In loss cost states, NCCI files excess loss pure premium factors. The excess loss pure premium factors must be converted to excess loss factors using the carrier's expense provisions applicable in each state.

The conversion formula is:

Excess Loss Premium Factor = [(Excess Loss Pure Premium Factor x Expected Loss Ratio) x (1 + Loss Adjustment Expense% + Loss Assessment%)]

The Excess Loss Pure Premium Factor, LAE% and Loss Assessment% are NCCI-provided values.

The carrier determines the Expected Loss Ratio (ELR). ELR is a ratio of pure losses (no LAE) to premium.

Refer to *State Special Rating Values* pages for the excess loss factors or excess loss pure premium factors.

The Table of Classification by Hazard Group is used to determine the excess loss factor. This factor is determined based on the selected loss limitation and the hazard group assignment shown in the Table for the classification producing the largest amount of estimated workers compensation standard premium for each state included in the plan. Refer to the **Basic Manual** for the Table of Classification by Hazard Group.

For insureds having USL&HW for non-F-classification codes, the applicable hazard group to use for the determination of an excess loss factor (ELF) is the state classification code hazard group, located in NCCI's **Basic Manual**, increased two levels. When the state classification hazard group is already at the highest level hazard group, use that highest level hazard group. Refer to **User's Guide** for examples.

For the classification codes that include federal coverages (or F-classification codes), use the hazard group assigned to that code.

State Classification Hazard Group	USL&HW for Non-F-Classification Codes Hazard Groups
A	C
B	D
C	E
D	F
E	G
F	G
G	G

f. Retrospective Development Premium (RDP)

Retrospective development premium is an elective element that varies by state. The RDP stabilizes premium adjustments for an insured written under a retrospective rating plan by anticipating future increases in loss costs or rates. The RDP is calculated using the following formula:

Retrospective Development Premium = Standard Premium x Retrospective Development Premium Factor x Loss Conversion Factor.

The retrospective development premium factor anticipates a pattern of increasing valuation of losses after the policy is expired. The retrospective development premium factor is included in the first three calculations of the retrospective premium.

In states where NCCI files full rates, NCCI files the retrospective development factors. Refer to the *State Special Rating Values* pages of this manual for the retrospective development premium factors.

In loss cost states, NCCI files retrospective development pure premium factors. The retrospective development pure premium factors must be converted to retrospective development premium factors using the carrier's expense provisions applicable in each state. Refer to the *State Special Rating Values* pages of this manual for retrospective development pure premium factors.

The conversion formula is:

Retrospective Development Premium Factor = Retrospective Pure Premium Development Factor x Expected Loss Ratio x (1 + Loss Adjustment Expense% + Loss Assessment%)

The Retrospective Pure Premium Development Factor, LAE% and Loss Assessment% are NCCI-provided values. Refer to the State Retrospective Rating Values page for the Retrospective Pure Premium Development Factor. Refer to the latest approved loss cost filing for the LAE% and Loss Assessment%.

The carrier determines the Expected Loss Ratio (ELR). ELR is a ratio of pure losses (no LAE) to premium.

Refer to **User's Guide** for examples.

g. Tax Multiplier (TM)

Tax multipliers vary by state and generally cover licenses, fees, assessments, and taxes that the carrier must pay on the premium collected in an individual state.

For states where NCCI files full rates, refer to the State Special Rating Values pages of this manual for the individual state tax multiplier.

*For states where NCCI files loss costs, refer to NCCI's **Tax and Assessment Directory** for the individual state tax multiplier.*

h. Maximum Retrospective Premium

Maximum retrospective premium is a percentage of the standard premium determined by the application of a maximum retrospective rating plan premium factor. It is the greatest amount of premium payable by an insured subject to a retrospective rating plan. Maximum retrospective premium places a limit on the impact of incurred losses on a retrospective rating plan premium. It is established by an agreement between the insured and carrier.

i. Minimum Retrospective Premium

Minimum retrospective premium is a percentage of the standard premium determined by the application of a minimum retrospective premium factor. It is the least amount of premium payable by an insured subject to the retrospective rating plan. A minimum retrospective premium factor is established by an agreement between the insured and carrier.

C. APPLICATION OF POLICY PREMIUM ELEMENTS

*Refer to the state premium algorithms in NCCI's **Basic Manual** for information on the application of the policy premium elements.*

D. INSUREDS OPERATING IN MORE THAN ONE STATE

A retrospective rating plan may be applied on an intrastate or interstate basis.

For an interstate insured, an average of the specified state tax multipliers weighted by the state standard premiums is used to calculate the retrospective rating premium.

RULE 2—ELIGIBILITY FOR THE PLAN

A. COMBINATION OF MULTIPLE WORKERS COMPENSATION POLICIES

Insureds with two or more workers compensation and employers liability insurance policies may be combined for the application of a retrospective rating plan, providing there is common majority ownership as defined in NCCI’s *Experience Rating Plan Manual*.

B. COMBINATION OF INSURANCES

When a retrospective rating plan includes workers compensation and employers liability insurance and other commercial casualty insurance, the total retrospective rating premium, including the minimum and maximum retrospective premium, is determined on the basis of premium for all lines of insurance in a retrospective rating plan.

Retrospective rating may be applied to any of the following types of insurance alone or any combination of such insurance:

- Workers compensation and employers liability insurance
- Any other commercial casualty lines of Insurance

For illustrations and examples of combinations, refer to the Retrospective Rating Plan Manual issued by the Insurance Services Office.

C. ONE-YEAR PLAN

An insured is eligible for a one-year plan if the estimated standard premium is at least \$25,000.

A different premium eligibility level may be used if filed by an individual carrier, subject to regulatory approval.

D. THREE-YEAR PLAN

An insured is eligible for a three-year plan if the estimated standard premium for three years is at least \$75,000.

A different premium eligibility level may be used if filed by an individual carrier, subject to regulatory approval.

E. LARGE RISK ALTERNATIVE RATING OPTION (LRARO)

The Large Risk Alternative Rating Option provides the carrier and insured the option of negotiating the retrospective rating factors used to calculate premium. An insured is eligible for the LRARO if the estimated standard premium individually or in any combination with any other commercial casualty lines of insurance exceeds an annual standard premium eligibility threshold of \$500,000 for the term of a retrospective rating plan.

The following table lists states with different annual standard premium eligibility thresholds for LRARO.

LRARO Premium Eligibility Threshold by State

State	Annual Standard Premium Eligibility Threshold
Arizona	\$250,000
Kansas	\$1,000,000
Minnesota	\$250,000
Nevada	\$250,000
New Hampshire	\$250,000
North Carolina	\$250,000

A different premium eligibility level may be used if filed by an individual carrier, subject to regulatory approval.

F. WRAP-UP CONSTRUCTION PROJECTS

Two or more policies on a wrap-up construction project may be combined for the purpose of retrospective rating in accordance with NCCI’s *Basic Manual* rules. Wrap-up construction projects may be written on a single or multi-state basis.

Steps to be followed in order to determine whether a wrap-up construction project may be eligible to be retrospectively rated:

1. Determine the sum of all wrap-up construction project standard premium for all states

2. Of the state's standard premiums included in (1), determine which state's wrap-up construction project retrospective rating premium eligibility threshold is greatest
3. An insured may be retrospectively rated if the sum of the states included in (1) meet the wrap-up construction project retrospective rating premium eligibility threshold for the state determined in (2)

The following table lists those states where an premium eligibility threshold has been established for wrap-up construction projects.

Wrap-Up Construction Project Retrospective Rating Premium Eligibility Threshold by State

State	Standard Premium Eligibility Threshold
Alaska	\$50,000,000
Arizona	\$250,000
Florida	\$250,000
Massachusetts	\$500,000
Mississippi	\$500,000
Missouri	\$500,000
Nebraska	\$500,000
South Carolina	\$500,000
Wisconsin	\$250,000

G. CARRIER-FILED PROGRAMS

Carriers have the option to file their own retrospective rating plans with the appropriate state regulatory authority. These carrier-filed programs may deviate as follows, but are not limited to:

- Premium eligibility thresholds
- Tables located in the Appendix section of this manual

RULE 3—OPERATION OF PLAN

A. PURPOSE

The negotiating process between the insured and carrier is the basis on which a retrospective rating plan provides flexibility in order to meet the needs and characteristics of an insured. As a result of this negotiation, factors for a retrospective rating plan are determined for each insured by agreement between the insured and carrier. A completed *Notice of Election of Retrospective Rating Plan* form signed by the insured outlines the parameters for a retrospective rating plan. *Refer to the User’s Guide for a sample form.*

When a retrospective rating plan includes workers compensation and employers liability insurance and other commercial casualty lines of insurance, the total retrospective rating premium, including the minimum and maximum retrospective rating premium, is determined on the basis of all insurance policies in a retrospective rating plan.

B. EXPLANATION OF TABLES IN APPENDIX

The following is an explanation of the tables used in the calculation of retrospective rating premium:

Table	Appendix	Purpose
Table of Expected Loss Ranges	A	Used to determine the expected loss group in the Table of Insurance Charges.
Table of Insurance Charges	B	Used to determine the insurance charge to be included in the basic premium factor.
Tables of Expense Ratios	C	Used in the calculation of basic premium. This table is applicable only in states where NCCI files rates.

C. THE RETROSPECTIVE RATING PREMIUM WITHOUT ELECTIVE PREMIUM ELEMENTS

The premium for an insured subject to a retrospective rating plan is determined by the following retrospective rating premium formula.

$$\text{Retrospective Rating Premium} = [\text{Basic Premium} + \text{Converted Losses}] \times \text{Tax Multiplier}$$

The retrospective rating premium will not be less than the minimum retrospective rating premium or more than the maximum retrospective rating premium selected for a retrospective rating plan.

If the insured for which a retrospective rating plan is applied includes more than one legal entity, a single retrospective rating premium is calculated on the basis of the combined entities.

Note: Insureds with an estimated annual standard premium of a specified premium eligibility threshold, individually or in any combination with commercial casualty lines of insurance, may be rated under the Large Risk Alternative Rating Option. That option provides that such insureds may be retrospectively rated as mutually agreed upon by the insured and carrier. *Refer to Rule 2-E for state-specific average annual standard premium thresholds.*

Refer to User’s Guide for examples.

A different premium eligibility level may be used if filed by an individual carrier, subject to regulatory approval.

D. THE RETROSPECTIVE RATING PREMIUM FORMULA WITH ADDITIONAL ELECTIVE PREMIUM ELEMENTS

The premium for a retrospective rating plan with elective premium elements is determined by the following retrospective premium formula. The elective elements used in the formula will depend on whether the elective premium elements are included in a retrospective rating plan agreement.

$$\text{Retrospective Rating Premium} = [\text{Basic Premium} + \text{Excess Loss Premium} + \text{Retrospective Development Premium} + \text{Converted Losses}] \times \text{Tax Multiplier}$$

The result of the above calculation is a retrospective rating premium when the insured has elected one or more of the elective premium elements.

A retrospective rating premium will not be less than the minimum retrospective rating premium or more than the maximum retrospective rating premium selected for a retrospective rating plan.

Refer to *User’s Guide* for examples.

E. CALCULATION OF RETROSPECTIVE RATING PREMIUM

Under these rules, retrospective rating premiums are always calculated by the carrier, using premium and loss data that has been reported according to the *Statistical Plan*. The number of subsequent calculations is determined as part of the agreement between the insured and carrier.

1. First Calculation of Retrospective Rating Plan

Under these rules, retrospective rating premium is calculated by the carrier, as soon as practicable. The calculation will include the premium and loss data valued in the sixth month after the expiration date of the rating plan period and annually thereafter, in accordance with the *Statistical Plan*. The carrier will notify the insured and return premium if the retrospective rating premium is less than premium previously paid, or the insured will pay any premium greater than premium previously paid, subject to the maximum and minimum retrospective premiums.

Note: In certain situations, the carrier may make an early calculation of retrospective premium. Such situations may include when the insured has filed or is in bankruptcy, liquidation, reorganization, receivership, assignment for benefit of creditors, or other similar situations.

2. Subsequent Calculations of Retrospective Rating Plan

If subsequent calculations are to be completed as part of a retrospective rating plan agreement, then the calculations will be made by the carrier 12 months after the initial calculation and then in 12-month intervals thereafter. The procedures for the subsequent calculations are the same as described in *Rule 3-E-1*.

3. Final Calculation of Retrospective Rating Plan

Subsequent calculations of retrospective rating premium will be issued by the carrier in accordance with *Rule 3-E-2* until both the insured and carrier agree that the latest calculation will be the final retrospective rating premium under a Plan. After the final retrospective premium calculation, a revision of that premium adjustment is permitted in accordance with the *Statistical Plan*.

Refer to *User’s Guide* for examples.

F. CANCELLATION OF A POLICY UNDER A RETROSPECTIVE RATING PLAN

The cancellation conditions of the standard policy permit cancellation by the insured or carrier. The premium determination for a cancelled policy is outlined in NCCI’s *Basic Manual*.

Reasons for Cancellation and Retrospective Rated Premium Determination

Cancellation Provisions Table 1

If . . .	Then . . .
The policy is cancelled by the insurance carrier, except for nonpayment of premium	1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI’s <i>Basic Manual</i> . 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium calculated in 1.

Cancellation Provisions Table 2

If . . .	Then . . .
<p>The policy is cancelled by the insured when retiring from business such that:</p> <ul style="list-style-type: none"> • All the work covered by the policy has been completed, or • All interest in any business covered by the policy has been sold, or • The insured has retired from all business covered by the policy 	<ol style="list-style-type: none"> 1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI's Basic Manual. 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium calculated in 1.

Cancellation Provisions Table 3

If . . .	Then . . .
<p>The policy is cancelled by the insured, except when retiring from the business</p>	<ol style="list-style-type: none"> 1. The standard premium for the cancelled policy is calculated on a short rate basis as outlined in NCCI's Basic Manual. 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the short rate standard premium as calculated in 1. 3. Minimum retrospective premium is the short rate standard premium cancellation. 4. Maximum retrospective premium is based on standard premium. It is calculated by using the actual payroll for a the period the policy was in effect, extending that payroll pro rata to an annual basis, and then multiplying such extended payroll by the authorized rates and experience rating modification.

Cancellation for Nonpayment of Premium

If the cancellation by the carrier is because of nonpayment of premium by the insured, the maximum retrospective premium is based on the calculated standard premium for the cancelled policy.

*Refer to the **User's Guide** for an example.*

RESERVED FOR FUTURE USE

RULE 4—ADMINISTRATION OF THE PLAN

A. RETROSPECTIVE RATING ENDORSEMENTS

All NCCI's filed and approved retrospective rating plan endorsements are located in NCCI's *Forms Manual*. Refer to the *User's Guide* for a listing and purpose of the filed and approved retrospective rating plan endorsements.

B. REPORTS OF PREMIUMS AND LOSSES UNDER THE PLAN

The standard premiums and losses incurred under a retrospective rating plan policy(s) must be reported in accordance with the *Statistical Plan*.

Any additional or return premium under the retrospective rating program must be reported to NCCI through *Financial Calls Online (FCOL)*.

COMPARISON OF RETROSPECTIVE RATING PLAN MANUAL AND R-1399- 2009 EDITION-RETROSPECTIVE RATING PLAN MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE*

Current Manual Language	Proposed Manual Language	Comments
<p>Description of the Plan</p> <p>I. INTRODUCTION The rules contained in this manual apply only to Workers Compensation and Employers Liability Insurance when written either alone or in combination with other commercial casualty insurance. Refer to the Retrospective Rating Plan issued by the Insurance Services Office for rules that govern the other commercial casualty insurance.</p>	<p>PREFACE</p> <p>C. INTRODUCTION The rules contained in this manual apply only to workers compensation and employers liability insurance, whether written alone or in combination with other commercial casualty insurance. A retrospective rating plan is based on a mutual agreement between the insured and the carrier. Refer to the Retrospective Rating Plan issued by the Insurance Service Office for rules that govern other commercial casualty lines of insurance.</p> <p>Premium under a retrospective rating plan is the direct result of incurred losses. A retrospective rating plan reflects the cost of losses plus the insurance carrier's expenses in providing this insurance.</p>	<p>The introduction was expanded to include an overall explanation of a retrospective rating plan and the basis of premium determination.</p>
<p>A. General Explanations</p> <p>1. <u>Plan Is Optional</u> The application of this Plan is optional and may be used only upon election by insured and acceptance by the insurance carrier.</p>	<p>PREFACE</p> <p>C. INTRODUCTION The rules contained in this manual apply only to workers compensation and employers liability insurance, whether written alone or in combination with other commercial casualty insurance. A retrospective rating plan is based on a mutual agreement between the insured and the carrier. Refer to the Retrospective Rating Plan issued by the Insurance Service Office for rules that govern other commercial casualty lines of insurance.</p> <p>Premium under a retrospective rating plan is the direct result of incurred losses. A retrospective rating plan reflects the cost of losses plus the insurance carrier's expenses in providing this insurance.</p>	<p>The optional feature of a retrospective rating plan is described in the new Plan as being based on a mutual agreement between the insured and the carrier.</p>
<p>2. <u>Object of the Plan</u> This Plan adjusts the premium for the insurance to which it applies on the basis of losses incurred during the period covered by that insurance. The intent is to charge a premium which reflects those losses. Within the principle of insurance, retrospective rating establishes the reasonable cost of insurance by using losses incurred during the term of that insurance and adding the insurance carrier's expenses and the taxes on premiums.</p>	<p>RULE 1</p> <p>A. OBJECT OF THE PLAN The application of this Plan is optional and may be used only upon election by insured and acceptance by the insurance carriers.</p> <p>A retrospective rating plan adjusts the premium for the insured's policy on the basis of losses incurred during the term of that policy. The intent is to charge premium that reflects the actual experience of the insured based on the insured's individual loss history during the policy term. A</p>	<p>Clarified the "Object of the Plan" to better explain its intent.</p>

*Provided for regulator's reference only and is not intended to become a part of any NCCI filing.

COMPARISON OF RETROSPECTIVE RATING PLAN MANUAL AND R-1399- 2009 EDITION-RETROSPECTIVE RATING PLAN MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE*

Current Manual Language	Proposed Manual Language	Comments
	retrospective rating plan uses the losses incurred during the term of the policy to establish the cost of insurance, and it includes provisions for all expenses and taxes on premium.	
<p>3. <u>Loss Control Incentive in Use of the Plan</u> The Plan provides an incentive to the insured to control and reduce losses because the retrospective premium will be the result of losses during the rating period. To the extent that the insured controls losses, there is a reward through lower premiums. The Plan also dispels any concerns the insured may have that its premium depends mostly upon losses incurred by other risks because the greatest part of the retrospective premium is used to pay for the insured's own losses.</p>	<p>RULE 1---GENERAL EXPLANATION A. OBJECT OF THE PLAN The application of this Plan is optional and may be used only upon election by insured and acceptance by the insurance carriers.</p> <p>A retrospective rating plan adjusts the premium for the insured's policy on the basis of losses incurred during the term of that policy. The intent is to charge premium that reflects the actual experience of the insured based on the insured's individual loss history during the policy term. A retrospective rating plan uses the losses incurred during the term of the policy to establish the cost of insurance, and it includes provisions for all expenses and taxes on premium.</p>	<p>Used simplified language and eliminated redundancy to better explain that an insured's actual loss experience is used to establish retrospective rating plan premium.</p>
<p>4. <u>Cost-Plus Feature of the Plan</u>. The cost-plus characteristics of this plan exist because the retrospective premium for a rating period is based on the incurred losses during that period, so that it is in the nature of a dollar for dollar cost method. Premium under the Plan is the direct result of such incurred losses because the Plan reflects the cost of losses plus the insurance carrier's expenses in providing the insurance.</p>	<p>PREFACE C. INTRODUCTION The rules contained in this manual apply only to workers compensation and employers liability insurance, whether written alone or in combination with other commercial casualty insurance. A retrospective rating plan is based on a mutual agreement between the insured and the carrier. Refer to the Retrospective Rating Plan issued by the Insurance Service Office for rules that govern other commercial casualty lines of insurance.</p> <p>Premium under a retrospective rating plan is the direct result of incurred losses. A retrospective rating plan reflects the cost of losses plus the insurance carrier's expenses in providing this insurance.</p>	<p>Used simplified language and eliminated redundancy to better explain that an insured's actual loss experience is used to establish retrospective rating plan premium.</p>
<p>5. <u>Experience Rating Plan Manual</u> Retrospective rating is an independent option and it is not a substitute for experience rating. Retrospective rating is superimposed upon the premium resulting from experience rating.</p>		<p>Removed definitions included in other NCCI manuals to eliminate duplication.</p>
<p>6. <u>Risks Not Subject to Experience Rating</u> For risks not subject to experience rating, the retrospective rating premium is based on the premium determined by application of Manual or other authorized rates.</p>		<p>Removed definitions included in other NCCI manuals to eliminate duplication.</p>

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COMPARISON OF RETROSPECTIVE RATING PLAN MANUAL AND R-1399- 2009 EDITION-RETROSPECTIVE RATING PLAN MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE*

Current Manual Language	Proposed Manual Language	Comments
<p>7. <u>Risks Operating in More Than One State</u> This Plan may be applied on an intrastate or interstate basis.</p>	<p>RULE 1---GENERAL EXPLANATION D. INSURED OPERATING IN MORE THAN ONE STATE A retrospective rating plan may be applied on an intrastate or interstate basis.</p> <p>For an interstate insured, an average of the specified state tax multipliers weighted by the state standard premiums is used to calculate the retrospective rating premium.</p>	<p>Simplified language. Added an explanation of the tax multiplier for an insured with operations in more than one state.</p>
<p>8. <u>Premium Discount</u> Any standard premium under this Plan is not subject to the premium discount provided in Rule VII of the <i>Basic Manual for Workers Compensation and Employers Liability Insurance</i>. The reason is that premium discount recognizes variations in issuing and servicing expenses whereas retrospective rating incorporates those elements by means of the factors used to compute premium under this Plan.</p>		<p>Removed duplication of information. The exclusions from standard premium determination are included in one rule (Rule 1-B-1-f).</p>
<p>9. <u>Stock and Non-Stock Company Expense Ratio Tables</u> The Plan includes tables of expense ratios for use by stock and non-stock companies, to be used by each company in accordance with the expense table adopted by the company. They are in Part Four. The purpose of the Stock and Non-Stock expense tables is to indicate the amount of premium for company expenses, profit or contingencies, but not taxes. The total amount for such expense is determined by multiplying the standard premium of the risk by the factor for that size premium in the Table of Expense Ratios.</p>		<p>Carriers file their own tables. The terms “stock” and non-stock” are no longer applicable.</p>
<p>10. <u>Increased Limits for Employers Liability</u> If the policy provides increased limits for Employers Liability, and both the carrier and insured agree, premium and incurred losses may be subject to the Plan up to the individual loss limit selected in the Plan, if any.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 1. General Definitions b. Increased Limits The policy provides for increased limits for employers liability coverage. The losses may be subject to the retrospective rating loss limitation. The premium for employers liability increased limits is based on the</p>	<p>Simplified language. Added reference to the increased limits percentages found in the <i>Basic Manual</i>.</p>

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<p>11. <u>Aircraft Classifications</u> If the insurance subject to the Plan includes any of the aircraft classifications, the premium and losses for such classifications may be excluded from the Plan by agreement in advance between the insured and the carrier.</p>	<p>percentages provided in NCCI's <i>Basic Manual</i>.</p> <p>RULE 1---GENERAL EXPLANATION</p> <p>B. DEFINITIONS</p> <p>1. General Definitions</p> <p>f. Standard Premium (SP)</p> <p>For purposes of the retrospective rating plan, standard premium is determined on the basis of authorized rates, any experience rating modification, and minimum premiums. Determination of standard premium excludes:</p> <p>(1) Premium discount (2) Expense constant (3) Premium resulting from the nonratable element codes (4) Premium developed by the passenger seat surcharge under Classification Code 7421 (5) Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act (6) Premium developed by the catastrophe provisions as outlined in NCCI's <i>Basic Manual</i></p>	<p>Removed duplication of information. The exclusions from standard premium determination are included in one rule (Rule 1-B-1-f).</p>
<p>12. <u>Exclusion of Statutory Medical Benefits—Ex-Medical Coverage</u></p> <p>a. A policy on an ex-medical basis requires prior approval by the National Council or other licensed rating organization. Approval is not required if the insured is a hospital. Refer to Rule IX of the <i>Basic Manual for Workers Compensation and Employers Liability Insurance</i>.</p> <p>b. If an approved ex-medical policy is subject to this Plan, the Notice of Election to apply retrospective rating shall indicate the ex-medical status, loss limitations and other factors which have been selected. Refer to Table of Loss Limitations for Ex-Medical Policies in Part Four of this Plan.</p>		<p>Removed definitions included in other NCCI manuals to eliminate duplication.</p> <p>In addition, ex-medical rating is the rating of workers compensation policies that excludes medical coverage; therefore, the reference to ex-medical coverage is unnecessary. Retrospective rating adjusts premium based on incurred losses; policies written on an ex-medical basis would exclude medical losses.</p>
<p>13. <u>Deductible Programs</u> The rating values developed to determine premium under this Plan do not contemplate deductibles and are designed to be used with losses that</p>		<p>Generally, deductible programs are not offered in conjunction with the Retrospective Rating Plan.</p>

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are gross of the deductible amount. In states where deductible programs apply, the use of such programs in conjunction with retrospective rating on an individual risk basis requires the agreement of the insured and carrier.		
II. DEFINITIONS A. <u>Employer</u> Employer may be an individual, partnership, joint venture, corporation, association, a fiduciary such as a trustee, receiver or executor, or other legal entity.		Removed definitions included in other NCCI manuals to eliminate duplication.
B. <u>Insured</u> Insured means the employer designated in the Information Page of the policy or policies to which this Plan is applied by the carrier which issued such insurance. Insured may be two or more legal entities if the same person, or group of persons, owns the majority interest in such entities. The Experience Rating Plan Manual defines majority interest. It usually means: 1. Majority of voting stock, or 2. Majority of members or directors if there is no voting stock, or 3. Majority participation of general partners in profits of a partnership.		Removed definitions included in other NCCI manuals to eliminate duplication.
C. <u>Risk</u> Risk means the insured to which this Plan is applied		Removed definitions included in other NCCI manuals to eliminate duplication.
D. <u>Rates</u> 1. Authorized rate means either: a. the manual rate or any other rate that has been established by the National Council or other licensed rating organization, or b. where applicable, the rate filed by the carrier and approved in accordance with state regulatory requirements. 2. Manual rate means the rate shown after the classification code number on the state rate pages in Part Three of the Basic Manual for Workers Compensation and Employers Liability Insurance .	RULE 1---GENERAL EXPLANATION C. APPLICATION OF POLICY PREMIUM ELEMENTS Refer to the state premium algorithms in NCCI's Basic Manual for information on the application of the policy premium elements.	Removed definitions included in other NCCI manuals to eliminate duplication. Also, added a reference to the premium algorithms in the Basic Manual for determining proper application of premium elements.
E. <u>Standard Premium</u> For the purpose of this Plan,	RULE 1---GENERAL EXPLANATION	Simplified language. Added reference to catastrophe

