

June 24, 2014

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Rule Changes – Workers Compensation

The North Carolina Rate Bureau has adopted and the North Carolina Commissioner of Insurance has approved revised rules in the Basic Manual, Experience Rating Plan Manual, Retrospective Rating Plan Manual, and the North Carolina Statistical Plan. Form and Endorsement revisions were also made. These changes were required in order to:

- 1) Update references to the Federal Mine Safety and Health Act (formerly the Federal Coal Mine Safety and Health Act);
- 2) Discontinue the per-passenger seat surcharge associated with Class 7421;
- 3) Exclude fully fraudulent and/or noncompensable claims from the definition of incurred losses in the retrospective rating plan formula and the Loss Sensitive Rating Plan (LSRP) formula; and
- 4) Remove endorsement numbers in the Experience Rating Plan Manual.

These changes stem from NCCI's Item Filings B-1426 and P-1411 as well as a North Carolina specific filing for the Statistical Plan (NCStat-01). Complete materials related to these changes are attached to this circular.

These filings are effective for new and renewal policies effective on and after 1/1/2015.

If you have any questions, contact the NCRB Information Center at 919-582-1056 or email at [wcinfo@ncrb.org](mailto:wcinfo@ncrb.org).

Sincerely,

Sue Taylor

Chief Operating Officer

ST:dms

Attachments

C-14-7

## NCCI Filing B-1426

NCCI has filed B-1426 in its jurisdictions to change selected policy forms and endorsements. These changes are required in order to:

- 1) Update references to the Federal Mine Safety and Health Act (formerly the Federal Coal Mine Safety and Health Act);
- 2) Discontinue the per-passenger seat surcharge associated with Class 7421;
- 3) Exclude fully fraudulent and/or noncompensable claims from the definition of incurred losses in the retrospective rating plan formula and the Loss Sensitive Rating Plan (LSRP) formula; and
- 4) Remove endorsement numbers in the Experience Rating Plan Manual.

Staff has reviewed NCCI Item Filing B-1426, and recommends the following elements be filed with the North Carolina Department of Insurance to be effective for new and renewal policies effective on and after 1/1/2015:

<b>B-1426 Exhibit</b>	<b>Applicable Manual</b>	<b>Staff Recommendation</b>	<b>Description</b>
1	Basic Manual	FILE	National revision to rule 3-A-12-a
2	Basic Manual	FILE	National revisions to Rule 3-A-20
3	Basic Manual	FILE	National revisions to Rule 4-C-5-c(12)(b); applicable only to Assigned Risk Policies
4	Basic Manual	FILE	National revisions to Rule 4-C-9-f
5	Basic Manual	FILE	National Revisions to Part Two – Classifications – Code 7421 – Aviation
6	Experience Rating Plan Manual	FILE	National Revisions to Rule 1-B
7	Retrospective Rating Plan Manual	Do Not File	For North Carolina, a state rule exception is proposed in Exhibit 18.
8	Retrospective Rating Plan Manual	FILE	National revisions to 1-B-1-f; applicable only to voluntary policies
9-14	Statistical Plan	Do not file	North Carolina does not use the NCCI Statistical Plan Manual. A separate, North Carolina Specific item (Appendix C, NCStat-01) replaces these items.
15	Basic Manual	FILE	North Carolina Premium Algorithm Changes
16	Basic Manual	FILE	This describes North Carolina specific exceptions to Basic Manual Rule 3-A-12
17	Basic Manual/ Workers Comp Insurance Plan	FILE	This changes the North Carolina WCIP for the wording of the Federal Mine Safety and Health Act
18	Retrospective Rating Plan Manual	FILE	NC State rule Exception for Rule 1-B-1-c; applicable only to voluntary policies
19	Experience Rating Plan Manual	FILE	North Carolina State Rule Exception to Rule 1-B-5.
20-22	N/A	Do not File	Although these are referenced in the text for item filing B1426, there are no applicable exhibits for North Carolina.

## FILING MEMORANDUM

### ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES

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#### PURPOSE

This item:

- Revises references to the Federal Coal Mine Safety and Health Act
- Discontinues the per passenger seat surcharge and its corresponding statistical codes
- Excludes fully fraudulent and/or noncompensable claims from the definition of incurred losses in the retrospective rating plan formula and the Loss Sensitive Rating Plan (LSRP) formula
- Removes endorsement number references included in NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)*

The following NCCI manuals are impacted by this item:

- *Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)*
- *Experience Rating Plan Manual*
- *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Retrospective Rating Plan Manual)*
- *Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)*

#### BACKGROUND

##### Federal Mine Safety and Health Act

NCCI's *Basic Manual*, *Retrospective Rating Plan Manual*, and *Statistical Plan* contain several rules that reference the Federal Coal Mine Safety and Health Act. These references must be updated to conform with the current name, which is the Federal Mine Safety and Health Act (Act). The name of the current Act became effective with the enactment of the Federal Mine Safety and Health Act of 1977, which amended the Federal Coal Mine Health and Safety Act of 1969.

Additionally, NCCI's *Experience Rating Plan Manual* Rule 1-B contains the specific number reference to NCCI's Workers Compensation and Employers Liability Insurance Policy (Policy) and the Policy Period Endorsement. To avoid the need for a national filing to update NCCI's *Experience Rating Plan Manual* each time the Policy and/or endorsement number is revised, NCCI is removing the number reference from the rule content.

##### Per Passenger Seat Surcharge

The per passenger seat surcharge was established in 1947, concurrent with the introduction of Classification Code 7421—Aircraft or Helicopter Operation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew. The purpose of the per passenger seat surcharge is to provide a catastrophe load for the exposure of an insured's employees (other than flight crew) who may be injured while passengers on the insured's noncommercial, nonscheduled aircraft. The surcharge is applied to policies with Classification Code 7421 and must be charged in addition to the premium otherwise determined under Classification Code 7421. At its inception, the surcharge was \$35 per passenger seat, subject to a maximum of \$300 per aircraft. Currently, the per passenger seat surcharge is \$100 per passenger seat, subject to a maximum of

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## FILING MEMORANDUM

### **ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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\$1,000 per aircraft. Kansas, Oklahoma, and Virginia continue to apply a surcharge of \$35 per passenger seat, subject to a maximum of \$300 per aircraft.

For all states other than Arizona and Virginia, the per passenger seat surcharge and any associated losses are reported under Statistical Code 9108—Aircraft Operation for Reporting Passenger Seat Surcharge and Crash Losses to Employees Other Than Members of Crew. The premium reported to Statistical Code 9108 is not subject to experience rating; the losses reported to Statistical Code 9108 are not used in the experience rating calculation.

The per passenger seat surcharge is not applicable in Arizona.

For Virginia, the per passenger seat surcharge and any associated losses are reported under Statistical Code 0088—Aircraft Operation for Reporting Passenger Seat Surcharge and Crash Losses to Employees Other Than Members of Crew. While the losses reported to Statistical Code 0088 are not used in the experience rating calculation, the premium reported to Statistical Code 0088 is subject to experience rating.

Aircraft losses have historically been reported to Statistical Codes 0088 and 9108, which are excluded from NCCI's ratemaking. Since the per passenger seat surcharge was introduced, large loss procedures have been incorporated in both NCCI's experience rating and ratemaking procedures to temper the impact of single large loss claims and multi-claim occurrences.

In class ratemaking, individual claims are limited to \$500,000 and multi-claim occurrences are limited to \$1,500,000 with excess losses accounted for through the application of excess provisions incorporated in the ratemaking process. Claim limits vary by state for aggregate ratemaking and can be found in the technical supplement that accompanies each state's loss cost or rate filing.

Individual claims and multi-claim occurrences are also limited for purposes of calculating experience rating modifications. These limits are shown in each state's table of weighting values located in NCCI's ***Experience Rating Plan Manual***. Catastrophe losses are also excluded from experience rating per Rule 1-C-3 of NCCI's ***Experience Rating Plan Manual***.

The per passenger seat surcharge will be discontinued for the following reasons:

- In recent years, a minimal amount of premium has been reported under Statistical Codes 9108 and 0088
- Aircraft loss events are rare and the outcomes are uncertain
- Aircraft losses should be included in ratemaking since a large loss procedure and catastrophe provisions are now in place
- The per passenger seat surcharge does not address situations in which the insured has a separate legal entity solely for the aircraft exposure

Also, NCCI has identified another change unrelated to the per passenger seat surcharge issue. The footnote for the Total Standard Premium element in various state workers compensation premium algorithms provided in NCCI's ***Basic Manual*** has no direct relationship to the premium algorithm calculation; therefore, the footnote is being removed if shown in a state algorithm.

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## FILING MEMORANDUM

### ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES

#### **Exclusion of Fully Fraudulent and/or Noncompensable Claims From Retrospective Rating and LSRP**

Retrospective rating adjusts policy premium on the basis of incurred losses during the term of the policy. Incurred losses are defined in NCCI's *Statistical Plan* and include paid and outstanding losses. NCCI has determined that fully fraudulent claims, as defined in NCCI's *Statistical Plan* Part 6-P, and/or noncompensable claims, as defined in NCCI's *Statistical Plan* Part 6-K-5, should be excluded from the incurred losses used in retrospective rating and LSRP (where applicable). Currently, fully fraudulent and/or noncompensable claims are excluded and will continue to be excluded from experience rating when reported in accordance with NCCI's *Statistical Plan*. The exclusion of these types of claims from retrospective rating and LSRP will be consistent with the exclusion of these types of claims for experience rating purposes.

## PROPOSAL

### Federal Mine Safety and Health Act

It is proposed that the following list of national rules be revised to properly reference the Federal Mine Safety and Health Act. Revisions to state-specific rules are described in the Exhibit Comments and Implementation Summary section of this item.

- NCCI's *Basic Manual* Rules 3-A-12-a, 3-A-20, 4-C-5-c(12)(b), and 4-C-9-f
- NCCI's *Retrospective Rating Plan Manual* Rules 1-B-1-c and 1-B-1-f
- NCCI's *Statistical Plan* Parts 1-L-2, 6-G, and 6-K-1

In addition, it is proposed that NCCI's *Experience Rating Plan Manual* Rule 1-B be revised to remove the number references to the Policy and the Policy Period Endorsement.

### Per Passenger Seat Surcharge

It is proposed that the following list of national rules be revised to discontinue the per passenger seat surcharge. Revisions to state-specific rules and workers compensation premium algorithms are described in the Exhibit Comments and Implementation Summary section of this item.

- NCCI's *Basic Manual* Rules 3-A-20, 4-C-5-c(12)(b), and 4-C-9-f
- NCCI's *Basic Manual* Part Two—Classifications—Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew
- NCCI's *Retrospective Rating Plan Manual* Rules 1-B-1-c and 1-B-1-f
- NCCI's *Statistical Plan* Parts 3-F-2-b and 4-E-1-f(2)(a)
- NCCI's *Statistical Plan* Part 6-H-2 for Statistical Code 9108—Aircraft Operation—Passenger Seat Surcharge

The per passenger seat surcharge will be eliminated from the Miscellaneous Values pages of NCCI's *Basic Manual* effective January 1, 2015, for states where this item has received regulatory approval.

### Exclusion of Fully Fraudulent and/or Noncompensable Claims From Retrospective Rating and LSRP

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## FILING MEMORANDUM

### **ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES; DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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It is proposed that fully fraudulent and/or noncompensable claims, as defined in NCCI's *Statistical Plan* Parts 6-P and 6-K-5, be excluded from the definition of the incurred losses used for retrospective rating and LSRP. It is also proposed to revise the description of other types of losses currently excluded from incurred losses used for retrospective rating. These revisions to NCCI's *Retrospective Rating Plan Manual* Rule 1-B-1-c do not change the intent of the rule. Accordingly, it is proposed that the following list of national rules be revised. Revisions to state-specific rules are described in the Exhibit Comments and Implementation Summary section of this item.

- NCCI's *Basic Manual* Rule 4-C-9-f
- NCCI's *Retrospective Rating Plan Manual* Rule 1-B-1-c

**Note:** Item B-1426 is being filed in conjunction with Item P-1411—Revisions to Forms Manual of Workers Compensation and Employers Liability Insurance. Item P-1411 proposes to revise references to the Federal Coal Mine Safety and Health Act, discontinue references to the per passenger seat surcharge, and revise references to fully fraudulent and noncompensable claims included in retrospective rating and the Loss Sensitive Rating Program (LSRP) in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance*. Items P-1411 and B-1426 should be adopted concurrently.

## IMPACT

### **Federal Mine Safety and Health Act**

No premium impact is expected as a result of any of the changes proposed in this item related to updating references to the Federal Coal Mine Safety and Health Act or removing endorsement number references from Rule 1-B of NCCI's *Experience Rating Plan Manual*.

### **Per Passenger Seat Surcharge**

The amount of statewide premium affected by this change is expected to be negligible.