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<p>standard premium means the premium for the risk determined on the basis of authorized rates, any experience rating modification, loss constants where applicable, and minimum premiums. Determination of standard premium shall exclude:</p> <ol style="list-style-type: none"> 1. Premium Discount. 2. The Expense Constant. 3. Premium resulting from the Non-Ratable Element Codes listed in the Experience Rating Plan Manual. 4. Premium developed by the passenger seat surcharge under Code 7421—Aircraft Operation—flying crew. 5. Premium developed by the occupational disease rates for risks subject to the Federal Coal Mine Health and Safety Act. 6. Premium developed by the Terrorism Risk Insurance Act of 2002. 7. Premium developed by the Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents catastrophe 	<p>B. DEFINITIONS 1. General Definitions f. Standard Premium (SP) For purposes of the retrospective rating plan, standard premium is determined on the basis of authorized rates, any experience rating modification, and minimum premiums. Determination of standard premium excludes:</p> <ol style="list-style-type: none"> (1) Premium discount (2) Expense constant (3) Premium resulting from the nonratable element codes (4) Premium developed by the passenger seat surcharge under Classification Code 7421 (5) Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act (6) Premium developed by the catastrophe provisions as outlined in NCCI's <i>Basic Manual</i> 	<p>provisions in the Basic Manual, which takes into account catastrophe and terrorism premiums.</p>
<p>F. <u>Incurred Losses</u> Incurred losses used in the rating formula for determining premium under this Plan are those reported under the rules of the <i>Workers Compensation Statistical Plan Manual</i> adopted by the rating organization. Generally, incurred losses are the actual losses paid and outstanding, interest on judgments, expenses incurred in obtaining third-party recoveries, and allocated loss adjustment expenses for employers liability losses.</p> <p>Incurred losses resulting from an accident involving two or more persons under any classification code containing a non-ratable catastrophe element shall be limited to the two most costly claims, subject to any further loss limitation applicable.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 1. General Definitions c. Incurred Losses Incurred losses for workers compensation and employers liability insurance are defined in the <i>Statistical Plan</i>. Incurred losses include paid and outstanding losses.</p> <p>If the ALAE Option is elected, then incurred losses will include ALAE.</p> <p>Refer to Rule 1-B-1-a of this manual for the definition of Allocated Loss Adjustment Expense (ALAE) when including ALAE as part of incurred losses.</p> <p>Note: The rating formula will not include a loss:</p> <ul style="list-style-type: none"> • Resulting from the nonratable element codes 	<p>Simplified language. Added reference to ALAE option and its impact on incurred losses.</p>

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<p>The rating formula shall not include losses involving passenger employees resulting from the crash of an aircraft under Classification Code 7421.</p> <p>For complete details on instructions which shall be followed regarding incurred losses, refer to the Unit Statistical Plan Manual.</p>	<ul style="list-style-type: none"> • Developed by the passenger seat surcharge under Classification Code 7421 • Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Developed by the catastrophe provisions as outlined in NCCI's Basic Manual 	
<p>G. <u>Rating Organization</u> Rating organization means the National Council on Compensation Insurance or any other licensed rating organization.</p>		<p>Removed definitions included in other NCCI manuals to eliminate duplication.</p>
<p>H. <u>Anniversary Rating Date</u> 1. Single Policy Risk The anniversary rating date for application of this Plan is the effective month and day of the policy in effect. 2. Multiple Policy Risk If the risk subject to the Plan includes more than one policy with different effective dates, the anniversary rating date shall be determined by the rating organization. Note: The Plan applies for the period of the policy or policies subject to the Plan. If the period for the application of the Plan is changed, refer to Part Three.</p>		<p>Removed definitions included in other NCCI manuals to eliminate duplication.</p>
<p>I. <u>Long-Term Construction Project</u> A long-term construction project means a construction or erection project expected to require more than one year for completion and let under one contract or more than one concurrent or consecutive contracts. Such a project may be insured under one-year policies or policies issued for any period not longer than three years.</p>		<p>Removed definitions included in other NCCI manuals to eliminate duplication.</p>
<p>J. <u>Wrap-Up Construction Project</u> A wrap-up construction project is a construction, erection or demolition project for which policies have been issued by one or more insurance carriers under the same management to insure two or more legal entities engaged in such a project. The entities insured shall be limited to the general contractor</p>	<p>RULE 2---ELIGIBILITY FOR THE PLAN F. WRAP-UP CONSTRUCTION PROJECTS Two or more policies on a wrap-up construction project may be combined for the purpose of retrospective rating in accordance with NCCI's Basic Manual rules. Steps to be followed in order to determine whether a wrap-up construction</p>	<p>Removed definitions included in other NCCI manuals to eliminate duplication. For ease of use, added a table to show the wrap-up construction project premium eligibility thresholds applicable for each applicable state. Clarified the determination of the premium eligibility threshold for multistate wrap-up construction projects.</p>

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<p>(including any owner or principal acting as a general contractor) and subcontractors performing work under contracts let on an ex-insurance basis. If the contract between the owner or principal and such general contractor is on an ex-insurance basis, the owner or principal is an eligible entity for the combination. Note: All references to Wrap-Up Construction Projects in this Manual are not applicable in the following states:</p> <p>Louisiana Mississippi Oklahoma Oregon</p>	<p>project may be eligible to be retrospectively rated:</p> <ol style="list-style-type: none"> 1. Determine the sum of all wrap-up construction project standard premium for all states 2. Of the state's standard premium included in (1), determine which state's wrap-up construction project retrospective rating premium eligibility is greatest 3. An insured may be retrospectively rated if the sum of the states included in (1) meet the wrap-up construction project retrospective rating premium eligibility threshold for the state determined in (2). <p>The following table lists those states where a premium eligibility threshold has been established for wrap-up construction projects.</p> <p>Wrap-Up Construction Project Retrospective Rating Premium</p> <table border="1" data-bbox="862 667 1744 948"> <thead> <tr> <th>State</th> <th>Premium Eligibility Threshold</th> </tr> </thead> <tbody> <tr> <td>Alaska</td> <td>\$50,000,000</td> </tr> <tr> <td>Arizona</td> <td>\$250,000</td> </tr> <tr> <td>Florida</td> <td>\$250,000</td> </tr> <tr> <td>Massachusetts</td> <td>\$500,000</td> </tr> <tr> <td>Mississippi</td> <td>\$500,000</td> </tr> <tr> <td>Missouri</td> <td>\$500,000</td> </tr> <tr> <td>Nebraska</td> <td>\$500,000</td> </tr> <tr> <td>South Carolina</td> <td>\$500,000</td> </tr> <tr> <td>Wisconsin</td> <td>\$250,000</td> </tr> </tbody> </table>	State	Premium Eligibility Threshold	Alaska	\$50,000,000	Arizona	\$250,000	Florida	\$250,000	Massachusetts	\$500,000	Mississippi	\$500,000	Missouri	\$500,000	Nebraska	\$500,000	South Carolina	\$500,000	Wisconsin	\$250,000	
State	Premium Eligibility Threshold																					
Alaska	\$50,000,000																					
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<p>Part Two</p> <p>I. How Premium is Determined Under the Plan Retrospective premium is computed on the basis of the formulas in I-A and D of this Section of the Plan.</p>	<p>RULE 1---GENERAL EXPLANATION</p> <p>B. DEFINITIONS</p> <p>2. Elements of the Retrospective Rating Plan Formula The following formula includes all of the elective elements available under a retrospective rating plan.</p> <p>Retrospective Rating Premium = (Basic Premium + Excess Loss Premium + Retrospective Rating Development Premium + Converted Losses) x Tax Multiplier <i>See Rule 3 of this manual for other variations of the retrospective rating formula.</i></p>	<p>Reformatted and used simplified language to present the elements of the retrospective rating plan formula.</p>
<p>A. The Retrospective Premium Formula The premium for a risk subject to this Plan is determined by the following retrospective premium formula:</p> <p>Retrospective Premium =</p> <ol style="list-style-type: none"> 1. Basic Premium plus 2. Converted Losses or Converted Loss plus Allocated Loss Adjustment Expense 3. The sum of 1 + 2 is multiplied by the Tax Multiplier <p>This formula produces a retrospective premium which shall be subject to the Minimum Retrospective Premium and the Maximum Retrospective Premium.</p>	<p>RULE 1---GENERAL EXPLANATION</p> <p>B. DEFINITIONS</p> <p>2. Elements of the Retrospective Rating Plan Formula The following formula includes all of the elective elements available under a retrospective rating plan.</p> <p><i>See Rule 3 of this manual for other variations of the retrospective rating formula.</i></p> <p>Retrospective Rating Premium = (Basic Premium + Excess Loss Premium + Retrospective Rating Development Premium + Converted Losses) x Tax Multiplier</p> <p>RULE 3---OPERATION OF PLAN</p> <p>C. CALCULATING THE RETROSPECTIVE RATING PREMIUM UNDER THIS PLAN The premium for an insured subject to a retrospective rating plan is determined by the following retrospective rating premium formula.</p> <p>Retrospective Rating Premium = [Basic Premium + Converted Losses] x Tax Multiplier</p> <p>The retrospective rating premium will not be less than the minimum retrospective rating premium or more than the maximum retrospective rating premium selected for a retrospective rating plan.</p>	<p>Reformatted and used simplified language to present the elements of the retrospective rating plan formula.</p>

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<p>If the risk to which the Plan is applied includes more than one legal entity, a single retrospective premium is computed on the basis of the combined entities, not individually for each legal entity.</p> <p>Note: Risks with an estimated annual standard premium in excess of \$1,000,000 individually or in any combination with General Liability, Hospital Professional Liability, Commercial Automobile, Crime, Glass or Workers Compensation may be</p>	<p>If the insured for which a retrospective rating plan is applied includes more than one legal entity, a single retrospective rating premium is calculated on the basis of the combined entities.</p> <p>Note: Insureds with an estimated annual standard premium of a specified premium eligibility threshold, individually or in any combination with commercial casualty lines of insurance, may be rated under the Large Risk Alternative Rating Option. That option provides that such insureds may be retrospectively rated as mutually agreed upon by the insured and carrier. <i>Refer to Rule 2-E for state-specific average annual standard premium thresholds.</i> A different premium eligibility level may be used if filed by an individual carrier, subject to regulatory approval</p> <p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula a. Retrospective Rating Premium (RRP) Retrospective rating premium is the premium based on the application of retrospective rating plan elements as a result of a mutual agreement between the insured and carrier.</p> <p>RULE 2---ELIGIBILITY FOR THE PLAN A. COMBINATION OF MULTIPLE WORKERS COMPENSATION POLICIES Insureds with two or more workers compensation and employers liability insurance policies may be combined for the application of a retrospective rating plan, providing there is common majority ownership as defined in NCCI's <i>Experience Rating Plan Manual</i>.</p>	

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<p>rated under the Large Risk Alternative Rating Option. This option provides that such risks may be retrospectively rated as mutually agreed upon by carrier and insured.</p> <p>A different premium eligibility level may be used if filed by an individual insurance carrier, subject to regulatory approval.</p>		
<p>B. <u>Definitions of Terms Used for the Formula</u></p> <p>1. Standard Premium Standard Premium is defined in Part One of this Plan. Refer to Part One-II-E.</p>		<p>Removed definitions included in other NCCI manuals to eliminate duplication. In addition, standard premium is defined in Rule 1-B-1-f of the new manual.</p>
<p>2. Basic Premium The Basic Premium is a percentage of the Standard Premium. It is determined by multiplying the Standard Premium by a Basic Premium Factor. Basic Premium Factors are based on the Table of Expense Ratios, the Table of Insurance Charges, and the individual loss limitation if selected. Refer to Part Four— Premium Computation Tables.</p> <p>The Basic Premium provides: insurance carrier expenses such as for acquiring and servicing the insured's account; loss control services, premium audit and general administration of the insurance; an adjustment for limiting the retrospective premium between the minimum retrospective premium and the maximum retrospective premium; and an allowance for the insurance carrier's possible profit or contingencies.</p> <p>The Basic Premium does not cover premium taxes nor claim adjustment expenses. The latter elements are usually provided by the Tax Multiplier and the Loss Conversion Factor.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula b. Basic Premium (BP) Basic premium is a percentage of standard premium. It is determined by multiplying the standard premium by a basic premium factor. The basic premium factor is developed by the carrier and includes:</p> <ul style="list-style-type: none"> • General administration costs of the carrier • Related loss control service cost • Insurance charges <p>The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.</p>	<p>Reformatted and used simplified language to define Basic Premium.</p>
<p>3. <u>Converted Losses</u> Converted Losses are based on the Incurred Losses of the risk during the period of the policy or policies to which this Plan is applied. For the ALAE Option, ALAE is added to Losses.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula c. Converted Losses Converted losses are based on the incurred losses of the insured for the policy</p>	<p>Reformatted and used simplified language to define Converted Losses.</p>

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<p>A Loss Conversion Factor is applied to such losses (or losses plus ALAE) to produce the Converted Losses (or Converted Loss plus ALAE). Refer to Part One-II-F. ALAE is defined in the <i>Workers Compensation Statistical Plan Manual</i>.</p>	<p>or policies to which a retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted losses. (Losses x LCF)</p>	
<p>4. <u>Loss Conversion Factor</u> The Loss Conversion Factor usually covers claim adjustment expenses and the cost of the insurance carrier's claim services such as investigation of claims and filing claim reports. For the ALAE Option, the Loss Conversion Factor would not typically include allocated claim adjustment expense.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula d. Loss Conversion Factor (LCF) The loss conversion factor covers the cost of the carrier's claim services (e.g, investigation of claims and filing claim reports). The loss conversion factor is established by negotiation between the insured and carrier.</p>	<p>Used simplified language to define Loss Conversion Factor.</p>
<p>5. <u>Tax Multiplier</u> The Tax Multiplier covers licenses, fees, assessments and taxes which the insurance carrier must pay on the premium which it collects. It also includes a provision for subsidy of the assigned risk market.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula g. Tax Multiplier (TM) Tax multipliers vary by state and generally cover licenses, fees, assessments, and taxes that the carrier must pay on the premium collected in an individual state. <i>For states where NCCI files full rates, refer to the State Special Rating Values pages of this manual for the individual state tax multiplier.</i> <i>For states where NCCI files loss costs, refer to NCCI's Tax and Assessment Directory for each individual state tax multiplier.</i></p>	<p>Reformatted and used simplified language to define Tax Multiplier. Added references to the location of the tax multipliers.</p>
<p>6. <u>Minimum Retrospective Premium</u> The Minimum Retrospective Premium is a percentage of the Standard Premium. It is the least amount of premium to be paid by the risk subject to this Plan. The Minimum Retrospective Premium Factor is established by agreement between the risk and the insurance carrier.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula i. Minimum Retrospective Premium Minimum retrospective premium is a percentage of the standard premium determined by the application of a minimum retrospective premium factor. It is the least amount of premium payable by an insured subject to the retrospective rating plan. A minimum retrospective premium factor is established by an agreement between the insured and carrier.</p>	<p>Used simplified language to define Minimum Retrospective Premium.</p>
<p>7. <u>Maximum Retrospective Premium</u> The Maximum Retrospective Premium is a percentage of the Standard Premium. It is the greatest amount of premium to be</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula</p>	<p>Used simplified language to define Maximum Retrospective Premium.</p>

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Current Manual Language	Proposed Manual Language	Comments
<p>paid by the risk subject to this Plan. It has the effect of placing a limit on the impact of incurred losses on the retrospective premium.</p> <p>The Maximum Retrospective Premium Factor is established by agreement between the risk and the insurance carrier.</p>	<p>h. Maximum Retrospective Premium Maximum retrospective premium is a percentage of the standard premium determined by the application of a maximum retrospective rating plan premium factor. It is the greatest amount of premium payable by an insured subject to a retrospective rating plan. Maximum retrospective premium places a limit on the impact of incurred losses on a retrospective rating plan premium. It is established by an agreement between the insured and carrier.</p>	
<p>C. Additional Elective Elements for the Retrospective Premium Formula The insured and the insurance carrier may agree that either or both of the following additional elective premium elements will be included in the Retrospective Premium Formula:</p> <ol style="list-style-type: none"> 1. Excess Loss Premium 2. Retrospective Development Premium <p>Note: These elective elements are subject to the Tax Multiplier as shown in the Retrospective Premium Formula in D.</p>	<p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula e. Excess Loss Premium (ELP) Excess loss premium is a charge for election of a loss limitation. The excess loss premium factor is applied after the basic premium in the retrospective rating plan formula.</p> <p>(Excess Loss Premium = Excess Loss Factor x Standard Premium x Loss Conversion Factor)</p> <p>In states where NCCI files full rates, NCCI files the excess loss factors.</p> <p><i>Refer to State Special Rating Values pages for the excess loss factors or excess loss pure premium factors.</i></p> <p>In loss cost states, NCCI files excess loss pure premium factors. The excess loss pure premium factors must be converted to excess loss factors using the carrier's expense provisions applicable in each state.</p> <p>(Excess Loss Premium Factor = [(Excess Loss Pure Premium Factor x Expected Loss Ratio) x (1 + Loss Adjustment Expense% + Loss Assessment%)])</p> <p>The Excess Loss Pure Premium Factor, LAE% and Loss Assessment% are NCCI-provided values.</p> <p>The carrier determines the Expected Loss Ratio (ELR). ELR is a ratio of pure losses (no LAE) to premium.</p>	<p>Combined rules for Excess Loss Premium into one rule in the new manual (Rule 1-B-2-e).</p> <p>Combined rules for Retrospective Development Premium into one rule in the new manual (Rule 1-B-2-f).</p>

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COMPARISON OF RETROSPECTIVE RATING PLAN MANUAL AND R-1399- 2009 EDITION-RETROSPECTIVE RATING PLAN MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE*

Current Manual Language	Proposed Manual Language	Comments																
	<p>Refer to State Special Rating Values pages for the excess loss factors or excess loss pure premium factors.</p> <p>The Table of Classifications by Hazard Group is to be used in the determination of the excess loss premium factor. This factor is determined based on the selected loss limitation and the hazard group assignment shown in the Table for the classification producing the largest amount of estimated workers compensation standard premium for each state included in the plan.</p> <p>For insureds having USL&HW for non-F-classification codes, the applicable hazard group to use for the determination of an excess loss factor (ELF) is the state classification code hazard group, located in NCCI's <i>Basic Manual</i>, increased two levels. When the state classification hazard group is already at the highest level hazard group, use that highest level hazard group.</p> <p>For the classification codes that include federal coverages (or F-classification codes), use the hazard group assigned to that code.</p> <table border="1" data-bbox="1045 883 1889 1198"> <thead> <tr> <th>State Classification Hazard Group</th> <th>USL&HE for Non-F-Classification codes Hazard Groups</th> </tr> </thead> <tbody> <tr><td>A</td><td>C</td></tr> <tr><td>B</td><td>D</td></tr> <tr><td>C</td><td>E</td></tr> <tr><td>D</td><td>F</td></tr> <tr><td>E</td><td>G</td></tr> <tr><td>F</td><td>G</td></tr> <tr><td>G</td><td>G</td></tr> </tbody> </table> <p>RULE 1---GENERAL EXPLANATION B. DEFINITIONS 2. Elements of the Retrospective Rating Plan Formula f. Retrospective Development Premium (RDP)</p>	State Classification Hazard Group	USL&HE for Non-F-Classification codes Hazard Groups	A	C	B	D	C	E	D	F	E	G	F	G	G	G	
State Classification Hazard Group	USL&HE for Non-F-Classification codes Hazard Groups																	
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Current Manual Language	Proposed Manual Language	Comments
	<p>Retrospective development premium is an elective element that varies by state. The RDP stabilizes premium adjustments for an insured written under a retrospective rating plan by anticipating future increases in loss costs or rates. The RDP is calculated using the following formula:</p> <p>Retrospective Development Premium = Standard Premium x Retrospective Development Premium Factor x Loss Conversion Factor.</p> <p>The retrospective development premium factor anticipates a pattern of increasing valuation of losses after the policy is expired. The retrospective development premium factor is included in the first three calculations of the retrospective premium.</p> <p><i>In states where NCCI files full rates, NCCI files the retrospective development factors. Refer to the State Special Rating Values pages of this manual for the excess loss factors.</i></p> <p><i>In loss cost states, NCCI files retrospective development pure premium factors. The retrospective development pure premium factors must be converted to retrospective development factors using the carrier's expense provisions applicable in each state. Refer to the State Special Rating Values pages of this manual for retrospective development pure premium factors.</i></p> <p>The conversion formula is:</p> <p>Retrospective Development Factor = Retrospective Pure Premium Development Factor x Expected Loss Ratio x (1 + Loss Adjustment Expense% + Loss Assessment%)</p> <p>The Retrospective Pure Premium Development Factor, LAE% and Loss Assessment% are NCCI-provided values. Refer to the State Retrospective Rating Values page for the Retrospective Pure Premium Development Factor. Refer to the latest approved loss cost filing for the LAE% and Loss Assessment%.</p> <p>The carrier determines the Expected Loss Ratio (ELR). ELR is a ratio of pure</p>	

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Current Manual Language	Proposed Manual Language	Comments
	<p>losses (no LAE) to premium.</p> <p>Refer to <i>User's Guide</i> for examples.</p>	
<p>EXPLANATION OF ELECTIVE PREMIUM ELEMENTS</p>		
<p>a. <u>Excess Loss Premium</u> This elective premium element is permitted only if the total Standard Premium subject to the Plan is at least \$100,000. The use of this elective element is intended to avoid the possibility that high cost losses will have too great an impact on the retrospective premium. Election of a loss limitation places a limit on the amount of incurred loss arising out of any one accident, which will be included in the retrospective premium formula. Excess Loss Premium is the premium charge for such limitation on losses used in computing the retrospective premium. The loss limitations arising out of any one accident which may be used by agreement follow:</p> <p style="padding-left: 40px;">i. \$25,000 per accident for a risk with total Standard Premium of at least \$100,000.</p> <p style="padding-left: 40px;">ii. Higher than \$25,000 for a risk with total Standard Premium over \$100,000 provided such higher accident loss limitation does not exceed 50% of the Standard Premium.</p> <p>For all risks, the insurance carrier pays all incurred losses regardless of any retrospective rating loss limitation. Excess Loss Premium is computed as shown below:</p> <p>Standard Premium x Excess Loss Factor x Loss Conversion Factor.</p> <p>Note: For risks involving classifications where the rates include, or are increased to provide for coverage under the U.S. Longshore and Harbor Workers' Compensation Act, the Excess Loss Premium is computed as shown below:</p>	<p>RULE 1---GENERAL EXPLANATION</p> <p>B. DEFINITIONS</p> <p>2. Elements of the Retrospective Rating Plan Formula</p> <p>e. Excess Loss Premium (ELP)</p> <p>Excess loss premium is a charge for election of a loss limitation. The excess loss premium factor is applied after the basic premium in the retrospective rating plan formula.</p> <p>(Excess Loss Premium = Excess Loss Factor x Standard Premium x Loss Conversion Factor)</p> <p>In states where NCCI files full rates, NCCI files the excess loss factors.</p> <p>Refer to <i>State Special Rating Values pages for the excess loss factors or excess loss pure premium factors.</i></p> <p>In loss cost states, NCCI files excess loss pure premium factors. The excess loss pure premium factors must be converted to excess loss factors using the carrier's expense provisions applicable in each state.</p> <p>(Excess Loss Premium Factor = [(Excess Loss Pure Premium Factor x Expected Loss Ratio) x (1 + Loss Adjustment Expense% + Loss Assessment%)])</p> <p>The Excess Loss Pure Premium Factor, LAE% and Loss Assessment% are NCCI-provided values.</p> <p>The carrier determines the Expected Loss Ratio (ELR). ELR is a ratio of pure losses (no LAE) to premium.</p> <p>Refer to <i>State Special Rating Values pages for the excess loss factors or excess loss pure premium factors.</i></p>	<p>As previously noted, combined the rules for Excess Loss Premium into one rule in the new manual (Rule 1-B-2-e).</p> <p>Added the method for calculating the excess loss factor in states where NCCI files excess loss pure premium factors.</p> <p>Added a table to explain the method for determining the state hazard group for policies having USLH&W for non-F classification codes.</p>

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<p>Standard Premium x USL&H Excess Loss Factor x Loss Conversion Factor.</p> <p>The Excess Loss Factors are shown on the state retrospective rating pages. The USL&H Excess Loss Pure Premium Factors are in Part Four of this Manual. Use the Table of Classifications by Hazard Group in Part Four of this Manual to determine proper excess loss factor.</p> <p>A loss limitation may be changed, or included, or excluded after this plan has been applied to a risk provided the new agreement is not retroactive.</p>	<p>The Table of Classifications by Hazard Group is to be used in the determination of the excess loss premium factor. This factor is determined based on the selected loss limitation and the hazard group assignment shown in the Table for the classification producing the largest amount of estimated workers compensation standard premium for each state included in the plan.</p> <p>For insureds having USL&HW for non-F-classification codes, the applicable hazard group to use for the determination of an excess loss factor (ELF) is the state classification code hazard group, located in NCCI's <i>Basic Manual</i>, increased two levels. When the state classification hazard group is already at the highest level hazard group, use that highest level hazard group.</p> <p>For the classification codes that include federal coverages (or F-classification codes), use the hazard group assigned to that code.</p> <table border="1" data-bbox="1045 792 1889 1109"> <thead> <tr> <th>State Classification Hazard Group</th> <th>USL&HE for Non-F-Classification codes Hazard Groups</th> </tr> </thead> <tbody> <tr><td>A</td><td>C</td></tr> <tr><td>B</td><td>D</td></tr> <tr><td>C</td><td>E</td></tr> <tr><td>D</td><td>F</td></tr> <tr><td>E</td><td>G</td></tr> <tr><td>F</td><td>G</td></tr> <tr><td>G</td><td>G</td></tr> </tbody> </table> <p>RULE 1---GENERAL EXPLANATION B. Definitions 1. General Definition e. Loss Limitation A loss limitation is the limit put on a claim dollar amount that is to be included in the retrospective rating plan calculation. This is an elective element agreed upon by the insured and carrier; there is an additional charge associated with a loss</p>	State Classification Hazard Group	USL&HE for Non-F-Classification codes Hazard Groups	A	C	B	D	C	E	D	F	E	G	F	G	G	G	
State Classification Hazard Group	USL&HE for Non-F-Classification codes Hazard Groups																	
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<p>b. <u>Retrospective Development Premium</u> The purpose of this elective premium element is to stabilize premium adjustments for risks subject to this Plan. Refer to Part Three— Administration of the Plan—Rule IV—for premium adjustment rules. Retrospective development premium anticipates future increases in loss costs. The Retrospective Development Premium is included only in the first three adjustments of the retrospective premium and is not included in any later premium computations. Retrospective Development Premium is computed as shown below:</p> <p>Standard Premium x Retrospective Development Factor x Loss Conversion Factor</p> <p>The Retrospective Development Factors are shown on the state retrospective rating pages.</p> <p>Note: All references to Retrospective Development Premium in this Manual are not applicable in the following states:</p> <p>Louisiana Oregon Minnesota South Missouri Carolina</p>	<p>limitation.</p> <p>RULE 1---GENERAL EXPLANATION B. Definitions 2. Elements of the Retrospective Rating Plan Formula f. Retrospective Development Premium (RDP) Retrospective development premium is an elective element that varies by state. The RDP stabilizes premium adjustments for an insured written under a retrospective rating plan by anticipating future increases in loss costs or rates. The RDP is calculated using the following formula:</p> <p>Retrospective Development Premium = Standard Premium x Retrospective Development Premium Factor x Loss Conversion Factor.</p> <p>The retrospective development premium factor anticipates a pattern of increasing valuation of losses after the policy is expired. The retrospective development premium factor is included in the first three calculations of the retrospective premium.</p> <p><i>In states where NCCI files full rates, NCCI files the retrospective development factors. Refer to the State Special Rating Values pages of this manual for the excess loss factors.</i></p> <p><i>In loss cost states, NCCI files retrospective development pure premium factors. The retrospective development pure premium factors must be converted to retrospective development factors using the carrier's expense provisions applicable in each state. Refer to the State Special Rating Values pages of this manual for retrospective development pure premium factors.</i></p> <p>The conversion formula is:</p> <p>Retrospective Development Factor = Retrospective Pure Premium Development Factor x Expected Loss Ratio x (1 + Loss Adjustment Expense% + Loss Assessment%)</p> <p>The Retrospective Pure Premium Development Factor, LAE% and Loss Assessment% are NCCI-provided values. Refer to the State Retrospective</p>	<p>As previously noted, combined the rules for Retrospective Development Premium (RDP) into one rule in the new manual (Rule 1-B-2-f).</p> <p>Added the method for calculating the RDP factor in states where NCCI files retrospective pure premium development factors.</p>