To implement the elimination of the per passenger seat surcharge, the surcharge premium will no longer be collected and aircraft losses will begin to be reported to the applicable classification code, instead of a statistical code (Statistical Code 9108/0088), concurrent with the elimination of the surcharge. All else being equal, this will initially cause a slight decrease in premium.

In addition, the aircraft losses will be included in the experience used to calculate a risk's experience rating modification. This would create an approximate two-year time lag between the effective date of the elimination of the surcharge and the date that the aircraft losses would be incorporated into future loss costs/rates and experience rating modifications. All else being equal, this will cause a slight increase in premium in approximately two years.

While aircraft losses would be included in a risk's experience rating modification, these losses would be subject to the single-claim and multiple-claim loss limitations. For ratemaking, these losses would be subject to the large loss procedure. This procedure was not in place when the per passenger seat surcharge was introduced in 1947.

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 DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
 NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

**Exclusion of Fully Fraudulent and Noncompensable Claims from Retrospective Rating and LSRP**

The amount of statewide premium affected by this change is expected to be negligible.

**EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY**

In all states except Hawaii, this item is to become effective for new and renewal policies effective on and after 12:01 a.m. on January 1, 2015.

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier's election to adopt this change.

Exhibit	Exhibit Comments	Implementation Summary
1	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 3-A-12-a</li> <li>• Refer to Exhibit 16 for NC State Rule Exception for Rule 3-A-12-c</li> <li>• Refer to Exhibit 16 for VA State Rule Exception for Rule 3-A-12</li> <li>• Not recommended in MA, MN, TX, WI</li> </ul>	Revises NCCI's <i>Basic Manual</i> .
2	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 3-A-20</li> <li>• Refer to Exhibit 18 for VA State Rule Exception for Rule 3-A-20</li> <li>• Not recommended in MA, MN, TX, WI</li> </ul>	
3	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 4-C-5-c(12)(b)</li> <li>• Applicable only to assigned risk policies in AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, VT, WV</li> </ul>	
4	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 4-C-9-f</li> <li>• Applicable only to assigned risk policies in AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS, NC, NH, NV, OR, SC, SD, VT, WV</li> </ul>	
5	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part Two—Classifications—Code 7421—Aviation—Transportation of Personnel</li> </ul>	

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Exhibit	Exhibit Comments	Implementation Summary
	in Conduct of Employer’s Business—Flying Crew <ul style="list-style-type: none"> <li>• Refer to Exhibit 16 for OR State Rule Exception for Code 7421</li> <li>• Refer to Exhibit 19 for VA State Rule Exception for Code 7421</li> <li>• Not recommended in MA, MN, TX, WI</li> </ul>	
6	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 1-B</li> <li>• Not recommended in MN, TX, WI</li> </ul>	Revises NCCI’s <i>Experience Rating Plan Manual</i> .
7	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 1-B-1-c; applicable only to voluntary policies</li> <li>• Refer to Exhibit 16 for FL, MA, MN, TX, and WI, and Exhibit 18 for NC State Rule Exceptions for Rule 1-B-1-c</li> </ul>	Revises NCCI’s <i>Retrospective Rating Plan Manual</i> .
8	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Rule 1-B-1-f; applicable only to voluntary policies</li> <li>• Refer to Exhibit 17 for FL, MA, MN, TX and WI State Rule Exceptions for Rule 1-B-1-f</li> </ul>	
9	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part 1-L</li> <li>• Not recommended in MA, MN, NC, WI</li> </ul>	
10	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part 3-F-2-b</li> <li>• Refer to Exhibit 21 for VA State Exception for Part 3-F-2-b</li> <li>• Not recommended in MA, MN, NC, WI</li> </ul>	Revises NCCI’s <i>Statistical Plan</i> .
11	<ul style="list-style-type: none"> <li>• Includes the proposed national revisions to Part 4-E-1-f(2)(a)</li> <li>• Refer to Exhibit 22 for VA State Exception for Part 4-E-1-f(2)(a)</li> <li>• Not recommended in MA, MN, NC, WI</li> </ul>	

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Exhibit	Exhibit Comments	Implementation Summary
12	<ul style="list-style-type: none"> <li>Includes the proposed national revisions to Part 6-G</li> <li>Not recommended in MA, MN, NC, WI</li> </ul>	
13	<ul style="list-style-type: none"> <li>Includes the proposed coding value revision for all states except AZ and VA for national Part 6-H-2, Statistical Code 9108</li> <li>Not recommended in MA, MN, NC, WI</li> </ul>	
14	<ul style="list-style-type: none"> <li>Includes the proposed national revisions to Part 6-K-1</li> <li>Not recommended in MA, MN, NC, WI</li> </ul>	
15	<ul style="list-style-type: none"> <li>Includes the proposed revisions to each state's individual workers compensation premium algorithm in the voluntary market, where applicable</li> <li>Includes the proposed revisions to each state's individual assigned risk workers compensation premium algorithm in the assigned risk market, where applicable</li> <li>For WV, additional information has been added to certain premium element explanatory notes in the WV Assigned Risk Workers Compensation Premium Algorithm</li> <li>Not recommended in MA, MN, TX, WI</li> </ul>	Revises NCCI's <i>Basic Manual</i> .
16	Includes the proposed revision for the AZ State Exception to Part 3-F-2-b.	Revises NCCI's <i>Statistical Plan</i> .
	Includes the proposed revisions to the FL State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed revisions to the IN State Rule Exception for Rule 4-H; applicable only to assigned risk policies.	
	Includes the proposed revisions to the KS Miscellaneous Rules, Part One, Rule 2-f; applicable to assigned risk policies only.	Revises NCCI's <i>Basic Manual</i> .

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Exhibit	Exhibit Comments	Implementation Summary
	Includes the proposed revisions to the MA State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed establishment of the MN State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	
	Includes the proposed revisions to Rule 2-A-7; applicable only to assigned risk policies.	Revises NCCI's <i>New Mexico Workers' Compensation Assigned Risk Pool Manual (NMARM)</i> .
	Includes the proposed revisions to the NC State Rule Exception for Rule 3-A-12-c.	Revises NCCI's <i>Basic Manual</i> .
	Includes the proposed revisions to the OR State Special phraseology for Classification Code 7421.	
	Includes the proposed revisions to the TX State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed revisions to the VA State Rule Exception for Rule 3-A-12.	Revises NCCI's <i>Basic Manual</i> .
	Includes the proposed establishment of the WI State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
17	Includes the proposed revision for the AZ State Exception to Part 4-E-1.	Revises NCCI's <i>Statistical Plan</i> .
	Includes the proposed revisions to the FL State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .
	Includes the proposed revisions to the KS Miscellaneous Rules, Part One, Rule 5; applicable to assigned risk policies only.	Revises NCCI's <i>Basic Manual</i> .
	Includes the proposed revisions to the MA State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <i>Retrospective Rating Plan Manual</i> .

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Exhibit	Exhibit Comments	Implementation Summary
	Includes the proposed establishment of the MN State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	
	Includes the proposed revisions to Rule 10-B-2-b; applicable only to assigned risk policies.	Revises NCCI's <b><i>NMARM</i></b> .
	Includes the proposed revisions to the NC Workers Compensation Insurance Plan, Section I—Definitions; applicable to assigned risk policies only.	Revises NCCI's <b><i>Basic Manual</i></b> .
	Includes the proposed revisions to the TX State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <b><i>Retrospective Rating Plan Manual</i></b> .
	Includes the proposed discontinuation of the assigned risk VA State Rule Exception for Rule 3-A-12. The voluntary and assigned risk VA exceptions for <b><i>Basic Manual</i></b> Rule 3-A-12 are identical; therefore, it is not necessary to have duplicate rules apply separately for both markets.	Revises NCCI's <b><i>Basic Manual</i></b> .
	Includes the proposed revisions to the WI State Rule Exception for Rule 1-B-1-f; applicable only to voluntary policies.	Revises NCCI's <b><i>Retrospective Rating Plan Manual</i></b> .
18	<ul style="list-style-type: none"> <li>• Includes the proposed revisions to Appendix, Article II-2</li> <li>• In addition to the Act name, NCCI has determined that the formatting of certain statutory citations must be updated</li> <li>• Applicable only to assigned risk policies</li> </ul>	Revises NCCI's <b><i>NMARM</i></b> .
	Includes the proposed establishment of the NC State Rule Exception for Rule 1-B-1-c; applicable only to voluntary policies.	Revises NCCI's <b><i>Retrospective Rating Plan Manual</i></b> .
	Includes the proposed revisions to the VA State Rule Exception for Rule 3-A-20.	Revises NCCI's <b><i>Basic Manual</i></b> .

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FILING MEMORANDUM

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
 DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
 NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

19	Includes the proposed update to the phraseology and description to discontinue references to the per passenger seat surcharge for Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew.	Revises the Virginia Special Classifications section of NCCI's <i>Basic Manual</i> .
20	Includes the proposed coding value revision specific to VA for national Part 6-H-1, Statistical Code 0088.	Revises NCCI's <i>Statistical Plan</i> .
21	Includes the proposed revision for the VA State Exception to Part 3-F-2-b.	
22	Includes the proposed revision for the VA State Exception to Part 4-E-1-f(2)(a).	

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**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**12. Coal Mine Disease Charge (Federal ~~Coal~~-Mine Safety and Health Act)**

- a. In states where disease coverage is provided for risks subject to the Federal ~~Coal~~-Mine Safety and Health Act, this coverage is not subject to:
- Experience rating
  - Premium discounts
  - Retrospective rating

*Refer to the **Statistical Plan for Workers Compensation and Employers Liability Insurance** for the applicable codes to report disease experience where there is liability under the Federal ~~Coal~~-Mine Safety and Health Act.*

- b. Advisory loss costs or rates for this coverage and any underlying state law coverage for disease are shown separately in the state pages.
- c. Advisory loss costs or rates for employers not described by a coal mine classification and for former coal mine operators are determined by the carrier, and are not shown separately in the state pages.
- d. In states where there are no coal mines, the state pages will not include the advisory loss cost and rate information for this coverage.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 2  
BASIC MANUAL—2001 EDITION  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

**20. Standard Premium**

Standard Premium is the premium before the application of the premium discount.

It is the state premium determined on the basis of:

- Authorized rates
- Disease loadings
- Nonratable elements
- ~~Aircraft seat surcharges~~
- Premium for increased limits of liability
- Experience rating modification
- Applicable schedule rating modification
- Minimum premiums

Total Standard Premium is the total premium for all states covered by the policy excluding expense constant, additional charges for the catastrophe provisions detailed in Rule 3-A-24, and any disease charge subject to the Federal ~~Coal Mine Safety and Health and Safety~~ Act before the application of the premium discount.

*Refer to state pages concerning the application of the above rating elements, or any state special rating elements.*

**Note:** The Annual Financial Calls for experience, which are used for ratemaking, contain a different definition of standard premium.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 3  
BASIC MANUAL—2001 EDITION  
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES  
C. LOSS SENSITIVE RATING PLAN  
5. LSRP DEFINITIONS  
c. ELEMENTS OF THE LSRP  
(APPLIES ONLY TO ASSIGNED RISK POLICIES IN: AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS,  
NC, NH, NV, OR, SC, SD, VT, WV)**

**(12) LSRP Standard Premium (SP)**

- (a) LSRP standard premium (SP) is determined on the basis of authorized rates (including premium developed from payroll assigned to aircraft classifications), and includes any:
- Increased limits of liability
  - Experience rating modification
  - Deductible credit, if applied
  - ARAP and/or assigned risk surcharge programs and/or other assigned risk pricing programs other than LSRP
  - Minimum premium
- (b) Determination of LSRP standard premium must exclude:
- Premium resulting from non-ratable elements
  - ~~Premium developed by the passenger seat surcharge under Code 7421~~
  - Premium discount
  - Premium developed by the occupational disease rates for employers subject to the Federal ~~Coal~~ Mine Safety and Health Act
  - Expense constant
  - Premium developed by catastrophe provisions in accordance with Rule 3-A-24
- (c) LSRP standard premium is calculated differently than standard premium as defined in Rule 3-A-20.
- (d) LSRP standard premium may change before, during, and/or after a policy period due to reasons including, but not limited to:
- Premium endorsements
  - Preliminary and/or final audits
  - A change in ownership or combinability status in accordance with NCCI's *Experience Rating Plan Manual*

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

**EXHIBIT 4  
BASIC MANUAL—2001 EDITION  
RULE 4—WORKERS COMPENSATION INSURANCE PLAN RULES  
C. LOSS SENSITIVE RATING PLAN  
9. LSRP VALUATION  
(APPLIES ONLY TO ASSIGNED RISK POLICIES IN: AL, AZ, CT, DC, GA, ID, IL, IN, KS, MS,  
NC, NH, NV, OR, SC, SD, VT, WV)**

**f. Treatment of Incurred Losses in Valuation Calculation**

For purposes of calculating LSRP (additional/return) premium, certain losses associated with classifications or rating and/or pricing programs are treated in accordance with the Loss Treatment Table.