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	<p>Rating Values page for the Retrospective Pure Premium Development Factor. Refer to the latest approved loss cost filing for the LAE% and Loss Assessment%.</p> <p>The carrier determines the Expected Loss Ratio (ELR). ELR is a ratio of pure losses (no LAE) to premium.</p> <p><i>Refer to User's Guide for examples..</i></p>	
<p>D. <u>The Retrospective Premium Formula When Additional Elective Premium Elements Are Included</u> The premium for a risk subject to this plan is determined by the following retrospective premium formula:</p> <p>Retrospective Premium =</p> <ol style="list-style-type: none"> 1. Basic Premium plus 2. Converted Losses or Converted Loss plus Allocated Loss Adjustment Expense plus 3. Excess Loss Premium plus 4. Retrospective Development Premium 5. Multiply the sum of 1 + 2 + 3 + 4 by the Tax Multiplier <p>Note: Include Item 3 or 4 or both in the formula depending on whether such elective premium elements are in the retrospective agreement.</p> <p>The result of this calculation is the retrospective premium when the risk has elected one or both of the elective premium elements. The retrospective premium shall not be less than the Minimum Retrospective Premium nor more than the Maximum Retrospective Premium.</p>	<p>RULE 3---OPERATION OF PLAN D. THE RETROSPECTIVE PREMIUM FORMULA WITH ADDITIONAL ELECTIVE PREMIUM ELEMENTS</p> <p>The premium for a retrospective rating plan with elective elements is determined by the following retrospective premium formula. The elective elements used in the formula will depend on whether the elective premium elements are included in a retrospective rating plan agreement.</p> <p>Retrospective Rating Premium = [Basic Premium + Excess Loss Premium + Retrospective Development Premium + Converted Losses] x Tax Multiplier</p> <p>The result of the above calculation is a retrospective rating premium when the insured has elected one or more of the elective premium elements.</p> <p>A retrospective rating premium will not be less than the minimum retrospective rating premium or more than the maximum retrospective rating premium selected for a retrospective rating plan.</p> <p><i>Refer to User's Guide for examples.</i></p>	
<p>II. RETROSPECTIVE RATING—SELECTION OF FACTORS</p>		
<p>A. <u>Explanation</u> Factors for retrospective rating are determined</p>	<p>RULE 3---OPERATION OF PLAN</p>	

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<p>for each risk by agreement between the insured and the carrier.</p> <p>The Basic Premium is determined by using the Table of Expense Ratios to determine the insurance carrier expenses and the Table of Insurance Charges for the remainder of the Basic Premium. The Loss Conversion Factor and Minimum and Maximum Retrospective Premium are subject to agreement between the insured and the insurance carrier. The Tax Multiplier, Excess Loss Premium and Retrospective Development Premium are determined on the basis of the state or states included in this option.</p> <p>1. Retrospective Rating may be applied to any of the following types of insurance alone or to any combination of such insurance:</p> <p>Workers Compensation and Employers Liability</p> <p>Third Party Liability Insurance for Commercial Lines</p> <p>Commercial Automobile Physical Damage</p> <p>Other Types of Insurance specified in the Retrospective Rating Plan issued by the Insurance Services Office</p> <p>For illustrations and examples of combinations, refer to the Retrospective Rating Plan issued by the Insurance Services Office.</p> <p>Note: When the plan includes Workers Compensation and other commercial casualty insurance, the total retrospective premium, including the minimum and maximum retrospective premium, is determined on the basis of all insurance in the plan.</p> <p>2. For an interstate risk, an average of the specified state tax multipliers weighted by the state standard premiums shall be used.</p>	<p>B. EXPLANATION OF TABLES IN APPENDIX</p> <p>The following is an explanation of the tables used in the calculation of retrospective rating premium:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Table</th> <th style="text-align: center;">Appendix</th> <th style="text-align: center;">Purpose</th> </tr> </thead> <tbody> <tr> <td>Table of Expected Loss Ranges</td> <td style="text-align: center;">A</td> <td>Used to determine the expected loss group in the Table of Insurance Charges.</td> </tr> <tr> <td>Table of Insurance Charges</td> <td style="text-align: center;">B</td> <td>Used to determine the insurance charge to be included in the basic premium factor.</td> </tr> <tr> <td>Tables of Expense Ratios</td> <td style="text-align: center;">C</td> <td>Used in the calculation of basic premium. This table is applicable only in states where NCCI files rates.</td> </tr> </tbody> </table> <p>RULE 2---ELIGIBILITY FOR THE PLAN</p> <p>B. COMBINATION OF INSURANCES</p> <p>When a retrospective rating plan includes workers compensation and employers liability insurance and other commercial casualty insurance, the total retrospective rating premium, including the minimum and maximum retrospective premium, is determined on the basis of premium for all lines of insurance in a retrospective rating plan.</p> <p>Retrospective rating may be applied to any of the following types of insurance alone or any combination of such insurance:</p> <ul style="list-style-type: none"> • Workers compensation and employers liability insurance • Any other commercial casualty lines of Insurance <p><i>For illustrations and examples of combinations, refer to the Retrospective Rating Plan Manual issued by the Insurance Services Office.</i></p>	Table	Appendix	Purpose	Table of Expected Loss Ranges	A	Used to determine the expected loss group in the Table of Insurance Charges.	Table of Insurance Charges	B	Used to determine the insurance charge to be included in the basic premium factor.	Tables of Expense Ratios	C	Used in the calculation of basic premium. This table is applicable only in states where NCCI files rates.	
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<p>For computing the Basic Premium Factor, the standard average tax multiplier of 1.082 may be applied.</p> <p>3. The Loss Conversion Factor is established by negotiations between the carrier and the insured.</p> <p>Refer to Appendix for explanations and examples.</p>		

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<p>B. <u>Three Year Plan—Optional</u> Retrospective rating may also be applied to a risk for a period of three years. Follow the procedure and examples cited in A-1 above, but determine the insurance carrier expenses on the basis of the annual Standard Premium and the remainder of the Basic Premium by use of the Standard Premium for the three year period of the Plan.</p>	<p>RULE 2---ELIGIBILITY FOR THE PLAN D. THREE-YEAR PLAN An insured is eligible for a three-year plan if the estimated standard premium for three years is at least \$75,000.</p> <p>A different premium eligibility level may be used if filed by an individual carrier, subject to regulatory approval.</p>	<p>Used simplified language and added the eligibility threshold for a three-year plan.</p>														
<p>C. <u>Long-Term or Wrap-Up Construction Projects</u></p> <p>1. Retrospective rating may be applied to such projects in the following manner:</p> <p>a. The project may be insured under a series of one year policies. Use Rule II-B above.</p> <p>b. The project may be insured under a series of three year policies. Use Rule II-C above.</p> <p>c. The Plan shall apply to such projects so that the Retrospective Premium is computed on the basis of the Standard Premium for the entire duration of the project.</p> <p>Note: For determining retrospective premium for plans applied on a three year basis, or Long-Term or Wrap-Up Construction Projects, any revision in Tax Multipliers and Excess Loss Factors shall be applied to policies as of the first normal anniversary date of the risk, which is on or after the date of such revision, unless the revision is authorized for application to outstanding policies.</p>	<p>RULE 2---ELIGIBILITY FOR THE PLAN E. LARGE RISK ALTERNATIVE RATING OPTION (LRARO) The Large Risk Alternative Rating Option provides the carrier and insured the option of negotiating the retrospective rating factors used to calculate premium. An insured is eligible for the LRARO if the estimated standard premium individually or in any combination with any other commercial casualty lines of insurance exceeds an annual standard premium eligibility threshold of \$500,000 for the term of a retrospective rating plan.</p> <p>The following table lists states with different annual standard premium eligibility thresholds for LRARO.</p> <p>LRARO Premium Eligibility Threshold by State</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">State</th> <th style="text-align: center;">Annual Standard Premium Eligibility Threshold</th> </tr> </thead> <tbody> <tr> <td>Arizona</td> <td style="text-align: center;">\$250,000</td> </tr> <tr> <td>Kansas</td> <td style="text-align: center;">\$1,000,000</td> </tr> <tr> <td>Minnesota</td> <td style="text-align: center;">\$250,000</td> </tr> <tr> <td>Nevada</td> <td style="text-align: center;">\$250,000</td> </tr> <tr> <td>New Hampshire</td> <td style="text-align: center;">\$250,000</td> </tr> <tr> <td>North Carolina</td> <td style="text-align: center;">\$250,000</td> </tr> </tbody> </table> <p>A different premium eligibility level may be used if filed by an individual carrier, subject to regulatory approval.</p>	State	Annual Standard Premium Eligibility Threshold	Arizona	\$250,000	Kansas	\$1,000,000	Minnesota	\$250,000	Nevada	\$250,000	New Hampshire	\$250,000	North Carolina	\$250,000	
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<p>III. CANCELATION OF POLICY</p>	<p>RULE 3---OPERATION OF PLAN F. CANCELLATION OF A POLICY UNDER A RETROSPECTIVE RATING PLAN</p>									
<p>A. <u>Explanation</u> While the Cancellation Condition of the Standard Policy permits cancellation by the insured or insurance carrier, the premium determination for a canceled policy is controlled by Rule X— Cancellation in the <i>Basic Manual for Workers Compensation and Employers Liability Insurance</i>.</p>	<p>The cancellation conditions of the standard policy permit cancellation by the insured or carrier. The premium determination for a cancelled policy is outlined in NCCI's <i>Basic Manual</i>. Reasons for Cancellation and Retrospective Rated Premium Determination Cancellation Provisions Table 1</p> <table border="1" data-bbox="935 548 1892 889"> <thead> <tr> <th data-bbox="935 548 1408 581">If . . .</th> <th data-bbox="1408 548 1892 581">Then . . .</th> </tr> </thead> <tbody> <tr> <td data-bbox="935 581 1408 889">The policy is cancelled by the insurance carrier, except for nonpayment of premium</td> <td data-bbox="1408 581 1892 889"> 1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI's <i>Basic Manual</i>. 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium in 1. </td> </tr> </tbody> </table> <p>Cancellation Provisions Table 2</p> <table border="1" data-bbox="935 1011 1892 1320"> <thead> <tr> <th data-bbox="935 1011 1408 1044">If . . .</th> <th data-bbox="1408 1011 1892 1044">Then . . .</th> </tr> </thead> <tbody> <tr> <td data-bbox="935 1044 1408 1320"> The policy is cancelled by the insured when retiring from business such that: <ul style="list-style-type: none"> • All the work covered by the policy has been completed, or • All interest in any business covered by the policy has been sold, or • The insured has retired from all business covered by the policy </td> <td data-bbox="1408 1044 1892 1320"> 1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI's <i>Basic Manual</i>. 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium in 1. </td> </tr> </tbody> </table>	If . . .	Then . . .	The policy is cancelled by the insurance carrier, except for nonpayment of premium	1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI's <i>Basic Manual</i> . 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium in 1.	If . . .	Then . . .	The policy is cancelled by the insured when retiring from business such that: <ul style="list-style-type: none"> • All the work covered by the policy has been completed, or • All interest in any business covered by the policy has been sold, or • The insured has retired from all business covered by the policy 	1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI's <i>Basic Manual</i> . 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium in 1.	<p>Added "If-Then" tables to better explain premium determination for cancelled policies.</p>
If . . .	Then . . .									
The policy is cancelled by the insurance carrier, except for nonpayment of premium	1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI's <i>Basic Manual</i> . 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium in 1.									
If . . .	Then . . .									
The policy is cancelled by the insured when retiring from business such that: <ul style="list-style-type: none"> • All the work covered by the policy has been completed, or • All interest in any business covered by the policy has been sold, or • The insured has retired from all business covered by the policy 	1. The standard premium for the cancelled policy is calculated on a pro rata basis as outlined in NCCI's <i>Basic Manual</i> . 2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the pro rata standard premium in 1.									
<p>B. <u>Retrospective Premium Determination Upon Cancellation</u> 1. Cancellation By the Insurance Carrier, except for nonpayment</p>		<p>Added "If-Then" tables to better explain premium determination for cancelled policies.</p>								

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<p>of premium.</p> <p>2. Cancellation By the Insured When Retiring From Business provided:</p> <p>a. All work covered by the policy has been completed, or</p> <p>b. All interest in any business covered by the policy has been sold, or</p> <p>c. The insured has retired from all business covered by the policy.</p> <p>Note: For the purpose of this rule, a change in ownership of a corporation which results in elimination of experience under the rules of the <i>Experience Rating Plan Manual</i> does not constitute retiring from the business insured by the policy.</p> <p>3. If the reason for the cancellation is No. 1 or 2 above, Retrospective Premium for the canceled policy shall be computed as follows:</p> <p>a. Standard Premium: Determine the premium for the canceled policy on a pro rata basis in accordance with <i>Basic Manual</i> Rule X-B. The resulting premium shall be the Standard Premium.</p> <p>b. Retrospective Premium: The retrospective premium for the canceled policy shall be determined by using the Retrospective Premium Formula in this Section of the Plan. Use the Standard Premium in a. above to establish the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium for the formula.</p> <p>EXCEPTION FOR NONPAYMENT OF PREMIUM:</p> <p>If the cancellation by the insurance carrier is because of non-payment of premium by the insured, the Maximum Retrospective Premium shall be based on a Standard Premium which shall be the premium for the canceled policy (under <i>Basic Manual</i> Rule X-B) extended pro rata to an annual basis.</p>	<p>Cancellation for Nonpayment of Premium</p> <p>If the cancellation by the carrier is because of nonpayment of premium by the insured, the maximum retrospective premium is based on the calculated standard premium for the cancelled policy.</p> <p><i>Refer to the User's Guide for examples.</i></p>					
<p>4. Cancellation By the Insured, Except When Retiring From Business For the Reasons Stated in III-B-2 Above.</p> <p>Determine the Retrospective Premium as follows:</p> <p>a. The premium for the canceled policy is to be calculated on a short rate basis under <i>Basic Manual</i> Rule X-D. b. Use</p>	<p>Cancellation Provisions Table 3</p> <table border="1" data-bbox="935 1279 1892 1403"> <thead> <tr> <th data-bbox="935 1279 1408 1312">If . . .</th> <th data-bbox="1408 1279 1892 1312">Then . . .</th> </tr> </thead> <tbody> <tr> <td data-bbox="935 1312 1408 1403">The policy is cancelled by the insured, except when retiring from the business</td> <td data-bbox="1408 1312 1892 1403">1. The standard premium for the cancelled policy is calculated on a short rate basis as outlined in NCCI's</td> </tr> </tbody> </table>	If . . .	Then . . .	The policy is cancelled by the insured, except when retiring from the business	1. The standard premium for the cancelled policy is calculated on a short rate basis as outlined in NCCI's	<p>Added "If-Then" tables to better explain premium determination for cancelled policies.</p>
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<p>the Retrospective Premium Formula in this Section of the Plan to establish the Retrospective Premium as shown below:</p> <p>i. Basic Premium and if applicable, Excess Loss Premium and Retrospective Development Premium shall be computed by using the short rate premium in 4.a. above as the Standard Premium.</p> <p>ii. Minimum Retrospective Premium shall be the short rate premium in 4.a. above.</p> <p>iii. Maximum Retrospective Premium shall be based on a Standard Premium which shall be calculated by using the actual payroll for the period the policy was in effect, extending that payroll pro rata to an annual basis and then multiplying such extended payroll by the authorized rates and experience rating modification.</p>	<p>Basic Manual.</p> <p>2. Basic premium and, if applicable, excess loss premium and retrospective development premium is calculated by using the short rate standard premium as described in 1.</p> <p>3. Minimum retrospective premium is the short rate standard premium cancellation.</p> <p>4. Maximum retrospective premium is based on standard premium. It is calculated by using the actual payroll for a policy period, extending that payroll pro rata to an annual basis, and then multiplying such extended payroll by the authorized rates and experience rating modification.</p>	
<p>EXAMPLE: CALCULATION OF MAXIMUM RETROSPECTIVE PREMIUM UNDER RULE 4.b.:</p> <p>Payroll extended to an annual basis:</p> <p>EXAMPLE: CALCULATION OF MAXIMUM RETROSPECTIVE PREMIUM UNDER RULE 4.b.:</p>		<p>Examples are included in <i>Retrospective Rating Plan Manual User's Guide</i>.</p>
<p>5. <u>Cancelation of Three Year Plan</u></p> <p>If a policy for a Three Year Retrospective Rating Plan is canceled, the Retrospective Premium shall be computed as follows:</p> <p>a. Determine premium for the canceled policy in accordance with Manual Rules X-B or X-D depending on the reason for the cancelation. If the Plan was applied to a 3 year policy, each 12 month unit within such a policy is treated as a separate policy. Refer to Basic Manual Rule III-C-3.</p> <p>b. A short rate factor does not apply to any premium for completed 12 month policy units. Apply the short rate factor under <i>Basic Manual</i> Rule X-D only to the premium for the 12</p>		

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<p>month unit canceled by the insured when not retiring from the business.</p> <p>c. If the reason for the cancellation of the Three Year Plan is No. 1 or 2 in Rule B of this Section, the Total Standard Premium is the sum of the pro rata premium under Rule B and the Standard Premium for each completed 12 month unit. Use this total Standard Premium to establish the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium.</p>		
<p>d. If the cancellation by the carrier is caused by nonpayment of premium by the insured, the Maximum Retrospective Premium shall be based on a Total Standard Premium which shall be the sum of the premium, extended pro rata to an annual basis, for the canceled 12 month unit of the policy (under Manual Rule X-B) and the standard premium for each completed 12 month unit, such sum then extended pro rata to a 3 year basis.</p> <p>e. If the reason for the cancellation of the Three Year Plan is No. 4 in Rule B of this Section, the Total Standard Premium shall be in the sum of the short rate premium for the incompleted 12 month unit (under Manual Rule X-D) and the standard premium for each completed 12 month unit. The total Standard Premium is the Minimum Retrospective Premium and also shall be used to determine the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium. The Maximum Retrospective Premium shall be based on a Total Standard Premium which is the sum of the premium, extended pro rata to an annual basis, for the canceled 12 month unit of the policy (under Manual Rule X-B) and the standard premium for each completed 12 month unit, such sum then extended pro rata to a 3 year basis.</p>		
<p>EXAMPLE I: RETROSPECTIVE PREMIUM CALCULATED ON THREE YEAR POLICY CANCELED BY THE INSURED AFTER 185 DAYS</p>		<p>Examples are included in <i>Retrospective Rating Plan Manual User's Guide</i>.</p>
<p>C. <u>Valuation of Losses</u> If the policy is canceled by the insured or insurance carrier, the first determination of retrospective</p>		

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premium shall be based upon incurred losses valued six months after the termination date. For complete details on instructions which shall be followed regarding advance unit reports, refer to the Statistical Plan Manual , Section 1, Rule 12 (a).		

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Part Three		
ADMINISTRATION OF THE PLAN		
I. ELECTION OF INSURED TO BE SUBJECT TO RETROSPECTIVE RATING		
<p><u>A. How the Insured Elects to Be Subject to the Plan</u> 1. The insured elects to be subject to this Plan by notifying the insurance carrier that it has agreed to application of the Plan. This notification shall be executed in writing.</p> <p>2. Refer to the Appendix for a specimen letter of election which may be used for the election by the insured. Any other form of election is acceptable provided it includes the information shown in C below.</p>	<p>RULE 3---OPERATION OF PLAN A. PURPOSE The negotiating process between the insured and carrier is the basis on which a retrospective rating plan provides flexibility in order to meet the needs and characteristics of an insured. As a result of this negotiation, factors for a retrospective rating plan are determined for each insured by agreement between the insured and carrier. A completed Notice of Election of Retrospective Rating Plan form signed by the insured outlines the parameters for a retrospective rating plan. <i>Refer to the User's Guide for a sample form.</i></p> <p>When a retrospective rating plan includes workers compensation and employers liability insurance and other commercial casualty lines of insurance, the total retrospective rating premium, including the minimum and maximum retrospective rating premium, is determined on the basis of all insurance policies in a retrospective rating plan.</p>	<p>Use d simplified language to better explain the determination of factors used to establish retrospective rating plan premium. Added a reference to the new User's Guide, which will include a sample form that outlines the parameters of the retrospective rating plan.</p>
<p><u>B. How Carrier Accepts Election of the Insured</u> 1. The carrier agrees to the election of the insured to be subject to the Plan by accepting the insured's written notification.</p>		<p>The sample form, which provides the information required for the insured for the election of a retrospective rating plan, is included in the new User's Guide.</p>
<p><u>C. Information in Election of the Insured</u> The following information is required in the election signed by the insured:</p> <ol style="list-style-type: none"> 1. Name of insured. 2. Effective date of plan. 3. Minimum retrospective premium factor. 4. Maximum retrospective premium factor. 5. Loss conversion factor. 6. Loss limitation option and loss elimination ratio (LER), if applicable. 7. Retrospective Development Premium option, if 		

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<p>applicable. 8. One or Three Year application of the Plan. 9. Long-Term Construction Project—Details, if applicable. 10. Wrap-Up Construction Project—Details, if applicable. 11. Any special conditions affecting the selected Plan, such as the inclusion of other commercial casualty insurance. 12. Signature by the insured, for example, proprietor, partner or duly authorized officer of corporation.</p> <p>The following and any other additional information may also be included:] 1. Address of insured. 2. A statement that the insured understands the terms and obligations of this Plan, including the method of premium computation, payments and penalties for cancelations.</p>		
<p>II. REPORTS OF PREMIUMS AND LOSSES UNDER THE PLAN</p>	<p>RULE 4---ADMINISTRATION OF THE PLAN B. REPORTS OF PREMIUMS AND LOSSES UNDER THE PLAN</p>	
<p>1. The standard premiums used as the basis of the Retrospective Premium are reported in accordance with the Statistical Plan Manual. 2. <u>Incurred Losses</u>. The incurred losses used for determining the Retrospective Premium are reported in accordance with the Workers Compensation Statistical Plan Manual rules, but allowing interim evaluations. Note: For complete details on instructions which shall be followed for Nos. 1 and 2 above, refer to the Workers Compensation Statistical Plan Manual. 3. <u>Verification of Data</u> All data reported under the</p>	<p>The standard premiums and losses incurred under a retrospective rating plan policy(s) must be reported in accordance with the Statistical Plan.</p> <p>Any additional or return premium under the retrospective rating program must be reported to NCCI through Financial Calls Online (FCOL).</p>	<p>Used simplified language to clearly state that premium and loss data must be reported in accordance with the Statistical Plan. In addition, the definition of incurred losses is provided in Rule 1-B-1-c of the new manual.</p>

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<i>Statistical Plan Manual</i> shall be accepted as verified data for computation of the Retrospective Premium.		
III. FILING REQUIREMENTS		
<p>1. <u>Factors for Retrospective Rating</u></p> <p>a. Two copies of form RR-1D (Rev. 91), "Application for Approval of Proposed Retrospective Rating Values," shall be filed for approval with the rating organization in those instances where a specific request has been submitted seeking from the rating organization verification of individual risk rating plan factors. Refer to the Appendix for a copy of this form.</p> <p>b. A revised calculation of the Basic Premium Factor is required if any change results in an increase or decrease beyond the lowest or highest original estimated standard premium sizes selected. However, if the insured and carrier agree, the Basic Premium Factor for 100% of the standard premium as quoted at policy issuance may be used for all future retrospective premium adjustments.</p>		<p>RR-1D and the request for rating organization review are longer applicable.</p>

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<p><u>IV. COMPUTATION OF RETROSPECTIVE PREMIUM</u> <u>GENERAL EXPLANATION</u></p> <p>Under this Plan, retrospective premiums always are computed initially by the carrier, using premium and loss data which have been reported under the Statistical Plan Manual. On a specific request basis, the retrospective premium calculated by the carrier may then be reported to the rating organization for verification. This is achieved by the rating organization's use of the duplicate copies of the Statistical Plan reports which must be submitted with the retrospective premium calculation. Refer to the Statistical Plan Manual, Section I-12(a) for detailed instructions regarding these duplicate reports.</p> <p>1. First Computation of Retrospective Premium</p> <p>Under the Statistical Plan Manual, the reports of losses and premiums are submitted to the rating organization. For complete details, refer to Section I-12(a) of that Manual. As soon as practicable after data have been prepared in accordance with the Statistical Plan, the first retrospective premium computation shall be made by the insurance carrier.</p> <p>On a specific request basis, this computation may be sent to the rating organization for verification before transmittal to the insured. The carrier shall notify the insured and return premium if the retrospective premium is less than premium</p>	<p>RULE 3---OPERATION OF PLAN E. CALCULATION OF RETROSPECTIVE RATING PREMIUM</p> <p>Under these rules, retrospective rating premiums are always calculated by the carrier, using premium and loss data that has been reported according to the Statistical Plan. The number of subsequent calculations is determined as part of the agreement between the insured and carrier.</p> <p>1. First Calculation of Retrospective Rating Plan</p> <p>Under these rules, retrospective rating premium are always calculated by the carrier, as soon as practicable. The calculation will include the premium and loss data valued in the sixth month after the expiration date of the rating plan period and annually thereafter, in accordance with the Statistical Plan. The carrier will notify the insured and return premium if the retrospective rating premium is less than premium previously paid, or the insured will pay any premium greater than premium previously paid, subject to the maximum and minimum retrospective premiums.</p> <p>Note: In certain situations, the carrier may make an early calculation of retrospective premium. Such cases may include when the insured has filed or is in bankruptcy, liquidation, reorganization, receivership, assignment for benefit of creditors, or other similar situations.</p> <p>2. Subsequent Calculations of Retrospective Rating Plan</p> <p>If subsequent calculations are to be completed as part of a retrospective rating plan agreement, then the calculations will be made by the carrier 12 months after the initial calculation and then in 12-month intervals thereafter. The procedures for the subsequent calculations are the same as described in <i>Rule 3-E-1</i>.</p> <p>3. Final Calculation of Retrospective Rating Plan</p> <p>Subsequent calculations of retrospective rating premium will be issued by the carrier in accordance with <i>Rule 3-E-2</i> until both the insured and carrier agree that the latest calculation will be the final retrospective rating premium under a Plan. After the final retrospective premium calculation, a revision of that premium adjustment is permitted in accordance with the Statistical Plan.</p> <p><i>Refer to User's Guide for examples.</i></p>	<p>Used simplified language to explain the first and subsequent calculations of retrospective rating premium.</p> <p>It is not necessary for the carrier to submit a request to the rating organization for verification of the first retrospective premium computation.</p>

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<p>previously paid. The insured shall pay any premium greater than premium previously paid.</p> <p>If the insured and carrier agree, the first computation of retrospective premium shall be the final adjustment of premium under this Plan. In the absence of such an agreement, additional retrospective premium computations shall be made by the carrier in accordance with Rule 2 below.</p> <p>For plans applied on a three year basis, or Long-Term or Wrap-Up Construction Projects, interim tentative adjustments of premium may be made.</p> <p>Note: In certain cases, the carrier may make an early computation of retrospective premium. Such cases include bankruptcy, liquidation, reorganization, receivership, assignment for benefit of creditors, or other similar situations.</p> <p>2. Retrospective Premium Adjustment After First Computation</p> <p>a. If the first or any other retrospective premium computation is not final, a subsequent computation and adjustment of premium subject to this Plan shall be made by the carrier 12 months after the previous computation. The procedure for such later computations shall be the same as in Rule 1 above except that such premium calculations shall be</p>			