**Loss Treatment Table**

<b>Program or Loss Type</b>	<b>Treatment</b>
<del>Losses associated with aircraft passenger seat surcharge reported under Code 9108</del>	<del>Exclude losses</del>
Deductible programs	Include all losses at the net amount, regardless of net/gross reporting
Federal Coal Mine Safety and Health Act	Exclude the disease-related portion of losses covered under the Act
Catastrophe provisions in accordance with Rule 3-A-24	Exclude losses
Any other losses where premium is non-ratable	Exclude losses
<u>Losses that are reported as fully fraudulent according to the <b>Statistical Plan</b></u>	<u>Exclude losses</u>
<u>Losses that are reported as noncompensable according to the <b>Statistical Plan</b></u>	<u>Exclude losses</u>



**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 5  
BASIC MANUAL—2001 EDITION  
PART TWO—CLASSIFICATIONS**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NC, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VT, WV)**

**7421 AVIATION—Transportation of Personnel in Conduct of Employer's Business—Flying Crew**

Applies to the payroll of pilots and all members of the flying crew. Also applies to the payroll of executive officers or other employees who operate fixed-wing aircraft in the conduct of the employer's business. If the records of the employer clearly indicate the weeks in which such employees perform flying: (1) only the payroll for each week during any part of which the employee has engaged in flight duties is to be assigned to this classification, unless the classification applicable to the employee's nonflying operations carries a higher rate, in which case that classification will apply. (2) The payroll for each week in which no flying has been done is to be assigned to those classifications that would otherwise apply. If the records of the employer do not clearly indicate the weeks in which flying is performed by such employees, the entire payroll for such employees must be assigned to this classification unless the classification applicable to the employee's nonflying operations carries a higher rate, in which case that classification will apply.

~~A per passenger seat surcharge, subject to a maximum surcharge per aircraft, must be charged in addition to the premium otherwise determined under this classification.~~

~~These surcharges will not be cumulative in the event of substitution of aircraft during the policy period, but these surcharges will be cumulative in the event that more than one aircraft is owned or operated during the same policy period. The premium for these surcharges will not be subject to any experience rating modification. These surcharges will not be subject to the pro rata or short rate adjustment except in the event of cancellation of the policy. These surcharges and losses incurred under the policy, other than to members of flying crew, arising out of the operation of an aircraft, are to be reported under Code 9108. The per passenger seat surcharge and the maximum surcharge per aircraft are shown under "Miscellaneous Values" on the state rate pages. Attach Aircraft Premium Endorsement (WC 00-04-01).~~

Employees who are transported as passengers and who are not members of the flying crew are to have their payroll and losses assigned to their standard occupational classification.

Commercial aircraft operation to be separately rated. Separately rate all other employees and drivers.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 6  
EXPERIENCE RATING PLAN MANUAL—2003 EDITION  
RULE 1—GENERAL EXPLANATIONS****(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME,  
MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****B. MANDATORY PLAN**

1. The *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* (the Plan) applies on a mandatory basis for risks that meet the premium eligibility requirements in Rule 2-A. *Refer to the state rules for exceptions to this Plan's national rules.* A policy cannot be cancelled, rewritten or extended for purposes of enabling a risk to qualify for, or avoid application of, this Plan.
2. Any action taken in any form to evade the application of an experience rating modification determined in accordance with this Plan is prohibited.
3. The effective date of a change in any rule or rating value is 12:01 a.m. on the date approved for use. Unless otherwise specified, each change applies only from the anniversary rating date, which occurs on or after the effective date of the change. *Refer to Rule 2-B for more information about anniversary rating dates and rating effective dates.*
4. The Standard Workers Compensation and Employers Liability Insurance Policy ~~(WC 00 00 00 A)~~ provides the rating organization with the authority to examine and audit all records that relate to the policy. The application of this Plan's rules may be affected by the inclusion of mandatory and/or advisory endorsements found in the *Forms Manual of Workers Compensation and Employers Liability Insurance*.
5. The rules of this Plan are based on policy periods not longer than one year.
  - a. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.
  - b. A policy issued for a period longer than one year and 16 days is treated as follows:
    - The policy period is divided into consecutive 12-month units.
    - The Policy Period Endorsement ~~(WC 00 04 05)~~ specifies the first or last unit of less than 12 months as a short-term policy.
    - All manual rules and procedures apply to each such unit as if a separate policy had been issued for each unit.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 8  
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION  
RULE 1—GENERAL EXPLANATION**

**B. DEFINITIONS**

**1. GENERAL DEFINITIONS**

**(APPLIES ONLY TO VOLUNTARY POLICIES IN: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA,  
ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN,  
UT, VA, VT, WV)**

**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~~
- ~~(4)~~(5) Premium developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act
- ~~(5)~~(6) Premium developed by the catastrophe provisions as outlined in NCCI's **Basic Manual**

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

**EXHIBIT 9  
STATISTICAL PLAN—2008 EDITION  
PART 1—GENERAL RULES**

(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)

**L. COAL MINE AND BLACK LUNG DISEASE EXPERIENCE**

Experience incurred for underground and surface coal mine operators, which are classified in accordance with the *Basic Manual*, and any risks exposed to Black Lung Disease (also known as Coal Workers’ Pneumoconiosis) must be filed according to the rules of this Plan.

**1. Reporting of Classification Code and Corresponding Statistical Code**

Experience for traumatic and occupational disease, other than Black Lung Disease, must be reported with the applicable classification code. Black Lung Disease experience for state and/or federal acts must be reported separately from the classification code under the corresponding statistical code.

Following are the classification codes along with their corresponding statistical codes for Black Lung Disease:

<b>Classification Code</b>	<b>Statistical Code</b>
1016—Coal Mining NOC	0158—Black Lung Disease Experience in Connection With Code 1016
1005—Coal Mining—Surface and Drivers	0156—Black Lung Disease Experience in Connection With Code 1005
Any non-coal mining classification code	0164—Black Lung Disease Experience in Connection With Any Classification Other Than Coal Mine Code

**2. Reporting of Experience for Federal Act Only**

If Black Lung Disease coverage has been provided under the Federal ~~Coal Mine Safety and Health and Safety~~ Act only without state act coverage, experience for the Black Lung Disease must be reported under Statistical Code 0164 (Black Lung Disease Experience for Federal Benefits Only). Exposure Act/Exposure Coverage Code 03 and Loss Condition Act Code 03 (Coverage Under the Federal ~~Coal Mine Safety and Health and Safety~~ Act Only) must also be used when reporting the exposure, premium, and corresponding losses.

**3. Reporting of Traumatic and Occupational Disease Experience (Other Than Black Lung Disease)**

a. Exposure and losses for traumatic and occupational disease experience, other than Black Lung Disease, must be reported under the applicable classification code. The appropriate Exposure Act/Exposure Coverage and Loss Condition Act codes must also be reported for the classification code.

**Note:** Exposure Act/Exposure Coverage Codes 03 and 04 are not valid.

**Note:** Assignment of Injury Description Code—Nature of Injury that represents the traumatic or Non-Black Lung Disease claim must also be reported appropriately. Nature of Injury Code 62—Black Lung is not valid for these claims.

**4. Reporting of Black Lung Disease (Coal Workers’ Pneumoconiosis) Experience**

Black Lung Disease experience reporting requirements are as follows:

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 9 (CONT'D)  
STATISTICAL PLAN—2008 EDITION  
PART 1—GENERAL RULES****(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****a. Exposure and Premium**

Exposure and premium charged for Black Lung Disease coverage under State Act and/or Federal ~~Coal Mine Safety and Health and Safety Act~~ are reported separately from the classification code(s) manual premium.

Black Lung Disease premium is not subject to experience rating, premium discounts, or retrospective rating, and it is not included in the Standard Premium.

Black Lung Disease exposure and premium must be reported under the appropriate statistical code as follows, based on the following coverage provided on the policy:

- State Act only coverage—Use Exposure Act/Exposure Coverage Code (01)—State Act or Federal Act Excluding USL&HW and Federal ~~Coal Mine Safety and Health and Safety Act~~
- Federal Act only coverage—Use Exposure Act/Exposure Coverage Code (03)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~ Only
- Federal and State Act coverage—Use Exposure Act/Exposure Coverage Code (04)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~

**b. Losses**

Losses resulting from Black Lung Disease coverage under State Act and/or Federal ~~Coal Mine Safety and Health and Safety Act~~ are reported separately from the classification code.

Black Lung Disease losses must be reported under the appropriate statistical code as follows, based on the following benefits paid or payable under the policy:

- State Act only benefits—Use Loss Condition Act Code (01)—State Act or Federal Act Excluding USL&HW and Federal ~~Coal Mine Safety and Health and Safety Act~~
- Federal Act only benefits—Use Loss Condition Act Code (03)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~ Only
- Federal and State Act benefits—Use Loss Condition Act Code (04)—Coverage Under the Federal ~~Coal Mine Safety and Health and Safety Act~~ and the State Act

**Note:** Assignment of Injury Description Code—Nature of Injury that represents the Black Lung Disease claim must also be reported appropriately.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 10  
STATISTICAL PLAN—2008 EDITION  
PART 3—EXPOSURE INFORMATION  
F. EXPOSURE AMOUNT**

**2. Nonpayroll Exposure**

**(APPLIES IN: AK, AL, AR, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

**b. Aircraft Operation—Passenger Seat Exposure**

**For Policies Effective January 1, 2015, and Subsequent:**

Aircraft Operations—Passenger Seat Exposure no longer applies because the separate surcharge and Statistical Code 9108 for nonflying crew employees were discontinued.

For policies that include Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew, report all exposure and any losses for members of the flying crew to Classification Code 7421.

For all other employees covered on the policy, all exposure and any losses are reported to the classification code to which the injured worker's payroll is assigned.

**For Policies Effective Prior to January 1, 2015:**

Report the number of seats as 1.0 per seat.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 11  
STATISTICAL PLAN—2008 EDITION  
PART 4—LOSS AND EXPENSE INFORMATION  
E. CLAIM COMPONENTS**

**1. Required Claim Components**

**f. Classification Code**

**(2) Additional Classification Code Loss Reporting**

**(APPLIES IN: AK, AL, AR, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)**

**(a) Aircraft Operation Losses**

**For Policies Effective January 1, 2015, and Subsequent:**

For policies that include Classification Code 7421—Aviation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew, report all exposure and any losses for members of the flying crew to Classification Code 7421.

For all other employees covered on the policy, all exposure and any losses are reported to the classification code to which the injured worker's payroll is assigned.

**For Policies Effective Prior to January 1, 2015:**

~~Losses related to employees of the risk, other than members of the flying crew, arising out of the operation of an aircraft must be reported under the designated aircraft operation class code. Losses incurred under the policy—other than to members of the flying crew—must be reported under Statistical Code 9108—Aircraft Operation—Passenger Seat Surcharge.~~

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES****EXHIBIT 12  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES****(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****G. EXPOSURE ACT/EXPOSURE COVERAGE CODE**

This is a two-digit code that identifies the type of exposure coverage.

<b>Code</b>	<b>Type of Exposure Coverage</b>
<b>00</b>	<b>For Use With Statistical Codes Only</b>
<b>01</b>	<b>State Act or Federal Act Excluding USL&amp;HW and Federal <del>Coal-Mine Safety and Health and Safety Act</del></b> : Coverage for benefits paid to employees injured as the result of a workplace accident under the state workers compensation law or federal compensation laws, excluding coverage under the United States Longshore and Harbor Workers' Compensation Act and the Federal <del>Coal-Mine Safety and Health and Safety Act</del> .
<b>02</b>	<b>USL&amp;HW F-Classes or USL&amp;HW Coverage on Non-F-Classes:</b> <ul style="list-style-type: none"> <li>• Coverage for benefits paid to employees injured as the result of a workplace accident under the USL&amp;HW Act.</li> <li>• Extension of the USL&amp;HW Act to non-F-class operations, which involve some employees subject to the USL&amp;HW Act for an additional premium charge.</li> </ul>
<b>03</b>	<b>Coverage Under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> Only:</b> <ul style="list-style-type: none"> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> excluding the state act for coal mine class codes. Disease is covered under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> only.</li> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> for non-coal mine class codes.</li> </ul>
<b>04</b>	<b>Coverage Under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> and the State Act:</b> <ul style="list-style-type: none"> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> in addition to the state act for coal mine class codes. Coverage for disease is provided under both the state act and the Federal <del>Coal-Mine Safety and Health and Safety Act</del>.</li> <li>• Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> in addition to the state act for non-coal mine class codes.</li> </ul>
<b>06</b>	<b>Coverage Under State Act Excluding Medical Coverage:</b> Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except that the insured pays for all medical and hospital services as required by workers compensation law.
<b>07</b>	<b>Excess Benefits Coverage:</b> Applies in Maryland, Virginia and West Virginia only, as follows:  <b>Maryland Exception:</b> Code 07 for Excess Benefits Coverage applies in Maryland. Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except coverage that was endorsed by the Excess Special Endorsement. When excess benefits coverage is provided in Maryland, the following rules govern the reporting of loss data: <ul style="list-style-type: none"> <li>• Each loss must be valued separately under the Maryland Workers Compensation Law.</li> </ul>



**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
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**EXHIBIT 12 (CONT'D)  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**Code    Type of Exposure Coverage**

- The valuation on the basis of the Maryland law must be reported according to the rules of this Plan.
- The valuation under the excess benefits (e.g., Maryland law subcontracted from the valuation under the District of Columbia law) must be reported.