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<p>based upon the latest Unit Statistical Reports required by Section V, Rule 1 of that Manual. If the insured and carrier agree, the latest computation shall be the final retrospective premium. Unless such an agreement has been made, the carrier shall continue to make such additional retrospective premium computations at intervals of 12 months.</p> <p>b. If a subsequent computation of retrospective premium results in no change from the previous computation, the insurance carrier shall notify the insured that there is no change in the premium payment and that subsequent computations of retrospective premium will be made in accordance with Rule 3.a. below.</p> <p>3. Final Computation of Retrospective Premium</p> <p>a. Subsequent computations of retrospective premium shall be issued by the carrier in accordance with Rule 2 above until both the carrier and insured agree that the latest computation shall be the final retrospective premium under this Plan.</p> <p>b. When the carrier and insured have agreed to the final retrospective premium calculation, a revision of that premium adjustment is not permitted except for clerical error.</p>			

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<p>SPECIAL RULES SUPPLEMENT</p> <p>The following special rules pages 16 through 19 only apply to those states that have not approved the national filing, Retrospective Rating Severity Adjustments (Amended Filing)—Item R-1259(A) effective December 1, 1991.</p> <p>Rather than issue temporary individual state special rules pages for the states that have not yet approved this item, only this page will be updated whenever a state adopts Item R-1259(A). Once a state listed below approves Item R-1259(A), it will be removed from the list. If a state disapproves Item R-1259(A), the attached rules will then be printed as state special rules.</p> <p>The following states have not, to date, approved Item R-1259(A)—Retrospective Rating Severity Adjustments (Amended Filing):</p> <p>Hawaii</p> <p>As of April 1995, the Special Rules Supplement no longer applies in Massachusetts—Refer to Massachusetts State Special Rules pages.</p> <p><u>PART ONE DESCRIPTION OF THE PLAN</u> <u>A. General Explanations</u></p> <p>Amend as follows:</p> <p>9. Stock and Non-Stock Company</p>		<p>The Plan described in the “Special Rules Supplement” of the current manual is obsolete.</p>

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<p>Expense Ratio Tables</p> <p>The Plan includes tables of expense ratios for use by stock and non-stock companies, to be used by each company in accordance with the expense table adopted by the company. They are in Part Four. Such tables are required only for Rating Option V described in Part Two-II— “Retrospective Rating Options.” For Rating Options I through IV, these expense ratios are included in the values in the Tables of Rating Values in Part Four. The purpose of the Stock and Non-Stock expense tables is to indicate the amount of premium for company expenses, profit or contingencies, but not taxes. The total amount for such expense is determined by multiplying the standard premium of the risk by the factor for that size premium in the Table of Expense Ratios.</p>			

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<p><u>ELIGIBILITY FOR THE PLAN</u></p> <p>Amend as follows:</p> <p>A risk is eligible for this Plan if it satisfies the following Standard Premium requirements:</p> <p>A. One Year Plan</p> <p>A risk is eligible for a one year plan if the estimated Standard Premium is at least \$25,000.</p> <p>B. Three Year Plan</p> <ol style="list-style-type: none"> 1. For Rating Options I, II, III, and IV, a risk is eligible for a three year plan if the estimated Standard Premium for three years is at least \$50,000. 2. For Rating Option V, a risk is eligible for a three year plan if the estimated Standard Premium for three years is at least \$75,000. <p>Note: In A and B above, estimated Standard Premium for Rating Option V may include other casualty insurance. Refer to the Retrospective Rating</p>		<p>Plan is obsolete.</p>

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<p>Plan issued by the Insurance Services Office.</p> <p>C. A Long-Term Construction Project is eligible for Rating Option V if the estimated Standard Premium is an average of \$75,000 or more per year. It is not eligible for any other Rating Option. For such a project, the retrospective rating premium shall be based on the entire period required for completion of the project.</p> <p>D. Two or more policies on a Wrap-Up Construction Project may be combined for the purpose of retrospective rating if the estimated total Standard Premium for the project to be done by such combined entities is \$500,000 or more. Such a combination is eligible for Rating Option V. A Wrap-Up Construction Project may be treated as a Long-Term Construction Project.</p>			

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<p><u>I. HOW PREMIUM IS DETERMINED UNDER THE PLAN</u></p> <p>Amend as follows:</p> <p>For all Retrospective Rating Options, the retrospective premium is computed on the basis of the formulas in I-A and D of this Section of the Plan.</p>		<p>Plan is obsolete.</p>
<p><u>A. The Retrospective Premium Formula</u></p> <p>Amend as follows:</p> <p>Note: For Rating Options I–IV, the Non-Stock Adjustment Factor in the Premium Computation Tables in Part Four shall be applied to the Retrospective Premium including the Minimum and Maximum Premiums if the company has adopted the non-stock system of expenses. Refer to Part Four of the Plan.</p>		<p>Plan is obsolete.</p>
<p><u>B. Definitions of Terms Used for the Formula</u></p> <p>Amend as follows:</p> <p>2. Basic Premium</p> <p>The Basic Premium is a percentage of the Standard Premium. It is determined by multiplying the Standard Premium by a Basic Premium Factor. For</p>		<p>Plan is obsolete.</p>

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COMPARISON OF RETROSPECTIVE RATING PLAN MANUAL AND R-1399- 2009 EDITION-RETROSPECTIVE RATING PLAN MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE*

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<p>Retrospective Rating Options, I, II, III and IV, Basic Premium Factors are in tables. For Retrospective Rating Option V, such factors are based on the Table of Expense Ratios and the Table of Insurance Charges. Refer to Part Four—Premium Computation Tables.</p> <p>6. Minimum Retrospective Premium</p> <p>The Minimum Retrospective Premium is a percentage of the Standard Premium. It is the least amount of premium to be paid by the risk subject to this Plan.</p> <p>For Retrospective Rating Options I, II, III and IV, Minimum Retrospective Premium Factors are in tables. Refer to Part Four—Premium Computation Tables. For Retrospective Rating Option V, the Minimum Retrospective Premium Factor is established by agreement between the risk and the insurance carrier. Refer to II-B-2.</p> <p>7. Maximum Retrospective Premium</p> <p>The Maximum Retrospective Premium is a percentage of the Standard Premium. It is the greatest amount of premium to be paid by the risk subject to this Plan. It has the effect of placing a limit on the impact of incurred losses on the retrospective premium. For Retrospective Rating Options I, II, III and IV, Maximum</p>			

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Current Manual Language	Proposed Manual Language		Comments
<p>Retrospective Premium Factors are in tables. Refer to Part Four—Premium Computation Tables.</p> <p>For Rating Option V, the Maximum Retrospective Premium Factor is established by agreement between the risk and the insurance carrier. Refer to II-B-2.</p>			

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Current Manual Language	Proposed Manual Language	Comments
<p><u>C. Additional Elective Elements for the Retrospective Premium Formula</u></p> <p>Amend as follows:</p> <p>EXPLANATION OF ELECTIVE PREMIUM ELEMENTS</p> <p>a. Excess Loss Premium</p> <p>Excess Loss Premium is computed as shown below:</p> <p style="padding-left: 40px;">Standard Premium x Excess Loss Premium Factor (Excess Loss Factor minus Excess Loss Adjustment Amount) x Loss Conversion Factor.</p> <p>The Excess Loss Premium Factor shall not be less than 10% of the Excess Factor.</p> <p>Note: For risks involving classifications where the rates include, or are increased to provide for coverage under the U.S. Longshore and Harbor Workers' Compensation Act, the Excess Loss Premium is computed as shown below:</p> <p style="padding-left: 40px;">Standard Premium x USL&HW Excess Loss Premium Factor (Excess Loss Factor minus</p>		<p>Plan is obsolete.</p>

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<p>Excess Loss Adjustment Amount) x Loss Conversion Factor.</p> <p>The Excess Loss Premium Factor shall not be less than 10% of the Excess Loss Factor.</p> <p>The Excess Loss Factors are shown on the state retrospective rating pages. The USL&HW Excess Loss Factors and the Tables of Excess Loss Adjustment Amounts are in Part Four of this Manual. Use the Table of Classifications by Hazard Group in Part Four of this Manual to determine proper excess loss factor.</p>			

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<p><u>II. RETROSPECTIVE RATING OPTIONS TO BE ELECTED BY THE RISK</u></p> <p>Amend as follows:</p> <p>A. Explanation</p> <p>This Plan includes five Retrospective Rating Options which control the premium which results from the Retrospective Premium Formula. When the insured and the insurance carrier agree that this Plan shall apply to a risk, one of the Retrospective Rating Options shall be designated in the agreement as the basis on which the retrospective premium will be determined. The selection of a Retrospective Rating Option depends upon how the insured and the carrier evaluate the suitability of a specific option.</p>		<p>Plan is obsolete.</p>
<p><u>B. Types of Retrospective Rating Options</u></p> <p>Amend as follows:</p> <p>There are two types of Retrospective Rating Options:</p> <ol style="list-style-type: none"> 1. The first type of Retrospective Rating Option is based upon factors in standard tables which are included in this Plan. Refer to Part Four—Premium Computation Tables. Such Retrospective Rating Options may be applied to the risk 		<p>Plan is obsolete.</p>

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<p>in a single state or, if the risk operates in more than one state, the designated option may apply on an interstate basis. Rating Options I, II, III and IV are of this type No longer needed.and are described below:</p> <p>Retrospective Rating Option I: The Minimum Retrospective Premium will be less than the Standard Premium but the Maximum Retrospective Premium for the risk will be equal to the Standard Premium.</p> <p>Retrospective Rating Option II: The Minimum Retrospective Premium will be less than the Standard Premium and the Maximum Retrospective Premium will be more than the Standard Premium. By using this option, the insured ventures paying more than Standard Premium for the opportunity to obtain greater savings for controlled losses.</p> <p>Retrospective Rating Option III: The Minimum Retrospective Premium is not specified in the table for this option. It depends only on the result of the retrospective premium formulas in I-A and D of this Section of the Plan. The Maximum Premium will be more than the Standard Premium and will be the same as for Retrospective Rating Option II. Although the basic premium is higher</p>			

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<p>than in Option II, there is a reward in Option III for unusually good loss results.</p> <p>Retrospective Rating Option IV: The Minimum Retrospective Premium will be less than the Standard Premium and the Maximum Retrospective Premium will be No longer needed.more than the Standard Premium. The difference between this option and Options II and III is that Option IV provides a narrower range of minimum and maximum retrospective premiums. Favorable losses result in savings and there is protection against poor experience producing higher maximum premiums provided by the other options.</p> <p>2. The second type of Retrospective Rating Option is not based upon standard tables to determine the premium factors. Factors for this option are determined for each risk by agreement between the insured and the insurance carrier, subject to the procedures described below:</p> <p>Retrospective Rating Option V: The Basic Premium is determined by using the Table of Expense Ratios to determine the insurance carrier expenses and the Table of Insurance Charges for the remainder of the Basic Premium. The Loss Conversion Factor and Minimum and Maximum Retrospective Premium are subject to agreement between the</p>			

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<p>insured and the insurance carrier. The Tax Multiplier, Excess Loss Premium and Retrospective Development Premium are determined on the basis of the state or states included in this option</p> <p>(a) Retrospective Rating Option V may be applied to any of the following types of insurance alone or to any combination of such insurance:</p> <p style="padding-left: 40px;">Workers Compensation and Employers Liability Third Party Liability Insurance for Commercial Lines Commercial Automobile Physical Damage Other Types of Insurance specified in the Retrospective Rating Plan issued by the Insurance Services Office.</p> <p>For illustrations and examples of combinations, refer to the Retrospective Rating Plan issued by the Insurance Services Office.</p> <p>Note: When Rating Option V includes Workers</p>			

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<p>Compensation and other commercial casualty insurance, the total retrospective premium, including the minimum and maximum retrospective premium, is determined on the basis of all insurance in the plan.</p> <p>(b) For an interstate risk, an average of the specified state tax multipliers weighted by the state standard premiums shall be used. For computing the Basic Premium Factor for Retrospective Rating Option V, the standard average tax multiplier of 1.082 may be applied.</p> <p>(c) The Loss Conversion Factor for Retrospective Rating Option V shall not be large enough to cause negative expenses in the Basic Premium.</p> <p>Refer to Appendix for explanations and examples on the use of Retrospective Rating Option V.</p>			

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<p><u>C. Three Year Plan—Optional</u></p> <p>Amend as follows:</p> <ol style="list-style-type: none"> Retrospective Rating Options I, II, III and IV may also be applied to a risk for a period of three years. Refer to Part One-III-B for eligibility requirements. The factors for determining the retrospective premium for this option are in Part Four—Premium Computation Tables—which includes tables designed for three year plans. Retrospective Rating Option V may also be applied to a risk for a period of three years. Follow the procedure and examples cited in B. 2. above, but determine the insurance carrier expenses on the basis of the annual Standard Premium and the remainder of the Basic Premium by use of the Standard Premium for the three year period of the Plan. 		<p>Plan is obsolete.</p>
<p><u>D. Long-Term or Wrap-Up Construction Projects</u></p> <p>Amend as follows:</p> <ol style="list-style-type: none"> Retrospective Rating Option V may be applied to such projects in the following manner: 		<p>Plan is obsolete.</p>

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<p>a. The project may be insured under a series of one year policies. Use Rule II-B above.</p> <p>b. The project may be insured under a series of three year policies. Use Rule II-C above.</p> <p>c. The Plan shall apply to such projects so that the Retrospective Premium is computed on the basis of the Standard Premium for the entire duration of the project.</p> <p>Note: For determining retrospective premium for plans applied on a three year basis, or Long-Term or Wrap-Up Construction Projects, any revision in Tax Multipliers and Excess Loss Factors shall be applied to policies as of the first normal anniversary date of the risk, which is on or after the date of such revision, unless the revision is authorized for application to outstanding policies.</p>			

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<p><u>III. CANCELATION OF POLICY</u></p> <p>B. Retrospective Premium Determination Upon Cancellation</p> <p>Amend as follows:</p> <p>5. Cancellation of Three Year Plan</p> <p>If a policy for a Three Year Retrospective Rating Option is canceled, the Retrospective Premium shall be computed as follows:</p> <ul style="list-style-type: none"> a. Determine premium for the canceled policy in accordance with Manual Rules X-B or X-D depending on the reason for the cancellation. If the Plan was applied to a three year policy, each 12 month unit within such a policy is treated as a separate policy. Refer to Basic Manual Rule III-C-3. b. A short rate factor does not apply to any premium for completed 12 month policy units. Apply the short rate factor under Basic Manual Rule X-D only to the premium for the 12 month unit canceled by the insured when not retiring from 		<p>Plan is obsolete.</p>

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<p>the business.</p> <p>c. If the reason for the cancelation of the Three Year Plan is No. 1 or 2 in Rule B of this Section, the Total Standard Premium is the sum of the pro rata premium under Rule B and the Standard Premium for each completed 12 month unit. Use this Total Standard Premium to establish the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium.</p> <p>d. If the cancelation by the carrier is caused by non-payment of premium by the insured, the Maximum Retrospective Premium shall be based on a Total Standard Premium which shall be the sum of the premium, extended pro rata to an annual basis, for the canceled 12 month unit of the policy (under Manual Rule X-B) and the standard premium for each completed 12 month unit, such sum then extended pro rata to a three year basis.</p> <p>e. If the reason for the cancelation of the Three Year Plan is No. 4 in Rule B of this Section, the Total Standard Premium shall</p>			

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<p>be the sum of the short rate premium for the incompletd 12 month unit (under Manual Rule X-D) and the standard premium for each completed 12 month unit. This Total Standard Premium is the Minimum Retrospective Premium and also shall be used to determine the Basic Premium, and if applicable, Excess Loss Premium and Retrospective Development Premium. The Maximum Retrospective Premium shall be based on a Total Standard Premium which is the sum of the premium, extended pro rata to an annual basis, for the canceled 12 month unit of the policy (under Manual Rule X-B) and the Standard Premium for each completed 12 month unit, such sum then extended pro rata to a three year basis.</p>			

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<p><u>PART THREE ADMINISTRATION OF THE PLAN</u> <u>I. ELECTION OF INSURED TO BE SUBJECT TO RETROSPECTIVE RATING</u></p> <p>Amend as follows:</p> <p>C. Information in Election of the Insured</p> <ol style="list-style-type: none"> 3. Rating Option selected, and if applicable, loss limitation and retrospective development factor. 4. For Rating Option V: <ol style="list-style-type: none"> a. Minimum retrospective premium factor. b. Maximum retrospective premium factor. c. Loss conversion factor 5. One or Three Year Application of the Plan. 6. Long-Term Construction Project—Details, if applicable. 7. Wrap-Up Construction Project—Details, if applicable. 8. Any special conditions affecting the selected Plan, such as the inclusion of other commercial casualty insurance. 9. Signature by the insured, for example, proprietor, partner or duly authorized officer of corporation. 		<p>Plan is obsolete.</p>
<p><u>III. FILING REQUIREMENTS</u></p>		<p>Plan is obsolete.</p>

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<p>Amend as follows:</p> <p>2. Factors for Retrospective Rating Option V</p> <p>a. For Rating Option V, two copies of form RR-1D (Rev. 83), "Application for Approval of Proposed Retrospective Rating Values," shall be filed for approval with the rating organization in those instances where a specific request has been submitted seeking from the rating organization verification of individual risk rating plan factors. Refer to the Appendix for a copy of this form.</p> <p>b. Rating Option V requires a revised calculation of the Basic Premium Factor if any change results in an increase or decrease beyond the lowest or highest original estimated standard premium sizes selected.</p>			

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<p><u>APPENDIX FILING REQUIREMENTS</u></p> <p>Amend as follows:</p> <p>I. APPLICATION FOR APPROVAL OF PROPOSED RETROSPECTIVE RATING VALUES (RATING OPTION V)</p> <p><i>A—Intrastate Plans</i></p> <p>On a specific request basis, an Application for Approval of retrospective rating values for Rating Option V may be submitted to the Underwriting Services Department for all states with the following exception:</p> <p>Exception:</p> <p>Do not send application to the Underwriting Services Department if the plan applies in the following states:</p> <p style="padding-left: 40px;">Delaware Pennsylvania New York Hawaii</p> <p><i>B—Interstate Plans</i></p> <p>On a specific request basis, an Application for Approval of retrospective rating values for Rating Option V may be submitted to the Underwriting</p>		<p>Plan is obsolete.</p>

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<p>Services Department for all states with the following exceptions:</p> <p><u>Exception 1</u></p> <p>Send a duplicate copy of the application form to the appropriate rating organization if the plan includes any of the following states:</p> <p style="padding-left: 40px;">Delaware Pennsylvania New York Hawaii</p> <p><u>Exception 2</u></p> <p>Do not send application to the Underwriting Services Department if the ONLY states included in the plan are two or more of the above listed states</p>			

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Retrospective Rating Plan Manual User's Guide

FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

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CHANGE TRACKING GUIDE

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RESERVED FOR FUTURE USE

Retrospective Rating Plan Manual User's Guide

The *User's Guide* is a companion to the *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance*. It contains examples and explanations of the manual rules.

A. GENERAL EXPLANATION

A retrospective rating plan adjusts the premium for the insured's policy on the basis of losses incurred during the period covered by that policy term. The intent is to charge premium that reflects the actual experience of the insured based on the insured's individual loss history during the policy term. A retrospective rating plan uses the losses incurred during the term of the policy to establish the cost of insurance. The application of the Retrospective Rating Plan (Plan) is optional and may be used only upon election by the insured and acceptance by the insurance carrier.

Refer to the Definitions in Rule 1 of the Retrospective Rating Plan Manual for an explanation of the terms used in the formula.

Refer to Rule 3 of the Retrospective Rating Plan Manual for an explanation of the operation of the plan.

B. EXPLANATION OF DIFFERENCES BETWEEN TYPES OF EXCESS LOSS FACTORS

1. Types of Excess Loss Factors

Excess factors are used in retrospective rating when an insured elects to limit the amount of incurred losses to be included in the retrospective rating premium. The charge for this loss limitation is called excess loss premium. The excess factors are located in the State Special Rating Values pages of the *Retrospective Rating Plan Manual*.

- **Excess Loss Factors (ELF)** are provided for states where NCCI files and publishes full rates. ELFs do not take into account the inclusion of Allocated Loss Adjustment Expense (ALAE) as part of incurred losses. Excess Loss Factors represent the expected losses above a given limit (excess losses) relative to full standard premium (including expenses).

$$\text{ELF} = \frac{\text{Excess Losses}}{\text{Standard Premium}}$$

- **Excess Loss and Allocated Loss Adjustment Expense Factors (ELAEF)** apply when the definition of loss is redefined to include Allocated Loss Adjustment Expense. These factors are provided for states where NCCI files and publishes full rates.

Excess Loss and Allocated Loss Adjustment Expense Factors represent the expected amount of losses and allocated loss adjustment expenses above a given limit (excess losses including ALAE) relative to full standard premium (including expenses). These optional values are provided for some full rate states, but not all.

$$\text{ELAEF} = \frac{\text{Excess Losses and Allocated Loss Adjustment Expenses}}{\text{Standard Premium}}$$

- **Excess Loss Pure Premium Factors (ELPPF)** are provided for states where NCCI publishes loss costs rather than full rates. ELPPFs do not take into account the inclusion of ALAE as part of incurred losses. Carriers are required to convert Excess Loss Pure Premium Factors to Excess Loss Factors. Refer to Rule 1-B-2-e of the *Retrospective Rating Plan Manual* for the formula used to convert ELPPFs to ELFs.

Excess Loss Pure Premium Factors represent the expected amount of losses above a given limit relative (excess losses) to the loss cost portion of the premium.

$$\text{ELPPF} = \frac{\text{Excess Losses}}{\text{Loss Cost Premium}}$$

- **Excess Loss and Allocated Loss Adjustment Expense Pure Premium Factors (ELAEPF)** are provided when the definition of loss is redefined to include Allocated Loss Adjustment Expense. These factors are provided where NCCI publishes loss costs rather than full rates.

Excess Loss and Allocated Loss Adjustment Expense Pure Premium Factors represent the expected amount of losses and allocated loss adjustment expense above a given limit (excess losses including ALAE) relative to the loss cost portion of the premium. These optional values are provided for some loss cost states, but not for all.

$$ELAEPPF = \frac{\text{Excess Losses and Allocated Loss Adjustment Expenses}}{\text{Loss Cost Premium}}$$

2. Excess Loss Premium Calculation Examples

Following are two calculation examples that illustrate the use of excess factors in calculating Excess Loss Premium, one for a rate state and one for a loss cost state. In both examples, incurred losses excludes ALAE.

Example 1: Rate State

Standard Premium	\$200,000
Excess Loss Factor for \$100,000 Incurred Losses	0.240
Loss Conversion Factor	1.120
Calculation of Excess Loss Premium	
Standard Premium x Excess Loss Factor x Loss Conversion Factor	
\$200,000 x .240 x 1.120	
Excess Loss Premium =	\$53,760

Example 2: Loss Cost State

In loss cost states, NCCI files Excess Loss Pure Premium Factors. The Excess Loss Pure Premium Factors must be converted to Excess Loss Factors using the carrier's expense provisions applicable in each state.

Term Definition

Excess Loss Pure Premium Factor	ELPPF	.360
Expected Loss Ratio	ELR	.648
Loss Adjustment Expense	LAE	.188
Loss Assessment (if any)	LA	.0062
Excess Loss Factor	ELF	.278

Conversion of ELPPF to ELF based on the formula below:

(ELPPF x ELR*) X (1+ LAE** + LA**)
(.360 x .648) x (1 + .188 + .0062)
(.233) x 1.1942)
ELF = .278

* ELR: Carrier may use their filed ELR or the ELR from NCCI's Expense Ratio Table (Appendix D) located in NCCI's *Retrospective Rating Plan Manual*.

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** The Loss Adjustment Expense% and the Loss Assessment% are obtained from the technical supplement of NCCI’s loss cost filing that is effective one year prior to the effective date of the ELPPFs.

The ELPPF factors are available in NCCI’s most recent approved retrospective rating plan parameters item filing. The LAE % and Loss Assessment % (if any) are from the loss cost filing effective **one year prior to** the effective date of NCCI’s ELPPFs. For example, you would use the 1/09 retrospective rating plan parameters filing for the ELPPFs in conjunction with an LAE % from the 1/08 loss cost filing. (This is necessary because it is the prior approved LAE % that is used in the calculation of the latest ELPPF.)

C. RETROSPECTIVE RATING PLAN PREMIUM FORMULA

1. Retrospective Rating Plan Premium Formula without Elective Premium Elements

The formula used to calculate the retrospective rating premium, excluding the elective premium elements, is as follows:

$$\text{Retrospective Rating Plan Premium} = (\text{Basic Premium} + \text{Converted Losses}^*) \times \text{Tax Multiplier}$$

2. Retrospective Rating Plan Premium Formula with Elective Premium Elements

$$\text{Retrospective Rated Plan Premium} = [\text{Basic Premium} + \text{Excess Loss Premium}^{**} + \text{Retrospective Rating Development Premium}^{**} + \text{Converted Losses}^*] \times \text{Tax Multiplier}$$

These formulas produce a retrospective rating plan premium, which is subject to the Minimum Retrospective Premium and the Maximum Retrospective Premium.

D. RETROSPECTIVE RATING PREMIUM CALCULATION EXAMPLES

For these examples, assume the Retrospective Rating Plan Agreement provides:

Retrospective Rating Factors

a. Estimated Standard Premium	\$500,000
b. Maximum Retrospective Premium Factor	130%
c. Minimum Retrospective Premium Factor	60%
d. Loss Conversion Factor	1.120
e. Tax Multiplier	1.070
f. State Hazard Group Relativity	0.750
g. Excess Loss Factor (\$50,000 Loss Limit)	.36
h. Expenses from Expense Ratio Table	.201

Retrospective Premium Development Factors	Without Loss Limit	With Loss Limit
1st Adjustment	0.21	0.08
2nd Adjustment	0.18	0.06
3rd Adjustment	0.13	0.02

Example 1:

Calculation of Retrospective Premium: First, Second, and Third Adjustments

This example contains:

- No loss limits
- Retrospective Development Factors

* Losses may include allocated loss adjustment expenses if selected by the insured.

** Elective Premium Element

	Factors	First Adjustment	Second Adjustment	Third Adjustment
1. Standard Premium		500,000	500,000	500,000
2. Basic Premium Factor	0.145			
3. Basic Premium (2 x 1)		72,500	72,500	72,500
4. Excess Loss Premium Factor				
5. Excess Loss Premium (4x1x7)		0	0	0
6. Ratable Losses		150,000	200,000	275,000
7. Loss Conversion Factor	1.120			
8. Converted Losses (6x7)		168,000	224,000	308,000
9. Retrospective Development Factor		0.210	0.180	0.130
10. Retrospective Development Premium (9x1x7)		117,600	100,800	72,800
11. Subtotal (3+5+8+10)		358,100	397,300	453,300
12. Tax Multiplier	1.070			
13. Indicated Retrospective Premium (11x12)		383,167	425,111	485,031
14. Maximum Premium (14x1)	1.300	650,000	650,000	650,000
15. Minimum Premium (15x1)	0.600	300,000	300,000	300,000
16. Retrospective Premium		383,167	425,111	485,031

Example 2:

Calculation of Retrospective Premium: First, Second, and Third Adjustments

- No loss limits
- No Retrospective Development Factors

	Factors	First Adjustment	Second Adjustment	Third Adjustment
1. Standard Premium		500,000	500,000	500,000
2. Basic Premium Factor	0.145			
3. Basic Premium (2 x 1)		72,500	72,500	72,500
4. Excess Loss Premium Factor				
5. Excess Loss Premium (4x1x7)		0	0	0
6. Ratable Losses		150,000	200,000	275,000
7. Loss Conversion Factor	1.120			
8. Converted Losses (6x7)		168,000	224,000	308,000
9. Retrospective Development Factor				

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10.	Retrospective Development Premium (9x1x7)		0	0	0
11.	Subtotal (3+8+10)		240,500	296,500	380,500
12.	Tax Multiplier	1.070			
13.	Indicated Retrospective Premium (11x12)		257,335	317,255	407,135
14.	Maximum Premium (14x1)	1.300	650,000	650,000	650,000
15.	Minimum Premium (15x)	0.600	300,000	300,000	300,000
16.	Retrospective Premium		300,000*	317,255	407,135

* Minimum of \$300,000 would apply.