**Virginia Exception:** Code 07 for Excess Benefits Coverage applies in Virginia. Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except coverage that was endorsed by the Excess Special Endorsement.

**West Virginia Exception:** Code 07 applies in West Virginia in connection with Deliberate Intent (Mandolidis) Coverage only, when endorsed on a workers compensation/employers liability policy or when provided as an excess policy.

**08    Reserved for Future Use**

**09    Endorsed Maritime Coverage:** Coverage described under the Standard Workers Compensation Including Employers Liability Policy, which is endorsed to provide coverage for bodily injury to a master or member of the crew of any vessel.

**Louisiana Exception:** Code 09 for Endorsed Maritime Coverage applies in Louisiana only.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 13  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES**

**H. STATISTICAL CODES**

(APPLIES IN: AK, AL, AR, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VT, WV)

**2. Premium Amount *Not Subject* to Experience Modification Factor**

**Premium Amount *Not Subject* to Experience Modification Factor**

Description	Stat Code	Premium Credit (-) or Debit (+)	Applicable States <sup>(1)</sup>	Effective Date	Discontinuation Date
Aircraft Operation—Passenger Seat Surcharge <sup>(2)</sup>	9108	+	All States Except AZ, VA	07/86	<u>12/31/14</u>

<sup>(1)</sup> Premium programs apply to all states listed unless otherwise noted.

<sup>(2)</sup> Reported with the number of seats in the exposure field.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 14  
STATISTICAL PLAN—2008 EDITION  
PART 6—CODING VALUES  
K. LOSS CONDITION CODE**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MO,  
MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**1. Act—Loss Conditions**

The first component of Loss Conditions consists of two digits for the Act.

<b>Code</b>	<b>Description</b>
<b>01</b>	<b>State Act or Federal Act excluding USL&amp;HW and Federal <del>Coal-Mine Safety and Health and Safety Act</del></b> : A claim with benefits determined according to the workers compensation law or federal compensation laws, excluding United States Longshore and Harbor Workers' Compensation Act and excluding coverage under the Federal <del>Coal-Mine Safety and Health and Safety Act</del> .
<b>02</b>	<b>USL&amp;HW F-Classes and USL&amp;HW coverage on Non-F-Classes</b> : A claim with benefits determined according to the United States Longshore and Harbor Workers' Compensation Act.
<b>03</b>	<b>Federal <del>Coal-Mine Safety and Health and Safety Act Only</del></b> : A claim with benefits determined according to the Federal <del>Coal-Mine Safety and Health and Safety Act</del> .
<b>04</b>	<b>Federal <del>Coal-Mine Safety and Health and Safety Act</del> and the State Act</b> : A claim with benefits determined according to the Federal <del>Coal-Mine Safety and Health and Safety Act</del> and state workers compensation law.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
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**EXHIBIT 15  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES**

**NORTH CAROLINA WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.\*

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL &H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	Blanket Waiver: [% applied to Total Manual Premium] Specific Waiver: [% applied to the portion of Total Manual Premium where waiver is applied]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applied]
+	Employers Liability/Voluntary Compensation flat charge	[Coverage in Monopolistic State Funds]
-	Deductible credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Schedule Rating factor (1 - SR credit %) or (1 + SR debit %)	
+	Supplemental Disease Exposure (Asbestos, NOC) <sup>†</sup>	
+	Atomic Energy Radiation Exposure NOC <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
<del>+</del>	<del>Aircraft Seat Surcharge</del>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA)	
	<b>TOTAL STANDARD PREMIUM <sup>‡</sup></b>	
-	Premium Discount <sup>§</sup>	[% applied to Standard Premium]
+	Coal Mine Disease Charge	[Surface and other than mining]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	

<sup>†</sup> Nonratable Element Premiums generated by non-ratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

<sup>‡</sup> ~~Statistical calls for ratemaking data contain a different definition of "Standard Premium." Refer to **Reporting Guidebook for the Annual Calls for Experience.**~~

\* The above rating method would be used in absence of independent carrier filings.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
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**EXHIBIT 15 (CONT'D)  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES**

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.  
NOC = Not Otherwise Classified.

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

**EXHIBIT 15 (CONT'D)  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**NORTH CAROLINA ASSIGNED RISK WORKERS COMPENSATION PREMIUM ALGORITHM**

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	<b>PREMIUM ELEMENTS</b>	<b>EXPLANATORY NOTES</b>
	<b>MANUAL PREMIUM</b>	[(PAYROLL / 100) * RATE]
+	Supplementary Disease (foundry, abrasive, sandblasting)	[(SUBJECT PAYROLL / 100) * DISEASE RATE]
+	USL&H Exposure for non-F classification codes	[(SUBJECT PAYROLL / 100) * (RATE * USL&H FACTOR)]
	<b>TOTAL MANUAL PREMIUM</b>	
+	Waiver of Subrogation factor	Blanket Waiver: [% applied to Total Manual Premium] Specific Waiver: [% applied to the portion of Total Manual Premium where waiver is applied]
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability factor (Admiralty)	[Factor applied to the portion of Manual Premium where Admiralty coverage is applicable]
-	Small Deductible Credit	[% applied to Total Manual Premium]
	<b>TOTAL SUBJECT PREMIUM</b>	
x	Experience Modification (Exp Mod)	
	<b>TOTAL MODIFIED PREMIUM</b>	
x	Assigned Risk Adjustment Program (ARAP) Surcharge	
+	Supplemental Disease Exposure (Asbestos, NOC) <sup>†</sup>	
+	Atomic Energy Radiation Exposure NOC <sup>†</sup>	
+	Charge for nonratable catastrophe loading <sup>†</sup>	
+	<del>Aircraft Seat Surcharge</del>	
+	Balance to Minimum Premium (State Act)	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty)	[Balance to minimum premium at Admiralty Standard Limits]
	<b>TOTAL STANDARD PREMIUM</b>	
+	Coal Mine Disease Charge	[Underground, surface, surface auger]
+	Expense Constant	
+	Terrorism	[(PAYROLL / 100) * TERRORISM VALUE]
+	Catastrophe (other than Certified Acts of Terrorism)	[(PAYROLL / 100) * CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) VALUE]
	<b>ESTIMATED ANNUAL PREMIUM</b>	

<sup>†</sup> Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.  
NOC = Not Otherwise Classified.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
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**EXHIBIT 15 (CONT'D)  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES  
ONLY**

**Note:** For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 16  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA STATE RULE EXCEPTIONS  
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS  
A. EXPLANATION AND APPLICATION  
(APPLIES IN: NC)**

**12. Coal Mine Disease Charge (Federal Coal Mine Safety and Health Act)**

Change Rule 3-A-12-c as follows:

- c. ~~Advisory~~For advisory loss costs or rates for employers not described by a coal mine classification, contact the North Carolina Rate Bureau if exposure develops. ~~and for former coal mine operators are subject to “a” rating, and are not shown separately in the state pages.~~

Change Rule 3-A-12-d as follows:

- d. Rule 3-A-12-d does not apply in North Carolina.



**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 17  
BASIC MANUAL—2001 EDITION  
NORTH CAROLINA STATE RULE EXCEPTIONS  
NORTH CAROLINA WORKERS COMPENSATION INSURANCE PLAN—APPLICABLE TO  
ASSIGNED RISK POLICIES ONLY  
SECTION I—WCIP DEFINITIONS  
(APPLIES IN: NC)**

**Workers Compensation Insurance**

1. Statutory workers compensation and occupational disease liability insurance, including insurance for liability under the Longshore and Harbor Workers' Compensation Act, as amended, and the Federal Coal Mine Safety and Health and Safety Act of 1969, as amended;
2. Employers liability insurance written in connection with a workers compensation policy; and
3. Such other coverages as determined by the Plan Administrator and approved by the Commissioner.

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 18  
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION  
NORTH CAROLINA STATE RULE EXCEPTIONS  
RULE 1—GENERAL EXPLANATION  
B. DEFINITIONS  
1. GENERAL DEFINITIONS  
(APPLIES ONLY TO VOLUNTARY POLICIES IN: NC)**

**c. Incurred Losses**

Change Rule 1-B-1-c as follows:

Incurred losses for workers compensation and employers liability insurance are defined in the *North Carolina Statistical Plan Manual*. 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
- For the disease-related portion of losses covered under the Federal Mine Safety and Health Act
- Resulting from the application of catastrophe provisions as outlined in NCCI's **Basic Manual** and the *North Carolina Statistical Plan Manual*
- Reported as fully fraudulent according to the *North Carolina Statistical Plan Manual*
- Reported as noncompensable according to the *North Carolina Statistical Plan Manual*

**ITEM B-1426—UPDATE FEDERAL MINE SAFETY AND HEALTH ACT REFERENCES;  
DISCONTINUE PER PASSENGER SEAT SURCHARGE; EXCLUDE FRAUDULENT AND/OR  
NONCOMPENSABLE LOSSES FROM INCURRED LOSSES**

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**EXHIBIT 19  
EXPERIENCE RATING PLAN MANUAL—2003 EDITION  
NORTH CAROLINA STATE RULE EXCEPTIONS  
RULE 1—GENERAL EXPLANATIONS  
(APPLIES IN: NC)**

**B. MANDATORY PLAN**

Change Rule 1-B-5 as follows:

5. The rules of this Plan are based on policy periods not longer than one year.
  - a. A policy issued for a period not longer than one year and 16 days is treated as a one-year policy.
  - b. A policy issued for a period longer than one year and 16 days is treated as follows:
    - The policy period is divided into consecutive 12-month units
    - The Policy Period Endorsement specifies the last unit of less than 12 months as a short-term policy
    - All manual rules and procedures apply to each such unit as if a separate policy had been issued for each unit

## NCCI Filing P-1411

NCCI has filed P-1411 in its jurisdictions to change selected policy forms and endorsements. These changes are required in order to:

- 1) Update references to the Federal Mine Safety and Health Act (formerly the Federal Coal Mine Safety and Health Act);
- 2) Revise the formatting and references to certain statutory citations;
- 3) Modify the policy (WC 00 00 00B) and Maritime Coverage Endorsement (WC 00 02 01A) as a result of a recent US Supreme Court Decision;
- 4) Discontinue the per-passenger seat surcharge associated with Class 7421; and
- 5) Minor wording changes on endorsements for retrospective rating.

Staff has reviewed NCCI Item Filing P-1411, and recommends the following elements be filed with the North Carolina Department of Insurance to be effective for new and renewal policies effective on and after 1/1/2015:

P-1411 Exhibit	Current	Revised	Description
2	WC 00 00 00B	WC 00 00 00C	Workers Compensation and Employers Liability Policy
3	WC 00 00 01A (Notes only)	WC 00 00 01B (Notes only)	Workers Compensation and Employers Liability Policy Information Page & Extensions
4	WC 00 01 02A	WC 00 01 02B	Federal Coal Mine Health and Safety Act Coverage Endorsement
5	WC 00 01 09B	WC 00 01 09C	Outer Continental Shelf Lands Act Coverage Endorsement
6	WC 00 02 01A	WC 00 02 01B	Maritime Coverage Endorsement
8	WC 00 04 01A	N/A (withdrawn)	Aircraft Premium Endorsement
9	WC 00 05 03B	WC 00 05 03C	Retrospective Premium Endorsement One Year Plan
10	WC 00 05 04B	WC 00 05 04C	Retrospective Premium Endorsement Three Year Plan
11	WC 00 05 05B	WC 00 05 05C	Retrospective Premium Endorsement Long-Term Construction Project
12	WC 00 05 10A	WC 00 05 10B	Retrospective Premium Endorsement Non-Ratable Catastrophe Element or Surcharge
13	WC 00 05 12B	WC 00 05 12C	Retrospective Premium Endorsement One Year Plan – Multiple Lines
14	WC 00 05 13B	WC 00 05 13C	Retrospective Premium Endorsement Three Year Plan – Multiple Lines
15	WC 00 05 14B	WC 00 05 14C	Retrospective Premium Endorsement – Long-Term Construction Project Multiple Lines

Items that have not been identified in the table above have been reviewed and were found to be not applicable in North Carolina.

## FILING MEMORANDUM

### ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

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#### PURPOSE

This item revises NCCI's Workers Compensation and Employers Liability Insurance Policy (Policy) as well as several national and state-specific endorsements in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)*.

Additionally, this item revises *Forms Manual* Rule 4—Form/Endorsement Numbering System (General Information) to update the Policy and Information Page number references.

#### BACKGROUND

NCCI has identified the following items in the *Forms Manual* that require changes:

1. The Policy (WC 00 00 00 B) and several endorsements include references to the Federal Coal Mine Safety and Health Act. These references must be updated to conform with the name of the current Act, which is the Federal Mine Safety and Health Act (Act). The name of the current Act became effective with the enactment of the Federal Mine Safety and Health Act of 1977, which amended the Federal Coal Mine Health and Safety Act of 1969.
2. The formatting of certain statutory citations in the Policy form and a limited number of endorsements must be updated.
3. Revisions to the Policy (WC 00 00 00 B) and Maritime Coverage Endorsement (WC 00 02 01 A) must be made as a result of a United States Supreme Court decision (*Atlantic Sounding Co., Inc. et al. v. Townsend, 557 U.S. 404, 2009*), related to punitive damages awarded for the employer's willful withholding of maintenance and cure.
  - The Policy, Part Two, C.10, excludes bodily injury to a master or member of the crew of any vessel. This exclusion must be revised to also exclude punitive damages related to the policyholder's duty to provide transportation, wages, maintenance, and cure.
  - The Maritime Coverage Endorsement must be amended to add language that excludes punitive damages related to the employer's transportation, wages, maintenance, and cure obligation, regardless of whether premium is paid for such coverage.
4. As a result of the proposal to discontinue the per passenger seat surcharge in Item B-1426—Update Federal Mine Safety and Health Act References; Discontinue per Passenger Seat Surcharge; Exclude Fraudulent and/or Noncompensable Losses From Incurred Losses, effective January 1, 2015, references to the per passenger seat surcharge must be removed from several endorsements, and the Aircraft Premium Endorsement (WC 00 04 01 A) must be withdrawn. Currently, the per passenger seat surcharge is applied to policies with Code 7421—Aircraft or Helicopter Operation—Transportation of Personnel in Conduct of Employer's Business—Flying Crew. The Aircraft Premium Endorsement is attached to policies with Code 7421 and shows the additional premium required for Code 7421 resulting from the application of the per passenger seat surcharge.
5. As a result of the proposal to revise the definition of incurred losses used for retrospective rating in Item B-1426—Update Federal Mine Safety and Health Act References; Discontinue per Passenger Seat Surcharge; Exclude Fraudulent and/or Noncompensable Losses From Incurred Losses, effective

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**FILING MEMORANDUM**

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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January 1, 2015, references in several national and state-specific endorsements are being revised to be consistent with the rule.

6. A minor grammatical revision is necessary on several national and state-specific endorsements that are used on retrospectively rated multiline policies; the word “for” is replaced by “and.”
7. The Policy number reference currently included in Rule 4 must be revised to include the updated Policy number. In addition, the endorsement number reference included in the Rhode Island Short Rate Cancellation Endorsement must be removed to avoid the need to update this information due to future revisions.

**PROPOSAL**

This item revises the Policy, endorsements, and Rule 4, located in NCCI’s *Forms Manual*.

This item is being filed in conjunction with Item B-1426. Item B-1426 proposes to revise Act references included in rules from various NCCI manuals, discontinue the per passenger seat surcharge, and exclude fully fraudulent and/or noncompensable claims from the definition of incurred losses used for retrospective rating. Items B-1426 and P-1411 should be adopted concurrently.

**IMPACT**

No premium impact is expected as a result of the proposed updates to NCCI’s *Forms Manual*.

**EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY**

In all states except Hawaii, this item is to become effective for new and renewal policies effective on and after 12:01 a.m. on January 1, 2015.

In Hawaii, the effective date is determined upon regulatory approval of the individual carrier’s election to adopt this change.

<b>Exhibit</b>	<b>Current Endorsement Number and Name</b>	<b>Revised Endorsement Number</b>
1	Rule 4—Form/Endorsement Numbering System	N/A
2	<ul style="list-style-type: none"> <li>• WC 00 00 00 B—Workers Compensation and Employers Liability Insurance Policy, Part Two—Employers Liability Insurance</li> <li>• The entire Workers Compensation and Employers Liability Insurance Policy (WC 00 00 00 B) is proposed to be revised</li> <li>• While only Part Two of the Policy requires an update, all of the parts of the Policy require a revision to the number, becoming the “C” version (WC 00 00 00 C)</li> </ul>	WC 00 00 00 C
3	WC 00 00 01 A—Information Page Notes	WC 00 00 01 B

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**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
 EMPLOYERS LIABILITY INSURANCE**

<b>Exhibit</b>	<b>Current Endorsement Number and Name</b>	<b>Revised Endorsement Number</b>
4	WC 00 01 02 A—Federal Coal Mine Safety and Health Act Coverage Endorsement	WC 00 01 02 B
5	WC 00 01 09 B—Outer Continental Shelf Lands Act Coverage Endorsement	WC 00 01 09 C
6	WC 00 02 01 A—Maritime Coverage Endorsement	WC 00 02 01 B
7	WC 00 04 01—Aircraft Premium Endorsement	N/A
8	WC 00 04 01 A—Aircraft Premium Endorsement	N/A
9	<ul style="list-style-type: none"> <li>• WC 00 05 03 B—Retrospective Rating Plan Premium Endorsement One-Year Plan</li> <li>• Refer to Exhibit 16 for state-specific endorsements for AK, FL, GA, LA, TX</li> </ul>	WC 00 05 03 C
10	<ul style="list-style-type: none"> <li>• WC 00 05 04 B—Retrospective Rating Plan Premium Endorsement Three-Year Plan</li> <li>• Refer to Exhibit 17 for state-specific endorsements for AK, GA, LA, TX</li> </ul>	WC 00 05 04 C
11	<ul style="list-style-type: none"> <li>• WC 00 05 05 B—Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project</li> <li>• Refer to Exhibit 18 for state-specific endorsements for AK, GA, LA, TX</li> </ul>	WC 00 05 05 C
12	<ul style="list-style-type: none"> <li>• WC 00 05 10 A—Retrospective Rating Plan Premium Endorsement Nonratable Catastrophe Element or Surcharge</li> <li>• Refer to Exhibit 19 for a state-specific endorsement for TX</li> </ul>	WC 00 05 10 B
13	<ul style="list-style-type: none"> <li>• WC 00 05 12 B—Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines</li> <li>• Refer to Exhibit 17 for a state-specific endorsement for FL</li> <li>• Refer to Exhibit 19 for state-specific endorsements for AK, GA, LA</li> <li>• Refer to Exhibit 20 for a state-specific endorsement for TX</li> </ul>	WC 00 05 12 C
14	<ul style="list-style-type: none"> <li>• WC 00 05 13 B—Retrospective Rating Plan Premium Endorsement Three-Year Plan—Multiple Lines</li> <li>• Refer to Exhibit 20 for state-specific endorsements for AK, GA, LA</li> <li>• Refer to Exhibit 21 for a state-specific endorsement for TX</li> </ul>	WC 00 05 13 C
15	<ul style="list-style-type: none"> <li>• WC 00 05 14 B—Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project—Multiple Lines</li> <li>• Refer to Exhibit 21 for state-specific endorsements for AK, GA, LA</li> <li>• Refer to Exhibit 22 for a state-specific endorsement for TX</li> </ul>	WC 00 05 14 C

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**FILING MEMORANDUM**

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
 EMPLOYERS LIABILITY INSURANCE**

<b>Exhibit</b>	<b>Current Endorsement Number and Name</b>	<b>Revised Endorsement Number</b>
16	WC 09 05 03—Florida Retrospective Rating Plan Premium Endorsement One-Year Plan	WC 09 05 03 A
	WC 10 05 01—Georgia Retrospective Rating Plan Premium Endorsement One-Year Plan	WC 10 05 01 A
	WC 15 04 03 E—Kansas Assigned Risk Retrospective Rating Plan Endorsement	WC 15 04 03 F
	WC 17 05 01 A—Louisiana Retrospective Rating Plan Premium Endorsement One-Year Plan	WC 17 05 01 B
	WC 38 04 01 A—Rhode Island Short Rate Cancellation Endorsement	WC 38 04 01 B
	WC 42 05 03 A—Texas Retrospective Rating Plan Premium Endorsement One-Year Plan	WC 42 05 03 B
	WC 48 05 07—(Wisconsin) Retrospective Premium Endorsement Large Risk Alternative Rating Option	WC 48 05 07 A
	WC 54 05 01—Alaska Retrospective Rating Plan Premium Endorsement One-Year Plan	WC 54 05 01 A
17	WC 09 05 04—Florida Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines	WC 09 05 04 A
	WC 10 05 02—Georgia Retrospective Rating Plan Premium Endorsement Three-Year Plan	WC 10 05 02 A
	WC 17 05 02 A—Louisiana Retrospective Rating Plan Premium Endorsement Three-Year Plan	WC 17 05 02 B
	WC 42 05 04 A—Texas Retrospective Rating Plan Premium Endorsement Three-Year Plan	WC 42 05 04 B
	WC 54 05 02—Alaska Retrospective Rating Plan Premium Endorsement Three-Year Plan	WC 54 05 02 A
18	WC 10 05 03—Georgia Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project	WC 10 05 03 A
	WC 17 05 03 A—Louisiana Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project	WC 17 05 03 B
	WC 42 05 05—Texas Retrospective Rating Plan Premium Endorsement Long-Term Construction Project	WC 42 05 05 A
	WC 54 05 03—Alaska Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project	WC 54 05 03 A

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**FILING MEMORANDUM**

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
 EMPLOYERS LIABILITY INSURANCE**

<b>Exhibit</b>	<b>Current Endorsement Number and Name</b>	<b>Revised Endorsement Number</b>
19	WC 10 05 04—Georgia Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines	WC 10 05 04 A
	WC 17 05 04 A—Louisiana Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines	WC 17 05 04 B
	WC 42 05 10—Texas Retrospective Rating Plan Premium Endorsement Nonratable Catastrophe Element or Surcharge	WC 42 05 10 A
	WC 54 05 04—Alaska Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines	WC 54 05 04 A
20	WC 10 05 05—Georgia Retrospective Rating Plan Premium Endorsement Three-Year Plan—Multiple Lines	WC 10 05 05 A
	WC 17 05 05 A—Louisiana Retrospective Rating Plan Premium Endorsement Three-Year Plan—Multiple Lines	WC 17 05 05 B
	WC 42 05 12 A—Texas Retrospective Rating Plan Premium Endorsement One-Year Plan—Multiple Lines	WC 42 05 12 B
	WC 54 05 05—Alaska Retrospective Rating Plan Premium Endorsement Three-Year Plan—Multiple Lines	WC 54 05 05 A
21	WC 10 05 06—Georgia Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project—Multiple Lines	WC 10 05 06 A
	WC 17 05 06 A—Louisiana Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project—Multiple Lines	WC 17 05 06 B
	WC 42 05 13 A—Texas Retrospective Rating Plan Premium Endorsement Three-Year Plan—Multiple Lines	WC 42 05 13 B
	WC 54 05 06—Alaska Retrospective Rating Plan Premium Endorsement Wrap-Up Construction Project—Multiple Lines	WC 54 05 06 A
22	WC 42 05 14—Texas Retrospective Rating Plan Premium Endorsement Long-Term Construction Project—Multiple Lines	WC 42 05 14 A

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**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 1**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RULES**  
**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**RULE 4—FORM/ENDORSEMENT NUMBERING SYSTEM**

The policy and endorsements contained in this manual have a unique identifying number. This number must be included on all forms.

“WC 00 00 00-B-C” is the number that represents the workers compensation and employers liability policy.

“WC 00 00 01 A” is the number that represents the Information Page.

All endorsements are assigned numbers that denote the type and purpose of the endorsement. The number consists of either eight or nine characters. They represent the following:

**A. Line of Insurance—WC**

The first two characters are WC. These establish that the form pertains to workers compensation and employers liability insurance.

**B. General/State**

The second set of characters identifies the endorsement as a general, state, or company endorsement. General endorsements are designated as “00.” Miscellaneous endorsements, notices, and related transactions are designated as “89.” State endorsements are designated by the appropriate state codes, which are as follows:

<b>STATE</b>	<b>CODE</b>	<b>STATE</b>	<b>CODE</b>
Alabama	01	Montana	25
Alaska	54	Nebraska	26
Arizona	02	Nevada	27
Arkansas	03	New Hampshire	28
California	04	New Jersey	29
Colorado	05	New Mexico	30
Connecticut	06	New York	31
Delaware	07	North Carolina	32
Dist. of Col.	08	North Dakota	33
Florida	09	Ohio	34
Georgia	10	Oklahoma	35
Hawaii	52	Oregon	36
Idaho	11	Pennsylvania	37
Illinois	12	Rhode Island	38
Indiana	13	South Carolina	39
Iowa	14	South Dakota	40
Kansas	15	Tennessee	41

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 1 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RULES  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

<b>STATE</b>	<b>CODE</b>	<b>STATE</b>	<b>CODE</b>
Kentucky	16	Texas	42
Louisiana	17	Utah	43
Maine	18	Vermont	44
Maryland	19	Virginia	45
Massachusetts	20	Washington	46
Michigan	21	West Virginia	47
Minnesota	22	Wisconsin	48
Mississippi	23	Wyoming	49
Missouri	24		

The numbers "90" through "99" have been reserved for use by companies on their own endorsements.