Example 3:

Calculation of Retrospective Premium: First, Second, and Third Adjustments

- Loss limits
- Retrospective Development Factors

		Factors	First Adjustment	Second Adjustment	Third Adjustment
1.	Standard Premium		500,000	500,000	500,000
2.	Basic Premium Factor	0.145			
3.	Basic Premium (2 x 1)		72,500	72,500	72,500
4.	Excess Loss Premium Factor	0.360			
5.	Excess Loss Premium (4x1x7)		201,600	201,600	201,600
6.	Ratable Losses		150,000	200,000	275,000
7.	Loss Conversion Factor	1.120			
8.	Converted Losses (6x7)		168,000	224,000	308,000
9.	Retrospective Development Factor		0.080	0.060	0.020
10.	Retrospective Development Premium (9x1x7)		44,800	33,600	11,200
11.	Subtotal (3+5+8+10)		486,900	531,700	593,300
12.	Tax Multiplier	1.070			
13.	Indicated Retrospective Premium (11x12)		305,271	353,207	419,119
14.	Maximum Premium (14x1)	1.300	650,000	650,000	650,000
15.	Minimum Premium (15x1)	0.600	300,000	300,000	300,000
16.	Retrospective Premium		305,271	353,207	419,119

Example 4:

Calculation of the Basic Premium Factor

The key to establishing the Basic Premium Factor for the Retrospective Rating Plan is the Table of Insurance Charges filed with state insurance departments. By expected loss groups, it indicates the factors to establish the premium charge that is vital to the determination of the Basic Premium Factor.

1.	Estimated Standard Premium	\$500,000
2.	Expected Losses (1) x (3)	\$306,500
3.	Expected Loss Ratio	.613
4.	Expected Limited Loss Ratio (3) - (e)	.253
5.	Expense (Excluding Taxes) (1) x (g)	\$100,500
6.	Expected Loss plus Expense Ratio [(2) + (5)] ÷ (1)	.814
7.	Loss and Expense in Converted Losses (3) x (c)	.687
8.	Determining Pure Expense for Basic Premium, Excluding Loss and Claim (6) - (7)	.127
9.	Minimum Retrospective Premium Excluding Taxes [(a) ÷ (d)]	.561
10.	Maximum Retrospective Premium Excluding Taxes [(b) ÷ (d)] 1	.215
11.	Table of Insurance Charges Value Difference [(6) - (9)] ÷ [(c) x (4)]	.894
12.	Table of Insurance Charges Entry Difference [(10) - (9)] ÷ [(c) x (4)]	2.31
13.	Ratio of Losses for Minimum Retro Premium to Expected Limited Losses	.04
14.	Ratio of Losses for Maximum Retro Premium to Expected Limited Losses	2.35
15.	Table of Insurance Charges—Premium Charge for (14)	.065
16.	Table of Insurance Charges—Premium Saving for (13)	.000
17.	Net Insurance Charge [(15) - (16)] x (4)	.016
18.	Basic Premium Factor ((17) x (c))+ (8)	.145

The use of the Table of Insurance Charges is accounted for in the following explanations and illustrations of how to determine the factors and other elements needed for the operation of the Plan.

Note: The procedures described here are designed exclusively for workers compensation and employers liability insurance. Rules for the application of a retrospective rating plan to a combination of workers compensation and employers liability insurance and other lines of casualty insurance are in the Retrospective Rating Plan Manual issued by the Insurance Services Office (ISO).

Note: The above calculations are based on the 1998 Table of Insurance Charges in the Appendix of the *Retrospective Rating Plan Manual*, using Expected Loss Group 52.

The procedure for establishing the values and factors in the above examples follows:

Line 1. Estimated Standard Premium: This is the annual standard premium. Refer to the *Retrospective Rating Plan Manual* for definition of standard premium. For three-year retrospective rating plans, multiply the annual standard premium times three (3).

Line 2. Expected Losses: The expected losses equal the estimated standard premium multiplied by the expected loss ratio, found on the state Retrospective Rating Values in the *Retrospective Rating Plan Manual*. Refer to Appendix A in the *Retrospective Rating Plan Manual* for the Table of Expected Loss Size Ranges.

For an interstate risk, the expected losses equal the sum of the products of the estimated standard premium for each state and the corresponding expected loss ratio for each state. For the purpose of this example, it has been assumed that the risk is intrastate with an expected loss ratio of .613, which produces expected losses of \$306,500 (\$500,000 x .613).

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Line 3. Total Expected Loss Ratio: This is the expected loss ratio for the risk obtained by dividing the total expected losses for all states covered by the Retrospective Rating Plan by the total standard premium.

Line 4. Expected Limited Loss Ratio: This ratio is determined by subtracting the excess loss factor from the expected loss ratio.

Line 5. Expense and Profit and Contingency—Excluding Taxes: The expense and profit or contingency (excluding taxes) is determined, by multiplying the standard premium by the expense ratio found in either the Stock or Non-Stock Tables of Expense Ratios—Excluding Taxes, Profit and Contingencies. Refer to Appendix C in the *Retrospective Rating Plan Manual* for the Table of Expense Ratios.

For a three-year plan, values are determined similarly for each of the years based on each annual estimated standard premium, and the sum of these values is the provision for expense and profit or contingency. The value for expenses shown in this example is equal to \$100,500 (\$500,000 x .201).

Line 6. Expected Loss and Expense Ratio: This ratio is obtained by dividing the expected losses plus the expenses and profit or contingency (excluding taxes by the standard premium).

Line 7. Loss and Expense in Converted Losses: This factor, which expresses the ratio of expected losses and expense to estimated standard premium, is the product of the expected loss ratio and the loss conversion factor.

Line 8. Expense and Profit or Contingency in Basic Premium: The difference between the factor in Line 6, representing the total net premium provision for the insured under the Retrospective Rating Plan, and the factor in Line 7, representing expected losses and loss adjustment expense insuring the risk, is the expense and contingency amount, and must be included in the basic premium.

Line 9. Minimum Premium Retrospective Factor—Excluding Taxes

Line 10. Maximum Premium Retrospective Factor—Excluding Taxes

Line 11. Table of Insurance Charges—Value Difference

Line 12. Table of Insurance Charges—Entry Difference

Lines 9 through Line 12 are determined in a way designed to facilitate the testing process by which the basic premium factor is established. The factors entered for these items are obtained as indicated in the example.

Line 11, Table of Insurance Charges—Value Difference, equals the difference between the table charge for the entry ratio from which the savings is taken and the table charge for the entry ratio from which the charge is taken.

Line 12, Table of Insurance Charges—Entry Difference, equals the difference between the entry ratios that determine the savings factor and the charge for the maximum premium.

To use the Table of Insurance Charges, find the loss group in the Expected Loss Ranges in the table containing the adjusted expected loss value. The adjusted expected loss value:

Line 2 x State and Hazard Group Differential x Loss Group Adjustment Factor

The Loss Group Adjustment Factor (F) applies when an individual loss limit is selected. The factor is:

$$F = \frac{1 + (.8)(LER)}{1 - LER}$$

where the LER = ELF ÷ Item (3) = .587

$$F = \frac{1 + (.8)(.587)}{1 - (.587)} = 3.558$$

S/H Differential = .750

The loss group is 52 (group that contains 229,875 (= 306,500 x .750)).

Then, choose two entry ratios from the Expected Loss Group in the table with a difference equal to Line 12. Make this choice so that the difference in the charges for the Expected Loss Group and for the selected entries most closely approximates Line 11.

To illustrate this testing procedure, several entry ratios and their corresponding charges in Group 52 have been reproduced from the Table:

Entry Ratio	Charges (Group 52)	Savings
.03	.970	.000
.04	.960	.000
.05	.950	.000

Entry Ratio	Charges (Group 52)
2.34	.065
2.35	.065
2.36	.064

Choose and list pairs of entry ratios with a difference equal to Line 12, in this case 2.31, and note the respective difference in these charges:

$$(.03, 2.34)(.970 - .065) = .905$$

$$(.04, 2.35)(.960 - .065) = .895$$

$$(.05, 2.36)(.950 - .065) = .886$$

The pair of entry ratios whose charge difference most closely approximates Line 11 is recorded under Lines 13 and 14.

Line 13. Ratio of Losses Producing Maximum Retrospective Premium to Expected Losses

Line 14. Ratio of Losses Producing Minimum Retrospective Premium to Expected Losses

Lines 13 and 14 are the pair of table entry ratio values determined by the process outlined previously.

Line 15. Premium Savings for (13): Given the loss group adjustment factor 16, this is the premium charge for losses in excess of those provided by the maximum retrospective premium. It is obtained by reading from the table as shown in Line 12.

Line 16. Premium Savings for (13): This is the premium saving for losses less than those that would produce the minimum retrospective premium. The values for premium savings are listed directly beneath the charge values in the Table of Insurance Charges. In this example, the savings of .000 for entry ratio 04 (Line 13) in Group 52 is found directly beneath the charge value of .960.

Line 17. Net Premium Charge: The net premium charge is determined by calculating the difference between the charge for possible losses that might produce more than the maximum retrospective premium and the saving for losses that might produce less than the minimum retrospective premium, and then multiplying that difference by the product of the expected loss ratio and the loss conversion factor. The net premium charge may be less than zero, as long as the basic premium factor is not negative.

Line 18. Basic Premium Factor: The basic premium factor is the sum of the net premium charge and the expenses and profit and contingencies in the basic premium expressed as a percentage of the standard premium. The standard premium multiplied by the basic premium factor produces the basic premium used in computing the retrospective rating plan premium.

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E. DEVELOPMENT OF AN AVERAGE STATE HAZARD GROUP (SHG) FACTOR

This table shows the procedures for carriers to develop an average expected loss ratio and state hazard group factor for multistate policies.

State	Standard Premium by State (A)	Expected Loss Ratio (B)	Expected Losses (C=AxB)	State Hazard Differential Factor (D)	Development of Average SHG (Cx D)
1	200,000	0.627	125,400	1.030	129,162
2	150,000	0.627	94,050	0.930	87,467
3	10,000	0.635	6,350	1.200	7,620
Totals	360,000	0.627	225,800	0.993	224,249

F. SAMPLE NOTICE OF ELECTION OF RETROSPECTIVE RATING PLAN

Sample letter a carrier may use when negotiating a retrospective rating plan with an insured. This sample letter may be used on company letterhead.

Notice of Election of Retrospective Rating Plan

The undersigned certifies that the named insured has elected the use of the Retrospective Rating Plan as detailed below. It is also certifies that the insured understands all terms, conditions and provisions of the Plan, including the method of premium calculation, payment, and penalties for cancellation.

The Plan will apply to all policies indicated below effective _____

1. Name of Insured _____

2. Address of Insured _____

3. Policy Number(s)	Effective Date(s)
_____	_____
_____	_____

4. Type of Retrospective Rating Plan (circle one)

- A. Standard Retrospective Rating Plan
- B. Large Risk Alternative Rating Option

5. Indicate selection

- A. Minimum Premium Factor _____
- B. Maximum Premium Factor _____
- C. Loss Conversion Factor _____

6. Term of Plan (circle one)

- A. 1 Year or 3 Year
- B. Wrap-Up Construction Project (enter details) _____

7. Loss Limitation (if applicable) _____

8. Do Retrospective Development Factors Apply Yes No

9. Indicate any special conditions that apply to the Plan elected for this insured: _____

Signature of Insured
(Sole Proprietor, Partner, or Authorized Officer of Corporation)

Date Signed

Retrospective Rating Plan Manual User's Guide

F. CANCELLATION OF A POLICY UNDER A RETROSPECTIVE RATING PLAN

Example of a Short Rate Calculation of Maximum Retrospective Premium

Assume:	
Policy in effect	185 days
Authorized Rate (per \$100 payroll)	\$5.00
Actual payroll for 185 days	\$555,000
Experience Rating Modification	1.10
Maximum Retrospective Premium Factor	1.60

(a) Payroll extended to an annual basis:

$$\$555,000 \times \frac{365 \text{ days}}{185 \text{ days}} = \$1,095,000$$

(b) Annual Standard Premium = \$1,095,000 × 5.00 (per \$100) = \$54,750

(c) Modified Premium = \$54,750 × 1.10 = \$60,225

(d) Maximum Retrospective Premium: \$60,225 × 1.60 = \$96,360

G. ENDORSEMENTS

The following endorsements apply to policies that have elected to be retrospective rated:

Endorsement	Purpose
WC 00 05 03 B—Retrospective Rating Plan Premium Endorsement One-Year Plan	Use this endorsement when the rating plan period is the one-year period beginning with the effective date of the endorsement
WC 00 05 04 B—Retrospective Rating Plan Premium Endorsement Three-Year Plan	Use this endorsement when the rating plan period is the three-year period beginning with the effective date of the endorsement
WC 00 05 05 B—Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project	Use this endorsement when the rating plan period is the duration of the construction project described on the Information Page beginning with the effective date of the endorsement
WC 00 05 08—Retrospective Premium Endorsement Aviation Exclusion	Use this endorsement when the premium and incurred losses from the aviation classification codes listed in the schedule are excluded from retrospective rating
WC 00 05 09 B—Retrospective Premium Endorsement Changes	Use this endorsement when changes have been made to the factors
WC 00 05 10 A—Retrospective Rating Plan Premium Endorsement Nonratable Catastrophe Element or Surcharge	Use this endorsement when the policy covers operations or classifications that involve a nonratable catastrophe element or surcharge
WC 00 05 11—Retrospective Premium Endorsement Short Form	Use this endorsement when the insured has more than one policy subject to the same retrospective rating option

RULES

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Endorsement	Purpose
WC 00 05 12 B—Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines	Use this endorsement to determine the other lines included in the calculation of the retrospective rating premium for the one-year plan
WC 00 05 13 B—Retrospective Rating Plan Premium Endorsement Three-Year Plan—Multiple Lines	Use this endorsement to determine the other lines included in the calculation of the retrospective rating premium for the three-year plan
WC 00 05 14 B—Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project—Multiple Lines	The rating plan period is the duration of the construction project described on the Information Page beginning with the effective date of the endorsement when other lines of insurance are included in the calculation of the retrospective rating premium
WC 00 05 15 A—Retrospective Rating Plan Premium Endorsement—Losses Redefined to Include Allocated Loss Adjustment Expense (ALAE)	Use this endorsement when incurred losses are changed to include allocated loss adjustment expenses
WC 00 05 16—Retrospective Rating Plan Premium Endorsement—Large Risk Alternative Rating Option (LRARO)	Use this endorsement when the insured has elected to have the cost of insurance rated retrospectively by the Large Risk Alternative Rating Option

FILING MEMORANDUM

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

PURPOSE

The purpose of this item is to amend the retrospective rating plan endorsements to coincide with the 2009 edition—**Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance** filed in Item R-1399 to be effective January 1, 2010.

This item revises Item P-1407, which was previously filed in conjunction with Item R-1399. We have identified some inconsistencies between the endorsements filed in Item P-1407 and our retrospective rating plan filing, R-1399. This item corrects those inconsistencies.

BACKGROUND

The rules of the **Retrospective Rating Plan Manual** are being updated in Item R-1399.

As a result, the national retrospective rating plan endorsements are being revised in this item to reflect the updates being made to the national rules.

In addition, the current state-specific endorsements were reviewed, and where possible, language from these endorsements was incorporated into the national endorsements.

PROPOSAL

This item proposes that the national retrospective rating plan endorsements be revised to coincide with the 2009 edition of the **Retrospective Rating Plan Manual** to be effective for new and renewal policies written under a retrospective rating plan effective January 1, 2010. However, there are three current national endorsements that will not change as a result of the manual rewrite and will remain in effect. They are:

- WC 00 05 08—Retrospective Rating Premium Endorsement Aviation Exclusion
- WC 00 05 09 A—Retrospective Rating Premium Endorsement Changes
- WC 00 05 11—Retrospective Rating Premium Endorsement Short Form

The current retrospective rating plan endorsements are located in both the **Retrospective Rating Plan Manual** and the **Forms Manual for Workers Compensation and Employers Liability Insurance**. This filing proposes that the retrospective rating plan endorsements be located in the **Forms Manual** only to eliminate redundancy.

In addition, this item proposes a new endorsement, WC 00 05 16—Retrospective Rating Plan Premium Endorsement—Large Risk Alternative Rating Option (LRARO), to be used where LRAROs are applicable. This endorsement is being introduced based on feedback received from carriers.

The table below provides a listing of the current endorsements, which will be withdrawn, and the new or revised national endorsements being proposed:

Current Endorsement Name and Number	Proposed New Endorsement Name and Number
-------------------------------------	--

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FILING MEMORANDUM

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

WC 00 05 03 A—Retrospective Premium Endorsement One Year Plan	WC 00 05 03 B—Retrospective Rating Plan Premium Endorsement One-Year Plan
WC 00 05 04 A—Retrospective Premium Endorsement Three Year Plan	WC 00 05 04 B—Retrospective Rating Plan Premium Endorsement Three-Year Plan
WC 00 05 05 A—Retrospective Premium Endorsement Long-Term Construction Project	WC 00 05 05 B—Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project
WC 00 05 10—Retrospective Premium Endorsement Non-Ratable Catastrophe Element or Surcharge	WC 00 05 10 A—Retrospective Rating Plan Premium Endorsement Nonratable Catastrophe Element or Surcharge
WC 00 05 12 A—Retrospective Premium Endorsement One-Year Plan-Multiple Lines	WC 00 05 12 B—Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines
WC 00 05 13 A—Retrospective Premium Endorsement Three-Year Plan-Multiple Lines	WC 00 05 13 B—Retrospective Rating Plan Premium Endorsement Three-Year Plan—Multiple Lines
WC 00 05 14 A—Retrospective Premium Endorsement Long-Term Construction Project-Multiple Lines	WC 00 05 14 B—Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project—Multiple Lines
WC 00 05 15—Retrospective Premium Endorsement—Flexibility Options	WC 00 05 15 A—Retrospective Rating Plan Premium Endorsement—Flexibility Options
N/A	WC 00 05 16—Retrospective Rating Plan Premium Endorsement—Large Risk Alternative Rating Option (LRARO)

IMPACT

There will be no premium impact as a result of the proposed new endorsements for the new 2009 edition of the **Retrospective Rating Plan Manual**. We anticipate that the new endorsements, along with the new manual, will enhance the understanding of the rules and procedures related to workers compensation insurance policies written under a retrospective rating plan.

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FILING MEMORANDUM

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

IMPLEMENTATION

The attached exhibits outline the changes required to the national retrospective rating plan endorsements, which will be located in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance*.

Below is a summary of the exhibits included in this filing package:

- **Exhibits 1–8** contains the revisions to the current national retrospective rating plan endorsements
- **Exhibit 9** contains the new national endorsement, WC 00 05 16—Retrospective Rating Plan Premium Endorsement—Large Risk Alternative Rating Option (LRARO)
- **Exhibits 10–11** contains the withdrawal of state-specific endorsements, if applicable

If applicable, when language from a state-specific endorsement is being incorporated into a national endorsement, the state-specific endorsement will be withdrawn. There are no new state-specific endorsements created as a result of the revisions to NCCI's 2009 edition of the *Retrospective Rating Plan Manual*.

This item will be effective at 12:01 a.m. on January 1, 2010, applicable to new and renewal voluntary policies.

Exceptions:

- In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.
- In Virginia, this item will become effective for policies on and after 12:01 a.m. on January 1, 2010.

This item is being filed concurrently with Item R-1399—2009 Edition—Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance. The implementation of this item is conditional on concurrent approval of Item R-1399.

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ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

EXHIBIT 1**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE****RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN WC 00 05 03-A-B**

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan premium rating, ~~but with two exceptions~~. Standard premium does not include ~~the expense constant charge or the premium discount credit~~ the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. ~~The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the Schedule, the basic premium will be recalculated.~~ The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgements, expenses to recover against third parties, and employers liability loss adjustment expenses. This

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 1 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. ~~A Converted incurred losses is an incurred loss multiplied by a percentage called the loss-conversion factor are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.~~
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, ~~and converted incurred losses, and any elective elements.~~ The percentage is called the tax multiplier. It varies by state and by ~~F~~ederal and non-~~F~~ederal classifications. The tax multipliers are shown in the Schedule.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. ~~Taxes are added to excess loss premium just as they are for other elements of retrospective premium.~~

Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. ~~Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.~~

Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 1 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, ~~and taxes~~, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum ~~nor~~ more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. ~~Premium Calculations and Payments~~ Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. ~~We will have the calculations verified by the appropriate rate service organization at your request.~~

We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation. ~~No other calculation will be made unless there is clerical error in the final calculation.~~
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. ~~Work in Other Insureds Operating in More Than One States~~

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation of a Policy Under a Retrospective Rating Plan

1. If ~~any insurance subject to the policy to which this endorsement is attached~~ is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement ~~unless we agree with you, by endorsement, to continue the rating plan period.~~
2. If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. ~~2.~~ If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.
4. ~~3.~~ If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 1 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.

- 5. ~~4.~~ Section F-~~34.~~ will not apply if you cancel because:
 - a. ~~a~~All work covered by the insurance is completed;
 - b. ~~a~~All interest in the business covered by the insurance is sold; ~~or,~~
 - c. ~~y~~You retire from all business covered by the insurance.

Schedule

1. Other policies subject to this Retrospective Rating Plan Premium Endorsement _____

2. Loss Limitation: \$ _____

3. Loss Conversion Factor _____

Minimum Retrospective Rating Plan Premium Factor _____

Maximum Retrospective Rating Plan Premium Factor _____

4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

EXHIBIT 1 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

TABLE OF STATES

State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)	1st	2nd	3rd

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

EXHIBIT 2**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE****RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN WC 00 05 04-A-B**

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan premium rating, but with two exceptions. Standard premium does not include the expense constant charge or the premium discount credit the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the Schedule, the basic premium will be recalculated. The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgements, expenses to recover against third parties, and employers liability loss adjustment expenses. This

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 2 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. ~~A Converted incurred losses is an incurred loss multiplied by a percentage called the loss-conversion factor are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.~~
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted incurred losses and any elective elements. The percentage is called the tax multiplier. It varies by state and by ~~F~~federal and non—F~~federal~~ classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. ~~Taxes are added to excess loss premium just as they are for other elements of retrospective premium.~~

Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. ~~Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.~~

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 2 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, ~~and taxes,~~ plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum ~~nor~~ more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

~~D. Premium Calculations and Payments~~ Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. ~~We will have the calculations verified by the appropriate rate service organization at your request.~~

We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation. ~~No other calculation will be made unless there is clerical error in the final calculation.~~
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

~~E. Work in Other Insureds Operating in More Than One States~~

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

1. If ~~any insurance subject to the policy to which~~ this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 2 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

period for all insurance subject to this endorsement ~~unless we agree with you, by endorsement, to continue the rating plan period.~~

- 2. If the other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
- 3. ~~2.~~ If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating plan factors shown in the Schedule.
- 4. ~~3.~~ If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).

- 5. ~~4.~~ Section F-3.4. will not apply if you cancel or do not renew because:
 - a. ~~a~~ All work covered by the insurance is completed;
 - b. ~~a~~ All interest in the business covered by the insurance is sold; or,
 - c. ~~y~~ You retire from all business covered by the insurance.

Schedule

1. Other policies subject to this Retrospective Rating Plan Premium Endorsement

2. Loss Limitation: \$ _____

3. Loss Conversion Factor _____

Minimum Retrospective Rating Plan Premium Factor

Maximum Retrospective Rating Plan Premium Factor _____

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 2 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)	1st	2nd	3rd

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

EXHIBIT 3

FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT—~~LONG TERM WRAP-UP~~ CONSTRUCTION PROJECT WC 00 05 05 ~~A B~~

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the wrap-up construction project described on the Information Page, beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan premium rating, ~~but with two exceptions~~. Standard premium does not include ~~the expense constant charge or the premium discount credit~~ the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. ~~The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the Schedule, the basic premium will be recalculated.~~ The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 3 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

- Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgements, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
- ~~A Converted incurred losses is an incurred loss multiplied by a percentage called the loss conversion factor are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.~~
 - Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, ~~and converted incurred losses, and any elective elements.~~ The percentage is called the tax multiplier. It varies by state and by ~~Federal and non-Federal~~ federal and non-federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

- The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. ~~Taxes are added to excess loss premium just as they are for other elements of retrospective premium.~~

Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.

- The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 3 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

~~development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.~~

Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, ~~and taxes,~~ plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum ~~nor~~ more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

~~D. Premium Calculations and Payments~~ Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. ~~We will have the calculations verified by the appropriate rate service organization at your request.~~

We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation. ~~No other calculation will be made unless there is clerical error in the final calculation.~~
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

~~E. Work in Other~~ Insureds Operating in More Than One States

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 3 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

1. ~~If any insurance subject to the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.~~
2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. ~~2.~~ If we cancel or do not renew because of for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.
4. ~~3.~~ If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.

5. Section F-34. will not apply if you cancel or do not renew because:
 - a. ~~a~~ All work covered by the insurance is completed;
 - b. ~~a~~ All interest in the business covered by the insurance is sold; or,
 - c. ~~y~~ You retire from all business covered by the insurance.

Schedule

1. Other policies subject to this Retrospective Rating Plan Premium Endorsement

2. Loss Limitation: \$

3. Loss Conversion Factor

Minimum Retrospective Rating Plan Premium Factor

Maximum Retrospective Rating Plan Premium Factor

4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 3 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)	1st	2nd	3rd

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

EXHIBIT 4
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT NON-RATABLE CATASTROPHE
ELEMENT OR SURCHARGE WC 00 05 10 A

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement changes the ~~R~~retrospective rating plan ~~P~~premium endorsement attached to the policy.

1. Standard premium excludes the portion of the premium that is determined by the application of a non-ratable catastrophe element in a rate or a non-ratable catastrophe surcharge required by our manuals. The classification codes involving such premiums are listed in the Schedule below.
2. Incurred losses do not include:
 - a. ~~The cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification code for which our manuals contain a non-ratable catastrophe element.~~
 - b. ~~Losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement.~~

Catastrophe provisions, as described in our manuals, are included in the total policy premium, but excluded from the standard premium used in a retrospective rating plan premium.

Schedule

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 5****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE****RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE LINES
WC 00 05 12 ~~A B~~**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.

The final premium for the policies designated in the Schedule is the sum of:

1. ~~The premium for the insurance subject to a retrospective rating plan as shown in the Schedule and computed~~ calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and
2. ~~The premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and computed~~ calculated in accordance with the provisions of such policies other than this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period ~~for the insurance subject to retrospective rating if you had not chosen a retrospective rating plan premium rating, but with exceptions.~~ Standard premium does not include ~~the expense constant charge or the premium discount credit or any other expense modification.~~ the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. ~~The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the schedule, the basic premium will be recalculated.~~ The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services
 - Insurance charge

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 5 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses ~~and~~ for the following expenses:
 - a. ~~p~~Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance;
 - b. ~~i~~Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance;
 - c. ~~a~~Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only;
 - d. ~~e~~Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party.

Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. ~~A~~Converted incurred losses ~~is an incurred loss multiplied by a percentage called the loss conversion factor~~ are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
 5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by ~~F~~federal and non-~~F~~federal classifications. The tax multipliers are shown in the Schedule.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amounts of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 5 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. ~~Taxes are added to excess loss premium just as they are for other elements of retrospective premium.~~

Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state ~~and, classification, and by the amount of the loss limitation.~~ If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. ~~Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.~~

For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, ~~and taxes,~~ plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum ~~nor~~ more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. ~~Premium Calculations and Payments~~ Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all ~~incurred losses information~~ we have as of a date six months after the rating plan period ends and annually thereafter. ~~With respect to workers compensation and employers liability insurance, we will have the calculations verified by the appropriate rate service organization at your request.~~

We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 5 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation. ~~No other calculation will be made unless there is clerical error in the final calculation.~~
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. ~~Work in Other~~ Insureds Operating in More Than One States

If any of the policies provide insurance in a state not listed in the Table of States, and ~~if you~~ begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation of a Policy Under a Retrospective Rating Plan

1. ~~If any insurance subject to the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement, to continue the rating plan period.~~
2. ~~If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.~~
3. ~~2-~~ If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.
4. ~~3-~~ If you cancel, the standard premium for the rating plan period will be ~~calculated according to the increased by our short rate cancellation table and~~ procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

~~This~~ ~~The~~ ~~minimum~~ short rate retrospective rating plan premium will ~~also~~ be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.

5. ~~4-~~ Section F-~~3-4-~~ will not apply if you cancel because:
 - a. ~~a~~ All work covered by the insurance is completed;
 - b. ~~a~~ All interest in the business covered by the insurance is sold; ~~or,~~
 - c. ~~y~~ You retire from all business covered by the insurance.

Schedule

Premium Subject to Retrospective Rating Plan, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors—

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 5 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

1. The premium for the following policies combined is to be ~~computed~~calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement:

List of Policies

2. The retrospective rating plan does not apply to the premium for policies

in the states of

3. The retrospective rating plan does not apply to the premium for ~~Uninsured Motorist~~ insurance if afforded under the policies designated in paragraph 1.

4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.

Coverage

Limit of Liability

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 5 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

The incurred losses to be included in ~~computing~~ calculating the premium for the insurance subject to retrospective rating plan will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premiums on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.

5. Workers Compensation and Employers Liability
Loss Limitation is \$ _____

6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance.

7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage, or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____

8. Loss Conversion
Factor is _____

9. Minimum Retrospective Rating Plan Premium Factor is _____
Maximum Retrospective Rating Plan Premium Factor is _____

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 5 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

TABLE OF STATES

11.A State	Excess Loss Premium Factors		Tax Multiplier	
	Workers Compensation and Employers Liability		Workers Compensation and Employers Liability	
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)

11.B State	Excess Loss Premium Factors			Tax Multiplier		
	General Liability	Automobile Liability	Automobile Physical Damage	General Liability	Automobile Liability	Automobile Physical Damage

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

EXHIBIT 5 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

11.B	Excess Loss Premium Factors			Tax Multiplier		
State	General Liability	Automobile Liability	Automobile Physical Damage	General Liability	Automobile Liability	Automobile Physical Damage

12.A	Retrospective Development Factors		
State	Workers Compensation and Employers Liability		
	1st	2nd	3rd

12.B	Retrospective Development Factors							
State	General Liability				Automobile Liability			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 6****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE****RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE LINES
WC 00 05 13 ~~A B~~**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy ~~and~~ any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.

The final premium for the policies designated in the Schedule is the sum of:

1. ~~The~~ premium for the insurance subject to a retrospective rating plan as shown in the Schedule and ~~computed~~ calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and
2. ~~The~~ premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and ~~computed~~ calculated in accordance with the provisions of such policies other than this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period ~~for the insurance subject to retrospective rating if you had not chosen a retrospective rating plan premium rating, but with exceptions.~~ Standard premium does not include ~~the expense constant charge or the premium discount credit or any other expense modification.~~ the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is the standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. ~~The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.~~ The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

- Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

- Incurred losses are all amounts we pay or estimate we will pay ~~and for~~ losses for the following expenses:
 - ~~p~~remiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance;
 - ~~i~~nterest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance;
 - ~~a~~llocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only;
 - ~~e~~xpenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party;

Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
- ~~A~~ Converted incurred losses is an incurred loss multiplied by a percentage called the loss-conversion factor. are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
 - Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by Federal and non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

1. The election of a loss limitation means that the amounts of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. ~~Taxes are added to excess loss premium just as they are for other elements of retrospective premium.~~

Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state ~~and~~ classification, ~~and by the amount of the loss limitation.~~ If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. ~~Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.~~

For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, ~~and taxes,~~ plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum ~~nor~~ more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. ~~Premium Calculations and Payments~~ Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all ~~incurred losses information~~ we have as of a date six months after the rating plan period ends and annually thereafter. ~~With respect to~~

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

~~workers compensation and employers liability insurance, we will have the calculations verified by the appropriate rate service organization at your request.~~

We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all ~~incurred losses~~ information we have as of a date six months after the end of each of these periods.

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation. ~~No other calculation will be made unless there is clerical error in the final calculation.~~
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. ~~Work in Other Insureds Operating in More Than One States~~

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

1. ~~If any insurance subject to the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.~~
2. ~~If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.~~
3. ~~2.~~ If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating factors shown in the Schedule.
4. ~~3.~~ If you cancel or do not renew, the standard premium for the rating plan period will be ~~calculated according to the increased by our short rate cancellation table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance.~~ This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

~~This~~ ~~The short rate minimum~~ retrospective rating plan premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

- 5. ~~4.~~ Section F.3.4. will not apply if you cancel or do not renew because:
 - a. ~~a~~ All work covered by the insurance is completed;
 - b. ~~a~~ All interest in the business covered by the insurance is sold; ~~or,~~
 - c. ~~y~~ You retire from all business covered by the insurance.

Schedule

Premium Subject to Retrospective Rating Plan, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors—

- 1. The premium for the following policies combined is to be ~~computed~~ calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement:

List of Policies

- 2. The retrospective rating plan does not apply to the premium for policies

in the states of

- 3. The retrospective rating plan does not apply to the premium for ~~U~~ n ~~insured~~ motorist ~~insurance~~ if afforded under the policies designated in paragraph 1.
- 4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.

Coverage

Limit of Liability

<hr/>	\$	<hr/>
<hr/>	\$	<hr/>

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

If aggregate limits of liability are stated above, they will apply separately to each annual period included in the three-year period.

The incurred losses to be included in ~~computing~~ calculating the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premiums on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.

5. Workers Compensation and Employers Liability Loss
Limitation is \$ _____

6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance

7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
TABLE OF STATES (Cont'd)

11.A	Excess Loss Premium Factors		Tax Multiplier	
State	Workers Compensation and Employers Liability		Workers Compensation and Employers Liability	
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)

11.B	Excess Loss Premium Factors			Tax Multiplier		
State	General Liability	Automobile Liability	Automobile Physical Damage	General Liability	Automobile Liability	Automobile Physical Damage

12.A	Retrospective Development Factors		
State	Workers Compensation and Employers Liability		
	1st	2nd	3rd

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

12.B	Retrospective Development Factors							
	General Liability				Automobile Liability			
State	1st	2nd	3rd	4th	1st	2nd	3rd	4th

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 7****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE****RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ~~LONG TERM WRAP-UP~~ CONSTRUCTION PROJECT—MULTIPLE LINES WC 00 05 14 ~~A B~~**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, ~~and any policy listed in the Schedule,~~ and the renewals of each. The rating plan period is the duration of the wrap-up construction project described in the declarations or Information Page of such policies, beginning with the effective date of this endorsement.

The final premium for the policies designated in the Schedule is the sum of:

1. ~~The~~ premium for the insurance subject to a retrospective rating plan as shown in the Schedule and ~~computed~~ calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and
2. ~~The~~ premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and ~~computed~~ calculated in accordance with the provisions of such policies other than this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period ~~for the insurance subject to retrospective rating if you had not chosen a retrospective rating plan premium rating, but with exceptions.~~ Standard premium does not include ~~the expense constant charge, the premium discount credit or any other expense modification.~~ the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. ~~The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.~~ The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

- Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay ~~and for~~ losses for the following expenses:
 - a. ~~p~~Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability₁ or auto physical damage insurance₂;
 - b. ~~i~~Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance₂;
 - c. ~~a~~Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability₁ and employers liability insurance only₂;
 - d. ~~e~~Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party₂;

Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. ~~A~~ Converted incurred losses is an incurred loss multiplied by a percentage called the loss-conversion factor. are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
 5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium~~and~~, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by ~~F~~federal and non-~~F~~federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

1. The election of a loss limitation means that the amounts of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. ~~Taxes are added to excess loss premium just as they are for other elements of retrospective premium.~~

Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state ~~and~~ classification, ~~and by the amount of the loss limitation.~~ If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. ~~Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.~~

For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum nor more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. ~~Premium Calculations and Payments~~ Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all ~~incurred losses information~~ we have as of a date six months after the rating plan period ends and annually thereafter. ~~With respect to~~

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED**EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

~~workers compensation and employers liability insurance, we will have the calculations verified by the appropriate rate service organization at your request.~~

We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.

We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all ~~incurred losses~~ information we have as of a date six months after the end of each of these periods.

2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation. ~~No other calculation will be made unless there is clerical error in the final calculation.~~
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. ~~Work in Other Insureds Operating in More Than One States~~

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

1. ~~If any insurance subject to the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.~~
2. ~~If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.~~
3. ~~2.~~ If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.
4. ~~3.~~ If you cancel or do not renew, the standard premium for the rating plan period will be ~~calculated according to the~~ increased by our short rate table and cancellation procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.

~~This~~ The short rate minimum retrospective rating plan premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.

EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.

5. ~~4.~~ Section F.~~34.~~ will not apply if you cancel or do not renew because:
- a. ~~a~~All work covered by the insurance is completed;
 - b. ~~a~~All interest in the business covered by the insurance is sold; ~~or,~~
 - c. ~~y~~You retire from all business covered by the insurance.

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

Schedule

Premium Subject to Retrospective Rating Plan, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors—

- 1. The premium for the following policies combined is to be ~~computed~~calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement:

List of Policies

- 2. The retrospective rating plan does not apply to the premium for policies

in the states of

- 3. The retrospective rating plan does not apply to the premium for ~~Uninsured Motorist~~ insurance if afforded under the policies designated in paragraph 1.

- 4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.

Coverage

Limit of Liability

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

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**EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

If the aggregate limits of liability are stated above, they will apply separately to each annual period included in the duration of the construction project.

The incurred losses to be included in ~~computing~~ calculating the premium for the insurance subject to retrospective rating plan will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premiums on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.

5. Workers Compensation and Employers Liability Loss Limitation is \$ _____

6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance.

7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____
Loss Limitation for _____	insurance is \$ _____

8. Loss Conversion Factor is _____

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**EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

11.B State	Excess Loss Premium Factors			Tax Multiplier		
	General Liability	Automobile Liability	Automobile Physical Damage	General Liability	Automobile Liability	Automobile Physical Damage

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 7 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

12.A	Retrospective Development Factors		
State	Workers Compensation and Employers Liability		
	1st	2nd	3rd

12.B	Retrospective Development Factors							
State	General Liability				Automobile Liability			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th

ITEM P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED

**EXHIBIT 8
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT—FLEXIBILITY OPTIONS WC 00 05 15 A**

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively.

The ~~Retrospective rating plan~~ premium endorsement attached to the policy is changed by the selection of one or more of the options information shown below in the Schedule.

Schedule

1. Incurred losses are changed to include allocated loss adjustment expense in these states:

2. The correctly calculated basic premium factor for 100% of the estimated standard premium shall be used without linear interpolation, for each calculation of retrospective premium.

3. Each calculation of retrospective rating plan premium will use all loss information we have as of a date agreed to by you and us.

EXHIBIT 9
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT—LARGE RISK ALTERNATIVE RATING
OPTION (LRARO) WC 00 05 16

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement applies only to workers compensation and employers liability insurance when rated under the provisions of the Large Risk Alternative Rating Option that we have negotiated with you.

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RETROSPECTIVE PREMIUM ENDORSEMENT ONE-YEAR PLAN WC 00 05 03 A	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN WC 00 05 03 B
This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective premium will be determined.	This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how a retrospective rating plan premium will be determined.
This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.	This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.
The amount of retrospective premium depends on five standard elements and two elective elements.	The amount of retrospective rating plan premium depends on five standard elements and two elective elements.
A. Retrospective Premium Standard Elements	A. Retrospective Rating Plan Premium Standard Elements
The five standard elements are explained here.	The five standard elements are explained here.
1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective premium rating but with two exceptions. Standard premium does not include the expense constant charge or the premium discount credit.	1. Standard premium is the premium we would charge during the rating plan period if you had not chosen the retrospective rating plan. Standard premium does not include the following elements or any other elements excluded based on our manuals: <ul style="list-style-type: none"> • Premium discount • Expense constant • Premium resulting from the nonratable element codes • Premium developed by the passenger seat surcharge under Classification Code 7421 • Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the schedule, the basic premium will be recalculated.	2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes: <ul style="list-style-type: none"> • General administration costs of the carrier • Cost of loss control services • Insurance charge
	The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.
	The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

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<p>3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses.</p>	<p>3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE. Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded based on our manuals:</p> <ul style="list-style-type: none"> • Resulting from the nonratable element codes • Developed by the passenger seat surcharge under Classification Code 7421 • Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Developed by the catastrophe provisions as outlined in our manuals
<p>4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.</p>	<p>4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted losses. The loss conversion factor is shown in the Schedule.</p>
<p>5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, and converted losses. The percentage is called the tax multiplier. It varies by state and by Federal and non-Federal classifications. The tax multipliers are shown in the Schedule.</p>	<p>5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and nonfederal classifications. The tax multipliers are shown in the Schedule.</p>
<p>B. Retrospective Premium Elective Elements</p>	<p>B. Retrospective Rating Plan Premium Elective Elements</p>
<p>Two other elements are included in retrospective premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>	<p>Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>
<p>1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Taxes are added to excess loss premium just as they are for other elements of retrospective premium.</p> <p>Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.</p>	<p>1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.</p> <p>Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.</p>
<p>2. The retrospective development element is used to help stabilize premium</p>	<p>2. The retrospective development element is used to help stabilize premium</p>

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<p>adjustments. The premium for this element is charged with the first three calculations of retrospective premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium.</p> <p>Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>	<p>adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor.</p> <p>Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>
<p>C. Retrospective Premium Formula</p>	<p>C. Retrospective Rating Plan Premium Formula</p>
<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them. 2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum retrospective shown in the Schedule to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state. 	<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule. 2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.
<p>D. Premium Calculations and Payments</p>	<p>D. Calculation of Retrospective Rating Plan Premium</p>
<ol style="list-style-type: none"> 1. We will calculate the retrospective premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. We will have the calculations verified by the appropriate rate service organization at your request. <p>We may make a special valuation of a retrospective premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due us if the retrospective premium is more than the total standard premium as of the special valuation date.</p> <ol style="list-style-type: none"> 2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final 	<ol style="list-style-type: none"> 1. We will calculate the retrospective premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. <p>We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.</p> <ol style="list-style-type: none"> 2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.

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<p>calculation.</p> <p>3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.</p>	<p>3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.</p>
<p>E. Work in Other States</p> <p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the rating plan period, this endorsement will apply to that insurance if rating plan applies in that state on an interstate basis. The retrospective premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>	<p>E. Insureds Operating in More Than One State</p> <p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>
<p>F. Cancellation</p> <p>1. If any insurance subject to this endorsement is canceled, the effective date of cancellation will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>2. If we cancel for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.</p> <p>3. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective premium and will be used to determine the basic premium.</p> <p>The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.</p> <p>4. Section F.3. will not apply if you cancel because:</p> <ul style="list-style-type: none"> a. all work covered by the insurance is completed; b. all interest in the business covered by the insurance is sold; or c. you retire from all business covered by the insurance. 	<p>F. Cancellation of a Policy Under a Retrospective Rating Plan</p> <p>1. If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.</p> <p>2. If other policies listed in the schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period</p> <p>3. If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating factors shown in the Schedule.</p> <p>4. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.</p> <p>The short rate premium will be used to determine the excess loss premium and Retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.</p> <p>5. Section F.4. will not apply if you cancel because:</p> <ul style="list-style-type: none"> a. All work covered by the insurance is completed

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Current	Proposed																								
	b. All interest in the business covered by the insurance is sold c. You retire from all business covered by the insurance																								
Schedule	Schedule																								
1. Other policies subject to this Retrospective Premium Endorsement \$ _____ \$ _____ \$ _____ 2. Loss Limitation: \$ _____ 3. Loss Conversion Factor _____ Minimum Retrospective Premium Factor _____ Maximum Retrospective Premium Factor _____ 4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, the basic premium factor will be recalculated. <div style="text-align: center;"> <table border="0"> <tr> <td></td> <td style="text-align: center;">50%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">150%</td> </tr> <tr> <td>Estimated Standard Premium :</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Basic Premium Factor:</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </table> </div> 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.		50%	100%	150%	Estimated Standard Premium :	\$ _____	\$ _____	\$ _____	Basic Premium Factor:	_____	_____	_____	1. Other policies subject to this Retrospective Rating Plan Premium Endorsement \$ _____ \$ _____ \$ _____ 2. Loss Limitation: \$ _____ 3. Loss Conversion Factor _____ Minimum Retrospective Rating Plan Premium Factor _____ Maximum Retrospective Rating Plan Premium Factor _____ 4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated. <div style="text-align: center;"> <table border="0"> <tr> <td></td> <td style="text-align: center;">50%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">150%</td> </tr> <tr> <td>Estimated Standard Premium:</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Basic Premium Factor:</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </table> </div> 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.		50%	100%	150%	Estimated Standard Premium:	\$ _____	\$ _____	\$ _____	Basic Premium Factor:	_____	_____	_____
	50%	100%	150%																						
Estimated Standard Premium :	\$ _____	\$ _____	\$ _____																						
Basic Premium Factor:	_____	_____	_____																						
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P-1407(A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED*

Current							Proposed								
TABLE OF STATES							TABLE OF STATES								
State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors			State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (other than "F" Classes)	Federal ("F" Classes only)	State (other than "F" Classes)	Federal ("F" Classes only)	1st	2 nd	3rd		State (other than "F" Classes)	Federal ("F" Classes only)	State (other than "F" Classes)	Federal ("F" Classes only)	1st	2 nd	3rd

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Current	Proposed
RETROSPECTIVE PREMIUM ENDORSEMENT THREE-YEAR PLAN WC 00 05 04 A	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN WC 00 05 04 B
This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective premium will be determined.	This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.
This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.	This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.
The amount of retrospective premium depends on five standard elements and two elective elements.	The amount of retrospective rating plan premium depends on five standard elements and two elective elements.
A. Retrospective Premium Standard Elements	A. Retrospective Rating Plan Premium Standard Elements
The five standard elements are explained here.	The five standard elements are explained here.
<p>1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective role premium rating but with two exceptions. Standard premium does not the expense constant charge or the premium discount credit.</p>	<p>1. Standard premium is the premium we would charge during the rating plan period if you had not chosen the retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:</p> <ul style="list-style-type: none"> • Premium discount • Expense constant • Premium resulting from the nonratable element codes • Premium developed by the passenger seat surcharge under Classification Code 7421 • Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Premium developed by the catastrophe provisions as outlined in our manuals
<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the schedule, the basic premium will be recalculated.</p>	<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:</p> <ul style="list-style-type: none"> • General administration costs of the carrier • Cost of loss control services • Insurance charge
	The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.
	The Schedule shows a range of basic premium factors for differing amounts of

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Current	Proposed
	estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.
3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses.	3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE. Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals: <ul style="list-style-type: none"> • Resulting from the nonratable element codes • Developed by the passenger seat surcharge under Classification Code 7421 • Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Developed by the catastrophe provisions as outlined in our manuals
4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.	4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted losses. The loss conversion factor is shown in the Schedule.
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by Federal and non-Federal classifications. The tax multipliers are shown in the Schedule.	5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and nonfederal classifications. The tax multipliers are shown in the Schedule.
B. Retrospective Premium Elective Elements	B. Retrospective Rating Plan Premium Elective Elements
Two other elements are included in retrospective premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.	Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.
1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Taxes are added to excess loss premium just as they are for other elements of retrospective premium. Excess loss premium factors vary by state, by classification, and by the amount of the	1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Excess loss premium factors vary by state, by classification, and by the amount of the

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Current	Proposed
<p>loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.</p>	<p>loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.</p>
<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of retrospective premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium</p> <p>Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>	<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.</p> <p>Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>
<p>C. Retrospective Premium Formula</p>	<p>C. Retrospective Rating Plan Premium Formula</p>
<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.</p> <p>1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.</p> <p>2. The retrospective premium will not be less than the minimum or more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum retrospective shown in the Schedule to the standard premium.</p> <p>3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.</p>	<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.</p> <p>1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.</p> <p>2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.</p> <p>3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.</p>
<p>D. Premium Calculations and Payments</p>	<p>D. Calculation of Retrospective Rating Premium</p>
<p>1. We will calculate the retrospective premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. We will have the calculations verified by the appropriate rate service organization at your request.</p> <p>We may make a special valuation of a retrospective premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are</p>	<p>1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.</p> <p>We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all</p>

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Current	Proposed
<p>involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective premium is more than the total standard premium as the special valuation date.</p> <p>We may make interim calculations of retrospective premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date in the six month after the end of each of these periods.</p> <p>2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.</p> <p>3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.</p>	<p>your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.</p> <p>We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date in the six month after the end of each of these periods.</p> <p>2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.</p> <p>3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.</p>
<p>E. Work in Other States</p>	<p>E. Insureds Operating in More Than One State</p>
<p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the rating plan period, this endorsement will apply to that insurance if rating plan applies in that state on an interstate basis. The retrospective premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>	<p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>
<p>F. Cancellation and Nonrenewal</p>	<p>F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan</p>
<p>1. If any insurance subject to this endorsement is canceled or not renewed, the effective date of cancellation will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>2. If we cancel or do not renew for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).</p> <p>3. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective premium and will be used to determine the basic premium.</p> <p>The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p>	<p>1. If the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement.</p> <p>2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period</p> <p>3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating factors shown in the Schedule.</p> <p>4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the</p>

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Current	Proposed																
<p>The maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).</p> <p>4. Section F.3. will not apply if you cancel because:</p> <p>a. all work covered by the insurance is completed</p> <p>b. all interest in the business covered by the insurance is sold;</p> <p>c. you retire from all business covered by the insurance</p>	<p>minimum retrospective rating plan premium and will be used to determine the basic premium.</p> <p>The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).</p> <p>5. Section F.4. will not apply if you cancel or do not renew because:</p> <p>a. All work covered by the insurance is completed</p> <p>b. All interest in the business covered by the insurance is sold</p> <p>c. You retire from all business covered by the insurance</p>																
Schedule	Schedule																
<p>1. Other policies subject to this Retrospective Premium Endorsement \$ _____ \$ _____ \$ _____</p> <p>2. Loss Limitation: \$ _____</p> <p>3. Loss Conversion Factor _____</p> <p>Minimum Retrospective Premium Factor _____</p> <p>Maximum Retrospective Premium Factor _____</p> <p>4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, the basic premium factor will be recalculated.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="text-align: center;">50%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">150%</td> </tr> <tr> <td>Estimated Standard Premium:</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> </table>		50%	100%	150%	Estimated Standard Premium:	\$ _____	\$ _____	\$ _____	<p>1. Other policies subject to this Retrospective Rating Plan Premium Endorsement \$ _____ \$ _____ \$ _____</p> <p>2. Loss Limitation: \$ _____</p> <p>3. Loss Conversion Factor _____</p> <p>Minimum Retrospective Rating Plan Premium Factor _____</p> <p>Maximum Retrospective Rating Plan Premium Factor _____</p> <p>4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="text-align: center;">50%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">150%</td> </tr> <tr> <td>Estimated Standard Premium:</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> </table>		50%	100%	150%	Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
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Current								Proposed									
Basic Premium Factor : _____ 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.								Basic Premium Factor: _____ 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.									
TABLE OF STATES								TABLE OF STATES									
State		Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors			State		Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (other than "F" Classes)	Federal ("F" Classes only)	State (other than "F" Classes)	Federal ("F" Classes only)	1st	2 nd	3rd		State (other than "F" Classes)	Federal ("F" Classes only)	State (other than "F" Classes)	Federal ("F" Classes only)	1st	2 nd	3rd		

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Current	Proposed
RETROSPECTIVE PREMIUM ENDORSEMENT LONG-TERM CONSTRUCTION PROJECT WC 00 05 05 A	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION PROJECT WC 00 05 05 B
This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective premium will be determined.	This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.
This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the construction project described in the Information Page, beginning with the effective date of this endorsement.	This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the wrap-up construction project described on the Information Page, beginning with the effective date of this endorsement.
The amount of retrospective premium depends on five standard elements and two elective elements.	The amount of retrospective rating plan premium depends on five standard elements and two elective elements.
A. Retrospective Premium Standard Elements	A. Retrospective Rating Plan Premium Standard Elements
The five standard elements are explained here.	The five standard elements are explained here.
1. Standard premium is the premium we would charge during the rating plan period if you had not chosen retrospective premium rating but with two exceptions. Standard premium does not include the expense constant charge or the premium discount credit.	1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals: <ul style="list-style-type: none"> • Premium discount • Expense constant • Premium resulting from the nonratable element codes • Premium developed by the passenger seat surcharge under Classification Code 7421 • Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the Schedule, the basic premium will be recalculated.	2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes: <ul style="list-style-type: none"> • General administration costs of the carrier • Cost of loss control services • Insurance charge
	The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.
	The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the

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Current	Proposed
	range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.
3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses.	3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE. Note: The rating formula will not include losses for the following elements and any other elements excluded from our manuals: <ul style="list-style-type: none"> • Resulting from the nonratable element codes • Developed by the passenger seat surcharge under Classification Code 7421 • Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Developed by the catastrophe provisions as outlined in our manuals
4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.	4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by Federal and non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. The tax multipliers Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.	5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and nonfederal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. The tax multipliers Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.
B. Retrospective Premium Elective Elements	B. Retrospective Rating Plan Premium Elective Elements
Two other elements are included in retrospective premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.	Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.
1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Taxes are added to excess loss premium just as they are for other elements of retrospective premium. Excess loss premium factors vary by state, by classification, and by the amount of the	1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Excess loss premium factors vary by state, by classification, and by the amount of the

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<p>loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.</p>	<p>loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.</p>
<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of retrospective rating plan premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium</p> <p>Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>	<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.</p> <p>Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>
<p>C. Retrospective Premium Formula</p>	<p>C. Retrospective Rating Plan Premium Formula</p>
<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.</p> <p>1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them.</p> <p>2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum retrospective shown in the Schedule to the standard premium.</p> <p>3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.</p>	<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.</p> <p>1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.</p> <p>2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.</p> <p>3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.</p>
<p>D. Premium Calculations and Payments</p>	<p>D. Calculation of Retrospective Rating Plan Premium</p>
<p>1. We will calculate the retrospective premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. We will have the calculations verified by the appropriate rate service organization at your request.</p> <p>We may make a special valuation of the retrospective premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are</p>	<p>1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.</p> <p>We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all</p>

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<p>involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective premium is more than the total standard premium as of the special valuation date.</p> <p>We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods</p> <p>2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.</p> <p>3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.</p>	<p>your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.</p> <p>We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.</p> <p>2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.</p> <p>3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.</p>
<p>E. Work in Other States</p>	<p>E. Insureds Operating in More Than One State</p>
<p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the plan period, this endorsement will apply to that insurance if this rating plan applies in that state on an interstate basis. The retrospective premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>	<p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>
<p>F. Cancellation and Nonrenewal</p>	<p>F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan</p>
<p>1. If any insurance subject to this endorsement is cancelled or is not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>2. If we cancel or do not renew because of nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, increased pro rata to 365 days.</p> <p>3. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective premium and will be used to determine the basic premium.</p> <p>The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p>	<p>1. If the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement.</p> <p>2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period</p> <p>3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.</p> <p>4. If you cancel or do not renew, the standard premium for the rating plan period will</p>