**C. Type**

The third set of characters identifies the type of endorsement, i.e., premium as opposed to coverage. The number and types are as follows:

- 01—Federal Coverages and Exclusions
- 02—Maritime Coverages and Exclusions
- 03—Other Coverages and Exclusions
- 04—Premium
- 05—Retrospective Premium
- 06—Miscellaneous

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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

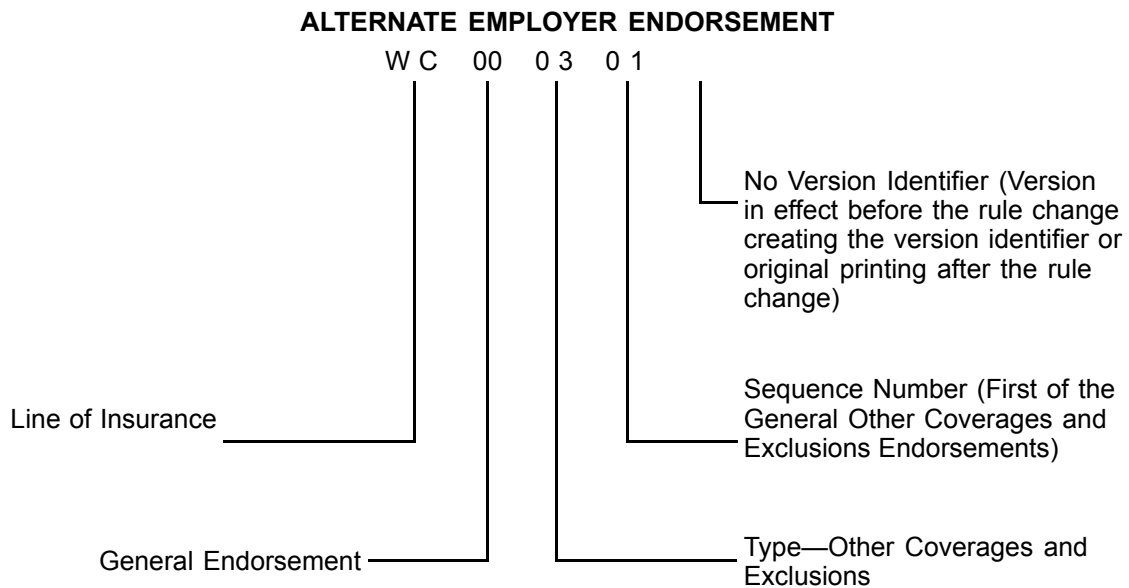
**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**D. Sequence Number**

The fourth set of characters is the unique identifying number that differentiates an endorsement from others in the same series. A multipaged endorsement will have only one number.

**E. Version Identifier**

The last character identifies the version of the policy and each endorsement. The identifying number of the version of the policy and each endorsement that was in effect prior to the rule change creating the version identifier contains only eight characters. The original printing of an endorsement effective after the rule change will also contain only eight characters. Each subsequent version of the policy and endorsements will contain a ninth character. This character will sequentially identify each subsequent reprint of the policy and endorsements from A through Z (reprints 1 through 26).

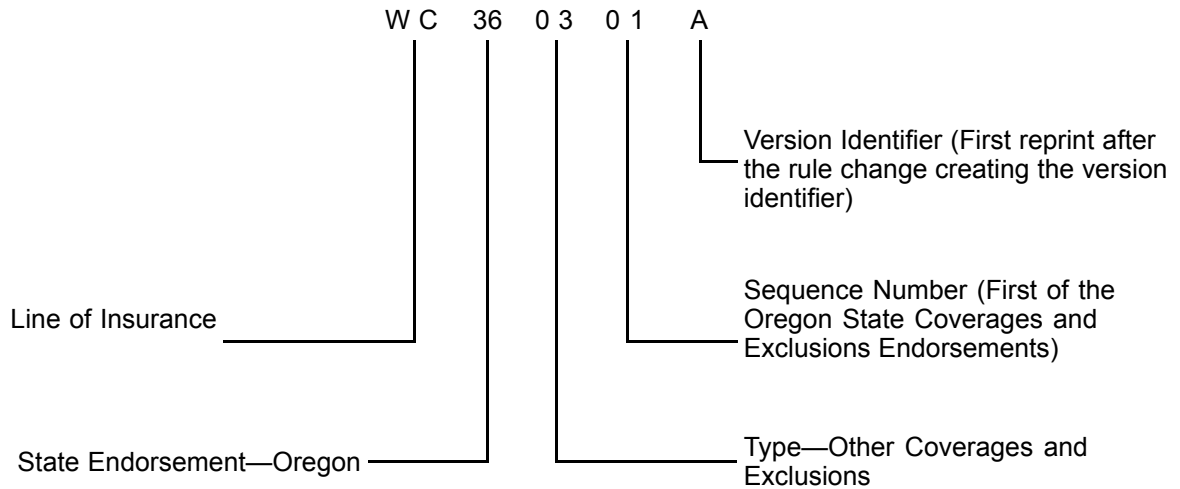


**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

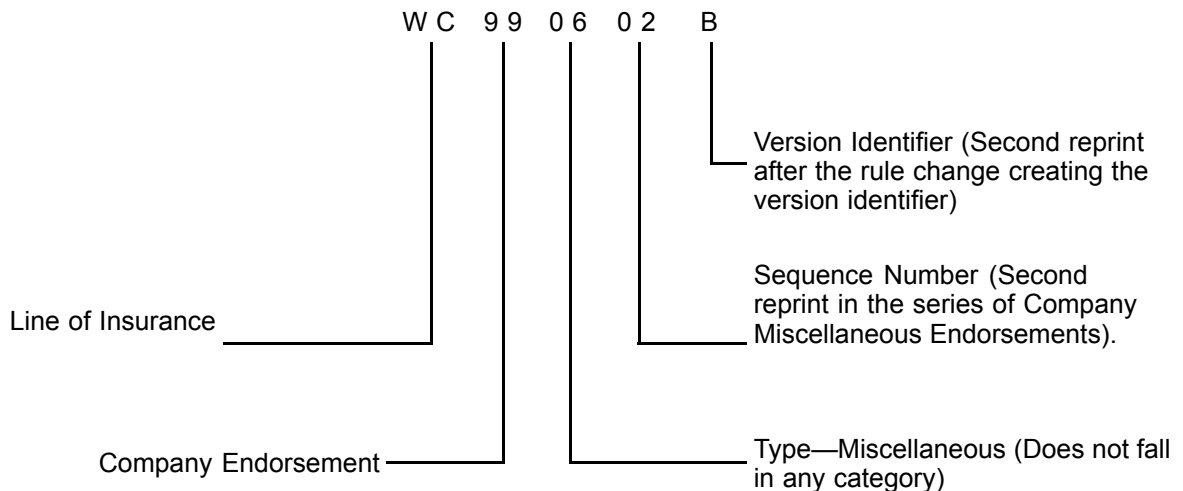
**EXHIBIT 1 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RULES**

(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)

**OREGON UNSAFE EQUIPMENT EXCLUSION ENDORSEMENT**



**X COMPANY MISCELLANEOUS ENDORSEMENT**



**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 2**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY, PART  
TWO—EMPLOYERS LIABILITY INSURANCE (WC 00 00 00 C)  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**PART TWO—EMPLOYERS LIABILITY INSURANCE (WC 00 00 00-B-C)**

**A. How This Insurance Applies**

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in a state or territory listed in Item 3.A. of the Information Page.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

**B. We Will Pay**

We will pay all sums that you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. For which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. For care and loss of services; and
3. For consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and
4. Because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

**C. Exclusions**

This insurance does not cover:

1. Liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. Punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. Bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. Any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. Bodily injury intentionally caused or aggravated by you;

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 2 (CONT'D)****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY, PART  
TWO—EMPLOYERS LIABILITY INSURANCE (WC 00 00 00 C)  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

6. Bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions;
8. Bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 U.S.C. Sections 901 ~~et seq.~~ ~~950~~), the Non-appropriated Fund Instrumentalities Act (5 U.S.C. Sections 8171 ~~et seq.~~ ~~8173~~), the Outer Continental Shelf Lands Act (43 U.S.C. Sections 1331 ~~et seq.~~ ~~1356a~~), the Defense Base Act (42 U.S.C. Sections 1651–1654), the Federal Coal Mine Safety and Health Act (30 U.S.C. Sections 801 ~~et seq.~~ and 901–944 ~~945~~), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws;
9. Bodily injury to any person in work subject to the Federal Employers' Liability Act (45 U.S.C. Sections 51 ~~et seq.~~ ~~60~~), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws;
10. Bodily injury to a master or member of the crew of any vessel, and does not cover punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law;
11. Fines or penalties imposed for violation of federal or state law; and
12. Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. Sections 1801 ~~et seq.~~ ~~1872~~) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

**D. We Will Defend**

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

**E. We Will Also Pay**

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law until we offer the amount due under this insurance; and
5. Expenses we incur.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 2 (CONT'D)**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY, PART  
TWO—EMPLOYERS LIABILITY INSURANCE (WC 00 00 00 C)  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**F. Other Insurance**

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

**G. Limits of Liability**

Our liability to pay for damages is limited. Our limits of liability are shown in Item 3.B. of the Information Page. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for “bodily injury by accident—each accident” is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for “bodily injury by disease—policy limit” is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for “bodily injury by disease—each employee” is the most we will pay for all damages because of bodily injury by disease to any one employee.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

**H. Recovery From Others**

We have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

**I. Actions Against Us**

There will be no right of action against us under this insurance unless:

1. You have complied with all the terms of this policy; and
2. The amount you owe has been determined with our consent or by actual trial and final judgment.

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.



**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 3**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
INFORMATION PAGE NOTES (WC 00 00 01 B)**

**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**INFORMATION PAGE NOTES (WC 00 00 01 ~~A~~ B)**

1. The sequence of Items 1 through 4 of the Information Page may not be changed except for Item 3.D. (See Note 14.) The format of each item may be rearranged and these suggested headings may be used:  
1. Insured; 2. Policy Period; 3. Coverage; and 4. Premium.
2. The name and the five-digit NCCI carrier code number of the insuring company is to be shown prominently on the Information Page in the space above Item 1.

The address and type of insurer (stock, mutual, or other) are to be shown on the Information Page, the policy, or a policy jacket.

3. The policy number must be appropriately labeled and shown in space reserved above Item 1 on the Information Page. This number shall be unique to the company, shall not exceed 18 alphanumeric digits, and shall remain constant during the policy period. It shall be shown on all endorsements as well as all other policy-related correspondence after the policy is issued.

If the policy number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols shall be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

4. On the bureau copy of a renewal policy Information Page, use space reserved above Item 1 to show and appropriately label the prior policy number. This number shall not exceed 18 alphanumeric digits. If the number displayed on the Information Page contains a policy symbol consisting of alphanumeric digits that are not entered into the carrier's internal statistical records as part of the actual policy number, those symbols shall be shown as a separate prefix and/or suffix to the policy number and appropriately labeled.

New business may be designated "New." At its option, the company may show this on the insured's copy of the Information Page.

5. On the bureau copy of the Information Page, show the letters "AR" next to the title "Information Page" if the insured is an assigned risk.
6. Show in Item 1 the exact name of the employer insured and indicate whether the employer is an individual, partnership, joint venture, corporation, association, or other legal entity. If separate legal entities are insured in a single policy, consistent with the manual of rules, separately show the complete name of each insured employer and indicate each employer's legal entity status.
7. The Interstate/Intrastate Risk Identification number must be shown and appropriately labeled on the Information Page.
8. Reserve space in Item 1 of the bureau copy to show, if required, the insured's commonly required identification numbers such as: Arkansas Workers Compensation File Number; Hawaii Unemployment Number; New Mexico Unemployment Insurance Number; Oregon Contract Number; and State Employer Number.

The company may also show this on the Information Page at its option.