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<p>The maximum retrospective premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.</p> <p>4. Section F.3. will not apply if you cancel or do not renew because: a. all work covered by the insurance is completed; b. all interest in the business covered by the insurance is sold; or c. you retire from all business covered by the insurance.</p>	<p>be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.</p> <p>The short rate premium will be used to determine the excess loss premium and Retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date</p> <p>5. Section F.4. will not apply if you cancel or do not renew because: a. All work covered by the insurance is completed b. All interest in the business covered by the insurance is sold c. You retire from all business covered by the insurance</p>
<p style="text-align: center;">Schedule</p> <p>1. Other policies subject to this Retrospective Premium Endorsement \$ _____ \$ _____ \$ _____</p> <p>2. Loss Limitation: \$ _____</p> <p>3. Loss Conversion Factor _____</p> <p>Minimum Retrospective Premium Factor _____</p> <p>Maximum Retrospective Premium Factor _____</p> <p>4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, the basic premium factor will be recalculated.</p> <p style="text-align: center;">50% 100% 150%</p> <p>Estimated Standard</p>	<p style="text-align: center;">Schedule</p> <p>1. Other policies subject to this Retrospective Rating Plan Premium Endorsement \$ _____ \$ _____ \$ _____</p> <p>2. Loss Limitation: \$ _____</p> <p>3. Loss Conversion Factor _____</p> <p>Minimum Retrospective Rating Plan Premium Factor _____</p> <p>Maximum Retrospective Rating Plan Premium Factor _____</p> <p>4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.</p> <p style="text-align: center;">50% 100% 150%</p> <p>Estimated Standard Premium: \$ _____ \$ _____ \$ _____</p> <p>Basic Premium</p>

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Premium: \$ _____ \$ _____ \$ _____ Basic Premium Factor: _____ _____ _____ 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.					Factor: _____ _____ _____ 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.										
TABLE OF STATES					TABLE OF STATES										
State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors			State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (other than "F" Classes)	Federal ("F" Classes only)	State (other than "F" Classes)	Federal ("F" Classes only)	1st	2 nd	3rd		State (other than "F" Classes)	Federal ("F" Classes only)	State (other than "F" Classes)	Federal ("F" Classes only)	1st	2 nd	3rd

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RETROSPECTIVE PREMIUM ENDORSEMENT NON-RATABLE CATASTROPHE ELEMENT OR SURCHARGE WC 00 05 10	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT NONRATABLE CATASTROPHE ELEMENT OR SURCHARGE WC 00 05 10 A
This endorsement changes the Retrospective Premium endorsement attached to the policy.	This endorsement issued because you chose to have the cost of the insurance rated retrospectively. This endorsement changes the retrospective rating plan premium endorsement attached to the policy.
1. Standard premium excludes the portion of the premium that is determined by the application of a non-ratable catastrophe in a rate or a non-ratable catastrophe surcharge required by our manuals. The classification involving such premiums are listed in the Schedule.	1. Standard premium excludes the portion of the premium that is determined by the application of a nonratable catastrophe in a rate or a nonratable catastrophe surcharge required by our manuals. The classification codes involving such premiums are listed in the Schedule below.
2. Incurred losses do not include: a. the cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification for which our manuals contain a non-ratable catastrophe element. b. losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement.	2. Incurred losses do not include: a. The cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification code for which our manuals contain a nonratable catastrophe element b. Losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement
	Catastrophe provisions, as described in our manuals, are included in the total policy premium, but excluded from the standard premium used in a retrospective rating plan premium.
Schedule	Schedule

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RETROSPECTIVE PREMIUM ENDORSEMENT NON-RATABLE CATASTROPHE ELEMENT OR SURCHARGE WC 00 05 10	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT NONRATABLE CATASTROPHE ELEMENT OR SURCHARGE WC 00 05 10 A
This endorsement changes the Retrospective Premium endorsement attached to the policy.	This endorsement issued because you chose to have the cost of the insurance rated retrospectively. This endorsement changes the retrospective rating plan premium endorsement attached to the policy.
1. Standard premium excludes the portion of the premium that is determined by the application of a non-ratable catastrophe in a rate or a non-ratable catastrophe surcharge required by our manuals. The classification involving such premiums are listed in the Schedule.	1. Standard premium excludes the portion of the premium that is determined by the application of a nonratable catastrophe in a rate or a nonratable catastrophe surcharge required by our manuals. The classification codes involving such premiums are listed in the Schedule below.
2. Incurred losses do not include: a. the cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification for which our manuals contain a non-ratable catastrophe element. b. losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement.	2. Incurred losses do not include: a. The cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification code for which our manuals contain a nonratable catastrophe element b. Losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement
	Catastrophe provisions, as described in our manuals, are included in the total policy premium, but excluded from the standard premium used in a retrospective rating plan premium.
Schedule	Schedule

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RETROSPECTIVE PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE LINES WC 00 05 12 A	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE LINES WC 00 05 12 B
This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.	This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.
This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.	This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.
The final premium for the policies designated in the Schedule is the sum of: 1. the premium for the insurance subject to a retrospective rating as shown in the Schedule and computed as explained in this endorsement and referred to as the retrospective premium, and 2. the premium for the insurance not subject to a retrospective rating as shown in the Schedule and computed in accordance with the provisions of such policies other than this endorsement.	The final premium for the policies designated in the Schedule is the sum of: 1. The premium for the insurance subject to the retrospective rating plan as shown in the Schedule and calculated as explained in this endorsement and referred to as the rating plan premium, and 2. The premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and calculated in accordance with the provisions of such policies other than this endorsement
The amount of retrospective premium depends on five standard elements and two elective elements.	The amount of retrospective rating plan premium depends on five standard elements and two elective elements.
A. Retrospective Premium Standard Elements	A. Retrospective Rating Plan Premium Standard Elements
The five standard elements are explained here.	The five standard elements are explained here.
1. Standard premium is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating but with two exceptions. Standard premium does not the expense constant charge or the premium discount credit.	1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective premium rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals: <ul style="list-style-type: none"> • Premium discount • Expense constant • Premium resulting from the nonratable element codes • Premium developed by the passenger seat surcharge under Classification Code 7421 • Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Premium developed by the catastrophe provisions as outlined in our manuals

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<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the schedule, the basic premium will be recalculated.</p>	<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:</p> <ul style="list-style-type: none"> • General administration costs of the carrier • Cost of loss control services • Insurance charge
	<p>The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.</p>
	<p>The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.</p>
<p>3. Incurred losses are all amounts we pay or estimate we will pay and losses for the following expenses:</p> <ol style="list-style-type: none"> a. premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability or auto physical damage insurance; b. interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance; c. allocated loss adjustment expenses, except that this will apply for auto liability, general liability, and employers liability insurance only; d. expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party. 	<p>3. Incurred losses are all amounts we pay or estimate we will pay for losses for the following expenses:</p> <ol style="list-style-type: none"> a. Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance b. Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance c. Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only d. Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party <p>Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.</p> <p>Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:</p> <ul style="list-style-type: none"> • Resulting from the nonratable element codes • Developed by the passenger seat surcharge under Classification Code 7421 • Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Developed by the catastrophe provisions as outlined in our manuals

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<p>4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.</p>	<p>4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.</p>
<p>5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and line of insurance. For workers compensation and employers liability insurance, it varies by Federal and non-Federal classifications. The tax multipliers are shown in the Schedule.</p>	<p>5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and line of insurance. For workers compensation and employers liability insurance, it varies by federal and nonfederal classifications. The tax multipliers are shown in the Schedule.</p>
<p>B. Retrospective Premium Elective Elements</p>	<p>B. Retrospective Rating Plan Premium Elective Elements</p>
<p>Two other elements are included in retrospective premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>	<p>Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>
<p>1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective premium is limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Taxes are added to excess loss premium just as they are for other elements of retrospective premium.</p> <p>Excess loss premium factors vary by line of insurance, and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors vary by state and classification. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.</p>	<p>1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.</p> <p>Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state, classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.</p>
<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of retrospective premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium</p>	<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.</p>

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<p>For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculation of retrospective premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>	<p>For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculation of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>
<p>C. Retrospective Premium Formula</p>	<p>C. Retrospective Rating Plan Premium Formula</p>
<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective premium is the sum of basic premium, converted losses, and taxes, plus the excess loss premium and retrospective development premium elective elements if you chose them. 2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum factors shown in the Schedule to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state. 	<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule. 2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.
<p>D. Premium Calculations and Payments</p>	<p>D. Calculation of Retrospective Rating Plan Premium</p>
<ol style="list-style-type: none"> 1. We will calculate the retrospective premium using all incurred losses we have as of a date six months after the rating plan period ends and annually thereafter. With respect to workers compensation and employers liability insurance, we will have the calculations verified by the appropriate rate service organization at your request. <p>We may make a special valuation of a retrospective premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective premium is more than the total standard premium as of the special valuation date.</p> <ol style="list-style-type: none"> 2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation. 	<ol style="list-style-type: none"> 1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. <p>We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.</p> <ol style="list-style-type: none"> 2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation. 3. After each calculation of the retrospective rating plan premium, you will pay

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<p>3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.</p>	<p>promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.</p>
<p>E. Work in Other States</p>	<p>E. Insureds Operating in More Than One State</p>
<p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the rating plan period, this endorsement will apply to that insurance if this rating plan applies in that state on an interstate basis. The retrospective premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>	<p>If any of the policies provide insurance in a state not listed in the Table of States, and you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>
<p>F. Cancellation</p>	<p>F. Cancellation of a Policy Under a Retrospective Rating Plan</p>
<p>1. If any insurance subject to this endorsement is canceled, the effective date of cancellation will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>2. If we cancel for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.</p> <p>3. If you cancel, the standard premium for the rating plan period will be calculated according to the short rate cancellation procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This premium will be the minimum retrospective premium and will be used to determine the basic premium. This minimum retrospective premium will also be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective premium will also be based on the standard premium for the rating plan period, increased pro rata to 365 days.</p> <p>4. Section F.3. will not apply if you cancel because:</p> <ul style="list-style-type: none"> a. all work covered by the insurance is completed; b. all interest in the business covered by the insurance is sold; or c. you retire from all business covered by the insurance. 	<p>1. If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.</p> <p>2. If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>3. If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.</p> <p>4. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective premium and will be used to determine the basic premium.</p> <p>The short rate retrospective premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.</p>

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	5. Section F.4. will not apply if you cancel because: a. All work covered by the insurance is completed b. All interest in the business covered by the insurance is sold c. You retire from all business covered by the insurance												
Schedule Premium Subject to Retrospective Rating, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors.	Schedule Premium Subject to Retrospective Rating, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors.												
1. The premium for the following policies combined is to be computed in accordance with the provisions of this Retrospective Premium Endorsement: List of Policies _____	1. The premium for the following policies combined is to be calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement: List of Policies _____												
2. The plan does not apply to premium For policies _____	2. The retrospective rating plan does not apply to premium For policies _____												
3. The plan does not apply to the premium for Uninsured Motorist Insurance if afforded under the policies designated in paragraph 1.	3. The retrospective rating plan does not apply to the premium for uninsured motorist insurance if afforded under the policies designated in paragraph 1.												
4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies. <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Coverage</th> <th style="text-align: center;">Limit of Liability</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> </tbody> </table> <p>The incurred losses to be included in computing the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premium on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.</p>	Coverage	Limit of Liability	_____	\$ _____	_____	\$ _____	4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies. <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Coverage</th> <th style="text-align: center;">Limit of Liability</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> </tbody> </table> <p>The incurred losses to be included in calculating the premium for the insurance subject to retrospective rating plan will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premium on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.</p>	Coverage	Limit of Liability	_____	\$ _____	_____	\$ _____
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5. Workers Compensation and Employers Liability Loss Limitation is \$ _____	5. Workers Compensation and Employers Liability Loss Limitation is \$ _____												
6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance.	6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance.												

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<p>7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage, or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p>	<p>7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage, or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p>																								
<p>8. Loss Conversion Factor is _____</p>	<p>8. Loss Conversion Factor is _____</p>																								
<p>9. Minimum Retrospective Premium Factor _____</p> <p>Maximum Retrospective Premium Factor _____</p>	<p>9. Minimum Retrospective Rating Plan Premium Factor _____</p> <p>Maximum Retrospective Rating Plan Premium Factor _____</p>																								
<p>10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, the basic premium factor will be recalculated</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 16.6%; text-align: center;">50%</th> <th style="width: 16.6%; text-align: center;">100%</th> <th style="width: 6.8%; text-align: center;">150%</th> </tr> </thead> <tbody> <tr> <td>Estimated Standard Premium</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>Basic Premium Factor</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table>		50%	100%	150%	Estimated Standard Premium	\$ _____	\$ _____	\$ _____	Basic Premium Factor	_____	_____	_____	<p>10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 16.6%; text-align: center;">50%</th> <th style="width: 16.6%; text-align: center;">100%</th> <th style="width: 6.8%; text-align: center;">150%</th> </tr> </thead> <tbody> <tr> <td>Estimated Standard Premium:</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>Basic Premium Factor:</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table>		50%	100%	150%	Estimated Standard Premium:	\$ _____	\$ _____	\$ _____	Basic Premium Factor:	_____	_____	_____
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RETROSPECTIVE PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE LINES WC 00 05 13 A	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE LINES WC 00 05 13 B
This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.	This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.
This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.	This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.
The final premium for the policies designated in the Schedule is the sum of: 1. the premium for the insurance subject to a retrospective rating as shown in the Schedule and computed as explained in this endorsement and referred to as the retrospective premium, and 2. the premium for the insurance not subject to a retrospective rating as shown in the Schedule and computed in accordance with the provisions of such policies other than this endorsement.	The final premium for the policies designated in the Schedule is the sum of: 1. The premium for the insurance subject to a retrospective rating plan as shown in the Schedule and calculated as explained in this endorsement and referred to as the rating plan premium, and 2. The premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and calculated in accordance with the provisions of such policies other than this endorsement
The amount of retrospective premium depends on five standard elements and two elective elements.	The amount of retrospective rating plan premium depends on five standard elements and two elective elements.
A. Retrospective Premium Standard Elements	A. Retrospective Rating Plan Premium Standard Elements
The five standard elements are explained here.	The five standard elements are explained here.
1. Standard premium is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating but with two exceptions. Standard premium does not include the expense constant charge, the premium discount credit or any other expense modification,	1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals: <ul style="list-style-type: none"> • Premium discount • Expense constant • Premium resulting from the nonratable element codes • Premium developed by the passenger seat surcharge under Classification Code 7421 • Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Premium developed by the catastrophe provisions as outlined in our manuals

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<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the schedule, the basic premium will be recalculated.</p>	<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:</p> <ul style="list-style-type: none"> • General administration costs of the carrier • Cost of loss control services • Insurance charge
	<p>The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.</p>
	<p>The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.</p>
<p>3. Incurred losses are all amounts we pay or estimate we will pay and losses for the following expenses:</p> <ol style="list-style-type: none"> a. premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance; b. interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance; c. allocated loss adjustment expenses, except that this will apply for auto liability, general liability, and employers liability insurance only; d. expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party. 	<p>3. Incurred losses are all amounts we pay or estimate we will pay for loss for the following expenses:</p> <ol style="list-style-type: none"> a. Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance b. Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance c. Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only d. Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party <p>Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.</p> <p>Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:</p> <ul style="list-style-type: none"> • Resulting from the nonratable element codes • Developed by the passenger seat surcharge under Classification Code 7421 • Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act

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<p>4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.</p>	<p>• Developed by the catastrophe provisions as outlined in our manuals</p> <p>4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted losses. The loss conversion factor is shown in the Schedule.</p>
<p>5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted losses. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by Federal and non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.</p>	<p>5. Taxes are a part of the premium we collect. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by federal and non-federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.</p>
<p>B. Retrospective Premium Elective Elements</p>	<p>B. Retrospective Rating Plan Premium Elective Elements</p>
<p>Two other elements are included in retrospective premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>	<p>Two other elements are included in determining retrospective rating Plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>
<p>1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective premium is limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Taxes are added to excess loss premium just as they are for other elements of retrospective premium.</p> <p>Excess loss premium factors vary by line of insurance, and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors vary by state and classification. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.</p>	<p>1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.</p> <p>Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state, classification, and the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.</p>
<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of retrospective premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the</p>	<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability.</p>

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<p>retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium</p> <p>For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculation of retrospective premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>	<p>This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.</p> <p>For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculation of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>
<p>C. Retrospective Premium Formula</p>	<p>C. Retrospective Rating Plan Premium Formula</p>
<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. 2. The retrospective premium will not be less than the minimum nor more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum premium factors shown in the Schedule to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state. 	<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule. 2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating premium factors, shown in the Schedule, to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.
<p>D. Premium Calculations and Payments</p>	<p>D. Calculation of Retrospective Rating Plan Premium</p>
<ol style="list-style-type: none"> 1. We will calculate the retrospective premium using all losses we have as of a date six months after the rating plan period ends and annually thereafter. With respect to workers compensation and employers liability insurance, we will have the calculations verified by the appropriate rate service organization at your request. <p>We may make a special valuation of a retrospective premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective premium is more than the total standard premium as of the special valuation date.</p>	<ol style="list-style-type: none"> 1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. <p>We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.</p>

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<p>We may make interim calculations of retrospective premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six month after the end of each of these periods.</p> <p>2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.</p> <p>3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.</p>	<p>We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six month after the end of each of these periods.</p> <p>2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.</p> <p>3. After each calculation of a retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.</p>
<p>E. Work in Other States</p>	<p>E. Insureds Operating in More Than One State</p>
<p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the rating plan period, this endorsement will apply to that insurance if this rating plan applies in that state on an interstate basis. The retrospective premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>	<p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>
<p>F. Cancellation and Nonrenewal</p>	<p>F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan</p>
<p>1. If any insurance subject to this endorsement is canceled or is not renewed, the effective date of cancellation will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>2. If we cancel or do not renew for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).</p> <p>3. If you cancel or do not renew, the standard premium for the rating plan period will be calculated according to the short rate cancellation procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This premium will be the minimum retrospective premium and will be used to determine the basic premium. This minimum retrospective premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).</p>	<p>1. If the policy to which this endorsement is attached is cancelled or not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement.</p> <p>2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating factors shown in the Schedule.</p> <p>4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.</p>

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<p>4. Section F.3. will not apply if you cancel or do not renew because:</p> <p>a. all work covered by the insurance is completed;</p> <p>b. all interest in the business covered by the insurance is sold; or</p> <p>c. you retire from all business covered by the insurance.</p>	<p>The short rate retrospective rating plan premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).</p> <p>5. Section F.4. will not apply if you cancel or do not renew because:</p> <p>a. All work covered by the insurance is completed</p> <p>b. All interest in the business covered by the insurance is sold</p> <p>c. You retire from all business covered by the insurance</p>												
Schedule	Schedule												
Premium Subject to Retrospective Rating, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors.	Premium Subject to Retrospective Rating Plan, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors												
1. The premium for the following policies combined is to be computed in accordance with the provisions of this Retrospective Premium Endorsement: List of Policies _____	1. The premium for the following policies combined is to be computed in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement: List of Policies _____												
2. The plan does not apply to premium For policies _____	2. The retrospective rating plan does not apply to premium For policies _____												
3. The plan does not apply to the premium for Uninsured Motorist Insurance if afforded under the policies designated in paragraph 1.	3. The retrospective rating plan does not apply to the premium for uninsured motorist insurance if afforded under the policies designated in paragraph 1.												
4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.	4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.												
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<p>The incurred losses to be included in computing the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premium on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.</p>	<p>The incurred losses to be included in calculating the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premium on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.</p>
<p>5. Workers Compensation and Employers Liability Loss Limitation is \$ _____</p>	<p>5. Workers Compensation and Employers Liability Loss Limitation is \$ _____</p>
<p>6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance</p>	<p>6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance</p>
<p>7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage, or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p>	<p>7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage, or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p>
<p>8. Loss Conversion Factor is _____</p>	<p>8. Loss Conversion Factor is _____</p>
<p>9. Minimum Retrospective Premium Factor _____</p> <p>Maximum Retrospective Premium Factor _____</p>	<p>9. Minimum Retrospective Rating Plan Premium Factor _____</p> <p>Maximum Retrospective Rating Plan Premium Factor _____</p>
<p>10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, the basic premium factor will be recalculated</p>	<p>10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be</p>

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Estimated Standard Premium	\$ _____	\$ _____	\$ _____	recalculated	\$ _____	\$ _____	\$ _____																																														
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	State	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4th																																																																																										

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P-1407 (A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED*

Current	Proposed
RETROSPECTIVE PREMIUM ENDORSEMENT LONG-TERM CONSTRUCTION PROJECT—MULTIPLE LINES WC 00 05 14 A	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION PROJECT—MULTIPLE LINES WC 00 05 14 B
This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.	This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.
This endorsement applies in the states listed in the Schedule. It determines the retrospective premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the construction projection described in the declarations or Information Page of such policies, beginning with the effective date of this endorsement.	This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the wrap-up construction project described in the declarations or Information Page of such policies, beginning with the effective date of this endorsement.
The final premium for the policies designated in the Schedule is the sum of: 1. the premium for the insurance subject to a retrospective rating as shown in the Schedule and computed as explained in this endorsement and referred to as the retrospective premium, and 2. the premium for the insurance not subject to a retrospective rating as shown in the Schedule and computed in accordance with the provisions of such policies other than this endorsement.	The final premium for the policies designated in the Schedule is the sum of: 1. The premium for the insurance subject to a retrospective rating plan as shown in the Schedule and calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and 2. The premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and calculated in accordance with the provisions of such policies other than this endorsement
The amount of retrospective premium depends on five standard elements and two elective elements.	The amount of retrospective rating plan premium depends on five standard elements and two elective elements.
A. Retrospective Premium Standard Elements	A. Retrospective Rating Plan Premium Standard Elements
The five standard elements are explained here.	The five standard elements are explained here.
1. Standard premium is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating, but with two exceptions. Standard premium does not the expense constant charge or the premium discount credit.	1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals: <ul style="list-style-type: none"> • Premium discount • Expense constant • Premium resulting from the nonratable element codes • Premium developed by the passenger seat surcharge under Classification Code 7421 • Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act • Premium developed by the catastrophe provisions as outlined in our manuals

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<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premium shown in the schedule, the basic premium will be recalculated.</p>	<p>2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:</p> <ul style="list-style-type: none"> • General administration costs of the carrier • Cost of loss control services • Insurance charge
	<p>The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.</p>
	<p>The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.</p>
<p>3. Incurred losses are all amounts we pay or estimate we will pay for losses for the following expenses:</p> <ol style="list-style-type: none"> a. premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance; b. interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance; c. allocated loss adjustment expenses, except that this will apply for auto liability, general liability, and employers liability insurance only; d. expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party. 	<p>3. Incurred losses are all amounts we pay or estimate we will pay for losses for the following expenses:</p> <ol style="list-style-type: none"> a. Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance b. Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance c. Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only d. Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party <p>Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.</p> <p>Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:</p> <ul style="list-style-type: none"> • Resulting from the nonratable element codes • Developed by the passenger seat surcharge under Classification Code 7421 • Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act

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<p>4. A converted loss is an incurred loss multiplied by a percentage called the loss conversion factor. The loss conversion factor is shown in the Schedule.</p>	<p>• Developed by the catastrophe provisions as outlined in our manuals</p> <p>4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted losses. The loss conversion factor is shown in the Schedule.</p>
<p>5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, and converted losses. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by Federal and non-Federal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.</p>	<p>5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by federal and nonfederal classification. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.</p>
<p>B. Retrospective Premium Elective Elements</p>	<p>B. Retrospective Rating Plan Premium Elective Elements</p>
<p>Two other elements are included in retrospective premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>	<p>Two other elements may be included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.</p>
<p>1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For all other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor. Taxes are added to excess loss premium just as they are for other elements of retrospective premium.</p> <p>Excess loss premium factors vary by line of insurance, and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors vary by state and classification. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.</p>	<p>1. The election of a loss limitation means that the amount of incurred loss to be included in a retrospective rating plan premium is limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For all other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.</p> <p>The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.</p> <p>Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state, classification, and the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.</p>
<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of retrospective premium for workers compensation and employers liability insurance, and</p>	<p>2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers</p>

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Current	Proposed
<p>the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by loss conversion factor. The percentage of standard premium is called the retrospective development factor. Taxes are added to retrospective development premium just as they are for other elements of retrospective premium</p> <p>For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculation of retrospective premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>	<p>liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by loss conversion factor. The percentage of standard premium is called the retrospective development factor.</p> <p>For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculation of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.</p>
<p>C. Retrospective Premium Formula</p>	<p>C. Retrospective Rating Plan Premium Formula</p>
<p>Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. 2. The retrospective premium will not be less than the minimum or more than the maximum retrospective premium. The minimum and maximum retrospective premiums are determined by applying the minimum and maximum retrospective shown in the Schedule to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state. 	<p>Insurance policies listed in the Schedule will be combined with this policy to calculate a retrospective rating plan premium. If the policies provide insurance for more than one insured, a retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.</p> <ol style="list-style-type: none"> 1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the schedule. 2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan period factors, shown in the Schedule, to the standard premium. 3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.
<p>D. Premium Calculations and Payments</p>	<p>D. Calculation of Retrospective Rating Plan Premium</p>
<ol style="list-style-type: none"> 1. We will calculate the retrospective premium using all incurred losses i we have as of a date six months after the rating plan period ends and annually thereafter. With respect to workers compensation and employers liability insurance, we will have the calculations verified by the appropriate rate service organization at your request. <p>We may make a special valuation of a retrospective premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective</p>	<ol style="list-style-type: none"> 1. We will calculate the retrospective premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter. <p>We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.</p>

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Current	Proposed
<p>premium is more than the total standard premium as of the special valuation date.</p> <p>We may make interim calculations of retrospective premium for the first year and first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.</p> <p>2. After a calculation of retrospective premium, you and we may agree that it is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.</p> <p>3. After each calculation of retrospective premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective premium calculated under this endorsement.</p>	<p>We may make interim calculations of retrospective rating plan premium for the first year and first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.</p> <p>2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.</p> <p>3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.</p>
<p>E. Work in Other States</p> <p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the rating plan period, this endorsement will apply to that insurance if this rating plan applies in that state on an interstate basis. The retrospective premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>	<p>E. Insureds Operating in More Than One State</p> <p>If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.</p>
<p>F. Cancellation</p> <p>1. If any insurance subject to this endorsement is canceled or not renewed, the effective date of cancellation will become the end of the rating plan period of all insurance subject to this endorsement, unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>2. If we cancel or do not renew for nonpayment of premium, the maximum retrospective premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.</p> <p>3. If you cancel or do not renew, the standard premium for the rating plan period will be calculated according to the short rate procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This premium will be the minimum retrospective premium and will be used to determine the basic premium. This minimum retrospective premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p>	<p>F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan</p> <p>1. If the policy to which this endorsement is attached is cancelled or not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement.</p> <p>2. If other policies listed in the schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.</p> <p>3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.</p> <p>4. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This</p>

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Current	Proposed												
<p>The maximum retrospective premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.</p> <p>4. Section F.3. will not apply if you cancel or do not renew because:</p> <p>a. all work covered by the insurance is completed;</p> <p>b. all interest in the business covered by the insurance is sold; or</p> <p>c. you retire from all business covered by the insurance</p>	<p>short rate premium will be the minimum retrospective premium and will be used to determine the basic premium. The short rate retrospective premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.</p> <p>The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.</p> <p>5. Section F.4. will not apply if you cancel or do not renew because:</p> <p>a. All work covered by the insurance is completed</p> <p>b. All interest in the business covered by the insurance is sold</p> <p>c. You retire from all business covered by the insurance</p>												
<p style="text-align: center;">Schedule</p> <p>Premium Subject to Retrospective Rating, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors.</p>	<p style="text-align: center;">Schedule</p> <p>Premium Subject to Retrospective Rating, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors</p>												
<p>1. The premium for the following policies combined is to be computed in accordance with the provisions of this Retrospective Premium Endorsement: List of Policies _____</p>	<p>1. The premium for the following policies combined is to be calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement: List of Policies _____</p>												
<p>2. The plan does not apply to premium for policies _____ in the states of _____</p>	<p>2. The retrospective rating plan does not apply to premium for policies _____ in the states of _____</p>												
<p>3. The plan does not apply to the premium for Uninsured Motorist Insurance if afforded under the policies designated in paragraph 1.</p>	<p>3. The retrospective rating plan does not apply to the premium for uninsured motorist insurance if afforded under the policies designated in paragraph 1.</p>												
<p>4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 60%;">Coverage</th> <th style="text-align: center; width: 40%;">Limit of Liability</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> </tbody> </table> <p>If the aggregate limits of liability are stated above, they will apply separately to each annual period included in the duration of the construction project.</p>	Coverage	Limit of Liability	_____	\$ _____	_____	\$ _____	<p>4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 60%;">Coverage</th> <th style="text-align: center; width: 40%;">Limit of Liability</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> <tr> <td>_____</td> <td style="text-align: center;">\$ _____</td> </tr> </tbody> </table> <p>If the aggregate limits of liability are stated above, they will apply separately to each annual period included in the duration of the construction project.</p>	Coverage	Limit of Liability	_____	\$ _____	_____	\$ _____
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Current	Proposed
<p>The incurred losses to be included in computing the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premium on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.</p>	<p>The incurred losses to be included in calculating the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premium on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.</p>
<p>5. Workers Compensation and Employers Liability Loss Limitation is \$ _____</p>	<p>5. Workers Compensation and Employers Liability Loss Limitation is \$ _____</p>
<p>6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance.</p>	<p>6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance.</p>
<p>7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage, or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p>	<p>7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage, or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p> <p>Loss Limitation for _____ insurance is \$ _____</p>
<p>8. Loss Conversion Factor is _____</p>	<p>8. Loss Conversion Factor is _____</p>
<p>9. Minimum Retrospective Premium Factor is _____</p> <p>Maximum Retrospective Premium Factor is _____</p>	<p>9. Minimum Retrospective Rating Plan Premium Factor is _____</p> <p>Maximum Retrospective Rating Plan Premium Factor is _____</p>
<p>10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, the basic premium factor will be recalculated.</p>	<p>10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be</p>

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Current				Proposed																																																	
	50%	100%	150%		50%	100%	150%																																														
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____	recalculated.	\$ _____	\$ _____	\$ _____																																														
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P-1407 (A)—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS AMENDED*

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P-1407—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS*

Current	Proposed
RETROSPECTIVE PREMIUM ENDORSEMENT—FLEXIBILITY OPTIONS WC 00 05 15 A	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT LOSSES REDFINED TO INCLUDE ALLOCATED LOSS ADJUSTMENT EXPENSE (ALAE) WC 00 05 15 A
	This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively.
The Retrospective Plan premium endorsement attached to the policy is changed by the information shown in the Schedule.	The retrospective rating plan premium endorsement is attached to the policy is changed by the information shown in the Schedule.
Schedule	Schedule
1. Incurred losses are changed to include allocated loss adjustment expense in these states: _____	1. Incurred losses are changed to include allocated loss adjustment expense in these states: _____
2. The correctly calculated basic premium factor for 100% of the estimated standard premium shall be used without linear interpolation, for each calculation of retrospective premium.	
3. Each calculation of retrospective premium will use all loss information we have as of a date agreed to by you and us.	2. Each calculation of retrospective <u>rating plan</u> premium will use all loss information we have as of a date agreed to by you and us.

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P-1407—REVISED RETROSPECTIVE RATING PLAN ENDORSEMENTS*

Current	Proposed
	RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT—LARGE RISK ALTERNATIVE RATING OPTION (LRARO) WC 00 05 16
	This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement applies only to workers compensation and employers liability insurance when rated under the provisions of the Large Risk Alternative Rating Option that we have negotiated with you.

*Provided for regulator’s reference only and is not intended to become a part of any NCCI filing.

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium.

The basic premium factor includes:

- General administration costs of the carrier
- Cost of loss control services
- Insurance charges

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium.

The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
- Developed by the passenger seat surcharge under Classification Code 7421
- Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
- Developed by the catastrophe provisions as outlined in our manuals

4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and nonfederal classifications. The tax multipliers are shown in the Schedule.

(Ed. 01-10)

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.

Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.

Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.
2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More Than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation of a Policy Under a Retrospective Rating Plan

- 1. If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.
- 2. If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
- 3. If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.
- 4. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.
 The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.
 The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.
- 5. Section F.4. will not apply if you cancel because:
 - a. All work covered by the insurance is completed
 - b. All interest in the business covered by the insurance is sold
 - c. You retire from all business covered by the insurance

Schedule

1. Other policies subject to this Retrospective Rating Plan Premium Endorsement _____

2. Loss Limitation: \$ _____

3. Loss Conversion Factor _____

Minimum Retrospective Rating Plan Premium Factor _____

Maximum Retrospective Rating Plan Premium Factor _____

4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums, shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)	1st	2nd	3rd

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective Insured

Policy No.

Endorsement No. Premium

Insurance Company

Countersigned by _____

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.
3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:

 - Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. Converted incurred are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium and converted incurred losses and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and nonfederal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

(Ed. 01-10)

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.

Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.
We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.
2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More Than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

- 1. If the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement.
2. If the other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be the standard premium for the rating period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating plan factors shown in the Schedule.
4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.
The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.
The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).
5. Section F. 4. will not apply if you cancel or do not renew because:
a. All work covered by the insurance is completed
b. All interest in the business covered by the insurance is sold
c. You retire from all business covered by the insurance

Schedule

1. Other policies subject to this Retrospective Rating Plan Premium Endorsement _____

2. Loss Limitation: \$ _____

3. Loss Conversion Factor _____

Minimum Retrospective Rating Plan Premium Factor _____

Maximum Retrospective Rating Plan Premium Factor _____

4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums shown below, the basic premium factor will be recalculated.

Table with 4 columns: Label, 50%, 100%, 150%. Rows include Estimated Standard Premium and Basic Premium Factor.

(Ed. 01-10)

- 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)	1st	2nd	3rd

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective Insured

Policy No.

Endorsement No. Premium

Insurance Company

Countersigned by _____

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION PROJECT

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the wrap-up construction project described on the Information Page, beginning with the effective date of this endorsement.

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals
2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.
3. Incurred losses are all amounts we pay or estimate we will pay for losses, interest on judgments, expenses to recover against third parties, and employers liability loss adjustment expenses. This includes paid and outstanding losses (including any reserves set on open claims). If the allocated loss adjustment expense (ALAE) option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

 - Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by federal and nonfederal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

(Ed. 01-10)

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium is limited to an amount called the loss limitation. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.

Excess loss premium factors vary by state, by classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the retrospective rating plan policy period. Changes will be shown by endorsement.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium, and is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor. Retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.
We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.
2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More Than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

1. If the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement.
2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.
4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.
 The short rate premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.
 The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.
5. Section F.4. will not apply if you cancel or do not renew because:
 - a. All work covered by the insurance is completed
 - b. All interest in the business covered by the insurance is sold
 - c. You retire from all business covered by the insurance

Schedule

1. Other policies subject to this Retrospective Rating Plan Premium Endorsement _____
2. Loss Limitation: \$ _____
3. Loss Conversion Factor _____
 Minimum Retrospective Rating Plan Premium Factor _____
 Maximum Retrospective Rating Plan Premium Factor _____
4. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

(Ed. 01-10)

- 5. The tax multipliers, excess loss premium factors, and retrospective development factors, and the states where they apply, are shown in the Table of States.

TABLE OF STATES

State	Excess Loss Premium Factors		Tax Multiplier		Retrospective Development Factors		
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)	1st	2nd	3rd

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective Insured

Policy No.

Endorsement No. Premium

Insurance Company

Countersigned by _____

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT NONRATABLE CATASTROPHE ELEMENT OR SURCHARGE

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement changes the retrospective rating plan premium endorsement attached to the policy.

- 1. Standard premium excludes the portion of the premium that is determined by the application of a nonratable catastrophe element in a rate or a nonratable catastrophe surcharge required by our manuals. The classification codes involving such premiums are listed in the Schedule below.
- 2. Incurred losses do not include:
 - a. The cost in excess of the two most costly claims arising out of an accident involving two or more persons under a classification code for which our manuals contain a nonratable catastrophe element
 - b. Losses involving passenger employees, other than members of the flying crew, if the losses result from the crash of an aircraft described on the Aircraft Premium Endorsement
 Catastrophe provisions, as described in our manuals, are included in the total policy premium, but excluded from the standard premium used in a retrospective rating plan premium.

Schedule

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE LINES

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, and any policy listed in the Schedule. The rating plan period is the one-year period beginning with the effective date of this endorsement.

The final premium for the policies designated in the Schedule is the sum of:

1. The premium for the insurance subject to a retrospective rating plan as shown in the Schedule and calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and
2. The premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and calculated in accordance with the provisions of such policies other than this endorsement

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:

- General administration costs of the carrier
- Cost of loss control services
- Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium.

The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses for the following expenses:
 - a. Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance
 - b. Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance
 - c. Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only
 - d. Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party

Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.

(Ed. 01-10)

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
 5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by federal and nonfederal classifications. The tax multipliers are shown in the Schedule.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amounts of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.

Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state, classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.

For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium.

For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.
2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of a retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.
2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More Than One State

If any of the policies provide insurance in a state not listed in the Table of States, and you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation of a Policy Under a Retrospective Rating Plan

1. If the policy to which this endorsement is attached is cancelled, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.
2. If other policies listed in the Schedule of this endorsement are cancelled, the effective date of cancellation will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. If we cancel for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days, and will include all of the applicable retrospective rating plan factors shown in the Schedule.
4. If you cancel, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.
The short rate retrospective rating plan premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.
The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to 365 days.
5. Section F.4. will not apply if you cancel because:
 - a. All work covered by the insurance is completed
 - b. All interest in the business covered by the insurance is sold
 - c. You retire from all business covered by the insurance

Schedule

Premium Subject to Retrospective Rating Plan, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors

1. The premium for the following policies combined is to be calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement:

List of Policies

2. The retrospective rating plan does not apply to the premium for policies _____

in the states of _____

3. The retrospective rating plan does not apply to the premium for uninsured motorist insurance if afforded under the policies designated in paragraph 1.

4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.

Coverage

Limit of Liability

Table with 2 columns: Coverage and Limit of Liability. The Limit of Liability column contains dollar signs (\$) next to 13 blank rows.

The incurred losses to be included in calculating the premium for the insurance subject to retrospective rating plan will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premiums on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.

5. Workers Compensation and Employers Liability Loss Limitation is \$ _____

6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance.

7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for _____ insurance is \$ _____
Loss Limitation for _____ insurance is \$ _____
Loss Limitation for _____ insurance is \$ _____
Loss Limitation for _____ insurance is \$ _____

8. Loss Conversion Factor is _____

9. Minimum Retrospective Rating Plan Premium Factor is _____
Maximum Retrospective Rating Plan Premium Factor is _____

10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	\$ _____	\$ _____	\$ _____

TABLE OF STATES

11.A	Excess Loss Premium Factors		Tax Multipliers	
State	Workers Compensation and Employers Liability		Workers Compensation and Employers Liability	
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)

11.B	Excess Loss Premium Factors			Tax Multipliers		
State	General Liability	Automobile Liability	Automobile Physical Damage	General Liability	Automobile Liability	Automobile Physical Damage

12.A	Retrospective Development Factors		
State	Workers Compensation and Employers Liability		
	1st	2nd	3rd

12.B	Retrospective Development Factors							
State	General Liability				Automobile Liability			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured
Insurance Company

Policy No.
Countersigned by _____

Endorsement No.
Premium

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT
THREE-YEAR PLAN—MULTIPLE LINES**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the three-year period beginning with the effective date of this endorsement.

The final premium for the policies designated in the Schedule is the sum of:

1. The premium for the insurance subject to a retrospective rating plan as shown in the Schedule and calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and
2. The premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and calculated in accordance with the provisions of such policies other than this endorsement

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:
 - Premium discount
 - Expense constant
 - Premium resulting from the nonratable element codes
 - Premium developed by the passenger seat surcharge under Classification Code 7421
 - Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Premium developed by the catastrophe provisions as outlined in our manuals

2. Basic premium is less than standard premium. It is the standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium. The basic premium factor includes:
 - General administration costs of the carrier
 - Cost of loss control services
 - Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium. The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses for the following expenses:
 - a. Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance
 - b. Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance
 - c. Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only
 - d. Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party

Incurred losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements or any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
 5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by federal and nonfederal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.
The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.

Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state, classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.

For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium. For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.
We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.
2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More Than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

1. If the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation or nonrenewal will become the end of the rating plan period of all insurance subject to this endorsement.
2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days), and will include all of the applicable retrospective rating factors shown in the Schedule.
4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.
The short rate retrospective rating plan premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.
The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, increased pro rata to three years (1,095 days).
5. Section F.4. will not apply if you cancel or do not renew because:
 - a. All work covered by the insurance is completed
 - b. All interest in the business covered by the insurance is sold
 - c. You retire from all business covered by the insurance

Schedule

Premium Subject to Retrospective Rating Plan, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors

1. The premium for the following policies combined is to be calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement:

List of Policies _____

2. The retrospective rating plan does not apply to the premium for policies _____ in the states of _____

3. The retrospective rating plan does not apply to the premium for uninsured motorist insurance if afforded under the policies designated in paragraph 1.

4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.

Coverage	Limit of Liability
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

If aggregate limits of liability are stated above, they will apply separately to each annual period included in the three-year period.

The incurred losses to be included in calculating the premium for the insurance subject to retrospective rating will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premiums on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.

5. Workers Compensation and Employers Liability Loss Limitation is \$ _____

6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance _____

7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for _____ insurance is \$ _____

Loss Limitation for _____ insurance is \$ _____

Loss Limitation for _____ insurance is \$ _____

Loss Limitation for _____ insurance is \$ _____

8. Loss Conversion Factor is _____

9. Minimum Retrospective Rating Plan Premium Factor is _____
Maximum Retrospective Rating Plan Premium Factor is _____

10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	\$ _____	\$ _____	\$ _____

TABLE OF STATES

11.A	Excess Loss Premium Factors		Tax Multipliers	
State	Workers Compensation and Employers Liability		Workers Compensation and Employers Liability	
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)

11.B	Excess Loss Premium Factors			Tax Multipliers		
State	General Liability	Automobile Liability	Automobile Physical Damage	General Liability	Automobile Liability	Automobile Physical Damage

12.A	Retrospective Development Factors		
State	Workers Compensation and Employers Liability		
	1st	2nd	3rd

12.B	Retrospective Development Factors							
State	General Liability				Automobile Liability			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION PROJECT
MULTIPLE LINES**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement explains the rating plan and how the retrospective rating plan premium will be determined. For workers compensation and employers liability insurance, this endorsement refers to Part Five (Premium) of that policy.

This endorsement applies in the states listed in the Schedule. It determines the retrospective rating plan premium for the insurance provided during the rating plan period by this policy, any policy listed in the Schedule, and the renewals of each. The rating plan period is the duration of the wrap-up construction project described in the declarations or Information Page of such policies, beginning with the effective date of this endorsement.

The final premium for the policies designated in the Schedule is the sum of:

1. The premium for the insurance subject to a retrospective rating plan as shown in the Schedule and calculated as explained in this endorsement and referred to as the retrospective rating plan premium, and
2. The premium for the insurance not subject to a retrospective rating plan as shown in the Schedule and calculated in accordance with the provisions of such policies other than this endorsement

The amount of retrospective rating plan premium depends on five standard elements and two elective elements.

A. Retrospective Rating Plan Premium Standard Elements

The five standard elements are explained here.

1. Standard premium is the premium we would charge during the rating plan period if you had not chosen a retrospective rating plan. Standard premium does not include the following elements and any other elements excluded based on our manuals:

- Premium discount
- Expense constant
- Premium resulting from the nonratable element codes
- Premium developed by the passenger seat surcharge under Classification Code 7421
- Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
- Premium developed by the catastrophe provisions as outlined in our manuals

2. Basic premium is less than standard premium. It is standard premium multiplied by a percentage called the basic premium factor. The basic premium factor varies depending on the total amount of standard premium.

The basic premium factor includes:

- General administration costs of the carrier
- Cost of loss control services
- Insurance charge

The basic premium factor does not cover premium taxes or claims adjustment expenses. Those elements are usually provided for in the tax multiplier and the loss conversion factor.

The Schedule shows a range of basic premium factors for differing amounts of estimated standard premium.

The actual basic premium factor will be determined after the standard premium is determined. If earned standard premium is not within the range of the estimated standard premiums shown in the Schedule, the basic premium will be recalculated.

3. Incurred losses are all amounts we pay or estimate we will pay for losses for the following expenses:
 - a. Premiums on bonds paid for by the company in accordance with the provisions of the policies, except that this will not apply for workers compensation, employers liability, or auto physical damage insurance
 - b. Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance
 - c. Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only
 - d. Expenses incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers compensation and employers liability insurance only if recovery is obtained against the third party

(Ed. 01-10)

Incurring losses include paid and outstanding losses (including any reserves set on open claims). For workers compensation and employers liability insurance, if the ALAE option is elected, then incurred losses will include ALAE.

Note: The rating formula for incurred losses will not include a loss for the following elements and any other elements excluded from our manuals:

- Resulting from the nonratable element codes
 - Developed by the passenger seat surcharge under Classification Code 7421
 - Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
 - Developed by the catastrophe provisions as outlined in our manuals
4. Converted incurred losses are based on the incurred losses for a policy or policies to which the retrospective rating plan applies. A loss conversion factor is applied to incurred losses to produce the converted incurred losses. The loss conversion factor is shown in the Schedule.
 5. Taxes are a part of the premium we collect. Taxes are determined as a percentage of basic premium, converted incurred losses, and any elective elements. The percentage is called the tax multiplier. It varies by state and by line of insurance. For workers compensation and employers liability insurance, it varies by federal and nonfederal classifications. The tax multipliers or an average tax multiplier are shown in the Schedule. Tax multipliers may change during the rating plan period. Changes will be shown by endorsement.

B. Retrospective Rating Plan Premium Elective Elements

Two other elements are included in determining retrospective rating plan premium if you elected to include them. They are the excess loss premium for the loss limitation and the retrospective development premium. They are explained here.

1. The election of a loss limitation means that the amount of incurred loss to be included in the retrospective rating plan premium are limited to an amount called the loss limitation. For workers compensation and employers liability insurance, the loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident. For other lines of insurance, the loss limitation applies separately to each accident or occurrence, either by line of insurance or to a combination of these lines of insurance, as shown in the Schedule.

The charge for this loss limitation is called the excess loss premium. Excess loss premium is a percentage of standard premium multiplied by the loss conversion factor. The percentage is called the excess loss premium factor.

Excess loss premium factors vary by line of insurance and by the amount of the loss limitation. For workers compensation and employers liability insurance, these factors also vary by state, classification, and by the amount of the loss limitation. If you chose this elective element, the loss conversion factor, the loss limitation, the excess loss premium factors, and the states where they apply are shown in the Schedule. Excess loss premium factors may change during the policy period. Changes will be shown by endorsement.

2. The retrospective development element is used to help stabilize premium adjustments. The premium for this element is charged with the first three calculations of a retrospective rating plan premium for workers compensation and employers liability insurance, and the first four calculations for auto liability and general liability. This premium is called the retrospective development premium. It is a percentage of standard premium multiplied by the loss conversion factor. The percentage of standard premium is called the retrospective development factor.

For workers compensation and employers liability insurance, retrospective development factors vary by state, by electing a loss limitation, and by first, second, and third calculations of retrospective rating plan premium.

For general liability and automobile liability insurance, retrospective development factors vary by first, second, third, and fourth calculations of retrospective rating plan premium. If you chose this elective element, the retrospective development factors are shown in the Schedule.

C. Retrospective Rating Plan Premium Formula

Insurance policies listed in the Schedule will be combined with this policy to calculate the retrospective rating plan premium. If the policies provide insurance for more than one insured, the retrospective rating plan premium will be determined for all insureds combined, not separately for each insured.

1. Retrospective rating plan premium is the sum of basic premium, converted losses, plus the excess loss premium and retrospective development premium elective elements if you chose them. This sum is multiplied by the applicable tax multiplier shown in the Schedule.

2. The retrospective rating plan premium will not be less than the minimum or more than the maximum retrospective rating plan premium. The minimum and maximum retrospective rating plan premiums are determined by applying the minimum and maximum retrospective rating plan premium factors, shown in the Schedule, to the standard premium.
3. If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

D. Calculation of Retrospective Rating Plan Premium

1. We will calculate the retrospective rating plan premium using all loss information we have as of a date six months after the rating plan period ends and annually thereafter.
We may make a special valuation of the retrospective rating plan premium as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, are involved in reorganization, receivership, or liquidation, or dispose of all your interest in work covered by the insurance. You will pay the amount due to us if the retrospective rating plan premium is more than the total standard premium as of the special valuation date.
We may make interim calculations of retrospective rating plan premium for the first year and the first two years of the rating plan period. We will use all loss information we have as of a date six months after the end of each of these periods.
2. After any calculation of retrospective rating plan premium, you and we may agree that it is the final calculation.
3. After each calculation of the retrospective rating plan premium, you will pay promptly the amount due us, or we will refund the amount due you. Each insured is responsible for the payment of all standard premium and retrospective rating plan premium calculated under this endorsement.

E. Insureds Operating in More Than One State

If any of the policies provide insurance in a state not listed in the Table of States, and if you begin work in that state during the retrospective rating plan period, this endorsement will apply to that insurance if this retrospective rating plan applies in that state on an interstate basis. The retrospective rating plan premium standard elements, and the elective elements you chose, will be determined by our manuals for that state, and added to the Schedule by endorsement.

F. Cancellation and Nonrenewal of a Policy Under a Retrospective Rating Plan

1. If the policy to which this endorsement is attached is cancelled or is not renewed, the effective date of the cancellation will become the end of the rating plan period of all insurance subject to this endorsement.
2. If other policies listed in the Schedule of this endorsement are cancelled or not renewed, the effective date of cancellation or nonrenewal will become the end of the rating plan period for all insurance subject to this endorsement unless we agree with you, by endorsement, to continue the rating plan period.
3. If we cancel or do not renew for nonpayment of premium, the maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date, and will include all of the applicable retrospective rating factors shown in the Schedule.
4. If you cancel or do not renew, the standard premium for the rating plan period will be increased by our short rate table and procedure for workers compensation and employers liability insurance and the applicable cancellation procedure for other lines of insurance. This short rate premium will be the minimum retrospective rating plan premium and will be used to determine the basic premium.
The short rate retrospective rating plan premium will be used to determine the excess loss premium and retrospective development premium if you chose these elective elements.
The maximum retrospective rating plan premium will be based on the standard premium for the rating plan period, plus the estimated standard premium from the end of the rating plan period to the estimated project completion date.
5. Section F.4. will not apply if you cancel or do not renew because:
 - a. All work covered by the insurance is completed
 - b. All interest in the business covered by the insurance is sold
 - c. You retire from all business covered by the insurance

Schedule

Premium Subject to Retrospective Rating Plan, Loss Limitations, Loss Conversion Factors, State Tax Multipliers, Excess Loss Premium Factors, Retrospective Development Factors

- 1. The premium for the following policies combined is to be calculated in accordance with the provisions of this Retrospective Rating Plan Premium Endorsement:

List of Policies

- 2. The retrospective rating plan does not apply to the premium for policies _____
in the states of _____
- 3. The retrospective rating plan does not apply to the premium for uninsured motorist insurance if afforded under the policies designated in paragraph 1.
- 4. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below will not be subject to retrospective rating. State the dollar amount of the limit of liability and the manner in which it applies.

Coverage

Limit of Liability

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

If the aggregate limits of liability are stated above, they will apply separately to each annual period included in the duration of the construction project.

The incurred losses to be included in calculating the premium for the insurance subject to retrospective rating plan will not include that portion of the losses actually paid and the reserves for unpaid losses that is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premiums on bonds, interest payable in accordance with the provisions of the policy, allocated loss adjustment expenses, and expenses incurred in seeking recovery against a third party will not be subject to such limits.

5. Workers Compensation and Employers Liability Loss Limitation is \$ _____

6. Combination Loss Limitation of \$ _____ is the overall limit on the incurred losses arising out of any one accident or occurrence for the following combination of insurance. _____

7. If the combination loss limitation does not apply, for general liability, auto liability, auto physical damage or theft insurance, specify the loss limitation that applies separately to each accident or occurrence:

Loss Limitation for _____ insurance is \$ _____

Loss Limitation for _____ insurance is \$ _____

Loss Limitation for _____ insurance is \$ _____

Loss Limitation for _____ insurance is \$ _____

8. Loss Conversion Factor is _____

9. Minimum Retrospective Rating Plan Premium Factor is _____
Maximum Retrospective Rating Plan Premium Factor is _____

10. The basic premium factors shown here are based on estimates of standard premium. If the actual standard premium is within the range of estimated standard premiums shown here, the basic premium factor will be obtained by linear interpolation to the nearest one-tenth of 1%. If the actual standard premium is not within the range of estimated standard premiums shown below, the basic premium factor will be recalculated.

	50%	100%	150%
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	\$ _____	\$ _____	\$ _____

TABLE OF STATES

11.A	Excess Loss Premium Factors		Tax Multipliers	
State	Workers Compensation and Employers Liability		Workers Compensation and Employers Liability	
	State (Other than "F" Classes)	Federal ("F" Classes Only)	State (Other than "F" Classes)	Federal ("F" Classes Only)

11.B	Excess Loss Premium Factors			Tax Multipliers		
State	General Liability	Automobile Liability	Automobile Physical Damage	General Liability	Automobile Liability	Automobile Physical Damage

12.A	Retrospective Development Factors		
State	Workers Compensation and Employers Liability		
	1st	2nd	3rd

12.B	Retrospective Development Factors							
State	General Liability				Automobile Liability			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

WC 00 05 14 B
(Ed. 01-10)

RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT FLEXIBILITY OPTIONS

This endorsement is added to Part Five (Premium) because you chose to have the cost of the insurance rated retrospectively.

The retrospective rating plan premium endorsement attached to the policy is changed by the selection of one or more of the options shown below in the Schedule.

Schedule

1. Incurred losses are changed to include allocated loss adjustment expense in these states: _____

2. The correctly calculated basic premium factor for 100% of the estimated standard premium shall be used without linear interpolation, for each calculation of retrospective premium.
3. Each calculation of retrospective rating plan premium will use all loss information we have as of a date agreed to by you and us.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT—LARGE RISK ALTERNATIVE RATING OPTION
(LRARO)**

This endorsement is issued because you chose to have the cost of the insurance rated retrospectively. This endorsement applies only to workers compensation and employers liability insurance when rated under the provisions of the Large Risk Alternative Rating Option that we have negotiated with you.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

WC 00 05 16
(Ed. 01-10)