9. List in Item 1 or by schedule all usual workplaces of the insured that are to be covered by the policy. Also include the respective Federal Employer's Identification Number (FEIN), appropriately labeled, for each entity included on the policy.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 3 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**INFORMATION PAGE NOTES (WC 00 00 01 B)**  
**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

10. The effective date and hour of the policy, and its expiration date and hour, must be shown in Item 2. The hour may be included as part of the printed form at the company's option.
11. List in Item 3.A. states where workers compensation insurance is provided. If none is provided, "none" or "not covered" may be shown. See, for example, the notes to the Federal Coal-Mine Safety and Health Act Coverage Endorsement.
12. Show limits of liability separately for bodily injury by accident and by disease in Item 3.B.
13. States may be shown in Item 3.C. by name or by designation, but do not name or designate a state listed in Item 3.A., a monopolistic state fund state, or a state where the insurer will not provide this coverage.

The following entry may also be included: "All states except North Dakota, Ohio, Washington, Wyoming, states designated in Item 3.A. of the Information Page and \_\_\_\_\_."

If the company learns that the insured is conducting operations in a 3.C. state, and if the company agrees to continue coverage, the company should add that state to Item 3.A. and remove it from Item 3.C. Normal company procedures apply when the state is added to Item 3.A.

14. Item 3.D. may be omitted so long as the list of the policy's schedules and endorsements appears somewhere on the Information Page. Endorsements for which the company has not filed specimen copies with the rating bureau or bureaus having jurisdiction must be attached to the Information Page filed with the bureau.
15. The content of Item 4 may be rearranged by the company. If the policy is issued for less than one year, the company may state whether the premium information is shown for the policy period or for an annual period.
16. In Item 4, the development of estimated annual premium shall be displayed separately for each classification by state. This same display of premium development must be shown on any classification schedules attached to the policy. Total Estimated Standard Premium must be shown by state on the Information Page or on a schedule attached to the policy.

The experience rating modification factor shall be shown in Item 4 for risks subject to the experience rating plan, unless this factor is not available when the policy is issued. The company then may make an appropriate entry in Item 4 to show that the factor is not available. See the Experience Rating Modification Factor Endorsement for more information.

17. In those states where a schedule rating plan has been filed and approved, report the schedule rating information in Item 4, as required by the filed plan.
18. Premium discount may be shown in Item 4, the Premium Discount Endorsement, or both.
19. Taxes, assessments, deposit premium, interim adjustments of premium, the rating plan, past experience, cancellation of similar insurance, date and place of policy issuance, date and place of countersignature, and other related information may be shown in Item 4.
20. Three-year fixed-rate policies must be so designated on the Information Page as required by Rule 3-B-1-b of NCCI's *Basic Manual*. In Item 4, the company shall report the premium information either as Standard Premium or Total Standard Premium as defined in Rule 3-A-20 of NCCI's *Basic Manual*.
21. Other entries may be made on the Information Page as authorized by Notes to Standard Endorsements, including: Anniversary Rating Date, Defense Base Act Coverage; Nonappropriated Fund Instrumentalities Act Coverage; Partners, Officers and Others Exclusion; Pending Rate Change; Sole Proprietors, Partners, Officers and Others Coverage; and Voluntary Compensation Maritime Coverage Endorsements.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 3 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**INFORMATION PAGE NOTES (WC 00 00 01 B)**  
**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,**  
**MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

22. The company may place the execution clause at the end of the Information Page, at the end of the standard policy, or on a policy jacket.

**State Workers Compensation Rating Bureau Information Page Notes:**

Refer to the *Pennsylvania Basic Manual* for Pennsylvania policy issuance instructions and specific requirements.

Refer to the sample Information Page in the Forms Section, Part Three, Section 2, of the *New Jersey Workers Compensation and Employers Liability Insurance Manual* for a description of New Jersey requirements.

Refer to the *New York Manual* (Part Four) for complete instructions on policy issuance, including Information Page Notes for preparing New York policies. You may find the updated Information Page Notes for the *New York Manual* on <http://www.nycirb.org/>.

Refer to the *Wisconsin Basic Manual* for Wisconsin policy issuance instructions and specific requirements.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 4**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
FEDERAL MINE SAFETY AND HEALTH ACT COVERAGE ENDORSEMENT (WC 00 01 02 B)  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**FEDERAL ~~COAL~~-MINE SAFETY AND HEALTH ACT COVERAGE ENDORSEMENT (WC 00 01 02 ~~A~~ B)**

This endorsement applies only to work in a state shown in the Schedule and subject to the Federal ~~Coal~~-Mine Safety and Health Act (30 U.S.C. Sections 801 et seq. and ~~901-944-945~~). Part One (Workers Compensation Insurance) applies to that work as though that state were shown in Item 3.A. of the Information Page.

The definition of workers compensation law includes the Federal ~~Coal~~-Mine Safety and Health Act (30 U.S.C. Sections 801 et seq. and ~~901-944-945~~) and any amendment to that law that is in effect during the policy period.

Part One (Workers Compensation Insurance), Section A.2., How This Insurance Applies, is replaced by the following:

Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period or, when the last exposure occurred prior to July 1, 1973, a claim based on that disease must be first filed against you during the policy period shown in Item 2 of the Information Page.

Schedule

**State**

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 5**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
OUTER CONTINENTAL SHELF LANDS ACT COVERAGE ENDORSEMENT (WC 00 01 09 C)  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**OUTER CONTINENTAL SHELF LANDS ACT COVERAGE ENDORSEMENT (WC 00 01 09 ~~B~~ C)**

This endorsement applies only to the work described in Item 4 of the Information Page or in the Schedule as subject to the Outer Continental Shelf Lands Act. The policy will apply to that work as though the location shown in the Schedule were a state named in Item 3.A. of the Information Page.

General Section C. **Workers' Compensation Law** is replaced by the following:

**C. Workers' Compensation Law**

Workers' Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page and the Outer Continental Shelf Lands Act (43 U.S.C. Sections 1331 et seq. ~~—1356a~~). It includes any amendments to those laws that are in effect during the policy period. It does not include any other federal workers or workmen's compensation law, other federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

Part Two (Employers Liability Insurance), C. Exclusions., exclusion 8, does not apply to work subject to the Outer Continental Shelf Lands Act.

Schedule

**Description and Location of Work**

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE****EXHIBIT 6****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MARITIME COVERAGE ENDORSEMENT (WC 00 02 01 B)  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO,  
MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)****MARITIME COVERAGE ENDORSEMENT (WC 00 02 01 A-B)**

This endorsement changes how insurance provided by Part Two (Employers Liability Insurance) applies to bodily injury to a master or member of the crew of any vessel.

A. **How This Insurance Applies** is replaced by the following:

**A. How This Insurance Applies**

This insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to work described in Item 1 of the Schedule of the Maritime Coverage Endorsement.
3. The bodily injury must occur in the territorial limits of, or in the operation of a vessel sailing directly between the ports of, the continental United States of America, Alaska, Hawaii or Canada.
4. Bodily injury by accident must occur during the policy period.
5. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
6. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

C. **Exclusions** is changed by removing exclusion 10 and by adding exclusions 13 and 14.

This insurance does not cover:

13. ~~Bodily injury covered by a Protection and Indemnity Policy or similar policy issued to you or for your benefit. This exclusion applies even if the other policy does not apply because of another insurance clause, deductible or limitation of liability clause, or any similar clause.~~
14. ~~Your duty or obligation to provide transportation, wages, maintenance, and cure. This exclusion does not apply if a premium entry is shown in Item 2 of the Schedule, except that punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law are excluded even if a premium is paid for transportation, wages, maintenance, and cure coverage.~~

D. **We Will Defend** is changed by adding the following statement:

We will treat a suit or other action in rem against a vessel owned or chartered by you as a suit against you.

**G. Limits of Liability**

Our liability to pay for damages is limited. Our limits of liability are shown in the Schedule. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident—each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 6 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**MARITIME COVERAGE ENDORSEMENT (WC 00 02 01 B)**  
**(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MS, MO, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

- 2. Bodily Injury by Disease. The limit shown for “bodily injury by disease—aggregate” is the most we will pay for all damages covered by this insurance because of bodily injury by disease to one or more employees. The limit applies separately to bodily injury by disease arising out of work in each state shown in Item 3.A. of the Information Page. Bodily injury by disease will be deemed to occur in the state of the vessel's home port.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

- 3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

Schedule

- 1. Description of work:
  
- 2. Transportation, Wages, Maintenance, and Cure Premium \$  
**Exclusion:** This insurance does not cover punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law even if a premium is paid for transportation, wages, maintenance, and cure coverage.
  
- 3. Limits of Liability  
Bodily Injury by Accident     \$ \_\_\_\_\_     each accident  
Bodily Injury by Disease     \$ \_\_\_\_\_     aggregate

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 7  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
AIRCRAFT PREMIUM ENDORSEMENT (WC 00 04 01)  
(APPLIES IN: LA)**

~~**AIRCRAFT PREMIUM ENDORSEMENT (WC 00 04 01)**~~

~~Additional premium is charged for each aircraft shown in the Schedule. The additional premium is subject to adjustment if you have an experience rating modification factor or if this policy is canceled. You may substitute one aircraft for another without additional charge if the substitute aircraft has no more seats than the aircraft shown in the Schedule.~~

~~Schedule~~

<del>State</del>	<del>Aircraft</del>	<del>Passenger Seat Charge</del>	<del>Maximum Charge</del>	<del>Estimated Premium</del>
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**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 8**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
AIRCRAFT PREMIUM ENDORSEMENT (WC 00 04 01 A)  
(APPLIES IN: AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, MD, ME, MS, MO, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

~~**AIRCRAFT PREMIUM ENDORSEMENT (WC 00 04 01 A)**~~

~~Additional premium is charged for each aircraft shown in the Schedule. The additional premium is not subject to adjustment unless this policy is canceled. You may substitute one aircraft for another without additional charge if the substitute aircraft has no more seats than the aircraft shown in the Schedule.~~

~~Schedule~~

<del>State</del>	<del>Aircraft</del>	<del>Passenger Seat Charge</del>	<del>Maximum Charge</del>	<del>Estimated Premium</del>
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**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 9**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN**  
**(WC 00 05 03 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,**  
**ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN (WC 00 05 03-B-C)**

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
  - 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 judgements, expenses to recover against third parties, and employers liability loss adjustment expenses. This

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 9 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN**  
**(WC 00 05 03 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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, as applicable:

- Resulting from the nonratable element codes
  - ~~Developed by the passenger seat surcharge under Classification Code 7424~~
  - ~~For the disease-related portion of losses covered under Developed by the occupational disease rates for employers subject to the Federal Coal-Mine Safety and Health Act~~
  - ~~Developed by the~~ Resulting from the application of catastrophe provisions as outlined in our manuals
  - Reported as fully fraudulent
  - Reported as noncompensable
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.

**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.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 9 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN**  
**(WC 00 05 03 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,**  
**ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 9 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN**

**(WC 00 05 03 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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.

	<b>50%</b>	<b>100%</b>	<b>150%</b>
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 9 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN**  
**(WC 00 05 03 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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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-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 10**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN**  
**(WC 00 05 04 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,**  
**ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN (WC 00 05 04-B-C)**

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 judgements, expenses to recover against third parties, and employers liability loss adjustment expenses. This

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 10 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN**  
**(WC 00 05 04 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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, as applicable:

- Resulting from the nonratable element codes
  - ~~Developed by the passenger seat surcharge under Classification Code 7424~~
  - ~~For the disease-related portion of losses covered under Developed by the occupational disease rates for employers subject to the Federal Coal-Mine Safety and Health Act~~
  - ~~Developed by the~~ Resulting from the application of catastrophe provisions ~~as outlined in our manuals~~
  - Reported as fully fraudulent
  - Reported as noncompensable
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 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.

#### **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



**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 10 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN**  
**(WC 00 05 04 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,**  
**ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 10 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN**

**(WC 00 05 04 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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 \_\_\_\_\_

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 10 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN  
(WC 00 05 04 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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.

	<b>50%</b>	<b>100%</b>	<b>150%</b>
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-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 11****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION  
PROJECT (WC 00 05 05 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION PROJECT  
(WC 00 05 05 ~~B~~ C)**

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.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 11 (CONT'D)**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION  
PROJECT (WC 00 05 05 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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 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, as applicable:

- Resulting from the nonratable element codes
  - ~~Developed by the passenger seat surcharge under Classification Code 7421~~
  - ~~For the disease-related portion of losses covered under Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act~~
  - ~~Developed by the~~ Resulting from the application of catastrophe provisions as outlined in our manuals
  - Reported as fully fraudulent
  - Reported as noncompensable
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.

**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.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 11 (CONT'D)****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION  
PROJECT (WC 00 05 05 C)****(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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**

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 11 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION  
PROJECT (WC 00 05 05 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,  
ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 11 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION  
PROJECT (WC 00 05 05 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,  
ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

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.

	<b>50%</b>	<b>100%</b>	<b>150%</b>
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-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND  
EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 12**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT NONRATABLE CATASTROPHE  
ELEMENT OR SURCHARGE (WC 00 05 10 B)**

**(APPLIES TO VOLUNTARY POLICIES IN: AK, AL, AR, AZ, CO, CT, DC, GA, HI, IA, ID, IL, KS,  
KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, WV)**

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT NONRATABLE CATASTROPHE  
ELEMENT OR SURCHARGE (WC 00 05 10 ~~A B~~)**

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 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. ~~—~~
  - 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~~
3. 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-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 13****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 12 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,  
ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE LINES  
(WC 00 05 12 ~~B~~ C)**

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 13 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE**  
**LINES (WC 00 05 12 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,**  
**ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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~~ and 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, as applicable:

- Resulting from the nonratable element codes
  - ~~Developed by the passenger seat surcharge under Classification Code 7421~~
  - ~~For the disease-related portion of losses covered under Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act~~
  - ~~Developed by the~~ Resulting from the application of catastrophe provisions as outlined in our manuals
  - Reported as fully fraudulent
  - Reported as noncompensable
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**

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 13 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE**  
**LINES (WC 00 05 12 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,**  
**ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 13 (CONT'D)****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 12 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,  
ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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:

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 13 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 12 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,  
ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

- 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

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

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in the states of

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 13 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 12 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,  
ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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

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 \$ \_\_\_\_\_
- Loss Limitation for \_\_\_\_\_ insurance is \$ \_\_\_\_\_

8. Loss Conversion  
Factor is \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 13 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 12 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,  
ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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.

	<b>50%</b>	<b>100%</b>	<b>150%</b>
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____

**TABLE OF STATES**

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



**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 13 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT ONE-YEAR PLAN—MULTIPLE**  
**LINES (WC 00 05 12 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD,**  
**ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 14**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 13 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,  
MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE LINES  
(WC 00 05 13 ~~B~~ C)**

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 14 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE**  
**LINES (WC 00 05 13 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,**  
**MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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~~ and 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, as applicable:

- Resulting from the nonratable element codes
  - ~~Developed by the passenger seat surcharge under Classification Code 7421~~
  - ~~For the disease-related portion of losses covered under Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act~~
  - ~~Developed by the~~ Resulting from the application of catastrophe provisions as outlined in our manuals
  - Reported as fully fraudulent
  - Reported as noncompensable
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.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 14 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE**  
**LINES (WC 00 05 13 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,**  
**MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

**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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 14 (CONT'D)****FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 13 C)****(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,  
MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 14 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 13 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,  
MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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

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

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in the states of

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 14 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 13 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

- 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:

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 14 (CONT'D)**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 13 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,  
MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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 \_\_\_\_\_

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.

	<b>50%</b>	<b>100%</b>	<b>150%</b>
Estimated Standard Premium:	\$ _____	\$ _____	\$ _____
Basic Premium Factor:	_____	_____	_____



**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

**EXHIBIT 14 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE  
LINES (WC 00 05 13 C)  
(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,  
MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

**TABLE OF STATES**

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

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 14 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT THREE-YEAR PLAN—MULTIPLE**  
**LINES (WC 00 05 13 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,**  
**MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 15**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION  
PROJECT—MULTIPLE LINES (WC 00 05 14 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION  
PROJECT—MULTIPLE LINES (WC 00 05 14 ~~B~~ C)**

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 15 (CONT'D)**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION**

**PROJECT—MULTIPLE LINES (WC 00 05 14 C)**

**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, RI, SC, SD, TN, UT, VA, VT, WV)**

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~~ and the following expenses:
- 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
  - Interest payable in accordance with the provisions of the policy, except that this will not apply for auto physical damage insurance
  - Allocated loss adjustment expenses (ALAE), except that this will apply for auto liability, general liability, and employers liability insurance only
  - 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 and any other elements excluded from our manuals, as applicable:

- Resulting from the nonratable element codes
  - ~~Developed by the passenger seat surcharge under Classification Code 7421~~
  - ~~For the disease-related portion of losses covered under Developed by the occupational disease rates for employers subject to the Federal Coal Mine Safety and Health Act~~
  - ~~Developed by the~~ Resulting from the application of catastrophe provisions as outlined in our manuals
  - Reported as fully fraudulent
  - Reported as noncompensable
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.

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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**EXHIBIT 15 (CONT'D)**  
**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**  
**RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT WRAP-UP CONSTRUCTION**  
**PROJECT—MULTIPLE LINES (WC 00 05 14 C)**  
**(APPLIES TO VOLUNTARY POLICIES IN: AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, KS, KY, MD, ME,**  
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**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

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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

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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

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

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in the states of

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





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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.

	<b>50%</b>	<b>100%</b>	<b>150%</b>
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)

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TABLE OF STATES (Cont'd)**

11.A	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)
State				

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

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

**ITEM P-1411—REVISIONS TO FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE**

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

**NCRB Filing NCStat-01**

The purpose of this filing is to update the North Carolina Workers Compensation Statistical Plan Manual to reflect changes corresponding to NCCI Item Filing B1426 and P1411.

This item:

- Updates references to the Federal Coal Mine Health and Safety Act
- Updates references to the per passenger seat surcharge and its corresponding statistical codes

It is proposed that this filing become effective to new and renewal policies effective on or after 12:01 a.m. on January 1, 2015.

The following is a summary of exhibits included as part of this filing:

Exhibit 1-Updates reporting instructions for Non-Payroll Exposure associated with the Passenger Seat Surcharge

Exhibit 2-Updates references to the Federal Coal Mine Safety and Health Act to reflect the actual name of the Act as the Federal Mine Safety and Health Act.

Exhibit 3-Updates references to the Passenger Seat Surcharge to reflect the discontinuation of Statistical Code 9108

Exhibit 4-Updates the description associated with the reporting of Disease Experience for Statistical Code 0164

Exhibit 5-Updates the Numeric List of Statistical Codes to reflect the name of the Act as the Federal Mine Safety and Health Act. Additionally, the exhibit reflects the discontinuation of Statistical Code 9108

**Exhibit 1**

**2014 Statistical Plan Manual**

**PART 3-EXPOSURE INFORMATION**

**F. Exposure Amount**

**2. Non-Payroll Exposure**

**b. Aircraft Operation-Passenger Seat Surcharge –**

**Reporting Aircraft Operation-Per Passenger Seat Surcharge for Policies Effective on or after January 1, 2015**

The number of passenger seats of the aircraft and the surcharge associated with the number of passenger seats no longer needs to be reported due to the discontinuation of Statistical Code 9108.

All exposure and any losses for members of the flying crew must be reported under Classification Code 7421-Aviation-Transportation of Personnel in Conduct of Employer's Business-Flying Crew.

All exposure and any losses for all other employees covered on the policy must be reported under the classification code to which the injured employee's payroll is assigned.

**Reporting Aircraft Operation-Per Passenger Seat Surcharge for Policies Effective Prior to January 1, 2015**

The number of passenger seats on the aircraft. The number of seats should not be added to the total standard exposures.

**Exhibit 2**

**2014 Statistical Plan Manual**

**PART 6-CODING VALUES**

**H. Exposure Act/Exposure Coverage Code**

The two digit numeric code that identifies the type of exposure coverage for each classification code.

<b>Code</b>	<b>Type of Exposure Coverage</b>
00	For use with Statistical Codes
01	State Act or Federal Act Excluding USL&HW and Federal Coal Mine <u>Safety and Health</u> and <u>Safety Act</u>
02	USL&HW" F" or USL&HW Coverage on Non-F-Classes

**Exhibit 3**

**2014 Statistical Plan Manual**

**PART 6-CODING VALUES**

**I. Statistical Codes**

**2. Premium Not Subject to Experience Modification**

**b. Aircraft Operation-Passenger Seat Surcharge-Discontinued 12/31/14**

<b>Description</b>	<b>Statistical Code</b>
Aircraft Operation – Passenger Seat Surcharge	9108

**Exhibit 4**

**2014 Statistical Plan Manual**

**PART 6-CODING VALUES**

**I. Statistical Codes**

**3. Premium Amount Not Subject to Standard Premium (Non-Standard)**

**e. Disease Experience-Coal Mining**

<b>Description</b>	<b>Statistical Code</b>
In Connection with Code 1005-Surface	0156
In Connection with any class other than Coal Mining where there is liability under Federal Coal Mine Safety and Health and Safety Act	0164



**Exhibit 5**

**2014 Statistical Plan Manual**

**NUMERIC LIST OF STATISTICAL CODES**

<b>CODE</b>	<b>DESCRIPTION</b>	<b>SUBJECT TO MOD</b>	<b>EXPOSURE BASE</b>	<b>ADD TO TOTAL STANDARD EXPOSURE?</b>	<b>IS PREMIUM A CREDIT</b>	<b>ADD TO TOTAL STANDARD PREMIUM?</b>	<b>REPORTED LOSSES OK</b>
0059	DISEASE: ABRASIVE OR SANDBLASTING EXPOSURE	YES	PAYROLL	NO	NO	YES	YES
0063	PREMIUM DISCOUNT-STOCK/TYPE A	NO	NONE	N/A	YES	NO	NO
0064	PREMIUM DISCOUNT-NON-STOCK/TYPE B	NO	NONE	N/A	YES	NO	NO
0065	DISEASE INCIDENTAL FOUNDRIES STEEL	YES	PAYROLL	NO	NO	YES	YES
0066	DISEASE INCIDENTAL FOUNDRIES-NON-FERROUS METALS	YES	PAYROLL	NO	NO	YES	YES
0067	DISEASE INCIDENTAL FOUNDRIES-IRON	YES	PAYROLL	NO	NO	YES	YES
0133	DISEASE ASBESTOS EXPOSURE	NO	PAYROLL	NO	NO	YES	YES
0156	DISEASE COAL MINING-SURFACE-CODE 1005	NO	PAYROLL	NO	NO	NO	YES
0164	DISEASE: FEDERAL <del>COAL MINE SAFETY</del> AND HEALTH & SAFETY ACT EXPOSURE	NO	PAYROLL	NO	NO	NO	YES
0179	SUPPLEMENTAL DISEASE EXPERIENCE NOC	NO	PAYROLL	NO	NO	YES	YES
0277	ASSIGNED RISK ADJUSTMENT PROGRAM (ARAP)	NO	NONE	N/A	NO	YES	NO
0771	NON-RATABLE ELEMENT USED WITH CODE 4771	NO	PAYROLL	NO	NO	NO	NO
0900	EXPENSE CONSTANT	NO	NONE	N/A	NO	NO	NO
0930	WAIVER OF SUBROGATION	YES	NONE	N/A	NO	NO	NO
0931	SHORT RATE PENALTY	YES	NONE	N/A	NO	YES	NO
0990	ADDITIONAL PREMIUM TO BALANCE TO MINIMUM PREMIUM	NO	NONE	N/A	NO	YES	NO

CODE	DESCRIPTION	SUBJECT TO MOD	EXPOSURE BASE	ADD TO TOTAL STANDARD EXPOSURE?	IS PREMIUM A CREDIT	ADD TO TOTAL STANDARD PREMIUM?	REPORTED LOSSES OK
1111	NO EXPOSURE	N/A	NONE	N/A	N/A	N/A	NO
7445	NON-RATABLE ELEMENT USED WITH CODE 7405	NO	PAYROLL	NO	NO	NO	NO
7453	NON-RATABLE ELEMENT USED WITH CODE 7431	NO	PAYROLL	NO	NO	NO	NO
9034	RATE DEVIATION PREMIUM CREDIT-SUBJECT TO EXPERIENCE RATING	NO	NONE	N/A	YES	YES	NO
9037	RATE DEVIATION PREMIUM CREDIT-SUBJECT TO EXPERIENCE RATING	YES	NONE	N/A	YES	YES	NO
9108 N/A EFFECTIVE 12/31/14	AIRCRAFT-PASSENGER SEAT SURCHARGE	NO	SEATS	NO	NO	YES	YES
9663	DEDUCTIBLE PREMIUM CREDIT-NOT SUBJECT TO EXPERIENCE RATING	NO	NONE	N/A	YES	YES	NO
9664	DEDUCTIBLE PREMIUM CREDIT-SUBJECT TO EXPERIENCE RATING	YES	NONE	N/A	YES	YES	NO
9721	INDEPENDENT CARRIER FILING-PREMIUM CREDIT APPLIED BEFORE EXPERIENCE MODIFICATION	YES	NONE	N/A	YES	YES	NO
9722	INDEPENDENT CARRIER FILING-PREMIUM CREDIT APPLIED AFTER EXPERIENCE MODIFICATION	NO	NONE	N/A	YES	YES	NO
9723	INDEPENDENT CARRIER FILING-PREMIUM DEBIT APPLIED BEFORE EXPERIENCE MODIFICATION	YES	NONE	N/A	NO	YES	NO
9724	INDEPENDENT CARRIER FILING-PREMIUM DEBIT APPLIED AFTER EXPERIENCE MODIFICATION	NO	NONE	N/A	NO	YES	NO